TDM BERHAD

COMPANY NO 6265-P
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2018

TDM BERHAD (Company No 6265-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2018

(The figures have not been audited)

	Individual Quarter			Cumulative Quarter		
	Current Quarter Ended 30-Sep-18 RM'000	**Preceding Quarter Ended 30-Sep-17 RM'000 (Reported under MFRS)**	**Preceding Quarter To date 30-Sep-17 RM'000 (Previously reported under FRS)**	**Current Quarter To date 30-Sep-18 RM'000**	**Preceding Quarter To date 30-Sep-17 RM'000 (Reported under MFRS)**	**Preceding Quarter To date 30-Sep-17 RM'000 (Previously reported under FRS)**
Revenue	86,700	114,288	114,288	300,752	327,234	327,234
Cost of sales	(68,322)	(60,871)	(60,871)	(212,084)	(175,585)	(175,585)
Gross profit	**18,378**	**53,417**	**53,417**	**88,668**	**151,649**	**151,649**
Other items of income						
Interest income	9,334	9,371	9,371	26,655	28,131	28,131
Other income	13,187	2,166	2,166	18,320	6,214	6,214
Other items of expense						
Distribution costs	(1,080)	(1,415)	(1,415)	(4,035)	(3,678)	(3,678)
Administrative expenses	(33,780)	(47,991)	(41,415)	(121,912)	(126,766)	(116,902)
Other expenses	(4)	(251)	(5,138)	(1,407)	(1,282)	(15,473)
Finance costs	(6,987)	(5,379)	(5,379)	(18,644)	(14,104)	(14,104)
(Loss)/Profit before tax	**(952)**	**9,918**	**11,607**	**(12,355)**	**40,164**	**35,837**
Income tax expenses	(2,841)	(5,635)	(4,057)	(2,745)	(14,825)	(12,458)
(Loss)/Profit for the period, net of tax	**(3,793)**	**4,283**	**7,550**	**(15,100)**	**25,339**	**23,379**
Other comprehensive (loss)/income:						
Investments' fair value movement	(2)	-	-	(6)	-	-
Foreign currency translation	(4,577)	1,265	1,265	(4,577)	(1,447)	(1,447)
Transfer of revaluation reserve upon written off the assets	-	-	(936)	-	-	(936)
Other comprehensive (loss)/income for the period, net of tax	**(4,579)**	**1,265**	**329**	**(4,583)**	**(1,447)**	**(2,383)**
Total comprehensive (loss)/income for the period	**(8,372)**	**5,548**	**7,879**	**(19,683)**	**23,892**	**20,996**

TDM BERHAD

TDM BERHAD (Company No 6265-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2018
(The figures have not been audited)

	Individual Quarter			Cumulative Quarter		
	Current Quarter Ended 30-Sep-18 RM'000	Preceding Quarter Ended 30-Sep-17 RM'000 (Reported under MFRS)	Preceding Quarter Ended 30-Sep-17 RM'000 (Previously reported under FRS)	Current Quarter To date 30-Sep-18 RM'000	Preceding Quarter To date 30-Sep-17 RM'000 (Reported under MFRS)	Preceding Quarter To date 30-Sep-17 RM'000 (Previously reported under FRS)
(Loss)/Profit attributable to:						
Owners of the parent	(3,272)	4,740	8,007	(13,368)	27,308	25,348
Non-controlling interests	(521)	(457)	(457)	(1,732)	(1,969)	(1,969)
	(3,793)	**4,283**	**7,550**	**(15,100)**	**25,339**	**23,379**
Total comprehensive (loss)/income attributable to:						
Owners of the parent	(7,851)	6,005	8,336	(17,951)	25,861	22,965
Non-controlling interests	(521)	(457)	(457)	(1,732)	(1,969)	(1,969)
	(8,372)	**5,548**	**7,879**	**(19,683)**	**23,892**	**20,996**
Earnings per share attributable to owners of the parent (sen):						
Basic (Note 27)	(0.20)	0.29	0.48	(0.80)	1.75	1.63

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

TDM BERHAD (Company No 6265-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

(The figures have not been audited)

	As at 30-Sep-18 RM'000	As at 31-Dec-17 RM'000 (Reported under MFRS)	As at 1-Jan-17 RM'000 (Reported under MFRS)
Assets			
Non-current assets			
Property, plant & equipment	1,858,798	1,708,415	1,599,702
Intangible asset	6,536	7,179	7,463
Investment property	6,065	6,203	6,386
Goodwill	991	991	7,003
Other investments	376,543	399,643	426,974
Investment securities	45	48	53
Other receivables	85,399	109,904	109,419
Deferred tax assets	19,737	15,449	12,461
	2,354,114	**2,247,832**	**2,169,461**
Current assets			
Inventories	29,129	33,280	38,568
Biological assets	2,069	2,618	5,957
Trade and other receivables	150,427	75,379	76,307
Prepayments	2,918	2,052	7,049
Tax recoverable	8,640	4,588	7,514
Cash and bank balances	83,143	108,217	122,168
	276,326	**226,134**	**257,563**
Total assets	**2,630,440**	**2,473,966**	**2,427,024**
Current liabilities			
Borrowings	53,418	41,592	30,750
Trade and other payables	166,715	172,696	178,639
Tax payable	3,439	2,392	4,845
	223,572	**216,680**	**214,234**
Net current assets	**52,754**	**9,454**	**43,329**
Non-current liabilities			
Retirement benefit obligations	4,612	4,293	4,070
Borrowings	705,826	749,411	793,524
Lease payable	202,794	-	-
Other payable	105,164	87,710	92,712
Deferred tax liabilities	183,719	188,842	141,503
	1,202,115	**1,030,256**	**1,031,809**
Total liabilities	**1,425,687**	**1,246,936**	**1,246,043**
Net assets	**1,204,753**	**1,227,030**	**1,180,981**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

(The figures have not been audited)

	As at 30-Sep-18 RM'000	As at 31-Dec-17 RM'000 (Reported under MFRS)	As at 1-Jan-2017 RM'000 (Reported under MFRS)
Equity attributable to owners of the parent			
Share capital	350,713	345,017	301,092
Share premium	-	-	42,822
Retained earnings	923,116	944,774	891,106
Other reserves	(57,488)	(52,905)	(48,834)
	1,216,341	**1,236,886**	**1,186,186**
Non-controlling interests	(11,588)	(9,856)	(5,205)
Total equity	**1,204,753**	**1,227,030**	**1,180,981**
Total equity and liabilities	**2,630,440**	**2,473,966**	**2,427,024**
Net assets per share (RM)	0.72	0.74	0.78

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

TDM BERHAD (Company No 6265-P)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2018
(The figures have not been audited)

		Attributable to owners of the parent									
			Non-distributable		Distributable		Non-distributable				
	Total equity RM'000	Equity attributable to owners of the parent RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total other reserves RM'000	Asset revaluation reserve RM'000	Foreign currency reserve RM'000	Fair value adjustment reserve RM'000	Transaction with non-controlling interest RM'000	Non-controlling interests RM'000
Opening balance at 1 January 2018	1,428,135	1,437,991	345,017	-	435,340	657,634	710,539	(52,826)	(48)	(31)	(9,856)
Effects from adoption of MFRS	(201,105)	(201,105)	-	-	509,434	(710,539)	(710,539)	-	-	-	-
	1,227,030	1,236,886	345,017	-	944,774	(52,905)	-	(52,826)	(48)	(31)	(9,856)
Loss for the period	(15,100)	(13,368)	-	-	(13,368)	-	-	-	-	-	(1,732)
Other comprehensive loss											
Net loss on fair value changes in investments' fair value movement	(6)	(6)	-	-	-	(6)	-	-	(6)	-	-
Foreign currency translation	(4,577)	(4,577)	-	-	-	(4,577)	-	(4,577)	-	-	-
Other comprehensive income for the period, net of tax	(4,583)	(4,583)	-	-	-	(4,583)	-	(4,577)	(6)	-	-
Total comprehensive loss for the period, net of tax	(19,683)	(17,951)	-	-	(13,368)	(4,583)	-	(4,577)	(6)	-	(1,732)
Transactions with owners											
Issuance of shares pursuant to dividend reinvestment scheme	-	-	5,696	-	(5,696)	-	-	-	-	-	-
Dividends paid on ordinary shares	(2,594)	(2,594)	-	-	(2,594)	-	-	-	-	-	-
Total transactions with owners	(2,594)	(2,594)	5,696	-	(8,290)	-	-	-	-	-	-
Closing balance at 30 September 2018	1,204,753	1,216,341	350,713	-	923,116	(57,488)	-	(57,403)	(54)	(31)	(11,588)
Opening balance at 1 January 2017	1,313,766	1,318,971	301,092	42,822	419,802	555,255	604,089	(48,760)	(43)	(31)	(5,205)
Transfer of share premium on 31 January 2017 *	-	-	42,822	(42,822)	-	-	-	-	-	-	-
Effects from adoption of MFRS	(132,785)	(132,785)	-	-	471,304	(604,089)	(604,089)	-	-	-	-
	1,180,981	1,186,186	343,914	-	891,106	(48,834)	-	(48,760)	(43)	(31)	(5,205)
Profit for the period	25,339	27,308	-	-	27,308	-	-	-	-	-	(1,969)
Other comprehensive income											
Foreign currency translation	(1,447)	(1,447)	-	-	-	(1,447)	-	(1,447)	-	-	-
Other comprehensive income for the period, net of tax	(1,447)	(1,447)	-	-	-	(1,447)	-	(1,447)	-	-	-
Total comprehensive income for the period, net of tax	23,892	25,861	-	-	27,308	(1,447)	-	(1,447)	-	-	(1,969)
Transactions with owners											
Issuance of shares pursuant to dividend reinvestment scheme	-	-	1,103	-	(1,103)	-	-	-	-	-	-
Dividends paid on ordinary shares	(6,425)	(6,425)	-	-	(6,425)	-	-	-	-	-	-
Total transactions with owners	(6,425)	(6,425)	1,103	-	(7,528)	-	-	-	-	-	-
Closing balance at 30 September 2017	1,198,448	1,205,622	345,017	-	910,886	(50,281)	-	(50,207)	(43)	(31)	(7,174)

*Included in the transfer of share premium to the share capital accounts on 31 January 2017 of RM42,822,000 is issuance of shares pursuant to bonus issue amounting to RM30,109,000 in August 2017 which representing transaction with owners.

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

TDM BERHAD (Company No 6265-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018
(The figures have not been audited)

	Period Ended	
	30-Sep-18 RM'000	**30-Sep-17 RM'000**
Cash flows from operating activities		
(Loss)/Profit before tax	(12,355)	40,164
Adjustments for:		
Interest expense	18,644	14,104
Depreciation of property, plant and equipment	31,456	28,031
Amortisation of bearer plant	9,726	9,726
Amortisation of intangible asset	643	643
Amortisation of investment property	138	138
Amortisation of finance lease	2,598	-
Property, plant and equipment written off	-	21
Inventories written off	240	-
Impairment loss on trade and other receivables	1,450	1,167
Gain on disposal of property, plant and equipment	-	(1,200)
Dividend income	(2,141)	(942)
Unrealised loss on the foreign exchange of investment in fixed income securities	23,100	21,000
Profit from Al-Mudharabah	(4,323)	(5,450)
Interest income	(22,332)	(22,681)
Reversal of short term accumulating compensated absences	64	121
Provision for retirement benefit obligations	286	123
Fair value changes in biological assets	549	-
Total adjustments	60,098	44,801
Operating cash flows before changes in working capital	47,743	84,965
Changes in working capital		
Decrease/(increase) in inventories	4,151	(3,553)
Increase in receivables	(49,960)	(9,861)
Increase in payables	43,592	24,099
Total changes in working capital	(2,217)	10,685
Cash flows from operations	45,526	95,650
Interest paid	(18,644)	(42,222)
Interest received	4,386	17,090
Taxes paid	(15,172)	(17,315)
Tax refund	381	3,676
Annual leave paid	3	-
Net cash flows generated from operating activities	16,480	56,879

TDM BERHAD (Company No 6265-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

(The figures have not been audited)

	Period Ended	
	30-Sep-18	30-Sep-17
	RM'000	RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(34,688)	(53,130)
Dividend received	2,141	942
Proceeds from disposal of property, plant and equipment	-	2,700
(Additions)/withdrawal of deposit with licensed banks	(7,609)	2,539
Increase in deposit with licensed banks pledged as securities for certain banking facilities	(809)	(1,899)
Net cash flows used in investing activities	(40,965)	(48,848)
Cash flows from financing activities		
Drawdowns of bank borrowings	32,064	16,553
Drawdowns of hire purchase facilities	972	302
Repayments of bank borowings	(32,766)	(25,576)
Repayments of hire purchase facilities	(2,656)	(2,336)
Dividend paid	(2,594)	(6,425)
Net cash flows used in financing activities	(4,980)	(17,482)
Net decrease in cash and cash equivalents	(29,465)	(9,451)
Cash and cash equivalents at 1 January	56,980	83,492
Effect of foreign exchange rate changes	(4,577)	(1,447)
Cash and cash equivalents at end of the period	22,938	72,594

Cash and cash equivalents at end of the period comprise of the following:

Cash and banks balances	83,143	111,614
Bank overdraft	(16,694)	(10,961)
Less: Deposits pledged for bank facilities	(34,045)	(32,154)
Less: Deposits with licensed banks with maturity period more than 3 months	(9,466)	(10,096)
Cash and cash equivalents	22,938	58,403

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

TDM BERHAD (Company No 6265-P)
(Incorporated in Malaysia)

Explanatory Notes Pursuant to MFRS 134

Notes:

1. Accounting policies and basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

The financial statements of the Group for the financial period ended 31 March 2018 were the first set of financial statements prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") Framework. The date of transition to the MFRS Framework was on 1 January 2017.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these interim financial statements have been restated to give effect to these changes and the financial impact on transition from FRS in Malaysia to MFRS as disclosed as follows:

a) Bearer plants

Under the MFRS framework, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116 : Property, Plant & Equipment. After initial recognition, bearer plants will now be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). On the transitioning date, the Group have elected to use cost model by using the previous revaluation as deemed cost under MFRSs. The revaluation reserve as at 1 January 2017 was reclassified to retained earnings.

The new planting expenditure and replanting expenditure are capitalised and depreciation commences when the bearer plants mature.

b) Biological assets

Prior to the adoption of the amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants, biological assets, which is the produce that grows on bearer plants were not recognized. The biological assets of the Group comprise of the fresh fruit bunch ("FFB") prior to harvest. With the adoption of the Amendments to MFRS 116 and MFRS 141, the biological assets are measured at fair value less cost to sell. The valuation model adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of the FFB. The changes in fair value less costs to sell of the biological assets were recognised in profit or loss.

1. Accounting policies and basis of preparation (cont'd.)

c) Investment property

The investment property is currently measured at fair value which reflects market conditions at the reporting date, upon adoption of MFRS framework, the Group decided to elect the cost model in MFRS 140: Investment Properties. The change in accounting policy will result in the fair value of the investment property to be recorded as deemed cost of such asset in the Group's opening MFRS statement of financial position. Subsequent to the transition date, the investment property will be stated at cost less any accumulated depreciation and accumulated impairment losses.

d) Business combinations

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition.

(i) The classification of former business combinations under FRS is maintained;
(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
(iii) The carrying amount of goodwill recognised under FRS is not adjusted.

e) Financial instruments

MFRS 9 Financial Instruments replaces FRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments:

(i) Classification and measurement;
(ii) Impairment; and
(iii) Hedge accounting.

With the exception of hedge accounting, the Group has applied MFRS 9 retrospectively, with the initial application date of 1 January 2018 and adjusting the comparative information for the period beginning 1 January 2017.

1. Accounting policies and basis of preparation (cont'd.)

e) Financial instruments (cont'd.)

i) Classification and measurement

MFRS 9 contains a new classification and measurement approach for the financial assets that reflects the business model in which the assets are managed and their cash flows characteristics.

MFRS 9 contains three principal classification catergories for the financial assets as follows:

1. Amortised Cost ("AC")
2. Fair Value through Other Comprehensive Income ("FVOCI")
3. Fair Value through Profit or Loss ("FVTPNL")

The standard eliminates the existing FRS 139 categories of Held - to - Maturity, Loan and Receivables ("L&R") and Available-for-Sale ("AFS").

The following table shows the original measurement categories in accordance FRS 139 and the new measurement categories under MFRS 9 for the Group's financial assets as at 1 January 2018.

Group financial assets	Original classification under FRS 139	Original carrying amount under FRS 139 RM'000	New classification under MFRS 9	New carrying amount under MFRS 9 RM'000
Non-current assets				
Investments in fixed income securities	AFS	315,000	AC	315,000
Other investments	AFS	4,700	FVTPNL	84,643
Investments in quoted shares	AFS	48	FVOCI	48
Other receivables	L&R	109,904	AC	109,904
Current assets				
Trade and other receivables	L&R	75,379	AC	75,379
Cash and bank balances	L&R	108,217	AC	108,217

ii) Impairment

The adoption of MFRS 9 has fundamentally changed the Group’s accounting for impairment losses for financial assets by replacing FRS 139’s incurred loss approach with a forward-looking expected credit loss (ECL) approach.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset’s original effective interest rate.

The Group's trade and other receivables applied the standard’s simplified approach and calculated ECLs based on life time expected credit losses.The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment in which the business is operating in.

1. Accounting policies and basis of preparation (cont'd.)

f) Revenue from contracts with customers

Upon adoption of MFRS 15, the Group recognises the revenue from contracts with customers when or as the Group transfers goods or services to a customer, measured at the amount to which the Group expects to be entitled, according to the term and condition stipulated in the contracts with customers. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the Group's performance; or at a point in time, when control of the goods or services is transferred to the customers. The adoption of this new MFRS 15 have not resulted in any material impact on the financial statements of the Group.

The impact of the changes in accounting policy on the financial statements as a result of the transition to the MFRS Framework are as follows:

Condensed consolidated statements of financial position as at 31 December 2017 and as at 1 January 2017

	As at 31 December 2017			As at 1 January 2017		
	Previously reported under FRS	Effects on adoption of MFRS	Reported under MFRS	Previously reported under FRS	Effects on adoption of MFRS	Reported under MFRS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets						
Property, plant and equipment	1,327,955	380,460	1,708,415	1,221,033	378,669	1,599,702
Biological assets	658,929	(658,929)	-	584,371	(584,371)	-
Investment property	11,400	(5,197)	6,203	11,000	(4,614)	6,386
Other investments	319,700	79,943	399,643	355,400	71,574	426,974
Current assets						
Biological assets	-	2,618	2,618	-	5,957	5,957
Equity						
Other reserves	657,634	(710,539)	(52,905)	555,255	(604,089)	(48,834)
Retained earnings	435,340	509,434	944,774	419,802	471,304	891,106

Condensed consolidated statement of comprehensive income for the period ended 30 September 2017

	Previously reported under FRS	Effects on adoption of MFRS	Reported under MFRS
	RM'000	RM'000	RM'000
Profit before tax	35,837	4,327	40,164
Income tax expense	(12,458)	(2,367)	(14,825)
Profit for the quarter	23,379	1,960	25,339
Net profit attributable to:			
Equity holders of the parent	22,965	2,896	25,861
Non-controlling interests	(1,969)	-	(1,969)
	20,996	2,896	23,892

1. Accounting policies and basis of preparation (cont'd.)

At the date of authorisation of these interim financial statements, the following MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

MFRS, IC Interpretation and Amendments to IC Interpretations	Effective for annual periods beginning on or after
MFRS 16: Leases	1 January 2019
MFRS 128: Long term Interest in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
IC Intrepretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale and Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred

2. Declaration of audit qualification

The preceding annual financial statements for the year ended 31 December 2017 were reported without any qualification.

3. Seasonal or cyclical factors

The operations of the Group are not affected by any cyclical factors, other than the cyclical production of fresh fruit bunches (FFB).

4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the quarter ended 30 September 2018.

5. Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year, which give a material effect in the current interim period

There were no changes in estimates of amounts, which give a material effect in the current interim period.

6. Details of issue, cancellation, repurchase, resale and repayment of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

7. Dividends paid

On 27 March 2018, TDM has announced a proposed first and final dividend of 0.5 sen ordinary per shares, tax exempt under the single-tier system in respect of the financial year ended 31 December 2017 and was approved by the shareholders of the Company at the 53rd Annual General Meeting on 24 May 2018.

The dividend has been paid to shareholders on 14 August 2018.

8. Segmental reporting

The segments are reported in a manner that is more consistent with internal reporting provided to the chief operating decision maker whereby the Group's business is presented in term of business division and geographical perspective. The operating performance is based on a measure of adjusted earning before interest, tax, depreciation and amortisation (EBITDA). The measurement basis excludes the effects of non-operational items from the reporting segments such as fair value gains and losses, foreign exhange gains and losses, impairment losses and gains or losses on disposal of assets.

3 months ended 30 September 2018

	Plantation				
	Malaysia RM'000	**Indonesia RM'000**	**Healthcare RM'000**	**Others RM'000**	**Group RM'000**
Total revenue	36,814	16	52,359	-	89,189
Intersegment revenue	(2,092)	-	(397)	-	(2,489)
External revenue	**34,722**	**16**	**51,962**	**-**	**86,700**
Adjusted EBITDA	**12,852**	**(4,130)**	**6,949**	**(3)**	**15,668**
Unrealised loss on foreign exchange of investment in fixed income securities	(3,150)	-	-	-	(3,150)
Impairment losses	(3)	-	(544)	-	(547)
EBITDA	**9,699**	**(4,130)**	**6,405**	**(3)**	**11,971**
Depreciation & amortisation	(11,375)	(360)	(3,535)	-	(15,270)
Profit from Al-Mudharabah	55	1,717	69	-	1,841
Interest income	7,469	5	19	-	7,493
Finance costs	(5,642)	(402)	(943)	-	(6,987)
Profit/(Loss) before tax	**206**	**(3,170)**	**2,015**	**(3)**	**(952)**

3 months ended 30 September 2017

	Plantation				
	Malaysia RM'000 Restated	**Indonesia RM'000**	**Healthcare RM'000**	**Others RM'000**	**Group RM'000 Restated**
Total revenue	67,955	60	47,062	-	115,077
Intersegment revenue	(495)	-	(294)	-	(789)
External revenue	**67,460**	**60**	**46,768**	**-**	**114,288**
Adjusted EBITDA	**25,123**	**(973)**	**6,859**	**(4)**	**31,005**
Unrealised loss on foreign exchange of investment in fixed income securities	(8,400)	-	-	-	(8,400)
Impairment losses	(1)	-	(390)	-	(391)
EBITDA	**16,722**	**(973)**	**6,469**	**(4)**	**22,214**
Depreciation & amortisation	(12,041)	(742)	(3,505)	-	(16,288)
Profit from Al-Mudharabah	323	1,305	67	6	1,701
Interest income	7,616	12	42	-	7,670
Finance costs	(4,512)	-	(867)	-	(5,379)
Profit/(Loss) before tax	**8,108**	**(398)**	**2,206**	**2**	**9,918**

8. Segmental reporting (cont'd.)

9 months ended 30 September 2018

	Plantation Malaysia RM'000	Plantation Indonesia RM'000	Healthcare RM'000	Others RM'000	Group RM'000
Total revenue	155,626	112	151,445	-	307,183
Intersegment revenue	(5,496)	-	(935)	-	(6,431)
External Revenue	**150,130**	**112**	**150,510**	**-**	**300,752**
Adjusted EBITDA	**37,895**	**(9,532)**	**20,395**	**(13)**	**48,745**
Unrealised loss on foreign exchange of investment in fixed income securities	(23,100)	-	-	-	(23,100)
Impairment losses	(5)	-	(1,445)	-	(1,450)
EBITDA	**14,790**	**(9,532)**	**18,950**	**(13)**	**24,195**
Depreciation & amortisation	(32,826)	(990)	(10,745)	-	(44,561)
Profit from Al-Mudharabah	584	3,476	263	-	4,323
Interest income	22,165	95	72	-	22,332
Finance costs	(14,741)	(1,104)	(2,799)	-	(18,644)
(Loss)/Profit before tax	**(10,028)**	**(8,055)**	**5,741**	**(13)**	**(12,355)**
Assets	**1,869,467**	**498,406**	**260,033**	**2,534**	**2,630,440**
Liabilities	**541,241**	**759,664**	**123,318**	**1,464**	**1,425,687**
	MYR	IDR			
Exchange rate ratio	1.00	3,606			

8. Segmental reporting (cont'd.)

9 months ended 30 September 2017

	Plantation Malaysia RM'000 Restated	Plantation Indonesia RM'000	Healthcare RM'000	Others RM'000	Group RM'000 Restated
Total revenue	194,108	172	134,705	-	328,985
Intersegment revenue	(919)	-	(832)	-	(1,751)
External Revenue	**193,189**	**172**	**133,873**	**-**	**327,234**
Adjusted EBITDA	**75,907**	**(9,212)**	**18,958**	**(11)**	**85,642**
Unrealised loss on foreign exchange of investment in fixed income securities	(21,000)	-	-	-	(21,000)
Impairment losses	(5)	-	(1,162)	-	(1,167)
Gain on disposal of property, plant & equipment	1,200	-	-	-	1,200
EBITDA	**56,102**	**(9,212)**	**17,796**	**(11)**	**64,675**
Depreciation & amortisation	(26,225)	(2,089)	(10,224)	-	(38,538)
Profit from Al-Mudharabah	1,302	3,947	190	11	5,450
Interest income	22,598	41	42	-	22,681
Finance costs	(11,431)	-	(2,673)	-	(14,104)
Profit/(Loss) before tax	**42,346**	**(7,313)**	**5,131**	**-**	**40,164**
Assets	**1,692,998**	**514,957**	**263,464**	**2,547**	**2,473,966**
Liabilities	**355,158**	**763,607**	**126,711**	**1,460**	**1,246,936**
	MYR	IDR			
Exchange rate ratio	1.00	3,335			

9. Valuation on non-current assets

The Group upon the adoption of MFRS has elected to use cost model from previous revaluation model. This change in accounting policy has resulted in revaluation amount on the transition date to be recorded as deemed cost.

10. Material subsequent event

There were no material subsequent event of the Group for the financial period under review.

11. Changes in the composition of the Group

There is no changes in the composition of the Group during quarter under review.

12. Changes in contingent liabilities or contingent assets

There were no changes in contingent liabilities from the previous audited financial statements to the date of this quarterly report.

13. Capital commitments

Capital commitments as at 30 September 2018 are as follows:

	RM '000
Authorised by the Directors and contracted	1,063
Authorised by the Directors but not contracted	319,212
	320,275

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENT

14. Review of the performance of the Group, setting out material factors affecting the earnings and/or revenue of the Group for the current quarter and financial year to date

Individual quarter - Q3 2018 versus Q3 2017

	Q3 2018 RM'000	Q3 2017 RM'000 Reported under MFRS	Changes RM'000	Changes %
REVENUE				
Plantation	34,738	67,520	(32,782)	-49%
Healthcare	51,962	46,768	5,194	11%
Total revenue	**86,700**	**114,288**	**(27,588)**	**-24%**
(LOSS)/PROFIT BEFORE TAX				
Plantation	8,722	24,150	(15,428)	-64%
Healthcare	6,949	6,859	90	1%
Others	(3)	(4)	1	25%
Adjusted EBITDA	**15,668**	**31,005**	**(15,337)**	**-49%**
Unrealised loss on foreign exchange of investment in fixed income securities	(3,150)	(8,400)	5,250	63%
Impairment losses	(547)	(391)	(156)	-40%
EBITDA	**11,971**	**22,214**	**(10,243)**	**-46%**
Depreciation & amortisation	(15,270)	(16,288)	1,018	6%
Profit from Al-Mudharabah	1,841	1,701	140	8%
Interest income	7,493	7,670	(177)	-2%
Finance costs	(6,987)	(5,379)	(1,608)	-30%
(Loss)/Profit before tax	**(952)**	**9,918**	**(10,870)**	**-110%**

The Group's revenue for the three months ended 30 September 2018 was lower by 24% compared to the previous year corresponding quarter mainly due to lower crop production and palm produce selling prices at Plantation Division. However, this is partly offset with higher Healthcare revenue.

PLANTATION DIVISION

The Plantation Division recorded lower revenue by 49% mainly due to:

a) Lower CPO and PK productions by 35% and 48% respectively; and
b) Lower CPO and PK prices by 16% and 24% respectively.

The Company is addressing the productivity issue with the ongoing replanting program which has started since 2012, to replace the old plantations with new, high yielding material which will improve productivity at low yielding estates.

Adjusted EBITDA or operating profit, for the Plantation Division was lower by 64% or RM15.4 million compared to the previous year corresponding quarter mainly due to lower production volumes and weaker palm oil prices.

14. Review of the performance of the Group, setting out material factors affecting the earnings and/or revenue of the Group for the current quarter and financial year to date (cont'd.)

Individual quarter - Q3 2018 versus Q3 2017 (cont'd.)

Below are the key operating statistics for Plantation division:

Plantation Statistics	Q3 2018	Q3 2017	Changes	%
CPO production (mt)	14,435	22,069	(7,634)	-35%
PK production (mt)	2,866	5,538	(2,672)	-48%
FFB production (mt)	70,685	119,272	(48,587)	-41%
CPO average price (RM)	2,305	2,752	(447)	-16%
PK average price (RM)	1,793	2,363	(570)	-24%
Mature area (hectare)	36,910	35,459	1,451	4%
Immature area (hectare)	7,081	8,804	(1,723)	-20%
Oil extraction rate (OER)	20.59%	18.86%	1.73%	9%
Kernel extraction rate (KER)	4.09%	4.73%	-0.64%	-14%

HEALTHCARE DIVISION

Healthcare Division recorded 11% increased in revenue. These were mainly due to higher inpatient number and occupancy rate by 11% and 7% respectively compared to the previous year corresponding quarter.

Healthcare Division's adjusted EBITDA was slightly increased by 1%.

Below are the key operating statistics for Healthcare division:

Healthcare Statistics	Q3 2018	Q3 2017	Changes	%
Number of inpatient	6,081	5,484	597	11%
Number of outpatient	41,555	41,278	277	1%
Inpatient days	19,704	16,537	3,167	19%
Occupancy rate (%)	60%	56%	4%	7%
Average length of stay (day)	2.97	2.63	0.34	13%
Number of bed	407	297	110	37%
Average revenue per inpatient (RM)	2,133	2,125	8	0.4%

14. Review of the performance of the Group, setting out material factors affecting the earnings and/or revenue of the Group for the current quarter and financial year to date (cont'd.)

Cumulative quarter - 9M 2018 versus 9M 2017

	9M 2018 RM'000	9M 2017 RM'000 Reported under MFRS	Changes RM'000	%
REVENUE				
Plantation	150,242	193,361	(43,119)	-22%
Healthcare	150,510	133,873	16,637	12%
Total revenue	**300,752**	**327,234**	**(26,482)**	**-8%**
(LOSS)/PROFIT BEFORE TAX				
Plantation	28,363	66,695	(38,332)	-57%
Healthcare	20,395	18,958	1,437	8%
Others	(13)	(11)	(2)	-18%
Adjusted EBITDA	**48,745**	**85,642**	**(36,897)**	**-43%**
Unrealised loss on foreign exchange of investment in fixed income securities	(23,100)	(21,000)	(2,100)	-10%
Impairment losses	(1,450)	(1,167)	(283)	-24%
Gain on disposal of property, plant & equipment	-	1,200	(1,200)	-100%
EBITDA	**24,195**	**64,675**	**(40,480)**	**-63%**
Depreciation & amortisation	(44,561)	(38,538)	(6,023)	-16%
Profit from Al-Mudharabah	4,323	5,450	(1,127)	-21%
Interest income	22,332	22,681	(349)	-2%
Finance costs	(18,644)	(14,104)	(4,540)	-32%
(Loss)/Profit before tax	**(12,355)**	**40,164**	**(52,519)**	**-131%**

The Group's revenue for the nine months ended 30 September 2018 was lower by 8% compared to the previous year corresponding period mainly due to lower crop production and palm produce selling prices at Plantation Division. However, this is partly offset with higher Healthcare revenue.

PLANTATION DIVISION

The Plantation Division recorded lower revenue by 22% mainly due to:

a) Lower CPO and PK productions by 12% and 20% respectively; and
b) Lower CPO and PK prices by 17% and 18% respectively.

The Group will continue with the effort to improve productivity through our replanting program.

Adjusted EBITDA or operating profit, for the Plantation Division was lower by 57% or RM38.3 million compared to the previous year corresponding period mainly due to lower production volumes and weaker palm oil prices.

14. Review of the performance of the Group, setting out material factors affecting the earnings and/or revenue of the Group for the current quarter and financial year to date (cont'd.)

Cumulative quarter - 9M 2018 versus 9M 2017 (cont'd.)

Below are the key operating statistics for Plantation division:

Plantation Statistics	9M 2018	9M 2017	Changes	%
CPO production (mt)	50,679	57,892	(7,213)	-12%
PK production (mt)	11,888	14,853	(2,965)	-20%
FFB production (mt)	260,768	309,799	(49,031)	-16%
CPO average price (RM)	2,424	2,936	(512)	-17%
PK average price (RM)	2,077	2,545	(468)	-18%
Mature area (hectare)	36,910	35,459	1,451	4%
Immature area (hectare)	7,081	8,804	(1,723)	-20%
Oil extraction rate (OER)	19.48%	18.89%	0.59%	3%
Kernel extraction rate (KER)	4.57%	4.85%	-0.28%	-6%

HEALTHCARE DIVISION

Healthcare Division revenue increased by 12% mainly due to higher number of inpatient and outpatient by 6% and 2% respectively. The inpatient days and occupancy rate also saw an increase of 14% and 4% respectively compared to the previous year corresponding period.

Healthcare Division's adjusted EBITDA also increased by 8% mainly due to the above increased in hospital's activities.

Below are the key operating statistics for Healthcare division:

Healthcare Statistics	9M 2018	9M 2017	Changes	%
Number of inpatient	17,208	16,176	1,032	6%
Number of outpatient	124,402	121,893	2,509	2%
Inpatient days	55,451	48,791	6,660	14%
Occupancy rate (%)	58%	56%	2%	4%
Average length of stay (day)	2.93	2.68	0.25	9%
Number of bed	407	297	110	37%
Average revenue per inpatient (RM)	2,184	2,077	107	5%

15. Explanatory comment on any material change in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter

Individual quarter - Q3 2018 versus Q2 2018

	Q3 2018	Q2 2018	Changes	
	RM'000	RM'000	RM'000	%
REVENUE				
Plantation	34,738	50,118	(15,380)	-31%
Healthcare	51,962	47,483	4,479	9%
Total revenue	**86,700**	**97,601**	**(10,901)**	**-11%**
LOSS BEFORE TAX				
Plantation	8,722	(111)	8,833	7958%
Healthcare	6,949	4,879	2,070	42%
Others	(3)	(5)	2	40%
Adjusted EBITDA	**15,668**	**4,763**	**10,905**	**229%**
Unrealised loss on foreign exchange of investment in fixed income securities	(3,150)	-	(3,150)	-100%
Impairment losses	(547)	(424)	(123)	-29%
EBITDA	**11,971**	**4,339**	**7,632**	**176%**
Depreciation & amortisation	(15,270)	(16,601)	1,331	8%
Profit from Al-Mudharabah	1,841	1,221	620	51%
Interest income	7,493	7,445	48	1%
Finance costs	(6,987)	(5,935)	(1,052)	-18%
Loss before tax	**(952)**	**(9,531)**	**8,579**	**90%**

The Group's revenue for the three months ended 30 September 2018 was lower by 11% compared to the immediate preceding quarter mainly due to lower crop production and palm produce selling prices at Plantation Division. However, this is partly offset with higher Healthcare revenue.

PLANTATION DIVISION

The Plantation Division recorded lower revenue by 31% mainly due to:

a) Lower CPO and PK productions by 12% and 26% respectively; and
b) Lower CPO and PK prices by 7% and 4% respectively.

The Company is addressing the productivity issue with the ongoing replanting program which has started since 2012, to replace the old plantations with new, high yielding material which will improve productivity at low yielding estates.

15. Explanatory comment on any material change in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter (cont'd.)

Individual quarter - Q3 2018 versus Q2 2018 (cont'd.)

Below are the key operating statistics for Plantation division:

Plantation Statistics	Q3 2018	Q2 2018	Changes	%
CPO production (mt)	14,435	16,440	(2,005)	-12%
PK production (mt)	2,866	3,870	(1,004)	-26%
FFB production (mt)	70,685	81,883	(11,198)	-14%
CPO average price (RM)	2,305	2,472	(167)	-7%
PK average price (RM)	1,793	1,874	(81)	-4%
Mature area (hectare)	36,910	36,910	-	-
Immature area (hectare)	7,081	7,081	-	-
Oil extraction rate (OER)	20.59%	19.95%	0.64%	3%
Kernel extraction rate (KER)	4.09%	4.70%	-0.61%	-13%

HEALTHCARE DIVISION

The division's revenue increased by 9% in Q3 2018 compared to immediate preceding quarter. This was due to 15% and 7% increased in both inpatients and outpatients number respectively. The inpatient days and occupancy rate also saw an increase of 18% and 15% compared to immediate preceding quarter.

Healthcare Division's adjusted EBITDA also increased by 42% from the overall increased in hospital's activities.

Below are the key operating statistics for Healthcare division:

Healthcare Statistics	Q3 2018	Q2 2018	Changes	%
Number of inpatient	6,081	5,279	802	15%
Number of outpatient	41,555	38,918	2,637	7%
Inpatient days	19,704	16,731	2,973	18%
Occupancy rate (%)	60%	52%	8%	15%
Average length of stay (day)	2.97	2.91	0.06	2%
Number of bed	407	407	-	-
Average revenue per inpatient (RM)	2,133	2,243	(110)	-5%

16. Commentary on the prospects, including the factors that are likely to influence the Group's prospects for the remaining period to the end of the financial year or the next financial year if the reporting period is the last quarter

Plantation

Save for any extreme weather abnormalities, the Group expects FFB production to improve in the next quarter ending 31 December 2018.

CPO prices are expected to remain under pressure, mainly due to higher inventories and other factors such as the movement of crude oil prices, tax regulations in major consuming countries and competition from other edible oils are also likely to influence the market prices of CPO and other palm products.

However, the Group is optimistic on the long term fundamentals of the industry and will remain focused in improving productivity and optimising production cost.

The Group continues to rejuvenate our estates in Terengganu in accordance to our replanting program which has started since 2012 and todate has spent RM117.4 million, involving 7,445.75 ha for that purpose. The replanting of old and unproductive areas will help to improve oil palm productivity through usage of superior planting materials and higher planting density (from existing average stand per ha of 110, to 136-148 stand per ha). It will also help to improve our age profile towards achieving higher yield.

We are also committed to sustainability agenda and the RSPO certification has enabled us to enjoy better premium from the sale of our CSPO and CSPK.

Healthcare

Challenging economic environment and entry of new players to the industry will continue to weigh on the Healthcare sector. Nevertheless, we are optimistic that our Healthcare Division growth will be supported by our capacity expansion and introduction of new service modalities.

Save for extreme implications arising from the challenges above, the Group is cautiously optimistic of achieving satisfactory operating performance for the FY 2018.

17a. Explanatory note for any variance of actual profit after tax and minority interest and the forecast profit after tax and minority interest (where the variance exceeds 10%)

Not applicable.

17b. Explanatory note for any shortfall in the profit guarantee

There was no profit guarantee issued for the quarter ended 30 September 2018.

18. (Loss)/Profit for the period

	Current period to date	
	30-Sep-18	**30-Sep-17**
	RM'000	**RM'000**
The following amounts have been included in arriving at (loss)/profit before tax:		
Interest expense	18,644	14,104
Profit from Al-Mudharabah	(4,323)	(5,450)
Interest income	(22,332)	(22,681)
Dividend income	(2,141)	(942)
Depreciation of property, plant and equipment	31,456	28,031
Amortisation of bearer plant	9,726	9,726
Amortisation of intangible asset	643	643
Amortisation of investment property	138	138
Amortisation of finance lease	2,598	-
Gain on disposal of property, plant and equipment	-	(1,200)
Property, plant and equipment written off	-	21
Inventories written off	240	-
Impairment loss on trade and other receivables	1,450	1,167
Fair value changes in biological assets	549	-
Unrealised loss on the foreign exchange of investment in fixed income securities	23,100	21,000

19. Breakdown of tax charge and explanation on variance between effective and statutory tax rate for the current quarter and preceding quarter to date

	Current Quarter			Current period To date		
	30-Sep-18	**30-Sep-17**	**30-Sep-17**	**30-Sep-18**	**30-Sep-17**	**30-Sep-17**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
		(Reported under MFRS)	**(Previously reported under FRS)**		**(Reported under MFRS)**	**(Previously reported under FRS)**
Current income tax	4,460	6,505	4,927	10,397	16,948	14,581
Underprovision of income tax in prior year	825	1,033	1,033	2,199	995	995
	5,285	7,538	5,960	12,596	17,943	15,576
Deferred tax:						
Relating to origination and reversal of temporary differences	(2,374)	(375)	(375)	(4,270)	(1,496)	(1,496)
Overprovision of deferred tax	(70)	(1,528)	(1,528)	(5,581)	(1,622)	(1,622)
Income tax	2,841	5,635	4,057	2,745	14,825	12,458

Income tax was calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the period.

The effective tax rate of the Group for the current quarter and period to date was higher than the statutory tax rate of the respective period principally due to non deductible expenses offset with recognition of deferred tax asset during the period.

20. Amount of profits on sale of unquoted investments or properties

There were no sale of unquoted investments or properties for the current quarter under review.

21. Corporate proposals

i. Execution of a Heads of Agreement ("HOA") between TDM and Terengganu Incorporated Sdn Bhd ("TI") for The Proposed Acquisition of TI's 42.64% Equity Interest in Ladang Rakyat Trengganu Sdn Bhd ("Ladang Rakyat") ("Proposed Acquisition")

On 27 February 2017, TDM announced that it had entered into a HOA with TI to acquire TI's entire equity interest of 42.64% in Ladang Rakyat. The Proposed Acquisition will increase TDM's current shareholdings in Ladang Rakyat from 19.12% (held via its subsidiary) to 61.76%.

On 25 August 2017, TDM entered into a Supplemental Agreement ("Supplemental Agreement") to vary the clause in the HOA for the signing of the Shares Sale Agreement from within a period of 6 months to within a period of 12 months expiring 26 February 2018, from the date of the signing of the HOA on 27 February 2017. The extension is to facilitate TDM to complete the due diligence exercise undertaken on Ladang Rakyat.

On 26 February 2018, TDM announced that TDM and TI had entered into the Second Supplemental Agreement to the HOA ("Second Supplemental Agreement") to vary the clause in the HOA for the signing the Shares Sale Agreement from within a period of 12 months to within a period 24 months expiring on 26 February 2019, from the date of the signing of the HOA on 27 February 2017.

Pursuant to due diligence exercise undertaken on Ladang Rakyat, it is noted that some of Ladang Rakyat's assets have yet to obtain approval from the authorities. Hence, the extension of time by another 12 months up to 26 February 2019 is to facilitate Ladang Rakyat to procure the relevant approvals for some of its assets.

The Second Supplemental Agreement is supplemental to and shall be read together with the HOA and Supplemental Agreement.

The acquisition of additional equity in Ladang Rakyat is one of the moves adopted by the Group in line with its overall strategy of expanding plantation area in Malaysia.

ii. Dividend Reinvestment Scheme

On 15 August 2018, the Company announced that had, on 14 August 2018, issued and allotted 24,763,500 new shares pursuant to the DRS in respect of the final dividend.

The new shares have been listed and quoted on the Main Market of Bursa Securities. With the listing of the new shares, the enlarged issued and paid-up share capital of TDM is 1,682,641,001 shares.

iii. Acceptance of Credit Facilities from OCBC Al-Amin Bank Berhad of up to USD 105 Million

On 7 September 2018, the Company announced that it had accepted and executed a credit facilities arrangement with OCBC Al-Amin Bank Berhad for Foreign Currency Revolving Credit-i ("FCRC-i Facilities") Commodity Murabahah of up to USD105 million, which the terms and conditions are as stipulated in the Letter of Offer dated 5 September 2018.

21. Corporate proposals (cont'd.)

iii. Acceptance of Credit Facilities from OCBC Al-Amin Bank Berhad of up to USD 105 Million (cont'd.)

The Company will utilize the proceeds of the borrowings for the followings:

i. To advance to its Indonesian subsidiary; PT Rafi Kamajaya Abadi ("PT RKA") for settlement of outstanding IDR Notes plus the relevant charges with regards to PT RKA's IDR Notes facility with OCBC Bank Limited, Singapore of up to USD100 million ("Repayment of IDR Notes"); and

ii. To settle the withholding tax payment and the margin owing to OCBC Bank Limited, Singapore with regards to PT RKA's IDR Notes facility of up to USD5 million.

Subsequently, TDM will redeem its investment in a fixed income securities issued by OCBC Bank Limited, Singapore ("Redemption of Fixed Income Investment"). The proceeds from the redemption will be used for the full settlement of the principal portion of the FCRC-i Facilities utilised for the Repayment of IDR Notes. ("Repayment of IDR Notes" and "Fixed Income Redemption" are collectively referred to as "IDR Notes Rationalisation Exercise").

The rationale for the Company to undertake this exercise are:

i. The Redemption of Fixed Income Investment will enable TDM to meet the Securities Commission's criteria of a shariah compliant counter on Bursa Malaysia and expected to enhance the Group's attractiveness to a wider audience of investors;

ii. The IDR Notes Rationalisation Exercise will significantly reduce the interest-bearing borrowings and gearing of TDM Group as at 30 June 2018 from RM766.6 million and 0.68 times to RM476.6 million and 0.41 times respectively.

iii. The Redemption of Fixed Income Investment will also eliminate the fluctuations in gain/loss in fixed income investment due to currency movements.

The above exercise has been completed on 16 October 2018.

22. Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2017: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

	As at 30-Sep-18 RM'000	As at 31-Dec-17 RM'000	As at 1-Jan-17 RM'000
Neither past due nor impaired	11,903	28,351	25,775
1 to 30 days past due not impaired	14,027	9,397	7,155
31 to 60 days past due not impaired	5,452	5,295	19,523
61 to 90 days past due not impaired	7,467	8,224	5,491
	26,946	22,916	32,169
Impaired	10,394	10,595	8,897
	49,243	61,862	66,841

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 period.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM26,946,000 (2017: RM22,916,000) 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		
	As at 30-Sep-18 RM'000	As at 31-Dec-17 RM'000	As at 1-Jan-17 RM'000
Trade receivables-nominal amounts	10,394	10,595	8,897
Less: Allowance for impairment	(10,394)	(10,595)	(8,897)
	-	-	-

Movement in allowance accounts:

	Group		
	As at 30-Sep-18 RM'000	As at 31-Dec-17 RM'000	As at 1-Jan-17 RM'000
At 1 January	10,595	8,897	12,035
Charge for the year	1,450	1,698	3,033
Written off	(1,651)	-	(6,171)
At 30 September 2018/31 December 2017	10,394	10,595	8,897

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.

23. Borrowings and debt securities as at the end of the reporting period

Details of the Group's borrowings as at 30 September 2018 and 31 December 2017 are as follows:

As at 30 September 2018

	Long term		**Short term**		**Total borrowings**	
	RM'000	**IDR'000**	**RM'000**	**IDR'000**	**RM'000**	**IDR'000**
Secured						
Bank loans	365,698	-	45,146	-	410,844	-
Bank overdraft	16,694	-	-	-	16,694	-
Obligation under hire purchase	4,034	-	772	-	4,806	-
	386,426	-	45,918	-	432,344	-
Unsecured						
Bank loans	27,500	-	7,500	-	35,000	-
IDR Notes	291,900	1,050,000,000	-	-	291,900	1,050,000,000
	319,400	1,050,000,000	7,500	-	326,900	1,050,000,000
	705,826	1,050,000,000	53,418	-	759,244	1,050,000,000

As at 31 December 2017

	Long term		**Short term**		**Total borrowings**	
	RM'000	**IDR'000**	**RM'000**	**IDR'000**	**RM'000**	**IDR'000**
Secured						
Bank loans	380,130	-	31,000	-	411,130	-
Bank overdraft	16,144	-	-	-	16,144	-
Obligation under hire purchase	3,137	-	3,092	-	6,229	-
	399,411	-	34,092	-	433,503	-
Unsecured						
Bank loans	35,000	-	7,500	-	42,500	-
IDR Notes	315,000	1,050,000,000	-	-	315,000	1,050,000,000
	350,000	1,050,000,000	7,500	-	357,500	1,050,000,000
	749,411	1,050,000,000	41,592	-	791,003	1,050,000,000

As at 1 January 2017

	Long term		**Short term**		**Total borrowings**	
	RM'000	**IDR'000**	**RM'000**	**IDR'000**	**RM'000**	**IDR'000**
Secured						
Bank loans	392,223	-	22,967	-	415,190	-
Bank overdraft	2,714	-	-	-	2,714	-
Obligation under hire purchase	5,387	-	2,783	-	8,170	-
	400,324	-	25,750	-	426,074	-
Unsecured						
Bank loans	42,500	-	5,000	-	47,500	-
IDR Notes	350,700	1,050,000,000	-	-	350,700	1,050,000,000
	393,200	1,050,000,000	5,000	-	398,200	1,050,000,000
	793,524	1,050,000,000	30,750	-	824,274	1,050,000,000

Weighted average effective interest rate of the Group borrowings is 5.90% (2017: 5.69%) per annum.
The unsecured Indonesian Rupiah Notes Programme ("IDR Notes") bears a fixed interest rate of 12% per annum, other Group borrowings are based on floating interest rate.

24. Summary of off balance sheet financial instruments by type and maturity profile

The Group did not enter into any contract involving off balance sheet financial instruments during the financial period ended 30 September 2018.

25. Changes in material litigation (including status of any pending material litigation) since the last annual balance sheet date

1. Memori Banding (Memorandum of Appeal) in relation to a suit filed by Ibu Suryati

Reference is made to our announcement dated 23 June 2017 in respect of the above suit.

On 13 November 2017, the Board of Directors of TDM has announced that its subsidiary, PT Rafi Kamajaya Abadi ("PTRKA") had on 9 November 2017 received a confirmation from its solicitors Messrs. M. Tamsil Sjoekoer Dan Rekan that Ibu Suryati ("Plaintiff") has filed her appeal to the decision of Pengadilan Negeri Sintang to Pengadilan Tinggi Kalimantan Barat, Pontianak.

The above appeal is in respect of the decision by Pengadilan Negeri Sintang on 22 June 2017 which had rejected all the Plaintiff's claims against PTRKA.

The Plaintiff's solicitors had served the Memori Banding ('Memorandum of Appeal') dated 20 September 2017 to PTRKA's solicitors on 30 October 2017. The Plaintiff stated in the Memori Banding that Majelis Hakim Pengadilan Negeri Sintang had erred in considering all relevant facts of the case in rejecting all her claims.

The Plaintiff appeals to the Pengadilan Tinggi Kalimantan Barat, Pontianak that:

a. The Plaintiff is the lawful owner of three (3) pieces of lands approximately 15 hectares;
b. The alleged act of PTRKA in clearing and planting the land with oil palms is an act against the Indonesian law;
c. The Plaintiff has suffered losses due to the alleged activities by PTRKA;
d. To allow the Conservatoir Beslaag (Sita Jaminan) order against PTRKA to stop all alleged activities over the disputed lands including transfer of the lands;
e. The Defendant to pay compensation of all losses suffered by the Plaintiff due to the alleged land clearing activities by PTRKA (including Ganti Rugi 2 Makam/ 2 Graves Compensation) with total sum of IDR4,528,100,000 (approximately RM1,408,995.00);
f. To pay a Dwangsom (Uang paksa) of IDR10,000,000 per day from the date this appeal was filed; and
g. To bear all costs and expenses in relation to this suit.

PTRKA has sought legal advice on the aforesaid matter and its solicitors is of the view that PTRKA has a good defense to reject the appeal.

PTRKA's solicitors has filed the Kontra Banding (Reply to Appeal) at the Pengadilan Tinggi Kalimantan Barat.

PTRKA had on 15 March 2018 received a confirmation from its solicitors, Messrs. M. Tamsil Sjoekoer Dan Rekan, that Pengadilan Tinggi Pontianak has rejected the Plaintiff's appeal and upheld the decision of the Pengadilan Negeri Sintang no. 35/Pdt. G/2016/PN dated 22 June 2017. Pengadilan Tinggi Pontianak has also ordered the cost of appeal of IDR150,000 to be borne by the Plaintiff. The case is now deemed closed.

25. Changes in material litigation (including status of any pending material litigation) since the last annual balance sheet date (cont'd.)

2. KUALA TERENGGANU HIGH COURT [TA23CvC-2-06/2018]

Lim Puay Leng vs

1. **Dr. Azhar Bin Zainuddin**
2. **Kuala Terengganu Specialist Hospital Sdn Bhd**

The Plaintiff alleges that the 1st Defendant, a Consultant Ophthalmologist, has negligently fail to carry out a medical procedure on him.

Due to the alleged negligence, the Plaintiff claims for the following:

i. General damages of RM1,000,000.00 or any amount as granted by the Court with interest;

ii. Special damages with interest;

iii. Exemplary damages of RM100,000.00 or any amount as granted by the Court with interest;

iv. Aggravated damages of RM200,000.00 or any amount as granted by the Court with interest;

v. Interest on general damages and special damages calculated at the rate of 4% per annum from the date of the Writ up to the date of full settlement;

vi. Costs; and

vii. Such further or other relief as the Court deems fit.

Kuala Terengganu Specialist Sdn Bhd ("2nd Defendant/KTS") has filed its Statement of Defence on 7 August 2018.

The Kuala Terengganu High Court had on 29 October 2018 fixed the matter for the another case management on 28 November 2018 for the following:

1. The 1st Defendant to file and serve his Statement of Defence to the 2nd Defendant's Statement of Claim; and
2. Parties to finalise the Common Bundle of Documents.

25. Changes in material litigation (including status of any pending material litigation) since the last annual balance sheet date (cont'd.)

3. KUANTAN HIGH COURT [CA226CvC-31-06/2018]

Dato' Mohamad alias A Bakar bin Ali vs

1. **Kuantan Medical Centre Sdn Bhd**
2. **Dr. Abdul Aziz Bin Awang**
3. **Dr. Md Lukman Bin Mohd Mokhtar**

The Plaintiff alleges that the 2nd Defendant and 3rd Defendant, as the agents of the 1st Defendant, have negligently fail to carry out medical procedures on him.

Due to the alleged negligence, the Plaintiff claims for the following:

i. General damages and aggravated damages;

ii. Interest thereon calculated at the rate of 8% per annum from the date of service of the Writ up to the date of judgment;

iii. Special damages of RM1,104.414.51;

iv. Interest thereon calculated at the rate of 4% per annum from 3 July 2012 up to the date of judgment;

v. Interest on the judgment sum calculated at the applicable statutory rate from the date of judgment up to the date of payment;

vi. Costs; and

vii. Such further or other relief as the Court deems fit.

The Kuantan High Court had on 22 October 2018, has fixed the hearing of the final case management on 3 December 2018 to enable parties to exchange their respective documents and for the Plaintiff's Solicitor to file the Common Buddle of Documents in Court. The Court will also fix trial dates during the said final case management.

26. Dividend proposed

There were no dividend proposed of the Group during the quarter under review.

27. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter			Cumulative Quarter		
	Current Quarter Ended 30-Sep-18	Preceding Quarter Ended 30-Sep-17 (Reported under MFRS)	Preceding Quarter Ended 30-Sep-17 (Previously reported under FRS)	Current Quarter To date 30-Sep-18	Preceding Quarter To date 30-Sep-17 (Reported under MFRS)	Preceding Quarter To date 30-Sep-17 (Previously reported under FRS)
(Loss)/Profit for the period attributable to owners (RM'000)	(3,272)	4,740	8,007	(13,368)	27,308	25,348
Weighted average number of ordinary shares in issue for basic earnings per share computation ('000)	1,674,387	1,657,255	1,657,255	1,663,381	1,556,060	1,556,060
Earnings per ordinary share attributable to owners of the parent (sen)						
Basic	(0.20)	0.29	0.48	(0.80)	1.75	1.63

28. The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 November 2018.

BY ORDER OF THE BOARD

WAN HASLINDA WAN YUSOFF
Company Secretary

Kuala Terengganu
26 November 2018