TDM BERHAD

COMPANY NO 6265-P
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
31 MARCH 2019

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2019

(The figures have not been audited)

	Cumulative Quarter	
	Current Quarter To date 31-Mar-19 RM'000	**Preceding Quarter To date 31-Mar-18 RM'000**
Revenue	104,756	116,450
Cost of sales	(70,450)	(69,942)
Gross profit	**34,306**	**46,508**
Other items of income		
Interest income	810	8,655
Other income	2,138	2,530
Other items of expense		
Distribution costs	(1,497)	(1,717)
Administrative expenses	(31,542)	(51,545)
Other expenses	(1,713)	(584)
Finance costs	(4,442)	(5,721)
Loss before tax	**(1,940)**	**(1,874)**
Income tax expenses	(3,227)	(1,487)
Loss for the period, net of tax	**(5,167)**	**(3,361)**
Other comprehensive income:		
Investments' fair value movement	1	(6)
Foreign currency translation	1,146	(5,316)
Other comprehensive income/(loss) for the period, net of tax	**1,147**	**(5,322)**
Total comprehensive loss for the period	**(4,020)**	**(8,683)**

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2019

(The figures have not been audited)

	Cumulative Quarter	
	Current Quarter To date 31-Mar-19 RM'000	Preceding Quarter To date 31-Mar-18 RM'000
Loss attributable to:		
Owners of the parent	(4,912)	(2,870)
Non-controlling interests	(255)	(491)
	(5,167)	**(3,361)**
Total comprehensive loss attributable to:		
Owners of the parent	(3,765)	(8,192)
Non-controlling interests	(255)	(491)
	(4,020)	**(8,683)**
Loss per share attributable to owners of the parent (sen):		
Basic (Note 27)	(0.29)	(0.17)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 31 MARCH 2019

(The figures have not been audited)

	As at 31-Mar-19 RM'000	As at 31-Dec-18 RM'000
Assets		
Non-current assets		
Property, plant & equipment	1,428,847	1,439,260
Right of use asset	200,573	201,554
Intangible asset	6,107	6,321
Investment properties	10,112	10,217
Goodwill	991	991
Other investments	22,294	22,294
Investment securities	43	44
Other receivables	67,081	65,880
Deferred tax assets	16,653	13,974
	1,752,701	**1,760,535**
Current assets		
Biological assets	1,942	3,041
Inventories	27,315	28,021
Trade and other receivables	93,037	93,501
Prepayments	2,039	1,847
Tax recoverable	3,970	6,984
Cash and bank balances	83,806	75,405
	212,109	**208,799**
Total assets	**1,964,810**	**1,969,334**
Current liabilities		
Lease liability	1,563	1,561
Borrowings	63,342	58,156
Trade and other payables	137,471	140,320
Tax payable	1,799	1,263
	204,175	**201,300**
Net current assets	**7,934**	**7,499**
Non-current liabilities		
Retirement benefit obligations	4,817	4,719
Lease liability	201,227	202,014
Borrowings	423,109	427,929
Other payable	26,411	26,411
Deferred tax liabilities	161,869	159,739
	817,433	**820,812**
Total liabilities	**1,021,608**	**1,022,112**
Net assets	**943,202**	**947,222**

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

(The figures have not been audited)

	As at 31-Mar-19 RM'000	As at 31-Dec-18 RM'000
Equity attributable to owners of the parent		
Share capital	350,713	350,713
Retained earnings	637,745	642,657
Other reserves	(32,286)	(33,433)
	956,172	**959,937**
Non-controlling interests	(12,970)	(12,715)
Total equity	**943,202**	**947,222**
Total equity and liabilities	**1,964,810**	**1,969,334**
Net assets per share (RM)	0.56	0.56

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 31 MARCH 2019
(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	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 2019	947,222	959,937	350,713	642,657	(33,433)	-	(50,944)	17,542	(31)	(12,715)
Loss for the period	(5,167)	(4,912)	-	(4,912)	-	-	-	-	-	(255)
Other comprehensive loss										
Net gain on fair value changes in investments' fair value movement	1	1	-	-	1	-	-	1	-	-
Foreign currency translation	1,146	1,146	-	-	1,146	-	1,146	-	-	-
Other comprehensive income for the period, net of tax	1,147	1,147	-	-	1,147	-	1,146	1	-	-
Total comprehensive loss for the period, net of tax	(4,020)	(3,765)	-	(4,912)	1,147	-	1,146	1	-	(255)
Closing balance at 31 March 2019	943,202	956,172	350,713	637,745	(32,286)	-	(49,798)	17,543	(31)	(12,970)
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	(368,259)	(368,259)	-	342,280	(710,539)	(710,539)	-	-	-	-
	1,059,876	1,069,732	345,017	777,620	(52,905)	-	(52,826)	(48)	(31)	(9,856)
Loss for the period	(3,361)	(2,870)	-	(2,870)	-	-	-	-	-	(491)
Other comprehensive income										
Net loss on fair value changes in available for sale investments' fair value movement	(6)	(6)	-	-	(6)	-	-	(6)	-	-
Foreign currency translation	(5,316)	(5,316)	-	-	(5,316)	-	(5,316)	-	-	-
Other comprehensive income for the period, net of tax	(5,322)	(5,322)	-	-	(5,322)	-	(5,316)	(6)	-	-
Total comprehensive income for the period, net of tax	(8,683)	(8,192)	-	(2,870)	(5,322)	-	(5,316)	(6)	-	(491)
Closing balance at 31 March 2018	1,051,193	1,061,540	345,017	774,750	(58,227)	-	(58,142)	(54)	(31)	(10,347)

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 31 MARCH 2019

(The figures have not been audited)

	Period Ended	
	31-Mar-19 RM'000	31-Mar-18 RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(1,940)	(1,874)
Adjustments for:		
Interest expense	4,442	5,721
Depreciation of property, plant and equipment	11,995	9,188
Amortisation of bearer plant	3,005	3,242
Amortisation of intangible asset	214	214
Amortisation of investment property	81	46
Amortisation of finance lease	981	-
Inventories written off	4	109
Impairment loss on trade and other receivables	230	479
Unrealised loss on the foreign exchange of investment in fixed income securities	-	19,950
Payable written back	-	(3)
Profit from Al-Mudharabah	(809)	(1,261)
Interest income	(1)	(7,394)
Provision for/(reversal of) short term accumulating compensated absences	5	(54)
Provision for retirement benefit obligations	102	107
Fair value changes in biological assets	(937)	-
Total adjustments	19,312	30,344
Operating cash flows before changes in working capital	17,372	28,470
Changes in working capital		
Decrease/(increase) in inventories	706	(2,821)
(Increase)/decrease in receivables	(929)	2,275
Decrease in payables	5,781	15,856
Total changes in working capital	5,558	15,310
Cash flows from operations	22,930	43,780
Interest paid	(4,442)	(5,721)
Interest received	149	1,375
Taxes paid	(1,670)	(4,915)
Tax refund	91	-
Retirement benefits paid	(16)	-
Annual leave paid	(44)	-
Net cash flows generated from operating activities	16,998	34,519

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Impairment of goodwill
(The figures have not been audited)

	Period Ended	
	31-Mar-19	**31-Mar-18**
	RM'000	**RM'000**
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,162)	(13,686)
(Additions)/withdrawal of deposit with licensed banks	(3,567)	527
Increase in deposit with licensed banks pledged as securities for certain banking facilities	(13)	(103)
Net cash flows used in investing activities	(15,742)	(13,262)
Cash flows from financing activities		
Drawdowns of bank borrowings	22,874	2,468
Drawdowns of hire purchase facilities	1,834	171
Repayments of bank borowings	(21,554)	(7,907)
Repayments of hire purchase facilities	(709)	(1,049)
Net cash flows generated from/(used in) financing activities	2,445	(6,317)
Net increase in cash and cash equivalents	3,701	14,940
Cash and cash equivalents at 1 January	38,978	56,980
Effect of foreign exchange rate changes	1,146	(5,316)
Cash and cash equivalents at end of the period	43,825	66,604
Cash and cash equivalents at end of the period comprise of the following:		
Cash and banks balances	83,806	101,273
Less: Deposits pledged for bank facilities	(34,224)	(33,339)
Less: Deposits with licensed banks with maturity period more than 3 months	(5,757)	(1,330)
Cash and cash equivalents	43,825	66,604

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2018. 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 2018.

The interim financial statements of the Group for the financial period ended 31 March 2019 was prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") Framework.

The accounting policies applied in this interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018, except MFRS 16 Leases which the Group adopted from 1 January 2019.

MFRS 16 supersedes MFRS 117 Leases,IC Interpretation 4, Determining whether an Arrangement contains a Lease,IC Interpretation 115, Operating Leases—Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group has applied the standard using the modified retrospective approach, under which the cummulative effect of initial recognition is recognised in the retained earnings.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117, therefore did not have an impact for lease where the Group is the lessor.

As for lessee accounting, the adoption of MFRS 16 does not have a material effect on the Group's financial statements. Minor adjustments arising from the initial application of the new lease model in the opening balances as at 1 January 2019 are disclosed as below:

	Impact of adoption of MFRS 16 to opening balance 1 January 2019 RM'000
Right of use asset	201,554
Lease liability	(202,014)
	(460)
Retained earnings	460

Any other revised MFRSs, amendments to MFRS and IC Interpretations which are mandatory for companies with financial periods beginning on or after 1 January 2019 did not give rise to any significant effects on the financial statements of the Group.

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
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 101 Definition of Material	1 January 2020
Amendments to MFRS 108 Definition of Material	1 January 2020
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 2018 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 31 March 2019.

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

There were no dividend paid by the Group during the quarter under review.

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 31 March 2019

	Plantation				
	Malaysia	**Indonesia**	**Healthcare**	**Others**	**Group**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Total revenue	48,545	14	58,568	-	107,127
Intersegment revenue	(1,916)	-	(455)	-	(2,371)
External Revenue	**46,629**	**14**	**58,113**	**-**	**104,756**
Adjusted EBITDA	**12,176**	**(4,497)**	**9,583**	**(1)**	**17,261**
Fair value changes of biological assets	937	-	-	-	937
Impairment losses	-	-	(230)	-	(230)
EBITDA	**13,113**	**(4,497)**	**9,353**	**(1)**	**17,968**
Depreciation & amortisation	(10,721)	(1,920)	(3,635)	-	(16,276)
Profit from Al-Mudharabah	89	661	59	-	809
Interest income	-	1	-	-	1
Finance costs	(3,386)	-	(1,056)	-	(4,442)
(Loss)/Profit before tax	**(905)**	**(5,755)**	**4,721**	**(1)**	**(1,940)**
31 March 2019					
Assets	**1,241,435**	**450,476**	**270,366**	**2,533**	**1,964,810**
Liabilities	**587,128**	**299,584**	**133,430**	**1,466**	**1,021,608**
	MYR	IDR			
Exchange rate ratio	1.00	3,490			

8. Segmental reporting (cont'd.)

3 months ended 31 March 2018

	Plantation				
	Malaysia RM'000	**Indonesia RM'000**	**Healthcare RM'000**	**Others RM'000**	**Group RM'000**
Total revenue	66,761	39	51,398	-	118,198
Intersegment revenue	(1,415)	-	(333)	-	(1,748)
External Revenue	**65,346**	**39**	**51,065**	**-**	**116,450**
Adjusted EBITDA	**22,402**	**(2,653)**	**8,567**	**(5)**	**28,311**
Unrealised loss on the foreign exchange of investment in fixed income securities	(19,950)	-	-	-	(19,950)
Impairment losses	(1)	-	(478)	-	(479)
EBITDA	**2,451**	**(2,653)**	**8,089**	**(5)**	**7,882**
Depreciation & amortisation	(9,720)	565	(3,535)	-	(12,690)
Profit from Al-Mudharabah	283	877	101	-	1,261
Interest income	7,307	87	-	-	7,394
Finance costs	(4,441)	(351)	(929)	-	(5,721)
(Loss)/Profit before tax	**(4,120)**	**(1,475)**	**3,726**	**(5)**	**(1,874)**
31 December 2018					
Assets	**1,277,076**	**421,512**	**268,209**	**2,537**	**1,969,334**
Liabilities	**593,480**	**294,459**	**132,707**	**1,466**	**1,022,112**
	MYR	IDR			
Exchange rate ratio	1.00	3,557			

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 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 31 March 2019 are as follows:

	RM '000
Authorised by the Directors and contracted	1,769
Authorised by the Directors but not contracted	155,157
	156,925

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

Cumulative quarter - Q1 2019 versus Q1 2018

	Q1 2019 RM'000	Q1 2018 RM'000	Changes RM'000	%
REVENUE				
Plantation	46,643	65,385	(18,742)	-29%
Healthcare	58,113	51,065	7,048	14%
Total revenue	**104,756**	**116,450**	**(11,694)**	**-10%**
LOSS BEFORE TAX				
Plantation	7,679	19,749	(12,070)	-61%
Healthcare	9,583	8,567	1,016	12%
Others	(1)	(5)	4	-80%
Adjusted EBITDA	**17,261**	**28,311**	**(11,050)**	**-39%**
Unrealised loss on foreign exchange of investment in fixed income securities	-	(19,950)	19,950	100%
Fair value changes of biological assets	937	-	937	100%
Impairment losses	(230)	(479)	249	-52%
EBITDA	**17,968**	**7,882**	**10,086**	**128%**
Depreciation & amortisation	(16,276)	(12,690)	(3,586)	-28%
Profit from Al-Mudharabah	809	1,261	(452)	-36%
Interest income	1	7,394	(7,393)	-100%
Finance costs	(4,442)	(5,721)	1,279	22%
Loss before tax	**(1,940)**	**(1,874)**	**(66)**	**4%**

The Group's revenue for the three months ended 31 March 2019 declined by 10% compared to the previous year corresponding quarter mainly due to lower 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 29% mainly due to lower CPO and PK prices by 17% and 43% respectively.

However, this partly offset with higher CPO and PK productions by 6% and 1% respectively mainly due to overall improvement in OER and KER under OER regimented plan at all estates and mill level.

The Plantation Division registered an adjusted EBITDA of RM7.7 million during the quarter.

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 - Q1 2019 versus Q1 2018 (cont'd.)

Below are the key operating statistics for Plantation division:

Plantation Statistics	**Q1 2019**	**Q1 2018**	**Changes**	**%**
CPO production (mt)	20,932	19,757	1,175	6%
PK production (mt)	5,217	5,141	76	1%
FFB production (mt)	108,390	108,048	342	0.3%
CPO average price (RM)	2,035	2,456	(421)	-17%
PK average price (RM)	1,361	2,382	(1,021)	-43%
Mature area (hectare)	36,191	36,910	(719)	-2%
Immature area (hectare)	7,807	7,081	726	10%
Oil extraction rate (OER)	19.62%	18.36%	1.26%	7%
Kernel extraction rate (KER)	4.88%	4.78%	0.10%	2%

HEALTHCARE DIVISION

Our Healthcare Division continue to show strong performance during the quarter with 14% increased in revenue and adjusted EBITDA grew by 12% compared to the previous corresponding quarter. These were mainly due to higher inpatient and outpatient number by 11% and 5% respectively compared to the previous corresponding quarter. The inpatient days also increased by 12% compared to the previous corresponding quarter.

Below are the key operating statistics for Healthcare division:

Healthcare Statistics	**Q1 2019**	**Q1 2018**	**Changes**	**%**
Number of inpatient	6,495	5,848	647	11%
Number of outpatient	43,888	41,843	2,045	5%
Inpatient days	21,535	19,262	2,273	12%
Occupancy rate (%)	62%	63%	-1%	-2%
Average length of stay (day)	3.04	2.97	0.07	2%
Number of bed	407	407	-	-
Average revenue per inpatient (RM)	6,818	5,839	979	17%

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 - Q1 2019 versus Q4 2018

	Q1 2019 RM'000	Q4 2018 RM'000	Changes RM'000	%
REVENUE				
Plantation	46,643	42,905	3,738	9%
Healthcare	58,113	58,802	(689)	-1%
Total revenue	**104,756**	**101,707**	**3,049**	**3%**
LOSS BEFORE TAX				
Plantation	7,679	26,948	(19,269)	-72%
Healthcare	9,583	7,926	1,657	21%
Others	(1)	(2)	1	50%
Adjusted EBITDA	**17,261**	**34,872**	**(17,611)**	**-51%**
Unrealised loss on the foreign exchange of investment in fixed income securities	-	(4,997)	4,997	100%
Unrealised gain on the foreign exchange of borrowings	-	450	(450)	100%
Fair value changes of amount due from Plasma	-	(9,901)	9,901	100%
Fair value adjustment on payables	-	2,198	(2,198)	100%
Fair value changes of biological assets	937	(1,959)	2,896	148%
Impairment losses	(230)	(43,281)	43,051	99%
EBITDA	**17,968**	**(22,618)**	**40,586**	**-179%**
Depreciation & amortisation	(16,276)	(35,072)	18,796	54%
Profit from Al-Mudharabah	809	4,570	(3,761)	-82%
Interest income	1	4,656	(4,655)	-100%
Finance costs	(4,442)	(7,287)	2,845	39%
Loss before tax	**(1,940)**	**(55,751)**	**53,811**	**97%**

The Group's revenue for the three months ended 31 March 2019 was higher by 3% compared to the immediate preceding quarter mainly due to higher Plantation revenue. However, this is partly offset with lower Healthcare revenue.

PLANTATION DIVISION

The Plantation Division recorded higher revenue by 9% mainly due to higher CPO price by 1%. However, this is partly offset with lower PK prices by 18% and lower CPO and PK productions by 4% and 3% respectively.

The Plantation Division registered an adjusted EBITDA of RM7.7 million during the quarter.

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 - Q1 2019 versus Q4 2018 (cont'd.)

Below are the key operating statistics for Plantation division:

Plantation Statistics	**Q1 2019**	**Q4 2018**	**Changes**	**%**
CPO production (mt)	20,932	21,795	(863)	-4%
PK production (mt)	5,217	5,402	(185)	-3%
FFB production (mt)	108,390	114,526	(6,136)	-5%
CPO average price (RM)	2,035	2,008	27	1%
PK average price (RM)	1,361	1,658	(297)	-18%
Mature area (hectare)	36,191	36,910	(719)	-2%
Immature area (hectare)	7,807	7,081	726	10%
Oil extraction rate (OER)	19.62%	18.95%	0.67%	4%
Kernel extraction rate (KER)	4.88%	4.71%	0.17%	4%

HEALTHCARE DIVISION

Healthcare Division recorded 1% decreased in revenue mainly due to 4% lower average per inpatient bill recorded compared to the immediate preceding quarter.

Healthcare Division's adjusted EBITDA has strongly increased by 21% compared to Q4 2018.

Below are the key operating statistics for Healthcare division:

Healthcare Statistics	**Q1 2019**	**Q4 2018**	**Changes**	**%**
Number of inpatient	6,495	6,294	201	3%
Number of outpatient	43,888	44,189	(301)	-1%
Inpatient days	21,535	20,516	1,019	5%
Occupancy rate (%)	62%	62%	-	-
Average length of stay (day)	3.04	3.03	0.01	0.3%
Number of bed	407	407	-	-
Average revenue per inpatient (RM)	6,818	7,164	(346)	-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

CPO prices have recovered from the preceding quarter's level, where price reached a low of RM1,773 per tonne last November.

We expect price recovery will be aided from the slowing crop output growth between 2019-2020 from replanting exercises in Malaysia and lower matured areas in Indonesia. In addition the higher biodiesel demand for Indonesia's B20 programme will also help to provide support to CPO price recovery.
Over the past several months we have undertaken reviews and examined our operation, and we have identified a plan to refocus the operation via our Value Creation Plan (VCP).

In addition, the Group continues to rejuvenate our estates in Terengganu in accordance to our replanting programme which has started since 2012. 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.

Meanwhile, for Kalimantan operation, we are resetting and renewing our focus. We are making good progress on the ground since the beginning of FY2019.

The Group is optimistic on the long term fundamentals of the industry and will remain focused in improving productivity and optimizing production cost. 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 continue to be supported with capacity expansion, introduction of new service modalities and margin improvement.

The opening of new beds at our recently launched Kuala Terengganu Specialist Hospital will provide positive contributions to the division.

Barring unforeseen circumstance, the Group is cautiously optimistic of achieving satisfactory operating performance in the financial year 2019.

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 31 March 2019.

18. Loss for the period

	Current period to date	
	31-Mar-19	**31-Mar-18**
	RM'000	**RM'000**
The following amounts have been included in arriving at loss before tax:		
Interest expense	4,442	5,721
Profit from Al-Mudharabah	(809)	(1,261)
Interest income	(1)	(7,394)
Depreciation of property, plant and equipment	11,995	9,188
Amortisation of bearer plant	3,005	3,242
Amortisation of intangible asset	214	214
Amortisation of investment property	81	46
Amortisation of finance lease	981	-
Inventories written off	4	-
Impairment loss on trade and other receivables	230	479
Payable written back	-	(3)
Fair value changes of biological assets	(937)	-
Unrealised loss on the foreign exchange of investment in fixed income securities	-	19,950

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 period to date	
	31-Mar-19	**31-Mar-18**
	RM'000	**RM'000**
Current income tax	3,706	5,650
Underprovision of income tax in prior year	74	631
	3,780	6,281
Deferred tax:		
Relating to origination and reversal of temporary differences	(665)	(848)
Under/(Over) provision of deferred tax	112	(3,946)
Income tax	3,227	1,487

Income tax was calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the period.

The effective tax rate of the Group for the current quarter was higher than the statutory tax rate of the respective period principally due to certain expenses not deductible for tax purposes.

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 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.

On 27 February 2019, TDM has been notified by TI of its decision not to pursue the matter and consequently the prevailing terms and conditions binding the parties under the HOA and the Second Supplemental Agreement have lapsed and have no further effect on both parties. The Parties however may consider to negotiate the dealings in the future.

21. Corporate proposals (cont'd.)

ii. Proposed Sale and Purchase Agreement With Lembaga Tabung Amanah Warisan Negeri Terengganu (LTAW) for The Sale of a Piece of Land Known as PN7652, Lot 470, Mukim Pulau Perhentian, Daerah Besut, Negeri Terengganu (Proposal)

On 22 April 2019, the Company had entered into a Sale and Purchase Agreement with LTAW ("SPA") for the sale of a piece of land known as PN7652, Lot 470, Mukim Pulau Perhentian, Daerah Besut, Terengganu ("Land").

The Company is the registered owner of the Land. LTAW has via their letter to TDM dated 31.12.2018 offered to purchase the Land at the selling price of RM12,000,000.00 with the following terms:

i. 25% deposit of RM3,000,000 to be paid to the Company upon execution of SPA; and
ii. 75% balance to be paid to the Company's solicitors as stakeholder upon completion of the transfer of the Land to LTAW.

The Company is principally involved in plantation and healthcare industry. Since the Land is conditioned only for the purpose of tourism, its disposal is reasonable in order to capture the cash value of the Land. Further, the Company is able to realise the profit, enhance the working capital and provide cash flow to the Company.

22. Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2018: 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 31-Mar-19 RM'000	As at 31-Dec-18 RM'000
Neither past due nor impaired	21,716	30,860
1 to 30 days past due not impaired	15,464	5,177
31 to 60 days past due not impaired	10,412	2,475
61 to 90 days past due not impaired	3,366	3,663
	29,242	11,315
Impaired	9,359	10,090
	60,317	52,265

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 RM29,242,000 (2018: RM11,315,000) 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 31-Mar-19 RM'000	As at 31-Dec-18 RM'000
Trade receivables-nominal amounts	9,359	10,090
Less: Allowance for impairment	(9,359)	(10,090)
	-	-

Movement in allowance accounts:

	Group	
	As at 31-Mar-19 RM'000	As at 31-Dec-18 RM'000
At 1 January	10,090	10,537
Charge for the year	131	151
Written back	(862)	(598)
At 31 March 2019/31 December 2018	9,359	10,090

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 31 March 2019 and 31 December 2018 are as follows:

As at 31 March 2019

	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Bank loans	361,630	45,706	407,336
Bank overdraft	14,299	-	14,299
Obligation under hire purchase	5,199	2,635	7,834
	381,128	48,341	429,469
Unsecured			
Bank loans	41,982	15,000	56,982
	41,982	15,000	56,982
	423,110	63,341	486,451

As at 31 December 2018

	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Bank loans	365,440	42,977	408,417
Bank overdraft	14,299	-	14,299
Obligation under hire purchase	6,208	179	6,387
	385,947	43,156	429,103
Unsecured			
Bank loans	41,982	15,000	56,982
	41,982	15,000	56,982
	427,929	58,156	486,085

Weighted average effective interest rate of the Group borrowings is 5.18% (2018: 5.17%) per annum.

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 31 March 2019.

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

1. 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.

We had been informed by KTS's solicitor that the trial of the case has been concluded and the Court has fixed mention date on 16 June 2019 for the parties to file Notes of Evidence.

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

2. 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 has fixed a further case management hearing on 31 January 2019 with the following directions:-

1. Plaintiff's solicitor to file and serve the Statement of Agreed Facts, Issues To Be Tried and Supplementary Common Bundle of Documents;
2. Parties to file and serve their respective list of witnesses; and
3. Parties to file and serve their respective expert reports.

The Court has vacated the trial dates which were initially fixed from 1 April 2019 until 4 April 2019. The Court has instead set the matter down for trial from 10 July 2019 until 12 July 2019 and has directed as follows:

i. Parties to file and mutually exchange their respective expert reports;

ii. Witness statements to be filed and mutually exchanged 2 weeks before the trial date; and

iii. Counsels to prepare cross-examination questions for all witnesses and to furnish Court with a copy of the same.

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

3. CLAIMS BY DATO' HAJI MOHAMAT BIN MUDA

The Company, had on 21 January 2019 been served with a Notice of Demand filed by the previous Group Chief Executive Officer ("ex-GCEO"), Dato' Haji Mohamat bin Muda against the Company and each member of the Board of Directors of the Company:

The Notice is dated 21 January 2019 and was served on the Company by solicitors of the ex-GCEO.

The claims filed pursuant to the Notice of Demand with total sum of RM1,041,250.00

A summary of the allegations made by the ex-GCEO is that the Company and the Board of Directors allegedly failed to offer the ex-GCEO any terms for the extension of his Contract of Employment for his consideration. Neither was there any discussion held with him on the extension of his Contract of Employment and for deliberately causing his Contract of Employment to expire on 31 January 2019.

The Company is negotiating with ex-GCEO to settle the claims.

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.

	Cumulative Quarter	
	Current Quarter To date 31-Mar-19	**Preceding Quarter To date 31-Dec-18**
Loss for the period attributable to owners (RM'000)	(4,912)	(2,870)
Weighted average number of ordinary shares in issue for basic earnings per share computation ('000)	1,682,641	1,657,878
Loss per ordinary share attributable to owners of the parent (sen) Basic	(0.29)	(0.17)

28. The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 May 2019.

BY ORDER OF THE BOARD

WAN HASLINDA WAN YUSOFF
Company Secretary

Kuala Terengganu
28 May 2019