



TDM BERHAD

**COMPANY NO 6265-P
(Incorporated in Malaysia)**

INTERIM FINANCIAL STATEMENTS 30 JUNE 2020



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2020**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Quarter	Quarter	Quarter	Quarter
	Ended	Ended	To date	To date
	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Continuing operations				
Revenue	83,938	99,521	191,762	204,263
Cost of sales	(73,484)	(75,499)	(154,629)	(150,800)
Gross profit	10,454	24,022	37,133	53,463
Other items of income				
Interest income	275	181	398	310
Other income	2,146	7,430	3,752	9,568
Other items of expense				
Distribution costs	(1,562)	(1,481)	(2,784)	(2,978)
Administrative expenses	(24,364)	(24,406)	(49,366)	(44,633)
Other expenses	(2,477)	(2,664)	(3,598)	(4,377)
Finance costs	(2,885)	(3,451)	(7,442)	(7,893)
(Loss)/profit before tax	(18,413)	(369)	(21,907)	3,460
Income tax benefit/(expense)	841	(1,462)	351	(4,689)
Loss for the period from continuing operations, net of tax	(17,572)	(1,831)	(21,556)	(1,229)
Discontinued operation				
Loss from discontinued operation, net of tax	(2,037)	(3,511)	(3,015)	(9,280)
Loss for the period, net of tax	(19,609)	(5,342)	(24,571)	(10,509)
Other comprehensive income:				
Foreign currency translation	7,293	7,043	5,861	7,043
Fair value movement of investment securities	2	(1)	(15)	-
Other comprehensive income for the period, net of tax	7,295	7,042	5,846	7,043
Total comprehensive (loss)/income for the period	(12,314)	1,700	(18,725)	(3,466)



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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2020**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Quarter	Quarter	Quarter	Quarter
	Ended	Ended	To date	To date
	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
	RM'000	RM'000	RM'000	RM'000
Loss attributable to:				
Owners of the parent	(19,090)	(5,227)	(23,903)	(10,139)
Non-controlling interests	(519)	(115)	(668)	(370)
	(19,609)	(5,342)	(24,571)	(10,509)
Total comprehensive				
(loss)/income attributable to:				
Owners of the parent	(12,248)	1,815	(18,421)	(3,096)
Non-controlling interests	(66)	(115)	(304)	(370)
	(12,314)	1,700	(18,725)	(3,466)
(Loss)/earnings per share				
attributable to owners of				
the parent (sen per share):				
Basic (Note 27)	(1.13)	(0.32)	(1.42)	(0.61)
- continuing operations	(1.24)	(0.12)	(1.28)	(0.09)
- discontinued operations	0.10	(0.20)	(0.14)	(0.52)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 JUNE 2020

(The figures have not been audited)

	As at 30-Jun-20 RM'000	As at 31-Dec-19 RM'000
Assets		
Non-current assets		
Property, plant & equipment	784,157	796,531
Right-of-use assets	438,593	446,238
Intangible asset	5,034	5,463
Goodwill	991	991
Other investments	33,708	33,708
Investment securities	30	45
Other receivables	186	186
Deferred tax assets	64	64
	1,262,763	1,283,226
Current assets		
Biological assets	4,171	4,645
Inventories	27,872	21,198
Trade and other receivables	45,659	58,823
Prepayments	5,472	1,676
Tax recoverable	19,171	14,964
Cash and bank balances	137,857	90,302
Assets of disposal group classified as held for sale	197,069	190,380
	437,271	381,988
Total assets	1,700,034	1,665,214
Current liabilities		
Lease liability	994	1,414
Loans and borrowings	86,478	80,632
Trade and other payables	184,179	179,011
Contract liability	21,490	16,485
Tax payable	413	818
Liabilities of disposal group classified as held for sale	5,195	4,706
	298,749	283,066
Net current assets	138,522	98,922



TDM BERHAD (Company No 6265-P)
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

(The figures have not been audited)

	As at 30-Jun-20 RM'000	As at 31-Dec-19 RM'000
Non-current liabilities		
Retirement benefit obligations	5,515	5,327
Lease liability	58,378	61,328
Loans and borrowings	385,619	385,169
Other payable	-	-
Contract liability	42,310	-
Deferred tax liabilities	187,603	189,739
	679,425	641,563
Total liabilities	978,174	924,629
Net assets	721,860	740,585
Equity attributable to owners of the parent		
Share capital	350,713	350,713
Retained earnings	394,571	418,474
Other reserves	5,569	87
	750,853	769,274
Non-controlling interests	(28,993)	(28,689)
Total equity	721,860	740,585
Total equity and liabilities	1,700,034	1,665,214
Net assets per share (RM)	0.43	0.44

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 JUNE 2020

(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	Foreign currency reserve RM'000	Fair value adjustment reserve RM'000	Employee benefits plan reserve RM'000	Transaction with non-controlling interest RM'000	Non-controlling interests RM'000	
740,585 (24,207)	769,274 (23,903)	350,713 -	418,474 (23,903)	87 -	(28,807) -	28,957 -	(32) -	(31) -	(28,689) (304)	
(15) 5,497	(15) 5,497	- -	- -	(15) 5,497	- 5,497	(15) -	- -	- -	- -	
5,482	5,482	-	-	5,482	5,497	(15)	-	-	-	
(18,725)	(18,421)	-	(23,903)	5,482	5,497	(15)	-	-	(304)	
721,860	750,853	350,713	394,571	5,569	(23,310)	28,942	(32)	(31)	(28,993)	
947,222 (17,329)	959,937 (10,841)	350,713 -	642,657 (24,327)	(33,433) 13,486	(50,944) 13,486	17,542 -	- -	(31) -	(12,715) (6,488)	
929,893 (10,509)	949,096 (10,139)	350,713 -	618,330 (10,139)	(19,947) -	(37,458) -	17,542 -	- -	(31) -	(19,203) (370)	
- 7,043	- 7,043	- -	- -	- 7,043	- 7,043	- -	- -	- -	- -	
7,043	7,043	-	-	7,043	7,043	-	-	-	-	
(3,466)	(3,096)	-	(10,139)	7,043	7,043	-	-	-	(370)	
926,427	946,000	350,713	608,191	(12,904)	(30,415)	17,542	-	(31)	(19,573)	

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)



TDM BERHAD (Company No 6265-P)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2020

(The figures have not been audited)

	Period Ended	
	30-Jun-20	30-Jun-19
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/profit before tax from continuing operations	(21,907)	3,460
Loss before tax from discontinued operations	(3,015)	(9,280)
	(24,922)	(5,820)
<u>Adjustments for:</u>		
Interest expense	7,442	7,893
Depreciation of property, plant and equipment		
- Continuing	33,142	28,132
- Discontinuing	-	10,333
Amortisation of intangible asset	429	429
Amortisation of right of use assets	7,912	-
Impairment loss of property, plant and equipment	1,367	-
Inventories written off	42	28
Expected credit losses of receivables	941	1,096
Gain on disposal of investment property	-	(5,203)
Bad debt written off	-	48
Profit from Al-Mudharabah	(398)	(310)
Interest income - Discontinuing	(1)	(4,105)
Provision for short term accumulating compensated absences	-	42
Provision for retirement benefit obligations	216	229
Revenue arising from contract liability	(13,935)	-
Fair value changes in biological assets	474	16
Total adjustments	37,631	38,628
Operating cash flows before changes in working capital	12,709	32,808
<u>Changes in working capital</u>		
Increase in inventories	(6,716)	(1,246)
Decrease/(increase) in receivables	8,427	(8,063)
Increase/(decrease) in payables	5,640	(7,970)
Total changes in working capital	7,351	(17,279)
Cash flows from operations	20,060	15,529
Interest paid	(7,442)	(7,893)
Interest received	398	310
Taxes paid	(5,478)	(6,764)
Tax refund	-	2,760
Retirement benefits paid	(28)	(34)
Annual leave paid	-	(44)
Net cash flows generated from operating activities	7,510	3,864



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2020

(The figures have not been audited)

	Period Ended	
	30-Jun-20	30-Jun-19
	RM'000	RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(22,135)	(18,409)
Acquisition of right-of-use assets	(267)	-
Acquisition of a subsidiary	(930)	-
Proceeds from disposal of investment property	-	12,000
Withdrawal of deposit with licensed banks	-	4,716
Increase in deposits with licensed banks pledged for bank guarantee facility and Finance Service Reserve Account	-	(2)
Net cash flows used in investing activities	(23,332)	(1,695)
Cash flows from financing activities		
Drawdowns of bank borrowings	27,390	30,699
Repayments of bank borrowings	(20,145)	(28,427)
Repayments of hire purchase facilities	(1,937)	(2,263)
Repayment of finance lease	(2,452)	-
Proceeds from contract liability	61,250	-
Repayments of bank overdraft	-	(9)
Net cash flows generated from financing activities	64,106	-
Net increase in cash and cash equivalents	48,284	2,169
Cash and cash equivalents at 1 January	54,577	38,978
Effect of foreign exchange rate changes	5	14
Cash and cash equivalents at end of the period	102,866	41,161

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

Cash and banks balances		
- Continuing operations	137,857	77,263
- Discontinuing operations	407	290
Less: Deposits pledged for bank facilities	(35,236)	(34,235)
Less: Deposits with licensed banks with maturity period more than 3 months	(162)	(2,157)
Cash and cash equivalents	102,866	41,161

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)



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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 2019. 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 2019.

The interim financial statements of the Group for the financial period ended 31 March 2020 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 2019.

1.1 Changes in accounting policies

On 1 January 2020, the Group adopted the following new and amended MFRSs and IC Interpretation mandatory for annual periods beginning on or after 1 January 2020.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3 Business Combinations (Definition of a Business)	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements (Definition of Material)	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)	1 January 2020
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures (Interest Rate Benchmark Reform)	1 January 2020
The Conceptual Framework for Financial Reporting (Revised 2018)	1 January 2020
Amendments to MFRS 16 Leases (Covid-19 Related Rent Concessions)	1 June 2020

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

1.2 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)	1 January 2022
Amendments to MFRS 101 Presentation of Financial Statements : Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment (Property, Plant and Equipment - Proceeds before Intended Use)	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle	1 January 2022
Amendments to MFRS 10 and MFRS 128 Sale or 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 2019 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 June 2020.

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 exchange gains and losses, impairment losses and gains or losses on disposal of assets.

3 months ended 30 June 2020

	Plantation Malaysia RM'000	Healthcare RM'000	Others RM'000	Continuing operations RM'000	Discontinued operations RM'000
Total revenue	89,258	41,301	-	130,559	104
Intersegment revenue	(41,390)	(5,231)	-	(46,621)	-
External revenue	47,868	36,070	-	83,938	104
Adjusted EBITDA	7,766	(2,029)	(1)	5,736	(2,037)
Gain on disposal of investment property	-	-	-	-	-
Fair value changes in biological assets	1,043	-	-	1,043	-
Expected credit losses of receivables	-	(344)	-	(344)	-
Impairment loss of property, plant and equipment	(1,367)	-	-	(1,367)	-
Inventories written off	-	(34)	-	(34)	-
EBITDA	7,442	(2,407)	(1)	5,034	(2,037)
Depreciation & amortisation	(15,395)	(5,441)	-	(20,836)	-
Profit from Al-Mudharabah	223	51	-	274	-
Interest income	-	-	-	-	-
Finance costs	(2,307)	(578)	-	(2,885)	-
Loss before tax	(10,037)	(8,375)	(1)	(18,413)	(2,037)

3 months ended 30 June 2019

	Plantation Malaysia RM'000	Healthcare RM'000	Others RM'000	Continuing operations RM'000	Discontinued operations RM'000
Total revenue	46,348	55,209	-	101,557	18
Intersegment revenue	(1,904)	(132)	-	(2,036)	-
External revenue	44,444	55,077	-	99,521	18
Adjusted EBITDA	5,858	7,867	(6)	13,719	1,479
Gain on disposal of investment property	5,203	-	-	5,203	-
Fair value changes in biological assets	(953)	-	-	(953)	-
Expected credit losses of receivables	-	(866)	-	(866)	-
Inventories written off	-	(24)	-	(24)	-
EBITDA	10,108	6,977	(6)	17,079	1,479
Depreciation & amortisation	(10,630)	(3,575)	-	(14,205)	(8,413)
Profit from Al-Mudharabah	33	175	-	208	-
Interest income	-	-	-	-	3,423
Finance costs	(2,263)	(1,188)	-	(3,451)	-
(Loss)/Profit before tax	(2,752)	2,389	(6)	(369)	(3,511)

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8. Segmental reporting (cont'd.)

6 months ended 30 June 2020

	Plantation Malaysia RM'000	Healthcare RM'000	Others RM'000	Continuing operations RM'000	Discontinued operations RM'000
Total revenue	146,378	103,216	-	249,594	705
Intersegment revenue	(50,315)	(7,517)	-	(57,832)	-
External Revenue	96,063	95,699	-	191,762	705
Adjusted EBITDA	21,870	7,576	(1)	29,445	(3,016)
Gain on disposal of investment property	-	-	-	-	-
Fair value changes of biological assets	(474)	-	-	(474)	-
Expected credit losses of receivables	-	(941)	-	(941)	-
Impairment loss of property, plant and equipment	(1,367)	-	-	(1,367)	-
Inventories written off	-	(42)	-	(42)	-
EBITDA	20,029	6,593	(1)	26,621	(3,016)
Depreciation & amortisation	(30,602)	(10,881)	-	(41,483)	-
Profit from Al-Mudharabah	301	96	-	397	-
Interest income	-	-	-	-	1
Finance costs	(6,267)	(1,175)	-	(7,442)	-
Loss before tax	(16,539)	(5,367)	(1)	(21,907)	(3,015)

30 June 2020

Assets	1,237,757	262,994	2,214	1,502,965	197,069
Liabilities	830,141	141,364	1,474	972,979	5,195
Exchange rate ratio	MYR 1.00	IDR 3,340			

6 months ended 30 June 2019

	Plantation Malaysia RM'000	Healthcare RM'000	Others RM'000	Continuing operations RM'000	Discontinued operations RM'000
Total revenue	94,893	113,777	-	208,670	32
Intersegment revenue	(3,820)	(587)	-	(4,407)	-
External Revenue	91,073	113,190	-	204,263	32
Adjusted EBITDA	18,048	17,474	(7)	35,515	(3,052)
Gain on disposal of investment property	5,203	-	-	5,203	-
Fair value changes of biological assets	(16)	-	-	(16)	-
Expected credit losses of receivables	-	(1,096)	-	(1,096)	-
Inventories written off	-	(28)	-	(28)	-
EBITDA	23,235	16,350	(7)	39,578	(3,052)
Depreciation & amortisation	(21,351)	(7,210)	-	(28,561)	(10,333)
Profit from Al-Mudharabah	122	214	-	336	-
Interest income	-	-	-	-	4,105
Finance costs	(5,649)	(2,244)	-	(7,893)	-
(Loss)/Profit before tax	(3,643)	7,110	(7)	3,460	(9,280)

31 December 2019

Assets	741,767	282,580	450,487	1,474,834	190,380
Liabilities	521,909	149,227	248,787	919,923	4,706
Exchange rate ratio	MYR 1.00	IDR 3,397			

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 30 June 2020 are as follows:

	RM '000
Authorised by the Directors and contracted	4,630
Authorised by the Directors but not contracted	119,030
	<u>123,660</u>

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 - Q2 2020 versus Q2 2019

	Q2 2020 RM'000	Q2 2019 RM'000	Changes RM'000	%
REVENUE				
Plantation	47,868	44,444	3,424	8%
Healthcare	36,070	55,077	(19,007)	-35%
Total revenue	83,938	99,521	(15,583)	-16%
LOSS BEFORE TAX				
Plantation	7,766	5,858	1,908	-33%
Healthcare	(2,029)	7,867	(9,896)	-126%
Others	(1)	(6)	5	83%
Adjusted EBITDA	5,736	13,719	(7,983)	-58%
Gain on disposal of investment property	-	5,203	(5,203)	100%
Fair value changes of biological assets	1,043	(953)	1,996	-209%
Expected credit losses of receivables	(344)	(866)	522	60%
Impairment loss of property, plant and equipment	(1,367)	-	(1,367)	100%
Inventories written off	(34)	(24)	(10)	-42%
EBITDA	5,034	17,079	(12,045)	-71%
Depreciation & amortisation	(20,836)	(14,205)	(6,631)	-47%
Profit from Al-Mudharabah	274	208	66	32%
Finance costs	(2,885)	(3,451)	566	16%
Loss before tax	(18,413)	(369)	(18,044)	>100%

The Group recorded lower revenue by 16% for the three months ended 30 June 2020, compared to the previous corresponding quarter mainly due to lower revenue from the Healthcare Division by 35%, and this is partly offset with higher revenue from the Plantation Division by 8%.

PLANTATION DIVISION (Continuing Operations)

The Plantation Division recorded higher revenue by 8% mainly due to higher CPO and PK average prices by 17% and 20% respectively. However, this is partly offset with lower sales volume of CPO and PK by 11% and 34% respectively.

During the quarter, our Plantation Division registered an EBITDA of RM7.4 million, compared to RM10.1 million in the previous corresponding 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.)

Individual quarter - Q2 2020 versus Q2 2019 (cont'd.)

Below are the key operating statistics for Plantation division:

Plantation Statistics	Q2 2020	Q2 2019	Changes	%
CPO sales volume (mt)	19,659	22,142	(2,483)	-11%
PK sales volume (mt)	3,846	5,815	(1,969)	-34%
FFB production (mt)	98,431	99,215	(784)	-1%
CPO average price (RM)	2,351	2,018	333	17%
PK average price (RM)	1,390	1,161	229	20%
Mature area (hectare)	24,647	26,341	(1,694)	-6%
Immature area (hectare)	6,563	4,954	1,609	32%
Oil extraction rate (OER)	19.74%	20.10%	-0.36%	-2%
Kernel extraction rate (KER)	3.95%	4.37%	-0.42%	-10%

HEALTHCARE DIVISION

Our Healthcare Division registered lower revenue by 35% during the quarter, compared to the previous corresponding quarter due to lower number of inpatient and outpatient by 53% and 28% respectively. The COVID-19 pandemic and the implementation of Movement Control Order (MCO) that took effect since 18 March 2020 and continued for the entire of second quarter including Recovery Movement Control Order (RMCO) phase from 10 June 2020 until 31 August 2020, saw the postponement of non-critical and non-essential treatments by patients. However, our hospitals have responded with business recovery plan, including providing drive-through and on-site COVID-19 tests for our customers. This has helped to partly mitigate the weak revenue during the quarter.

During the quarter, the division recorded negative EBITDA of RM2.4 million, compared to an EBITDA of RM7.0 million in the previous corresponding quarter.

Below are the key operating statistics for Healthcare division:

Healthcare Statistics	Q2 2020	Q2 2019	Changes	%
Number of inpatient	2,731	5,798	(3,067)	-53%
Number of outpatient	28,938	40,327	(11,389)	-28%
Inpatient days	8,828	17,940	(9,112)	-51%
Occupancy rate (%)	23%	50%	-27%	-54%
Average length of stay (day)	3.03	2.85	0.18	6%
Number of bed	407	407	-	-
Average revenue per inpatient (RM)	9,029	7,237	1,792	25%

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 - 1H 2020 versus 1H 2019

	1H 2020	1H 2019	Changes	
	RM'000	RM'000	RM'000	%
REVENUE				
Plantation	96,063	91,073	4,990	5%
Healthcare	95,699	113,190	(17,491)	-15%
Total revenue	191,762	204,263	(12,501)	-6%
(LOSS) / PROFIT BEFORE TAX				
Plantation	21,870	18,048	3,822	21%
Healthcare	7,576	17,474	(9,898)	-57%
Others	(1)	(7)	6	86%
Adjusted EBITDA	29,445	35,515	(6,070)	-17%
Gain on disposal of investment property	-	5,203	(5,203)	100%
Fair value changes of biological assets	(474)	(16)	(458)	<100%
Expected credit losses of receivables	(941)	(1,096)	155	14%
Impairment loss of property, plant and equipment	(1,367)	-	(1,367)	100%
Inventories written off	(42)	(28)	(14)	-50%
EBITDA	26,621	39,578	(12,957)	-33%
Depreciation & amortisation	(41,483)	(28,561)	(12,922)	-45%
Profit from Al-Mudharabah	397	336	61	18%
Finance costs	(7,442)	(7,893)	451	6%
(Loss)/Profit before tax	(21,907)	3,460	(25,367)	>100%

The Group recorded lower revenue by 6% for the six months ended 30 June 2020, compared to the previous corresponding period mainly due to lower revenue from the Healthcare Division by 15%, and this is partly offset with higher revenue from the Plantation Division by 5%.

PLANTATION DIVISION (Continuing Operations)

The Plantation Division recorded higher revenue by 5% mainly due to higher CPO and PK average prices by 25% and 23% respectively. However, this is partly offset with lower sales volume of CPO and PK by 14% and 17% respectively.

During the period, our Plantation Division registered an EBITDA of RM20.0 million, compared to RM23.2 million in the previous corresponding period.

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 - 1H 2020 versus 1H 2019 (cont'd.)

Below are the key operating statistics for Plantation division:

Plantation Statistics	1H 2020	1H 2019	Changes	%
CPO sales volume (mt)	35,783	41,801	(6,018)	-14%
PK sales volume (mt)	8,042	9,661	(1,619)	-17%
FFB production (mt)	178,655	197,646	(18,991)	-10%
CPO average price (RM)	2,537	2,026	511	25%
PK average price (RM)	1,567	1,273	294	23%
Mature area (hectare)	24,647	26,341	(1,694)	-6%
Immature area (hectare)	6,563	4,954	1,609	32%
Oil extraction rate (OER)	19.55%	19.85%	-0.30%	-2%
Kernel extraction rate (KER)	4.32%	4.64%	-0.32%	-7%

HEALTHCARE DIVISION

Our Healthcare Division registered lower revenue by 15% during the period, compared to the previous corresponding period due to lower number of inpatient and outpatient by 26% and 15% respectively.

During the period, the division recorded lower EBITDA at RM6.6 million, compared to an EBITDA of RM16.4 million in the previous corresponding period.

Below are the key operating statistics for Healthcare division:

Healthcare Statistics	1H 2020	1H 2019	Changes	%
Number of inpatient	9,130	12,347	(3,217)	-26%
Number of outpatient	72,069	84,355	(12,286)	-15%
Inpatient days	30,397	39,475	(9,078)	-23%
Occupancy rate (%)	40%	55%	-15%	-27%
Average length of stay (day)	3.03	2.95	0.08	3%
Number of bed	407	407	-	-
Average revenue per inpatient (RM)	8,086	6,467	1,619	25%

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 - Q2 2020 versus Q1 2020

	Q2 2020	Q1 2020	Changes	
	RM'000	RM'000	RM'000	%
REVENUE				
Plantation	47,868	48,195	(327)	-1%
Healthcare	36,070	59,629	(23,559)	-40%
Total revenue	83,938	107,824	(23,886)	-22%
LOSS BEFORE TAX				
Plantation	7,766	14,104	(6,338)	-45%
Healthcare	(2,029)	9,605	(11,634)	-121%
Others	(1)	-	(1)	100%
Adjusted EBITDA	5,736	23,709	(17,973)	-76%
Fair value changes of biological assets	1,043	(1,517)	2,560	-169%
Expected credit losses of receivables	(344)	(597)	253	42%
Impairment loss of property, plant and equipment	(1,367)	-	(1,367)	100%
Inventories written off	(34)	(8)	(26)	325%
EBITDA	5,034	21,587	(16,553)	-77%
Depreciation & amortisation	(20,836)	(20,647)	(189)	-1%
Profit from Al-Mudharabah	274	123	151	123%
Finance costs	(2,885)	(4,557)	1,672	37%
Loss before tax	(18,413)	(3,494)	(14,919)	>100%

The Group's revenue for the three months ended 30 June 2020 was lower by 22% compared to the immediate preceding quarter mainly due to lower Healthcare revenue.

PLANTATION DIVISION

The Plantation Division recorded lower revenue by 1% mainly due to lower CPO and PK average prices by 15% and 20% respectively. However this is partly offset with higher CPO sales volume by 22%.

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 - Q2 2020 versus Q1 2020 (cont'd.)

Below are the key operating statistics for Plantation division:

Plantation Statistics	Q2 2020	Q1 2020	Changes	%
CPO sales volume (mt)	19,659	16,124	3,535	22%
PK sales volume (mt)	3,846	4,196	(350)	-8%
FFB production (mt)	98,431	80,224	18,207	23%
CPO average price (RM)	2,351	2,763	(412)	-15%
PK average price (RM)	1,390	1,730	(340)	-20%
Mature area (hectare)	24,647	24,647	-	-
Immature area (hectare)	6,563	6,563	-	-
Oil extraction rate (OER)	19.74%	19.30%	0.44%	2%
Kernel extraction rate (KER)	3.95%	4.80%	-0.85%	-18%

HEALTHCARE DIVISION

The Healthcare Division recorded a lower revenue by 40% mainly due to the decrease in number of inpatient and outpatient by 57% and 34% respectively, compared to the immediate preceding quarter which was mainly affected from the imposition of MCO from 18 March 2020 by the government of Malaysia.

Below are the key operating statistics for Healthcare division:

Healthcare Statistics	Q2 2020	Q1 2020	Changes	%
Number of inpatient	2,731	6,399	(3,668)	-57%
Number of outpatient	28,938	43,605	(14,667)	-34%
Inpatient days	8,828	21,569	(12,741)	-59%
Occupancy rate (%)	23%	56%	-33%	-59%
Average length of stay (day)	3.03	3.03	-	-
Number of bed	407	407	-	-
Average revenue per inpatient (RM)	9,029	7,142	1,887	26%

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

Malaysia Plantation

The CPO price recovery from the low in May 2020 to the current level of RM2,700-2,800, partly contributed by the decline stock level as demand from several key importing countries picked up strongly due to improving consumer sentiment, restocking activities (as lockdowns eased and reopening of businesses), the increase in other vegetable oil prices and weather uncertainties with potential appearance of La Nina by year end.

However, there could be a potential pullback in prices amid rising stock levels and prolonged uncertainties due to COVID-19 pandemic.

TDM Group will remain focused in improving productivity and optimizing production cost. We are committed with our replanting program which has commenced since year 2012, to rejuvenate our estates in Terengganu in improving age profile and stand per hectare, towards achieving higher yield and optimising mechanisation.

Indonesia Plantation

The challenges in concluding the sale of our subsidiaries in Indonesia has led to the decision by the Board to terminate the proposed disposal to PT Aragon Agro Pratama. Notwithstanding the above, the Board is committed to disposing of the said assets and will continue to identify appropriate buyer(s) and follow up with necessary announcements when there is further development.

Healthcare

The current COVID-19 pandemic and lockdowns have impacted the healthcare sector where patients postponed non-critical treatments, with the worst impact saw in April and May. However, number of patients is picking up as lockdowns eased and re-opening of businesses. However, the sector remained cautious on the rising concerns of COVID-19 second wave and prolonged uncertainties in the market.

TDM's Healthcare business has formulated several strategies to address the challenges through our Business Continuity Plan and Business Recovery Plan, including various COVID-19 related services, online healthcare consultation and promotion of home delivery of pharmaceutical products.

Our Healthcare's strategy in delivering quality healthcare in an affordable and convenient settings, is critical to ensure we remain competitive in delivering values to customers. Our growth will be supported by our capacity expansion plan and introduction of new service modalities.

Group

The Group is cautiously optimistic of achieving satisfactory operating performance in the current financial year.

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 (cont'd.)

COVID-19

COVID-19 took the world by complete surprise. Approximately 213 countries have reported confirmed cases of the COVID-19 that originated from Wuhan, China, and the death toll has been increasing daily. The implementation of lockdown measures in Malaysia and globally was necessary but has impacted economic activities.

After a steady expansion in the first two months of first-quarter of 2020, economic activity came to a sharp downshift with the implementation of MCO on 18 March 2020. Malaysia's economy as measured by Gross Domestic Product (GDP) contracted 17.1% in the second quarter of 2020, due to containment measures taken to curb the spread of the COVID-19 pandemic. Given the challenging economic outlook, Bank Negara Malaysia projected Malaysia's GDP for 2020 to be within the range of -3.5% and -5.5%, before staging a rebound within a growth range of 5.5% to 8.0% in 2021.

Strategy and steps taken to address the impact of the COVID-19

We have assembled six action teams to focus on six initiatives, for our Business Recovery Plan and Business Continuity Plan to overcome this trying times.

i) Revenue Team

Several revenue initiatives were initiated mainly at our Healthcare business to address the challenges during MCO, such as the Drive Through COVID-19 Test, Drive Through Vaccination Test, Online Healthcare Consultation Initiative for existing customers as well as Over The Counter (OTC) medicines promotion and home delivery.

ii) Cash Team

Conserving cash is imperative during time of uncertainty, and our team has implemented various initiatives including applications of banking facilities moratorium and fund-raising exercises to support our requirements.

iii) Cost Savings Team

The team has implemented several cost optimisation initiatives which include review of certain operating expenditures and capital expenditures.

iv) Customer Centric Team

The customer team focuses on managing the needs of our customers during the MCO period. We have reached out to our customers through various channels, such as phone calls, social media, website, and as well as introduction of new services to suit with our customers' requirement such as the drive-through COVID-19 test and on-site COVID-19 test initiatives.

v) People Centric Team

The team is tasked to manage the employee's wellbeing during the crisis period. Our Business Recovery Plan and Business Continuity Plan was initiated to ensure business sustainability and continuity, and hence safeguarding the wellbeing of our people.

vi) Communication Team

Proactive communication programme has been put in place to ensure regular update to our people and customers.

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 June 2020.

18. Loss for the period

	Current period to date	
	30-Jun-20 RM'000	30-Jun-19 RM'000
The following amounts have been included in arriving at loss before tax:		
Interest expense	7,442	7,893
Profit from Al-Mudharabah	(398)	(310)
Interest income		
- Discontinuing	(1)	(4,105)
Depreciation of property, plant and equipment		
- Continuing	33,142	28,132
- Discontinuing	-	10,333
Amortisation of intangible asset	429	429
Amortisation of right -of-use assets	7,912	-
Impairment of property, plant and equipment	1,367	-
Inventories written off	42	28
Expected credit losses on trade and other receivables	941	1,096
Provision for short term accumulating compensated absences	-	42
Provision for retirement benefit obligations	216	229
Fair value changes of biological assets	474	16

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-Jun-20 RM'000	30-Jun-19 RM'000	30-Jun-20 RM'000	30-Jun-19 RM'000
Current income tax	302	2,647	477	6,353
Over provision of income tax in prior year	-	(74)	-	-
	302	2,573	477	6,353
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,148)	(591)	(833)	(1,256)
Under/(over) provision of deferred tax	5	(520)	5	(408)
Income tax	(841)	1,462	(351)	4,689

Income tax was calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the period.

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

20. Discontinued operation and disposal group classified as held for sale

Assets and liabilities of PT RKA and PT SRA classified as held for sale on the Group's statement of financial position are as below:

	Group	
	As at 30-Jun-20 RM'000	As at 31-Dec-19 RM'000
Assets:		
Property, plant and equipment	104,805	99,601
Right-of-use assets	24,669	24,668
Trade receivables	94	109
Other receivables	66,661	65,391
Prepayment	127	26
Biological assets	276	272
Inventories	30	23
Cash and bank balances	407	290
Assets held for sale	197,069	190,380
Liabilities:		
Other payables	(4,754)	(4,287)
Retirement benefit obligations	(391)	(391)
Tax payable	(50)	(28)
Liabilities directly associated with assets held for sale	(5,195)	(4,706)
Net assets directly associated with disposal group	191,874	185,674

The result of PT RKA and PT SRA for the period are presented below:

	Current period to date	
	30-Jun-20 RM'000	30-Jun-19 RM'000
Revenue	705	32
Cost of sales	(3,481)	(8,902)
Gross loss	(2,776)	(8,870)
Interest income	1	4,105
Other income	-	-
Administrative expenses	(240)	(4,515)
Other expenses	-	-
Finance costs	-	-
Loss before tax	(3,015)	(9,280)
Income tax expense	-	-
Loss for the year from discontinued operations, net of tax	(3,015)	(9,280)

21. Corporate proposals

i. Heads of Agreement in relation to the Proposed Purchase of 70% equity interests in THP-YT Plantation Sdn. Bhd. from TH Plantations Berhad ("THP" or "Vendor")

On 31 December 2019, the Board of Directors of TDM Berhad ("Board") announced that TDM Berhad ("TDM" or "the Purchaser") had on 31 December 2019 entered into Heads of Agreement ("HOA") to record the principle agreement and understanding with TH Plantations Berhad ("THP" or "the Seller") in relation to the proposed purchase of 25,900,000 ordinary shares ("Sale Shares")(equivalent to 70% equity interests) of THP-YT Plantation Sdn Bhd ("THP-YT" or "the Company") ("Proposed Purchase") for consideration sum of RM7,000,000.00 ("Consideration").

As part of acquisition of the Sale Shares, TDM and THP agreed that part of the inter-company advances of RM78,684,856.91 ("Advances") owed by THP-YT to THP Suria Mekar Sdn Bhd ("THSM"), a wholly owned subsidiary of THP, amounting to RM62,000,000.00 ("Settlement Sum") shall be settled in the following manner:

- i. a facility sum from a facility to be taken by THP-YT or TDM from a bank ("Facility Sum");
- ii. shareholders' advances by TDM and/or Yayasan Terengganu ("YT"), in which YT presently owns 30% equity interests in THP-YT, to THP-YT, for settlement of the difference between Settlement Sum and the Facility Sum ("Balance Sum"); and
- iii. the balance of the Advances, being the difference between the Advances and the Settlement Sum ("Balance Advances"), shall be assigned by THSM to TDM for a consideration of RM1.00 ("Assignment").

In conjunction with the above, the Board wishes to announce that TDM had on 3 March 2020 entered into the following Agreements:

- (i) Share Purchase Agreement ("SPA") relating to the Sale and Purchase of 25,900,000 Ordinary Shares of the Issued Share Capital of THP-YT; and
- (ii) Settlement Agreement ("SA") with THSM and THP-YT in relation to the settlement of the Advances owing to THSM.

On 12 March 2020, the Company announced to provide additional information to the said announcement in relation to the signing of SPA and SA on the valuation of oil palm plantation of THP-YT:

a. Date of Valuation and amount of Valuation

The valuation amount of RM 100.0 million was based on the valuation certificate dated 30th December 2019 pursuant to valuation done on 15 December 2019 by a certified valuer i.e. Messrs. C H Williams Talhar & Wong Sdn. Bhd. (18149-U).

21. Corporate proposals (cont'd.)

i. Heads of Agreement in relation to the Proposed Purchase of 70% equity interests in THP-YT Plantation Sdn. Bhd. from TH Plantations Berhad ("THP" or "Vendor") (cont'd.)

b. Justification of the purchase consideration in comparison with Valuation

- (i) The total consideration of RM69.0 million (comprises of 70% equity purchase of RM7.0 million and Advances Settlement Sum of RM62.0 million) or equivalent to an enterprise value of RM72 million, is well within the valuation amount of RM100.0 million.
- (ii) Further, the Sale Shares (i.e. the 70% equity purchase) are sold on the basis of cash free and debt free (save for the Advances) and that TDM will not assume any further liabilities, save for the obligation and liabilities in and arising from, pursuant to or in connection with the SPA and the SA and financing to be raised either by TDM or THP-YT for the payment of the Facility Sum under the SA.

On 18 May 2020, the Company announced that in light of a Movement Control Order ("MCO") which has been imposed by the Government, it has resulted in much setbacks for both parties in fulfilling their respective obligations under the SPA. Both parties have now agreed to enter into two Variation Letters to vary the terms of the SPA and SA so as to allow ample time for the parties to fulfil their respective obligations under the SPA and SA. Both parties have agreed for the Long Stop Date to be amended to 120 days from the SPA execution date.

On 1 July 2020, the Company had entered into two (2) Second Variation Letters each to vary and/or amend the terms of SPA and SA dated 3 March 2020 respectively (the two letters are collectively referred to as the "Second Variation Letters"). In compliance with Clause 29 of the SPA and Clause 19 of the SA, both parties have now agreed to enter into the Second Variation Letters to extend the completion period so as to enable and allow ample time for the parties to fulfil their respective obligations under the SPA and SA.

On 3 August 2020, the Board of Directors ("the Board") of TDM Berhad is pleased to announce the following:-

- (a) that all conditions precedent stipulated in the SPA have been met and that the proposed acquisition of shares in THP-YT pursuant to the SPA ("Proposed Acquisition") had been completed on 31 July 2020.
- (b) that the SA will be completed at a later date and announcement will be made accordingly.

As a result of the completion of the Proposed Acquisition, THP-YT has become a direct subsidiary of TDM Berhad. With the completion of the Proposed Acquisition, TDM Group's total planted area in Terengganu has increased from 31,346 hectares to 33,653 hectares. In addition, the younger age profile of THP-YT will contribute positively to improve TDM Group's overall age profile. This is also part of TDM's plan to expand its plantation locally and gain larger planted area in Terengganu.

21. Corporate proposals (cont'd.)

ii. Letter of Offer in respect of the proposed disposal by the Company of the entire equity interest in PT Rafi Kamajaya Abadi ("PT RKA") and PT Sawit Rezki Abadi ("PT SRA") ("Proposed Disposal")

On 28 February 2020, the Company announced that it had received an offer vide letter dated 18 February 2020 ("Offer Letter") from PT Aragon Agro Pratama ("Purchaser" or "Aragon") to acquire the following from the Company for a total aggregate cash consideration of USD50.0 million ("Offer"):

- a. the entire equity interests in RKA, a direct subsidiary of the Company; and
- b. the entire equity interests in SRA, a direct subsidiary of the Company.

The Company has decided to accept the Offer, subject to, among others:

- a. the completion of the valuation due diligence by the Purchaser's adviser;
- b. the fulfilment of conditions precedent that shall be mutually agreed between the parties and set out accordingly in the conditional sale and purchase agreement ("CSPA"); and
- c. the approval of the relevant authorities for the Proposed Disposal (if required).

On 13 March 2020, the Company announced that both parties have mutually agreed to further extend the aforesaid initial deadline by another 21 days to execute the CSPA.

On 3 April 2020, the Company announced that both parties have mutually agreed to further extend the aforesaid initial deadline to 30 April 2020 to execute the CSPA due to the Indonesian Government has imposed stricter limits on mobility between regions and is implementing a large-scale policy of social distancing to curb the spread of the Coronavirus Disease 2019 ("COVID-19").

On 30 April 2020, the Company announced that both parties have mutually agreed to further extend the aforesaid initial deadline to 31 May 2020 to execute the CSPA due to the Indonesian Government has continued to impose stricter social distancing restrictions across the country and this has affected the progress with the financing application with the bankers.

On 29 May 2020, the Company announced that both parties have mutually agreed to further extend the aforesaid initial deadline to 31 July 2020 to execute the CSPA due to the Indonesian Government has continued to impose stricter social distancing restrictions across the country and this has affected the progress with the financing application with the bankers. Notwithstanding that, both parties via online communication continue to work towards finalising the salient terms of the CSPA.

21. Corporate proposals (cont'd.)

ii. Letter of Offer in respect of the proposed disposal by the Company of the entire equity interest in PT Rafi Kamajaya Abadi ("PT RKA") and PT Sawit Rezki Abadi ("PT SRA") ("Proposed Disposal") (cont'd)

On 3 August, the Company announced that the Board has decided to withdraw the said acceptance of the Offer, which expired on 31 July 2020. The decision was made after due consideration that the Execution Deadline had been extended several times since the acceptance by the Board of the Offer from PT Aragon on 28 February 2020, coupled with the uncertainties posed by the global pandemic of COVID-19 that affected PT Aragon in finalising the CSPA.

Notwithstanding the above, the management is committed to dispose the said assets and will continue to identify appropriate buyer(s) and follow up with necessary announcements when there is further development.

iii. Proposed Private Placement of up to 10% of the total number of issued shares of the Company in accordance with the general mandate pursuant to Section 75 and Section 76 of the Companies Act 2016 ("Proposed Private Placement")

On 3 March 2020, the Company has announced that it is proposing to undertake a private placement of up to 10% of the total number of issued shares of the Company at an issue price to be determined and announced later. As at 2 March 2020, the size of the Proposed Private Placement is up to 168,264,100 new Shares ("Placement Shares").

On 13 March 2020, the Company announced that Bursa Malaysia Securities Berhad had, vide its letter dated 11 March 2020, approved the listing of and quotation for 168,264,100 Placement Shares to be issued pursuant to the Proposed Private Placement.

On 17 July 2020, the Company had announced that the Board has fixed the issue price for the 1st tranche of TDM Shares to be issued pursuant to the Proposed Private Placement at RM0.2170 per TDM Share. The issue price represents a discount of 10.0% to the five (5)-day volume weighted average market price of TDM Shares up to and including 16 July 2020 of RM0.2411.

On 24 July 2020, the Company had announced the latest issued share capital after the corporate proposal as follows:

Units	: 1,722,881,001
Issued Share Capital (RM)	: Malaysian Ringgit (MYR) 359,444,698.00
Listing Date	: 27 July 2020

21. Corporate proposals (cont'd.)

iv. Supplemental Agreement To The Crude Palm Oil / RSPO Certified Crude Palm Oil (CPO/CSPO) Medium Term Supply Agreement Dated 8 July 2019 Between TDM Plantation Sdn Bhd And Ikhasas CPO Sdn Bhd

On 8 July 2019, The Company had announced that its subsidiary, TDM Plantation Sdn Bhd ("TDMP") had entered into a Medium-Term Supply Agreement ("MTSA") with Ikhasas CPO Sdn. Bhd for the supply of crude palm oil and/or RSPO certified crude palm oil ("Products") for a Supply Period of forty three (43) months from the first day of the calendar month following the month when payment of the first tranche of the Upfront Payment is made in accordance with the MTSA.

On 17 April 2020, the Company announced that TDMP had entered into a Supplemental Agreement to the Crude Palm Oil / RSPO Certified Crude Palm Oil (CPO/CSPO) Medium Term Supply Agreement dated 8 July 2019 ("Supplemental Agreement"). TDMP and Ikhasas now wish to vary the terms necessary including the volume of the products to be supplied and the payment obligations under the MTSA in order to commence the implementation of the MTSA.

22. Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2019: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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	
	As at	As at
	30-Jun-20	31-Dec-19
	RM'000	RM'000
Trade receivables - nominal amounts	24,549	26,622
Less: Allowance for expected credit losses	(8,110)	(8,515)
	16,439	18,107

Movement in allowance accounts:

	Group	
	As at	As at
	30-Jun-20	31-Dec-19
	RM'000	RM'000
At 1 January	8,515	10,901
Provision for expected credit losses	1,513	293
Reversal of expected credit losses	(1,918)	(2,679)
At 31 December	8,110	8,515

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 June 2020 and 31 December 2019 are as follows:

Group borrowings and debt securities.

As at 30 June 2020

	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Bank loans	354,852	51,235	406,087
Bank overdraft	18,703	-	18,703
Obligation under hire purchase	12,064	1,817	13,881
	<u>385,619</u>	<u>53,052</u>	<u>438,671</u>
Unsecured			
Bank loans	-	33,426	33,426
	<u>-</u>	<u>33,426</u>	<u>33,426</u>
	<u>385,619</u>	<u>86,478</u>	<u>472,097</u>

As at 31 December 2019

	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Bank loans	363,718	45,299	409,017
Bank overdraft	16,846	-	16,846
Obligation under hire purchase	4,605	1,907	6,512
	<u>385,169</u>	<u>47,206</u>	<u>432,375</u>
Unsecured			
Bank loans	-	33,426	33,426
	<u>-</u>	<u>33,426</u>	<u>33,426</u>
	<u>385,169</u>	<u>80,632</u>	<u>465,801</u>

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 June 2020.

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

1) 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 failed to carry out anaesthetic procedures on him which caused 'circumferential disc bulge with desiccation at L 4/5 level with severe spinal stenosis'.

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 judgement;
- 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 vacated the continue hearing date which was initially fixed on 20 April 2020 until 22 April 2020 due to the Movement Control Order ("MCO"). The Court has fixed for further Case Management on 16 June 2020 to enable parties to fix fresh continued Trial dates.

The Court has also fixed tentative continued trial dates as follows:-

- i. 2 - 4 November 2020,
- ii. 11 - 12 November 2020;
- iii. 19 - 20 November 2020; and
- iv. 1 - 2 December 2020

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

2) HIGH COURT OF MALAYA AT KUALA TERENGGANU [TA-23NCVC-2-08/2019]

Wahab bin Mohd Said vs

1. Dr. Juzar Mohsinbhai Jadliwala

2. Kuala Terengganu Specialist Hospital Sdn. Bhd.

The Plaintiff alleges that the 1st Defendant, Dr. Juzar Mohsinbhai Jadliwala as an employee, representative and/or agent to 2nd Defendant has negligently failed to carry out a medical procedure on him.

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

- i. General damages of RM700,000.00 or any amount as granted by the Court;
- ii. Special damages with interest;
- iii. Exemplary damages of RM300,000.00 or any amount as granted by the Court;
- iv. Aggravated damages of RM300,00.00 or any amount granted by the Court;
- v. Interest on the damages calculated at a rate of 5% per annum from the date of action up to the date of full settlement;
- vi. Costs; and
- vii. Such further or other relief as the Court deems fit.

During Case Management on 17 November 2019, the learned High Court judge has transferred the case to session court and fixed for further Case Management on 8 December 2019.

The Court has fixed this matter for further Case Management on 19 January 2020 to enable parties to obtain further directions from Court. The Court has also fixed the hospital's notice for directions from Court (with respect to the hospital's Notice Seeking Contribution/Indemnity against the 1st Defendant (i.e. Dr. Juzar)) the same day (i.e. 19 January 2020).

The Court has fixed for the trial dates as follows:

- i. 9 August 2020,
- ii. 6 and 13 September 2020;
- iii. 20 - 21 October 2020; and
- iv. 25 - 27 October 2020

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

3) HIGH COURT OF MALAYA AT KUALA TERENGGANU [TA-23NCvC-4-04/2020]

Mohd Fadzlong bin Yusoff vs

1. Dr. Siti Nordiana binti Ayub

2. Kuala Terengganu Specialist Hospital Sdn. Bhd.

The Plaintiff alleges that the 1st Defendant, Dr. Siti Nordiana binti Ayub as an employee, representative and/or agent to 2nd Defendant has negligently failed to carry out a proper medical procedure on his wife Fadzlina binti Abdullah (the deceased).

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 RM250,000.00 or any amount as granted by the Court;
- iv. Aggravated damages of RM250,000.00 or any amount as granted by the Court;
- v. Interest on the damages calculated at a rate of 5% per annum from the date of action up to the date of full settlement;
- vi. Legal costs;
- vii. Costs; and
- viii. Such further or other relief as the Court deems fit.

The court has granted Order in terms with regards to the 2nd Defendants Notice to the 1st Defendant and Third Party Claiming Contribution or Indemnity. Court fixed for another Case Management on 24th August 2020. Further, the court also fixed for Trial on 16 to 18 November 2020.

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

4) FIRE INCIDENTS AT PT RAFI KAMAJAYA ABADI ("PT RKA")

The Company had on 17 September 2019, announced that approximately 1,201 hectares of PT RKA's area has been affected by fire. As at the date of the announcement i.e. on 17 September 2019, the fire has been extinguished. From the beginning of dry weather in early August 2019, PT RKA has been on high alert and has put in place measures to manage and control fire incidents in the operating areas. This includes equipping our firefighting teams to deal with the dry weather, strong wind and the risk of fire.

Further on 3 October 2019, the Company made an announcement to clarify on an article published by The Edge entitled "Six Malaysian firms behind open burning, says Indonesia" dated 2 October 2019, which stated PT RKA allegedly conducted the largest opening burning of 600 hectares in West Kalimantan. The Board of Directors of the Company has emphasized that the reported statement by The Edge on the alleged open burning is not true. The Board further highlighted that since the beginning of the dry weather in early August 2019, PT RKA had encountered few fire incidences within its operating area and the matter had been reported to local authorities including the police department. The affected areas are accessible by the surrounding villagers and with the prolonged dry spell which made it vulnerable to be exposed to such fire incidences. The Management has lodged police report on the fire incident and full cooperation has been given to the authority to accommodate the investigation.

The Company had on 22 October 2019, announced that PT RKA had on 21 October 2019 received and accepted the Governor Decision No 1279/2019 regarding Administrative Sanction (hereinafter referred to as "the Decree") by the Governor of Kalimantan Barat ("Governor") to PT RKA dated 4 October 2019. The sanction arose as a result of the fire incident, among others, imposed that PT RKA has to stop its activities at the affected areas of approximately 900 hectares for three (3) years. PT RKA has consulted its Solicitors to file an application to Administrative Court ("Pengadilan Tata Usaha Negara") in Indonesia for a review of the Decree.

Further on 25 October 2019, the Company made an announcement to provide additional information on the announcement made on 22 October 2019, in relation to the financial and operational impact arising from the Decree.

Further on 1 April 2020, the Company made an announcement that PT RKA solicitor had on 9 January 2020 registered an appeal to the Administrative Court on the administrative sanction by the Governor and the first hearing was held on 31 March 2020. During the said hearing, the Solicitor had submitted all the relevant and necessary documents requested by the Court.

On 21 April 2020, the Company made an announcement that PT RKA solicitor had on 21 April 2020 informed that the Court has fixed the next hearing on 28 April 2020 for all the parties to give their testimony. The conclusion of the hearing is scheduled on 5 May 2020 and the verdict will be rendered either on 12 May 2020 or 19 May 2020.

On 28 April 2020, the Company made an announcement that PT RKA solicitor had on 28 April 2020 informed that the Court has agreed to vacate the hearing due to domestic travelling restrictions in Indonesia. As such, the Court has fixed the next hearing on 3 June 2020 for both parties to give their testimony.

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

4) FIRE INCIDENTS AT PT RAFI KAMAJAYA ABADI ("PT RKA") (cont'd.)

On 4 June 2020, the Company made an announcement that pursuant to the application by PT RKA's solicitor for postponement of the hearing due to domestic travelling restrictions in Indonesia, the Court had agreed to vacate the said hearing. The Court had fixed the next hearing on 18 June 2020 for both parties to give their testimony.

On 27 July 2020, PTRKA informed that PTRKA suit was inadmissible and the court did not consider the content or the substance of the legal paper.

The judges concluded that PTRKA must submit the objection to Governor no later than 19 November 2019 (we have submitted letter of objection on 16 December 2020). The Management has decided not to appeal on the decision. The Management to strictly comply with the Governor sanction.

5) HIGH COURT OF MALAYA AT Kuantan [CA-22NCVC-46-11/2019]

Tunas Capital Sdn Bhd vs

1. Kuantan Medical Centre Sdn Bhd

Plaintiff claim against Defendant for the sum of RM1,298,415.43 being rental arrears from September 2018 to September 2019 for building known as No 1-9, Jalan Tun Ismail 9, Kuantan, Pahang ("the said premise"). The Plaintiff also claims for the sum of RM187,420.00 being cost of repair and/or rectify the defect the said premise.

Further to the Mediation date on 13 August 2020, there was no settlement achieved by the parties. Hearing for the matter on 9th - 11th of November 2020 is maintain.

6) HIGH COURT OF MALAYA AT KUALA TERENGGANU [TA-23NCVC-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, as a Consultant Ophthalmologist, has negligently fail to carry out a medical procedure to remove cataract on his right eye which caused him suffer blurry vision, sensitive with lights and double vision.

The court has decided that 2nd Defendant is jointly responsible and awarded to the Plaintiff RM 223,895.66. We have instructed the Solicitor to file an appeal at Court of Appeal. Notice of Appeal was filed on 14 October 2019.

Hearing of appeal fixed on 7 October 2020.

26. Dividend proposed

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

27. Loss per share

Basic loss per share is calculated by dividing the loss for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Quarter	Quarter	Quarter	Quarter
	Ended	Ended	To date	To date
	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
	RM'000	RM'000	RM'000	RM'000
Loss net of tax attributable to owners of the parent used in the computation of basic loss per share	(19,090)	(5,227)	(23,903)	(10,139)
Add back: Loss from discontinued operation, net of tax, attributable to owners of the parent	(1,762)	3,290	2,405	8,698
Loss net of tax from continuing operations attributable to owners of the parent used in the computation of basic loss per share	<u>(20,852)</u>	<u>(1,937)</u>	<u>(21,498)</u>	<u>(1,441)</u>
	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
	number of	number of	number of	number of
	ordinary	ordinary	ordinary	ordinary
	shares	shares	shares	shares
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue for basic loss per share computation	1,682,641	1,657,878	1,682,641	1,657,878
Loss per share attributable to owners of the parent (sen per share):				
Basic loss per share (sen per share)	(1.13)	(0.32)	(1.42)	(0.61)
- continuing operations	(1.24)	(0.12)	(1.28)	(0.09)
- discontinued operation	<u>0.10</u>	<u>(0.20)</u>	<u>(0.14)</u>	<u>(0.52)</u>

- 28.** The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 August 2020.

BY ORDER OF THE BOARD

WAN HASLINDA WAN YUSOFF
Company Secretary

Kuala Terengganu
25 August 2020