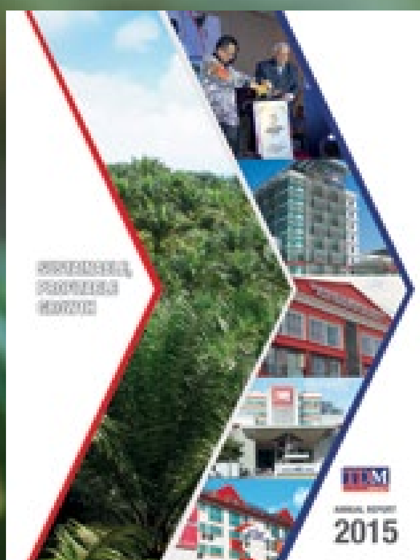
SUSTAINABLE, PROFITABLE GROWTH

TDM BERHAD
(6265-P)

ANNUAL REPORT
2015



COVER RATIONALE

The two arrows represent the synergy between two core businesses of TDM, Plantation and Healthcare in moving forward and overcoming tough economic challenges. TDM through its 50 years of existence has sustained its plantation operations and ventured into the healthcare industry. The success of both sectors has elevated the investment of the state government and make the people of Terengganu proud. TDM strives to achieve greater success by continuously enhancing its business sustainability and achieving profitable growth.

CONTENTS

Our Vision

We shall excel in our commercial and social roles for the benefit of people, planet and profit.

Our Mission

TDM shall fulfil its role as a responsible corporate citizen by delivering sustainable returns and growth for its stakeholders.

Our Values

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

Who We Are

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

PLANTATION DIVISON

TDM develops and manages 12 estates at the following locations:

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

In 2007, TDM expanded its plantation business to Kalimantan Barat, Indonesia. Currently, the Group has a total of 45,197 hectares of planted oil palm land for its plantations in Terengganu, Malaysia and Kalimantan Barat, Indonesia.

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

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

The second bio-composting plant in Kemaman, Terengganu, which has a capacity to produce up to 24,000 metric tonnes of fertilizer annually, is expected to start operation in October of 2016.

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

Indonesia Operations : Kalimantan

The Group has earmarked that the growth of the plantation operations will be in Kalimantan. The estates in Nanga Pinoh has started to generate its maiden production in 2014.

TDM is set to complete construction of a 60 metric tonnes per hour palm oil mill in Nanga Pinoh by end of 2016.

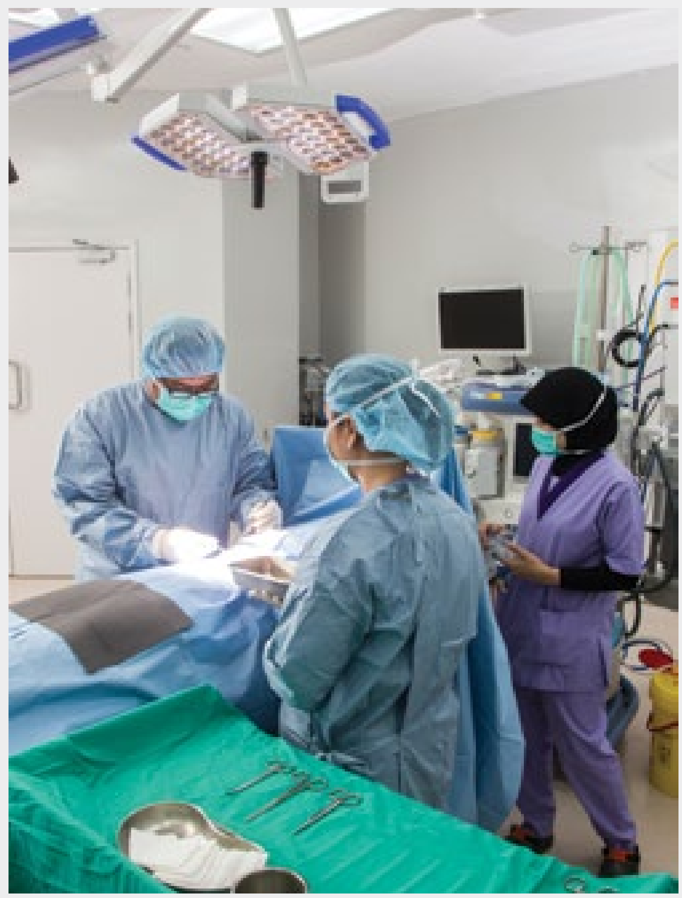
Healthcare Division

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

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

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

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



Message from Our Chairman

TDM BERHAD

“Sustainable, Profitable Growth”

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

Dear esteem shareholders,

Assalamualaikum Warahmatullahhi Wabarokatuh and *Salam Sejahtera*

Our 50th Anniversary celebration theme stress on our commitments Towards Excellent Friendly Relations with the People. It not only form a basis of our Corporate Social Responsibility (CSR), but also manifest our appreciation and care towards our shareholders, people within the surroundings of our estates, our clients, the patients using our hospital facilities and the staff serving TDM. For our economic sustainability, we seek for balance growth that heeds social justice and respectability.

PLANTATION

The consequences of the big floods affecting our Terengganu plantations in late 2014 and early 2015, the El-Nino, the haze, were contributors to a drop in the crop production in 2015. This then set a cycle of low production, that together with the global economic downturn and weak CPO prices, has affected our profit. We have intoduced measures to improve productivity and reduce costs. The first measure is to ensure that we produce 'sustainable palm oil' – in other words environmentally and socially responsible, and economically viable-using best practices and international standards.

Our estates and mills are certified by RSPO and complied with MPOB's Codes of Good Agriculture Practice. The RSPO and MPOB certifications are the source of competitive advantage for the Company as the co-branding strategy help to improve trust by our customers. The second measure is the rejuvenation of Terengganu estates via replanting of old and unproductive palms to improve oil palm productivity. Replanting enables us to utilise new technologies such as the use of latest planting materials, optimum planting density and re-design estates to improve mechanisation as well water management. The third measure is the transformation change in mill process flow and control via front-end upgrade involving latest technology in sterilisation process.The upgrade helps to reduce costs and improve

Balance Growth
Social Justice
Respectability

automation. The above measures will contribute toward better productivity and lower costs which is of paramount importance, especially during times of low palm oil prices. As we undertake the above measures, it is encouraging to see some immediate improvements in early harvesting of the replanting areas and in higher throughput and recovery in mill.

HEALTHCARE

Our community hospitals and single room-only positioning have thus far proven to be resilient, meeting the needs of patients amid trying times. The Company's foresight in making the necessary investments to have purpose built new hospitals in Kuantan and Kuala Terenggganu has also put TDM in a good track.

The health sector proved a point that a new facility would enhance patient acceptance and confidence. Kuantan Medical Centre (KMC) Hospital saw good revenue for 2015. It is anticipated that the same phenomena will occur at Kuala Terengganu Specialist Hospital (KTS). Infrastructure extension at Kelana Jaya Medical Centre (KJMC) should meet demands of its clients; whilst TDMC Hospital go through its paces to an improved earning. TDM however stand committed with its Subsidiary Boards to see that Healthcare investments would reap high profit margins through diligent contemporary internal control.

The healthcare sector is still a vibrant industry and TDM will partake with interest in its development. Acquisition of new facilities is a continuous process in the development of TDM Healthcare branding, with risk analysis and due diligence duly prioritise.

FINANCIAL PERFORMANCE

The Group's revenue for FY2015 was RM380.8 million, 1% lower from previous year of RM386.1 million. The Plantation Division posted lower revenue of RM215.6 million against RM255.8 million achieved a year ago, mainly due to lower Crude Palm Oil (CPO) and Palm Kernel (PK) prices, both by 10%. Meanwhile, our Healthcare Division registered 27% growth in revenue

New Facilities
Patient Acceptance
And Confidence

of RM165.2 million in FY2015, compared to RM130.3 million in FY2014. The improvement in revenue was contributed by higher inpatient numbers and higher inpatient days by 23% and 24% respectively compared to the previous year. The Group's PBT improved by 5% to RM69.4 million in FY2015 from RM65.9 million posted in the previous year. Despite of lower revenue, Plantation Division recorded higher PBT by 7%, mainly from higher unrealised gain on the foreign exchange of investment in fixed income securities by RM30.8 million, higher interest income by RM14.2 million and lower Indonesian operation start-up losses by RM13.6 million, compared to last year. Healthcare Division registered PBT of RM10.6 million, 5% lower compared to RM11.1 million in FY2014, mainly due to higher administrative costs, depreciation and impairment loss on receivables.

DIVIDEND

In line with the Company's dividend policy, the Board would like to propose a final dividend of 1.2 sen per share. The proposed dividend payout amounts to RM17.8 million (FY2014: RM22.2 million), accounting to 46% of the core PATAMI of RM38.9 million (FY2014: RM53.1million). The core PATAMI does not include the extraordinary income from unrealised gain on the foreign exchange of investment in fixed income securities of RM32.0 million (FY2014: RM1.1million).

TDM is currently streamlining activities, implementing new procedures and restructuring. An IPO exercise is being planned for Healthcare. It is satisfying to see enthusiastic receipt of these initiatives.

2015 saw some staff movements at various levels. On behalf of the Board, I would like to take this opportunity to sincerely thank Encik Badrul Hisham Mahari for his tireless performance at TDM for more than 11 years. Indeed he had laid down a foundation for us to continue building on.

We bid farewell to all who have left the Company. TDM also records appreciation for their services and wish them well and all the best in their future endeavours.

Streamlining
Implementing
Restructuring

Our Appreciation

In October 2015, we were saddened with the passing of one of our Board members, Allahyarham Haji Alias bin Abdullah. During his directorship, we have benefited greatly from his experience and expertise. Our heart goes to his family and may Allah give them the fortitude to bear the loss.

TDM extends gratitude and thanks to YAB Dato' Seri Haji Ahmad Razif bin Abdul Rahman, Menteri Besar of Terengganu, for his interest and assistance to the development of TDM. Our appreciation also to the State, officials and the Board Members of Terengganu Incorporated Sdn Bhd (TISB), and people of Terengganu for their support and understanding of the business activities of TDM.

2016 is hopefully a good year. Whilst the days ahead are full of uncertainties, the rise of palm oil price in the market of late gives us good hope. The new KTS Hospital should spur our Healthcare Division further. Thus we feel that we can achieve another satisfactory financial results in 2016.

Lastly, I wish to thank my fellow board members, board members of all subsidiaries, respective management teams, and all employees, for their tireless efforts to ensure the success of TDM Berhad. Also our deepest appreciation to all our shareholders for the confidence and trust placed in us.

Thank You and Salam,

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

YAB Tun Abdul Razak, Deputy Prime Minister of Malaysia Visited TDM Plantation on 1st November 1966

Operational Review

Our Business Model

	Plantation Division	Healthcare Division
Where we play	**Upstream :** • Oil palm plantation • Milling	**Secondary care**
How we win	**Strategic Intent:** "Leading producer of certified sustainable palm oil" **Competitive Advantage** • Co-branding strategy to improve trust by our customers • High quality oil – produced based on good environmental, social and economics standards.	**Strategic Intent:** "Leading secondary care community hospital" **Competitive Advantage** • Convenient location – within my locality, where we come regularly • Mid price hospital – customer pay for good care, not for the luxury without compromising quality of care

PLANTATION DIVISION

Our plantation in Terengganu achieved FFB output of 464,597 mt for the year under review, slightly lower from the previous year of 465,055 mt. The annual FFB yield has improved by 4%, from 16.71 mt/ha in FY2014 to 17.32 mt/ha in FY2015.

The Sungai Tong and Kemaman mills processed 461,408 mt of FFB in FY2015, compared to 460,388 mt in FY2014. The overall average oil and kernel extraction rates of the mills are 19.49% and 5.05% respectively.

100% of our production was Certified Sustainable Palm Oil (CSPO) from the mills, compliant with the RSPO principles and criterias. During the year, we sold 22,523 mt and 6,572 mt of Segregated and Mass Balance. The CSPO were sold at USD30 and USD20 premium above market price for Segregated and Mass Balance respectively.

Our average selling price, which included the premium received, average at RM2,184 per mt CPO, compared to RM2,432 per mt CPO in FY2014. This constituted RM27 higher than the average RM2,157 per mt achieved by the Malaysia Palm Oil Board (MPOB).

The average price of PK was lower 9.8% from RM1,749/mt PK to RM1,578/mt PK in FY 2015. Our PK price was higher by RM50 per mt compared to MPOB's RM1,528 per mt.

In Nanga Pinoh, Kalimantan, the new 60 metric tonne per hour palm oil mill is expected to be completed by end of 2016. The state-of-the-art mill incorporates latest technology and environmentally friendly mill designed to maximise oil extraction rate, improve automation and reduce processing cost per FFB metric tonne.

The mill will feature a bio-composting plant, to convert empty fruit bunches into bio-organic fertiliser for the usage at our estates.

The mill's effluent system will recycle the waste materials which will be converted to generate clean water. The effluent system will feature a biogas (methane) capturing facility to generate electricity for the mill and estate. The system involves installing covered type anaerobic digester tank to capture the biogas being generated by the mill effluents.

This new mill reaffirms our commitment to sustainable plantation activities at our operations.

At this stage, the production of FFB in Kalimantan is minimal because of the relatively young age of the planted palms. The production, however, will improve in the next two to three years as the age profile of the palms improved.

HEALTHCARE DIVISION

Our healthcare division recorded a healthy 22.7% growth of inpatient numbers in 2015. The inpatient days also improved by 23.9% compared to the previous year. This is mainly driven by the new Kuantan Medical Centre, which saw its inpatient numbers and inpatient days jumped 54.0% and 51.2% respectively. The hospital has been operating almost at full-occupancy rate since beginning of operation in November 2014.

Meanwhile, the division's outpatient numbers recorded a modest increase of 4.1%, which saw 6,292 more outpatient customers visited our hospitals in FY2015.

Next, the eight-storey 130-bed Kuala Terengganu Specialist (KTS) is expected to open in October 2016, thus raising our hospital total beds to 427, from the existing 297 beds. We expect this new hospital which has been built since November 2012, to also significantly make its marks among patients and residents in this part of the country.

The state-of-the-art facilities at KTS include five operating theatres, five delivery rooms, one laboratory, a 12-bed Intensive Care Unit (ICU), one 19-bed Neonatal Intensive Care Unit (NICU) and 25 specialist clinics. In anticipation of the opening of the new KTS hospital, KTS has been increasing its range of specialist clinics. Starting with dermatology in 2015, this year will see the addition of endovascular followed by angioplasty in 2017.

Kelana Jaya Medical Centre (KJMC) will see eight more new beds bringing a total of 50 beds with the purchase of additional lot. The purchase will also enable us to improve our lab set up for the convenient of our patients. KJMC is elevating its facility with the radiology equipment upgrades to improve our quality of service for the community in Kelana Jaya.

Meanwhile TDMC Hospital (TDMC) plans to renovate its third floor to allow for additional 27 beds to a total of 80 beds. In 2015, TDMC continued to expand its services by setting up the cervix dysplasia unit for the screening and treatment of cervical abnormalities; infertility treatment, and interventional radiological procedures such as fine needle biopsies. Moving forward into 2016, TDMC has introduced the state-of-the-art minimally invasive surgical procedures with the use of laser to treat haemorrhoids and varicose veins; and arthroscopic surgery on the injured knee or joints as well as others sports related injuries.

2015 Key Highlights

Manages **45,197** hectares of oil palm plantation
Owns two palm oil mills

100%
RSPO Certified

Operates **4** Specialist Hospitals

A leading
Private healthcare provider
in the East Coast

Revenue
RM 380.8 million
(2014: RM 386.1 million)

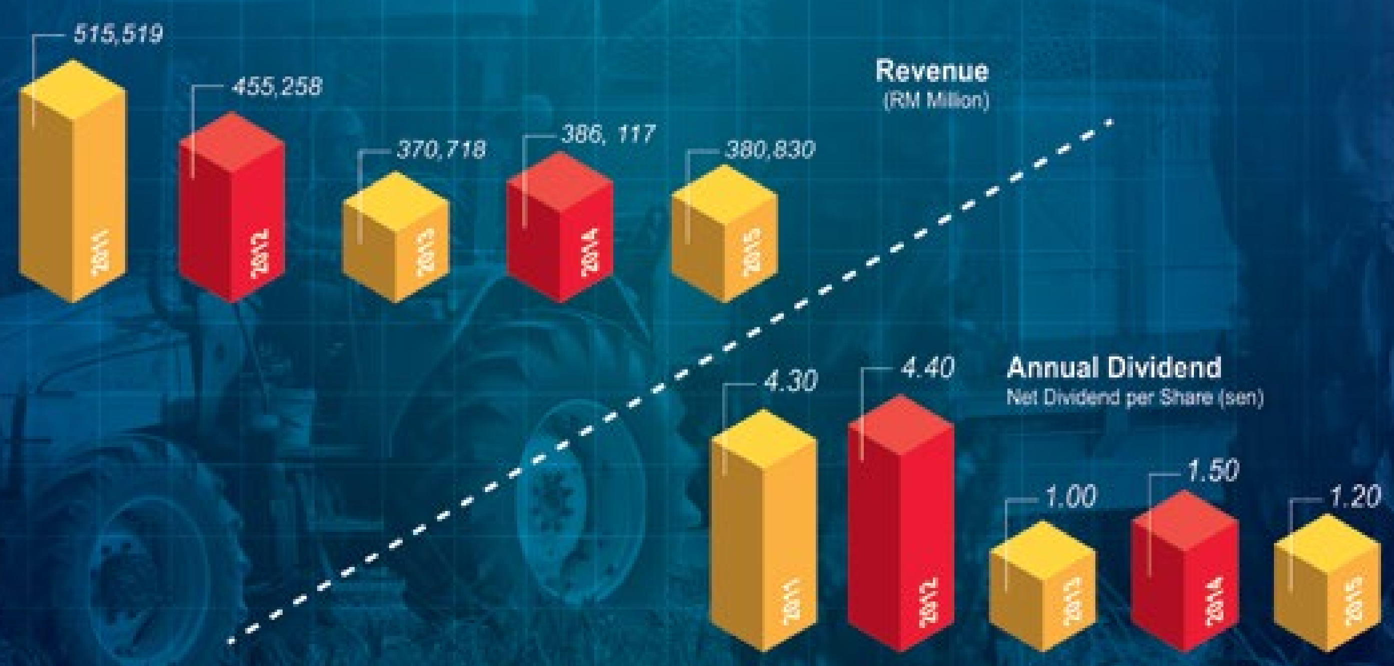
Profit before tax
69.4 million
(2014: RM65.9 million)

Earning Per Share
4.79 sen
(2014: 3.66 sen)

Market Capitalisation
RM 1.0 billion
(2014: RM 1.2 billion)

Dividend
1.2 sen
(2014: 1.5 sen)

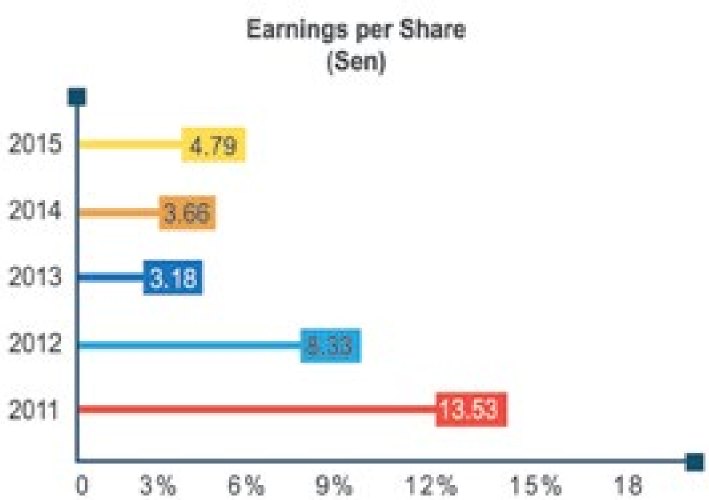
Financial Highlights

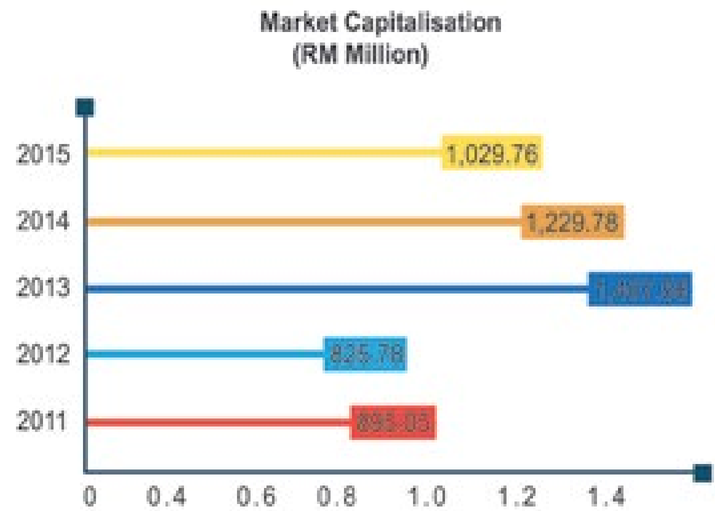


Income Statement	2011	2012	2013 Restated	2014 Restated	2015
Revenue (RM'000)	515,519	455,258	370,718	386,117	**380,830**
Profit before tax (RM'000)	220,579	149,025	067,125	065,903	**69,350**
Profit after tax (RM'000)	162,681	103,356	046,620	051,919	**69,426**
Statement of Financial Position					
Total assets (RM'000)	1,459,516	1,524,854	1,769,213	2,091,599	**2,583,271**
Total liabilities (RM'000)	0,277,438	0, 265,396	0, 519,836	0, 758,238	**1,132,656**
Shareholders' equity (RM'000)	1,157,210	1,234,267	1,242,605	1,329,004	**1,448,261**
Total equity (RM'000)	1,182,078	1,259,458	1,249,377	1,333,361	**1,450,615**
Key Financial Indicators					
PBT margin (%)	42.79	32.73	18.11	17.07	**18.21**
Return on average shareholders' equity (%)	17.44	08.64	3.76	04.04	**5.00**
Return on average shareholders' equity (%) (without revaluation reserve assets)	37.32	14.59	6.45	07.25	**9.17**
Earnings per share (sen)	13.53*	8.33*	3.18	3.66	**4.79**
Net assets per share (RM)	0.99*	1.02*	0.84	0.90	**0.98**
Net dividends per share (sen)	4.30*	4.40*	1.00	1.50	**1.20****
Gearing ratio (times)	0.01	0.02	0.22	0.34	**0.49**
Current ratio (times)	1.95	2.34	1.33	1.14	**1.18**
Price to earnings ratio (times)	5.56*	8.07*	29.87*	22.68	**14.51**
Price to book ratio (times)	0.76*	0.66*	1.13	0.92	**0.71**

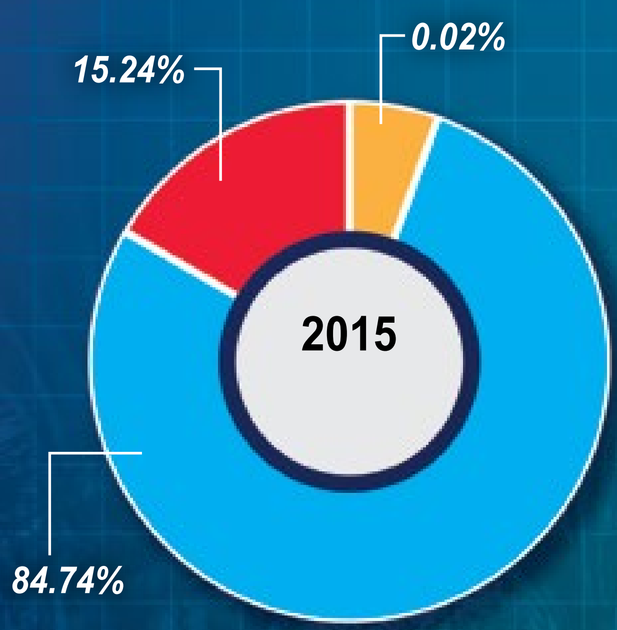
*Figures are adjusted for share split.
**Subject to shareholders' approval at the 51st Annual General Meeting.

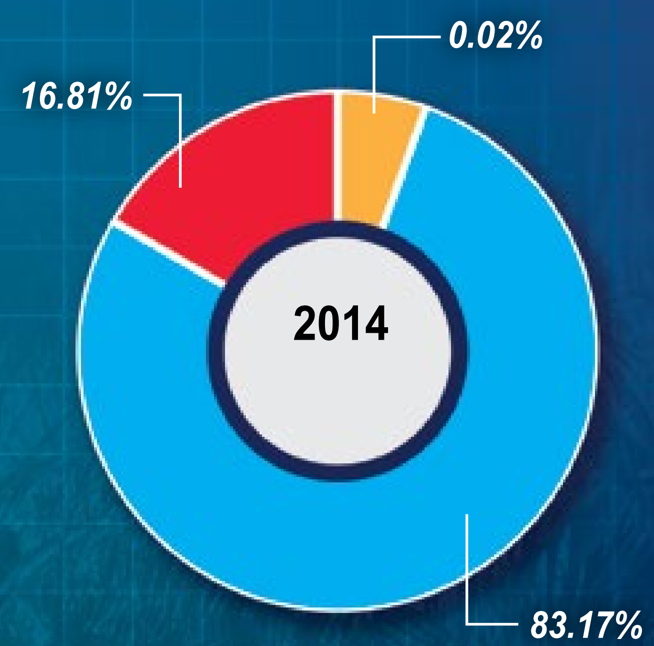
Financial Highlights





SEGMENTED PERFORMANCE – PROFIT BEFORE TAX





Plantation Healthcare Others

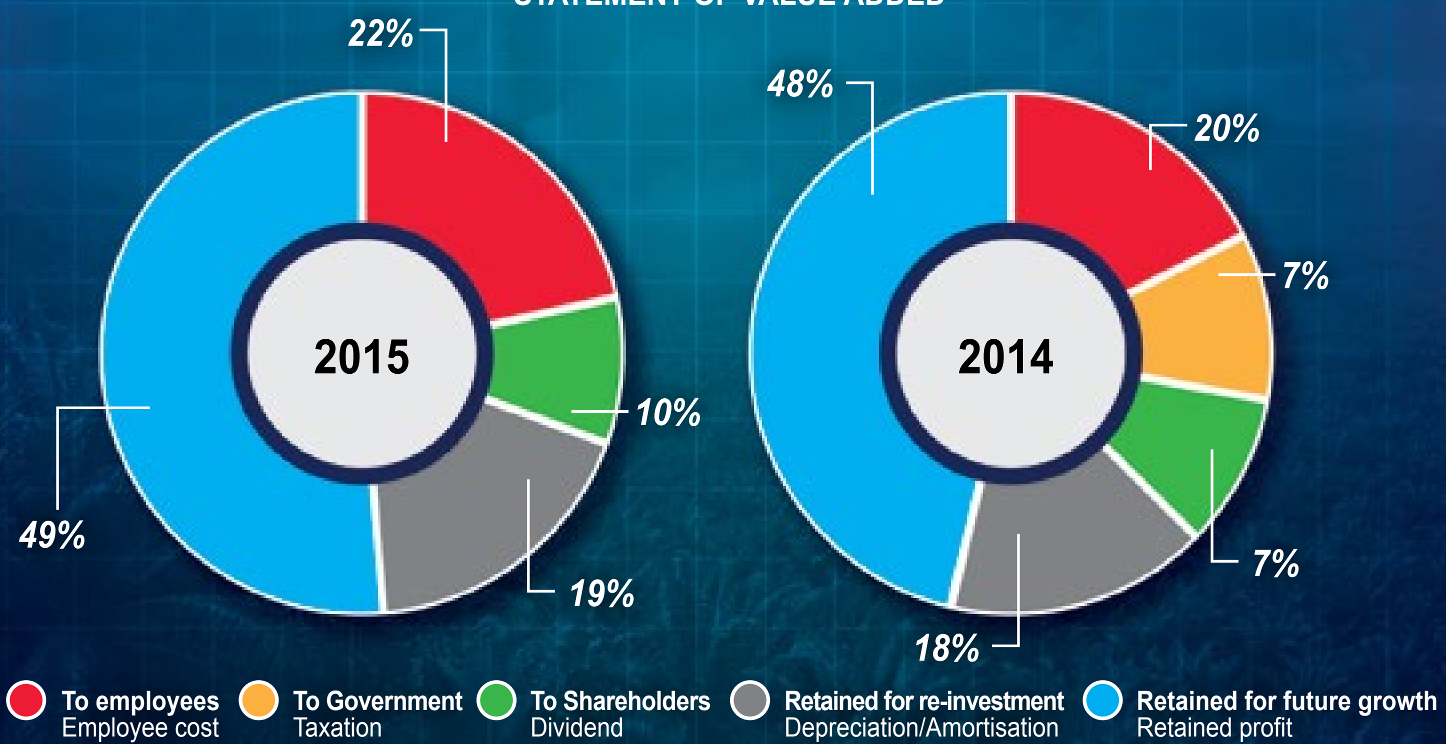
2015
Profit Before Tax

	RM'000	Percentage (%)
Plantation	58,765	84.74
Healthcare	10,572	15.24
Others	13	0.02
	69,350	100.00

2014
Profit Before Tax

	RM'000	Percentage (%)
Plantation	54,811	83.17
Healthcare	11,080	16.81
Others	12	0.02
	65,903	100.00

STATEMENT OF VALUE ADDED



Distribution	**2015 RM'000**	2014 RM'000 Restated
Revenue	**380,830**	386,117
Purchases of goods and services	**(240,397)**	(217,645)
Value added by the group	**140,433**	168,472
Other income	**77,387**	28,540
Finance expense	**(8,588)**	(1,443)
Value added available for distribution	**209,232**	195,569

Distribution	**2015 RM'000**	2014 RM'000 Restated	**2015 %**	2014 % Restated
To employees				
Employee cost	**46,985**	39,720	**22.46**	20.31
To Government				
Taxation	**(76)**	13,984	**(0.04)**	7.15
To Shareholders				
Dividend	**22,225**	14,817	**10.62**	7.58
Non-controlling interests	**(1,503)**	(2,264)	**(0.72)**	(1.16)
Retained for re-investment				
Depreciation/Amortisation	**39,625**	34,407	**18.94**	17.59
Retained for future growth				
Retained profit	**101,976**	94,905	**48.74**	48.53
Total distribution	**209,232**	195,569	**100.00**	100.00

Financial Calendar

Announcements on Quarterly Results

26 May 2015	Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2015.
26 August 2015	Announcement of the unaudited consolidated results for the 2nd quarter and half-year ended 30 June 2015.
23 November 2015	Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2015.
29 February 2015	Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2015.

DIVIDENDS Final Dividend

1 April 2015	Announcement of the first and final dividend of 1.5 sen per ordinary share, tax exempt under the single-tier system for the financial year ended 31 December 2014
15 April 2015	Announcement of Notice of Book Closure.
13 May 2015	Date of entitlement.
2 June 2015	Date of payment.
31 March 2016	Announcement of final dividend of 1.2 sen per ordinary share, tax exempt under the single tier system in respect of the financial year ended 31 December 2015.

Annual General Meeting

28 April 2016	Date of notice of 51st Annual General Meeting and date of issuance of the 2015 Annual Report.
31 May 2016	51st Annual General Meeting.

Corporate Information

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

- Major General Dato' Dr Mohamad Termidzi Junaidi (R) (Chairman)
- Dato' Mohamat Muda
- Dato' Haji Mohd Ali Abas
- Haji Samiun Salleh

BOARD RISK & COMPLIANCE COMMITTEE

- Haji Mohd Nasir Ali (Chairman)
- Major General Dato' Dr. Mohamad Termidzi Junaidi (R)
- Dato' Haji Mohd Ali Abas
- Haji Md Kamaru Al-Amin Ismail
- Dato' Haji Mohamat Muda

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

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

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

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

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

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

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad

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

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

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

Policies

PROFIT DISTRIBUTION POLICY

TDM Group's annual consolidated distributable profits shall be appropriated as follows:
(i) one third for dividend to shareholders;
(ii) one third for capital expenditure of the Group; and
(iii) one third for the reserves of the Group.

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

DIVIDEND POLICY

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

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

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

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

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

WHISTLEBLOWER POLICY

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

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

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

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

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

PHILANTHROPY POLICY

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

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

TDM's Philanthropy Policy

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

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

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

Board of Directors' Profile

Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R)
PSM, PSAT, PJN, SPKK, DPMT, PAT, JMN, KAT, KMN, AMN, THE KING GRAND CROSS (FIRST CLASS) OF THE MOST NOBLE ORDER OF THE CROWN OF THAILAND, JSSC, PSC

Age: 67, Malaysian

Chairman
Non-Independent
Non-Executive Director

Directorship
- Appointed as Chairman: 1 March 2014

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

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

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
13/13

Major General Dato' Dr Mohamad Termidzi Junaidi (R)
PSAT, DPMJ, DPKK, PAT, JSM, KMN, BDS (MALAYA), DPHD (SYDNEY) PSC FICD

Age: 63, Malaysian

Senior Independent
Non-Executive Director

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

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

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

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
13/13

Board of Directors' Profile

Dato' Mohamat Muda
DPMT, AMN, PJK

Age: 60, Malaysian

Independent
Non-Executive Director

Directorship
- Appointed as Director: 15 September 2014
- Appointed as Member of Audit Committee : 26 May 2015
- Appointed as Member of Nomination & Remuneration Committtee : 28 September 2014
- Prior to his redesignation as Member of Board Risk & Compliance Committee (BRCC) on 31 March 2016, he was the Chairman of the BRCC from 1 April 2015.

Qualifications
- Bachelor of Agricultural Science, Universiti Pertanian Malaysia.

Working Experience and Occupation
- Director General (Development) RISDA Malaysia.
- Deputy Director General (Development) RISDA Malaysia.
- Chief Executive Officer, RISDA Plantation Sdn Bhd.
- Director, Productivity & Marketing Division, RISDA.
- Director, Replanting & Estate Division, RISDA.
- State RISDA Officer, Terengganu.
- Manager, RISDA Plantation Sdn Bhd, Terengganu.
- Manager, NARSCO, Terengganu.
- Mini Estate Manager, RISDA Terengganu.
- District RISDA Officer, Kuala Krai/Gua Musang, RISDA Kelantan.
- District RISDA Officer Besut/ Setiu, Terengganu.
- State Marketing Officer, RISDA Terengganu.
- Assistant Director, RISDA Terengganu.

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
13/13

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

Age: 66, Malaysian

Independent
Non-Executive Director

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

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

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

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
13/13

Board of Directors' Profile

Haji Md Kamaru Al-Amin Ismail
SMT, PJK

Age: 55, Malaysian

Non-Independent
Non-Executive Director

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

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

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

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
9/13

Haji Samiun Salleh
SMZ, BCM, PJK

Age: 55, Malaysian

Non-Independent
Non-Executive Director

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

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

Working Experience and Occupation
- Deputy State Secretary (Management).
- President, Setiu District Council.
- Secretary, Kuala Terengganu City Council.
- President, Hulu Terengganu District Council.
- Secretary, Kemaman Municipal Council.
- Assistant District Officer, Setiu District Council.
- Secretary, Kemaman District Council.
- Assistant State Secretary (Tambah Setara).
- Executive Director, Terengganu Skills Development Centre (TESDEC).
- Assistant Director at the State Economic Planning Unit.
- Assistant District Officer, Hulu Terengganu District Council.

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
11/13

Board of Directors' Profile

NOTES:

1. *Full profile of Directors can be viewed at www.tdmberhad.com.my (Section: Corporate Information)*
2. *Family relationship with any director and or major shareholder of the Company: None of the directors has any family relationship with any director and/or substantial shareholder of the Company.*
3. *Conflict of interest with the Company: None of the directors has any conflict of interest with the Company or its subsidiary companies.*
4. *Conviction of offences: None of the directors has been convicted for offences within the past 10 years other than traffic offences, if any.*
5. *The shareholdings of the directors are disclosed on page 153 of the Annual Report.*

Haji Mohd Nasir Ali

Age: 63, Malaysian

Independent Non-Executive Director

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

Qualifications
- Diploma in Agriculture, Universiti Putra Malaysia

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

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
Not Applicable
(Appointed in year 2016)

Wan Zalizan Wan Jusoh

Age: 46, Malaysian

Executive Director

Directorship
- Appointed as Non-Independent Non-Executive Director: 28 February 2016
- Appointed as Executive Director : 14 March 2016

Qualifications
- B.SC in Business Administration, Major in Finance, University of Nebraska-Lincoln, U.S.A (1994)
- Diploma in Banking Studies, University Technology of MARA, Malaysia (1991)

Working Experience and Occupation
- Presently, he is the Group Chief Executive Officer (CEO) of Terengganu Incorporated Sdn Bhd. (TI) He joined in May 2015 on invitation by the State of Terengganu to enhance roles of TI in addition to delivering commercial and sustainable return of investments

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
Not Applicable
(Appointed in year 2016)

Management Team

TDM BERHAD

1 Wan Zalizan Wan Jusoh
Executive Director

2 Amir Mohd Hafiz Amir Khalid
Chief Financial Officer

3 Mohd Asri Sulong
Group Manager, Business Development & Facility Management

Management Team

4 **Mohd Mardi Ismail**
Group Manager, Internal Audit

5 **Abdul Hadi Sadan**
Manager, Human Resources

6 **Syed Zulfhadlie Syed Zin**
Head, Legal & Secretarial

7 **Muhammad Farid Abdullah**
Head, Information Technology

Management Team

PLANTATION DIVISION

1 **Haji Ab Halim Yusof**
Chief Executive Officer
TDM Plantation Sdn Bhd

2 **Jalaini Che Kar**
Plantation Coordinator
TDM Plantation Sdn Bhd

3 **Roslan Othman**
President Director
PT Rafi Kamajaya Abadi

4 **Mohammad Azrain Mohd Kassim**
Manager
TDM Trading Sdn Bhd

HEALTHCARE DIVISION

1 Bryan Lin Boon Diann
Chief Executive Officer
Group Healthcare Division

4 Abel Ahing
General Manager
Kuala Terengganu
Specialist Hospital Sdn Bhd

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

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

3 Zawiah Sharif
Chief Executive Officer
TDMC Hospital Sdn Bhd

Corporate Structure

TDM BERHAD

PLANTATION

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

HEALTHCARE

- Kumpulan Medic Iman Sdn Bhd (99.28%)
  - TDMC Hospital Sdn Bhd (100%)
  - Kuantan Medical Centre Sdn Bhd (92.33%)
  - Kuala Terengganu Specialist Hospital Sdn Bhd (100%)
  - Kelana Jaya Medical Centre Sdn Bhd (99.29%)
- Kumpulan Mediiman Sdn Bhd (90.49%)

OTHER ACTIVITIES

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

Active (blue arrow)
Dormant (red arrow)

Corporate Social Responsibility

OUR SACRED BELIEFS

At TDM Berhad, we focus specifically on three vital areas - People, Planet and Profit – our 3P CSR philosophy.

Thus we tackle sustainable growth head on, always advocating responsible conduct first whenever we come into play with People, Planet and Profit. We believe we have come far and we will go even further by embedding our 3P values into our daily operations. That is how we walk the talk in our quest for sustainability.

Having celebrated our 50th anniversary last year, we consolidated our position as a producer of sustainable palm oil and operator of secondary community hospitals. As a responsible corporate body and citizen, we march forward with dedication, professionalism and full of optimism.

People
We are an ardent advocator of personal and professional development among our management and employees as well as the communities directly related to our operations. Our emphasis on the acquisition of knowledge and skills is grounded on the belief that individuals should sustain their ability to meet the economic and social challenges of the future.

Planet
We champion the preservation of the environment and sustainability of natural resources so as to safeguard the well-being of the people and quality of life in the present as well as future. We are increasingly 'greening' our operations and practices through technologies and other means in order to lower TDM's carbon footprint.

Profit
We are equally committed to our responsibility towards the livelihood of our employees and financial aspirations of our shareholders. We believe this responsibility is best upheld by capitalising on opportunities in growing the company over the long-term to ensure healthy financial returns to all our stakeholders.

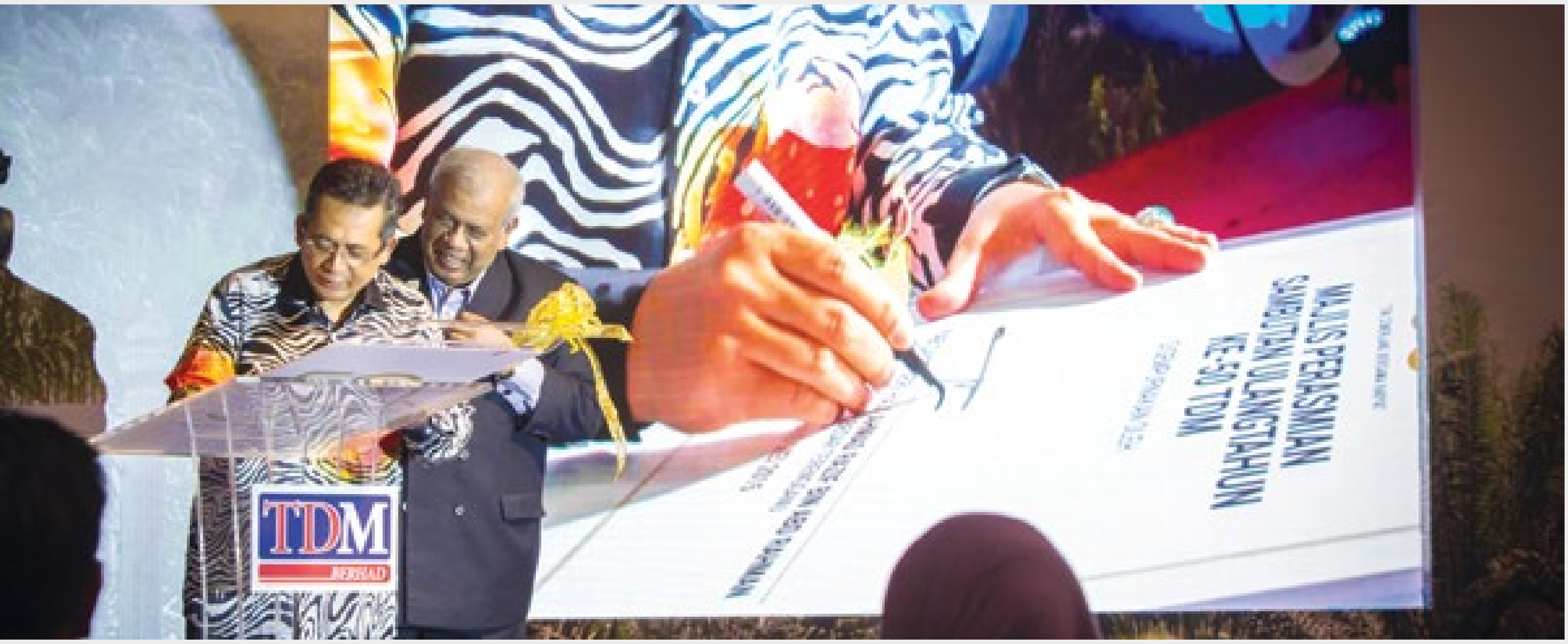
PEOPLE

Human Capital

Breakdown of Employees by Discipline as at 31 December 2015

We demand excellent performance delivery from our people. We are a team of over 6,485 committed employees in Malaysia and Kalimantan Barat, Indonesia, comprising technical professionals and support employees. Our professionals consist of individuals from various disciplines, each bringing a different perspective to enhance the value of our core businesses. They include:

- Accountants
- Agribusiness Specialists
- Agronomy Specialists



Corporate Social Responsibility

- Business Analysts
- Company Secretarial Specialist
- Diagnostic Laboratory Specialist
- Geologists
- Healthcare Administrators
- Health, Safety and Environment (HSE) Specialists
- Human Resource Specialists
- Internal Auditors
- Legal Specialists
- Technologist & IT Specialists
- Medical Specialists
- Nursing
- Pharmacists
- Plant Biotechnology Specialists
- Public Relations and Communications Practitioners
- Quality Specialists
- Technicians
- Technology and Plantation Management

Employer of Choice
From a relatively unknown entity we have progressed as an employer of choice, comparable with the best in the industries we are in.

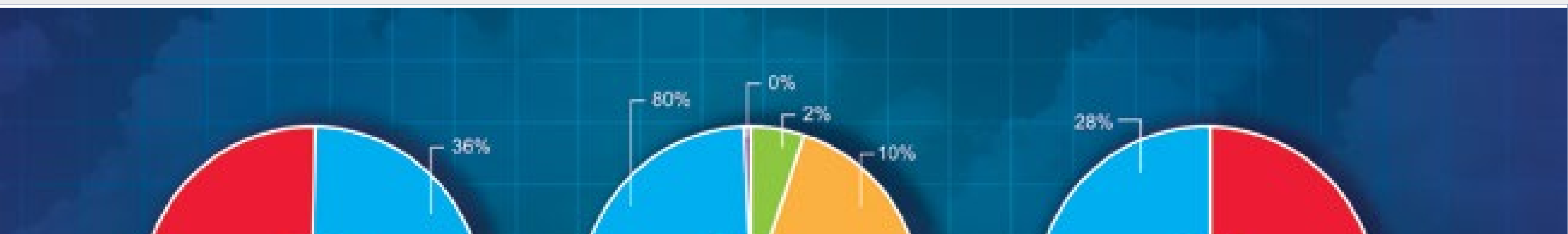
To realize our shared vision and deliver our mission, we are fully committed towards optimum personal and professional development, excellent performance and innovation-driven work culture.

Our Human Resource strategy aspires and ensures holistic and integrated people management. We offer a comprehensive employee benefits package including scholarships, insurance and medical benefits.

We have also developed five strategic pillars: talent acquisition and inventory, talent development, performance management, compensation and benefit and HR Communications.

Quality Commitment
We realize that when quality is taken care of, everything else will fall into place. In our bid to raise our quality standards across the Group, we also embark on a journey to develop and inculcate our very own quality culture.

With that in mind, we have been restructuring the standard operating procedure (SOP) for the entire Group. Besides, we



seek to adopt and adapt other quality management initiatives such as TQM, Lean Management and Six Sigma to raise our quality and efficiency.

For the healthcare division, we have embarked on a three-pronged pathway to be the specialist hospital of choice, namely:

1. Consistent compliance with all statutory and regulatory requirements.
2. Strong focus on patient safety and customer satisfaction.
3. Continuous improvement of products, services and processes.

Work Ethics Policy

Complementing the newly-signed Human Rights Policy, TDM Bhd via TDM Plantation Sdn Bhd, also adopted a Work Ethics Policy in 2015. It reflects our firm commitment towards a safer and harmonious work environment.

We aspire to enhance our ethical practices, especially in respects of recruitment, safe and clean work environment, working hours, wages and amenities. Apart from observing regulatory requirements, we also strive to create a conducive environment where there is mutual trust and respect. Workers too can freely exercise their rights to join trade unions. Besides, we agree to practise the highest ethical and environmental standards.

We observe a no discrimination policy regardless of gender, ethnicity, age, gender, religion, political beliefs and trade union affiliation. Moreover, we enforce disciplinary actions fairly and appropriately, with proper notice and representation, backed by the right to appeal.

MAJOR HR TRAINING PROGRAMMES IN 2015

Title	Date	Venue	Participant(s)	Provider
Dale Carnegie Course - Business Immersion	January	Kuala Terengganu	Selected staff from TDM Berhad (TDMB), TDM Plantation Sdn Bhd (TDMP) and all hospitals	DC Training Malaysia Sdn Bhd
Intensive Diploma in Oil Palm Management & Technology 2015	March - June	MPOB Bangi	Selected staff from TDMB, TDMP & PT Rafi	Malaysian Palm Oil Board
Diploma in Palm Oil Milling Technology and Management 2015	March - September	MPOB Bangi	Selected staff from TDMB, TDMP & PT Rafi	Malaysian Palm Oil Board
Dale Carnegie Course - World Class Customer Service	April	Kuala Terengganu	Selected staff from TDMB, TDMP and all hospitals	DC Training Malaysia Sdn Bhd
Root Cause Analysis	July	Kuala Terengganu	Selected staff from TDMB, TDMP, KMDI and all hospitals	Qpic Consultant Sdn Bhd
Certified Human Resource Officer	August - November	MIHRM Office, Petaling Jaya	Selected staff from TDMB and all hospitals	Malaysia Institute Human Resource Management
PIPOC 2015	October	Kuala Lumpur	Selected management staff of TDMP TDM Trading	Malaysian Palm Oil Board
1-Day Corporate Law Workshop - The Legal & Business Aspects of Mergers & Acquisitions, Business Purchase, JV, Privatization and Project Finance	October	Kuala Lumpur	Dato' Dr. Mohammad Termidzi Junaidi (Director)	KL Business & Legal Institute
MINDA Corporate Directors Onboarding Programme 2015	November	Kuala Lumpur	Dato' Mohd Ali Abas (Director)	Malaysian Directors Academy

Corporate Social Responsibility

Healthcare Programmes
This division's contribution to the social and welfare development of the wider community of late has expanded and commensurated with its rapid growth.

Prevention is better than cure. Therefore, its CSR activities seek to reach out people from all strata of society and educate them on the importance of adopting a healthy lifestyle.

In addition, from time to time, our hospitals also organize activities to raise awareness and impart vital information on symptoms, causes and treatments of various diseases.

Engaging with our stakeholders
Systematic relationship-building and planned engagements with our own employees, government agencies, NGOs, the media, business and financial analysts as well as the public at large are part and parcel of corporate life at TDM.

We have also developed a dedicated investor relations framework for our shareholders, investors and the financial community to update and notify them about our performance and corporate developments. This includes regular meetings with analysts, fund managers and the media. Other regular updates are also made available on our website and Bursa Malaysia's website.

The Annual General Meeting (AGM) is an annual platform for TDM to interact directly with shareholders and discuss the Group's direction with them.

Supporting local vendors
Appreciating the win-win partnerships with our suppliers, we always look at a productive long-term relationships with them.

Indeed they also subscribe to our strong ethical approach in our business conduct, facilitating the sustainability and transparency that we have built in our tendering process.

We continuously review the progress of our suppliers and service providers, adding value along the way so that the partnerships become long-lasting and mutually-rewarding.

To strengthen local communities and economies, we always support local suppliers whenever we can.

Human Rights Policy
Moving with time and recognising the vital roles of certain stakeholders to the Group, TDM via TDM Plantation Sdn Bhd adopted a Human Rights Policy in 2015.

It reinforces and strengthen our existing 3P CSR philosophy and HR practices as we strive to develop an organisational culture which supports human rights policy at the international level. In particular, we fully subscribe to the principles enshrined in the Universal Declaration of Human Rights and ILO Core Convention on Labour Standards.

We identify target groups, namely workers, vendors, contractors, local community and society at large as special groups whereby human rights impact on them, can be duly assessed and managed.

Towards this end, we respect the human rights of our workers. We also devise transparent and fair procedures and effect proper monitoring mechanism for our vendors and contractors. Likewise we respect local community culture and norms, and promote their human rights to improve their socio-economic standing as well as to ensure sound environmental protection and safety arrangements.

Besides, we shall also take part in community affairs to promote human rights and the environment via our core businesses. At the same time we also adopt the highest ethical standards and transparency in our business practices.

Initiatives for local communities in Indonesia
Known as PLASMA and INTI, these two initiatives are required by the Indonesian Government to provide opportunities for the local communities to improve their socio-economic standing.

While PLASMA involves plantation companies developing plantations for the communities, INTI mobilises local residents in the development of the plantations land.

Community initiatives in Malaysia
Our plantation managers and staff regularly meet the various stakeholders and listen to them throughout the year. Apart from providing neighbouring kampong folks and their kids with free transport to the estates and schools respectively, funding their community events and donating money, providing relief centres and distributing essential items like food and drinks during and after floods, TDM also organizes educational workshops and exhibitions in matters such as fire-fighting. We also provide various financial assistance to the selective group of unfortunate local communities based on their actual and urging needs.

RSPO Requirements
With a firm commitment towards operational sustainability, TDM strictly adheres to the total requirements of the Roundtable on Sustainable Palm Oil (RSPO), be it on human rights and other parameters. As far as the employees' welfare is concerned, we provide sufficient infrastructure and amenities for our plantation workers and their families.

PLANET

Green Technologies
In 2015, we continued with our green facilities and initiatives to maximise resources and minimise wastages. This is planned and implemented as part of our pledge and commitment to the environment and natural resources.

Bio-Composting Plant
Our Terengganu bio-organic fertiliser plants are located in Sungai Tong and Kemaman. These plants produce sufficient output to meet our entire requirements for organic fertilisers, significantly lowering our dependence on chemical fertilisers and resulting in a huge cost-savings. The new bio-organic plant in Kemaman is expected to be in operation October this year, while the one in Sungai Tong commenced operations in 2011.

Integrated Pest Management (IPM)
Our techniques in reducing the need of chemical pesticides have resulted in large cost-savings. We use various biological controls such as cultivating beneficial plants to reduce caterpillars and breeding of owls to control rats.

Sustaining our environment
Realising that our natural resources and the environment are extricably linked, TDM adheres to good agricultural and land management practices. We carry out independent social and environmental impact assessments, soil surveys and topographic studies before setting up new planting/ operations or expanding the existing one. Where appropriate, we also propose mitigation measures accordingly.

Corporate Social Responsibility

Adopting zero burning practices,we maintain and improve soil fertility for optimal and sustainable yield. We also take various measures to control erosion and degradation of soil.

Energy Use

Maximising renewable energy, we go for an efficient energy use. In the pipeline, we plan to equip our mills with bio-gas facilities for internal use at all our mills and estates.

Water Use

Rapid population growth, urbanisation and industrialisation have led to water scarcity that has become a predicament to the communities.

In view of this predicament, we strive to reduce waste, adopt recycle and increase reuse practices in our daily operations. We aim to minimise if not eliminate pollution and harmful emission to the environment.

We manage palm waste, EFB and POME in a socially and environmentally responsible manner.

Digitisation

Coming into the digital world, TDM is moving towards the same wavelength with a greater digitisation efforts in mind. We are migrating our ICT footprint into a cloud-based technologies and to improve effeciency of the ICT management.

Our IT strategy and technology roadmap sees migration of core and supplementary systems into the cloud in two to four years time. This will include the Enterprise Resource Planning (ERP), Hospital Information System (HIS), and smaller systerm like Management Information System (MIS), Customer Relationship Management (CRM) and our office operating applications.

PROFIT

Generating wealth for our shareholders can only be done by maintaining sustainable growth in profits. We believe in achieving it by growing our people, minimising our impact on the planet and by constantly innovating to create new value.

Indeed we feel honoured that our practices have gone beyond our boundaries to positively impact the industry value chain and influence other players for example; our transparent procurement system has positively impacted our suppliers and customers. We are happy to do our small part in helping them achieve their respective business objectives.

We also instituted a dividend policy which provides sustainable dividends pay out to our shareholders consistent with the Group's earnings growth. TDM endeavours to pay an annual dividend of at least 30% of its consolidated annual net profit after taxation and minority interests (PATAMI), subject to the availability of distributable reserves.

An Eventful Year

TDM BERHAD

50th ANNIVERSARY CELEBRATION

After 50 years, TDM stands tall as the most outstanding State Government Linked Company (SGLC) in Terengganu, if not in the country. In conjunction with Golden Jubilee celebration, TDM will continue to build a promising future and strive to be a model corporate entity.

In line with the theme "Excellence With the Rakyat", TDM would contribute to the state's wealth - our revenue will partly be channelled for the benefits and welfare of Terengganu subjects. It underlies TDM's sincerity and commitment towards the state government and the people of Terengganu.

Indeed TDM today is firmly behind the Transformasi Terengganu Baharu (TTB) program and the state's development efforts.

KEEPING TOP SPIN ALIVE

Top spin or gasing is a traditional Malay game which is rarely played nowadays.

However, TDM and a NGO, Terengganu Gasing Association, collaborated to build a new gasing court in Manir. It has given the game a new lease of life in Terengganu. The court has helped to advance this traditional game and prepare Terengganu reps for national gasing competitions.

TDM SUPPORTS EDUCATION SYSTEM

In 2015, TDM contributed RM100,000 for Terengganu education system. This is in line with the Group's Philantrophy Policy which allocates 2% of the Company's profit to the state government meant for social, education and sport development activities.

TDM aspires to be sensitive and responsive to the needs of the rakyat, especially the people of Terengganu. TDM always supports the state government in its bid to improve the quality of education in Terengganu.

Representing TDM Chairman, Dato' Haji Mohd Ali Abas, Director of TDM Berhad presenting a mock cheque to Terengganu Education Director, witnessed by Menteri Besar, YAB Dato' Seri Haji Ahmad Razif Abd. Rahman.

MERDEKA ANNIVERSARY CELEBRATION

Almost every year TDM takes part in the 31 August Merdeka marching. The theme for the Independence Day 2015 was MALAYSIA #SehatiSejiwa. TDM participation in the selected private sector category saw TDM combining all the contingents from various subsidiaries, comprising staffs from Plantation and Healthcare divisions.

Forty-five participants made up the TDM Berhad contingent including flag and signage bearers.

ADORNED TRISHAW COMPETITION

TDM also participated for the first time in an adorned trishaw competition which was officiated by HRH the Terengganu Sultan.

Held on 5 May in at Dataran Pantai Batu Burok, the theme "Long Live His Majesty" was in conjunction with 17 years of His Majesty's rule.

All state GLCs were invited to take part and were provided with three trishaws. TDM highlighted a design with the "Terengganu Darul Iman" Islamic concept which was aptly symbolised by a mosque's dome – simultaneously portraying TDM's core businesses; plantation and healthcare.

PLANTATION

INTERNATIONAL FIREFIGHTERS DAY 2015

Sungai Tong Palm Oil Mill's Emergency Response Team (ERT) took part in a hose marching competition organised by the Fire and Rescue Department of Malaysia on 14 May 2015. It was held in conjunction with the International Firefighters' Day at the Mydin Hypermarket in Wakaf Tembesu, Kuala Terengganu.

The ERT team with seven representatives, won two out of three categories, viz Team 300 feet dry marching (champion) and male 100 feet individual marching (third place).

KNOWLEDGE AND SKILLS ENHANCEMENT COURSE FOR EMERGENCY RESPONSE TEAM (ERT), SUNGAI TONG PALM OIL MILL

The mill management collaborated with the Bandar Permaisuri Fire & Rescue Department organised a course from 14 – 16 April 2015, with the aim to strengthen their knowledge and skill.

The programme covered related theory, practice, techniques, system and legal aspects. A fire simulation was also held, exposing the ERT to fire and injury to workers as well as insights on how to respond to emergency situation.

Assistant Superitendant, Fire Safety Division, JBPM Kuala Terengganu presented certificates to the participants.

SAFETY & HEALTH AWARENESS PROGRAMME

In our bid to raise the level of awareness on safety at workplace, TDM mill management organised a Workplace Safety Management workshop with the cooperation of Kuala Terengganu Occupational Safety and Health Department (JKKP). Held on 4 May 2015, it was attended by 30 participants and facilitated by three JKKP officers.

HEALTH SURVEILLANCE

According to Regulation 27, Health Surveillance, under Occupational Safety and Health Regulations (Usage and Standard on Exposure of Dangerous Chemical Substance to Health), if a worker is exposed to or may be exposed to dangerous chemical substance, a health surveillance must be carried out for a period not more than 12 months by the Occuptional Health Doctor.

At the Sungai Tong Palm Oil Mill, 24 employees are usually involved in health surveillance every year. They are in various occupational categories - boiler, workshop, lab and Water Treatment System.

FIRE CERTIFICATE ENFORCEMENT BY FIRE & RESCUE DEPARTMENT

A fire certification inspection was carried out on 8 September 2015 at the Sungai Tong Palm Oil Mill's premise by the Fire Safety Division, Fire & Rescue Department, Kuala Terengganu. The purpose was to ensure adequate facilities for personal safety, fire prevention, fire protection and fire fighting as stipulated in the Fire Services Act, 1988.

HEALTHCARE

GP TALK PROGRAMME

KMC began the CSR activities in 2015 with a health talk on "Basic ECG Interpretation" by Dato' Dr. Abdul Hadi b. Jaafar, Consultant General Medicine & Cardiologist. Held on 24 January, it managed to attract 68 audience, including 15 GPs, staffs and the general public.

ANTE NATAL EDUCATIONAL PROGRAMME

On 28 March, 50 people attended our Ante Natal Educational Talk for pregnant mothers and others. Dr. Suhaiza Abdullah, Obstetrician & Gynaecologist, spoke on "Enjoyable pregnancy and birth" while Mr. Deepu Sasidharan, Physiotherapist, deliberated on "Care for yourself and your baby during pregnancy".

An Eventful Year

CUSTOMERS DAY

In conjunction with "1 year Anniversary of KMC'S New Premise" TDM held a Customers Day from 28 – 29 November 2015. Twenty-six people took part in our colouring competition, held for two age-groups.

Day 1 was capped with two health talks, given by Cik Afifah Mat Asin, Audiologist, on "Protect Your Hearing" and Encik Muhamamd Afiq Mohamad Yusoff, on "Know Your Medication".

On the second day, KMC organized friendly futsal matches involving selected corporate clients of KMC – FELDA Wilayah Timur, Tenaga Nasional Berhad (TNB), Malayan Banking Berhad (MAYBANK), Pertubuhan Keselamatan Sosial (PERKESO) and MAA Takaful Kuantan.

PESONA TERENGGANU CARNIVAL

TDM Berhad joined other TDM hospitals - TDMC Hospital, Kuantan Medical Centre (KMC) and Kuala Terengganu Specialist Hospital (KTS) at the Pesona Terengganu Carnival held at Dataran Merdeka, Kuala Lumpur, on 29 October last year. We provided the standard health tests and shared our various services with visitors.

UPIN & IPIN CARNIVAL

KJMC and sister hospital, TDMC welcomed 727 visitors to our booth at children's much awaited Upin & Ipin Carnival 2015. Held at Maeps, Serdang from 20 – 22 November 2015, we had lucky draws, health screening and balloons and story books give-aways.

KTS HEALTH CARNIVAL

About 300 people participated in the KTS Health Carnival on 28 February 2015. Aimed at forging a closer relationship between KTS and customers plus the local community, various activities were held.

For babies, we had a healthy baby competition while two chidren age groups competed in a colouring activity. They were also entertained by a clown and magician.

LPPKN cooperated with KTS, enabling the hospital to provide free mammogram and counselling services.

GPs VISIT

On 28 August 2015, we hosted a visit by 25 GPs. Held to forge a closer relationship between them and our specialist doctors, it provided them with the opportunity to see for themselves our state-of-the-art equipment and enabled them to have a first hand experience as users.

We showed them our Radiology Centre (MRI, CT Scan and mammogram) and our Eye Centre. They also took the opportunity to ask questions to our specialists.

CIRCUMCISION PROGRAMME

A circumcision programme for 19 participants aged between 5 – 12 years old was held on 12 December 2015. It was organised by four participating doctors, four nurses and five committee members.

Parents, guardians and the participants were exposed to safe and healthy circumcision by experienced doctors.

DINNER WITH THE CHINESE COMMUNITY

A “Dinner with the Chinese Community” was attended by 105 people. It was held on 31 July 2015 to raise awareness on the typical diseases faced by the Chinese community.

Dr. Azhar Zainuddin (eye specialist) and Dr Hasnan Mohammad Noor (General Surgeon) led the event while Kumpulan Medic Iman (KMDI) CEO, Mr Bryan Lin was the guest of honour. The participants paid good attention during the presentation and asked various questions.

BLOOD DONATION

TDMC collaborated with PPUM by staging this event on 26 January 2015 for members of the public who would like to donate blood. Doctors and nurses were on hand to advise about 30 donors.

CHRISTMAS DAY

On Christmas Day last year, TDMC hosted a “Make a Child’s Wish Come True” programme. It was in line with the sharing and giving Christmas theme, enabling unfortunate children to also receive Chrsitmas gifts, marking the joy of Christmas.

TRANSPARENCY

List of Abbreviations and Acronyms Used in This Section

AC	:	Audit Committee
AGM	:	Annual General Meeting
BEE	:	Board Effectiveness Evaluation
CEO	:	Chief Executive Officer
CFO	:	Chief Financial Officer
EWRM	:	Enterprise Wide Risk Management
IAD	:	Internal Audit Department
INED	:	Independent Non-Executive Director
IR	:	Investor Relations
MAIN LR	:	Main Listing Requirement
MCCG 2012	:	Malaysian Code on Corporate Governance 2012
NED	:	Non – Executive Director
NINE	:	Non – Independent Non – Executive Director
NRC	:	Nomination and Remuneration Committee
SINED	:	Senior Independent Non-Executive Director
SRMIC	:	Statement on Risk Management and Internal Control
TOR	:	Term of Reference

Statement on Corporate Governance

This Statement on Corporate Governance is presented to explain the corporate governance practices and how the principles and the recommendations of the Malaysia Code on Corporate Governance 2012 (MCCG 2012) have been applied during the financial year ended 31 December 2015.

INTRODUCTION

The Board recognises the importance of effective corporate governance in supporting the Company's strategies. The Board and the management believe that improvement in governance structures and processes will bring positive impact on the business performance whilst promoting and maintaining sustainable profit and growth.

BOARD OF DIRECTORS

Board Charter

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

The Board Charter stipulates the following key areas:

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

Board Roles and Responsibilities

The Board has clear roles and responsibilities in delivering sustainable returns and growths for the stakeholders. The Board oversees the strategic decisions taken, monitors the execution of the decisions and the management's ethical conduct. It also looks into the financial reporting and regulatory compliance. In discharging its fiduciary and leadership functions, the Board is guided by six principle responsibilities listed below:

- **Review and adopt strategic business plan for the Company**

  The Board on annual basis reviews and deliberates the Group Business Plan for both short term and long term. The Board ensures the Group strategic plans promote sustainable growth and takes into consideration the interest of the people, planet and profit.

- **Oversee and evaluate the Company's business conduct**

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

- **Identify and manage principle risks**

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

- **Monitor the succession planning**

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

- **Oversee the development and implementation of communication policy**

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

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

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

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

Chairman's Function

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

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

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

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

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

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

f) Identifies guidelines for the conduct of the Directors.

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

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

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

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

Statement on Corporate Governance

Separation of Function between the Board and Management

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

The NINE Chairman is responsible for ensuring the effectiveness and conduct of the Board which includes promoting sustainable business strategies. On the other hand, the CEO has overall responsibility over the operating units, ensuring its effectiveness and implementation of Board policies and decisions within the delegated authority limit approved by the Board.

The segregation of duties between the Chairman and the CEO facilitates an appropriate balance of roles, responsibilities and accountabilities and promotes appropriate supervision of the management. The NINE Chairman is not previously a CEO or employee of the Company.

Board Size and Composition

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

Details of each individual director's qualifications and experiences are presented in the Board of Directors' Profile from pages 20 to 23 of this Annual Report.

The Board had on 14 March 2016, appointed an Executive Director. There is a separation of the role of Executive Director and Chairman to ensure that there is an appropriate balance of power and authority with clear divisions of responsibilities and accountability. The responsibility of Chairman is primarily to ensure that the conduct and working of the Board is in an orderly and effective manner whilst the Executive Director manages the daily running of business and implementation of Board policies.

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

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

The Board is of the opinion that the present size and composition of members are appropriate to commensurate the complexity of the Group's businesses and conducive for effective conduct of the Board decision making.

Board Appointment

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

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

The Board is entitled to the services of the Company Secretaries who will ensure that all appointments are made in a proper manner and that all relevant information is obtained and legal and regulatory requirements are met.

Independence of Directors

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

Statement on Corporate Governance

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

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

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

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

Senior Independent Non – Executive Director

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

Board Meetings

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

Besides the quarterly Board meeting held during the year, there were nine (9) meetings held to review and decide on immediate strategic matters. During the fourth quarter, a Board meeting was held to deliberate and review the Annual Business Plan for the coming year.

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

None of the Board members serves as director on more than five (5) Boards of listed companies. This enables them to devote adequate time to carry out their responsibilities. The Board members' commitment in carrying their duties is affirmed by their attendance at the Board meetings held during the financial year ended 31 December 2015, set out below:

No.	Members	No. of Meetings	
		Attended /Held	%
1.	Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R) (Chairman)	13/13	100
2.	Major General Dato' Dr Mohamad Termidzi Junaidi (R)	13/13	100
3.	Dato' Mohamat Muda	13/13	100
4.	Dato' Haji Mohd Ali Abas	13/13	100
5.	Haji Md Kamaru Al – Amin Ismail	9/13	69
6.	Haji Samiun Salleh	11/13	85
7.	Haji Mohd Nasir Ali (Appointed on 28 February 2016)	Not applicable	
8.	Wan Zalizan Wan Jusoh (Appointed on 28 February 2016)	Not applicable	
9.	Alias Abdullah (Demised on 9 October 2015)	9/10	90
10.	Haji Zakaria K C Ahammu (Resigned on 1 April 2015)	2/2	100

The Board members complied with the minimum attendance of at least 50% of Board meetings held in the year, pursuant to the Main LR.

Board Access to the Information

The Board has direct access to the Senior Management personnel and has unrestricted access to information relating to the Group's business affairs. To facilitate productive and meaningful deliberations during the Board meeting, the proceedings of the meetings are conducted in accordance to a structured agenda. The Board papers are prepared and presented in a manner to facilitate the deliberation and decision making process. The agenda together with the board papers are disseminated to the Board via email prior to the meetings to enable them to study the matters, which require their decisions or opinions. All directors have individual and independent access to the advice and support services of the Company Secretary and External Auditors and the Board has access to seek further information and clarification from the Management in order to make informed decision.

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

Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the directors shall retire from office and be eligible for re-election at each Annual General Meeting and all directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. Directors appointed during the year will be subject to retirement and re-election by shareholders in the Annual General Meeting.

Directors over seventy (70) years of age are required to retire and submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Board Effectiveness Evaluation

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

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

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

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

BOARD COMMITTEES

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

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

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

a) **Audit Committee**

The Audit Committee Report detailing the membership, meetings and activities during the year is presented from page 53 to 56 of this Annual Report.

b) **Nomination & Remuneration Committee**

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

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

3. Dato' Haji Mohd Ali Abas (Appointed on 1 April 2015), INED
4. Haji Samiun Salleh (Appointed on 28 February 2016), NINE
5. Haji Zakaria K C Ahammu (Resigned on 1 April 2015), SINED

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

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

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

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

In 2015, the NRC held seven (7) meetings and the attendance is as follows:

Members	No. of Meetings Attended	%
Major General Dato' Dr Mohamad Termidzi Junaidi (R) (Chairman)	7/7	100
Dato' Mohamat Muda	6/7	86
Dato' Haji Mohd Ali Abas (Appointed on 1 April 2015)	4/4	100
Haji Samiun Salleh (Appointed on 28 February 2016)	Not applicable	
Haji Zakaria K C Ahammu (Resigned on 1 April 2015)	2/3	67

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

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

c) Board Risk & Compliance Committee (BRCC)

The Chairman of BRCC is assisted by a panel of at least 2 Independent members of which are also appointed by the BOD. BRCC was established in 2015 and held five (5) meetings during the year. The attendance is as follows:

Members	No. of Meetings Attended	%
Dato' Mohamat Muda (Chairman)	4/5	80
Major General Dato' Dr Mohamad Termidzi Junaidi (R)	5/5	100
Dato' Haji Mohd Ali Abas	5/5	100

Haji Md Kamaru Al-Amin Ismail was appointed as a member on 28 February 2016 while Haji Mohd Nasir Ali was appointed as Chairman of BRCC replacing Dato' Mohamat Muda on 31 March 2016. Dato' Mohamat Muda was redesignated as member of BRCC.

The roles and responsibilities of BRCC are as follows:

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

The BRCC reports all Risk Management matters to the Board.

DIRECTORS REMUNERATION

The details of the directors' remuneration of the Company and the Group for the financial year ended 31 December 2015 are as follows:

	Group RM'000	Company RM'000
Executive Directors		
Fees and other emoluments	619	-
Non-Executive Directors		
Fees and other emoluments	1,859	631
Benefits in kind	60	12
Total	**2,538**	**643**

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

Non- Executive Directors	Number of Directors
RM50,000 and below	4
RM 50,001 – RM 100,000	3
RM100,001 – RM 150,000	-
RM150,001 – RM 200,000	1

BOARD'S CODE OF CONDUCT

The members of the Board observe the Code of Ethic for Company Directors established by the Companies Commission of Malaysia and Company's Code of Business Ethics. The Code of Business Ethic sets forth the guidelines and ethical standards of conduct required of the Board, the management and other employees of the Company. The details on the Code of Business Ethics are set out from page 51 to 52 of this Annual Report.

DIRECTORS' TRAINING

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

The Board recognises the importance of continuing education for its Directors to ensure they are continually equipped with the necessary skills and knowledge to meet the challenges of the Board from time to time.

All members of the Board have attended the Mandatory Accreditation Programme (MAP) as prescribed by the Main Listing Requirements (LR) of Bursa Securities except the newly appointed Directors i.e Haji Mohd Nasir Bin Ali and Encik Wan Zalizan Bin Wan Jusoh. They will attend the MAP in due course pursuant to the Main LR pending registration with Bursatra Sdn Bhd.

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

Some of the training/courses attended by the Directors during the financial year 2015 are as follows:-

1. 1-Day Corporate Law Workshop-The Legal & Business Aspects of Mergers & Acqusitions, Business Purchase, JV, Privatization and Project Finance
2. MINDA Corporate Directors on Boarding Programme (2015)
3. Program Latihan untuk Pengarah Kumpulan Syarikat Terengganu Incorporated
4. Program Retreat Perdana TTB 2015

RELATIONSHIP AND COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

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

The Company Profit Distribution Policy and Dividend Policy are published in the Company's website and presented on page 18 of this Annual Report.

Annual General Meeting (AGM)

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

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

The Statement by directors pursuant to Section 169 (15) of the Companies Act, 1965 signed by Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R) and Dato' Mohd Ali Abas is set out on page 66 of this Annual Report.

Internal Control

The Statement on Risk Management and Internal Control (SRMIC), which provides an overview of the Group's risk management framework and the state of internal controls within the Company and the Group, is set out from page 57 to 59 of this Annual Report.

Compliance and Internal Disclosure Controls

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

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

Relationship with Auditors

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

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

In addition, the External Auditors are invited to attend the AGM of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report. While assessing the independence of the External Auditors, the AC is satisfied and agrees with the representation by the External Auditors in their Audit Planning Memorandum for the audit of the financial year ended 31 December 2015, that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practise) of the Malaysian Institute of Accountants.

During the financial year ended 31 December 2015, the External Auditors were not engaged for any other significant services other than the statutory audit.

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

CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

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

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

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

This statement is made in accordance to the Board of Directors' resolution dated 31 March 2016.

Code of Business Ethics

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

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

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

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

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

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

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

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

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

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

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

PROFESSIONALISM

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

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

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

Code of Business Ethics

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

CONFLICT OF INTEREST

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

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

OUR MORAL STANDARDS OF HONESTY, INTEGRITY AND FAIR DEALING

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

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

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

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

OCCUPATIONAL SAFETY AND HEALTH

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

SEXUAL HARASSMENT POLICY

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

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

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

Audit Committee Report

1.0 MEMBERSHIP

During the year, there were few changes to the membership of the Audit Committee (AC) and announcements had been made to Bursa Malaysia Securities accordingly.

Listed below is the membership of the AC for the financial year ended 31 December 2015.

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

❏ **Major General Dato‘ Dr Mohamad Termidzi Junaidi (R)**
Senior Independent Non-Executive Director (Appointed on 1 April 2015)

❏ **Dato‘ Mohamat Muda**
Independent Non-Executive Director (Appointed on 26 May 2015)

❏ **Haji Zakaria K C Ahammu**
Senior Independent Non-Executive Director (Resigned on 1 April 2015)

❏ **Alias Abdullah**
Non-Independent Non-Executive Director (Demised on 9 October 2015)

The membership of AC comprises of four non-executive directors, three of them whom are Independent Non–Executive Directors (INED) and one Senior Independent Non–Executive Director (SINED).

Haji Mohd Nasir Ali, an Independent Non–Executive Director (INED) was appointed as member of the AC on 28 February 2016.

The Chairman of the AC is a Fellow of Chartered Public Accountants (FCPA) Australia and a Chartered Accountant with the Malaysian Institute of Accountants (MIA). All of the members of the AC are financially literate.

2.0 SUMMARY OF THE TERM OF REFERENCE

The term of reference (TOR) of the AC is continued to be aligned with the Main Listing Requirement (Main LR) of Bursa Malaysia Securities. Among others, the TOR stipulates the membership, authority, duties and responsibilities of the AC. The TOR has been included in the Company’s Board Charter.

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

a) Overseeing the financial reporting of TDM Group, ensuring that it presents true and fair of the Group’s and the Company’s financial position and performance and it is in compliance with the financial reporting standards and regulatory requirements.
b) Assessing the adequacy of risk management and internal control systems.
c) Discussing the Audit Plan and audit findings with the external auditors. Evaluate the independence of the external auditors in ensuring suitability of its appointment.
d) Reviewing the Internal Audit Charter and Audit Plan, ensuring the independence and objectivity of the Internal Auditors.
e) Reviewing any related party transaction and conflict of interest situation that may arise within the Company or Group.
f) Reporting any breach or non-compliance of Main LR to Bursa Malaysia Securities if such matters are not satisfactorily resolved by the Board.

3.0 MEETINGS AND ATTENDANCES

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

AC held six meetings during the financial year 2015, four to discuss the quarterly results and two for other management subjects including internal and external audit matters. These included one private meeting with the external auditors without the management presence to discuss and exchange views on relevant audit matters.

Details of the attendance of each member at the AC meetings held during the financial year 2015 are as follows:

Members	Attended / Held	%
Dato' Mohd Ali Abas (Chairman)	6/6	100
Major General Dato' Dr Mohamad Termidzi Junaidi (R) (Appointed on 1 April 2015)	3/3	100
Dato' Mohamat Muda (Appointed on 26 May 2015)	2/2	100
Haji Mohd Nasir Ali (Appointed on 28 February 2016)	Not applicable	
Alias Abdullah (Demised on 9 October 2015)	5/5	100
Haji Zakaria K C Ahammu (Resigned on 1 April 2015)	3/3	100

The CEO and group manager of internal audit were in attendance during the AC meetings. The Chief Financial Officer (CFO), management members and representative(s) of the external auditors were invited to attend the meeting as and when required.

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

4.0 SUMMARY OF ACTIVITIES

During the financial year 2015, AC carried out the following principal activities and reported the same to the Board:

4.1 Internal Control

a) Reviewed the Statement on Risk Management and Internal Control (SRMIC) which has been audited by the external auditor. The AC was in the opinion that the SRMIC stated the true and fair view of the state of the company's internal control.

b) Reviewed major policy updates, revisions or enhancements to the Delegated Authority Limit (DAL) as recommended by the management to ensure the improvements made were aligned with the business best practices and effective internal control processes.

4.2 Financial Reporting

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

b) Reviewed the annual Audited Financial Statements of the Company and the Group with the external auditors prior to submission to the Board of Directors for their approval. The review was to ensure the Financial Statements prepared are in compliance with the requirements of the Companies Act 1965 and Financial Reporting Standards in Malaysia.

4.3 Internal Audit

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

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

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

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

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

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

4.4 External Audit

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

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

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

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

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

4.5 Related Party Transactions

Reviewed significant related party transactions to ensure the appropriateness of the transactions, ensuring they were in the best interest of the company. The details of the related party transactions are presented on page 134 of this Annual Report.

5.0 TRAINING

During the year, the AC members attended training and development programs to enhance their knowledge in order to effectively deliver their duties and responsibilities. The details of the courses or seminars attended are listed in the Statement on Corporate Governance, set out on pages 49 of this Annual Report.

6.0 INTERNAL AUDIT FUNCTION

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

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

Audit Committee Report

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

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

6.1 Independence of Internal Audit

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

6.2 Evaluation of Internal Audit

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

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

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

6.3 Summary of Activities

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

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

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

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

During the year, all the internal audit activities were performed in-house and the total cost incurred was RM699,000 comprising of manpower, training, travelling and accommodation.

The Audit Committee Report was made in accordance with the resolution of the Board of Directors duly passed on 31 March 2016.

Dato' Haji Mohd Ali Abas
Chairman, Audit Committee

Statement on Risk Management And Internal Control

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

STATEMENT ON RISK MANAGEMENT

Responsibility and Accountability

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

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

The composition of the Committee is presented on page 47 of this Annual Report

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

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

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

Risk Management Framework

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

The procedures of risk management are as follows:

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

STATEMENT ON INTERNAL CONTROL

Internal Control Framework

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

Statement on Risk Management And Internal Control

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

- **Organisation and Management Structure**

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

- **Assignment of Authority Limit and Responsibility**

  Consistent with the spirit of continually enhancing internal control, the Group has established a Delegated Authority Limit (DAL) that outlines management limits and approval authority for various key business processes. The DAL is duly approved by the Board and subject to regular review to ensure it reflects the changes in roles and responsibilities, business environment as well as the Group's risk appetite.

- **Human Resource Policies and Procedures**

  A guideline for hiring, terminating, training and development and performance appraisal systems has been established.

  The Group is taking serious effort in developing Human Capital. Emphasis is placed on the quality and ability of employees with continuous training that relevant to their job function. This is to ensure that all personnel within the Group are competent and adequately trained to deliver their duties and responsibilities.

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

- **Code of Business Ethics**

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

- **Annual Business Plans**

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

- **Business Performance Review**

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

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

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

- **Insurance and Physical Safeguards**

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

- **Internal Audit Function**

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

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

Statement on Risk Management And Internal Control

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

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

Review of Risk Management and Internal Control Effectiveness

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

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

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

Adequacy and Effectiveness of the Risk Management and Internal Control Systems

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

The Board has received written statement from the Executive Director and Chief Financial Officer certifying the adequacy and effectiveness of the Group's risk management and internal control systems during the financial year under review.

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

Review of the Statement by the External Auditors

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

This statement is made in accordance with a Board of Directors' resolution dated on 31 March 2016.

Additional Compliance Statement

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

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

Material Contracts
During the financial year under review, save as disclosed in the sections under significant related party disclosures set out in Note 30 to the financial statements, there were no other material contracts entered into by the Company and/or its subsidiaries which involved Directors' and major shareholders' interests, either still subsisting at the end of the financial year 2015 or which were entered into since the end of the previous financial year.

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

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

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

List of Properties
The list of properties is stated on pages 156 to 162 of the Annual Report.

Non-Audit Fees
The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year by the Company's auditors amounted to RM34,000.

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

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

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

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

FINANCIAL STATEMENTS

Directors' report

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal activities

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

The principal activities of its subsidiaries are as disclosed in Note 16 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit for the year	**69,426**	78,874
Profit attributable to:		
Owners of the parent	**70,929**	78,874
Non-controlling interests	**(1,503)**	-
	69,426	78,874

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

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

Dividends

The amount of dividends paid by the Company since 31 December 2014 was as follows:

	RM'000
In respect of the financial year ended 31 December 2014: First and final dividend of 1.5 sen dividend per share, tax exempt under the single-tier system on 1,481,661,680 ordinary shares proposed on 1 April 2015, approved on 7 May 2015 and paid on 3 June 2015.	22,225

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2015 of 1.2 sen dividend per share, tax exempt under the single-tier system on 1,481,661,680 ordinary shares, amounting to RM17,779,940 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

Directors

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

Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R)	
Major General Dato' Dr Mohamad Termidzi Junaidi (R)	
Dato' Mohamat Muda	
Dato' Haji Mohd Ali Abas	
Haji Md Kamaru Al-Amin Ismail	
Haji Samiun Salleh	
Wan Zalizan Wan Jusoh	(Appointed on 28 February 2016)
Haji Mohd Nasir Ali	(Appointed on 28 February 2016)
Alias Abdullah	(Demised on 9 October 2015)
Haji Zakaria K C Ahammu	(Resigned on 1 April 2015)

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in Note 30 to the financial statements.

Directors' interests

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

	I-----Number of ordinary shares of RM0.20 each-----I			
The Company	**1 January 2015**	**Acquired**	**Sold**	**31 December 2015**
Haji Md Kamaru Al-Amin Ismail	**100,000**	**-**	**-**	**100,000**

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

Other statutory information

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

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

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

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

Directors' report (cont'd.)

Significant events

Details of significant events are disclosed in Note 16(b), Note 16(c) and Note 16(d) to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 March 2016.

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

Dato' Haji Mohd Ali Abas

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

We, Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R) and Dato' Haji Mohd Ali Abas, being two of the directors of TDM Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 69 to 149 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 39 to the financial statements have been prepared in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 March 2016.

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

Dato' Haji Mohd Ali Abas

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

I, Amir Mohd Hafiz Amir Khalid, being the officer primarily responsible for the financial management of TDM Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 69 to 150 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed,
Amir Mohd Hafiz Amir Khalid at Kuala Terengganu in the state of
Terengganu Darul Iman on 31 March 2016.

Amir Mohd Hafiz Amir Khalid

Before me,

PESURUHJAYA SUMPAH
No. : T 056
Nama : RAHMAT MIMI BIN MANSOR
MALAYSIA

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

Independent auditors' report to the members of TDM Berhad

Report on the financial statements

We have audited the financial statements of TDM Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 69 to 149.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 39 on page 150 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

Ernst & Young

Ernst & Young
AF: 0039
Chartered Accountants

Sandra Segaran a/l Muniandy @ Krishnan
No. 2882/01/17 (J)
Chartered Accountant

Kuala Terengganu, Terengganu Darul Iman, Malaysia
31 March 2016

Statements of profit or loss and other comprehensive income
for the financial year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000 Restated	Company 2015 RM'000	Company 2014 RM'000 Restated
Revenue	4	**380,830**	386,117	**69,407**	109,316
Cost of sales		**(240,397)**	(217,645)	**(18,380)**	(18,580)
Gross profit		**140,433**	168,472	**51,027**	90,736
Other items of income					
Interest income		**36,442**	22,292	**28,839**	21,084
Other income		**40,945**	6,248	**32,812**	1,376
Other items of expense					
Distribution costs		**(8,338)**	(6,699)	**(2,277)**	(1,146)
Administrative expenses		**(109,771)**	(104,084)	**(22,179)**	(20,159)
Other expenses		**(21,773)**	(18,883)	**(4,379)**	(4,907)
Finance costs	5	**(8,588)**	(1,443)	**(4,597)**	(852)
Profit before tax	6	**69,350**	65,903	**79,246**	86,132
Income tax benefit/(expense)	9	**76**	(13,984)	**(372)**	(1,728)
Profit for the year, net of tax		**69,426**	51,919	**78,874**	84,404
Other comprehensive income/(loss):					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Available for sale investments' fair value movement		**(31)**	3	**-**	-
Foreign currency translation		**7,879**	(5,231)	**-**	-
Net other comprehensive profit/(loss) to be reclassified to profit or loss in subsequent periods		**7,848**	(5,228)	**-**	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Revaluation of land, buildings, plant and machinery and plantation development expenditure	26	**110,798**	68,742	**3,415**	620

Statements of profit or loss and other comprehensive income (cont'd.) for the financial year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000 Restated	Company 2015 RM'000	Company 2014 RM'000 Restated
Deferred tax related to:					
Net surplus on revaluation	9	**(48,093)**	(16,481)	**(820)**	(149)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**62,705**	52,261	**2,595**	471
Other comprehensive income for the year, net of tax		**70,553**	47,033	**2,595**	471
Total comprehensive income for the year		**139,979**	98,952	**81,469**	84,875
Profit attributable to:					
Owners of the parent		**70,929**	54,183	**78,874**	84,404
Non-controlling interests		**(1,503)**	(2,264)	**-**	-
		69,426	51,919	**78,874**	84,404
Total comprehensive income attributable to:					
Owners of the parent		**141,482**	101,216	**81,469**	84,875
Non-controlling interests		**(1,503)**	(2,264)	**-**	-
		139,979	98,952	**81,469**	84,875

Earnings per share attributable to owners of the parent (sen per share):	Note	Group 2015	Group 2014
Basic	10	**4.79**	3.66

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

Statements of financial position as at 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000 Restated	Group As at 1 January 2014 RM'000 Restated	Company 2015 RM'000	Company 2014 RM'000 Restated	Company As at 1 January 2014 RM'000 Restated
Assets							
Non-current assets							
Property, plant and equipment	12	**1,216,644**	914,398	741,347	**167,887**	130,075	76,169
Biological assets	13	**654,953**	638,877	600,861	**23,638**	23,638	23,638
Investment property	14	**11,000**	11,000	11,000	**11,000**	11,000	11,000
Goodwill	15	**9,959**	9,959	9,959	**-**	-	-
Investments in subsidiaries	16	**-**	-	-	**281,716**	269,227	244,740
Other investments	17	**331,251**	280,081	200,754	**326,551**	275,381	196,054
Investment securities	18	**57**	88	85	**-**	-	-
Other receivables	21	**84,932**	38,010	7,449	**53,420**	24,877	4,210
Deferred tax assets	29	**20,917**	12,747	9,415	**179**	45	36
		2,329,713	1,905,160	1,580,870	**864,391**	734,243	555,847
Current assets							
Property development costs	19	**-**	-	-	**-**	-	-
Inventories	20	**45,798**	48,335	36,721	**1,505**	817	915
Trade and other receivables	21	**68,711**	54,622	46,499	**200,105**	94,207	111,847
Prepayments		**3,406**	2,360	1,755	**-**	-	24
Tax recoverable		**9,182**	1,610	2,144	**-**	-	535
Cash and bank balances	22	**126,461**	79,512	101,224	**41,315**	24,517	25,638
		253,558	186,439	188,343	**242,925**	119,541	138,959
Total assets		**2,583,271**	2,091,599	1,769,213	**1,107,316**	853,784	694,806
Equity and liabilities							
Current liabilities							
Loans and borrowings	23	**19,314**	7,741	1,147	**6,853**	-	-
Trade and other payables	24	**188,814**	146,137	131,692	**233,108**	235,994	240,042
Tax payable		**6,385**	10,010	8,549	**1,732**	3,405	-
		214,513	163,888	141,388	**241,693**	239,399	240,042
Net current assets/(liabilities)		**39,045**	22,551	46,955	**1,232**	(119,858)	(101,083)

Statements of financial position (cont'd.) as at 31 December 2015

	Note	Group			Company		
		2015 RM'000	2014 RM'000 Restated	As at 1 January 2014 RM'000 Restated	2015 RM'000	2014 RM'000 Restated	As at 1 January 2014 RM'000 Restated
Non-current liabilities							
Retirement benefit obligations	28	**3,709**	3,378	3,046	**406**	368	332
Loans and borrowings	23	**685,836**	449,059	273,410	**296,075**	104,843	15,325
Other payable	24	**70,856**	29,404	4,691	**-**	-	-
Deferred tax liabilities	29	**157,742**	112,509	97,301	**10,985**	10,261	10,252
		918,143	594,350	378,448	**307,466**	115,472	25,909
Total liabilities		**1,132,656**	758,238	519,836	**549,159**	354,871	265,951
Net assets		**1,450,615**	1,333,361	1,249,377	**558,157**	498,913	428,855
Equity attributable to owners of the parent							
Share capital	25	**296,332**	296,332	296,332	**296,332**	296,332	296,332
Share premium	25	**33,064**	33,064	33,064	**33,064**	33,064	33,064
Retained earnings	27	**500,172**	451,468	412,102	**185,720**	129,071	59,484
Other reserves	26	**618,693**	548,140	501,107	**43,041**	40,446	39,975
		1,448,261	1,329,004	1,242,605	**558,157**	498,913	428,855
Non-controlling interests		**2,354**	4,357	6,772	**-**	-	-
Total equity		**1,450,615**	1,333,361	1,249,377	**558,157**	498,913	428,855
Total equity and liabilities		**2,583,271**	2,091,599	1,769,213	**1,107,316**	853,784	694,806

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

Statements of changes in equity for the financial year ended 31 December 2015

		← Attributable to owners of the parent →									
			← Non-distributable →		Distributable	← Non-distributable →					
2015 Group	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves total RM'000	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interest RM'000	Non-controlling interests RM'000
Opening balance at 1 January 2015											
As previously stated	1,339,354	1,334,997	296,332	33,064	457,461	548,140	569,231	(21,052)	(8)	(31)	4,357
Prior year adjustments (Note 36)	(5,993)	(5,993)	-	-	(5,993)	-	-	-	-	-	-
Opening balance at 1 January 2015 (restated)	1,333,361	1,329,004	296,332	33,064	451,468	548,140	569,231	(21,052)	(8)	(31)	4,357
Profit for the year	69,426	70,929	-	-	70,929	-	-	-	-	-	(1,503)
Other comprehensive income											
Net gain on fair value changes in available for sale investments' fair value movement	(31)	(31)	-	-	-	(31)	-	-	(31)	-	-
Foreign currency translation	7,879	7,879	-	-	-	7,879	-	7,879	-	-	-
Net surplus on revaluation of land, buildings, plant and machinery and plantation development expenditure	62,705	62,705	-	-	-	62,705	62,705	-	-	-	-
Other comprehensive income for the year, net of tax	70,553	70,553	-	-	-	70,553	62,705	7,879	(31)	-	-
Total comprehensive income for the year	139,979	141,482	-	-	70,929	70,553	62,705	7,879	(31)	-	(1,503)
Transactions with owners											
Dividends on ordinary shares	(22,725)	(22,225)	-	-	(22,225)	-	-	-	-	-	(500)
Total transactions with owners	(22,725)	(22,225)	-	-	(22,225)	-	-	-	-	-	(500)
Closing balance at 31 December 2015	1,450,615	1,448,261	296,332	33,064	500,172	618,693	631,936	(13,173)	(39)	(31)	2,354

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

		← Attributable to owners of the parent →									
			← Non-distributable →		Distributable	← Non-distributable →					
2014 Group	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves total RM'000	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interest RM'000	Non-controlling interests RM'000
Opening balance at 1 January 2014											
As previously stated	1,252,913	1,246,141	296,332	33,064	415,638	501,107	516,970	(15,821)	(11)	(31)	6,772
Prior year adjustments (Note 36)	(3,536)	(3,536)	-	-	(3,536)	-	-	-	-	-	-
Opening balance at 1 January 2014 (restated)	1,249,377	1,242,605	296,332	33,064	412,102	501,107	516,970	(15,821)	(11)	(31)	6,772
Profit for the year	51,919	54,183	-	-	54,183	-	-	-	-	-	(2,264)
Other comprehensive income											
Net gain on fair value changes in available for sale investments' fair value movement	3	3	-	-	-	3	-	-	3	-	-
Foreign currency translation	(5,231)	(5,231)	-	-	-	(5,231)	-	(5,231)	-	-	-
Net surplus on revaluation of land, buildings, plant and machinery and plantation development expenditure	52,261	52,261	-	-	-	52,261	52,261	-	-	-	-
Other comprehensive income for the year, net of tax	47,033	47,033	-	-	-	47,033	52,261	(5,231)	3	-	-
Total comprehensive income for the year	98,952	101,216	-	-	54,183	47,033	52,261	(5,231)	3	-	(2,264)
Transaction with owners											
Dividends on ordinary shares	(14,968)	(14,817)	-	-	(14,817)	-	-	-	-	-	(151)
Total transaction with owners	(14,968)	(14,817)	-	-	(14,817)	-	-	-	-	-	(151)
Closing balance at 31 December 2014	1,333,361	1,329,004	296,332	33,064	451,468	548,140	569,231	(21,052)	(8)	(31)	4,357

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

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

2015 Company	Equity, total RM'000	← Non-distributable → Share capital RM'000	Share premium RM'000	← Distributable → Retained earnings RM'000	← Non-distributable → Other reserves, total RM'000	Asset revaluation reserve RM'000	Capital reserve RM'000
Opening balance at 1 January 2015							
As previously stated	504,906	296,332	33,064	135,064	40,446	37,710	2,736
Prior year adjustments (Note 36)	(5,993)	-	-	(5,993)	-	-	-
Opening balance at 1 January 2015 (restated)	498,913	296,332	33,064	129,071	40,446	37,710	2,736
Profit for the year	78,874	-	-	78,874	-	-	-
Other comprehensive income							
Net surplus on revaluation of leasehold land and plantation development expenditure	2,595	-	-	-	2,595	2,595	-
Other comprehensive income for the year, net of tax	2,595	-	-	-	2,595	2,595	-
Total comprehensive income for the year	81,469	-	-	78,874	2,595	2,595	-
Transaction with owners							
Dividends on ordinary shares (Note 11)	(22,225)	-	-	(22,225)	-	-	-
Total transaction with owners	(22,225)	-	-	(22,225)	-	-	-
Closing balance at 31 December 2015	558,157	296,332	33,064	185,720	43,041	40,305	2,736

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

		← Non-distributable →		← Distributable →	←	Non-distributable	→
2014 **Company**	**Equity, total RM'000**	**Share capital RM'000**	**Share premium RM'000**	**Retained earnings RM'000**	**Other reserves, total RM'000**	**Asset revaluation reserve RM'000**	**Capital reserve RM'000**
Opening balance at 1 January 2014							
As previously stated	432,391	296,332	33,064	63,020	39,975	37,239	2,736
Prior year adjustments (Note 36)	(3,536)	-	-	(3,536)	-	-	-
Opening balance at 1 January 2014 (restated)	428,855	296,332	33,064	59,484	39,975	37,239	2,736
Profit for the year	84,404	-	-	84,404	-	-	-
Other comprehensive income							
Net surplus on revaluation of leasehold land and plantation development expenditure	471	-	-	-	471	471	-
Other comprehensive income for the year, net of tax	471	-	-	-	471	471	-
Total comprehensive income for the year	84,875	-	-	84,404	471	471	-
Transaction with owners							
Dividends on ordinary shares (Note 11)	(14,817)	-	-	(14,817)	-	-	-
Total transaction with owners	(14,817)	-	-	(14,817)	-	-	-
Closing balance at 31 December 2014	498,913	296,332	33,064	129,071	40,446	37,710	2,736

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

Statements of cash flows for the financial year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000 Restated	Company 2015 RM'000	Company 2014 RM'000 Restated
Operating activities					
Profit before tax		**69,350**	65,903	**79,246**	86,132
Adjustments for:					
Interest expense	5	**8,588**	1,443	**4,597**	852
Depreciation of property, plant and equipment	6	**39,625**	34,407	**1,518**	1,505
Property, plant and equipment written off	6	**69**	100	**-**	-
Biological assets written off	6	**44**	3,218	**-**	-
Inventories written off	6	**1**	5	**-**	-
Gain on disposal of property, plant and equipment	6	**(15)**	(38)	**-**	-
Impairment of biological assets	6	**827**	2,376	**-**	-
Impairment loss on trade receivables	6	**2,998**	974	**-**	-
Impairment loss on other receivables	6	**-**	-	**5**	97
Payables written back	6	**(153)**	-	**-**	-
Unrealised gain on the foreign exchange of investment in fixed income securities	6	**(31,952)**	(1,121)	**(31,952)**	(1,121)
Dividend income	6	**(235)**	(471)	**(23,554)**	(59,560)
Interest income and profit from Al Mudharabah	6	**(36,442)**	(22,292)	**(28,839)**	(21,084)
Provision for/(reversal of) short term accumulating compensated absences	7	**36**	54	**(58)**	58
Provision for retirement benefit obligations	7	**384**	346	**38**	36
Total adjustments		**(16,225)**	19,001	**(78,245)**	(79,217)
Operating cash flows before changes in working capital		**53,125**	84,904	**1,001**	6,915
Changes in working capital					
Decrease/(increase) in inventories		**2,536**	(11,619)	**(688)**	98
Increase in receivables		**(33,652)**	(19,629)	**(113,811)**	(4,534)
Increase/(decrease) in payables		**86,910**	40,278	**(2,828)**	(4,107)
Total changes in working capital		**55,794**	9,030	**(117,327)**	(8,543)
Cash flows from/(used in) operations		**108,919**	93,934	**(116,326)**	(1,628)
Interest paid		**(8,588)**	(1,443)	**(4,597)**	(852)
Interest received and profit from Al Mudharabah		**4,776**	1,625	**295**	418
Taxes (paid)/refunded		**(22,151)**	(17,734)	**(2,275)**	2,063
Retirement benefits paid	28 (a)	**(53)**	(14)	**-**	-
Net cash flows from/(used in) operating activities		**82,903**	76,368	**(122,903)**	1

Statements of cash flows (cont'd.)
for the financial year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000 Restated	Company 2015 RM'000	Company 2014 RM'000 Restated
Investing activities					
Purchase of property, plant and equipment	12	**(142,815)**	(113,690)	**(35,915)**	(54,791)
Addition of plantation development expenditure	13	**(101,831)**	(58,615)	**-**	-
Acquisition of additional shares in a subsidiary		**-**	-	**(4,580)**	(2,387)
Dividend received		**235**	471	**23,554**	59,560
Proceeds from disposal of property, plant and equipment		**15**	108	**-**	-
Investment in fixed income securities		**(19,218)**	(78,205)	**(19,218)**	(78,205)
(Increase)/decrease in deposits with licensed banks pledged as securities for certain banking facilities		**(26,929)**	6,861	**(30,000)**	-
Withdrawal/(addition) of deposits with licensed banks		**21,034**	(1,049)	**11,938**	(19,153)
Net cash flows used in investing activities		**(269,509)**	(244,119)	**(54,221)**	(94,976)
Financing activities					
Drawdown of term loan		**224,724**	96,564	**196,901**	89,518
Proceeds from subscription of IDR Notes		**19,218**	78,205	**-**	-
Repayments of term loans		**(8,096)**	(1,008)	**(5,669)**	-
Repayments of hire purchase facilities		**(193)**	(1,711)	**-**	-
Dividends paid		**(22,725)**	(14,968)	**(22,225)**	(14,817)
Net cash flows from financing activities		**212,928**	157,082	**169,007**	74,701
Net increase/(decrease) in cash and cash equivalents		**26,322**	(10,669)	**(8,117)**	(20,274)
Cash and cash equivalents at 1 January		**37,838**	53,738	**1,517**	21,791
Effect of foreign exchange rate changes		**7,879**	(5,231)	**-**	-
Cash and cash equivalents at 31 December	22	**72,039**	37,838	**(6,600)**	1,517

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

Notes to the financial statements for the financial year ended 31 December 2015

1. Corporate information

The principal activities of the Company are investment holding, provision of management services and cultivation of oil palms. The principal activities of its subsidiaries are as disclosed in Note 16. There have been no significant changes in the nature of the principal activities during the financial year.

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2015 as described fully in Note 2.2.

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

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

2.2 Changes in accounting policies

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

On 1 January 2015, the Group and the Company adopted the following new and amended FRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2015.

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	*1 July 2014*
Annual Improvements to FRSs 2010-2012 Cycle	*1 July 2014*
Annual Improvements to FRSs 2011-2013 Cycle	*1 July 2014*

The adoption of the above amendments and standards did not have any effect on the financial performance or position of the Group and of the Company except for those discussed below:

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

2.2 Changes in accounting policies (cont'd.)

Amendments to FRS 119: Defined Benefit Plans: Employee Contributions

The amendments to FRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

These amendments have been applied retrospectively. The application of these amendments has had no material impact on the disclosures or the amounts recognised in the Group's and the Company's financial statements.

Annual Improvements to FRSs 2010–2012 Cycle

FRS 3: Business Combinations

The amendments to FRS 3 clarify that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 9 or FRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014. This is consistent with the Group's current accounting policy and thus, the amendments did not impact the Group.

FRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that an entity must disclose the judgements made by management in applying the aggregation criteria in FRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar and the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

The Group has not applied the aggregation criteria as mentioned above. The Group continues to present the reconciliation of segment assets to total assets.

FRS 116: Property, Plant and Equipment and FRS 138 Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between gross and carrying amounts of the asset. The amendments did not have any impact on the Group and the Company.

FRS 124: Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. The amendments are not applicable to the Group as the Group does not receive any management services from other entities.

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

2.2 Changes in accounting policies (cont'd.)

Annual Improvements to FRSs 2011–2013 Cycle

FRS 13: Fair Value Measurement

The amendments to FRS 13 clarify that the portfolio exception in FRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of FRS 9 (or FRS 139 as applicable). The Group and the Company do not apply the portfolio exception.

FRS 140: Investment Property

The amendments to FRS 140 clarify that an entity acquiring investment property must determine whether the property meets the definition of investment property in terms of FRS 140 and the transaction meets the definition of a business combination under FRS 3, to determine if the transaction is a purchase of an asset or is a business combination. Accordingly, the amendments did not have any impact to the Group.

2.3 Standards issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
Annual Improvements to FRSs 2012 – 2014 Cycle	*1 January 2016*
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	*1 January 2016*
Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants	*1 January 2016*
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	*Deferred*
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	*1 January 2016*
Amendments to FRS 127: Equity Method in Separate Financial Statements	*1 January 2016*
Amendments to FRS 101: Disclosure Initiatives	*1 January 2016*
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	*1 January 2016*
FRS 14 Regulatory Deferral Accounts	*1 January 2016*
FRS 9 Financial Instruments	*1 January 2018*
FRS 15 Revenue from Contracts with Customers	*1 January 2018*

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

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

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset forms part of the business) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of FRS 141. Instead, FRS 116 will apply. After initial recognition, bearer plants will be measured under FRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of FRS 141 and are measured at fair value less costs to sell.

The amendments are effective for annual periods beginning on or after 1 January 2016 and are to be applied retrospectively, with early adoption permitted. The directors anticipate that the application of these amendments will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group and the Company are currently assessing the impact of these amendments and plans to adopt the new standard on the required effective date.

Amendments to FRS 101: Disclosure Initiatives

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

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

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

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

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd.)

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

The Group and the Company have not completed their assessment of the financial effects of the differences between FRS and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2015 could be different if prepared under the MFRS Framework.

2.4 Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

2.4 Fair value measurement (cont'd.)

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

2.5 Basis of consolidation

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

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

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

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

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

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

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

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

(iii) Rights arising from other contractual arrangements; and

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

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

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

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

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

2.5 Basis of consolidation (cont'd.)

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

Business combinations

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

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

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

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

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

2.6 Transactions with non controlling interests

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

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

2.7 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

(c) Foreign operations

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

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

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

2.8 Property, plant and equipment

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

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

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

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

Freehold land, leasehold land, buildings as well as plant and machinery included within property, plant and equipment are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Revaluations are performed at a regular interval to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the reporting date. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

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

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

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

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

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

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

2.9 Biological assets

Plantation development expenditure

Plantation development expenditure consists of pre-cropping costs incurred from the commencement of development to the date of maturity of the rootstock. Subsequent to recognition, plantation development expenditure incurred on land belonging to the Group and the Company is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value (other than where little biological transformation has taken place since initial cost incurrence, where cost approximates fair value) is determined from market-based evidence by appraisal that is undertaken by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Revaluations are performed at a regular interval to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the reporting date.

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

2.9 Biological assets (cont'd.)

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

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

2.10 Investment properties

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

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

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

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

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

2.11 Goodwill

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

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

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

2.11 Goodwill (cont'd.)

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

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

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

2.12 Impairment of non-financial assets

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

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

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

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

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

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

2.13 Subsidiaries

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

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

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

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

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

2.14 Financial assets

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

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

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

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

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

(a) Loans and receivables

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

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

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

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

(b) Available-for-sale financial assets

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

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

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

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

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

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

2.15 Impairment of financial assets

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

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

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

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

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

2.15 Impairment of financial assets (cont'd.)

(a) Trade and other receivables and other financial assets carried at amortised cost (cont'd.)

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

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

(b) Unquoted equity securities carried at cost

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

(c) Available-for-sale financial assets

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

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.16 Property development costs

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

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

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

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

2.16 Property development costs (cont'd.)

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

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

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand, demand deposits, and short- term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdraft that form an intergral part of the Group's cash management.

2.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

- Finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

2.19 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

2.20 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

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

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.22 Employee benefits

(a) Short term benefit

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised as a liability when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

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

2.22 Employee benefits (cont'd.)

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed. The Indonesian companies in the Group are required to provide a minimum amount of pension benefits in accordance with Law 13/2003.

(c) Defined benefit plan

The Group and the Company operate a funded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's and the Company's obligations under the Scheme are determined based on triennial actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

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

2.23 Leases

Finance leases, which transfer to the Group and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

2.23 Leases (cont'd.)

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of goods

Revenue from sale of goods represents invoiced amount after allowing for sales discounts and returns and excludes intra-group transactions. Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Rendering of services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed and excludes intra-group transactions.

(iii) Interest income and profit from Al Mudharabah

Interest income and profit from Al Mudharabah are recognised using the effective interest method.

(iv) Dividend income

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

(v) Management fees

Management fees are recognised when services are rendered.

(vi) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

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

2.25 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

2.25 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and Service Tax ("GST")

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in trade and other payables or trade and other receivables in the statements of financial position.

2.26 Segment reporting

For management purposes, the Group is organised into business units based on its products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.28 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and the Company; or

(b) a present obligation that arises from past events but is not recognised because:

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

2.28 Contingencies (cont'd.)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined, which are recognised on the statement of financial position of the Group and the Company.

3. Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

There were no significant judgements made by management in the process of applying the Group's and the Company's accounting policies.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 20 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at the reporting date is disclosed in Note 12.

(b) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. Significant accounting judgements and estimates (cont'd.)

3.2 Key sources of estimation uncertainty (cont'd.)

(b) Deferred tax assets (cont'd.)

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and capital allowances. The carrying amount of the Group's deferred tax assets at the reporting date is disclosed in Note 29.

(c) Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and the Company's loans and receivables at the reporting date is disclosed in Note 21.

(d) Revaluation of property, plant and equipment, biological assets and investment property

The Group and the Company carry certain of their property, plant and equipment, biological assets and investment property at fair value, with changes in fair values being recognised in other comprehensive income.

The fair values of property, plant and equipment, biological assets and investment property are determined by independent real estate valuation experts using recognised valuation techniques.

The carrying amount and key assumptions used to determine the fair value of the property, plant and equipment, biological assets and investment property are further explained in Note 12, Note 13 and Note 14 respectively.

(e) Defined benefit plan

The cost of defined benefit pension plan is determined using the actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. All assumptions are reviewed at each reporting date. The carrying amounts of the Group's and of the Company's defined benefit plan at the reporting date and related assumptions are disclosed in Note 28.

Notes to the financial statements (cont'd.)
for the financial year ended 31 December 2015

4. Revenue

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sale of goods	**253,647**	262,257	**29,082**	33,496
Rendering of services	**126,812**	122,916	**-**	-
Dividend income from subsidiaries	**-**	-	**23,554**	59,560
Management fees from subsidiaries	**-**	-	**16,771**	16,260
Management fee from Terengganu Oil Palm Development - Sublessees Scheme	**371**	944	**-**	-
	380,830	386,117	**69,407**	109,316

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

5. Finance costs

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
- term loans	**4,750**	911	**4,597**	852
- hire purchase and finance lease liabilities	**3,838**	532	**-**	-
	8,588	1,443	**4,597**	852

The total finance costs for the Group and the Company were RM46,771,000 (2014: RM27,617,000) and RM7,025,000 (2014: RM2,327,000) respectively. The Group capitalised interest costs amounting to RM10,747,000 (2014: RM4,012,000) as property, plant and equipment and RM27,436,000 (2014: RM22,162,000) as biological assets. The Company capitalised interest costs amounting to RM2,428,000 (2014: RM1,475,000) as property, plant and equipment.

6. Profit before tax

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration:				
- statutory audits - Ernst & Young	**271**	213	**63**	63
- statutory audits - non Ernst & Young	**52**	56	**-**	-
- under provision of auditors' remuneration in previous year	**36**	-	**-**	-
- other services - Ernst & Young	**34**	46	**34**	29
- over provision of other services in previous year	**(34)**	-	**(17)**	-
Employee benefits expense (Note 7)	**70,078**	54,976	**6,912**	5,629
Non-executive directors' remuneration (Note 8)	**1,859**	1,568	**631**	610
Depreciation of property, plant and equipment (Note 12)	**39,625**	34,407	**1,518**	1,505
Property, plant and equipment written off (Note 12)	**69**	100	**-**	-
Biological assets written off (Note 13)	**44**	3,218	**-**	-
Rental of premises	**3,894**	3,777	**935**	780
Rental of equipment	**149**	188	**16**	15
Rental of land	**1,246**	1,269	**147**	151
Rental of parking space	**96**	159	**53**	59
Gain on disposal of property, plant and equipment	**(15)**	(38)	**-**	-
Inventories written off	**1**	5	**-**	-
Impairment of biological assets (Note 13)	**827**	2,376	**-**	-
Impairment loss on trade receivables (Note 21(a))	**2,998**	974	**-**	-
Impairment loss on other receivables (Note 21(b))	**-**	-	**5**	97
Payables written back	**(153)**	-	**-**	-
Unrealised gain on the foreign exchange of investment in fixed income securities	**(31,952)**	(1,121)	**(31,952)**	(1,121)
Royalty charged by Perbadanan Memajukan Iktisad Negeri Terengganu	**-**	49	**-**	-
Share of profits from estates payable to Lembaga Tabung Amanah Warisan Negeri Terengganu	**1,199**	1,811	**1,199**	1,811
Share of profits from estates payable to Majlis Agama Islam dan Adat Melayu Terengganu	**307**	315	**307**	315
Replanting expenditure	**17,394**	16,752	**2,873**	2,781
Dividend income	**(235)**	(471)	**(23,554)**	(59,560)
Interest income and profit from Al Mudharabah	**(36,442)**	(22,292)	**(28,839)**	(21,084)
Rental income	**(1,371)**	(929)	**-**	-
Profit distribution from Terengganu Oil Palm Development - Sublessees Scheme	**(1,423)**	(12,198)	**(259)**	(2,527)
Management fees charged to subsidiaries	**-**	-	**(16,771)**	(16,620)

Notes to the financial statements (cont'd.)
for the financial year ended 31 December 2015

7. Employee benefits expense

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Salaries, wages and allowances	**39,137**	33,398	**6,219**	4,851
Defined contribution benefits	**7,092**	5,611	**674**	646
Social security costs	**756**	711	**39**	38
Provision for retirement benefit obligations (Note 28 (a))	**384**	346	**38**	36
Provision for/(reversal of) short term accumulating compensated absences	**36**	54	**(58)**	58
Other benefits	**22,673**	14,856	**-**	-
	70,078	54,976	**6,912**	5,629

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM619,000 (2014: RM405,000) as further disclosed in Note 8.

8. Directors' remuneration

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Executive directors' remuneration (Note 7):				
Fees and other emoluments	**619**	405	**-**	-
	619	405	**-**	-
Non-executive directors' remuneration (Note 6):				
Fees and other emoluments	**1,859**	1,568	**631**	610
	1,859	1,568	**631**	610
Total directors' remuneration	**2,478**	1,973	**631**	610
Estimated money value of benefits-in-kind	**60**	50	**12**	12
Total directors' remuneration including benefits-in-kind	**2,538**	2,023	**643**	622

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

	Number of directors 2015	Number of directors 2014
Non-executive directors:		
RM10,001 - RM50,000	**4**	13
RM50,001 - RM100,000	**3**	2
RM150,001 - RM200,000	**1**	1

9. Income tax (benefit)/expense

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Statements of profit or loss and other comprehensive income:				
Current income tax:				
- Malaysian income tax	**11,788**	19,508	**1,513**	3,119
- Over provision of income tax in prior year	**(834)**	(919)	**(911)**	(1,242)
	10,954	18,589	**602**	1,877
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	**(7,834)**	2,446	**(209)**	(124)
Relating to changes in Malaysia tax rates	**33**	35	**8**	5
Over provision in prior year	**(3,229)**	(7,086)	**(29)**	(30)
	(11,030)	(4,605)	**(230)**	(149)
Income tax (benefit)/expense recognised in profit or loss	**(76)**	13,984	**372**	1,728
Deferred income tax related to other comprehensive income (Note 29):				
- Net surplus on revaluation of land, buildings, plant and machinery and plantation development expenditure	**(48,093)**	(16,481)	**(820)**	(149)
	(48,093)	(16,481)	**(820)**	(149)

Reconciliation between tax (benefit)/expense and accounting profit

The reconciliation between tax (benefit)/expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 is as follows:

Group	2015 RM'000	2014 RM'000 Restated
Profit before tax	**69,350**	65,903
Taxation at Malaysian statutory rate of 25% (2014: 25%)	**17,338**	16,476
Adjustments:		
Income not subject to tax	**(16,218)**	(5,669)
Expenses not deductible for tax purposes	**3,890**	12,116

9. Income tax (benefit)/expense (cont'd.)

Group (cont'd.)	2015 RM'000	2014 RM'000 Restated
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(97)**	(844)
Deferred tax assets recognised on different tax rate	**(926)**	(90)
Over provision of income tax in prior year	**(834)**	(919)
Over provision of deferred tax in prior year	**(3,229)**	(7,086)
Tax (benefit)/expense for the year	**(76)**	13,984

	2015 RM'000	2014 RM'000 Restated
Company		
Profit before tax	**79,246**	86,132
Adjustments:		
Taxation at Malaysian statutory rate of 25% (2014: 25%)	**19,812**	21,533
Income not subject to tax	**(21,012)**	(19,442)
Expenses not deductible for tax purposes	**2,504**	904
Deferred tax assets recognised on different tax rate	**8**	5
Over provision of income tax in prior year	**(911)**	(1,242)
Over provision of deferred tax in prior year	**(29)**	(30)
Tax expense for the year	**372**	1,728

Domestic current income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25% effective Year of Assessment 2016. The computation of deferred tax as at 31 December 2015 has reflected this change.

10. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2015 RM'000	2014 RM'000
Profit net of tax attributable to owners of the parent used in computation of basic earnings per share	**70,929**	54,183

Notes to the financial statements (cont'd.)
for the financial year ended 31 December 2015

10. Earnings per share (cont'd.)

	2015 Number of ordinary shares '000	2014 Number of ordinary shares '000
Weighted average number of ordinary shares in issue for basic earnings per share computation	**1,481,662**	1,481,662
Basic earnings per share (sen per share)	**4.79**	3.66

The Company does not have any outstanding convertible equity instrument as at the reporting date. Accordingly, the diluted earnings per share is presented as equal to the basic earnings per share.

11. Dividends

	Company				
	|---Dividends in respect---| of year			|---Dividends---| recognised in year	
	2015 RM'000	2014 RM'000	2013 RM'000	2015 RM'000	2014 RM'000
Recognised in prior year					
First and final dividend in respect of the financial year ended 31 December 2013 of 1 sen dividend per share, tax exempt under the single-tier system on 1,481,661,680 ordinary shares proposed on 22 April 2014, approved on 3 June 2014 and paid on 2 July 2014.	**-**	-	14,817	**-**	14,817
Recognised during the year					
First and final dividend in respect of the financial year ended 31 December 2014 of 1.5 sen dividend per share, tax exempt under the single-tier system on 1,481,661,680 ordinary shares proposed on 1 April 2015, approved on 7 May 2015 and paid on 3 June 2015.	**-**	22,225	-	**22,225**	-
Proposed for approval at AGM (not recognised as a liability as at 31 December 2015)					
First and final dividend in respect of the financial year ended 31 December 2015 of 1.2 sen dividend per share, tax exempt under the single-tier system on 1,481,661,680 ordinary shares.	**17,780**	-	-	**-**	-
	17,780	22,225	14,817	**22,225**	14,817

11. Dividends (cont'd.)

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2015 of 1.2 sen dividend per share, tax exempt under the single-tier system on 1,481,661,680 ordinary shares, amounting to RM17,779,940 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

12. Property, plant and equipment

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Assets under construction RM'000	Total RM'000
Cost or valuation:						
Group						
At 1 January 2014	16,369	412,743	87,560	229,270	148,598	894,540
Additions	-	1,645	610	62,990	58,638	123,883
Disposal	-	-	-	(671)	-	(671)
Reclassifications	-	-	73,034	17,643	(90,677)	-
Written off	-	-	(816)	(5,062)	-	(5,878)
Revaluation surplus	23,730	9,377	27,050	23,454	-	83,611
Exchange differences	-	-	-	134	-	134
At 31 December 2014 and 1 January 2015	40,099	423,765	187,438	327,758	116,559	1,095,619
Additions	3,396	-	656	18,884	125,724	148,660
Disposal	-	-	-	(88)	-	(88)
Transfers	(4,551)	-	-	-	-	(4,551)
Reclassifications	-	-	9,278	900	(10,178)	-
Written off	-	-	(1,138)	(9,339)	-	(10,477)
Revaluation surplus	24,598	126,374	20,850	23,860	-	195,682
Exchange differences	-	-	-	2,149	-	2,149
At 31 December 2015	**63,542**	**550,139**	**217,084**	**364,124**	**232,105**	**1,426,994**
Representing:						
At cost	-	-	-	214,073	116,559	330,632
At valuation	40,099	423,765	187,438	113,685	-	764,987
At 31 December 2014	40,099	423,765	187,438	327,758	116,559	1,095,619
At cost	-	-	-	242,399	232,105	474,504
At valuation	63,542	550,139	217,084	121,725	-	952,490
At 31 December 2015	**63,542**	**550,139**	**217,084**	**364,124**	**232,105**	**1,426,994**

Notes to the financial statements (cont'd.)
for the financial year ended 31 December 2015

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

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Assets under construction RM'000	Total RM'000
Group (cont'd.)						
Accumulated depreciation						
At 1 January 2014	-	10,739	30,380	111,551	523	153,193
Depreciation charge for the year (Note 6)	-	6,399	5,166	22,842	-	34,407
Disposal	-	-	-	(601)	-	(601)
Written off	-	-	(789)	(4,989)	-	(5,778)
At 31 December 2014 and 1 January 2015	-	17,138	34,757	128,803	523	181,221
Depreciation charge for the year (Note 6)	-	5,975	4,308	29,342	-	39,625
Disposal	-	-	-	(88)	-	(88)
Written off	-	-	(1,127)	(9,281)	-	(10,408)
At 31 December 2015	**-**	**23,113**	**37,938**	**148,776**	**523**	**210,350**
Net carrying amount						
At 31 December 2014	40,099	406,627	152,681	198,955	116,036	914,398
At 31 December 2015	**63,542**	**527,026**	**179,146**	**215,348**	**231,582**	**1,216,644**
Representing:						
At cost	-	-	-	142,735	116,036	258,771
At valuation	39,931	406,795	152,681	56,220	-	655,627
At 31 December 2014	39,931	406,795	152,681	198,955	116,036	914,398
At cost	-	1,200	-	96,674	231,582	329,456
At valuation	63,542	525,826	179,146	118,674	-	887,188
At 31 December 2015	**63,542**	**527,026**	**179,146**	**215,348**	**231,582**	**1,216,644**

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

	Leasehold land RM'000	Machinery, equipment and vechicles RM'000	Renovation RM'000	Assets under construction RM'000	Total RM'000
Company					
Cost or valuation					
At 1 January 2014	35,497	7,642	2,643	40,154	85,936
Additions	-	526	81	54,184	54,791
Written off	-	(62)	-	-	(62)
Revaluation surplus	620	-	-	-	620
At 31 December 2014 and 1 January 2015	36,117	8,106	2,724	94,338	141,285
Additions	-	857	1,262	33,796	35,915
Revaluation surplus	3,415	-	-	-	3,415
At 31 December 2015	**39,532**	**8,963**	**3,986**	**128,134**	**180,615**
Representing:					
At cost	-	8,106	2,724	94,338	105,168
At valuation	36,117	-	-	-	36,117
At 31 December 2014	36,117	8,106	2,724	94,338	141,285
At cost	-	8,963	3,986	128,134	141,083
At valuation	39,532	-	-	-	39,532
At 31 December 2015	**39,532**	**8,963**	**3,986**	**128,134**	**180,615**
Accumulated depreciation					
At 1 January 2014	1,228	5,373	2,643	523	9,767
Depreciation charge for the year (Note 6)	620	885	-	-	1,505
Written off	-	(62)	-	-	(62)
At 31 December 2014 and 1 January 2015	1,848	6,196	2,643	523	11,210
Depreciation charge for the year (Note 6)	630	888	-	-	1,518
At 31 December 2015	**2,478**	**7,084**	**2,643**	**523**	**12,728**
Net carrying amount					
At 31 December 2014	34,269	1,910	81	93,815	130,075
At 31 December 2015	**37,054**	**1,879**	**1,343**	**127,611**	**167,887**
Representing:					
At cost	-	1,910	81	93,815	95,806
At valuation	34,269	-	-	-	34,269
At 31 December 2014	34,269	1,910	81	93,815	130,075
At cost	-	1,879	1,343	127,611	130,833
At valuation	37,054	-	-	-	37,054
At 31 December 2015	**37,054**	**1,879**	**1,343**	**127,611**	**167,887**

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

(a) Included in net carrying amount at Valuation of the Group is net carrying amount at cost which approximates fair value of RM3,456,000 (2014: RM2,454,000).

(b) Had the revalued property, plant and equipment been carried under cost model, the net carrying amounts of each class of property, plant and equipment that would have been included in the financial statements of the Group and of the Company as at 31 December 2015 and 31 December 2014 are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Freehold land	**7,378**	7,378	**-**	-
Leasehold land	**104,001**	119,802	**18,540**	18,549
Buildings	**87,793**	88,547	**-**	-
Plant and machinery	**10,988**	15,447	**-**	-

(c) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM5,845,000 (2014: RM10,193,000) by means of hire purchase and finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM142,815,000 (2014: RM113,690,000).

Net carrying amounts of property, plant and equipment held under hire purchase and finance leases are as follows:

	Group	
	2015 RM'000	2014 RM'000
Machinery, equipment and vehicles	**14,437**	9,255

(d) Details of valuation performed by Raine & Horne, independent professional valuers to determine the fair value of property, plant and equipment owned by the Company and its subsidiaries as at 31 December 2015 are as follows:

Group Year of valuation	Description of property, plant equipment	Valuation amount RM'000	Basis of valuation
2015	Freehold land	63,374	Open market value
2015	Leasehold land	525,994	Open market value
2015	Buildings	179,146	Open market value
2015	Plant and machinery	118,674	Depreciated replacement cost
		887,188	

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

Company Year of valuation	Description of property	Valuation amount RM'000	Basis of valuation
2015	Leasehold land	34,269	Open market value

(e) The Company's and the Group's property, plant and equipment include borrowing cost arising from bank loan borrowed specifically for the purpose of the improvements of hospital buildings and construction of mill. During the financial year, the borrowing cost capitalised as cost of property, plant and equipment for the Group and the Company amounted to RM10,747,107 (2014: RM4,011,767) and RM2,428,279 (2014: RM1,475,732).

13. Biological assets

	2015 RM'000	2014 RM'000
Group		
Plantation development expenditure		
At 1 January	**638,877**	600,861
Additions	**101,831**	58,615
Written off (Note 6)	**(44)**	(3,218)
Impairment (Note 6)	**(827)**	(2,376)
Revaluation deficit	**(84,884)**	(15,005)
At 31 December	**654,953**	638,877
Representing:		
At cost	**23,638**	23,638
At valuation	**631,315**	615,239
	654,953	638,877

Included in At Valuation is cost which approximates fair value of RM82,322,000 (2014: RM51,546,000).

The Group's biological assets include borrowing cost arising from bank loan borrowed specifically for the purpose of the financing the oil palm development expenditure. During the financial year, the borrowing cost capitalised as cost of biological assets amounted to RM27,436,172 (2014: RM22,162,965).

	2015 RM'000	2014 RM'000
Company		
Plantation development expenditure		
At cost:		
At 1 January / 31 December	**23,638**	23,638

13. Biological assets (cont'd.)

(i) Had the revalued biological assets been under cost model, the net carrying amounts of biological assets that would have been included in the financial statements of the Group as at 31 December 2015 and 31 December 2014 are as follows:

	Group	
	2015	2014
	RM'000	RM'000
Plantation development expenditure	**542,250**	578,697

(ii) Plantation development expenditure of the Group and of the Company amounting to RM23,638,000 (2014: RM23,638,000) are incurred on the land belonging to third parties and stated at cost.

(iii) Details of valuation performed by Raine & Horne, independent professional valuers to determine the fair value of biological assets owned by the Company and its subsidiaries as at 31 December 2015 are as follows:

Group

Year of valuation	Description of property	Valuation amount RM'000	Basis of valuation
2015	Plantation development expenditure	631,315	Open market value

14. Investment property

	Group and Company	
	2015	2014
	RM'000	RM'000
At 1 January / 31 December	**11,000**	11,000

Details of valuation performed by Raine & Horne, independent professional valuers to determine the fair value of investment property owned by the Group and the Company as at 31 December 2015 are as follows:

Group and Company

Year of valuation	Description of property	Valuation amount RM'000	Basis of valuation
2015	Leasehold land	11,000	Open market value

Notes to the financial statements (cont'd.)
for the financial year ended 31 December 2015

15. Goodwill

	Group 2015 RM'000	Group 2014 RM'000
At 1 January and 31 December	**9,959**	9,959

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to two individual cash-generating units ("CGU") for impairment testing as follows:

- Plantation
- Healthcare

The carrying amounts of goodwill allocated to each CGU are as follows:

	Group 2015 RM'000	Group 2014 RM'000
Plantation	**477**	477
Healthcare	**9,482**	9,482
	9,959	9,959

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

	Plantation 2015	Plantation 2014	Healthcare 2015	Healthcare 2014
Budgeted gross margins	**-1%**	5%	**51%**	48%
Growth rates	**51%**	96%	**14%**	38%
Pre-tax discount rates	**2%**	5%	**12%**	2%

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

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

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

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

16. Investments in subsidiaries

	Company 2015 RM'000	Company 2014 RM'000
Unquoted shares at cost:		
- in Malaysia	**236,736**	234,087
- outside Malaysia	**50,986**	47,146
	287,722	281,233
Less: Accumulated impairment losses	**(6,006)**	(12,006)
	281,716	269,227

Details of the subsidiaries are as follows:

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	Proportion of ownership interest 2014 %
TDM Plantation Sdn. Bhd.	Malaysia	Management of oil palm plantation, processing and trading of palm oil and related products.	**100**	100
Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.	Malaysia	Cultivation of oil palms, trading of palm oil and other related products.	**100**	100
TDM Trading Sdn. Bhd.	Malaysia	Trading of crude palm oil and other related products.	**100**	100
TDM Capital Sdn. Bhd.	Malaysia	Investment holding, trading, cultivation of oil palms and other related products.	**100**	100
Kumpulan Mediiman Sdn. Bhd.	Malaysia	Investment holding and provision of consultancy and management services to specialist medical centres.	**90.49**	90.49
Kumpulan Medic Iman Sdn. Bhd.	Malaysia	Investment holding and provision of consultancy and management services to specialist medical centres.	**99.28**	100

16. Investments in subsidiaries (cont'd.)

Details of the subsidiaries are as follows (cont'd.):

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
PT Rafi Kamajaya Abadi *@	Indonesia	Cultivation of oil palms, trading of palm oil and other related products.	**93.75**	93.75
PT Rafi Sawit Lestari *	Indonesia	Cultivation of oil palms, trading of palm oil and other related products.	**95**	95
PT Sawit Rezki Abadi *	Indonesia	Cultivation of oil palms, trading of palm oil and other related products.	**95**	-
Indah Sari Travel & Tours Sdn. Bhd.	Malaysia	Dormant.	**70**	70
TD Gabongan Sdn. Bhd. #	Malaysia	Dormant.	**51**	51
Held by Kumpulan Medic Iman Sdn. Bhd.				
Kuantan Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	**92.33**	-
Kelana Jaya Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	**99.29**	-
Kuala Terengganu Specialist Hospital Sdn. Bhd.	Malaysia	Specialist medical centre.	**100**	-
TDMC Hospital Sdn. Bhd.	Malaysia	Specialist medical centre.	**100**	-

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

@ A subsidiary with auditors' report that draws reference to the going concern assumptions. The auditors' report is not qualified.

The subsidiary's financial statements have been prepared on a break-up basis.The auditor's report is not qualified.

16. Investments in subsidiaries (cont'd.)

(a) Summarised financial information of PT Rafi Kamajaya Abadi which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination and consolidation adjustments. The non-controlling interests in respect of Kumpulan Mediiman Sdn. Bhd., PT Rafi Sawit Lestari, Indah Sari Travel & Tours Sdn. Bhd. and TD Gabongan Sdn. Bhd. are not material to the Group.

(i) Summarised statement of financial position

	2015 RM'000	2014 RM'000
Non-current assets	**380,855**	260,364
Current assets	**62,423**	47,129
Total assets	**443,278**	307,493
Current liabilities	**279,769**	109,136
Non-current liabilities	**275,051**	265,894
Total liabilities	**554,820**	375,030
Net liabilities	**(111,542)**	(67,537)
Equity attributable to owners of the parent	**(104,571)**	(63,316)
Non controlling interests	**(6,971)**	(4,221)

(ii) Summarised statement of profit or loss and other comprehensive income

	2015 RM'000	2014 RM'000 Restated
Revenue	**2,209**	1,818
Loss for the year	**(53,470)**	(47,639)
Loss attributable to owners of the parent	**(50,128)**	(44,678)
Loss attributable to the non-controlling interests	**(3,342)**	(2,961)
Total comprehensive loss	**(53,470)**	(47,639)
Total comprehensive loss attributable to owners of the parent	**(50,128)**	(44,678)
Total comprehensive loss attributable to the non-controlling interests	**(3,342)**	(2,961)
	(53,470)	(47,639)

16. Investments in subsidiaries (cont'd.)

(iii) Summarised statement of cash flows

	2015 RM'000	2014 RM'000
Net cash generated from operating activities	**127,762**	58,996
Net cash used in investing activities	**(127,643)**	(57,944)
Net increase in cash and cash equivalents	**119**	1,052
Cash and cash equivalents at beginning of the year	**2,033**	981
Cash and cash equivalents at end of the year	**2,152**	2,033

(b) Subsidiaries under member's voluntary winding up

(i) On 29 January 2015, TDM Berhad has announced to Bursa Malaysia that TD Ijarah Sdn. Bhd., which was placed under member's voluntary winding up on 3 October 2012, had held its Final Meeting on 22 January 2015 to conclude its member's voluntary winding-up and that its member's voluntary winding-up had been completed.

(ii) On 8 April 2015, TDM Berhad has announced to Bursa Malaysia that TDM Properties Bhd., which was placed under member's voluntary winding up on 3 October 2012, had held its Final Meeting on 3 April 2015 to conclude its member's voluntary winding-up and that its member's voluntary winding-up had been completed.

(iii) On 9 June 2015, TDM Berhad has announced to Bursa Malaysia that Trengganu Rubber Processing Sdn. Bhd., which was placed under member's voluntary winding up on 3 October 2012, had held its Final Meeting on 5 June 2015 to conclude its member's voluntary winding-up and that its member's voluntary winding-up had been completed.

(iv) On 6 July 2015, TDM Berhad has announced to Bursa Malaysia that HMMC (Ampang) Sdn. Bhd., which was placed under member's voluntary winding up on 3 October 2012, had held its Final Meeting on 3 July 2015 to conclude its member's voluntary winding-up and that its member's voluntary winding-up had been completed.

(c) Acquisition of subsidiary

(i) On 20 August 2015, TDM Berhad ("TDM" or "the Company") has announced that the Conditions Precedent of the Conditional Shares Purchase Agreement dated 15 July 2014 ("CSPA") relating to the proposed acquisition of PT. Sawit Rezki Abadi ("PTSRA") have been fully satisfied. TDM had on 20 August 2015 executed the Deed of Sale and Delivery of Shares with Bapak H Rahman marking the completion of the CSPA. TDM subscribed 95% shares in PTSRA with total consideration of RM3,839,727. Effective 20 August 2015, PTSRA has become a subsidiary of TDM.

The primary objectives of PTSRA are developing oil palm plantations and operating oil palm businesses in Kabupaten Melawi, West Kalimantan, Indonesia.

16. Investments in subsidiaries (cont'd.)

(d) Internal Re-Organisation

On 30 March 2015, referring to the announcement dated 9 December 2014 in relation to the Internal Re-Organisation, TDM has announced that the Company has entered into a Share Sale Agreement with its subsidiary, Kumpulan Mediiman Sdn. Bhd. ("KMI") to purchase 90.49% of KMI's shareholding in Kumpulan Medic Iman Sdn. Bhd. ("KMDI") of 8,649,175 ordinary shares of RM1.00 each, for a total consideration of RM8,649,175. The said consideration would be satisfied in cash of RM740,123 and also via a settlement of debt of RM7,909,052 owing by KMI to TDM as at 31 October 2014.

The Company has increased its investment in Kumpulan Medic Iman Sdn. Bhd. by way of transfer of its shares from the following subsidiaries to Kumpulan Medic Iman Sdn. Bhd., for a total consideration of RM103,625,703. The breakdown of the disposed investments is as follows;

		RM'000
(i)	Kuala Terengganu Specialist Hospital Sdn. Bhd.	13,558
(ii)	Kelana Jaya Medical Centre Sdn. Bhd.	16,861
(iii)	Kuantan Medical Centre Sdn. Bhd.	34,360
(iv)	TDMC Hospital Sdn. Bhd.	38,846
		103,625

The above internal re-organisation does not result in any impact to the financial statements of the Group and the Company.

During the financial year, Kumpulan Mediiman Sdn. Bhd. disposed its investment in the hospitals, by way of transfer of its shares in the hospitals to Kumpulan Medic Iman Sdn. Bhd., for total consideration of RM5,248,773. The breakdown of the disposed investments is as follows;

		RM'000
(i)	Kuala Terengganu Specialist Hospital Sdn. Bhd.	2,968
(ii)	Kelana Jaya Medical Centre Sdn. Bhd.	2,281
		5,249

Notes to the financial statements (cont'd.)
for the financial year ended 31 December 2015

17. Other investments

	Group 2015 RM'000	Group 2014 RM'000 Restated	Group 1.1.2014 RM'000 Restated	Company 2015 RM'000	Company 2014 RM'000 Restated	Company 1.1.2014 RM'000 Restated
Available for Sale Investments						
Unquoted shares, at cost						
Within Malaysia - shares	**9,745**	9,745	9,745	**4,770**	4,770	4,770
Less: Accumulated impairment losses	**(5,045)**	(5,045)	(5,045)	**(4,770)**	(4,770)	(4,770)
	4,700	4,700	4,700	**-**	-	-
Loans and Receivables Investment						
Investment in fixed income securities, outside Malaysia (Note 21)	**326,551**	275,381	196,054	**326,551**	275,381	196,054
Total other investments	**331,251**	280,081	200,754	**326,551**	275,381	196,054

The unquoted shares are stated at cost less accumulated impairment losses.

The investment in fixed income securities represents an investment that was issued by an international financial institution, Oversea-Chinese Banking Corporation Limited, Singapore.

The investment in fixed income securities has an interest rate of 10.295% per annum for the first 3 years and 10% per annum after 3 years. It matures twelve years from the issuance date of the first transaction of IDR70,000,000,000. The investment will mature in 2025.

18. Investments in securities

	2015 Carrying amount RM'000	2015 Market value of quoted investments RM'000	2014 Carrying amount RM'000	2014 Market value of quoted investments RM'000
Group				
Non-current				
Available for Sale Investments				
- Equity instruments (quoted in Malaysia)	**57**	**57**	88	88
Other investments (Note 17)	**4,700**	**-**	4,700	-
Total available for Sale Investments	**4,757**		4,788	

19. Property development costs

	Group	
	2015 RM'000	2014 RM'000
Property development, at cost	**1,583**	1,583
Less: Provision for foreseeable losses	**(1,583)**	(1,583)
	-	-

20. Inventories

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At cost				
Produced inventories	**5,419**	2,865	**1,505**	817
Pharmaceutical products	**11,881**	7,762	**-**	-
Consumables	**360**	383	**-**	-
Spare parts, equipment and store	**7,542**	16,322	**-**	-
Seedlings	**20,596**	21,003	**-**	-
	45,798	48,335	**1,505**	817

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM124,792,000 (2014: RM118,536,000).

21. Trade and other receivables

	Group			Company		
	2015 RM'000	2014 RM'000 Restated	1.1.2014 RM'000 Restated	2015 RM'000	2014 RM'000 Restated	1.1.2014 RM'000 Restated
Current						
Trade receivables						
Third parties	**64,006**	53,076	45,560	-	-	-
Less: Allowance for impairment						
Third parties	**(12,035)**	(9,454)	(8,704)	-	-	-
Trade receivables,net	**51,971**	43,622	36,856	**-**	-	-

Notes to the financial statements (cont'd.)
for the financial year ended 31 December 2015

21. Trade and other receivables (cont'd.)

	Group 2015 RM'000	Group 2014 RM'000 Restated	Group 1.1.2014 RM'000 Restated	Company 2015 RM'000	Company 2014 RM'000 Restated	Company 1.1.2014 RM'000 Restated
Other receivables						
Due from subsidiaries	**-**	-	-	**192,220**	93,664	112,823
Sundry receivables	**28,753**	23,107	21,682	**16,417**	9,070	7,484
	28,753	23,107	21,682	**208,637**	102,734	120,307
Less: Allowance for impairment						
Sundry receivables	**(12,013)**	(12,107)	(12,039)	**(7,087)**	(7,087)	(7,024)
Subsidiaries	**-**	-	-	**(1,445)**	(1,440)	(1,436)
	(12,013)	(12,107)	(12,039)	**(8,532)**	(8,527)	(8,460)
Other receivables,net	**16,740**	11,000	9,643	**200,105**	94,207	111,847
Total trade and other receivables (current)	**68,711**	54,622	46,499	**200,105**	94,207	111,847
Non-current						
Other receivables						
Interest receivable	**53,420**	24,877	4,210	**53,420**	24,877	4,210
Amount due from Plasma	**31,512**	13,133	3,239	**-**	-	-
Total other receivables (non-current)	**84,932**	38,010	7,449	**53,420**	24,877	4,210
Total trade and other receivables (current and non-current)	**153,643**	92,632	53,948	**253,525**	119,084	116,057
Add: Loans and receivables investment (Note 17)	**326,551**	275,381	196,054	**326,551**	275,381	196,054
Add: Cash and bank balances (Note 22)	**126,461**	79,512	101,224	**41,315**	24,517	25,638
Total loans and receivables	**606,655**	447,525	351,226	**621,391**	418,982	337,749

21. Trade and other receivables (cont'd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2014: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

	Group	
	2015	**2014**
	RM'000	**RM'000**
Neither past due nor impaired	**22,736**	17,946
1 to 30 days past due not impaired	**8,656**	6,234
31 to 60 days past due not impaired	**11,389**	9,663
61 to 90 days past due not impaired	**9,190**	9,779
	29,235	25,676
Impaired	**12,035**	9,454
	64,006	53,076

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM29,235,000 (2014: RM25,676,000) 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	
	2015	**2014**
	RM'000	**RM'000**
Trade receivables-nominal amounts	**12,035**	9,454
Less: Allowance for impairment	**(12,035)**	(9,454)
	-	-

21. Trade and other receivables (cont'd.)

(a) Trade receivables (cont'd.)

Receivables that are impaired (cont'd.)

Movement in allowance accounts:

	Group 2015 RM'000	Group 2014 RM'000
At 1 January	**9,454**	8,704
Charge for the year (Note 6)	**2,998**	974
Written off	**(417)**	(224)
At 31 December	**12,035**	9,454

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

Other receivables that are impaired

At the reporting date, the Group and the Company have provided an allowance of RM12,013,000 (2014: RM12,107,000) and RM8,532,000 (2014: RM8,527,000) respectively for impairment of other receivables.

The movements of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	**12,107**	12,039	**8,527**	8,460
Charge for the year (Note 6)	**-**	-	**5**	97
Written (back)/off	**(94)**	68	**-**	(30)
At 31 December	**12,013**	12,107	**8,532**	8,527

(c) Interest receivable

The amount is related to the interest receivable from fixed income securities as disclosed in Note 17.

21. Trade and other receivables (cont'd.)

(d) Amount due from Plasma

	Group	
	2015	**2014**
	RM'000	**RM'000**
Land cost	**8,818**	2,565
Building and material	**506**	-
Development cost	**20,895**	10,066
Management fee	**1,036**	502
Others	**257**	-
Total	**31,512**	13,133

Amount due from Plasma relates to advances by a subsidiary operating in Indonesia to the Plasma Programme which was initiated pursuant to the Indonesian government's policy for partnerships between plantation companies and their respective surrounding communities. This amount will be recovered by the subsidiary upon maturity of the plantation under Plasma before the profits are distributed to Plasma.

22. Cash and cash equivalents

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash at banks and in hand	**21,803**	13,008	**253**	1,517
Deposits with licensed banks	**104,658**	66,504	**41,062**	23,000
Cash and bank balances	**126,461**	79,512	**41,315**	24,517

Cash at banks earns interest at floating rates based on daily bank deposits rates. Deposits are made for varying periods of between one day to 365 days (2014: 365 days) depending on the immediate cash requirements of the Group, and earn interest at the respective deposits rate. The weighted average effective interest rates as at 31 December 2015 of the Group and of the Company were 3.80% (2014: 3.48%) and 4.42% (2014: 3.25%) per annum respectively.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	**126,461**	79,512	**41,315**	24,517
Bank overdraft (Note 23)	**(6,853)**	-	**(6,853)**	-
Less: Deposits pledged for bank guarantee facility	**(30,225)**	(3,296)	**(30,000)**	-
Less: Deposits with licensed banks with maturity period more than 3 months	**(17,344)**	(38,378)	**(11,062)**	(23,000)
Cash and cash equivalents	**72,039**	37,838	**(6,600)**	1,517

23. Loans and borrowings

		Group		Company	
	Maturity	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current					
Secured					
Obligations under hire purchase and finance leases (Note 31 (b))	2016	**2,358**	1,778	**-**	-
Bank loans:					
- Business Financing-i at BFR -2% per annum	2016	**1,041**	654	**-**	-
- RM loans at Effective Cost of Fund +1% per annum	2016	**9,062**	5,309	**-**	-
Bank overdraft	Demand	**6,853**	-	**6,853**	-
		19,314	7,741	**6,853**	-
Non-current					
Secured					
Obligations under hire purchase and finance leases (Note 31 (b))	2017-2019	**5,219**	6,861	**-**	-
Bank loans:					
- Business Financing-i at BFR -2% per annum	2017-2020	**4,250**	3,620	**-**	-
- RM loans at Effective Cost of Fund +1% per annum	2017-2030	**332,820**	114,319	**246,075**	54,843
Obligations under hire purchase and finance leases (Note 31 (b))	2017-2018	**70**	-	**-**	-
Unsecured					
Bank loan:					
- RM loan at Effective Cost of Fund +1% per annum	2017-2030	**50,000**	50,000	**50,000**	50,000
IDR Notes	2025	**293,477**	274,259	**-**	-
		685,836	449,059	**296,075**	104,843
Total loans and borrowings		**705,150**	456,800	**302,928**	104,843

23. Loans and borrowings (cont'd.)

The remaining maturities of the borrowings as at year end are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
On demand or within one year	**19,314**	7,741	**6,853**	-
More than 1 year and less than 2 years	**7,523**	7,348	**-**	-
More than 2 years and less than 5 years	**27,599**	22,401	**-**	-
5 years and more	**650,714**	419,310	**296,075**	104,843
	705,150	456,800	**302,928**	104,843

Business Financing-i at Base Finance Rate ("BFR") -2% per annum

The facility is secured by way of a first party first legal charge over a freehold land and a hospital building belonging to a subsidiary erected on GRN 47712, Lot 51913 Mukim and District of Kuala Lumpur, Wilayah Persekutuan bearing postal address No. 45 Jalan Desa, Taman Desa, Off Old Klang Road, 58100 Kuala Lumpur.

The subsidiary has opened a Finance Service Reserve Account ("FSRA") with the bank and transferred prior to the initial disbursement, an amount equivalent to two (2) monthly payments ("Minimum Reserve Requirement") amounting to RM225,261 (2014: RM139,468) into the FSRA. Upon the maturity date, the credit balance in the FSRA shall be used for settlement of the final instalment payment.

The loan is repayable within 7 years from November 2013 to October 2020 and effective interest rate is 4.85% (2014: 4.85%) per annum.

RM loans at Effective Cost of Fund +1 % per annum

The facilities are secured by way of:

(i) Fresh first party first legal charge for RM80,000,000 over a piece of commercial land with a hospital building belonging to a subsidiary erected thereon at Bandar Indera Mahkota, Kuantan held under land title of PN 7723, Lot 54559, Mukim of Kuala Kuantan, Kuantan, Pahang Darul Makmur. The facility is repayable over 180 months with a monthly payment of RM632,635. The grace period is 24 months from the first drawdown on 30 August 2012. During the grace period, interest payments are to be serviced monthly and are subject to yearly review.

(ii) Fresh first party first legal charge for RM135,194,725 over a piece of commercial land and building belonging to TDM Berhad erected on GM569 - 575, Lot 3046 - 3052, Mukim Batu Burok, District of Kuala Terengganu, Terengganu, Terengganu Darul Iman. The facility is repayable over 120 months with a monthly payment of RM762,384. The grace period is 24 months from the first drawdown on 27 August 2013 and effective interest rate was 5% (2014: 5%) per annum. During the grace period, interest payments are to be serviced monthly and are subject to yearly review.

Bank overdraft

The bank overdraft is under Commodity Murabahah Cash Line-i at profit rate based on a ceiling profit rate of Base Financing Rate (BFR) + 4% per annum. The facility is charged over the property held under HSD 9537, Lot PT 2407, Mukim Batu Burok, District of Kuala Terengganu, Terengganu.

23. Loan and borrowings (cont'd.)

IDR Notes

The unsecured Indonesian Rupiah Notes Programme ("IDR Notes") bears a fixed interest rate of 12% per annum and matures twelve years from the issuance date of the first IDR Notes.

24. Trade and other payables

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Current				
Trade payables				
Third parties	**113,206**	91,233	**69**	5
	113,206	91,233	**69**	5
Other payables				
Due to subsidiaries	**-**	-	**223,528**	225,543
Sundry payables	**14,277**	20,394	**6,533**	8,652
Accruals	**61,331**	34,510	**2,978**	1,794
	75,608	54,904	**233,039**	235,989
Total trade payables and other payables (current)	**188,814**	146,137	**233,108**	235,994
Non-current				
Other payable				
Interest payable representing total other payable (non-current)	**70,856**	29,404	**-**	-
Total trade and other payables (current and non-current)	**259,670**	175,541	**233,108**	235,994
Add: Loans and borrowings (Note 23)	**705,150**	456,800	**302,928**	104,843
Total financial liabilities carried at amortised cost	**964,820**	632,341	**536,036**	340,837

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Company and to the Group are up to one month.

(b) Other payables

Amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

24. Trade and other payables (cont'd.)

(c) Interest payable

The amount is related to the interest payable on the Indonesian Rupiah Notes Programme ("IDR Notes") as disclosed in Note 23.

(d) Amount due to Sublessees

Included in trade payables is an amount due to Sublessees which relates to the Sublessees Scheme managed by a subsidiary. The lease term of the Scheme expired on 17 April 2012. The subsidiary continues to cultivate the related plantation. Profit distribution from cultivation of the Sublessees Scheme to certain Sublessees has been accrued pending renewal of the Sublessees arrangement.

25. Share capital and share premium

	Number of ordinary shares of RM0.20 each		I-------- Amount ---------I	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
Authorised				
At 1 January and 31 December	2,500,000	2,500,000	500,000	500,000

	Group and Company			
	Number of ordinary shares of RM0.20 each	I---------------- Amount ---------------I		
	Share capital (issued and fully paid) '000	Share capital (issued and fully paid) RM'000	Share premium RM'000	Total RM'000
At 1 January 2014	1,481,662	296,332	33,064	329,396
At 31 December 2014 and 1 January 2015	1,481,662	296,332	33,064	329,396
At 31 December 2015	1,481,662	296,332	33,064	329,396

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

26. Other reserves

Group	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interest RM'000	Total RM'000
At 1 January 2014	516,970	(15,821)	(11)	(31)	501,107
Other comprehensive income:					
Available for sale investments' fair value movement	-	-	3	-	3
Foreign currency translation	-	(5,231)	-	-	(5,231)
Surplus on revaluation of land, buildings, plant and machinery and plantation development expenditure	68,742	-	-	-	68,742
Deferred tax related to net surplus on revaluation	(16,481)	-	-	-	(16,481)
	52,261	(5,231)	3	-	47,033
At 31 December 2014	569,231	(21,052)	(8)	(31)	548,140
At 1 January 2015	569,231	(21,052)	(8)	(31)	548,140
Other comprehensive income:					
Available for sale investments' fair value movement	-	-	(31)	-	(31)
Foreign currency translation	-	7,879	-	-	7,879
Surplus on revaluation of land, buildings, plant and machinery and plantation development expenditure	110,798	-	-	-	110,798
Deferred tax related to net surplus on revaluation	(48,093)	-	-	-	(48,093)
	62,705	7,879	(31)	-	70,553
At 31 December 2015	631,936	(13,173)	(39)	(31)	618,693

26. Other reserves (cont'd.)

	Asset revaluation reserve RM'000	Capital reserve RM'000	Total RM'000
Company			
At 1 January 2014	37,239	2,736	39,975
Other comprehensive income:			
Surplus on revaluation of leasehold land	620	-	620
Deferred tax related to net surplus on revaluation	(149)	-	(149)
	471	-	471
At 31 December 2014	37,710	2,736	40,446
At 1 January 2015	37,710	2,736	40,446
Other comprehensive income:			
Surplus on revaluation of leasehold land	3,415	-	3,415
Deferred tax related to net surplus on revaluation	(820)	-	(820)
	2,595	-	2,595
At 31 December 2015	40,305	2,736	43,041

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

(a) Asset revaluation reserve

This reserve represents increases in the fair value of buildings, plant and machinery, leasehold and freehold land and plantation development expenditure, net of deferred taxation.

(b) Foreign currency translation reserve

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

(c) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(d) Premium paid on acquisition of non-controlling interest

This relates to the premium paid on acquisition of non-controlling interest in a subsidiary without a change in control.

(e) Capital reserve

This reserve, which is eliminated on consolidation, relates to the surplus arising from the sale of property, plant and equipment in 1986 to a subsidiary.

27. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2015 and 31 December 2014 under the single tier system.

28. Employee benefits

(a) Retirement benefit obligations

Certain subsidiaries of the Group and of the Company operate an unfunded, defined benefit Retirement Benefit Scheme for its employees. All employees who were employed by the Company prior to January 1999 are eligible for the scheme. Benefits are payable based on the last drawn salary of the employee and the number of years of service with the certain subsidiaries of the Group and the Company.

The following tables summarise the components of retirement benefit expense recognised in the statements of financial position and statements of profit or loss and other comprehensive income.

All of the Group's and the Company's charge for the financial year has been included in administrative expenses.

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Present value of unfunded defined benefit obligations	**3,709**	3,378	**406**	368

The amounts recognised in the statements of profit or loss and other comprehensive income are determined as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Current service cost	**170**	192	**20**	20
Interest cost on defined benefit obligations	**214**	154	**18**	16
Net benefit expense, included in employee benefits expense (Note 7)	**384**	346	**38**	36

Changes in present value of defined benefit obligations are as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
At 1 January	**3,378**	3,046	**368**	332
Amount recognised in statements of profit or loss and other comprehensive income (Note 7)	**384**	346	**38**	36
	3,762	3,392	**406**	368
Contribution paid	**(53)**	(14)	**-**	-
At 31 December	**3,709**	3,378	**406**	368

28. Employee benefits (cont'd.)

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Analysed as:				
Non current:				
Later than 1 year	**3,709**	3,378	**406**	368

The principal assumptions used in determining the retirement benefit obligations are shown below:

	Group		Company	
	2015	**2014**	**2015**	**2014**
Discount rate	**5.00%**	5.00%	**5.00%**	5.00%
Future salary increase	**6.00%**	6.00%	**6.00%**	6.00%

The Retirement Benefit Scheme obligations were determined by a professional actuary on 3 March 2014. As at that date, the Group's and the Company's provisions for retirement benefits were sufficient to meet the actuarially determined value of vested benefits.

Amounts for the current and previous four periods for the Group and Company are as follows:

Group

	2015	**2014**	**2013**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Present value of unfunded defined benefit obligations	**3,709**	3,378	3,046	1,308	1,744

Company

	2015	**2014**	**2013**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Present value of unfunded defined benefit obligations	**406**	368	332	128	213

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at 31 December 2015 are as shown below:

	Group defined benefit obligations	
	Increase	**Decrease**
	RM'000	**RM'000**
Discount rate (1% movement)	453	(453)
Future mortality (1% movement)	422	(422)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occuring at the end of the reporting date.

29. Deferred tax

Group	As at 1 January 2014 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	As at 31 December 2014 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	As at 31 December 2015 RM'000
Deferred tax liabilities:							
Property, plant and equipment, biological assets and investment property	97,301	(1,273)	16,481	112,509	(2,860)	48,093	157,742
Deferred tax assets:							
Provision for liabilities	(9,529)	3,754	-	(5,775)	(4,929)	-	(10,704)
Other payables	114	(7,086)	-	(6,972)	(3,241)	-	(10,213)
	(9,415)	(3,332)	-	(12,747)	(8,170)	-	(20,917)
Company							
Deferred tax liabilities:							
Property, plant and equipment, biological assets and investment property	10,252	(140)	149	10,261	(96)	820	10,985
Deferred tax assets:							
Other payables	(36)	(9)	-	(45)	(134)	-	(179)
	(36)	(9)	-	(45)	(134)	-	(179)

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

	Group 2015 RM'000	Group 2014 RM'000 Restated
Unused tax losses	**63,150**	63,443
Unabsorbed capital allowances	**5,094**	5,207
	68,244	68,650

The availability of unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities.

30. Related party disclosures

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Profit distribution from Terengganu Oil Palm Development - Sublessees Scheme	**(1,423)**	(12,198)	**(259)**	(2,527)
Dividend income from subsidiaries	**-**	-	**(23,554)**	(59,560)
Management fees from subsidiaries	**-**	-	**(16,771)**	(16,620)

(b) Compensation of key management personnel

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

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Short term benefits	**5,976**	5,347	**1,707**	1,978
Post-employment benefits:				
- Defined contribution plan	**494**	420	**176**	178
- Defined benefit plan	**4**	4	**1**	1
	6,474	5,771	**1,884**	2,157

Included in the total key management personnel are:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Executive and non-executive directors' remuneration excluding benefits-in-kind (Note 8)	**2,478**	1,973	**631**	610

31. Commitments

(a) Capital commitments

Capital commitments as at the reporting date are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000 Restated
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	**33,521**	35,974	**22,812**	25,349
Approved but not contracted for:				
Property, plant and equipment	**138,147**	163,134	**7,787**	3,464

(b) Hire purchase and finance lease commitments

Future minimum hire purchase and lease payments under finance leases together with the present value of the net minimum hire purchase and lease payments are as follows:

	Group	
	2015	2014
	RM'000	RM'000
Minimum hire purchase and lease payments:		
Not later than 1 year	**2,937**	2,181
Later than 1 year and not later than 2 years	**3,590**	2,162
Later than 2 years and not later than 5 years	**3,220**	5,316
	9,747	9,659
Less: Future finance charges	**(2,100)**	(1,020)
Present value of hire purchase and finance lease payables	**7,647**	8,639
Analysis of present value of hire purchase and lease payables:		
Not later than 1 year	**2,358**	1,778
Later than 1 year and not later than 2 years	**2,360**	1,861
Later than 2 years and not later than 5 years	**2,929**	5,000
	7,647	8,639
Less: Due within 12 months (Note 23)	**(2,358)**	(1,778)
Due after 12 months (Note 23)	**5,289**	6,861

The Group has hire purchase and finance leases for certain items of machinery, equipment and vehicles (Note 23). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

The hire purchase and lease liabilities bore an average interest rate at the reporting date of 3% (2014: 3%) per annum.

32. Fair value of assets and liabilities

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

	Group			
	2015		2014	
	RM'000 Carrying amount	RM'000 Fair value	RM'000 Carrying amount	RM'000 Fair value
Financial liabilities:				
Loans and borrowings (non-current)				
- Obligations under hire purchase and finance leases	**5,289**	**8,372**	6,861	6,803
- Bank loans:				
- Business Financing-i at BFR -2% per annum	**4,250**	**8,258**	3,620	4,344
- RM loan at Effective Cost of Fund +1% per annum	**382,820**	**300,174**	164,319	156,570
IDR Notes	**293,477**	**321,232**	274,259	300,197

The fair values of non current portion of borrowings and IDR Notes are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	21
Loans and borrowings (current)	23
Trade and other payables (current)	24

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, due to their short-term nature.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

Quoted equity instruments

The fair values of quoted equity instruments are determined directly by reference to their published market bid price at the reporting date.

32. Fair value of assets and liabilities (cont'd.)

(c) Fair value hierarchy

The following table analyses financial assets and liabilities carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

Group

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2015					
Non-financial assets					
Property, plant and equipment	12	-	887,188	-	887,188
Biological assets	13	-	631,315	-	631,315
Investment property	14	-	11,000	-	11,000
Available for Sale Investments	17	-	4,700	-	4,700
Investment securities	18	57	-	-	57
31 December 2014					
Non-financial assets					
Property, plant and equipment	12	-	655,627	-	655,627
Biological assets	13	-	615,239	-	615,239
Investment property	14	-	11,000	-	11,000
Available for Sale Investments	17	-	4,700	-	4,700
Investment securities	18	88	-	-	88

Company

		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2015					
Non-financial assets					
Property, plant and equipment	12	-	37,054	-	37,054
Investment property	14	-	11,000	-	11,000

32. Fair value of assets and liabilities (cont'd.)

(c) Fair value hierarchy (cont'd.)

Company (cont'd.)

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2014					
Non-financial assets					
Property, plant and equipment	12	-	34,269	-	34,269
Investment property	14	-	11,000	-	11,000

No transfers between any levels of the fair value hierarchy took place during the current financial year and the comparative year. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk, market price risk and commodity risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Company's Executive Director, all heads of the subsidiaries and certain managers of the Company. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposures to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

33. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group			
	2015		**2014**	
	RM'000	**% of total**	**RM'000**	**% of total**
By industry sectors:				
Plantation	**28,373**	**55%**	22,164	51%
Healthcare	**23,598**	**45%**	21,458	49%
	51,971	**100%**	43,622	100%

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

At the reporting date, approximately 0.4% (2014: 0.4%) of the Group's loans and borrowings (Note 23) will mature in less than one year based on the carrying amount reflected in the financial statements.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

33. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

	2015			
	On demand or within one year RM'000	Two to five years RM'000	Five years and more RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	188,814	-	70,856	259,670
Loans and borrowings	19,893	36,643	650,714	707,250
Total undiscounted financial liabilities	208,707	36,643	721,570	966,920

	2014			
	On demand or within one year RM'000	Two to five years RM'000	Five years and more RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	146,137	-	29,404	175,541
Loans and borrowings	8,144	30,366	419,310	457,820
Total undiscounted financial liabilities	154,281	30,366	448,714	633,361

	2015			
	On demand or within one year RM'000	One to five years RM'000	Five years and more RM'000	Total RM'000
Company				
Financial liabilities:				
Trade and other payables	233,108	-	-	233,108
Loans and borrowings	6,853	-	296,075	302,928
Total undiscounted financial liabilities	239,961	-	296,075	536,036

33. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

	2015			
	On demand or within one year RM'000	One to five years RM'000	Five years and more RM'000	Total RM'000
Company				
Financial liabilities:				
Trade and other payables	235,994	-	-	235,994
Loans and borrowings	-	-	104,843	104,843
Total undiscounted financial liabilities	235,994	-	104,843	340,837

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arise primarily from their loans and borrowings. The Group's and the Company's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the end of the reporting year, if Ringgit Malaysia ("RM") interest rates had been -100 (2014: 700) basis points higher with all other variables held constant, the Group's profit before tax would have been RM86,000 (2014: RM101,000) lower/higher, arising mainly as a result of lower interest expense on floating rate loans and borrowings of the Group's. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's business is predominantly located in Malaysia. The foreign currencies in other investments and borrowings are predominantly denominated in US Dollars ("USD") and Indonesian Rupiah ("IDR") respectively, which give rise to conversion exposure as the presentation currency is Ringgit Malaysia ("RM"). The foreign currency exposures are not hedged.

33. Financial risk management objectives and policies (cont'd.)

(d) Foreign currency risk (cont'd.)

The unhedged financial assets and financial liabilities of the Group that are not denominated in Ringgit Malaysia are as follows:

	Other investment RM'000	Borrowing RM'000	Total RM'000
USD			
At 31 December 2015	334,284	-	334,284
IDR			
At 31 December 2015	-	(293,347)	(293,347)
USD			
At 31 December 2014	281,374	-	281,374
IDR			
At 31 December 2014	-	(274,259)	(274,259)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, IDR and RM exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

			Group 2015 Profit before tax Increase/ (decrease) RM'000	Group 2014 Profit before tax Increase/ (decrease) RM'000
USD/MYR	-	strengthened 23% (2014: 7%)	**(15,815)**	(4,288)
	-	weakened 23% (2014: 7%)	**15,815**	4,288
USD/IDR	-	strengthened 11% (2014: 2%)	**(32,421)**	(4,743)
	-	weakened 11% (2014: 2%)	**32,421**	4,743
IDR/MYR	-	strengthened -10% (2014: -4%)	**(2,137)**	(748)
	-	weakened -10% (2014: -4%)	**2,137**	748

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to securities price risk from its investment in quoted securities classified as available for sale investments. The securities are listed on the Bursa Malaysia Securities Berhad.

The Group's objective is to manage investment return and the price risk by investing in investment grade shares with steady dividend yield.

33. Financial risk management objectives and policies (cont'd.)

(f) Commodity price risk

Volatility in the commodity market exposes the Group to the risk of palm products price fluctuations. To manage and mitigate the risk, the Group monitors the Malaysian Derivative Exchange ("MDEX") crude palm oil prices daily as a basis for our spot contract sales price, whereas long term contract sales prices are based on Malaysian Palm Oil Board ("MPOB") Monthly Peninsular Malaysia Average Price.

If average price for crude palm oil were to change by 10% (2014: 3%) with all other variables being held constant, the effect on profit before tax would have been:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Effect to profit before tax if crude palm oil price		
- increased by 10% (2014: 3%)	**6,935**	1,977
- decreased by 10% (2014: 3%)	**(6,935)**	(1,977)

34. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that they maintain strong credit ratings and healthy capital ratios in order to support their businesses and maximise shareholders value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Group and the Company monitor capital using gearing ratio.

The gearing ratio is the net debt divided by total capital plus net debt. The policy of the Group and the Company is to keep the gearing ratio at a reasonable level. The Group and the Company include within their net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve.

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'00**
			Restated		**Restated**
Loans and borrowings	23	**705,150**	456,800	**302,928**	104,843
Trade and other payables	24	**259,670**	175,541	**233,108**	235,994
Less: - Cash and bank balances	22	**(126,461)**	(79,512)	**(41,315)**	(24,517)
Net debt		**838,359**	552,829	**494,721**	316,320

34. Capital management (cont'd.)

	Note	Group 2015 RM'000	Group 2014 RM'000 Restated	Company 2015 RM'000	Company 2014 RM'00 Restated
Equity attributable to the owners of the parent		**1,448,261**	1,329,004	**558,157**	498,913
Add : - Fair value adjustment reserve	**26**	**39**	8	**-**	-
Total capital		**1,448,300**	1,329,012	**558,157**	498,913
Capital and net debt		**2,286,659**	1,881,841	**1,052,878**	815,233
Gearing ratio		**37%**	29%	**47%**	39%

35. Segment information

Business segments

For management purposes, the Group is organised into business units based on its products and services, and has three reportable operating segments as follows:

(i) Plantation - which involves activities such as cultivation of oil palms, sale of fresh fruit bunches and management of plantation operation services.

(ii) Healthcare - which involves activities such as provision of healthcare consultancy and specialist medical centre services.

(iii) Others - which involves dormant companies.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's three business segments operate in two geographical areas:

(i) Malaysia - the operations in this area are principally investment holding, cultivation of oil palms, trading of palm oil and other related products and provision of healthcare services. Other operations include provision of management services.

(ii) Indonesia - the operations in this area are principally cultivation of oil palms, trading of palm oil and other related products.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

35. Segment information (cont'd.)

Business segments

	Plantation		Healthcare		Others		Note	As reported in consolidated financial statements	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000		2015 RM'000	2014 RM'000
Revenue:									
Total revenue	**288,098**	368,804	**177,402**	137,872	**-**	-		**465,500**	506,676
Inter-segment	**(72,474)**	(112,979)	**(12,196)**	(7,580)	**-**	-	A	**(84,670)**	(120,559)
External revenue	**215,624**	255,825	**165,206**	130,292	**-**	-		**380,830**	386,117
Results:									
Interest income	**36,098**	22,091	**319**	178	**25**	23		**36,442**	22,292
Dividend income	**235**	471	**-**	-	**-**	-		**235**	471
Depreciation	**27,233**	26,166	**12,392**	8,238	**-**	3		**39,625**	34,407
Other non-cash expenses	**914**	5,906	**3,025**	767	**-**	-	B	**3,939**	6,673
Unrealised gain on the foreign exchange of investment in fixed income securities	**31,952**	1,121	**-**	-	**-**	-		**31,952**	1,121
Segment profit	**26,813**	53,690	**10,572**	11,080	**13**	12		**37,398**	64,782
Assets:									
Additions to non-current assets	**235,096**	151,351	**15,395**	31,147	**-**	-	C	**250,491**	182,498
Segment assets	**2,297,382**	1,838,638	**283,379**	250,463	**2,510**	2,498		**2,583,271**	2,091,599
Segment liabilities	**974,596**	629,930	**156,609**	126,863	**1,451**	1,445		**1,132,656**	758,238

35. Segment information (cont'd.)

Business segments (cont'd.)

Geographical segments

	Total revenue		Segment assets		Capital expenditure	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Malaysia	**379,063**	384,839	**2,131,697**	1,775,202	**86,330**	94,767
Indonesia	**1,767**	1,278	**451,574**	316,397	**164,161**	87,731
	380,830	386,117	**2,583,271**	2,091,599	**250,491**	182,498

	2015 RM'000	**2014 RM'000**
Capital expenditure consists of additions during the year for:		
Property, plant and equipment (Note 12)	**148,660**	123,883
Biological assets (Note 13)	**101,831**	58,615
	250,491	182,498

35. Segment information (cont'd.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B Other non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2015 RM'000	2014 RM'000
Inventories written off	6	**1**	5
Impairment of biological assets	6	**827**	2,376
Impairment loss on trade receivables	6	**2,998**	974
Property, plant and equipment written off	6	**69**	100
Biological assets written off	6	**44**	3,218
		3,939	6,673

C Additions to non-current assets consist of:

	Note	2015 RM'000	2014 RM'000
Property, plant and equipment	12	**148,660**	123,883
Biological assets	13	**101,831**	58,615
		250,491	182,498

36. Prior year adjustments

As disclosed in Note 17, the Group and the Company have investment in fixed income securities. In previous years, the Group and the Company had separated an embedded derivative from the fixed income securities. As a result, a derivative asset was recognised at fair value in the financial statements of the Group and of the Company with the corresponding fair value changes recognised in profit or loss. During the current financial year, the Group and the Company reassessed the terms of the contract relating to the fixed income securities and concluded that the economic characteristics and risks of the embedded derivative are closely related to the economic characteristics and risks of the fixed income securities. Accordingly, the embedded derivative need not be separately accounted for. Retrospective adjustments have been made to the financial statements as shown below:

Statements of financial position	As at 1 January 2014 Previously stated RM'000	Adjustments RM'000	As at 1 January 2014 As restated RM'000
Group			
Other investments	204,290	(3,536)	200,754
Retained earnings	415,638	3,536	412,102
Company			
Other investments	199,590	(3,536)	196,054
Retained earnings	63,020	3,536	59,484

Notes to the financial statements (cont'd.) for the financial year ended 31 December 2015

36. Prior year adjustments (cont'd.)

Statements of financial position	As at 31 December 2014 Previously stated RM'000	Adjustments RM'000	As at 31 December 2014 As restated RM'000
Group			
Other investments	286,074	(5,993)	280,081
Retained earnings	457,461	5,993	451,468
Company			
Other investments	281,374	(5,993)	275,381
Retained earnings	135,064	5,993	129,071

Statements of profit or loss and other comprehensive income	2014 Previously stated RM'000	Adjustments RM'000	2014 As restated RM'000
Group			
Other income	8,705	(2,457)	6,248
Company			
Other income	3,833	(2,457)	1,376

37. Comparative figures

Certain comparative figures have been reclassified as follow:

Statement of financial position	As at 1 January 2014 Previously stated RM'000	Reclassification RM'000	As at 1 January 2014 As restated RM'000
Group			
Non-current assets			
Other receivables	4,210	3,239	7,449
Current assets			
Trade and other receivables	49,738	(3,239)	46,499

Notes to the financial statements (cont'd.)
for the financial year ended 31 December 2015

37. Comparative figures

Statement of financial position	As at 31 December 2014 Previously stated RM'000	Adjustments RM'000	As at 31 December 2014 As restated RM'000
Group			
Non-current assets			
Other receivables	24,877	13,133	38,010
Current assets			
Trade and other receivables	67,755	(13,133)	54,622

38. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 31 March 2016.

39. Supplementary information - breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 December 2015 and 31 December 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015 RM'000	**2014 RM'000 Restated**	**2015 RM'000**	**2014 RM'000 Restated**
Total retained profits				
- Realised	**531,262**	299,197	**183,091**	126,718
- Unrealised	**73,820**	89,981	**2,629**	2,353
	605,082	389,178	**185,720**	129,071
Less: Consolidation adjustments	**(104,910)**	62,290	**-**	-
Retained profits as per financial statements	**500,172**	451,468	**185,720**	129,071

Statistics on Shareholdings as at 11 April 2016

Analysis of Shareholdings

Authorised Share Capital	RM500,000,000 comprising 2,500,000,000 Ordinary Shares of RM0.20 each
Issued and Paid-up Capital	RM296,332,336 comprising 1,481,661,680 Ordinary Shares of RM0.20 each
Voting Rights	One (1) vote per ordinary share

A. Distribution of Shareholdings

Breakdown of Shareholdings	No. of Shareholders	Percentage %	No. of Shares	Percentage %
1 - 99	38	0.482	1,192	0.000
100 – 1,000	333	4.222	246,183	0.017
1,001 – 10,000	3,322	42.120	20,317,427	1.371
10,001 – 100,000	3,740	47.420	109,802,405	7.411
100,001 – 74,083,083 (*)	451	5.718	303,793,843	20.503
74,083,084 and above (**)	3	0.038	1,047,500,630	70.698
TOTAL	**7,887**	**100.000**	**1,481,661,680**	**100.000**

Remark : * - *less than 5% of issued shares*
** - *5% and above of issued shares*

B. List of Thirty (30) Largest Shareholders

No.	Name	No. of Shares	Percentage %
1	TERENGGANU INCORPORATED SDN BHD (A/C No: 098-001-045464245)	702,153,830	47.389
2	TERENGGANU INCORPORATED SDN BHD (A/C No: 087-055-045755196)	219,252,000	14.797
3	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	126,094,800	8.510
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	30,372,800	2.049
5	LEMBAGA TABUNG AMANAH WARISAN NEGERI TERENGGANU	21,347,370	1.440
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	17,642,000	1.190
7	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	12,893,073	0.870
8	YAYASAN TERENGGANU	12,000,000	0.809
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	9,706,800	0.655

Statistics on Shareholdings as at 11 April 2016

No.	Name	No. of Shares	Percentage %
10	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	8,321,300	0.561
11	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	7,668,200	0.517
12	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	7,562,400	0.510
13	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	6,816,800	0.460
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	6,809,100	0.459
15	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	5,756,000	0.388
16	PESAMA TIMBER CORPORATION SDN. BHD.	5,225,600	0.352
17	ENG BAK CHIM	4,210,000	0.284
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	3,270,000	0.220
19	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR PHEIM ASEAN EQUITY FUND (TCSB)	2,883,000	0.194
20	KUMPULAN PENGURUSAN KAYU KAYAN TRENGGANU SDN BHD	2,854,560	0.192
21	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENT)	2,617,200	0.176
22	SOON LIAN HUAT HOLDINGS SDN. BERHAD	2,610,000	0.176
23	MEGATEGAS SDN BHD	2,600,000	0.175
24	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	2,303,200	0.155
25	TAI TSU KUANG @ TYE TSU HONG	2,200,000	0.148
26	CHUNG CHIN-FU	2,142,600	0.144
27	WONG SHEW YONG	1,980,000	0.133
28	NEOH CHOO EE & COMPANY, SDN. BERHAD	1,800,000	0.121
29	YEONG CHERNG SDN BHD	1,800,000	0.121
30	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	1,669,100	0.112

Statistics on Shareholdings as at 11 April 2016

C. List of Substantial Shareholders (5% and above)

		Direct Interest		Deemed Interest	
No	**Name**	**No of Shares**	**Percentage %**	**No of Shares**	**Percentage %**
1.	Terengganu Incorporated Sdn Bhd (A/C No: 098-001-045464245) (A/C No: 087-055-045755196)	921,405,830	62.186	-	-
2.	Kumpulan Wang Persaraan (Diperbadankan)	126,094,800	8.510	-	-

D. List of Directors' Shareholdings

		Direct Interest		Deemed Interest	
No.	**Name**	**No of Shares**	**Percentage %**	**No of Shares**	**Percentage %**
1.	Dato' Haji Mohamat Muda	-	-	-	-
2.	Dato' Haji Mohd Ali Abas	-	-	-	-
3.	Haji Md Kamaru Al-Amin Ismail	-	-	-	-
4.	Haji Samiun Salleh	-	-	-	-
5.	Major General Dato' Dr Mohamad Termidzi Junaidi (R)	-	-	-	-
6.	RHB Capital Nominees (Tempatan) Sdn Bhd Haji Md Kamaru Al-Amin Ismail	-	-	100,000	0.006
7.	Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R)	-	-	-	-
8.	Wan Zalizan Wan Jusoh	-	-	-	-
9.	Haji Mohd Nasir Ali	-	-	-	-

Group Plantation Hectarage Statement

		Total Hectarage Managed By Group's (Hectares)	Group's Owned Plantation (Hectares)	Other (Hectares)
OIL PALM				
Mature Hectarage		32,420	27,950	4,470
Immature Hectarage		12,777	9,911	2,866
Total Planted		45,197	37,861	7,336
Hectarage by Company/Division				
Sublease	Mature	7,090	4,679	2,411
	Immature	2,862	1,889	973
TDM Capital Sdn Bhd	Mature	1,524	1,524	-
	Immature	167	167	-
Kumpulan Ladang-Ladang	Mature	16,152	16,152	-
Trengganu Sdn Bhd	Immature	2,143	2,143	-
Ladang Tabung Warisan	Mature	1,336	-	1,336
	Immature	-	-	-
Ladang Majlis Agama	Mature	723	-	723
Islam Terengganu	Immature	-	-	-
PT Rafi Kamajaya Abadi	Mature	5,595	5,595	-
	Immature	7,604	5,711	1,893
Total Planted		45,197	37,861	7,336

5-Years Group Plantation Statistics

		UNIT	2015	2014	2013	2012	2011
PLANTED AREA							
Oil Palm Area							
Malaysia Operation							
Immature	(0 - 3 Year)	hectare	**5,172**	4,275	3,277	1,863	264
Young	(4 - 10 Year)	hectare	**2,146**	3,691	3,548	3,487	3,467
Prime-Young	(11 - 15 Year)	hectare	**4,144**	4,299	6,783	9,833	12,457
Prime-Old	(16 - 20 Year)	hectare	**11,523**	10,477	12,161	10,841	11,259
Old	(21 - 25 Year)	hectare	**9,012**	9,365	5,990	6,119	4,539
Very Old	(25 Year Above)	hectare	**-**		700	294	472
			31,997	32,108	32,459	32,437	32,459
Indonesia Operation							
Immature	(0 - 3 Year)	hectare	**7,604**	11,896	11,093	8,081	6,575
Young	(4 - 10 Year)	hectare	**5,595**	1,385	453		
			13,199	13,281	11,546	8,081	6,575
Total Planted Area			**45,197**	45,389	44,005	40,518	39,034
Oil Palm							
FFB Production tonne			**469,772**	468,414	488,475	558,583	625,765
Yield per mature hectare		mt FFB/ha	**14.49**	15.99	16.48	18.27	19.44
Mills FFB Processed							
- own		tonne	**449,023**	458,657	471,932	506,838	534,343
- outside		tonne	**12,385**	1,731	7,672	34,521	53,617
FFB Purchased by Mills		tonne	**8,352**	26,140	19,697	13,208	20,722
Total			**469,761**	486,528	499,301	554,567	608,682
FFB Sold		tonne	**8,357**	4,734	9,050	17,407	37,713
Average selling prices:							
- Crude Palm Oil		RM/mt ex-mill	**2,184**	2,432	2,360	2,946	3,237
- Palm Kernel		RM/mt ex-mill	**1,578**	1,749	1,288	1,677	2,226
- Fresh Fruit Bunch		RM/mt	**424**	476	441	578	612
Production							
- Crude Palm Oil		tonne	**90,552**	92,729	98,291	112,905	122,531
- Palm Kernel		tonne	**23,388**	23,797	25,642	29,714	31,488
Extraction Rate							
- Crude Palm Oil		%	**19.49**	19.93	20.17	20.26	19.58
- Palm Kernel		%	**5.05**	5.19	5.25	5.34	5.05
Palm Product Per Mature Hectare		tonne	**4.25**	4.19	4.25	4.66	4.73

List of Properties

List of Assets	Estate	Division	Tenure		Area (Ha)	Description	Net Book Value (RM)
			First Expiry Date	Second Expiry Date			
Mukim Tebak	**Kemaman**					Oil Palm plantation	183,800,000
HS (D) 1779 PT 1666	Part Jernih/Tebak Estate		Leasehold 2052 Sublease 2052		3,681.10		
GRN 18274 Lot 2514	Part Jernih/Tebak Estate		Leasehold 2078 Sublease 2018		218.42		
HS (D) 2872 PT 402 B	Part Jernih/Tebak Estate		Leasehold 2078 Sublease 2018		198.19		
GRN 12509 Lot 821	Pelantoh Estate	North & South	Leasehold 2078		35.45		
GRN 12510 Lot 2444	Pelantoh Estate	North & South	Leasehold 2078		82.28		
GRN 12511 Lot 2550	Pelantoh Estate	North & South	Leasehold 2078		24.96		
GRN 12512 Lot 2443	Pelantoh Estate	North & South	Leasehold 2078		73.49		
GRN 12618 Lot 822	Pelantoh Estate	North & South	Leasehold 2078		68.71		
GRN 12497 Lot 833	Pelantoh Estate	North & South	Leasehold 2078		88.58		
PN 3380 lot 2523	Pelantoh Estate	South	Leasehold 2075		11.44		
HS (D) 011 PT 28*	Pelantoh Estate		Leasehold 2013 Sublease 2012	Leasehold 2059	3,439.95		
HS (D) 012 PT 29*	Pelantoh Estate		Leasehold 2014 Sublease 2013	Leasehold 2060	3,439.95		
Q.T.(R) Kemaman 13	Tebak Estate		Leasehold 2014	Leasehold 2060	195.86		

List of Properties

List of Assets	Estate	Division	Tenure		Area (Ha)	Description	Net Book Value (RM)
			First Expiry Date	Second Expiry Date			
HS (D) 001 L/NF 198/65*	Air Putih Estate		Leasehold 2012 Sublease 2011	Leasehold 2058	129.50		
HS (D) 002 L/NF 198/65*	Air Putih Estate		Leasehold 2012 Sublease 2011	Leasehold 2058	414.40		
HS (D) 003 L/NF 198/65*	Air Putih Estate		Leasehold 2012 Sublease 2011	Leasehold 2058	976.38		
HS (D) 004 L/NF 198/65*	Air Putih Estate		Leasehold 2012 Sublease 2011	Leasehold 2058	1,916.59		
Mukim Belara	**Sungai Tong**					Oil Palm plantation	109,200,000
GRN 12885 Lot 7250	Jaya Estate	Bari	Leasehold 2072		1,413.09		
GRN 6001 Lot 6558	Jaya Estate	Jaya	Leasehold 2072		1,661.42		
GRN 6247 Lot 6743	Jaya Estate	Jaya	Leasehold 2072		84.91		
Mukim Belara	**Sungai Tong**					Oil Palm plantation	120,300,000
HS (D) 1017 PT 804 K	Fikri Estate	Sentosa	Leasehold 2072		103.60		
GRN 9309 Lot 8264	Fikri Estate	Sentosa	Leasehold 2072		58.44		
GRN 10657 Lot 6641	Fikri Estate	Sentosa	Leasehold 2072		1.54		
GRN 17446 LOT 7682 (replacing HS(D) 1983 PT 381 K)	Fikri Estate	Sentosa	Leasehold 2072		20.40		
GRN 8238 Lot 8187	Fikri Estate	Sentosa	Leasehold 2072		168.40		

List of Properties

List of Assets	Estate	Division	Tenure		Area (Ha)	Description	Net Book Value (RM)
			First Expiry Date	Second Expiry Date			
GRN 15359 LOT 8168 (replacing HS(D) 813 PT 882 K)	Fikri Estate	Sentosa	Leasehold 2072		7.67		
HS(D) 814 PT 883 K	Fikri Estate	Sentosa	Leasehold 2072		895.81		
HS(D) 561 PT 642 K	Fikri Estate	Sentosa	Leasehold 2072		635.87		
GRN 6005 Lot 7254	Fikri Estate	Fikri	Leasehold 2075		82.28		
GRN 6521 Lot 7663	Fikri Estate	Fikri	Leasehold 2072		58.77		
GRN 13085 Lot 8169	Fikri Estate	Fikri	Leasehold 2072		143.34		
GRN 6003 Lot 7251	Fikri Estate	Fikri	Leasehold 2072		536.09		
GRN 6004 Lot 7253	Fikri Estate	Fikri	Leasehold 2072		224.28		
GRN 6491 Lot 7662	Fikri Estate	Fikri	Leasehold 2087		128.68		
PN 8088 Lot 15966	Fikri Estate	Fikri	Leasehold 2104		24.96		
PN 8089 Lot 15965	Fikri Estate	Fikri	Leasehold 2104		13.85		
HS(M) 1007 PT 884 K (loji)	Fikri Estate	Fikri	Leasehold 2072		0.20		
PN 3074 Lot 9390	Fikri Estate	Pakoh Jaya	Leasehold 2098		472.00		
PN 7567 Lot 12033	Fikri Estate	Pakoh Jaya	Leasehold 2098		79.84		
PN 6199 LOT 10939 (replacing HS(D) 6416 PT 4152 K)	Fikri Estate	Pakoh Jaya	Leasehold 2098		15.16		
PN 6200 LOT 11404 (replacing HS(D) 6417 PT 4153 K)	Fikri Estate	Pakoh Jaya	Leasehold 2098		17.90		

List of Properties

List of Assets	Estate	Division	Tenure		Area (Ha)	Description	Net Book Value (RM)
			First Expiry Date	Second Expiry Date			
PN 6201 LOT 11405 (replacing HS(D) 6418 PT 4154 K)	Fikri Estate	Pakoh Jaya	Leasehold 2098		2.74		
Mukim Hulu Nerus	**Sungai Tong**					Oil Palm plantation	78,000,000
HS(D) 764 LOT 707 K	Tayor Estate		Leasehold 2072		498.02		
GM 1533 Lot 0054	Tayor Estate		Leasehold 2072		1.81		
GM 3158 LOT 1141 (replacing HS(D) 770 Lot 789 K)	Tayor Estate		Leasehold 2072		3.26		
GM 3157 LOT 1140 (replacing HS(D) 769 Lot 788 K)	Tayor Estate		Leasehold 2072		3.04		
GM 617 Lot 0097	Tayor Estate		Leasehold 2072		1.12		
GM 1546 Lot 0094	Tayor Estate		Leasehold 2072		1.73		
GRN 16181 LOT 10237 (replacing Geran 8683 Lot 3039)	Tayor Estate		Leasehold 2072		569.30		
GRN 8684 LOT 3040	Tayor Estate		Leasehold 2072		12.65		
GRN 8685 Lot 3041	Tayor Estate		Leasehold 2072		1,133.65		
Mukim Hulu Nerus	**Sungai Tong**					Oil Palm plantation	65,300,000
HS(D) 1235 PT 7218	Pelung Estate		Leasehold 2102		3,007.00		
HS(D) 1285 PT 12682	Pelung Estate		Leasehold 2065		10.20		

List of Properties

List of Assets	Estate	Division	Tenure		Area (Ha)	Description	Net Book Value (RM)
			First Expiry Date	Second Expiry Date			
Mukim Besul	**Bukit Besi**					Oil Palm plantation	260,400,000
GN 14644 Lot 3999 (replacing HS(D) 72 PT 140	Gajah Mati Estate/Pinang Emas Estate		Leasehold 2075		5,139.00		
HS (D) 73 PT 141	Pinang Emas Estate		Leasehold 2075		624.84		
HS (D) 74 PT 1140	Pinang Emas Estate		Leasehold 2075		738.15		
HS (D) 75 PT 1143	Pinang Emas Estate		Leasehold 2075		621.60		
HS (D) 76 PT 1144	Pinang Emas Estate		Leasehold 2075		284.90		
HS (D) 77 PT 1145	Pinang Emas Estate		Leasehold 2075		336.70		
Mukim Jerangau	**Bukit Besi**					Oil Palm plantation	10,600,000
HS (D) 397 PT 3643	Chakuh 9		Leasehold 2051		406.77		
Mukim Jerangau	**Bukit Besi**					Oil Palm plantation	35,000,000
PN 669 Lot 37	Jerangau		Leasehold 2049		456.89		
PN 669 Lot 204	Jerangau		Leasehold 2049		36.74		
PN 825 Lot 1157	Jerangau		Leasehold 2058		580.52		

List of Properties

List of Assets	Estate	Division	Tenure		Area (Ha)	Description	Net Book Value (RM)
			First Expiry Date	Second Expiry Date			
Mukim Bandar Kuala Terengganu						2 units of 4 storey shophouses (Office)	2,300,000
Geran 6763 Lot 3072			Freehold		297.00 sq. m		
Geran 6764 Lot 3073 102&102A, Jalan Sultan Ismail Kuala Terengganu							
Mukim Batu Buruk			Leasehold 2090		1,390.00 sq. m	5 units of 4 storey shophouses and 2 parcels of land	5,235,000
GM 569-575 Lot 3046-3052 Bgn Jalan Kamaruddin Jalan Kamaruddin Kuala Terengganu							
PN10209 Lot 60035 Jalan Sultan Mahmud Kuala Terengganu			Leasehold exp. 2111		23,450.00 sq.m	1 parcel of land	16,300,000
Mukim Pulau Perhentian							
PN 7652 Lot 470 (replacing HS (D) 2209 PT 320)			Leasehold exp. 2051		448,271.70 sq. m	Undeveloped Resort Land	11,000,000
State of Pahang							
Mukim Kuala Kuantan PN 7723 Lot 54559 District of Kuantan			Leasehold 2096		43,240.00 sq m	Hospital Building	118,800,000

List of Properties

List of Assets	Estate	Division	Tenure		Area (Ha)	Description	Net Book Value (RM)
			First Expiry Date	Second Expiry Date			
Wilayah Persekutuan GRN 47712 Lot 51913 Mukim and District of Kuala Lumpur Taman Desa Medical Centre Lot 45, Jalan Desa, Desa Business Park, Taman Desa Off Jalan Klang Lama Kuala Lumpur			Freehold		1,486.00 sq m	Hospital Building	31,000,000
State of Selangor							
Mukim Damansara Lot No. 3.5 and 4.5 HS (D) 85220 PT No. 14532 District of Petaling			Leasehold 2092		2,815.20 sq m	Hospital Building	4,800,000
Kalimantan Barat Kabupaten Melawi, Provinsi Kalimantan Barat, Indonesia.			Leasehold Land		18,007.98 Ha (HGU)		150,000,000

Group Directory

HEADQUARTERS

TDM Berhad
Level 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 620 4800
Fax : (609) 620 4803
Website : www.tdmberhad.com.my

PLANTATION DIVISION

TDM Plantation Sdn. Bhd.
Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.
TDM Capital Sdn. Bhd.
Level 3, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 620 4800
Fax : (609) 620 4805

TDM Trading Sdn. Bhd.
25th Floor, Menara KH
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel : (603) 2148 0811
Fax : (603) 2148 9900

P.T. Rafi Kamajaya Abadi
P.T. Rafi Sawit Lestari
P.T. Sawit Rezki Abadi
(Incorporated in Indonesia)
JL Provinsi Sintang – Nanga Pinoh Desa Sido Mulyo
Kec Pinoh Kota
78672 Kabupaten Melawi
Kalimantan Barat, Indonesia
Office : (0062) 5682 2784
Estate : (0062) 5682 2767

ESTATES AND MILLS

SUNGAI TONG COMPLEX

Jaya Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 1023
Fax : (609) 824 0993

Fikri Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 7612
Fax : (609) 824 3901

Tayor Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 1790
Fax : (609) 824 1679

Pelung Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 0829
Fax : (609) 824 1017

BUKIT BESI COMPLEX

Gajah Mati Estate
Bukit Besi, 23000 Dungun
Terengganu, Malaysia
Tel : (609) 849 0058
Fax : (609) 849 0060

Majlis Agama Islam Estate
Bukit Besi, 23000 Dungun
Terengganu, Malaysia
Tel : (609) 822 2001
Fax : (609) 822 2001

Pinang Emas Estate
Bukit Besi, 23000 Dungun
Terengganu, Malaysia
Tel : (609) 849 0057
Fax : (609) 849 0059

Jerangau Estate
Wakil Pos Pelar, 21810 Ajil
Hulu Terengganu,
Terengganu, Malaysia
Tel : (609) 838 4127
Fax : (609) 838 4127

KEMAMAN COMPLEX

Air Putih Estate
P.O. Box 19, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 859 8367
Fax : (609) 859 8367

Group Directory

Tebak Estate
P.O. Box 14, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 852 1552
Fax : (609) 852 1552

Jernih Estate
P.O. Box 12, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (6019) 928 4716

Pelantoh Estate
P.O. Box 10, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 822 6400
Fax : (609) 822 6023

MILLS

Sungai Tong Palm Oil Mill
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 7290
Fax : (609) 624 6472

Kemaman Palm Oil Mill
P.O. Box 13, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 822 6566
Fax : (609) 822 6704

HEALTHCARE DIVISION

Kumpulan Medic Iman Sdn. Bhd.
Level 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 620 4800
Fax : (609) 620 4804

Kelana Jaya Medical Centre Sdn. Bhd.
1, FAS Business Avenue
Jalan Perbandaran SS7, Kelana Jaya
47301 Kelana Jaya
Selangor, Malaysia
Tel : (603) 7805 2111
Fax : (603) 7806 3505

Kuantan Medical Centre Sdn. Bhd.
Jalan Tun Razak
Bandar Indera Mahkota
25200 Kuantan
Pahang, Malaysia
Tel : (609) 590 2828
Fax : (609) 590 2730

Kuala Terengganu Specialist Hospital Sdn. Bhd.
443B, Jalan Kamaruddin
20400 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 624 5353
Fax : (609) 626 5211

TDMC Hospital Sdn. Bhd.
45, Jalan Desa
Old Klang Road
58100 Kuala Lumpur, Malaysia
Tel : (603) 7982 6500
Fax : (603) 7625 8652

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty First (51st) Annual General Meeting of the Company will be held at Intan Hall, Permai Hotel, Jalan Sultan Mahmud, 20400 Kuala Terengganu, Terengganu Darul Iman on Tuesday, 31 May 2016 at 11.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Statutory Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and the Auditors thereon.

2. To re-elect the following Directors retiring pursuant to Article 113 of the Company's Articles of Association, and being eligible, offer themselves for re-election.

   i) Major General Dato' Dr. Mohamad Termidzi Junaidi (R) (Ordinary Resolution 1)
   ii) Dato' Haji Mohd Ali Abas (Ordinary Resolution 2)

3. To re-elect the following Directors retiring pursuant to Article 116 of the Company's Articles of Association, and being eligible, offer themselves for re-election.

   i) Haji Mohd Nasir Ali (Ordinary Resolution 3)
   ii) Wan Zalizan Wan Jusoh (Ordinary Resolution 4)

4. To approve the payment of the first and final dividend of 1.2 sen per ordinary share, tax exempt under the single-tier system for the financial year ended 31 December 2015. (Ordinary Resolution 5)

5. To approve the payment of Directors' Remuneration amounting to RM 693,000 for the financial year ending 31 December 2016. (Ordinary Resolution 6)

6. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 7)

As Special Business

To consider and if thought fit, to pass the following resolutions:

7. Proposed Renewal of Authority for Share Buy-Back by the Company

   "THAT subject to the Companies Act, 1965, (as may be amended, modified or re-enacted from time to time), the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary share of RM0.20 each in the Company (Proposed Share Buy-Backs) as may be determined by the Board from time to time on the Bursa Malaysia Securities Berhad upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company provided the aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the issued and paid up share capital of the Company and an amount not exceeding the total retained profits and share premium of the Company at any point in time of RM185,720,000 and RM33,064,000 respectively based on the latest audited financial statements of the Company as at 31 December 2015, be allocated by the Company for the Proposed Share Buy-Backs.

THAT such authority shall commence upon the passing of this resolution and shall remain in force until the conclusion of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting; (Ordinary Resolution 8)

8. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

"THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and any other governmental/regulatory bodies, where such approval is necessary, full authority be and is hereby given to the directors pursuant to Section 132D of the Companies Act, 1965 to allot and issue not more than ten percent (10%) of the issued capital of the Company at any time upon such terms and conditions and for such purposes as the directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the directors while this approval is in force and that the directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof AND THAT authority be and is hereby given to the directors to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad." (Ordinary Resolution 9)

9. **Special Resolution**

Proposed Amendments to the Articles of Association of the Company

THAT the proposed amendments to the Articles of Association ("AA")of the Company contained in Appendix 1 attached together with the Annual Report 2015 be hereby approved and in the consequence thereof, the new AA incorporating all appropriate amendments be adopted AND THAT the Directors and Secretary be hereby authorized to sign and execute all relevant documents as may be required for or in connection with and to give effect to the Proposed Amendments with full power to assent to any conditions, modifications, variations and / or amendments as may be required by the relevant authorities. (Special Resolution 1)

10. To transact any other ordinary business of which due notice shall be given in accordance with the Company's Articles of Association and the Companies Act, 1965

By Order of the Board

WAN HASLINDA WAN YUSOFF (MAICSA 7055478)
Company Secretary
Kuala Terengganu

Date: 28 April 2016

Notice of Annual General Meeting

Notes: -

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and the provisions of the Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member shall appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

2. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 (SICDA), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account "omnibus account", there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, either under the common seal, or under the hand of an officer or attorney duly authorised.

6. If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorized officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in this Proxy Form.

7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, shall be deposited at the registered office of the Company at Level 5, Bangunan UMNO Terengganu, Lot 3224, Jalan Masjid Abidin, 20100 Kuala Terengganu, Terengganu Darul Iman not less than 48 hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of the poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

8. For the purpose of determining a member who shall be entitled to attend and vote at the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 57B of the Articles of Association of the Company and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at 24 May 2016. Only a depositor whose name appears on the Record of Depositors as at 24 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend nd vote in his stead.

Notice of Annual General Meeting

Explanatory Notes to the Agenda:-

Item 1 of the Agenda

This item is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

Item 4 of the Agenda – Ordinary Resolution 5

Pursuant to Paragraph 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the first and final dividend, if approved, will be paid no later than three (3) months from the date of shareholders' approval. The Book Closure date will be announced by the Company after the 51st Annual General Meeting.

Item 7 of the Agenda – Ordinary Resolution 8
Proposed Renewal of Authority for Share Buy-Back by the Company

The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid up share capital of the Company by utilising the fund allocated which shall not exceed the total retained profits of the Company. Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Statement in Relation to Proposed Renewal of Authority for Share Buy-Back by the Company contained in the Company's 2015 Annual Report.

Item 8 of the Agenda – Ordinary Resolution 9

Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

The Company had in its 50th Annual General Meeting held on 7 May 2015, obtained its shareholders' approval for the renewal of the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 (the Act). The Company did not issue any new ordinary shares pursuant to this mandate.

The proposed Ordinary Resolution No. 9 is a renewal of the mandate to issue shares under Section 132D of the Act. If passed, it will allow the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company but not exceeding 10% of the issued share capital of the Company. This authority, unless revoke or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the company.

A renewal for the said mandate is sought to avoid any delay and cost involved in convening such a general meeting. Should the mandate be exercised, the Directors will utilise the proceeds raised for funding current and / or future investment projects, working capital, acquisition, issuance of shares as settlement of purchase consideration and / or such other applications they may in their absolute discretion deem fit.

APPENDIX 1

DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF THE COMPANY

It is proposed that Article 90 of the Articles of Association of the Company be amended to as follows:-

ARTICLE	EXISTING	AMENDED
90	The remuneration of the Directors shall from time to time be determined by a general meeting of the Company, and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally , except that in the latter event any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of the remuneration related to the period during which he has held office. Such remuneration shall so far as Non-Executive Directors are concerned be by way of a fixed sum and not by way of a commission on or percentage of profits or turnover and shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.	The Directors' Fee shall from time to time be determined by a general meeting of the Company, and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally , except that in the latter event any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of the remuneration related to the period during which he has held office. Such remuneration shall so far as Non-Executive Directors are concerned be by way of a fixed sum and not by way of a commission on or percentage of profits or turnover and shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.

Statement Accompanying Notice of Annual General Meeting

(Pursuant To Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There is no person seeking election as Director at this Annual General Meeting.

Statement in Relation to Proposed Renewal of Authority
for Share Buy-Back by TDM Berhad

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Statement prior to its issuance as it is an exempt statement. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or due to your reliance upon the whole or any part of the contents of this Statement.

DEFINITION

For the purposes of this Statement, except where the context otherwise requires, the following definitions shall apply:

Act	:	Companies Act, 1965 as amended from time to time including any re-enactment thereof
AGM	:	Annual General Meeting
Board	:	Board of Directors of our Company
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Code	:	The Malaysian Code on Take-Overs and Mergers, 2010 as amended from time to time and includes any re-enactment thereof
EPS	:	Earnings per Share
FYE	:	Financial year ended/ending (whichever is applicable)
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities as amended from time to time
LPD	:	11 April 2016, being the latest practicable date prior to the printing of this Statement
Market Day(s)	:	Any day between Monday and Friday, both days inclusive, which is not a public holiday and on which Bursa Securities is open for the trading of securities
NA	:	Net assets
Proposed Share Buy-Back	:	Proposed authority for our Company to purchase our own Shares up to ten per centum (10%) of our issued and paid-up share capital at any given point of time
Purchased Shares	:	Shares purchased by our Company pursuant to the Proposed Share Buy-Back
RM and sen	:	Ringgit Malaysia and sen respectively
SC	:	Securities Commission Malaysia

Statement in Relation to Proposed Renewal of Authority for Share Buy-Back by TDM Berhad (cont'd.)

DEFINITION (CONT'D.)

Share Buy Back Scheme	:	A scheme by a Company to purchase its own voting shares or voting rights as prescribed under Section 67A of Companies Act 1965 or any relevant governing statute or provision.
Statement	:	Statement in relation to proposed renewal of authority to purchase its own shares by the Company
TDM or our Company	:	TDM Berhad (6265-P)
TDM Share(s) or Share(s)	:	Ordinary share(s) of RM0.20 each in our Company

All references to **"we"**, **"us"**, **"our"** and **"ourselves"** in this Circular are to our Company and, save where the context otherwise requires, shall include our subsidiaries.

All references to **"you"** in this Statement are to our shareholders.

Unless specifically referred to, words denoting the singular shall include the plural and vice versa. And words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

All references to time of day in this Statement refer to Malaysian time, unless otherwise stated.

Rounding

Throughout this Statement, for ease of reading, certain figures have been rounded.

Statement in Relation to Proposed Renewal of Authority for Share Buy-Back by TDM Berhad (cont'd.)

1. INTRODUCTION

On 3 June 2014, the Company announced that the approval granted by the shareholders at the AGM of TDM Berhad held on 3 June 2014 for the Company to purchase its own shares shall expire at the conclusion of the forthcoming 51st AGM and that the Company proposed to seek a renewal of the approval from the shareholders at the forthcoming 51st AGM to be held on 31 May 2016, to purchase and/or hold as treasury shares, its own Shares representing up to 10% of the issued and paid-up share capital of the Company through Bursa Securities.

The renewal of approval for the Proposed Share Buy-Back will be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the Company's 51st AGM to be held on 31 May 2016 until:

(i) the conclusion of our next AGM following the general meeting at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or

(ii) the authority is revoked or varied by ordinary resolution passed by you in a general meeting; or

(iii) the expiration of the period within which our next AGM is required by law to be held,

whichever occurs first.

2. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The authority for the Proposed Share Buy-Back is sought so as to provide our Company with additional flexibility in respect of our capital management initiatives, whereby we have the option, if so implemented, to use any surplus funds in an efficient manner to purchase our own Shares from the open market.

Further, the purchase by our Company of our own Shares is expected to result in an improvement to TDM's consolidated EPS (given the decreased share base used for the computation of the same), which in turn may benefit TDM and our shareholders. Alternatively, any purchased TDM Shares which are retained as treasury shares may be resold on Bursa Securities at a potentially higher price and/or distributed as share dividends to our shareholders.

3. SOURCES OF FUND

The Proposed Share Buy-Back shall be financed through internally generated funds and/or bank borrowings.The actual amount of bank borrowings will depend on the financial resources available at the time of the Proposed Share Buy-Back. In the event the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back, it will ensure that it has sufficient funds to repay the bank borrowings and interest expense and that the repayment will not have a material impact on the cash flows of the Company.

The actual number of Shares to be purchased, the total amount of funds to be utilised, impact on cash flows and the timing of the purchase(s) will depend on the availability of funds, our Company's internal estimation of the fair value of our own Shares as well as the prevailing equity market conditions and sentiments at the time of the purchase(s).

Based on the audited financial statements of the Company as at 31 December 2015, the retained profits and share premium account of the Company amounted to RM185,720,000 and RM33,064,000 respectively. For information purposes, the latest unaudited retained profits and share premium account of the Company as at 29 February 2016 amounted to RM188,774,000 and RM33,064,000 respectively.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

Advantages

The Proposed Share Buy-Back if implemented is expected to potentially benefit our Company and our shareholders. The Proposed Share Buy-Back would enable our Group to utilise our surplus financial resources to purchase our own Shares when appropriate and at prices which your Board views as favourable.

The Proposed Share Buy-Back would effectively reduce the number of Shares carrying voting and participation rights (unless the Purchased Shares are resold on Bursa Securities or distributed as share dividends). Consequently (whether the Purchased Shares are held as treasury shares or cancelled), all else being equal, the EPS of our Group may be enhanced as the earnings of our Group would be divided by a reduced number of Shares. The enhancement in EPS, if any, arising from the Proposed Share Buy-Back is expected to benefit our shareholders.

The Purchased Shares can be held as treasury shares and be resold on Bursa Securities at a higher price than their cost of purchase and therefore realising a potential capital gain in reserves without affecting our total issued and paid-up share capital. The treasury shares may also be distributed to our shareholders as share dividends.

The Purchased Shares may also be cancelled at such time(s) when your Board is of the view that there is excess share capital and wish to reduce the number of Shares in circulation.

Disadvantages

The Proposed Share Buy-Back, if implemented, is expected to reduce the financial resources of our Group. This may result in our Group foregoing better investment opportunities which may emerge in the future and/or any interest income that may be derived from other alternative uses of such funds, such as deposit of funds in interest bearing instruments.

The Proposed Share Buy-Back may also reduce the amount of resources available for distribution to our shareholders in the form of dividends as funds are utilised to purchase our own Shares.

Nevertheless, the Proposed Share Buy-Back is not expected to have any potential material disadvantage to our Group and our shareholders, as it will be implemented only after careful consideration of the financial resources of our Group and its resultant impact on our shareholders. Your Board is mindful of the interest of our Group and our shareholders and will be prudent with respect to the above exercise.

5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

On the assumption that the Proposed Share Buy-Back is carried out in full, the effects of the Proposed Share Buy-Back on the share capital, substantial shareholders' shareholdings, NA, working capital and EPS are set out below:

5.1. Share Capital

The effects of the Proposed Share Buy-Back on the share capital of the Company will depend on the intention of the Board with regard to the purchased Shares. In the event that the Proposed Share Buy-Back is carried out in full and the purchased Shares are cancelled, the Proposed Share Buy-Back will result in a reduction in the total issued and paid-up share capital of the Company as follows:

Statement in Relation to Proposed Renewal of Authority for Share Buy-Back by TDM Berhad (cont'd.)

5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK (CONT'D.)

5.1. Share Capital (cont'd.)

	Par value (RM)	No. of Shares '000	RM'000
Issued and paid up share capital as at 31 December 2015	0.20	1,481,662	296,332
Less : Share purchased amounting to 10% pursuant to the Proposed Share Buy-Back	0.20	148,166	29,633
Upon completion of the Proposed Share Buy-Back	0.20	1,333,496	266,699

5.2. NA

The effect of the Proposed Share Buy-Back on the NA per Share of our Group would depend on the purchase price(s) paid and number of the TDM Shares purchased. The NA per Share of our Group will decrease if the cost per Share purchased exceeds the NA per Share of our Group at the relevant point in time. However, if the cost per Share purchased is below the NA per Share of our Group at the relevant point in time, the NA per Share of our Group will increase.

In the case where the TDM Shares purchased pursuant to the Proposed Share Buy-Back are treated as treasury shares and subsequently resold on Bursa Securities, the NA per Share of our Group upon the resale will increase if our Company realises a gain from the resale and vice-versa. If the treasury shares are distributed as share dividends, the NA of our Group will decrease by the cost of the treasury shares at the point of purchase.

5.3. Working Capital

The Proposed Share Buy-Back, as and when implemented, is likely to reduce the working capital of our Group, the quantum of which depends on, amongst others, the purchase price of the Purchased Shares, the number of Purchased Shares and any associated costs incurred in making the purchase.

For Purchased Shares which are kept as treasury shares, upon their resale, the working capital and the cash flow of our Group may increase with the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold and any associated costs incurred in undertaking the sale.

5.4. Earnings and EPS

The effects of the Proposed Share Buy-Back on TDM's consolidated earnings and EPS would depend on various factors including the number of TDM Shares purchased as well as any income foregone in connection with funding such purchases.

Additionally, the purchase of the shares pursuant to the Proposed Share Buy-Back will result in a lower number of shares being taken into account for purposes of EPS computation, which is expected to have a positive impact on our Group's EPS.

5.5. Substantial Shareholders' and Directors' Shareholdings

TDM Shares bought back by our Company under the Proposed Share Buy-Back that are retained as treasury shares and/or subsequently cancelled will result in a proportionate increase in the percentage shareholdings of the substantial shareholders and Directors of our Company.

Statement in Relation to Proposed Renewal of Authority for Share Buy-Back by TDM Berhad (cont'd.)

5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK (CONT'D.)

5.5. Substantial Shareholders' and Directors' Shareholdings (cont'd.)

Based on our Register of Substantial Shareholders and Register of Directors as at the LPD, the proforma effect of the Proposals on the shareholdings of the substantial shareholders and Directors of our Company are as follows:

Substantial Shareholders

	As at LPD				After the Proposed Share Buy-Back			
	←Direct→		←Indirect→		←Direct→		←Indirect→	
Name of substantial shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Terengganu Incorporated Sdn Bhd ("TISB")	921,405,830	62.19	-	-	921,405,830	69.10	-	-
Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")	126,094,800	8.51	-	-	126,094,800	9.45	-	-

Note : Assuming our Company purchase 10% of its outstanding Shares and the substantial shareholders do not dispose their shareholdings at that point of time.

Directors

	As at LPD				After the Proposed Share Buy-Back			
	←Direct→		←Indirect→		←Direct→		←Indirect→	
Name of Director	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Haji Md Kamaru Al-Amin Ismail	100,000	0.01	-	-	100,000	0.01	-	-

Note : Assuming our Company purchase 10% of its outstanding Shares and the Directors do not dispose their shareholdings at that point of time.

6. IMPLICATIONS OF THE PROPOSED SHARE BUY-BACK IN RELATION TO THE CODE (CONT'D.)

Paragraph 10.1 of Practice Note 9 of the Code which deals with Share Buy-Back Schemes states that a mandatory obligation arises when:

(i) a person obtains controls in a company as a result of a Share Buy-Back Scheme by the company;

(ii) a person (holding more than 33% but not more than 50% of the voting shares or voting rights of a company), as a result of a Share Buy-Back Scheme by the company, increases his holding of the voting shares or voting rights of the company by more than 2% in any six-month period;

(iii) a person (holding more than 33% but not more than 50% of the voting shares or voting rights of a company) acquires more than 2% of the voting shares or voting rights of the company when he knows or reasonably ought to know that the company would carry out a Share Buy-Back Scheme.

In the event the Proposed Share Buy-Back is implemented in full and all the substantial shareholders do not dispose their shareholdings at that point of time, the proforma effects of the Proposed Share Buy-Back on the shareholdings of the substantial shareholders of our Company as at LPD are as illustrated in Section 5.5 of this Statement.

In this regard, assuming the number of TDM Shares held by TISB remains unchanged, the Proposed Share Buy-Back, if implemented in full, may have an implication in relation to the Code as TISB's shareholdings in our Company may increase by more than 2% in any 6-months period. As a result, TISB may trigger an obligation to undertake a mandatory take-over offer on the remaining voting shares in our Company pursuant to Part III of the Code.

Nevertheless, as it is not intended for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory offer under the Code by any of our Company's substantial shareholder and/or parties acting in concert with them, your Board will ensure that such number of TDM Shares are purchased, retained as treasury shares, cancelled or distributed in such that the Proposed Share Buy-Back would not result in triggering any mandatory offer obligation on the part of its substantial shareholders and/or parties acting in concert with them.

In this connection, your Board is mindful of the requirements under the Code when making any purchase of the Company's own shares pursuant to the Proposed Share Buy-Back.

Notwithstanding the above, pursuant to Paragraph 24 of Practice Note 9 of the Code, holders of voting shares may apply for an exemption from undertaking a mandatory offer obligation arising from the purchase of a company's own shares. In this respect, TISB and/or parties acting in concert with it, if any, may apply for an exemption from the obligation to undertake a mandatory offer prior to such obligation being triggered as a result of the Proposed Share Buy-Back.

7. PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES MADE IN THE PREVIOUS 12 MONTHS

The Company did not purchase its own Shares before and therefore, have never held any treasury shares in its accounts.

8. PUBLIC SHAREHOLDING SPREAD

Based on our Record of Depositors as at the LPD and based on our substantial shareholders and directors' filings with our Company, the public shareholding spread of our Company is 29.30%.

9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for the proportionate increase in the percentage of shareholdings and/or voting rights of shareholders in the Company as a consequence of the Proposed Share Buy-Back, none of the Directors or substantial shareholders of the Company or persons connected to them, has any interest, direct or indirect, in the Proposed Share Buy-Back.

10. DIRECTORS' RECOMMENDATION

The Board, having considered the rationale for the Proposed Share Buy-Back and after careful deliberation, is of the opinion that the Proposed Share Buy-Back is in the best interests of TDM and its shareholders and accordingly, recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming 51st AGM to be convened.

TDM Berhad (6265-P)
(Incorporated in Malaysia)

Proxy Form

CDS Account No.

I/We ____
(name of shareholder as per NRIC/passport/certificate of incorporation in capital letters)

with (new NRIC No.) ______________________ (Old NRIC No.) ______________________

(Passport No.) ______________________ (Company No.) ______________________

of ____
(full address)

being a member(s) of abovementioned Company, hereby appoint ______________________
(name of proxy as per NRIC/passport in capital letters)

with (New NRIC No.) ______________ (Old NRIC No.) ______________ (Passport No.) ______________

of ____
(full address)

or failing him/her ____
(name of proxy as per NRIC/passport in capital letters)

with (New NRIC No.) ______________ (Old NRIC No.) ______________ (Passport No.) ______________

of ____
(full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at Fifty First (51st) Annual General Meeting of the Company to be held at Intan Hall, Permai Hotel, Jalan Sultan Mahmud, 20400 Kuala Terengganu, Terengganu on Tuesday, 31 May 2016 at 11.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

Please indicate with an "X" in the spaces as provided below how you wish to cast your votes. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

No.	Resolutions		For	Against
1	To re-elect Major General Dato' Dr. Mohamad Termidzi Junaidi (R) retiring pursuant to Article 113 of the Company's Articles of Association.	Ordinary Resolution 1		
2	To re-elect Dato' Haji Mohd Ali Abas retiring pursuant to Article 113 of the Company's Articles of Association.	Ordinary Resolution 2		
3	To re-elect Haji Mohd Nasir Ali retiring pursuant to Article 116 of the Company's Articles of Association.	Ordinary Resolution 3		
4	To re-elect Wan Zalizan Wan Jusoh retiring pursuant to Article 116 of the Company's Articles of Association.	Ordinary Resolution 4		
5	To approve the payment of the first and final dividend of 1.2 sen per ordinary share, tax exempt under the single-tier system for the financial year ended 31 December 2015.	Ordinary Resolution 5		
6	To approve the payment of Directors' Remuneration amounting to RM 693,000 for the financial year ending 31 December 2016.	Ordinary Resolution 6		
7	To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 7		
8	Proposed Renewal of Authority for Share Buy-Back by the Company.	Ordinary Resolution 8		
9	Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965	Ordinary Resolution 9		
10	Proposed Amendments to the Articles of Association of the Company.	Special Resolution 1		

____
Signature(S)/Common Seal of Members

Numbers of shares held : ______________________

Date : ______________________

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1	______________	%
Proxy 2	______________	%
Total		100%

Notes : -

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and the provisions of the Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member shall appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 (SICDA), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account "omnibus account", there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, either under the common seal, or under the hand of an officer or attorney duly authorised.
6. If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in this Proxy Form.
7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, shall be deposited at the registered office of the Company at Aras 5, Bangunan UMNO Terengganu, Lot 3224, Jalan Masjid Abidin, 20100 Kuala Terengganu, Terengganu Darul Iman not less than 48 hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of the poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
8. For the purpose of determining a member who shall be entitled to attend and vote at the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 57B of the Articles of Association of the Company and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at 24 May 2016. Only a depositor whose name appears on the Record of Depositors as at 24 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend and vote in his stead.

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Affix
Stamp

TDM Berhad (6265-P)
Aras 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100, Kuala Terengganu
Terengganu Darul Iman

Fold here

TDM BERHAD (6265-P)
Level 5, Bangunan UMNO Terengganu
Lot 3224. Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu
Malaysia

Tel : (609) 620 4800
Fax : (609) 620 4803
www.tdmberhad.com.my

TDM BERHAD

(Company No: 6265-P)
(Incorporated in Malaysia)

THIS ERRATA IS DATED 17 MAY 2016 AND IS TO ACCOMPANY THE 2015 ANNUAL REPORT OF TDM BERHAD

TO : ALL SHAREHOLDERS OF TDM BERHAD ("THE COMPANY")

The Board of Directors of the Company wishes to inform that page 13 of the 2015 Annual Report is by this errata amended, corrected and taken as read.

The revised page 13 is attached herewith.

Save for the above, all other details in the 2015 Annual Report remain unchanged.

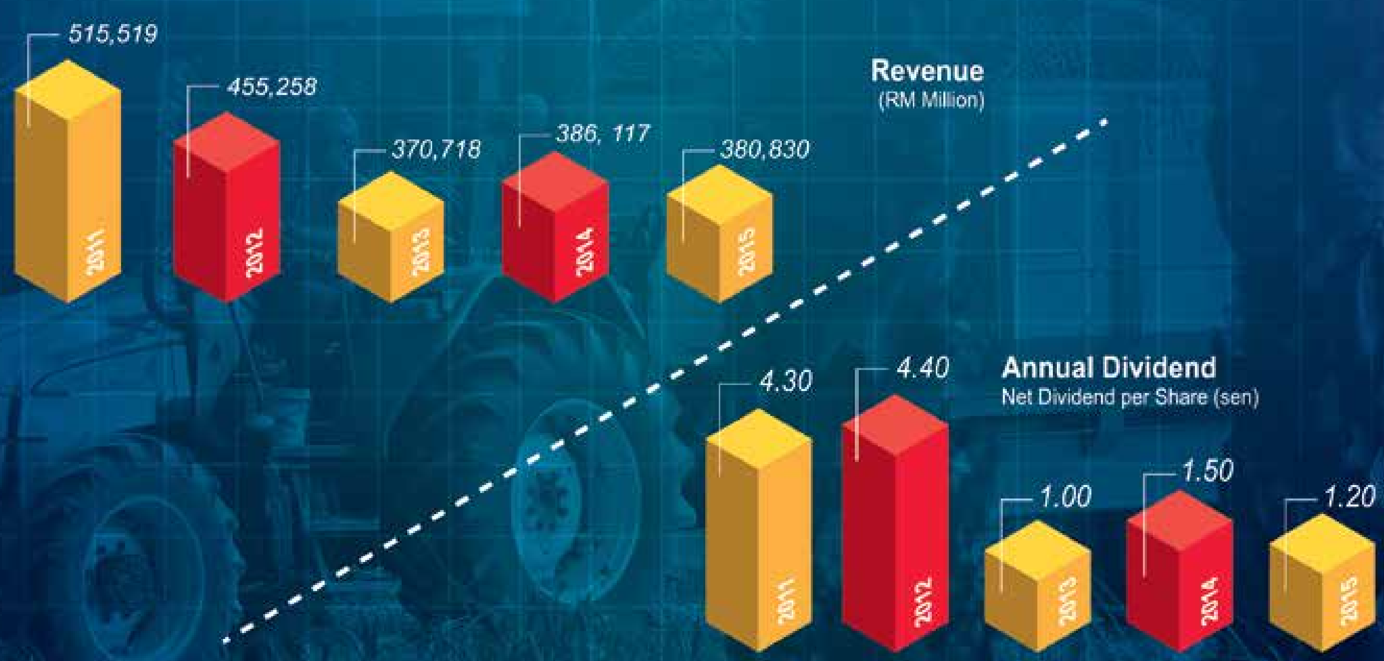
We apologize for the error and for any inconvenience caused.

Yours faithfully,
For and on behalf of the Board of
TDM BERHAD

WAN HASLINDA WAN YUSOFF
Company Secretary

Kuala Terengganu
Dated : 17 May 2016

Financial Highlights



Income Statement	2011	2012	2013 Restated	2014 Restated	2015
Revenue (RM'000)	515,519	455,258	370,718	386,117	**380,830**
Profit before tax (RM'000)	220,579	149,025	67,125	65,903	**69,350**
Profit after tax (RM'000)	162,681	103,356	46,620	51,919	**69,426**
Statement of Financial Position					
Total assets (RM'000)	1,459,516	1,524,854	1,769,213	2,091,599	**2,583,271**
Total liabilities (RM'000)	277,438	265,396	519,836	758,238	**1,132,656**
Shareholders' equity (RM'000)	1,157,210	1,234,267	1,242,605	1,329,004	**1,448,261**
Total equity (RM'000)	1,182,078	1,259,458	1,249,377	1,333,361	**1,450,615**
Key Financial Indicators					
PBT margin (%)	42.79	32.73	18.11	17.07	**18.21**
Return on average shareholders' equity (%)	17.44	8.64	3.76	4.04	**5.00**
Return on average shareholders' equity (%) (without revaluation reserve assets)	37.32	14.59	6.45	7.25	**9.17**
Earnings per share (sen)	13.53*	8.33*	3.18	3.66	**4.79**
Net assets per share (RM)	0.99*	1.02*	0.84	0.90	**0.98**
Net dividends per share (sen)	4.30*	4.40*	1.00	1.50	**1.20****
Gearing ratio (times)	0.01	0.02	0.22	0.34	**0.49**
Current ratio (times)	1.95	2.34	1.33	1.14	**1.18**
Price to earnings ratio (times)	5.56*	8.07*	29.87*	22.68	**14.51**
Price to book ratio (times)	0.76*	0.66*	1.13	0.92	**0.71**

*Figures are adjusted for share split.
**Subject to shareholders' approval at the 51st Annual General Meeting.