Moving **FORWARD** to a Sustainable **FUTURE**

TDM BERHAD

ANNUAL REPORT 2018

Moving **FORWARD** to a Sustainable **FUTURE**

TDM's strategy is about creating and sustaining value for our stakeholders. We understand that balance in operational excellence and sustaining profitability is key to our continuous growth.

The cover of this year's report captures TDM's business activities with the aim of achieving Economic Performance (Business sustainability), advancing People Development and preserving our Environment.

We have put in place our Value Creation Plan (VCP) and Business Development Plan (BDP) to build capacity and capability in our core sectors of Plantation and Healthcare, with the ultimate aim of delivering sustainable value to all of our stakeholders.

We are **Moving Forward to a Sustainable Future** which is shaped by commitment and performance to excel.

OUR VISION

To be the iconic corporation of the East Coast that creates sustainable values for our stakeholders

OUR MISSION

To be a model corporate citizen in Terengganu;

- To create sustainable value for our shareholders.
- To improve the well being of our stakeholders while protecting the environment.
- To deliver quality products & services above expectation for our customers.
- To widen our regional presence.
- To stimulate human capital development.

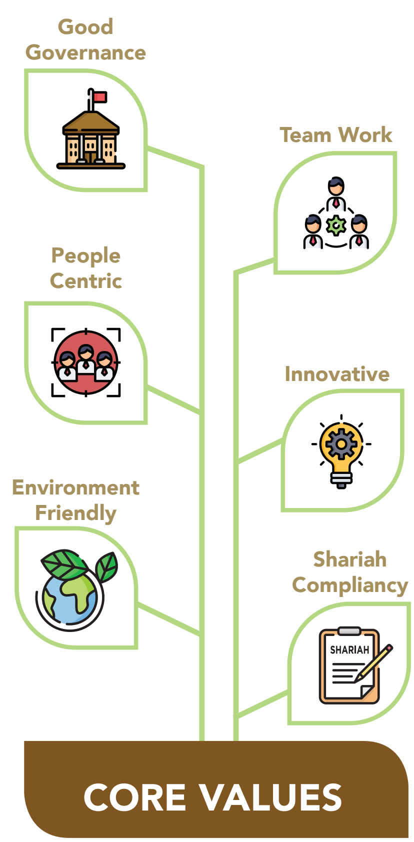

Table of Contents

TDM BERHAD ANNUAL REPORT 2018 DIGITAL VERSION

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Access the soft copy of the Annual Report.

The soft copy version of TDM BERHAD's Annual Report 2018 is also available on our website.

www.tdmberhad.com.my

Who We Are

TDM Berhad was incorporated on 1 December 1965 and listed on the main market of Bursa Malaysia Securities Berhad under the plantation sector in 1970. Following a successful restructuring exercise and new strategic direction since 2004, TDM has grown into a leading player in the oil palm plantation and healthcare sectors.

Who We Are

PLANTATION DIVISION

TDM develops and manages 16 oil palm estates and 3 palm oil mills. Our estates are located in Sungai Tong, Bukit Besi and Kemaman in Terengganu, and Nanga Pinoh in Kalimantan Barat, Indonesia. TDM's 3 palm oil mills are in Sungai Tong, Kemaman and Nanga Pinoh.

Currently, the Group has a total of 43,991 hectares of planted oil palm land at its plantations in Terengganu (31,346 hectares) and Kalimantan (12,645 hectares).

TDM estates are at the following locations:

- Sungai Tong Complex, Terengganu Estates: Jaya, Fikri, Tayor and Pelung;
- Bukit Besi Complex, Terengganu Estates: Jerangau, Pinang Emas, Gajah Mati and Majlis Agama Islam;
- Kemaman Complex, Terengganu Estates: Air Putih, Pelantoh, Tebak and Jernih; and
- Nanga Pinoh, Kalimantan Barat North 1, North 2, South 1 & South 2.

In 2010, the Group opened its first bio-composting plant to convert empty fruit bunches (EFB) of oil palm into bio-organic fertiliser for use in its estates. We now have a total of 3 plants: 2 in Terengganu and 1 in Kalimantan Barat.

Our estates and mills in Terengganu are 100% Roundtable on Sustainable Palm Oil (RSPO) and Malaysian Sustainable Palm Oil (MSPO) certified.

In 2017, we also made progress with the upgrading of our mills and investment in new assets. Our aim is to achieve higher oil extraction rate (OER), reduce oil loss, cut processing costs and increase throughput. This involves upgrading our digester capacity and vertical clarifier capacity, adopting new technology to enhance the hydrolysis process and increase oil recovery, and upskilling our workforce to enhance competency.

In February 2018, TDM became the first Government-linked Company (GLC) in Terengganu to venture into the production of biogas. The Biogas Production & Power Generation Project involves Build-Own-Operate-Transfer (BOOT) project financing to be undertaken with Concord Alliance Sdn Bhd.

HEALTHCARE DIVISION

The Group's Healthcare Division, Kumpulan Medic Iman Sdn Bhd (KMI), manages 4 specialist hospitals, which offer affordable 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; and
4. Taman Desa Medical Centre (TDMC) in Kuala Lumpur.

Trusted Healthcare Provider of Choice is the vision of the Healthcare Division. The services offered at all its hospitals cover key disciplines such as general medicine, paediatrics, orthopaedics, general surgery, radiology, obstetrics and gynaecology, ear, nose and throat (ENT), dermatology, ophthalmology, urology, anaesthesiology and gastroenterology.

2018 Key Highlights

Manages
43,991
hectares of oil palm plantation

Operates
4
Specialist Hospitals

- Kelana Jaya Medical Centre (KJMC), Selangor
- Kuantan Medical Centre (KMC), Pahang
- Kuala Terengganu Specialist Hospital (KTS), Terengganu
- Taman Desa Medical Centre (TDMC), Kuala Lumpur

4,403
Employees and Workers

PLANTATION

16
Estates

- Sungai Tong Complex, Bukit Besi Complex and Kemaman Complex in Terengganu
- Nanga Pinoh in Kalimantan Barat, Indonesia

3
Palm Oil Mills

- Sungai Tong, Terengganu
- Kemaman, Terengganu
- Nanga Pinoh, Kalimantan Barat, Indonesia

100%*
RSPO Certified
MSPO Certified

* Malaysian operations only

3
Bio-Composting Plants

- Sungai Tong, Terengganu
- Kemaman, Terengganu
- Nanga Pinoh, Kalimantan Barat, Indonesia

52 Years
Experience in **Plantation** Operations

HEALTHCARE

CERTIFICATION
ISO 9001:2015

407
Beds
at the end of 2018

Total number of patients since establishment

KJMC	314,826
KMC	856,000
KTS	120,000
TDMC	282,087

2018 Key Highlights

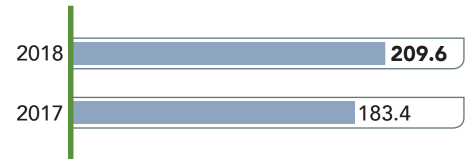
in RM Million

Revenue

RM404.7
million
2017: RM448.8 million

Plantation

Healthcare

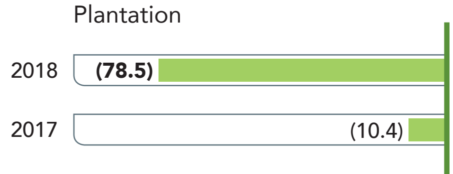


in RM Million

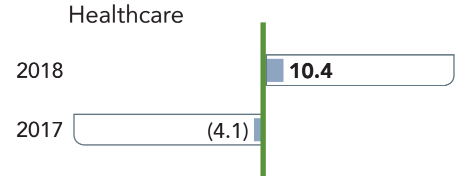
(Loss)/Profit Before Tax

(RM68.1)
million
2017: (RM14.5) million

Plantation



Healthcare

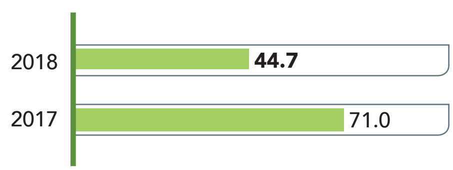


in RM Million

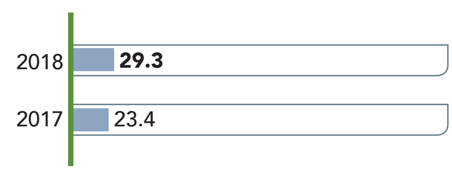
Adjusted EBITDA*

RM74.0
million
2017: RM94.4 million

Plantation



Healthcare



Loss Per Share

4.48 sen

2017: 2.77 sen

Net Assets Per Share

RM0.56

2017: RM0.61

* Adjusted EBITDA is a measure of operating performance where it excludes the effect of non-operational items such as fair value gain and losses, foreign exchange gains and losses, impairment losses and gains or losses on disposal of assets.

Milestones and Achievements

1965

Incorporation of TDM.

1970

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

1996

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

1997

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

2002

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

2004

Streamlining of our business to focus on Plantation and Healthcare.

PLANTATION
Total area planted: 33,527 hectares.

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

SOLD OR CLOSED DOWN
- Property
- A&W Restaurant
- Poultry
- Hotel
- Air Ambulance
- Rubber Processing
- Transportation
- Travel Agency
- Fiber Mattress

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

2005

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

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

2006

CORPORATE
Maiden dividend declared to shareholders.

HEALTHCARE
Kuala Terengganu Specialist Hospital (KTS) was established.

2007

CORPORATE
TDM expanded its plantation business to Indonesia.
- Entered into joint venture agreement to develop 10,000 hectares in Kalimantan.

PLANTATION
- Introduction of RM1,000 as a minimum wage for the Group.
- Field Assistant Trainee Programme
  - Introduced to enhance the well-being of the estate workers and eradicate poverty among the estate communities.

2008

CORPORATE
Introduction of the MBA Scholarship Programme
- To encourage employees to further develop their knowledge, skill and capabilities.

PLANTATION
- Entered into a joint venture agreement to develop an additional 30,000 hectares in Kalimantan.

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

2010

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

PLANTATION
- Total area planted: 33,374 hectares.

2011

CORPORATE
Introduction of e-Bidding.
- The electronic system where vendors bid electronically, where each competing party has an equal and fair chance to participate.
- To reduce the level of human intervention in the bidding process.

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

HEALTHCARE
- Number of hospitals: 4
- Number of beds: 204
- Acquisition of Taman Desa Medical Centre (TDMC), Kuala Lumpur.
- Construction work started on KMC's new building in Kuantan, Pahang.

AWARDS
- Awarded a pioneer status for five years by the Ministry of International Trade and Industry Malaysia (MITI) for the bio-composting mill in Sungai Tong, Setiu, Terengganu.
  - The award entitles the company to 100% tax exemption on statutory income for five years.
- Malaysian Corporate Governance Report - published by the MSWG.
  - TDM was ranked 118 out of 820 public listed companies.

Milestones and Achievements

- Awarded the Certificate of the Code of Good Agricultural Practices for Palm Oil Estates (CoGAP) and Certificate of the Code of Good Milling Practices for Palm Oil Mills (CoGMP) from the Malaysian Palm Oil Board (MPOB).

2012

PLANTATION

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

HEALTHCARE

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

AWARDS

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

2013

PLANTATION

Total area planted: 44,005 hectares.

AWARDS

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

2014

HEALTHCARE

Completion of KMC new building.

AWARDS

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

2015

PLANTATION

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

2016

PLANTATION

Total area planted: 44,451 hectares.

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

HEALTHCARE

- Number of hospitals: 4
- Number of beds: 297

AWARDS

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

2017

PLANTATION

- Completion of Bio-Composting Plant Project at Kemaman Palm Oil Mill.
- Launching of *"Pusat Timbang Komuniti"*.
- Launching of Akademi TDM.
- Completion of Kalimantan Palm Oil Mill.

AWARDS

- All of our estates and mills in Terengganu are Malaysian Sustainable Palm Oil (MSPO) certified (1st GLC to achieve 100% certification).

2018

CORPORATE

- Debt Rationalisation to pare down borrowings by RM304.9 million.
- Renewal of lease for approximately 10,117 ha for another 46 years at Kemaman Complex.

PLANTATION

- 43,991 of planted land.
- Appointment of developer for Biogas project under BOOT concept.

HEALTHCARE

- 407 beds.
- New Kuala Terengganu Specialist Hospital (KTS) opened on 28 January 2018 with 130 beds.
- Record healthcare revenue of RM209 million for FY 2018.

Corporate Structure as at 15 April 2019

TDM BERHAD
(6265-P)

PLANTATION

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

HEALTHCARE

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

OTHER ACTIVITIES

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

* In the process of winding up
** Dormant

Corporate Information

BOARD OF DIRECTORS

YM Raja Dato' Haji Idris Raja Kamarudin
Non-Independent Non-Executive Chairman

YB Dato' Haji A.Rahman bin Yahya
Non-Independent Non-Executive Director

Haji Mazli Zakuan bin Mohd Noor
Non-Independent Non-Executive Director

Mohd Kamaruzaman bin A Wahab
Independent Non-Executive Director

Burhanuddin Hilmi bin Mohamed @ Harun
Independent Non-Executive Director

Haji Najman bin Kamaruddin
Independent Non-Executive Director

AUDIT COMMITTEE

- Burhanuddin Hilmi bin Mohamed @ Harun (Chairman)
- Haji Mazli Zakuan bin Mohd Noor
- Mohd Kamaruzaman bin A Wahab
- Haji Najman bin Kamaruddin

NOMINATION AND REMUNERATION COMMITTEE

- Haji Mazli Zakuan bin Mohd Noor (Chairman)
- YB Dato' Haji A.Rahman bin Yahya
- Burhanuddin Hilmi bin Mohamed @ Harun
- Mohd Kamaruzaman bin A Wahab
- Haji Najman bin Kamaruddin

BOARD RISK & COMPLIANCE COMMITTEE

- Haji Najman bin Kamaruddin (Chairman)
- Mohd Kamaruzaman bin A Wahab
- Haji Mazli Zakuan bin Mohd Noor
- Burhanuddin Hilmi bin Mohamed @ Harun

BOARD TENDER

- Haji Mazli Zakuan bin Mohd Noor (Chairman)
- YB Dato' Haji A.Rahman bin Yahya
- Burhanuddin Hilmi bin Mohamed @ Harun
- Mohd Kamaruzaman bin A Wahab

EXECUTIVE COMMITTEE (EXCO)

- Mohd Kamaruzaman bin A Wahab (Chairman)
- Haji Mazli Zakuan bin Mohd Noor
- Burhanuddin Hilmi bin Mohamed @ Harun
- Haji Najman bin Kamaruddin
- Zainal Abidin bin Shariff
- Amir Mohd Hafiz bin Amir Khalid
- Ahmad Zaki bin Muda

COMPANY SECRETARY

Wan Haslinda Wan Yusoff
(MAICSA No. 7055478)

AUDITORS

- Messrs. Ernst & Young
- Messrs. Hendrawinata Hanny Erwin & Sumargo (Kreston International)

PRINCIPAL BANKERS

- Bank Islam Malaysia Berhad
- Maybank Islamic Berhad
- OCBC Al-Amin Bank Berhad
- CIMB Bank Berhad
- RHB Islamic Bank Berhad
- Bank Pertanian Malaysia Berhad (Agrobank)

SOLICITORS

- Messrs. Abu Talib Shahrom
- Messrs. Hadi Zamani & Associates
- Messrs. Hutabarat Halim & Rekan
- Messrs. Edlin Ghazaly & Associates
- Messrs. Azman, Wan Helmi & Associates

REGISTERED OFFICE

Level 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu Darul Iman
Telephone No : +609 620 4800/
+609 622 8000
Facsimile No : +609 620 4803

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32
Tower A Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No : +603 2783 9299
Facsimile No : +603 2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

PLANTATION DIVISION

Level 3, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu Darul Iman
Telephone No : +609 620 4800/
+609 622 8000
Facsimile No : +609 620 4805

HEALTHCARE DIVISION

No. 45, Jalan Desa
Taman Desa, Off Old Klang Road
58100 Kuala Lumpur
Telephone No : +603 7982 6500
Facsimile No : +603 7982 0704

COMMODITIES TRADING

25th Floor, Menara KH
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No : +603 2148 0811
Facsimile No : +603 2148 9900

Planting the Future
Embracing Sustainability


PREMIUM
TDMBIO
TDMBIO PREMIUM ORGANIC FERTILIZER
TDM BERHAD
TDM BERHAD

Financial Highlights

Revenue
RM404.7 million

Loss Before Tax
RM68.1 million

Adjusted EBITDA
RM74.0 million

Total Assets
RM1.97 billion

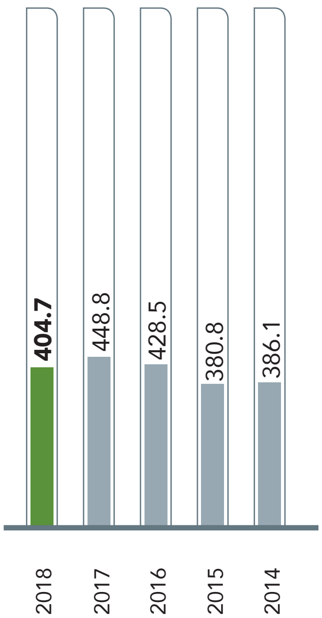
Total Liabilities
RM1.02 billion

Shareholders' Equity
RM0.96 billion

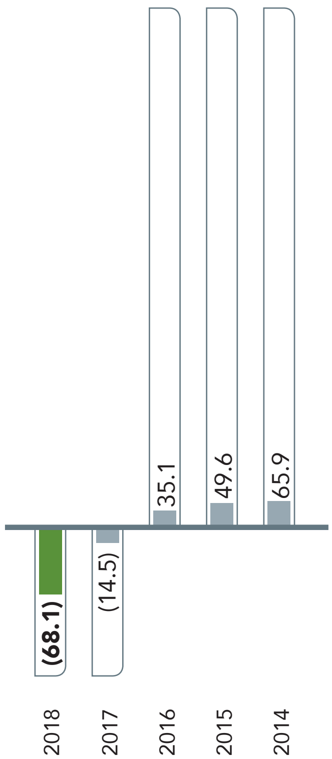
Income Statement	2014 Restated	2015 Restated	2016 Restated	2017 Restated	2018
Revenue (RM'000)	386,117	380,830	428,545	448,761	404,698
Profit/(Loss) Before Tax (RM'000)	65,903	49,615	35,096	(14,502)	(68,107)
Adjusted EBITDA (RM'000)	78,766	52,004	91,844	94,415	73,960
Profit/(Loss) After Tax (RM'000)	51,919	49,691	17,068	(48,391)	(77,519)
Statements of Financial Position					
Total Assets (RM'000)	2,024,117	2,496,054	2,313,520	2,225,848	1,969,334
Total Liabilities (RM'000)	758,238	1,165,729	1,246,771	1,213,627	1,022,112
Shareholders' Equity (RM'000)	1,264,847	1,332,470	1,071,954	1,022,077	959,937
Key Financial Indicators					
PBT/(LBT) Margin (%)	17.07	13.03	8.19	(3.23)	(16.83)
Return on Average Shareholders' Equity (%)	4.14	3.83	1.42	(4.62)	(7.82)
Earnings/(Loss) Per Share (sen)	3.66	3.53	1.34	(2.77)	(4.48)
Net Assets Per Share (RM)	0.85	0.90	0.71	0.61	0.56
Net Dividends Per Share (sen)	1.50	1.20	0.50	0.50	-
Gearing Ratio (times)	0.29	0.40	0.48	0.48	0.38
Current Ratio (times)	1.14	1.18	1.22	1.05	1.04
Price to Earnings Ratio (times)	22.68	19.69	50.75	(16.31)	(3.73)
Price to Book Ratio (times)	0.98	0.77	0.96	0.74	0.29

Financial Highlights

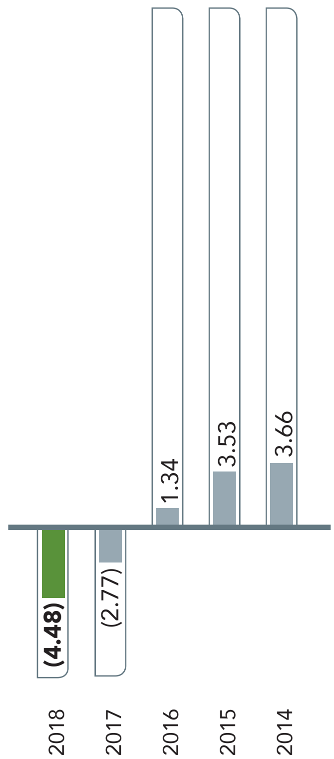
Revenue
(RM' million)



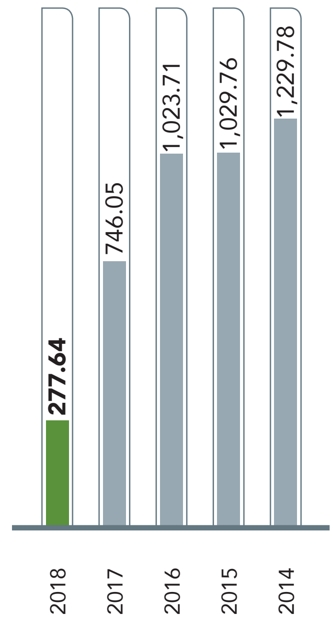
(Loss)/Profit Before Tax
(RM' million)



(Loss)/Earnings Per Share
(sen)



Market Capitalisation
(RM' million)



Plantation

Loss Before Tax

RM78.5million

2017: RM10.4 million

Healthcare

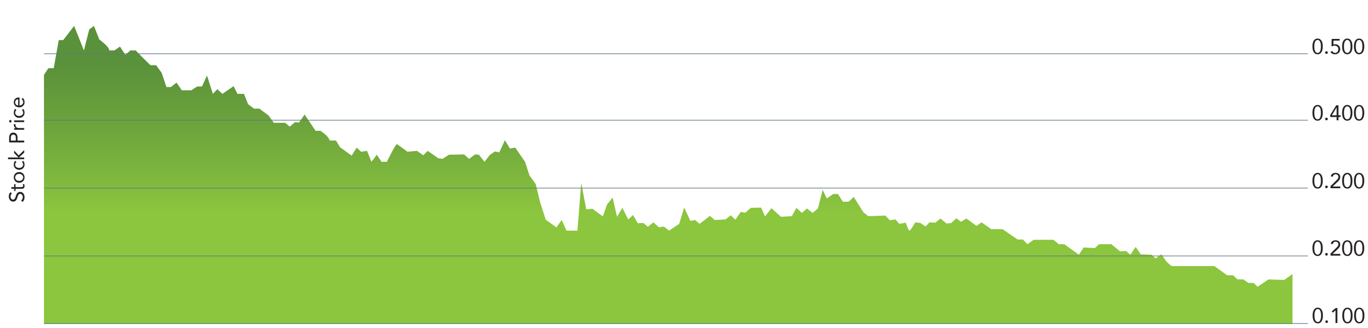
Profit/(Loss) Before Tax

RM10.4million

2017: (RM4.1 million)

Share Performance Chart

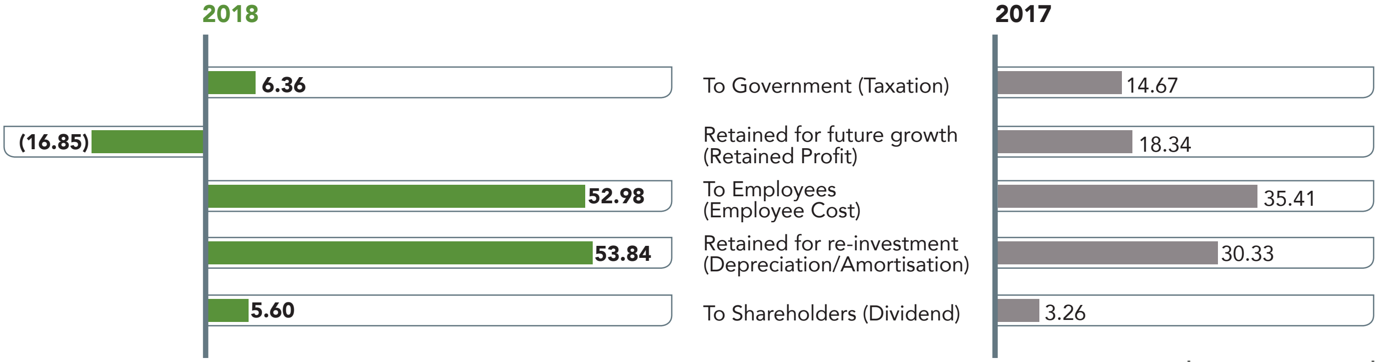
1 January - 31 December 2018



Financial Highlights

STATEMENT OF VALUE ADDED

Percentage (%)



	2018 RM'000	2017 RM'000 Restated
Revenue	404,698	448,761
Purchases of Good and Services	(285,534)	(244,447)
Value Added by Group	119,164	204,314
Interest Income	35,880	38,772
Other Income	18,803	9,829
Finance Expenses	(25,931)	(21,936)
Value Added available for Distribution	147,916	230,979

	2018 RM'000	2017 RM'000 Restated	2018 %	2017 %
Distribution				
To Employee				
Employee cost	78,361	81,799	52.98	35.41
To Government				
Taxation	9,412	33,889	6.36	14.67
To Shareholders				
Dividend	8,290	7,527	5.60	3.26
Non-Controling interest	(2,859)	(4,651)	(1.93)	(2.01)
Retained for Re-investment				
Depreciation/Amortisation	79,634	70,062	53.84	30.33
Retained for Future Growth				
Retained profit	(24,922)	42,353	(16.85)	18.34
Total Distribution	147,916	230,979	100.00	100.00

Investor Relations

As one of the largest plantation companies in the East Coast of Peninsular Malaysia, TDM is committed to securing and maintaining a sound relationship with our shareholders and the broader investment community.

FOCUSSED ON A SUSTAINABLE FUTURE

TDM is a subsidiary of Terengganu Inc Sdn Bhd, an investment-holding company of the Terengganu state government.

The Group's oil palm plantations spans a total planted area of approximately 31,346 ha in Terengganu and 12,645 ha in Kalimantan, Indonesia.

The Group owns 4 hospitals, which are Kuala Terengganu Specialist Hospital in Terengganu, Kuantan Medical Centre in Pahang, Kelana Jaya Medical Centre in Selangor and Taman Desa Medical Centre in Kuala Lumpur.

We have established regular channels of engagement and communication with our multiple stakeholders especially our investors and analysts. Pertinent and timely information is disseminated to keep them abreast of the Group's strategic direction, operational performance as well as progress on current projects and growth initiatives.

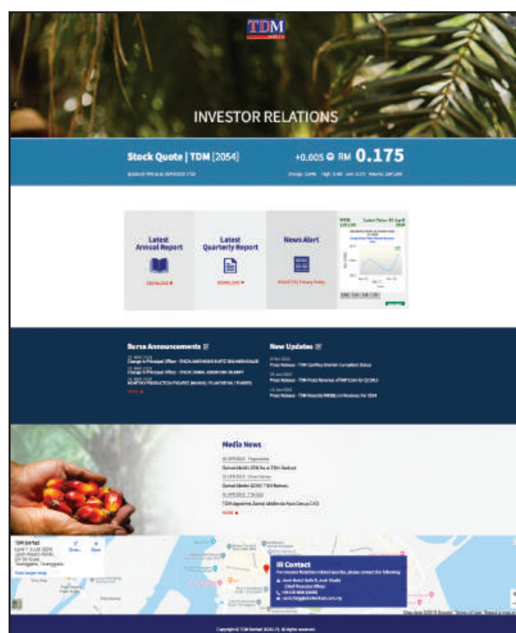
Our investor relations activities are helmed by the Chief Financial Officer and Head of Investor Relations. Investor Relations activities are guided by our Investor Relations plan.

Our 53rd Annual General Meeting (AGM) was held on 24 May 2018 at Dewan Gamelan 3, Primula Beach Hotel, Jalan Persinggahan, 20400 Kuala Terengganu, Terengganu Darul Iman. Our Group CEO presented the key highlights of the Group's performance for the year under review which was followed by active participation by shareholders during the question and answer session. All proposed resolutions were duly passed and minutes of the AGM are available on our website, **www.tdmberhad.com.my**.

As required by the Main Market Listing Requirements of Bursa Malaysia and in line with the guidelines of the Malaysian Code on Corporate Governance 2017, we issue timely and comprehensive announcements on our quarterly and annual financial results to Bursa Malaysia. These announcements are also posted on our corporate website under our dedicated Investor Relations portal **http://tdm.irplc.com/investor-relations.html**.

The portal is continuously updated with the latest information including annual reports, quarterly results, Bursa Malaysia announcements, minutes of AGM and corporate information. For more specific investor-related clarification and feedback, we also provide a dedicated email address, **amir.hldg@tdmberhad.com.my**, whereby queries and comments from the shareholders, investors, analysts, media and general public are addressed in a timely manner.

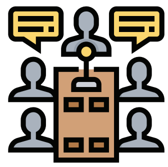
Throughout the year, we have also conducted numerous face-to-face engagements via investments events such as analyst briefings and non-deal investor roadshows as well as individual meetings at our offices.



TDM's IR website keeps the investment community abreast on the Group's strategic developments, performance and corporate announcements.

Investor Relations

INVESTOR RELATIONS (IR) ACTIVITIES HIGHLIGHTS



53rd

Annual General Meeting (AGM)

24 May 2018

Dewan Gamelan 3, Primula Beach Hotel, Kuala Terengganu

QUARTERLY RESULTS AND ANALYST BRIEFINGS

Results	Announcement Date
Q1	23 May 2018
Q2	27 August 2018
Q3	26 November 2018
Q4	28 February 2019

WEBSITE, IR WEBSITE/PORTAL & EMAIL ADDRESS

www.tdmberhad.com.my

info@tdmberhad.com.my

Number of page visits in 2018
11,037

Number of users
4,947

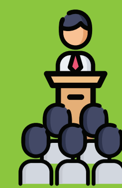
Financial Calendar

FINANCIAL YEAR

1 January 2018 to
31 December 2018

NOTICE OF ANNUAL GENERAL MEETING/ DESPATCH OF ANNUAL REPORT

26 April 2019



ANNUAL GENERAL MEETING

28 May 2019

ANNOUNCEMENT ON QUARTERLY RESULTS

23 May 2018
Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2018.

27 August 2018
Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2018.

26 November 2018
Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2018.

28 February 2019
Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2018.

DIVIDEND

27 March 2018
Announcement of the first and final dividend of 0.5 sen per ordinary share, tax exempt under the single-tier system for the financial year ended 31 December 2017.

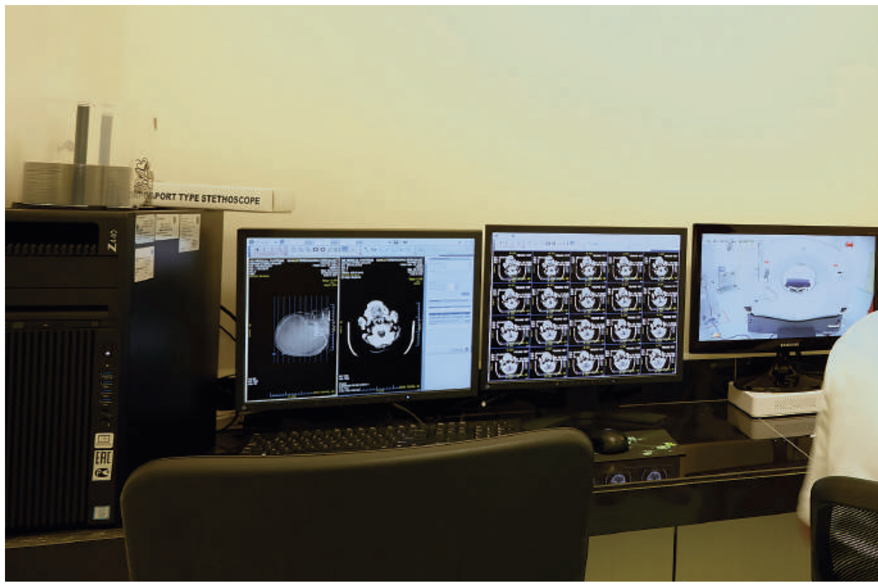
27 June 2018

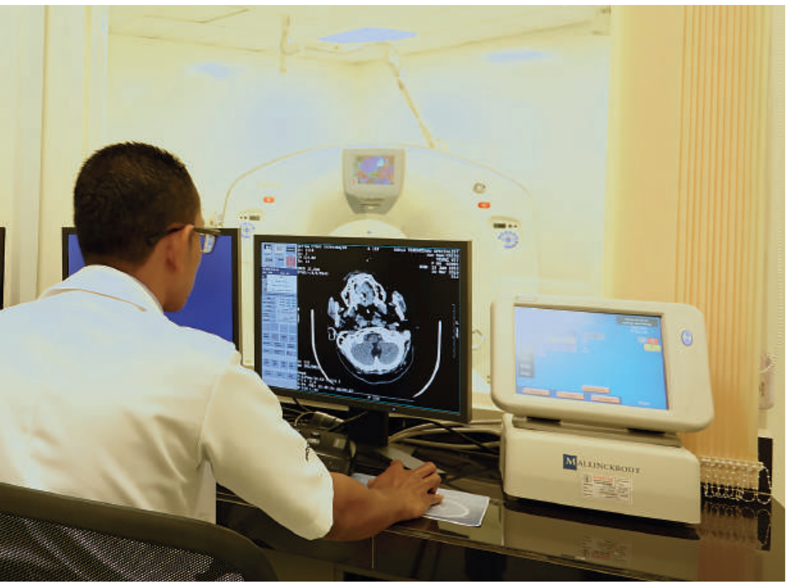
Announcement of Notice of Book Closure.

Date of entitlement : 16 July 2018

Date of payment : 14 August 2018

Leading Change
for Better Health




MALLINCKRODT


DANGER


Farmas

Message from Our Chairman

YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN
Chairman

"The Healthcare Division overtook the Plantation Division in terms of share of total revenue 51.8% for the first time in TDM's history."

Dear Valued Shareholders,

Assalamualaikum Warahmatullahi Wabarokatuh and Salam Sejahtera.

Despite a challenging year in review, TDM Berhad (TDM or the Group) remains optimistic over our long-term goal to achieve sustainable and profitable growth for our shareholders and other stakeholders.

This confidence in the wake of a sub-par performance for financial year 2018 (FY2018) is anchored in our established position as a market leader in both certified sustainable palm oil (CSPO) and community-based healthcare.

The Group's long-standing businesses in Plantation and Healthcare have the solid fundamentals and steely resilience to endure and prevail over the occasional anomaly in annual financial returns.

I am pleased to inform our valued shareholders that many of the factors, events and market forces that impacted our performance during the year in review have either been resolved or are set to lean towards our favour.

Nevertheless, we will tap on the lessons learnt during this challenging episode in order to improve our approach to risk management and the volatility of the global market environment, particularly in the case of our palm oil business.

Given this scenario, TDM is poised to achieve better results in the new financial year (FY2019) and carry forward this growth momentum in the medium to long-terms.

On this note, it is my privilege to present on behalf of the Board of Directors (the Board) the Annual Report and Audited Financial Statements of the Group for the year ended 31 December 2018.

FINANCIAL RESULTS

The Group posted a lower Revenue of RM404.7 million in FY2018, a decline of 9.8% over RM448.8 million recorded the year before. Group Revenue was impacted by a 26.5% drop in contribution from the Plantation Division, which achieved revenue of RM195.1 million against RM265.3 million in FY2017.

Message from Our Chairman

Our plantations in Kalimantan continued to be stricken throughout the financial year by a stop-work order lasting six months in 2016 and the subsequent challenges on the ground. On a brighter note, we have been actively rehabilitating our plantations here since the beginning of 2019 and the results are encouraging. The one-off impairment charge in relation to the Kalimantan operations was compounded by the depressed prices of crude palm oil (CPO) and palm kernel (PK), with average realised prices 19.5% lower in FY2018 for CPO and 25.2% lower for PK from our Terengganu operations as compared with the previous financial year. As a gauge, the average realised price of RM2,313 per mt of CPO for FY2018 is considerably lower than the corresponding average of RM2,499 over the five-year period of 2014 to 2018.

However, the dip in revenue contribution by our Plantation Division was offset to a degree by higher revenue from the Healthcare Division following the opening of the new Kuala Terengganu Specialist Hospital (KTS) in Q1, FY2018.

The Healthcare Division achieved a record revenue of RM209.6 million, representing a 14.3% increase over RM183.4 million in FY2017. The contrasting results from the two divisions meant that the Healthcare Division overtook the Plantation Division in terms of share of total revenue 51.8% for the first time in TDM's history.

The Group recorded a Loss Before Tax (LBT) of RM68.1 million in FY2018 as compared with a LBT of RM14.5 million the year before. Correspondingly, Loss After Tax (LAT) was RM77.5 million against a LAT of RM48.4 million the previous financial year.

In addition to lower revenue from our Terengganu plantations, the Group also incurred foreign exchange losses of RM28.1 million from our investments as well as an impairment of RM41.3 million from the deterioration of estate conditions and biological assets at our Indonesian estates affected by the stop work order and resulting difficulties. The forex losses were incurred in relation to the investment in fixed income securities.

LBT for the Plantation Division was RM78.5 million, with a loss of RM94.3 million from our Kalimantan operations and partly offset with profit of RM15.8 million from Malaysian operations. LBT for Plantation was RM10.4 million in FY2017.

Meanwhile, the Healthcare Division achieved a PBT of RM10.4 million, returning to the black following the previous financial year's loss of RM4.1 million.

Accounting for the losses, Loss Per Share (LPS) was a negative 4.48 sen whereas LPS for FY2017 was a negative 2.77 sen. The Shareholders' Funds was lower at RM0.96 billion mainly due to losses recorded during the year. The Group's Total Assets amounted to RM1.97 billion for the year in review with Net Assets per Share dropping 5 sen to close the financial year at RM0.56.

Profits from plantation operations in Terengganu helped to offset losses in Kalimantan.

Loss Before Tax

RM**68.1** million

2017: RM14.5 million

Adjusted EBITDA

RM**74.0** million

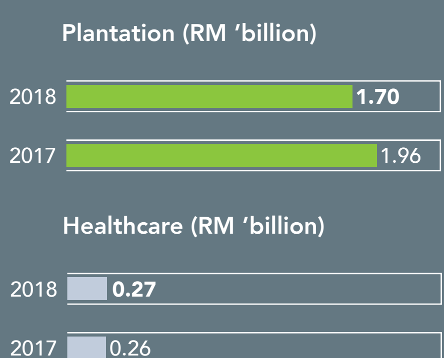
2017: RM94.4 million

Message from Our Chairman

- **Dividend**
  The Board does not propose to declare any dividend for FY2018 given the losses incurred during the financial year. However, we are confident of issuing dividends in the years ahead with any payout consistent with our dividend policy of at least 30% of consolidated profit after tax and minority interest.

Total Assets

RM**1.97**
billion
FY2017: 2.22 billion



The Healthcare Division returned profits in FY2018 after a loss-making FY2017.

ESTABLISHMENT OF EXECUTIVE COMMITTEE

The Group established an Executive Committee (Exco) in February 2019 to serve as a bridge between the Board, Board Committees and the Management Team and ensure decisions are effectively channelled and implemented smoothly and efficiently.

The Exco consists of three layers of core members, ad-hoc members and advisory panel members, all of whom are guided by a Terms of Reference (TOR). At present, the core members comprise a Non-Independent Non-Executive Director, three Independent Non-Executive Directors and three senior management personnel: Group Chief Executive Officer (GCEO), Chief Operating Officer (COO) and Chief Financial Officer (CFO). The ad-hoc members are made up of Management representatives appointed by the Exco while the Advisory Panel members consist of independent Board Members.

We are confident that the Exco will be instrumental in streamlining our decision-making and implementation processes even as we put the pieces in place to achieve sustainable growth and realise healthy and consistent returns for our shareholders.

- **Appointment**
  The Board has appointed a new Group CEO (GCEO) Encik Zainal Abidin Shariff as a replacement for previous GCEO Dato' Mohamat Muda, whose contract ended on 31 January 2019. Formerly the COO of Felcra Berhad, Encik Zainal Abidin came on board on 1 April 2019. His experience in the plantation industry and his expertise in change management are crucial skillsets to drive TDM's value creation and business development plans, and to further deliver our aggressive targets that have been set by the Board.

OUTLOOK FOR 2019 AND BEYOND

The Group is anticipating a better performance for FY2019, which is expected to see growth returns from our Plantation Division supported by sustained gains of our Healthcare Division. CPO prices are poised to recover from the preceding quarter's level, when prices reached a low of RM1,718 per mt last November.

Among the factors supporting a price rebound is lower production output between 2019 and 2020 due to replanting exercises in Malaysia and fewer matured areas in Indonesia. In addition, higher biodiesel demand for Indonesia's B20 programmes and improved demand from India following the slash in import duty will also shore up CPO prices.


Prospects for the Plantation Division in 2019 are promising.

The recovery in prices, coupled with our targeted increases in production, yield and oil extraction rate (OER) is set to expedite the turnaround in our Plantation Division for FY2019 and build the foundation for consistent growth thereafter. We are also looking to appoint plantation advisors and visiting agents in our efforts to improve the monitoring and performance of our plantations in Terengganu and Kalimantan. This is expected to enhance oversight of the execution of our plantations' Value Creation Plan (VCP).

At the same time, we are monitoring the progressive ban on the use of palm oil for biofuels by the European Union (EU), with Switzerland, France and Norway the latest economies to pass resolutions on this issue. An estimated 7% to 10% of Malaysian palm oil exports are used for conversion into biodiesel. The Group is hopeful that the Malaysian Government will redouble efforts to counter the negative perception that palm oil plantations contribute to deforestation and climate change when, in fact, the industry has the highest production efficiency in land use when compared to other oils such as sunflower and rapeseed.

Oil palm can produce 4.03 mt of oil per hectare, making it the most productive crop compared to the output of 0.40 mt, 0.60 mt and 0.80 mt of oil per hectare from soybean, sunflower and rapeseed respectively*. In other words, the other substitute oils require 7 to 11 times the land area to produce a similar amount of vegetable oil compared with oil palm. (*Source: Oil World, December, 2015)

In Healthcare, the launch of the new KTS with more than 100 additional beds has provided TDM with the springboard to grow this business along with the introduction of new services in FY2019 and beyond. As a whole the healthcare sector is projected to grow significantly in Malaysia on the back of population increase, longer life expectancy and growth in health insurance policy holders that could benefit private healthcare providers.

TDM will seek to capitalise on these opportunities to provide new services and better facilities in the new financial year.

Looking further ahead, we are rolling out our VCP and Business Development Plan (BDP) as well as other initiatives to strengthen the platform for sustained growth into the future. The VCP, BDP and other plans are outlined in detail in the Management Discussion and Analysis of this Annual Report.

ACKNOWLEDGEMENT AND APPRECIATION

I would like to take this opportunity to acknowledge the contributions to the Group of the previous Chairman, Dato' Wan Nawawi Haji Wan Ismail and GCEO Dato' Haji Mohamat Muda. We wish them both the best in the new ventures or undertakings they are embarking on.

Let me also congratulate the Management Team for their commitment and determination in continuously paving the way forward for TDM. I am appreciative of the wise counsel of my fellow Board members. We are also grateful to our employees for their exemplary hard work and extraordinary teamwork. Last but not least, I would like to convey my appreciation to our loyal shareholders and business associates for their patience, understanding and above all, support to the Group.

TDM faces an exciting and prosperous future. I would like to invite all our stakeholders to continue on with us on this journey forward.

YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN
Chairman

Management Discussion and Analysis

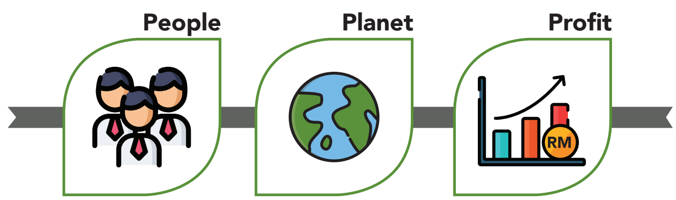
ZAINAL ABIDIN BIN SHARIFF
Group Chief Executive Officer

TDM Berhad (TDM or the Group) is pleased to present our Management Discussion and Analysis for the financial year ended 31 December 2018 (FY2018).

OUR BUSINESSES

The Group is engaged in two core businesses of Plantation and Healthcare where we are a producer of certified sustainable palm oil (CSPO) and leading provider of community-based healthcare.

Through a consistent focus on sustainable growth, TDM is committed to the 3P concept of 'People, Planet and Profit' as the platform to create and sustain value for our stakeholders.



Plantation

TDM is involved in oil palm plantation and milling operations in Terengganu, Malaysia and Kalimantan, Indonesia, operating 16 oil palm estates with a total planted area of 43,991 ha (31,346 ha in Terengganu and 12,645 ha in Kalimantan).

We operate two 60-metric tonnes (mt) per hour palm oil mills in Terengganu (Sungai Tong and Kemaman) and a recently-completed 60 mt per hour mill in Nanga Pinoh, Kalimantan with a combined annual capacity of 900,000 mt of fresh fruit bunches (FFB).

Certifications from the Roundtable on Sustainable Palm Oil (RSPO) and Malaysian Sustainable Palm Oil (MSPO) are a competitive advantage to us. The certifications assist our branding strategy to improve trust from our customers. In addition, they also enable us to obtain premium prices for our crude palm oil (CPO) and palm kernel (PK).

These certifications are an acknowledgement of TDM's adherence to good economic, environmental and social standards in our production of sustainable palm oil.

Management Discussion and Analysis

Healthcare

The Group specialises in the provision of healthcare to local communities. We are serving a market distinct from tertiary care centres. We provide our community with access to quality healthcare services, or in other words, providing healthcare services in an affordable and convenient setting.

We operate 4 medical facilities including the new Kuala Terengganu Specialist Hospital (KTS) as well as the Kuantan Medical Centre (KMC), Taman Desa Medical Centre (TDMC) and Kelana Jaya Medical Centre (KJMC).

With a total 407 beds, our facilities offer a full range of essential services including general medicine, paediatrics, orthopaedics, general surgery, radiology, obstetrics, gynaecology, ear, nose and throat (ENT), dermatology, ophthalmology, urology, anaesthesiology and gastroentrerology.

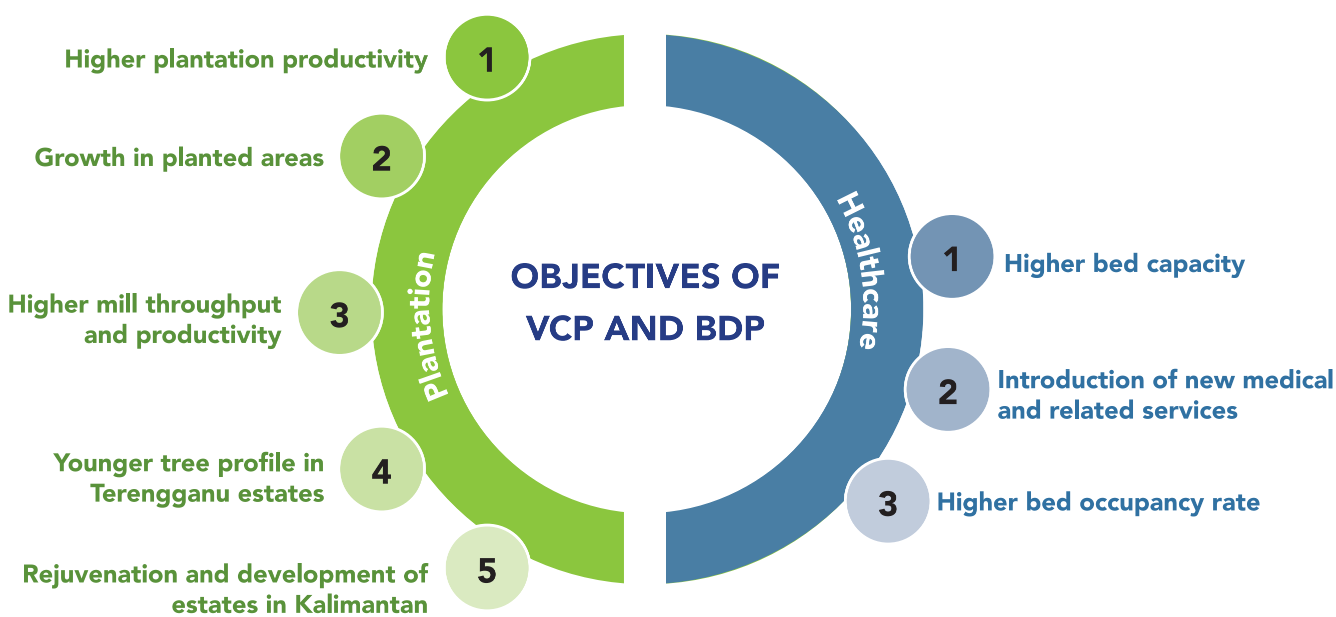
BUSINESS OBJECTIVES AND STRATEGIES

TDM has outlined an overriding goal of achieving sustainable and profitable growth in both our core businesses of Plantation and Healthcare.

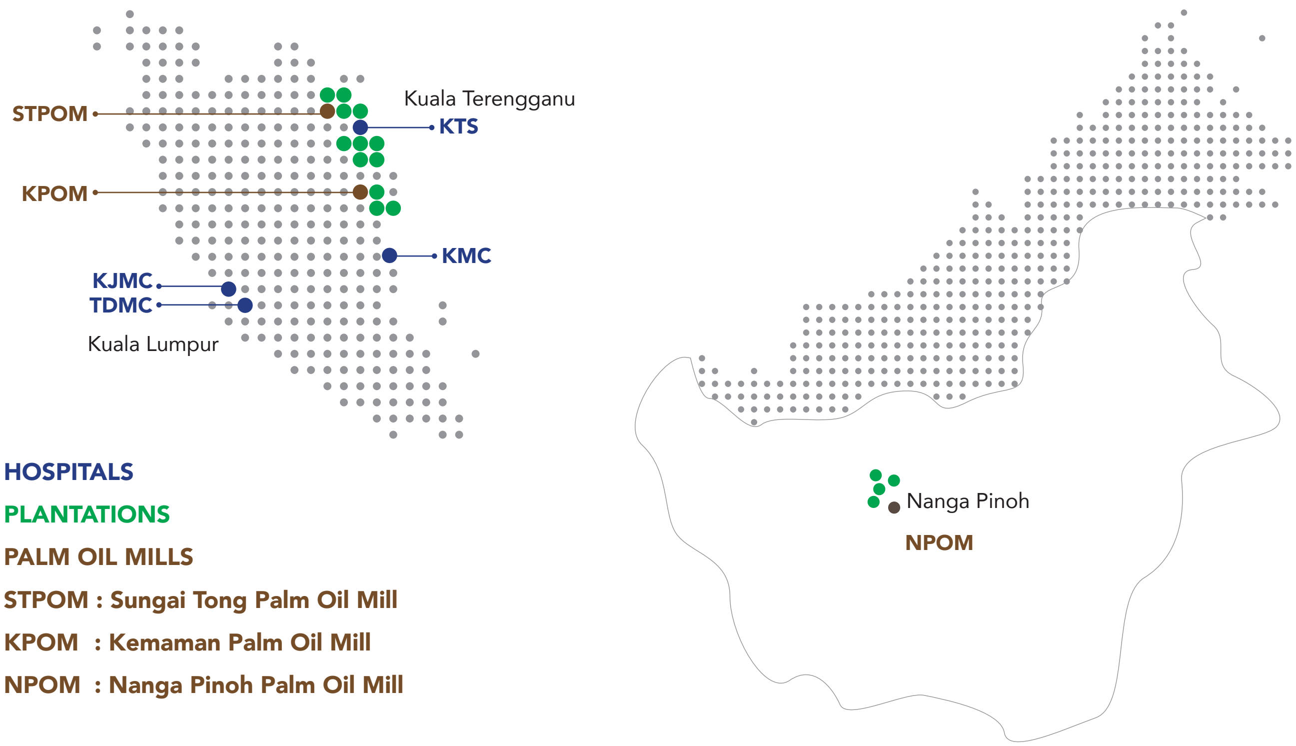
In setting these objectives, the Group recognises that we are invariably subject to external factors beyond our immediate control. This point was driven home by the negative impact caused by trade wars, commodity prices and currency fluctuations on our financial performance in FY2018. This being the case, we are resolved to focus on factors in which we have direct influence to hedge against and mitigate vagaries in the global economic, trade and financial landscape.

On this score, our strategic approach is spearheaded on two fronts. The first is to create and unlock value from our existing assets while the second is to add and acquire new assets as highlighted by the Group's Value Creation Plan (VCP) and Business Development Plan (BDP) respectively.

In essence, the VCP prioritises organic growth through improvements in production and efficiency while the BDP sets the stage for expansion via mergers and acquisitions (M&A) of brown field interests with established operations and consistently healthy financial returns.



Management Discussion and Analysis



Plantation

The Group is exploring different options to create and unlock the value of our assets such as plantations and mills.

To increase and sustain value from our operations in Terengganu, the VCP prescribes specific measures to raise revenue and at the same time lower production costs. Increasing revenue would require improvements to FFB production including optimising harvesting and crop recovery, better control of pests and diseases, ensuring sufficient manpower and implementing the long-range replanting programme. Such improvements are expected to increase the FFB yield, oil extraction rate (OER) and kernel extraction rate (KER).

We are also investing in mill upgrading programmes to improve throughput, which will help to reduce processing cost per mt of FFB.

Under the VCP, the Group has set a higher sales target for CSPO and certified sustainable palm kernel (CSPK) from the 50% achieved in FY2018. To manage the risk of high stock level, we will enter into long-term contracts (LTC) to secure placements of our products.

Meanwhile, under our BDP, the Group is eyeing prospective brown field ventures with the goal of achieving earnings-accretive acquisitions. In this area, we are extending our search beyond Terengganu.

We are making good progress in addressing challenges in Kalimantan, which enables us to focus on increasing production of FFB at these estates over the next few years.

Healthcare

Similar to the Plantation Division, the Group is reviewing ways and means to unlock the value of our healthcare assets, where the considerations include a review of our assets in supporting our growth model.

The VCP outlines the addition of new modalities, the implementation of the electronic medical record (EMR) system throughout all our medical facilities as well as the introduction of mobile applications for greater ease and accessibility to data. In terms of marketing, we have identified web-based and social media platforms as alternative platforms for customer outreach and promotion.

In the case of the BDP, we are targeting a capacity of 1,000 beds by 2022 to be achieved via expansion of existing facilities such as a new wing for KMC and via M&A of established hospitals and medical centres.

REVIEW OF FINANCIAL PERFORMANCE

Revenue

The Group posted a lower Revenue of RM404.7 million in FY2018, a decline of 9.8% over RM448.8 million recorded the year before. Group Revenue was impacted by a 26.5% drop in contribution from the plantation business which achieved revenue of RM195.1 million against RM265.3 million in FY2017.

FY2018 was impacted by depressed prices of CPO and PK, with average realised prices 19.5% lower for CPO and 25.2% lower for PK from our Terengganu operations as compared with the previous financial year. As a gauge, the average realised price of RM2,313 per mt of CPO for FY2018 was considerably lower than the corresponding average of RM2,499 over the five-year period of 2014 to 2018.

Nevertheless, the Group's realised average price for CPO was RM74 higher than the Malaysian Palm Oil Board (MPOB) at RM2,239 per mt. Our prices have been consistently higher than MPOB's since 2014. It is also noteworthy that our realised average price for non-premium CPO was still higher than MPOB's at RM2,251 per mt (+12).

In the case of PK, our selling prices were RM127 higher than MPOB's at RM1,955 per mt compared against RM1,828 per mt. Likewise, our price for non-premium PK at RM1,896 per mt was RM68 higher than the MPOB's average.

The dip in revenue contribution by our plantation business was offset to a degree by higher revenue from the Healthcare Division following the opening of the new Kuala Terengganu Specialist Hospital (KTS) in Q1, FY2018. The healthcare business achieved revenue of RM209.6 million, representing a 14.3% increase over RM183.4 million in FY2017.

Income Statement	**2014 Restated**	**2015 Restated**	**2016 Restated**	**2017 Restated**	**2018**
Revenue (RM'000)	386,117	380,830	428,545	448,761	**404,698**
Profit/(Loss) Before Tax (RM'000)	65,903	49,615	35,096	(14,502)	**(68,107)**
Adjusted EBITDA (RM'000)	78,766	52,004	91,844	94,415	**73,960**
Profit/(Loss) After Tax (RM'000)	51,919	49,691	17,068	(48,391)	**(77,519)**
Statements of Financial Position					
Total Assets (RM'000)	2,024,117	2,496,054	2,313,520	2,225,848	**1,969,334**
Total Liabilities (RM'000)	758,238	1,165,729	1,246,771	1,213,627	**1,022,112**
Shareholders' Equity (RM'000)	1,264,847	1,332,470	1,071,954	1,022,077	**959,937**

Revenue
RM**404.7**
million

Loss Before Tax
RM**68.1**
million

Adjusted EBITDA
RM**74.0**
million

Total Assets
RM**1.97**
billion

Total Liabilities
RM**1.02**
billion

Shareholders' Equity
RM**0.96**
billion

Management Discussion and Analysis

The contrasting results from the two divisions meant that the Healthcare Division overtook the Plantation Division in terms of share of total revenue (51.8%) for the first time in TDM's history.

Profits/Losses

The Group recorded a Loss Before Tax (LBT) of RM68.1 million in FY2018 as compared with a LBT of RM14.5 million the year before. Correspondingly, Loss After Tax (LAT) was RM77.5 million against a LAT of RM48.4 million the previous financial year.

The losses were primarily due to a one-off impairment charge of RM41.3 million related to our Kalimantan estate, foreign exchange losses of RM28.1 million from our fixed income investments and fair value movement in receivables related to the Kalimantan estate of RM9.9 million.

LBT for the Plantation Division was RM78.5 million, with a loss of RM94.3 million from our Kalimantan operations and partly offset with profit of RM15.8 million from Terengganu. LBT for Plantation Division was RM10.4 million in FY2017.

Meanwhile, the Healthcare Division achieved a PBT of RM10.4 million, returning to the black following the previous financial year's loss of RM4.1 million.

Accounting for the losses, Loss Per Share (LPS) was a negative 4.48 sen whereas LPS for FY2017 was a negative 2.77 sen.

Adjusted EBITDA

Adjusted EBITDA offers a more accurate gauge of operating profit. For the year in review, the Group achieved an Adjusted EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation) of RM74.0 million.

During the year, the Plantation Division recorded an Adjusted EBITDA of RM44.7 million despite the challenges of weak palm oil prices and lower production. Meanwhile, the Healthcare Division registered an Adjusted EBITDA of RM29.3 million during the year or higher by 25% compared to FY2017.

Shareholders' Equity, Assets & Dividend

The Shareholders' Funds was lower at RM0.96 billion mainly due to losses recorded during the year. The Group's Total Assets amounted to RM1.97 billion for the year in review with Net Assets per Share dropping 5 sen to close the financial year at RM0.56.

The Board does not propose to declare any dividend for FY2018 given the losses incurred during the financial year. However, we are confident of issuing dividends in the years ahead with any payout consistent with our dividend policy of at least 30% of consolidated annual PAT after minority interest.

Tax

The Group incurred income tax expenses of RM9.4 million (FY2017: RM33.9 million). The Group's effective tax rate was higher than the statutory rate principally because certain expenses were not deductible for tax purposes and also due to reversal of deferred tax assets at our Indonesian operations.

Finance Costs

The Group's total finance costs for the year in review increased to RM25.9 million from RM21.9 million the year before. The Plantation Division incurred finance costs amounting to RM21.8 million with the Healthcare Division incurring RM4.1 million.

Gearing and Debt Rationalisation Exercise

Our gearing ratio at the end of FY2018 stood at 0.38x, which was a significant reduction from 0.48x the year before.

TDM's gearing has improved markedly following our debt rationalisation exercise in October 2018 when we pared our total borrowings from RM791.0 million to RM486.1 million. This will pave the way for our return to compliance with the Securities Commission's criteria to be Shariah-compliant, which means Islamic funds can now invest in TDM shares and we can appeal to a broader investor base. In addition, it will also result in savings on finance costs.

Management Discussion and Analysis

The debt rationalisation exercise involved the full settlement of outstanding Indonesian Rupiah Notes (IDR Notes) held by the Group's Indonesian subsidiary, PT Rafi Kamajaya Abadi (PT RKA). Under the debt rationalisation exercise, the Group raised a USD105 million (equivalent to RM434.3 million based on the exchange rate at that time of USD1: RM4.14) credit facility in the form of a Foreign Currency Revolving Credit-i (FCRC-i) Commodity Murabahah to fully settle the Group's outstanding IDR Notes used for TDM's plantation operations in Kalimantan, Indonesia.

Subsequently, TDM redeemed its investment in fixed income securities, of which the proceeds were used to fully settle the principal portion of the USD105 million FCRC-i.

This exercise is a step towards improving our financial performance through future savings in finance costs while the redemption of our fixed income investment has also negated the fluctuations in gains and losses arising from currency movements.

Capital Management Plan (CMP)

Cash and cash equivalent of the Group decreased to RM39.0 million as at 31 December 2018 from RM73.1 million at 31 December 2017. The graphics on this page provides an overview of the Group's cash flow for FY2018 and FY2017.

- Net cash used in operating activities was RM42.0 million compared with net cash generated from operating activities RM95.5 million in 2017. The decrease in cash flow from operating activities was mainly due to weaker palm oil prices and lower crop production.
- Net cash flows from investing activities was mainly due to the redemption of investment in fixed income securities of RM405.0 million. Meanwhile net cash flows used in investing activities was mainly due for replanting and immature areas in Terengganu, the bio-composting plant in Terengganu and purchase of medical equipments at our Healthcare business. The decrease in cash outflow in investing activites in 2018 was mainly due to major works undertaken in 2017 to complete the Kuala Terengganu Specialist Hospital and mill in Kalimantan.
- Financing activities recorded a net cash outflow of RM368.9 million mainly due to the settlement of IDR Notes during the year of RM376.9 million.

The management will continue to manage the Group's cashflow and capital resources prudently to ensure sufficient funds for operating requirements and capital expenditure.

NET CASH FLOW FROM/(USED IN)

Operating Activities
(RM**42.0** million)
FY2017: RM95.5 million

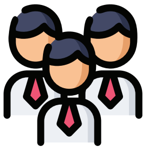
Investing Activities
RM**376.9** million
FY2017: (RM101.4 million)

Financing Activities
(RM**368.9** million)
FY2017: (RM4.0 million)

Net Decrease in Cash and Cash Equivalent
RM**34.1** million
FY2017: RM10.0 million

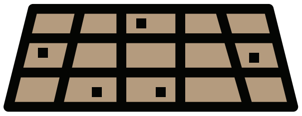
Plantation

PLANTATION EMPLOYEES



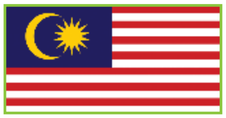
3,334

PLANTED LANDBANK



43,991 HA

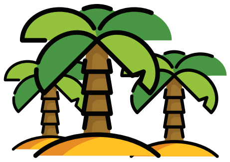
2 MAJOR COUNTRIES



31,346 HA

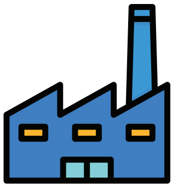
12,645 HA

ESTATES



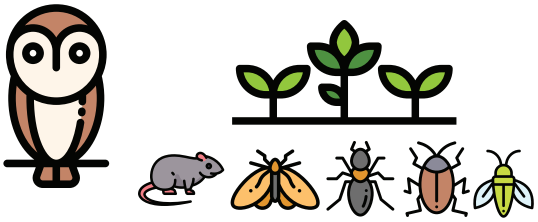
16

PALM OIL MILLS



3

INTEGRATED PEST MANAGEMENT



REVIEW OF OPERATIONS

Plantation

Several factors impacted the prices of CPO and PK during the year in review. The on-going trade tussle between the US and China impacted on soybean prices and this in turn affected palm oil prices due to the correlation between these two substitute goods, meaning that their respective prices tend to follow one another.

There was also an oversupply of palm oil, leading to a rising stockpile of the commodity. Other contributing factors affecting market performance were:

- the strengthening Ringgit against currencies of importing countries;
- political statement; and
- higher edible oil import duties in India.

It should be noted that India and China are the largest importers of palm oil from Malaysia, with the EU in third place.

View of replanting at Air Putih Estate, Kemaman.

Management Discussion and Analysis

Malaysian Production

Total production for Malaysia in 2018 was 19.5 million mt of CPO, a 2.0% reduction from 19.9 million mt the year before.

PLANTATION STATISTICS 2018

HECTARE (HA)

Mature Area	Immature Area
34,633	9,358
(FY2017: 35,460)	(FY2017: 8,738)

PRODUCTION (MT)

FFB	CPO	PK
375,295	72,550	17,308
(FY2017: 455,505)	(FY2017: 84,027)	(FY2017: 21,969)

RATE

OER	KER
19.32%	4.61%
(FY2017: 18.56%)	(FY2017: 4.85%)

AVERAGE PRICE (RM)

CPO	PK
2,313	1,955
(FY2017: 2,872)	(FY2017: 2,614)

Currently, we have a total planted area of 43,991 ha, which is a mere 1.0% fewer than 44,198 ha planted in 2017 of the 2018 hectarage, 31,346 ha are in Terengganu. Planted hectarage in Kalimantan totalled 12,645 ha with another 12,391 ha of plantation land bank.

Production of FFB, CPO and PK decreased by 18%, 14% and 21% respectively during the year in review compared to the previous year. The Company has identified the root causes of the sluggish performance and we have started to implement our VCP to address the issues.

In addition, labour shortages will continue to be one of main challenges of the operations. We are exploring new innovations to improve productivity via mechanisation and technology, such as usage of grabber which will save labour cost by 30%.

Plantation achieved an OER of 19.32%, which is higher by 4.1% from the OER of 18.56% in the previous financial year. Our efforts in improving crop quality to steadily increase OER are evident and bearing fruit.

For FY2018, we achieved a higher CPO selling price than the MPOB's 2018 CPO average price of RM2,239 and this was mainly due to the premium received from sales of our CSPO.

During the year in review, we invested a total of RM16.4 million for replanting and immature area expenses to rejuvenate aging trees in Terengganu. This was complemented by another RM6.9 million to upgrade our palm oil mills in Sungai Tong and Kemaman, both in Terengganu.

Replanting

We have a replanting policy of 5% of our total hectarage in Terengganu per year. Our replanting programme is imperative to improve the age profile of our Terengganu estates. Currently, our average age of palm trees in Terengganu is 17 years, with optimum production age being 12. As a result, we are gradually reducing the average age of our trees under a replanting drive which started in 2012.

Superior planting material, high density planting, optimal mechanisation and estate layout will be of paramount importance to improve our productivity going forward.

Mechanisation

We have introduced grabber machines in selected estates during FY2018 and expect to extend this facility to all other estates in the new financial year. The grabber is one of our mechanisation initiatives to improve estate productivity.

Biogas Plant

In relation to our on-going sustainability efforts, we are pleased to share with shareholders that our joint effort with Concord Biotech Sdn Bhd won an e-bid for 2.4MW Feed-in-Tariff (FiT) quota each for our Kemaman and Sungai Tong biogas plants from the Sustainable Energy Development Authority of Malaysia (SEDA). Published on the SEDA official webpage on 28 January 2019, this represents another significant milestone in fuelling our transition towards a circular economy that maximises resource savings and economic value.

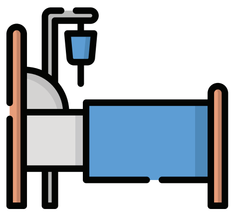
Management Discussion and Analysis

Improvements at our plantations include on-going replanting to improve the age profile of our oil palm trees and greater mechanisation to improve productivity.

Healthcare

Management Discussion and Analysis

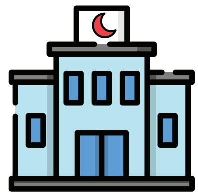
HOSPITALS



407

Beds at the end of 2018
(FY2017: 297 Beds)

OPERATES



4 Specialist Hospitals

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

CERTIFICATION

ISO 9001:2015

The launch of the new KTS was a significant boost to our Healthcare Division, increasing the number of beds from 297 in FY2017 to 407 during the year in review. This contributed to the rise in inpatients from 21,579 to 23,507 (up by 9%) in FY2018 while outpatients amounted to 168,576 against 162,335 the year before.

In addition, the occupancy rate also increased to more than 59% compared against 56% in 2017 while the average length of stay increased to 2.96 days compared with 2.66 days in FY2017. In terms of breakdown, KMC has 167 beds, KTS 143 (33 in FY2017), TDMC 53 and KJMC 44.

KTS

On 2 August 2018, Sultan Terengganu DYMM Sultan Mizan Zainal Abidin ibni Almarhum Sultan Mahmud Al-Muktafi Billah Shah (Sultan Mizan Zainal Abidin) officially opened KTS, which had begun operating in a new building on Jalan Sultan Mahmud from January the same year.

During the opening ceremony, DYMM Sultan Mizan Zainal Abidin also launched the new logo of Kumpulan Medic Iman (KMI) and its hospitals. The event was attended by Terengganu Menteri Besar Dr. Ahmad Samsuri Mokhtar and other state dignitaries.

The hospital is an eight-storey facility built on a 34,000 sq metre plot. The new hospital was designed in accordance with Joint Commission International (JCI) standards for hospitals with 130 beds, five surgical halls and 12 beds in the intensive care unit (ICU) equipped with modern facilities and equipment.

Offering various healthcare services, the new facility replaces the 33-bedded hospital at a different location. KTS is the leading private healthcare provider in Terengganu with a wide range of consultants: physicians, general surgeons, obstetricians and gynaecologists, paediatricians, ear, nose and throat specialists, orthopaedic and traumatology specialists, and radiologists.

HEALTHCARE STATISTICS

NUMBER OF PATIENTS

Inpatient
23,507
(FY2017: 21,579)

Outpatient
168,576
(FY2017: 162,335)

Inpatient days
76,115
(FY2017: 64,935)

NUMBER OF BEDS

407
(FY2017: 297)

OCCUPANCY RATE (%)

59%
(FY2017: 56%)

AVERAGE LENGTH OF STAY (DAYS)

2.96
(FY2017: 2.66)

Management Discussion and Analysis

DYMM Sultan Mizan Zainal Abidin launching KMI's new logo at the opening of KTS.

Also available are medical services for diabetes, dieting, endoscopic, pathology, vascular, intensive care orthodontics, gastroenterology, magnetic resonance imaging, computed tomography scan, digital mammogram, ultrasound, fluoroscopy and X-ray. KTS also features a surgical theatre, 24-hour emergency, laboratory and pharmacy.

In 2019, KTS, similar to KMC, will also introduce new services such as a cardiac centre in phases, offering diagnostic and interventional cardiology and cardio-thoracic services such as catheterisation laboratory, stress ECG, resting ECG, echocardiography, CT angiography, angiogram, angioplasty, cardiac surgery and cardiac rehabilitation.

KMC

Established in 1997, KMC is a community hospital that provides a comprehensive range of affordable and quality secondary medical and surgical services for adult and paediatric patients.

KMC is staffed by an experienced and committed team of consultants, specialists and clinical support staff, and is fully equipped with modern technology to ensure that every patient receives high quality care and safety.

The medical centre has 155 single-bedded rooms, five surgical halls, 12 beds in intensive care units (ICU/HDU), six beds in NICU and 26 clinics offering a comprehensive range of specialist, medical, surgical and emergency services 24 hours a day.

In 2019, plans are being developed to build a new wing for KMC that will add another 100 beds in premier wards and this is scheduled to be ready within four years.

TDMC

A multi-disciplinary specialist community hospital, TDMC is strategically located in the township of Taman Desa, off Jalan Klang Lama in Kuala Lumpur. TDMC has been providing affordable quality healthcare services since 1997.

With a 55-bed capacity, 22 consultant specialists and a well-trained group of support staff, TDMC has served an average of over 35,000 patients a year, offering a wide range of specialist healthcare services as well as 24-hour accident and emergency services.

The facility's top services are in the fields of obstetrics and gynaecology, general medicine, dermatology, ear, nose and throat, general surgery, gastroenterology, orthopaedic and trauma, ophthalmology, paediatric, paediatric surgery and urology. TDMC's focus on obstetrics and gynaecology, especially in infertility treatment, has resulted in healthy increases in inpatients for the segment by 8.5% and 46.5% respectively in outpatients from 2017.

KJMC

KJMC has been serving the community of Petaling Jaya since 1999, catering to numerous patients throughout the years.

Centrally located in the heart of the Kelana Jaya Township within the Lebuhraya Damansara-Puchong (LDP) area, KJMC offers a wide range of healthcare services from the basic medical check-ups to all types of surgical, outpatient and inpatient treatment, delivery services, specialty care, health screening and 24-hour accident and emergency services.

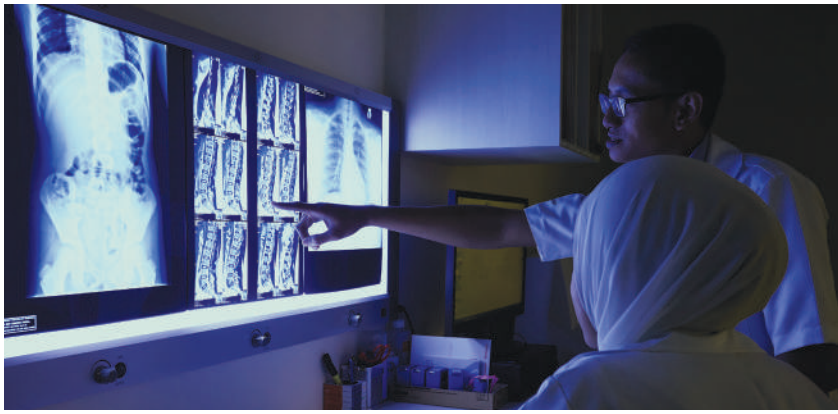
In line with the aspiration to continuously improve the quality of services, KJMC is constantly expanding its services and upgrading the facilities in order to provide high quality medical care at affordable prices.

With a capacity of 44 beds, KJMC is fully equipped with modern technology, having nine committed specialist consultants in physicians, surgeons, anaesthesiologists as well as well-trained amd experienced staff nurses and paramedics to ensure maximum recovery, care and comfort of all patients.

Bridging the Digital Divide

In July 2018, KMI launched a mobile app that covers appointment tracking, doctors and health profiling, hospital locations, health tips and push notifications. The appointment database is integrated with the universal CMS server of the KMI website that was also revamped in early 2018.

Management Discussion and Analysis



TDM continues to expand its medical facilities and extend the scope of services for the benefit of the communities we serve.

Management Discussion and Analysis

RISK MANAGEMENT

Managing business risk in a systematic manner underpins the achievement of TDM's corporate objectives including maintaining sustainability and securing the interests of all our stakeholders. The Management has established a dedicated Risk Management Department (RMD) to spearhead the management of risks across the Group.

To guide Business Units (BU) and Support Units (SU) in identifying and managing the risk at their respective functions, the Management through RMD had established the Enterprise Risk Management (ERM) Framework by adopting the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM Framework, an international recognised risk management framework.

The Management has also established the Risk Control and Self-Assessment (RCSA) Programme as a supplementary tool to identify, evaluate and manage significant risks inherent in the Group operations. RCSA helps BU and SU:

- To identify their current and potential risks and to determine the control gaps in their various operations and activities;
- To address the risk information gap resulting from historical risk loss events, audit findings, compliance issues etc, thus providing a forward-looking perspective for BU/SU in establishing their risk profiles;
- To provide a platform for the continuous process of risk assessment and the formulating of the necessary controls, as well as providing opportunities for process improvement across BU/SU;
- To contribute towards the establishment of an overall Group risk profile, compiled once all BU/SU have completed their risk profiles; and
- To promote proactive risk management and control culture among all employees.

Based on the RCSA submission and reporting, the Management identified and classified the risks into five (5) types namely, Strategic, Human Capital, Operational, Financial and Legal & Compliance risks. The details of the principal risks and mitigating controls are elaborated in the Statement on Risk Management and Internal Control (SORMIC) on pages 154 to 160 of this Annual Report.

The key risks and controls measures according to the Plantation and Healthcare Divisions are exhibited in Table A and Table B respectively.

TABLE A: PLANTATION DIVISION

Shortage of Skilled Harvesters

A lack of experienced and skilled labour could lead to losses in FFB production and poor quality of harvested FFB. In mitigation, we intend to:

- Provide continuous training programmes to harvesters;
- Employ foreign workers through agents who monitor and arrange the recruitment of foreign workers to fulfill the estate's requirements; and
- Comply with the Malaysia Agricultural Procedures Association (MAPA) and National Union of Plantation Workers' (NUPW) agreements in providing competitive wages to workers.

Revocation of RSPO Certification

The requirements of RSPO certification are becoming increasingly stringent with the latest revision of the RSPO 2018 Principle & Criteria. This has raised the risk of growers having their certification revoked, which would result in loss of revenue without premium sales of CSPO and CSPK. In view of this, it is imperative for TDM to consistently comply with RSPO requirements.

Change in Government Regulations

Unexpected changes in government regulations could lead to substantial losses to the company. To mitigate against this, we resolve to enhance:

- Awareness on implementation of any changes in any laws or regulations; and
- Company Strategic Planning.

Operation Inefficiency

This would result in lower productivity and higher cost of production resulting from ageing oil palm trees, poor quality of FFB and CPO, lower percentage of replanting and poor agricultural practices. Our mitigation plan for this encompasses:

- Efforts to increase productivity and reduce cost of production;
- An aggressive replanting programme;
- A good grading system;
- Close monitoring of the replanting areas;
- Good Agriculture Practices (GAP);
- Preventive maintenance at mills; and
- Management oversight role by visiting agents.

TABLE B: HEALTHCARE DIVISION

Reputation

The image of our hospitals can be affected due to unforeseen circumstances including incidents or adverse events resulting in litigation and negative media news. To prepare for any such cases, we undertake the following measures:

- Training and competency assessments;
- Identification of any potential litigation cases through close monitoring of complaints and incidents, and execution of damage control action plan when required;
- Compliance to policies and procedures; and
- Improvements to patient experience through quality care and safe practices.

Competition

Increase competition in the healthcare industry could lead to potential losses from competitive pressure, especially in the Klang Valley. Two of our hospitals in this region are situated in a highly crowded market place with many other healthcare choices. To mitigate against this, we are committed towards:

- Providing better facilities and services to our customers;
- Differentiating our services from the competitors according to market needs;
- Providing affordable prices to the community; and
- Relocation to purpose-built building.

Brand Obscurity

Failure to achieve brand visibility could result in lack of trust and confidence from the public. We intend to ensure the following:

- Increase brand awareness to the public; and
- Build up trust through quality programmes, and community outreach programmes.

PROSPECTS

Plantation

CPO prices have recovered from the preceding quarter's level, when the price reached a low of RM1,718 per tonne last November.

We expect price recovery will be aided by slowing crop output growth between 2019 and 2020 from replanting exercises in Malaysia and lower matured areas in Indonesia. In addition, the higher biodiesel demand for Indonesia's B20 programme and improved demand from India after the slash in import duty will also help to provide support to the CPO price recovery.

These potential developments are however tempered by the ban on the use of palm oil for biofuels by the European Union (EU). Three EU economies of Switzerland, France and Norway have already passed resolutions to enforce the ban and could dampen Malaysian palm oil exports to Europe.

Nevertheless, the Group is optimistic over the long-term fundamentals of the industry and will remain focussed on improving productivity and optimising production cost.

The Group continues to rejuvenate our estates in Terengganu in accordance with our replanting programme, which was started in 2012 and to date has incurred expenditure of RM113.4 million involving 7,445.75 hectares. The replanting of old and unproductive areas will help to improve oil palm productivity through usage of superior planting materials and higher planting density. It will also help to improve our tree age profile towards achieving higher yield.

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

We expect production to improve in 2019 and provide higher returns in the new financial year. We are also confident that Kalimantan can resume business as usual within the next three years.

Management Discussion and Analysis

Kalimantan Mill, Indonesia.

The priority for Kalimantan is to create value through rehabilitation and maintenance so as to expedite harvesting and evacuation of FFB. This is expected to take the duration of the new financial year, during which we are set to rehabilitate 3,500 hectares, followed by between 5,000 and 7,000 hectares in 2020.

TDM recycles and reuses by-products from our plantation operations extensively. We have appointed a biogas developer under the BOOT System to generate electricity from our mill effluent. The developer has obtained the Feed-In-Tariff Certificate from Sustainable Energy Development Authority (SEDA) Malaysia in January 2019. Two biogas plants are scheduled to be completed in 2020 to capture methane gas for generation of renewal energy in collaboration with Tenaga Nasional Berhad whereby the electricity generated will be connected to the national grid.

These are part of efforts to improve sustainability, as is our drive to develop a circular economy within the sphere of our operations. In this regard, we are improving our bio-composting operation to recycle and reuse all waste and using microbial technology in the form of bacteria from our ponds for the composting process.

Healthcare

The healthcare industry in Malaysia is projected to grow from RM59 billion in 2017 to RM80 billion by 2020 with an expected growth rate of 17% per annum, according to the Ministry of Health (MOH) and Department of Statistics Malaysia (DOSM).

The growth is supported by a 1.5% annual increase in population to 33.4 million people by 2020. At the same time, we have a growing ageing population with a longer life expectancy of 75 years. Coupled with this is the growth in insurance policy holders, enabling more patients to seek private medical aid.

Another interesting development is the allocation of RM29 billion under Budget 2019 for the National Health Protection Fund (which will have minimal impact as the focus here is on public hospitals) and Health Protection Scheme (PEKA) totalling RM170 million for those in the B40 income groups, mammograms and treatment of rare diseases such as Hepatitis C, screening and haemodialysis.

These developments augur well for our hospitals. Accordingly, we expect the occupancy rate to reach approximately 70% in 2019 from 59% during the year in review and the number of patients to grow from 23,436 in FY2018.

> "To capitalise on the growing patient base, the Group intends to grow capacity and capability. Efforts are already underway, with the setting up of a cardiac centre in KTS, bed expansion and establishment of a cancer centre at KMC."

To capitalise on the growing patient base, the Group intends to grow capacity and capability. Efforts are already underway, with the setting up of a cardiac centre in KTS, bed expansion and establishment of a cancer centre at KMC.

Going forward, we are also planning to digitalise our patients' documents via electronic medical records (EMR) to enable our clinicians to have quicker access to patients' medical records, thus improving patient care delivery.

Digital imaging equipment, state-of-the-art catheterisation laboratory and hybrid laboratory automation demonstrates our commitment in channelling the latest technology to assist our consultants in designing the best treatment plans for our patients.

"**Moving Forward to a Sustainable Future**" is the chosen theme for this year's annual report, which aptly portrays TDM's stance to embed sustainable best practices in both the Plantation and Healthcare Divisions.

We remain stoic in our commitment to continuously improve our deliverables, not just in our financial performance but also in our services, products and facilities. Our sustainability initiatives are presented in the Sustainability Statement of this Annual Report, which highlights the efforts of our Group. It is heartening to note the hard work and commitment of all our employees, guided by our able Management Team and strong leadership by our Board has elevated TDM to a higher level, that will lead the Group towards attaining its vision of creating sustainable value for all our stakeholders.

ZAINAL ABIDIN BIN SHARIFF
Group Chief Executive Officer

Plantation Industry

Market Prices

Per Tonne
RM1,718 November 2018

Replanting programme started since 2012

Spent
RM113.4 million

Involving
7,445.75 HA

Healthcare Industry

Growth rate
17% per annum
From 2017 to 2020

Health Protection Scheme (PEKA)
RM170 million

Board of Directors' Profile

YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN

Chairman/Non-Independent Non-Executive Director

Age: 66, United Kingdom/Male

DIRECTORSHIP

- Appointed: 30 July 2018

QUALIFICATIONS

- Post Graduate Certificate in Strategic Management, University of Derby, UK
- A Fellow of The British Computer Society, UK
- A Fellow of The Chartered Management Institute, UK

BOARD COMMITTEES

YM Raja Dato' Haji Idris is not a member of any Board Committees of the Company.

WORKING EXPERIENCE AND OCCUPATION

YM Raja Dato' Haji Idris has acquired more than 30 years' experience holding top management positions in various Private Limited, Public Listed and Multinational Companies.

From 1994 to 2000, YM Raja Dato' Haji Idris was with the Siemens Group of Companies in Malaysia where he had served as Managing Director of Nixdorf Computers Malaysia Sdn Bhd and also as the Executive Director of Siemens Nixdorf Information System (Malaysia) Sdn Bhd.

He was also a Non-Executive Director of Siemens Multimedia Sdn Bhd (an MSC company) and from 1998 to 2000, assumed the position of Vice President, Information and Communication Network of Siemens Malaysia Sdn Bhd.

In 2000, YM Raja Dato' Haji Idris was appointed as Group Executive Director of TDM Berhad, a position he held until 2004. He also served as the Executive Chairman of Virgo Tours Sdn Bhd from 2004 to 2006. YM Raja Dato Haji Idris was appointed as a Consultant at the Markfield Institute of Higher Education, Leicestershire, UK, a position he has held since 2006.

YM Raja Dato' Haji Idris was on the board of Kumpulan Darul Ehsan Berhad (KDEB), the investment holding company of the State of Selangor, where he was appointed on 4 April 2011 and served as Chairman of KDEB's property development subsidiary, Kumpulan Hartanah Selangor Berhad and Central Spectrum (M) Sdn Bhd. He was also appointed as Chairman of Kumpulan Perangsang Selangor Berhad (Perangsang Selangor), a public listed company within the KDEB Group of Companies. He held all these positions until 1 June 2018.

On 10 August 2012, he was appointed as Chairman of Ceres Telecom Sdn Bhd and appointed Executive Chairman on 1 June 2018.

YM Raja Dato' Haji Idris was also appointed as a Director of Terengganu Incorporated Sdn Bhd (Terengganu Inc) on 11 June 2018. Terengganu Inc is the strategic investment arm of the Terengganu State Government.

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUER

NIL

NUMBER OF BOARD MEETINGS ATTENDED

6/6

Board of Directors' Profile

YB DATO' HAJI A.RAHMAN BIN YAHYA

Non-Independent Non-Executive Director

Age: 61, Malaysian/Male

DIRECTORSHIP

- Appointed as Director: 30 July 2018
- Appointed as the Member of the Nomination and Remuneration Committee: 1 August 2018
- Appointed as the Member of Board Tender Committee: 27 August 2018.

QUALIFICATIONS

- Bachelor of Economics (Hons), UKM
- Diploma Lanjutan, University of Wales College Newport, United Kingdom

WORKING EXPERIENCE AND OCCUPATION

Dato' Haji A.Rahman commenced his career with the Terengganu Economic Planning Unit in 1983 and later moved on to hold various significant positions in the Terengganu government agencies. He has served amongst others as the President of Kemaman Municipal Council, Deputy Director of Terengganu Economic Planning Unit and Comptroller of the Royal Household (*Dato' Pengelola Bijaya DiRaja*), Office of His Royal Highness the Sultan of Terengganu.

He also held many positions in several organisations such as Tesdec Sdn. Bhd. as the Executive Director from 1998 to 2004 and Terengganu State Economic Development Corporation as the General Manager from January 2016 to September 2016. He was appointed as the Deputy State Secretary (Development) of Terengganu and Director of Terengganu Economic Planning Unit in 2016 and was further promoted as the State Financial Officer in 2017 prior to his appointment as State Secretary of Terengganu on 22 April 2018.

He is also a member of the Board of Trustees of Yayasan Islam Negeri Terengganu, the Board member of LTAWNT, MAIDAM and Terengganu Incorporated Sdn Bhd.

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUER

Golden Pharos Berhad

NUMBER OF BOARD MEETINGS ATTENDED

6/6

Board of Directors' Profile

HAJI MAZLI ZAKUAN BIN MOHD NOOR

Non-Independent Non-Executive Director
Age: 49, Malaysian/Male

DIRECTORSHIP

- Appointed as Director: 30 July 2018
- Appointed as the Member of the Audit Committee: 1 August 2018
- Appointed as the Chairman of the Nomination and Remuneration Committee: 1 August 2018
- Appointed as the Member of Board Risk & Compliance Committee: 1 August 2018
- Appointed as the Chairman of Board Tender Committee: 27 August 2018
- Appointed as the Member of the Executive Committee (EXCO): 1 February 2019

QUALIFICATIONS

- Undergoing Doctorate in Business Administration (UKM)
- Master in Business Administration (UiTM)
- Bachelor of Engineering In Material & Mechanical Engineering (UKM)

WORKING EXPERIENCE AND OCCUPATION

Haji Mazli Zakuan started his career as an Application Engineer with Antah Oil Tools & Services Sdn Bhd in 1993 and moved on to join Smith International Inc as a Field Engineer. With his considerable experience, knowledge and skills, he joined the oilfield drilling sector in 1997. Starting out with Nalco Exxon Chemicals as a Service Engineer, he joined and moved up to various management positions of the multinational company.

In 2003, he co-founded Maces Sdn Bhd which was the first Malaysian specialty chemicals company for oilfield and water treatment. Acting as the Senior Vice President, Operation and later as Chief Executive Officer, his entrepreneurial venture led him to subsequently co-found PAV Oilfield Services Sdn Bhd, another local company specialising in oilfield services.

He was the Deputy Chief Executive Officer of Perbadanan Kemajuan Iktisad Negeri Kelantan (PKINK) from 2016 until March 2018. During this period, he served as a Director of various subsidiaries of the PKINK group that is involved in plantations, properties development and financial services.

Haji Mazli Zakuan is a registered engineer with the Board of Engineers Malaysia and a member of the Society of Petroleum Engineers International since 1993 and 1995 respectively.

He holds a Master in Business Administration from Universiti Teknologi MARA (UiTM) and received his Bachelor of Engineering in Material and Mechanical Engineering from Universiti Kebangsaan Malaysia (UKM). Currently, he is pursuing a Doctorate in Business Administration in UKM. Haji Mazli Zakuan was appointed as a Director of Terengganu Incorporated Sdn Bhd (Terengganu Inc) on 11 June 2018. Terengganu Inc is the strategic investment arm of the Terengganu State Government. Haji Mazli Zakuan was also appointed as the Corporate Advisor of Menteri Besar Incorporated on 7 June 2018.

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUER

NIL

NUMBER OF BOARD MEETINGS ATTENDED

6/6

Board of Directors' Profile

MOHD KAMARUZAMAN BIN A WAHAB

Independent Non-Executive Director
Age: 41, Malaysian/Male

DIRECTORSHIP

- Appointed as Director: 30 July 2018
- Appointed as the Member of the Audit Committee: 1 August 2018
- Appointed as the Member of the Nomination and Remuneration Committee: 27 August 2018
- Appointed as the Chairman of Board Risk & Compliance Committee: 1 August 2018. (Relinquished his position as Chairman of BRCC on 4 October 2018.)
- Appointed as the Member of Board Risk & Compliance Committee: 4 October 2018
- Appointed as the Member of Board Tender Committee: 27 August 2018
- Appointed as Chairman of the Executive Committee (EXCO): 1 February 2019

QUALIFICATIONS

- Bachelor of Laws (LLB) Hons, International Islamic University Malaysia

WORKING EXPERIENCE AND OCCUPATION

Encik Mohd Kamaruzaman was admitted to the Bar and became an Advocate and Solicitor in 2003 and started his work as Legal Assistant at Messrs Abdul Haris & Co. In 2004, he was admitted as Peguam Syarie in Terengganu.

He later joined Fariz Halim & Co as Legal Assistant and in 2005, he joined Messrs Khaled Jalil & Co as a Partner.

He has been a Partner at Messrs Aziz & Co since 2006. He is also a part-time lecturer at the Faculty of Laws and Human Relations (FUHA), UniSZA since 2012.

He was also appointed as a member of Marang District Council since 1st June 2018.

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUER

NIL

NUMBER OF BOARD MEETINGS ATTENDED

6/6

Board of Directors' Profile

BURHANUDDIN HILMI BIN MOHAMED @ HARUN

Independent Non-Executive Director
Age: 49, Malaysian/Male

DIRECTORSHIP

- Appointed as Director: 30 July 2018
- Appointed as Chairman of the Audit Committee: 1 August 2018
- Appointed as the Member of the Nomination and Remuneration Committee: 1 August 2018
- Appointed as the Member of Board Risk & Compliance Committee: 1 August 2018
- Appointed as the Member of Board Tender Committee: 27 August 2018
- Appointed as the Member of the Executive Committee (EXCO): 1 February 2019

QUALIFICATIONS

- Master of Business Administration (MBA) Majoring in International Business University of Leeds, United Kingdom
- Bachelor of Accounting (Hons), International Islamic University, Malaysia
- Chartered Accountant (CA), Malaysian Institute of Accountants (MIA)
- Certified Financial Planner (CFP) Financial Planning Association of Malaysia (FPAM)

WORKING EXPERIENCE AND OCCUPATION

Encik Burhanuddin started his career as an Audit Senior, Audit and Business Advisory Services at Price Waterhouse (now known as PwC) from 1993 to 1996.

He then joined KPMG, Assurance Division as a Manager in 1998 until 2002.

In 2002, he established BH Consulting Sdn Bhd and acted as its Managing Director/ Principal Consultant. BH Consulting perform assessments on the viability of businesses and the achievability of their cash flow and is also involved in the review of internal control systems for various companies for the purpose of loan disbursement and monitoring

From October 2006 to September 2013, he was the Group Chief Financial Officer of Composites Technology Research Malaysia Sdn. Bhd. (CTRM). CTRM is a Government Linked Company (GLC) owned by the Ministry of Finance, Inc. and now is part of the DRB-Hicom Group.

He was the Chief Financial Officer of Weststar Aviation Services Sdn Bhd, a company specialising in Oil & Gas helicopter transportation services from September 2013 to October 2015.

He was also the Chief Financial Officer of Zetro Aerospace Corporation group of companies and Director, Chartridge Conference Company Ltd (UK) from November 2015 to July 2018.

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUER

NIL

NUMBER OF BOARD MEETINGS ATTENDED

6/6

Board of Directors' Profile

HAJI NAJMAN BIN KAMARUDDIN

Independent Non-Executive Director

Age: 51, Malaysian/Male

DIRECTORSHIP

- Appointed as Director: 17 September 2018
- Appointed as the Member of the Audit Committee: 4 October 2018
- Appointed as the Member of the Nomination and Remuneration Committee: 4 October 2018
- Appointed as the Chairman of Board Risk & Compliance Committee: 4 October 2018
- Appointed as the Member of the Executive Committee (EXCO): 1 February 2019

QUALIFICATIONS

- Bachelor Of Science In Business Administration and Minoring in Economics, Washington University, St Louis Missouri USA

WORKING EXPERIENCE AND OCCUPATION

Haji Najman is currently the Chief Executive Officer at Icon Futurehome Sdn Bhd since 2017.

He started his career as a Marketing Manager at PSSSB, a subsidiary of Terengganu SEDC from 1992 to 1994. From 1994 to 1996, he was attached to the Bumiputra Development Department, Maybank as Credit Officer. He was then appointed as Senior Executive at Kuwait Finance House (KFH) Ijarah House until 1997.

Subsequently, from 1997 to 2000, he was the Assistant Manager at EON Bank Berhad.

He was also the Executive Director at TDM Trading Sdn Bhd, a 100% subsidiary of TDM Berhad from 2000 to 2004.

Since 2004, he has been the Executive Director of Significant Technologies Sdn Bhd, a company involved in developing locally grown telecommunication products and solutions.

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUER

NIL

NUMBER OF BOARD MEETINGS ATTENDED

3/3

Notes:

1. 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.

2. Conflict of interest with the Company:

   None of the directors has any conflict of interest with the Company or its subsidiary companies.

3. Conviction of offences:

   None of the directors has been convicted for offences within the past 5 years other than traffic offences, if any and no public sanction or penalty imposed on them by any regulatory bodies during the financial year.

4. The shareholdings of the directors are disclosed on page 268 of the Annual Report.

Key Senior Management

Zainal Abidin bin Shariff
Group Chief Executive Officer
TDM Berhad

Amir Mohd Hafiz bin Amir Khalid
Chief Financial Officer
TDM Berhad

Ahmad Zaki bin Muda PJK
Chief Operating Officer
TDM Berhad

Jalaini bin Che Kar
Chief Executive Officer
TDM Plantation Sdn. Bhd.
Plantation Division

Mat Yula bin Kasim
Acting Chief Executive Officer
Group Healthcare
Kumpulan Medic Iman Sdn. Bhd.
Healthcare Division

Key Senior Management Profile

ZAINAL ABIDIN BIN SHARIFF

Group Chief Executive Officer, TDM Berhad

Age: 52, Malaysian/Male

QUALIFICATION

- Master of Finance, RMIT University, Melbourne Australia
- The Chartered Association of Certified Accountants
- Diploma in Advanced Accountancy, Luton College of Higher Education, United Kingdom (now known as University of Luton)

WORKING EXPERIENCE AND OCCUPATION

- Chief Executive, The Incorporated Society of Planters (2018)
- Chief Operating Officer/Financial Officer, Felcra Berhad (2016)
- Chief Financial Officer, Chemara Palmea Holdings Berhad (2014)
- Head, Property Management, Sime Darby Property Berhad (2013)
- Head, Corporate Strategy, Sime Darby Property Berhad (2011)
- Group Financial Controller, KAB Group of Companies (2011)
- Assistance General Manager, Performance Management Office, Prokhas Sdn Bhd (2009)
- Vice President (Business Support), Plantation Downstream Dept, Plantation Division, Sime Darby Berhad (2008)
- Vice President (Transformation Office), Group Strategy & Corporate Development Division, Sime Darby Berhad (2007)
- General Manager, (Group CEO Office), Kumpulan Guthrie Berhad (2004)
- Senior Manager, Corporate Audit Division, Kumpulan Guthrie Berhad (2003)
- Senior Manager (Group Account), Kumpulan Guthrie Berhad (2001)
- Finance Manager, PT Guthrie Pecconina Indonesia (2000)
- Manager, (Tax Services), Kumpulan Guthrie Berhad (1997)
- Finance Manager, Cellular Communication Networks Sdn Bhd (1995)
- Manager, Internal Audit Dept, ABN AMRO Bank Berhad (1994)
- Executive, Internal Audit Dept, Bank Of Commerce Berhad (1993)
- Audit Executive, Coopers & Lybrand (1990)

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUER
NIL

THE DATE THE PERSON WAS FIRST APPOINTED TO THE KEY SENIOR MANAGEMENT POSITION
1 April 2019

Key Senior Management Profile

AHMAD ZAKI BIN MUDA PJK

Chief Operating Officer, TDM Berhad

Age: 57, Malaysian/Male

QUALIFICATIONS

- Masters in Business Administration (MBA), University Technology MARA (2002)
- Bachelor in Business Administration (Transport), University Technology MARA (1983)

WORKING EXPERIENCE AND OCCUPATION

- Assistant Accountant, Besut District Council, Terengganu (1984 - 1990)
- Principal Secretary to Deputy Minister, Ministry of Primary Industries, Malaysia (1990 - 1995)
- Council Secretary, Setiu District Council, Terengganu (1995 - 1998)
- State Manager / Service Area Manager, Alam Flora Sdn Bhd (Subsidiary of DRB-HICOM Berhad) (1998 - 2007)
- Development Director, University College Bestari (2014 - 2016)
- Head of Risk Management & Compliance, TDM Berhad (2016)
- Chief Operating Officer, TDM Berhad (present)

THE DATE THE PERSON WAS FIRST APPOINTED TO THE KEY SENIOR MANAGEMENT POSITION
22 February 2018

AMIR MOHD HAFIZ BIN AMIR KHALID

Chief Financial Officer, TDM Berhad

Age: 39, Malaysian/Male

QUALIFICATIONS

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

WORKING EXPERIENCE AND OCCUPATION

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

THE DATE THE PERSON WAS FIRST APPOINTED TO THE KEY SENIOR MANAGEMENT POSITION
1 March 2012

Key Senior Management Profile

JALAINI BIN CHE KAR

Chief Executive Officer, TDM Plantation Sdn. Bhd.

Age: 52, Malaysian/Male

QUALIFICATIONS

- Masters in Business Administration, Open University Malaysia (2014)
- Bachelors in Business Administration, University Technology MARA (2003)
- Diploma in Agriculture, University Putra Malaysia

WORKING EXPERIENCE AND OCCUPATION

Encik Jalaini has 29 years experience in plantation management mostly in TDM estates. Apart from his official duties with TDM, he is also the Chairman for MAPA advisory Panel, Terengganu branch and the Chairman of MPOA Terengganu.

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

THE DATE THE PERSON WAS FIRST APPOINTED TO THE KEY SENIOR MANAGEMENT POSITION

1 January 2017

MAT YULA BIN KASIM

Acting Chief Executive Officer, Group Healthcare, Kumpulan Medic Iman Sdn. Bhd.

Age: 58, Malaysian/Male

QUALIFICATIONS

- Master of Business Administration (MBA), UiTM Dungun, Terengganu (2006)
- Bachelor Business Administration, Eastern Washington University, United States (1987)
- Diploma in Business Studies, MARA Institute of Technology (1982)

WORKING EXPERIENCE AND OCCUPATION

- Credit Officer, Bank Pertanian Malaysia (1982 - 1985)
- Branch Manager, Perwira Affin Bank (1989 - 2003)
- Chief Financial Officer, TDM Plantation Sdn Bhd (2003)
- Group Manager, Finance, TDM Berhad (2007)
- Senior Group Manager, Finance, TDM Berhad (2009)
- Director, Corporate Affairs, PT Rafi Kamajaya Abadi (2010)
- President Director, PT Rafi Kamajaya Abadi (2011)
- Senior Group Manager, Human Resource, TDM Berhad (2012 - 2014)
- Senior Group Manager, Business Development, HR & Finance (KMI)

THE DATE THE PERSON WAS FIRST APPOINTED TO THE KEY SENIOR MANAGEMENT POSITION

6 September 2018

Notes:

None of the Key Senior Management has:-

1) Any directorship in public companies and listed issuers (if any)
2) Any family relationship with any director and/or major shareholder of the Company
3) Any conflict of interests that the person has with the listed issuer
4) Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year (if any)

Save for Amir Mohd Hafiz who holds 110,700 shares in the Company, none of the Key Senior Management has any interest in the securities of the Company.

Management Team

TDM BERHAD

Zainal Abidin bin Shariff
Group Chief Executive Officer
TDM Berhad

Amir Mohd Hafiz bin Amir Khalid
Chief Financial Officer
TDM Berhad

Ahmad Zaki bin Muda
Chief Operating Officer
TDM Berhad

Mohd Mardi bin Ismail
Group Manager, Corporate Finance & Investor Relation
TDM Berhad

Ahmad Shukri bin Mohd Ali
Group Manager, Human Resource & Administration
TDM Berhad

Syed Zulfhadlie bin Syed Zin
Group Manager, Legal & Secretarial
TDM Berhad

Mohd Roslan bin Mamat
Group Manager, Internal Audit
TDM Berhad

Yasmadi bin Yatim
Acting Group Manager, Information Technology
TDM Berhad

Norfar'izan binti Hashim
Acting Group Manager, Corporate Communication
TDM Berhad

Management Team

PLANTATION DIVISION

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

Vijayakumar a/l Sambanthar
President Director
PT Rafi Kamajaya Abadi

Mohammad Azrain bin Mohd Kassim
Manager
TDM Trading Sdn. Bhd.

HEALTHCARE DIVISION

Mat Yula bin Kasim
Acting Chief Executive Officer
Group Healthcare
Kumpulan Medic Iman Sdn. Bhd.

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

Norliza binti Razali
General Manager
TDMC Hospital Sdn. Bhd.

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

Jamilah binti Ibrahim
Covering General Manager
Kelana Jaya Medical Centre Sdn. Bhd.

Creating and Sustaining Value
for our stakeholders


Handle All Chemicals Safely
TEMPAT ANALISA FFA
TEMPAT ANALISA DIRT

Calendar of Events

7 FEBRUARY 2018

LEASE AGREEMENT BETWEEN KLLT AND PMINT

Kumpulan Ladang-Ladang Trengganu (KLLT) and Perbadanan Memajukan Iktisad Negeri Terengganu/Terengganu State Economic Development Corporation (PMINT) entered into four conditional lease agreements. The agreement was for lease of lands for up to a period of 99 years. The Menteri Besar of Terengganu witnessed the signing ceremony at Grand Hyatt KL.

21 FEBRUARY 2018

"AMANAT TDM" WITH FORMER GROUP CEO OF TDM BERHAD

Dato' Haji Mohamat Muda, former TDM Group CEO addressed employees to present the Group's business direction in pursuing wealth enhancement for shareholders and improving the well-being of all employees. The session was held at Primula Beach Hotel, Kuala Terengganu.

24 MAY 2018

53RD ANNUAL GENERAL MEETING (AGM)

TDM Berhad's 53rd AGM was held at Primula Beach Hotel, Kuala Terengganu.

Calendar of Events

16 JULY 2018

LAUNCHING OF SECOND BIO-COMPOST MILL

The launching of the second Bio-Compost Mill was officiated by Menteri Besar of Terengganu, Dr Ahmad Samsuri Mokhtar at Dataran JKKK, Padang Kubu in Kemaman. He also launched the newly designed cluster houses and attended the briefing session on the BOOT project.

2 AUGUST 2018

GRAND LAUNCHING OF KTS HOSPITAL AND KMI NEW LOGO

DYMM Sultan of Terengganu, Sultan Mizan Zainal Abidin launched the new KTS Hospital along with KMI's new logo at the main lobby of the hospital.

Media Highlights

TDM mula teroka industri penghasilan biogas

Pendapatan Kumpulan TDM cecah RM448.8 juta

Pendapatan TDM Cecah RM448.8 Juta Keuntungan Lonjak Kepada RM52.3 Juta

WAN NAWAWI (dua dari kiri) bersama pengurusan kanan Kumpulan TDM dalam sidang akhbar di Kuala Terengganu hari ini. - UTUSAN ONLINE

KUALA TERENGGANU 24 Mei - Kumpulan TDM Berhad (TDM) mencatatkan peningkatan pendapatan 4.7 peratus kepada RM448.8 juta bagi kewangan berakhir 31 Disember tahun lalu berbanding RM428.5 juta tahun 2016.

Seiring dengan perkembangan positif itu, keuntungan sebelum cukai bagi syarikat milik kerajaan negeri itu pula melonjak 49.0 peratus iaitu daripada RM35.1 juta pada 2016 kepada RM52.3 juta.

Pengerusi TDM Berhad, Datuk Wan Wan Nawawi Wan Ismail berkata, peningkatan produk minyak sawit mentah selain harga jualan isirong lebih tinggi menjadi pendorong kepada peningkatan prestasi kewangan syarikat.

Berikutan itu, jelas beliau, TDM akan membayar dividen 0.5 sen bagi setiap saham biasa membabitkan anggaran berjumlah RM8.3 juta.

TDM Proposes Dividend Of 0.5 Sen

PETALING JAYA: TDM Bhd has proposed a first and final dividend of 0.5 sen per share, tax exempt under the single-tier system in respect of the financial year ended Dec 31, 2017, subject to shareholders' approval at the forthcoming 53rd AGM.

Shareholders will be able to either opt to reinvest the whole or part of the dividend into new ordinary shares of TDM.

Its share price was down one sen to 35 sen with some 867,600 shares changing hands.

TDM saw net profit for the financial year ended Dec 31, 2017 go up by 12.9% to RM22.7 million compared with 2016 on higher contribution from the plantation division.

This was on 4.7% higher revenue of RM448.9 million for 2017.

Terengganu's TDM To Build Two Biogas Plants

KEMAMAN: TDM Bhd, a subsidiary of the Terengganu state government, will build two biogas plants costing RM38mil based on green technology (green tech) using the covered lagoon system in Kemaman and Sungai Tong.

Its chief executive officer Datuk Mohamat Muda said the project, which is expected to begin in September this year and completed within a year, will be undertaken by Concord Renewable Energy Sdn Bhd with a vast experience in biogas under the new TDM Transformation programme.

"This project, which uses the boot (built, operate, own and transfer) concept, is fully borne by developers.

"Biogas plant places importance on green tech to ensure sustainable environmental protection, as well as helps to strengthen the existing oil refinery treatment system to

Tdm Buka Kilang Baja Bio-Organik Automasi Pertama Di Malaysia

TDM Berhad anak syarikat milik kerajaan negeri yang berteraskan industri kelapa sawit melakar satu lagi sejarah perkembangannya apabila berjaya membuka Kilang baja bio organik automasi yang pertama seumpamanya di negara ini.

Kilang kedua selepas kilang baja organik di Sungai Tong. Setiu itu menghasilkan baja organik menggunakan teknologi mikro.

Ketua Pegawai Eksekutif Kumpulan TDM Berhad, Dato' Mohamad Muda, berkata teknologi hasil kolaborasi antara Universiti Putra Malaysia (UPM) dan TDM itu dijalankan selama enam bulan yang berakhir April lalu.

Katanya, kini TDM mampu menghasilkan 30,000 metrik tan baja bio organik yang dinamakan TDMBIO dalam tempoh setahun.

TDM Perbaharui Pajakan 12,844 Hektar Tanah Ladang Di Terengganu

Hospital KTS Dijadual Beroperasi Ahad Ini

Sultan Mizan Rasmi KTS

KUALA TERENGGANU 2 Ogos - Sultan Terengganu, Sultan Mizan Zainal Abidin hari ini merasmikan bangunan Hospital Pakar Kuala Terengganu (KTS) yang disifatkan sebagai penanda aras baharu dalam perkhidmatan rawatan dan penjagaan kesihatan di negeri ini.

Menurut baginda, bangunan baharu setinggi lapan tingkat di jalan Sultan Mahmud di pinggir pantai peranginan Batu Buruk dengan model hospital sekutogenik bagi kesolesaan dan perkhidmatan bermutu tinggi, boleh turut berperanan sebagai pemangkin ke arah menjadikan Terengganu sebagai hab pelancongan kesihatan.

Selain itu, baginda menyarankan agar KTS menjadi jambatan menghubungkannya perkhidmatan dengan rakyat bagi membentuk budaya openjagaan kesihatan yang lebih baik.

TDM ink 4 agreements to renew Terengganu land leases

KUALA TERENGGANU: TDM Bhd's wholly-owned Kumpulan Ladang-Ladang Terengganu (KLLT) has entered into four conditional lease agreements with the Terengganu State Economic Development Corporation (PMINT) for the renewal and formalisation of lease for 10,222ha and 2,772ha in the state, respectively.

The renewal of lease for the 10,222ha is for a second term of 46 years while the leases being formalised for 2,772ha are for a period of between 30 and 99 years.

The lease periods can be further extended for between 92 and 99 years.

Collectively, the plots make up 12,994ha, which is 29 per cent of TDM's total palm oil plantation landbank of 45,196ha.

TDM group managing director Datuk Mohamat Muda said after the signing of the agreements yesterday these estates had been a major contributor to the group's earnings.

"With the agreements, we are able to continue cultivating oil palm on these land, which provides long-term clarity and earnings visibility to the group. We have invested heavily in the development of the oil palm plantations on the collective land. We would like to continue to reap the financial benefits from our investments."

Datuk Mohamat Muda

With the renewal and formalisation of the lease agreements, TDM will pay a higher annual rental to PMINT amounting to RM4.9 million, up from the annual rental of RM428,065 currently.

TDM initially gained access to the land with the acquisition of KLLT in 1987, as it held the leases to clear and develop the lands for oil palm plantations. To date, KLLT continues to manage the oil palm plantations.

In line with TDM's domestic plantation expansion plans, Mohamat said the lease agreements further strengthened the group's commitment to champion the plantation sector in Terengganu.

The lease agreements are subject to the approval of TDM shareholders at an extraordinary general meeting. **Basil Zakaria**

6 Sebab KTS Batu Burok Bakal Menjadi Hospital No. 1 Di Terengganu

Hospital Pakar Kuala Terengganu (KTS) yang baharu di Jalan Sultan Mahmud, Batu Burok, menawarkan perkhidmatan kesihatan pakar yang menjanjikan suasana lebih selesa dan tiada tandingan di negeri ini.

Hospital ini dilengkapi dengan peralatan dan kemudahan berteknologi yang terkini untuk memberi perkhidmatan lebih berkualiti kepada pelanggan.

Dengan perkhidmatan baharu yang diperkenalkan, sudah pasti KTS akan menjadi hospital swasta terbaik di Terengganu, sekaligus menjadi pilihan utama rakyat.

Dan ini 6 fakta kenapa KTS Batu Burok bakal menjadi pilihan utama rakyat Terengganu.

TDM Pays Higher Rental For Renewal Of Leased Land

TDM group managing director Datuk Mohamat Muda says the agreements would enable the company to continue cultivating oil palm on those lands for long-term clarity and earnings visibility. Picture by BERNAMA

KUALA TERENGGANU: TDM Bhd's wholly-owned Kumpulan Ladang-Ladang Terengganu (KLLT) has entered into four conditional lease agreements with the Terengganu State Economic Development Corporation (PMINT) for the renewal and formalisation of lease for 10,222 hectares and 2,772 hectares in the state respectively.

The renewal of lease for 10,222 hectares of land is for a second term of 46 years, while the leases being formalised 2,772 hectares are for a lease period of between 30 and 99 years. The lease periods can be extended for a further between 92 and 99 years.

Collectively, the lands make up 12,994 hectares, which is 29 per cent of TDM's total palm oil plantation land bank of 45,196 hectares.

EKSPO TERENGGANU 2018 : TDM Perintis Biogas Pertama Di Malaysia

Foto oleh Tengku Syamim Tengku Ismail

TDM Berhad muncul syarikat berkaitan kerajaan (GLC) pertama di Terengganu dan juga perintis di Malaysia yang memperkenalkan Biogas.

Majlis Menandatangani Penerimaan Tawaran Projek Usahasama Penghasilan Biogas dan Penjanaan Kuasa Elektrik melalui perjanjian kerjasama 'Build-Own-Operate-Transfer' (BOOT) Kumpulan TDM Berhad dengan syarikat Concord Alliance Sdn Bhd berlangsung di Dataran Shahbandar, Pekarangan Kompleks Sukan Negeri Terengganu, Kuala Nerus, hari ini.

醫識力

25

TDM teroka penghasilan biogas

GLC pertama di Terengganu perkenal sisa kelapa sawit untuk jana elektrik

Agih dividen RM8.3 juta

TDM rekod RM448.8 juta hasil pendapatan

Mohamat (dua, kanan) dan Pengerusi TDM Berhad, Datuk Wan Nawawi Wan Ismail (tiga, kanan) menunjukkan Laporan Tahunan TDM Berhad 2017.

info

Ladang Rakyat mempunyai kawasan tanaman seluas 12,721 hektar

Media Highlights

TDM in transformation mode

Plantation and healthcare company eyes a place in the top 100 of Bursa Malaysia

TDM Berhad Taja Pakej Umrah Untuk Pekerja Cemerlang

Ahmad Razif bersama kakitangan penerima anugerah cemerlang TDM Berhad. Foto Harish Fadzillah Kassim

Kumpulan Terengganu Development Management (TDM) Berhad menawarkan pakej mengerjakan umrah kepada 19 pekerja cemerlang syarikat itu.

Mereka bersama dan Ketua Pegawai Eksekutif Kumpulan (GCEO) dijangka menunaikan ibadat itu pada 14 hingga 25 Mac depan.

Tawaran pakej umrah bersama Andalusia Travel & Tours bernilai RM8,000 setiap seorang yang julung kali itu diberikan sempena menghargai jasa dan sumbangan mereka serta prestasi cemerlang yang ditunjukkan dalam perkhidmatan.

Ketua Pegawai Eksekutifnya, Datuk Mohamat Muda berkata, daripada 19 penerima, 12 daripadanya adalah pekerja cemerlang mengikut kategori syarikat di bawah Kumpulan TDM terdiri daripada pengurusan tertinggi, eksekutif, supervisor dan pemandu.

Sultan Mizan Mahu Kts Jadi Jambatan Penghubung Rakyat Dan Komuniti

Sultan Mizan berkenan berangkat melawat pesakit KTS selepas menyempurnakan majlis perasmian hospital itu di Jalan Sultan Mahmud, Batu Burok, hari ini. Foto Oleh: Tengku Syamim Tengku Ismail

Sultan Terengganu, Sultan Mizan Zainal Abidin menyarankan Kuala Terengganu Specialist Hospital (KTS) menjadi jambatan menghubungkan rakyat dan komuniti bagi membentuk tahap kesihatan yang lebih baik untuk rakyat Terengganu khususnya dan Malaysian amnya.

Baginda bertitah, dengan wujudnya hospital pakar yang serba lengkap itu, rakyat memiliki pilihan untuk penjagaan kesihatan pakar yang lebih cekap dan berkualiti tinggi.

"Beta dimaklumkan bahawa TDM Berhad melalui Kumpulan Medic Iman (KMI) menawarkan penjagaan kesihatan pada kos berpatutan yang memberi peluang kepada lebih ramai rakyat untuk mendapatkan rawatan di hospital swasta dibawah TDM Berhad.

EKSPO TERENGGANU 2018: KTS Tawar Perkhidmatan Pemeriksaan Kesihatan Percuma

Antara pengunjung yang hadir pada pemeriksaan kesihatan percuma oleh KTS. Foto oleh Mohd Syazni Zainudin

Ekspo Terengganu 2018 yang sedang berlangsung di Perkarangan Kompleks Sukan Negeri Terengganu, Kuala Nerus bermula 25 Februari lalu menawarkan pelbagai perkhidmatan kepada pengunjung.

Antara perkhidmatan yang disediakan di sini sempena ekspo tersebut adalah pemeriksaan kesihatan percuma oleh pakar dari Hospital Pakar Kuala Terengganu (KTS).

Menurut Ketua Unit Pemasaran KTS, Sharifah Maha Syed Mohammad Salleh, lebih 100 orang pengunjung hadir setiap hari untuk melakukan pemeriksaan kesihatan di 'booth' KTS yang terletak di pavilion Terengganu Inc Group.

KTS Tawar Perkhidmatan Terbaik

Hospital KTS menjanjikan perkhidmatan terbaik kepada pesakit dan pengunjung. Foto oleh Tengku Syamim Tengku Ismail.

Hospital Pakar Kuala Terengganu (KTS) yang mula beroperasi di bangunan baru terletak di Jalan Sultan Mahmud, Kuala Terengganu sejak 28 Januari lalu menawarkan perkhidmatan terbaik selain menjanjikan keselesaan kepada pesakit dan pengunjung di situ.

Dengan harga bermula RM100 untuk satu malam, hospital tersebut menawarkan perkhidmatan yang dijamin akan memberi kepuasan kepada setiap pesakit.

醫識力

微創手術治尿失禁

不顧減肥失效藥物

Dedicated Physiotheraphy Centre For Terengganu

The State Government has agreed in principle to equip the Kuala Terengganu Specialist Centre (KTS) with a physiotheraphy centre. (File pix)

KUALA TERENGGANU: The State Government has agreed in principle to equip the Kuala Terengganu Specialist Centre (KTS) with a physiotheraphy centre.

It will be located at the old wing of the Permai Hotel, Kuala Terengganu, owned by Terengganu Development Management (TDM) Bhd.

Menteri Besar Datuk Seri Ahmad Razif Abdul Rahman said the state is need of such a dedicated centre.

"A team of specialists from KTS will be sent to Frankfurt in Germany to observe the way on how the experts there handle patients who underwent physiotherapy treatment," he said after the launch of the state-level World Nurses Day, held at Primula Resort today.

TDM Jumps 6.52% On Getting Land Grant In Terengganu For Plantation Expansion

KUALA LUMPUR (Jan 4): TDM Bhd, which is controlled by the Terengganu state government via Terengganu Inc Sdn Bhd with a 61.15% stake, jumped 6.52% this morning after it accepted land parcels totalling 4,515ha in Kemaman and Dungun from the state government through a grant, which is in line with TDM's domestic plantation expansion plan.

At 9.23am, TDM rose 3 sen to 49 sen with 1.31 million shares done.

TDM's current land bank in Terengganu stands at 31,848ha and the acceptance of the new land, together with the proposed acquisition of controlling stake in Ladang Rakyat Trengganu Sdn Bhd which was announced in February 2017, will increase TDM's total land bank in Terengganu to 47,830ha.

TDM's Unit Kuantan Medical Centre Sued For Negligence

KUALA LUMPUR (July 19): TDM Bhd said its subsidiary Kuantan Medical Centre Sdn Bhd is being sued for alleged medical negligence.

In a filing with Bursa Malaysia today, TDM said the plaintiff Datuk Mohamad alias A Bakar Ali had filed a writ and statement of claim through his solicitor P.S Ranjan & Co against Kuantan Medical Centre, Dr Abdul Aziz Awang and Dr Md Lukman Mohd Mokhtar on June 28.

TDM said it has appointed solicitor Azim Tunku Farik & Wong to represent Kuantan Medical Centre and the two doctors. The court has fixed hearing on July 31.

The suit alleges that the defendants were negligent by failing to carry out a medical procedures on the plaintiff. The plaintiff is seeking RM1.1 million in special damages, together with general and aggravated damages.

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Sustainability Report 2018

Together for a Better Tomorrow

Table of Contents

Sustainability Overview

This is the second sustainability report produced by TDM Berhad (TDM or the Group) which includes the initiatives and activities undertaken by TDM's subsidiaries as well.

In line with the implementation of best practices and continuous sustainability improvements, this report demonstrates TDM's alignment of focus and goals in accordance with the reference and guidelines mentioned. This report should be read in conjunction with TDM Berhad's Annual Report 2018 to provide a comprehensive overview of the Group's management of the Economic, Environmental and Social (EES) aspects of our operations and processes.

PERIOD AND REPORTING CYCLE

1 January 2018 to 31 December 2018 (FY2018), with comparable prior year statistics, where available and relevant. Any significant changes beyond the reporting period will be reported in the following year's report. Therefore, TDM's reporting cycle is on a yearly basis.

SCOPE

Our reporting scope covers the EES performances of our Plantation and Healthcare Divisions. This report focuses on operations within Malaysia and excludes all overseas operations. Business activities which are dormant are not included in this report.

This report also provides an insight into how the Group's core values and prime strategic objectives enhance long-term value creation for stakeholders based on Materiality Matters. It is the manifestation of the Group's passion towards delivering sustainable performance to our collective stakeholders.

REFERENCE AND GUIDELINES

This report was prepared in accordance with:

- GRI-G4 Sustainability Reporting Framework;
- Bursa Malaysia's Sustainability Reporting Framework; and
- Amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirement relating to Sustainability Statement in Annual Report.

TDM CORE VALUES

- Good Governance
- Innovative
- Teamwork
- Environment Friendly
- People Centric
- Shariah Compliancy

UNITED NATION'S SUSTAINABLE DEVELOPMENT GOALS

We strive to challenge ourselves and begin the journey towards achieving the United Nation's Sustainable Development Goals (UN SDG) and Reporting Guidance for Responsible Palm and providing quality affordable Healthcare in the future. We expect to identify and map our efforts to selected UN SDGs as follows:

FEEDBACK

We welcome suggestions from all stakeholders on improvements to ensure that our sustainability initiatives are inclusive, engaging and complete. For any queries or comments, please contact:

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

+609-620 4800

norfarizan.hldg@tdmberhad.com.my

Sustainability Overview

SUSTAINABILITY POLICY

The Group is committed to achieve the goal of sustainable development by balancing the needs of People, Planet and Profit. The Sustainable Policy, developed in accordance with the 3P Philosophy, was approved by the Board of Directors of TDM Berhad on 27 March 2018.

We believe that responsible corporate practices play a vital role in ensuring sustainable returns, enhancing corporate governance, and upholding ethical standards. All members of our management team and employees are required to treat corporate responsibility as an integral part of our business.

PEOPLE

We are committed in creating a safe, healthy, honest and pleasant working environment while helping our people find value in their work. We are an ardent advocator of personal and professional development among our management and employees. This is also extended to communities directly connected 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 their own future.

PLANET

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

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 risks and opportunities in growing the company over the long-term to ensure healthy financial returns to all our stakeholders.

APPROACH TO SUSTAINABILITY

Throughout FY2018, we have encountered many challenges, risks and opportunities in our sustainability journey. We embrace the diligence required to dig into our processes to ensure that the momentum we have generated across our sustainability pursuits will be maintained.

This report has been documented and prepared with the support of the Sustainability Committee (SCoM) and the Sustainability Working Group (SWG) which consist of the senior management of various related departments involved in the management and implementation of the Group's sustainability efforts.

TDM has a well-defined governance structure in place to drive sustainability across the Group. The established Sustainable Committee assists the Board of Directors (Board) to meet its oversight responsibilities in relation to the approval of Policies on Sustainability. The Board is responsible and accountable in evaluating the Group's sustainability performance on a periodical basis.

The Group Chief Officer (GCEO) who is the Chair of the Sustainability Committee (SCoM) is responsible for managing sustainability and decision-making on EES matters within the Group.

The SCoM consists of the Chief Financial Officer, Chief Operating Officer, Chief Executive Officer for TDM Plantation and Chief Executive Officer for Kumpulan Medic Iman.

SUSTAINABILITY GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

Responsibilities:
- Approving Policies
- Evaluating Sustainability Performance

SUSTAINABILITY COMMITTEE (SCOM)

Chair: GCEO
Members: CFO, COO, CEO TDM Plantation, CEO Kumpulan Medic Iman

Responsibilities:
- Formulating sustainability strategy, policies and goals
- Monitoring and supervising Sustainability Performance
- Reviewing Sustainability Reports

SUSTAINABILITY WORKING GROUP (SWG)

Group Corporate Communications, Group Accounts, Group Human Resource, Plantation Advisor, GM KMI

Responsibilities:
- Stakeholder engagement
- Maintaining sustainability performance across the Group
- Creating and raising awareness among stakeholders

Sustainability Overview

The SWG is tasked to compare the targets against actual progress which are based on the measurable objectives at the start of each year via an established tracking mechanism to indicate our progress for each calendar year. Hence, every year, the process is repeated to:

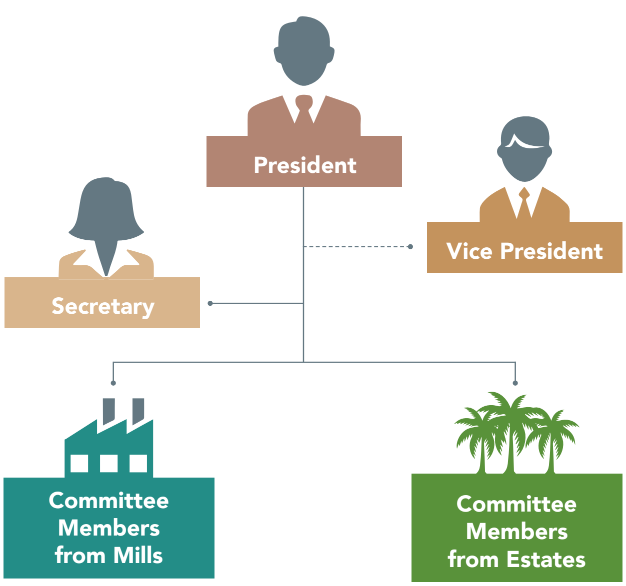
- Re-engage stakeholders;
- Review goals and commitments;
- Refine and improve Sustainability within the Group and among stakeholders;
- Track progress, improve communication channels, take action and meet the expectations given; and
- Update on progress based on goals and commitments.

ENVIRONMENTAL COMMITTEE AT WORKING LEVEL

Separate to the SCoM, TDM has an Environmental Performance Monitoring Committee (EPMC) at the working level at every plantation estate and mill which is responsible for the collection of environmental compliance and non-compliance set by policies of the Group and in line with the Department of Environment's self-guided regulations.

Members of the EPMC are selected based on Certified Environmental Professional in Scheduled Waste Management (CePSWaM) and Certified Environmental Professional in the Treatment of Palm Oil Mill Effluent (CePPOME) criteria. All issues are presented and discussed during the committee's quarterly meetings and will be addressed by the Environmental Regulatory Compliance Monitoring Committee (ERCMC) at the headquarters' level.

ENVIRONMENTAL REGULATORY COMPLIANCE MONITORING COMMITTEE (ERCMC) ORGANISATION CHART



STAKEHOLDER ENGAGEMENT

In line with the Sustainability Policy of People, Planet & Profit, TDM continues to select and adopt an open and proactive approach in engaging with relevant stakeholders.

Over the years, the Group has benefited from the activities with various key stakeholders and many of those engagement activities have led to constructive collaborations and partnerships.

The key stakeholders identified are those groups that have significant impacts or are influenced by the Group's business activities. The Group engages with key stakeholders through various platforms or channels at certain intervals throughout the year.

During the engagement process in 2018, we collected information and feedback to better understand and improve the management of the potential risks and material issues concerning the Group's activities. The table below summarises the engagement process and the topics of discussion with the various key stakeholder groups.

KEY STAKEHOLDER GROUPS

Key Stakeholders	Engagement Channels	Frequency	Areas of Interest	Outcomes
Investment Community, Shareholders, Fund Managers and Media	Quarterly Financial Reports Annual Report Annual General Meeting Engagement and Meetings	Quarterly Annually Annually As and When	1. Financial Performance 2. Current Industry Trends 3. Prospects 4. Sustainability issues	1. Insights on business progress and performance. 2. Establishing and enhancing better relationships. 3. Establishing and enhancing our affirmative standing. 4. Facilitating greater shareholder participation.
Local Communities and Smallholders	Engagement and Meetings Community Outreach Programmes Strategic Partnerships	Twice a year Periodically Upon mutual agreement	1. Policy Updates 2. Sustainability Issues 3. Operational Progress 4. Crop Quality 5. Health Awareness 6. Health Check Ups 7. Supply Chain	1. Briefing on policies. 2. Addressing operational concerns. 3. Addressing Sustainability concerns and progress. 4. Building better community relationship. 5. Prospects. 6. Develop initiatives.
Customers	Survey Feedback Form 24-hr Support Phone Correspondence Email Correspondence Mobile correspondence Meetings, Visits, Seminars, Talks and Events	As and when Periodically Periodically Periodically Periodically Periodically	1. Quality and Productivity 2. Sustainability 3. Addressing Customer Concerns 4. Sharing Updated Information	1. Strategies and future planning on achieving higher customer satisfaction. 2. Building better customer relationships. 3. Enhanced policies. 4. Enhanced operations. 5. Awareness and initiatives.
Contractors and Suppliers	Strategic Partnerships Engagement and Meetings Site Visits	Upon Mutual Agreement Twice a Year As and When	1. Policy Updates 2. Requirement Updates 3. Sustainability Issues 4. Operational Progress 5. Crop Quality 6. Supply Chain	1. Awareness of policies and implementation. 2. Addressing operational concerns. 3. Addressing Sustainability concerns and progress. 4. Building better business relationships. 5. Driving innovation and enhancement
Employees	Social Gatherings Town Hall Meetings Employee Engagement Survey Annual Performance Appraisal Roll-Calls Morning Briefings	Periodic At least once a year Once every two (2) years Annually Weekly Daily	1. Operational performance 2. Requirement Updates 3. Sustainability Updates 4. Safety and Health 5. Company Business Direction 6. Human Resources Updates 7. Business Initiatives 8. Workplace Living Conditions	1. Awareness of updated policies and implementation. 2. Awareness of operational improvements. 3. Understanding Sustainability implementation. 4. Building better employee relationships. 5. Balancing work-life activities. 6. Conducive work environment. 7. Performance and morale of employees.

Sustainability Overview

1

2

3

1. ***27 FEBRUARY 2018***
   Signing ceremony of the joint venture project for Biogas and Power Generation through the Build-Own-Operate-Transfer (BOOT) cooperation agreement between TDM Plantation Sdn Bhd and Concord Alliance Sdn Bhd at Dataran Shahbandar, Gong Badak, Terengganu during Expo Terengganu 2018.

2. ***1 MARCH 2018***
   TDM Plantation representatives introduced its latest product, TDM BIO fertiliser to the public during Expo Terengganu 2018 which was held at Dataran Shahbandar, Gong Badak, Terengganu.

3. ***16 JULY 2018***
   Launch of the second Bio-Compost mill at Kemaman, new design cluster housing and briefing on BOOT project which was held at Dataran JKKK, Padang Kubu, Kemaman.

ASSURANCE TO OUR PRACTICES

Certified Sustainable Palm Oil (CSPO) and Certified Sustainable Palm Kernel (CSPK) are products that originate from oil palm plantations which have been independently audited and certified against the Roundtable on Sustainable Palm Oil (RSPO) and Malaysian Sustainable Palm Oil (MSPO) Standards. Such assurance will help to elevate penetration especially into the European Union and other international markets.

Roundtable on Sustainable Palm Oil (RSPO)

All of TDM Berhad's plantations and mills in Malaysia are 100% RSPO certified since 2013.

The RSPO promotes the growth and use of sustainable oil palm through credible global standards and engagements with stakeholders. The RSPO Standards help to minimise the negative impacts of palm oil cultivation on the environment and communities in palm oil producing regions.

The authorised Certification Body (CB), BSI Malaysia, conducts an annual surveillance audit where the certification is renewed after five years.

Certification
RSPO 587626 & RSPO 595564
Production and Management System

Malaysian Sustainable Palm Oil (MSPO)

Every Malaysian planter is required to be MSPO certified by the end of 2019. TDM stands as the first Malaysian Government-Linked Company to be 100% MSPO certified. All of TDM Berhad's estates and mills in Malaysia were MSPO certified in 2017.

MSPO was developed by the Malaysian Palm Oil Certification Council (MPOCC) with representatives from various palm oil interest groups. The MSPO Standards have seven principles forming the requirements of a management system framework, based on three pillars of sustainability. It also addresses good agriculture practices which are essential for sustainable agriculture, producing high-quality products while enhancing productivity through yield optimisation.

BSI Malaysia conducts an annual surveillance audit where the certification is renewed after five years.

Certification
MSPO 678754, 678572, 686825 & 686877
Malaysian Sustainable Palm Oil

ISO 9001:2015

The Group received the first ISO 9001:2008 Quality Management Systems certification for its Healthcare Division in 2012. Today, all hospitals under the Group have revised and upgraded to ISO 9001:2015 certification. All hospitals undergo an annual audit to certify the Management System in compliance with the requirements.

Materiality Matters

MATERIALITY MATTERS

A key process in driving corporate sustainability is the determination of what matters most to TDM and its stakeholders. A key process in driving corporate sustainability is the determination of what matters most to TDM and its stakeholders through conducting a Materiality Assessment.

During the year in review, the Group carried out a Materiality Assessment with the aid of an independent consultant to ensure impartiality in the process of balancing the business goals of TDM and the priority needs of our stakeholders.

Through this exercise, we gained deeper insights and validated any previous assumptions on matters of significance under the Economic, Environment and Social (EES) pillars of sustainability.

Essentially, the Materiality Assessment, with the objective of determining the 10 Most Material Matters to the Group was conducted in four phases, as illustrated by the graphic below:

MATERIALITY ASSESSMENT: THE PROCESS

1 Identify

Develop and list out preliminary round of questionnaire and materiality matters on risk for the Board to approve.

2 Survey

Conduct survey via online and physical interviews with key internal and external stakeholders, where they ranked.

3 Develop

Stakeholders' rankings were then collated and presented in the matrix mapped to the sustainability pillars.

4 Validate

The matrix was then reviewed and validated by SCoM.

MATERIALITY ASSESSMENT: IDENTIFICATION

01 Issues highlighted by our key stakeholders in previous engagements.

02 Significant issues discussed during our Board meetings.

03 The most significant risks highlighted in our risk register.

04 Issues related to global trends and practices.

05 RSPO Principles & Criteria.

06 MSPO Principles & Criteria.

Materiality Matters

In 2017, the Group identified 29 materiality matters segmented according to the EES pillars. The Economic pillar included materiality matters related to Corporate Governance while the Social pillar addressed issues related to the Workplace, Marketplace and Community. The table below describes our initial list:

INITIAL LIST OF MATERIALITY MATTERS

	Materiality Matter	Brief Description
1	Economic & Business Performance	Ability of the company to generate financial results and returns.
2	Sustainable Procurement & Supplier Assessment	Management of a company's supply chain to meet business needs.
3	Hiring from the Local Community	Emphasis on job creation and employment opportunities for local talents.
4	Risk Management[1]	Balancing of financial or other risks in managing operations or pursuing opportunities.
5	Business Ethics[1]	Conduct of a company and its personnel in doing business.
6	Eliminating Bribery and Corruption[1]	Prevention of corrupt practices in any business dealings.
7	Board Management & Oversight[1]	Involvement of the Board of Directors in business operations and corporate activities.

1 Governance matter

8	Waste Management	Management of collection, transportation, treatment and disposal of waste.
9	Water Management	Optimisation of water resources.
10	Energy Management	Conservation of electricity consumption.
11	Green Building & Other Environmental Initiatives	Resource efficiency of building. Programmes to promote and carry out environmentally-friendly practices.
12	Sourcing Materials Responsibly	Preference for eco-friendly materials and services from responsible sources.
13	Emissions & Initiatives to Tackle Climate Change	Control of solid, liquid and gaseous emissions from business operations. Programmes to reduce carbon footprint.
14	Protecting Land & Biodiversity	Preservation of natural ecosystem and protection of biodiversity.

15	Protecting the Safety & Health of Workers & Sub-contractors[1]	Establishment and enforcement of safe and healthy practices at the workplace.
16	Training, Education & Career Development[1]	Opportunities for career advancement through acquisition of knowledge and skills.
17	Recruiting and Retaining Employees[1]	Activities to attract new talent and measures to maintain loyalty of employees.
18	Improving Employer/Employee Relationship[1]	Platform and efforts to strengthen relationship.
19	Employees' Engagement and Satisfaction[1]	Provision of channels for employee feedback on operations and other activities.
20	Providing a Diverse and Inclusive Workplace[1]	Ensuring employee complement reflects local society in racial, cultural and gender constitution.
21	Preventing Workplace Discrimination[1]	Provision of equal opportunity and tools to deter discrimination of any kind including sexual harassment.
22	Eliminating Child and Compulsory Labour[1]	Avoidance of underaged employees or forced labour.
23	Providing High Quality Services[2]	Processes for quality assessment, control and certification.
24	Stakeholder Engagement[2]	Involvement of stakeholder groups in decision-making process.
25	Customer Feedback and Satisfaction[2]	Provision of channels for customer complaints and assessment of satisfaction levels.
26	Protecting Public and Customer Safety[2]	Establishment and enforcement of safe and healthy practices at all touch points with customers and public.
27	Customer privacy[2]	Respect and protection of customer data and information.
28	Local Community Engagement[3]	Activities and process to address issues in civil society.
29	Employee Volunteerism & Supporting Charities[3]	Efforts to encourage and enable employees to contribute to charities and disadvantaged communities.

1 Workplace matter 2 Marketplace matter 3 Community matter

Materiality Matters

SURVEY

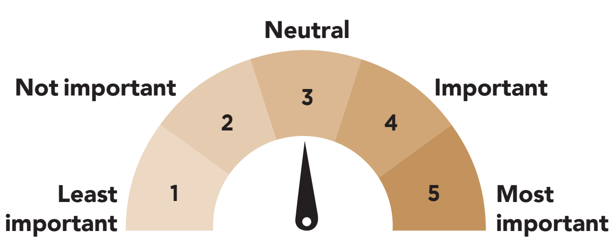
Stakeholder engagement has always been an integral part of the Group's approach to gain feedback and subsequently improve business operations as well as other corporate activities.

From the initial list, in 2018 we conducted a Materiality Survey in 2018 to determine the Group's 10 most material matters on two fronts:

- Stakeholders to establish the importance of materiality matters to their priorities and concerns; and
- Board of Directors and key management personnel to outline the relevance of materiality matters to TDM's business interests.

The survey, prepared in two languages (Malay and English), was sent out to nine stakeholder groups, as listed below:

Survey participants were requested to score each of the materiality matter on a scale of 0-5 according to its importance, with the scoring guide as follows:



We received a total of 115 responses from stakeholder groups, with slightly more than three quarters coming from employees and fair representation from shareholders, vendors and suppliers, business partners and banks/legal firms. Another 30 responses were received from the Board and key management personnel.

DEVELOPMENT

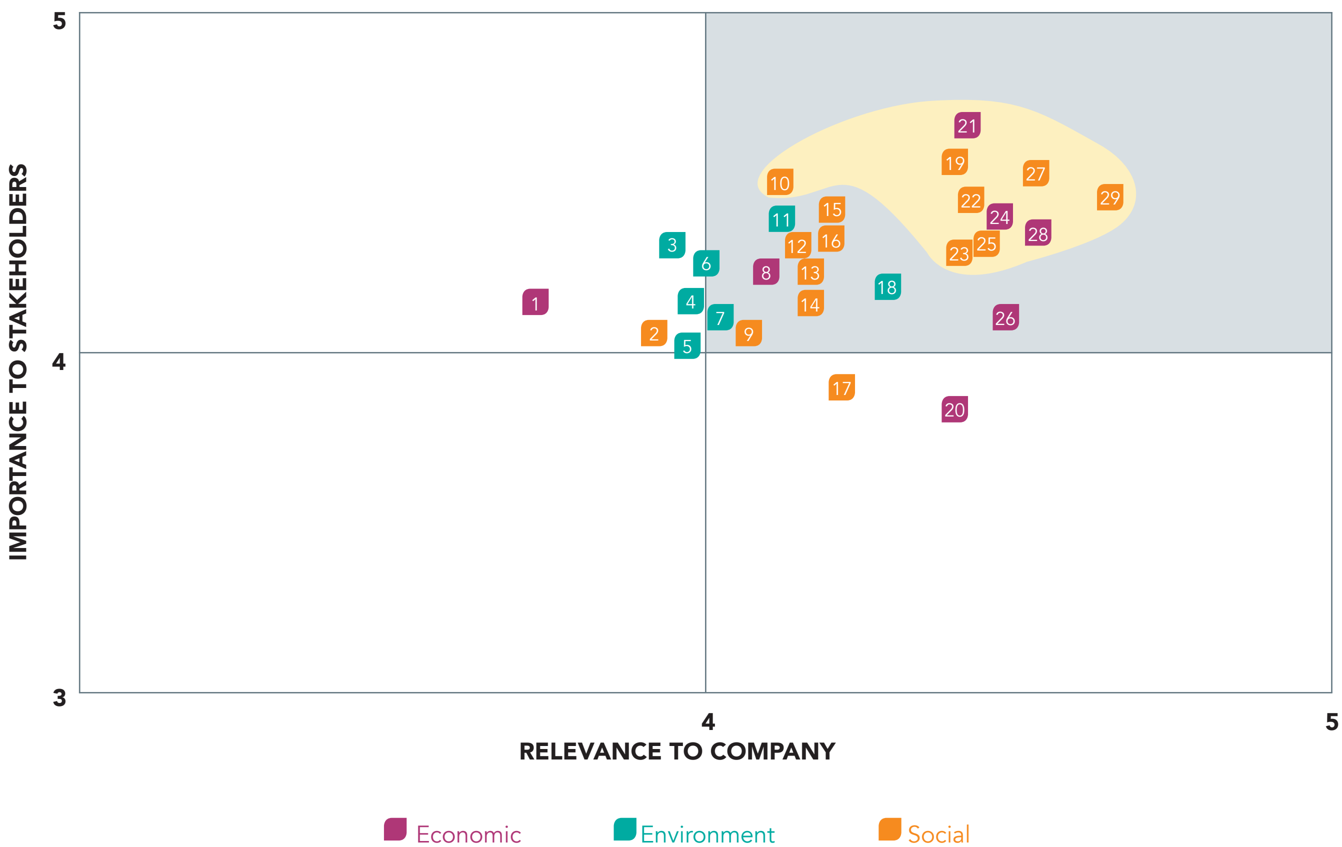
Survey responses from both sets of participants (stakeholders/ Board and management) were collated and averaged to produce respective scores for each materiality matter.

No consideration or weightage was given to the number of responses from each stakeholder group in calculating the average score. Despite this limitation, this exercise does not need to be empirical and is merely used as a guide to determine the most material matters to the stakeholders and TDM.

Using these average scores, we then plotted the importance to stakeholders (represented by the y-axis) of each materiality matter against its relevance to the Group (represented by the x-axis) using a Materiality Matrix, which is a method to achieve balance between the concerns of stakeholders and priorities of the Group.

Materiality Matters

TDM'S MATERIALITY MATRIX



1. Hiring from the Local Community
2. Employee Volunteerism & Supporting Charities
3. Energy Management
4. Emissions & Initiatives to Tackle Climate Change
5. Sourcing Materials Responsibly
6. Water Management
7. Green Building & Other Environmental Initiatives
8. Sustainable Procurement & Supplier Assessment
9. Local Community Engagement
10. Eliminating Child and Compulsory Labour
11. Waste Management
12. Recruiting and Retaining Employees
13. Employees' Engagement and Satisfaction
14. Providing a Diverse and Inclusive Workplace
15. Improving Employer Employee Relationship
16. Preventing Workplace Discrimination
17. Stakeholder Engagement
18. Protecting Land & Biodiversity
19. Customer privacy
20. Board Management & Oversight
21. Eliminating Bribery and Corruption
22. Training, Education & Career Development
23. Customer Feedback and Satisfaction
24. Economic & Business Performance
25. Protecting Public and Customer Safety
26. Risk Management
27. Protecting the Safety & Health of Workers & Sub-contractors
28. Business Ethics
29. Providing High Quality Services

From the Materiality Matrix, the 10 most material matters included three under the Economic pillar and seven under the Social Pillar but did not include any matters from the Environment dimension.

Materiality Matters

10 MOST MATERIAL MATTERS ACCORDING TO HIGHEST AVERAGE SCORES

	Materiality Matter	Sustainability Pillar
01	High Quality Services	Social (Marketplace)
02	Bribery and Corruption	Economic (Governance)
03	Safety & Health of Workers and Sub-contractors	Social (Workplace)
04	Customer Privacy	Social (Marketplace)
05	Business Ethics	Economic (Governance)
06	Economic and Business Performance	Economic
07	Training, Education and Career Development	Social (Workplace)
08	Public and Customer Safety	Social (Marketplace)
09	Customer Feedback and Satisfaction	Social (Marketplace)
10	Waste Management	Environment

VALIDATION

The Company reviewed the results of the Materiality Assessment with the independent consultant. Upon review, it was decided to include the highest ranked materiality matter from the Environment pillar (Waste Management) to replace the lowest ranked Social matter (Eliminating Child and Compulsory Labour) from among the 10 most material matters.

This decision was made on the basis that each of the EES pillars of sustainability should be given emphasis in the drive to achieve sustainable development for TDM and its stakeholders.

Moving forward, the selection of these most material matters enable the Group to focus our sustainability efforts by allocating resources to these areas for the greatest possible impact. The task ahead is to set key performance indicators for each of the materiality matter, followed by action plans and initiatives to meet these targets.

SUSTAINABILITY STRATEGY, RISKS AND TARGETS

Based on the recent Materiality Matters, TDM will develop strategies, identify risks and subsequent mitigation, and set targets based on long and short-term goals which will be disclosed in the next reporting year.

MANAGING RISKS

In any initiative, its long-term benefits notwithstanding, poses a potential risk to the company in terms of business opportunities and financial performance. For the Group, this is amplified by the nature of our business, which capitalises on land and environmental aspects, as well as technological advancements.

Through stakeholder engagement, we continue to address and disclose our risks with the Risk Management Department, tasked with managing internal control systems effectively based on the framework we have adopted.

Loss of Key Personnel

Loss of Key Personnel may cause disruption to the company's strategic plans and growth, resulting in the loss of competitive advantage. It may also impact the increase in recruitment and training costs of new employees while affecting the productivity.

- To mitigate the risks, establishment of a proper Succession Planning Programme is an important way to identify and nurture the right successor for immediate replacement in the event of resignation or retirement of the current personnel.
- It is also important to continuously review the remuneration package on a regular basis by benchmarking against competitors and current industry market rates including medical benefits for the employees and housing allowance.

Funding and Liquidity

The Group is exposed to financial risks arising from daily 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 Group seeks to manage its liquidity of assets and liabilities to ensure that even under adverse conditions, we have access to funds at a reasonable cost.
- Tapping available sources of liquidity, preserving necessary funding capacity, and continuous contingency planning are essential ingredients in managing our liquidity risk.
- Maintaining liquidity targets to ensure funds are available to cover operational needs and other commitments.

Competency Gap

Competency Gap is the difference between the current competency level (CCL) of our employees and the required competency Level (RCL).

The difference in competency gaps may disrupt the company's day to day operations, cause failure in the implementation of the company's strategic plan and lack of successor candidates in the event of resignations or retirements of key personnel.

- Establish KPI based Performance Management System.
- Create Employee Skill Catalogue (ESC) for easy monitoring of the current employees' skills.
- To develop training needs analysis and competency gap analysis.

Safeguarding of Assets

TDM Group is exposed to asset risks including damage or loss of property, plant and equipment, biological assets and human capital assets.

- Ensure assets are adequately covered under Takaful Policies.
- Apply insecticide through spraying and trunk injection will also reduce the possibility of bagworm attacks and Ganoderma disease. (Plantation)
- Established emergency response team, formalise emergency response plan and procedures, conducted training with Fire Brigade, upgraded firefighting equipment and imposed all mills to secure the fire certificate. (Plantation)
- Established CODE RED team, maintain firefighting equipment in good condition at all times and conducted fire drill exercises to control the risk. (Healthcare)

Legal Proceedings

We are subject to legal proceedings, investigations and compliance risks.

- Ensure we comply with the regulations and to minimise the risk of legal action against us.
- All material contracts are perused by the legal department to ensure our rights and interests are protected.

Materiality Matters

PLANTATION

Shortage of Skilled Harvesters

A lack of experienced and skilled labour could lead to losses in FFB production and poor quality of harvested FFB. In mitigation, we intend to:

- Provide continuous training programmes to harvesters;
- Employ foreign workers through agents who monitor and arrange the recruitment of foreign workers to fulfill the estate's requirements; and
- Comply with the Malaysia Agricultural Procedures Association (MAPA) and National Union of Plantation Workers (NUPW) agreements in providing competitive wages to workers.

Revocation of RSPO Certification

The requirements of RSPO certification are becoming increasingly stringent with the latest revision of the RSPO 2018 Principles & Criteria. This has raised the risk of growers having their certification revoked, which would result in loss of revenue without premium sales of CSPO and CSPK.

- In view of this, it is imperative for TDM to consistently comply with RSPO requirements.

Change in Government Regulations

Unexpected changes in government regulations could lead to substantial losses to the company. To mitigate against this, we resolve to enhance:

- Awareness and implementation of any changes in any laws or regulations.
- Company Strategic Planning.

Global Macro Environment

Our performance and growth are subject to global economic and political risks including demand for palm oil and its effect on palm oil prices. Palm oil is subject to changes in demand and supply, competition from other crude palm oil (CPO) producing countries, global economic crisis and changes in the government policy.

- In order to mitigate the risk, the group embarked on several initiatives including the practice of forward sales and closely monitor the CPO prices on a daily basis.
- Prudent cost management being practiced via proper management of the estates and mills and special emphasis on efficiency to lower the production cost.

Operational Inefficiency

This would result in lower productivity and higher cost of production resulting from ageing oil palm trees, poor quality of FFB and CPO, lower percentage of replanting and poor agricultural practices. Our mitigation plan for this encompasses:

- Efforts to increase productivity and reduce cost of production;
- An aggressive replanting programme;
- A good grading system;
- Close monitoring of the replanting areas;
- Good Agriculture Practices (GAP);
- Preventive maintenance at mills; and
- Management oversight role by visiting agents.

Regulatory

We are subject to laws, regulations and government policies that may change in significant ways and affect our position.

- Conduct trainings for our employees to ensure compliance with the regulatory requirements.

HEALTHCARE

Reputation

The image of our hospitals can be affected due to unforeseen circumstances including incidents or adverse events resulting in litigation and negative media news. To prepare for any such cases, we undertake the following measures:

- Training and competency assessments;
- Identification of any potential litigation cases through close monitoring of complaints and incidents, and execution of damage control action plan when required;
- Compliance to policies and procedures; and
- Improvements to patient experience through quality care and safe practices.

Competition

Increasing competition in the healthcare industry could lead to potential losses from competitive pressure, especially in the Klang Valley. Two of our hospitals in this region are situated in a highly crowded market place with many other healthcare choices. To mitigate against this, we are committed towards:

- Providing better facilities and services to our customers;
- Differentiating our services from the competitors according to market needs;
- Providing affordable prices to the community; and
- Relocation to purpose-built building.

Brand Obscurity

Failure to achieve brand visibility could result in lack of trust and confidence from the public. We intend to ensure the following:

- Increase brand awareness to the public; and
- Build up trust through quality programmes and community outreach programmes.

Patient Safety

Any adverse medical procedure or negligence could negatively affect our business, reputation and results of operations.

Patient falls and medication errors are two common events which may occur during the clinical process. Patients of any age or physical ability can be at risk of a fall due to physiological changes due to a medical condition, medications, surgery, procedures or diagnostic testing that can leave them weakened or confused while medication errors usually happen when a patient receives the wrong medication, or when the patients disregard instructions on dosage and application.

- To reduce to possibility of the risk to be crystalised, all hospitals are required to strictly comply with the policies and procedures in handling patients and visitors.
- Staff (nursing and non-nursing) have to sit for competency assessment tests and undergo a series of trainings on the key areas including handling of equipment, chemicals, body fluids and specimens.

Quality of Product and Services

Delivering of quality products and services is imperative to the performance of the Healthcare Division.

- Standardising the policies and procedures of the hospital governance and operations.
- Rolled out the Customer Experience Programme (CXP) at all hospitals.
- Continuously introduce new services modalities and upgrading facilities in line with customer needs and expectations.
- Establishment of Medical Advisory Board (MAB) at the group level.

SOCIAL SUSTAINABILITY: CREATING SHARED VALUE FOR COMMUNITY DEVELOPMENT

As some of TDM's operations are remotely located, it is necessary for us to engage and communicate with the community and employees in the vicinity. These isolated areas lack amenities and conveniences of the modern world. As such, we strive to enhance the well-being of both the communities and our workforce where we operate. We recognise the importance of effective stakeholder interaction and, through continuous engagement we can gauge feedback and collaborate in order to create positive social impacts.

Guided by our Philanthropy Policy, we have spent RM409,421 for the reporting period on various activities for the communities and non-governmental organisations (NGOs).

Social Sustainability: Creating Shared Value for Community Development

PLANTATION STAKEHOLDERS AND COMMUNITY DEVELOPMENT

The welfare and well-being of our plantation stakeholders as well as our local community is a priority at TDM. This includes employees, suppliers, customers and community, especially smallholders which is consistent with the Group's core and sustainable business objectives.

In 2018, we conducted two stakeholders' meetings at our estates and mills to obtain input and feedback from the local community where we operate. Through this continuous engagement, we gain a greater understanding of issues and priorities where we strive to respond positively, accommodate and overcome any issues which may arise for a mutually beneficial company-community partnership.

Compliance to Regulations and Law Pertaining to Community Matters

PLANTATION

1. **Aboriginal Peoples Act 1954**
2. **Occupational Safety & Health Act 1994**
3. **Factories and Machinery Act 1967**
4. **Industrial Relations Act 1967**

OUR COMMITMENT TO OUR COMMUNITY

"We are committed to create and mutually respect TDM's local community and stakeholders surrounding the areas of our operations and to uphold legal, communal or customary rights on any project that might affect their way of life or occurs in their territories."

TDM conducts regular activities to engage with the communities where it operates.

Social Sustainability: Creating Shared Value for Community Development

SUSTAINABLE COMMUNITY INITIATIVES

TDM is focussed on initiatives which aim to uplift the socio-economic status of our local communities. This includes not only investments in training and education, but also the development of infrastructure such as roads, access to public amenities, schools and access to basic healthcare through our estate health clinics which are manned by trained medical professionals.

Over the years, we upgraded 1,018.58 km of internal roads within our estates which helps expedite the movement of FFB from the estates to the mills. This has contributed positively to the CPO yield as shorter transportation time decreases the formation of Free Fatty Acid (FFA). FFA formation can be detrimental to the quality of the CPO.

The upgrading of internal roads has also helped smallholder farmers to transport their harvest safely and faster. It also helps to reduce vehicle repair costs.

Other infrastructure and facilities which we have invested in our estates and mills are:

- ✔ New and better estate roads and bridges.
- ✔ Staff living quarters.
- ✔ Labourers' quarters.
- ✔ Water and electricity supply.
- ✔ School vans.
- ✔ Place of worship (Surau, Masjid).
- ✔ Amenities - Hall, Sports Area, Clinic, Guard House & Ancillary Police.

Employee Volunteering Programmes

We encourage all of our employees across the board and at every level of the organisation to support charity and social initiatives. Employee volunteer programmes forms a basis to build meaningful relationships with the local community while opening opportunities for improved engagement and gaining feedback.

Resettlement Matters

In 2018, we are pleased to report zero-resettlement.

Social Impact Assessment (SIA)

The Group also understands the significance of measuring social impact on the community in order to quantify the quality of the return of investment in our ventures. The Group engages a third-party assessor to conduct SIA where applicable.

Addressing Human Elephant Conflict (HEC)

HECs have increased over the years due to encroaching into the elephant's natural territories through forest clearance for agricultural activities or crop raiding by the wild elephants. In a joint research project with University Malaysia Terengganu (UMT), recommended methods to mitigate HECs were established. The project was initiated in July 2018 and is still in progress until August 2019.

Through the research efforts, usage of honey bees as elephant repellent was introduced in two estates, Jernih and MAIDAM Estate, at areas of encroachment/intrusion entry.

The outcome of the research not only zoomed in on the reactive behaviour of wild elephants towards honey bees but also contributed towards an ecological balance in nurturing and sustaining the honey bee population at these sites. Honey bees are important pollinators in our environment to maintain biodiversity and vibrant ecosystems for plants.

With the increasing commercial value of honey, the bees that thrive at our plantations can lead in becoming a growing generator of income as a means of food security for small-scale producers and forest dwellers.

Social Sustainability: Creating Shared Value for Community Development

ENGAGING OUR SUPPLIERS

A key aspect of our stakeholder network is our suppliers. Developing and maintaining successful business relationships with our suppliers are vital in achieving our KPIs in three areas; yield (production of FFB), production cost and Profit Before Tax (PBT).

These efforts are underpinned by guidelines of the MSPO and RSPO, which describes our commitment to respecting human rights, adhering to national laws, becoming more inclusive of smallholder farmers and increasing the traceability of our supply chain. We encourage all our suppliers to comply with these guidelines throughout their operations, including traders and their third parties.

1

2

3

1. TDM Plantation Sdn Bhd.
2. Ladang Fikri.
3. Estate Housing.

Sustainable Procurement and Supplier Assessment

We subscribe to efficient, fair and transparent procurement practices. Since 2010, we have established an e-procurement system to process the purchase of goods and services electronically. The bottom-line benefits of having the e-procurement system in place includes cost reduction, process efficiencies, improved accountability, spending controls and compliance.

For contracts valued RM500,000.00 upwards, tenderers are required to bid via our e-bidding system which allows for a fair and transparent bidding process among our tenderers.

We have held dialogues and briefing sessions to assist our contractors and suppliers to familiarise themselves with our procurement process. In addition, during every tender site visit, the contractors and suppliers are briefed once again on the process which include training sessions on the e-bidding system.

The Group also takes cognisance on local contractors and suppliers who contribute to the local economy as well as involving sustainability practices in their operations, delivery and services.

Within this framework, we know that our suppliers are at different stages of progress towards sustainability. This means that we work with them in different ways so that, together, we can improve on our Economic, Environmental and Social (EES) impacts. In practice, this results in a combination of approaches, including proactive engagement which are aimed at improving standards and responding to challenges that are brought to our attention.

In 2018, TDM assessed seven new suppliers and contractors and 14 existing suppliers and contractors on their sustainability delivery and services, which also included human rights policies and practices.

Social Sustainability: Creating Shared Value for Community Development

COMPLAINTS AND GRIEVANCE MANAGEMENT

For our Plantation Division, we have a systematic approach on complaints and grievance procedures. This procedure encapsulates a framework for handling, investigating and resolving both social and environmental issues within our supply chain in a timely, transparent and effective manner.

All complaints, conflicts and grievances are to be resolved through an open, transparent and consultative process, in accordance with Criteria 1.2 and 6.3 of RSPO Principles.

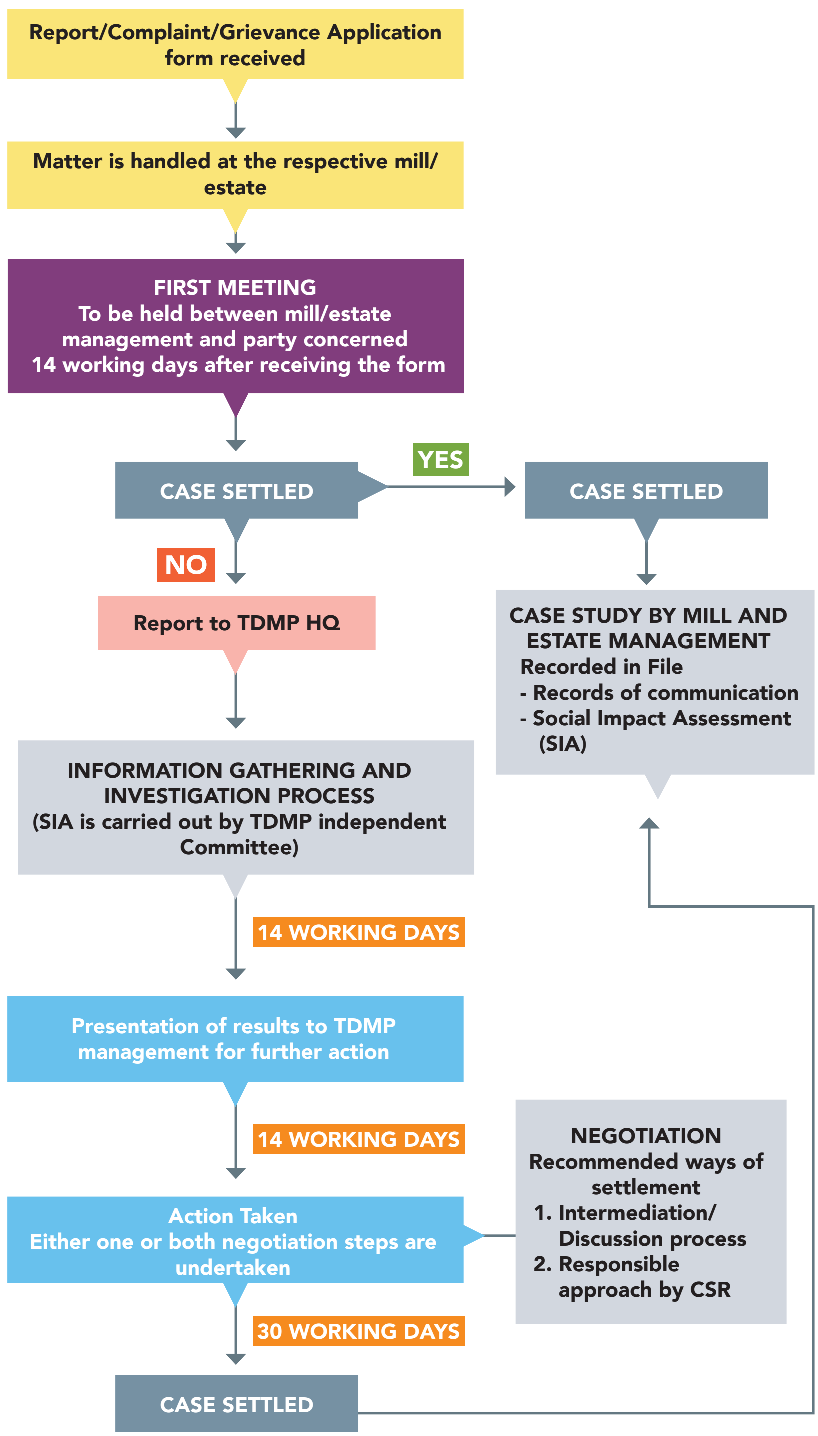
In the reporting year, four stakeholders' meetings were held that provided an avenue for our stakeholders to give feedback on grievances including any issues with regards to the environment. Two meetings were hosted by TDM while RSPO and MSPO hosted one meeting in the North and South zones respectively. The Group's highlights and updates on our policies are the mandatory agenda of the meeting.

Stakeholders who were invited to our meetings were:

- All related government agencies (DOSH, DOE, BOMBA, Police, KKM, NADA),
- All heads of communities (J3k, Imams and others),
- Schools, kindergartens and nurseries,
- Contractors, and
- Workers/employees and their families.

The stakeholder meeting was a platform for our Plantation Division to engage directly with smallholders and the community in the area. Feedback is collated by management whereby measures are taken to address any matters which may arise and subsequently communicated to our stakeholders accordingly.

FLOW CHART ON CONTROL OF SOCIAL ISSUES (STAKEHOLDERS) REPORTS/COMPLAINTS/GRIEVANCE APPLICATIONS



Social Sustainability: Creating Shared Value for Community Development

TDM's website is another platform for stakeholders and the general public to provide input and feedback. These matters are managed by the Chief Operating Officer (COO) who typically provides a response within 14 days.

In line with our Grievance Procedure and our commitment to sustainable palm oil production and sourcing, any grievance, complaint or concern from external parties concerning the implementation of our palm supply chain may be submitted in writing, online at info@tdmberhad.com.my or communicated via phone at +609 620 4800. For the year under review, there were no complaints or grievances reported for Plantation Division.

LAND TENURE RIGHTS

TDM respects tenure rights, and recognises its duty and responsibilities associated with tenure rights, such as respect for the long- protection and sustainable use of land, forests and fisheries. This is done in cognisance of the national obligations, constitutions, local laws and regulations of the country where TDM is operating in.

Following this matter, TDM respects the individual rights of indigenous and local communities to give or withhold their free, prior and informed consent (FPIC) to the development of land to which they hold legal, communal or customary rights. The Group commits to ensuring legal compliance as well as international best practices in FPIC are implemented, in accordance with the full scope of this Policy, prior to commencing any new operations. In 2018, TDM reported zero incidents involving violations of rights of Indigenous People living in Malaysia.

HEALTHCARE: ENRICHING THE LIVES OF OUR COMMUNITY

The Group's Healthcare Division strives to offer local communities with the most convenient, affordable and personalised private healthcare available.

Our wholly-owned subsidiary, Kumpulan Medic Iman operates four secondary community hospitals in Malaysia. These specialist hospitals provide a range of medical needs for the community living within the vicinity.

A reliable measure of customer satisfaction enables our hospitals to improve patient experience, provides insight for service and/or process improvements and reflects customer loyalty for sustaining the business.

We incorporate feedback tools, which include a 24-hour customer call centre and dedicated e-mail which are available in addition to suggestion boxes which are placed at each of our hospitals. Collecting feedback from patients about the medical and overall care not only helps our hospital administrators to keep track of their internal processes but also helps them to have a better understanding of the functionality of individual departments.

The advantages of collecting patient feedback are not only confined for the betterment of patients and hospital employees but also for the Ministry of Health in developing better policies based on the requirements of the population.

Compliance to Regulations and Law Pertaining to Community Matters

HEALTHCARE

1. **Private Healthcare Facilities And Services Act 1998**
2. **Poison Act 1952 (Revised - 1989)**
3. **Sale of Drugs Act 1952 (Revised 1989)**
4. **Occupational Safety and Health Act 1994**
5. **Fees Act 1951 - Fees (Medical) Order 1982**
6. **Hydrogen Cyanide (Fumigation) Act 1953 (Revised 1981)**
7. **Dangerous Drugs Act 1952 (Revised 1980)**
8. **Fees Act 1951 (Revised 1978)**
9. **Medical Assistants (Registration) Act 1977**
10. **Destruction of Disease-Bearing Insects Act, 1975**
11. **Medical Act 1971**
12. **Dental Act 1971**
13. **Mental Health Act,2001**
14. **Food Act 1983**
15. **Registration of Pharmacists Act 1951 (Revised - 1989)**
16. **Prevention and Control of Infectious Diseases Act 1988**
17. **Allied Health Professions Act 2016**

Social Sustainability: Creating Shared Value for Community Development

As such, feedback is an effective indicator to measure the success of our hospitals. In assessing the quality of our healthcare, we conduct pre-discharge face-to-face interviews for inpatients and encourage the use of feedback forms at the outpatient clinics at our hospitals. The form is built around the Customer Service Index (CSI) which focusses on the standard Net Promoting Score and Customer Satisfaction Score.

Aside from our focus in offering quality healthcare, our hospitals also organise talks, Health Screening Programmes and various other programmes for our existing customers and the general public on a regular basis.

Social media platforms, such as Facebook, YouTube and Instagram were used by our hospitals to engage with their stakeholders. These social media platforms also attract customers because it allows the hospital to connect with potential patients one-on-one, while also providing valuable information to help them make the best decision for their health.

HEALTHCARE COMMUNITY ENGAGEMENT PROGRAMMES

In 2018, we invested RM213,675.00 for healthcare community engagement and outreach programmes for the benefit of the local community, customers, patients and suppliers.

In order to provide positive engagement with the community, the Group identified key community stakeholders and developed a Board of Visitors Programme (BOV). Members of this board conducted their meetings regularly. Community outreach programmes such as health screenings, talks and field visits have also been established for each hospital.

Nurses and medical consultants from our hospitals actively participated in educating and serving the community through public health talks, community service programmes and free medical screenings. TDM, together with other healthcare professionals, organised and conducted community outreach programmes in the fields of health screening, exhibitions and blood donation drives in support of the government's healthy lifestyle campaign.

4 COMMUNITY-BASED SPECIALIST HOSPITALS

KUALA LUMPUR • SELANGOR • PAHANG • TERENGGANU

PATIENTS' CHARTER

- Right to Healthcare and Compassionate Treatment
- Right to a Choice of Care
- Right to an Acceptable Level of Safety
- Right to Adequate Information and Consent
- Right to Redress of Grievances
- Right to Participation and Representation
- Right to Health Education
- Right to a Healthy Environment

PHILANTHROPY TOWARDS BETTER PUBLIC HEALTH

TDM contributes 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.

A free community-based health screening programme has been designed to identify and educate individuals on the increased risk of chronic diseases. The screening effort, organised by our hospitals, targets risk factors for the presence of common chronic diseases, which include obesity, hypertension, diabetes and cardiovascular disease. It aims to raise awareness early, when appropriate intervention may delay or prevent disease progression and related health complications. Local multimedia promotional efforts based on successful social marketing techniques target people at risk and motivate them to participate in screening events. The screenings are held in public areas and social centres.

Social Sustainability: Creating Shared Value for Community Development

2018 HEALTHCARE COMMUNITY ENGAGEMENT PROGRAMMES

27 Health Awareness

8 Community Outreach Programmes

8 Blood Donation Drives

10 Health Screenings, Symposiums, CPD Seminars

10 Health Education Classes/ Seminars

INVESTMENT IN 2018 HEALTHCARE COMMUNITY ENGAGEMENT PROGRAMMES

KELANA JAYA MEDICAL CENTRE RM34,572.00

KUANTAN MEDICAL CENTRE RM42,000.00

KUALA TERENGGANU SPECIALIST HOSPITAL RM70,239.00

TAMAN DESA MEDICAL CENTRE RM66,864.00

TOTAL: RM213,675.00

In addition to this, we continue to provide a platform for our specialists to share their knowledge and assist us in achieving medical excellence in clinical services via their involvement in the medical advisory committee and the medical advisory board. Doctors' engagement and healthcare empowerment have been our continuous focus and were established to increase medical awareness among the community. We will improve our involvement and engagement at public events by providing medical emergency services to the community during sports events, open days and festivals.

VOLUNTEERISM TOWARDS BETTER PUBLIC HEALTH

Employee-based volunteer programmes in our Healthcare Division strengthen the relationship between our employees and the community by promoting teamwork and encouraging open communications. It further firms up the relationship between the hospitals under our purview and its surrounding community. Several health-related activities were organised throughout 2018 which saw active involvement of our people and the public.

EXPANDING SERVICES AND INFRASTRUCTURE

Currently, our hospitals have a total combination of 407 beds. We target to increase the number of beds to 1,000 by 2022 via either the construction of new hospitals or acquisition. Plans are also underway to enhance our existing healthcare facilities to include Cardiac Care, Eye Centre and Tertiary Care. We expect to deploy these services in phases between 2020 and 2022.

2018 COMBINED TOTAL HOSPITAL BEDS SIZE: 407 (2017: 297)

TARGET 2022: 1,000 BEDS

Continuous improvements in our delivery of healthcare services contribute positively to the well-being of the community where we operate.

Social Sustainability: Creating Shared Value for Community Development

PROTECTING PUBLIC AND CUSTOMER SAFETY

In Healthcare, where public and customer health and safety is a prime concern, we are pleased to report zero sentinel events concerning health and safety at all four KMI hospitals as per the Ministry of Health regulations under the Private Healthcare Act.

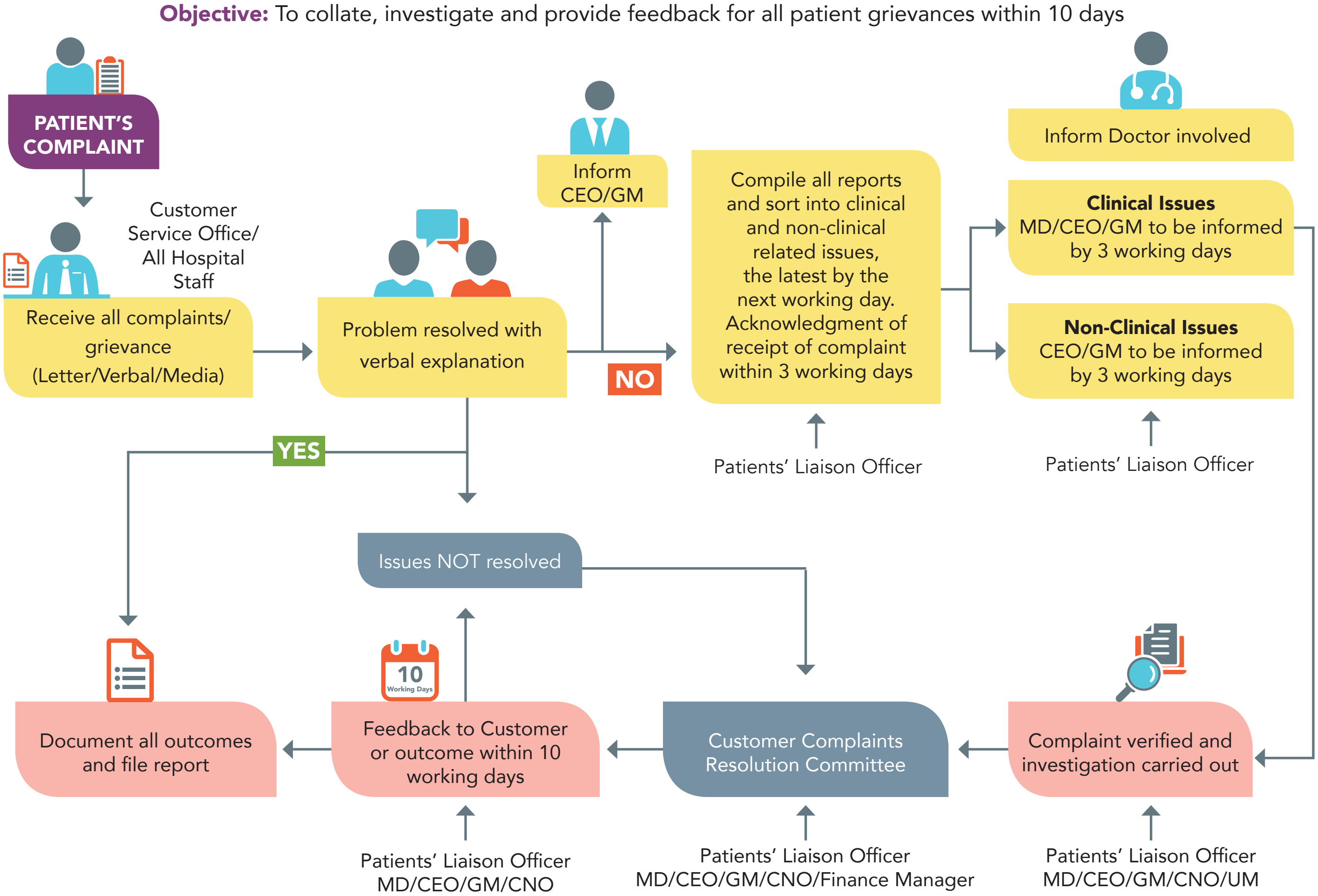
According to KMI's standard of practice, every incident has to be reported and proper investigations will be carried out so that corrective and preventive actions can be taken. KMI is committed to further improve the standard of its operational level reporting to mitigate future risks.

COMPLAINTS AND GRIEVANCE MANAGEMENT

We understand the complexity of handling healthcare complaints. It requires time and commitment when individuals may be feeling vulnerable. Investing time and getting it right can help resolve issues quickly and avoid escalation. Personnel at all our hospitals are equipped to handle complaints efficiently and expeditiously.

COMPLAINTS AND GRIEVANCE PROCESS

Objective: To collate, investigate and provide feedback for all patient grievances within 10 days



For Litigation Cases: MD or CEO to be informed, seek advice of intermediaries and insurance advisors

Complaints including grievances received in 2018:	**1,575** Complaints (Including Grievances) Reported	**728** Closed Complaints	**847** On-Going Investigations

Social Sustainability: Creating Shared Value for Community Development

EFFICIENT SUPPLY CHAIN MANAGEMENT

We strive to form and develop long-term relationships with our doctors, other healthcare professionals and vendors. The doctors and physicians at our hospitals benefit from the use of our best-in-class medical equipment and are supported by professional, dedicated employees. This creates a culture of connection where engaged employees leads to a more sympathetic and productive work environment which balances quality against cost, and technology against humanity.

TDM mandates that all suppliers and vendors are approved by and registered with the local regulatory body for the sale of health products. We work closely with suppliers who are ethical and committed to the sustainable development of the business. We are committed to improve the visibility and transparency of our supply chain by conducting assessments, identifying and managing risks to improve processes, utilising resources efficiently and achieving our set targets.

MEDICAL RADIATION MANAGEMENT

X-rays, gamma rays, other forms of ionising radiation and radiation therapy are used to diagnose and treat some medical conditions. This can be in the form of radiation that penetrates from outside the body, or radioactive particles that are swallowed or inserted into the body. This may negatively impact not only patients and employees but also the surrounding areas.

The Group's Occupational Safety and Health Policy for Healthcare includes the Radiation Protection and Safety Guideline For Hospital Staff. Only individuals who work with radioactive materials or radiation devices are responsible for knowing and adhering to applicable requirements.

NON-COMPLIANCE WITH LAW & REGULATIONS

Malaysian laws and regulations have strict policies and impose heavy penalties on business operations which are non-complaint. Having a complete and through understanding of compliance is crucial to protecting our businesses. We understand that non-compliance may have serious consequences which may result in back-to-back implications on our suppliers, customers, smallholders and the local community.

During the year, our Plantation and Healthcare Divisions did not receive any fines for environmental negligence from local authorities. The Plantation Division have also implemented a non-compliance penalty on our suppliers and smallholders since 2010.

Patient undergoing MRI procedure assisted by Radiologist.

Our skilled nursing care ensures the needs and satisfaction of patients are met.

Social Sustainability: Creating Shared Value for Community Development

3 FEBRUARY 2018

In conjunction with its official opening, KTS Hospital organised its first public event to promote the services and facilities offered. Each hospital department was allocated a booth to promote their respective services.

14 APRIL 2018

KMC Hospital organised a Fun Run to raise its brand awareness as part of its engagement with the community in the area.

20 APRIL 2018

KJMC representatives were invited by Credit Guarantee Corporation Malaysia Berhad (CGC) to conduct health screenings and a health talk at the former's office premise in Kelana Jaya. 86 people underwent the health screening programme while 55 participants attended the talk. A Lucky Draw was also organised where promotional vouchers were given out to five winners.

5 AUGUST 2018

In conjuction with Eid al-Adha, KJMC and its corporate partners joined hands to contribute donations and supplies such as food items, medicines and diapers to an old folks home in Pusat Jagaan Al-Fikrah Malaysia, Kajang Selangor. 40 KJMC employees took time off to bond with the residents of the home where health screening and physiotherapy sessions were also conducted for both the occupants and staff of the home.

11 AUGUST 2018

KJMC organised a Blood Donation Drive in collaboration with the National Blood Bank. There was an overwhelming response for the programme with 73.2% of total registered participants successfully donating various blood groups. Participants who did not meet the requirements were enrolled in the database for future blood donation programmes.

Social Sustainability: Creating Shared Value for Community Development

18 AUGUST 2018

KTS organised the Run from Diabetes running event to raise awareness on diabetes among the community. The fun run saw a good turnout from the public and was a good way for KTS employees to mingle with the community as well as to promote a healthy lifestyle.

31 AUGUST 2018

Taman Desa Residents' Association (TDRA) organised the TDRA Merdeka Fun Run and Health Carnival to improve relations among the community. The event comprised three sections: Fun Run, Health Carnival and Gala Dinner. TDMC was involved in all three events by providing participants with basic health screening and health screening packages. Other activities offered were a photo booth and a choreographed dance performance on Hand Hygiene Awareness.

29 SEPTEMBER 2018

TDMC organised the World Heart Day with the intention of increasing awareness on the importance of maintaining good health. 50 participants underwent health screening which focused on electrocardiogram, blood pressure and glucose check. Public who attended the Health Talk were also given free personal hypertension consultations.

13 & 20 OCTOBER 2018

TDMC provided 30 registered participants with complimentary eye assessment which comprised Visual Equity, Glaucoma Assessment, Cataract Assessment, Intraocular Pressure and Diabetic Retinopathy. Participants were also advised on the necessary treatment to seek for each of their eye health issues.

Social Sustainability: Creating Shared Value for Community Development

27 OCTOBER 2018

A Colorectal Cancer Awareness Campaign was conducted at Taman Desa Recreation Field to increase awareness on colorectal cancer. Colorectal cancer is one of the most common cancer which mainly affect men aged over 50 in Malaysia. 50 registered participants underwent carcinoembryonic antigen (CEA) test to measure cancer markers and were subsequently given free assessment after the screening.

29 OCTOBER 2018

KJMC was invited by Omron Malaysia Berhad (Omron) to conduct a Health Screening and Health Talk in conjunction with the company's Safety, Health & Environment (SHE) Campaign. Omron employees actively participated in the event which included a Lucky Draw where five winners walked away with various promotional vouchers.

2 NOVEMBER 2018

Prostate Cancer is the fourth most common male cancer in Malaysia according to the National Cancer Registry, which is highest among the over 40 year age group. TDMC provided 50 registered men with a free assessment on Prostate Specific Antigen (PSA) to increase awareness on such assessments and to the importance of undergoing screening on an annual basis for early detection.

10 NOVEMBER 2018

TDMC collaborated with Universiti Malaya to conduct a Blood Donation Drive with the aim of encouraging the younger generation to donate blood, attracting newcomers to the hospital and maintaining good rapport with the National Blood Bank. TDMC registered 43 donors during this campaign.

Social Sustainability: Creating Shared Value for Community Development

14 NOVEMBER 2018

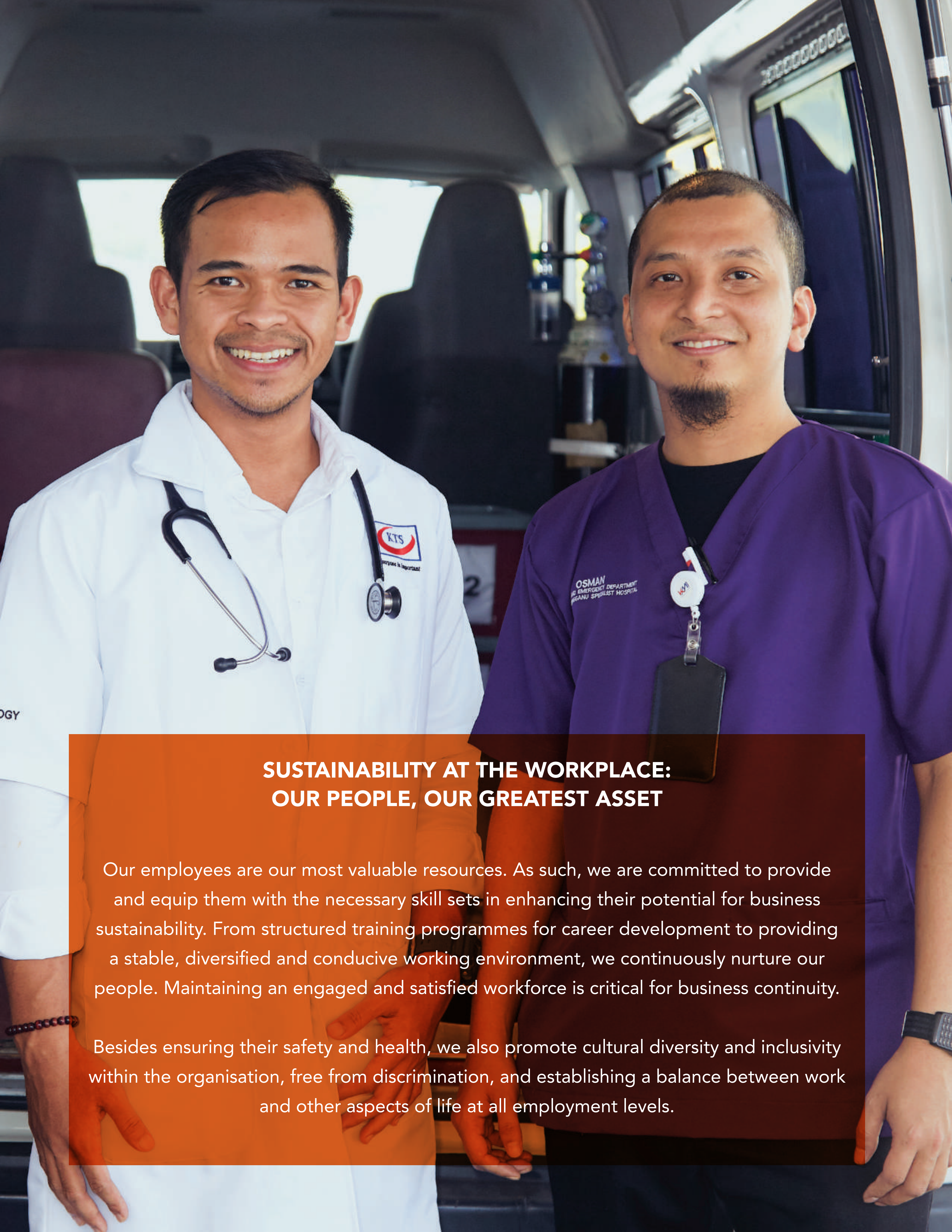
To educate the public on the health complications associated with diabetes, KTS Hospital hosted a Health Talk Diabetes Day at the lobby which was conducted by its health experts. Complimentary assessments and consultation were offered to the 60 registered participants.

24 NOVEMBER 2018

TDMC conducted a series of activities in conjunction with World Diabetes Day with the objective of encouraging the public on ways to eat healthy and to maintain good sugar levels. The activities held included a health talk by a consultant physician, a cooking demonstration by a dietitian, a free diabetic retinopathy assessment and an on-site health screening package. Exhibition booths were also set up for various healthcare companies to showcase their products and services.

4 DECEMBER 2018

KTS Hospital's school holiday programme "Syoknya Cuti Sekolah" was held for children aged 6 to 12 years. The aim of the programme was to teach children the importance of incorporating quality activities into their schedule by showcasing a Crazy Crafty art session, Junior Master Chef and health talks by the hospital's dietitian. As part of Computer Science Education Week, these children were also given the chance to participate in the Hour of Code event, a learning module dedicated to teaching them the basics of computer science.



SUSTAINABILITY AT THE WORKPLACE: OUR PEOPLE, OUR GREATEST ASSET

Our employees are our most valuable resources. As such, we are committed to provide and equip them with the necessary skill sets in enhancing their potential for business sustainability. From structured training programmes for career development to providing a stable, diversified and conducive working environment, we continuously nurture our people. Maintaining an engaged and satisfied workforce is critical for business continuity.

Besides ensuring their safety and health, we also promote cultural diversity and inclusivity within the organisation, free from discrimination, and establishing a balance between work and other aspects of life at all employment levels.

Sustainability at the Workplace: Our People, Our Greatest Asset

OUR COMMITMENT TO OUR EMPLOYEES

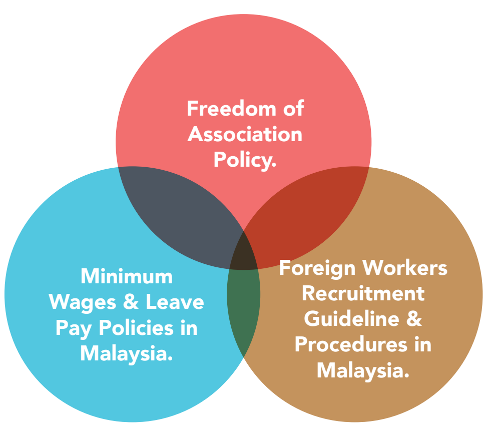
“We are committed to create a safe, healthy, honest and pleasant working environment for our people.”

It is pertinent for us to continuously invest in our human resource and build a talent pool that is agile in meeting the rapidly evolving business needs in the industries in which we operate.

We believe in nurturing our people for future growth to attain our vision and mission. By inculcating good values and practicing a high-performance work culture, the enrichment of the work experience and career growth of our workforce is certain to pave the way for a better future ahead for TDM.

EMPLOYMENT PRACTICES IN TDM

TDM is committed to follow the law and regulations of labour practices and human rights. The Group has implemented the guidelines and policies on:



Compliance to Regulations and Law Pertaining to Workplace Matters

1. Employment Act 1955
2. Workers’ Minimum Standards of Housing and Amenities Act 1990
3. Occupational Safety And Health Act 1994
4. Factories and Machinery (Noise Exposure) Regulations 1989
5. Trade Unions Act 1959
6. Plantation Employee Handbook
7. Healthcare Employee Handbook
8. Child Act 2001
9. Children and Young Persons (Employment) (Amendment) Act 2010
10. Malaysian Anti-Corruption Commission Act 2009
11. Industrial Relations Act 1967
12. Minimum Wages Order 2018
13. Whistleblower Protection Act 2010
14. National Wages Consultative Council Act 2011

The Group strives to ensure that its workers are fully aware of their rights and benefits. Comprehensive briefings and induction training programmes are held to help new employees understand the Group’s policies and procedures of the organisation. The HR Department continuously monitors the workers’ understanding of their rights to ensure all employees are able to abide and act by the requirements of the prescribed policy.

Sustainability at the Workplace: Our People, Our Greatest Asset

EMPLOYMENT ARRANGEMENT FOR EMPLOYEES AND WORKERS

TDM has different processes and procedures when hiring local employees and foreign workers. For foreign workers, the Group subscribes to the Foreign Worker Centralised Management System.

COMPENSATION AND BENEFITS

TDM is committed to paying all workers the statutory monthly minimum wage and overtime compensation in accordance with the current national labour regulations. Estate Managers take proactive measures to increase the workers' productivity, with target earnings of at least 20% more than the minimum wage for each worker during normal working hours.

BENEFITS TO RECRUIT AND RETAIN ESTATE EMPLOYEES AND WORKERS

Beyond these benefits, we have also built kindergartens and nurseries to cater to workers' families who live in the areas surrounding our estates. Contributions for furniture and appliances, as well as cooking gas ensure that all families enjoy basic amenities.

For eligible employees, the Group provides medical benefits, life insurance coverages, housing for estate and mill employees, education allowance and scholarships for MBA and ACCA.

Sungai Mas Mosque, Jernih Estate

COMMUNICATION WITH SENIOR MANAGEMENT

Our Senior Management and Board members conduct site visits at various facilities at both our Plantation and Healthcare Divisions. These visits serve as a platform for proactive engagement with our employees on site. While meetings and discussions are regularly conducted at the estates and hospitals, Town Hall sessions are also organised to update employees on the Group's strategic initiatives, business developments, policy awareness and achievements as well as targets set by the Group.

COLLECTIVE BARGAINING

In Malaysia, we observe, that only a trade union which is registered with the Director-General of Trade Unions (DGTU) and has been granted recognition by the Group, in accordance with applicable laws, may enter into collective bargaining with TDM. The collective bargaining process is also regulated by law and takes place at the company level guided by the Collective Bargaining Policy and by the Malayan Agricultural Producers Association (MAPA). For the year ending 31 December 2018, a total of 1,347 employees were registered as members of The All Malayan Estates Staff Union (AMESU) and The National Union of Plantation Workers (NUPW). The notice period and provisions for consultation and negotiation are specified in collective agreements which vary from MAPA/AMESU and MAPA/NUPW.

POLICY OF NOTICE PERIOD FOR SIGNIFICANT CHANGES IN OPERATIONS

For the Plantation and Healthcare Divisions, the notice period for any significant change in operations varies from 2 weeks to up to 12 months. This is depending on the level of severity, priority and impact of the change. Termination procedures are as per the contractual offer letter of employment, unless it differs, then procedures will follow the Employment Act 1955.

Sustainability at the Workplace: Our People, Our Greatest Asset

OUR COMMITMENT TO DIVERSITY ACROSS THE BOARD

"We are committed to promote diversity at all levels of employment from the Board of Directors to workers. We ensure that all employees and applicants for employment receive fair treatment and are not discriminated."

DIVERSITY OF PEOPLE

TDM welcomes a diverse workforce spanning a spectrum of different cultures, ethnic backgrounds, genders and ages. At the same time, we respect and welcome the distinct attributes of every individual within our workforce. This is in line with our Gender and Diversity Policy.

Our corporate culture embraces the diversity of people in our organisation and promotes a conducive 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.

As at 31 December 2018, the Group has a total workforce of 4,403 people. From the total workforce, 32% were women and 68% were male employees. In the Plantation Division, 15% were women and 85% were male employees while in the Healthcare Division, 81% were women and 19% were male employees.

The Group actively encourages women to excel in both Divisions. However, the plantation sector is traditionally a male dominated industry due to the heavy physical nature of the tasks involved.

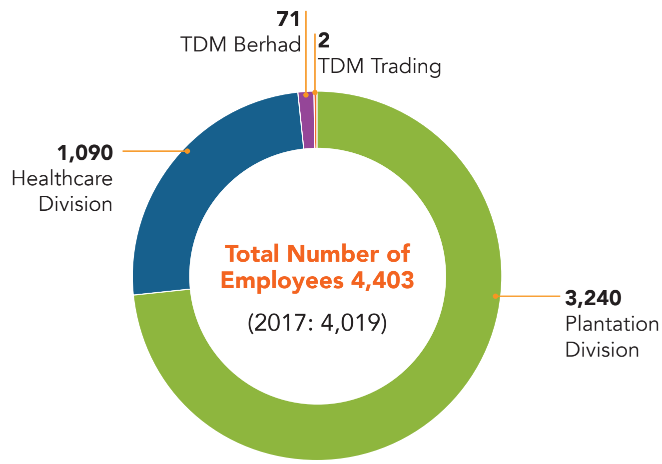
57% of workers employed in the Plantation Division were mostly foreign labour from Bangladesh and Indonesia.

Nevertheless, to prevent workplace discrimination amongst women in the plantation industry, TDM has set up a gender committee at the estate level where women are encouraged to participate as committee members.

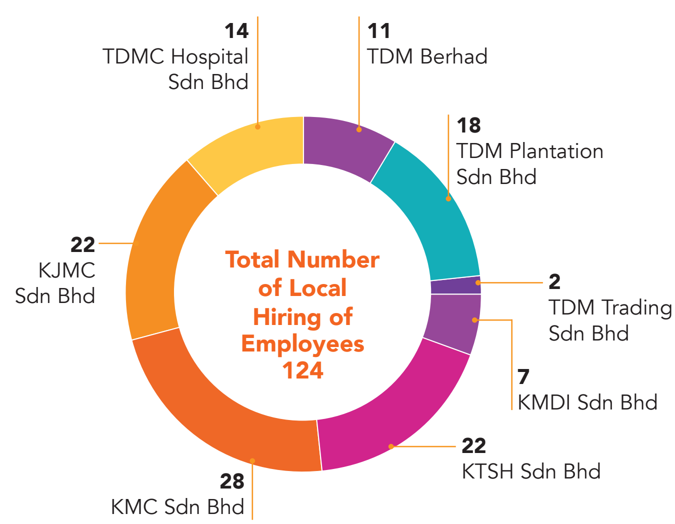
Notwithstanding this, we have female talents in the management team, which were mainly involved in administrative activities. In the Healthcare Division, women were mostly engaged in nursing and administrative duties. Day care centres and kindergartens were also available in operating units to support the Group's female employees and their children.

There were no disabled employees under our employment within the reporting period.

EMPLOYEES AND CONTRACT EMPLOYEES DEMOGRAPHY



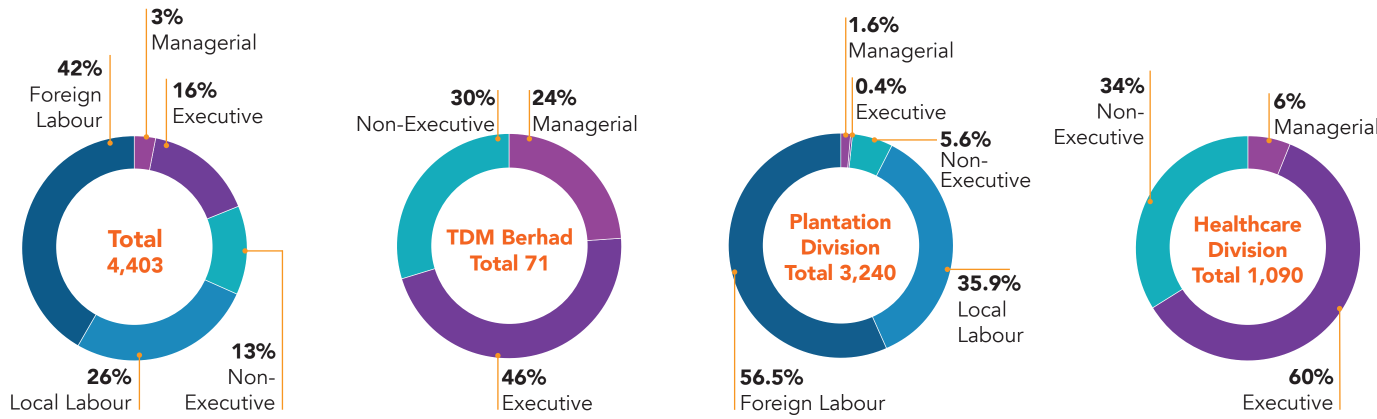
SENIOR MANAGEMENT DEMOGRAPHY



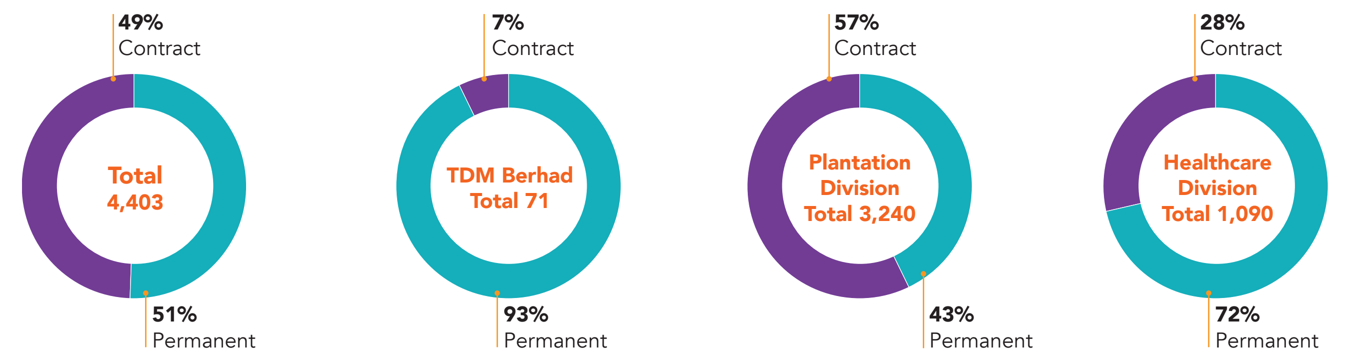
For TDM's Board of Directors' demography, please refer to the Corporate Governance Statement on pages 129 to 147.

Sustainability at the Workplace: Our People, Our Greatest Asset

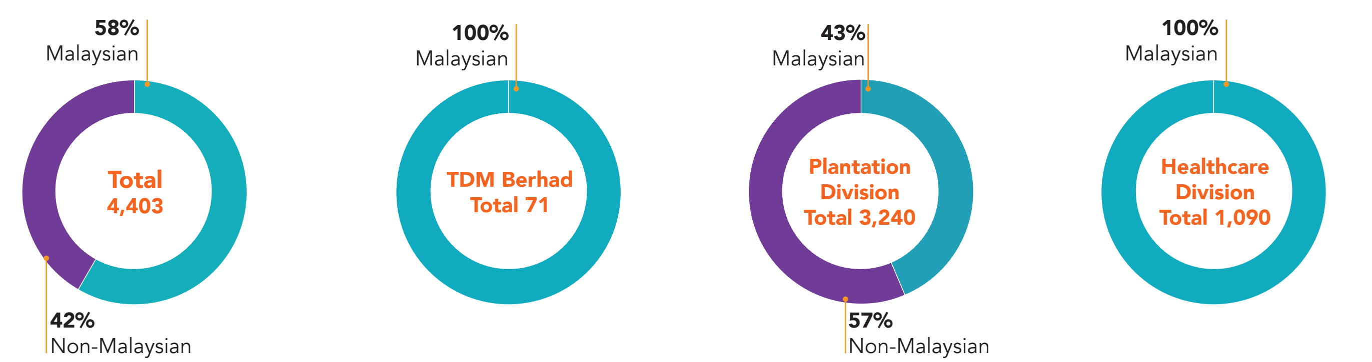
EMPLOYEES BY CATEGORY



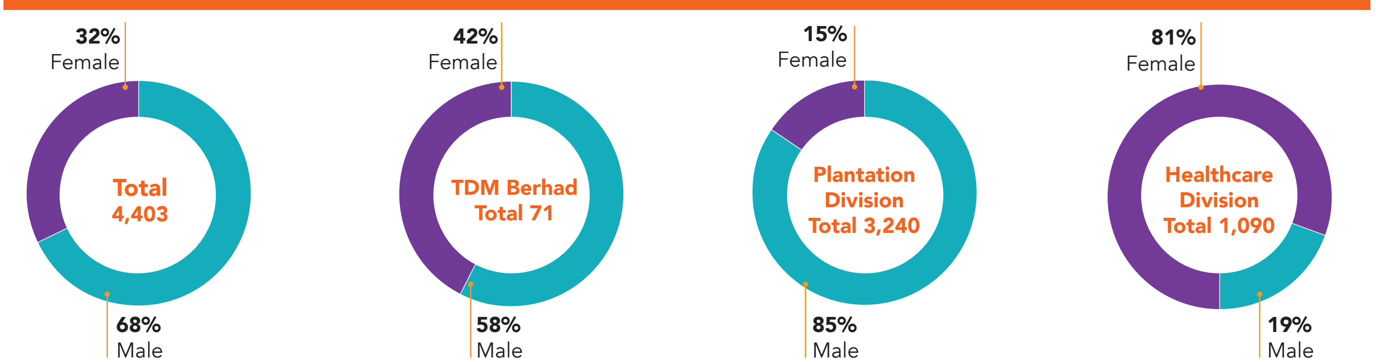
EMPLOYEES BY EMPLOYMENT



EMPLOYEES BY NATIONALITY

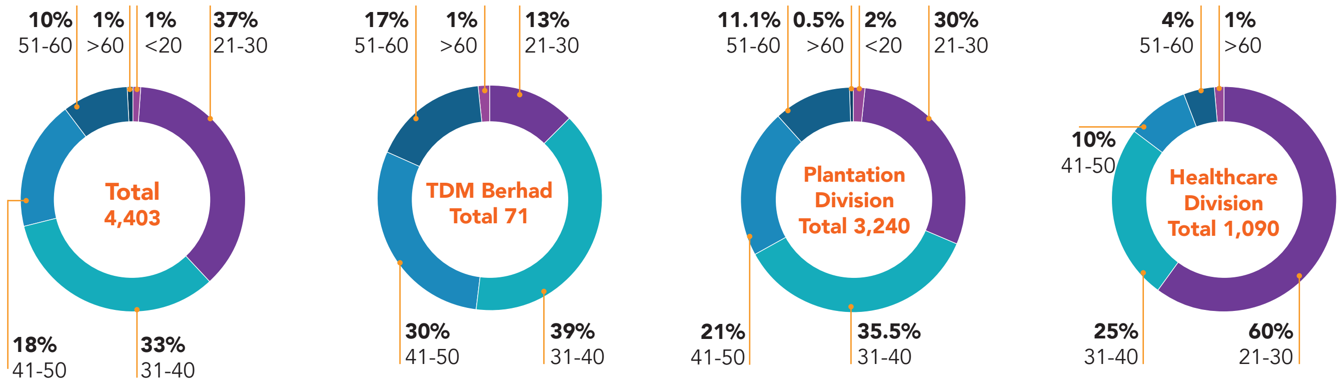


EMPLOYEES BY GENDER

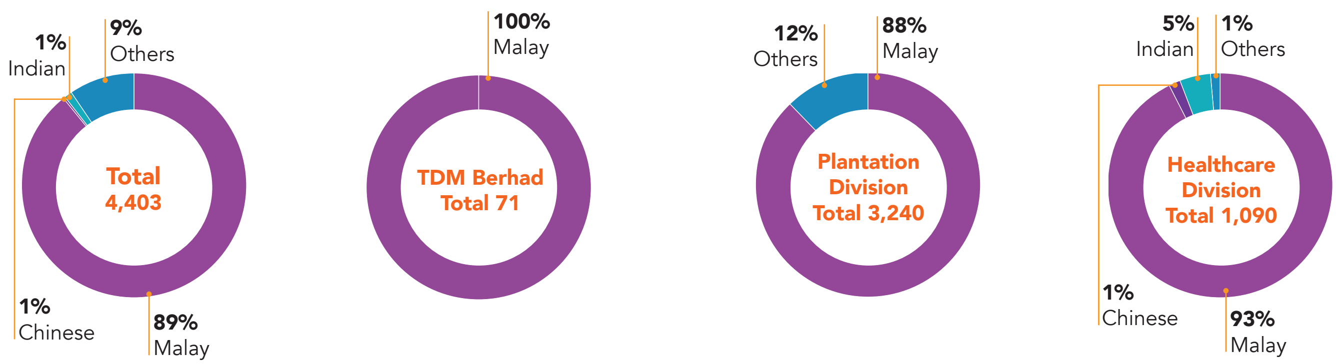


Sustainability at the Workplace: Our People, Our Greatest Asset

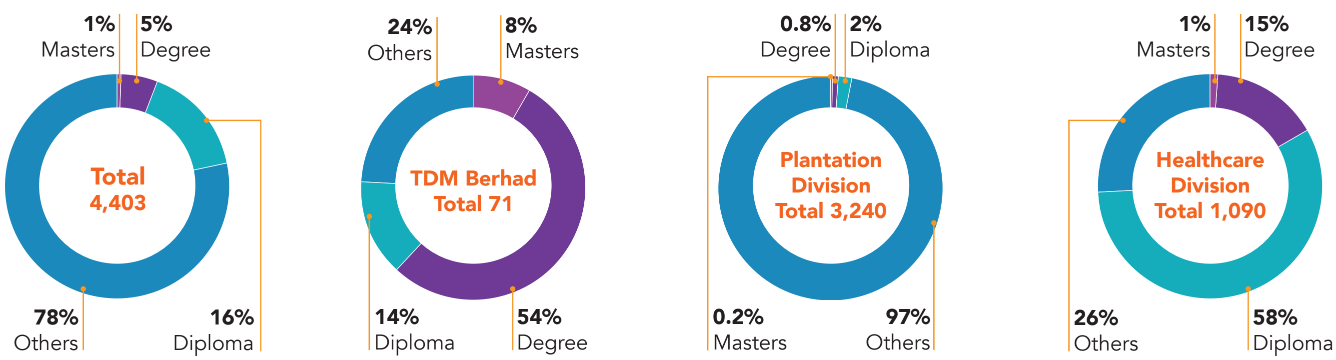
EMPLOYEES BY AGE



EMPLOYEES BY ETHNICITY OR RACE



EMPLOYEES BY EDUCATION



EMPLOYEES BY CATEGORY

Ratio of Workers

3 : 18

Local Labour **Foreign Labour**

Sustainability at the Workplace: Our People, Our Greatest Asset

FACILITATING WORK-LIFE BALANCE

Recreational and sporting activities are organised within the Group to ensure a healthy and positive workforce. This also helps to reinforce team spirit among all employees. Employee involvement in sports and recreational activities are under the purview of the sports and recreational club, Kelab Sukan dan Kebajikan TDM, which was established exclusively for our employees. The club promotes strong social ties with the surrounding communities by organising various activities and programmes involving its members as well as government and non-governmental organisations.

TDM's Hari Raya Gathering and the Annual Performance Awards event are two popular events which promote positive interactions in an informal setting. While the Hari Raya Gathering encourages our employees to get their family members involved in social activities, the Annual Performance Awards event validates employees through recognising their achievements via employee awards, connects leadership with employees, boosts company morale and strengthens ties among employees from different departments.

1. **21 February 2018**
   TDM's former Group Chief Executive Officer presented Umrah packages to excellent employees at the TDM Annual Performance Award 2018, which was organised at Primula Beach Hotel, Kuala Terengganu.

2. **14 April 2018**
   We encourage a healthy work-life balance to attract and retain a valuable pool of talents within the Group at Kuantan Medical Centre (KMC).

3. **31 August 2018**
   In celebration of the national Independence Day, several members of our employees took part in the annual Merdeka Day Parade.

Loyalty Appreciation

Employment and promotions are based on the qualifications and the ability needed for the work to be performed. This commitment is governed under the Group's Diversity and Inclusion Policy.

In addition, TDM acknowledges employee loyalty, and as such, Long Service Awards and special retirement awards are presented at the Annual Performance Awards to those reaching 35 years or more of service and to retiring employees without any discrimination.

Sustainability at the Workplace: Our People, Our Greatest Asset

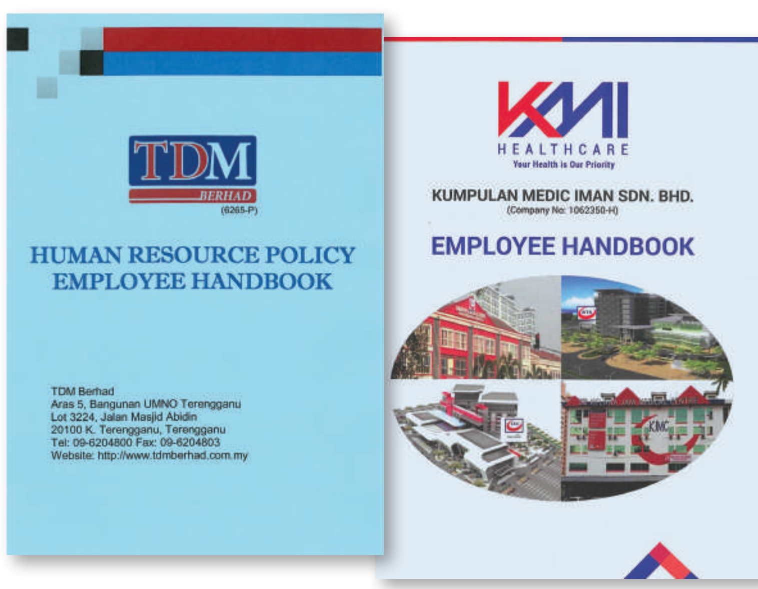
HUMAN RIGHTS

The Group is committed to protect the rights of its employees and treating them with dignity and respect in line with all relevant legal requirements and regulations and in accordance with the Universal Declaration of Human Rights. The Group's commitment is reflected in its Social and Humanity Policy as well as the No Deforestation, No Peat, No Exploitation (NDPE) Policy, which uphold the following principles:

- Uphold and promote the Universal Declaration of Human Rights for all workers, contractors, indigenous people, local communities, and anyone affected by our operations.
- Promote diversity and inclusive culture in the workplace, premised on mutual trust and respect, and avoid practices that discriminate against gender, marital status, race, nationality, ethnicity or age.
- Respect and protect human rights, the right of all workers, including contract, temporary, foreign workers, the elimination of discrimination in employment and the promotion of equal rights, the freedom of association and the right to collective bargaining regardless of gender, race, caste, nationality, religion, age, physical condition, sexual orientation, marital status, union membership/affiliation/activity, employment status or political affiliation.
- Maintain a workplace that is free from abuse, harassment, intimidation and any other unsafe working conditions.
- Apply No Child Labour of children in any kind of work.
- Apply Compliance to Minimum Wages for Workers.
- Apply zero tolerance to any form of forced labour, slavery, human trafficking and sexual exploitation.
- Practice two-way communication with representatives of employees, and when the need arises, the Group resolves complaints and grievances through an open, transparent and consultative process.
- Provide estate workers with housing facilities.
- Allow the channel for whistleblowing when it is needed.
- All passports have been returned to workers. The workers can access their passports freely and have them kept in a centralised locker provided by the Operating Centres.
- Respect the rights of employees to practice their religion during work hours.

The policy is stated in the Employee Handbook which has been communicated to all employees in Malay and English. The Group strives to ensure its employees to adhere to this policy.

There were no incidents of discrimination or child labour reported for FY 2018.



Sustainability at the Workplace: Our People, Our Greatest Asset

Parental Leave

At TDM, we observe the following policies:

- Maternity Leave: 60 consecutive days from birth, up to five surviving children.
- Paternity Leave: Male employees are eligible up to five working days leave from the birth of their own children, up to five surviving children.
- Compassionate Leave: Two consecutive working days upon death of immediate family members.
- Marriage Leave: Three consecutive days for the first legal marriage.

SEXUAL HARASSMENT AND GRIEVANCE FOR EMPLOYEES AND WORKERS

We are committed to maintain a workplace and environment, which is free of harassment in any form, which includes ethnicity, religion, gender identity, national origin, ancestry, non-disqualifying physical or mental disability or marital status. 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.

The Group will not tolerate violations of the human rights principles and will address in a fair, effective and consultative manner for any grievances or complaints. The Group's guidelines and grievance procedures to handle social related issues are stated in the Whistleblowing Policy. The grievance procedures provide a non-discriminatory and fair treatment framework for all stakeholders involved. Anonymous whistleblowing channels are also available to enable employees and other third parties to report actual or suspected misconducts without the fear of repercussions.

In 2018, there were no records of complaints or grievances from employees.

NURTURING THROUGH TRAINING AND DEVELOPMENT

We recognise the vital role of training and development in nurturing engaged employees. The Group encourages its employees' desire for self-improvement and ensures all training courses and investments in education are founded on clearly identified business needs and objectives at all employment levels.

These objectives are matched with job requirements which are then weighed against carefully developed performance criteria. This approach ensures that all training is optimally configured and implemented to maximise the benefits to both the employee and the Group. Various programmes were organised throughout the year to upgrade the core competencies of our people while creating a talent pool for succession planning. The various programmes include training in technical, management, communication, administration and other soft skills.

We ensure our employees have access to continuous training and development opportunities, as stated in our Company Policy where each employee is to undergo at least two man days of training per year, as well as making training part of their KPI performance evaluation. These training programmes cover areas such as customer service, fire safety, financial management and corporate culture, which are either conducted internally or through external moderators.

In addition to this, we provide capital development opportunities for our employees as well as our vendors to grow and develop.

22 September 2018
Our Continuous Medical Education (CME) Programme is a regular agenda at TDMC, aimed to improve the medical knowledge of general practitioners and nurses. The 75 participants were greeted with talks by medical professionals on topics such as Gerd-Management Aspects, Male Infertility, Chronic Cough and Tibolone for Menopause.

Sustainability at the Workplace: Our People, Our Greatest Asset

Training and Development Programmes

- MBA Scholarships for employees;
- Diploma in Plantation and Mill Management;
- Executive Educations (Harvard, NUS, INSEAD, IMD, BFM) for senior management;
- Continuous Education for Nurses;
- Management Trainees Programme for fresh graduates;
- Participated in Terengganu Graduate Transformation Programme (T-GTP);
- Preference to local vendors in procurement process;
- E-bidding training to vendors and suppliers.

Through the T-GTP, four local graduates from universities in Malaysia were assigned to various departments within TDM Group during the reporting year.

Training Awareness Programmes
RM73,583
Total Amount allocated

Total Man Days of Training
278 Man Days

Percentage of Training Areas
75% Technical
25% Non-Technical

Percentage of employees trained
43% Executives
57% Employees
100% Workers

Akademi TDM
74 hours
Total hours of in-house training

AKADEMI TDM

Akademi TDM was launched in August 2017 to conduct specialised training programmes to meet the needs of the Group and also, potentially, private entities across Terengganu which include smallholders and other parties involved in oil palm plantation. Training is conducted by either internal and external trainers.

Orientation and induction training sessions are conducted by either the Estate Manager or Assistant Manager, as well as the estate's personnel in charge of Safety, Health and Environment with the assistance of an interpreter where applicable. Training material is currently available in English and Malay.

Capability building includes best practice training for agriculture, environmental management, peat management, health and safety, and fire prevention techniques. Trainings are generally delivered by the Training Department and Human Resource departments throughout the Group's operations.

In 2018, TDM Berhad and TDM Plantation Sdn. Bhd. invested a total of RM73,583 as compared with RM211,092 in 2017 for employee training and development programmes. Cost has been drastically reduced since the inception of Akademi TDM in 2017 and in-house training has been in full gear.

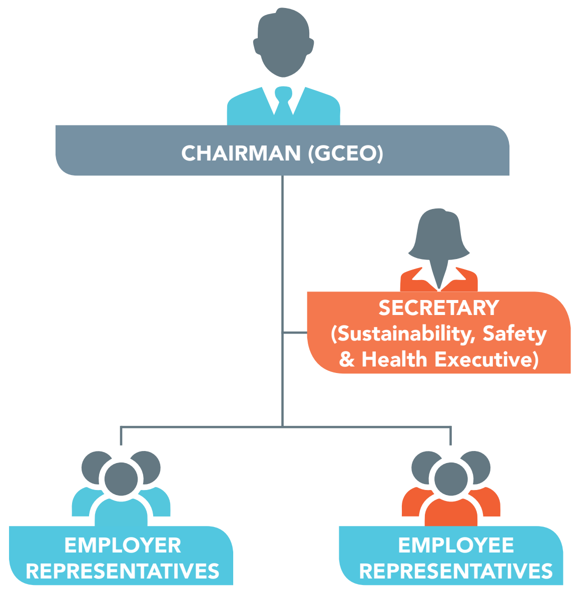
Sustainability at the Workplace: Our People, Our Greatest Asset

2018 Training Courses	
1	In-House Training: Microsoft Excel Level 1 to 3;
2	Palm Oil Economic Review & Outlook Seminar;
3	RSPO P&C Lead Auditors Course;
4	Perbincangan Kumpulan Fokus Mengenai Kajian Semula Perintah Gaji Minimum 2016;
5	Pengurusan Penggajian Pekerja Asing (Undang-Undang Berkaitan Di Malaysia & Garis Panduan Penetapan Standard Minimum Penginapan);
6	In House Training: MSPO Training For Non-Executives;
7	Workshop On Insect Pollination Efficiency in Oil Palm;
8	Palm & Lauric Oils Price Outlook Conference & Exhibition;
9	Workshop On Basal Stem Rot of Oil Palm;
10	Kursus Asas Dan Kawalan Mutu Baja;
11	Towards Full Compliance Clean Air Regulations 2014: Palm Oil Millers;
12	In-House Training: Kursus Microsoft Excel Tahap 1, 2 dan 3;
13	Mapa-Sime Darby Plantation OSH Seminar 2018 "Occupational Safety And Health (OSH) In The Plantation Industry";
14	24th MPOB Transfer Of Technology Seminar & Exhibition;
15	11th MPOB-GSAS Seminar 2018;
16	Felda Agricultural Service Sdn. Bhd. Field Day 2018;
17	In-House Training: Kursus Microsoft Excel Tahap 1, 2 Dan 3;
18	14th Natsem 2018 Malaysian Plantation Industry: Crop Options;
19	In-House Training: TDM Berhad SOAR I-CARE (FIRST SERIES);
20	Kursus 'Budgetary Cost Control for Planters';
21	In-House Training: TDM Berhad SOAR I-CARE (SECOND SERIES);
22	In-House Training: Managing People at Workplace;
23	Malaysia Palm Oil Trade Fair & Seminar;
24	Fundamental Financial and Accounting Skills Seminar;
25	ACIIA Conference 2018 - Staying Relevant in A Digital Landscape;
26	Asia Pacific Conference on Food Security ARCoFS'18;
27	Pencegahan Kemalangan di Tempat Kerja: Pengurusan Risiko dan Analisa Keselamatan Kerja;
28	National Seminar on Palm Oil Milling, Refining, Environment & Quality (POMREQ);
29	Taklimat Peralihan Skim Pampasan Pekerja Asing Kepada Skim Bencana Pekerjaan PERKESO;
30	Malaysian Sustainable Palm Oil MS 2530:2013 (MSPO) Auditor Training;
31	Entrepreneur Digital Transformation Program;
32	Bursa MAP; and
33	Government Guarantee Scheme and Financing.

PROTECTING THE SAFETY AND HEALTH OF WORKERS AND SUB-CONTRACTORS

We have formalised an Occupational Safety and Health (OSH) policy in 2017 in view of providing a safe and healthy working environment for all our employees and workers. The policy applies to employees from all levels of the company, be it local employees or foreign workers. We adhere to all statutory requirements, relevant standards, guidelines and code of practice pertaining to human rights, safety and health.

SAFETY AND HEALTH COMMITTEE, TDM BERHAD



Safety and Health - Plantation Division

As the leading plantation company in the East Coast of Malaysia, the safety and health of our workforce is our utmost priority and we view it very seriously. OSH best practices are integral in our daily operations, and contractors and visitors to our sites are expected to adhere strictly to the established OSH practices as well. An emergency plan has been implemented and regular training sessions are conducted for its preparedness within our organisation and neighbouring communities.

The Safety & Health Committee is jointly managed by our management team, the administration representative and workers. The AMESU and NUPW representative is also a member of the committee. The workers are from all working categories such as harvesters, weeders, drivers and general workers.

Sustainability at the Workplace: Our People, Our Greatest Asset

SAFETY AND HEALTH COMMITTEE PLANTATION DIVISION

As prescribed in our OSH Policy, new workers and employees are required to undergo safety and health training at their respective plantation areas. The training is conducted by the Safety and Health Officer (SHO) or appointed OSH coordinator in estates and mills.

There were zero fatalities reported in 2018 at our plantations neither were there any injuries recorded for both our contractors and employees.

In the case of accidents for 2018, all operating units reported to the SHO for OSH related activities as well as OSH compliance for TDM Plantation. The SHO collects and compiles accident and injury statistics, and activities related to OSH on a monthly basis and presents it to our top management.

Mitigation measures are in place to reduce incidents and accident rates within our plantation and mills. These include:

- Daily toolbox meetings/safety briefings to workers before commencement of work;
- Every Tuesday is Safety Day where briefings are held by management to all workers on safety and other work-related issues. This is a two-way engagement where workers can put forward their grievances or problems with the management team;
- The Operations Unit conducts periodical training sessions for workers focusing on SOPs, OSH and Sustainability;
- Safety and warning signages are regularly updated; and
- The SHO conducts an annual Compliance and Sustainability Audit for all operating units to ensure compliance with all regulatory requirements and TDM's OSH Policy.

TDM PLANTATION 2018 HSE STATISTIC ON WORK-RELATED INJURIES

2 mill workers exposed to heat stress

20 workers struck by falling objects

20 workers suffered noise induced hearing loss at mills

2 employees were involved in road accidents

1 worker non-fatal fall (slipped)

1 worker trapped by moving parts of machinery

Injury Rate (IR)	Occupational Disease Rate (ODR)
8.64	**2.47**
(Total No. of Accidents/ Injuries x 1,000) /Total Workforce	(Total No. of Occupational Disease x 1,000) /Total Workforce
Lost Day Rate (LDR)	**Absentee Rate (AR)**
3.62	**69.52**
(Total No. of Accidents x 1,000,000) / Total Working Hours	(Total No. of LTI x 1,000,000) / Total Working Hours

The calculation formula is based on DOSH's standards. 1,000 for the standardisation number for workers and 1,000,000 for the standardisation number for working hours.

In 2018, there were no work-related fatalities of TDM employees.

Sustainability at the Workplace: Our People, Our Greatest Asset

Safety and Health - Healthcare Division

The healthcare industry is rapidly progressing in demonstrating the best practices which emphasises quality and safety of service delivery to patients and their families. However, the drivers of quality and safe service are the effective management of safety and health of all workers and personnel at the workplace.

The Management of KMI and all hospitals under its purview are committed in ensuring HSE is top priority. Numerous efforts are taken to ensure a healthy and safe environment for the employees, patients, visitors and other stakeholders which include potential customers. We take a proactive stance in ensuring safety at the workplace to prevent incidents and accidents.

The HSE Policy is part of KMI's Governance Policies which set a clear direction for KMI hospitals to adhere to in ensuring all aspects of HSE are fully integrated.

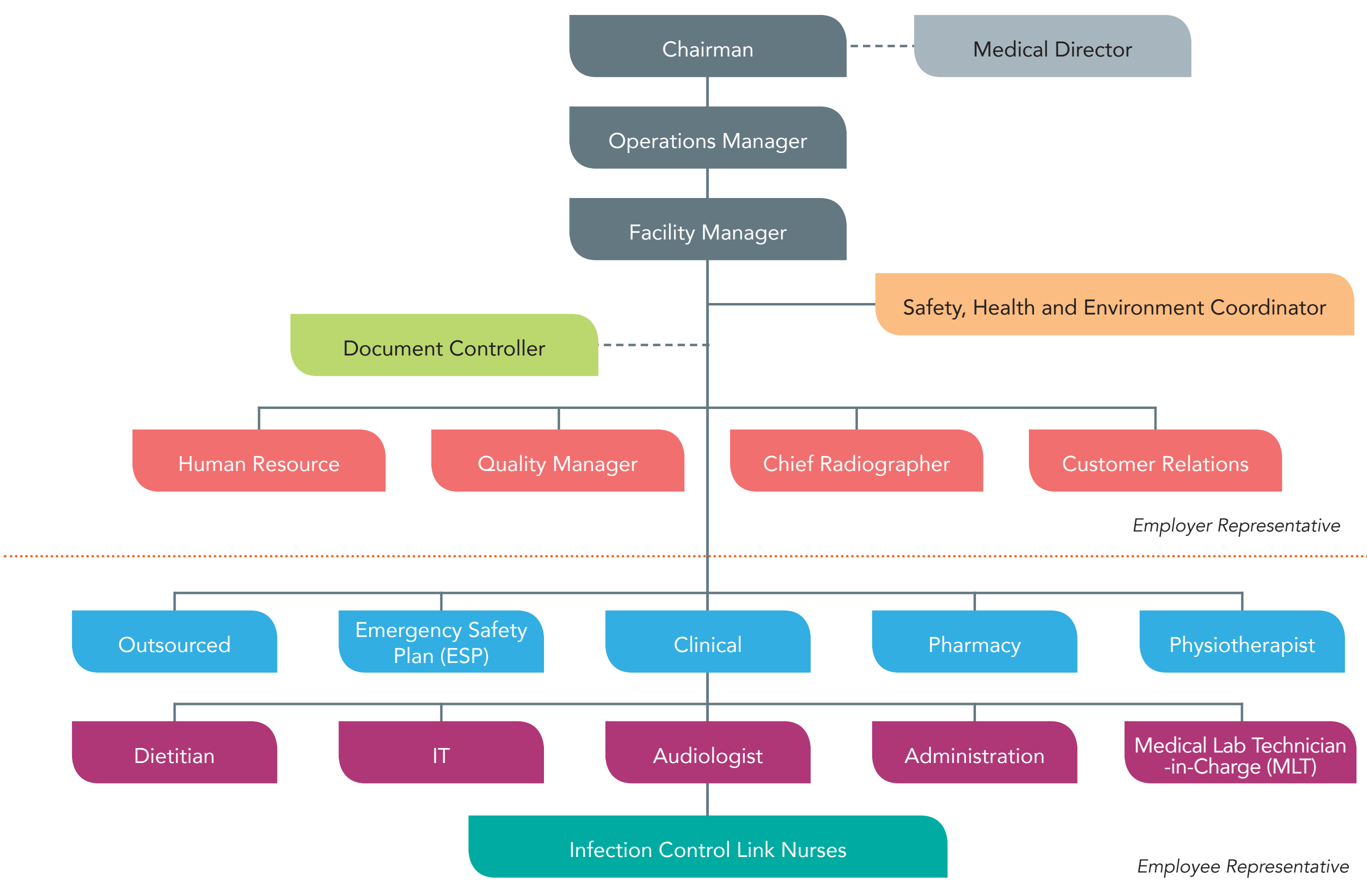
Several committees have been set up such as the OSH Committee, which is headed by the OSH Officer, Radiation Committee, Infection Control Committee, Emergency and Disaster Preparedness Committee and Risk Management Committee. These committees ensure that all programmes and plans are implemented and monitored.

KMI Policies

- Risk Management Policy
- Incident Reporting Policy
- No Smoking Policy
- Emergency Preparedness Policy
- Infection Control Policy

All these policies complement the HSE policy to address all aspects of safety and health at KMI hospitals.

SAFETY, HEALTH AND ENVIRONMENT COMMITTEE



Sustainability at the Workplace: Our People, Our Greatest Asset

In addition to HSE in the Healthcare Division, the Infection Control Programme for all hospitals are in place and our dedicated infection control nurses (ICN) actively monitor blood screening and vaccination status of high risk health care workers. Hand hygiene awareness and surveillances are conducted periodically to ensure compliance to hand hygiene which helps to reduce the risk of transmission of organisms.

All employees have their obligation and rights to ensure they are operating in a safe and healthy workplace. Employees who work in high risk areas are required to comply strictly to all policies, procedures and work instructions to prevent any untoward incidents. Employees are provided with appropriate Personal Protective Equipment (PPE) while performing their duties at high-risk areas while at the radiology department, all employees are monitored on the radiation exposure status yearly.

Continuous training and awareness related to HSE are conducted by qualified persons to enhance our employees' knowledge and understanding safety at the workplace. Risk Management; Property, Plant and Equipment; Management of Emergent and Reemergent Infectious Diseases; Management of Incidents and Accidents at the Workplace; and fire drills are among the regular training programmes which are conducted regularly for our employees.

Corrective maintenance, planned preventive maintenance and predictive maintenance are conducted at all KMI hospitals to ensure the overall safety of our employees, patients and visitors.

All hospitals continuously collect data and monitor incidents (Clinical & Non-Clinical). Occupational related injuries and analyses are done accordingly to ensure corrective and preventive measures can be undertaken, and best practices are then identified and implemented accordingly.

Apart from the HSE Policies and activities, KMI Hospitals also embarked on Patients Safety Goals, and Health, Safety and Environment Audit and Risk Monitoring which are benchmarked against Hazard Identification, Risk Assessment and Control Procedure (HIRAC) and Chemical Health Risk Assessment (CHRA) to eradicate common risks and improve safety in delivering care to our patients.

Our hospitals are equipped with 24-hour accident and emergency services.


Regular safety and performance testing is performed for all equipment to ensure the safety of our patients.

SUSTAINABILITY OF THE PLANET

Sustainable palm oil production encompasses legal, economically viable, environmentally appropriate and socially beneficial management and operations. This is delivered through the application of TDM's set of Principles and Criteria, and the accompanying Indicators and Guidance through Malaysian Laws Regulating Palm Oil Industry.

Likewise, a similar emphasis is placed on our Healthcare Division where waste management is considered to be of vital importance. Harmful drugs, chemicals and toxic waste in any form is properly disposed to reduce any harmful effects to the environment.

Sustainability of the Planet

OUR COMMITMENT TO THE PLANET

"TDM's commitment to the environment includes protecting, conserving and enhancing ecosystems and the environment for our precious community regardless of any business industry we pursue, now and into the future."

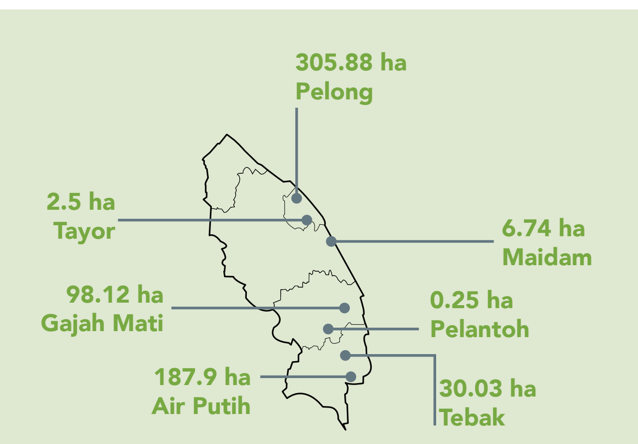
PLANTATION DIVISION
CONSERVATION, REHABILITATION AND LAND USE

Inarguably, oil palm provides the highest yield of oil per hectare per year compared to other oil-bearing crops. However, TDM understands that replacing natural forests with oil palms would have potential negative impacts on biodiversity, climate, hydrology, soil erosion, the physical and chemical properties of soil and specific management aspects. Hence, High Conversation Value (HCV) areas are left untouched to maintain the biodiversity and Rare, Threatened & Endangered (RTE) species in the area.

SCOPE

TDM has declared several estates in Sungai Tong, Kemaman and Bukit Besi Complex with a total of about 696.88 ha as the HCV area.

ESTATE & 2018 HCV DECLARATION



Plan and expectations for HCV areas

- Applying, enforcing and maintaining a formal protection and conservation area.
- Conserving the habitats of protected and endangered species of wildlife.
- Sightings of any wildlife is recorded in logbook.
- No encroachment.

Compliance to Regulations and Law pertaining to Environment Matters

LAND

1. National Land Code (Act 56 of 1965)
2. Land Acquisition Act 1960 (Act 486)
3. Land Conservation Act 1960

ENVIRONMENT

1. Environmental Quality Act 1974 (Prescribed Premises) (Crude Palm Oil) Regulations 1977
2. Environmental Quality (Clean Air) Regulation 1978
3. Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987

PESTICIDE USE

1. Pesticide Act 1974
2. Guidelines Pesticides Methods (Pest Control Operator) 2004
3. Pesticide (Licensing For Sale and Storage) Rules 2007
4. Pesticide (Labelling) Regulations 1984

WILDLIFE

1. Protection of Wildlife Act 1972
2. National Parks Act 1984
3. National Forestry Act 1984
4. Aboriginal Peoples Act 1954

12 Estates in Malaysia

31,346.00 ha
Total Oil Palm Planted Area in Malaysia

OIL PALM AGE PROFILE

4,762 Very Old (> 25 Years)
9,852 Old (21 - 25 Years)
3,740 Prime Old (16 - 20 Years)
3,339 Prime Young (11 - 15 Years)
4,047 Young (4 - 10 Years)
5,606 Immature (0 - 3 Years)

Sustainability of the Planet

OUR COMMITMENT ON HCV

"As a member of the Roundtable on Sustainable Palm Oil (RSPO), TDM is committed to safeguarding High Conservation Value (HCV) areas within its plantation areas."

To facilitate and manage degradation and land rehabilitation, TDM has developed a methodology in which we have benchmarked against international environmental and social sustainability standards to determine the suitability of land for sustainable agricultural expansion.

The methodology developed in this study supports:

- Non-governmental organisations seeking to identify priority areas for conservation;
- Private sectors in identifying future agricultural expansion in areas that comply with sustainability criteria;
- Malaysian government at both local and national levels in aligning their land-use planning for agricultural expansion with their commitment towards social acceptability and environmental sustainability;
- Scientists and land use planners in identifying alternatives for agricultural expansion in areas with conservation value; and
- Implementing plans for biofuels and carbon sequestration.

SOIL MANAGEMENT

As outlined in TDM's Environment & Biodiversity Policy and Agrochemical Management Policy, we strive to maintain the quality and fertility of our plantation soil in order to sustain high yields through the adoption of Good Agricultural Practices (GAP) and Good Milling Practices (GMP).

Our deployment of best soil conservation practices include:

- Enriching the soil via good fertiliser management to supply each palm with balanced nutrients in ensuring healthy vegetative growth and optimum economic FFB yields. This also includes the integration of mineral fertilisers and palm residues. Whenever possible, TDM recycles palm organic matter which include Empty Fruit Bunches (EFB) and compost to improve soil health.
- Enhanced methods of fertiliser application.
- Assess soil toxicity and apply actions to overcome it, this assessment is done at intervals which differs from each area or estate.

REPLANTING

Sustainable planting is at the heart of our Planting Division. Guided by our Replanting Policy, we take full advantage to plant and replant whilst adding measures to reduce the effects of drought or flood.

The Group continuously rejuvenates existing estates by introducing a replanting programme. This programme is aimed at improving productivity and efficiency by implementing high density planting, using superior planting progenies and redesigning estates to enable higher rate of mechanisation.

Our policy is to replant 5% of the total hectarage in our Terengganu plantations. We replant at least 1,500 ha per year. Our replanting programme plans are to achieve an average age profile of 13 years by 2022.

REPLANTING PROGRAMME FOR 2018
Hectarage (ha)

1,386 ha
Total Replanted In Malaysia for 2018

4.4%
Replanted in Malaysia

Terengganu Replanting Programme

Terengganu estates started its replanting programme in 2012 which involved the redesigning of estate plantations, utilising superior planting materials and higher planting density. With improved mechanisation methods, crop evacuation has become more efficient.

By 2016, the Group reaped its first produce from this replanting exercise. Previously, it took 36 months to harvest. With new planting material and improved processes, harvesting can now be done after just 30 months.

Whilst our strategy of replanting has focused on future drainability and to reduce GHG emissions during replanting, zero-burning practice is emphasised.

BIODIVERSITY

Much land on earth is utilised in some form for cultivation, livestock farming and other human livelihood activities. We are aware that some of our plantations and its operations are located within close proximity to forest reserves or conservation areas that are natural habitats of endangered, rare and threatened species. Thus, in order to promote the objectives of our commitment on biodiversity, much attention is required in the management of our operations to conserve the wilderness.

TDM has an Environmental and Biodiversity Policy in place that ensures its development areas do not encroach into HCV areas and avoid peatlands. The Group has pledged to undertake conservation initiatives for the continuous protection of the natural ecosystem and its services. This also includes implementing zero-burning practice.

PEAT MANAGEMENT

Our Malaysian plantation areas are not planted in peat areas and do not experience peat fires.

Apart from our NDPE Policy, TDM is working with RSPO to develop a standard vulnerability assessment study and best management practices for smallholders to enhance contributions to peatland protection.

With that, TDM has implemented a Peat Management strategy which focuses on the management, protection and rehabilitation of peatland at a landscape-level. This entails:

- Peat soil contains more than 65% organic matter. TDM will not accept any future development of any peatland, regardless of the depth of peat.
- TDM remains committed to supporting RSPO Principle and Criteria 7.7.6 and the standards set out in the RSPO Manual on Best Management Practice (BMPs) for existing plantations on peat lands.
- Working with experts to explore options of peat definition, restoration or alternative uses in areas unsuitable for replanting.

SLOPE PROTECTION & RIVER BUFFER ZONE

TDM is committed to protecting slopes and rivers and has in place a Slope Protection & River Buffer Zone policy that entails:

- Slopes above 25°: must be excluded from any new plant development and replanting programme;
- Slopes of less than 25 °: existing plants and plants should be maintained accordingly; and
- Buffer zones should be maintained on both sides of the river bank within the range of 5 to 50 meters.

Sustainability of the Planet

OUR COMMITMENT ON BIODIVERSITY

“TDM is committed to protect the environment and to preserve biodiversity through sustainable development that preserves the environment and biodiversity in all aspects and stages of our operations.”

INTEGRATED PEST MANAGEMENT (IPM)

TDM practices IPM in all estates to reduce environmental risk associated with pest control chemicals by encouraging the adoption of more ecologically benign control tactics. The IPM policy involves the combination of a variety of methods of control to suppress pest populations below the economic injury-causing level. It also reduces dependency on chemical pesticides as well as reduces the potential for ground water and air contamination.

Effective IPM

Barn owl boxes are erected every ten hectares in the estates. The breeding of barn owls, Tyto Alba, is an eco-friendly and effective method to control the rat population in the estates.

Planting of beneficial plants along the main road of the estates, such as Cassia Cobanensis, Antigonon Leptopus, Euphorbia Heterophylla and Turnera Subulate encourages the proliferation of natural enemies for the control of bagworms and nettle caterpillars and ensure ecological balance.

Antigonon Leptopus

Turnera Subulate

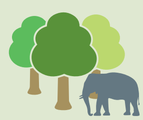
Beneficial plants which grow within areas in estates provide shelter and supplementary food, such as nectar, to encourage the population of predators and parasites that will control pests.

We are also progressively reducing WHO Class 1B Paraquat by substituting with glyphosate.

DEFORESTATION

TDM practices No Deforestation and adheres to our NDPE Policy.

No development of High Carbon Stock (HCS Forest)



No development of High Conservation Value (HCV) Areas

No burning following our No Burn Policy. This policy also follows RSPO commitment under Principle 5.5

Reduction of Greenhouse Gas (GHG) Emissions

Sustainability of the Planet

WASTE MANAGEMENT

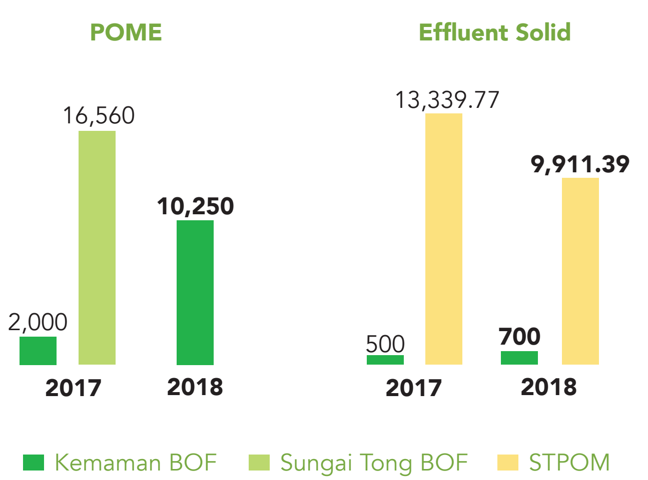
Plantation Division

Palm oil waste management is often a challenge for the industry due to the large quantities of waste generated during production. However, sustainable waste management solutions offer opportunities to boost eco-efficiency.

TDM applies sustainable waste management strategies to handle the large amount of biomass by-products generated during operations. Pruned fronds, old palm trunks and treated palm oil mill effluent (POME) mixing with BOF are recycled back to the soil as natural fertilisers. To address this, the Group owns and operates two bio-composting plants which have the combined capacity to produce 61,000 tonnes of bio-organic fertiliser in a year.

Other forms of biomass such as fibres and EFBs are used as a renewable energy source to generate steam and electricity for mill processing. This green energy sustains up to 98% of the Group's mills' energy needs.

WASTE MANAGEMENT IN TDM PLANTATIONS (MT)
Plantation Division



On-site Storage

Every estate and mill has their own on-site storage for scheduled waste, chemicals and general equipment or items.

Healthcare Division

For Healthcare, waste management is managed according to KMI Hospitals Policy. Waste is divided into scheduled (clinical waste, chemical waste, liquid waste and batteries) and non-scheduled waste (general waste, food waste and recycled waste). Colour coded bags and containers are used to segregate different categories of waste.

Spillages are hazardous and employees are required to strictly practise standard precaution and seek immediate medical treatment upon contact with such materials. Policies, procedures and instructions are clearly placed for all employees to adhere to.

All waste at each premise or complex is monitored by personnel who are Certified Environmental Professionals in Scheduled Waste Management (CePSWAM) and reports are submitted to the EPMC and Environmental Regulatory Compliance Monitoring Committee (ERCMC) regularly.

Majority of waste are clinical waste that are non-hazardous. It is disposed by appointed waste management vendors who are specialised to handle clinical waste. Different vendors are appointed for different hospital locations.

9.84 MT
Total volume of clinical waste generated in 2018

WASTEWATER MANAGEMENT

We manage our wastewater through a ponding system that consists of a combination of anaerobic and aerobic processes. 80% of our treated effluent is released into natural water systems with a Biological Oxygen Demand (BOD) of less than 100 parts per million (ppm). The remaining 20% is reused in our bio-organic fertiliser plant process.

All wastewater in the living areas within our estates are firstly trapped by using either grease traps or sumps, after which the water is released into the estate lands or nearby rivers.

Water sampling is conducted monthly at our mills. This sampling is conducted at the final discharge point. An annual water sampling is also conducted within the estates at specific entry and exit points located at the end of the estates' river boundaries. There are no protected or biodiversity rich areas adjacent to where our wastewater or effluent are released.

Sustainability of the Planet

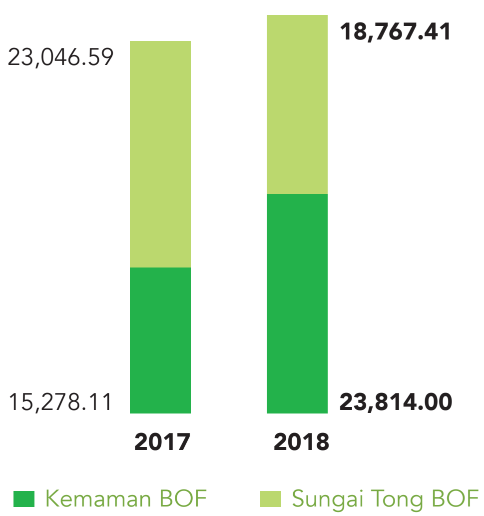
RECYCLING RESOURCES
RECYCLING EMPTY FRUIT BUNCHES (EFB)

EFB are recycled via a bio-composting method to produce microbes-enriched bio-compost that functions as an excellent soil conditioner and bio-control to protect against soil borne pathogens. TDM is committed to managing our waste materials in the most economic and environmentally friendly manner.

The Group owns and operates two bio-composting plants in Kemaman and Sungai Tong with a combined capacity to produce 39,000 tonnes of bio-organic fertiliser (BOF) per annum. EFB is shredded and processed as BOF. The two mills also burn fibre and shells from EFB in the boilers to generate electricity for the mills.

The leachate water which forms as a by-product of the EFB recycling is recycled back into the composting system. We use up to 95% of our EFB as part of the bio-organic fertiliser production.

EFB FOR BOF (MT)
Production of Bio-Organic Fertilisers (BOF)



Bio-compost plant, Kemaman.

Embracing Green Practices

Through sustainable management of resources available to us, we actively seek to reduce Greenhouse Gas (GHG) emissions at all areas of our Plantation and Healthcare operations, which also include our office premises as well. In 2019, we will be leveraging on cloud computing to distribute documents for Board of Directors' meetings and also management meetings The following are our efforts to reduce energy usage:

- Use of energy efficient bulbs for lighting to replace conventional fluorescent lights
- Reduce electricity by switching off computers, lights and appliances during lunch hour and after office hours.

RECYCLING AT PLANTATION OPERATIONS

TDM's biomass boiler utilises palm oil by-products such as EFB, kernel shells and mesocarp for steam production. Boiler ash is either sold as fertiliser or used internally as fertiliser as part of our efforts to maintain a green environment.

We are a strong advocator of the Reduce, Reuse and Recycle (3R) practice and as such seek to proactively inculcate good habits among our employees at every area of our operations. These include:

- Use of recycled paper for printing drafts.
- Placement of recycling bins at all our hospitals and at headquarters.

RAINWATER HARVESTING

As part of our efforts to conserve water resources and minimise wastage we have embarked on a programme to inculcate the practice of collecting rainwater throughout our operations in the Plantation Division. The collected water is mainly used for watering plants and general washing purposes. Harvested rainwater is especially beneficial during periods of prolonged dry weather.

Rain collection tanks are located at all operation units. Slanting roofs were created at the Kemaman Bio-Organic Fertiliser (KBOF) plant which were designed specifically to harvest rainwater.

WATER MANAGEMENT

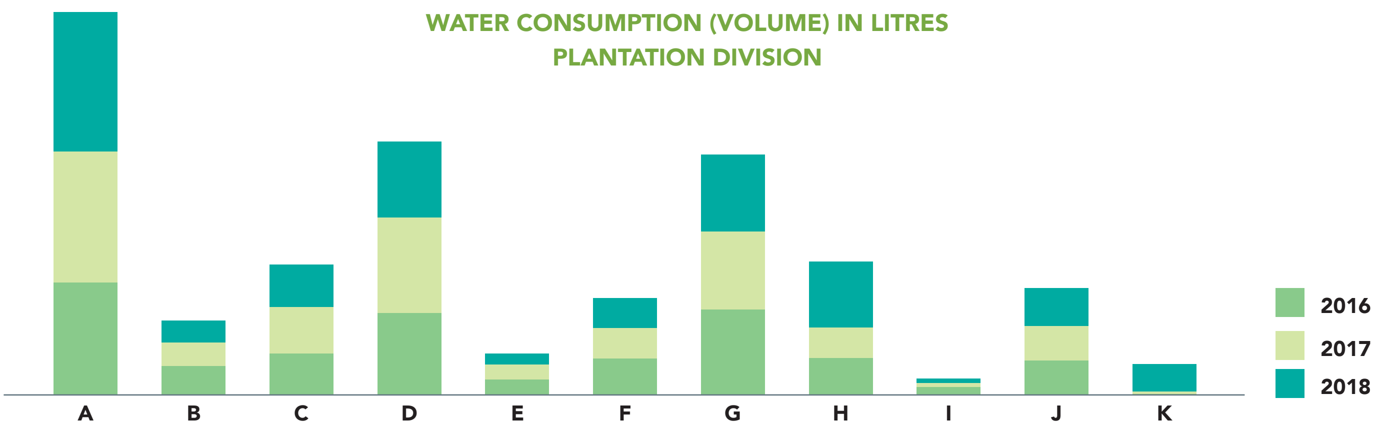
Clean, accessible water is critical for the well-being of communities, wildlife and aquatic ecosystems. In line with best practices, we continuously monitor the impact that our Plantation and Healthcare operations have on waterways. This enables us to safeguard water availability and quality, and to drive efforts to mitigate any potential negative impacts. We also seek to minimise the use of potable water in all our operations.

WATER MANAGEMENT AT PLANTATION DIVISION

Water is a key element in the Group's entire palm oil supply chain, from oil palm plantations to mills. We recognise that maintaining good water quality is vital for safeguarding the health of the local communities in which we operate to ensure a clean and healthy environment for all.

Our effort to minimise the risk of water contamination is by analysing water quality and consumption every month to gauge the health of the river ecosystem and the quality of the water supply respectively.

WATER CONSUMPTION (VOLUME) IN LITRES
PLANTATION DIVISION



Areas	2016	2017	2018
A Kemaman Complex (mill + Jernih, Tebak & Pelantoh estate)	336,372,000	391,479,000	**416,968,000**
B Sungai Tong Palm Oil Mill	77,968,000	64,725,000	**58,799,000**
C Tayor Estate	112,032,000	127,500,000	**115,827,000**
D Fikri Estate	222,327,000	260,941,000	**207,178,000**
E Jerangau Estate	42,145,000	40,298,000	**29,358,000**
F Gajah Mati Estate	99,023,000	82,970,000	**80,904,000**
G Air Putih Estate	232,584,000	211,589,000	**210,450,000**
H Jaya Estate	100,235,000	83,004,000	**179,962,000**
I Pelung Estate	20,548,000	11,420,000	**11,155,000**
J Pinang Emas Estate	93,612,000	93,740,000	**103,913,000**
K MAIDAM	2,073,000	5,817,000	**75,467,000**
TOTAL	**1,338,919,000**	**1,373,483,000**	**1,489,981,000**
Variance		**2.5%**	**8.5%**

In 2018, water consumption increased by 8.5% due to the increased number of employees. The Plantation Division registered a 9.7% increase in its in workforce.

Sustainability of the Planet

RIVER WATER QUALITY

TDM conducts an Annual River Water Quality monitoring programme for all rivers that run through our estates for both biological and chemical parameters. This is to ensure that usage of fertilisers and chemicals in our estates are not contaminating the rivers. The mills conduct daily and monthly monitoring on final discharged water to maintain the quality of wastewater which is released to the rivers. In 2018, the water quality index is still within the permissible range approved by the Department of Environment, Malaysia (DOE).

We continuously monitor the river water quality at Tayor Estate.

WATER MANAGEMENT AT HEALTHCARE DIVISION

For Healthcare, it would be impossible for a hospital to operate efficiently and provide the high quality care patients require without an adequate supply of clean water. Many of our hospital facilities are water intensive by nature, such as our cooling equipment, plumbing, cleaning and medical process rinses.

At the same time, we are mindful of the pressures placed on municipal water supplies, and the need to contribute to national environmental mitigation measures such as the reduction of energy used to treat and deliver water supply. Therefore, TDM encourages all its hospitals to proactively conduct water saving initiatives, not just to drive down costs, but also to contribute towards a green culture.

Sustainability of the Planet

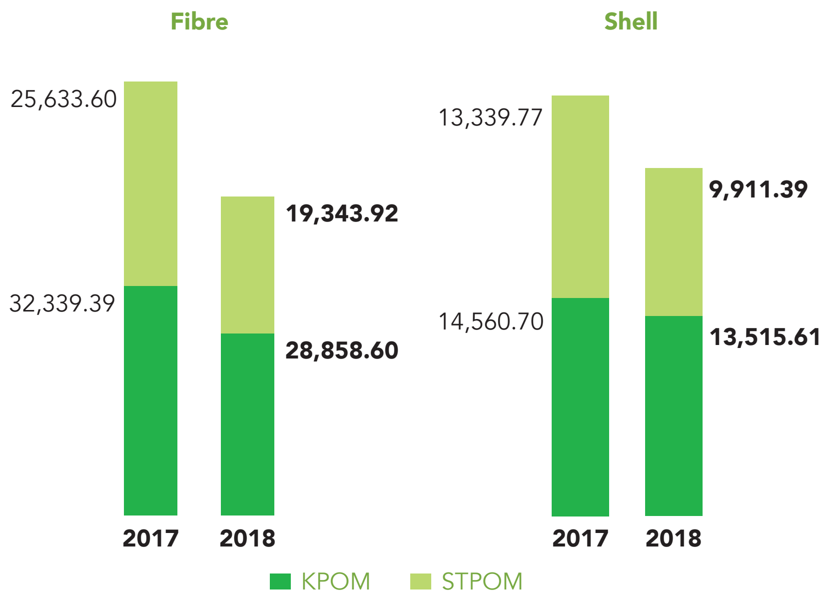
ENERGY AND RENEWABLE RESOURCES

The Group continues to monitor the usage of non-renewable sources for energy production to ensure efficient utilisation.

Biomass

Fibre and shell are recycled to generate reversible energy to power our mills via our boilers at both Kemaman and Sungai Tong mills. The biomass reversible energy represents 95% of our mills energy requirements.

BIOMASS FOR ENERGY GENERATION AT MILLS (MT)



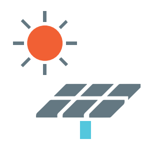
For renewable energy, TDM plans to build two biogas plants to capture methane produced in our mills and convert it into electricity via biogas trapping facilities. This renewable energy will be used for our mill operations and will supply electricity to national electric grids. The electricity generated at the biogas plant can then be sold to Tenaga Nasional Berhad under the Feed-in-Tariff (FiT) scheme.

This initiative has multiple benefits which include job creation and environmentally-friendly low-cost energy production as well as an additional sustainable income to the Group. Two biogas plants are projected to be commissioned in our palm oil mills located in Kemaman and Sungai Tong in 2019 and 2020 respectively.

Plantation Division Energy Consumption Reduction Initiatives

Installation of Timers

Implementation of automatic switches with timers at both mills for effective control to achieve optimum energy consumption for daily operations.



Solar Panels Timers

TDM uses solar panels at Kemaman Complex to power up the water influent meter. Solar panels increase energy efficiency and saves costs. It can also be utilised at various remote locations to provide off-grid reliable energy source.

Sustainability of the Planet

On the healthcare front, the nature of a hospital's activities would inevitably result in high electricity consumption patterns, to serve the needs of patients, employees and visitors, within a facility which is open 24/7.

In a typical hospital, sophisticated heating, ventilation and air conditioning (HVAC) systems are installed to control temperatures and air flow. Other energy intensive activities occur in attending to laundry, medical and lab equipment use, sterilisation, computer and server use, food service and refrigeration.

To reduce this high consumption, the Group has implemented measures to increase the energy efficiency at our hospitals, in order to improve our bottom line and free up funds to invest in new technologies and improve patient care. We regularly run campaigns to increase employee awareness on energy efficiency and electricity saving initiatives.

Energy audits are conducted at all KMI Hospitals to identify, assess and implement energy savings measures in our drive towards reducing energy consumption.

Healthcare Division Energy Consumption Reduction Initiatives

All hospitals have been directed to adopt the sustainability strategies and initiatives on electricity management. Reports on these initiatives are discussed during each respective hospital's Board Meeting.

Replacement of Light Bulbs with LEDs

Hospitals have started replacing the current lighting system to LEDs. The high usage areas are the lobby and corridor which require 24 hours lighting. This also includes entrances and emergency exit signs.

Installation of Timers

Hospitals have identified areas and allocated a shutdown schedule within every floor. The shutdown is controlled by timers. For example, the electricity at Administration Services will be disabled from 6.00 pm till 8.00 am and the air conditioning system will shutdown from 8.00 pm till 8.00 am.

Upgrading to Energy Saving Air Conditioning

The Group has started to replace old air conditioning units to energy saving products.

Sustainability of the Planet

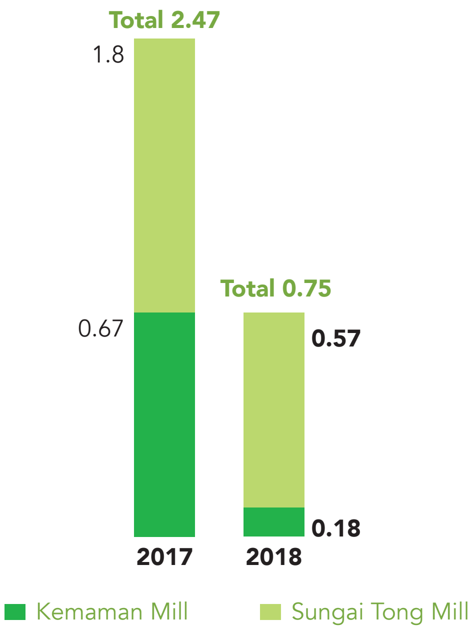
MANAGING OUR EMISSIONS

The Group emphasises on continual monitoring and managing GHG emissions, based on available data and information from the operating units. The emissions are measured using the RSPO GHG Calculator V4 and the data is annually audited and certified by the appointed Certification Body.

TDM Plantation Division's emission comes directly under Scope 1 (direct emissions) as per the graph below.

In the reporting year, the Group generated about 0.86 tonnes of carbon dioxide equivalent, tCO_2-e. (2017: 2.47 tCO_2-e). This constitutes a 65% reduction in Scope 1 emissions. The GHG measurements, are based for the two palm oil mills in Kemaman and Sungai Tong only.

PLANTATION DIVISION (tCO_2-e)/tFFB
SCOPE 1 EMISSIONS



0.75 (tonnes)
carbon dioxide tCO_2-e
(2017: 2.47 tCO_2-e)

1. Gantry Compost Turner machine.
2. Topview of Kemaman BOF Plant.
3. EFB Press System.
4. Overview of Palm Oil Mill.

RESPONSIBLE PROFITS THROUGH SUSTAINABLE BUSINESS

Sustainability, in a broader sense, can be defined as 3Ps: People, Planet and Profit, a concept derived from the 1987 Brundtland Commission. Planting oil palm can be sustainable because it fulfils all the 3Ps: job creation for the local population; safeguarding the planet (environment) via suitable agricultural practices in place; and making a profit to enable business sustainability.

In Healthcare, human health and environmental health are deeply and inextricably linked where human health requires environmental health. Therefore, healthcare delivery systems are in a unique position as care takers, large employers, and key community leaders to influence and impact the triple bottom line: commitment to People, Planet, and Profit.

Responsible Profits Through Sustainable Business

SUSTAINABILITY AND PROFITABLE GROWTH

TDM has outlined an overriding goal of achieving sustainable and profitable growth in both our core businesses of Plantation and Healthcare.

BALANCING SHAREHOLDER INTEREST AND SUSTAINABILITY

Through our Sustainability initiatives and efforts, we believe we have struck a balance between the People-Planet-Profit triangle in our management approach and the policies we have enforced. With sustainability becoming a more prevalent part of economies as a whole, we have had to focus greater attention on incorporating sustainability into our everyday business practices.

At TDM, we maintain clear communication channels between the Group and its investors to enhance long-term shareholder value, sustain a loyal shareholder base and to build our credibility with the investment community.

For further information on TDM's Investor Relations please refer to pages 15 to 16 of this Annual Report.

EES CONSIDERATIONS: ACHIEVING BALANCE IN PLANTATION OPERATIONS

As a responsible business and member of the RSPO, we are a major producer of certified sustainable palm oil (CSPO) and Certified Sustainable Palm Kennel (CSPK) .

At our plantations, we have proactively pursued sustainable sources via biomass and capturing methane to generate renewable energy. We have also optimised the use of mechanised operations to reduce pollution. Mechanised buffalo, mini tractor grabber and the bin system are used for crop evacuation in line with new techniques to improve efficiency and productivity. In addition, the usage of biological control (natural predators and beneficial plants) help to reduce chemical usage and environmental footprint.

Compliance to Regulations and Law Pertaining to Governance Matters

PLANTATION

1. **Malaysian Palm Oil Board Act 1998**
2. **Palm Oil Registration and Licensing Authority (Incorporation) Act 1976**
3. **Palm Oil Research and Development Act 1979**

HEALTHCARE

4. **Private Healthcare Facilities and Services Act 1998**
5. **Malaysian Health Promotion Board Act 2006 [Act 651]**

GENERAL

6. **Whistleblower Protection Act 2010**

PALM OIL STEWARDSHIP

"To fully support sustainable palm oil efforts within the industry and secure a sustainable source of derivatives whilst recognising efforts of smallholders, suppliers and our supply chain who act sustainably."

Responsible Profits Through Business Sustainability

HEALTHCARE STEWARDSHIP

"To deliver healthcare and medical solution services that sustain long lasting positive impacts for future generations."

THE GREEN STANDARD: CREATING HEALTHY HOSPITALS

As a leading provider of community-based secondary healthcare, we target to embrace healthcare sustainability by minimising the environmental footprint of our hospitals via proper and frequent measurements on EES impacts. Delivering healthcare that is socially responsible, environmentally sound, and economically viable inevitably embraces the triple bottom line.

On the healthcare front, TDM is highly inspired by the advanced technology shaping medical breakthroughs in the world today. We seek to remain abreast in leveraging on technology to improve our efficiencies as well as delivering sustainability into healthcare and medical solutions.

As part of our agenda to improve sustainability in our operations, we have been implementing measures to track our environmental footprint. These assessments help quantify sustainable operations and qualify resource stewardship on behalf of patients, employees and the community in which we operate. We are focussing on improving the provision and delivery of healthcare services to the community in a safe, healthy manner in fulfilling our obligation to conserve, protect and preserve resources through partnerships and individual actions.

Kuala Terengganu Specialist Hospital caters to the healthcare needs of the community in the East Coast region.

Responsible Profits Through Business Sustainability

SUSTAINABILITY IN HEALTHCARE MANAGEMENT

Sustainability in the healthcare industry encompasses topical aspects ranging from energy efficiency to climate change initiatives. The positive financial, social and environmental influences of healthcare sustainability are measurable and transparent.

HIGH QUALITY HEALTHCARE SERVICES

All our hospitals provide high quality services and strive to improve customer experience.

The improved mission statement of our Healthcare Division covers four main areas:

This statement builds upon the strong foundation of our people-centric values to attain our promise for high-quality professional services, responsibly.

Kuantan Medical Centre.

BUSINESS CONTINUITY AND FUTURE INNOVATIONS

Business continuity is vital for the Group as our Plantation and Healthcare operations need to be sustainable to guarantee our future in many more years to come. The Management and the Board of TDM conduct annual planning and strategies on Risk Management as reported in the Corporate Governance statements.

Technology also contributes to the Group's business continuity plan. The IT division of the Group oversees the handling of the current system for a smooth and progressive transition into future.

Succession planning is also a prominent element in TDM's business continuity planning. We have developed a strong bench of high-performing talents to support our growth.

Plantation

TDM leverages on innovation in the plantation sector to drive sustainability at every level of operations. Currently, TDM will be generating energy from biogas under a feed-in-tariff (FiT) to supply electricity from our facilities in Kemaman and Sungai Tong which is slated to commence in 2019 through to 2020. Thus, FIT generates economic returns for the Group while also reducing electricity and water consumption as well as air pollution. We are also in discussions to capture the by-product of methane gas for conversion into fuel or chemical feedstock as well as direct supply of electricity into the national grid from our FiT efforts.

Looking ahead, future sustainability initiatives include bio-composting operations via microbial technology with bacteria from our own ponds, recycling and reusing of all wastes.

Healthcare

Under our Healthcare Division, new services that will be introduced in our hospitals include Cardiac Centre and Eye Centre. The introduction of Tertiary Care is also in the works. We will also introduce a Cathlab at KMC where construction will commence in 2019. All these improvements are to support our capacity and capability growth.

In addition, the Group will be implementing the Customer Service Index (CSI) which focusses on the Net Promoting Score and Customer Satisfaction Score. We expect to implement this in 2019.

Responsible Profits Through Business Sustainability

RESPONSIBLE CORPORATE PRACTICES AND GOVERNANCE

With the implementation of our Sustainability Policy as well as the guiding policies, regulations, practices and sustainability guidelines, we have substantially increased our commitment to best practices as well as enhancing corporate governance and upholding ethical standards.

The Group's corporate culture and Core Values, which are instilled in all its employees, serve as a moral compass to fulfill its commitments to conduct business with integrity and achieve sustainable value creation for all our stakeholders.

01

Ethics and Values

The Board has established a Code of Business Conduct for the Group, and together with the Management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

02

Customer Privacy and Policy - Personal Data Protection

We believe that an integral part of a strong governance culture is protecting the privacy of our customers' data. The Group is in full compliance with the legal principles pertaining to personal data protection under the Personal Data Protection Act 2010 (PDPA) in Healthcare.

In 2018, no incidents were reported regarding breach of customers' data.

03

Anti-Corruption

The Group applies a "Zero Tolerance" policy against corruption, bribery, embezzlement and abuse of power. In addition, TDM's Anti-Corruption (AC) Handbook is handed out to new employees via an on-boarding process. Every employee upon joining the Group is made aware of our policies and culture to condemn corruption.

04

Whistleblowing

TDM added the Whistleblowing Policy in the AC Handbook to provide stakeholders an avenue where they can raise concerns on improprieties, unethical and unlawful behaviour without fear of reprisals if acting in good faith. A transparent and confidential process in dealing with such raise concerns and the procedures are applicable to all companies within TDM Group.

Every employee upon joining the Group is made aware this policy. There were no such incidents which occurred in the reporting year.

05

Anti-Competitive Behaviour

As a member of the RSPO, we subscribe to the Code of Conduct to refrain from any behaviour which can be construed as anti-competitive practice.

Every employee upon joining the Group has been briefed during the new hire training.

06

Professionalism

At the Plantation Division, regulatory control over discharges from the crude palm oil industry is instituted through Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations, 1977 promulgated under the Environmental Quality Act, 1974 and enforced by the Department of Environmental (DOE). The main instrument of pollution control is the imposition of a licencing system and relevant effluent discharge standards for both land application and water course discharges. To monitor and control effluent treatment process efficiency and to ensure that the treatment system is operating optimally and in compliance with the environmental regulations, we have personnel who are Certified Environmental Professionals in Scheduled Waste Management (CePSWaM) and Certified Environmental Professionals in the Treatment of Palm Oil Mill Effluent (CePPOME).

In the Healthcare Division, KMI is a member of the Association of Private Hospitals of Malaysia (APHM). All resident doctors are members of the Malaysian Medical Associations (MMA) and nurses are registered with the Malaysian Nurses Association (MNA).

07

Public Policy

The Group practices against corruption and does not permit or condone bribes, kickbacks or any other illegal, secret or improper payments, gift, transfers or receipts when dealing with the Government.

Moving Ahead

For our Sustainability Report 2018, we have raised the bar further by significantly expanding our reporting scope. On the whole, there has been some noteworthy initiatives undertaken by our people in both our Plantation and Healthcare Divisions. We now have a more well-rounded understanding of sustainability and its benefits to maintain our continuing success. We will endeavour to do more on every aspect of sustainability by improving our ability to deliver sustainable returns to our shareholders while also creating value for society. Three critical areas in which sustainability can continue to create value are growth and risk management, along with return on capital.

Some of the top reasons for our addressing sustainability include improving operational efficiency, lowering costs and improving our corporate reputation. Sustainability will also be continuously integrated across our processes and will be an important factor in our strategic planning and supply chain as well.

At our Plantation Division, we are aware that more work is needed to develop effective approaches that incorporate protecting biodiversity, improving productivity of land use in areas that are already cultivated and building and scaling up livelihood-improvement programmes that successfully engage stakeholders, especially smallholders and indigenous communities in our area of operations.

For Healthcare, the intrinsic demand for healthcare services continue to rise in the country due to aging population, increased chronic diseases and demand for a higher quality of life. As such, we are leveraging on technology and innovation to improve care-delivery of patients by using digital tools to enhance clinical decision making and the monitoring of treatment protocols which can significantly reduce variability and increase adherence to good clinical practice. We will also focus on being agile to deliver quality healthcare efficiently, effectively and repeatedly in a manner which is fully compliant with all regulations.

The theme this year, "**Moving Forward to a Sustainable Future**" augurs our collective and concerted efforts well. We will actively engage with all our stakeholders to progress towards our overall sustainability objectives.

In a rapidly evolving business landscape where consumer expectations and competition are ever increasing, TDM anticipates to adapt to these changes by keeping abreast with sustainable best practices in both the Plantation and Healthcare Divisions.

As a leading producer of sustainable palm oil, our focus into 2019 will be on the more improved implementation of our NDPE Policy and strengthening engagement in our supply chain. Similarly, we will focus on improving our service and facilities in delivering affordable healthcare without compromising on quality.

Despite the many challenges, we have made commendable progress through the continued engagement and support of our stakeholders and in particular, our employees who have relentlessly pushed ahead to ensure we achieve the Group's commitment and goals.

GOVERNANCE

Policies

PROFIT DISTRIBUTION POLICY

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

(i) One third for dividends 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.

Dividends will only be paid-out if 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 of TDM Berhad 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 dividends 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.

WHISTLEBLOWING POLICY

1. TDM Whistleblowing policy statement:

TDM Berhad is committed to sustaining a high standard of good Corporate Governance and adhering to our Code of Business Ethics. The Whistleblowing policy acts to support the said values above by ensuring 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. Whistleblowing

Whistleblowing is a specific means by which a stakeholder can report or disclose through an established channel, concerns improprieties including fraud, criminal offences, miscarriage 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, Audit Committee. The Ombudsperson can be contacted as follows:-

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

For any concerns, please email feedback.tdmb@tdmberhad.com.my

This policy was approved by the Board of Directors of TDM Berhad in 2011.

Policies

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 is through responding and assisting in critical 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.

"There were cases where minority shareholders watchdog group raised issues regarding the non-disclosure of CSR policies at company AGMs, particularly where contributions for CSR purposes were deemed exceptionally high and could have been detrimental to minority shareholders' interest."

Malaysia Corporate Governance Report 2010

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 developments".

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

Notes:

1. Approved organisations = Organisations that qualify for tax deduction by IRB.
2. The 2% comes from the "for-cash reserved budget" not from profit to be distributed to the shareholders

SUSTAINABILITY POLICY

Our commitment to sustainability centers on the 3P Philosophy of "People, Planet & Profit" and is embedded in all aspects of the Group.

Our objectives:

The 3P is aimed at ensuring social equity, environment protection and economic progress.

People

We are committed to creating a safe, healthy, honest and pleasant working environment while helping our people find value in their work. We are an ardent advocator of personal and professional development among our management and employees. This is also extended to communities directly connected 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 their own future.

Planet

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

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 risks and opportunities in growing the company over the long-term to ensure healthy financial returns to all our stakeholders.

This policy was approved by the Board of Directors of TDM Berhad on 27 March 2018.

ENVIRONMENT & BIODIVERSITY POLICY

TDM is committed to play our part in conserving the fragile balance of the environment through sustainable practices.

Our objectives:

1. To protect the environment and to preserve biodiversity through sustainable development that preserves the environment and biodiversity in all aspects and stages of our operations.
2. To promote the conservation and development of biodiversity within our group.
3. To ensure that our agricultural operations comply with all relevant laws and National Interpretation of MSPO Principles and Criteria.

In protecting the environment and conserving biodiversity, we shall:

- Comply with all statutory and regulatory requirements in matters relating to the environment and biodiversity.
- Create, maintain and continue the improvement of sustainable plantation management systems.
- Eliminate all adverse effects that could potentially impact on the environment and biodiversity that may arise from our plantation activities.
- Provide an effective working system based on Akta Kualiti Alam Sekeliling 1974 (Akta 127).
- Ensure zero burning as a priority as stated in Perintah Kualiti Alam Sekeliling (Aktiviti yang Diisytiharkan) (Pembakaran Terbuka) 2003.
- Implement Integrated Pest Management (IPM) technique to reduce the need for chemical pesticides and induces cost savings.
- Reduce and phase-out chemicals that fall under the WHO Class 1A & 1B and Stockholm or Rotterdam Conventions.
- Continuously working on sound soil management by determining appropriate amount and composition of nutrients.
- Continue with our efforts towards dynamic and innovative waste management with the aim of zero waste and/or recycling or responsible waste management.
- Maintain a range of prevention and mitigation measures to reduce the risk of fire and haze.
- Strive to commit our employees, contractors, suppliers, trading partners and stakeholders to adhere to this policy and thereby focus on traceability within our supply chain.

This policy was approved by the Board of Directors of TDM Berhad on 27 March 2018.

OCCUPATIONAL SAFETY & HEALTH POLICY

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 business practices and strategy at all times.

Our objectives:

1. To ensure safety and health of all our employees and customers.
2. 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.

In striving to secure a safe and healthy work environment we shall:

- Ensure to comply with statutory requirements, relevant standards, guidelines and code of practice.
- Formulating, establishing, communicating, implementing and maintaining an occupational safety and health in the working environment.
- Provide continuous training and supervision to all categories of employees to develop safe and healthy work experience.
- Equip and train employees to use appropriate protective equipments.
- Reduce and finally impose ban on the use of Paraquat weedicide (1, 1’-Dimethyl-4, 4’-bipyridinium dichloride).
- Ensure fire safety plan is implemented and continuously trained for its preparedness within our organisation and neighbouring communities.
- Develop a culture of individual responsibility and accountability for the employee’s own well-being.
- Inculcating the culture of safety and health among employees and stakeholders.

This policy was approved by the Board of Directors of TDM Berhad on 27 March 2018.

Policies

GENDER & DIVERSITY POLICY

TDM's social responsibility pays particular attention to create a climate where gender equality and diversity are self-evident as parts of the organisation and where differences are utilised to create business benefits as well as to nurture a fair, just and equitable working environment.

Our objectives:

1. To enrich their work experience amid a conducive environment for professional development and career growth.
2. 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.

In line with the policy, we shall:

- Endeavour to ensure working conditions, salaries, benefits and other employment terms are designed with the aim to provide equal opportunities and making it easier for all employees to combine work, private life and parenthood.
- Prevent sexual harassment and all other forms of violence against women, workers and community.
- Establish a specific complaints and grievance procedure and mechanism, acceptable by all parties, to address gender-based issues.
- Not tolerate any form of maltreatment of women and enhance internal procedure for handling complaints.
- To communicate, explain and make this policy be understood by all employees, including external contractors and other relevant stakeholders.

This policy was approved by the Board of Directors of TDM Berhad on 27 March 2018.

SOCIAL & HUMANITY POLICY

TDM are committed to create a safe, healthy, honest and pleasant working environment and helping our people to find value in their work and life.

Our objectives:

1. To conduct our business in a manner that respects the rights and dignity of people and local communities, complying with all legal requirements.
2. To respect and give fair treatment in accordance with the rights of employees for the mutual benefits of the company and the employees.

In fulfilling our Social & Humanity commitments, we shall:

- Enhance employees' work skills and competencies by providing training, exposure and experience.
- Not tolerate the use of child or forced labour, slavery or human trafficking in any of our plantation and facilities.
- Ensure passport of guest worker shall only be submitted to the management for safe custody, with consent by the guest worker and will be readily made available upon request.
- Ensure no difference in rights between guest and local workers.
- We commit to Free, Prior and Informed Consent (FPIC) in all negotiations prior to commencing any new operations as we respect native rights of indigenous and local communities.
- Strive to commit our employees, contractors, suppliers, trading partners and stakeholders to adhere to this policy.

This policy approved by the Board of Directors of TDM Berhad on 27 March 2018.

NO DEFORESTATION, NO PEAT, NO EXPLOITATION (NDPE) POLICY

TDM is committed to sustainable palm oil production and sourcing, which includes the conservation of biodiversity, reduction of greenhouse gases, improvement of livelihoods and food security. It is critical that all parts of the palm oil supply chain – from plantations to retailers – collaborate and act in an environmentally sustainable and socially responsible manner.

This NDPE policy will enhance our existing commitment to the Malaysian Sustainable Palm Oil (MSPO) and Roundtable on Sustainable Palm Oil (RSPO) which provides a common, shared system for growers, processors, buyers and institutions to use in order to check that palm oil is sustainably produced.

Our commitments

TDM is working closely with other growers, traders, processors, end- user companies, and other industry stakeholders to protect forests, peatlands, and human and community rights. TDM commits to the following standards in the oil palm supply chain:

1. No Deforestation
2. No Development on Peat
3. No Exploitation of People and Local Communities

1. No deforestation

- **No development of high carbon stock (HCS Forest)**

  TDM recognises primary forests as well as High Density[1], Medium Density[2], and Low Density[3] Forests as High Carbon Stock (HCS) Forests. We will protect all forests identified as the HCS.

- **No development of high conservation value (HCV) Areas**

  TDM commits to identify and protect, restore and/or co-manage the forests and other areas identified as having High Conservation Value ("HCV") by competent, accredited assessors in accordance with Principle and Criteria 7.12 of the "RSPO Principles and Criteria for the Production of Sustainable Palm Oil 2018".

- **No burning**

  TDM implements "No Burn" policy, which means that there can be no use of fire in the preparation of new plantings, or re- plantings or any other developments, in accordance with the full scope of this Policy. This policy also follows RSPO commitment under Principle and Criteria section 7.11

- **Reduction a Greenhouse Gas (GHG) Emissions**

  We will adopt and implement significant GHG emissions reduction targets, and these will be achieved through treating mill effluent and managing methane emissions and avoiding deforestation.

2. No development on peat

- **No development on peat regardless of depth**

  Peat soil contains more than 65% organic matter. TDM will not accept any future development of any peatland, regardless of the depth of peat in accordance with the full scope of this policy.

Notes:

[1] Remnant forest of advanced secondary forest close to primary condition.

[2] Remnant forest but more disturbed than High Density Forest.

[3] Appears to be remnant forest but is highly disturbed and recovering with composition of older forest.

Policies

Our commitments (cont'd)

2. No development on peat (cont'd)

- **Best management practice for existing plantation on peat**

  TDM remains committed to supporting RSPO Principle and Criteria 7.7.6 and the standards set out in the RSPO Manual on Best Management Practice (BMPs) for existing plantations on peatlands.

- **Where feasible, explore options for peat restoration by working with expert stakeholders and communities.**

  We will work with experts to explore options of peat definition, restoration or alternative uses in areas unsuitable for replanting.

3. No exploitation of people and local communities

- **Respect and support the Universal Declaration of Human Rights**

  TDM commits to uphold and promote the Universal Declaration of Human Rights for all workers, contractors, indigenous people, local communities, and anyone affected by our operations under the full scope of this policy.

- **Respect and recognise the rights of all workers including contract, temporary and foreign workers**

  We commit to respect and protect human rights, the right of all workers, including contract, temporary, foreign workers, the elimination of discrimination in employment and the promotion of equal rights, the freedom of association and the right to collective bargaining.

- **Respect land tenure right**

  TDM respects tenure rights, and recognises duty and responsibilities associated with tenure rights, such as respect for the long- protection and sustainable use of land, forests and fisheries. This is done in cognisance of the national obligations, constitutions, local laws and regulations of the country TDM is operating in.

- **Respect the right of indigenous and local communities to give or withhold their free, prior and informed consent (FPIC) to operations on lands to which they hold legal, communal or customary rights**

  We respect the individual rights of indigenous people and other local communities to give or withhold their FPIC to development of land to which they hold legal, communal or customary rights. The Group commits to ensuring legal compliance as well as international best practices in FPIC are implemented, in accordance with the full scope of this Policy, prior to commencing any new operations.

- **Resolve all complaints and conflicts through an open, transparent and consultative process**

  We support and implement RSPO Principle and Criteria 4.2 and will work with parties to resolve complaints and conflicts though an open, transparent and consultative process.

General Implementation Statement

TDM will communicate regularly and effectively with all stakeholders to ensure that they are well-informed of the details of this Policy.

We will continue to comply with the principles outlined in the policy and adhere to all other laws and regulations governing biodiversity and conservation in every jurisdiction where we operate.

We recognise that this Policy will need to be constantly reviewed to take into account of changing expectations and circumstances as well as improvements in operational procedures. Any changes must be consistent with the Group's goals to promote positive environmental impacts and positive social outcomes.

This policy was approved by the Board of Directors of TDM Berhad on 25 February 2019.

Corporate Governance Overview Statement

The Board of Directors ("Board") of TDM Berhad ("TDM" or "the Company") fully supports the recommendations of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017" or "the Code") issued by the Securities Commission and Bursa Malaysia Securities Berhad ("Bursa Malaysia") which sets out the broad principles and recommendations for good corporate governance and best practices for listed companies.

The Board believes that good governance will help to realise long-term shareholders value, whilst taking into account the interest of other stakeholders. The Board evaluates and continues to enhance the existing corporate governance practices in order to remain relevant with developments in market practice and regulations.

The Board is pleased to present this Corporate Governance ("CG") Overview Statement (the "Statement") to provide an overview of the CG practices adopted by the Company in achieving the intended outcomes as set out in the new Code with reference to the following three (3) key principles:

a) Principle A : Board Leadership and Effectiveness;
b) Principle B : Effective Audit and Risk Management; and
c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This overview statement is prepared in compliance with Bursa Malaysia Main Market Listing Requirements and it is to be read together with the Corporate Governance Report 2018 of the Company (CG Report). A Statement that explains the manner in which the Company has applied the Principles and Recommendations as set out in the Code during the financial year ended ("FYE") 31 December 2018 are disclosed in the CG Report which is available on the Company's website at https://www.tdmberhad.com.my

This statement also serves as a compliance with Rule 15.25 of Bursa Malaysia Listing Requirements for Main Market.

In order to provide the latest status update of the Company, this Overview Statement on Corporate Governance also includes information up to 15 April 2019.

PRINCIPLE A

Part I Board Responsibilities

Intended Outcome 1.0
Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

1.1 Roles & Responsibilities

The Board is collectively responsible for the overall strategic plans for business performance and long-term success of the Company and its Subsidiaries ("the Group"). It oversees the proper conduct of business, succession planning of Key Senior Management, risk management and internal control, shareholders' communication, management information system as well as statutory matters. The Board provides leadership and direction to the operations of the business while Management is accountable for the execution of policies and meeting corporate objectives.

The roles and responsibilities of the Board are clearly defined in the Board Charter which is subject to periodic review and revise as and when required. In order to retain control of key decisions and ensure a clear division of responsibilities, the Board has also set out in the Charter, "Reserved Matters" that need to be decided by the Board. The Board Charter was reviewed and approved by the Board in March 2019 and is available at the Company's corporate website.

Corporate Governance Overview Statement

PRINCIPLE A (CONT'D)

Part I Board Responsibilities (cont'd)

Intended Outcome 1.0 (cont'd)

1.1 Roles & Responsibilities (cont'd)

The Board is responsible for oversight and overall governance of the Group to ensure that the strategic plans of the Group is implemented and accountability is monitored effectively, whilst the Management is responsible for the day-to-day operations of the business and effective implementation of the plans and goals decided by the Board.

The Board provides insights and guidance to the Group Chief Executive Officer ("Group CEO") and Management to achieve Corporate objectives of the Group.

The Group has established a Delegated Authority Limit ("DAL") which indicates the specific powers of the Board, the Board Committees and the Group CEO. The Management has to adhere to the DAL in carrying out its day-to-day functions.

In discharging the Board's duties and responsibilities, the Board has delegated certain duties and responsibilities to the following Board Committees to assist the Board in overseeing the Company's affairs and in deliberation of issues within their respective functions and Terms of Reference ("TOR"), which clearly outline their objectives, duties and powers. The Chairman of each Committee will report to the Board on the outcome of the Committee's meetings and resolutions, which would also include the key issues deliberated at the Committee's meetings

- Audit Committee ("AC")
- Nomination & Remuneration Committee ("NRC")
- Board Risk & Compliance Committee ("BRCC")
- Board Tender Committee ("BTC")
- Executive Committee ("EXCO")

The Board adheres to the principle "delegate, not abdicate" and thus, has exercised collective oversight on the Board Committees at all times and retains the authority and responsibility to make decisions for the Group.

The EXCO, which comprises four Non-Executive Directors on the Board was established in February 2019 as a medium between the Board, Board Committees and the Management with a primary function and duty to oversee and ensure all Board decisions and instructions to the Management are implemented smoothly and efficiently vis-a-vis to evaluate and make appropriate recommendation to the Board Committees and/or Board on all matters presented to the EXCO by the Management which requires Board's decision and approval.

The EXCO reports the findings and make subsequent recommendations to the Board.

1.2 Chairman and Group CEO

The Board practises the separation of the positions of Chairman and the Group CEO and the division in their responsibilities.

The Board is chaired by YM Raja Dato' Haji Idris Raja Kamarudin, who is able to provide effective leadership, strategic direction and necessary governance to the Group.

The Chairman had:
(a) provided leadership to the Board without limiting the principle of collective responsibility for the Board's decisions;
(b) led Board meetings and discussion in a manner to encourage constructive discussion and effective contribution from each Director;
(c) reviewed the minutes of the Board meetings to ensure that the minutes accurately reflect the Board's deliberations and matters arising from the minutes have been addressed;
(d) encouraged active participation and allowed dissenting views to be freely expressed;
(e) ensured appropriate steps are taken to provide effective communication with the stakeholders and that their views are communicated to the Board as a whole; and
(f) led the Board in establishing and monitoring good corporate governance practices in the Company.

PRINCIPLE A (CONT'D)

Part I Board Responsibilities (cont'd)

Intended Outcome 1.0 (cont'd)

1.2 Chairman and Group CEO (cont'd)

The Chairman is responsible for the leadership, governance and management of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing the Board meetings and shareholders' meetings.

The Group CEO is responsible to oversees the entire business and operations of the Group and lead the management team in the day-to-day operations of the Company, ensuring organisational effectiveness and implementation of the Board's strategies, policies and decisions.

The positions of the Chairman of the Board and Group CEO are held by two (2) different individuals and each has a clear accepted division of responsibilities to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.

1.3 Qualified and Competent Company Secretary

The Board is supported by a suitably qualified and competent Company Secretary. The Company Secretary is a qualified Chartered Secretary under Section 235(2)(a) of the Companies Act 2016 and is a Fellow member of the Malaysian Association of the Institute of Chartered Secretaries and Administrators (MAICSA). The Company Secretary is an external Company Secretary from MegaWan Corporate Secretarial PLT with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

The Board is also regularly updated and advised by the Company Secretary on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. She is also responsible for ensuring the Group's compliance with the relevant statutory and regulatory requirements.

1.4 Access to Information and Advice

In ensuring the effectiveness of the functions of the Board, all Directors have individual and independent access to the advice and support services of the Company Secretary, Internal and External Auditors and may seek advice from the Management on issues under their respective purview and compliance with statutory obligations, Bursa Malaysia Listing Requirements for Main Market or other regulatory requirements.

The Directors have full and unrestricted access to all information of the Group on a timely and accurate manner to enable them to discharge their roles and responsibilities effectively. In addition, the Directors have full and unrestricted access to the Company Secretary, the Internal and External for advice and services.

The Board is provided with comprehensive board papers on a timely manner prior to board meetings. This is to ensure and enable the members of the Board to discharge their duties and responsibilities competently in a well-informed manner.

In most instances, the Senior Management are invited to be in attendance at Board meetings to provide insight and to furnish clarification on issues that may be raised by the Board. Every Director also has unrestricted access to all information with regard to the activities of TDM Group.

Intended Outcome 2.0
There is demarcation of responsibilities between the Board, Board Committees and Management. There is clarity in the authority of the Board, its Committees and individual Directors.

2.1 Board Charter

The Board is guided by the Company's Board Charter which outlines the roles and responsibilities, operation and processes of the Board. The roles and responsibilities of the Board include, among others, a clear division of roles and functions between the Board and the Group CEO in managing the Group.

Corporate Governance Overview Statement

PRINCIPLE A(CONT'D)

Part I Board Responsibilities (cont'd)

Intended Outcome 2.0 (cont'd)

2.1 Board Charter (cont'd)

The Board has a Board Charter, which includes a formal schedule of matters reserved for the Board. The said schedule details the responsibilities of the Board and Board-Management relationship, including management limitations. With this, the respective functions, roles and responsibilities of the Directors and Management are clearly set out in the Board Charter as guidance and clarity to enable them to effectively discharge their duties.

The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through reports from the respective Board Committee chairmen, which are presented to the Board during the Board meetings at the appropriate regular intervals.

The Board Charter incorporates provisions that provide for the clear demarcation of the respective roles and responsibilities of the Board.

The Board Charter would be reviewed periodically and updated in accordance with the needs of the Company and any new regulations. Any amendments to the Board Charter shall be approved by the Board.

The Board Charter as well as the TORs of the respective Board Committees were recently revised in March 2019 to ensure they remain relevant and consistent with the Board's objectives and the current regulations. The Board Charter now also includes an outline on what is expected of Directors in terms of their commitment, roles and responsibilities as Board Members.

The updated versions of the same are published on the Company's website at https://www.tdmberhad.com.my.

Intended Outcome 3.0
The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, Management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the Company.

3.1 Directors' Code of Business Ethics, Anti-Corruption Handbook, Whistleblowing Policy and Gender & Diversity Policy

The Company had adopted the Code of Business Ethics ("CoBE") and Anti-Corruption Handbook that are applicable to all Directors, Management and employees of the Group, which set forth the ethical and professional standards of corporate and individual behaviour expected to enhance the standard of corporate governance and corporate behaviour.

The CoBE requires all Directors to observe high ethical business standards and to apply these values to all aspects of the Group's business and professional practices and to act in good faith in the best interest of the Group and its shareholders.

It also entrusts Board members and employees to apply the principles and practices of good Corporate Governance in all their dealings in respect of and on behalf of the Company; to help foster a culture of honesty and accountability, and uphold the core values of integrity when dealing with ethical issues.

The Code of Ethics and the Anti-Corruption Handbook are available on the Company's website.

The Board has adopted a Whistleblowing Policy to facilitate the whistleblower to report or disclose through established channels about any violations or wrongdoings they may observe in the Group without fear of retaliation should they act in good faith when reporting such concerns.

Only genuine concerns should be reported under the whistleblowing policy. The report should be made in good faith with a reasonable belief that the information and any allegations made are substantially true and the report is not made for personal gain. Malicious and false allegations will be viewed seriously and treated as a gross misconduct and if proven may lead to dismissal.

PRINCIPLE A (CONT'D)

Part I Board Responsibilities (cont'd)

Intended Outcome 3.0 (cont'd)

3.1 Directors' Code of Business Ethics, Anti-Corruption Handbook, Whistleblowing Policy and Gender & Diversity Policy (cont'd)

The Whistleblowing Policy is published on the Company's website at https://www.tdmberhad.com.my.

In March 2018, the Board had also approved the Gender & Diversity Policy to ensure working conditions, salaries, benefits and other employment terms are designed with the aim to provide equal opportunities and working it easier for all employees to combine work, private life and parenthood including maintaining 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.

The Gender & Diversity Policy is published on the Company's website at https://www.tdmberhad.com.my.

Part II. Board Composition

Intended Outcome 4.0
Board decisions are made objectively in the best interests of the Company, taking into account diverse perspectives and insights.

4.1 Strengthen Composition of the Board

The current Board has six (6) Directors comprising three (3) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

The Independent Non-Executive Directors are persons of calibre and credibility with the ability to exercise independent judgment in the Board without fear or favour. The independent directors participated actively in providing independent advice, views and judgement in the decision-making process, thus ensuring that a balanced and unbiased deliberation process is in place to safeguard the interest of all stakeholders. As and when a potential conflict of interest arises, it is a mandatory practice for the Directors concerned to declare their interest and abstain from the decision-making process.

The Non-Executive Directors of the Company are not involved in the day-to-day management of the Group and have the range of skills and experience which enable them to oversee business performance and provide constructive opinion, advise and judgement to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account.

The Board and its NRC have upon their annual assessment, concluded that each of the three (3) Independent Non-Executive Directors continues to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfil the definition and criteria of independence as set out in the Main LR.

The profile of each member of the current Board is set out in the Directors' Profile of this Annual Report.

4.2 Tenure of an Independent Director

The Board does not have any Independent Director who has served more than nine (9) years as at the date of this Statement.

The Board Charter stipulates that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director.

Corporate Governance Overview Statement

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 4.0 (cont'd)

4.3 Board Diversity

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG 2017 to the establishment of boardroom and workforce gender diversity policy. In relation to recommendation on gender diversity, there are four (4) female directors in three (3) subsidiaries. Two of the Subsidiaries are also led by female as Chief Executive Officer ("CEO") and General Manager ("GM") respectively.

The Group adopts non-discriminatory policy in employing talents to fulfill its human resource needs at all levels including Board especially in ensuring gender diversity.

Women representation on the Board will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aims of selecting the best candidate to support the achievement of the Company's strategic objectives.

The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender.

The Board through the NRC will continue to consider the gender diversity as part of its future selection and look into having female board representation.

4.4. Foster Commitment of the Directors

The Board meets on a quarterly basis, with additional meetings convened as and when necessary.

During the FYE 31 December 2018, the Board met twelve (12) times.

No	Name of Directors	No of Meetings attended for FYE 2018	%
1.	Dato' Haji Wan Nawawi bin Haji Wan Ismail (Resigned on 30 July 2018)	06/06	100
2.	Major General Dato' Dr. Mohamad Termidzi bin Junaidi (R) (Resigned on 1 August 2018)	06/06	100
3.	Dato' Haji Mohd Ali bin Abas (Resigned on 1 August 2018)	06/06	100
4.	Dato' Mohamat bin Muda (Resigned on 1 February 2018)	02/02	100
5.	Datuk Dr Ahmad Shukri bin Md Salleh @ Embat (Resigned on 30 July 2018)	04/06	67
6.	Haji Mohd Nasir bin Ali (Resigned on 30 July 2018)	06/06	100
7.	Haji Samiun bin Salleh (Resigned on 30 July 2018)	05/06	83

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 4.0 (cont'd)

4.4. Foster Commitment of the Directors (cont'd)

The Board meets on a quarterly basis, with additional meetings convened as and when necessary.

During the FYE 31 December 2018, the Board met twelve (12) times.

No	Name of Directors	No of Meetings attended for FYE 2018	%
8.	Haji Md Kamaru Al-Amin bin Ismail (Resigned on 30 July 2018)	06/06	100
9.	YM Raja Dato' Haji Idris Raja Kamarudin (Appointed on 30 July 2018)	06/06	100
10.	YB Dato' Haji A.Rahman bin Yahya (Appointed on 30 July 2018)	06/06	100
11.	Haji Mazli Zakuan bin Mohd Noor (Appointed on 30 July 2018)	06/06	100
12.	Mohd Kamaruzaman bin A Wahab (Appointed on 30 July 2018)	06/06	100
13.	Burhanuddin Hilmi bin Mohamed @ Harun (Appointed on 30 July 2018)	06/06	100
14.	Haji Najman bin Kamaruddin (Appointed on 17 September 2018)	03/03	100

Besides that, the Board also approves matters through the circulation of Directors' Circular Resolution in accordance with the Articles of Association of the Company.

The Board is satisfied with the time commitment given by the Directors. All Directors do not hold more than 5 directorships as required under Rule 15.06 of the Listing Requirements.

The attendance of all the Directors at Board meetings held during the FYE 31 December 2018 surpassed the minimum requirements stipulated under the Main Market Listing Requirement.

4.5. Continuing Education and Training of Directors

All existing Directors have attended the Mandatory Accreditation Programme ("MAP") as required by the Listing Requirements.

Directors are also encouraged to attend various external professional programmes deemed necessary to ensure that they keep up with the latest developments in the areas related to their duties.

Corporate Governance Overview Statement

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 4.0 (cont'd)

4.5. Continuing Education and Training of Directors (cont'd)

Some of the training/courses attended by the Directors are as follows: -

No	Name of Directors	Training Attended	Date
1.	YM Raja Dato' Haji Idris Raja Kamarudin (Appointed on 30 July 2018)	Board Induction Programme – Roles and Responsibilities of Director under the Companies Act, 2016	28 Jul 2018
2.	YB Dato' Haji A.Rahman bin Yahya (Appointed on 30 July 2018)	i) Capital Market Directors Programme – PTB Unit Trust Berhad	12 – 14 Mar 2018
		ii) Terengganu Inc Board of Directors Retreat Programme	19 – 20 Dec 2018
		iii) Seminar Economic of Integrity : Transparency and Corporate Governance	24 Jan 2019
		iv) Program Peningkatan Kerjaya dan Sukan Pegawai Tadbir Negeri	6 -11 Feb 2019
3.	Haji Mazli Zakuan bin Mohd Noor (Appointed on 30 July 2018)	i) Board Induction Programme – Roles and Responsibilities of Director under the Companies Act, 2016	28 Jul 2018
		ii) OP's in Oil & Gas (OPG) Community Inaugural Meet	19 Dec 2018
		iii) Board Retreat Programme with ICC Consultants	19 – 20 Dec 2018
		iv) Audit Committee Conference 2019	15 Apr 2019
4.	Mohd Kamaruzaman bin A Wahab (Appointed on 30 July 2018)	Audit Committee Conference 2019	15 Apr 2019
5.	Burhanuddin Hilmi bin Mohamed @ Harun (Appointed on 30 July 2018)	i) Capital Market Director Programme CMDP	12 - 14 Mar 2019
		ii) Audit Committee Conference 2019	15 Apr 2019
6.	Haji Najman bin Kamaruddin (Appointed on 17 September 2018)	i) Entrepreneur Digital Transformation Program	4 July 2018
		ii) Government Guarantee Scheme and Financing	20 Dec 2018
		iii) The Perdana Leadership Foundation CEO Forum 2019 : Accelerating the Fourth Industrial Revolution in Malaysia	4 Apr 2019

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 4.0 (cont'd)

4.5. Continuing Education and Training of Directors (cont'd)

In addition, the Directors were briefed at Board meetings and Audit Committee meetings on any updates or changes to the relevant guidelines on the regulatory and statutory requirements by the Company Secretary, Internal Auditors and External Auditors.

4.6. Re-Election of Directors

The NRC conducted an assessment of the Directors who are subject to retirement at the forthcoming Annual General Meeting ("AGM") in accordance with the provisions of the Articles of Association of the Company and the relevant provisions under the Companies Act, 2016. In accordance with the Articles of Association, one-third (1/3) of the directors shall retire from office eligible for re-election at each AGM and all directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.

Newly appointed Directors shall hold office until the conclusion of the next AGM and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meetings.

The NRC is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/ re-appointment.

4.7 Board Committees

The Board has also delegated certain responsibilities to other Board Committees, which operate within clearly defined terms of reference to assist in the execution of its roles and responsibilities.

The Committees of the Board are: -

i) Audit Committee ("AC")
ii) Nomination & Remuneration Committee ("NRC")
iii) Board Risk & Compliance Committee ("BRCC")
iv) Board Tender Committee ("BTC")
v) Executive Committee ("EXCO')

Each Committee is governed by and operates within its respective Terms of Reference ("TOR"), which have been approved by the Board.

The TOR of the Board Committees are set out in the Board Charter and is available on the Company's website at https://www.tdmberhad.com.my.

Corporate Governance Overview Statement

PRINCIPLE A (CONT'D)

Intended Outcome 5.0

Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.

5.1 Nomination and Remuneration Committee ("NRC")

The NRC comprises the following five (5) members: -

Chairman : Haji Mazli Zakuan bin Mohd Noor
Non-Independent Non-Executive Director

Members : YB Dato' Haji A.Rahman bin Yahya
Non-Independent Non-Executive Director

Burhanuddin Hilmi bin Mohamed @ Harun
Independent Non-Executive Director

Mohd Kamaruzaman bin A Wahab
Independent Non-Executive Director

Haji Najman bin Kamaruddin
Independent Non-Executive Director

Majority of the members are Independent Non-Executive Directors. The functions of the NRC under its TOR include, among others, assessing and recommending candidates for directorships to the Board and undertaking annual assessment of the effectiveness of the Directors individually and as a whole.

The Committee is responsible for the following:

- Review candidates for appointment to the Board Committees, and make recommendations to the Board for approval. The review is conducted on an annual basis, and as and when the need arises, such as when a new Director is appointed.
- Make recommendation to the Board on the eligibility of the Directors to stand for re-election at the AGM.
- To assist the Board in recommending remuneration packages for Executive Directors and Non-Executive Directors. The Board has in place remuneration policies for Directors.

The remuneration of Non-Executive Directors is in the form of Directors' Fees which reflects the diverse experience, skill sets and the level of responsibilities expected of the Non-Executive Directors.

During the financial year, the NRC has undertaken the following key activities in discharging its duties:

1) Reviewed and confirmed the Minutes of the NRC meetings held
2) Reviewed and recommended Directors' Fees and benefits payable to Non-Executive Directors to the Board for recommendation and approval at the forthcoming AGM
3) Reviewed and recommended the TOR of NRC for Board's approval
4) Reviewed and deliberated on Board and Board Committees evaluation forms and recommended to the Board for approval
5) Reviewed and recommended the re-election of Directors at the forthcoming AGM
6) Examined the composition of the Board
7) Reviewed the required mix of skills, experience and other qualities of the Board
8) Reviewed the contribution and performance of each individual director to assess the character, experience, integrity, and competence to effectively discharge their role as a Director through a comprehensive assessment system
9) Conducted evaluation to assess the effectiveness of the Board as a whole and the Board Committees
10) Reviewed the term of office of the AC and assessed its effectiveness as a whole, the independence of the Independent Directors and assessed their ability to bring independent and objective judgement to Board deliberations

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 5.0 (cont'd)

5.2 Board Effectiveness Evaluation (BEE)

The Board has also put in place a formal process for the assessment of performance of the individual Directors, the Board as a whole and the Board Committees, as well as the independence of the Independent Directors.

The Board undertakes an annual assessment of Independent Directors and is satisfied that they continue to bring independent and objective judgement to board deliberations. Peer and self-assessment are carried out by the Directors once every year.

The Company Secretary summarises and compiles the assessments with comments by the Directors. The summaries are tabled at the NRC meeting for the NRC's assessment and evaluation. The NRC Chairman will then report to the Board on the results of the Directors' assessment and evaluation.

The BEE is conducted with the objectives to improve the Board's effectiveness and to enhance the directors' awareness on the key areas that need to be addressed.

Based on the aforesaid evaluations conducted for the FYE 2018, the NRC and the Board were satisfied with the performance of each Director, the Board as a whole, and the Board Committees.

A Director who is subject to re-election and/or re-appointment at an AGM is assessed by the NRC before a recommendation is made to the Board and shareholders.

Based on Article 116 of the Company's Memorandum & Articles of Association ("M&AA") , the following Directors are subject to retirement at the forthcoming Fifty Fourth (54^{th}) AGM:

1. YM Raja Dato' Haji Idris Raja Kamarudin
2. YB Dato' Haji A.Rahman bin Yahya
3. Haji Mazli Zakuan bin Mohd Noor
4. Mohd Kamaruzaman bin A Wahab
5. Burhanuddin Hilmi bin Mohamed @ Harun
6. Haji Najman bin Kamaruddin

Part III Remuneration - Level and Composition of Remuneration

Intended Outcome 6.0

The level and composition of remuneration of Directors and Senior Management take into account the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

6.1 Remuneration policy

The objective of the Group's remuneration policy is to attract and retain the Directors required to lead and control the Group effectively. For Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities and participation by the particular Non-Executive Director concerned.

The Directors are satisfied that the current level of remuneration is in line with the responsibilities expected.

The Non-Executive Directors are remunerated with Directors' Fees which are subject to shareholders' approval at the AGM annually in accordance with Section 230(1) of the Companies Act, 2016. In recommending the proposed Directors' Fees, the NRC takes into consideration the qualification, duty and responsibility, and contribution required from a Director in view of the Group's complexity, and is guided by market norms and industry practices.

The Company will be seeking the shareholders' approval for the Directors' Fees and benefits payable to Non-Executive Directors for the period from 1 June 2019 until 30 June 2020, for the purposes of facilitating payment of Directors' Fees on a monthly basis and/or as and when incurred.

Corporate Governance Overview Statement

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 7.0

Stakeholders are able to assess whether the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration the Company's performance

7.1 Remuneration of Directors and Senior Management

(i) Details of Remuneration of the Directors of the Company for the FYE 31 December 2018 are as follows:

No	Name of Director	Fees (RM)	Salaries (RM)	Company Chairman, Board Committee Chairman and Members Allowance (RM)	Meeting Allowance (RM)	Other Benefits (RM)	Total (RM)
Independent Director							
1.	Major General Dato' Dr. Mohamad Termidzi bin Junaidi (R) (Resigned on 1 August 2018)	28,011	-	14,006	11,000	41,916	94,933
2.	Dato' Mohd Ali bin Abas (Resigned on 1 August 2018)	28,011	-	14,006	12,500	46,161	100,678
3.	Datuk Dr. Ahmad Shukri bin Md Salleh @ Embat (Resigned on 30 July 2018)	27,748	-	-	3,000	68,486	99,234
4.	Haji Mohd Nasir bin Ali (Resigned on 30 July 2018)	27,748	-	9,828	10,500	36,248	84,324
5.	Mohd Kamaruzaman bin A Wahab (Appointed on 30 July 2018)	20,384	-	5,946	11,500	-	37,830

Corporate Governance Overview Statement

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 7.0 (cont'd)

Stakeholders are able to assess whether the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration the Company's performance (cont'd)

7.1 Remuneration of Directors and Senior Management

(i) Details of Remuneration of the Directors of the Company for the FYE 31 December 2018 are as follows: (continued)

No	Name of Director	Fees (RM)	Salaries (RM)	Company Chairman, Board Committee Chairman and Members Allowance (RM)	Meeting Allowance (RM)	Other Benefits (RM)	Total (RM)
Independent Director							
6.	Burhanuddin Hilmi bin Mohamed @ Harun (Appointed on 30 July 2018)	20,384	-	10,193	12,000	-	42,577
7.	Haji Najman bin Kamaruddin (Appointed on 17 September 2018)	13,940	-	4,937	5,500	-	24,377
Non-Independent Non-Executive Director							
1.	Dato' Haji Wan Nawawi bin Haji Wan Ismail (Resigned on 30 July 2018)	27,748	-	69,677	4,000	51,813	153,238
2.	Haji Samiun bin Salleh (Resigned on 30 July 2018)	27,748	-	4,047	5,000	42,154	78,949
3.	Haji Md Kamaru bin Al-Amin Ismail (Resigned on 30 July 2018)	27,748	-	4,047	5,500	41,935	79,230
4.	YM Raja Dato' Haji Idris Raja Kamarudin (Appointed on 30 July 2018)	20,384	-	50,323	5,000	-	75,707

Corporate Governance Overview Statement

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 7.0 (cont'd)

Stakeholders are able to assess whether the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration the Company's performance (cont'd)

7.1 Remuneration of Directors and Senior Management

(i) Details of Remuneration of the Directors of the Company for the FYE 31 December 2018 are as follows: (continued)

No	Name of Director	Fees (RM)	Salaries (RM)	Company Chairman, Board Committee Chairman and Members Allowance (RM)	Meeting Allowance (RM)	Other Benefits* (RM)	Total (RM)
Non-Independent Director							
5.	YB Dato' Haji A.Rahman bin Yahya (Appointed on 30 July 2018)	20,384	-	2,973	7,500	-	30,857
6.	Haji Mazli Zakuan bin Mohd Noor (Appointed on 30 July 2018)	20,384	-	10,193	11,000	-	41,577
Executive Director							
1.	Dato' Mohamat bin Muda	4,208	39,000	2,000	2,000	52,921	100,129

Total Directors' Remuneration for Non-Executive Directors: RM943,511

Note:

* Other benefits comprising business attire, corporate reading material, travel and communication, professional membership, entertainment, ex-gratia and other claimable benefits.

(ii) Remuneration of Top Five Senior Management of the Group for the FYE 31 December 2018 are as follows:

Range of Remuneration per annum (RM)	Management
250,001 – 300,000	1
300,001 – 350,000	1
350,001 – 400,000	3

The Board has decided that the remuneration of Key Senior Management is not being disclosed on a named basis in order to allay valid concerns on invasion of staff confidentiality and that such disclosure may be detrimental to its business interest given the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the plantation and healthcare industry.

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 7.0 (cont'd)

Stakeholders are able to assess whether the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration the Company's performance (cont'd)

7.1 Remuneration of Directors and Senior Management

(ii) Remuneration of Top Five Senior Management of the Group for the FYE 31 December 2018 are as follows: (continued)

In addition, the Company is of the view that the interest of the shareholders will not be prejudiced as a result of the non disclosure of the Group's Key Senior Management who are not directors of the Group.

PRINCIPLE B

Part I Effective Audit & Risk Management

Intended Outcome 8.0

There is an effective and independent AC.
The Board is able to objectively review the AC's findings and recommendations. The Company's financial statement is a reliable source of information

8.1 Audit Committee

The existing AC comprises four (4) members as follows:

Chairman : Burhanuddin Hilmi bin Mohamed @ Harun
Independent Non-Executive Director

Members : Haji Mazli Zakuan bin Mohd Noor
Non-Independent Non-Executive Director

Mohd Kamaruzaman bin A Wahab
Independent Non-Executive Director

Haji Najman bin Kamaruddin
Independent Non-Executive Director

The Chairman of the AC is an Independent Director and he is not the Chairman of the Board. All members of the AC are Non-Executive and majority of the members of the AC are Independent Directors.

The AC has unrestricted access to both the Internal and External Auditors, who in turn report directly to the AC. The AC has established formal and transparent arrangements to maintain an appropriate relationship with the External Auditors. This includes undertaking an annual assessment to ascertain the suitability, objectivity and independence of the External Auditor.

The Board ensured that the AC as a whole is financially literate and has sufficient understanding of the Group's business and matters under the purview of the AC including the financial reporting process. The AC has reviewed and provided advice on the financial statements which provide a true and fair view of the Company's financial position and performance.

All members of the AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

The AC Report is set out on pages 148 to 153 of this Annual Report.

Corporate Governance Overview Statement

PRINCIPLE B

Part II Risk Management and Internal Control Framework

Intended Outcome 9.0

Company makes informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed.

9.1 The Board recognises the importance of a sound system of risk management and internal control to ensure good CG practices and to safeguard the shareholders' investments as well as the Group's assets.

The Company has in place an on-going process for identifying, evaluating and managing significant risks that may affect the business. The Board through the BRCC, which comprises all Non-Executive Directors, reviews the key risks identified to ensure proper management and mitigation of risks and report to the Board as and when needed.

An overview of the Group's risk management and internal controls is set out in the Statement on Risk Management and Internal Control ("SORMIC") on pages 154 to 160 of this Annual Report.

However, the Board recognizes that such system is structured to manage rather than eliminate the possibility of encountering risk of failure to achieve corporate objectives.

The Board concluded that the risk management and internal control system of the Group are generally adequate and effective for FY2018.

The Board has delegated the responsibilities to the BRCC to oversee the Group's Risk Management. BRCC ensures that the risk management is embedded in the Group's business operations by continuously reviewing the risk management policies and procedures; responsibilities and assessing whether the said policies and procedures provide reasonable assurance that risks are managed within a tolerable range. Further, AC review the adequacy and effectiveness of internal control in relation to internal audit function for the Group.

No	Name of Directors	No of Meeting attended for FYE 2018	%
1.	Haji Mohd Nasir bin Ali (Resigned on 30 July 2018)	04/04	100
2.	Major General Dato' Dr. Mohamad Termidzi bin Junaidi (R) (Resigned on 1 August 2018)	03/04	75
3.	Dato' Haji Mohd Ali bin Abas (Resigned on 1 August 2018)	04/04	100
4.	Haji Md Kamaru Al-Amin bin Ismail (Resigned on 30 July 2018)	03/04	75
5.	Haji Najman bin Kamaruddin (Appointed on 17 September 2018)	02/02	100
6.	Haji Mazli Zakuan bin Mohd Noor (Appointed on 30 July 2018)	03/04	75
7.	Burhanuddin Hilmi bin Mohamed @ Harun (Appointed on 30 July 2018)	04/04	100
8.	Mohd Kamaruzaman bin A Wahab (Appointed on 30 July 2018)	04/04	100

PRINCIPLE B (CONT'D)

Part II Risk Management and Internal Control Framework (cont'd)

Intended Outcome 9.0 (cont'd)

9.1 The Board recognises the importance of a sound system of risk management and internal control to ensure good CG practices and to safeguard the shareholders' investments as well as the Group's assets. (cont'd)

The roles and responsibilities of BRCC amongst others 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 Board is of the view that the system of internal control and risk management in place during 2018, is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments and the interests of the Group's stakeholders.

The TOR of the BRCC can be found in the Company's website at https://www.tdmberhad.com.my.

9.2 Board Tender Committee

The Board, to further strengthen the Procurement Process of the Company, had, on 27 August 2018 established the Board Tender Committee ("BTC") with the following objectives: -

- Achievement of maximum level of economic efficiency in obtaining the Group purchases at competitive and fair prices.
- Protection of the Group funds and prevention of any influence of personal interests on tender formalities.
- reinforce corporate governance, integrity and transparency in the procurement process and contract management.

The members of the BTC are as follows:

Chairman : Haji Mazli Zakuan bin Mohd Noor
Non-Independent Non-Executive Director

Members : YB Dato' Haji A.Rahman bin Yahya
Non-Independent Non-Executive Director

Burhanuddin Hilmi bin Mohamed @ Harun
Independent Non-Executive Director

Mohd Kamaruzaman bin A Wahab
Independent Non-Executive Director

The BTC main purpose is to review, monitor and recommend to the Board matters related to procurement of the Group in line with the Delegated Authority Limit ("DAL") and Group Procurement Policies and Procedures.

The BTC shall also review any related party transactions and conflict of interest that may arise during any transaction, procedure or course of conduct that may raise questions on integrity.

Corporate Governance Overview Statement

PRINCIPLE B (CONT'D)

Part II Risk Management and Internal Control Framework (cont'd)

Intended Outcome 10.0

Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such framework.

10.1 The Group's internal audit ("IA") function on risks is carried out by the Company's Internal Audit Department ("IAD") which reports directly to the AC on its activities based on the approved annual IA plan.

The Board acknowledges its responsibility for maintaining a sound system of internal controls, which provides reasonable assessment of effective and efficient operations, internal financial controls, and compliance with laws and regulations as well as with internal procedures and guidelines.

In discharging its duties and responsibilities, the Group Manager of IAD received instruction from and reported directly to the AC.

The appointment, resignation and dismissal of the Group Manager of IAD is reviewed and approved by the AC and the Group Manager of IAD has unfettered access to the AC, the Board and the Management.

10.2 The IAD is headed by Mohd Roslan bin Mamat. He holds a Bachelor of Accounting, Certificate in Internal Auditing for Financial Institution (CIAFIN), Chartered Islamic Finance Professional (CIFP) and Certified Integrity Officer (CeIO)

During the FY2018, the areas audited included audits of the various departments covering the operating subsidiaries within the Group. Internal Audit reports were presented and delebrated in the AC meetings on regular basis. The reports were subsequently issued to the respective operations management, incorporating audit recommendations and management's responses with regards to any audit finding on the weaknesses in the systems and controls of the operations. The IAD conducted follow-up audit to ensure the agreed audit recommendations were prompt implemented.

PRINCIPLE C

Part I Effective Audit & Risk Management

Intended Outcome 11.0

There is continuous communication between the Company and stakeholder to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

11.1 Communication with Stakeholders

The Board recognises the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company.

As such, the Group always ensure the timely release of quarterly financial results, audited financial statements, corporate developments and announcements of the Group via the BURSA LINK, the Company's annual reports and other circulars to shareholders which serve as the principal channel in keeping the shareholders and the investing public informed of the Group's major developments and overviews of financial performance and progress throughout the year.

The Group uses a range of communications to disseminate its information to the public and this includes the uploading of all relevant information on the Group on its website at https://www.tdmberhad.com.my.

PRINCIPLE C

Part I Effective Audit & Risk Management

Intended Outcome 11.0 (cont'd)

11.1 Communication with Stakeholders (cont'd)

Corporate Disclosure Policy

The Board has ensured timely disclosure of material information pertaining to the Company's performance and operations to the public, in accordance with the disclosure requirements under the Main Listing Requirement and other applicable laws.

Part II Conduct of General Meetings

Intended Outcome 12.0

Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at General Meetings.

1.1 Shareholder Participation at General Meetings

The AGM of the Company serves as the principal forum that provides opportunity for shareholders to raise concerns or questions.

The Company will allocate sufficient time during the AGM and Extraordinary General Meeting(s) ("EGM") for a Question-and-Answer session whereby the Chairman together with the other Board members will be present to answer any questions and possible concerns that the shareholders may have on the Group and its operations.

Senior Management and the Group's External Auditors as well as the Company's Advisers are also available to respond to shareholders' questions during the AGM/EGM as the case may be.

Shareholders who are unable to attend the AGM are allowed to appoint up to two proxies to attend, participate, speak and vote on their behalf.

The notice of the forthcoming 54th AGM will be dispatched to shareholders at least 28 days before the date of the meeting as prescribed by the MCCG 2017 and the said notice will also be advertised in a nationally circulated English or Bahasa Malaysia newspaper.

Poll voting

Pursuant to Bursa Malaysia Main Market Listing Requirements, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. Hence, voting for all the resolutions as set out in the forthcoming and future general meetings will be conducted as such. An Independent scrutineer will be appointed to validate the votes cast at the general meetings.

The Company had conducted the voting on all resolutions tabled during its AGM held on 24 May 2018 by poll accordingly.

This CG Overview Statement was approved by the Board on 15 April 2019.

Audit Committee Report

Pursuant to Section 15.15 of the Main Market Listing Requirement (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia), the Audit Committee (AC) of the Group hereby present the AC Report for financial year ended 31 December 2018.

1.0 MEMBERSHIP

The members of the AC for the financial year ended 31 December 2018 were as follows:

- Burhanuddin Hilmi bin Mohamed @ Harun (Chairman) (Appointed on 1 Aug 2018)
  Independent Non-Executive Director

- Haji Mazli Zakuan bin Mohd Noor (Appointed on 1 Aug 2018)
  Non-Independent Non-Executive Director

- Mohd Kamaruzaman bin A Wahab (Appointed on 1 Aug 2018)
  Independent Non-Executive Director

- Haji Najman bin Kamaruddin (Appointed on 4 Oct 2018)
  Independent Non-Executive Director

- Dato' Haji Mohd Ali bin Abas (Chairman) (Resigned on 1 Aug 2018)
  Independent Non-Executive Director

- Major General Dato' Dr Mohamad Termidzi bin Junaidi (R) (Resigned on 1 Aug 2018)
  Senior Independent Non-Executive Director

- Haji Mohd Nasir bin Ali (Resigned on 30 Jul 2018)
  Independent Non-Executive Director

The Chairman of the AC, En Burhanuddin Hilmi bin Mohamed is a Chartered Accountant with the Malaysian Institute of Accountants (MIA) and Certified Financial Planner (CFP) with Financial Planning Association of Malaysia. All of the AC members are financially literate. The background and professional expertise of the AC is reported on page 46 of this Annual Report. TDM Group complies the paragraph 15.09 of MMLR.

2.0 SUMMARY OF THE TERMS OF REFERENCE

The AC is guided by the Terms of Reference in discharging its functions which is in accordance to the MMLR and recommendations of the Malaysia Code on Corporate Governance (MCCG) 2017 and relevant best practices.

The Terms of Reference establishes the scopes, authorities, duties and responsibilities of the AC, and is incorporated into the Board Charter.

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

a) Overseeing the financial reporting of the Group, ensuring that it presents true and fair view 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 as well as audit findings with the External Auditors and evaluating the independence of the External Auditors in effectiveness of its appointment.

2.0 SUMMARY OF THE TERMS OF REFERENCE (CONT'D)

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

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

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

3.0 MEETINGS AND ATTENDANCE

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

The details of attendance of the Committee members during the financial year ended 31 December 2018 were as follows:

Members	Attended/Held	%
Burhanuddin Hilmi Bin Mohamed @ Harun	03/03	100
Haji Mazli Zakuan Bin Mohd Noor	02/03	67
Mohd Kamaruzaman Bin A Wahab	03/03	100
Haji Najman Bin Kamaruddin	02/02	100
Dato' Haji Mohd Ali Bin Abas	06/06	100
Major General Dato' Dr Mohamad Termidzi Bin Junaidi (R)	04/06	67
Haji Mohd Nasir Bin Ali	06/06	100

The AC held nine (9) meetings during the financial year ended 2018. The Group Manager of Internal Audit Department (IAD) attended all AC meetings to table the respective Internal Audit (IA) reports. The AC held one (1) meeting with External Auditors, Messrs. Ernst & Young without the presence of Group Chief Executive Director (GCEO) or management. The Chief Financial Officer (CFO) and other members of the Management were invited to attend the meeting as and when required.

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

4.0 SUMMARY OF ACTIVITIES

During the financial year ended 2018, AC carried out the following principal activities and reported the same to the Board:

4.1 Risk Management and Internal Control

The AC reviewed the annual Statement on Risk Management and Internal Control to ensure that all necessary risk mitigation measures to address the critical risk areas have been or were being put in place.

Audit Committee Report

4.0 SUMMARY OF ACTIVITIES (CONT'D)

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. Their view was to ensure the Financial Statements prepared are in compliance with the requirements of the Companies Act and Malaysia Financial Reporting Standards focusing on changes in or implementation of major accounting, significant matters highlighted by the Management or the External Auditors, significant judgements made by the Management or unusual events or transaction and how these matters were addressed.

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

4.3 Internal Audit

a) Reviewed Annual IA 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 (IAF) to ensure it has appropriate expertise in discharging its duties.

c) Assessed performance and effectiveness of the IAF and reviewed the skills and the core competencies requirement of the IA.

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

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

f) Met the senior management of subsidiaries to discuss audit and internal control matters.

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

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 External Auditors did not wish to raise in the presence of Management.

e) Considered the expertise and business knowledge of the current External Auditor and the location of the Company and its subsidiaries, the AC is in the opinion that the current External Auditors are suitable for re- appointment.

4.0 SUMMARY OF ACTIVITIES (CONT'D)

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 pages 249 to 250 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 Corporate Governance Overview Statement, set out on page 136 of this Annual Report.

6.0 INTERNAL AUDIT FUNCTION

IAD strives to provide independent, reasonable objective assurance on the adequacy and effectiveness of the Group's Governance, Risk Management and Internal Control processes.

The purpose, authorities and responsibilities of the IAD were clearly articulated in the Internal Audit Charter, reviewed by the AC and approved by the Board.

The activities of the IAD were based on the Annual Audit Plan, which had been reviewed by the AC and approved by the Board. The Annual Audit Plan was primarily determined by critically of the risk exposure and impact.

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

6.1 Independence of Internal Audit

In discharging its duties and responsibilities, the Group Manager of IAD received instruction from and reported directly to the AC. The internal audit activities, including the audit scope, procedures, frequency and the content of the reports, remain free from any management 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 Conflict of Interest

The Internal Auditors were free from any relationships or conflicts of interest, which could impair the audit objectivity and independence for each audit engagement.

Audit Committee Report

6.0 INTERNAL AUDIT FUNCTION (CONT'D)

6.3 IA Resources

IAD consists seven (7) resources led by a Group Manager whose details are as follows:

Name	Degree/Professional Certification	Professional Membership	Years of Experience
Mohd Roslan bin Mamat	Bachelor of Accounting, Certificate in Internal Auditing for Financial Institution (CIAFIN), Chartered Islamic Finance Professional (CIFP); and Certified Integrity Officer (CeIO)	IIAM	16 (Internal Audit & Risk Management)

6.4 Internal Audit Framework

IAD has developed its own IA Framework based on the MMLR, MCCG, Committee of Sponsoring Organizations of the Treadway Commission (COSO) Integrated Internal Control Framework, COSO Enterprise Risk Management Framework and International Professional Practices Framework to guide the IA activities.

6.5 Evaluation of Internal Audit

In order to enhance the capability of IAF, the AC evaluated IA's effectiveness by considering the following performance criteria:

- Overall comprehensiveness of the internal audit plan and its link to the strategic objectives of the company.
- Efficient implementation of Internal Audit Plan. Speedy rectification of audit recommendation.
- The competency of the internal auditors and adequacy of resources.

The assessment on the IAF provided assurance to the AC on the adequacy and effectiveness of the Group's Governance, Risk Management and Control Process.

6.6 Summary of Activities

The attainment of the IA objectives involve the following key activities:

- Carried out audits that focus on high risk areas determined by risk-based audit approach which could have a significant impact on the group.
- Reviewed the soundness, adequacy and application of accounting, financial and other controls particularly focusing on cost saving and averting opportunity cost as well as promoting effective control across group.

6.0 INTERNAL AUDIT FUNCTION (CONT'D)

6.6 Summary of Activities (cont'd)

- Followed-up the implementation of management action plan to ensure that necessary actions have been taken/ are being taken to remedy any significance gap identified in governance, risk management and internal controls.

- Adopted a thematic and integrated approach to examine the state of controls/operations in a systematic and holistic manner.

- Among the key recommendations to improve Governance, Risk Management and Controls made during the year 2018:

  a) Review the policy and procedures of business operation.

  b) Improve the implementation of Risk and Control Self-Assessment (RCSA).

  c) Review the enterprise Risk Management and Internal Control Framework.

  d) Implement the performance dashboard reporting for plantation and healthcare sector.

  e) Close the identified gaps between TDM governance practices against the new MCCG 2017.

  f) Improvement of controls rectified to the Head Office function particularly in the area of safety, security, asset management, service delivery standard, compliance, management fee and claim process.

  g) Speedy resolution of control deficiency identified by various assurance functions.

  h) Strengthen control over the plantation operations especially in the area of milling, labour, CPO trading, handling of crop evacuation, estate supervision, vehicle management, estate accessibility, grading process, black bunch census, rat damage and manuring.

  i) Improve control over the healthcare operations such as the inter-co reconciliations, performance assessment of consultant, shared service arrangement, staff key performance indicator (KPI), quality assurance and incident reporting.

  During the year, all the IAF were performed internally and incurred cost of RM777,236.

The AC Report was made in accordance with the resolution of the Board of Directors duly passed on 15 April 2019.

Statement on Risk Management and Internal Control

This Statement on Risk Management and Internal Control (the "SORMIC") is made pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad. The Board of Directors ("the Board") of TDM Berhad ("the Company" or "the Group") is pleased to provide the following statement which outlines the nature and scope of the risk management and internal control of the group during the financial year under review.

Risk management and internal control are integrated into management processes and embedded in all day to day business activities of the Group.

Remark:

In order to provide the latest status update of the Company, this Statement on Risk Management and Internal Control also includes information up to 15 April 2019.

RESPONSIBILITY AND ACCOUNTABILITY

Board of Directors

The Board of Directors acknowledges its overall responsibility and accountability for maintaining a sound process of risk management and internal control practices to safeguard shareholders' investments and the other stakeholders' interest of the Company and its group of companies (Group). The importance of maintaining a good system of risk management and internal controls, which includes the establishment of an appropriate control environment and framework, covering risk management, financial, organisational, operational and compliance controls.

The Board acknowledges its responsibility with regards to the following:

- Identification of principal risks and over-sight the implementation of appropriate control measures in order to manage risks.
- Reviewing the adequacy, effectiveness and integrity of the internal control systems and management information systems, as well as systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Due to the limitations that are inherent in any systems of risk management and internal control, this system is designed to manage, rather than eliminate, risks that may impede the achievement of the Group's business objectives. Accordingly, the internal control systems in place can only provide reasonable but not absolute assurance against material misstatement or losses.

The Board recognises that the Group is growing, and thus the system of internal control will continue to be enhanced to suit the needs and requirements of the expanding Group.

Board Risk & Compliance Committee

The Board Risk & Compliance Committee (BRCC) assists the Main Board to oversee the Group's risk management. The BRCC is responsible for the Group's risk management and internal control systems, and for reviewing its effectiveness in providing its shareholders with a return on their investments that is consistent with a responsible assessment and management of risks.

The BRCC ensures that the risk management is embedded in the Group's business operations by continuously reviewing the Risk Management Policies and Procedures; and assessing whether they provide reasonable assurance that risks are managed within a tolerable range. The BRCC shall report to the Board of Directors on higher risk exposures and closely monitor those risks that are identified, if any.

The composition of the Committee is set out on page 9 of this Annual Report.

RESPONSIBILITY AND ACCOUNTABILITY (CONT'D)

Board Risk & Compliance Committee (cont'd)

The followings are the main roles and responsibilities of the BRCC:

- Identify, assess, control and monitor financial, economic risks and non-financial risks (including operational, technological, tax, legal, reputational and compliance risks), including to identify the potential impact of key issues that may affect the Risk Profile of the Group.
- Review and recommend appropriate risk management strategies, policies and risk tolerances in line with the Group's business objectives.
- Annually review and periodically test the risk framework and propose action to be taken.
- Ensure that risk management and internal control system are available to manage the risk and corrective measures undertake to remedy failing and/or weaknesses
- Oversee and evaluate the effectiveness of measures deployed by the Management to address those risks (i.e. accept, avoid, transfer or mitigate the risks)
- Obtain the assurance from the Management that the risk management and internal control system is operating adequately and effectively in all material aspects
- Continuously reviewing the risk, especially involving corporate risk on:
  i. New Investment
  ii. New Project
  iii. New Loan/Borrowing
  iv. Disaster Recovery
  v. Business Continuity

Management Risk Committee

Management Risk Committee comprises of senior management that is responsible for implementing the Board-approved frameworks, policies and procedures on risks and controls, whereas the remaining human capital is made responsible for internal controls through their accountability in achieving the Group's overall objectives.

Management Risk Committee's responsibility includes but not limited to:
- Formulate business rules, processes and structures to meet policy implementation needs.
- Implement the processes and resource the structures.
- Comply with risk parameters and controls.
- Initiate and conduct business within agreed risk constraints and business rules.
- Report to the Board Risk & Compliance Committee (BRCC).

Risk Management Department

The Risk Management Department (RMD) of the Group assists the Main Board, Board Risk & Compliance Committee and Management Risk Committee in discharging their risk management responsibilities. The RMD is responsible for assisting in development of risk management framework, processes and procedures, maintaining the risk register for the group and monitoring and reporting of the key risks faced by the group. The RMD also assists to advise the committee and management on risk issues, mitigation techniques, business rules and processes.

Statement on Risk Management and Internal Control

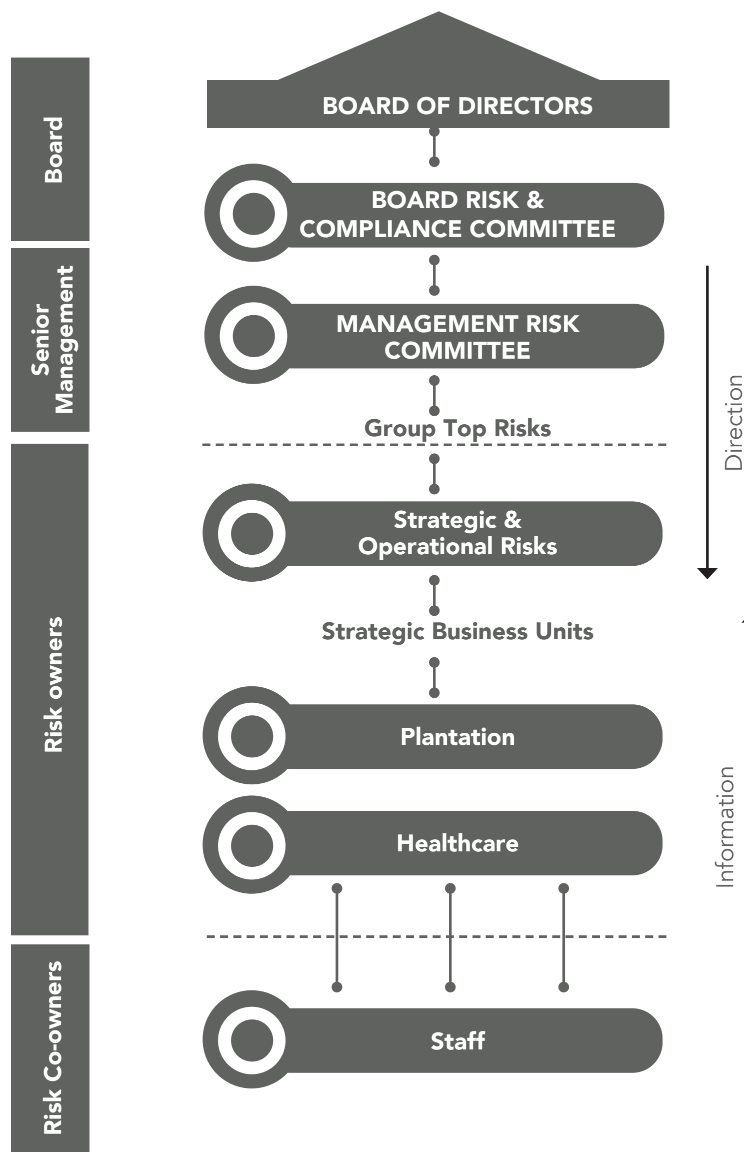
RISK MANAGEMENT FRAMEWORK

The Group adopts an Enterprise Risk Management ("ERM") framework which was established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), an internationally recognised organization in risk management practices as our risk management standard or guideline.

The Group also has established Risk and Control Self-Assessment (RCSA) Handbook to identify, evaluate and manage significant risks faced by the Group. The establishment of RCSA is to facilitate the Group to achieve the following objectives:

- Provide a systematic approach for Business Unit/Support Unit (BU/SU) to identify its current and potential risks and to determinethe control gaps in its various operations and activities;
- Complement the knowledge gap resulting from historical risk loss events, audit findings, compliance issues etc. thus provide a forward-looking perspective for BU/SU in establishing its risk profiles;
- Provide a platform for continuous process of risk assessment, formulating necessary controls and provide opportunities for process improvements across BU/SU;
- Contribute towards establishment of overall Group's Risk Profile once all BU/SU completed their risk profile; and
- Ultimately promote the risk management and control culture among all staff within the Group.

Risk Governance Structure



RISK MANAGEMENT FRAMEWORK (CONT'D)

Principal Risks

The Group has identified the following principal risks which may hinder the Group from achieving its objectives:

i) Strategic Risks

- **Global macro environment**

  Our performance and growth are subject to global economic and political risks including demand for palm oil and its effect on palm oil prices. Palm oil is subject to changes in demand and supply, competition from other crude palm oil (CPO) producing countries, global economic crisis, and changes in the government policy. China, India and Europe are among the largest importers of palm oil. Any crisis leading to global economic downturn, euro zone debt crisis and slowing food demand in India and China will result in a decreased demand of palm oil as these countries would spend less on imports during these times. Less demand will push the price of crude palm oil down as it leads to surplus of supply of palm oil in palm oil producing countries such as Malaysia and Indonesia. The price and demand of other vegetable oils such as soybean, sunflower, rapeseed and corn oil can also affect the price of crude palm oil.

  In order to mitigate the risk, the group embark on several initiatives including by practicing forward sales and closely monitor the CPO prices on daily basis. Prudent cost management being practiced via proper management of the estate and mill and a special emphasis on efficiency to lower the production cost.

- **Competitive Environment**

  We are dependent on the dynamic of competitive landscape of our businesses both in Plantation (competing edible oil) and Healthcare (competing healthcare providers). For the healthcare division, two of our hospitals in the Klang Valley are situated in a very crowded market place that offers many alternative healthcare choices. To mitigate against this, we are strengthening our patient proposition by enhancing our capabilities and boosting our capacity including movement plan to a dedicated hospital building to facilitate the expansion of KJMC and TDMC. We are also differentiating our services from the competitor according to the market needs and providing affordable prices to the community.

- **Change in Government Regulations**

  It is normal situation when there is a change in government, it would change the government regulations and approach especially for the Government-Linked Company (GLC). Unexpected changes in government regulation could lead to the substantial losses to the company. Therefore, the Group always aware and adhere with any changes in laws and regulations. The management establishes new Company Strategic Plan in order to suit with the new regulations or policies.

ii) Human Capital Risk

- **Loss of Key Personnel**

  Loss of Key Personnel may cause disruption to the company's strategic plans and growth, resulting in the loss of competitive advantage. It may also impact the increasing in recruitment and training costs of new employees whilst affecting the productivity. To mitigate the risks, establishment of a proper Succession Planning Program is an important way to identify and nurture the right successor for immediate replacement in the event of resignation or retirement of the current personnel. It is also important to continuously review the remuneration package on a regular basis by benchmarking against competitors and current industry market rates including medical benefits for the employees and housing allowance.

iii) Operational Risks

- **Skilled Labour Shortage**

  In Plantation Division, we are dependent on skilled labour as harvesters. Shortage of experienced and skilled labour particularly harvester, will directly affect the FFB production, FFB quality and cost of production. To overcome the issue, TDM Plantation has conducted a continuous training program to harvesters. Providing competitive wages to workers in line with the Roundtable on Sustainable Palm Oil (RSPO), Malaysian Sustainable Palm Oil (MSPO), Malaysian Agricultural Procedures Association ("MAPA") and National Union of Plantation Workers' ("NUPW") requirements.

Statement on Risk Management and Internal Control

RISK MANAGEMENT FRAMEWORK (CONT'D)

Principal Risks (cont'd)

iii) Operational Risks (cont'd)

- **Quality of Product and Services**

  Delivering of quality products and services is imperative to the performance of the Healthcare Division. Among the key measures to improve the services quality, KMI has standardized the policies and procedures of the hospital governance and operations; and rolled out the Customer Experience Program (CXP) at all hospitals. In improving the product quality, KMI continuously introduce of new services modalities and upgrading facilities in line with the customer needs and expectation. KMI also has established Medical Advisory Board (MAB) at the group level to oversee the performance of the medical consultants.

- **Patient Safety**

  Any adverse medical procedure or negligence could negatively affect our business, reputation and result of operation. Patient falls and medication error are two common events which may occurr during clinical process. Patient of any age or physical ability can be at risk of a fall due to physiological changes due to a medical condition, medications, surgery, procedures, or diagnostic testing that can leave them weakened or confused while medication errors usually happen when a patient receives the wrong medication, or when the patients disregard instruction on dosage and application.

  To reduce to possibility of the risk to be crystalised, all hospitals are required to strictly comply with the policies and procedures in handling patients and visitors. Staff (nursing and non-nursing) have to sit for competency assessment test and undergo series of trainings on the key areas including handling of equipment, chemicals, body fluids and specimen.

- **Safeguarding of Assets.**

  TDM Group is exposed to the asset risks including the damage or loss of property, plant and equipment, biological asset and human capital asset. In mitigating the potential financial losses, the Group has ensured that the assets are adequately covered under Takaful Policies. The application of insecticide through spraying and trunk injection will also reduce the possibility of bagworm attack and Ganoderma disease.

  Risk of fire is also crucial in plantation and healthcare. Management of TDM Plantation and PT Rafi Kamajaya Abadi have established emergency response team, formalized emergency response plan and procedures, conducted training with Fire brigade, upgraded firefighting equipment and imposed all mills to secure the fire certificate. All hospitals under KMI group have established CODE RED team, maintained firefighting equipment in the good condition all the time and conducted fire drill exercise to control the risk.

iv) Financial Risks

- **Funding and Liquidity**

  The Group is exposed to financial risks arising from daily 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 Group seeks to manage its liquidity of assets and liabilities to ensure that even under adverse conditions, we have access to funds at a reasonable cost. Tapping available sources of liquidity, preserving necessary funding capacity, and continuous contingency planning are essential ingredients managing our liquidity risk. Liquidity targets are maintained to ensure funds are available to cover operation needs and other commitments.

- **Cost escalation**

  In the face of the escalating cost of healthcare delivery, we initiated a division-wide procurement exercise focusing initially on pharmaceutical purchases. Economies of scale are enabling us to cut the cost of selected items, thereby improving our margins. Now, we are scaling up this procurement initiative to consolidate our purchasing beyond pharmaceutical items in order to achieve greater savings and higher margins. In the plantation sector, with the increment cost of input materials resulted to the lower plantation net profit. In mitigating this issue, we are implementing Good Agricultural Practices (GAP), strict FFB grading improve efficiency and also maximize the premium of CSPO and CSPK sales. These efforts will able to sustain our operations although facing the operational cost escalation.

v) Legal & Compliance Risks

- **Regulatory**

  We are subject to laws, regulations and government policies that may change in significant ways and affect our Company's position. The Group has expanded its plantation sector in Kalimantan Indonesia. The various geographical locations will be exposed to compliance risks of the laws and regulations in Malaysia and Indonesia and compliance with the various certifications including Roundtable on Sustainable Palm Oil ("RSPO"). Relevant training are conducted to our employee to ensure that we are complied with the regulatory requirement.

RISK MANAGEMENT FRAMEWORK (CONT'D)

Principal Risks (cont'd)

v) Legal & Compliance Risks (cont'd)

- **Legal proceedings**

  We are subject to legal proceedings, investigations and compliance risks. Necessary steps are taken to ensure we comply with the regulations and to minimise the risk of legal action against us. All material contracts are perused by the legal department to ensure our right and interest are protected.

Risk Management Activities During the Financial Year

During the financial year under review, the following risk management activities were conducted:

- The Board reviewed the significant risks identified for the Group and the mitigation plans associated thereto as well as the changes to Group risk profile.
- Risk management workshops were organised to all subsidiaries of TDM group to increase the awareness of the importance of risk and risk management and also for enhancing the understanding implementation of RCSA among the risk owners.

The adequacy and effectiveness of risk management processes are continually reviewed by the Board in accordance with the Group's risk monitoring and reporting of significant risks that may impact the achievement of the Group's business operations and evaluating the adequacy and effectiveness of controls in place to mitigate these risks.

STATEMENT ON INTERNAL CONTROL

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 based on the following control components:

a) Control Environment

In demonstrating its commitment to integrity and ethical values, the Group has established the relevant policies documents such as Codes of Ethics & Business Conduct, Anti-Corruption Handbook, Whistleblower Policy and No Gift Policy; and implement Corporate & Social Responsibility Activities.

The Board's oversight function and responsibility was clearly stated in Board Charter and Terms of Reference (TOR) of the respective Board's Committee. The Board and management hold meeting on regular basis to review the performance and financial statement of the company.

The Group has established a formal organisational structure that clearly defines lines of responsibility and authority to ensure proper identification of accountability and delegation of duties. The Board had approved the Delegated Authority Limit (DAL) that outlines board and management limits and approval authority for various key business processes.

To improve the employee's competency level, the Training Need Analysis was conducted, and they are required to attend the training and development courses to furnish their soft skill and technical capability.

The Key Performance Indicator for each employee was set to enforce their accountability.

b) Risk Assessment

The management has set its corporate and business objectives through establishment of Strategic Plan and Annual Business Plan. Risk assessment has been carried out to identify and mitigate the risks which might hinder company from achieving its corporate and business objectives. The details of risk framework and risk assessment processes are explained in the Statement of Risk Management on pages 154 to 160 of this Annual Report.

c) Control Activities

In improving the control activities, company use the information technology system i.e. accounting system, hospital information system, human resources system and plantware or malware system. Using the system, certain control can be done through technology which is more effective as compared to manual control.

Policies and procedures were established at group and company level to authorise and guide employees in running the business efficiently and effectively. All the Group policies are required to be approved by the Board upon recommendation from the Group Chief Executive Officer (GCEO). The key policies that has been approved by the Board are explained on pages 123 to 128 of this Annual Report.

Statement on Risk Management and Internal Control

STATEMENT ON INTERNAL CONTROL (CONT'D)

d) Information and Communication

Reliable information is important for company to carry out its control responsibilities. The relevant reports have been discussed and tabled at various level of meeting on regular basis.

The in-house internal audit and external audit have their schedule to verify the integrity of the information through its engagement activities.

The relevant information then communicated internally to the Management and Board; and externally through Company's website, announcement, annual report and media release.

e) Monitoring Activities

In ensuring the concerned issues are rectify by the respective business unit, the Management had conducted ongoing evaluation process on day to day operation monitoring. Separate evaluation was carried out by Internal Audit Department and External Auditor.

The summary of external and internal audit activities are articulated in the Audit Committee Report on pages 148 to 153 of this Annual Report.

The Management evaluates, rectifies and communicates the concerned issues through follow up audit conducted by Internal Audit Department.

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's 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's reports, the Board with the assistance of the BRCC reviewed the risk 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.

Assurance from Management

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 GCEO 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 Risk Management and Internal Control intended to be included in this Annual Report is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the Group's risk management and internal control system.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 15 April 2019.

Additional Compliance Statement

The following information is in compliance with Appendix 9C of the Main Market Listing Requirements.

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 32 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 2018 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 272 to 276 of the Annual Report.

Audit and Non-Audit Fees

The amount of Audit fees paid to External Auditors and their affiliated companies by the Company for the financial year ended 31 December 2018 are set out in Note 6 to the financial statements for the financial ended 31 December 2018 on page 215 of this Annual Report.

The amount of Non-Audit fees incurred for services rendered to the Company and its subsidiaries for the financial year by the Company's auditors amounted to RM129,000.

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.

Responsibility Statement By The Board of Directors

In the course of preparing the annual financial statements for the Group and the Company, the Directors are collectively responsible for ensuring that these financial statements are drawn up in accordance with the requirements of the applicable Approved Accounting Standards in Malaysia, the provisions of the Companies Act 2016 ("CA 2016") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the financial year ended ("FYE") 31 December 2018, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with applicable accounting standards and made judgements and estimates that are reasonable and fair.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept which enable the preparation of the financial statements with reasonable accuracy.

The Statement by the Directors pursuant to Section 251 (2) of the CA 2016 is set out in the section headed "Statement by Directors" of the Directors' Report enclosed with the Group's consolidated Annual Audited Financial Statements for the FYE 31 December 2018.

This statement is made in accordance with a resolution of the Board of Directors dated 15 April 2019.

FINANCIAL STATEMENTS

Directors' Report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

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

The principal activities of its subsidiaries are as disclosed in Note 17 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the year	(77,519)	(413,812)
Loss attributable to:		
Owners of the parent	(74,660)	(413,812)
Non-controlling interests	(2,859)	-
	(77,519)	(413,812)

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 2017 was as follows:

In respect of the financial year ended 31 December 2017 as reported in the directors' report of that year:	RM'000
First and final dividend of 0.5 sen dividend per share, tax exempt under the single-tier system on 1,657,877,501 ordinary shares proposed on 27 March 2018, approved on 24 May 2018 and paid on 14 August 2018.	8,290

There was no dividend proposed by the Company during financial year ended 31 December 2018.

Directors' Report

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

YM Raja Dato' Haji Idris Raja Kamarudin #	(Appointed on 30 July 2018)
Dato' Haji A.Rahman bin Yahya #	(Appointed on 30 July 2018)
Mohd Kamaruzaman bin A Wahab *	(Appointed on 30 July 2018)
Burhanuddin Hilmi bin Mohamed @ Harun *	(Appointed on 30 July 2018)
Haji Mazli Zakuan bin Mohd Noor *#	(Appointed on 30 July 2018)
Haji Najman bin Kamaruddin *#	(Appointed on 17 September 2018)
Dato' Haji Mohamat bin Muda #	(Resigned on 1 February 2018)
Major General Dato' Dr Mohamad Termidzi bin Junaidi (R) * #	(Resigned on 1 August 2018)
Dato' Haji Mohd Ali bin Abas *	(Resigned on 1 August 2018)
Dato' Haji Wan Nawawi bin Haji Wan Ismail	(Resigned on 30 July 2018)
Haji Md Kamaru Al-Amin bin Ismail	(Resigned on 30 July 2018)
Haji Samiun bin Salleh	(Resigned on 30 July 2018)
Haji Mohd Nasir bin Ali *	(Resigned on 30 July 2018)
Datuk Dr. Ahmad Shukri bin Md Salleh @ Embat	(Resigned on 30 July 2018)

* Being a member of the Audit Committee
\# Being a director of one or more subsidiaries

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report, including those directors listed above are:

<u>TDM Plantation Sdn. Bhd.</u>

YM Raja Dato' Haji Idris Raja Kamarudin	(Appointed on 13 November 2018)
Haji Najman bin Kamaruddin	(Appointed on 13 November 2018)
Che Alias bin Hamid	(Appointed on 13 November 2018)
Hamdan bin Ibrahim	(Appointed on 13 November 2018)
Haji Ali bin Ibrahim	(Resigned on 18 November 2018)
Dato' Haji Rosol bin Wahid	(Resigned on 18 November 2018)
Haji Mohammad bin Latef	(Resigned on 18 November 2018)
Mohd Asri bin Mohamad	(Resigned on 18 November 2018)
Wan Nasiah binti Wan Abdul Majid	(Resigned on 18 November 2018)
Azmi bin Razik	(Resigned on 18 November 2018)
Dato' Haji Mohamat bin Muda	(Resigned on 18 November 2018)
Mohd Iskandar bin Jaafar	(Resigned on 1 October 2018)

<u>Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.</u>

Haji Mohd Zahari bin Md Azahar	(Appointed on 13 November 2018)
Haji Mazli Zakuan bin Mohd Noor	(Appointed on 13 November 2018)
Haji Najman bin Kamarudin	(Appointed on 13 November 2018)
Haji Ramlan bin Ali	(Resigned on 23 November 2018)
Laila binti Mat Daud	(Resigned on 23 November 2018)
Azizul Jasmi binti Mohamad	(Resigned on 23 November 2018)
Engku Naimah binti Engku Taib	(Resigned on 23 November 2018)
Haji Rosdi bin Awang	(Resigned on 23 November 2018)

Directors' Report

DIRECTORS (CONT'D.)

<u>TDM Trading Sdn. Bhd.</u>

YM Raja Dato' Haji Idris Raja Kamarudin	(Appointed on 14 November 2018)
Haji Najman bin Kamaruddin	(Appointed on 14 November 2018)
Naraza bin Muda	(Appointed on 14 November 2018)
Haji Mazli Zakuan bin Mohd Noor	(Appointed on 14 November 2018)
Ab Razak bin Ibrahim	(Appointed on 14 November 2018 and resigned on 18 December 2018)
Dato' Mohd Sabri bin Alwi	(Resigned on 17 November 2018)
Rozalina binti Mokhtar @ Omar	(Resigned on 17 November 2018)
Mohd 'Azmi bin Nazir	(Resigned on 17 November 2018)

<u>TDM Capital Sdn. Bhd.</u>

YM Raja Dato' Haji Idris Raja Kamarudin	(Appointed on 13 November 2018)
Dato' Haji Mohamat bin Muda	(Appointed on 13 November 2018)
Ir. Rosli bin Othman	(Resigned on 23 November 2018)
Dato' Asha'ari bin Idris	(Resigned on 23 November 2018)

<u>Indah Sari Travel & Tours Sdn. Bhd.</u>

YM Raja Dato' Haji Idris Raja Kamarudin	(Appointed on 14 November 2018)
Ahmad Zaki bin Muda	(Appointed on 14 November 2018)
Major General Dato' Dr Mohamad Termidzi bin Junaidi (R)	(Resigned on 23 November 2018)
Amir Mohd Hafiz bin Amir Khalid	(Resigned on 23 November 2018)

<u>TD Gabongan Sdn. Bhd.</u>

Amir Mohd Hafiz bin Amir Khalid	
Zubaidah Ani binti Mohd Noor	
YM Raja Dato' Haji Idris Raja Kamarudin	(Appointed on 14 November 2018)
Abel Anak Ahing	(Resigned on 23 November 2018)

<u>PT Rafi Kamajaya Abadi</u>

H Rahman	(Appointed on 8 February 2018)
Dato' Haji Mohamat bin Muda	(Appointed on 8 February 2018)
Amir Mohd Hafiz bin Amir Khalid	(Appointed on 8 February 2018)
Haji Mohd Nasir bin Ali	(Appointed on 8 February 2018)
Haji Samiun bin Salleh	(Resigned on 8 February 2018)
Mohamad bin Shahul Hameed	(Resigned on 8 February 2018)

<u>PT Sawit Rezki Abadi</u>

H Rahman	
Dato' Haji Mohamat bin Muda	(Appointed on 8 February 2018)
Amir Mohd Hafiz bin Amir Khalid	(Appointed on 8 February 2018)
Haji Mohd Nasir bin Ali	(Appointed on 8 February 2018)
Haji Samiun bin Salleh	(Resigned on 8 February 2018)
Mohamad bin Shahul Hameed	(Resigned on 8 February 2018)

<u>PT Rafi Sawit Lestari</u>

H Rahman	
Dato' Haji Mohamat bin Muda	(Appointed on 8 February 2018)
Amir Mohd Hafiz bin Amir Khalid	(Appointed on 8 February 2018)
Haji Mohd Nasir bin Ali	(Appointed on 8 February 2018)
Haji Samiun bin Salleh	(Resigned on 8 February 2018)
Mohamad bin Shahul Hameed	(Resigned on 8 February 2018)

DIRECTORS (CONT'D.)

Kumpulan Mediiman Sdn. Bhd.	
Haji Wan Abdul Hakim bin Wan Mokhtar	
Raja Halinuddin bin Raja Halid	
(Alternate director to Haji Wan Abdul Hakim bin Wan Mokhtar)	
Major General Dato' Dr Mohamad Termidzi bin Junaidi (R)	
Dato' Haji Wan Zakaria bin Abd Rahman	
Kumpulan Medic Iman Sdn. Bhd.	
Haji Wan Abdul Hakim bin Wan Mokhtar	
YM Raja Dato' Haji Idris Raja Kamarudin	(Appointed on 13 November 2018)
Haji Mazli Zakuan bin Mohd Noor	(Appointed on 13 November 2018)
Dr. Azman bin Ibrahim	(Appointed on 13 November 2018)
Dr. Alias bin Razak	(Appointed on 13 November 2018)
Dato' A.Rahman Yahya	(Appointed on 13 November 2018)
Major General Dato' Dr Mohamad Termidzi bin Junaidi (R)	(Resigned on 22 November 2018)
Dato' Haji Wan Zakaria bin Abd Rahman	(Resigned on 22 November 2018)
Dr. Mokhtar bin Awang	(Resigned on 22 November 2018)
Dato' Haji Mohamat bin Muda	(Resigned on 22 November 2018)
Kuantan Medical Centre Sdn. Bhd.	
Dr. Mokhtar bin Awang	
Dr. Azmi bin Samat	(Appointed on 13 November 2018)
Dr. Rosni binti Adam	(Appointed on 13 November 2018)
Dato' Haji A.Rahman bin Yahya	(Appointed on 13 November 2018)
Dato' Dr. Ooi Hooi Yong	(Resigned on 17 November 2018)
Datuk Hajjah Rahmani @ Rohani binti Abdullah	(Resigned on 17 November 2018)
Aida binti Azam	(Resigned on 17 November 2018)
Lin Boon Diann	(Resigned on 17 November 2018)
Dato' Dr. Mohasdjone @ Mohd Johari bin Mohamad	(Resigned on 17 November 2018)
Mat Yula bin Kasim	(Resigned on 17 November 2018)
Dato' Dr. Anwa bin Sulaiman	(Resigned on 17 November 2018)
Mohd Zahari bin Md Azahar	(Resigned on 17 November 2018)
Kelana Jaya Medical Centre Sdn. Bhd.	
YM Raja Dato' Haji Idris Raja Kamarudin	(Appointed on 13 November 2018)
Roslan Shahir bin Mohd Shahir	(Appointed on 13 November 2018)
Dr. Alias bin Razak	(Appointed on 13 November 2018)
Dr. Halimah binti Ali	(Appointed on 13 November 2018)
Dr. Mujahid Fauzi bin Sulong	(Appointed on 13 November 2018)
Tengku Seri Indera Raja (Raja Zainal Karib Raja Harun Al-Rashid)	(Resigned on 21 November 2018)
Lin Boon Diann	(Resigned on 21 November 2018)
Dr. Mokhtar bin Awang	(Resigned on 21 November 2018)
Dr. Syed Nazir bin M S Kadir	(Resigned on 21 November 2018)
Dato' Sabri bin Mohd Noor	(Resigned on 21 November 2018)
Dr. Haji Mohd bin Jusoh	(Resigned on 21 November 2018)

Directors' Report

DIRECTORS (CONT'D.)

Kuala Terengganu Specialist Hospital Sdn. Bhd.

Dato' Koh Tat Kim	
Haji Mazli Zakuan bin Mohd Noor	(Appointed on 13 November 2018)
Dato' Mazlan bin Ngah	(Appointed on 13 November 2018)
Dr. Harmy bin Mohamed Yusoff	(Appointed on 13 November 2018)
Dr. Muhammad bin Abdullah	(Appointed on 13 November 2018)
Dr. Mohammad bin Omar	(Resigned on 18 November 2018)
Abel Anak Ahing	(Resigned on 18 November 2018)
Mat Lazin bin Maska	(Resigned on 18 November 2018)
Ahmad Ikram bin Abdullah	(Resigned on 18 November 2018)
Dato' Mohd Sabri bin Alwi	(Resigned on 18 November 2018)
Datuk Hajjah Fatimah binti Hamat	(Resigned on 18 November 2018)
Dato' Dr. Surendran a/l M.K. Nair	(Resigned on 18 November 2018)
Dr. Iddrus bin Osman	(Resigned on 18 November 2018)
Lin Boon Diann	(Resigned on 18 November 2018)

TDMC Hospital Sdn. Bhd.

Dr. Azman bin Ibrahim	(Appointed on 13 November 2018)
Dr. Che Faridah binti Ismail	(Appointed on 13 November 2018)
Haji Hadi bin Hassan	(Appointed on 13 November 2018)
Dr. Najihatussalehah binti Ahmad	(Appointed on 13 November 2018)
Dr. Roslan bin Yusof	(Appointed on 13 November 2018 and resigned on 01 February 2019)
Dato' Haji Abdul Razak Ismail	(Resigned on 21 November 2018)
Dato' Dr. Syed Mohamed Noori Syed Hussain	(Resigned on 21 November 2018)
Amir Mohd Hafiz bin Amir Khalid	(Resigned on 21 November 2018)
Lin Boon Diann	(Resigned on 21 November 2018)
Haji Wan Abdul Hakim bin Wan Mokhtar	(Resigned on 21 November 2018)
Haji Zainal Abidin bin Mohamed	(Resigned on 21 November 2018)

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.

During the financial year, the Company maintains a liability insurance for the directors of the Group. The total amount of sum insured and premium paid for directors of the Group are RM21,600,000 and RM25,438 respectively.

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:

	Number of ordinary shares			
The Company	**1 January 2018**	**Acquired**	**Sold**	**31 December 2018**
YM Raja Dato' Haji Idris Raja Kamarudin	-	1,679,600	-	1,679,600

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.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM345,017,000 to RM350,713,000 by way of the issuance of 24,763,500 ordinary shares pursuant to dividend reinvestment scheme in respect to the final dividend at an issue price of RM0.23 per ordinary share amounting to RM5,696,000.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there are no known bad debts 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) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

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

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

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

Directors' Report

OTHER STATUTORY INFORMATION (CONT'D.)

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

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

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year other than as disclosed in Note 38 to the financial statements.

(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.

SIGNIFICANT EVENTS

The details of the significant events are disclosed in Note 39 to the financial statements.

EVENT OCCURING AFTER THE REPORTING DATE

The details of the event occuring after the reporting date are disclosed in Note 40 to the financial statements.

AUDITORS

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

Auditors' remuneration are disclosed in Note 6 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 April 2019.

YM Raja Dato' Haji Idris Raja Kamarudin

Burhanuddin Hilmi bin Mohamed @ Harun

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, YM Raja Dato' Haji Idris Raja Kamarudin and Burhanuddin Hilmi bin Mohamed @ Harun, 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 176 to 266 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 April 2019.

YM Raja Dato' Haji Idris Raja Kamarudin

Burhanuddin Hilmi bin Mohamed @ Harun

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Amir Mohd Hafiz bin 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 176 to 266 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 bin Amir Khalid at Kuala Terengganu in the state of Terengganu Darul Iman on 15 April 2019

Amir Mohd Hafiz bin Amir Khalid

Before me,

PESURUHJAYA SUMPAH
T 054
ABD WAHAB
BIN ABDULLAH
01.01.2019 - 31.12.2021
MALAYSIA

No. 1103-F, Tingkat Bawah,
Jalan Pejabat,
20200 Kuala Terengganu,
Terengganu.

Independent Auditors' Report

to the members of TDM Berhad
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of TDM Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 176 to 266.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

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

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

KEY AUDIT MATTERS

IMPAIRMENT ASSESSMENT OF NON-FINANCIAL ASSETS

As at 31 December 2018, the Group's carrying amounts of property, plant and equipment, investment properties and intangible asset were RM1,640,814,000, RM10,217,000 and RM6,321,000 respectively.

As at 31 December 2018, the Group's market capitalisation of RM277,600,000 was lower than its Net Tangible Assets of RM947,222,000. This is an indication that the assets of the Group may be impaired. Accordingly, the directors have engaged registered independent valuers to undertake the valuation of these assets using fair value less costs to sell. The Group has recorded an impairment loss of RM39,635,000 in respect of property, plant and equipment.

The valuation of these assets are highly judgemental and include the use of valuation techniques and estimates to be made on the inputs to the valuation models. The key inputs include adjustment factors to the comparable market value such as nature, location or condition of the specific assets. Due to the subjectivity involved in the valuation process and the magnitude of the combined carrying amount of property, plant and equipment, investment properties and intangible asset which constitute 84% of total assets of the Group, we consider this to be an area of audit focus.

In addressing this area of focus, we performed, amongst others, the following procedures:

- Considered the objectivity, independence and expertise of the independent valuers engaged by management;
- Obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the abovementioned assets and assessed whether such methodology is consistent with those used in the industry;
- Obtained an understanding of the comparable market value used as inputs to the valuation models and of the adjustments made to the observable inputs;
- Assessed observable inputs used in the valuations to available market data; and
- Where the assets are located in Indonesia, we involved internal specialist to evaluate the key assumptions made by the independent valuers.

IMPAIRMENT ASSESSMENTS OF INVESTMENT IN SUBSIDIARIES

As at 31 December 2018, the carrying amount of investment in subsidiaries of the Company was RM224,266,000, representing 26% of the Company's total assets. The Company recognised impairment loss on the investment in PT Rafi Kamajaya Abadi of RM44,351,000 during the current financial year, as disclosed in Note 17 to the financial statements.

As at 31 December 2018, PT Rafi Kamajaya Abadi incurred losses for the year amounting to RM51,587,000 and total liabilities exceeded its total assets, resulting in a capital deficiency of RM308,042,000. This is an indication that the investment in PT Rafi Kamajaya Abadi may be impaired. Accordingly, the directors estimated the recoverable amount of the cost of investment in PT Rafi Kamajaya Abadi by using indicative fair value less cost to sell.

The directors have engaged registered independent valuers to undertake the valuation of this subsidiary's property, plant and equipment using fair value less costs to sell. Due to the subjectivity involved in the valuation process and the magnitude of the carrying amount of the investments in subsidiaries, we consider this to be an area of audit focus.

In addressing this area of focus, we performed, amongst others, the following procedures:

- Assessed the Directors' estimate of the recoverable amount, including testing inputs to the internal and external data;
- Considered the objectivity, independence and expertise of the independent valuer engaged by management;
- Obtained an understanding of the methodology adopted by the independent valuer in estimating the fair value of the abovementioned assets and assessed whether such methodology is consistent with those used in the industry;
- Obtained an understanding of the income approach used as inputs to the valuation models and of the adjustments made to the observable inputs;
- Assessed observable inputs used in the valuations to available market data; and
- Involved internal specialist to evaluate the key assumptions made by the independent valuer.

IMPAIRMENT ASSESSMENTS OF AMOUNT DUE FROM SUBSIDIARIES

As at 31 December 2018, the carrying value of the amount due from subsidiaries was RM357,063,000, representing 42% of the Company's total assets. The Company recognised impairment loss on the owing from one of the subsidiaries, PT Rafi Kamajaya Abadi of RM422,790,000 during the current financial year, as disclosed in Note 22 to the financial statements.

The directors have measured the expected credit loss ("ECL") applying significant judgement and assumptions such as expected future cash flows and forward looking macroeconomic factors. Due to the subjectivity involved in the preparation of future cash flows, the appropriateness of the discount rate used and the magnitude of this amount to the Company, we consider this to be an area of audit focus.

We have performed amongst others, the following procedures:

- Assessed the expected future cash flows derived from this subsidiary including key assumptions such as revenue growth rate and operating costs;
- Assessed the appropriateness of discount rate used; and
- Evaluated the disclosure in respect of those key assumptions to which the outcome of the impairment test is most sensitive to.

The Group's accounting policies and disclosures on provision for expected credit loss on amounts due from subsidiaries are disclosed in Notes 2.15, and 22 respectively to the financial statements.

Independent Auditors' Report
to the members of TDM Berhad
(Incorporated in Malaysia)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditors' Report
to the members of TDM Berhad
(Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Sandra Segaran a/l Muniandy @ Krishnan
No. 02882/01/2021 J
Chartered Accountant

Kuala Terengganu, Terengganu Darul Iman, Malaysia
15 April 2019

Statements of Comprehensive Income

For the financial year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000 Restated
Revenue	4	**404,698**	448,761	**107,546**	102,381
Cost of sales		**(285,534)**	(244,447)	**(20,006)**	(18,686)
Gross profit		**119,164**	204,314	**87,540**	83,695
Other items of income					
Interest income		**35,880**	38,772	**27,727**	31,293
Other income		**18,803**	9,829	**6,453**	1,901
Other items of expense					
Distribution costs		**(3,792)**	(5,188)	**(799)**	(934)
Administrative expenses		**(205,468)**	(220,478)	**(518,607)**	(64,494)
Other expenses		**(6,763)**	(19,815)	**(3,336)**	(5,069)
Finance costs	5	**(25,931)**	(21,936)	**(13,893)**	(13,406)
(Loss)/profit before tax	6	**(68,107)**	(14,502)	**(414,915)**	32,986
Income tax (expense)/benefit	9	**(9,412)**	(33,889)	**1,103**	1,623
(Loss)/profit for the year, net of tax		**(77,519)**	(48,391)	**(413,812)**	34,609
Other comprehensive loss:					
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:					
Fair value movement of investments in securities		**(4)**	(5)	**-**	-
Fair value movement of other investment		**(25,790)**	-	**-**	-
Foreign currency translation		**(2,476)**	292	**-**	-
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(28,270)**	287	**-**	-
Total comprehensive (loss)/income for the year		**(105,789)**	(48,104)	**(413,812)**	34,609
(Loss)/profit attributable to:					
Owners of the parent		**(74,660)**	(43,740)	**(413,812)**	34,609
Non-controlling interests		**(2,859)**	(4,651)	**-**	-
		(77,519)	(48,391)	**(413,812)**	34,609
Total comprehensive (loss)/income attributable to:					
Owners of the parent		**(102,930)**	(43,453)	**(413,812)**	34,609
Non-controlling interests		**(2,859)**	(4,651)	**-**	-
		(105,789)	(48,104)	**(413,812)**	34,609

(Loss) per share attributable to owners of the parent (sen per share):		Group 2018	Group 2017
Basic	10	**(4.48)**	(2.77)

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

Statements of Financial Position
As at 31 December 2018

	Note	Group			Company		
		2018 RM'000	2017 RM'000 Restated	As at 1 January 2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated	As at 1 January 2017 RM'000 Restated
Assets							
Non-current assets							
Property, plant and equipment	12	**1,640,814**	1,537,430	1,554,791	**195,947**	190,956	179,946
Intangible asset	14	**6,321**	7,179	7,463	**6,321**	7,179	7,463
Investment properties	15	**10,217**	6,631	6,557	**6,305**	6,631	6,557
Goodwill	16	**991**	991	7,003	**-**	-	-
Investments in subsidiaries	17	**-**	-	-	**224,266**	268,617	275,252
Other investments	18	**22,294**	319,700	355,400	**-**	315,000	350,700
Investments in securities	19	**44**	48	53	**-**	-	-
Other receivables	22	**65,880**	109,904	109,419	**-**	63,234	63,459
Deferred tax assets	30	**13,974**	15,449	12,461	**351**	351	189
		1,760,535	1,997,332	2,053,147	**433,190**	851,968	883,566
Current assets							
Biological assets	13	**3,041**	5,000	8,767	**-**	-	-
Property development costs	20	**-**	-	-	**-**	-	-
Inventories	21	**28,021**	33,280	38,568	**646**	1,544	510
Trade and other receivables	22	**93,501**	75,379	76,307	**392,170**	383,882	316,764
Prepayments		**1,847**	2,052	7,049	**-**	-	-
Tax recoverable		**6,984**	4,588	7,514	**-**	-	-
Cash and bank balances	23	**75,405**	108,217	122,168	**33,990**	33,315	35,490
		208,799	228,516	260,373	**426,806**	418,741	352,764
Total assets		**1,969,334**	2,225,848	2,313,520	**859,996**	1,270,709	1,236,330
Equity and liabilities							
Current liabilities							
Lease liability	31	**1,561**	-	-	**-**	-	-
Loans and borrowings	24	**58,156**	41,592	30,750	**37,193**	28,401	20,832
Trade and other payables	25	**140,320**	172,696	178,639	**293,773**	270,672	252,943
Tax payable		**1,263**	2,392	4,845	**63**	1,612	1,907
		201,300	216,680	214,234	**331,029**	300,685	275,682
Net current assets		**7,499**	11,836	46,139	**95,777**	118,056	77,082

Statements of Financial Position
As at 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 Restated	Group As at 1 January 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000 Restated	Company As at 1 January 2017 RM'000 Restated
Non-current liabilities							
Retirement benefit obligations	29	**4,719**	4,293	4,070	**351**	318	447
Lease liability	31	**202,014**	-	-	**-**	-	-
Loans and borrowings	24	**427,929**	749,411	793,524	**235,417**	259,315	274,309
Other payable	25	**26,411**	87,710	92,712	**-**	-	-
Deferred tax liabilities	30	**159,739**	155,533	142,231	**6,544**	7,330	11,016
		820,812	996,947	1,032,537	**242,312**	266,963	285,772
Total liabilities		**1,022,112**	1,213,627	1,246,771	**573,341**	567,648	561,454
Net assets		**947,222**	1,012,221	1,066,749	**286,655**	703,061	674,876
Equity attributable to owners of the parent							
Share capital	26	**350,713**	345,017	301,092	**350,713**	345,017	301,092
Share premium	26	**-**	-	42,822	**-**	-	42,822
Retained earnings/(accumulated loss)	28	**642,657**	725,607	776,874	**(66,794)**	355,308	328,226
Other reserves	27	**(33,433)**	(48,547)	(48,834)	**2,736**	2,736	2,736
		959,937	1,022,077	1,071,954	**286,655**	703,061	674,876
Non-controlling interests		**(12,715)**	(9,856)	(5,205)	**-**	-	-
Total equity		**947,222**	1,012,221	1,066,749	**286,655**	703,061	674,876
Total equity and liabilities		**1,969,334**	2,225,848	2,313,520	**859,996**	1,270,709	1,236,330

Statements of Changes in Equity

For the financial year ended 31 December 2018

2018 Group	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Retained earnings RM'000	Other reserves, total RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interest RM'000	Non-controlling interests RM'000
		← Attributable to owners of the parent						→	
			Non-distributable	Distributable	←	Non-distributable		→	
Opening balance at 1 January 2018	1,012,221	1,022,077	345,017	725,607	(48,547)	(48,468)	(48)	(31)	(9,856)
Adoption of MFRS 9 (Note 18)	43,384	43,384	-	-	43,384	-	43,384	-	-
Opening balance at 1 January 2018, restated	1,055,605	1,065,461	345,017	725,607	(5,163)	(48,468)	43,336	(31)	(9,856)
Loss for the year	(77,519)	(74,660)	-	(74,660)	-	-	-	-	(2,859)
Other comprehensive loss									
Fair value movement of investments in securities	(4)	(4)	-	-	(4)	-	(4)	-	-
Fair value movement of other investment	(25,790)	(25,790)	-	-	(25,790)	-	(25,790)	-	-
Foreign currency translation	(2,476)	(2,476)	-	-	(2,476)	(2,476)	-	-	-
Other comprehensive loss for the year, net of tax	(28,270)	(28,270)	-	-	(28,270)	(2,476)	(25,794)	-	-
Total comprehensive loss for the year	(105,789)	(102,930)	-	(74,660)	(28,270)	(2,476)	(25,794)	-	(2,859)
Transactions with owners									
Issuance of shares pursuant to dividends reinvestment scheme	-	-	5,696	(5,696)	-	-	-	-	-
Dividends on ordinary shares (Note 11)	(2,594)	(2,594)	-	(2,594)	-	-	-	-	-
Total transactions with owners	(2,594)	(2,594)	5,696	(8,290)	-	-	-	-	-
Closing balance at 31 December 2018	947,222	959,937	350,713	642,657	(33,433)	(50,944)	17,542	(31)	(12,715)

Statements of Changes in Equity
For the financial year ended 31 December 2018

	Attributable to owners of the parent									
			Non-distributable		Distributable	Non-distributable				
2017 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	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 2017	1,066,749	1,071,954	301,092	42,822	776,874	(48,834)	(48,760)	(43)	(31)	(5,205)
Transfer of share premium on 31 January 2017	-	-	42,822	(42,822)	-	-	-	-	-	-
	1,066,749	1,071,954	343,914	-	776,874	(48,834)	(48,760)	(43)	(31)	(5,205)
Loss for the year	(48,391)	(43,740)	-	-	(43,740)	-	-	-	-	(4,651)
Other comprehensive (loss)/income										
Fair value movement of investments in securities	(5)	(5)	-	-	-	(5)	-	(5)	-	-
Foreign currency translation	292	292	-	-	-	292	292	-	-	-
Other comprehensive loss for the year, net of tax	287	287	-	-	-	287	292	(5)	-	-
Total comprehensive income/(loss) for the year	(48,104)	(43,453)	-	-	(43,740)	287	292	(5)	-	(4,651)
Transactions with owners										
Issuance of shares pursuant to dividends reinvestment scheme	-	-	1,103	-	(1,103)	-	-	-	-	-
Dividends on ordinary shares (Note 11)	(6,424)	(6,424)	-	-	(6,424)	-	-	-	-	-
Total transactions with owners	(6,424)	(6,424)	1,103	-	(7,527)	-	-	-	-	-
Closing balance at 31 December 2017	1,012,221	1,022,077	345,017	-	725,607	(48,547)	(48,468)	(48)	(31)	(9,856)

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

The 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 2018

2018 Company	Equity, total RM'000	Non-distributable: Share capital RM'000	Distributable: Retained earnings/ (accumulated losses) RM'000	Non-distributable: Other reserves, total RM'000	Non-distributable: Capital reserve RM'000
Opening balance at 1 January 2018	**703,061**	**345,017**	**355,308**	**2,736**	**2,736**
Loss for the year	**(413,812)**	**-**	**(413,812)**	**-**	**-**
Transactions with owners					
Issuance of shares pursuant to dividends reinvestment scheme	**-**	**5,696**	**(5,696)**	**-**	**-**
Dividends on ordinary shares (Note 11)	**(2,594)**	**-**	**(2,594)**	**-**	**-**
Total transactions with owners	**(2,594)**	**5,696**	**(8,290)**	**-**	**-**
Closing balance at 31 December 2018	**286,655**	**350,713**	**(66,794)**	**2,736**	**2,736**

2017 Company	Equity, total RM'000	Non-distributable: Share capital * RM'000	Non-distributable: Share premium RM'000	Distributable: Retained earnings RM'000	Non-distributable: Other reserves, total RM'000	Non-distributable: Capital reserve RM'000
Opening balance at 1 January 2017	674,876	301,092	42,822	328,226	2,736	2,736
Transfer of share premium on 31 January 2017	-	42,822	(42,822)	-	-	-
	674,876	343,914	-	328,226	2,736	2,736
Profit for the year	34,609	-	-	34,609	-	-
Transactions with owners						
Issuance of shares pursuant to dividends reinvestment scheme	-	1,103	-	(1,103)	-	-
Dividends on ordinary shares (Note 11)	(6,424)	-	-	(6,424)	-	-
Total transactions with owners	(6,424)	1,103	-	(7,527)	-	-
Closing balance at 31 December 2017	703,061	345,017	-	355,308	2,736	2,736

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

The 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 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000 Restated
Operating activities					
(Loss)/profit before tax		**(68,107)**	(14,502)	**(414,915)**	32,986
Adjustments for:					
Interest expense	5	**25,931**	21,936	**13,893**	13,406
Depreciation of property, plant and equipment	6	**77,513**	68,878	**5,273**	1,555
Amortisation of intangible asset	6	**858**	858	**858**	858
Amortisation of investment properties	6	**1,263**	326	**326**	326
Property, plant and equipment written off	6	**-**	2,230	**-**	755
Inventories written off	6	**5,208**	9,386	**-**	-
Loss/(gain) on disposal of property, plant and equipment	6	**5**	(1,200)	**-**	-
Impairment of property, plant and equipment	6	**39,635**	11,025	**-**	-
Impairment of inventories	6	**1,664**	-	**-**	-
Impairment of goodwill	6	**-**	6,012	**-**	-
Expected credit losses of trade receivables	6	**151**	3,287	**-**	-
Expected credit losses of other receivables	6	**3,878**	897	**422,790**	418
Reversal of expected credit losses of trade receivables	6	**(598)**	(30)	**-**	-
Fair value changes of amount due from plasma	6	**9,901**	-	**-**	-
Impairment loss on investments in subsidiaries	6	**-**	-	**44,351**	6,635
Unrealised loss on the foreign exchange of investment in fixed income securities	6	**-**	35,700	**-**	35,700
Unrealised gain on the foreign exchange of borrowings	6	**(450)**	-	**(450)**	-
Dividend income	6	**(2,139)**	(940)	**(75,801)**	(55,000)
Interest income	6	**(26,873)**	(30,410)	**(26,747)**	(30,213)
Profit from Al Mudharabah	6	**(9,007)**	(8,362)	**(981)**	(1,080)
Fair value adjustment on amount due to sublessees	6	**(2,198)**	-	**-**	-
Fair value changes of biological assets		**1,959**	3,767	**-**	-
(Reversal of)/provision for short term accumulating compensated absences	7	**(8)**	136	**15**	24
Provision for/(reversal of) retirement benefit obligations	7	**426**	223	**33**	(129)
Total adjustments		**127,119**	123,719	**383,560**	(26,745)
Operating cash flows before changes in working capital		**59,012**	109,217	**(31,355)**	6,241

Statements of Cash Flows

For the financial year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000 Restated
Operating activities (cont'd.)					
Changes in working capital					
(Increase)/decrease in inventories		**(494)**	(6,053)	**898**	(1,034)
Decrease/(increase) in receivables		**10,660**	(1,183)	**(431,078)**	(67,536)
(Decrease)/increase in payables		**(71,645)**	34,008	**23,086**	16,812
Total changes in working capital		**(61,479)**	26,772	**(407,094)**	(51,758)
Cash flows from/(used in) operations		**(2,467)**	135,989	**(438,449)**	(45,517)
Interest paid		**(24,708)**	(58,193)	**(13,893)**	(13,406)
Interest received and profit from Al Mudharabah		**2,147**	38,800	**981**	31,518
Taxes paid		**(17,400)**	(21,595)	**(1,233)**	(2,900)
Taxes refund		**380**	478	**-**	380
Net cash flows (used in)/from operating activities		**(42,048)**	95,479	**(452,594)**	(29,925)
Investing activities					
Purchase of property, plant and equipment	12	**(30,689)**	(105,953)	**(10,264)**	(10,688)
Dividend received		**2,139**	940	**75,801**	55,000
Proceeds from disposal of property, plant and equipment		**-**	2,700	**-**	-
Increase in deposits with licensed banks pledged as securities for certain banking facilities		**(1,001)**	(1,392)	**(977)**	(1,053)
Withdrawal of deposits with licensed banks		**1,513**	2,261	**-**	3,499
Redemption of investment in fixed income securities		**404,981**	-	**404,981**	-
Net cash flows from/(used in) investing activities		**376,943**	(101,444)	**469,541**	46,758
Financing activities					
Drawdown of term loans		**49,957**	22,917	**17,432**	2,393
Drawdown of hire purchase facilities		**972**	890	**-**	395
Repayments of term loans		**(35,964)**	(31,976)	**(30,135)**	(23,598)
Repayments of hire purchase facilities		**(2,588)**	(2,831)	**(107)**	(44)
Settlement of IDR Notes		**(376,884)**	-	**-**	-
Repayment of bank overdraft		**(1,845)**	13,430	**(1,845)**	13,430
Dividends paid		**(2,594)**	(6,424)	**(2,594)**	(6,424)
Net cash flows used in financing activities		**(368,946)**	(3,994)	**(17,249)**	(13,848)
Net (decrease)/increase in cash and cash equivalents		**(34,051)**	(9,959)	**(302)**	2,985
Cash and cash equivalents at 1 January		**73,124**	83,492	**639**	(2,346)
Effect of foreign exchange rate changes		**(95)**	(409)	**-**	-
Cash and cash equivalents at 31 December	23	**38,978**	73,124	**337**	639

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 2018

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding, provision of management services and cultivation of oil palms. The principal activities of its subsidiaries are as disclosed in Note 17.

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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

For all periods up to and including the year ended 31 December 2017, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRS"). These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with MFRS, including MFRS 1 - First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9 Financial Instruments, MFRS 15 Revenue from Contracts with Customers, MFRS 116 - Property, Plant & Equipment, MFRS 140 - Transfers of Investment Property (Amendments to MFRS 140) and MFRS 141 - Agriculture. Please refer to Note 2.2 for information on the Group's and the Company's adoption of MFRS and the impact of transition to MFRS.

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 First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with MFRS, including MFRS 1 - First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9 Financial Instruments, MFRS 15 Revenue from Contracts with Customers, MFRS 116 - Property, Plant & Equipment, MFRS 140 - Transfers of Investment Property (Amendmends to MFRS 140) and MFRS 141 - Agriculture. For periods up to and including the year ended 31 December 2017, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRS Framework").

Accordingly, the Group and the Company have prepared financial statements that comply with MFRS applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's and the Company's opening statements of financial position was prepared as at 1 January 2017, the Group's and the Company's date of transition to MFRS. This note explains the principal adjustments made by the Group and the Company in restating its FRS financial statements, including the statements of financial position as at 1 January 2017 and the financial statements for the year ended 31 December 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(a) Reconciliation of equity as at 1 January 2017 (date of transition of MFRS)

Group	**Note**	**FRS RM'000**	**Remeasure-ments RM'000**	**MFRS as at 1 January 2017 RM'000**
Non-current assets				
Property, plant and equipment	A	1,221,033	333,758	1,554,791
Biological assets	A	584,371	(584,371)	-
Intangible asset		7,463	-	7,463
Investment property	C	11,000	(4,443)	6,557
Goodwill		7,003	-	7,003
Other investments		355,400	-	355,400
Investments in securities		53	-	53
Other receivables		109,419	-	109,419
Deferred tax assets		12,461	-	12,461
		2,308,203	(255,056)	2,053,147
Current assets				
Property development costs		-	-	-
Biological assets	B	-	8,767	8,767
Inventories		38,568	-	38,568
Trade and other receivables		76,307	-	76,307
Prepayments		7,049	-	7,049
Tax recoverable		7,514	-	7,514
Cash and bank balances		122,168	-	122,168
		251,606	8,767	260,373
Total assets		2,559,809	(246,289)	2,313,520
Equity and liabilities				
Current liabilities				
Loans and borrowings		30,750	-	30,750
Trade and other payables		178,639	-	178,639
Tax payable		4,845	-	4,845
		214,234	-	214,234
Net current assets		37,372	8,767	46,139
Non-current liabilities				
Retirement benefit obligations		4,070	-	4,070
Loans and borrowings		793,524	-	793,524
Other payable		92,712	-	92,712
Deferred tax liabilities	B	141,503	728	142,231
		1,031,809	728	1,032,537
Total liabilities		1,246,043	728	1,246,771

Notes to the Financial Statements
For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(a) Reconciliation of equity as at 1 January 2017 (date of transition of MFRS) (cont'd.)

Group	Note	FRS RM'000	Remeasure-ments RM'000	MFRS as at 1 January 2017 RM'000
Equity attributable to owners of the parent				
Share capital		301,092	-	301,092
Share premium		42,822	-	42,822
Retained earnings	A, B & C	419,802	357,072	776,874
Other reserves	A & C	555,255	(604,089)	(48,834)
		1,318,971	(247,017)	1,071,954
Non-controlling interests		(5,205)	-	(5,205)
Total equity		1,313,766	(247,017)	1,066,749
Total equity and liabilities		2,559,809	(246,289)	2,313,520

Company	Note	FRS RM'000	Remeasure-ments RM'000	MFRS as at 1 January 2017 RM'000
Non-current assets				
Property, plant and equipment		179,946	-	179,946
Intangible asset		7,463	-	7,463
Investment property	C	11,000	(4,443)	6,557
Investments in subsidiaries		275,252	-	275,252
Other investments		350,700	-	350,700
Other receivables		63,459	-	63,459
Deferred tax assets		189	-	189
		888,009	(4,443)	883,566
Current assets				
Inventories		510	-	510
Trade and other receivables		316,764	-	316,764
Cash and bank balances		35,490	-	35,490
		352,764	-	352,764
Total assets		1,240,773	(4,443)	1,236,330
Equity and liabilities				
Current liabilities				
Loans and borrowings		20,832	-	20,832
Trade and other payables		252,943	-	252,943
Tax payable		1,907	-	1,907
		275,682	-	275,682
Net current assets		77,082	-	77,082

Notes to the Financial Statements
For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(a) Reconciliation of equity as at 1 January 2017 (date of transition of MFRS) (cont'd.)

Company	Note	FRS RM'000	Remeasure- ments RM'000	MFRS as at 1 January 2017 RM'000
Non-current liabilities				
Retirement benefit obligations		447	-	447
Loans and borrowings		274,309	-	274,309
Deferred tax liabilities		11,016	-	11,016
		285,772	-	285,772
Total liabilities		561,454	-	561,454
Equity attributable to owners of the parent				
Share capital		301,092	-	301,092
Share premium		42,822	-	42,822
Retained earnings	C	292,860	35,366	328,226
Other reserves	C	42,545	(39,809)	2,736
Total equity		679,319	(4,443)	674,876
Total equity and liabilities		1,240,773	(4,443)	1,236,330

Notes to the Financial Statements
For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(b) Reconciliation of equity as at 31 December 2017

Group	Note	FRS RM'000	Remeasure-ments RM'000	MFRS as at 31 December 2017 RM'000
Non-current assets				
Property, plant and equipment	A	1,327,955	209,475	1,537,430
Biological assets	A	658,929	(658,929)	-
Intangible asset		7,179	-	7,179
Investment property	C	11,400	(4,769)	6,631
Goodwill		991	-	991
Other investments		319,700	-	319,700
Investments in securities		48	-	48
Other receivables		109,904	-	109,904
Deferred tax assets		15,449	-	15,449
		2,451,555	(454,223)	1,997,332
Current assets				
Property development costs		-	-	-
Biological assets	B	-	5,000	5,000
Inventories		33,280	-	33,280
Trade and other receivables		75,379	-	75,379
Prepayments		2,052	-	2,052
Tax recoverable		4,588	-	4,588
Cash and bank balances		108,217	-	108,217
		223,516	5,000	228,516
Total assets		2,675,071	(449,223)	2,225,848
Equity and liabilities				
Current liabilities				
Loans and borrowings		41,592	-	41,592
Trade and other payables		172,696	-	172,696
Tax payable		2,392	-	2,392
		216,680	-	216,680
Net current assets		6,836	5,000	11,836
Non-current liabilities				
Retirement benefit obligations		4,293	-	4,293
Loans and borrowings		749,411	-	749,411
Other payable		87,710	-	87,710
Deferred tax liabilities	A & B	188,842	(33,309)	155,533
		1,030,256	(33,309)	996,947
Total liabilities		1,246,936	(33,309)	1,213,627

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(b) Reconciliation of equity as at 31 December 2017 (cont'd.)

Group	Note	FRS RM'000	Remeasure-ments RM'000	MFRS as at 31 December 2017 RM'000
Equity attributable to owners of the parent				
Share capital		345,017	-	345,017
Retained earnings	A, B & C	435,340	290,267	725,607
Other reserves	A & C	657,634	(706,181)	(48,547)
		1,437,991	(415,914)	1,022,077
Non-controlling interests		(9,856)	-	(9,856)
Total equity		1,428,135	(415,914)	1,012,221
Total equity and liabilities		2,675,071	(449,223)	2,225,848

Company	Note	FRS RM'000	Remeasure-ments RM'000	MFRS as at 31 December 2017 RM'000
Non-current assets				
Property, plant and equipment	A	186,232	4,724	190,956
Intangible asset		7,179	-	7,179
Investment property	C	11,400	(4,769)	6,631
Investments in subsidiaries		268,617	-	268,617
Other investments		315,000	-	315,000
Other receivables		63,234	-	63,234
Deferred tax assets		351	-	351
		852,013	(45)	851,968
Current assets				
Inventories		1,544	-	1,544
Trade and other receivables		383,882	-	383,882
Cash and bank balances		33,315	-	33,315
		418,741	-	418,741
Total assets		1,270,754	(45)	1,270,709
Equity and liabilities				
Current liabilities				
Loans and borrowings		28,401	-	28,401
Trade and other payables		270,672	-	270,672
Tax payable		1,612	-	1,612
		300,685	-	300,685
Net current assets		118,056	-	118,056

Notes to the Financial Statements
For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(b) Reconciliation of equity as at 31 December 2017 (cont'd.)

Company	Note	FRS RM'000	Remeasure-ments RM'000	MFRS as at 31 December 2017 RM'000
Non-current liabilities				
Retirement benefit obligations		318	-	318
Loans and borrowings		259,315	-	259,315
Deferred tax liabilities	A	6,292	1,038	7,330
		265,925	1,038	266,963
Total liabilities		566,610	1,038	567,648
Equity attributable to owners of the parent				
Share capital		345,017	-	345,017
Retained earnings	A & C	319,868	35,440	355,308
Other reserves	A & C	39,259	(36,523)	2,736
		704,144	(1,083)	703,061
Total equity and liabilities		1,270,754	(45)	1,270,709

(c) Reconciliation of profit or loss and comprehensive income for the year ended 31 December 2017

Group	Note	FRS RM'000	Remeasure-ments RM'000	MFRS as at 31 December 2017 RM'000
Revenue		448,761	-	448,761
Cost of sales		(244,447)	-	(244,447)
Gross profit		204,314	-	204,314
Other items of income				
Interest income		38,772	-	38,772
Other income		9,829	-	9,829
Other items of expense				
Distribution costs		(5,188)	-	(5,188)
Administrative expenses	A, B & C	(153,673)	(66,805)	(220,478)
Other expenses		(19,815)	-	(19,815)
Finance costs		(21,936)	-	(21,936)
Profit/(loss) before tax		52,303	(66,805)	(14,502)
Income tax expense		(33,889)	-	(33,889)
Profit/(loss) for the year, net of tax		18,414	(66,805)	(48,391)

Notes to the Financial Statements
For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(c) Reconciliation of profit or loss and comprehensive income for the year ended 31 December 2017 (cont'd.)

Group	Note	FRS RM'000	Remeasure-ments RM'000	MFRS as at 31 December 2017 RM'000
Other comprehensive income/(loss):				
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:				
Fair value movement of investments in securities		(5)	-	(5)
Foreign currency translation		(4,066)	4,358	292
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		(4,071)	4,358	287
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	**A, B & C**	141,461	(141,461)	-
Deferred tax related to:				
Net surplus on revaluation	**A, B & C**	(33,975)	33,975	-
Transfer of revaluation reserve upon write off of assets	**A, B & C**	(1,036)	1,036	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		106,450	(106,450)	-
Other comprehensive income/(loss) for the year, net of tax		102,379	(102,092)	287
Total comprehensive income/(loss) for the year		120,793	(168,897)	(48,104)

Notes to the Financial Statements
For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(c) Reconciliation of profit or loss and comprehensive income for the year ended 31 December 2017 (cont'd.)

Company	Note	FRS RM'000	Remeasure-ments RM'000	MFRS as at 31 December 2017 RM'000
Revenue		102,381	-	102,381
Cost of sales		(18,686)	-	(18,686)
Gross profit		83,695	-	83,695
Other items of income				
Interest income		31,293	-	31,293
Other income		1,901	-	1,901
Other items of expense				
Distribution costs		(934)	-	(934)
Administrative expenses	C	(64,568)	74	(64,494)
Other expenses		(5,069)	-	(5,069)
Finance costs		(13,406)	-	(13,406)
Profit before tax		32,912	74	32,986
Income tax benefit		1,623	-	1,623
Profit for the year, net of tax		34,535	74	34,609
Other comprehensive loss:				
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:				
Revaluation of land, buildings, plant and machinery and plantation development expenditure	A & C	(4,324)	4,324	-
Deferred tax related to:				
Net deficit on revaluation	A	1,038	(1,038)	-
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods		(3,286)	3,286	-
Total comprehensive income for the year		31,249	3,360	34,609

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First-time adoption of Malaysian Financial Reporting Standards (“MFRS”) (cont'd.)

Notes to the reconciliation of equity as at 1 January 2017 (date of transition to MFRS) and 31 December 2017 and comprehensive income for year ended 31 December 2017.

The significant accounting policies adopted in preparing the financial statements are consistent with those of the audited financial statement for the year ended 31 December 2017, except as discussed below:

A. Property, plant and equipment

Under the FRS framework, the Group and the Company elected to account for the land, buildings and plant and machinery included within property, plant and equipment using the revaluation model, where these assets are measured at fair value less any accumulated depreciation and accumulated impairment losses recognised after the date of valuation. The Group and the Company decided to change the accounting policy for these assets under MFRS framework from the revaluation model to cost model, the change in accounting policy will result in the revaluation amount on the transition date to be recorded as deemed costs for these assets.

As at transitioning date of 1 January 2017, the revaluation reserve were recognised against retained earnings of the Group and the Company.

The impact arising from the change is summarised as follow:

	Group		Company	
	31 December 2017 RM'000	1 January 2017 RM'000	31 December 2017 RM'000	1 January 2017 RM'000
Non-current assets				
Property, plant & equipment	(449,454)	(250,613)	4,724	-
Non-current liabilities				
Deferred tax liabilities	(34,532)	-	1,038	-
Equity attributable to owners of the parent				
Retained earnings	254,376	313,667	3,686	-
Other reserves	(669,658)	(564,280)	-	-
Statement of comprehensive income				
Depreciation of property, plant and equipment	(24,355)	Not applicable	-	Not applicable
Reversal of asset revaluation reserve	(37,684)	Not applicable	-	Not applicable
Exchanges differences	(1,073)	Not applicable	-	Not applicable

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

B. Biological assets

The amendments also require produce that grows on bearer plants to be within the scope of MFRS 141 measured at fair value less cost to sell. The biological assets of the Group comprise of the fresh fruit bunch ("FFB") prior to harvest. The valuation model to be adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of the FFB.

The impact arising from the change is summarised as follows:

	Group	
	31 December 2017 RM'000	**1 January 2017 RM'000**
Current assets		
Biological assets	5,000	8,767
Non-current liabilities		
Deferred tax liabilities	1,223	728
Equity attributable to owners of the parent		
Retained earnings	3,777	8,039
Statement of comprehensive income		
Fair value gain in biological assets	(3,767)	Not applicable

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

C. Investment properties

Under the FRS framework, the Group and the Company elected to account for the investment properties using the revaluation model, where these assets are measured at fair value less any accumulated depreciation and accumulated impairment losses recognised after the date of valuation. The Group and the Company decided to change the accounting policy under the MFRS framework for these assets from the revaluation model to cost model, the change in accounting policy will result in the revaluation amount on the transition date to be recorded as deemed costs for these assets.

As at transitioning date of 1 January 2017, the revaluation reserve were recognised against retained earnings of the Group and the Company.

The impact arising from the change is summarised as follow:

	Group and Company	
	31 December 2017 RM'000	1 January 2017 RM'000
Non-current assets		
Investment properties	(4,769)	(4,443)
Equity attributable to owners of the parent		
Retained earnings	31,754	35,366
Other reserves	(36,523)	(39,809)
Statement of comprehensive income		
Reversal of asset revaluation reserve	400	Not applicable
Amortisation of investment properties	(326)	Not applicable

D. Financial Instruments

MFRS 9 Financial Instruments replaces the guidance in MFRS 139 Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group and the Company applied MFRS 9 retrospectively, with an initial application date 1 January 2018. Under the transitional provisions of MFRS 9, the Group and the Company have elected not to restate the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised in opening retained earnings.

(a) Classification and measurement

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

Notes to the Financial Statements
For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

D. Financial Instruments (cont'd.)

(a) Classification and measurement (cont'd.)

The assessment of the Group's and the Company's business model were made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely consist of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group and the Company. The following are the changes in the classification of the Company's financial assets:

Trade receivables and other financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

The investments in securities and other investments previously classified as assets available for sale are now classified and measured as fair value to other comprehensive income.

(b) Impairment

MFRS 9 also replaces the loss model in MFRS 139 with a forward-looking expected credit loss ("ECL") model. Under MFRS 9, loss allowances will be measured on either 12-months ECLs or lifetime ECLs. The adoption of MFRS 9 does not have a significant impact to the Group and the Company.

2.3 Standard 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
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Venture (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

MFRS 16 Leases

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

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

IC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), unused tax losses, unused tax credits and tax rates.
- How an entity considered changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

(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 involvement with the investee; and

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement(s) with the other vote holders of the investee;

(ii) Rights arising from other contractual arrangements; and

(iii) The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

Business combinations

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 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 MFRS 9, it is measured in accordance with the appropriate MFRS.

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.

2.5 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.

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Notes to the Financial Statements
For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Transactions with non-controlling interests

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

2.7 Foreign currency

(a) Functional and presentation currency

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

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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 are 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.

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 residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in statement of comprehensive income.

Bearer plants comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop at the following rates which are deemed as the useful economic lives of the crop:

Pre-cropping expenditure - oil palm	over 20 years or 25 years

2.9 Biological assets

Biological assets comprised produce growing on bearer plants. Biological assets are classified as current assets for bearer plants that are expected to be harvested and sold or used for production on a date not more than 4 weeks after the reporting date.

Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss.

Notes to the Financial Statements
For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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 carried at cost less any accumulated amortisation and accumulated impairment losses.

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 properties are 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.

2.11 Goodwill

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Fair value measurement

The Group and the Company measure financial instruments, and non-financial assets 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.

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.

Notes to the Financial Statements
For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 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.

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.

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.

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) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.14 Financial assets (cont'd.)

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

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.

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the Financial Statements
For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Property development costs

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

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

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

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

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

2.17 Cash and cash equivalents

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

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.

Notes to the Financial Statements
For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Provisions

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

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

2.20 Financial liabilities

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

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

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

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

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.

Notes to the Financial Statements
For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Employee benefits

(a) Short term benefit

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

(b) Defined contribution plans

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

(c) Defined benefit plan

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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 Leases

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

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

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

2.24 Revenue

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

(i) Sale of goods

Revenue from sale of goods represents invoiced amount after allowing for sales discounts and returns. Revenue from sale of goods is recognised when the Group satisfies the performance obligation as per the sale contract.

(ii) Rendering of services

Revenue from services rendered is recognised net of service taxes and discounts as and when the Group satisfies the performance obligation as per the service contract.

(iii) Interest income and profit from Al Mudharabah

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

(iv) Dividend income

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

(v) Management fees

Management fees are recognised when services are rendered.

(vi) Rental income

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

(vii) Profit distribution from the Sublessees Scheme

Profit distribution from the Sublessees Scheme is recognised when the Group's and the Company's right to receive payment is established.

Notes to the Financial Statements
For the financial year ended 31 December 2018

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expenses

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

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

2.28 Intangible asset

Intangible asset of the Group represents the rights on the lands belonging to third parties. The cost of intangible asset is amortised over 30 years, being the useful life of the lands.

2.29 Contingencies

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

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

2.30 Related parties

(a) A person or a close member of that person's family is related to company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;

Notes to the Financial Statements
For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.30 Related parties (cont'd.)

(b) An entity is related to the Company if any of the following conditions applies:

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.31 Current and non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

2.32 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.33 Significant changes in regulatory requirements

Companies Act 2016 ("New Act")

Amongst the key changes introduced in the New Act which affected the financial statements of the Group and the Company upon the commencement of the New Act on 31 January 2017 are:

i) the removal of the authorised share capital;

ii) the ordinary shares of the Company will cease to have par or nominal value; and

iii) the removal of ninth schedule.

The adoption of the New Act has no financial impact on the Group and the Company for the current financial year ended 31 December 2018. The effects of adoption are mainly on the disclosures to the financial statements 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) Impairment of property, plant and equipment

Assets are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, a significant fall in market values, significant under performance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, and significant adverse industry or economic changes. Recoverable amounts of assets are based on management's estimates and assumptions of the net realisable value, cash flows arising from the future operating performance and revenue generating capacity of the assets and cash operating units, and future market conditions. Changes in circumstances may lead to changes in estimates and assumptions, and result in changes to the recoverable amounts of assets and impairment losses needed.

Notes to the Financial Statements
For the financial year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

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

(b) Provision for expected credit losses of trade receivables

The Group and the Company use a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for the customers.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(c) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate present value of those cash flows. Further details of the carrying value, key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 16.

4. REVENUE

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

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Sale of goods	**205,374**	296,957	**27,921**	33,622
Rendering of services	**198,687**	150,653	**-**	-
Dividend income from subsidiaries	**-**	-	**75,801**	55,000
Management fees from subsidiaries	**-**	-	**3,824**	13,759
Management fees from associate	**290**	-	**-**	-
Management fee from Terengganu Oil Palm Development - Sublessees Scheme	**347**	1,151	**-**	-
	404,698	448,761	**107,546**	102,381

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on:				
- term loans	**24,130**	21,602	**13,616**	13,406
- hire purchase and finance lease liabilities	**1,801**	334	**277**	-
	25,931	21,936	**13,893**	13,406

The total finance costs for the Group and the Company were RM52,892,000 (2017: RM62,423,000) and RM13,893,000 (2017: RM15,533,000) respectively. The Group capitalised interest costs amounting to RM26,961,000 (2017: RM40,487,000) into property, plant and equipment. The Company capitalised interest costs amounting to RM Nil (2017: RM2,127,000) into property, plant and equipment.

6. (LOSS)/PROFIT BEFORE TAX

The following items have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Auditors' remuneration:				
- statutory audits - Ernst & Young	**277**	277	**63**	63
- statutory audits - non Ernst & Young	**67**	69	**-**	-
- under provision of auditors' remuneration in previous year Ernst & Young	**-**	6	**-**	-
- other services - Ernst & Young	**129**	40	**129**	40
- under provision of other services in previous year Ernst & Young	**-**	57	**-**	57
Employee benefits expense (Note 7)	**78,361**	81,799	**6,631**	7,727
Non-executive directors' remuneration (Note 8)	**2,417**	2,254	**944**	941
Depreciation of property, plant and equipment (Note 12)	**77,513**	68,878	**5,273**	1,555
Amortisation of intangible asset (Note 14)	**858**	858	**858**	858
Amortisation of investment properties (Note 15)	**1,263**	326	**326**	326
Rental of premises	**2,896**	2,899	**975**	900
Rental of equipment	**85**	64	**31**	30
Rental of land	**1,132**	1,229	**144**	140
Rental of parking space	**87**	192	**65**	54
Loss/(gain) on disposal of property, plant and equipment	**5**	(1,200)	**-**	-
Inventories written off	**5,208**	9,386	**-**	-
Impairment of inventories	**1,664**	-	**-**	-
Property, plant and equipment written off (Note 12)	**-**	2,230	**-**	755
Impairment of property, plant and equipment (Note 12)	**39,635**	(11,025)	**-**	-
Impairment of goodwill (Note 16)	**-**	6,012	**-**	-

Notes to the Financial Statements
For the financial year ended 31 December 2018

6. (LOSS)/PROFIT BEFORE TAX (CONT'D.)

The following items have been included in arriving at (loss)/profit before tax: (cont'd.)

	Group		Company	
	2018 RM'000	**2017 RM'000 Restated**	**2018 RM'000**	**2017 RM'000 Restated**
Expected credit losses of trade receivables (Note 22(a))	**151**	3,287	**-**	-
Expected credit losses of other receivables (Note 22(b) and (d))	**3,878**	897	**422,790**	418
Reversal of expected credit losses of trade receivables (Note 22(a))	**(598)**	(30)	**-**	-
Fair value changes of amount due from plasma (Note 22(d))	**9,901**	-	**-**	-
Impairment loss on investments in subsidiaries (Note 17)	**-**	-	**44,351**	6,635
Realised loss on the foreign exchange of investment in fixed income securities	**28,097**	-	**28,097**	-
Unrealised loss on the foreign exchange of investment in fixed income securities	**-**	35,700	**-**	35,700
Unrealised gain on the foreign exchange of borrowings	**(450)**	-	**(450)**	-
Share of profits from estates payable to Lembaga Tabung Amanah Warisan Negeri Terengganu	**1,242**	2,029	**1,242**	2,029
Share of losses from estates to Majlis Agama Islam dan Adat Melayu Terengganu	**(441)**	(439)	**(441)**	(439)
Dividend income	**(2,139)**	(940)	**(75,801)**	(55,000)
Interest income	**(26,873)**	(30,410)	**(26,747)**	(30,213)
Profit from Al Mudharabah	**(9,007)**	(8,362)	**(981)**	(1,080)
Fair value adjustment on amount due to sublessess (Note 25 (d))	**(2,198)**	-	**-**	-
Fair value changes of biological assets (Note 13)	**1,959**	3,767	**-**	-
Rental income	**(1,224)**	(486)	**-**	-
Profit distribution from Terengganu Oil Palm Development - Sublessees Scheme	**(6,605)**	(24,674)	**(1,322)**	(5,032)
Management fees charged to subsidiaries	**-**	-	**(3,824)**	(13,759)

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Salaries, wages and allowances	**49,833**	46,542	**5,845**	7,099
Defined contribution benefits	**9,108**	9,074	**684**	683
Social security costs	**1,036**	909	**54**	50
Provision for/(reversal of) retirement benefit obligations (Note 29 (a))	**426**	223	**33**	(129)
(Reversal of)/provision for short term accumulating compensated absences	**(8)**	136	**15**	24
Other benefits	**17,966**	24,915	**-**	-
	78,361	81,799	**6,631**	7,727

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM206,000 (2017: RM1,067,000) and RM100,000 (2017: RM689,000) respectively as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Executive directors' remuneration (Note 7):				
Fees and other emoluments	**206**	1,067	**100**	689
	206	1,067	**100**	689
Non-executive directors' remuneration (Note 6):				
Fees and other emoluments	**2,417**	2,254	**944**	941
	2,417	2,254	**944**	941
Total directors' remuneration	**2,623**	3,321	**1,044**	1,630
Indemnity given to or insurance effected for directors	**25**	36	**5**	14
Estimated money value of benefits-in-kind	**36**	66	**-**	18
Total directors' remuneration including benefits-in-kind	**2,684**	3,423	**1,049**	1,662

Notes to the Financial Statements
For the financial year ended 31 December 2018

9. INCOME TAX EXPENSE/(BENEFIT)

	Group		Company	
	2018 RM'000	**2017 RM'000 Restated**	**2018 RM'000**	**2017 RM'000 Restated**
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	**3,666**	21,776	**211**	2,366
- Under/(over) provision of income tax in prior year	**65**	1,799	**(528)**	(141)
	3,731	23,575	**(317)**	2,225
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	**8,160**	2,108	**(328)**	(150)
(Over)/under provision in prior year	**(2,479)**	8,206	**(458)**	(3,698)
	5,681	10,314	**(786)**	(3,848)
Income tax expense/(benefit) recognised in profit or loss	**9,412**	33,889	**(1,103)**	(1,623)

Reconciliation between tax expense/(benefit) and accounting (loss)/profit

The reconciliation between tax expense/(benefit) and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 is as follows:

	2018 RM'000	**2017 RM'000 Restated**
Group		
Loss before tax	**(68,107)**	(14,502)
Taxation at Malaysian statutory rate of 24% (2017: 24%)	**(16,346)**	(3,480)
Adjustments:		
Income not subject to tax	**(25,489)**	(7,908)
Expenses not deductible for tax purposes	**51,949**	34,650
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**1,307**	(153)
Deferred tax assets not recognised during the year	**405**	775
Under provision of income tax in prior year	**65**	1,799
(Over)/under provision of deferred tax in prior year	**(2,479)**	8,206
Tax expense for the year	**9,412**	33,889
Company		
(Loss)/profit before tax	**(414,915)**	32,986
Adjustments:		
Taxation at Malaysian statutory rate of 24% (2017: 24%)	**(99,580)**	7,917
Income not subject to tax	**(24,611)**	(20,451)
Expenses not deductible for tax purposes	**124,074**	14,750
Over provision of income tax in prior year	**(528)**	(141)
Over provision of deferred tax in prior year	**(458)**	(3,698)
Tax benefit for the year	**(1,103)**	(1,623)

Domestic current income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profit/(loss) for the year.

Notes to the Financial Statements
For the financial year ended 31 December 2018

10. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing loss 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 loss and share data used in the computation of basic loss per share for the years ended 31 December:

	Group	
	2018 RM'000	**2017 RM'000 Restated**
Loss net of tax attributable to owners of the parent used in computation of basic loss per share	**(74,660)**	(43,740)
	2018 Number of ordinary shares '000	**2017 Number of ordinary shares '000**
Weighted average number of ordinary shares in issue for basic earnings per share computation	**1,668,196**	1,581,514
Basic loss per share (sen per share)	**(4.48)**	(2.77)

The Group 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 loss per share.

11. DIVIDENDS

	Group and Company				
	|---------Dividends in respect---------| of year			|------Dividends------| recognised in year	
	2018 RM'000	**2017 RM'000**	**2016 RM'000**	**2018 RM'000**	**2017 RM'000**
Recognised in prior year					
First and final dividend in respect of the financial year ended 31 December 2016 of 0.5 sen dividend per share, tax exempt under the single-tier system on 1,505,462,380 ordinary shares proposed on 5 April 2017, approved on 25 May 2017 and paid on 2 August 2017.	**-**	-	7,527	**-**	7,527
Recognised during the year					
First and final dividend in respect of the financial year ended 31 December 2017 of 0.5 sen dividend per share, tax exempt under the single-tier system on 1,657,877,501 ordinary shares proposed on 27 March 2018, approved on 24 May 2018 and paid on 14 August 2018.	**-**	8,290	-	**8,290**	-
	-	8,290	7,527	**8,290**	7,527

There were no dividend proposed by the Company during financial year ended 31 December 2018.

Notes to the Financial Statements
For the financial year ended 31 December 2018

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000 Restated	Leasehold land RM'000 Restated	Buildings RM'000 Restated	Bearer plants RM'000 Restated	Plant, machinery, equipment, vehicles and renovation RM'000 Restated	Assets under construction RM'000 Restated	Total RM'000 Restated
Cost							
At 1 January 2017	17,183	618,964	206,856	584,371	374,746	288,454	2,090,574
Additions	-	1,075	9,066	51,442	9,719	36,212	107,514
Disposals	-	-	(2,700)	-	(63)	-	(2,763)
Transfers	-	-	10,081	-	24,716	(34,797)	-
Reclassifications	(9,983)	(27,657)	(10,267)	-	47,907	-	-
Write offs	-	(672)	(313)	(299)	(1,874)	(1,502)	(4,660)
Exchange differences	-	(6,374)	(278)	(20,722)	(4,180)	(10,684)	(42,238)
At 31 December 2017 and 1 January 2018	7,200	585,336	212,445	614,792	450,971	277,683	2,148,427
Additions	-	946	10,791	18,632	10,700	7,496	48,565
Disposals	-	-	-	-	(418)	-	(418)
Transfers	-	-	152,335	-	69,664	(221,999)	-
Transfer to investment properties (Note 15)	-	-	(4,849)	-	-	-	(4,849)
Transfer to amount due from Plasma (Note 22(d))	-	-	-	(15,782)	-	-	(15,782)
Transfer from lease liability (Note 31)	-	205,134	-	-	-	-	205,134
Exchange differences	-	(2,395)	(138)	(10,901)	(6,738)	4,873	(15,299)
At 31 December 2018	**7,200**	**789,021**	**370,584**	**606,741**	**524,179**	**68,053**	**2,365,778**

Notes to the Financial Statements
For the financial year ended 31 December 2018

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000 Restated	Leasehold land RM'000 Restated	Buildings RM'000 Restated	Bearer plants RM'000 Restated	Plant, machinery, equipment, vehicles and renovation RM'000 Restated	Assets under construction RM'000 Restated	Total RM'000 Restated
Cost							
Accumulated depreciation and impairment loss							
At 1 January 2017	-	31,693	42,044	250,613	169,208	42,225	535,783
Depreciation charge for the year (Note 6)	-	8,911	6,364	24,355	29,248	-	68,878
Impairment (Note 6)	-	11,025	-	-	-	-	11,025
Write offs	-	(259)	(313)	-	(1,858)	-	(2,430)
Exchange differences	-	-	(93)	-	(2,166)	-	(2,259)
At 31 December 2017 and 1 January 2018	-	51,370	48,002	274,968	194,432	42,225	610,997
Depreciation charge for the year (Note 6)	-	15,000	9,334	24,215	28,964	-	77,513
Impairment (Note 6)	-	185	245	33,990	5,215	-	39,635
Disposals	-	-	-	-	(41)	-	(41)
Transfer to investment properties (Note 15)	-	-	(937)	-	-	-	(937)
Reclassifications	-	-	-	-	(18,890)	18,890	-
Exchange differences	-	-	(69)	(893)	(1,241)	-	(2,203)
At 31 December 2018	-	66,555	56,575	332,280	208,439	61,115	724,964
Net carrying amount							
At 31 December 2017	7,200	533,966	164,443	339,824	256,539	235,458	1,537,430
At 31 December 2018	**7,200**	**722,466**	**314,009**	**274,461**	**315,740**	**6,938**	**1,640,814**

Notes to the Financial Statements
For the financial year ended 31 December 2018

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Leasehold land RM'000 Restated	Equipment and vehicles RM'000 Restated	Building RM'000 Restated	Renovation RM'000 Restated	Assets under construction RM'000 Restated	Total RM'000 Restated
Company						
Cost						
At 1 January 2017	39,036	8,404	-	4,970	140,584	192,994
Additions	-	833	-	90	12,397	13,320
Write offs	-	(3)	-	-	(754)	(757)
At 31 December 2017 and 1 January 2018	39,036	9,234	-	5,060	152,227	205,557
Additions	-	174	10,090	-	-	10,264
Transfers	-	-	151,704	-	(151,704)	-
At 31 December 2018	**39,036**	**9,408**	**161,794**	**5,060**	**523**	**215,821**
Accumulated depreciation						
At 1 January 2017	2,930	6,952	-	2,643	523	13,048
Depreciation charge for the year (Note 6)	467	632	-	456	-	1,555
Write offs	-	(2)	-	-	-	(2)
At 31 December 2017 and 1 January 2018	3,397	7,582	-	3,099	523	14,601
Depreciation charge for the year (Note 6)	1,483	575	2,966	249	-	5,273
At 31 December 2018	**4,880**	**8,157**	**2,966**	**3,348**	**523**	**19,874**
Net carrying amount						
At 31 December 2017	35,639	1,652	-	1,961	151,704	190,956
At 31 December 2018	**34,156**	**1,251**	**158,828**	**1,712**	**-**	**195,947**

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM4,011,000 (2017: RM1,053,000) and RMNil (2017: RM505,000) by means of hire purchase and finance leases respectively. The cash outflow on acquisition of property, plant and equipment of the Group and of the Company amounted to RM44,554,000 (2017: RM106,461,000) and RM10,264,000 (2017: RM12,815,000) which included the capitalised interest costs amounting to RM26,961,000 (2017: RM40,487,000) and RMNil (2017: RM2,127,000) respectively.

Net carrying amounts of property, plant and equipment held under hire purchase and finance leases are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Machinery, equipment and vehicles	**14,058**	17,648	**441**	563

(b) In addition to assets held under finance leases, the Group's assets with a carrying amount of RM125,609,000 (2017: RM130,914,000) are mortgaged to secure the Group's bank loans (Note 24).

(c) The Group's and the Company's property, plant and equipment include borrowing cost arising from bank loan borrowed specifically for the purpose of the improvements and construction of both hospital buildings and a mill and financing the oil palm development expenditure. During the financial year, the borrowing cost capitalised as cost of property, plant and equipment for the Group and the Company amounted to RM26,961,000 (2017: RM40,487,000) and RMNil (2017: RM2,127,000) respectively.

(d) Impairment of leasehold land of the Group arose from valuation performed by independent professional valuers which resulted in the carrying amount being written down by RM11,025,000 in prior year.

(e) Impairment of assets of the Group arose from valuation performed by independent professional valuers which resulted in the carrying amount being written down by RM39,635,000 during the financial year.

13. BIOLOGICAL ASSETS

	Group	
	2018 RM'000	**2017 RM'000 Restated**
Biological assets as at 31 December	**3,041**	5,000

The biological assets of the Group comprise of oil palm fresh fruit bunches ("FFB") prior to harvest. The valuation model to be adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB.

To arrive at the fair value of FFB, the management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generated from FFB prior to more than 4 weeks to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to 4 weeks prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 49% for FFB that are 3 to 4 weeks prior to harvest and 83% for FFB that are 1 to 2 weeks prior to harvest, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from tests. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flow to be generated.

Notes to the Financial Statements
For the financial year ended 31 December 2018

13. BIOLOGICAL ASSETS (CONT'D.)

The change in fair value of the biological assets in each accounting period is recognised in profit or loss.

The Group's biological assets were fair valued within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

The key assumptions used to determine the fair value are as follows:

	2018	2017
Oil palms		
Area (Ha)	**27,810**	28,051
Average CPO selling price (RM/MT)	**1,849**	2,367
Average FFB cost (RM/MT)	**449**	403

14. INTANGIBLE ASSET

	Group and Company	
	2018 RM'000	**2017 RM'000**
At 1 January	**7,179**	7,463
Adjustment	**-**	574
Amortisation (Note 6)	**(858)**	(858)
At 31 December	**6,321**	7,179

15. INVESTMENT PROPERTIES

	Group	
	2018 RM'000	**2017 RM'000 Restated**
Cost		
At 1 January	**11,400**	11,000
Revaluation surplus deemed as cost	**-**	400
Transfer from property, plant and equipment (Note 12)	**4,849**	-
At 31 December	**16,249**	11,400
Accumulated amortisation		
At 1 January	**(4,769)**	(4,443)
Amortisation (Note 6)	**(326)**	(326)
Transfer from property, plant and equipment (Note 12)	**(937)**	-
At 31 December	**(6,032)**	(4,769)
Net carrying amount		
At 31 December	**10,217**	6,631

15. INVESTMENT PROPERTIES (CONT'D.)

	Company	
	2018	**2017**
	RM'000	**RM'000**
		Restated
Cost		
At 1 January	**11,400**	11,000
Revaluation surplus deemed as cost	**-**	400
At 31 December	**11,400**	11,400
Accumulated amortisation		
At 1 January	**(4,769)**	(4,443)
Amortisation (Note 6)	**(326)**	(326)
At 31 December	**(5,095)**	(4,769)
Net carrying amount		
At 31 December	**6,305**	6,631

The directors have estimated the fair value of investment properties of the Group and of the Company as at 31 December 2018 to be RM15,415,000 and RM12,000,000 respectively. The fair value have been determined by valuation performed by Raine & Horne, independent professional valuer by reference to market evidence of transaction prices of similar properties.

16. GOODWILL

	Group	
	2018	**2017**
	RM'000	**RM'000**
At 1 January	**991**	7,003
Impairment (Note 6)	**-**	(6,012)
At 31 December	**991**	991

Impairment testing of goodwill
Goodwill arising from business combinations has been allocated to an individual cash-generating units ("CGU") for impairment testing which is nil (2017: two) of the hospitals within the healthcare sector.

The carrying amount of goodwill allocated to the CGU is as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Healthcare	**991**	991

The recoverable amount of the CGU has been determined based on fair value less costs to sell of the hospital's assets. The fair value of the freehold land, building and hospital equipment are derived from an independent valuer, Raine & Horne's report dated 31 December 2018.

Notes to the Financial Statements
For the financial year ended 31 December 2018

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
Unquoted shares at cost:		
- in Malaysia	**236,736**	236,736
- outside Malaysia	**50,986**	50,986
	287,722	287,722
Less: Accumulated impairment losses - unquoted shares	**(63,456)**	(19,105)
	224,266	268,617

In the previous financial year, the impairment of the investments in subsidiaries of the Company arose from the subsidiaries incorporated in Indonesia as these subsidiaries have not started operations, which resulted in the carrying amount being written down by RM6,635,000.

Impairment of investments in subsidiaries of the Company arose from a subsidiary incorporated in Indonesia as this subsidiary has delayed progress on operations, which resulted in the carrying amount being written down by RM44,351,000 during the financial year.

Details of the subsidiaries are as follows:

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2018 %	2017 %
TDM Plantation Sdn. Bhd.	Malaysia	Management of oil palm plantation, processing and trading of palm oil and related products.	**100**	100
Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.	Malaysia	Cultivation of oil palms, trading of palm oil and other related products.	**100**	100
TDM Trading Sdn. Bhd.	Malaysia	Trading of crude palm oil and other related products.	**100**	100
TDM Capital Sdn. Bhd.	Malaysia	Investment holding, trading, cultivation of oil palms and other related products.	**100**	100
Kumpulan Medic Iman Sdn. Bhd.	Malaysia	Investment holding and provision of consultancy and management services to specialist medical centres.	**99.28**	99.28
PT Rafi Kamajaya Abadi *@	Indonesia	Cultivation of oil palms, trading of palm oil and other related products.	**93.75**	93.75

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2018 %	2017 %
PT Sawit Rezki Abadi *@	Indonesia	Cultivation of oil palms, trading of palm oil and other related products.	**95**	95
PT Rafi Sawit Lestari *	Indonesia	Dormant.	**95**	95
Kumpulan Mediiman Sdn. Bhd.	Malaysia	Dormant.	**90.49**	90.49
Indah Sari Travel & Tours Sdn. Bhd.	Malaysia	Dormant.	**70**	70
TD Gabongan Sdn. Bhd.	Malaysia	Dormant.	**51**	51
Held by Kumpulan Medic Iman Sdn. Bhd.				
Kuantan Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	**92.33**	92.33
Kelana Jaya Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	**99.29**	99.29
Kuala Terengganu Specialist Hospital Sdn. Bhd.	Malaysia	Specialist medical centre.	**100**	100
TDMC Hospital Sdn. Bhd.	Malaysia	Specialist medical centre.	**100**	100

* Audited by firms of auditors other than Ernst & Young.

@ A subsidiary with auditors' report that draws reference to the going concern assumptions. The auditors' report is not qualified.

(a) Summarised financial information of PT Rafi Kamajaya Abadi ("RKA"), Kuantan Medical Centre Sdn. Bhd. ("KMC"), Kumpulan Mediiman Sdn. Bhd. ("KMI") and TD Gabongan Sdn. Bhd. ("TDG") which have 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 Medic Iman Sdn. Bhd., Kelana Jaya Medical Centre Sdn. Bhd., PT Rafi Sawit Lestari, PT Sawit Rezki Abadi and Indah Sari Travel & Tours Sdn. Bhd. are not material to the Group.

Notes to the Financial Statements
For the financial year ended 31 December 2018

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(i) Summarised statements of financial position

	2018				2017			
	RKA RM'000	KMC RM'000	KMI RM'000	TDG RM'000	RKA RM'000	KMC RM'000	KMI RM'000	TDG RM'000
Non-current assets	**357,673**	**125,602**	**499**	**-**	413,772	125,263	499	-
Current assets	**84,436**	**41,156**	**271**	**2,880**	67,928	38,742	276	2,889
Total assets	**442,109**	**166,758**	**770**	**2,880**	481,700	164,005	775	2,889
Current liabilities	**745,547**	**30,599**	**168**	**2**	441,210	30,451	188	2
Non-current liabilities	**4,604**	**61,198**	**-**	**-**	316,695	63,184	-	-
Total liabilities	**750,151**	**91,797**	**168**	**2**	757,905	93,635	188	2
Net (liabilities)/assets	**(308,042)**	**74,961**	**602**	**2,878**	(276,205)	70,370	587	2,887
Equity attributable to owners of the parent	**(288,789)**	**69,211**	**545**	**1,468**	(258,942)	64,973	531	1,472
Non-controlling interests	**(19,253)**	**5,750**	**57**	**1,410**	(17,263)	5,397	56	1,415

(ii) Summarised statements of comprehensive income

	2018				2017			
	RKA RM'000	KMC RM'000	KMI RM'000	TDG RM'000	RKA RM'000	KMC RM'000	KMI RM'000	TDG RM'000
Revenue	**117**	**123,897**	**28**	**-**	228	116,034	-	-
(Loss)/profit for the year	**(51,587)**	**5,046**	**14**	**(9)**	(74,497)	1,139	228	7
(Loss)/profit attributable to owners of the parent	**(48,363)**	**4,659**	**13**	**(9)**	(69,841)	1,052	206	4
(Loss)/profit attributable to non-controlling interests	**(3,224)**	**387**	**1**	**-**	(4,656)	87	22	3
Total comprehensive (loss)/income	**(51,587)**	**5,046**	**14**	**(9)**	(74,497)	1,139	228	7
Total comprehensive (loss)/income attributable to owners of the parent	**(48,363)**	**4,659**	**13**	**(9)**	(69,841)	1,052	206	4
Total comprehensive (loss)/income attributable to the non-controlling interests	**(3,224)**	**387**	**1**	**-**	(4,656)	87	22	3
	(51,587)	**5,046**	**14**	**(9)**	(74,497)	1,139	228	7

Notes to the Financial Statements
For the financial year ended 31 December 2018

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(iii) Summarised statements of cash flows

	2018				2017			
	RKA RM'000	KMC RM'000	KMI RM'000	TDG RM'000	RKA RM'000	KMC RM'000	KMI RM'000	TDG RM'000
Net cash from/(used in) operating activities	**2,305**	**19,598**	**(5)**	**-**	(38,136)	10,544	-	19
Net cash (used in)/from investing activities	**(2,311)**	**(6,578)**	**-**	**-**	37,448	(1,845)	-	44
Net cash used in financing activities	**-**	**(7,341)**	**-**	**-**	-	(8,693)	-	-
Net (decrease)/increase in cash and cash equivalents	**(6)**	**5,679**	**(5)**	**-**	(688)	6	-	63
Cash and cash equivalents at 1 January	**505**	**8,937**	**12**	**462**	1,193	8,931	12	399
Cash and cash equivalents at 31 December	**499**	**14,616**	**7**	**462**	505	8,937	12	462

Notes to the Financial Statements
For the financial year ended 31 December 2018

18. OTHER INVESTMENTS

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Fair value to other comprehensive income ("FVOCI")				
Unquoted shares, at fair value				
Within Malaysia - shares	**4,700**	9,745	**-**	4,770
Adoption of MFRS 9	**43,384**	-	**-**	-
	48,084	9,745	**-**	4,770
Fair value recognised in other comprehensive income (Note 27)	**(25,790)**	-	**-**	-
Less: Accumulated impairment losses	**-**	(5,045)	**-**	(4,770)
	22,294	4,700	**-**	-
Investment in fixed income securities, outside Malaysia (Note 22(c))	**-**	315,000	**-**	315,000
Total other investments	**22,294**	319,700	**-**	315,000

(a) Investment in unquoted shares

The amount is related to the investment in unquoted shares, Ladang Rakyat Trengganu Sdn. Bhd. The investment previously classified as assets available for sale are now classified and measured as fair value to other comprehensive income.

The investment is valued using valuation model of market multiples method which uses both observable and non-observable data. The non-abservable inputs to the model includes assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

Sensitivity analysis

A 10% increase/decrease in the marketability discount would result in the following to the fair value of the investment:

	2018 RM	**2017 RM**
10% increase	**2,229**	-
10% decrease	**(2,229)**	-

(b) Investment in fixed income securities

The investment in fixed income securities represents an investment that was issued by an international financial institution, Oversea-Chinese Banking Corporation Limited, Singapore.

The investment in fixed income securities has an interest rate of 10.295% per annum for the first 3 years and 10% per annum after 3 years. It matures twelve years from the issuance date of the first transaction of Indonesian Rupiah 70,000,000,000. The investment will mature in 2025. On 16 October 2018, the Company has made early redemption of the investment in fixed income securities.

Notes to the Financial Statements
For the financial year ended 31 December 2018

19. INVESTMENTS IN SECURITIES

	2018		2017	
	Carrying amount RM'000	Market value of quoted investments RM'000	Carrying amount RM'000	Market value of quoted investments RM'000
Group				
Non-current				
Fair value to other comprehensive income ("FVOCI")				
-Equity instruments (quoted in Malaysia)	**44**	**44**	48	48

20. PROPERTY DEVELOPMENT COSTS

	Group	
	2018 RM'000	2017 RM'000
Property development, at cost	**1,583**	1,583
Less: Provision for foreseeable losses	**(1,583)**	(1,583)
	-	-

21. INVENTORIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At Cost				
Produced inventories	**8,731**	9,636	**646**	1,544
Pharmaceutical products	**2,858**	1,232	**-**	-
Consumables	**1,001**	2,345	**-**	-
Spare parts, equipment and store	**7,384**	5,144	**-**	-
	19,974	18,357	**646**	1,544
At Net Realisable Value				
Seedlings	**8,047**	14,923	**-**	-
	28,021	33,280	**646**	1,544

During the year, the amounts of inventories recognised as an expense in cost of sales of the Group and of the Company were RM156,924,000 (2017: RM138,105,000) and RM15,148,000 (2017: RM14,003,000) respectively.

During the year, the amount of inventories written off at the Group level was RM5,208,000 (2017: RM9,386,000). During the year, the amount of impairment of inventories at Group level was RM1,664,000 (2017: RMNil).

Notes to the Financial Statements
For the financial year ended 31 December 2018

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current				
Trade receivables				
Third parties	**52,265**	61,804	**-**	-
Less: Allowance for impairment Third parties	**(10,090)**	(10,537)	**-**	-
Trade receivables,net	**42,175**	51,267	**-**	-
Other receivables				
Due from subsidiaries	**-**	-	**781,719**	369,479
Sundry receivables	**63,042**	35,708	**42,194**	23,356
	63,042	35,708	**823,913**	392,835
Less: Allowance for impairment				
Sundry receivables	**(11,716)**	(11,596)	**(7,087)**	(7,087)
Subsidiaries	**-**	-	**(424,656)**	(1,866)
	(11,716)	(11,596)	**(431,743)**	(8,953)
Other receivables,net	**51,326**	24,112	**392,170**	383,882
Total trade and other receivables (current)	**93,501**	75,379	**392,170**	383,882
Non-current				
Other receivables				
Interest receivable (Note 22(c))	**-**	63,234	**-**	63,234
Amount due from Plasma (Note 22(d))	**65,880**	46,670	**-**	-
Total other receivables (non-current)	**65,880**	109,904	**-**	63,234
Total trade and other receivables (current and non-current)	**159,381**	185,283	**392,170**	447,116
Add: Investment in fixed income securities (Note 18)	**-**	315,000	**-**	315,000
Add: Cash and bank balances (Note 23)	**75,405**	108,217	**33,990**	33,315
Total financial assets carried at amortised cost	**234,786**	608,500	**426,160**	795,431

22. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2017: 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	
	2018 RM'000	**2017 RM'000 Restated**
Neither past due nor impaired	**30,860**	28,351
1 to 30 days past due not impaired	**5,177**	9,397
31 to 60 days past due not impaired	**2,475**	5,295
61 to 90 days past due not impaired	**3,663**	8,224
	11,315	22,916
Impaired	**10,090**	10,537
	52,265	61,804

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 RM11,315,000 (2017: RM22,916,000) that are past due at the reporting date but not impaired.

Based on past experience and no adverse information to date, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Notes to the Financial Statements
For the financial year ended 31 December 2018

22. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

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	
	2018	**2017**
	RM'000	**RM'000**
		Restated
Trade receivables-nominal amounts	**10,090**	10,537
Less: Allowance for expected credit losses	**(10,090)**	(10,537)
	-	-

Movement in allowance accounts:

	Group	
	2018	**2017**
	RM'000	**RM'000**
		Restated
At 1 January	**10,537**	7,280
Provision for expected credit losses (Note 6)	**151**	3,287
Reversal for the year (Note 6)	**(598)**	(30)
At 31 December	**10,090**	10,537

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.

22. TRADE AND OTHER RECEIVABLES (CONT'D.)

(b) Other receivables

Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

Other receivables that are impaired

At the reporting date, the Group and the Company have provided an allowance of RM11,716,000 (2017: RM11,596,000) and RM431,743,000 (2017: RM8,953,000) respectively for impairment of other receivables.

During the financial year, the Company advanced an additional RM394,316,000 to its subsidiary in Indonesia, PT Rafi Kamajaya Abadi in order to retire the IDR Notes held by PT Rafi Kamajaya Abadi. The directors have measured the expected credit loss ("ECL") relating to the amount due from PT Rafi Kamajaya Abadi based on the subsidiary's expected future cash flows and as a result of the assessment, the carrying value of the amount due from PT Rafi Kamajaya Abadi was written down by RM422,790,000 (2017: RMNil).

The movements of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000 Restated**	**2018 RM'000**	**2017 RM'000**
At 1 January	**11,596**	10,699	**8,953**	8,535
Provision for expected credit losses (Note 6)	**120**	897	**422,790**	418
At 31 December	**11,716**	11,596	**431,743**	8,953

(c) Interest receivable

In prior year, the amount was related to the interest receivable from investment in fixed income securities as disclosed in Note 18.

(d) Amount due from Plasma

	Group	
	2018 RM'000	**2017 RM'000**
Non-current		
Land cost	**8,836**	9,280
Building and materials	**465**	489
Development costs	**47,534**	20,806
Interest	**20,664**	14,437
Management fee	**1,000**	1,026
Others	**1,040**	632
Total	**79,539**	46,670
Less: Provision for impairment (Note 6)	**(3,758)**	-
Fair value changes (Note 6)	**(9,901)**	-
	65,880	46,670

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.

Notes to the Financial Statements
For the financial year ended 31 December 2018

22. TRADE AND OTHER RECEIVABLES (CONT'D.)

(d) Amount due from Plasma (cont'd.)

The development costs as at 31 December 2018 included transfer of bearer plants owned by Plasma amounting to RM15,782,000 from property, plant and equipment (Note 12).

The carrying amount of amount due from Plasma is reasonable approximation of fair value. The fair value of non-current amount due from Plasma have been determined based on value in use calculation and is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending at the reporting date.

	2018	2017
Growth rate	**0.00%**	-
Pre-tax discount rate	**10.00%**	-

The calculation of value in use is most sensitive to the following assumptions:

Growth rate - The growth rate used is after considering the expected long term inflation and economic growth rate of the country as well as the riskiness of the prospective financial information, the growth rate of 0% used by management appears reasonable.

Pre-tax discount rate - The discount rate is pre-tax and reflect specific risks relating to the relevant activities.

Sensitivity to changes in assumptions
Management believes that no reasonable possible changes in any of the above key assumptions would impact the fair value.

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash at banks and in hand	**24,273**	12,890	**336**	639
Deposits with licensed banks	**51,132**	95,327	**33,654**	32,676
Cash and bank balances	**75,405**	108,217	**33,990**	33,315

Cash at banks earns interest at floating rates based on daily bank deposits rates. Deposits are made for varying periods of between one day to 365 days (2017: 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 2018 of the Group and of the Company were 3.22% (2017: 3.35%) and 4.13% (2017 : 4.11%) per annum respectively.

Notes to the Financial Statements
For the financial year ended 31 December 2018

23. CASH AND CASH EQUIVALENTS (CONT'D.)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Cash and bank balances	**75,405**	108,217	**33,990**	33,315
Less: Deposits pledged for bank guarantee facility and Finance Service Reserve Account (Note 24)	**(34,237)**	(33,236)	**(33,648)**	(32,671)
Less: Deposits with maturity period more than 3 months	**(2,190)**	(1,857)	**(5)**	(5)
Cash and cash equivalents	**38,978**	73,124	**337**	639

24. LOANS AND BORROWINGS

		Group		Company	
	Maturity	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Current					
Secured					
Obligations under hire purchase and finance leases (Note 33 (b))	2019	**179**	3,092	**109**	109
Bank loans:					
- Business Financing-i at Base Financing Rate -1.0% per annum	2019	**989**	391	**-**	-
- Business Financing-i at Base Financing Rate -2.0% per annum	2019	**1,246**	1,224	**-**	-
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	2019	**22,084**	26,202	**22,084**	20,792
- Term Financing-i at Cost of Fund +1.0% per annum	2019	**17,150**	3,183	**-**	-
- Muamalat Term Financing-i at 1.5% per annum above 3 months Cost of Fund	2019	**1,508**	-	**-**	-
Unsecured					
Bank loan:					
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	2019	**15,000**	7,500	**15,000**	7,500
		58,156	41,592	**37,193**	28,401

Notes to the Financial Statements
For the financial year ended 31 December 2018

24. LOANS AND BORROWINGS (CONT'D.)

		Group		Company	
	Maturity	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current					
Secured					
Obligations under hire purchase and finance leases (Note 33 (b))	2020-2021	**6,208**	3,137	**385**	385
Bank loans:					
- Business Financing-i at Base Financing Rate -1.0% per annum	2020-2025	**5,901**	6,009	**-**	-
- Business Financing-i at Base Financing Rate -2.0% per annum	2020	**1,795**	2,988	**-**	-
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	2020-2030	**242,119**	265,495	**178,751**	207,786
- Term Financing-i at Cost of Fund +1.0% per annum	2020-2030	**22,829**	23,567	**-**	-
- Commodity Murabahah Term Financing at Cost of Fund +1.25% per annum	2020-2026	**87,915**	75,000	**-**	-
- Muamalat Term Financing-i at 1.5% per annum above 3 months Cost of Fund	2020-2026	**4,881**	7,071	**-**	-
Bank overdraft:					
- Cash Line-i at Base Financing Rate +0.0% per annum	2020	**14,299**	16,144	**14,299**	16,144
Unsecured					
Bank loan:					
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	2020-2025	**41,982**	35,000	**41,982**	35,000
Indonesian Rupiah Notes Programme	2025	**-**	315,000	**-**	-
		427,929	749,411	**235,417**	259,315
Total loans and borrowings		**486,085**	791,003	**272,610**	287,716

24. LOANS AND BORROWINGS (CONT'D.)

The remaining maturities of the loans and borrowings as at year end are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
On demand or within one year	**58,156**	41,592	**37,193**	28,401
More than 1 year and less than 2 years	**46,219**	38,737	**14,408**	16,253
More than 2 years and less than 5 years	**87,748**	57,674	**276**	276
5 years and more	**293,962**	653,000	**220,733**	242,786
	486,085	791,003	**272,610**	287,716

Business Financing-i at Base Financing Rate -1.0% per annum

The facility is secured by way of a first party first legal charge over a leasehold land and building known as Kelana Jaya Medical Centre Sdn. Bhd. bearing postal address of FAS Business Avenue, No.1, Jalan Perbandaran, 47301 Kelana Jaya, Petaling Jaya, Selangor and held under H.S (D) 259689, PT No. 14532 Mukim of Damansara, Daerah Petaling, State of Selangor.

The facility is repayable over 120 months. The grace period is 6 months from the first drawdown.

The subsidiary has deposited 3 months security equivalent to the instalment amount held on lien in the form of Term Deposit Tawaruq-i account.

Business Financing-i at Base Financing Rate -2.0% per annum

The facilitiy is secured by way of first party first legal charge and first party second legal charge over a freehold land and a hospital building belonging to TDMC Hospital Sdn. Bhd. 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 (2017: RM225,261) into the FSRA. Upon maturity, the credit balance in the FSRA shall be used for settlement of the final instalment payment.

The loan is repayable within 7 years from November 2013 to February 2022 commencing one month from the date of first disbursement.

Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum

(i) Fresh first party first legal charge for RM80,000,000 over a piece of commercial land with a hospital building belonging to Kuantan Medical Centre Sdn. Bhd. 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 over land and building to be erected on GM569 - 575, Lot 3046 - 3052, Mukim Batu Buruk, 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. During the grace period, interest payments are to be serviced monthly and are subject to yearly review.

Notes to the Financial Statements
For the financial year ended 31 December 2018

24. LOANS AND BORROWINGS (CONT'D.)

Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum (cont'd.)

(iii) Fresh first party second legal charge over land and building of the Company to be erected on HSD 9357, Lot PT 2407, Mukim Batu Buruk, District of Kuala Terengganu, Terengganu, Terengganu Darul Iman. The facility is repayable over 120 months with a monthly payment of RM944,880.

(iv) Fresh first party fourth legal charge over land and building to be erected on HSD 9357, Lot PT 2407, Mukim Batu Buruk, District of Kuala Terengganu, Terengganu, Terengganu Darul Iman. The facility is repayable over 120 months with a monthly payment of RM1,039,190.

To open General Investment Account ("GIA") equivalent to 30% of the amount to be released is to be emplaced as and when disbursed. In total, GIA will equivalent to RM30,000,000.

Term Financing-i at Cost of Fund +1.0% per annum

The term loan facility is secured by specific debenture over the equipment and machinery in relation to the capital expenditure items on a TDM Plantation Sdn. Bhd.'s existing palm oil mills in Kemaman and Sungai Tong, Terengganu. The facility is repayable over 120 months. The grace period is 18 months from the first drawdown on 28 September 2015. During the grace period, interest payments are to be serviced monthly and are subject to yearly review.

Cash Line-i at Base Financing Rate +0.0% per annum

Fresh first party third legal charge over property held of the Company under HSD 9357, Lot PT 2407, Mukim Batu Buruk, District of Kuala Terengganu, Terengganu, Terengganu Darul Iman. The facility is repayable over 60 months with a profit portion shall be realised on a monthly basis on the Effective Profit Rate and the principal portion payable by bullet payment until all amounts of the Facility are fully paid within the Facility Tenure.

Commodity Murabahah Term Financing-i at Cost of Fund +1.25% per annum

The term loan facility is secured by specific debenture over the plantation land held under H.S.(D) 1779, PT. No: PT 1666, Mukim Tebak, District of Kemaman. The facility is repayable over 120 months. The grace period is 48 months from the first drawdown on 21 July 2016. During the grace period, interest payments are to be serviced monthly and are subject to yearly review.

Muamalat Term Financing-i at 1.5% per annum above 3 months Cost of Fund

These obligations is secured by specific debenture over the equipment or machines to be financed. The facility is repayable with a maximum period of 8 years, including 30 months of grace profit period, commencing from the date of first disbursement of the facility. During the grace period, interest payment is to be serviced monthly and subject to yearly review.

Revolving Credit Facility-i at Cost of Fund +1.0% per annum

The unsecured Revolving Credit Facility-i at Cost of Fund +1.0% per annum to part finance general requirement for the development and maintenance cost for oil palm plantation activities in Indonesia and Malaysia. Payment in the form of annual limit reduction, commencing on the 25th month from Facility 1st disbursement as scheduled.

Indonesian Rupiah Notes Programme ("IDR Notes")

The unsecured Indonesian Rupiah Notes Programme ("IDR Notes") bears a fixed interest rate of 12% per annum and matures twelve years from the issuance date of the first IDR Notes in 2013. The IDR Notes have been fully settled during the year.

24. LOANS AND BORROWINGS (CONT'D.)

Changes in liabilities arising from financing activities

Group	At 1 January 2018 RM'000	Net addition/ (repayment) RM'000	Foreign exchange movement RM'000	At 31 December 2018 RM'000
Obligations under hire purchase and finance leases	6,229	158	-	6,387
Bank loans:				
- Business Financing-i at Base Financing Rate -1.0% per annum	6,400	1,998	-	8,398
- Business Financing-i at Base Financing Rate -2.0% per annum	4,212	(1,171)	-	3,041
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	291,697	(27,494)	-	264,203
- Term Financing-i at Cost of Fund +1.0% per annum	26,750	13,229	-	39,979
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	42,500	14,482	-	56,982
- Commodity Murabahah Term Financing at Cost of Fund +1.25% per annum	75,000	12,915	-	87,915
- Muamalat Term Financing-i at 1.5% per annum above 3 months Cost of Fund	7,071	(2,190)	-	4,881
Bank overdraft:				
- Cash Line-i at Base Financing Rate +0.0% per annum	16,144	(1,845)	-	14,299
Indonesian Rupiah Notes Programme	315,000	(286,903)	(28,097)	-
	791,003	(276,821)	(28,097)	486,085
Company				
Obligations under hire purchase and finance leases	494	-	-	494
Bank loans:				
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	228,578	(27,743)	-	200,835
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	42,500	14,482	-	56,982
Bank overdraft:				
- Cash Line-i at Base Financing Rate +0.0% per annum	16,144	(1,845)	-	14,299
	287,716	(15,106)	-	272,610

Notes to the Financial Statements
For the financial year ended 31 December 2018

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current				
Trade payables				
Third parties	**77,400**	57,425	**69**	69
Due to Sublessees	**31,276**	59,886	**-**	-
	108,676	117,311	**69**	69
Other payables				
Due to subsidiaries	**-**	-	**284,375**	260,285
Sundry payables	**8,820**	11,493	**4,200**	6,484
Accruals	**22,824**	43,892	**5,129**	3,834
	31,644	55,385	**293,704**	270,603
Total trade payables and other payables	**140,320**	172,696	**293,773**	270,672
Non-current				
Trade payable				
Due to Sublessees	**26,411**	-	**-**	-
Other payable				
Interest payable	**-**	87,710	**-**	-
	26,411	87,710	**-**	-
Total trade and other payables (current and non-current)	**166,731**	260,406	**293,773**	270,672
Add: Loans and borrowings (Note 24)	**486,085**	791,003	**272,610**	287,716
Total financial liabilities carried at amortised cost	**652,816**	1,051,409	**566,383**	558,388

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and to the Company are up to one month.

(b) Other payables

Amounts due to subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

(c) Interest payable

In the prior year, the amount was related to the interest payable on the Indonesian Rupiah Notes Programme ("IDR Notes") as disclosed in Note 24.

(d) Amount due to Sublessees

Included in trade payables is amount due to Sublessees which relates to the Sublessees Scheme managed by a subsidiary. The lease term of the Scheme expired on 17 April 2012. The subsidiary continues to cultivate the related plantation. Profit distribution from cultivation of the Sublessees Scheme to certain Sublessees has been accrued pending renewal of the Sublessees arrangement. The amount stated after adjustment of fair value impact of RM2,198,000 (2017: RMNil).

25. TRADE AND OTHER PAYABLES (CONT'D.)

(d) Amount due to Sublessees (cont'd.)

The carrying amount of amount due to Sublessees is reasonable approximation of fair value. The fair value of non-current amount due to Sublessees have been determined based on value in use calculation and is estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowings at the reporting date.

	2018	2017
Growth rate	**0.00%**	-
Pre-tax discount rate	**5.50%**	-

The calculation of value in use is most sensitive to the following assumptions:

Pre-tax discount rate - The discount rate is pre-tax and reflect specific risks relating to the relevant activities.

Sensitivity to changes in assumptions
Management believes that no reasonable possible changes in any of the above key assumptions would impact the fair value.

26. SHARE CAPITAL AND SHARE PREMIUM

	Group and Company			
	Number of ordinary shares (issued and fully paid) '000	Amount: Share capital (issued and fully paid) RM'000	Amount: Share premium RM'000	Amount: Total RM'000
At 1 January 2017	1,505,462	301,092	42,822	343,914
Ordinary shares issued during the year:				
Transfer of share premium on 31 January 2017	-	12,713	(42,822)	(30,109)
Issuance of shares pursuant to bonus issue	150,546	30,109	-	30,109
Issuance of shares pursuant to dividend reinvestment scheme	1,869	1,103	-	1,103
At 31 December 2017 and on 1 January 2018	1,657,877	345,017	-	345,017
Issuance of shares pursuant to dividend reinvestment scheme	24,764	5,696	-	5,696
At 31 December 2018	**1,682,641**	**350,713**	**-**	**350,713**

(a) Under the Companies Act 2016 in Malaysia which came into effect on 31 January 2017, the concept of authorised share capital no longer exists.

Notes to the Financial Statements
For the financial year ended 31 December 2018

26. SHARE CAPITAL AND SHARE PREMIUM (CONT'D.)

(b) In accordance with Section 74 of the Companies Act 2016, the Group's and the Company's ordinary shares no longer have a par or nominal value with effect from 31 January 2017. Pursuant to Section 618 of the Companies Act 2016, the amount standing to the credit of the Group's and of the Company's share premium became part of the Group's and of the Company's share capital. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members of the Group and of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared from time to time by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company residual assets.

27. OTHER RESERVES

Group	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 2017	(48,760)	(43)	(31)	(48,834)
Other comprehensive loss:				
Fair value movement of investments in securities	-	(5)	-	(5)
Foreign currency translation	292	-	-	292
	292	(5)	-	287
At 31 December 2017	(48,468)	(48)	(31)	(48,547)
At 1 January 2018	**(48,468)**	**(48)**	**(31)**	**(48,547)**
Adoption of MFRS 9	**-**	**43,384**	**-**	**43,384**
At 1 January 2018, restated	**(48,468)**	**43,336**	**(31)**	**(5,163)**
Other comprehensive loss:				
Fair value movement of investments in securities	**-**	**(4)**	**-**	**(4)**
Fair value movement of other investment (Note 18)	**-**	**(25,790)**	**-**	**(25,790)**
Foreign currency translation	**(2,476)**	**-**	**-**	**(2,476)**
	(2,476)	**(25,794)**	**-**	**(28,270)**
At 31 December 2018	**(50,944)**	**17,542**	**(31)**	**(33,433)**

Company	Capital reserve RM'000
At 1 January 2017, 31 December 2017 and 31 December 2018	2,736

27. OTHER RESERVES (CONT'D.)

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) 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.

(b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of financial assets at FVOCI. In the prior year, this represented the cumulative fair value changes, net of tax of available for sale assets until they are disposed of or impaired.

(c) 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.

(d) Capital reserve

This reserve, which is eliminated on consolidation, relates to the surplus arising from the sale of property, plant and equipment in 1986 to a subsidiary.

28. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2018 and 31 December 2017 under the single tier system.

29. EMPLOYEE BENEFITS

(a) Retirement benefit obligations

The Company and certain subsidiaries of the Group 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 of the Company.

The following tables summarise the components of retirement benefit expense recognised in the statements of financial position and statements of comprehensive income.

All of the Group's and of the Company's charge for the financial year has been included in administrative expenses.

Notes to the Financial Statements
For the financial year ended 31 December 2018

29. EMPLOYEE BENEFITS (CONT'D.)

(a) Retirement benefit obligations (cont'd.)

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Present value of unfunded defined benefit obligations	**4,719**	4,293	**351**	318

The amounts recognised in the statements of comprehensive income are determined as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current service cost	**188**	165	**15**	14
Past service cost	**208**	(158)	**-**	(158)
Interest cost on defined benefit obligations	**30**	216	**18**	15
Net benefit expense/(income), included employee benefits expense (Note 7)	**426**	223	**33**	(129)

Changes in present value of defined benefit obligations are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**4,293**	4,070	**318**	447
Amount recognised in statements of comprehensive income (Note 7)	**426**	223	**33**	(129)
At 31 December	**4,719**	4,293	**351**	318
Analysed as:				
Non current:				
Later than 1 year	**4,719**	4,293	**351**	318

The principal assumptions used in determining the retirement benefit obligations are shown below:

	Group		Company	
	2018	**2017**	**2018**	**2017**
Discount rate	**5.30%**	5.30%	**5.30%**	5.30%
Future salary increase	**6.00%**	6.00%	**6.00%**	6.00%

The Retirement Benefit Scheme obligations were determined by a professional actuary on 15 September 2017. 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.

29. EMPLOYEE BENEFITS (CONT'D.)

(a) Retirement benefit obligations (cont'd.)

Amounts for the current and previous four periods for the Group and for the Company are as follows:

Group	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Present value of unfunded defined benefit obligations	**4,719**	4,293	4,070	3,709	3,378

Company	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Present value of unfunded defined benefit obligations	**351**	318	447	406	368

Sensitivity analysis
A quantitative sensitivity analysis for significant assumptions as at 31 December 2018 are as shown below:

	Group Defined benefit obligations	
	Increase RM'000	Decrease RM'000
Discount rate (1% movement)	396	(396)
Future salary increase (1% movement)	316	(316)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occuring at the end of the reporting date.

Notes to the Financial Statements
For the financial year ended 31 December 2018

30. DEFERRED TAX

Group	As at 1 January 2017 RM'000	Recognised in profit or loss RM'000	As at 31 December 2017 RM'000	Recognised in profit or loss RM'000	As at 31 December 2018 RM'000
Deferred tax liabilities:					
Property, plant and equipment, biological assets and investment property	142,231	13,302	155,533	4,206	**159,739**
Deferred tax assets:					
Provision for liabilities	(12,461)	(2,988)	(15,449)	1,475	**(13,974)**

Company	As at 1 January 2017 RM'000	Recognised in profit or loss RM'000	As at 31 December 2017 RM'000	Recognised in profit or loss RM'000	As at 31 December 2018 RM'000
Deferred tax liabilities:					
Property, plant and equipment, biological assets and investment property	11,016	(3,686)	7,330	(786)	**6,544**
Deferred tax assets:					
Other payables	(189)	31	(158)	-	**(158)**
Unabsorbed capital allowances	-	(193)	(193)	-	**(193)**
	(189)	(162)	(351)	-	**(351)**

Deferred tax assets have not been recognised in respect of the following items:

	Group 2018 RM'000	Group 2017 RM'000
Unused tax losses	**41,554**	41,262
Unabsorbed capital allowances	**12,867**	23,487
	54,421	64,749

In accordance with the provision in Finance Act 2018, the unutilised tax losses are available for utilisation in the next seven years, for which, any excess at the end of the seventh year, will be disregarded. Deferred tax assets have not been recognised in respect of other temporary differences and unutilised tax losses because it is probable that the future taxable profits of certain loss-making subsidiaries would not be available against which the tax losses and temporary differences can be utilised.

31. LEASE LIABILITY

	Group					
	2018			2017		
	Minimum lease liability RM'000	Interest RM'000	Principal RM'000	Minimum lease liability RM'000	Interest RM'000	Principal RM'000
Current						
Less than one year	**2,294**	**733**	**1,561**	-	-	-
Non-current						
Between 1-2 years	**4,902**	**1,754**	**3,148**	-	-	-
2-5 years	**14,710**	**5,084**	**9,626**	-	-	-
More than 5 years	**231,888**	**42,648**	**189,240**	-	-	-
	251,500	**49,486**	**202,014**	-	-	-
Total	**253,794**	**50,219**	**203,575**	-	-	-

Lease liability relates to the lease agreement between Kumpulan Ladang-Ladang Trengganu Sdn Bhd and Perbadanan Memajukan Iktisad Negeri Terengganu for the use of land for periods ranging from 30 to 99 years from the commencement of the effective date stated in the agreements.

32. 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit distribution from Terengganu Oil Palm Development - Sublessees Scheme	**(6,605)**	(24,674)	**(1,322)**	(5,032)
Dividend income from subsidiaries	**-**	-	**(75,801)**	(55,000)
Management fees from subsidiaries	**-**	-	**(3,824)**	(13,759)

Notes to the Financial Statements
For the financial year ended 31 December 2018

32. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short term benefits	**3,443**	6,700	**1,231**	2,741
Post-employment benefits:				
- Defined contribution plan	**493**	494	**181**	167
- Defined benefit plan	**10**	9	**2**	2
	3,946	7,203	**1,414**	2,910

Included in the total compensation of key management personnel are:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive and non-executive directors' remuneration excluding benefits-in-kind (Note 8)	**2,623**	3,321	**1,044**	1,630

33. COMMITMENTS

(a) Capital commitments

Capital commitments as at the reporting date are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	**-**	5,854	**-**	3,630
Approved but not contracted for:				
Acquisition and expansion	**40,000**	246,000	**-**	-
Property, plant and equipment	**117,374**	237,221	**88**	1,273

33. COMMITMENTS (CONT'D.)

(b) Hire purchase and finance lease commitments

Future minimum hire purchase and lease payments under finance leases together with the present value of the net minimum hire purchase and lease payments are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Minimum hire purchase and lease payments:				
Not later than 1 year	**472**	3,300	**109**	109
Later than 1 year and not later than 2 years	**1,816**	2,059	**109**	109
Later than 2 years and not later than 5 years	**5,032**	1,339	**385**	385
	7,320	6,698	**603**	603
Less: Future finance charges	**(933)**	(469)	**(109)**	(109)
Present value of hire purchase and finance lease payables	**6,387**	6,229	**494**	494
Analysis of present value of hire purchase and lease payables:				
Not later than 1 year	**179**	3,092	**109**	109
Later than 1 year and not later than 2 years	**1,619**	1,947	**109**	109
Later than 2 years and not later than 5 years	**4,589**	1,190	**276**	276
	6,387	6,229	**494**	494
Less: Due within 12 months (Note 24)	**(179)**	(3,092)	**(109)**	(109)
Due after 12 months (Note 24)	**6,208**	3,137	**385**	385

The Group has hire purchase and finance leases for certain items of machinery, equipment and vehicles (Note 24). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term. The hire purchase and lease liabilities bore an average interest rate at the reporting date of 3% (2017: 3%) per annum.

Notes to the Financial Statements
For the financial year ended 31 December 2018

34. 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			
	2018		2017	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities:				
Non-current				
Secured				
Obligations under hire purchase and finance leases (Note 24)	**6,208**	**4,486**	3,137	4,282
Bank loans:				
- Business Financing-i at Base Financing Rate - 1.0% per annum	**5,901**	**4,186**	6,009	-
- Business Financing-i at Base Financing Rate - 2.0% per annum	**1,795**	**1,679**	2,988	5,678
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	**242,119**	**216,623**	265,495	231,480
- Term Financing-i at Cost of Fund +1.0% per annum	**22,829**	**21,429**	23,567	19,790
- Commodity Murabahah Term Financial at Cost of Fund +1.25% per annum	**87,915**	**84,440**	75,000	49,522
- Muamalat Term Financing-i at 1.5% per annum above 3 months Cost of Fund	**4,881**	**-**	7,071	-
Bank overdraft:				
- Cash Line-i at Base Financing Rate +0.0% per annum	**14,299**	**10,930**	16,144	12,184
Unsecured				
Bank loans:				
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	**41,982**	**31,309**	35,000	31,204
Indonesian Rupiah Notes Programme ("IDR Notes")	**-**	**-**	315,000	376,101

The fair values of non-current portion of loans and borrowings and IDR Notes are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Notes to the Financial Statements
For the financial year ended 31 December 2018

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

(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: (cont'd.)

	Company			
	2018		2017	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities:				
Secured				
Obligations under hire purchase and finance leases (Note 24)	**385**	**355**	385	371
Bank loans:				
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	**178,751**	**174,395**	207,786	181,957
Bank overdraft:				
- Cash Line-i at Base Financing Rate +0.0% per annum	**14,299**	**10,930**	16,144	12,184
Unsecured				
Bank loan:				
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	**41,982**	**31,309**	35,000	31,204

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	22
Other receivables (non-current)	22
Loans and borrowings (current)	24
Loans and borrowings (non-current)	24
Trade and other payables (current)	25
Lease liability (current)	31

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

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.

Notes to the Financial Statements
For the financial year ended 31 December 2018

34. 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 2018					
Non-financial assets					
Biological assets	13	**-**	**-**	**3,041**	**3,041**
Financial assets					
Other investments	18	**-**	**-**	**22,294**	**22,294**
Investments in securities	19	**44**	**-**	**-**	**44**
31 December 2017					
Non-financial assets					
Biological assets	13	-	-	5,000	5,000
Financial assets					
Investments in securities	19	48	-	-	48

35. 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 Group Chief Executive Officer, all heads of the subsidiaries and certain managers of the Company. The Audit Committee Incharge 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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group			
	2018		2017	
	RM'000	% of total	RM'000	% of total
By industry sectors:				
Plantation	**14,584**	**35%**	21,140	41%
Healthcare	**27,591**	**65%**	30,127	59%
	42,175	**100%**	51,267	100%

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

Notes to the Financial Statements
For the financial year ended 31 December 2018

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

At the reporting date, approximately 10% (2017 : 5%) of the Group's loans and borrowings (Note 24) will mature in less than one year based on the carrying amount reflected in the financial statements.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2018			
	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	**166,731**	**-**	**-**	**166,731**
Loans and borrowings	**89,375**	**131,351**	**265,730**	**486,456**
Total undiscounted financial liabilities	**256,106**	**131,351**	**265,730**	**653,187**

	2017			
	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	172,696	-	87,710	260,406
Loans and borrowings	57,956	95,635	637,652	791,243
Total undiscounted financial liabilities	230,652	95,635	725,362	1,051,649

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	2018			
	On demand or within one year RM'000	**Two to five years RM'000**	**Five years and more RM'000**	**Total RM'000**
Company				
Financial liabilities				
Trade and other payables	**293,773**	**-**	**-**	**293,773**
Loans and borrowings	**51,601**	**14,408**	**206,710**	**272,719**
Total undiscounted financial liabilities	**345,374**	**14,408**	**206,710**	**566,492**

	2017			
	On demand or within one year RM'000	**Two to five years RM'000**	**Five years and more RM'000**	**Total RM'000**
Company				
Financial liabilities:				
Trade and other payables	270,672	-	-	270,672
Loans and borrowings	28,401	16,253	243,171	287,825
Total undiscounted financial liabilities	299,073	16,253	243,171	558,497

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

Sensitivity analysis for interest rate risk

The Group's and the Company's exposure to interest rate risk arise primarily from their loans and borrowings. The Group's and the Company's policy is to manage interest cost using a mix of fixed and floating rate debts.

At the end of the reporting year, if Ringgit Malaysia ("RM") interest rates had been 75 (2017:75) basis points higher with all other variables held constant, the Group's loss before tax would have been RM194,000 (2017: RM165,000) lower/higher, arising mainly as a result of lower interest expense on floating rate loans and borrowings of the Group's. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Notes to the Financial Statements
For the financial year ended 31 December 2018

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's business is predominantly located in Malaysia and Indonesia. The foreign currencies in other investments and borrowings are predominantly denominated in Indonesian Rupiah ("IDR"), which give rise to conversion exposure as the presentation currency is Ringgit Malaysia ("RM"). The foreign currency exposures are not hedged.

The unhedged financial assets and financial liabilities of the Group that are not denominated in Ringgit Malaysia are as follows:

	Other investment RM'000	Borrowing RM'000
IDR		
At 31 December 2018	-	-
IDR		
At 31 December 2017	315,000	(315,000)

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 IDR and RM exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2018 Profit before tax Increase/ (decrease) RM'000	Group 2017 Profit before tax Increase/ (decrease) RM'000
IDR/MYR	strengthened 5% (2017: 11%)	**(936)**	1,929
	weakened 5% (2017:11%)	**936**	(1,929)

(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.

35. 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 19% (2017: 7%) with all other variables being held constant, the effect on profit before tax would have been:

	Group	
	2018 RM'000	**2017 RM'000**
Effect to profit before tax if crude palm oil price		
- increased by 19% (2017: 7%)	**(4,837)**	37,799
- decreased by 19% (2017: 7%)	**4,837**	(37,799)

36. 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 2018 and 31 December 2017.

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, lease liability, 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.

Notes to the Financial Statements
For the financial year ended 31 December 2018

36. CAPITAL MANAGEMENT (CONT'D.)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Loans and borrowings	24	**486,085**	791,003	**272,610**	287,716
Trade and other payables	25	**166,731**	260,406	**293,773**	270,672
Lease liability	31	**203,575**	-	**-**	-
Less: - Cash and bank balances	23	**(75,405)**	(108,217)	**(33,990)**	(33,315)
Net debt		**780,986**	943,192	**532,393**	525,073
Equity attributable to the owners of the parent		**959,937**	1,022,077	**286,655**	703,061
Add : - Fair value adjustment reserve	27	**(17,542)**	48	**-**	-
Total capital		**942,395**	1,022,125	**286,655**	703,061
Capital and net debt		**1,723,381**	1,965,317	**819,048**	1,228,134
Gearing ratio		**45%**	48%	**65%**	43%

37. 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.

37. SEGMENT INFORMATION (CONT'D.)

Business segments

	Plantation		Healthcare		Others		Note	As reported in consolidated financial statements	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000		2018 RM'000	2017 RM'000
Revenue:									
Total revenue	**196,562**	266,372	**210,890**	184,531	**-**	-		**407,452**	450,903
Inter-segment	**(1,497)**	(1,045)	**(1,257)**	(1,097)	**-**	-	A	**(2,754)**	(2,142)
External revenue	**195,065**	265,327	**209,633**	183,434	**-**	-		**404,698**	448,761
Results:									
Interest income	**35,215**	38,304	**665**	449	**-**	19		**35,880**	38,772
Dividend income	**2,139**	940	**-**	-	**-**	-		**2,139**	940
Depreciation and amortisation	**63,813**	55,840	**15,821**	14,222	**-**	-		**79,634**	70,062
Other non-cash expenses/(income)	**59,151**	19,561	**688**	13,249	**-**	(3)	B	**59,839**	32,807
Total segment profit:									
Unrealised loss on the foreign exchange of investment in fixed income securities	**-**	(35,700)	**-**	-	**-**	-		**-**	(35,700)
Realised loss on the foreign exchange of investment in fixed income securities	**(28,097)**	-	**-**	-	**-**	-		**(28,097)**	-
Unrealised gain on the foreign exchange of borrowings	**450**	-	**-**	-	**-**	-		**450**	-
Other segment (loss)/profit	**(50,833)**	25,270	**10,388**	(4,078)	**(15)**	6		**(40,460)**	21,198
Total segment (loss)/profit	**(78,480)**	(10,430)	**10,388**	(4,078)	**(15)**	6		**(68,107)**	(14,502)

Notes to the Financial Statements
For the financial year ended 31 December 2018

37. SEGMENT INFORMATION (CONT'D.)

Business segments (cont'd.)

	Plantation		Healthcare		Others		Note	As reported in consolidated financial statements	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000		2018 RM'000	2017 RM'000 Restated
Assets:									
Additions to non-current assets	**39,774**	93,717	**11,832**	18,797	**-**	-	C	**51,606**	112,514
Segment assets	**1,698,588**	1,959,837	**268,209**	263,464	**2,537**	2,547		**1,969,334**	2,225,848
Segment liabilities	**887,939**	1,085,456	**132,707**	126,711	**1,466**	1,460		**1,022,112**	1,213,627

Geographical segments

	Total revenue		Segment assets		Capital expenditure	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Malaysia	**404,581**	448,533	**1,547,822**	1,765,770	**48,565**	107,514
Indonesia	**117**	228	**421,512**	460,078	**3,041**	5,000
	404,698	448,761	**1,969,334**	2,225,848	**51,606**	112,514

	2018 RM'000	2017 RM'000
Capital expenditure consists of additions during the year for:		
Property, plant and equipment (Note 12)	**48,565**	107,514
Biological assets (Note 13)	**3,041**	5,000
	51,606	112,514

37. 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/(income) consist of the following items as presented in the respective notes to the financial statements:

	Note	2018 RM'000	2017 RM'000
Inventories written off	6	**5,208**	9,386
Impairment of inventories	6	**1,664**	-
Impairment/(reversal of impairment) of property, plant and equipment	6	**39,635**	11,025
Impairment of goodwill	6	**-**	6,012
Expected credit losses of trade receivables	6	**151**	3,287
Expected credit losses of other receivables	6	**3,878**	897
Reversal of expected credit losses of trade receivables	6	**(598)**	(30)
Fair value changes of amount due from plasma	6	**9,901**	-
Biological assets written off	6	**-**	2,230
		59,839	32,807

C Additions to non-current assets consist of:

	Note	2018 RM'000	2017 RM'000
Property, plant and equipment	12	**48,565**	107,514
Biological assets	13	**3,041**	5,000
		51,606	112,514

38. CONTINGENT LIABILITIES

(a) Kuala Terengganu High Court - Lim Puay Leng vs Dr. Azhar bin Zainuddin and Kuala Terengganu Specialist Hospital Sdn. Bhd.

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

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

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

ii. Special damages with interest;

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

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

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

Notes to the Financial Statements
For the financial year ended 31 December 2018

38. CONTINGENT LIABILITIES (CONT'D.)

(a) Kuala Terengganu High Court - Lim Puay Leng vs Dr. Azhar bin Zainuddin and Kuala Terengganu Specialist Hospital Sdn. Bhd. (cont'd.)

vi. Costs; and

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

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

We had been informed by KTS's solicitor that the Court has fixed 14 May 2019 as the new trial date for the case.

(b) Kuantan High Court - Dato' Mohamad Alias A Bakar bin Ali vs Kuantan Medical Centre Sdn Bhd, Dr. Abdul Aziz Bin Awang and Dr. Md Lukman Bin Mohd Mokhtar

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

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

i. General damages and aggravated damages;

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

iii. Special damages of RM1,104.414.51;

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

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

vi. Costs; and

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

The Kuantan High Court has fixed a further case management hearing on 31 January 2019 with the following directions:

i. Plaintiff's solicitor to file and serve the Statement of Agreed Facts, Issues To Be Tried; and

ii. Parties to file and serve their respective list of witnesses; and

iii. Parties to file and serve their respective expert reports.

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

1. Parties to file and mutually exchange their respective expert reports;
2. Witness statements to be filed and mutually exchanged 2 weeks before the trial date; and
3. Counsels to prepare cross-examination questions for all witnesses and to furnish Court with a copy of the same.

(c) Claims by Dato' Haji Mohamat bin Muda

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

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

38. CONTINGENT LIABILITIES (CONT'D.)

(c) Claims by Dato' Haji Mohamat bin Muda (cont'd.)

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

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

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

39. SIGNIFICANT EVENTS

(a) Recurrent related party transactions

On 7 February 2018, TDM Berhad ("TDM or Company") announced to Bursa Malaysia that the Company had entered into an agreement which undertake the following:

(i) Proposed supplemental lease agreement with Perbadanan Memajukan Iktisad Negeri Terengganu ("PMINT") for the renewal of lease for a second term of 46 years on approximately 25,260.1849 acres of lands located in the district of Kemaman, Terengganu;

(ii) Proposed formalisation of lease agreement with PMINT for 99 years on approximately 4,167.7174 acres of lands located in the district of Setiu, Terengganu;

(iii) Proposed formalisation of lease agreement with PMINT for 30 years and 40 years (where applicable) on approximately 2,653.9548 acres of lands located in the district of Hulu Terengganu, Terengganu; and

(iv) Proposed formalisation of lease agreement with PMINT for 57 years on approximately 28.2689 acres of lands located in the district of Kemaman, Terengganu.

The item (iv) is subject to the following conditions precedent;

(a) The written consent from the Menteri Besar of Terengganu for the Proposed Lease formalisation for PN 3380, Lot 2523; and

(b) The written approval from then State Authority to vary the category of land use or express condition of the lease for PN 3380, Lot 2523.

(b) Acceptance of Credit Facilities from OCBC Al-Amin Bank Berhad of up to USD105 Million

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

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

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

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

Notes to the Financial Statements
For the financial year ended 31 December 2018

39. SIGNIFICANT EVENTS (CONT'D.)

(b) Acceptance of Credit Facilities from OCBC Al-Amin Bank Berhad of up to USD105 Million (cont'd.)

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

The rationale for the Company to undertake this exercise are:

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

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

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

The above exercise has been completed on 16 October 2018.

40. EVENT OCCURING AFTER THE REPORTING DATE

(a) Execution of a Heads of Agreement ("HOA") between TDM Berhad and Terengganu Incorporated Sdn. Bhd. ("TI")

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

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

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

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

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

41. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 15 April 2019.

Statistics on Shareholdings

as at 11 April 2019

Analysis of Shareholdings

Issued and Paid-up Capital	RM350,712,618 comprising 1,682,641,001 units of Ordinary Shares
Voting Rights	One (1) vote per ordinary share

Analysis by Size of Holdings

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	118	1.163	4,122	0.000
100 - 1,000	221	2.179	101,554	0.006
1,001 - 10,000	2,720	26.827	14,920,644	0.886
10,001 - 100,000	6,086	60.025	191,395,992	11.374
100,001 - 84,132,049*	992	9.784	441,485,736	26.237
84,132,050 and above**	2	0.019	1,034,732,953	61.494
Total	**10,139**	**100.000**	**1,682,641,001**	**100.000**

Remark : * Less than 5% of issued shares
** 5% and above of issued shares

List of Top 30 Holders

No.	Name	No. of Shares	Percentage %
1	Terengganu Incorporated Sdn Bhd (A/C NO: 098-001-045464245)	783,465,243	46.561
2	Terengganu Incorporated Sdn Bhd (A/C NO: 087-055-045755196)	251,267,710	14.932
3	Kumpulan Wang Persaraan (Diperbadankan)	46,788,630	2.780
4	Lembaga Tabung Amanah Warisan Negeri Terengganu	23,482,107	1.395
5	Amanahraya Trustees Berhad *Public Strategic Smallcap Fund*	14,828,660	0.881
6	Citigroup Nominees (Asing) Sdn Bhd *CBNY For Dimensional Emerging Markets Value Fund*	8,375,014	0.497
7	Citigroup Nominees (Asing) Sdn Bhd *CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	7,177,930	0.426
8	Amanahraya Trustees Berhad *Public Islamic Treasures Growth Fund*	6,331,600	0.376
9	Heng Chin Hin	4,663,700	0.277
10	Eng Bak Chim	4,631,000	0.275
11	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)*	4,079,660	0.242
12	Citigroup Nominees (Asing) Sdn Bhd *CBNY For DFA Emerging Markets Small Cap Series*	3,635,020	0.216
13	Tan Hock Kien	3,609,250	0.214
14	Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd	3,140,016	0.186
15	TA Securities Holdings Berhad *CLR (DIL) For Kumpulan Wang Persaraan (Diperbadankan)*	3,073,010	0.182

Statistics on Shareholdings
as at 11 April 2019

List of Top 30 Holders

No.	Name	No. of Shares	Percentage %
16	Megategas Sdn Bhd	2,938,610	0.174
17	Citigroup Nominees (Asing) Sdn Bhd *Exempt An For Ocbc Securities Private Limited (Client A/C-NR)*	2,814,150	0.167
18	Huang, Yu-Ling	2,573,060	0.152
19	Ibrahim in AB.Rahman	2,500,000	0.148
20	Tai Tsu Kuang @ Tye Tsu Hong	2,500,000	0.148
21	Maybank Nominees (Tempatan) Sdn Bhd *MTrustee Berhad For Pacific Pearl Fund (UT-PM-PPF) (419471)*	2,494,700	0.148
22	Liew Lang King	2,430,500	0.144
23	Soon Lian Huat Holdings Sdn Berhad	2,233,000	0.132
24	Wong Shew Yong	2,220,790	0.131
25	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Gan Wee Yong*	2,016,600	0.119
26	Lee Ming Ha	2,000,000	0.118
27	Yeong Cherng Sdn Bhd	1,980,000	0.117
28	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Boon Huat*	1,960,010	0.116
29	Md Kamaru Al-Amin bin Ismail	1,934,090	0.114
30	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Khong Wan Fatt*	1,817,300	0.108

Information on Substantial Holders' Holdings

No.	Name	Holdings	%
1	Terengganu Incorporated Sdn Bhd (A/C NO: 098-001-045464245)	783,465,243	46.561
2	Terengganu Incorporated Sdn Bhd (A/C NO: 087-055-045755196)	251,267,710	14.932

Information on Directors Holdings

No.	Name	Holdings	%
1	Burhanuddin Hilmi bin Mohamed @ Harun	0	0.000
2	YB Dato' Haji A.Rahman bin Yahya	0	0.000
3	Haji Mazli Zakuan bin Mohd Noor	0	0.000
4	Mohd Kamaruzaman bin A Wahab	0	0.000
5	Haji Najman bin Kamaruddin	0	0.000
6	YM Raja Dato' Haji Idris Raja Kamarudin	1,679,600	0.099

Group Plantation Hectarage Statement

		Total Hectarage Managed By Groups (Hectares)
OIL PALM		
Mature Hectarage		34,633
Immature Hectarage		9,358
Total Planted		**43,991**
Hectarage by Company/Division		
Sublease	Mature	8,559
	Immature	1,424
TDM Capital Sdn Bhd	Mature	804
	Immature	817
Kumpulan Ladang-Ladang Trengganu Sdn Bhd	Mature	14,540
	Immature	3,110
Ladang Tabung Warisan	Mature	1,336
	Immature	-
Ladang Majlis Agama Islam Terengganu	Mature	500
	Immature	256
PT Rafi Kamajaya Abadi	Mature	8,893
	Immature	3,752
Total Planted	**Mature**	**34,633**
	Immature	**9,358**
GRAND TOTAL		**43,991**

5-Year Group Plantation Statistics

PLANTED AREA		UNIT	2018	2017	2016	2015	2014
Oil Palm Area Malaysia Operation							
Immature	(0 - 3 Year)	hectare	5,606	4,986	5,151	5,172	4,275
Young	(4 - 10 Year)	hectare	3,568	2,417	1,607	2,146	3,691
Prime-Young	(11 - 15 Year)	hectare	3,339	3,363	3,149	4,144	4,299
Prime-Old	(16 - 20 Year)	hectare	4,219	4,361	11,593	11,523	10,477
Old	(21 - 25 Year)	hectare	9,852	13,444	9,832	9,012	9,365
Very Old	(25 Year Above)	hectare	4,762	2,982	487	-	-
Total Planted Area			**31,346**	**31,553**	**31,819**	**31,997**	**32,107**
Indonesia Operation							
Immature	(0 - 3 Year)	hectare	3,752	3,752	3,752	7,604	11,896
Young	(4 - 10 Year)	hectare	8,893	8,893	8,893	5,595	1,385
			12,645	**12,645**	**12,645**	**13,199**	**13,281**
Total Planted Area			**43,991**	**44,198**	**44,464**	**45,196**	**45,388**
Oil Palm Malaysia Operation							
FFB Production		mt FFB/ha	373,213	453,608	401,020	464,597	465,055
Yield per mature hectare		mt FFB/ha	14.50	17.07	15.04	17.32	16.71
Indonesia Operation							
FFB Production		mt FFB/ha	2,082	1,897	2,598	5,175	3,359
Yield per mature hectare		mt FFB/ha	0.23	0.21	0.29	0.92	2.43
Mills FFB Processed							
- own		mt	364,255	445,063	397,457	449,023	458,657
- outside		mt	6,444	5,396	206	12,385	1,731
FFB Purchase by Mills		mt	2,385	-	796	8,352	26,140
Total			**373,084**	**450,459**	**398,459**	**469,761**	**486,528**
FFB Sold		mt	2,779	2,868	6,029	8,357	4,734
Average selling prices:							
- Crude Palm Oil		RM/mt ex-mill	2,313	2,872	2,696	2,184	2,432
- Palm Kernel		RM/mt ex-mill	1,955	2,614	2,258	1,578	1,749
- Fresh Fruit Bunch		RM/mt	383	488	363	424	476
Production							
- Crude Palm Oil		mt	72,550	84,027	78,494	90,552	92,729
- Palm Kernel		mt	17,308	21,969	20,262	23,388	23,797
Extraction Rate							
- Crude Palm Oil		%	19.32	18.56	19.57	19.49	19.93
- Palm Kernel		%	4.61	4.85	5.05	5.05	5.19
Palm Product Per Mature Hectare		mt/ha	3.47	3.99	3.70	4.25	4.19

5-Year Group Healthcare Statistics

HEALTHCARE GROUP	2018	2017	2016	2015	2014
No. Beds	407	297	297	297	284
Key Drivers of Growth:	-	-	-	-	-
Occupancy Rate	59%	56%	60%	59%	64%
Consultants - Resident	54	53	45	44	38
Doctor: Patient - Ratio	3,557	3,377	4,129	4,098	4,479
No. of Inpatient	23,507	21,579	21,706	20,985	17,100
No. of Outpatient	168,576	162,335	164,093	159,328	153,101
Average Length of Stay	2.96	2.66	2.80	2.92	3.00

List of Properties

List of Assets	Estates	Division	Tenure: First Expiry Date	Tenure: Second Expiry Date	Area (Ha)	Description	Net Book Value (RM)
Mukim Tebak	**Kemaman**					**Oil Palm Plantation**	**157,100,000**
HS (D) 1779 Lot PT 1666	Jernih Estate		Leasehold 2052		3,681.10		
GRN 18274 Lot 2514	Jernih Estate		Leasehold 2078 Sublease 2018		218.20		
HS (D) 2872 Lot PT 402 B	Jernih Estate		Leasehold 2078 Sublease 2018		198.19		
GRN 12509 Lot 821	Pelantoh Estate	South	Leasehold 2078		35.45		
GRN 12510 Lot 2444	Pelantoh Estate	South	Leasehold 2078		82.28		
GRN 12511 Lot 2550	Pelantoh Estate	South	Leasehold 2078		24.96		
GRN 12512 Lot 2443	Pelantoh Estate	South	Leasehold 2078		73.49		
GRN 12618 Lot 822	Pelantoh Estate	South	Leasehold 2078		68.71		
GRN 12497 Lot 833	Pelantoh Estate	South	Leasehold 2078		88.58		
PN 3380 Lot 2523	Pelantoh Estate	South		Leasehold 2075	11.44		
HS (D) 011 Lot PT 28*	Pelantoh/Tebak Estate		Leasehold 2013 Sublease 2012	Leasehold 2059	3,439.83		
HS (D) 012 Lot PT 29*	Tebak/Jernih Estate		Leasehold 2014 Sublease 2013	Leasehold 2060	3,439.83		
GRN 12499 Lot 823 (replacing HS(D) 208)	Pelantoh Estate	South			0.23		
HS (D) 13 Lot 30	Tebak Estate		Leasehold 2014	Leasehold 2060	195.87		
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	984.20		
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**	**120,500,000**
GRN 22945 Lot 15111	Jaya Estate	Bari	Leasehold 2072			0.4611	
GRN 22946 Lot 15112	Jaya Estate	Bari	Leasehold 2072			1,407	

List of Properties

List of Assets	Estates	Division	Tenure First Expiry Date	Tenure Second Expiry Date	Area (Ha)	Description	Net Book Value (RM)
GRN 22947 Lot 15113	Jaya Estate	Bari	Leasehold 2072		1.15		
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**	**145,100,000**
HS (D) 1017 Lot PT 804Z 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		20.42		
GRN 8238 Lot 8187	Fikri Estate	Sentosa	Leasehold 2072		68.15		
GRN 15359 Lot 8168 (replacing HS(D) 813 PT 882 K)	Fikri Estate	Sentosa	Leasehold 2072		7.87		
HS(D) 400 Lot PT 883 K (replacing HS(D) 814)	Fikri Estate	Sentosa	Leasehold 2072		895.83		
HS(D) 561 Lot PT 642 K	Fikri Estate	Sentosa	Leasehold 2072		635.87		
GRN 6005 Lot 7254	Fikri Estate	Fikri	Leasehold 2072		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 (loji) Lot PT 884 K	Fikri Estate	Fikri	Leasehold 2072		0.20		
PN 3074 Lot 9390	Fikri Estate	Pakoh Jaya	Leasehold 2087		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		

List of Properties

List of Assets	Estates	Division	Tenure First Expiry Date	Tenure Second Expiry Date	Area (Ha)	Description	Net Book Value (RM)
PN 6200 Lot 11404 (replacing HS(D) 6417 PT 4153 K)	Fikri Estate	Pakoh Jaya	Leasehold 2098		17.90		
PN 6201 Lot 11405 (replacing HS(D) 6418 PT 4154 K)	Fikri Estate	Pakoh Jaya	Leasehold 2098		2.74		
Mukim Hulu Nerus	**Sungai Tong**					**Oil Palm Plantation**	**84,300,000**
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**	**168,100,000**
PN 12150 Lot 51902 (replacing HS(D) 1235 PT 7218)	Pelung Estate		Leasehold 2102		3,002.00		
PN 8124 Lot 16072 (replacing HS(D) 1285 PT 12682)	Pelung Estate		Leasehold 2065		10.20		
PN 3851 Lot 10372	Pelung Estate		Leasehold 18/12/2095		0.03	Clusters	
PN 3852 Lot 10373	Pelung Estate		Leasehold 18/12/2095		0.03	Clusters	
PN 3853 Lot 10374	Pelung Estate		Leasehold 18/12/2095		0.03	Clusters	
PN 3854 Lot 10375	Pelung Estate		Leasehold 18/12/2095		0.03	Clusters	
PN 3855 Lot 10376	Pelung Estate		Leasehold 18/12/2095		0.03	Clusters	
PN 3856 Lot 10377	Pelung Estate		Leasehold 18/12/2095		0.03	Office	

List of Properties

List of Assets	Estates	Division	Tenure First Expiry Date	Tenure Second Expiry Date	Area (Ha)	Description	Net Book Value (RM)
PN **Mukim Besul**	**Bukit Besi**					**Oil Palm Plantation**	**290,800,000**
GN 14644 Lot 3999 (replacing HS(D) 72 PT 140	Gajah Mati/ Pinang Emas Estate			Leasehold 2075	5,139.00		
HS (D) 73 Lot PT 141	Pinang Emas Estate			Leasehold 2075	624.84		
HS (D) 74 Lot PT 1140	Pinang Emas Estate			Leasehold 2075	738.15		
HS (D) 75 Lot PT 1143	Pinang Emas Estate			Leasehold 2075	621.60		
HS (D) 76 Lot PT 1144	Pinang Emas Estate			Leasehold 2075	284.90		
HS (D) 77 Lot PT 1145	Pinang Emas Estate			Leasehold 2075	336.70		
Mukim Jerangau	**Bukit Besi**					**Oil Palm Plantation**	**12,100,000**
PN 10735 Lot 4050 (replacing HS (D) 397 P 3643)	Jerangau Estate	Chakuh 9		Leasehold 2051	406.90		
Mukim Jerangau	**Bukit Besi**					**Oil Palm Plantation**	**8,500,000**
PN 669 Lot 37	Jerangau Estate	Jerangau		Leasehold 2049	456.89		
PN 669 Lot 204	Jerangau Estate	Jerangau		Leasehold 2049	36.74		
Mukim Jerangau	**Bukit Besi**					**Oil Palm Plantation**	**14,900,000**
PN 825 Lot 1157	Jerangau Estate	Landas		Leasehold 2058	580.52		
Mukim Batu Buruk							**5,415,000**
GM 569-575 Lot 3046-3052 Bgn Jalan Kamaruddin Jalan Kamaruddin Kuala Terengganu				Leasehold 2090	1,390.00 sq. m	5 units of 4 storey shophouses and 2 parcels of land	
Mukim Pulau Perhentian							**11,400,000**
PN 7652 Lot 470 (replacing HS (D) 2209 PT 320)				Leasehold exp. 2051	438,100 sq. m	Undeveloped Resort Land	

List of Properties

List of Assets	Estates	Division	Tenure: First Expiry Date	Tenure: Second Expiry Date	Area (Ha)	Description	Net Book Value (RM)
State of Pahang							**118,800,000**
Mukim Kuala Kuantan PN 7723 Lot 54559 District of Kuantan			Leasehold 2096		43,240.00 sq m	Hospital Building	
Wilayah Persekutuan							**31,600,000**
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	
State of Selangor							**16,000,000**
Mukim Damansara Lot No. 3,4,5,6 HS (D) 259689 PT No. 14532 District			Leasehold 2092		2,888.4 sq. m	Hospital	
State of Kalimantan							**356,628,142**
Kabupaten Melawi, Provinsi Kalimantan Barat, Indonesia. (HGU)			Leasehold Land		18,007.98 Ha	Oil Palm Plantation	
Mukim Batu Buruk							**182,000,000**
PN 10209 Lot 60035 Lot 3963 Jalan Sultan Mahmud Kg Batu Buruk, Kuala Terengganu			Leasehold 2111		23,450 sq. m	Hospital Building	

Group Directory

HEADQUARTERS

TDM Berhad
Level 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 620 4800 / (609) 620 8000
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 / (609) 620 8000
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

PT Rafi Kamajaya Abadi
PT Rafi Sawit Lestari
PT Rafi Rezki Abadi
(Incorporated in Indonesia)
JL Provinsi Sintang – Nanga Pinoh
No.5 Desa Sidomulyo
Kec Pinoh Kota
79672 Kabupaten Melawi
Kalimantan Barat, Indonesia
Office : (0062) 5682 2766
Fax : (0062) 5682 2767

ESTATES AND MILLS

Sungai Tong Complex

Jaya Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 1023
Email : ldgjaya.tdmp@tdmberhad.com.my

Fikri Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (6013) 981 6300
Email : ldgfikri.tdmp@tdmberhad.com.my

Tayor Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (6019) 938 7200
Email : ldgtayor.tdmp@tdmberhad.com.my

Pelung Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (6017) 989 0829
Email : ldgpelung.tdmp@tdmberhad.com.my

Bukit Besi Complex

Jerangau Estate
Wakil Pos Pelar, 21810 Ajil
Terengganu, Malaysia
Tel : (6016) 961 9839
Email : ldgjerangau.tdmp@tdmberhad.com.my

Pinang Emas Estate
23200 Bukit Besi, Dungun
Terengganu, Malaysia
Tel : (609) 849 0057
Fax : (609) 849 0059
Email : ldgpemas.tdmp@tdmberhad.com.my

Gajah Mati Estate
23200 Dungun
Terengganu, Malaysia
Tel : (609) 849 0052
Email : ldggajahmati.tdmp@tdmberhad.com.my

Majlis Agama Islam Estate
AM 9, Bandar AMBS,
Bukit Besi, 23400 Dungun
Terengganu, Malaysia
Tel : (609) 822 2001
Email : ldgmai.tdmp@tdmberhad.com.my

Group Directory

ESTATES AND MILLS

Kemaman Complex

Air Putih Estate
P.O. Box 19,
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 859 8367
Fax : (609) 859 8367
Email : ldgairputih.tdmp@tdmberhad.com.my

Pelantoh Estate
P.O. Box 10, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 822 6400
Fax : (609) 822 6822
Email : ldgpelantoh.tdmp@tdmberhad.com.my

Tebak Estate
P.O. Box 10, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 852 1552
Email : ldgtebak.tdmp@tdmberhad.com.my

Jernih Estate
P.O. Box 10, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (6019) 928 4716
Email : ldgjernih.tdmp@tdmberhad.com.my

MILLS

Sungai Tong Palm Oil Mill
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 7290
Fax : (609) 824 6472
Email : ksst.tdmp@tdmberhad.com.my

Kemaman Palm Oil Mill
P.O. Box 13, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 822 6566
Fax : (609) 822 6704
Email : kpom.tdmp@tdmberhad.com.my

HEALTHCARE DIVISION

Kumpulan Medic Iman Sdn. Bhd.
45, Jalan Desa, Taman Desa
Off Old Klang Road
58100 Kuala Lumpur, Malaysia
Tel : (603) 7982 6500
Fax : (603) 7982 0704

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 / (609) 590 2791

Kuala Terengganu Specialist Hospital Sdn. Bhd.
Lot 3963, Jalan Sultan Mahmud
Batu Burok
20400 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 637 8888
Fax : (609) 633 6877

TDMC Hospital Sdn. Bhd.
45, Jalan Desa, Taman Desa
Off Old Klang Road
58100 Kuala Lumpur, Malaysia
Tel : (603) 7982 6500
Fax : (603) 7982 0704

Notice of 54th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty Fourth ("54th") Annual General Meeting ("AGM") of the Company will be held at **Dewan Gamelan 3, Primula Beach Hotel, Jalan Persinggahan, 20400 Kuala Terengganu, Terengganu** on **Tuesday, 28 May 2019** at **10.00 a.m.**, or at any adjournment thereof for the purpose of considering and if thought fit, passing the following business with or without modifications:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon. **Please refer to Explanatory Note 1**

2. To re-elect the following Directors who retire in accordance with Article 116 of the Company's Articles of Association, and being eligible, offer themselves for re-election:

   i) YM Raja Dato' Haji Idris Raja Kamarudin **Ordinary Resolution 1**

   ii) YB Dato' Haji A.Rahman bin Yahya **Ordinary Resolution 2**

   iii) Haji Mazli Zakuan bin Mohd Noor **Ordinary Resolution 3**

   iv) Encik Mohd Kamaruzaman bin A Wahab **Ordinary Resolution 4**

   v) Encik Burhanuddin Hilmi bin Mohamed @ Harun **Ordinary Resolution 5**

   vi) Haji Najman bin Kamaruddin **Ordinary Resolution 6**

3. To approve the payment of Directors' Fee up to an amount of RM468,000.00 for the period from 29 May 2019 until 30 June 2020. **Ordinary Resolution 7** **Please refer to Explanatory Note 2**

4. To approve the payment of Directors' Benefits to the Non-Executive Directors up to an amount of RM1,330,450.00 for the period from 29 May 2019 until 30 June 2020. **Ordinary Resolution 8** **Please refer to Explanatory Note 2**

5. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 9**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

6. **Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016** **Ordinary Resolution 10** **Please refer to Explanatory Note 3**

   "THAT subject always to the Act, the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other Governmental/Regulatory Authorities, where such approval is necessary, authority be and is hereby given to the Directors of the Company, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

Notice of 54th Annual General Meeting

SPECIAL BUSINESS (CONT'D)

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

Ordinary Resolution 11
Please refer to Explanatory Note 4

"THAT subject to the provision of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and / or its Subsidiary Companies to enter into recurrent related party transactions of a revenue or trading nature as set out in the Circular to Shareholders dated 26 April 2019 provided that such transactions and/or arrangement are:

(i) necessary for the day-to-day operations;

(ii) undertaken in the ordinary course of business at arms's length based on commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iii) not detrimental to the minority shareholders of the Company.

AND THAT such approval, shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting.

whichever is earlier.

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate.

8. **SPECIAL RESOLUTION**

- PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY ("PROPOSED ADOPTION")

Special Resolution 1
Please refer to Explanatory Note 5

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company in its entirety and in place thereof, a new constitution as set out in Appendix 2 of the Circular/Statement to Shareholders dated 26 April 2019 be and is hereby adopted as the Constitution of the Company with immediate effect;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption with the full power to assent to any conditions, modification, and/or amendments as may be required by any relevant authorities to give effect to the Proposed Adoption."

Notice of 54th Annual General Meeting

SPECIAL BUSINESS (CONT'D)

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

BY ORDER OF THE BOARD

WAN HASLINDA WAN YUSOFF (MAICSA 7055478)
Company Secretary

Kuala Terengganu
Dated : 26 April 2019

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A member shall appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
2. Where a member of the Company is an Authorised Nominee as defined in the Securities Industry (Central Depositories) Act, 1991 (SICDA), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit 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. Duly completed Proxy Form or the Power of Attorney or other Authority, if any, under which it is signed or a notarially certified copy of that Power or Authority must be deposited at the office of the Share Registrar of the Company i.e at **Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Wilayah Persekutuan** not less than 48 hours before the time for holding the meeting or any adjournment thereof.

   Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of 54th AGM to be put to vote by poll.
8. For the purpose of determining a member who shall be entitled to attend and vote at the Meeting, **only a depositor whose name appears on the Record of Depositors as at 21 May 2019 shall be entitled to attend the said meeting or appoint proxies to attend and vote in his stead.**
9. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and authorisation of all persons whose personal data you have disclosed and/ or processed in connection with the foregoing.

Notice of 54th Annual General Meeting

Explanatory Notes To The Agenda:

1) Item 1 of the Agenda

This item is meant for discussion only. The provisions of Section 340 (1) of the Companies Act, 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by Shareholders.

(2) Item 3 and 4 of the Agenda – Ordinary Resolution 7 and 8

Section 230 (1) of the Companies Act 2016, provides amongst others, that "the fees" of the Directors and "any benefits" payable to the Directors shall be approved at a general meeting. In this respect, the Board of Directors ("the Board") agreed that the shareholders' approval shall be sought at the 54th AGM on the Directors' fees and benefit in two (2) separate resolutions.

The payment of the Directors' Fees for the period from 29 May 2019 until 30 June 2020 will only be made if the proposed resolution 7 has been approved at the 54th AGM of the Company.

In determining the estimated total amount of Directors' Benefits, the Board had considered various factors which include amongst others, the number of scheduled and Special Board meetings, scheduled and Special Board Committee meetings as well as the number of Non-Executive Directors (NEDs) involved in these meetings.

The estimated sum of RM1,330,450.00 is for Directors' Benefits for the period from 29 May 2019 until 30 June 2020.

The payment of the Directors' Benefits will be made on monthly basis and/or as and when incurred if the Proposed Resolution 8 has been passed at the 54th AGM. The Board is of the view that it is fair and equitable for the Directors to be paid on a monthly basis and/or as and when incurred, given that they have duly discharged their duties and responsibilities and provided their services to the Company throughout the said period.

3) Item 6 of the Agenda – Ordinary Resolution 10

Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The Company had in its 53rd Annual General Meeting held on 24 May 2018, obtained its Shareholders' approval for the renewal of the general mandate for issuance of shares pursuant to Section 75 & 76 of the Companies Act, 2016 (the Act). As at the date of this Notice, the Directors have not utilised the mandate granted to the Directors at the last Annual General Meeting held on 24 May 2018 and the said mandate will lapse at the conclusion of the Fifty-Fourth Annual General Meeting.

The proposed Ordinary Resolution No: 10 is intended to renew the authority granted to the Directors of the Company to issue shares under Section 75 and 76 of the Companies Act 2016. If passed, it will allow the Directors of the Company, from the date of the above Annual General Meeting i.e 28 May 2019, authority to issue and allot shares from the unissued capital of the Company but not exceeding 10% of the issued share capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

A renewal for the said mandate is sought to avoid any delay and cost involved in convening such a general meeting. Should the mandate be exercised, the Directors will utilise the proceeds raised for funding current and/or future investment projects, working capital, acquisition, issuance of shares as settlement of purchase consideration and/or such other applications they may in their absolute discretion deem fit.

Explanatory Notes To The Agenda:- (Cont'd)

4) **Item 7 of the Agenda – Ordinary Resolution 11**

Proposed Renewal of Shareholders' Mandate

The proposed resolution, if passed, will empower the Company and its subsidiaries ("TDM Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for TDM Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company.

Further information on the Proposed Renewal of Shareholders' Mandate is set out in the Circular to Shareholders dated 26 April 2019 which is dispatched together with the Company's 2018 Annual Report.

5) **Item 7 of the Agenda – Special Resolution 1**

Special Resolution – Proposed Adoption of a New Constitution of the Company ("Proposed Adoption")

The proposed Special Resolution 1 is undertaken primarily to streamline the existing Memorandum and Articles of Association ("M&A") of the Company with the Companies Act 2016, which was effective from 31 January 2017. The Proposed Adoption is also to align the existing M&A with the relevant amendments of the Main Market Listing Requirements and to provide clarity to certain provision thereof.

Further information on the Proposed Adoption is set out in the Circular to Shareholders dated 26 April 2019 which is dispatched together with the Company's 2018 Annual Report.

Statement Accompanying Notice of Annual General Meeting
(Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirement)

No individual is standing for election as Director at the forthcoming Fifty Fourth Annual General Meeting of the Company.

TDM Berhad (6265-P)
(Incorporated in Malaysia)

Proxy Form

CDS Accounts No.	
Number of Ordinary Share(s) held	

I/We ____
(FULL NAME OF SHAREHOLDER AS PER NRIC / CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

NRIC No. / Company No. ______________________ of ______________________

____
(FULL ADDRESS)

being a member of **TDM BERHAD**, hereby appoint: ______________________

FIRST PROXY

Full Name of Proxy in capital letters		Proportion of Shareholdings	
		Number of Shares	Percentage
NRIC No/Passport No			

and/or failing him/her,

SECOND PROXY

Full Name of Proxy in capital letters		Proportion of Shareholdings	
		Number of Shares	Percentage
NRIC No/Passport No			

or failing him/her the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Fifty Fourth (54th) Annual General Meeting of the Company to be held at **Dewan Gamelan 3, Primula Beach Hotel, Jalan Persinggahan, 20400 Kuala Terengganu, Terengganu on Tuesday, 28 May 2019 at 10.00 a.m.,** or at any adjournment thereof, on the following resolutions referred to in the Notice of 54th AGM. My/our proxy is to vote as indicated below:

Resolution No	Resolutions	For	Against
Ordinary Resolution 1	To re-elect YM Raja Dato' Haji Idris Raja Kamarudin as Director of the Company		
Ordinary Resolution 2	To re-elect YB Dato' Haji A.Rahman bin Yahya as Director of the Company		
Ordinary Resolution 3	To re-elect Haji Mazli Zakuan bin Mohd Noor as Director of the Company		
Ordinary Resolution 4	To re-elect Encik Mohd Kamaruzaman bin A Wahab as Director of the Company		
Ordinary Resolution 5	To re-elect Encik Burhanuddin Hilmi bin Mohamed @ Harun as Director of the Company		
Ordinary Resolution 6	To re-elect Haji Najman bin Kamaruddin as Director of the Company		
Ordinary Resolution 7	To approve the payment of Directors' Fee up to an amount of RM468,000.00 for the period from 29 May 2019 until 30 June 2020		
Ordinary Resolution 8	To approve the payment of Directors' benefits up to an amount of RM1,330,450.00 for the period from 29 May 2019 until 30 June 2020		
Ordinary Resolution 9	To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Board of Directors to determine their remuneration		
Ordinary Resolution 10	Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 11	Proposed Renewal of Shareholders' Mandate on Recurrent Related Party Transactions		
Special Resolution 1	Proposed Adoption of a New Constitution of the Company		

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

Dated this __________ day of ____________________, 2019

____
Signature(s) of Shareholder(s) or Common Seal

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A member shall appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
2. Where a member of the Company is an Authorised Nominee as defined in the Securities Industry (Central Depositories) Act, 1991 (SICDA), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit 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.
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Please fold here

Affix Stamp

TDM BERHAD (6265-P)

C/O SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd. (118401-V)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Wilayah Persekutuan

Please fold here

TDM BERHAD (6265-P)
Level 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu
Malaysia

+609 620 4800 / +609 620 8000

+609 620 4803

www.tdmberhad.com.my

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