TDM BERHAD
(6265-P)

4ec

Annual Report
2017

INSPIRING OUR PEOPLE TO IMPROVE THEIR LIVES

RATIONALE:
The cover design of the 2017 annual report is inspired by TDM Berhad's Vision and its rich history of 52 years contributing into the people, planet and profits for the state and the nation.

The cover headline of TDM Berhad's Vision "Inspiring Our People To Improve Their Lives" with the illustrations of the overall People, Planet and Profit that were formed into a shape of a human head is to signify that TDM Berhad has indeed been already contributing to help create a better living and business space and is still working relentlessly towards a better sustainable growth.

CONTENTS

Scan here to know more about TDM Berhad

ABOUT TDM

WHO WE ARE

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

Plantation Division

TDM develops and manages 16 estates at the following locations:-

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

Currently, the Group has a total of 44,198 hectares of planted oil palm land for its plantations in Terengganu, Malaysia and Kalimantan Barat, Indonesia.

The Group also own operates three palm oil mills are located in Sungai Tong and Kemaman in Terengganu and Nanga Pinoh, Kalimantan Barat.

In 2011, 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. The plant, which is located in Sungai Tong, Terengganu is able to produce up to 29,000 metric tonnes of fertiliser per annum.

The second bio-composting plant in Kemaman, Terengganu, has a capacity to produce up to 32,000 metric tonnes of fertiliser annually.

The two plants will be able to reduce the group's dependency on chemical fertilisers and help to manage waste in a more sustainable manner.

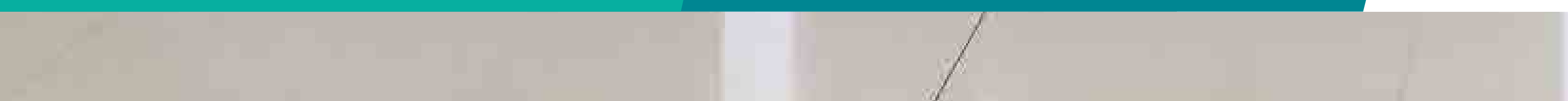
Healthcare Division

The Group's Healthcare division, Kumpulan Medic Iman Sdn Bhd (KMI), manages four specialist hospitals, which offer no-frills, affordably priced secondary healthcare services to the community. Hospital under KMI are:-

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

The vision of the healthcare division is to be the community centred specialist hospital of choice, giving every individual access to a standard of healthcare services equal to that of any developed country in the world.

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



OUR VISION

Inspiring our people to improve their lives.

OUR MISSION

TDM wants to be a model corporate citizen, enhancing the wealth of shareholders and improving the well-being of all stakeholders.

OUR VALUES

Integrity

Professionalism

Transparency

Passion

Diligence

Care

4 THRUSTS
TDM'S TRANSFORMATION MODEL

EXPANDING
OUR PLANTATIONS AND HOSPITALS BY YEAR 2022

52K HA
PLANTED AREA

1,000
BEDS

ENHANCING
PEOPLE DEVELOPMENT

VENDOR

EMPLOYEE - TRAINING & DEVELOPMENT (AKADEMI TDM)

COMMUNITY

BOOSTING
EFFICIENCY BY YEAR 2022

FFB YIELD
22 MT/HA

OER
22%

BOR
>80%

PRODUCTION COST LOWER BY 10%

EMPOWERING & ENGAGING

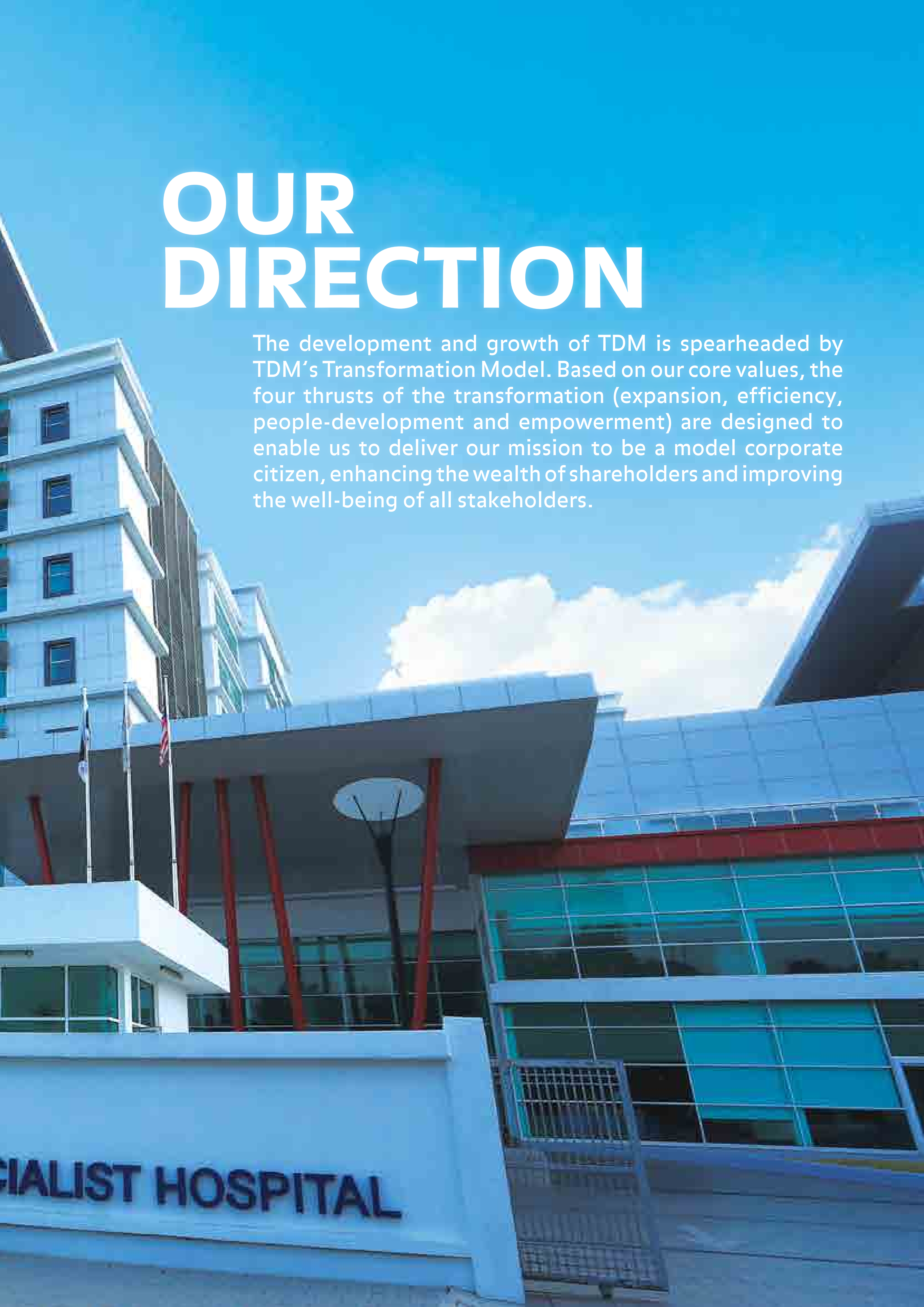
STAKEHOLDER RELATION

HIGH PERFORMANCE ORGANISATION

Notes:
FFB - Fresh Fruit Bunch
OER - Oil Extraction Rate
BOR - Bed Occupancy Rate

OUR DIRECTION

The development and growth of TDM is spearheaded by TDM's Transformation Model. Based on our core values, the four thrusts of the transformation (expansion, efficiency, people-development and empowerment) are designed to enable us to deliver our mission to be a model corporate citizen, enhancing the wealth of shareholders and improving the well-being of all stakeholders.



MILESTONES AND ACHIEVEMENTS

1965
TDM was incorporated.

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.

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
First Financial Year dividend declared to shareholders.

HEALTHCARE
Kuala Terengganu Specialist Hospital (KTS) was established.


A worker collecting fresh fruit bunches harvested from the plantation

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 & CLOSED DOWN
- Fast-food/Restaurant:
  - A&W Restaurants
- Property
- Poultry
- Air Ambulance
- Rubber Processing
- Transportation
- Travel Agency
- Hotel
- Fiber Mattress

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


Customer-focused driven

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
  - This policy is being progressively implemented in stages.
- Field Assistant Trainee Programme
  - Introduced to enhance the life of the estate workers and eradicate poverty among the estate communities.

2008

CORPORATE

Introduction of the MBA Scholarship Programme

- To encourage staff to further develop their knowledge, skill and capabilities.

PLANTATION

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

AWARDS

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

Vigorous oil palm seedlings at pre-nursery stage

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, can 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 throughout the procurement and bidding processes from start to completion.

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 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.
- 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).

MILESTONES AND ACHIEVEMENTS

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 certified 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.

The launching of Akademi TDM

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 Kuala Terengganu.

Specia


lised care

2015

PLANTATION

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

2016

PLANTATION

Total area planted: 44,451 hectares. (Malaysia & Indonesia)

- 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".


Kemaman bio-composting plant

2017

PLANTATION

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

HEALTHCARE

- Entered into MoU with PNB Commercial Sdn Bhd (PNBC) to develop a purpose-built hospital in Sri Petaling, Kuala Lumpur.

AWARDS

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

MSPO/2-3/-0002

CORPORATE STRUCTURE
AS AT 27 MARCH 2018

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. Rafi Sawit Lestari**
95%	**PT. Sawit Rezki Abadi**

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***

**Italic* = Dormant/Inactive

Efficient mechanised internal fresh fruit bunch evacuation

Patient undergoing CT-Scan procedure

CORPORATE INFORMATION

AS AT 27 MARCH 2018

BOARD OF DIRECTORS

YB Dato' Wan Nawawi Haji Wan Ismail
Non-Independent
Non-Executive Chairman

Major General Dato' Dr Mohamad Termidzi Junaidi (R)
Senior Independent
Non-Executive Director

Dato' Haji Mohd Ali Abas
Independent
Non-Executive Director

Datuk Dr Ahmad Shukri Md Salleh @ Embat
Independent
Non-Executive Director

Haji Md Kamaru Al-Amin Ismail
Non-Independent
Non-Executive Director

Haji Samiun Salleh
Non-Independent
Non-Executive Director

Haji Mohd Nasir Ali
Independent
Non-Executive Director

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

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

BOARD RISK & COMPLIANCE COMMITTEE

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

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 Berhad
- OCBC Bank Berhad
- CIMB Bank Berhad
- RHB Islamic Bank Berhad

SOLICITORS

- Messrs. Abu Talib Shahrom
- Messrs. Hadi Zamani & Associates
- Messrs. Asmadi Azmi & Associates
- Messrs. Hutabarat Halim & Rekan
- Messrs. Edlin Ghazaly & Associates

REGISTERED OFFICE

Level 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu Darul Iman

Telephone No : 09 620 4800 / 09 622 8000
Facsimile No : 09 620 4803

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 : 03 2783 9299
Facsimile No : 03 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 : 09 620 4800/ 09 622 8000
Facsimile No : 09 620 4805

HEALTHCARE DIVISION

Level 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu Darul Iman

Telephone No : 09 620 4800 / 09 622 8000
Facsimile No : 09 620 4803

COMMODITIES TRADING

25th Floor, Menara KH
Jalan Sultan Ismail
50250 Kuala Lumpur

Telephone No : 03 2148 0811
Facsimile No : 03 2148 9900

2,956 EMPLOYEES

44,198 HA

TOTAL PLANTED LANDBANK

OVERVIEW OF PLANTATION DIVISION

2 MAJOR COUNTRIES

MALAYSIA

31,553 HA

INDONESIA

12,645 HA

RSPO & MSPO CERTIFIED

3 PALM OIL MILLS

16 ESTATES

3 BIO-COMPOSTING PLANTS

IMPROVING PRODUCTIVITY

To further strengthen the status of our Plantation Division as a producer of premium quality palm oil, we are growing our landbank, enlarging our planted areas, and rejuvenating our palms through replanting programmes. At the same time, we are increasing mechanisation and upgrading our mills. Together, these initiatives are significantly improving both efficiency and productivity.

2017
KEY HIGHLIGHTS

Manages
44,198
hectares of oil palm plantation

Owns 3 palm oil mills

100%*
RSPO Certified
MSPO Certified

A leading
private healthcare provider
in the East Coast

Operates
4
Specialist Hospitals

Market Capitalisation
RM0.7
billion
(2016: RM1.0 billion)

* For Malaysian operations only

Revenue
RM448.8 million
(2016: RM428.5 million)

Profit Before tax
RM52.3 million
(2016: RM35.1 million)

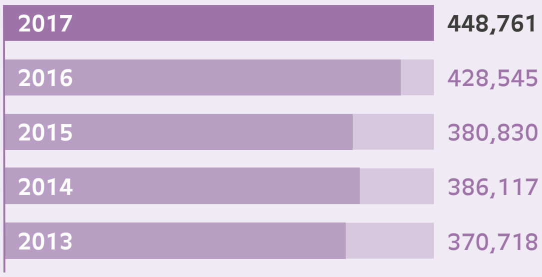
Dividend
0.5 sen
(2016: 0.5 sen)

Earnings Per Share
1.46 sen
(2016: RM1.34 sen)

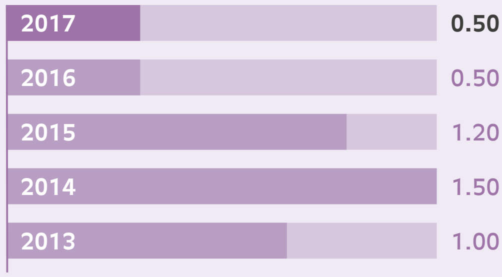
Net Assets Per Share
0.86 sen
(2016: RM0.87 sen)

FINANCIAL HIGHLIGHTS

REVENUE
(RM'000)



ANNUAL DIVIDEND
Net Dividend per Share (sen)

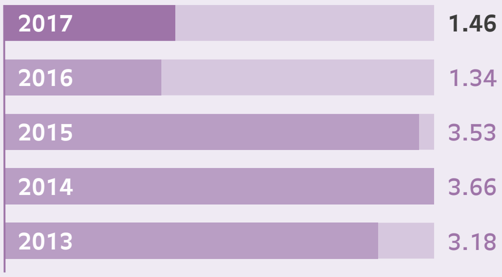


Income Statement	2013	2014 Restated	2015 Restated	2016	2017
Revenue (RM'000)	370,718	386,117	380,830	428,545	**448,761**
Profit before tax (RM'000)	67,125	65,903	49,615	35,096	**52,303**
Profit after tax (RM'000)	46,620	51,919	49,691	17,068	**18,414**
Statement of Financial Position					
Total assets (RM'000)	1,769,213	2,024,117	2,496,054	2,559,809	**2,675,071**
Total liabilities (RM'000)	519,836	758,238	1,165,729	1,246,043	**1,246,936**
Shareholders' equity (RM'000)	1,242,605	1,264,847	1,332,470	1,318,971	**1,437,991**
Total equity (RM'000)	1,249,377	1,265,879	1,330,325	1,313,766	**1,428,135**
Key Financial Indicators					
PBT margin (%)	18.11	17.07	13.03	8.19	**11.65**
Return on average shareholders' equity (%)	3.76	4.14	3.83	1.29	**1.34**
Return on average shareholders' equity (%) (without assets revaluation reserve)	6.46	7.59	7.45	2.37	**2.76**
Earnings per share (sen)	3.18	3.66	3.53	1.34	**1.46**
Net assets per share (RM)	0.84	0.85	0.90	0.87	**0.86**
Net dividend per share (sen)	1.00	1.50	1.20	0.50	**0.50****
Gearing ratio (times)	0.20	0.29	0.40	0.42	**0.40**
Current ratio (times)	1.33	1.14	1.18	1.17	**1.03**
Price to earnings ratio (times)	29.87*	22.68	19.69	50.75	**30.82**
Price to book ratio (times)	1.13	0.98	0.77	0.78	**0.52**

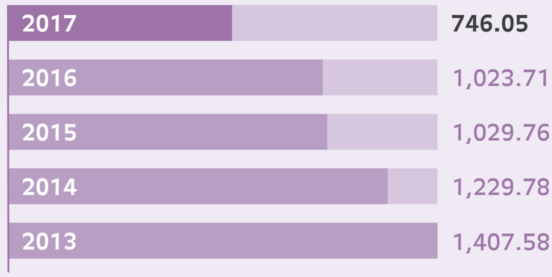
* Figures are adjusted for share split.
** Subject to shareholders' approval at the 53rd Annual General Meeting.

FINANCIAL HIGHLIGHTS

EARNINGS PER SHARE
(sen)



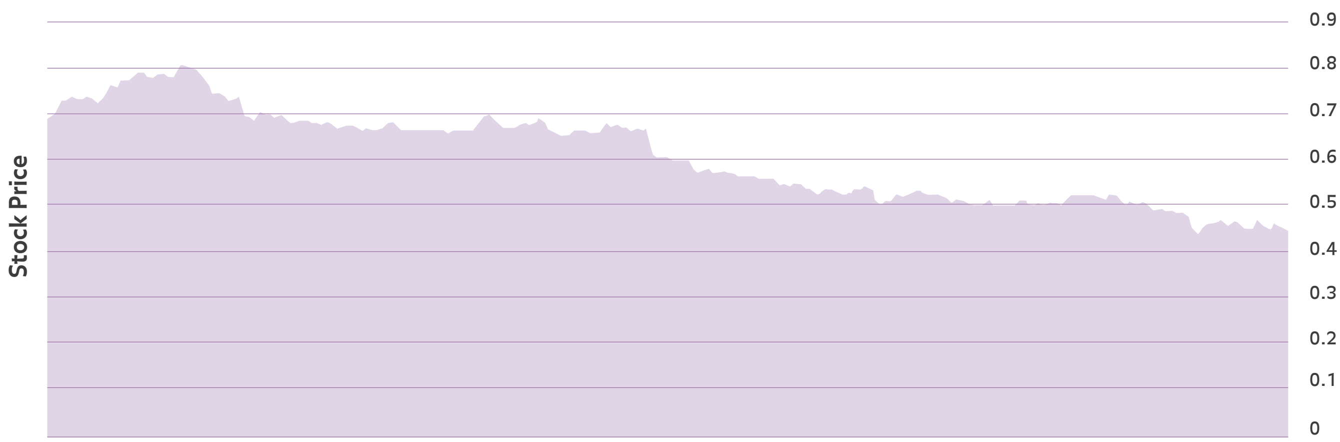
MARKET CAPITALISATION
(RM Million)

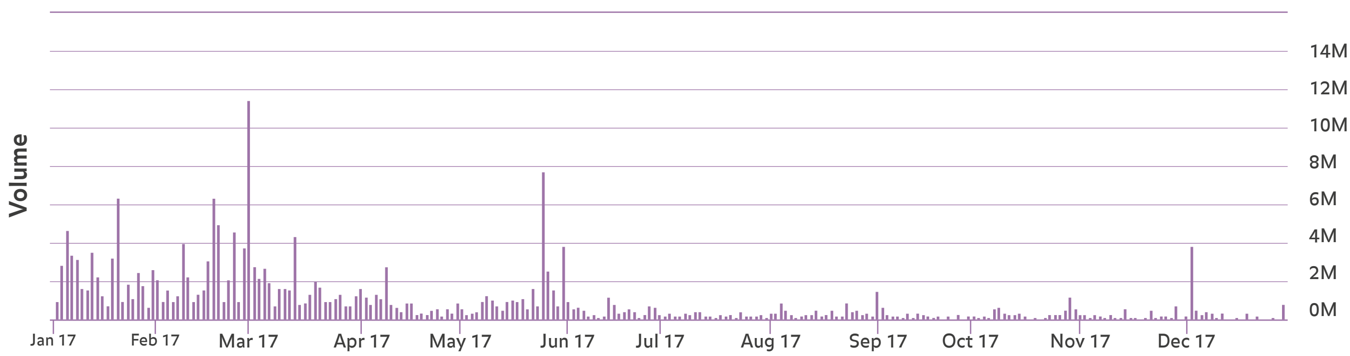


2017 Profit Before Tax	RM'000	Percentage (%)
Plantation	56,375	107.79
Healthcare	(4,078)	(7.80)
Others	6	0.01
	52,303	100.00

2016 Profit Before Tax	RM'000	Percentage (%)
Plantation	27,700	78.93
Healthcare	7,360	20.97
Others	36	0.10
	35,096	100.00

1st Jan 2017 - 31st Dec 2017

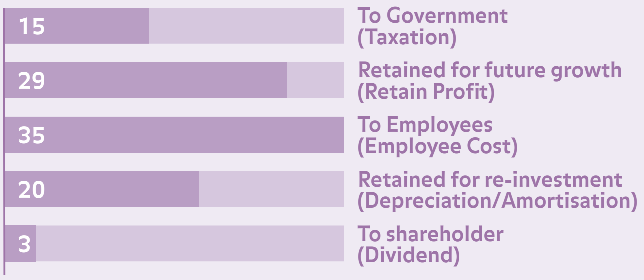




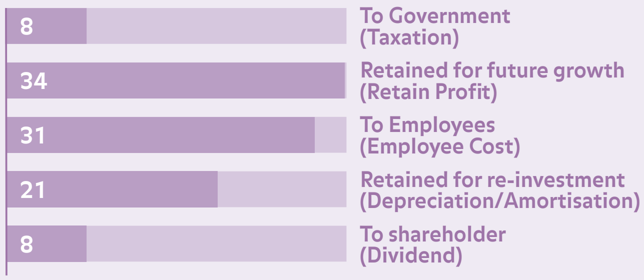
FINANCIAL HIGHLIGHTS

STATEMENT OF VALUE ADDED

Percentage (%)



Percentage (%)



	2017 RM'000	2016 RM'000
Revenue	**448,761**	428,545
Purchases of good and services	**(244,447)**	(257,849)
Value added by group	**204,314**	170,696
Other income	**48,601**	65,738
Finance expenses	**(21,936)**	(21,413)
Value added available for distribution	**230,979**	215,021

	2017 RM'000	2016 RM'000	2017 %	2016 %
Distribution				
To Employee Employee cost	**81,799**	65,628	**35.41**	30.52
To Government Taxation	**33,889**	18,028	**14.67**	8.38
To Shareholders Dividend	**7,527**	17,780	**3.26**	8.27
Non-Controling interest	**(4,651)**	(3,060)	**-2.01**	-1.42
Retained for re-investment Depreciation /Amortisation	**45,381**	44,430	**19.65**	20.66
Retained for future growth Retained profit	**67,034**	72,215	**29.02**	33.59
Total distribution	**230,979**	215,021	**100.00**	100.00

FINANCIAL CALENDAR

ANNOUNCEMENT ON QUARTERLY RESULT	**25 May 2017**	Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2017.
	30 August 2017	Announcement of the unaudited consolidated results for the 2nd quarter and half-year ended 30 June 2017.
	20 November 2017	Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2017.
	27 February 2018	Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2017.

DIVIDEND	**5 April 2017**	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 2016.
	14 June 2017	Announcement of Notice of Book Closure. Date of entitlement: 3 July 2017 Date of payment: 2 August 2017
	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.

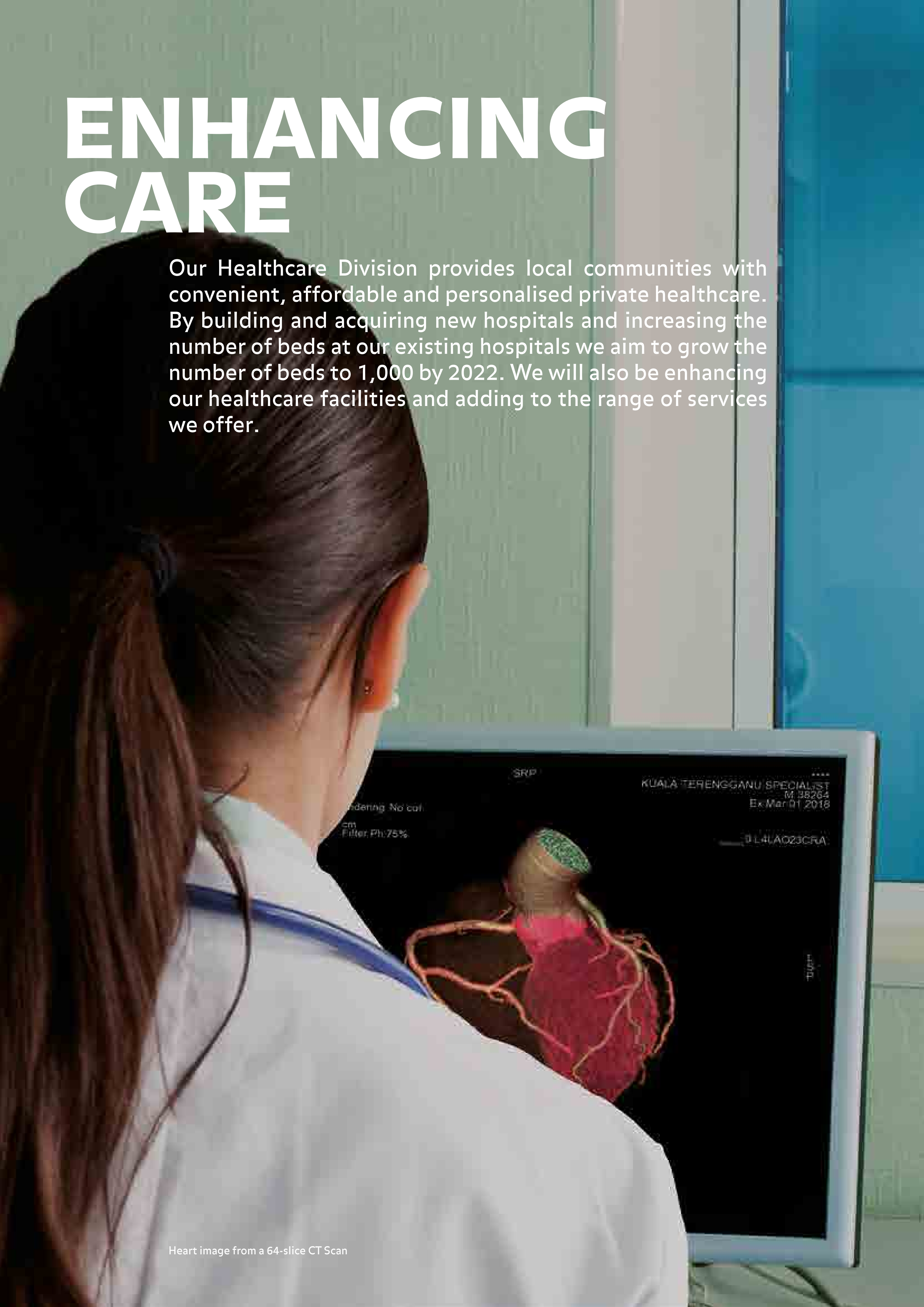
ANNUAL GENERAL MEETING	**24 April 2018**	Date of notice of 53rd Annual General Meeting and date of issuance of the 2017 Annual Report.
	24 May 2018	53rd Annual General Meeting.


Dedicated staff of KTS


Estate view from high ground

ENHANCING CARE

Our Healthcare Division provides local communities with convenient, affordable and personalised private healthcare. By building and acquiring new hospitals and increasing the number of beds at our existing hospitals we aim to grow the number of beds to 1,000 by 2022. We will also be enhancing our healthcare facilities and adding to the range of services we offer.



Heart image from a 64-slice CT Scan

SINCE ESTABLISHMENT
TOTAL PATIENTS IN 4 HOSPITALS

KJMC 90,000
KMC 700,000
KTS 120,000
TDMC 30,000

4 LOCATIONS-PETALING JAYA, KUANTAN, KUALA LUMPUR & KUALA TERENGGANU

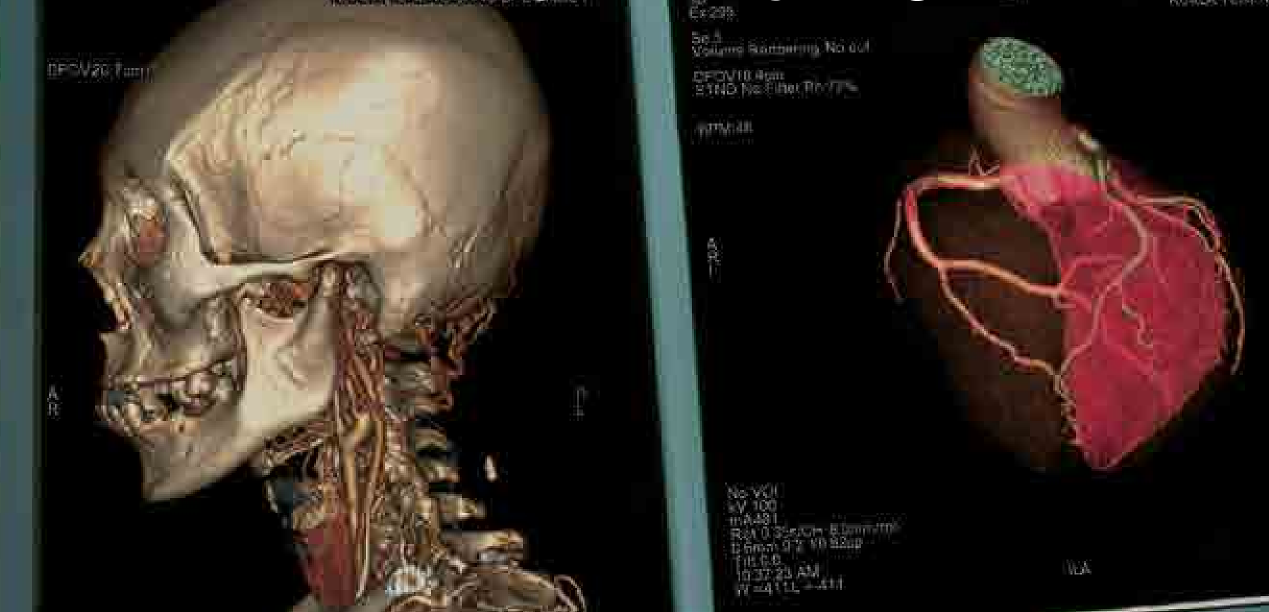
PATIENTS' CHARTER

- RIGHT TO HEALTH CARE 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

4 COMMUNITY
SPECIALIST HOSPITALS

TOTAL BED SIZE: 407*

ISO 9001:2008 CERTIFICATION



* With the opening of new KTS in January 2018

MESSAGE FROM OUR CHAIRMAN

Dear Esteemed Shareholders,

Assalamualaikum Warahmatullahi Wabarokatuh and Salam Sejahtera.

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of our Company and Group for the financial year ended 31 December 2017.

FINANCIAL PERFORMANCE

At RM448.8 million, the Group's total revenue for the year was up 4.7% on the 2016 figure of RM428.5 million. The increase derived mainly from higher crop production and palm product selling prices. Our Plantation Division revenue advanced to RM265.3 million from RM245.9 million the previous year, chiefly on the back of higher crude palm oil (CPO) and palm kernel (PK) production and rises in CPO and PK prices. For our Healthcare Division, an improvement in the inpatient case mix was partly offset by a 1% dip in inpatient numbers and a 4% drop in outpatient numbers. The division posted a revenue of RM183.4 million, slightly higher than the RM182.7 million achieved in the prior year.

During the year, Group profit before tax (PBT) jumped 49.0% to RM52.3 million from RM35.1 million the year before. Plantation Division PBT increased to RM56.4 million from RM27.7 million, spurred by the improved crop production and higher palm product selling prices.

However, our Healthcare Division posted a loss before tax of RM4.1 million as compared with the previous year's PBT of RM7.4 million, owing to a combination of higher administrative expenses, a rise in cost of sales, and a one-off goodwill impairment charge of RM6.0 million.

YB DATO' WAN NAWAWI HAJI WAN ISMAIL
Chairman

The proposed acquisition will increase TDM's current shareholdings in Ladang Rakyat from 19.12% to 61.76%.

SHAREHOLDERS' VALUE CREATION

Bonus Issue

On 4 July 2017, TDM completed a Bonus Issue which expanded the issued and paid-up share capital of the Company to RM331,201,720.20, comprising 1,656,008,601 shares. The Bonus Issue rewarded TDM's shareholders for their loyalty and support, while the enlarged capital base better reflects the scale of the Group's operations, and should also enhance the marketability and trading liquidity of TDM shares.

Dividend

The Board is proposing 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 31 December 2017, subject to the shareholders' approval at the forthcoming Annual General Meeting.

The Board has also determined that TDM's Dividend Reinvestment Scheme will apply to the entire dividend, giving shareholders the option to elect to reinvest the whole or part of the dividend in new ordinary shares of TDM. The listing of and quotation for such new ordinary shares will be subject to approval by Bursa Malaysia Securities Berhad in due course.

Acquisition of shares in Ladang Rakyat Trengganu Sdn Bhd

In line with our strategy of expanding our plantation area in Malaysia, on 27 February 2017 we entered into a Heads of Agreement (HOA) with Terengganu Incorporated Sdn Bhd (TI) to acquire TI's entire equity interest of 42.64% in Ladang Rakyat Trengganu Sdn Bhd (Ladang Rakyat).

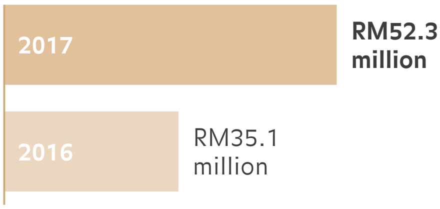
The proposed acquisition will increase TDM's current shareholdings in Ladang Rakyat from 19.12% to 61.76%. The remaining shares are held by Ketengah Holdings Sdn Bhd, the commercial entity of Lembaga Kemajuan Terengganu Tengah.

The purchase consideration of the stake is to be based on an independent valuation done by a firm appointed by TDM, as well as TDM's satisfaction of the legal, operational and financial due diligence findings prior to the execution of a definitive Share Sale Agreement. The purchase consideration will be funded through internally generated funds and/or bank borrowings. However, the actual breakdown of the source of funding will only be determined later and will depend on, amongst others, the Company's cash reserves and future funding requirements.

As Ladang Rakyat is profitable (and made a pre-tax profit of RM32.3 million in 2017), the acquisition should boost our earnings per share. Ladang Rakyat has a total planted area of 12,721ha, and the acquisition will increase TDM's total planted area in Terengganu to 44,274ha. The acquisition will also reduce our average plantation age profile to 14.81 years from 16.23 years and increase our total mature area in Terengganu by 45%. The younger age profile will in turn help increase our plantation yield.

We expect the acquisition of Ladang Rakyat to be completed in the first quarter of 2019.

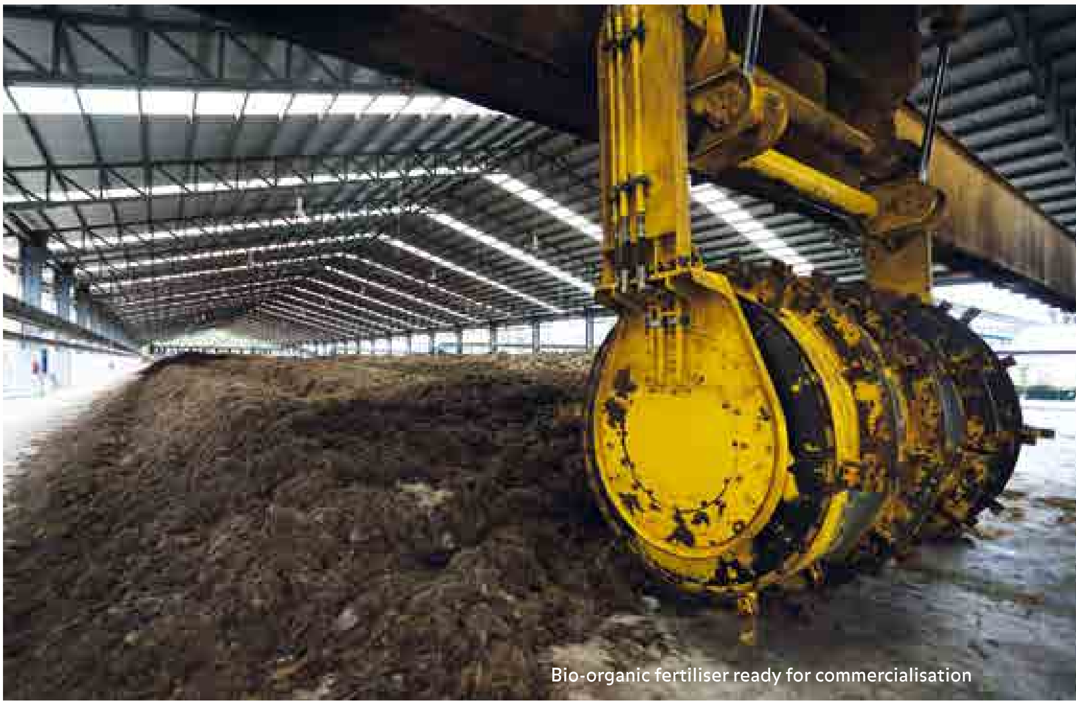
GROUP PROFIT BEFORE TAX



MESSAGE FROM OUR CHAIRMAN


Fresh Fruit Bunch harvesting using motorised cutter


Fluoroscopy X-ray Machine


Bio-organic fertiliser ready for commercialisation

Grant of Lands in Kemaman and Dungun

Having applied to the Terengganu State Government, vide our letter dated 26 July 2017, for lands in Sungai Nipah, Kemaman and Rasau, Dungun, on 3 January 2018, the Company announced, that we have accepted from the State Government a grant of lands totalling 4,515ha in Kemaman and Dungun. Subject to a satisfactory Environmental Impact Assessment (EIA) and High Conservation Value (HCV) assessment, we expect that the grant will contribute positively to our future earnings.

Following the acceptance of the lands from the State Government and the proposed acquisition of a controlling stake in Ladang Rakyat, our total land bank in the state will rise from 31,553 ha to 48,789ha.

RESPONSIBLE CORPORATE PRACTICES

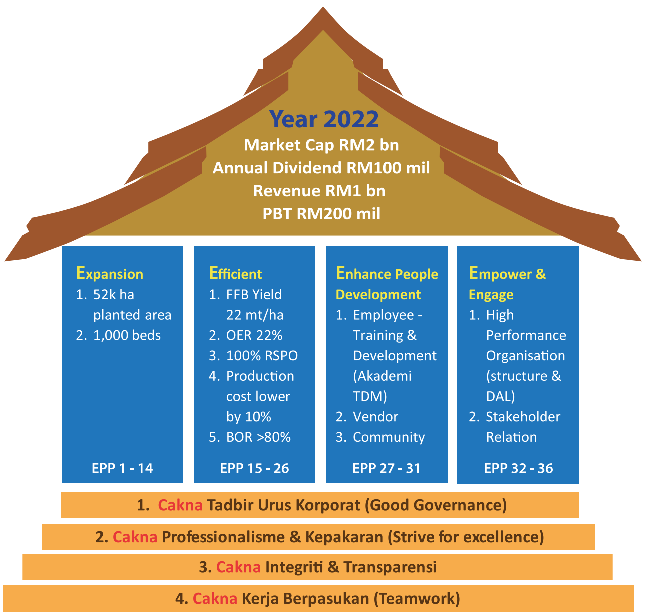
We are committed to achieving our goal of sustainable development by balancing the needs of People, Planet and Profit. We strive constantly to contribute to the social and economic wellbeing of the communities we serve, and we are equally dedicated to the environmentally responsible management of our operations. We believe that responsible corporate practices play a vital role in ensuring sustainable returns, enhancing corporate governance, and upholding ethical standards. All our management and employees are required to treat corporate responsibility as an integral part of our business.

Heartiest gratitude to our Plantation Division for being the first GLC to obtain 100% MSPO Certification for our estates and mills in December 2017.

Details of our approach to sustainable development can be found in our Sustainability Report.

OUR GOAL OF SUSTAINABLE DEVELOPMENT

PEOPLE PLANET PROFIT



ACKNOWLEDGEMENT

Board of Directors

It is with great sadness that I record the passing of our late Chairman Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R), on 29 July 2017. Tan Sri had acted as Chairman of the Board since 1 March 2014, and during his tenure his contribution to the development of the Group was both broad and deep, and his guiding hand was crucial to the Group's success in meeting challenges and seizing opportunities. His demise is sorely missed by the members of the Board, the management team, and the Group as a whole.

My own appointment as his successor followed on 29 August 2017. It is a post I was honoured to accept and I would like to take this opportunity to assure all our stakeholders that I shall give my unwavering commitments in my effort to promote their interests and the interests of the Group.

In line with the new Policy on Employment of Key Management Position duly adopted by the Company on 29 January 2018 which states Key Management Position of the Company shall be limited to only Group CEO instead of Group Managing Director, the Board had agreed that the position of YBhg Dato' Mohamat Bin Muda be re-designated from Group Managing Director to Group Chief Executive Officer (Group CEO). In accordance with the above, YBhg Dato' Mohamat Bin Muda had duly resigned as Group Managing Director of TDM Berhad on 1st February 2018 to assume the re-designated position as Group CEO of TDM Berhad with effect from 1st February 2018.

Prospects

We are aware that there are challenges ahead. The plantation sector is facing both, labour shortage and rising operating costs, while rising costs are also an issue for the healthcare sector, as is the growth in competition.

However, our Transformation Model provides robust strategies not only to meet these challenges but to ensure the sustainable expansion and development of the Group in the coming years. These strategies are outlined in more detail in the Management Discussion & Analysis section on pages 26 to 35 of this Annual Report.

I am therefore optimistic of a bright future for the Group.

Appreciation

At the end of a year that saw our Transformation Model continuing to gain momentum, on behalf of the Board of Directors I would like to express heartfelt thanks to our shareholders for your unswerving trust and support.

The considerable progress we achieved in 2017 is a splendid tribute to the hard work and dedication of our management team and employees and I offer them our sincere appreciation. We also profoundly appreciate the loyalty of our customers as well as the help and commitment of our bankers and financiers, partners, business associates and suppliers. We are equally grateful to various government bodies and regulators for their guidance during the year.

Finally, I would like to express my gratitude to my colleagues on the Board, whose dedication to the business has again produced results we can be proud of.

Thank you and salam,

YB DATO' WAN NAWAWI HAJI WAN ISMAIL
Chairman

Our late Chairman

All our management and employees are required to treat corporate responsibility as an integral part of our business.

GROUP CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

I am delighted to present the Group Management Discussion and Analysis for the financial year ended 31 December 2017.

The year was not without its challenges. For our Plantation Division the most significant was the shortage of Indonesian plantation workers, especially skilled harvesters, where as for our Healthcare Division, was the increases in cost and competition. The ways in which we are meeting these challenges are set out below.

OUR BUSINESSES

Plantation

We have a total planted landbank of 44,198ha, of which 31,553ha (71%) are located in Terengganu, Malaysia and 12,645ha (29%) in Kalimantan, Indonesia.

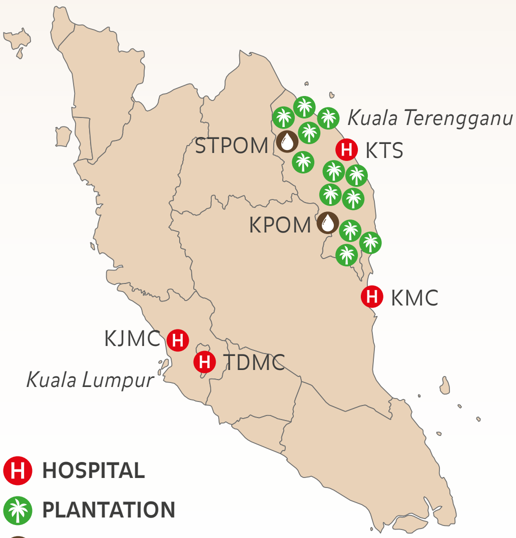
In April 2017, our new mill in Kalimantan was completed and we now own three palm oil mills with an annual milling capacity of 1.09 million tonnes of Fresh Fruit Bunches (FFB). Like our two mills in Terengganu, the new mill has a milling capacity of 60mt/hour.

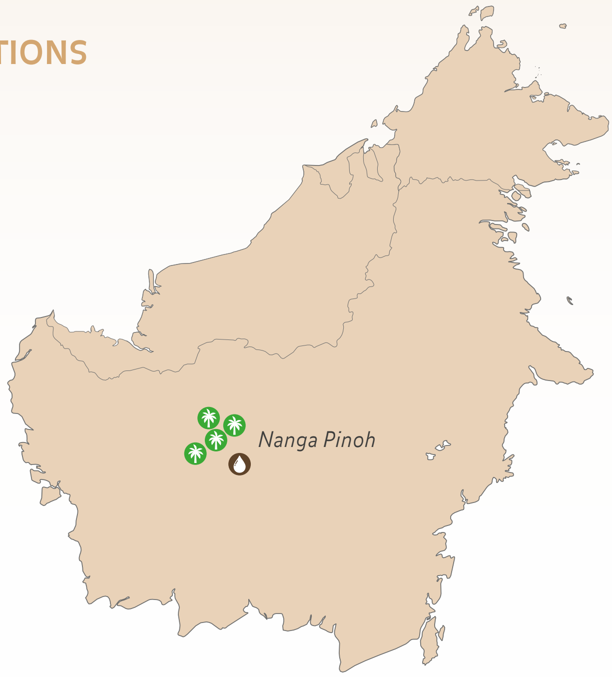
Our estates and mills are managed in accordance with good environmental, social and economic practices, and all our Terengganu estates and mills are certified sustainable by the Roundtable on Sustainable Palm Oil (RSPO). As of December 2017, we are also Malaysian Sustainable Palm Oil (MSPO) certified.

As a producer of Certified Sustainable Palm Oil (CSPO) and Certified Sustainable Palm Kernel (CSPK), we are able to enjoy a premium price for our palm oil produce. At the utmost important, these certifications enable us to uphold the key values of our 3P Philosophy - People, Planet and Profit.

DATO' HAJI MOHAMAT MUDA
Group Chief Executive Officer

OUR LOCATIONS





HOSPITAL

PLANTATION

PALM OIL MILL

STPOM : Sungai Tong Palm Oil Mill
KPOM : Kemaman Palm Oil Mill
NPOM : Nanga Pinoh Palm Oil Mill

Healthcare

The Group's healthcare division, Kumpulan Medic Iman Sdn Bhd (KMI), was established to bring private healthcare to the local community by operating specialist community hospitals in suburban areas. Our hospitals offer medical treatment at an affordable price and serve a market segment distinct from that served by major tertiary care centres.

Following the opening of the new KTS Hospital in January 2018, KMI owns and operates four specialist community hospitals with a total of 407 beds, namely:

- Kelana Jaya Medical Centre, Selangor (KJMC) - 44 beds
- Kuantan Medical Centre, Pahang (KMC) - 167 beds
- Kuala Terengganu Specialist Hospital, Terengganu (KTS) - 143 beds
- Taman Desa Medical Centre, Kuala Lumpur (TDMC) - 53 beds

Both our purpose-built hospitals at KMC and the new KTS offers the privacy and comfort of all single bedded rooms.

The services provided by our hospitals include key disciplines such as general medicine, paediatrics, orthopaedics, general surgery, radiology, obstetrics and gynaecology, ENT, dermatology, ophthalmology, urology, anaesthesiology and gastroenterology.

OBJECTIVES AND STRATEGIES

Our main strategic objective is to achieve a market capitalisation of RM2 billion, an annual dividend of RM100 million, revenue of RM1 billion and a pre-tax profit of RM200 million[1]. To this end, in February 2017 we launched a five-year TDM's Transformation Model that involves investing up to RM1 billion to expand our plantation and healthcare businesses.

The TDM's Transformation Model sets specific targets for both our businesses. For our Plantation Division, the targets chiefly relate to the expansion and rejuvenation of our estates and the upgrading of our mills. We have identified 24 Entry Point Projects (EPP) with 57 projects to be carried out within five years.

Meanwhile, for our Healthcare Division we aim to grow the number of beds at our hospitals to 1,000 by 2022 from 407 beds currently. This will be carried out by building and acquiring new hospitals as well as by increasing the number of beds at our existing hospitals. For healthcare division, we have identified 12 EPP with 22 projects to be undertaken within five years.

MSPO/2-3/-0002

Mammogram machine

The services provided by our community hospitals include key disciplines such as general medicine, paediatrics, orthopaedics, general surgery, radiology, obstetrics and gynaecology, ENT, dermatology, ophthalmology, urology, anaesthesiology and gastroenterology.

[1] *This is an internal target and not a forecast or projection of our future earnings.*

GROUP CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION AND ANALYSIS

THE FOUR THRUSTS OF TDM'S TRANSFORMATION MODEL

EXPANSION

EFFICIENCY

ENHANCEMENT OF PEOPLE DEVELOPMENT

EMPOWERMENT AND ENGAGEMENT

CORE VALUES

CAKNA: GOOD GOVERNANCE

CAKNA: STRIVE FOR EXCELLENCE

CAKNA: INTEGRITY AND TRANSPARENCY

CAKNA: TEAMWORK

Note: "Cakna" means care i.e. we always act responsibly towards all our stakeholders.

Our Strategy

	Plantation Division	Healthcare Division
Where We Play	**Upstream:** • Oil palm plantation • Milling	**Secondary Care**
How We Win	**Strategic Intent** "Leading producer of certified sustainable palm oil"	**Strategic Intent:** "Leading specialist community"
	Competitive Advantage • Co-branding strategy to improve trust by our customers	**Competitive Advantage** • Convenient location – within the customer's locality, where they come regularly
	• High quality of oil – Produced based on good environmental social and economics standards	• Mid-price hospital – Customer pay for good care without compromising on quality

Steps already taken to implement the TDM's Transformation Model including our proposed acquisition of a majority stake in Ladang Rakyat, the grant to TDM of lands in Kemaman and Dungun by the Terengganu State Government, the opening of our new 143-bed KTS and the proposed construction of 100 bedded purpose-built hospital in Sri Petaling, Kuala Lumpur.

Plantation Division

Our goal is to be a leading supplier of CSPO and CSPK, produced in accordance to good environmental, social and economics standards.

To achieve this, we intend to grow our planted areas from 30,000ha to 52,000ha, and to increase our total plantation area to about 100,000ha.

In parallel with the growing landbank, we continue to rejuvenate our existing estates by having a sound replanting programme. Our replanting programme is aimed to improved productivity and efficiency, by implementing high density planting, using superior planting progenies and redesigning estates to enable higher rate of mechanisation.

We have likewise set a target to improve our FFB yield to 22 tonnes per hectare from the present 17 tonnes per hectare, and to increase our OER from 19% to 22% by 2022.

Healthcare Division

Given the growing competition from other providers and the increasing cost of healthcare delivery, our priority in 2017 is to further improve our hospitals' performance.

The opening of our new 143-bed KTS in January 2018, which raises the total number of beds to 407, was a major step in the direction of our target towards achieving 1,000 beds within five years. Meanwhile, the Group has allocated RM24.9 million to the renovations of its healthcare facilities and the purchase of equipment. To reach our target, we will be expanding the capacity of our existing four hospitals, acquiring hospitals, and/or building new hospitals in the future.

In October 2017, pursuant to the proposed construction reported above, KMI entered into MoU with PNBC to develop a purpose-built hospital with a capacity of 100 beds on a piece of land belonging to PNBC in Sri Petaling. The hospital will be built by PNBC according to a design and specifications set by KMI and is expected to be completed by 2020. With accessibility via major highways such as the Shah Alam Expressway (KESAS) and the Middle Ring Road 2


Breathtaking estate view

(MRR2), the hospital will be able to cater to approximately 600,000 residents around Sri Petaling.

In the foreseeable future, we intend to establish a Centre of Excellence (COE) at each of our hospitals. The COE will cater to the needs of local community as well as capitalising on the expert care available at the hospitals. In the long term, we also aim to increase our BOR from 56% in 2017 to more than 80%.

FINANCIAL PERFORMANCE

Group

In 2017, the Group's revenue grew by 4.7% to RM448.8 million from RM428.5 million the year before, driven mainly by higher crop production and palm produce selling prices. 59.1% of the Group's revenue was contributed by the Plantation Division with the Healthcare Division accounting for the remaining 40.9%.

PBT shot up 49.0% to RM52.3 million from RM35.1 million the previous year, on the back of the higher crop production and palm produce selling prices as well as reversal of impairment of biological assets by RM37.7 million. However, the growth in PBT was partly offset with unrealised loss on the foreign exchange of investment in fixed income securities of RM35.7 million and one off goodwill impairment charge of RM6.0 million. Meanwhile, profit after tax and minority interests (PATAMI) increased by 14.9% to RM23.1 million from RM20.1 million in 2016.

	2017 RM'000	2016 RM'000
Revenue		
- Plantation	265,327	245,893
- Healthcare	183,434	182,652
Adjusted EBITDA*		
- Plantation	75,514	62,593
- Healthcare	21,411	30,206
EBITDA		
- Plantation	67,550	39,527
- Healthcare	13,311	24,217
PBT		
- Plantation	56,375	27,700
- Healthcare	(4,078)	7,360

* The operating performance is based on a measure of adjusted earning before interest, tax, depreciation and amortisation (EBITDA). The measurement basis excludes the effects of non-operational items from the reporting segments such as fair value gains and losses, foreign exhange gains and losses, impairment losses and gains or losses on disposal of assets.


Executive Suite at KTS


Signing of MoU with PNBC

The opening of our new 143-bed KTS in January 2018, which raises the total number of beds to 407, was a major step in the direction of our target towards achieving 1,000 beds within five years

GROUP CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION AND ANALYSIS

Plantation Division

During the year, the Plantation Division revenue climbed 7.9% to RM265.3 million from RM245.9 million in 2016, mainly on account of:

- Rises in CPO and PK production of 7% and 8% respectively; and
- Rises in CPO and PK prices of 7% and 16% respectively.

Adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) or operating profit grew 20.6% to RM75.5 million from RM62.6 million in the prior year, underpinned by the improved crop production and higher palm produce selling prices. However, the rise was partly offset by several factors referred to above, namely increases in:

- Operating costs incurred by our Malaysian operation, which rose by RM3.1 million in line with higher production; and
- Replanting/immature costs incurred by our Malaysian operation, which rose by RM0.9 million.


FFB quality control

Healthcare Division

The Healthcare Division revenue for 2017 was up 1% to RM183.4 million from RM182.7 million the previous year, mainly as a result of an improvement in the inpatient case mix. However, this was partly offset by a 1% dip in inpatient numbers and a 4% drop in outpatient numbers.

The division's adjusted EBITDA was down by 29.1% to RM21.4 million from RM30.2 million, primarily on account of a RM8.7 million increase in administrative expenses. During the year, the division also recorded a one-off goodwill impairment charge of RM6.0 million.

Tax

During the year, the Group incurred income tax expenses of RM33.9 million, as against RM18.0 million the year before. 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 operation.

Finance Costs, Assets, Liabilities and Borrowings

The Group's total finance costs for 2017 increased by RM523,000 to RM21.9 million mainly owing to an additional loan drawdown of RM23.8 million during the year.

During the year, total assets rose to RM2.7 billion from RM2.6 billion. This was largely due to a revaluation surplus on land, buildings, plant and machinery, and plantation development expenditure, and the addition of fixed assets during the year. Meanwhile, total liabilities remained at RM1.2 billion. Total borrowings moderated by 4.0% to RM791.0 million from RM824.3 million the year before.

Gearing

As at 31 December 2017, our gearing level stood at 40 %, as against 42%, the previous year. The Group has a policy to keep gearing ratio at a reasonable sustainable level.

The Group continues to manage its capital structure in a proactive manner taking account of changes in economic conditions. This includes adjusting dividend payments to shareholders and issuing new shares.

In 2017, Group Operating Cash Flow increased by 280.7% to RM97.1 million mainly due to the higher profitability of the Plantation Division.

Meanwhile, net cash used in investing activities increased to RM105.8 million, reflecting higher plantation development expenditure during the year.

For 2017, we recorded net cash flows used in financing activities of RM17.4 million compared to net cash flows generated from financing activities of RM62.5 million the previous year, due to a decrease in term loan drawdowns and higher repayments of term loan.

REVIEW OF OPERATIONS

Plantation Division

Production of FFB, CPO and PK increased by 13%, 7% and 8% respectively due to a significant recovery in palm oil production in Malaysia and Indonesia in 2017, following the El-Nino in 2015 and 2016 which adversely affected South East Asia. The favourable weather conditions in 2017 led to a recovery in overall CPO production and yield.

Production (mt)	2017	2016	% change
Fresh Fruit Bunches	455,505	403,618	12.9
Crude Palm Oil	84,027	78,494	7.0
Palm Kernel	21,969	20,262	8.4

During the year, we achieved a higher selling price than the Malaysian Palm Oil Board's 2017 CPO average price of RM2,783 mainly due to the premium received from sale of our CSPO.

Price (RM/mt)	2017	2016	% change
Crude Palm Oil	2,872	2,696	6.5
Palm Kernel	2,614	2,258	15.8

Our replanting programme plans to achieve an average age profile of 13 years by 2022. The table below shows the replanting hectarage for the past five years.

Hectarage (ha)				
2017	2016	2015	2014	2013
1,788.12	2,020.48	1,397.71	1,242.83	734.10

Terengganu, Malaysia

Our replanting programme, which began in 2012, involves the redesign of plantations. We are rejuvenating our Terengganu estates by utilising superior planting materials, introducing higher planting density, and redesigning the layout of the estates so as to improve mechanisation and make crop evacuation more efficient. By 2016, we had started to reap the first produce from the replanting exercise. Previously, it took 36 months to harvest. Now, we can harvest after just 30 months.

In addition to replanting which aim to reduce our age profile, the acquisition of Ladang Rakyat will accelerate the reduction of age profile from 16.23 years to 14.81 years.

During the year, we also made progress with the upgrading of our mills and investing in new assets. Our aim is to achieve a higher OER, reduce oil loss, cut processing costs, and increase throughput. This involve:

- Upgrading our digester capacity and vertical clarifier capacity;
- Adopting new technology, including the use of chemicals to enhance the hydrolysis process and increase oil recovery; and
- Upskilling our workforce to enhance competency

In February 2018, TDM became the first 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.

The biogas plant, which will operate at both our mills in Terengganu, will be able to capture methane - a greenhouse gas with huge renewable potential - via biogas trapping facilities. 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 jobs creation and environmental-friendly low-cost energy production as well as an additional sustainable income to the Group.


FFB harvested ready for evacuation

Production of FFB, CPO and PK increased by 12.9%, 7.0%and 8.4% respectively due to a significant recovery in palm oil production in Malaysia and Indonesia in 2017, following the El-Nino in 2015 and 2016 which adversely affected South East Asia.

GROSS PROFIT
19.7%

GROUP'S PROFIT BEFORE TAX
49.0%

GROUP CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION AND ANALYSIS

Kalimantan, Indonesia

Our operating conditions in Kalimantan continue to be challenging to the Group.

Nevertheless, we have taken steps to address the challenges, including by proactively engaging with local communities, plasma participants and local authorities. In addition, we are also finalising demarcation of plasma area to ensure the success of our plasma scheme. We have also restructured our management team in Kalimantan to improve our operation efficiency. Further, we are committed to develop the local vendors by improving the robustness of our vendor management program.

We are pleased to report that during the year we have successfully completed the contruction of our first mill in Kalimantan. The state of the art mill is equipped with bio-composting plant and bio-gas plant, which is a testatement to our commitment toward sustainable practices.

On 25 January 2017, our Indonesian subsidiary, PT. Rafi Kamajaya Abadi, faced a civil suit claim by a local Indonesian known as Ibu Suryati. On 22 June 2017, the Court of Sintang rejected all Ibu Suryati's claims. Subsequently, Ibu Suryati appealed to the High Court of Pontianak. On 15 March 2018, the High Court of Pontianak also rejected her appeal and upheld the decision of the Court of Sintang. The matter was properly announced at Bursa Malaysia.

Healthcare

As reported above, in 2017 the healthcare sector continued to face the challenges posed by a slowdown in the economy and the entrance of new players into the market. In addition, our Healthcare Division incurred higher staff costs as the Group expanded its healthcare workforce to meet the regulatory requirements on the ratio of staff to beds.

Sea-view Platinum Suite at KTS

	2017	2016	% change
Number of beds	297	297	Nil
Bed occupancy rate	56%	60%	-6.7
Total inpatient numbers	21,595	21,706	-0.5
Total outpatient numbers	157,380	164,093	-4.1
Average length of stay	2.66	2.80	-5.0

To deliver an integrated service at our hospitals, we have adopted the latest cutting-edge technology including a Hospital Information System (HIS). HIS links all our clinical services and provides quick access to care as well as shortening waiting times in areas such as admission and discharge. HIS was tested in 2017, has been rolled out in our new KTS, and will be applied at all of our remaining hospitals in the coming years.

The improved admission and discharge process in all our hospitals has speeded up bed turnaround time, while enhanced communication with insurance providers has also expedited the discharge process.

Meanwhile, an electronic medical records system will be implemented in 2018 and will give our clinicians faster access to patients' medical records, thus improving patient care delivery.

KTS which comprised of eight-storey facilities sits on a 34,000 square metre plot at Jalan Sultan Mohamad in Batu Burok offers an array of healthcare services. This new building replaces the 33-bed hospital at Jalan Kamaruddin, which was unable to cope with patient demands. Since its opening, the bed occupancy rate has been very encouraging.

Opening of KTS was a milestone for our Healthcare Division, reflecting our commitment to provide first-class specialised and personalised healthcare services to the people of Terengganu.

KTS offers top quality medical care and is furnished with the latest and best equipment and technology. One of the unique selling proposition of the new KTS, are its 143 sea-view and sunset-view rooms. Following the successful of all single-bedded offerings at KMC, this concept provides patients with privacy and comfort apart from preventing the spread of contagious diseases. The hospital also has five operating theatres, five maternity rooms, a testing laboratory, an intensive care unit with 12 beds, an infant care unit with 19 beds, and 25 ultra-modern clinics staffed by a host of specialists and consultants.

The new 3D 64-slice Computerised Tomography Scanner (CT Scan)

In 2017, we also collaborated with Sanofi, a French pharmaceutical giant to launch a one-stop vaccine centre within our group of hospitals. We started by establishing the first and only private vaccine centre in the East Coast region at KMC. In 2018, similar centres will be launched at KTS, TDMC and KJMC. The adult vaccination programme run by the new dedicated facility aims to make vaccination easy and accessible for all.

In addition, during the year KMC was appointed by SOCSO/PERKESO to run the 'Return to Work Programme' across the whole East Coast region. As a member of SOCSO's rehabilitation panel, KMC provides an array of rehabilitation therapies and treatment plans to ensure that appropriate medical care is provided to Insured Persons with injuries or diseases, thereby enabling an early and safe return to work.

In line with our aim to provide comprehensive healthcare at our hospitals, over the last two years we have introduced various new services, most notably eye care (at KTS), endovascular services (at TDMC) and angioplasty services (at KMC). These higher value services will increase revenue, while centralised procurement for all our hospitals is helping to keep costs in check.

Akademi TDM

In August 2017, the Group opened Akademi TDM. The academy aims to provide the kind of specialist training needed to meet the needs of the Group and also, potentially, of private entities across Terengganu including small holders and others. Training will be delivered by both internal and external providers and we have already signed MoUs with a number of training providers.

For the Plantation Division, training will focus on boosting productivity and professionalism, while for the Healthcare Division the emphasis will be on continually enhancing the quality of our medical services and the level of customer service. Since its opening in February 2017 the academy has to-date trained 400 employees of the Group.

The opening of Akademi TDM is a testament to our commitment in talent development.

Training at Akademi TDM

The opening of Akademi TDM is a testament to our commitment in talent development.

GROUP CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION AND ANALYSIS

RISK MANAGEMENT

TDM is keenly aware of business risk and is vigilant in mitigating threats to our sustainability. Our overriding objective is to safeguard our shareholders' investments, and other stakeholders' interest. Accordingly, our Risk & Compliance Department is tasked with executing and maintaining the Group's risk management and internal control system to ensure that our corporate objectives are met and our strategies implemented in accordance with the Group's agreed risk appetite. The department ensures that we have in place appropriate controls across the Group as a whole as well as within its individual divisions and units.

Since 2016, our Risk & Control Self-Assessment (RCSA) has acted as an important risk management tool by:

- Providing a systematic approach that helps Business Units/Support Units (BU/SU) to identify their current and potential risks and to determine the control gaps in their various operations and activities;
- Addressing the knowledge 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;
- Providing 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;
- Contributing towards the establishment of an overall Group risk profile, compiled once all BU/SU have completed their risk profiles; and
- Promoting a proactive risk management and control culture among all staff.

Plantation Division Risks

Although our production improved in 2017, nevertheless we were also affected from labour shortage during the year.

Steps taken to mitigate the issue are as follows:

- Intensify mechanisation in harvesting operation by using Grabber for in-field FFB evacuation and motorised Palm Cutter for FFB harvesting;
- Diversification of country's source for foreign workers recruitment eg: Bangladeshi;
- Engage more agents for foreign worker's recruitment to speed up the fulfillment of workers requirements; and
- Improve productivity incentive to motivate the workers while increasing their take-home pay.

The Plantation Division is also facing an increase in production costs and this is mitigated through productivity and efficiency measures achieved via replanting, mechanisation and other innovation initiatives.

Healthcare Division Risks

Both globally and locally, economic uncertainties are posing challenges to the healthcare sector, specifically in the areas of cost and competition.

Competition is the first significant risk. Two of our hospitals in the Klang Valley are situated in a very crowded marketplace that offers many alternative healthcare options. Accordingly, we are strengthening our patient proposition by enhancing our capabilities and boosting our capacity, as is demonstrated, for example, by the opening of KTS and our acquisition of new shop lots to facilitate the expansion of KJMC. This is also in line with our aim to provide a better facilities for our patients.

In the face of the escalating cost of healthcare delivery, in 2017 we initiated a pilot division-wide procurement exercise focusing initially on the pharmaceutical purchases made by our hospitals. Economies of scale are now enabling us to cut the cost of selected items, thereby improving our margins. We will now be scaling up this procurement initiative to consolidate our purchasing beyond pharmaceutical items, so as to achieve greater savings and higher margins.

OUTLOOK

Plantations

"In 2018, palm oil players are expected to report improved earnings, fuelled mainly by increased FFB output and stronger downstream earnings. The key driver for 2018's earnings will be higher FFB yields as the El Nino effect fades and new mature areas come on stream. The higher yields are predicted to drive down costs of production of CPO on a per tonne basis. However, in Malaysia CPO prices are forecast to average RM2,700 per tonne in 2018, somewhat lower than the January-November 2017 average price of RM2,817 per tonne".

(Source: CIMB Malaysia Strategy Navigator 2018: Challenges and Opportunities)

Given the low palm oil production cycle during the first quarter of 2018, the palm oil price is expected to stabilise in the coming months and the Group remains optimistic about the long-term fundamentals of the industry.

In the years ahead, we will continue to focus on improving productivity and optimising production costs. We will achieve this by replanting programme, estate mechanisation, mill upgrades and continuous training of our workers specifically designed to boost our productivity.

We are likewise resolutely committed to the sustainability agenda. In addition to the RSPO certification that has enabled us to charge a premium for our CSPO and CSPK, our estates and mills have successfully obtained MSPO certification during the quarter, as reported above.


Aerial view of Kemaman Palm Oil Mill and Bio-compost complex

Healthcare

"Although hospital stock valuations are high, they will be supported in 2018 by a scarcity premium deriving from the lack of healthcare-related stocks. Private hospital operators should benefit from higher contributions by both new and existing hospitals. A key rerating catalyst for the healthcare sector is improved consumer sentiment, resulting in higher demand for both private healthcare and pharmaceutical goods."

(Source: CIMB Malaysia Strategy Navigator 2018: Challenges and Opportunities)

The challenging economic environment and the entry of new players into the industry will continue to weigh on the Healthcare sector. Nevertheless, we are cautiously optimistic that the growth of our Healthcare Division will be supported by our capacity expansion and the introduction of new service modalities. Meanwhile, we will seek to mitigate the increasing cost of healthcare delivery by a combination of cost control and optimisation initiatives and an increased emphasis on procedures that generate higher revenues such as angioplasty, cardiothoracic surgery, spinal surgery, sports medicine and oncology. We therefore consider that the division should record a satisfactory operating performance in 2018.

Looking ahead, we believe that the strategies we have put in place will deliver sustainable growth and keep us on track to achieve our mission to be a model corporate citizen, enhancing the wealth of our shareholders and improving the well-being of all our stakeholders.

24-hour pharmacy services

A key rerating catalyst for the healthcare sector is improved consumer sentiment, resulting in higher demand for both private healthcare and pharmaceutical goods.

DATO' HAJI MOHAMAT MUDA
Group Chief Executive Officer

BOARD OF DIRECTORS
AS AT 27 MARCH 2018

1. **YB DATO' WAN NAWAWI HAJI WAN ISMAIL**
   Non-Independent
   Non-Executive Chairman

2. **MAJOR GENERAL DATO' DR MOHAMAD TERMIDZI JUNAIDI (R)**
   Senior Independent
   Non-Executive Director

3. **DATO' HAJI MOHD ALI ABAS**
   Independent
   Non-Executive Director

4. **HAJI MD KAMARU AL-AMIN ISMAIL**
Non-Independent Non-Executive Director

5. **HAJI SAMIUN SALLEH**
Non-Independent Non-Executive Director

6. **HAJI MOHD NASIR ALI**
Independent Non-Executive Director

7. **DATUK DR AHMAD SHUKRI MD SALLEH @ EMBAT**
Independent Non-Executive Director

PROFILE OF DIRECTORS
AS AT 27 MARCH 2018

YB DATO' WAN NAWAWI HAJI WAN ISMAIL
DPMT, SMZ,PJC, PJK

NON-INDEPENDENT
NON-EXECUTIVE CHAIRMAN
AGE: 61, MALAYSIAN / MALE

DIRECTORSHIP
- Appointed as Director: 29 August 2017

QUALIFICATION
Master of Business Administration, Oklahoma City University, USA

WORKING EXPERIENCE AND OCCUPATION
- 1 July 1981
  State Civil Service Level II, Department of Land and Mines of Terengganu
- 16 Sept 1981
  Secretary, Public Service Commission of Terengganu
- 1 Sept 1989
  Principal Assistant Director (Unemployment Special Unit), State Economic Planning Unit
- 16 Aug 1990
  Assistant State Director (Culture and Tourism), State Secretary Office of Terengganu
- 1 July 1994
  Assistant District Officer I, District Office of Kuala Terengganu
- 1 July 1995
  Chief Assistant District Officer, District Office of Besut
- 1 Jan 1996
  Awarded study leave to pursue post graduate study in the United States
- 4 Oct 1997
  Assistant State Financial Officer (Investment), Terengganu State Financial Office
- 10 June 1998
  Land Administrator, Land Office of Hulu Terengganu
- 1 Aug 1999
  Principal Assistant Secretary of State (Human Resources) State Secretary Office of Terengganu
- 15 Aug 2000
  General Manager, Terengganu Entrepreneur Development Foundation
- 16 Feb 2004
  Deputy Director, State Economic Planning Unit
- 1 Dec 2005
  Deputy State Secretary (Special Project), State Secretary Office of Terengganu
- 1 Jan 2009
  District Officer, District Office of Setiu

WORKING EXPERIENCE AND OCCUPATION (CONT'D)
- 1 Feb 2010
  District Officer, District Office of Kuala Terengganu
- 2 June 2014
  Deputy State Secretary (Development) / UPEN Director, State Secretary Office of Terengganu
- 1 Jan 2015
  State Financial Officer, Terengganu State Treasury Office
- 3 Aug 2016 - Current
  State Secretary, State Secretary Office of Terengganu

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUER
NIL

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
04/04

MAJOR GENERAL DATO' DR MOHAMAD TERMIDZI JUNAIDI (R)

PSAT, DPMJ, DPKK, PAT, JSM, KMN, BDS (Malaya), DPHD (Sydney) PSC FICD

SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR
AGE: 65, MALAYSIAN / MALE

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

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

WORKING EXPERIENCE AND OCCUPATION
- 1978 - 2006
  Served the Malaysian Armed Forces for 31 years
- Director of Dental Services, Malaysian Armed Forces
- 1984 - 1985
  Commandant of the Malaysian Armed Forces Health Services Training Institute
- 1997 - 2000
  Chairman of Section of Defence Forces Dental Services Federation Dentaire International
- 2006-2009
  Founding Dean and Professor, Kulliyyah of Dentistry International Islamic University, Malaysia
- President of Mess Committee Armed Forces MINDEF Mess
- 2007 - 2011
  President, Old Putera Association (Alumnus of the Royal Military College)
- Founding President of the Malaysian Cricket Umpires and Scorers Association
- Vice President of the Malaysian Dental Association
- Council Member of the Malaysian Dental Council
- Founding President of the Dental Alumni of University Malaya

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUER
NIL

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
12/13

DATO' HAJI MOHD ALI ABAS

DPMT, PJK, CA(M), FCPA (Aus), ACPA, MMIM, AICMA, ACTIM, B. Econs. (Hons), DIA(UM)

INDEPENDENT
NON-EXECUTIVE DIRECTOR
AGE: 68, MALAYSIAN, MALE

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

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

WORKING EXPERIENCE AND OCCUPATION
- 1973 - 1977
  Accountant with Urban Development Authority (UDA), Kuala Lumpur
- 1977 - 1984
  Senior Assistant Director (Finance), Lembaga Kemajuan Terengganu Tengah (KETENGAH), Kuala Terengganu
- 1984 - 1995
  Managing Director of Hubungan Raya Terengganu Sdn Bhd
- 1995 - Current
  - Executive Chairman of Messrs Mohd Ali Abas & Co
  - Chartered Accountant, Auditor, Tax Agent and Company Secretary

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUER
NIL

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
13/13

PROFILE OF DIRECTORS
AS AT 27 MARCH 2018

HAJI SAMIUN SALLEH
SMZ, BCM, PJK

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR
AGE: 57, MALAYSIAN / MALE

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

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

WORKING EXPERIENCE AND OCCUPATION
- 1986 - 1992
  Assistant District Officer, Hulu Terengganu District Council
- 1992 - 1997
  Assistant Director at the State Economic Planning Unit
- 1997 - 1998
  Executive Director, Terengganu Skills Development Centre (TESDEC)
- 1998 - 2000
  Assistant State Secretary (Tambah Setara)
- 2000 - 2002
  Secretary, Kemaman District Council
- 2002 - 2004
  Assistant District Officer, Setiu District Council
- 2004 - 2005
  Secretary, Kemaman Municipal Council
- 2005 - 2009
  President, Hulu Terengganu District Council
- 2009 - 2013
  Secretary, Kuala Terengganu City Council
- 2013 - 2014
  President, Setiu District Council
- 2014 - 2016
  Deputy State Secretary (Management)
- 2017 - 31 December 2017
  General Manager, Terengganu State Economic Development Corporation (PMINT)
- Current
  Mayor of Kuala Terengganu City Council

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUER
NIL

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
11/13

HAJI MD KAMARU AL-AMIN ISMAIL
SMT, PJK

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR
AGE: 57, MALAYSIAN / MALE

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

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

WORKING EXPERIENCE AND OCCUPATION
- July 1985 - December 1989
  Assistant State Development Officer, Terengganu State Economic Development Office
- January 1990 - June 1995
  Assistant, Terengganu State Government (Human Resource) (Terengganu State Government Office)
- July 1995 - January 1996
  Assistant District Officer, Hulu Terengganu District Council
- February 1996 - November 1998
  Assistant District Officer, Setiu District Council
- November 1998 - December 2001
  Secretary, Setiu Municipal Council
- January 2002 - May 2003
  Assistant District Officer, Kemaman District Council
- May 2003 - December 2004
  Assistant District Officer, Dungun District Council
- December 2004 - November 2005
  President, Dungun District Council
- December 2005 - March 2007
  Assistant Head, Terengganu State Government (Human Resource)
- March 2007 - January 2010
  Director, Yayasan Terengganu
- February 2010 - May 2014
  Director of Yayasan Islam Terengganu
- May 2014 - Current
  Senior Private Secretary to the Menteri Besar of Terengganu

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUER
NIL

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
9/13

HAJI MOHD NASIR ALI

INDEPENDENT
NON EXECUTIVE DIRECTOR
AGE: 65, MALAYSIAN / MALE

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

QUALIFICATION
- Diploma in Agriculture, Universiti Putra Malaysia

WORKING EXPERIENCE AND OCCUPATION
- 1976
  Assistant Manager at Felda
- 1978 - 1981
  Manager at Felda
- 1981
  Senior Assistant Manager at Boustead Estates Agency Sdn Bhd
- 1986
  Manager at Boustead Estates Agency Sdn Bhd
- 2001 - 2010
  Designated as Visiting Agent at Boustead Estates Agency Sdn Bhd based in Head Office at Kuala Lumpur
- 2010
  He retired after 29 years in Boustead

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUER
NIL

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
13/13

DATUK DR AHMAD SHUKRI MD SALLEH @ EMBAT

PJK, AMT, DPMT, PSD

INDEPENDENT
NON-EXECUTIVE DIRECTOR
AGE: 54, MALAYSIAN / MALE

DIRECTORSHIP
- Appointed as Director: 23 August 2016

QUALIFICATIONS
- First Degree MBBS
  - Medical Faculty, University of Malaya
- Post Graduate
  - Master Internal Medicine (MD) Universiti Sains Malaysia
  - Royal College of Physician (MRCP) United Kingdom
- Fellow Royal College of Physician (FRCP), London, UK
- Fellow and Sub-specialised in Gastroenterology and Hepatology, Malaysia

WORKING EXPERIENCE AND OCCUPATION
- 1995 - 1998
  Physician at Hospital Sultanah Nur Zahirah, Kuala Terengganu
- 1998 - 2000
  The Royal Liverpool University Hospital and Manchester Royal Infirmary, United Kingdom
- 2001 - 2006
  Consultant Physician and Gastroenterologist at Hospital Sultanah Nur Zahirah, Kuala Terengganu
- 2006 - 2009
  Head of Medical Department, Hospital Putrajaya, Wilayah Persekutuan
- 2009
  Advanced Interventional Endoscopy, Germany at NIB Soehendra's International World Class Endoscopy Center, University Hospital Eppendorf, Hamburg, Germany
- 2009-2010
  St Thomas' Hospital in London
- 2011-July 2017
  Senior Consultant Physician and Gastroenterologist at Hospital Sultanah Nur Zahirah, Kuala Terengganu
- July 2017 - Current
  Senior Consultant Physician and Gastroenterologist, Petaling Jaya.

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUER
NIL

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
10/13

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 185 of the Annual Report.*

KEY SENIOR MANAGEMENT

DATO' HAJI MOHAMAT MUDA

DPMT, AMN, PJK

GROUP CHIEF EXECUTIVE OFFICER, TDM BERHAD

AGE: 62, MALAYSIAN / MALE

DIRECTORSHIP

- Appointed as Director: 15 September 2014
- Appointed as Member of Nomination & Remuneration Committtee: 28 September 2014
- Prior to his redesignation as Member of Board Risk & Compliance Committee (BRCC) on 31 March 2016, he was the Chairman of the BRCC since 1 April 2015.
- Appointed as Member of Audit Committee: 26 May 2015
- Vacated office as an Independent Non-Executive Director on 4 January 2017, pursuant to Rule 15.05(3)(c) of the Bursa Malaysia Listing Requirement due to his lengthy illness condition.
- Appointed as Group Managing Director: 5 January 2017
- Resigned as Group Managing Director on 1 February 2018 to assume the re-designated position as Group CEO with effect from 1 February 2018.

QUALIFICATIONS

- Bachelor of Agricultural Science, Universiti Pertanian Malaysia.
- BMP, Asian Institute of Management (Manila)

WORKING EXPERIENCE AND OCCUPATION

- April 1979 - July 1979
  Assistant Director, RISDA Terengganu
- August 1979 - August 1980
  State Marketing Officer, RISDA Terengganu
- September 1980 - December 1988
  District RISDA Officer Besut/Setiu, Terengganu
- January 1989 - April 1991
  District RISDA Officer, Kuala Krai/Gua Musang, RISDA Kelantan
- May 1991 - December 1995
  Mini Estate Manager, RISDA Terengganu
- January 1996 - August 1996
  Manager, NARSCO, Terengganu
- September 1996 - July 2002
  Manager, RISDA Plantation Sdn Bhd, Terengganu

WORKING EXPERIENCE AND OCCUPATION (CONT'D)

- July 2002 - August 2007
  State RISDA Officer, Terengganu
- August 2007 - November 2009
  Director, Replanting & Estate Division, RISDA
- November 2009 - October 2010
  Director (Grade 54), Productivity & Marketing Division, RISDA
- October 2010 - October 2011
  CEO, RISDA Plantation Sdn Bhd
- October 2011 - September 2015
  Deputy Director General (Development) RISDA Malaysia
- September 2015 - June 2016
  Director General, RISDA Malaysia
- Current
  Director of RISDA Plantation Sdn.Bhd.

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUER

NIL

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

13/13

The date the person was first appointed to the key senior management position

1 February 2018

AHMAD ZAKI MUDA

PJK

CHIEF OPERATING OFFICER, TDM BERHAD

AGE: 56, MALAYSIAN / MALE

QUALIFICATIONS

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

WORKING EXPERIENCE AND OCCUPATION

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

The date the person was first appointed to the key senior management position

22 February 2018

AMIR MOHD HAFIZ AMIR KHALID

CHIEF FINANCIAL OFFICER,
TDM BERHAD
AGE: 38, MALAYSIAN / MALE

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

WORKING EXPERIENCE AND OCCUPATION
- 2002
  Senior Researcher, Equity Division, FT Interactive Data, Ireland
- 2005
  Operational Cost Analyst, bmi British Midland, United Kingdom
- 2006
  Accounts Executive , PETRONAS
- 2007
  Group Manager, Accounts, TDM Berhad
- 2012 - present
  Chief Financial Officer, TDM Berhad

The date the person was first appointed to the key senior management position
1 March 2012

JALAINI CHE KAR

CHIEF EXECUTIVE OFFICER,
TDM PLANTATION SDN.BHD
PLANTATION DIVISION
AGE: 51, MALAYSIAN / MALE

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

WORKING EXPERIENCE AND OCCUPATION
- 1989
  Trainee Assistant, The United Malacca Rubber Estate
- 1991
  Assistant Manager, TDM Plantation Sdn Bhd
- 2005
  Estate Manager, TDM Plantation Sdn Bhd
- 2010
  Plantation Coordinator, TDM Plantation Sdn Bhd
- 2012
  Acting President Director, PT Rafi
- 2016
  Acting Chief Executive Officer (CEO), TDM Plantation Sdn.Bhd
- Twenty-six (26) years experience in plantation management mostly in TDM estates. Apart from his official duties with TDM, he is also a Chairman for MAPA advisory Panel, Terengganu branch and Chairman of MPOA Terengganu

The date the person was first appointed to the key senior management position
1 January 2017

BRYAN LIN BOON DIANN

CHIEF EXECUTIVE OFFICER,
GROUP HEALTHCARE
KUMPULAN MEDIC IMAN SDN.BHD
HEALTHCARE DIVISION
AGE: 55, MALAYSIAN / MALE

QUALIFICATIONS
- Bachelors in Business Admin at University of Nebraska-Lincoln (1985)
- Masters in Healthcare Administration at University of Nebraska-Lincoln (1991)

WORKING EXPERIENCE AND OCCUPATION
- 1989 - 1992
  Statistical & Financial Analyst, St. Vincent Medical Centre, Los Angeles, California, USA
- 1992 - 1996
  Assistant Controller, Subang Jaya Medical Centre, Subang Jaya, Selangor, Malaysia
- 1996 - 2007
  Financial Controller, Gleneagles Intan Medical Centre, Kuala Lumpur, Malaysia
- 2007 - 2010
  Hospital Group Chief Executive Officer, TMC life Sciences Berhad (Tropicana Medical Centre, Kota Damansara, Petaling Jaya & Tropicana Medical Centre Penang)
- 2010 - 2012
  General Manager, Columbia Asia Hospital - Bukit Rimau, Shah Alam
- 2012 - Present
  Chief Executive Officer, Group Health Care Kumpulan Medic Iman Sdn. Bhd.
- Twenty-eight (28) years experience in health care management, health care finance, business modelling, health education, and hospital commissioning which were gained in the private sector in USA and Malaysia

The date the person was first appointed to the key senior management position
3 September 2012

Notes:
Directorship in public companies and listed issuers (if any)
NIL

Any family relationship with any director and/or major shareholder of the Company
None

Any conflict of interests that the person has with the listed issue
None

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)
None

MANAGEMENT TEAM

TDM BERHAD

1. **DATO' HAJI MOHAMAT MUDA**
   Group Chief Executive Officer
   TDM Berhad
2. **AHMAD ZAKI MUDA**
   Chief Operating Officer
   TDM Berhad
3. **AMIR MOHD HAFIZ AMIR KHALID**
   Chief Financial Officer
   TDM Berhad
4. **AHMAD SHUKRI MOHD ALI**
   Group Manager, Human Resource & Administration
   TDM Berhad

5. SYED ZULFHADLIE SYED ZIN
Group Manager, Legal & Secretarial
TDM Berhad

6. ZAHIDAH SHIKH ANUAR
Group Manager, Accounts
& Planning
TDM Berhad

7. MOHD ROSLAN MAMAT
Group Manager, Internal Audit
TDM Berhad

8. NORFAR'IZAN HASHIM
Acting Group Manager,
Corporate Communication
TDM Berhad

9. YASMADI YATIM
Acting Group Manager,
Information Technology
TDM Berhad

MANAGEMENT TEAM

PLANTATION DIVISION

1. **JALAINI CHE KAR**
   Chief Executive Officer
   TDM Plantation Sdn Bhd

2. **MOHD MARDI ISMAIL**
   Acting President Director
   PT Rafi Kamajaya Abadi

3. **MOHAMMAD AZRAIN MOHD KASSIM**
   Manager
   TDM Trading Sdn Bhd

HEALTHCARE DIVISION

1. **BRYAN LIN BOON DIANN**
   Chief Executive Officer
   Group Healthcare
   Kumpulan Medic Iman Sdn Bhd

2. **ABEL AHING**
   General Manager
   Kuala Terengganu Specialist
   Hospital Sdn Bhd

3. **NORLIZA RAZALI**
   General Manager
   TDMC Hospital Sdn Bhd

4. **ZAHRI ABD GHANI**
   General Manager
   Kelana Jaya Medical Centre Sdn Bhd

5. **NIK ZAINON YUSSOFF**
   Chief Executive Officer
   Kuantan Medical Centre Sdn Bhd


CLIENTELE OF LEADING
MALAYSIAN
REFINERIES
52 YEARS
EXPERIENCE IN
PLANTATION OPERATIONS
VENTURING INTO
BIOGAS
PRODUCTION TO GENERATE
ELECTRICITY
CoP, RSPO & MSPO
CERTIFICATE
INTEGRATED PEST
MANAGEMENT
TOWARDS 100%
TRACEABILITY

BOOSTING SUSTAINABILITY

As a producer of Certified Sustainable Palm Oil and Certified Sustainable Palm Kernel, our Terengganu estates enjoy a premium price for our products - and we count leading Malaysian refineries among our customers. As of December 2017, our Terengganu estates and mills are also Malaysian Sustainable Palm Oil (MSPO) certified, further boosting our sustainability.

SUSTAINABILITY STATEMENT

As we strive towards creating shared value for our shareholders, TDM has always placed great emphasis in the areas of People, Planet and Profit in a strategised path towards the sustainability of our business while safeguarding the interest and well-being of our stakeholders. More can be read on our People, Planet and Profit in our website at www.tdmberhad.com.my

SUSTAINABILITY GOVERNANCE

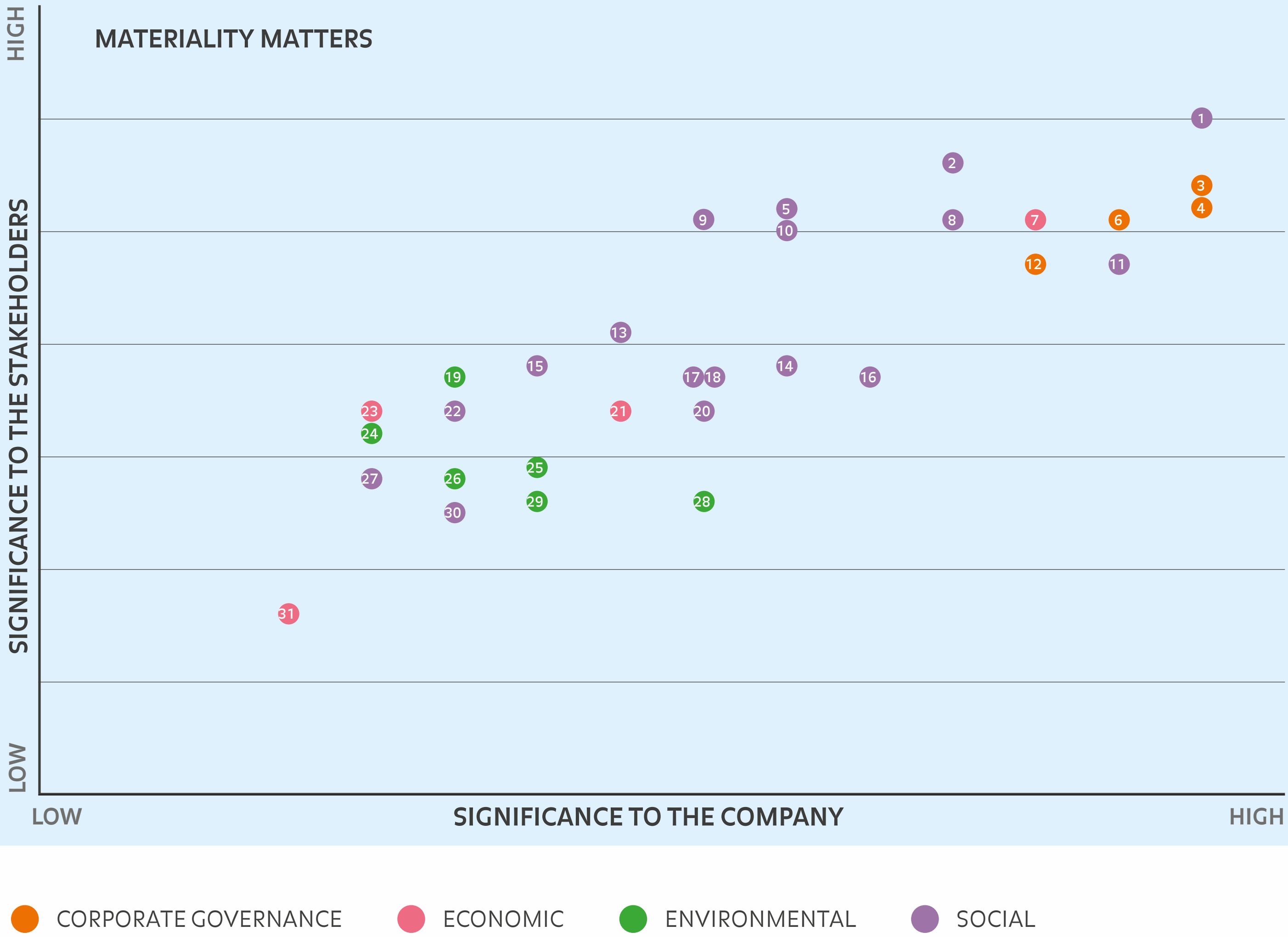
The Board of Directors of TDM is responsible for approving the strategy and policies on sustainability. The Board is also committed to evaluate the Group's sustainability performance on a periodical basis. The main responsibility in managing sustainability within the Group is delegated to the Group CEO who will act as the Chairman of the Sustainability Committee (SCOM). Other members of the SCOM includes the Chief Financial Officer, Chief Operating Officer, CEO of TDM Plantation and CEO of KMI. Reporting to the SCOM is the Sustainability Working Group (SWG). SWG will work on stakeholder engagements and will maintain sustainability performance across the Group's operations. Members of the SWG comprise of the Group Manager Corporate Communications, Group Manager Accounts, Group Manager Human Resources, the Plantation Adviser and Group Manager of KMI.

MATERIALITY MATTERS

For our first statement, we engaged our internal stakeholders in identifying material matters with regards to our sustainability. With their input along with key senior management members, from both divisions, we identified material matters for the entire Group. For this reporting, we have selected 3 top materiality matters for each EES as our disclosure. We aim to include more matters in future reports.

* Our full Sustainability Disclosure can be found in the **TDM Sustainability Report 2017**

Antigonon leptopus, one of the three flowers used for pest control



1. Providing High Quality Services
2. Protecting the safety and health of workers and sub-contractors
3. Ethics and transparency
4. Business ethics
5. Customer's feedback and satisfaction
6. Risk Management
7. Economic and business performance
8. Protecting public and customer safety
9. Customer's privacy
10. Training, education and career development
11. Eliminating bribery and corruption
12. Board management and oversight
13. Stakeholder management
14. Preventing workplace discrimination
15. Recruiting and retaining employees
16. Improving employer/ employee relations
17. Providing a diverse and inclusive workplace
18. Employees engagement and satisfaction
19. Waste management
20. Eliminating child and compulsory labour
21. Sustainable procurement and supplier assessment
22. Local community engagement
23. National building and developing national infrastructure
24. Green building and other environmental initiative
25. Water management
26. Sourcing materials responsibly
27. Preventing anti-competitive behaviour
28. Emission and climate change
29. Energy management
30. Employee volunteerism and supporting charities
31. Hiring from the local community

SUSTAINABILITY STATEMENT

ECONOMIC

Economic and Business Performance

Our core business lies in the Plantation and Healthcare. In the year 2017, we concentrated in increasing our FFB yield as a mean of contributing to both the profitability of the company as well as the supply to the nation's CPO production. This was made possible with significant recovery in palm oil production in Malaysia. The favourable weather conditions in 2017 has led to recovery in overall FFB production and yield after the El-Nino in 2015 & 2016 which impacted South East Asia as a whole. The higher FFB production was also partly supported by our improved manuring regime which saw a commendable increase in bunch weight in 2017, compared to 2016.

We have treated 940,000 patients since the opening of our first hospital, Kelana Jaya Medical Centre in 1996. Access to affordable private healthcare for communities are made available through 4 hospitals with a total of 407 beds with the opening of new KTS in January 2018.

All our hospitals are ISO 9001-2008 certified. For the year 2017 our revenue rose by 1% to RM183.4 million from RM182.7 million the previous year but our profit fell by 155.4% mainly due to higher administrative expenses and a one-off goodwill impairment charge of RM6 million.

Sustainable Procurement and Supplier Assessment

Since 2010, TDM has in placed an e-procurement system which allows TDM to process the purchase of good and services electronically. The system automates the procurement process and improves accountability and visibility, thus saving the Group from the inefficiency and potential weaknesses in internal control associated with manual process of procurement. The system was upgraded in 2014 to improve procurement process efficiency. Since 2011 TDM has started using the e-bidding system which has allowed a fair and transparent bidding among our tenderers. Our "Code of Business Ethics' is intended to define the conduct of all Group activities in accordance with the high standards of integrity and in compliance with all applicable laws and regulations; and applies to the Group, all its subsidiaries and other business entities controlled by the Group.

Dialogues have been held with our contractors/suppliers to ensure they are familiar with our procurement process. In addition, during every tender site visit the contractors/suppliers are briefed again to familiarise them with the processes.

TDM sources all our purchases locally and do not purchase directly from outside of Malaysia.

Nation Building and Developing National Infrastructure

TDM Berhad is committed towards nation building. As a state-owned company we play an important role as a model corporate citizen in enhancing the wealth of shareholders and improving the well-being of all stakeholders. We actively take part in programmes that build communities.

Further, we are guided by our Philanthropy Policy & Dividend Policy. Since 2007, we have spent RM272.6 million on dividends (RM266.0 million) and philanthropy activities (RM6.6 million). We emphasise on human capital development and provide opportunity for our employee as well as our vendor to grow and develop. We have in placed the followings programmes:

1. MBA Scholarships for employees;
2. Executive Educations (Harvard, NUS, INSEAD, IMD, BFM) for senior management;
3. Diploma in Plantation & Mill Management for employees;
4. Continuous Education for Nurses;
5. Management Trainees Programme for fresh graduates;
6. Participated in Terengganu Graduate Transformation Programme (T-GTP); and
7. Preference to local vendors in procurement process.

Through T-GTP, TDM welcomed 19 local graduates from universities in Malaysia for attachments with TDM Group.

As a responsible employer, TDM has invested in many infrastructure and facilities in our estates and mills such as:

1. New and better estate roads & bridges;
2. Staff houses (Estate and mill);
3. Labour quarters (Estate and mill);
4. Water & electricity supply (Estate and mill);
5. School van (Estate and mill);
6. Place of worship (Surau, Masjid); and
7. Amenities - Hall, Sport Area, Clinic, Guard House & Ancillary Police (Estate and Mill).

TDM's Transformation Model

This 5-year plan was drawn to outline the direction of the Group in reaching its ultimate objective of achieving market capitalisation of RM2 billion by the year 2022 with a revenue of RM1 billion. This plan will guide the Group towards achieving profit before tax of RM200 million and an annual dividend of RM100 million by the said year.

ENVIRONMENTAL

Waste Management

TDM Berhad is committed to manage our waste materials in the most economic and environmental friendly manner.

Buffalo assisted infield collection is an efficient and environmental-friendly evacuation technique

To address this the Group owns and operates two bio-composting plants that convert empty fruit bunches (EFB) into bio-organic fertilisers, which are then used in our estates. Both plants have the combined capacity to produce 61,000 tonnes of bio-organic fertiliser in a year.

In Healthcare, waste management are managed as per policy of KMI hospitals. It is divided into Scheduled and Non-scheduled Waste. Example of Scheduled Waste are clinical waste, chemical waste, liquid waste and batteries waste while Non-scheduled Waste are general waste, food waste and recycle waste. Colour coded bags/containers are used to segregate different categories of waste. Spillages are hazardous and staff are required to strictly practice standard precaution and seek immediate medical treatment. Policy and Procedures and work instructions are in place for staff to adhere to.

Green Building and Other Environmental Initiatives

Sustainable development is placed at the heart of our operations and business. We take utmost care and concern in how our business affects the quality of our surrounding environment and have put in place many steps to reduce our carbon footprint through innovation and technologies. While to-date we do not have any building categorised as a Green Building, we have initiated energy-saving programmes in two of our hospitals, namely in Kuantan Medical Centre and Kuala Terengganu Specialist Hospital in order to reduce our carbon footprint. Our future hospital with PNBC however, will be built to meet the Green Building Index.

All of our estates and mills in Malaysia are CoP, RSPO and MSPO certified. It means that our operation has passed a stringent audit and certification assessment on sustainability and good agriculture practice. It provides assurance to our customers on the quality and sustainability of our products Our estates and mills are audited annually for the above certifications.

We have placed many systems to manage our business impact on our environment. Some of these include the usage of natural pest control through the breeding of Barn Owls to control rat population within the estates; growing leguminous ground cover to control soil erosion; and recycling our EFBs into bio-organic fertiliser which reduces our usage and dependency on chemical fertilisers.

Water Management

We understand the inter-relations of water and our plantation operation. We take every possible step to conserve water in our operational areas as well as ensure our operations will neither pollute nor exhaust valuable ground water and rivers that are important to the surrounding community and biodiversity.

SOCIAL

Providing High Quality Services

Our healthcare service is established to meet the needs of the local community. We uphold the need to provide excellent services to our patients and their families in terms of quality, safety and affordability.

Protecting the safety and health of workers and sub-contractors

TDM recognises that our employees are our backbone. As such we have placed numerous system to protect the safety and health of our workers, both local and foreign without any discrimination. We adhere to all national and local requirements and standards pertaining to human rights, Occupational Safety and Health Act 1994 (OSHA'94) and gender equality.

Customer Feedback and Satisfaction

Our customer's satisfaction is very important to us and we value every feedback. These feedback includes, a pre-discharge face-to-face interviews for inpatient and feedback forms for outpatients. The Group also organises talks, Health Screening Programmes and many other programmes for our existing customers and general public. We keep close contact with our customers through various methods. One of such method used by KTS is through social media platforms where their customers are kept up to date with the latest happenings in the Hospital along with regular meetings with a customer feedback group.

WAY FORWARD

Commitment from Management

Through this first materiality assessment, we have identified 9 main materiality aspects. We are committed to expand our disclosure on more material matters in the coming years. For the financial year ending 2018, the identified material matters will help the organisation identify areas of importance where we will place greater emphasis based on their risks and opportunities. We will set KPIs and track our performance against these identified goals. We look forward to report our achievements and sustainability milestones in our next sustainability report.

SUSTAINABILITY EVENTS

JANUARY

8 January

The management of Pelung Estate made an effort to help flood victims. They donated foods and other essentials as part of their Corporate Responsibility undertaken by the estate.

FEBRUARY

7 February

Founded on February 7th, the T-TDM Choir primary purpose is to perform at every TDM event. It was the idea of Dato' Haji Mohamat Muda to instill spirit of participation among TDM employees. T-TDM Choir comprises of 16 staff from different department in Head Office. In 2017 alone, the Choir has participated in occasions such as TDM's Transformation Model Launching, 52nd Annual General Meeting, Akademi TDM and PTK Launching.

12 February

TDMC organised a 5km "Fun Run" with the assistance of Taman Desa neighbourhood residences. Approximately 200 people participated at the event. During the event, TDMC also provides ambulance stand-by service as well as complimentary health screening for the public.

APRIL

22 April

A Health Carnival was organised by TDMC. The Carnival aimed to educate the community on healthcare and to promote services and facilities offered by TDMC. Among the activities held at the event were colouring contest, little chef, spelling bee and balloons giveaway.

22 April

A running event called 'Run from Diabetes' was organised by KTS to raise public awareness on diabetes at Dataran Batu Burok, Kuala Terengganu. 800 registered runners participated at the event. Among other activities held at the event were Facebook photography contest, street soccer, art competition, healthy food truck and health screening.

19 May

KMC organised a 'Hand Hygiene' awareness campaign. Aiming to educate the public on the right steps and procedures on hand washing, the campaign received positive feedbacks from visitors.

27 February

TDM launched its TDM's Transformation Model at Permai Hotel, Kuala Terengganu and was officiated by YAB Dato' Seri Hj. Ahmad Razif Hj. Abd Rahman, Menteri Besar Terengganu. The new TDM 's Transformation Model aims to support all stakeholders in the oil palm value chain to increase productivity to meet the economic production goals (profit), while also increasing protection of valuable ecosystems (planet) and delivering benefits to the local communities (people).

MARCH

29 March

In line with TDM's Transformation Model and as part of engagement programme with staff, TDM Berhad organised its first "Town Hall" session with GCEO at Mezzanine Floor, Head Office, TDM Berhad. As per Entry Point Projects (EPP) 33 of TDM 's Transformation Model stated 'Shared Consciousness', this session was an opportunity for staff to raise their concerns and to discuss any other issues with the GCEO of TDM Berhad.

JULY

12 July

"Mulakan Hari Dengan Al-Quran" (MHDAQ) session among staffs was implemented at head office TDM Berhad. Since July 2017, all staffs allocate 30 minutes of their time for this session before they start working every day.

1 July

Eid Celebration with Chief Minister of Terengganu, YAB Dato' Seri Haji Ahmad Razif Abd Rahman, was held at *Dataran Permata, Seberang Takir*. This celebration was jointly-organised with other Government Linked Companies (GLC). TDM Berhad sponsored 'Nasi Minyak' for this event.

MAY

23 May

Prize Giving Ceremony for Futsal Competition & Excellent Service Awards 2017 for Jernih Estate was held at futsal court in the estate. The event involved staffs and villagers of Kampung Sungai Mas. The objective of the event was to strengthen relationship amongst respective estate management, workers and villagers.

25 May

TDM Berhad's 52nd Annual General Meeting (AGM) was held in Kuala Terengganu on the 25th May 2017. The session, witnessed active participation and a fruitful discussion among the shareholders who were present at the meeting.

SUSTAINABILITY EVENTS

AUGUST

9 August

TDM Berhad has contributed 10 acres worth of oil palm seeds to the Parents and Teachers Association (PTA) of *Sekolah Menengah Kebangsaan Pelong (SMK)*, Setiu, Terengganu. The school is located in Pelung Estate, Sungai Tong Complex. TDM Berhas was recognised for good estate development by the local community.

28 August

An MoU was signed between KMI and PNBC as part of an initiative to bring healthcare to the next level. With the MoU materialised, TDMC is looking forward to have its own 100 beds purpose-built hospital in 4 to 5 years time in Sri Petaling.

31 August

In conjunction with National Day, TDM Berhad participated in a parade competition held in Batu Burok, Kuala Terengganu. This year, TDM's contingent won the 2nd runner-up in the competition. The contingent comprised of employees from the Head Office, security personnel of Kuala Terengganu Specialist Hospital and estate workers.

28 August

TDM Berhad launched Akademi TDM and Community Weighing Centre at Sungai Tong Complex, Setiu, Terengganu. The academy provides a training centre for the plantation staffs, villagers and local farmers in East Coast region while Community Weighing Centre is a platform for the local farmers from surrounding area to market their FFB in the area.

SEPTEMBER

8 September

TDM Berhad participated in *Hari Peladang, Penternak dan Nelayan Kebangsaan 2017* (HPPNK2017) which was organised by Federal Agricultural Marketing Authority (FAMA) at Gong Kemutong, Jertih, Besut, Terengganu.

19 - 21 September

TDM Berhad sponsored two notebook computers for *Sekolah Menengah Kebangsaan (SMK) Pelong*, Kuala Terengganu in National Robotic Competition 2017. This competition was organised to develop and strengthen the critical and creative thinking and also social skills that are essential prerequisites for success in further studies and future careers. *SMK Pelong* has made TDM Berhad proud by winning the Gold Prize in lower secondary school category in this competition.

27 September

TDM Berhad, made a paid out of RM4.74 million in dividends to the state government's agencies from revenue earned in the financial year ended 31 December 2016.

28 September

As part of the 2017 event, Pelung Estate Management organised a *"bubur asyura"* making session and distributed to the workers in the estate. This event was held in conjunction with Awal Muharram Celebration.

30 September

KJMC conducted a free health screening activity for the public at Ara Damansara LRT Station. Invited by Rapid Rail Sdn Bhd, the event was organised in conjunction with the Safety Explorail Run 2017. During the event, KJMC had the chance to promote its ESP and Ladies Screening package by giving away promotional vouchers to the public.

SUSTAINABILITY EVENTS

OCTOBER

5 October

Nick Fowkes (Market Manager Component Brand PeL - Asia & Africa visited Maidam Estate on 5 October 2017 to check on the installation of electric fencing components which was built to improve efficiency of elephant control at Maidam Estate. Our Consultant from One Lazuli Sdn. Bhd. Ltd. (dealer) was also present.

9 - 10 October

The Human Resource Department held a two days 'INSAN SUPERB' training at Akademi TDM, Sungai Tong, Setiu. It was organised for employees of the Head Office and Estates level. The objectives of the training were to improve and enhance the productivity, efficiency, and technical skills of employees through fun activities.

11 - 13 October

TDM Berhad was one of the exhibitor of the 8th International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM) 2017 held at Kuala Lumpur Convention Centre. This exhibition aimed to provide a platform for the key drivers under the Malaysian Government's Green Technology mandate.

14 October

In conjunction with the National Sports Day in October 2017, TDM Berhad organised various sports activities at the Sungai Tong Complex. The employees from the Head Office and respective estates were also participated voluntarily in this colourful event.

8 October

In collaboration with Sahibus Samahah Datuk Dr. Zulkifli Mohamad Al-Bakri, the current Mufti of the Federal Territories Malaysia, TDM Berhad organised an Islamic programme at KTS hall. This programme discussed about the awareness of self-transformation towards winning personality. It was attended by top management and employees of TDM.

20 - 21 October

Once again, KTS organised its 'Simposium Anjakan Paradigma Kesihatan 2.0' held at Duyong Marina and Resort, Kuala Terengganu. The symposium managed to gather significant industry players and discussed on the strategies to elevate community awareness on the importance of healthcare.

24 October

A religious talk, "*Transformasi Diri*" by Ustaz Haji Mohd Kamal at TDM Pinang Emas Estate. This event was organised by "*Kelab Sukan dan Kebajikan Pegawai*" of Bukit Besi Complex.

NOVEMBER

8 November

In support of healthy lifestyle, Pinang Emas Estate collaborated with Agensi Anti Dadah Kebangsaan (AADK) of Dungun, Terengganu performing urine tests. This is to ensure no misused of drugs by the workers.

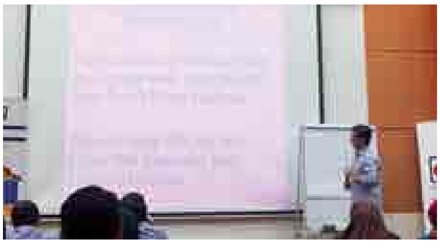
DECEMBER

10 December

KJMC organised a CSR programme by visiting an orphanage home at Ulu Klang, Selangor. Volunteers from KJMC including Encik Zahri Abd Ghani, General Manager handed over donation items such as school equipments, electrical goods and essential items to the residents of Pertubuhan Kebajikan Asnaf Al Barakh Malaysia.

5 December

Terengganu Skills Development Centre (TESDEC) has been given the responsibility by the State Government to implement a programme called the *Terengganu Graduate Transformation Program* (T-GTP) since year 2016. In December 2017, TDM Berhad welcomed 19 postgraduates from several universities in Malaysia at TDM Berhad Head Office. The implementation of T-GTP emphasises on mastery in English communication and interpersonal skills through one month intensive course prior to placement with an employer for five months.



13 - 14 December

TDM Berhad organised a business talk on 'How to Be a Productive Millionaire Employee' at KTS seminar hall. The 2-day programme involved top management and staff from Head Office. The seminar aimed to gain expert knowledge by improving the communication and networking skills among our employees.

14 December

GCEO, Chief Operating Officer (COO) TDM Berhad, Chief Executive Officer (CEO) of TDM Plantation and other top management visited Pinang Emas Estate with the purpose of understanding the progress and performance of the estate under their respective administration.

GOVERNANCE

POLICIES

PROFIT DISTRIBUTION POLICY

TDM is committed towards a prudent approach in our capital management.

Our Objectives:

To balance the requirement of rewarding our shaholders, investing in the business and keeping our balance sheet healthy with cash reserves.

TDM Group's annual consolidated distributable profits shall be appropriated as follows:

(i) one third for dividend to shareholders

(ii) one third for capital expenditure of the Group

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

Our objectives:

1. To provide sustainable dividend to shareholders consistent with the Company's earnings growth.
2. TDM will take every effort to grow its businesses and it should be reflected in growth in the dividend area.

Our ability to pay dividends or make other distributions to our shaholders will depend upon a number, including:

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

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

WHISTLEBLOWER POLICY

TDM is committed to sustaining a high standard of good corporate governance and adhering to our Code of Business Ethics.

Our objectives:

1. To support the said values above by ensuring that stakeholders can raise concerns on improprieties without fear of reprisals if acting in good faith.
2. To provide a transparent and confidential process when dealing with such raise concerns and the procedures are applicable to all companies within TDM Group.

In striving to maintain high standards of ethical, moral and legal business conduct:

- Stakeholder can report or disclose through and established channel, concerning improprieties including fraud, criminal offences, miscarriages of justice, ethical wrongdoings and corruption, bribery and blackmail.
- All complains and/or concerns should be raised and directed to the Company's Ombudperson.

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

This policy was approved by the Board of Directors of TDM Berhad on 2011

PHILANTHROPY POLICY

TDM is committed to good corporate governance that encourage transparency in implementing the CSR activities.

Our objectives:

1. To be positive and active participant in the communities where we are present.
2. To response and assist in social issues as well as in sports and economic development.

TDM's Philanthropy:

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

Notes:

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

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

POLICIES

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

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 a dynamic and innovative waste management with the aimed 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, supplier, trading partners and stakeholders to adhere to this policy and thereby focus on traceability within our supply chain.

Approved by the Board of Directors of TDM Berhad on 27 March 2018

POLICIES

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 occupational safety and health system 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 organization and neighboring 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.

Approved by the Board of Directors of TDM Berhad on 27 March 2018

GENDER & DIVERSITY POLICY

TDM's social responsibility pays particular attention to create a climate where gender equality and diversity are self-evident parts of the organization and where differences are used actively 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:

- Endeavor 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.
- 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.

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 trainings, 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.

Approved by the Board of Directors of TDM Berhad on 27 March 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT

"Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders."

"Corporate governance as defined in the Malaysian Code of Corporate Governance (2017) and High-Level Finance Committee Report (1999)"

The Board of Directors (Board) of TDM Berhad (TDM or Company) acknowledges the importance of good corporate governance (CG) in protecting and enhancing the interest of shareholders. As such the Board is committed towards adherence to the principles, recommendations and best practices set out in the Malaysian Code on Corporate Governance 2017 (MCCG or the Code) issued by the Securities Commission Malaysia.

The Board recognises the importance of CG and conscientiously strives to attain high business ethics and governance in conducting the day-to-day business affairs of the Company and its Group of Companies (Group), so as to safeguard and enhance shareholder's value, which includes protecting the interests of all stakeholders.

The Board believes that good CG adds value to the business of the Group and will ensure that this practice continues. The Board of Directors believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group's business direction and strategy.

This overview statement is prepared in compliance with Main Market Listing Requirements and it is to be read together with the Corporate Governance Report 2017 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 31 December 2017 are disclosed in the CG Report which is available on the Company's website: www.tdmberhad.com.my

This statement also serves as a compliance with Rule 15.25 of the Bursa Securities Listing Requirements for ACE Market.

In order to provide the latest status update of the Company, this Overview Statement on Corporate Governance also includes information up to 27 March 2018.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1.1 Board of Directors

The Board has clear roles and responsibilities in delivering sustainable returns and growths for the stakeholders.The Board sets and oversees the implementation of strategic direction, monitors the execution of the business plan and ensures the ethical business conduct. It also ensures the integrity of financial reporting and adherence to regulatory requirements. The roles and responsibilities of the Board are set out in the Board Charter and there is a clear division of roles and functions between the Board and the Group Chief Executive Officer (GCEO) in managing the Group.

The Board also facilitates its principal responsibilities which include reviewing and adopting a strategic plan, overseeing the conduct of business, risk management, succession planning, developing and implementing investor relations and reviewing internal controls. The Board has delegated specific responsibilities to the following committees:-

(i) Audit Committee (AC)
(ii) Nomination & Remuneration Committee (NRC)
(iii) Board Risk & Compliance Committee (BRCC)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (cont'd)

1.1 Board of Directors (cont'd)

These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good CG. The Board Charter is the primary document that elucidates on the governance of the Board, Board Committees and individual Directors.

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 is available on the Company's website at http://www.tdmberhad.com.my

1.2 Chairman and GCEO

In line with the Code, the roles and responsibilities of the Chairman and GCEO are separated to ensure balance of power and authority and to maintain effective supervision and accountability of the Board and management.

The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture.

The positions of Chairman and GCEO are held by different individuals.

1.3 Qualified and Competent Company Secretaries

The Company is supported by a suitably qualified and competent Company Secretary. The Company Secretary is qualified Chartered Secretary under Section 235(2)(a) of the Companies Act 2016 . The Company Secretary is external Company Secretary from Mega-Wan Secretarial Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

Every Director has unrestricted access to the advice and the services of the Company Secretary i.e Puan Wan Haslinda who is member of the Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA) in ensuring the effective functioning of the Board.

The Board also are 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.

1.4 Access to Information and Advice

In discharging their duties, all Directors have access to advice and services of a suitably qualified Company Secretary. The Company Secretary acts as a CG counsel and ensures information in relation to CG flow within the Board, Board Committees and Senior Management. The Company Secretary attends all meetings of the Board and Board Committees and advises the Directors on the requirements encapsulated in the Company's Constitution, relevant legislation and guidelines such as the Companies Act 2016, MMLR, MCCG and other relevant authorities, where applicable. Management provides Directors with adequate and timely information prior tomeetings and on an ongoing basis to enable them to makeinformed decisions. The Board members can seek further advice or clarification from the Management when required.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (cont'd)

1.5 Directors' Code of Ethics, Anti-Corruption Handbook and Whistle-blowing Policy

The Board is guided by the Directors' Code of Ethic in discharging its oversight role effectively. The Code of Ethics requires all Directors to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Groups' business and professional practice and act in good faith in the best interest of the Company and its shareholders.

The Code of Conduct and Ethics governs the conduct of the Directors and all employees of the Group and provides guidance on the communication process and the duty to report whenever there are any breaches.

The Code of Ethics is published on the Company's website.

The Board is cognisant of its responsibility to set the ethical tone for the Group. To ensure integrity within the Group, the Board has put in place the Anti-Corruption Handbook which includes Whistle-blowing Policy to foster an ethical culture and allow legitimate ethical concerns to be escalated in confidence without risk of reprisal. The Anti-Corruption Handbook will be reviewed and improvised as and when necessary.

1.6 Conflict of Interest and Related Party Transactions

The directors are responsible at all times to determine whether they have a potential or actual conflict of interest in relation to any matter, which comes before the Board. All the directors are required to make declarations on whether they have any interest in transactions tabled at Board meetings. The directors acknowledged that they have to declare any interest they have in the Company and its subsidiaries and abstained from the deliberation and voting on the related resolutions at the Board or any general meetings convened to consider the matter. In the event that a corporate proposal is required to be approved by shareholders, interested directors will abstain from voting in respect of their shareholdings in TDM on the resolution related to the corporate proposal, and will further ensure that persons related to them also refrain from voting on the resolution.

II. Board Composition

2.1 Strengthen Composition of the Board

In FY2017, the Board comprised of eight (8) members, with one (1) Group Managing Director and seven (7) Non-Executive Directors (NED) including the Chairman. Four (4) of the NED are Independent Non-Executive Directors (INED).

Category	Composition	%
Executive Director	1/8	12.5
Non-Independent Non-Executive Director	3/8	37.5
Independent Non-Executive Director	4/8	50.0

On 1 February 2018, TDM made an announcement to Bursa Malaysia on the resignation of the Group Managing Director, Dato' Mohamat Muda. Hence, with his resignation, the Board comprises only NEDs.

The majority of the Board comprises INEDs who are essential in providing unbiased and independent opinion, advice and judgement thus plays a key role in corporate accountability.

This Board composition is in compliance with Paragraph 15.02(1) of the MMLR which stipulates that at least two Directors or ⅓ of the Board, whichever is higher, must be Independent Directors and also with the recommendation by the MCCG to have at least half of the Board comprises independent directors.

Details of the current individual director's qualifications and experiences are presented in the Board of Directors' Profile from page 36 to 41 of this Annual Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition

2.2 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 Annual Report.

2.3 Board Diversity

The Board acknowledges the importance of boardroom diversity and the recommendation of the Code pertaining to gender diversity. Hence, the Board has always been in support of the Company's policy of non-discrimination on the basis of race, age, religion and gender.

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

The appointment of the new member of the Board is made via formal, rigorous and transparent process guided by the skills, knowledge, expertise, experience, professionalism and integrity of the individual candidate with gender diversity forming part of the consideration in the selection of the potential candidate.

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

2.4 Foster Commitment of the Directors

The members of the Board are mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills.

The Board is satisfied with the time commitment given by the Directors. All of the directors do not hold more than 5 directorships as required under paragraph 15.06 of the Listing Requirements. If anyone director wishes to accept a new directorship, the Chairman will be informed beforehand on new appointment.

The Director must advise the Board and the Company Secretary of any changes to these commitments and the Company Secretary are to monitor the changes, if any, of each Director.

To ensure that the Group is managed properly, the current Board is scheduled to meet at least five (5) times a year, with additional meetings being convened when necessary. Besides that, the Board also approves matters through the circulation of Director' Circular Resolution in accordance with the Constitution of the Company.

During the financial year ended 31 December 2017, the Board met thirteen (13) times. The details of the Director's attendances at the Board Meetings during their tenure in office are set out below:-

No	Name of Directors	No of Meetings attended during the time the Directors hold office	%
1.	YB Dato' Wan Nawawi Haji Wan Ismail Non-Independent & Non Executive Chairman (Appointed on 29 August 2017)	4/4	100
2.	Major General Dato' Dr. Mohamad Termidzi Junaidi (R) Senior Independent Non-Executive Director	12/13	92
3.	Dato' Mohd Ali Abas Independent Non-Executive Director	13/13	100
4.	Haji Mohd Nasir Ali Independent Non-Executive Director	13/13	100
5.	Datuk Dr. Ahmad Shukri Md Salleh @ Embat Independent Non-Executive Director	10/13	77

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

2.4 Foster Commitment of the Directors (cont'd)

During the financial year ended 31 December 2017, the Board met thirteen (13) times. The details of the Director's attendances at the Board Meetings during their tenure in office are set out below:- (cont'd)

No	Name of Directors	No of Meetings attended during the time the Directors hold office	%
6.	Dato' Mohamat Muda Group Managing Director (Resigned on 1 February 2018 to resume a re-designated position as the Group CEO on 1 February 2018)	13/13	100
7.	Haji Samiun Salleh Non-Independent Non-Executive Director	11/13	85
8.	Haji Md Kamaru Al Amin Ismail Non-Independent Non-Executive Director	9/13	70

All the Directors have complied with the minimum 50% attendance requirements in respect of board meetings as stipulated by the MMLR.

2.5 Overall Board Effectiveness

The Board reviews its performance and that of Board Committees and individual Directors on annual basis based on a set of predetermined criteria in a process that is facilitated by the NRC. The NRC will assess the overall Board and Board Committees' performances and effectiveness as a whole.

The NRC is satisfied that the Board and Board Committees' composition had fulfilled the criteria required, possess a right blend of knowledge, experiences and mix of skills as per below:

Board Skills and Experiences	Core Business
Business Administration	Plantation & Healthcare
Dental Surgery - Military	
Accounting	
Science and Natural Resources	
Agriculture & Agricultural Science	
Medical	

2.6 Directors' Training

Directors are also encouraged to participate in seminars and/or conferences organised by the relevant regulatory authorities, professional bodies and commercial entities which providing training. This is part of their Continuous Education Programme to keep abreast with the relevant new developments on a continuous basis on the general regulatory, economic, industry and technical developments to further enhance their skills, knowledge and experience as well as to update themselves on new developments in the business environment in order to fulfill their duties as Directors.

All existing Directors have attended the Mandatory Accreditation Programme (MAP) as required by the Listing Requirements.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

2.6 Directors' Training (cont'd)

The training/courses attended by the Directors during the financial year 2017 are as follows:

No	Name of Director	Training Programme Attended during the financial year	Date
1.	YB Dato' Wan Nawawi Haji Wan Ismail	(i) Persidangan SUK-SUK Negeri mengenai Tindakan Terhadap Isu-Isu Dalam Laporan Ketua Audit Negara.	17 & 18 Jul 2017
		(ii) RETREAT Peneraju Terengganu (RAPAT)	12 Nov 2017
2.	Major General Dato' Dr. Mohamad Termidzi Junaidi (R)	(i) Mini Lab – Healthcare Division	11 &12 Apr 2017
		(ii) Seminar on Interpreting, Analysis & Probing Financial Statement 2017	25 Oct 2017
3.	Dato' Haji Mohd Ali Abas	(i) Latest Developments in Malaysian Financial Reporting Standards (MFRS) IFRS and IC Int. (IC) – An overview (organised by Malaysia Institute of Accountant)	22 – 23 Mac 2017
		(ii) Mini Lab – Healthcare Division (organised by TDM Berhad)	11 &12 Apr 2017
		(iii) National Tax Conference 2017 (organised by LHDN and CTIM)	25 & 26 Jul 2017
		(iv) International Directors Summit (organised by Malaysian Director Academy)	21 &22 Aug 2017
		(v) Delivering Value in Audit through Smart Partnership towards fulfilling the National Audit Department's Mandate (organised by Auditor General of Malaysia)	23 & 24 Oct 2017
		(vi) Nasional Tax Seminar 2017 (organised by LHDN)	13 Nov 2017
4.	Haji Mohd Nasir Ali	(i) Palm & Lauric Oils Price Outlook Conference & Exhibition 2017 (organised by Bursa Malaysia Derivatives Berhad)	7 & 8 Mar 2017
		(ii) Mini Lab – Healthcare Division	11 &12 Apr 2017
		(iii) Qualified Risk Director Program.	22 Aug 2017
5.	Datuk Dr. Ahmad Shukri Md Salleh @ Embat	(i) Mini Lab – Healthcare Division	11 &12 Apr 2017
6.	Dato' Mohamat Muda	(i) Palm & Lauric Oils Price Outlook Conference & Exhibition 2017 (organised by Bursa Malaysia Derivatives Berhad)	7 & 8 Mar 2017
		(ii) Mini Lab – Healthcare Division	11 &12 Apr 2017
		(iii) RETREAT Peneraju Terengganu (RAPAT)	12 Nov 2017
		(iv) How to be a Productive Millionaire Employee	13 Dec 2017

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

2.6 Directors' Training (cont'd)

The training/courses attended by the Directors during the financial year 2017 are as follows: (cont'd)

No	Name of Director	Training Programme Attended during the financial year	Date
7.	Haji Samiun Salleh	(i) Bengkel Penstrukturan Carta Organisasi PMINT 2017 (Pelan Strategik)	9 & 10 Apr 2017
		(ii) Wacana Mengilap Masa Hadapan Agensi	22 May 2017
		(iii) International Directors Summit (organised by Malaysian Director Academy)	21 & 22 Aug 2017
8.	Haji Md Kamaru Al Amin Ismail	(i) RETREAT Peneraju Terengganu (RAPAT)	12 Nov 2017

2.7 NRC

The NRC comprises the following members:-

Chairman : Major General Dato' Dr. Mohamad Termidzi Junaidi (R)
Senior Independent Non-Executive Director

Members : Dato' Mohd Ali Abas
Independent Non-Executive Director

Haji Samiun Salleh
Non-Independent Non-Executive Director

The NRC which is charged with the responsibility of, amongst others, recommending the appointment of new Directors to the Board, comprises all of whom are Non-Executive Directors, a majority of whom are Independent.

The Terms of Reference of the NRC are available at Company's website at http://www.tdmberhad.com.my

The Nomination Committee's key responsibilities are as follows:

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

The NRC also recommended for the Board to endorse the re-election of the relevant Directors at the forthcoming AGM.

A Director who is subject to re-election and/or re-appointment at an Annual General Meeting (AGM) is assessed by the NRC before a recommendation is made to the Board and shareholders.

Based on the assessment undertaken for FY2017, the NRC (save for the members who abstained from deliberations on their own re-election) recommended to the Board that the following Directors who are due to retire pursuant to Article 113 and 116 of the Company's Articles of Association be proposed for re-election at the forthcoming AGM:

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

2.7 NRC (cont'd)

Directors to retire under Article 113 of the Articles of Association of the Company:-

1. Major General Dato' Dr. Mohamad Termidzi Junaidi (R)
2. Dato' Mohd Ali Abas

Director to retire under Article 116 of the Articles of Association of the Company:-

1. YB Dato' Wan Nawawi Haji Wan Ismail

The Board (save for the members who abstained from deliberations on their own re-election) supported the NRC's recommendations.

The Board upon recommendation made by NRC had carried out annual review of the overall remuneration policies and procedures of Directors and Senior Management.

The NRC is responsible for assessing the performance of the individual Board members and Board Committees. The assessment has been done annually vide Directors' Performance Evaluation on interaction contributed, input quality and understanding of role.

The Board, through the NRC, assesses the independence of Independent Directors annually. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Company and its involvement in any significant transaction with the Company.

Based on the above assessment in 2017, the Board is generally satisfied with the level of independence demonstrated by all the Independent Directors, and their ability to bring independent and objective judgement to board deliberations.

In FYE2017, the NRC held six (6) meetings and the attendance is as follows:

No	Name of Directors	No of Meetings attended for FYE 2017	%
1.	Major General Dato' Dr. Mohamad Termidzi Junaidi (R) Chairman	6/6	100
2.	Dato' Mohd Ali Abas Member	6/6	100
3.	Haji Samiun Salleh Member	6/6	100

The main activities of the NRC during the FY 2017 up to March 2018 are as follows:-

(i) Reviewed the Performance of the Board members
(ii) Considered and recommended to the Board on the re-appointment and re-election of directors at the AGM
(iii) Considered and reviewed the Executive Directors' contract of employment
(iv) Considered and recommended to the Board on the remuneration and benefits for the Board of Directors
(v) Considered and recommended to the Board on the remuneration and appointment of Senior Management
(vi) Reviewed the revised Remuneration Policy

A detailed disclosures on the activities of the NRC in relation to Practice 4.4 of the MCCG are provided in the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration

3.1 Remuneration policy

The objective of the Group's remuneration policy is to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of Executive Director and Senior Management, the components of the remuneration package are linked to corporate and individual performance.

For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities.

The Board upon recommendation made by NRC had carried out annual review of the overall remuneration policies and procedures of Directors and Senior Management. The remuneration for Senior Management team is structured to link rewards to corporate and individual performance.

The determination of the remuneration packages of Non-Executive Directors (whether in addition to or in lieu of their fees as directors) has been deliberated by the Board upon recommendation from NRC and it is subject to approval by the shareholders at the AGM.

3.2 Remuneration of Directors and Senior Management

The remuneration of the Directors of the Company for FYE 2017 is 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 Non-Executive Director							
1.	Major General Dato' Dr. Mohamad Termidzi Junaidi (R)	48,000	-	24,000	20,500	46,110	138,610
2.	Dato' Mohd Ali Abas	48,000	-	24,000	21,500	40,293	133,793
3.	Haji Mohd Nasir Ali	48,000	-	17,000	18,500	43,920	127,420
4.	Datuk Dr. Ahmad Shukri Md Salleh @ Embat	48,000	-	-	11,000	21,402	80,402

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (cont'd)

3.2 Remuneration of Directors and Senior Management (cont'd)

The remuneration of the Directors of the Company for FYE 2017 is 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)
Non-Independent Non-Executive Director							
5.	Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Wan Omar (R) (Demised on 29 July 2017)	23,802	-	60,000	7,000	2,400	93,202
6.	YB Dato' Wan Nawawi Haji Wan Ismail	16,438	-	40,968	3,000	84,000	144,406
7.	Haji Samiun Salleh	48,000	-	7,000	14,000	41,846	110,846
8.	Haji Md Kamaru Al Amin Ismail	48,000	-	7,000	11,000	46,900	112,900
Subtotal		**328,240**		**179,968**	**106,500**	**326,871**	**941,579**
Executive Director							
9.	Dato' Mohamat Muda	48,000	583,626	-	15,000	42,000	688,626
	TOTAL	376,240	583,626	-	121,500	368,871	1,630,205

Note:

Other benefits comprising business attire, corporate reading material, travel and communication, professional membership, entertainment, ex-gratia and other claimable benefits.

GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (cont'd)

3.2 Remuneration of Directors and Senior Management (cont'd)

The remuneration of the top four Senior Management Team of the Company for 2017 is as follows:-

Range of Remuneration (Annual) (RM)	Top four Senior Management
100,000-150,000	1
150,001-200,000	-
200,001-250,000	1
250,001-300,000	-
300,001-350,000	1
350,001-400,000	1

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The existing AC comprises three (3) members as follows:-

Chairman : Dato' Mohd Ali Abas
Independent Non-Executive Director

Member : Major General Dato' Dr. Mohamad Termidzi Junaidi (R)
Senior Independent Non-Executive Director

: Haji Mohd Nasir Ali
Independent Non-Executive Director

To ensure the overall effectiveness and independence of the AC, the positions of the Chairman of the Board and Chairman of AC are held by different persons. The Chairman of the Board is currently resumed by YB Dato' Wan Nawawi Haji Wan Ismail whilst the Chairman of AC is currently resumed by Dato' Mohd Ali Abas.

All members of the AC are Independent Directors as the Company conforms to the recommendation of the MCCG.

The Terms of Reference of AC is available on the Company's website at http://www.tdmberhad.com.my

The Audit Committee Report is set out on page 83 to 87 of this Annual Report.

II. Risk Management and Internal Control Framework

Ongoing reviews are performed throughout the year on quarterly basis to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Group's independent and sufficiently resourced internal audit function as well as the Company's management team. The findings of the internal audit function are regularly reported to the AC.

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.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

II. Risk Management and Internal Control Framework

The members of the BRCC and the attendance are as follows:-

No	Name of Directors	No of Meetings attended for FYE 2017	%
1.	Haji Mohd Nasir Ali Chairman	3/3	100
2.	Major General Dato' Dr Mohamad Termidzi Junaidi (R) Member	3/3	100
3.	Dato' Haji Mohd Ali Abas Member	3/3	100
3.	Haji Md Kamaru Al-Amin Ismail Member	3/3	100

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 Terms of Reference of the BRCC is available at on the Company's website http://www.tdmberhad.com.my

The Board is of the view that the system of internal control and risk management in place during 2017, is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments and the interests of the Group's stakeholders.

The details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control on page 88 to 91 of this Annual Report.

PRINCIPLE C:

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER

I. Communication with Stakeholders

TDM ensures that its communications approach reflects the core values of the Group by being fair, open, transparent and objective in engaging with the shareholders and stakeholders. TDM places strong emphasis on the importance of timely and equitable dissemination of information to stakeholders. Our modes of communication include, amongst others, Annual Report, Unaudited Quarterly Results, Analyst briefings, announcement to Bursa Malaysia, Sustainability Report, Corporate official website and Investor Relation activities.

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 http://www.tdmberhad.com.my

The corporate website provides all relevant information to shareholders and the investing community. Media releases, analyst reports, quarterly and annual financial statements, announcements, share and financial information, annual reports and circular/statements to shareholders are made available in a dedicated section for investors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

PRINCIPLE C:

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER

II. Conduct of General Meeting

Annual General Meeting (AGM) is an important forum for dialogue with shareholders and provides opportunity for effective communication with and constructive feedback from the Company's shareholders.

During the AGM, the Chairman, Directors, Senior Management and the Company's External Auditors are available to reply to shareholders' questions on the business and performance of the Company. To ensure effective participation of and engagement with shareholders at the 52nd AGM of the Company held on 25 May 2017, responses to queries raised by the shareholders and Minority Shareholders Watchdog Group (MSWG) before the AGM were shared with the shareholders during the meeting, assuring the shareholders that pertinent issues and queries pertaining to the business of the Company are amply addressed.

The Chairman also encouraged active participation by the shareholders during the AGM. Where necessary, the Chairman and GCEO shall undertake to provide written answers to any significant questions that cannot be readily answered at the meeting.

In addition to the normal agenda for the AGM, the Board presents the progress and performance of the business as contained in the Annual Report and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group.

For the past years, the Company had held press conference upon conclusion of the Annual General Meeting. At this press conference, the Chairman or the GCEO shall provide an insight of the Company's performance, prospects and any specific events for the year.

This CG Overview Statement was approved by the Board of Directors of TDM Berhad on 27 March 2018.

CODE OF BUSINESS ETHICS

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

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

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

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

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

- Customers
- Employees and their families
- Stockholders and owners
- The Board and Board Committee members
- Vendors and suppliers
- Industry affiliates
- The Community

Compliance with Laws, Rules and Regulations

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

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

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

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

Professionalism

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

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

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

CODE OF BUSINESS ETHICS (CONT'D.)

Professionalism (cont'd.)

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

Conflict of Interest

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

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

Our Moral Standards of Honesty, Integrity and Fair Dealing

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

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

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

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

Occupational Safety and Health

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

Sexual Harassment Policy

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

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

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

AUDIT COMMITTEE REPORT

Pursuant to Section 15.15 of the Main Market Listing Requirement (MMLR), the Audit Committee (AC) of the Group hereby present the AC Report for financial year ended 31 December 2017.

1.0 MEMBERSHIP

The members of the AC for the financial year ended 31 December 2017 are as follows:-

- Dato' Haji Mohd Ali Abas (Chairman)
  Independent Non-Executive Director

- Major General Dato' Dr Mohamad Termidzi Junaidi (R)
  Senior Independent Non-Executive Director

- Haji Mohd Nasir Ali
  Independent Non-Executive Director

The membership of AC comprises of all Independent Non-Executive Directors.

The Chairman of the AC, Dato' Mohd Ali Abas is a Fellow of Chartered Public Accountants (FCPA) Australia and a Chartered Accountant with the Malaysian Institute of Accountants (MIA). All of the members of the AC are financially literate. The background and professional expertise of the AC is reported on pages 36 to 41 of this Annual Report. TDM Group complies the paragraph 15.09 of MMLR of Bursa Malaysia Securities Berhad (Bursa Malaysia).

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 scope, authority, 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 of the Group's and the Company's financial position and performance and it is in compliance with the financial reporting standards and regulatory requirements.

b) Assessing the adequacy of risk management and internal control systems.

c) Discussing the Audit Plan and audit findings with the External Auditors. Evaluate the independence of the External Auditors in ensuring suitability of its appointment.

d) Reviewing the Internal Audit Charter and Audit Plan, ensuring the independence and objectivity of the Internal Auditors.

e) Reviewing any related party transaction and conflict of interest situation that may arise within the Company or Group.

f) Reporting any breach or non-compliance of MMLR to Bursa Malaysia if such matters are not satisfactorily resolved by the Board.

AUDIT COMMITTEE REPORT (CONT'D.)

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 2017 are as follows:

Members	Attended /Held	%
Dato' Mohd Ali Abas (Chairman)	6/6	100
Major General Dato' Dr Mohamad Termidzi Junaidi (R)	6/6	100
Haji Mohd Nasir Ali	6/6	100

The AC held six (6) meetings during the financial year ended 2017. The Group Manager of Internal Audit Department (IAD) attended all AC meetings to table the respective Internal Audit (IA) reports. The AC held two (2) meeting with External Auditors 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 and decisions of the AC to the Board.

4.0 SUMMARY OF ACTIVITIES

During the financial year ended 2017, AC carried out the following principal activities and reported the same to the Board:

4.1 Internal Control

a) The Group has an adequately resourced Internal Audit Function (IAF) to assist the Boards in maintaining effectiveness of IAF. 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.

b) 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 information technology, the Group's financial and compliance with procedures with respect to business practices.

4.2 Financial Reporting

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

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

4.0 SUMMARY OF ACTIVITIES

4.2 Financial Reporting

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 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.

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) Considering 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.

4.5 Related Party Transactions

Reviewed significant related party transactions to ensure the appropriateness of the transactions, ensuring they were in the best interest of the company. The details of the related party transactions are presented on page 169 of this Annual Report.

AUDIT COMMITTEE REPORT (CONT'D.)

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 68 to 80 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 internal control system and consulting services, designed to add value and improve the operations of the Group and the Company.

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

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

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 and the external auditors.

6.1 Independence of Internal Audit

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

6.2 Conflict of Interest

The Internal Auditors are free from any relationships or conflicts of interest, which could impair the audit objectivity and independence for each audit engagement.

6.3 IA Resources

IAD consists of seven (7) resources including one Group Manager. Details of individual personnel as follows:

Name	Degree / Professional Certification	Professional Membership	Years of Experience
Mohd Roslan Mamat	Bachelor of Accounting / Certificate in Internal Auditing for Financial Institution (CIAFIN) / Chartered Islamic Finance Professional (CIFP)	IIAM	15 (Internal Audit & Risk Management)
Wan Mohd Mirza W.Mohd Nor	Bachelor of Commerce	IIAM	13 (Internal Control & Audit)
Mohd Naqiuddin Ismail	Bachelor of Accounting	IIAM, MIA	15 (Financial & Internal Audit)
Ahmad Khairunizam Abdul Rani	Bachelor of Accounting	IIAM, MIA	16 (Financial & Internal Audit)
Iza Maria Ibrahim	Bachelor of Accounting	IIAM, MIA	18 (Financial & Internal Audit)
Nur Fadhilah Hani Husain	Bachelor of Accounting	IIAM	5 (Financial & Internal Audit)
Wan Fatimah Syahirah Wan Abdullah	Bachelor of Accounting	-	2 (Financial & Internal Audit)

6.0 INTERNAL AUDIT FUNCTION

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, Integrated Internal Control Framework, 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 evaluates its effectiveness by considering the following performance criteria:

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

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

6.6 Summary of Activities

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

In the event of identification of any internal control deficiency, the Internal Auditors reported their findings to the appropriate level of Management.

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

During the year, all the IAF were performed in-house and the total cost incurred was RM872,000 comprising of manpower, training, travelling and accommodation.

The AC Report was made in accordance with the resolution of the Board of Directors duly passed on 27 March 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements (MMLR), the Board of Directors (Board) of TDM Berhad (Company) 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. The Board is responsible and accountable 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 risk management and internal control statement outlines the nature and features of risk management and internal controls within the Group to safeguard the Group's shareholder investment and assets for the financial year ended 31 December 2017.

Board Accountability

The Board is ultimately 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 Board recognises the importance of maintaining a sound 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 over the implementation of appropriate control measures in order to manage risks; and
- 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.

The Group's system of risk management and internal control applies principally to the Company and its subsidiaries. Jointly controlled entity and associate companies has been excluded because the Group does not have full management control and/or majority Board representation. The Senior Management is responsible for implementing the Board's policies 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.

Due to the limitations that are inherent in any system 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.

STATEMENT ON INTERNAL CONTROL

Internal Control Framework

The Board understands that the system of internal controls is designed to identify, evaluate and manage rather than to eliminate the risks that may hinder the achievement of the Group's business goals and objectives. Therefore, the Board and the management are committed in creating good control environment and effective monitoring system within the Group 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 Business Ethics, 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 organisation 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 hinder company from achieving its corporate and business objectives. The details of risk framework and risk assessment process are explained in the Statement of Risk Management on page 90 of this Annual Report.

c) Control Activities

Management has developed the Risk and Control Assessment (RCSA) as a tool to determine the appropriate control over the identified risk and to assess the adequacy and effectiveness of the controls.

In improving the control activities, company use the information technology system i.e. accounting system, hospital information system, human resources system and plantware/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 page 62 of this Annual Report.

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

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 page 83 of this Annual Report.

The Management evaluates, rectifies and communicates the concerned issues through follow up audit conducted by Internal Audit Department.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D.)

STATEMENT OF RISK MANAGEMENT

Board Risk Oversight

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

The composition of the Committee is set out on page 79 of this Annual Report.

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

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

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

Risk Management Framework

The Group has established the Enterprise Wide Risk Management (EWRM) Framework and 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 determine the 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.

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.

Principal Risks

The Group has identified the following principal risks which are critical to the success of the Group's corporate objectives:

- Shortage of labour
- Fluctuation of crude palm oil (CPO) price
- Investment risk
- Competency gap
- Depleting cash flow

STATEMENT OF RISK MANAGEMENT (CONT'D.)

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 Designated Risk Coordinator (DRIC) on implementation of RCSA to enhance understanding of risk management among the DRIC.

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 27 March 2018.

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 31 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 2017 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 190 to 194 of the Annual Report.

Audit and Non-Audit Fees
The amount of Audit fees paid to External Auditors and their affilliated companies by the Company for the financial year ended 31 December 2017 are set out in Note 6 to the financial statements for the financial ended 31 December 2017 on page137 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 RM40,000.

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

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

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

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

STATEMENT OF DIRECTORS RESPONSIBILITY

The Group's consolidated annual audited financial statements for the financial year ended 31 December 2017 are drawn up in accordance with the applicable approved accounting standards in Malaysia, the Companies Act 2016 (CA 2016) and the Main Market Listing Requirements to give a true and fair view of the affairs of the Company and its Group. 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 financial year ended 31 December 2017.

In preparing the financial statements for the financial year ended 31 December 2017 set out on pages 106 to 184 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are reasonable and prudent.

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 Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Statement by directors pursuant to Section 251 (2) of the Companies Act 2016 signed by Dato' Wan Nawawi Haji Wan Ismail and Dato' Haji Mohd Ali Abas is set out on page 102 of this Annual Report.

This statement is made in accordance with a resolution of the Board of Directors dated 27 March 2018.

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

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
Profit for the year	18,414	34,535
Profit attributable to:		
Owners of the parent	23,065	34,535
Non-controlling interests	(4,651)	-
	18,414	34,535

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 2016 was as follows:

	RM'000
In respect of the financial year ended 31 December 2016 as reported in the directors' report of that year:	
First and final dividend 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

At the forthcoming Annual General Meeting, a 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, amounting to RM8,289,388 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

The board of directors has also determined that the Dividend Reinvestment Scheme ("DRS") will be applied to the entire dividend, whereby the shareholders will be given the option to elect to reinvest the whole or part of the dividend into new ordinary shares of the Company.

The listing of and quotation for the new ordinary shares to be issued pursuant to the DRS will be subject to the approval of Bursa Malaysia Securities Berhad being obtained, to which an application will be submitted in due course.

DIRECTORS' REPORT (CONT'D.)

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:

Dato' Haji Wan Nawawi Haji Wan Ismail	(Appointed as Chairman on 29 August 2017)
Major General Dato' Dr Mohamad Termidzi Junaidi (R) * #	
Dato' Haji Mohd Ali Abas *	
Haji Md Kamaru Al-Amin Ismail	
Haji Samiun Salleh	
Haji Mohd Nasir Ali * #	
Datuk Dr. Ahmad Shukri Md Salleh @ Embat	
Dato' Haji Mohamat Muda #	(Appointed as Group Managing Director on 5 January 2017 and resigned on 1 February 2018)
Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R) #	(Demised on 29 July 2017)

* 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, not including those directors listed above are:

TDM Plantation Sdn. Bhd.	
Mohd Iskandar Jaafar	
Haji Ali Ibrahim	
Dato' Haji Rosol Wahid	
Haji Mohammad Latef	
Mohd Asri Mohamad	
Wan Nasiah Wan Abdul Majid	
Azmi Razik	(Appointed on 15 October 2017)
Dato' Haji Mohamat Muda	(Appointed on 27 December 2017)
Haji Mat Arsad Mohamed	(Resigned on 15 October 2017)
Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.	
Haji Ramlan Ali	
Laila Mat Daud	
Azizul Jasmi Mohamad	
Engku Naimah Engku Taib	
Haji Rosdi Awang	(Appointed on 15 October 2017)

TDM Trading Sdn. Bhd.
Dato' Mohd Sabri Alwi
Rozalina Mokhtar @ Omar
Mohd 'Azmi Nazir

TDM Capital Sdn. Bhd.
Ir. Rosli Othman
Dato' Asha'ari Idris

Indah Sari Travel & Tours Sdn. Bhd.
Amir Mohd Hafiz Amir Khalid

TD Gabongan Sdn. Bhd.
Amir Mohd Hafiz Amir Khalid
Abel Anak Ahing
Zubaidah Ani Mohd Noor

DIRECTORS' REPORT (CONT'D.)

DIRECTORS (CONT'D.)

<u>PT Rafi Kamajaya Abadi</u>

H Rahman	
Dato' Haji Mohamat Muda	(Appointed on 8 February 2018)
Amir Mohd Hafiz Amir Khalid	(Appointed on 8 February 2018)
Haji Mohd Nasir Ali	(Appointed on 8 February 2018)
Haji Samiun Salleh	(Resigned on 8 February 2018)
Mohamad Shahul Hameed	(Resigned on 8 February 2018)

<u>PT Sawit Rezki Abadi</u>

H Rahman	
Dato' Haji Mohamat Muda	(Appointed on 8 February 2018)
Amir Mohd Hafiz Amir Khalid	(Appointed on 8 February 2018)
Haji Mohd Nasir Ali	(Appointed on 8 February 2018)
Haji Samiun Salleh	(Resigned on 8 February 2018)
Mohamad Shahul Hameed	(Resigned on 8 February 2018)

<u>PT Rafi Sawit Lestari</u>

H Rahman	
Dato' Haji Mohamat Muda	(Appointed on 8 February 2018)
Amir Mohd Hafiz Amir Khalid	(Appointed on 8 February 2018)
Haji Mohd Nasir Ali	(Appointed on 8 February 2018)
Haji Samiun Salleh	(Resigned on 8 February 2018)
Mohamad Shahul Hameed	(Resigned on 8 February 2018)

<u>Kumpulan Mediiman Sdn. Bhd.</u>

Dato' Haji Wan Zakaria Abd Rahman	
Haji Wan Abdul Hakim Wan Mokhtar	
YM Raja Halinuddin Raja Halid	(Alternate director to YB Haji Wan Abdul Hakim Wan Mokhtar)

<u>Kumpulan Medic Iman Sdn. Bhd.</u>

Dato' Haji Wan Zakaria Abd Rahman	
Professor Dr Mokhtar Awang	
Haji Wan Abdul Hakim Wan Mokhtar	
Dato' Haji Mohamat Muda	(Appointed on 27 December 2017)

<u>Kuantan Medical Centre Sdn. Bhd.</u>

Dato' Dr. Ooi Hooi Yong	
Professor Dr Mokhtar Awang	
Datuk Hajjah Rahmani @ Rohani Abdullah	
Aida Azam	
Lin Boon Diann	
Dato' Dr. Mohasdjone @ Mohd Johari Mohamad	
Mat Yula Kasim	
Dato' Dr. Anwa Sulaiman	
Mohd Zahari Md Azahar	(Appointed on 15 October 2017)
Haji A. Rahman Yahya	(Resigned on 15 October 2017)

<u>Kelana Jaya Medical Centre Sdn. Bhd.</u>

YAM Tengku Seri Indera Raja (Raja Zainal Karib Raja Harun Al-Rashid)
Lin Boon Diann
Professor Dr Mokhtar Awang
Dr. Syed Nazir M S Kadir
Datuk Sabri Mohd Noor
Dr. Haji Mohd Jusoh

DIRECTORS' REPORT (CONT'D.)

DIRECTORS (CONT'D.)

Kuala Terengganu Specialist Hospital Sdn. Bhd.
Datuk Hajjah Fatimah Hamat
Dato' Koh Tat Kim
Dato' Dr. Surendran a/l M.K. Nair
Dr. Iddruss Osman
Lin Boon Diann
Dr. Mohammad Omar
Abel Anak Ahing
Mat Lazin Maska
Ahmad Ikram Abdullah
Dato' Mohd Sabri Alwi

TDMC Hospital Sdn. Bhd.
Dato' Haji Abdul Razak Ismail
Dato' Dr. Syed Mohamed Noori Syed Hussain
Amir Mohd Hafiz Amir Khalid
Lin Boon Diann
Haji Wan Abdul Hakim Wan Mokhtar (Appointed on 16 October 2017)
Haji Zainal Abidin Mohamed (Appointed on 15 October 2017)
Dato' Haji Mat Razali Kassim (Resigned on 15 October 2017)

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 RM21,200,000 and RM36,146 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:

	I---------------- Number of ordinary shares ----------------I			
The Company	**1 January 2017**	**Acquired**	**Sold**	**31 December 2017**
Haji Md Kamaru Al-Amin Ismail	101,900	10,190*	-	112,090

* The amount is related to the bonus issue on the basis of one (1) new TDM share for every ten (10) existing TDM shares held with entitlement date 3 July 2017.

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.

DIRECTORS' REPORT (CONT'D.)

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM301,092,000 to RM345,017,000 by way of:

(i) the issuance of 150,546,000 ordinary shares pursuant to bonus issue on the basis of one (1) new ordinary share for every ten (10) existing ordinary shares by capitalising part of the Company's share premium amounting to RM30,109,000;

(ii) the issuance of 1,869,000 ordinary shares pursuant to dividend reinvestment scheme in respect to the final dividend at an issue price of RM0.59 per ordinary share amounting to RM1,103,000; and

(iii) transfer of share premium on 31 January 2017 amounting to RM12,713,000.

The new ordinary shares issued during the financial year ranked 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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

DIRECTORS' REPORT (CONT'D.)

SIGNIFICANT EVENT

The details of the significant event are disclosed in Note 37.

EVENTS OCCURING AFTER THE REPORTING DATE

The details of the events occuring after the reporting date are disclosed in Note 38.

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 27 March 2018.

Dato' Haji Wan Nawawi Haji Wan Ismail

Dato' Haji Mohd Ali Abas

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Haji Wan Nawawi Haji Wan Ismail and Dato' Haji Mohd Ali Abas, being two of the directors of TDM Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 106 to 184 are drawn up in accordance with 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 2017 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 27 March 2018.

Dato' Haji Wan Nawawi Haji Wan Ismail

Dato' Haji Mohd Ali Abas

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Amir Mohd Hafiz Amir Khalid, being the officer primarily responsible for the financial management of TDM Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 106 to 184 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed, Amir Mohd Hafiz Amir Khalid at Kuala Terengganu in the state of Terengganu Darul Iman on 27 March 2018

Amir Mohd Hafiz Amir Khalid

Before me,

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 2017 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 106 to 184.

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 2017, and of their financial performance and their cash flows for the year then ended in accordance with 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

Key audit matters are those matters that, in our professional judgement, were of most significance of our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Valuation of property, plant and equipment and biological assets

Area of audit focus

(Refer to summary of significant accounting policies in Notes 2.8, and 2.9, to the financial statements and the disclosures for property, plant and equipment and biological assets in Note 12 and Note 13 to the financial statements)

Freehold land, leasehold land, buildings and plant and machinery (included within property, plant and equipment) and biological assets of the Group are stated at fair value less accumulated depreciation and accumulated impairment losses recognised after the date of revalution. When measuring fair value, the objective is to estimate the price that would be received to sell an asset in an orderly transaction between market participants at the reporting date under current market conditions. The directors have engaged registered independent valuers to undertake the valuation of these assets. The valuations of these assets are highly judgmental 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 these assets which constitute 74% (2016: 72%) of total assets of the Group, we consider this to be an area of audit focus.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TDM BERHAD (CONT'D.) (INCORPORATED IN MALAYSIA)

Key audit matters (cont'd.)

Valuation of property, plant and equipment and biological assets (cont'd.)

How our audit addressed the risk factors

As part of our evaluation of the fair values of the abovementioned assets, we performed, amongst others, the following procedures:

- We considered the objectivity, independence and expertise of the independent valuers engaged by management;
- We 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;
- We had discussions with the independent valuers to obtain an understanding of the comparable market value used as inputs to the valuation models and of the adjustments made to the observable inputs;
- We corroborated the observable inputs used in the valuations to available market data; and
- Where the assets are located in Indonesia, we engaged a specialist on our team to evaluate the key assumptions made by the independent valuers.

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 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TDM BERHAD (CONT'D.)
(INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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.

- 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. 02882/01/2019 J
Chartered Accountant

Kuala Terengganu, Terengganu Darul Iman, Malaysia
27 March 2018

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue	4	448,761	428,545	102,381	151,644
Cost of sales		(244,447)	(257,849)	(18,686)	(18,665)
Gross profit		204,314	170,696	83,695	132,979
Other items of income					
Interest income		38,772	37,205	31,293	32,058
Other income		9,829	28,533	1,901	24,465
Other items of expense					
Distribution costs		(5,188)	(5,398)	(934)	(1,064)
Administrative expenses		(153,673)	(155,886)	(64,568)	(26,952)
Other expenses		(19,815)	(18,641)	(5,069)	(4,813)
Finance costs	5	(21,936)	(21,413)	(13,406)	(14,650)
Profit before tax	6	52,303	35,096	32,912	142,023
Income tax (expense)/benefit	9	(33,889)	(18,028)	1,623	(1,873)
Profit for the year, net of tax		18,414	17,068	34,535	140,150
Other comprehensive income/(loss):					
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:					
Available for sale investments' fair value movement		(5)	(4)	-	-
Foreign currency translation		(4,066)	(2,514)	-	-
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		(4,071)	(2,518)	-	-
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	27	141,461	(32,685)	(4,324)	(496)
Deferred tax related to:					
Net (surplus)/deficit on revaluation	27	(33,975)	7,844	1,038	-
Transfer of revaluation reserve upon write off of assets		(1,036)	(3,006)	-	-
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		106,450	(27,847)	(3,286)	(496)
Other comprehensive income/(loss) for the year, net of tax		102,379	(30,365)	(3,286)	(496)
Total comprehensive income/(loss) for the year		120,793	(13,297)	31,249	139,654

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Profit attributable to:					
Owners of the parent		23,065	20,128	34,535	140,150
Non-controlling interests		(4,651)	(3,060)	-	-
		18,414	17,068	34,535	140,150
Total comprehensive income/(loss) attributable to:					
Owners of the parent		125,444	(10,237)	31,249	139,654
Non-controlling interests		(4,651)	(3,060)	-	-
		120,793	(13,297)	31,249	139,654

Earnings per share attributable to owners of the parent (sen per share):		Group 2017	Group 2016
Basic	10	1.46	1.34

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	1,327,955	1,221,033	186,232	179,946
Biological assets	13	658,929	584,371	-	-
Intangible asset	14	7,179	7,463	7,179	7,463
Investment property	15	11,400	11,000	11,400	11,000
Goodwill	16	991	7,003	-	-
Investments in subsidiaries	17	-	-	268,617	275,252
Other investments	18	319,700	355,400	315,000	350,700
Investments in securities	19	48	53	-	-
Other receivables	22	109,904	109,419	63,234	63,459
Deferred tax assets	30	15,449	12,461	351	189
		2,451,555	2,308,203	852,013	888,009
Current assets					
Property development costs	20	-	-	-	-
Inventories	21	33,280	38,568	1,544	510
Trade and other receivables	22	75,379	76,307	383,882	316,764
Prepayments		2,052	7,049	-	-
Tax recoverable		4,588	7,514	-	-
Cash and bank balances	23	108,217	122,168	33,315	35,490
		223,516	251,606	418,741	352,764
Total assets		2,675,071	2,559,809	1,270,754	1,240,773
Equity and liabilities					
Current liabilities					
Loans and borrowings	24	41,592	30,750	28,401	20,832
Trade and other payables	25	172,696	178,639	270,672	252,943
Tax payable		2,392	4,845	1,612	1,907
		216,680	214,234	300,685	275,682
Net current assets		6,836	37,372	118,056	77,082
Non-current liabilities					
Retirement benefit obligations	29	4,293	4,070	318	447
Loans and borrowings	24	749,411	793,524	259,315	274,309
Other payable	25	87,710	92,712	-	-
Deferred tax liabilities	30	188,842	141,503	6,292	11,016
		1,030,256	1,031,809	265,925	285,772
Total liabilities		1,246,936	1,246,043	566,610	561,454
Net assets		1,428,135	1,313,766	704,144	679,319

STATEMENTS OF FINANCIAL POSITION (CONT'D.)
AS AT 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Equity attributable to owners of the parent					
Share capital	26	345,017	301,092	345,017	301,092
Share premium	26	-	42,822	-	42,822
Retained earnings	28	435,340	419,802	319,868	292,860
Other reserves	27	657,634	555,255	39,259	42,545
		1,437,991	1,318,971	704,144	679,319
Non-controlling interests		(9,856)	(5,205)	-	-
Total equity		1,428,135	1,313,766	704,144	679,319
Total equity and liabilities		2,675,071	2,559,809	1,270,754	1,240,773

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 2017

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	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interest RM'000	Non-controlling interests RM'000
		Attributable to owners of the parent	Non-distributable		Distributable	Non-distributable					
Opening balance at 1 January 2017	1,313,766	1,318,971	301,092	42,822	419,802	555,255	604,089	(48,760)	(43)	(31)	(5,205)
Transfer of share premium on 31 January 2017	-	-	42,822	(42,822)	-	-	-	-	-	-	-
	1,313,766	1,318,971	343,914	-	419,802	555,255	604,089	(48,760)	(43)	(31)	(5,205)
Profit for the year	18,414	23,065	-	-	23,065	-	-	-	-	-	(4,651)
Other comprehensive income											
Net gain on fair value changes in available for sale investments' fair value movement	(5)	(5)	-	-	-	(5)	-	-	(5)	-	-
Foreign currency translation	(4,066)	(4,066)	-	-	-	(4,066)	-	(4,066)	-	-	-
Net surplus on revaluation of land, buildings, plant and machinery and plantation development expenditure	107,486	107,486	-	-	-	107,486	107,486	-	-	-	-
Transfer of revaluation reserve upon write off of assets	(1,036)	(1,036)	-	-	-	(1,036)	(1,036)	-	-	-	-
Other comprehensive income for the year, net of tax	102,379	102,379	-	-	-	102,379	106,450	(4,066)	(5)	-	-
Total comprehensive income for the year	120,793	125,444	-	-	23,065	102,379	106,450	(4,066)	(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	1,428,135	1,437,991	345,017	-	435,340	657,634	710,539	(52,826)	(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.

STATEMENTS OF CHANGES IN EQUITY (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Attributable to owners of the parent									
			Non-distributable		Distributable	Non-distributable					
2016 Group	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interest RM'000	Non-controlling interests RM'000
Opening balance at 1 January 2016	1,330,325	1,332,470	296,332	33,064	417,454	585,620	631,936	(46,246)	(39)	(31)	(2,145)
Profit for the year	17,068	20,128	-	-	20,128	-	-	-	-	-	(3,060)
Other comprehensive income											
Net gain on fair value changes in available for sale investments' fair value movement	(4)	(4)	-	-	-	(4)	-	-	(4)	-	-
Foreign currency translation	(2,514)	(2,514)	-	-	-	(2,514)	-	(2,514)	-	-	-
Net deficit on revaluation of land, buildings, plant and machinery and plantation development expenditure	(24,841)	(24,841)	-	-	-	(24,841)	(24,841)	-	-	-	-
Transfer of revaluation reserve upon write off of assets	(3,006)	(3,006)	-	-	-	(3,006)	(3,006)	-	-	-	-
Other comprehensive income for the year, net of tax	(30,365)	(30,365)	-	-	-	(30,365)	(27,847)	(2,514)	(4)	-	-
Total comprehensive income for the year	(13,297)	(10,237)	-	-	20,128	(30,365)	(27,847)	(2,514)	(4)	-	(3,060)
Transactions with owners											
Issuance of shares pursuant to dividends reinvestment scheme	-	-	4,760	9,758	(14,518)	-	-	-	-	-	-
Dividends on ordinary shares (Note 11)	(3,262)	(3,262)	-	-	(3,262)	-	-	-	-	-	-
Total transactions with owners	(3,262)	(3,262)	4,760	9,758	(17,780)	-	-	-	-	-	-
Closing balance at 31 December 2016	1,313,766	1,318,971	301,092	42,822	419,802	555,255	604,089	(48,760)	(43)	(31)	(5,205)

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		← Non-distributable →		Distributable	← Non-distributable		→
2017 Company	**Equity, total RM'000**	**Share capital* RM'000**	**Share premium RM'000**	**Retained earnings RM'000**	**Other reserves, total RM'000**	**Assets revaluation reserve RM'000**	**Capital reserve RM'000**
Opening balance at 1 January 2017	679,319	301,092	42,822	292,860	42,545	39,809	2,736
Transfer of share premium on 31 January 2017	-	42,822	(42,822)	-	-	-	-
	679,319	343,914	-	292,860	42,545	39,809	2,736
Profit for the year	34,535	-	-	34,535	-	-	-
Other comprehensive income							
Net deficit on revaluation of leasehold land	(3,286)	-	-	-	(3,286)	(3,286)	-
Other comprehensive income for the year, net of tax	(3,286)	-	-	-	(3,286)	(3,286)	-
Total comprehensive income for the year	31,249	-	-	34,535	(3,286)	(3,286)	-
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	704,144	345,017	-	319,868	39,259	36,523	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.

STATEMENTS OF CHANGES IN EQUITY (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Non-distributable		Distributable	Non-distributable		
2016 Company	**Equity, total RM'000**	**Share capital RM'000**	**Share premium RM'000**	**Retained earnings RM'000**	**Other reserves, total RM'000**	**Assets revaluation reserve RM'000**	**Capital reserve RM'000**
Opening balance at 1 January 2016	542,927	296,332	33,064	170,490	43,041	40,305	2,736
Profit for the year	140,150	-	-	140,150	-	-	-
Other comprehensive income							
Net deficit on revaluation of leasehold land	(496)	-	-	-	(496)	(496)	-
Other comprehensive income for the year, net of tax	(496)	-	-	-	(496)	(496)	-
Total comprehensive income for the year	139,654	-	-	140,150	(496)	(496)	-
Transactions with owners							
Issuance of shares pursuant to dividends reinvestment scheme	-	4,760	9,758	(14,518)	-	-	-
Dividends on ordinary shares (Note 11)	(3,262)	-	-	(3,262)	-	-	-
Total transactions with owners	(3,262)	4,760	9,758	(17,780)	-	-	-
Closing balance at 31 December 2016	679,319	301,092	42,822	292,860	42,545	39,809	2,736

FINANCIAL STATEMENTS

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 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Operating activities					
Profit before tax		52,303	35,096	32,912	142,023
Adjustments for:					
Interest expense	5	21,936	21,413	13,406	14,650
Depreciation of property, plant and equipment	6	44,523	43,485	1,555	1,077
Property, plant and equipment written off	6	1,948	3,131	755	1
Biological assets written off	6	299	-	-	-
Inventories written off	6	9,386	10	-	-
(Gain)/loss on disposal of property, plant and equipment	6	(1,200)	(21)	-	18
Impairment of property, plant and equipment	6	11,025	41,702	-	-
(Reversal of impairment)/ impairment of biological assets	6	(37,684)	5,535	-	-
Impairment of goodwill	6	6,012	2,956	-	-
Impairment loss on trade receivables	6	1,698	3,033	-	-
Impairment loss on other receivables	6	513	-	418	3
Impairment loss on investments in subsidiaries	6	-	-	6,635	6,464
Unrealised loss/(gain) on the foreign exchange of investment in fixed income securities	6	35,700	(24,150)	35,700	(24,150)
Dividend income	6	(940)	(235)	(55,000)	(105,000)
Interest income	6	(30,410)	(30,208)	(30,213)	(30,208)
Profit from Al Mudharabah	6	(8,362)	(6,997)	(1,080)	(1,850)
Amortisation of intangible asset (Note 14)	6	858	945	858	945
Provision for/(reversal of) short term accumulating compensated absences	7	136	(45)	24	1
Provision for/(reversal of) retirement benefit obligations	7	223	361	(129)	41
Total adjustments		55,661	60,915	(27,071)	(138,008)
Operating cash flows before changes in working capital		107,964	96,011	5,841	4,015
Changes in working capital					
(Increase)/decrease in inventories		(6,053)	7,220	(1,034)	995
Decrease/(increase) in receivables		760	(38,759)	(67,536)	(116,662)
Increase/(decrease) in payables		34,962	(2,481)	14,498	16,395
Total changes in working capital		29,669	(34,020)	(54,072)	(99,272)
Cash flows from/(used in) operations		137,633	61,991	(48,231)	(95,257)
Interest paid		(58,193)	(45,958)	(13,406)	(14,650)
Interest received and profit from Al Mudharabah		38,800	27,166	31,518	22,019
Taxes paid		(21,595)	(18,729)	(2,900)	(1,677)
Taxes refund		478	1,030	380	-
Net cash flows from/(used in) operating activities		97,123	25,500	(32,639)	(89,565)

STATEMENTS OF CASH FLOWS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Investing activities					
Purchase of property, plant and equipment	12	(62,175)	(71,917)	(10,688)	(10,347)
Addition of plantation development expenditure	13	(48,136)	(14,194)	-	-
Dividend received		940	235	55,000	105,000
Proceeds from disposal of property, plant and equipment		2,700	220	-	136
Increase in deposits with licensed banks pledged as securities for certain banking facilities		(1,392)	(1,619)	(1,053)	(1,618)
Withdrawal of deposits with licensed banks		2,261	13,226	3,499	7,558
Net cash flows (used in)/from investing activities		(105,802)	(74,049)	46,758	100,729
Financing activities					
Drawdown of term loans		22,917	85,795	2,393	8,157
Drawdown of hire purchase facilities		890	253	395	148
Repayments of term loans		(31,976)	(17,611)	(23,598)	(11,948)
Repayments of hire purchase facilities		(2,831)	(2,659)	(44)	(5)
Dividends paid		(6,424)	(3,262)	(6,424)	(3,262)
Net cash flows (used in)/from financing activities		(17,424)	62,516	(27,278)	(6,910)
Net (decrease)/increase in cash and cash equivalents		(26,103)	13,967	(13,159)	4,254
Cash and cash equivalents at 1 January		83,492	72,039	(2,346)	(6,600)
Effect of foreign exchange rate changes		(409)	(2,514)	-	-
Cash and cash equivalents at 31 December	23	56,980	83,492	(15,505)	(2,346)

FINANCIAL STATEMENTS

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 2017

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 Company and of the Group have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 2016 in Malaysia.

On 15 September 2016, the Companies Act 2016 ("New Act") was enacted and it replaces the Companies Act, 1965 in Malaysia with the New Act with effect from 31 January 2017. The key changes of the New Act are disclosed in Note 2.33.

At the beginning of the current financial year, the Group and the Company had adopted the amended FRSs and new FRSs applicable for annual financial periods beginning on or after 1 January 2017, as described fully in Note 2.2.

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

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

2.2 Changes in accounting policies

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

On 1 January 2017, the Group and the Company adopted the following new and amended FRSs and Amendments mandatory for annual financial periods beginning on or after 1 January 2017.

Description	Effective for annual periods beginning on or after
FRS 107 Disclosures Initiatives (Amendments to FRS 107)	1 January 2017
FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 112)	1 January 2017
Annual Improvements to FRSs 2014 - 2016 Cycle	
- Amendments to FRS 12: Disclosure of Interests in Other Entities: Clarification on the scope of disclosure requirements in FRS 12	1 January 2017

The application of these FRSs and amendments has no significant impact on the financial statements of the Group and of the Company, except for as discussed below:

The amendments to FRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. Apart from the additional disclosures in Note 24, the application of these amendments has had no impact on the Group and on the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective

Malaysian Financial Reporting Standards ("MFRS")

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

The Group and the Company have established a project team to plan and manage the adoption of the MFRS Framework.

This project consists of the following phases:

(a) Assessment and planning phase

This phase involves the following:

(i) High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;

(ii) Evaluation of any training requirements; and

(iii) Preparation of a conversion plan.

The Group and the Company consider the assessment and planning phase to be completed as at the date of these financial statements.

(b) Implementation and review phase

This phase aims to:

(i) develop training programs for the staff;

(ii) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;

(iii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework; and

(iv) develop disclosures required by the MFRS Framework.

Under the current accounting framework, the Group and the Company elected to account for the freehold land, leasehold land, buildings as well as plant and machinery included within property, plant and equipment using the revaluation model, where these assets are measured at fair value less accumulated impairment losses recognised after the date of valuation. The Group and the Company decided to change the accounting policy 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 when the Group and Company first adopt the MFRS framework.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

Under the MFRS framework, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116: Property, Plant and Equipment. After initial recognition, the bearer biological assets will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The Group is currently measuring the bearer biological assets at fair value less accumulated impairment losses recognised after the date of valuation. Upon adoption of MFRS framework, the Group and the Company decided to apply the cost model for accounting the bearer plants, the change in accounting framework will result in the reclassification of the bearer assets from biological assets to property, plant and equipment, and the revaluation amount on the transition date to be recorded as deemed costs of the bearer plants which will be subsequently be stated at cost less any accumulated depreciation and accumulated impairment losses. The amendments also require produce that grows on bearer plants to be within the scope of MFRS 141 measured at fair value less costs 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 change of the accounting framework will have an impact to the statements of comprehensive income and equity, however, is not yet finalised by the Group and the Company.

The Group and the Company consider that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

2.4 Fair value measurement

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

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

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

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Fair value measurement (cont'd.)

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

2.5 Basis of consolidation

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

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

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

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

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

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

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

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

(iii) Rights arising from other contractual arrangements; and

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 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 FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

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

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

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

2.6 Transactions with non-controlling interests

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

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Foreign currency (cont'd.)

(c) Foreign operations

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

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

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

2.8 Property, plant and equipment

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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

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

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

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

2.9 Biological assets

Plantation development expenditure

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

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

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

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

2.11 Goodwill

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Impairment of non-financial assets

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

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

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

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

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

2.13 Subsidiaries

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

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

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

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

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

2.14 Financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.14 Financial assets (cont'd.)

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

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

(a) Loans and receivables

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

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

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

(b) Available-for-sale financial assets

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Impairment of financial assets

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

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

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

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

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

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

(b) Unquoted equity securities carried at cost

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

(c) Available-for-sale financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Financial liabilities

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

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

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

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

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

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

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

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

2.21 Borrowing costs

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

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

2.22 Employee benefits

(a) Short term benefit

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Employee benefits (cont'd.)

(b) Defined contribution plans

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

(c) Defined benefit plan

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

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

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

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

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

2.23 Leases

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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 upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Rendering of services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.25 Income taxes (cont'd.)

(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.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 36, 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 is:

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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:

(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.

(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);

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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; and
ii) the ordinary shares of the Company will cease to have par or nominal value.

The adoption of the New Act has no financial impact on the Group and the Company for the current financial year ended 31 December 2017. 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) Revaluation of property, plant and equipment, biological assets and investment property

The Group and the Company carry certain of their property, plant and equipment and biological assets at fair value, with changes in fair values being recognised in other comprehensive income, whereas for investment property, changes in fair value are included in a profit or loss in the year in which they arise.

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

The carrying amount and key assumptions used to determine the fair value of the property, plant and equipment, biological assets and investment property are further explained in Note 12, Note 13, Note 15 and Note 33 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

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

(b) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and the Company's loans and receivables at the reporting date is disclosed in Note 22.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4. REVENUE

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of goods	296,957	250,487	33,622	33,825
Rendering of services	150,653	177,559	-	-
Dividend income from subsidiaries	-	-	55,000	105,000
Management fees from subsidiaries	-	-	13,759	12,819
Management fee from Terengganu Oil Palm Development - Sublessees Scheme	1,151	499	-	-
	448,761	428,545	102,381	151,644

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense on:				
- term loans	20,913	20,173	12,717	13,846
- bank overdrafts	689	804	689	804
- hire purchase and finance lease liabilities	334	436	-	-
	21,936	21,413	13,406	14,650

The total finance costs for the Group and the Company were RM62,423,000 (2016: RM61,672,000) and RM15,533,000 (2016: RM17,903,000) respectively. The Group capitalised interest costs amounting to RM12,101,000 (2016: RM13,126,000) as property, plant and equipment and RM28,386,000 (2016: RM27,133,000) as biological assets. The Company capitalised interest costs amounting to RM2,127,000 (2016: RM3,253,000) as property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6. PROFIT BEFORE TAX

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Auditors' remuneration:				
- statutory audits - Ernst & Young	277	271	63	63
- statutory audits - non Ernst & Young	69	62	-	-
- under provision of auditors' remuneration in previous year - Ernst & Young	6	-	-	-
- other services - Ernst & Young	40	40	40	40
- under provision of other services in previous year - Ernst & Young	57	-	57	-
Employee benefits expense (Note 7)	81,799	65,628	7,727	5,713
Non-executive directors' remuneration (Note 8)	2,254	2,450	941	1,082
Depreciation of property, plant and equipment (Note 12)	44,523	43,485	1,555	1,077
Property, plant and equipment written off (Note 12)	1,948	3,131	755	1
Biological assets written off (Note 13)	299	-	-	-
Rental of premises	2,899	3,269	900	825
Rental of equipment	64	168	30	25
Rental of land	1,229	1,244	140	145
Rental of parking space	192	196	54	52
(Gain)/loss on disposal of property, plant and equipment	(1,200)	(21)	-	18
Inventories written off	9,386	10	-	-
Impairment of property, plant and equipment (Note 12)	11,025	41,702	-	-
(Reversal of impairment)/impairment of biological assets (Note 13)	(37,684)	5,535	-	-
Amortisation of intangible asset (Note 14)	858	945	858	945
Impairment of goodwill (Note 16)	6,012	2,956	-	-
Impairment loss on trade receivables (Note 22(a))	1,698	3,033	-	-
Impairment loss on other receivables (Note 22(b))	513	-	418	3
Impairment loss on investments in subsidiaries	-	-	6,635	6,464
Unrealised loss/(gain) on the foreign exchange of investment in fixed income securities	35,700	(24,150)	35,700	(24,150)
Share of profits from estates payable to Lembaga Tabung Amanah Warisan Negeri Terengganu	2,029	2,040	2,029	2,040
Share of (losses)/profits from estates to Majlis Agama Islam dan Adat Melayu Terengganu	(439)	249	(439)	249
Replanting expenditure	18,218	13,829	3,472	2,524
Dividend income	(940)	(235)	(55,000)	(105,000)
Interest income	(30,410)	(30,208)	(30,213)	(30,208)
Profit from Al Mudharabah	(8,362)	(6,997)	(1,080)	(1,850)
Rental income	(486)	(824)	-	-
Profit distribution from Terengganu Oil Palm Development - Sublessees Scheme	(24,674)	(12,322)	(5,032)	(2,553)
Management fees charged to subsidiaries	-	-	(13,759)	(12,819)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries, wages and allowances	46,542	40,755	7,099	5,014
Defined contribution benefits	9,074	7,348	683	614
Social security costs	909	816	50	43
Provision for/(reversal of) retirement benefit obligations (Note 29 (a))	223	361	(129)	41
Provision for/(reversal of) short term accumulating compensated absences	136	(45)	24	1
Other benefits	24,915	16,393	-	-
	81,799	65,628	7,727	5,713

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,067,000 (2016: RM754,000) and RM689,000 (2016: RM142,000) respectively as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive directors' remuneration (Note 7):				
Fees and other emoluments	1,067	754	689	142
	1,067	754	689	142
Non-executive directors' remuneration (Note 6):				
Fees and other emoluments	2,254	2,450	941	1,082
	2,254	2,450	941	1,082
Total directors' remuneration	3,321	3,204	1,630	1,224
Indemnity given to or insurance effected for directors	36	29	14	11
Estimated money value of benefits-in-kind	66	75	18	21
Total directors' remuneration including benefits-in-kind	3,423	3,308	1,662	1,256

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

9. INCOME TAX EXPENSE/(BENEFIT)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	21,714	19,206	2,366	1,963
- Under/(over) provision of income tax in prior year	1,799	(1,239)	(141)	(111)
	23,513	17,967	2,225	1,852
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	2,170	(1)	(150)	(85)
Under/(over) provision in prior year	8,206	62	(3,698)	106
	10,376	61	(3,848)	21
Income tax expense/(benefit) recognised in profit or loss	33,889	18,028	(1,623)	1,873

Reconciliation between tax expense/(benefit) and accounting profit

The reconciliation between tax expense/(benefit) and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 is as follows:

	2017 RM'000	2016 RM'000
Group		
Profit before tax	52,303	35,096
Taxation at Malaysian statutory rate of 24% (2016: 24%)	12,553	8,423
Adjustments:		
Income not subject to tax	(7,908)	(16,410)
Expenses not deductible for tax purposes	18,617	27,346
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(153)	(49)
Deferred tax assets not recognised during the year	775	-
Deferred tax assets recognised on different tax rate	-	(105)
Under/(over) provision of income tax in prior year	1,799	(1,239)
Under provision of deferred tax in prior year	8,206	62
Tax expense for the year	33,889	18,028
Company		
Profit before tax	32,912	142,023
Adjustments:		
Taxation at Malaysian statutory rate of 24% (2016: 24%)	7,899	34,086
Income not subject to tax	(20,451)	(38,257)
Expenses not deductible for tax purposes	14,768	6,049
Over provision of income tax in prior year	(141)	(111)
(Over)/under provision of deferred tax in prior year	(3,698)	106
Tax (benefit)/expense for the year	(1,623)	1,873

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

9. INCOME TAX EXPENSE/(BENEFIT) (CONT'D.)

Domestic current income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

10. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2017 RM'000	2016 RM'000
Profit net of tax attributable to owners of the parent used in computation of basic earnings per share	23,065	20,128
	2017 Number of ordinary shares '000	2016 Number of ordinary shares '000
Weighted average number of ordinary shares in issue for basic earnings per share computation	1,581,514	1,497,607
Basic earnings per share (sen per share)	1.46	1.34

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 earnings per share.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

11. DIVIDENDS

	Company				
	|---------- Dividends in respect of year ----------|			|------- Dividends recognised in year -------|	
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000
Recognised in prior year					
First and final dividend in respect of the financial year ended 31 December 2015 of 1.2 sen dividend per share, tax exempt under the single-tier system on 1,481,661,680 ordinary shares proposed on 31 March 2016, approved on 31 May 2016 and paid on 16 August 2016.	-	-	17,780	-	17,780
Recognised during the 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	-
Proposed for approval at AGM (not recognised as a liability as at 31 December 2017)					
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.	8,289	-	-	-	-
	8,289	7,527	17,780	7,527	17,780

At the forthcoming Annual General Meeting, a 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, amounting to RM8,289,388 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

The board of directors has also determined that the Dividend Reinvestment Scheme ("DRS") will be applied to the entire dividend, whereby the shareholders will be given the option to elect to reinvest the whole or part of the dividend into new ordinary shares of the Company.

The listing of and quotation for the new ordinary shares to be issued pursuant to the DRS will be subject to the approval of Bursa Malaysia Securities Berhad being obtained, to which an application will be submitted in due course.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Assets under construction RM'000	Total RM'000
Group						
Cost or valuation						
At 1 January 2016	63,542	550,139	217,084	364,124	232,105	1,426,994
Additions	-	611	538	6,648	78,598	86,395
Disposal	-	-	-	(1,281)	-	(1,281)
Transfers	-	-	10,127	34,754	(44,881)	-
Reclassifications	(30,300)	30,300	-	(16,944)	16,944	-
Written off	-	-	(429)	(11,987)	-	(12,416)
Revaluation	(16,059)	34,874	(20,621)	(3,048)	-	(4,854)
Exchange differences	-	3,040	157	2,480	5,688	11,365
At 31 December 2016 and 1 January 2017	17,183	618,964	206,856	374,746	288,454	1,506,203
Additions	-	1,075	9,066	9,719	36,212	56,072
Disposals	-	-	(2,700)	(63)	-	(2,763)
Transfer	-	-	10,081	24,716	(34,797)	-
Reclassifications	(9,983)	(27,657)	(10,267)	47,907	-	-
Written off	-	(672)	(313)	(1,874)	(1,502)	(4,361)
Revaluation	8,800	123,934	4,838	(7,223)	-	130,349
Exchange differences	-	(6,374)	(278)	(4,180)	(10,684)	(21,516)
At 31 December 2017	16,000	709,270	217,283	443,748	277,683	1,663,984
Representing:						
At cost	-	-	-	131,296	288,454	419,750
At valuation	17,183	618,964	206,856	243,450	-	1,086,453
At 31 December 2016	17,183	618,964	206,856	374,746	288,454	1,506,203
At cost	-	-	-	192,688	277,683	470,371
At valuation	16,000	709,270	217,283	251,060	-	1,193,613
At 31 December 2017	16,000	709,270	217,283	443,748	277,683	1,663,984

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Assets under construction RM'000	Total RM'000
Group (cont'd.)						
Accumulated depreciation and impairment loss						
At 1 January 2016	-	23,113	37,938	148,776	523	210,350
Depreciation charge for the year (Note 6)	-	8,580	4,497	30,408	-	43,485
Impairment (Note 6)	-	-	-	-	41,702	41,702
Disposal	-	-	-	(1,082)	-	(1,082)
Written off	-	-	(391)	(8,894)	-	(9,285)
At 31 December 2016 and 1 January 2017	-	31,693	42,044	169,208	42,225	285,170
Depreciation charge for the year (Note 6)	-	8,911	6,364	29,248	-	44,523
Impairment (Note 6)	-	11,025	-	-	-	11,025
Disposal	-	-	-	(17)	-	(17)
Written off	-	(259)	(313)	(1,841)	-	(2,413)
Exchange differences	-	-	(93)	(2,166)	-	(2,259)
At 31 December 2017	-	51,370	48,002	194,432	42,225	336,029
Net carrying amount						
At 31 December 2016	17,183	587,271	164,812	205,538	246,229	1,221,033
At 31 December 2017	16,000	657,900	169,281	249,316	235,458	1,327,955
Representing:						
At cost	-	-	-	126,698	246,229	372,927
At valuation	17,183	587,271	164,812	78,840	-	848,106
At 31 December 2016	17,183	587,271	164,812	205,538	246,229	1,221,033
At cost	-	-	-	162,866	235,458	398,324
At valuation	16,000	657,900	169,281	86,450	-	929,631
At 31 December 2017	16,000	657,900	169,281	249,316	235,458	1,327,955

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Leasehold land RM'000	Equipment and vehicles RM'000	Renovation RM'000	Assets under construction RM'000	Total RM'000
Company					
Cost or valuation					
At 1 January 2016	39,532	8,963	3,986	128,134	180,615
Additions	-	352	984	12,450	13,786
Disposal	-	(910)	-	-	(910)
Written off	-	(1)	-	-	(1)
Revaluation	(496)	-	-	-	(496)
At 31 December 2016 and 1 January 2017	39,036	8,404	4,970	140,584	192,994
Additions	-	833	90	12,397	13,320
Written off	-	(3)	-	(754)	(757)
Revaluation	(4,724)	-	-	-	(4,724)
At 31 December 2017	34,312	9,234	5,060	152,227	200,833
Representing:					
At cost	-	8,404	4,970	140,584	153,958
At valuation	39,036	-	-	-	39,036
At 31 December 2016	39,036	8,404	4,970	140,584	192,994
At cost	-	9,234	5,060	152,227	166,521
At valuation	34,312	-	-	-	34,312
At 31 December 2017	34,312	9,234	5,060	152,227	200,833
Accumulated depreciation					
At 1 January 2016	2,478	7,084	2,643	523	12,728
Depreciation charge for the year (Note 6)	452	625	-	-	1,077
Disposal	-	(756)	-	-	(756)
Written off	-	(1)	-	-	(1)
At 31 December 2016 and 1 January 2017	2,930	6,952	2,643	523	13,048
Depreciation charge for the year (Note 6)	467	632	456	-	1,555
Written off	-	(2)	-	-	(2)
At 31 December 2017	3,397	7,582	3,099	523	14,601
Net carrying amount					
At 31 December 2016	36,106	1,452	2,327	140,061	179,946
At 31 December 2017	30,915	1,652	1,961	151,704	186,232

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Leasehold land RM'000	Equipment and vehicles RM'000	Renovation RM'000	Assets under construction RM'000	Total RM'000
Company (cont'd.)					
Representing:					
At cost	-	1,452	2,327	140,061	143,840
At valuation	36,106	-	-	-	36,106
At 31 December 2016	36,106	1,452	2,327	140,061	179,946
At cost	-	1,652	1,961	151,704	155,317
At valuation	30,915	-	-	-	30,915
At 31 December 2017	30,915	1,652	1,961	151,704	186,232

(a) Had the revalued property, plant and equipment been carried under cost model, the net carrying amounts of each class of property, plant and equipment that would have been included in the financial statements of the Group and of the Company as at 31 December 2017 and 31 December 2016 are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Freehold land	7,200	7,378	-	-
Leasehold land	178,038	103,743	19,341	20,303
Buildings	131,077	92,510	-	-
Plant and machinery	30,382	13,550	-	-

(b) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM1,053,000 (2016: RM1,352,000) and RM505,000 (2016: RM186,000) 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 RM55,019,000 (2016: RM85,043,000) and RM12,815,000 (2016: RM13,600,000) which included the capitalised interest costs amounting to RM12,101,000 (2016: RM13,126,000) and RM2,127,000 (2016: RM3,253,000) respectively.

Net carrying amounts of property, plant and equipment held under hire purchase and finance leases are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Machinery, equipment and vehicles	10,154	10,645	639	180

(c) In addition to assets held under finance leases, the Group's assets with a carrying amount of RM181,305,000 (2016: RM189,882,000) are mortgaged to secure the Group's bank loans (Note 24).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(d) Details of valuation performed by Raine & Horne and Ruky, Safrudin & Rekan, independent professional valuers to determine the fair value of property, plant and equipment owned by the Group and the Company as at 31 December 2017 are as follows:

Group

Year of valuation	Description of property, plant and equipment	Valuation amount RM'000	Basis of valuation
2017	Freehold land	16,000	Open market value
2017	Leasehold land	657,900	Open market value
2017	Buildings	169,281	Open market value
2017	Plant and machinery	86,450	Open market value and depreciated replacement cost
		929,631	

Company

Year of valuation	Description of property	Valuation amount RM'000	Basis of valuation
2017	Leasehold land	30,915	Open market value

(e) 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. During the financial year, the borrowing cost capitalised as cost of property, plant and equipment for the Group and the Company amounted to RM12,101,000 (2016: RM13,126,000) and RM2,127,000 (2016: RM3,253,000) respectively.

(f) Impairment of assets under construction of the Group arose from valuation performed by independent professional valuers which resulted in the carrying amount being written down by RM41,702,000 in prior year.

(g) 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 during the financial year.

13. BIOLOGICAL ASSETS

	2017 RM'000	2016 RM'000
Group		
Plantation development expenditure		
At 1 January	584,371	559,328
Addition	51,442	41,327
Written off (Note 6)	(299)	-
Reversal of impairment/(impairment) (Note 6)	37,684	(5,535)
Revaluation surplus/(deficit)	10,811	(27,832)
Exchange differences	(25,080)	17,083
At 31 December	658,929	584,371
Representing:		
At valuation	658,929	584,371

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13. BIOLOGICAL ASSETS (CONT'D.)

Impairment of biological assets arose from valuation performed by independent professional valuers which resulted in the carrying amount being written down by RM5,535,000 in prior year.

Reversal of impairment of biological assets arose from valuation performed by independent professional valuers which resulted higher fair value than their carrying amount by RM37,684,000 during the financial year.

The Group's biological assets include borrowing cost arising from bank loan borrowed specifically for the purpose of the financing the oil palm development expenditure. During the financial year, the borrowing cost capitalised as cost of biological assets amounted to RM28,386,000 (2016: RM27,133,000).

(i) Had the revalued biological assets been under cost model, the net carrying amounts of biological assets that would have been included in the financial statements of the Group as at 31 December 2017 and 31 December 2016 are as follows:

	Group	
	2017 RM'000	2016 RM'000
Plantation development expenditure	520,393	519,609

(ii) Details of valuation performed by Raine & Horne and Ruky, Safrudin & Rekan, independent professional valuers to determine the fair value of biological assets owned by the Company and its subsidiaries as at 31 December 2017 are as follows:

Group

Year of valuation	Description of property	Valuation amount RM'000	Basis of valuation
2017	Plantation development expenditure	658,929	Open market value and income approach

14. INTANGIBLE ASSET

	Group and Company	
	2017 RM'000	2016 RM'000
At 1 January	7,463	8,408
Adjustment	574	-
Amortisation (Note 6)	(858)	(945)
At 31 December	7,179	7,463

15. INVESTMENT PROPERTY

	Group and Company	
	2017 RM'000	2016 RM'000
At 1 January	11,000	11,000
Change in fair value	400	-
At 31 December	11,400	11,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15. INVESTMENT PROPERTY (CONT'D.)

Details of valuation performed by Raine & Horne, independent professional valuers to determine the fair value of investment property owned by the Group and the Company as at 31 December 2017 are as follows:

Group and Company

Year of valuation	Description of property	Valuation amount RM'000	Basis of valuation
2017	Leasehold land	11,400	Open market value

16. GOODWILL

	Group 2017 RM'000	Group 2016 RM'000
At 1 January	7,003	9,959
Impairment (Note 6)	(6,012)	(2,956)
At 31 December	991	7,003

Impairment testing of goodwill
Goodwill arising from business combinations has been allocated to an individual cash-generating units ("CGU") for impairment testing which is two (2016: two) of the hospitals within the healthcare sector.

The carrying amount of goodwill allocated to the CGU is as follows:

	Group 2017 RM'000	Group 2016 RM'000
Healthcare	991	7,003

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 2017 as disclosed in Note 12 to the financial statements.

17. INVESTMENTS IN SUBSIDIARIES

	Company 2017 RM'000	Company 2016 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	(19,105)	(12,470)
	268,617	275,252

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

In the previous financial year, the impairment of the investments in subsidiaries of the Company arose from a subsidiary incorporated in Malaysia as the subsidiary has ceased its operation, which resulted in the carrying amount being written down by RM6,464,000.

Impairment of 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 during the financial year.

Details of the subsidiaries are as follows:

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2017 %	2016 %
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
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows: (cont'd.)

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2017 %	2016 %
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 (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(i) Summarised statements of financial position

	2017 RKA RM'000	2017 KMC RM'000	2017 KMI RM'000	2017 TDG RM'000	2016 RKA RM'000	2016 KMC RM'000	2016 KMI RM'000	2016 TDG RM'000
Non-current assets	413,772	125,263	499	-	426,349	132,067	499	-
Current assets	67,928	38,742	276	2,889	74,128	44,900	355	2,889
Total assets	481,700	164,005	775	2,889	500,477	176,967	854	2,889
Current liabilities	441,210	30,451	188	2	394,844	35,554	495	10
Non-current liabilities	316,695	63,184	-	-	329,794	70,237	-	-
Total liabilities	757,905	93,635	188	2	724,638	105,791	495	10
Net (liabilities)/assets	(276,205)	70,370	587	2,887	(224,161)	71,176	359	2,879
Equity attributable to owners of the parent	(258,942)	64,973	531	1,472	(210,151)	65,717	325	1,468
Non-controlling interests	(17,263)	5,397	56	1,415	(14,010)	5,459	34	1,411

(ii) Summarised statements of comprehensive income

	2017 RKA RM'000	2017 KMC RM'000	2017 KMI RM'000	2017 TDG RM'000	2016 RKA RM'000	2016 KMC RM'000	2016 KMI RM'000	2016 TDG RM'000
Revenue	228	116,034	-	-	942	113,203	-	-
(Loss)/profit for the year	(74,497)	1,139	228	7	(55,440)	4,416	(82)	29
(Loss)/profit attributable to owners of the parent	(69,841)	1,052	206	4	(51,975)	4,077	(74)	15
(Loss)/profit attributable to non-controlling interests	(4,656)	87	22	3	(3,465)	339	(8)	14
Total comprehensive (loss)/income	(74,497)	1,139	228	7	(55,440)	4,416	(82)	29
Total comprehensive (loss)/income attributable to owners of the parent	(69,841)	1,052	206	4	(51,975)	4,077	(74)	15
Total comprehensive (loss)/income attributable to the non-controlling interests	(4,656)	87	22	3	(3,465)	339	(8)	14
	(74,497)	1,139	228	7	(55,440)	4,416	(82)	29

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(iii) Summarised statements of cash flows

	2017				2016			
	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 (used in)/from operating activities	(38,136)	10,544	-	19	84,378	13,984	(1,763)	42
Net cash from/(used in) investing activities	37,448	(1,845)	-	44	(85,337)	(4,145)	-	345
Net cash used in financing activities	-	(8,693)	-	-	-	(9,501)	(1,468)	-
Net (decrease)/increase in cash and cash equivalents	(688)	6	-	63	(959)	338	(3,231)	387
Cash and cash equivalents at 1 January	1,193	8,931	12	399	2,152	8,593	3,243	12
Cash and cash equivalents at 31 December	505	8,937	12	462	1,193	8,931	12	399

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

18. OTHER INVESTMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Available for Sale Investments				
Unquoted shares, at cost				
Within Malaysia - shares	9,745	9,745	4,770	4,770
Less: Accumulated impairment losses	(5,045)	(5,045)	(4,770)	(4,770)
	4,700	4,700	-	-
Loans and Receivables Investment				
Investment in fixed income securities, outside Malaysia (Note 22(c))	315,000	350,700	315,000	350,700
Total other investments	319,700	355,400	315,000	350,700

The unquoted shares are stated at cost less accumulated impairment losses.

The investment in fixed income securities represents an investment that was issued by an international financial institution, Oversea-Chinese Banking Corporation Limited, Singapore.

The investment in fixed income securities has an interest rate of 10.295% per annum for the first 3 years and 10% per annum after 3 years. It matures twelve years from the issuance date of the first transaction of Indonesian Rupiah 70,000,000,000. The investment will mature in 2025.

19. INVESTMENTS IN SECURITIES

	2017		2016	
	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				
Available for Sale Investments				
- Equity instruments (quoted in Malaysia)	48	51	53	53
Other investments (Note 18)	4,700	-	4,700	-
Total Available for Sale Investments	4,748		4,753	

20. PROPERTY DEVELOPMENT COSTS

	Group	
	2017 RM'000	2016 RM'000
Property development, at cost	1,583	1,583
Less: Provision for foreseeable losses	(1,583)	(1,583)
	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

21. INVENTORIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At Cost				
Produced inventories	9,636	3,741	1,544	510
Pharmaceutical products	1,232	8,944	-	-
Consumables	2,345	395	-	-
Spare parts, equipment and store	5,144	4,140	-	-
	18,357	17,220	1,544	510
At Net Realisable Value				
Seedlings	14,923	21,348	-	-
	33,280	38,568	1,544	510

During the year, the amounts of inventories recognised as an expense in cost of sales of the Group and of the Company were RM138,105,000 (2016: RM139,269,000) and RM14,003,000 (2016: RM14,529,000) respectively.

During the year, the amount of inventories written off at the Group level was RM9,386,000 (2016: RM10,000).

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current				
Trade receivables				
Third parties	61,862	66,841	-	-
Less: Allowance for impairment Third parties	(10,595)	(8,897)	-	-
Trade receivables,net	51,267	57,944	-	-
Other receivables				
Due from subsidiaries	-	-	369,479	304,394
Sundry receivables	35,633	29,371	23,356	20,905
	35,633	29,371	392,835	325,299
Less: Allowance for impairment				
Sundry receivables	(11,521)	(11,008)	(7,087)	(7,087)
Subsidiaries	-	-	(1,866)	(1,448)
	(11,521)	(11,008)	(8,953)	(8,535)
Other receivables,net	24,112	18,363	383,882	316,764
Total trade and other receivables (current)	75,379	76,307	383,882	316,764

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

22. TRADE AND OTHER RECEIVABLES (CONT'D.)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
Other receivables				
Interest receivable (Note 22(c))	63,234	63,459	63,234	63,459
Amount due from Plasma (Note 22(d))	46,670	45,960	-	-
Total other receivables (non-current)	109,904	109,419	63,234	63,459
Total trade and other receivables (current and non-current)	185,283	185,726	447,116	380,223
Add: Loans and receivables investment (Note 18)	315,000	350,700	315,000	350,700
Add: Cash and bank balances (Note 23)	108,217	122,168	33,315	35,490
Total loans and receivables	608,500	658,594	795,431	766,413

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2016: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

	Group	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	28,351	25,775
1 to 30 days past due not impaired	9,397	7,155
31 to 60 days past due not impaired	5,295	19,523
61 to 90 days past due not impaired	8,224	5,491
	22,916	32,169
Impaired	10,595	8,897
	61,862	66,841

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM22,916,000 (2016: RM32,169,000) 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 (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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	
	2017 RM'000	2016 RM'000
Trade receivables-nominal amounts	10,595	8,897
Less: Allowance for impairment	(10,595)	(8,897)
	-	-

Movement in allowance accounts:

	Group	
	2017 RM'000	2016 RM'000
At 1 January	8,897	12,035
Charge for the year (Note 6)	1,698	3,033
Written off	-	(6,171)
At 31 December	10,595	8,897

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(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 RM11,521,000 (2016: RM11,008,000) and RM8,953,000 (2016: RM8,535,000) respectively for impairment of other receivables.

The movements of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	11,008	12,013	8,535	8,532
Charge for the year (Note 6)	513	-	418	3
Written back	-	(1,005)	-	-
At 31 December	11,521	11,008	8,953	8,535

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

22. TRADE AND OTHER RECEIVABLES (CONT'D.)

(c) Interest receivable

The amount is related to the interest receivable from investment in fixed income securities as disclosed in Note 18.

(d) Amount due from Plasma

	Group	
	2017 RM'000	2016 RM'000
Land cost	9,280	10,302
Building and materials	489	542
Development costs	20,806	23,095
Interest	14,437	10,542
Management fee	1,026	1,121
Others	632	358
Total	46,670	45,960

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.

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash at banks and in hand	12,890	12,518	639	368
Deposits with licensed banks	95,327	109,650	32,676	35,122
Cash and bank balances	108,217	122,168	33,315	35,490

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 (2016: 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 2017 of the Group and of the Company were 3.35% (2016: 3.44%) and 4.11% (2016: 4.11%) per annum respectively.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	108,217	122,168	33,315	35,490
Bank overdraft (Note 24)	(16,144)	(2,714)	(16,144)	(2,714)
Less: Deposits pledged for bank guarantee facility and Finance Service Reserve Account (Note 24)	(33,236)	(31,844)	(32,671)	(31,618)
Less: Deposits with maturity period more than 3 months	(1,857)	(4,118)	(5)	(3,504)
Cash and cash equivalents	56,980	83,492	(15,505)	(2,346)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24. LOANS AND BORROWINGS

	Maturity	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Current					
Secured					
Obligations under hire purchase and finance leases (Note 32 (b))	2018	3,092	2,783	109	30
Bank loans:					
- Business Financing-i at Base Financing Rate -1.0% per annum	2018	391	-	-	-
- Business Financing-i at Base Financing Rate -2.0% per annum	2018	1,224	1,450	-	-
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	2018	26,202	21,517	20,792	15,802
- Term Financing-i at Cost of Fund +1.0% per annum	2018	3,183	-	-	-
Unsecured					
Bank loan:					
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	2018	7,500	5,000	7,500	5,000
		41,592	30,750	28,401	20,832
Non-current					
Secured					
Obligations under hire purchase and finance leases (Note 32 (b))	2019-2020	3,137	5,387	385	113
Bank loans:					
- Business Financing-i at Base Financing Rate -1.0% per annum	2019-2025	6,009	-	-	-
- Business Financing-i at Base Financing Rate -2.0% per annum	2019-2020	2,988	3,879	-	-
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	2019-2030	265,495	291,384	207,786	228,982
- Term Financing-i at Cost of Fund +1.0% per annum	2019-2030	23,567	29,113	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24. LOANS AND BORROWINGS (CONT'D.)

		Group		Company	
	Maturity	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Non-current (cont'd.)</u>					
Secured (cont'd.)					
Bank loans (cont'd.):					
- Commodity Murabahah Term Financing at Cost of Fund +1.25% per annum	2019-2026	75,000	66,585	-	-
- Muamalat Term Financing-i at 1.5% per annum above 3 months Cost of Fund	2019-2026	7,071	1,262	-	-
Bank overdraft:					
- Cash Line-i at Base Financing Rate +0.0% per annum	2019	16,144	2,714	16,144	2,714
Unsecured					
Bank loan:					
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	2019-2025	35,000	42,500	35,000	42,500
Indonesian Rupiah Notes Programme	2025	315,000	350,700	-	-
		749,411	793,524	259,315	274,309
Total loans and borrowings		791,003	824,274	287,716	295,141

The remaining maturities of the loans and borrowings as at year end are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
On demand or within one year	41,592	32,514	28,401	20,832
More than 1 year and less than 2 years	38,737	25,539	16,253	2,744
More than 2 years and less than 5 years	57,674	43,311	276	84
5 years and more	653,000	722,910	242,786	271,481
	791,003	824,274	287,716	295,141

<u>Business Financing-i at Base Financing Rate -1.0% per annum</u>

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.

<u>Business Financing-i at Base Financing Rate -2.0% per annum</u>

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24. LOANS AND BORROWINGS (CONT'D.)

Business Financing-i at Base Financing Rate -2.0% per annum (cont'd.)

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 (2016: 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 Burok, District of Kuala Terengganu, Terengganu, Terengganu Darul Iman. The facility is repayable over 120 months with a monthly payment of RM762,384. The grace period is 24 months from the first drawdown on 27 August 2013. During the grace period, interest payments are to be serviced monthly and are subject to yearly review.

(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 Burok, 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 Burok, 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 Burok, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24. LOANS AND BORROWINGS (CONT'D.)

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.

Changes in liabilities arising from financing activities

	At 1 January 2017 RM'000	Net addition/ (repayment) RM'000	Foreign exchange movement RM'000	At 31 December 2017 RM'000
Group				
Obligations under hire purchase and finance leases	8,170	(1,941)	-	6,229
Bank loans:				
- Business Financing-i at Base Financing Rate -1.0% per annum	-	6,400	-	6,400
- Business Financing-i at Base Financing Rate -2.0% per annum	5,329	(1,117)	-	4,212
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	312,901	(21,204)	-	291,697
- Term Financing-i at Cost of Fund +1.0% per annum	29,113	(2,363)	-	26,750
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	47,500	(5,000)	-	42,500
- Commodity Murabahah Term Financing at Cost of Fund +1.25% per annum	66,585	8,415	-	75,000
- Muamalat Term Financing-i at 1.5% per annum above 3 months Cost of Fund	1,262	5,809	-	7,071
Bank overdraft:				
- Cash Line-i at Base Financing Rate +0.0% per annum	2,714	13,430	-	16,144
Indonesian Rupiah Notes Programme	350,700	-	(35,700)	315,000
	824,274	2,429	(35,700)	791,003

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24. LOANS AND BORROWINGS (CONT'D.)

Changes in liabilities arising from financing activities (cont'd.)

	At 1 January 2017 RM'000	Net addition/ (repayment) RM'000	Foreign exchange movement RM'000	At 31 December 2017 RM'000
Company				
Obligations under hire purchase and finance leases	143	351	-	494
Bank loans:				
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	244,784	(16,206)	-	228,578
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	47,500	(5,000)	-	42,500
Bank overdraft:				
- Cash Line-i at Base Financing Rate +0.0% per annum	2,714	13,430	-	16,144
	295,141	(7,425)	-	287,716

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current				
Trade payables				
Third parties	117,311	115,175	69	69
Other payables				
Due to subsidiaries	-	-	260,285	244,979
Sundry payables	11,493	17,404	6,484	4,039
Accruals	43,892	46,060	3,834	3,856
	55,385	63,464	270,603	252,874
Total trade payables and other payables	172,696	178,639	270,672	252,943
Non-current				
Other payable				
Interest payable, representing total other payable	87,710	92,712	-	-
Total trade and other payables (current and non-current)	260,406	271,351	270,672	252,943
Add: Loans and borrowings (Note 24)	791,003	824,274	287,716	295,141
Total financial liabilities carried at amortised cost	1,051,409	1,095,625	558,388	548,084

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25. TRADE AND OTHER PAYABLES (CONT'D.)

(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

The amount is 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.

26. SHARE CAPITAL AND SHARE PREMIUM

	Group and Company			
	Number of ordinary shares (issued and fully paid) '000	I------ Amount ------ Share capital (issued and fully paid) RM'000	Share premium RM'000	------I Total RM'000
At 1 January 2016	1,481,662	296,332	33,064	329,396
Ordinary shares issued during the year:				
Issuance of shares pursuant to dividend reinvestment scheme	23,800	4,760	9,758	14,518
At 31 December 2016 and on 1 January 2017	1,505,462	301,092	42,822	343,914
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	1,657,877	345,017	-	345,017

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

26. SHARE CAPITAL AND SHARE PREMIUM (CONT'D.)

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	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interest RM'000	Total RM'000
At 1 January 2016	631,936	(46,246)	(39)	(31)	585,620
Other comprehensive income:					
Available for sale investments' fair value movement	-	-	(4)	-	(4)
Foreign currency translation	-	(2,514)	-	-	(2,514)
Deficit on revaluation of land, buildings, plant and machinery and plantation development expenditure	(32,685)	-	-	-	(32,685)
Deferred tax related to net deficit on revaluation	7,844	-	-	-	7,844
Transfer of revaluation reserve upon written off the assets	(3,006)	-	-	-	(3,006)
	(27,847)	(2,514)	(4)	-	(30,365)
At 31 December 2016	604,089	(48,760)	(43)	(31)	555,255
At 1 January 2017	604,089	(48,760)	(43)	(31)	555,255
Other comprehensive income:					
Available for sale investments' fair value movement	-	-	(5)	-	(5)
Foreign currency translation	-	(4,066)	-	-	(4,066)
Surplus on revaluation of land, buildings, plant and machinery and plantation development expenditure	141,461	-	-	-	141,461
Deferred tax related to net surplus on revaluation	(33,975)	-	-	-	(33,975)
Transfer of revaluation reserve upon written off the assets	(1,036)	-	-	-	(1,036)
	106,450	(4,066)	(5)	-	102,379
At 31 December 2017	710,539	(52,826)	(48)	(31)	657,634

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

27. OTHER RESERVES (CONT'D.)

	Asset revaluation reserve RM'000	Capital reserve RM'000	Total RM'000
Company			
At 1 January 2016	40,305	2,736	43,041
Other comprehensive income:			
Deficit on revaluation of leasehold land	(496)	-	(496)
At 31 December 2016	39,809	2,736	42,545
At 1 January 2017	39,809	2,736	42,545
Other comprehensive income:			
Deficit on revaluation of leasehold land	(4,324)	-	(4,324)
Deferred tax related to net deficit on revaluation	1,038	-	1,038
At 31 December 2017	36,523	2,736	39,259

The movements in each category of the reserves are disclosed in the statements of changes in equity. The nature and purpose of each category of the reserves are as follows:

(a) Asset revaluation reserve

This reserve represents increases in the fair value of buildings, plant and machinery, leasehold and freehold land and plantation development expenditure, net of deferred taxation.

(b) Foreign currency translation reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the foreign subsidiaries as well as the translation of foreign currency loans used to finance investments in the foreign subsidiaries.

(c) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(d) Premium paid on acquisition of non-controlling interest

This relates to the premium paid on acquisition of non-controlling interest in a subsidiary without a change in control.

(e) Capital reserve

This reserve, which is eliminated on consolidation, relates to the surplus arising from the sale of property, plant and equipment in 1986 to a subsidiary.

28. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2017 and 31 December 2016 under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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.

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Present value of unfunded defined benefit obligations	4,293	4,070	318	447

The amounts recognised in the statements of comprehensive income are determined as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current service cost	165	176	14	21
Past service cost	(158)	-	(158)	-
Interest cost on defined benefit obligations	216	185	15	20
Net benefit expense/(income), included employee benefits expense (Note 7)	223	361	(129)	41

Changes in present value of defined benefit obligations are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	4,070	3,709	447	406
Amount recognised in statements of comprehensive income (Note 7)	223	361	(129)	41
At 31 December	4,293	4,070	318	447

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Analysed as:				
Non current:				
Later than 1 year	4,293	4,070	318	447

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

29. EMPLOYEE BENEFITS (CONT'D.)

(a) Retirement benefit obligations (cont'd.)

The principal assumptions used in determining the retirement benefit obligations are shown below:

	Group		Company	
	2017	2016	2017	2016
Discount rate	5.30%	5.00%	5.30%	5.00%
Future salary increase	6.00%	6.00%	6.00%	6.00%

The Retirement Benefit Scheme obligations were determined by a professional actuary on 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.

Amounts for the current and previous four periods for the Group and for the Company are as follows:

Group

	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Present value of unfunded defined benefit obligations	4,293	4,070	3,709	3,378	3,046

Company

	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Present value of unfunded defined benefit obligations	318	447	406	368	332

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at 31 December 2017 are as shown below:

	Group Defined benefit obligations	
	Increase RM'000	Decrease RM'000
Discount rate (1% movement)	345	(345)
Future salary increase (1% movement)	306	(306)

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 (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

30. DEFERRED TAX

Group

	As at 1 January 2016 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	As at 31 December 2016 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	As at 31 December 2017 RM'000
Deferred tax liabilities:							
Property, plant and equipment, biological assets and investment property	157,742	(8,395)	(7,844)	141,503	(5,991)	53,330	188,842
Deferred tax assets:							
Provision for liabilities	(20,917)	8,456	-	(12,461)	16,367	(19,355)	(15,449)

Company

	As at 1 January 2016 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	As at 31 December 2016 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	As at 31 December 2017 RM'000
Deferred tax liabilities:							
Property, plant and equipment, biological assets and investment property	10,985	31	-	11,016	(3,686)	(1,038)	6,292
Deferred tax assets:							
Other payables	(179)	(10)	-	(189)	31	-	(158)
Unabsorbed capital allowances	-	-	-	-	(193)	-	(193)
	(179)	(10)	-	(189)	(162)	-	(351)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2017 RM'000	Group 2016 RM'000
Unused tax losses	42,608	44,491
Unabsorbed capital allowances	24,796	23,549
	67,404	68,040

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

30. DEFERRED TAX (CONT'D.)

The availability of unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities.

Section 44(5A) and Paragraph 75A of Schedule 3 of the Malaysia Income Tax Act 1967 which became effective in Year of Assessment 2006 restricts the utilisation of unused tax losses and unabsorbed capital allowances where there is a substantial change in the ordinary shareholder of a company. The test for determining whether there is a substantial change in shareholders is carried out by comparing the shareholders on the last day of the basis period in which the unused losses and unabsorbed capital allowances were ascertained with those on the first day of the basis period in which the unused losses and unabsorbed capital allowances are to be utilised.

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies.

31. 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit distribution from Terengganu Oil Palm Development - Sublessees Scheme	(24,674)	(12,322)	(5,032)	(2,553)
Dividend income from subsidiaries	-	-	(55,000)	(105,000)
Management fees from subsidiaries	-	-	(13,759)	(12,819)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short term benefits	6,700	5,805	2,741	1,418
Post-employment benefits:				
- Defined contribution plan	494	382	167	71
- Defined benefit plan	9	6	2	1
	7,203	6,193	2,910	1,490

Included in the total compensation of key management personnel are:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive and non-executive directors' remuneration excluding benefits-in-kind (Note 8)	3,321	3,204	1,630	1,224

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

32. COMMITMENTS

(a) Capital commitments

Capital commitments as at the reporting date are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	5,854	25,230	3,630	9,015
Approved but not contracted for:				
Acquisition and expansion	246,000	408,000	-	-
Property, plant and equipment	237,221	82,056	1,273	1,001

(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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Minimum hire purchase and lease payments:				
Not later than 1 year	3,300	3,097	109	5
Later than 1 year and not later than 2 years	2,059	3,123	109	30
Later than 2 years and not later than 5 years	1,339	2,599	385	113
	6,698	8,819	603	148
Less: Future finance charges	(469)	(649)	(109)	(5)
Present value of hire purchase and finance lease payables	6,229	8,170	494	143
Analysis of present value of hire purchase and lease payables:				
Not later than 1 year	3,092	2,783	109	30
Later than 1 year and not later than 2 years	1,947	2,938	109	30
Later than 2 years and not later than 5 years	1,190	2,449	276	83
	6,229	8,170	494	143
Less: Due within 12 months (Note 24)	(3,092)	(2,783)	(109)	(30)
Due after 12 months (Note 24)	3,137	5,387	385	113

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% (2016: 3%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

33. 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			
	2017		2016	
	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)	3,137	4,282	5,387	5,223
Bank loans:				
- Business Financing-i at Base Financing Rate -1.0% per annum	6,009	-	-	-
- Business Financing-i at Base Financing Rate -2.0% per annum	2,988	5,678	3,879	3,722
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	265,495	231,480	291,384	294,190
- Term Financing-i at Cost of Fund +1.0% per annum	23,567	19,790	29,113	22,428
- Commodity Murabahah Term Financing at Cost of Fund +1.25% per annum	75,000	49,522	66,585	52,494
- Muamalat Term Financing-i at 1.5% per annum above 3 months Cost of Fund	7,071	-	1,262	-
Bank overdraft:				
- Cash Line-i at Base Financing Rate +0.0% per annum	16,144	12,184	2,714	2,450
Unsecured				
Bank loans:				
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	35,000	31,204	47,500	31,496
Indonesian Rupiah Notes Programme ("IDR Notes")	315,000	376,101	350,700	330,558

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 (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

33. 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			
	2017		2016	
	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	371	113	110
Bank loans:				
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	207,786	181,957	228,982	241,696
Bank overdraft:				
- Cash Line-i at Base Financing Rate +0.0% per annum	16,144	12,184	2,714	2,450
Unsecured				
Bank loan:				
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	35,000	31,204	47,500	31,496

(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

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 (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

33. 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 2017					
Non-financial assets					
Property, plant and equipment	12	-	-	929,631	929,631
Biological assets	13	-	-	658,929	658,929
Investment property	15	-	-	11,400	11,400
Investments in securities	19	48	-	-	48
31 December 2016					
Non-financial assets					
Property, plant and equipment	12	-	-	848,106	848,106
Biological assets	13	-	-	584,371	584,371
Investment property	15	-	-	11,000	11,000
Investments in securities	19	53	-	-	53

Company

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2017					
Non-financial assets					
Property, plant and equipment	12	-	-	30,915	30,915
Investment property	15	-	-	11,400	11,400
31 December 2016					
Non-financial assets					
Property, plant and equipment	12	-	-	36,106	36,106
Investment property	15	-	-	11,000	11,000

The fair values of freehold land, leasehold land, buildings, biological assets and investment property were determined using the market comparison method whereas for plant and machinery, the fair values of the assets were determined using the depreciated replacement cost method. This means that valuations performed by the valuers are based on active market prices and determined cost, significantly adjusted for differences in the nature, location or condition of the specific assets. As at the date of revaluation on 31 December 2017, the assets' fair values are based on valuations performed by Raine & Horne and Ruky, Safrudin & Rekan, independent professional valuers who have valuation experience for similar assets of the Group and of the Company since previous years. The details of valuation disclosures for revalued freehold land, leasehold land, buildings as well as plant and machinery, investment property and biological assets are provided in Note 12 and Note 13 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

33. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

(c) Fair value hierarchy (cont'd.)

Significant unobservable valuation input:	Range
Freehold land	RM1,000 per sq feet
Leasehold land - hospitals	RM65 to RM1,235 per sq feet
Leasehold land and biological assets	RM1,100 to RM53,400 per acre
Buildings	RM320 to RM3,550 per sq meter
Plant and machinery - in Malaysia	RM540,000 to RM560,000 MT/hour
Investment property	RM260,000 per hectare

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

34. 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 Managing Director, all heads of the subsidiaries and certain managers of the Company. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposures to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group			
	2017		2016	
	RM'000	% of total	RM'000	% of total
By industry sectors:				
Plantation	21,140	41%	27,640	48%
Healthcare	30,127	59%	30,304	52%
	51,267	100%	57,944	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.

(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 2.0% (2016: 0.3%) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	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	45,853	95,753	652,334	793,940
Total undiscounted financial liabilities	218,549	95,753	740,044	1,054,346

	2016			
	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	178,639	-	92,712	271,351
Loans and borrowings	39,620	51,098	734,015	824,733
Total undiscounted financial liabilities	218,259	51,098	826,727	1,096,084

	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

	2016			
	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	252,943	-	-	252,943
Loans and borrowings	25,807	2,744	266,595	295,146
Total undiscounted financial liabilities	278,750	2,744	266,595	548,089

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(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 (2016: 325) basis points higher with all other variables held constant, the Group's profit before tax would have been RM165,000 (2016: RM696,000) lower/higher, arising mainly as a result of lower interest expense on floating rate loans and borrowings of the Group's. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's business is predominantly located in Malaysia 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 2017	315,000	(315,000)
IDR		
At 31 December 2016	350,700	(350,700)

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 2017 Profit before tax Increase/ (decrease) RM'000	Group 2016 Profit before tax Increase/ (decrease) RM'000
IDR/MYR	strengthened 11% (2016: -7%)	(1,775)	779
	weakened 11% (2016: -7%)	1,775	(779)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(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.

(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 7% (2016: 23%) with all other variables being held constant, the effect on profit before tax would have been:

	Group	
	2017 RM'000	2016 RM'000
Effect to profit before tax if crude palm oil price		
- increased by 7% (2016: 23%)	3,661	8,072
- decreased by 7% (2016: 23%)	(3,661)	(8,072)

35. 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 2017 and 31 December 2016.

The Group and the Company monitor capital using gearing ratio.

The gearing ratio is the net debt divided by total capital plus net debt. The policy of the Group and the Company is to keep the gearing ratio at a reasonable level. The Group and the Company include within their net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

35. CAPITAL MANAGEMENT (CONT'D.)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Loans and borrowings	24	791,003	824,274	287,716	295,141
Trade and other payables	25	260,406	271,351	270,672	252,943
Less: - Cash and bank balances	23	(108,217)	(122,168)	(33,315)	(35,490)
Net debt		943,192	973,457	525,073	512,594
Equity attributable to the owners of the parent		1,437,991	1,318,971	704,144	679,319
Add : - Fair value adjustment reserve	27	48	43	-	-
Total capital		1,438,039	1,319,014	704,144	679,319
Capital and net debt		2,381,231	2,292,471	1,229,217	1,191,913
Gearing ratio		40%	42%	43%	43%

36. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

36. SEGMENT INFORMATION (CONT'D.)

Business segments

	Plantation 2017 RM'000	Plantation 2016 RM'000	Healthcare 2017 RM'000	Healthcare 2016 RM'000	Others 2017 RM'000	Others 2016 RM'000	Note	As reported in consolidated financial statements 2017 RM'000	As reported in consolidated financial statements 2016 RM'000
Revenue:									
Total revenue	266,372	246,698	184,531	183,857	-	-		450,903	430,555
Inter-segment	(1,045)	(805)	(1,097)	(1,205)	-	-	A	(2,142)	(2,010)
External revenue	265,327	245,893	183,434	182,652	-	-		448,761	428,545
Results:									
Interest income	38,304	37,004	449	155	19	46		38,772	37,205
Dividend income	940	235	-	-	-	-		940	235
Depreciation and amortisation	31,159	31,291	14,222	13,139	-	-		45,381	44,430
Other non-cash (income)/expenses	(18,106)	50,842	11,306	5,525	(3)	-	B	(6,803)	56,367
Total segment profit:									
Unrealised (loss)/gain on the foreign exchange of investment in fixed income securities	(35,700)	24,150	-	-	-	-		(35,700)	24,150
Other segment profit/(loss)	92,075	3,550	(4,078)	7,360	6	36		88,003	10,946
Total segment profit/(loss)	56,375	27,700	(4,078)	7,360	6	36		52,303	35,096

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

36. SEGMENT INFORMATION (CONT'D.)

Business segments (cont'd.)

	Plantation		Healthcare		Others		Note	As reported in consolidated financial statements	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000		2017 RM'000	2016 RM'000
Assets:									
Additions to non-current assets	88,717	119,839	18,797	7,883	-	-	C	107,514	127,722
Segment assets	2,409,060	2,292,260	263,464	265,002	2,547	2,547		2,675,071	2,559,809
Segment liabilities	1,118,765	1,120,590	126,711	123,991	1,460	1,462		1,246,936	1,246,043

Geographical segments

	Total revenue		Segment assets		Capital expenditure	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysia	448,533	427,613	2,160,114	2,028,081	56,072	86,395
Indonesia	228	932	514,957	531,728	51,442	41,327
	448,761	428,545	2,675,071	2,559,809	107,514	127,722

	2017 RM'000	2016 RM'000
Capital expenditure consists of additions during the year for:		
Property, plant and equipment (Note 12)	56,072	86,395
Biological assets (Note 13)	51,442	41,327
	107,514	127,722

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

36. 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 (income)/expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2017 RM'000	2016 RM'000
Inventories written off	6	9,386	10
Impairment of property, plant and equipment	6	11,025	41,702
(Reversal of impairment)/impairment of biological assets	6	(37,684)	5,535
Impairment of goodwill	6	6,012	2,956
Impairment loss on trade receivables	6	1,698	3,033
Impairment loss on other receivables	6	513	-
Property, plant and equipment written off	6	1,948	3,131
Biological assets written off	6	299	-
		(6,803)	56,367

C Additions to non-current assets consist of:

	Note	2017 RM'000	2016 RM'000
Property, plant and equipment	12	56,072	86,395
Biological assets	13	51,442	41,327
		107,514	127,722

37. SIGNIFICANT EVENT

During the financial year, TDM Berhad ("TDM or Company") was awarded a Government Grant in the form of the lands at Hutan Simpan Sungai Nipah, Mukim Tebak, Daerah Kemaman and Hutan Simpan Rasau, Kerteh, Mukim Hulu Chukai, Daerah Dungun, measuring 4,515 hectares ("the Lands"). The State Government of Terengganu ("the State") vide its letters dated 26 December 2017 and 28 December 2017 respectively had approved TDM's application for the Lands as per the terms and conditions set out in its letters.

The salient terms of both letters are as follows:

(a) The Lands are alienated to TDM by way of Grant from the State to support its operations and expenditures for the financial year 2017.

(b) The State had agreed to convert the Lands from Forest Reserve to Government Land and that the State will replace the affected areas with other Lands as Forest Reserve.

(c) All forest products on the Land shall be under the jurisdiction of Pejabat Hutan.

(d) Payment of RM250 per hectare per annum, to be contributed to a Trust Fund for wild life conservation and conflict management.

(e) TDM to prepare a report of "Peraturan Alam Sekitar" to Jabatan Alam Sekitar and the State.

(f) TDM to bear the cost for appointment of Surveyor for the survey works.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

37. SIGNIFICANT EVENT (CONT'D.)

(g) The land alienation process will be completed by Pengarah Tanah dan Galian Negeri Terengganu.

(h) TDM to comply with all conditions set by the State's Technical Departments.

The Government Grant will be recognised in the financial statements upon meeting all the conditions stipulated in the letters and the conditions to be determined by the relevant state agencies.

38. EVENTS 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 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. ("LRSTSB"). 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 Ladang Rakyat's assets have yet to obtain approval from the authorities. Hence, the extension of time by another 12 months up to 26 February 2019 is to facilitate LRTSB's to procure the relevant approvals for some of its assets.

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

(b) Recurrent related party transactions

On 7 February 2018, TDM Berhad ("TDM or Company") announced that the Company is proposing to undertake the Proposals as follows;

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

38. EVENTS OCCURING AFTER THE REPORTING DATE (CONT'D.)

(b) Recurrent related party transactions (cont'd.)

The Proposals are subject to the following conditions precedent;

(a) The lease renewal and lease formalisation agreements are conditional upon approval of the shareholders of TDM at an extraordinary general meeting to be convened within a period of three (3) months commencing from the date of signing of any other extended period as may be agreed in writing by the parties, if required;

(b) The written consent from the Menteri Besar of Terengganu for the Proposed Lease formalisation for PN 3380, Lot 2523; and

(c) 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.

39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 27 March 2018.

STATISTICS ON SHAREHOLDINGS

AS AT 22 MARCH 2018

Analysis of Shareholdings

Issued and Paid-up Capital RM345,017,013 comprising 1,657,877,501 units of Ordinary Shares

Voting Rights One (1) vote per ordinary share

A. Distribution of Shareholdings

Breakdown of Shareholdings	No. of Shareholders	Percentage %	No. of Shares	Percentage %
1 - 99	85	0.953	3,021	0.000
100 - 1,000	176	1.975	72,503	0.004
1,001 - 10,000	2,627	29.480	13,446,786	0.811
10,001 - 100,000	5,332	59.836	149,311,803	9.006
100,001 - 82,893,874*	688	7.720	333,719,985	20.129
82,893,875 and above**	3	0.033	1,161,323,403	70.048
TOTAL	**8,911**	**100.000**	**1,657,877,501**	**100.000**

Remark : * Less than 5% of Issued Shares
** 5% and above of Issued Shares

B. List of Thirty (30) Largest Shareholders

No.	Name	No. of Shares	Percentage %
1.	Terengganu Incorporated Sdn Bhd (A/C No: 098-001-045464245)	766,795,843	46.251
2.	Terengganu Incorporated Sdn Bhd (A/C No: 087-055-045755196)	245,921,610	14.833
3.	Kumpulan Wang Persaraan (Diperbadankan)	148,605,950	8.963
4.	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt AN For AIA Bhd.*	42,184,810	2.544
5.	Lembaga Tabung Amanah Warisan Negeri Terengganu	23,482,107	1.416
6.	Amanahraya Trustees Berhad *Public Strategic Smallcap Fund*	14,828,660	0.894
7.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	13,722,720	0.827
8.	Citigroup Nominees (Asing) Sdn Bhd *CBNY For Emerging Markets Core Equity Portfolio DFA Investment Dimensions Group Inc*	9,189,730	0.554
9.	Amanahraya Trustees Berhad *Public Islamic Select Treasures Fund*	6,777,480	0.408
10.	Amanahraya Trustees Berhad *Public Islamic Treasures Growth Fund*	6,331,600	0.381
11.	Neoh Choo Ee & Company, Sdn. Berhad	6,246,640	0.376
12.	Citigroup Nominees (Asing) Sdn Bhd *CBNY For DFA Emerging Markets Small Cap Series*	4,725,420	0.285
13.	Eng Bak Chim	4,631,000	0.279
14.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt AN For UOB Kay Hian Pte Ltd (A/C Clients)*	4,133,880	0.249
15.	Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd	3,140,016	0.189
16.	Megategas Sdn Bhd	2,938,610	0.177

STATISTICS ON SHAREHOLDINGS
AS AT 22 MARCH 2018

B. List of Thirty (30) Largest Shareholders (cont'd.)

No.	Name	No. of Shares	Percentage %
17.	Amanahraya Trustees Berhad *Public Islamic Opportunities Fund*	2,860,600	0.172
18.	Citigroup Nominees (Asing) Sdn Bhd *Exempt AN For OCBC Securities Private Limited (Clients A/C -NR)*	2,563,550	0.154
19.	Tai Tsu Kuang @ Tye Tsu Hong	2,420,000	0.145
20.	Chung Chin-Fu	2,356,860	0.142
21.	Soon Lian Huat Holdings Sdn. Berhad	2,233,000	0.134
22.	Wong Shew Yong	2,220,790	0.133
23.	Yeong Cherng Sdn Bhd	1,980,000	0.119
24.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Boon Huat	1,918,310	0.115
25.	Pretam Singh A/L Chanan Singh	1,675,630	0.101
26.	Low Geat Hong	1,662,700	0.100
27.	Cheng Gek Hong	1,491,890	0.089
28.	Dynaquest Sdn. Berhad	1,475,740	0.089
29.	Ti Geok Chiam	1,333,930	0.080
30.	Tan Hock Kien	1,306,450	0.078

C. List of Substantial Shareholders (5% and above)

No.	Name	Direct Interest No. of Shares	Direct Interest Percentage %	Deemed Interest No. of Shares	Deemed Interest Percentage %
1.	Terengganu Incorporated Sdn Bhd (A/C No : 098-001-045464245) (A/C No : 087-055-045755196)	1,012,717,453	61.084	-	-
2.	Kumpulan Wang Persaraan (Diperbadankan)	148,605,950	8.963	-	-

D. List of Directors'/Chief Executive Shareholdings

No.	Name	Direct Interest No. of Shares	Direct Interest Percentage %	Deemed Interest No. of Shares	Deemed Interest Percentage %
1.	YB Dato' Wan Nawawi Haji Wan Ismail	-	-	-	-
2.	Dato' Haji Mohd Ali Abas	-	-	-	-
3.	Major General Dato' Dr. Mohamad Termidzi Junaidi	-	-	-	-
4.	Datuk Dr Ahmad Shukri Md Salleh @ Embat	-	-	-	-
5.	Haji Samiun Salleh	-	-	-	-
6.	Haji Md Kamaru Al-Amin Ismail	312,090	0.018	-	-
7.	Haji Mohd Nasir Ali	-	-	-	-
8.	Dato' Mohamat Muda (Group CEO)	-	-	-	-

GROUP PLANTATION HECTARAGE STATEMENT

		Total Hectarage Managed By Groups (Hectares)	Groups Owned Plantation (Hectares)	Other (Hectares)
OIL PALM				
Mature Hectarage		35,460	29,024	6,436
Immature Hectarage		8,738	7,327	1,411
Total Planted		44,198	36,351	7,847

Hectarage by Company/Division

Sublease	Mature	8,216	5,635	2,581
	Immature	1,893	1,106	787
TDM Capital Sdn Bhd	Mature	1,262	1,262	-
	Immature	217	217	-
Kumpulan Ladang-Ladang Trengganu Sdn Bhd	Mature	15,252	15,252	-
	Immature	2,620	2,620	
Ladang Tabung Warisan	Mature	1,337	-	1,337
	Immature	-	-	-
Ladang Majlis Agama Islam Terengganu	Mature	500	-	500
	Immature	256	-	256
PT Rafi Kamajaya Abad	Mature	8,893	6,875	2,018
	Immature	3,752	3,384	368
Total Planted	Mature	35,460	29,024	6,436
	Immature	8,738	7,327	1,411
GRAND TOTAL		44,198	36,351	7,847

5-YEAR GROUP PLANTATION STATISTICS

		UNIT	2017	2016	2015	2014	2013
PLANTED AREA							
Oil Palm Area							
Malaysia Operation							
Immature	(0 - 3 Year)	hectare	4,986	5,921	5,172	4,275	3,277
Young	(4 - 10 Year)	hectare	2,417	825	2,146	3,691	3,548
Prime-Young	(11 - 15 Year)	hectare	3,363	3,149	4,144	4,299	6,783
Prime-Old	(16 - 20 Year)	hectare	4,361	11,593	11,523	10,477	12,161
Old	(21 - 25 Year)	hectare	13,444	9,832	9,012	9,365	5,990
Very Old	(25 Year Above)	hectare	2,982	487	0	0	700
			31,553	31,807	31,997	32,107	32,459
Indonesia Operation							
Immature	(0 - 3 Year)	hectare	**3,752**	3,752	7,604	11,896	11,093
Young	(4 - 10 Year)	hectare	**8,893**	8,893	5,595	1,385	453
			12,645	12,645	13,199	13,281	11,546
Total Planted Area			**44,198**	44,452	45,196	45,388	44,005
Oil Palm							
MALAYSIA							
FFB Production		tonne	**453,608**	401,020	464,597	465,055	487,089
Yield per mature hectare		mt FFB/ha	**17.07**	15.04	17.32	16.71	16.69
INDONESIA							
FFB Production		tonne	**1,897**	2,598	5,175	3,359	1,386
Yield per mature hectare		mt FFB/ha	**0.21**	0.29	0.92	2.43	3.06
Mills FFB Processed							
- own		tonne	**445,063**	397,457	449,023	458,657	471,932
- outside		tonne	**5,396**	206	12,385	1,731	7,672
FFB Purchased by Mills		tonne	**0**	796	8,352	26,140	19,697
Total			**450,459**	398,459	469,761	486,528	499,301
FFB Sold		tonne	**2,868**	6,029	8,357	4,734	9,050
Average selling prices:							
- Crude Palm Oil		RM/mt ex-mill	**2,872**	2,696	2,184	2,432	2,360
- Palm Kernel		RM/mt ex-mill	**2,614**	2,258	1,578	1,749	1,288
- Fresh Fruit Bunch		RM/mt	**488**	363	424	476	441
Production							
- Crude Palm Oil		tonne	**84,027**	78,494	90,552	92,729	98,291
- Palm Kernel		tonne	**21,969**	20,262	23,388	23,797	25,642
Extraction Rate							
- Crude Palm Oil		%	**18.56**	19.57	19.49	19.93	20.17
- Palm Kernel		%	**4.85**	5.05	5.05	5.19	5.25
Palm Product Per Mature Hectare		tonne	**3.99**	3.70	4.25	4.19	4.25

5-YEAR GROUP HEALTHCARE STATISTICS

Healthcare Group	2017	2016	2015	2014	2013
No. Beds	297	297	297	284	284
Key Drivers of Growth:-	-	-	-	-	-
Occupancy Rate	56%	60%	59%	64%	59%
Consultants - Resident	53	45	44	38	43
Doctor: Patient - Ratio	3,377	4,129	4,098	4,479	3,622
No. of Inpatient	21,595	21,706	20,985	17,100	14,508
No. of Outpatient	157,380	164,093	159,328	153,101	141,239
Average Length of Stay	2.66	2.80	2.92	3.00	2.99

LIST OF PROPERTIES

List of Assets	Estate	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	Part Jernih/Tebak Estate		Leasehold 2052		3,681.10		
GRN 18274 Lot 2514	Part Jernih/Tebak Estate		Leasehold 2078 Sublease 2018		218.42		
HS (D) 2872 Lot PT 402 B	Part Jernih/Tebak Estate		Leasehold 2078 Sublease 2018		198.19		
GRN 12509 Lot 821	Pelantoh Estate	North & South	Leasehold 2078		35.45		
GRN 12510 Lot 2444	Pelantoh Estate	North & South	Leasehold 2078		82.28		
GRN 12511 Lot 2550	Pelantoh Estate	North & South	Leasehold 2078		24.96		
GRN 12512 Lot 2443	Pelantoh Estate	North & South	Leasehold 2078		73.49		
GRN 12618 Lot 822	Pelantoh Estate	North & South	Leasehold 2078		68.71		
GRN 12497 Lot 833	Pelantoh Estate	North & South	Leasehold 2078		88.58		
PN 3380 Lot 2523	Pelantoh Estate	South	Leasehold 2075		11.44		
HS (D) 011 Lot PT 28*	Pelantoh Estate		Leasehold 2013 Sublease 2012	Leasehold 2059	3,439.95		
HS (D) 012 Lot PT 29*	Pelantoh Estate		Leasehold 2014 Sublease 2013	Leasehold 2060	3,439.95		
Q.T.(R) Kemaman 13	Tebak Estate		Leasehold 2014	Leasehold 2060	195.86		
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	984.19		
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 (CONT'D.)

List of Assets	Estate	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		1,149		
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 804 K	Fikri Estate	Sentosa	Leasehold 2072		103.60		
GRN 9309 Lot 8264	Fikri Estate	Sentosa	Leasehold 2072		58.44		
GRN 10657 Lot 6641	Fikri Estate	Sentosa	Leasehold 2072		1.54		
GRN 17446 Lot 7682 (replacing HS(D) 1983 PT 381 K)	Fikri Estate	Sentosa	Leasehold 2072		20.42		
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) 814 Lot PT 883 K	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 Lot PT 884 K (loji)	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		

LIST OF PROPERTIES (CONT'D.)

List of Assets	Estate	Division	Tenure First Expiry Date	Tenure Second Expiry Date	Area (Ha)	Description	Net Book Value (RM)
PN 6199 Lot 10939 (replacing HS(D) 6416 PT 4152 K)	Fikri Estate	Pakoh Jaya	Leasehold 2098		15.16		
PN 6200 Lot 11404 (replacing HS(D) 6417 PT 4153 K)	Fikri Estate	Pakoh Jaya	Leasehold 2098		17.90		
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		
Mukim Besul	**Bukit Besi**					Oil Palm Plantation	290,800,000
GN 14644 Lot 3999 (replacing HS(D) 72 PT 140	Gajah Mati Estate/ Pinang Emas Estate		Leasehold 2075		5,139.00		
HS (D) 73 Lot PT 141	Pinang Emas Estate		Leasehold 2075		624.84		

LIST OF PROPERTIES (CONT'D.)

List of Assets	Estate	Division	Tenure First Expiry Date	Tenure Second Expiry Date	Area (Ha)	Description	Net Book Value (RM)
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 PT 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		
PN 825 Lot 1157	Jerangau Estate	Landas	Leasehold 2058		580.52		14,900,000
Mukim Batu Buruk 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	5,415,000
Mukim Pulau Perhentian PN 7652 Lot 470 (replacing HS (D) 2209 PT 320)			Leasehold exp. 2051		438,100 sq. m	Undeveloped Resort Land	11,400,000
State of Pahang Mukim Kuala Kuantan PN 7723 Lot 54559 District of Kuantan			Leasehold 2096		43,240.00 sq m	Hospital Building	118,800,000
Wilayah Persekutuan GRN 47712 Lot 51913 Mukim and District of Kuala Lumpur Taman Desa Medical Centre Lot 45,			Freehold		1,486.00 sq m	Hospital Building	31,600,000

LIST OF PROPERTIES (CONT'D.)

List of Assets	Estate	Division	Tenure First Expiry Date	Tenure Second ExpiryDate	Area (Ha)	Description	Net Book Value (RM)
Jalan Desa, Desa Business Park, Taman Desa Off Jalan Klang Lama Kuala Lumpur							
State of Selangor							16,000,000
Mukim Damansara Lot No. 3,4,5,6 HS (D) 259689 PT No. 14532 District of Petaling			Leasehold 2092		2,888.4 sq. m	Hospital	
State of Kalimantan							283,532,000
Kabupaten Melawi, Provinsi Kalimantan Barat, Indonesia.			Leasehold Land		18,007.98 Ha (HGU)	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
Fax : (609) 620 4803
Website : www.tdmberhad.com.my

PLANTATION DIVISION

TDM Plantation Sdn. Bhd.
Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.
TDM Capital Sdn. Bhd.
Level 3, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 620 4800
Fax : (609) 620 4805

TDM Trading Sdn. Bhd.
25th Floor, Menara KH
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel : (603) 2148 0811
Fax : (603) 2148 9900

P.T. Rafi Kamajaya Abadi
P.T. Rafi Sawit Lestari
P.T. Rafi Rezki Abadi
(Incorporated in Indonesia)
JL Provinsi Sintang - Nanga Pinoh Desa Sido Mulyo
Kec Pinoh Kota
78672 Kabupaten Melawi
Kalimantan Barat, Indonesia
Office : (0062) 5682 2784
Estate : (0062) 5682 2767

ESTATES AND MILLS

SUNGAI TONG COMPLEX

Jaya Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 1023
Fax : (609) 824 0993

Fikri Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 7612
Fax : (609) 824 3901

Tayor Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 1790
Fax : (609) 824 1679

Pelung Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 0829
Fax : (609) 824 1017

BUKIT BESI COMPLEX

Gajah Mati Estate
Bukit Besi, 23000 Dungun
Terengganu, Malaysia
Tel : (609) 834 1288
Fax : (609) 834 0288

Majlis Agama Islam Estate
Bukit Besi, 23000 Dungun
Terengganu, Malaysia
Tel : (609) 822 2001
Fax : (609) 822 2001

Pinang Emas Estate
Bukit Besi, 23000 Dungun
Terengganu, Malaysia
Tel : (609) 834 0377
Fax : (609) 834 1377

Jerangau Estate
Wakil Pos Pelar, 21810 Ajil
Hulu Terengganu,
Terengganu, Malaysia
Tel : (609) 838 4127

GROUP DIRECTORY (CONT'D.)

KEMAMAN COMPLEX

Air Putih Estate
P.O. Box 19, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 859 8367
Fax : (609) 859 8367

Tebak Estate
P.O. Box 14, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 852 1552
Fax : (609) 852 1552

Jernih Estate
P.O. Box 12, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (6019) 928 4716

Pelantoh Estate
P.O. Box 10, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 822 6400
Fax : (609) 822 6023

MILLS

Sungai Tong Palm Oil Mill
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 7290
Fax : (609) 824 6472

Kemaman Palm Oil Mill
P.O. Box 13, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 822 6566
Fax : (609) 822 6704

HEALTHCARE DIVISION

Kumpulan Medic Iman Sdn. Bhd.
Level 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 620 4800

Kelana Jaya Medical Centre Sdn. Bhd.
No.1, FAS Business Avenue
Jalan Perbandaran SS7, Kelana Jaya
47301 Kelana Jaya
Selangor, Malaysia
Tel : (603) 7805 2111

Kuantan Medical Centre Sdn. Bhd.
Jalan Tun Razak
Bandar Indera Mahkota
25200 Kuantan
Pahang, Malaysia
Tel : (609) 590 2828

Kuala Terengganu Specialist Hospital Sdn. Bhd.
Lot 3963, Jalan Sultan Mahmud
Batu Burok
20400 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 657 8888

TDMC Hospital Sdn. Bhd.
45, Jalan Desa, Taman Desa
58100 Old Klang Road
Wilayah Persekutuan
Kuala Lumpur, Malaysia
Tel : (603) 7982 6500

NOTICE OF 53RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty Third Annual General Meeting (AGM) of the Company will be held at Dewan Gamelan 3, Primula Beach Hotel, Jalan Persinggahan, 20400 Kuala Terengganu, Terengganu Darul Iman on Thursday, 24 May 2018 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 2017 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 113 of the Company's Articles of Association and being eligible, offer themselves for re-election:-

2.1 Major General Dato' Dr Mohamad Termidzi Junaidi (R) — **Ordinary Resolution 1**
2.2 Dato' Mohd Ali Abas — **Ordinary Resolution 2**

3 To re-elect the following Director who retires in accordance with Article 116 of the Company's Articles of Association, and being eligible, offers himself for re-election:-

3.1 YB Dato' Wan Nawawi Haji Wan Ismail — **Ordinary Resolution 3**

4. To approve the payment 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. — **Ordinary Resolution 4**

5. To approve the payment of Directors' Fee up to an amount of RM672,000.00 for the period from 24 May 2018 until the conclusion of the next AGM of the Company. — **Ordinary Resolution 5**

6. To approve the payment of Directors' Benefits to the Non-Executive Directors up to an amount of RM1,576,000.00 for the period from 24 May 2018 until the conclusion of the next AGM of the Company. — **Ordinary Resolution 6**

7. To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 7**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

8. **Proposed Renewal of Authority for Share Buy-Back by the Company** — **Ordinary Resolution 8**

"THAT subject always to the Companies Act, 2016 (Act) and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad (Bursa Securities) as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed ten percent (10%) of the issued and paid up share capital of the Company and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company. As at 31 December 2017, the audited retained profits of the Company was RM319,868,000.

THAT such authority shall commence immediately upon the passing of this resolution and shall remain in force until the conclusion of the next AGM of the Company unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting.

NOTICE OF 53RD ANNUAL GENERAL MEETING (CONT'D.)

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as Treasury Shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends and/or to deal with the treasury shares in such manners as may be permitted and prescribe by the provisions of the Bursa Securities Main Market Listing Requirements and any other relevant Authorities.

AND THAT FURTHER authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant Authorities and to do all such acts and things as the Directors may deem fit and expedient in the interest of the Company."

9. **Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016** **Resolution 9**

"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 THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

10. **Proposed Renewal of the Authority for Directors to allot and issue New Ordinary Shares in the Company ("TDM Shares") in relation to the Dividend Reinvestment Scheme that Provides Shareholders of the Company with the Option to Reinvest Their Cash Dividend entitlements in new TDM Shares (DRS)** **Resolution 10**

"THAT pursuant to the DRS as approved by the Shareholders at the 52nd AGM held on 25 May 2017, and subject to the approval of the relevant authority (if any), approval be and is hereby given to the Company to allot and issue such number of new TDM Shares for DRS until the conclusion of the next AGM, upon such terms and conditions and to such persons as the Directors may, in their sole and absolute discretion, deem fit and in the best interest of the Company PROVIDED THAT the issue price of the said new TDM Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5) - day volume weighted average market price (VWAMP) of TDM Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of TDM shares at the material time;

NOTICE OF 53RD ANNUAL GENERAL MEETING (CONT'D.)

SPECIAL BUSINESS (CONT'D)

10. **Proposed Renewal of the Authority for Directors to allot and issue New Ordinary Shares in the Company ("TDM Shares") in relation to the Dividend Reinvestment Scheme that Provides Shareholders of the Company with the Option to Reinvest Their Cash Dividend entitlements in new TDM Shares (DRS) (Cont'd)**

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to give full effect to the DRS, with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, as the Directors may, in their absolute discretion, deem fit and in the best interest of the Company.

11. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **Resolution 11**

"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 24 April 2018 provided that such transactions and/or arrangement are:

(i) necessary for the day-to-day operations;

(ii) are undertaken in the ordinary course of business in arms's length commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iii) are 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 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 the date it is required to be held pursuant to Section 340(2) of the 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 New Shareholders' Mandate.

NOTICE OF 53RD ANNUAL GENERAL MEETING (CONT'D.)

12. 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
Date: 24 April 2018

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. The original signed instrument appointing a Proxy 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 at adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

   Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of 53rd 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, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 57B of the Articles of Association of the Company and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at 18 May 2018. **Only a depositor whose name appears on the Record of Depositors as at 18 May 2018 shall be entitled to attend the said meeting or appoint proxies to attend and vote in his stead.**

EXPLANATORY NOTES TO THE AGENDA:-

Item 1 of the Agenda

This item is meant for discussion only. The provisions of Section 340 (1) of the Act require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its AGM. As such this Agenda item is not a business which requires a resolution to be put to vote by Shareholders.

Item 4 of the Agenda – Ordinary Resolution 4

Final dividend

With reference to Section 131 of the Act, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent.

On 27 March 2018, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval. The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made in accordance with the requirements under Section 132(2) and (3) of the Act.

NOTICE OF 53RD ANNUAL GENERAL MEETING (CONT'D.)

EXPLANATORY NOTES TO THE AGENDA:- (CONT'D)

Item 5 and 6 of the Agenda – Ordinary Resolution 5 & 6

Section 230 (1) of the Act, 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 agreed that the shareholders' approval shall be sought at the 53rd AGM on the Directors' fees and benefit in two (2) separate resolutions.

The payment of the Directors' Fees for the period from 24 May 2018 until the conclusion of the next AGM of the Company will only be made if the proposed resolution 5 has been approved at the 53rd AGM of the Company.

In determining the estimated total amount of Directors' Benefit, 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 RM1,576,000.00 is for Directors' Benefits for the period from 24 May 2018 until the conclusion of the next AGM of the Company. The payment of the directors' benefit will be made on monthly basis and/or as and when incurred if the Proposed Resolution 6 has been passed at the 53rd 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.

Item 8 of the Agenda – Ordinary Resolution 8

Proposed Renewal of Authority for Share Buy-Back by the Company

The proposed Ordinary Resolution 8 if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid up share capital of the Company by utilizing the fund allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next AGM of the Company.

Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Statement in Relation to Proposed Renewal of Authority for Share Buy-Back by the Company contained in the Company's 2017 Annual Report.

Item 9 of the Agenda – Ordinary Resolution 9

Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The Company had in its 52nd Annual General Meeting held on 25 May 2017, obtained its Shareholders' approval for the renewal of the general mandate for issuance of shares pursuant to Section 75 & 76 of the Act. The Company did not issue any new ordinary shares pursuant to this mandate.

The proposed Ordinary Resolution No: 9 is a renewal of the mandate to issue shares under Section 75 and 76 of the Act. If passed, it will allow the Directors of the Company, from the date of the above AGM, 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 AGM of the Company.

A renewal for the said mandate is sought to avoid any delay and cost involved in convening such a general meeting. Should the mandate be exercised, the Directors will utilise the proceeds raised for funding current and/or future investment projects, working capital, acquisition, issuance of shares as settlement of purchase consideration and/or such other applications they may in their absolute discretion deem fit.

Item 10 of the Agenda – Ordinary Resolution 10

The proposed Resolution 10, if passed, will give authority to the Directors to allot and issue new TDM Shares in respect of the dividends declared at this AGM and subsequently until the conclusion of the next AGM.

Item 11 of the Agenda – Ordinary Resolution 11

Proposed New 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.

Please refer to the Circular to Shareholders dated 24 April 2018 for further information.

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 Third Annual General Meeting of the Company.

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY

FOR SHARE BUY-BACK BY TDM BERHAD

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Statement prior to its issuance as it is an exempt statement. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or due to your reliance upon the whole or any part of the contents of this Statement.

DEFINITION

For the purposes of this Statement, except where the context otherwise requires, the following definitions shall apply:

Act	:	Companies Act, 2016 as may be amended from time to time including any re-enactment thereof
AGM	:	Annual General Meeting
Board	:	Board of Directors of our Company
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Code	:	The Malaysian Code on Take-Overs and Mergers, 2016 as may be amended from time to time and includes any re-enactment thereof
EPS	:	Earnings per Share
FYE	:	Financial year ended/ending (whichever is applicable)
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities as amended from time to time
LPD	:	22 March 2018, being the latest practicable date prior to the printing of this Statement
Market Day(s)	:	Any day between Monday and Friday, both days inclusive, which is not a public holiday and on which Bursa Securities is open for the trading of securities
NA	:	Net assets
Proposed Share Buy-Back	:	Proposed authority for our Company to purchase our own Shares up to ten per centum (10%) of our issued and paid-up share capital at any given point of time
Purchased Shares	:	Shares purchased by our Company pursuant to the Proposed Share Buy-Back
RM and sen	:	Ringgit Malaysia and sen respectively

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY
FOR SHARE BUY-BACK BY TDM BERHAD (CONT'D.)

DEFINITION (CONT'D.)

For the purposes of this Statement, except where the context otherwise requires, the following definitions shall apply (cont'd.):

SC	:	Securities Commission Malaysia
Share Buy Back Scheme	:	A scheme by a company to purchase its own voting shares or voting rights as prescribed under Section 127 of Companies Act 2016 or any relevant governing statute or provision.
Statement	:	Statement in relation to proposed renewal of authority to purchase its own shares by the Company
TDM or our Company	:	TDM Berhad (6265-P)
TDM Share(s) or Share(s)	:	Ordinary share(s) in TDM

All references to "**we**", "**us**", "**our**" and "**ourselves**" in this Circular are to our Company and, save where the context otherwise requires, shall include our subsidiaries.

All references to "**you**" in this Statement are to our shareholders.

Unless specifically referred to, words denoting the singular shall include the plural and vice versa. And words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

All references to time of day in this Statement refer to Malaysian time, unless otherwise stated.

Rounding

Throughout this Statement, for ease of reading, certain figures have been rounded.

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY

FOR SHARE BUY-BACK BY TDM BERHAD (CONT'D.)

1. INTRODUCTION

At the 52nd AGM of the Company held on 25 May 2017, the Company had obtained the shareholders approval for the Company to purchase its own shares and the mandate shall expire at the conclusion of the forthcoming 53rd AGM. The Company proposed to seek a renewal of the approval from the shareholders at the forthcoming 53rd AGM to be held on 24 May 2018, to purchase and/or hold as treasury shares, its own Shares up to 10% of the issued and paid-up share capital of the Company through Bursa Securities.

The renewal of approval for the Proposed Share Buy-Back will be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the Company's 53rd AGM to be held on 24 May 2018 until:-

(i) the conclusion of the next AGM following the general meeting at which such resolution was passed, at which time the said authority will lapse, unless renewed by ordinary resolution, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

(iii) the authority is revoked or varied by ordinary resolution passed by the shareholders in a general meeting;

whichever is earlier.

2. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The authority for the Proposed Share Buy-Back is sought so as to provide the Company with additional flexibility in respect of its capital management initiatives, whereby the Company have the option, if so implemented, to use any surplus funds in an efficient manner to purchase its own Shares from the open market.

Further, the purchase by the Company of its own Shares is expected to result in an improvement to TDM's consolidated EPS (given the decreased share base used for the computation of the same), which in turn may benefit TDM and the shareholders. Alternatively, any purchased TDM Shares which are retained as treasury shares may be resold on Bursa Securities at a potentially higher price and/or distributed as share dividends to the shareholders.

3. SOURCES OF FUND

The Proposed Share Buy-Back shall be financed through internally generated funds and/or bank borrowings.The actual amount of bank borrowings will depend on the financial resources available at the time of the Proposed Share Buy-Back. In the event the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back, it will ensure that it has sufficient funds to repay the bank borrowings and interest expense and that the repayment will not have a material impact on the cash flows of the Company.

The actual number of Shares to be purchased, the total amount of funds to be utilised, impact on cash flows and the timing of the purchase(s) will depend on the availability of funds, the Company's internal estimation of the fair value of its own Shares as well as the prevailing equity market conditions and sentiments at the time of the purchase(s).

Based on the audited financial statements of the Company as at 31 December 2017, the retained profits of the Company amounted to RM319,868,000. For information purposes, the latest unaudited retained profits of the Company as at 28 February 2018 amounted to RM328,126,000.

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY
FOR SHARE BUY-BACK BY TDM BERHAD (CONT'D.)

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

Advantages

The Proposed Share Buy-Back if implemented is expected to potentially benefit the Company and the shareholders. The Proposed Share Buy-Back would enable the Group to utilise its surplus financial resources to purchase its own Shares when appropriate and at prices which the Board views as favourable.

The Proposed Share Buy-Back would effectively reduce the number of Shares carrying voting and participation rights (unless the Purchased Shares are resold on Bursa Securities or distributed as share dividends). Consequently (whether the Purchased Shares are held as treasury shares or cancelled), all else being equal, the EPS of our Group may be enhanced as the earnings of our Group would be divided by a reduced number of Shares. The enhancement in EPS, if any, arising from the Proposed Share Buy-Back is expected to benefit our shareholders.

The Purchased Shares can be held as treasury shares and be resold on Bursa Securities at a higher price than their cost of purchase and therefore realising a potential capital gain in reserves without affecting our total issued and paid-up share capital. The treasury shares may also be distributed to our shareholders as share dividends.

The Purchased Shares may also be cancelled at such time(s) when your Board is of the view that there is excess share capital and wish to reduce the number of Shares in circulation.

Disadvantages

The Proposed Share Buy-Back, if implemented, is expected to reduce the financial resources of the Group. This may result in the Group foregoing better investment opportunities which may emerge in the future and/or any interest income that may be derived from other alternative uses of such funds, such as deposit of funds in interest bearing instruments.

The Proposed Share Buy-Back may also reduce the amount of resources available for distribution to our shareholders in the form of dividends as funds are utilised to purchase our own Shares.

Nevertheless, the Proposed Share Buy-Back is not expected to have any potential material disadvantage to the Group or its shareholders, as it will be implemented only after in-depth consideration of the financial resources of the Group and its resultant impact on its shareholders. The Board is mindful of the interest of the Group and its shareholders and will be prudent with respect to the above exercise.

5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

On the assumption that the Proposed Share Buy-Back is carried out up to 10% of the issued and paid-up share capital of the Company, the effects of the Proposed Share Buy-Back on the share capital, substantial shareholders' shareholdings, NA, working capital and EPS are set out below:-

5.1. Share Capital

The effects of the Proposed Share Buy-Back on the share capital of the Company will depend on the intention of the Board with regard to the purchased Shares. In the event that the Proposed Share Buy-Back is carried out in full and the purchased Shares are cancelled, the Proposed Share Buy-Back will result in a reduction in the total issued and paid-up share capital of the Company as follows:-

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY
FOR SHARE BUY-BACK BY TDM BERHAD (CONT'D.)

5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

5.1. Share Capital

	No. of Shares '000	RM'000
Issued and paid up share capital as at 31 December 2017	1,657,877	345,017
Less: Share purchased amounting to 10% pursuant to the Proposed Share Buy-Back	(165,788)	(34,501)
Upon completion of the Proposed Share Buy-Back	1,492,089	310,516

5.2. NA

The effect of the Proposed Share Buy-Back on the NA per Share of the Group would depend on the purchase price(s) paid and number of the TDM Shares purchased. The NA per Share of the Group will decrease if the cost per Share purchased exceeds the NA per Share of the Group at the time when the shares are purchased. However, if the cost per Share purchased is below the NA per Share of the Group at the time when the shares are purchased, the NA per Share of the Group will increase.

In the case where the TDM Shares purchased pursuant to the Proposed Share Buy-Back are treated as treasury shares and subsequently resold on Bursa Securities, the NA per Share of the Group upon the resale will increase if the Company realises a gain from the resale and vice-versa. If the treasury shares are distributed as share dividends, the NA of the Group will decrease by the cost of the treasury shares at the point of purchase.

5.3. Working Capital

The Proposed Share Buy-Back, as and when implemented, is likely to reduce the working capital of the Group, the quantum of which depends on, amongst others, the purchase price of the Purchased Shares, the number of Purchased Shares and any associated costs incurred in making the purchase.

For Purchased Shares which are kept as treasury shares, upon their resale, the working capital and the cash flow of the Group may increase with the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold and any associated costs incurred in undertaking the sale.

5.4. Earnings and EPS

The effects of the Proposed Share Buy-Back on TDM's consolidated earnings and EPS would depend on various factors including the number of TDM Shares purchased as well as any income foregone in connection with funding such purchases.

Additionally, the purchase of the shares pursuant to the Proposed Share Buy-Back will result in a lower number of shares being taken into account for purposes of EPS computation, which is expected to have a positive impact on the Group's EPS.

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY
FOR SHARE BUY-BACK BY TDM BERHAD (CONT'D.)

5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK (CONT'D)

5.5. Substantial Shareholders' and Directors' Shareholdings

For illustrative purposes, assuming TDM Shares bought back by the Company under the Proposed Share Buy-Back that are retained as treasury shares and subsequently cancelled would result in a proportionate increase in the percentage shareholdings of the substantial shareholders and Directors of the Company.

Based on the Register of Substantial Shareholders and Register of Directors as at the LPD, the proforma effect of the Proposals on the shareholdings of the substantial shareholders and Directors of the Company are as follows:-

Substantial Shareholders

Name of substantial shareholder	As at LPD Before Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct		Indirect		-		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Terengganu Incorporated Sdn Bhd ("**TISB**")	1,012,717,453	61.09	-	-	1,012,717,453	67.87	-	-
Kumpulan Wang Persaraan (Diperbadankan) ("**KWAP**")	148,605,950	8.96	-	-	148,605,950	9.96	-	-

Note: Assuming the Company purchase 10% of its outstanding Shares and the substantial shareholders do not dispose their shareholdings at that point of time

Directors

Name of Director	As at LPD Before Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Haji Md Kamaru Al-Amin Ismail	312,090	0.018	-	-	312,090	0.021	-	-

Note: Assuming the Company purchase 10% of its outstanding Shares and the Directors do not dispose their shareholdings at that point of time

6. IMPLICATIONS OF THE PROPOSED SHARE BUY-BACK IN RELATION TO THE CODE

Note to Paragraph 4.01 of Rule 4 of the Code which deals with Share Buy-Back Schemes states that a mandatory obligation arises when:

(i) a person obtains controls in a company as a result of a Share Buy-Back Scheme by the company;

(ii) a person (holding more than 33% but not more than 50% of the voting shares or voting rights of a company), as a result of a Share Buy-Back Scheme by the company, increases his holding of the voting shares or voting rights of the company by more than 2% in any six-month period;

(iii) a person (holding more than 33% but not more than 50% of the voting shares or voting rights of a company) acquires more than 2% of the voting shares or voting rights of the company when he knows or reasonably ought to know that the company would carry out a Share Buy-Back Scheme.

In the event the Proposed Share Buy-Back is implemented in full and all the substantial shareholders do not dispose their shareholdings at that point of time, the proforma effects of the Proposed Share Buy-Back on the shareholdings of the substantial shareholders of the Company as at LPD are as illustrated in Section 5.5 of this Statement.

In this regard, assuming the number of TDM Shares held by TISB remains unchanged, the Proposed Share Buy-Back, if implemented in full, may have an implication in relation to the Code as TISB's shareholdings in the Company may increase by more than 2% in any 6-months period. As a result, TISB may trigger an obligation to undertake a mandatory take-over offer on the remaining voting shares in the Company pursuant to Part III of the Code.

Nevertheless, as it is not intended for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory offer under the Code by any of the Company's substantial shareholder and/or parties acting in concert with them, the Board will ensure that such number of TDM Shares are purchased, retained as treasury shares, cancelled or distributed in such that the Proposed Share Buy-Back would not result in triggering any mandatory offer obligation on the part of its substantial shareholders and/or parties acting in concert with them.

In this connection, the Board is mindful of the requirements under the Code when making any purchase of the Company's own shares pursuant to the Proposed Share Buy-Back.

Notwithstanding the above, pursuant to Rule 4.15 of the Code, holders of voting shares may apply for an exemption from undertaking a mandatory offer obligation arising from the purchase of a company's own shares. In this respect, TISB and/or parties acting in concert with it, if any, may apply for an exemption from the obligation to undertake a mandatory offer prior to such obligation being triggered as a result of the Proposed Share Buy-Back.

7. PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES MADE IN THE PREVIOUS 12 MONTHS

The Company did not purchase its own Shares before and therefore, have never held any treasury shares in its accounts.

8. PUBLIC SHAREHOLDING SPREAD

Based on our Record of Depositors as at the LPD and based on the Register of substantial shareholders and directors' with the Company, the public shareholding spread of the Company is 31.55%.

9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for the proportionate increase in the percentage of shareholdings and/or voting rights of shareholders in the Company as a consequence of the Proposed Share Buy-Back, none of the Directors or substantial shareholders of the Company or persons connected to them, has any interest, direct or indirect, in the Proposed Share Buy-Back.

10. DIRECTORS' RECOMMENDATION

The Board, having considered the rationale for the Proposed Share Buy-Back and after careful deliberation,is of the opinion that the Proposed Share Buy-Back is in the best interests of TDM and its shareholders and accordingly, recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming 53rd AGM to be convened.

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TDM Berhad (6265-P)
(Incorporated in Malaysia)

Proxy Form

CDS Account 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 Third (53rd) Annual General Meeting of the Company to be held at Dewan Gamelan 3, Primula Beach Hotel, Jalan Persinggahan, 20400 Kuala Terengganu, Terengganu Darul Iman on Thursday, 24 May 2018 at 10.00 a.m or at any adjournment thereof, on the following resolutions referred to in the Notice of 53rd AGM. My/our proxy is to vote as indicated below:-

Resolutions No	Resolutions	For	Against
Ordinary Resolution 1	To re-elect Major General Dato' Dr Mohamad Termidzi Junaidi (R) as Director of the Company		
Ordinary Resolution 2	To re-elect Dato' Mohd Ali Abas as Director of the Company		
Ordinary Resolution 3	To re-elect YB Dato' Wan Nawawi Haji Wan Ismail as Director of the Company		
Ordinary Resolution 4	To approve the payment 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		
Ordinary Resolution 5	To approve the payment of Directors' fees up to an amount of RM 672,000.00 for the period from 24 May 2018 until the conclusion of the next AGM of the Company		
Ordinary Resolution 6	To approve the payment of Directors' benefits up to an amount of RM1,576,000.00 for the period from 24 May 2018 until the conclusion of the next AGM of the Company		
Ordinary Resolution 7	To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Board of Directors to determine their remuneration		
Ordinary Resolution 8	To approve the proposed Renewal of Share Buy-Back Authority		
Ordinary Resolution 9	Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 10	Proposed Renewal of Dividend Reinvestment Scheme		
Ordinary Resolution 11	Proposed New Shareholders' Mandate		

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.

Date this________________day of_________________________2018

____
[Signature/Common Seal of Shareholder (s)]
* Delete if not applicable

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. The original signed instrument appointing a Proxy 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 at adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

   Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of 53rd 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, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 57B of the Articles of Association of the Company and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at 18 May 2018. **Only a depositor whose name appears on the Record of Depositors as at 18 May 2018 shall be entitled to attend the said meeting or appoint proxies to attend and vote in his stead.**

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Affix Stamp

TDM BERHAD

C/O SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
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