GOVERNANCE

Policies

PROFIT DISTRIBUTION POLICY

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

(i) One third for dividends to shareholders;

(ii) One third for capital expenditure of the Group; and

(iii) One third for the reserves of the Group.

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

DIVIDEND POLICY

TDM BERHAD WILL ENDEAVOUR TO PAY OUT DIVIDENDS OF AT LEAST 30% OF ITS CONSOLIDATED ANNUAL NET PROFIT AFTER TAXATION AND MINORITY INTEREST ANNUALLY, SUBJECT TO AVAILABILITY OF DISTRIBUTABLE RESERVES.

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

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

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

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

WHISTLEBLOWING POLICY

1. **TDM Whistleblowing policy statement:**

   TDM Berhad is committed to sustaining a high standard of good Corporate Governance and adhering to our Code of Business Ethics. The Whistleblowing policy acts to support the said values above by ensuring stakeholders can raise concerns on improprieties without fear of reprisals if acting in good faith. The policy, through its procedures, aims to provide a transparent and confidential process when dealing with such raised concerns. This policy and the procedures are applicable to all companies within TDM group.

2. **Whistleblowing**

   Whistleblowing is a specific means by which a stakeholder can report or disclose through an established channel, concerns improprieties including fraud, criminal offences, miscarriage of justice, ethical wrongdoings and corruption, bribery and blackmail.

3. **Ombudsperson**

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

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

For any concerns, please email feedback.tdmb@tdmberhad.com.my

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

Policies

PHILANTHROPY POLICY

Background

- It is part of TDM's CSR philosophy to be a positive and active participant in the communities where we are present.
- This is through responding and assisting in critical social issues as well as in sports and economic development.

Rationale

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

"There were cases where minority shareholders watchdog group raised issues regarding the non-disclosure of CSR policies at company AGMs, particularly where contributions for CSR purposes were deemed exceptionally high and could have been detrimental to minority shareholders' interest."

Malaysia Corporate Governance Report 2010

TDM's Philanthropy Policy

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

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

Notes:

1. Approved organisations = Organisations that qualify for tax deduction by IRB.
2. The 2% comes from the "for-cash reserved budget" not from profit to be distributed to the shareholders

SUSTAINABILITY POLICY

Our commitment to sustainability centers on the 3P Philosophy of "People, Planet & Profit" and is embedded in all aspects of the Group.

Our objectives:

The 3P is aimed at ensuring social equity, environment protection and economic progress.

People

We are committed to creating a safe, healthy, honest and pleasant working environment while helping our people find value in their work. We are an ardent advocator of personal and professional development among our management and employees. This is also extended to communities directly connected to our operations. Our emphasis on the acquisition of knowledge and skills is grounded on the belief that individuals should sustain their ability to meet the economic and social challenges of their own future.

Planet

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

Profit

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

This policy was approved by the Board of Directors of TDM Berhad on 27 March 2018.

ENVIRONMENT & BIODIVERSITY POLICY

TDM is committed to play our part in conserving the fragile balance of the environment through sustainable practices.

Our objectives:

1. To protect the environment and to preserve biodiversity through sustainable development that preserves the environment and biodiversity in all aspects and stages of our operations.
2. To promote the conservation and development of biodiversity within our group.
3. To ensure that our agricultural operations comply with all relevant laws and National Interpretation of MSPO Principles and Criteria.

In protecting the environment and conserving biodiversity, we shall:

- Comply with all statutory and regulatory requirements in matters relating to the environment and biodiversity.
- Create, maintain and continue the improvement of sustainable plantation management systems.
- Eliminate all adverse effects that could potentially impact on the environment and biodiversity that may arise from our plantation activities.
- Provide an effective working system based on Akta Kualiti Alam Sekeliling 1974 (Akta 127).
- Ensure zero burning as a priority as stated in Perintah Kualiti Alam Sekeliling (Aktiviti yang Diisytiharkan) (Pembakaran Terbuka) 2003.
- Implement Integrated Pest Management (IPM) technique to reduce the need for chemical pesticides and induces cost savings.
- Reduce and phase-out chemicals that fall under the WHO Class 1A & 1B and Stockholm or Rotterdam Conventions.
- Continuously working on sound soil management by determining appropriate amount and composition of nutrients.
- Continue with our efforts towards dynamic and innovative waste management with the aim of zero waste and/or recycling or responsible waste management.
- Maintain a range of prevention and mitigation measures to reduce the risk of fire and haze.
- Strive to commit our employees, contractors, suppliers, trading partners and stakeholders to adhere to this policy and thereby focus on traceability within our supply chain.

This policy was approved by the Board of Directors of TDM Berhad on 27 March 2018.

OCCUPATIONAL SAFETY & HEALTH POLICY

TDM is committed to ensuring the safety and health of all our employees and customers, which is demonstrated by our endeavours to integrate occupational safety and health (OSH) practices into business practices and strategy at all times.

Our objectives:

1. To ensure safety and health of all our employees and customers.
2. To ensure full compliance with all relevant legislation as well as create and sustain a work culture and environment where safety and health are the priority.

In striving to secure a safe and healthy work environment we shall:

- Ensure to comply with statutory requirements, relevant standards, guidelines and code of practice.
- Formulating, establishing, communicating, implementing and maintaining an occupational safety and health in the working environment.
- Provide continuous training and supervision to all categories of employees to develop safe and healthy work experience.
- Equip and train employees to use appropriate protective equipments.
- Reduce and finally impose ban on the use of Paraquat weedicide (1, 1'-Dimethyl-4, 4'-bipyridinium dichloride).
- Ensure fire safety plan is implemented and continuously trained for its preparedness within our organisation and neighbouring communities.
- Develop a culture of individual responsibility and accountability for the employee's own well-being.
- Inculcating the culture of safety and health among employees and stakeholders.

This policy was approved by the Board of Directors of TDM Berhad on 27 March 2018.

Policies

GENDER & DIVERSITY POLICY

TDM's social responsibility pays particular attention to create a climate where gender equality and diversity are self-evident as parts of the organisation and where differences are utilised to create business benefits as well as to nurture a fair, just and equitable working environment.

Our objectives:

1. To enrich their work experience amid a conducive environment for professional development and career growth.
2. To maintain a workplace and environment, which is free of harassment in any form, including ethnicity, religion, gender, national origin, ancestry, non-disqualifying physical or mental disability, marital status, sexual orientation or gender identity.

In line with the policy, we shall:

- Endeavour to ensure working conditions, salaries, benefits and other employment terms are designed with the aim to provide equal opportunities and making it easier for all employees to combine work, private life and parenthood.
- Prevent sexual harassment and all other forms of violence against women, workers and community.
- Establish a specific complaints and grievance procedure and mechanism, acceptable by all parties, to address gender-based issues.
- Not tolerate any form of maltreatment of women and enhance internal procedure for handling complaints.
- To communicate, explain and make this policy be understood by all employees, including external contractors and other relevant stakeholders.

This policy was approved by the Board of Directors of TDM Berhad on 27 March 2018.

SOCIAL & HUMANITY POLICY

TDM are committed to create a safe, healthy, honest and pleasant working environment and helping our people to find value in their work and life.

Our objectives:

1. To conduct our business in a manner that respects the rights and dignity of people and local communities, complying with all legal requirements.
2. To respect and give fair treatment in accordance with the rights of employees for the mutual benefits of the company and the employees.

In fulfilling our Social & Humanity commitments, we shall:

- Enhance employees' work skills and competencies by providing training, exposure and experience.
- Not tolerate the use of child or forced labour, slavery or human trafficking in any of our plantation and facilities.
- Ensure passport of guest worker shall only be submitted to the management for safe custody, with consent by the guest worker and will be readily made available upon request.
- Ensure no difference in rights between guest and local workers.
- We commit to Free, Prior and Informed Consent (FPIC) in all negotiations prior to commencing any new operations as we respect native rights of indigenous and local communities.
- Strive to commit our employees, contractors, suppliers, trading partners and stakeholders to adhere to this policy.

This policy approved by the Board of Directors of TDM Berhad on 27 March 2018.

Policies

NO DEFORESTATION, NO PEAT, NO EXPLOITATION (NDPE) POLICY

TDM is committed to sustainable palm oil production and sourcing, which includes the conservation of biodiversity, reduction of greenhouse gases, improvement of livelihoods and food security. It is critical that all parts of the palm oil supply chain – from plantations to retailers – collaborate and act in an environmentally sustainable and socially responsible manner.

This NDPE policy will enhance our existing commitment to the Malaysian Sustainable Palm Oil (MSPO) and Roundtable on Sustainable Palm Oil (RSPO) which provides a common, shared system for growers, processors, buyers and institutions to use in order to check that palm oil is sustainably produced.

Our commitments

TDM is working closely with other growers, traders, processors, end- user companies, and other industry stakeholders to protect forests, peatlands, and human and community rights. TDM commits to the following standards in the oil palm supply chain:

1. No Deforestation
2. No Development on Peat
3. No Exploitation of People and Local Communities

1. No deforestation

- **No development of high carbon stock (HCS Forest)**

  TDM recognises primary forests as well as High Density[1], Medium Density[2], and Low Density[3] Forests as High Carbon Stock (HCS) Forests. We will protect all forests identified as the HCS.

- **No development of high conservation value (HCV) Areas**

  TDM commits to identify and protect, restore and/or co-manage the forests and other areas identified as having High Conservation Value ("HCV") by competent, accredited assessors in accordance with Principle and Criteria 7.12 of the "RSPO Principles and Criteria for the Production of Sustainable Palm Oil 2018".

- **No burning**

  TDM implements "No Burn" policy, which means that there can be no use of fire in the preparation of new plantings, or re- plantings or any other developments, in accordance with the full scope of this Policy. This policy also follows RSPO commitment under Principle and Criteria section 7.11

- **Reduction a Greenhouse Gas (GHG) Emissions**

  We will adopt and implement significant GHG emissions reduction targets, and these will be achieved through treating mill effluent and managing methane emissions and avoiding deforestation.

2. No development on peat

- **No development on peat regardless of depth**

  Peat soil contains more than 65% organic matter. TDM will not accept any future development of any peatland, regardless of the depth of peat in accordance with the full scope of this policy.

Notes:

[1] Remnant forest of advanced secondary forest close to primary condition.

[2] Remnant forest but more disturbed than High Density Forest.

[3] Appears to be remnant forest but is highly disturbed and recovering with composition of older forest.

Policies

Our commitments (cont'd)

2. No development on peat (cont'd)

- **Best management practice for existing plantation on peat**

  TDM remains committed to supporting RSPO Principle and Criteria 7.7.6 and the standards set out in the RSPO Manual on Best Management Practice (BMPs) for existing plantations on peatlands.

- **Where feasible, explore options for peat restoration by working with expert stakeholders and communities.**

  We will work with experts to explore options of peat definition, restoration or alternative uses in areas unsuitable for replanting.

3. No exploitation of people and local communities

- **Respect and support the Universal Declaration of Human Rights**

  TDM commits to uphold and promote the Universal Declaration of Human Rights for all workers, contractors, indigenous people, local communities, and anyone affected by our operations under the full scope of this policy.

- **Respect and recognise the rights of all workers including contract, temporary and foreign workers**

  We commit to respect and protect human rights, the right of all workers, including contract, temporary, foreign workers, the elimination of discrimination in employment and the promotion of equal rights, the freedom of association and the right to collective bargaining.

- **Respect land tenure right**

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

- **Respect the right of indigenous and local communities to give or withhold their free, prior and informed consent (FPIC) to operations on lands to which they hold legal, communal or customary rights**

  We respect the individual rights of indigenous people and other local communities to give or withhold their FPIC to development of land to which they hold legal, communal or customary rights. The Group commits to ensuring legal compliance as well as international best practices in FPIC are implemented, in accordance with the full scope of this Policy, prior to commencing any new operations.

- **Resolve all complaints and conflicts through an open, transparent and consultative process**

  We support and implement RSPO Principle and Criteria 4.2 and will work with parties to resolve complaints and conflicts though an open, transparent and consultative process.

General Implementation Statement

TDM will communicate regularly and effectively with all stakeholders to ensure that they are well-informed of the details of this Policy.

We will continue to comply with the principles outlined in the policy and adhere to all other laws and regulations governing biodiversity and conservation in every jurisdiction where we operate.

We recognise that this Policy will need to be constantly reviewed to take into account of changing expectations and circumstances as well as improvements in operational procedures. Any changes must be consistent with the Group's goals to promote positive environmental impacts and positive social outcomes.

This policy was approved by the Board of Directors of TDM Berhad on 25 February 2019.

Corporate Governance Overview Statement

The Board of Directors ("Board") of TDM Berhad ("TDM" or "the Company") fully supports the recommendations of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017" or "the Code") issued by the Securities Commission and Bursa Malaysia Securities Berhad ("Bursa Malaysia") which sets out the broad principles and recommendations for good corporate governance and best practices for listed companies.

The Board believes that good governance will help to realise long-term shareholders value, whilst taking into account the interest of other stakeholders. The Board evaluates and continues to enhance the existing corporate governance practices in order to remain relevant with developments in market practice and regulations.

The Board is pleased to present this Corporate Governance ("CG") Overview Statement (the "Statement") to provide an overview of the CG practices adopted by the Company in achieving the intended outcomes as set out in the new Code with reference to the following three (3) key principles:

a) Principle A : Board Leadership and Effectiveness;
b) Principle B : Effective Audit and Risk Management; and
c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This overview statement is prepared in compliance with Bursa Malaysia Main Market Listing Requirements and it is to be read together with the Corporate Governance Report 2018 of the Company (CG Report). A Statement that explains the manner in which the Company has applied the Principles and Recommendations as set out in the Code during the financial year ended ("FYE") 31 December 2018 are disclosed in the CG Report which is available on the Company's website at https://www.tdmberhad.com.my

This statement also serves as a compliance with Rule 15.25 of Bursa Malaysia Listing Requirements for Main Market.

In order to provide the latest status update of the Company, this Overview Statement on Corporate Governance also includes information up to 15 April 2019.

PRINCIPLE A

Part I Board Responsibilities

Intended Outcome 1.0
Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

1.1 Roles & Responsibilities

The Board is collectively responsible for the overall strategic plans for business performance and long-term success of the Company and its Subsidiaries ("the Group"). It oversees the proper conduct of business, succession planning of Key Senior Management, risk management and internal control, shareholders' communication, management information system as well as statutory matters. The Board provides leadership and direction to the operations of the business while Management is accountable for the execution of policies and meeting corporate objectives.

The roles and responsibilities of the Board are clearly defined in the Board Charter which is subject to periodic review and revise as and when required. In order to retain control of key decisions and ensure a clear division of responsibilities, the Board has also set out in the Charter, "Reserved Matters" that need to be decided by the Board. The Board Charter was reviewed and approved by the Board in March 2019 and is available at the Company's corporate website.

Corporate Governance Overview Statement

PRINCIPLE A (CONT'D)

Part I Board Responsibilities (cont'd)

Intended Outcome 1.0 (cont'd)

1.1 Roles & Responsibilities (cont'd)

The Board is responsible for oversight and overall governance of the Group to ensure that the strategic plans of the Group is implemented and accountability is monitored effectively, whilst the Management is responsible for the day-to-day operations of the business and effective implementation of the plans and goals decided by the Board.

The Board provides insights and guidance to the Group Chief Executive Officer ("Group CEO") and Management to achieve Corporate objectives of the Group.

The Group has established a Delegated Authority Limit ("DAL") which indicates the specific powers of the Board, the Board Committees and the Group CEO. The Management has to adhere to the DAL in carrying out its day-to-day functions.

In discharging the Board's duties and responsibilities, the Board has delegated certain duties and responsibilities to the following Board Committees to assist the Board in overseeing the Company's affairs and in deliberation of issues within their respective functions and Terms of Reference ("TOR"), which clearly outline their objectives, duties and powers. The Chairman of each Committee will report to the Board on the outcome of the Committee's meetings and resolutions, which would also include the key issues deliberated at the Committee's meetings

- Audit Committee ("AC")
- Nomination & Remuneration Committee ("NRC")
- Board Risk & Compliance Committee ("BRCC")
- Board Tender Committee ("BTC")
- Executive Committee ("EXCO")

The Board adheres to the principle "delegate, not abdicate" and thus, has exercised collective oversight on the Board Committees at all times and retains the authority and responsibility to make decisions for the Group.

The EXCO, which comprises four Non-Executive Directors on the Board was established in February 2019 as a medium between the Board, Board Committees and the Management with a primary function and duty to oversee and ensure all Board decisions and instructions to the Management are implemented smoothly and efficiently vis-a-vis to evaluate and make appropriate recommendation to the Board Committees and/or Board on all matters presented to the EXCO by the Management which requires Board's decision and approval.

The EXCO reports the findings and make subsequent recommendations to the Board.

1.2 Chairman and Group CEO

The Board practises the separation of the positions of Chairman and the Group CEO and the division in their responsibilities.

The Board is chaired by YM Raja Dato' Haji Idris Raja Kamarudin, who is able to provide effective leadership, strategic direction and necessary governance to the Group.

The Chairman had:

(a) provided leadership to the Board without limiting the principle of collective responsibility for the Board's decisions;
(b) led Board meetings and discussion in a manner to encourage constructive discussion and effective contribution from each Director;
(c) reviewed the minutes of the Board meetings to ensure that the minutes accurately reflect the Board's deliberations and matters arising from the minutes have been addressed;
(d) encouraged active participation and allowed dissenting views to be freely expressed;
(e) ensured appropriate steps are taken to provide effective communication with the stakeholders and that their views are communicated to the Board as a whole; and
(f) led the Board in establishing and monitoring good corporate governance practices in the Company.

PRINCIPLE A (CONT'D)

Part I Board Responsibilities (cont'd)

Intended Outcome 1.0 (cont'd)

1.2 Chairman and Group CEO (cont'd)

The Chairman is responsible for the leadership, governance and management of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing the Board meetings and shareholders' meetings.

The Group CEO is responsible to oversees the entire business and operations of the Group and lead the management team in the day-to-day operations of the Company, ensuring organisational effectiveness and implementation of the Board's strategies, policies and decisions.

The positions of the Chairman of the Board and Group CEO are held by two (2) different individuals and each has a clear accepted division of responsibilities to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.

1.3 Qualified and Competent Company Secretary

The Board is supported by a suitably qualified and competent Company Secretary. The Company Secretary is a qualified Chartered Secretary under Section 235(2)(a) of the Companies Act 2016 and is a Fellow member of the Malaysian Association of the Institute of Chartered Secretaries and Administrators (MAICSA). The Company Secretary is an external Company Secretary from MegaWan Corporate Secretarial PLT with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

The Board is also regularly updated and advised by the Company Secretary on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. She is also responsible for ensuring the Group's compliance with the relevant statutory and regulatory requirements.

1.4 Access to Information and Advice

In ensuring the effectiveness of the functions of the Board, all Directors have individual and independent access to the advice and support services of the Company Secretary, Internal and External Auditors and may seek advice from the Management on issues under their respective purview and compliance with statutory obligations, Bursa Malaysia Listing Requirements for Main Market or other regulatory requirements.

The Directors have full and unrestricted access to all information of the Group on a timely and accurate manner to enable them to discharge their roles and responsibilities effectively. In addition, the Directors have full and unrestricted access to the Company Secretary, the Internal and External for advice and services.

The Board is provided with comprehensive board papers on a timely manner prior to board meetings. This is to ensure and enable the members of the Board to discharge their duties and responsibilities competently in a well-informed manner.

In most instances, the Senior Management are invited to be in attendance at Board meetings to provide insight and to furnish clarification on issues that may be raised by the Board. Every Director also has unrestricted access to all information with regard to the activities of TDM Group.

Intended Outcome 2.0
There is demarcation of responsibilities between the Board, Board Committees and Management. There is clarity in the authority of the Board, its Committees and individual Directors.

2.1 Board Charter

The Board is guided by the Company's Board Charter which outlines the roles and responsibilities, operation and processes of the Board. The roles and responsibilities of the Board include, among others, a clear division of roles and functions between the Board and the Group CEO in managing the Group.

Corporate Governance Overview Statement

PRINCIPLE A(CONT'D)

Part I Board Responsibilities (cont'd)

Intended Outcome 2.0 (cont'd)

2.1 Board Charter (cont'd)

The Board has a Board Charter, which includes a formal schedule of matters reserved for the Board. The said schedule details the responsibilities of the Board and Board-Management relationship, including management limitations. With this, the respective functions, roles and responsibilities of the Directors and Management are clearly set out in the Board Charter as guidance and clarity to enable them to effectively discharge their duties.

The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through reports from the respective Board Committee chairmen, which are presented to the Board during the Board meetings at the appropriate regular intervals.

The Board Charter incorporates provisions that provide for the clear demarcation of the respective roles and responsibilities of the Board.

The Board Charter would be reviewed periodically and updated in accordance with the needs of the Company and any new regulations. Any amendments to the Board Charter shall be approved by the Board.

The Board Charter as well as the TORs of the respective Board Committees were recently revised in March 2019 to ensure they remain relevant and consistent with the Board's objectives and the current regulations. The Board Charter now also includes an outline on what is expected of Directors in terms of their commitment, roles and responsibilities as Board Members.

The updated versions of the same are published on the Company's website at https://www.tdmberhad.com.my.

Intended Outcome 3.0
The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, Management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the Company.

3.1 Directors' Code of Business Ethics, Anti-Corruption Handbook, Whistleblowing Policy and Gender & Diversity Policy

The Company had adopted the Code of Business Ethics ("CoBE") and Anti-Corruption Handbook that are applicable to all Directors, Management and employees of the Group, which set forth the ethical and professional standards of corporate and individual behaviour expected to enhance the standard of corporate governance and corporate behaviour.

The CoBE requires all Directors to observe high ethical business standards and to apply these values to all aspects of the Group's business and professional practices and to act in good faith in the best interest of the Group and its shareholders.

It also entrusts Board members and employees to apply the principles and practices of good Corporate Governance in all their dealings in respect of and on behalf of the Company; to help foster a culture of honesty and accountability, and uphold the core values of integrity when dealing with ethical issues.

The Code of Ethics and the Anti-Corruption Handbook are available on the Company's website.

The Board has adopted a Whistleblowing Policy to facilitate the whistleblower to report or disclose through established channels about any violations or wrongdoings they may observe in the Group without fear of retaliation should they act in good faith when reporting such concerns.

Only genuine concerns should be reported under the whistleblowing policy. The report should be made in good faith with a reasonable belief that the information and any allegations made are substantially true and the report is not made for personal gain. Malicious and false allegations will be viewed seriously and treated as a gross misconduct and if proven may lead to dismissal.

PRINCIPLE A (CONT'D)

Part I Board Responsibilities (cont'd)

Intended Outcome 3.0 (cont'd)

3.1 Directors' Code of Business Ethics, Anti-Corruption Handbook, Whistleblowing Policy and Gender & Diversity Policy (cont'd)

The Whistleblowing Policy is published on the Company's website at https://www.tdmberhad.com.my.

In March 2018, the Board had also approved the Gender & Diversity Policy to ensure working conditions, salaries, benefits and other employment terms are designed with the aim to provide equal opportunities and working it easier for all employees to combine work, private life and parenthood including maintaining a workplace and environment, which is free of harassment in any form, including ethnicity, religion, gender, national origin, ancestry, non-disqualifying physical or mental disability, marital status, sexual orientation or gender identity.

The Gender & Diversity Policy is published on the Company's website at https://www.tdmberhad.com.my.

Part II. Board Composition

Intended Outcome 4.0
Board decisions are made objectively in the best interests of the Company, taking into account diverse perspectives and insights.

4.1 Strengthen Composition of the Board

The current Board has six (6) Directors comprising three (3) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

The Independent Non-Executive Directors are persons of calibre and credibility with the ability to exercise independent judgment in the Board without fear or favour. The independent directors participated actively in providing independent advice, views and judgement in the decision-making process, thus ensuring that a balanced and unbiased deliberation process is in place to safeguard the interest of all stakeholders. As and when a potential conflict of interest arises, it is a mandatory practice for the Directors concerned to declare their interest and abstain from the decision-making process.

The Non-Executive Directors of the Company are not involved in the day-to-day management of the Group and have the range of skills and experience which enable them to oversee business performance and provide constructive opinion, advise and judgement to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account.

The Board and its NRC have upon their annual assessment, concluded that each of the three (3) Independent Non-Executive Directors continues to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfil the definition and criteria of independence as set out in the Main LR.

The profile of each member of the current Board is set out in the Directors' Profile of this Annual Report.

4.2 Tenure of an Independent Director

The Board does not have any Independent Director who has served more than nine (9) years as at the date of this Statement.

The Board Charter stipulates that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director.

Corporate Governance Overview Statement

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 4.0 (cont'd)

4.3 Board Diversity

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG 2017 to the establishment of boardroom and workforce gender diversity policy. In relation to recommendation on gender diversity, there are four (4) female directors in three (3) subsidiaries. Two of the Subsidiaries are also led by female as Chief Executive Officer ("CEO") and General Manager ("GM") respectively.

The Group adopts non-discriminatory policy in employing talents to fulfill its human resource needs at all levels including Board especially in ensuring gender diversity.

Women representation on the Board will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aims of selecting the best candidate to support the achievement of the Company's strategic objectives.

The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender.

The Board through the NRC will continue to consider the gender diversity as part of its future selection and look into having female board representation.

4.4. Foster Commitment of the Directors

The Board meets on a quarterly basis, with additional meetings convened as and when necessary.

During the FYE 31 December 2018, the Board met twelve (12) times.

No	Name of Directors	No of Meetings attended for FYE 2018	%
1.	Dato' Haji Wan Nawawi bin Haji Wan Ismail (Resigned on 30 July 2018)	06/06	100
2.	Major General Dato' Dr. Mohamad Termidzi bin Junaidi (R) (Resigned on 1 August 2018)	06/06	100
3.	Dato' Haji Mohd Ali bin Abas (Resigned on 1 August 2018)	06/06	100
4.	Dato' Mohamat bin Muda (Resigned on 1 February 2018)	02/02	100
5.	Datuk Dr Ahmad Shukri bin Md Salleh @ Embat (Resigned on 30 July 2018)	04/06	67
6.	Haji Mohd Nasir bin Ali (Resigned on 30 July 2018)	06/06	100
7.	Haji Samiun bin Salleh (Resigned on 30 July 2018)	05/06	83

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 4.0 (cont'd)

4.4. Foster Commitment of the Directors (cont'd)

The Board meets on a quarterly basis, with additional meetings convened as and when necessary.

During the FYE 31 December 2018, the Board met twelve (12) times.

No	Name of Directors	No of Meetings attended for FYE 2018	%
8.	Haji Md Kamaru Al-Amin bin Ismail (Resigned on 30 July 2018)	06/06	100
9.	YM Raja Dato' Haji Idris Raja Kamarudin (Appointed on 30 July 2018)	06/06	100
10.	YB Dato' Haji A.Rahman bin Yahya (Appointed on 30 July 2018)	06/06	100
11.	Haji Mazli Zakuan bin Mohd Noor (Appointed on 30 July 2018)	06/06	100
12.	Mohd Kamaruzaman bin A Wahab (Appointed on 30 July 2018)	06/06	100
13.	Burhanuddin Hilmi bin Mohamed @ Harun (Appointed on 30 July 2018)	06/06	100
14.	Haji Najman bin Kamaruddin (Appointed on 17 September 2018)	03/03	100

Besides that, the Board also approves matters through the circulation of Directors' Circular Resolution in accordance with the Articles of Association of the Company.

The Board is satisfied with the time commitment given by the Directors. All Directors do not hold more than 5 directorships as required under Rule 15.06 of the Listing Requirements.

The attendance of all the Directors at Board meetings held during the FYE 31 December 2018 surpassed the minimum requirements stipulated under the Main Market Listing Requirement.

4.5. Continuing Education and Training of Directors

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

Directors are also encouraged to attend various external professional programmes deemed necessary to ensure that they keep up with the latest developments in the areas related to their duties.

Corporate Governance Overview Statement

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 4.0 (cont'd)

4.5. Continuing Education and Training of Directors (cont'd)

Some of the training/courses attended by the Directors are as follows: -

No	Name of Directors	Training Attended	Date
1.	YM Raja Dato' Haji Idris Raja Kamarudin (Appointed on 30 July 2018)	Board Induction Programme – Roles and Responsibilities of Director under the Companies Act, 2016	28 Jul 2018
2.	YB Dato' Haji A.Rahman bin Yahya (Appointed on 30 July 2018)	i) Capital Market Directors Programme – PTB Unit Trust Berhad	12 – 14 Mar 2018
		ii) Terengganu Inc Board of Directors Retreat Programme	19 – 20 Dec 2018
		iii) Seminar Economic of Integrity : Transparency and Corporate Governance	24 Jan 2019
		iv) Program Peningkatan Kerjaya dan Sukan Pegawai Tadbir Negeri	6 -11 Feb 2019
3.	Haji Mazli Zakuan bin Mohd Noor (Appointed on 30 July 2018)	i) Board Induction Programme – Roles and Responsibilities of Director under the Companies Act, 2016	28 Jul 2018
		ii) OP's in Oil & Gas (OPG) Community Inaugural Meet	19 Dec 2018
		iii) Board Retreat Programme with ICC Consultants	19 – 20 Dec 2018
		iv) Audit Committee Conference 2019	15 Apr 2019
4.	Mohd Kamaruzaman bin A Wahab (Appointed on 30 July 2018)	Audit Committee Conference 2019	15 Apr 2019
5.	Burhanuddin Hilmi bin Mohamed @ Harun (Appointed on 30 July 2018)	i) Capital Market Director Programme CMDP	12 - 14 Mar 2019
		ii) Audit Committee Conference 2019	15 Apr 2019
6.	Haji Najman bin Kamaruddin (Appointed on 17 September 2018)	i) Entrepreneur Digital Transformation Program	4 July 2018
		ii) Government Guarantee Scheme and Financing	20 Dec 2018
		iii) The Perdana Leadership Foundation CEO Forum 2019 : Accelerating the Fourth Industrial Revolution in Malaysia	4 Apr 2019

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 4.0 (cont'd)

4.5. Continuing Education and Training of Directors (cont'd)

In addition, the Directors were briefed at Board meetings and Audit Committee meetings on any updates or changes to the relevant guidelines on the regulatory and statutory requirements by the Company Secretary, Internal Auditors and External Auditors.

4.6. Re-Election of Directors

The NRC conducted an assessment of the Directors who are subject to retirement at the forthcoming Annual General Meeting ("AGM") in accordance with the provisions of the Articles of Association of the Company and the relevant provisions under the Companies Act, 2016. In accordance with the Articles of Association, one-third (1/3) of the directors shall retire from office eligible for re-election at each AGM and all directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.

Newly appointed Directors shall hold office until the conclusion of the next AGM and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meetings.

The NRC is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/ re-appointment.

4.7 Board Committees

The Board has also delegated certain responsibilities to other Board Committees, which operate within clearly defined terms of reference to assist in the execution of its roles and responsibilities.

The Committees of the Board are: -

i) Audit Committee ("AC")
ii) Nomination & Remuneration Committee ("NRC")
iii) Board Risk & Compliance Committee ("BRCC")
iv) Board Tender Committee ("BTC")
v) Executive Committee ("EXCO')

Each Committee is governed by and operates within its respective Terms of Reference ("TOR"), which have been approved by the Board.

The TOR of the Board Committees are set out in the Board Charter and is available on the Company's website at https://www.tdmberhad.com.my.

Corporate Governance Overview Statement

PRINCIPLE A (CONT'D)

Intended Outcome 5.0

Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.

5.1 Nomination and Remuneration Committee ("NRC")

The NRC comprises the following five (5) members: -

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

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

Burhanuddin Hilmi bin Mohamed @ Harun
Independent Non-Executive Director

Mohd Kamaruzaman bin A Wahab
Independent Non-Executive Director

Haji Najman bin Kamaruddin
Independent Non-Executive Director

Majority of the members are Independent Non-Executive Directors. The functions of the NRC under its TOR include, among others, assessing and recommending candidates for directorships to the Board and undertaking annual assessment of the effectiveness of the Directors individually and as a whole.

The Committee is responsible for the following:

- Review candidates for appointment to the Board Committees, and make recommendations to the Board for approval. The review is conducted on an annual basis, and as and when the need arises, such as when a new Director is appointed.
- Make recommendation to the Board on the eligibility of the Directors to stand for re-election at the AGM.
- To assist the Board in recommending remuneration packages for Executive Directors and Non-Executive Directors. The Board has in place remuneration policies for Directors.

The remuneration of Non-Executive Directors is in the form of Directors' Fees which reflects the diverse experience, skill sets and the level of responsibilities expected of the Non-Executive Directors.

During the financial year, the NRC has undertaken the following key activities in discharging its duties:

1) Reviewed and confirmed the Minutes of the NRC meetings held
2) Reviewed and recommended Directors' Fees and benefits payable to Non-Executive Directors to the Board for recommendation and approval at the forthcoming AGM
3) Reviewed and recommended the TOR of NRC for Board's approval
4) Reviewed and deliberated on Board and Board Committees evaluation forms and recommended to the Board for approval
5) Reviewed and recommended the re-election of Directors at the forthcoming AGM
6) Examined the composition of the Board
7) Reviewed the required mix of skills, experience and other qualities of the Board
8) Reviewed the contribution and performance of each individual director to assess the character, experience, integrity, and competence to effectively discharge their role as a Director through a comprehensive assessment system
9) Conducted evaluation to assess the effectiveness of the Board as a whole and the Board Committees
10) Reviewed the term of office of the AC and assessed its effectiveness as a whole, the independence of the Independent Directors and assessed their ability to bring independent and objective judgement to Board deliberations

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 5.0 (cont'd)

5.2 Board Effectiveness Evaluation (BEE)

The Board has also put in place a formal process for the assessment of performance of the individual Directors, the Board as a whole and the Board Committees, as well as the independence of the Independent Directors.

The Board undertakes an annual assessment of Independent Directors and is satisfied that they continue to bring independent and objective judgement to board deliberations. Peer and self-assessment are carried out by the Directors once every year.

The Company Secretary summarises and compiles the assessments with comments by the Directors. The summaries are tabled at the NRC meeting for the NRC's assessment and evaluation. The NRC Chairman will then report to the Board on the results of the Directors' assessment and evaluation.

The BEE is conducted with the objectives to improve the Board's effectiveness and to enhance the directors' awareness on the key areas that need to be addressed.

Based on the aforesaid evaluations conducted for the FYE 2018, the NRC and the Board were satisfied with the performance of each Director, the Board as a whole, and the Board Committees.

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

Based on Article 116 of the Company's Memorandum & Articles of Association ("M&AA") , the following Directors are subject to retirement at the forthcoming Fifty Fourth (54^{th}) AGM:

1. YM Raja Dato' Haji Idris Raja Kamarudin
2. YB Dato' Haji A.Rahman bin Yahya
3. Haji Mazli Zakuan bin Mohd Noor
4. Mohd Kamaruzaman bin A Wahab
5. Burhanuddin Hilmi bin Mohamed @ Harun
6. Haji Najman bin Kamaruddin

Part III Remuneration - Level and Composition of Remuneration

Intended Outcome 6.0

The level and composition of remuneration of Directors and Senior Management take into account the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

6.1 Remuneration policy

The objective of the Group's remuneration policy is to attract and retain the Directors required to lead and control the Group effectively. For Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities and participation by the particular Non-Executive Director concerned.

The Directors are satisfied that the current level of remuneration is in line with the responsibilities expected.

The Non-Executive Directors are remunerated with Directors' Fees which are subject to shareholders' approval at the AGM annually in accordance with Section 230(1) of the Companies Act, 2016. In recommending the proposed Directors' Fees, the NRC takes into consideration the qualification, duty and responsibility, and contribution required from a Director in view of the Group's complexity, and is guided by market norms and industry practices.

The Company will be seeking the shareholders' approval for the Directors' Fees and benefits payable to Non-Executive Directors for the period from 1 June 2019 until 30 June 2020, for the purposes of facilitating payment of Directors' Fees on a monthly basis and/or as and when incurred.

Corporate Governance Overview Statement

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 7.0

Stakeholders are able to assess whether the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration the Company's performance

7.1 Remuneration of Directors and Senior Management

(i) Details of Remuneration of the Directors of the Company for the FYE 31 December 2018 are as follows:

No	Name of Director	Fees (RM)	Salaries (RM)	Company Chairman, Board Committee Chairman and Members Allowance (RM)	Meeting Allowance (RM)	Other Benefits (RM)	Total (RM)
Independent Director							
1.	Major General Dato' Dr. Mohamad Termidzi bin Junaidi (R) (Resigned on 1 August 2018)	28,011	-	14,006	11,000	41,916	94,933
2.	Dato' Mohd Ali bin Abas (Resigned on 1 August 2018)	28,011	-	14,006	12,500	46,161	100,678
3.	Datuk Dr. Ahmad Shukri bin Md Salleh @ Embat (Resigned on 30 July 2018)	27,748	-	-	3,000	68,486	99,234
4.	Haji Mohd Nasir bin Ali (Resigned on 30 July 2018)	27,748	-	9,828	10,500	36,248	84,324
5.	Mohd Kamaruzaman bin A Wahab (Appointed on 30 July 2018)	20,384	-	5,946	11,500	-	37,830

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 7.0 (cont'd)

Stakeholders are able to assess whether the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration the Company's performance (cont'd)

7.1 Remuneration of Directors and Senior Management

(i) Details of Remuneration of the Directors of the Company for the FYE 31 December 2018 are as follows: (continued)

No	Name of Director	Fees (RM)	Salaries (RM)	Company Chairman, Board Committee Chairman and Members Allowance (RM)	Meeting Allowance (RM)	Other Benefits (RM)	Total (RM)
Independent Director							
6.	Burhanuddin Hilmi bin Mohamed @ Harun (Appointed on 30 July 2018)	20,384	-	10,193	12,000	-	42,577
7.	Haji Najman bin Kamaruddin (Appointed on 17 September 2018)	13,940	-	4,937	5,500	-	24,377
Non-Independent Non-Executive Director							
1.	Dato' Haji Wan Nawawi bin Haji Wan Ismail (Resigned on 30 July 2018)	27,748	-	69,677	4,000	51,813	153,238
2.	Haji Samiun bin Salleh (Resigned on 30 July 2018)	27,748	-	4,047	5,000	42,154	78,949
3.	Haji Md Kamaru bin Al-Amin Ismail (Resigned on 30 July 2018)	27,748	-	4,047	5,500	41,935	79,230
4.	YM Raja Dato' Haji Idris Raja Kamarudin (Appointed on 30 July 2018)	20,384	-	50,323	5,000	-	75,707

Corporate Governance Overview Statement

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 7.0 (cont'd)

Stakeholders are able to assess whether the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration the Company's performance (cont'd)

7.1 Remuneration of Directors and Senior Management

(i) Details of Remuneration of the Directors of the Company for the FYE 31 December 2018 are as follows: (continued)

No	Name of Director	Fees (RM)	Salaries (RM)	Company Chairman, Board Committee Chairman and Members Allowance (RM)	Meeting Allowance (RM)	Other Benefits* (RM)	Total (RM)
Non-Independent Director							
5.	YB Dato' Haji A.Rahman bin Yahya (Appointed on 30 July 2018)	20,384	-	2,973	7,500	-	30,857
6.	Haji Mazli Zakuan bin Mohd Noor (Appointed on 30 July 2018)	20,384	-	10,193	11,000	-	41,577
Executive Director							
1.	Dato' Mohamat bin Muda	4,208	39,000	2,000	2,000	52,921	100,129

Total Directors' Remuneration for Non-Executive Directors: RM943,511

Note:

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

(ii) Remuneration of Top Five Senior Management of the Group for the FYE 31 December 2018 are as follows:

Range of Remuneration per annum (RM)	Management
250,001 – 300,000	1
300,001 – 350,000	1
350,001 – 400,000	3

The Board has decided that the remuneration of Key Senior Management is not being disclosed on a named basis in order to allay valid concerns on invasion of staff confidentiality and that such disclosure may be detrimental to its business interest given the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the plantation and healthcare industry.

PRINCIPLE A (CONT'D)

Part II. Board Composition (cont'd)

Intended Outcome 7.0 (cont'd)

Stakeholders are able to assess whether the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration the Company's performance (cont'd)

7.1 Remuneration of Directors and Senior Management

(ii) Remuneration of Top Five Senior Management of the Group for the FYE 31 December 2018 are as follows: (continued)

In addition, the Company is of the view that the interest of the shareholders will not be prejudiced as a result of the non disclosure of the Group's Key Senior Management who are not directors of the Group.

PRINCIPLE B

Part I Effective Audit & Risk Management

Intended Outcome 8.0

There is an effective and independent AC.
The Board is able to objectively review the AC's findings and recommendations. The Company's financial statement is a reliable source of information

8.1 Audit Committee

The existing AC comprises four (4) members as follows:

Chairman : Burhanuddin Hilmi bin Mohamed @ Harun
Independent Non-Executive Director

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

Mohd Kamaruzaman bin A Wahab
Independent Non-Executive Director

Haji Najman bin Kamaruddin
Independent Non-Executive Director

The Chairman of the AC is an Independent Director and he is not the Chairman of the Board. All members of the AC are Non-Executive and majority of the members of the AC are Independent Directors.

The AC has unrestricted access to both the Internal and External Auditors, who in turn report directly to the AC. The AC has established formal and transparent arrangements to maintain an appropriate relationship with the External Auditors. This includes undertaking an annual assessment to ascertain the suitability, objectivity and independence of the External Auditor.

The Board ensured that the AC as a whole is financially literate and has sufficient understanding of the Group's business and matters under the purview of the AC including the financial reporting process. The AC has reviewed and provided advice on the financial statements which provide a true and fair view of the Company's financial position and performance.

All members of the AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

The AC Report is set out on pages 148 to 153 of this Annual Report.

Corporate Governance Overview Statement

PRINCIPLE B

Part II Risk Management and Internal Control Framework

Intended Outcome 9.0

Company makes informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed.

9.1 The Board recognises the importance of a sound system of risk management and internal control to ensure good CG practices and to safeguard the shareholders' investments as well as the Group's assets.

The Company has in place an on-going process for identifying, evaluating and managing significant risks that may affect the business. The Board through the BRCC, which comprises all Non-Executive Directors, reviews the key risks identified to ensure proper management and mitigation of risks and report to the Board as and when needed.

An overview of the Group's risk management and internal controls is set out in the Statement on Risk Management and Internal Control ("SORMIC") on pages 154 to 160 of this Annual Report.

However, the Board recognizes that such system is structured to manage rather than eliminate the possibility of encountering risk of failure to achieve corporate objectives.

The Board concluded that the risk management and internal control system of the Group are generally adequate and effective for FY2018.

The Board has delegated the responsibilities to the BRCC to oversee the Group's Risk Management. BRCC ensures that the risk management is embedded in the Group's business operations by continuously reviewing the risk management policies and procedures; responsibilities and assessing whether the said policies and procedures provide reasonable assurance that risks are managed within a tolerable range. Further, AC review the adequacy and effectiveness of internal control in relation to internal audit function for the Group.

No	Name of Directors	No of Meeting attended for FYE 2018	%
1.	Haji Mohd Nasir bin Ali (Resigned on 30 July 2018)	04/04	100
2.	Major General Dato' Dr. Mohamad Termidzi bin Junaidi (R) (Resigned on 1 August 2018)	03/04	75
3.	Dato' Haji Mohd Ali bin Abas (Resigned on 1 August 2018)	04/04	100
4.	Haji Md Kamaru Al-Amin bin Ismail (Resigned on 30 July 2018)	03/04	75
5.	Haji Najman bin Kamaruddin (Appointed on 17 September 2018)	02/02	100
6.	Haji Mazli Zakuan bin Mohd Noor (Appointed on 30 July 2018)	03/04	75
7.	Burhanuddin Hilmi bin Mohamed @ Harun (Appointed on 30 July 2018)	04/04	100
8.	Mohd Kamaruzaman bin A Wahab (Appointed on 30 July 2018)	04/04	100

PRINCIPLE B (CONT'D)

Part II Risk Management and Internal Control Framework (cont'd)

Intended Outcome 9.0 (cont'd)

9.1 The Board recognises the importance of a sound system of risk management and internal control to ensure good CG practices and to safeguard the shareholders' investments as well as the Group's assets. (cont'd)

The roles and responsibilities of BRCC amongst others are as follows:

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

The Board is of the view that the system of internal control and risk management in place during 2018, is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments and the interests of the Group's stakeholders.

The TOR of the BRCC can be found in the Company's website at https://www.tdmberhad.com.my.

9.2 Board Tender Committee

The Board, to further strengthen the Procurement Process of the Company, had, on 27 August 2018 established the Board Tender Committee ("BTC") with the following objectives: -

- Achievement of maximum level of economic efficiency in obtaining the Group purchases at competitive and fair prices.
- Protection of the Group funds and prevention of any influence of personal interests on tender formalities.
- reinforce corporate governance, integrity and transparency in the procurement process and contract management.

The members of the BTC are as follows:

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

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

Burhanuddin Hilmi bin Mohamed @ Harun
Independent Non-Executive Director

Mohd Kamaruzaman bin A Wahab
Independent Non-Executive Director

The BTC main purpose is to review, monitor and recommend to the Board matters related to procurement of the Group in line with the Delegated Authority Limit ("DAL") and Group Procurement Policies and Procedures.

The BTC shall also review any related party transactions and conflict of interest that may arise during any transaction, procedure or course of conduct that may raise questions on integrity.

Corporate Governance Overview Statement

PRINCIPLE B (CONT'D)

Part II Risk Management and Internal Control Framework (cont'd)

Intended Outcome 10.0

Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such framework.

10.1 The Group's internal audit ("IA") function on risks is carried out by the Company's Internal Audit Department ("IAD") which reports directly to the AC on its activities based on the approved annual IA plan.

The Board acknowledges its responsibility for maintaining a sound system of internal controls, which provides reasonable assessment of effective and efficient operations, internal financial controls, and compliance with laws and regulations as well as with internal procedures and guidelines.

In discharging its duties and responsibilities, the Group Manager of IAD received instruction from and reported directly to the AC.

The appointment, resignation and dismissal of the Group Manager of IAD is reviewed and approved by the AC and the Group Manager of IAD has unfettered access to the AC, the Board and the Management.

10.2 The IAD is headed by Mohd Roslan bin Mamat. He holds a Bachelor of Accounting, Certificate in Internal Auditing for Financial Institution (CIAFIN), Chartered Islamic Finance Professional (CIFP) and Certified Integrity Officer (CeIO)

During the FY2018, the areas audited included audits of the various departments covering the operating subsidiaries within the Group. Internal Audit reports were presented and delebrated in the AC meetings on regular basis. The reports were subsequently issued to the respective operations management, incorporating audit recommendations and management's responses with regards to any audit finding on the weaknesses in the systems and controls of the operations. The IAD conducted follow-up audit to ensure the agreed audit recommendations were prompt implemented.

PRINCIPLE C

Part I Effective Audit & Risk Management

Intended Outcome 11.0

There is continuous communication between the Company and stakeholder to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

11.1 Communication with Stakeholders

The Board recognises the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company.

As such, the Group always ensure the timely release of quarterly financial results, audited financial statements, corporate developments and announcements of the Group via the BURSA LINK, the Company's annual reports and other circulars to shareholders which serve as the principal channel in keeping the shareholders and the investing public informed of the Group's major developments and overviews of financial performance and progress throughout the year.

The Group uses a range of communications to disseminate its information to the public and this includes the uploading of all relevant information on the Group on its website at https://www.tdmberhad.com.my.

PRINCIPLE C

Part I Effective Audit & Risk Management

Intended Outcome 11.0 (cont'd)

11.1 Communication with Stakeholders (cont'd)

Corporate Disclosure Policy

The Board has ensured timely disclosure of material information pertaining to the Company's performance and operations to the public, in accordance with the disclosure requirements under the Main Listing Requirement and other applicable laws.

Part II Conduct of General Meetings

Intended Outcome 12.0

Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at General Meetings.

1.1 Shareholder Participation at General Meetings

The AGM of the Company serves as the principal forum that provides opportunity for shareholders to raise concerns or questions.

The Company will allocate sufficient time during the AGM and Extraordinary General Meeting(s) ("EGM") for a Question-and-Answer session whereby the Chairman together with the other Board members will be present to answer any questions and possible concerns that the shareholders may have on the Group and its operations.

Senior Management and the Group's External Auditors as well as the Company's Advisers are also available to respond to shareholders' questions during the AGM/EGM as the case may be.

Shareholders who are unable to attend the AGM are allowed to appoint up to two proxies to attend, participate, speak and vote on their behalf.

The notice of the forthcoming 54th AGM will be dispatched to shareholders at least 28 days before the date of the meeting as prescribed by the MCCG 2017 and the said notice will also be advertised in a nationally circulated English or Bahasa Malaysia newspaper.

Poll voting

Pursuant to Bursa Malaysia Main Market Listing Requirements, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. Hence, voting for all the resolutions as set out in the forthcoming and future general meetings will be conducted as such. An Independent scrutineer will be appointed to validate the votes cast at the general meetings.

The Company had conducted the voting on all resolutions tabled during its AGM held on 24 May 2018 by poll accordingly.

This CG Overview Statement was approved by the Board on 15 April 2019.

Audit Committee Report

Pursuant to Section 15.15 of the Main Market Listing Requirement (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia), the Audit Committee (AC) of the Group hereby present the AC Report for financial year ended 31 December 2018.

1.0 MEMBERSHIP

The members of the AC for the financial year ended 31 December 2018 were as follows:

- Burhanuddin Hilmi bin Mohamed @ Harun (Chairman) (Appointed on 1 Aug 2018)
  Independent Non-Executive Director

- Haji Mazli Zakuan bin Mohd Noor (Appointed on 1 Aug 2018)
  Non-Independent Non-Executive Director

- Mohd Kamaruzaman bin A Wahab (Appointed on 1 Aug 2018)
  Independent Non-Executive Director

- Haji Najman bin Kamaruddin (Appointed on 4 Oct 2018)
  Independent Non-Executive Director

- Dato' Haji Mohd Ali bin Abas (Chairman) (Resigned on 1 Aug 2018)
  Independent Non-Executive Director

- Major General Dato' Dr Mohamad Termidzi bin Junaidi (R) (Resigned on 1 Aug 2018)
  Senior Independent Non-Executive Director

- Haji Mohd Nasir bin Ali (Resigned on 30 Jul 2018)
  Independent Non-Executive Director

The Chairman of the AC, En Burhanuddin Hilmi bin Mohamed is a Chartered Accountant with the Malaysian Institute of Accountants (MIA) and Certified Financial Planner (CFP) with Financial Planning Association of Malaysia. All of the AC members are financially literate. The background and professional expertise of the AC is reported on page 46 of this Annual Report. TDM Group complies the paragraph 15.09 of MMLR.

2.0 SUMMARY OF THE TERMS OF REFERENCE

The AC is guided by the Terms of Reference in discharging its functions which is in accordance to the MMLR and recommendations of the Malaysia Code on Corporate Governance (MCCG) 2017 and relevant best practices.

The Terms of Reference establishes the scopes, authorities, duties and responsibilities of the AC, and is incorporated into the Board Charter.

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

a) Overseeing the financial reporting of the Group, ensuring that it presents true and fair view of the Group's and the Company's financial position and performance; and it is in compliance with the financial reporting standards and regulatory requirements.

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

c) Discussing the audit plan as well as audit findings with the External Auditors and evaluating the independence of the External Auditors in effectiveness of its appointment.

2.0 SUMMARY OF THE TERMS OF REFERENCE (CONT'D)

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

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

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

3.0 MEETINGS AND ATTENDANCE

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

The details of attendance of the Committee members during the financial year ended 31 December 2018 were as follows:

Members	Attended/Held	%
Burhanuddin Hilmi Bin Mohamed @ Harun	03/03	100
Haji Mazli Zakuan Bin Mohd Noor	02/03	67
Mohd Kamaruzaman Bin A Wahab	03/03	100
Haji Najman Bin Kamaruddin	02/02	100
Dato' Haji Mohd Ali Bin Abas	06/06	100
Major General Dato' Dr Mohamad Termidzi Bin Junaidi (R)	04/06	67
Haji Mohd Nasir Bin Ali	06/06	100

The AC held nine (9) meetings during the financial year ended 2018. The Group Manager of Internal Audit Department (IAD) attended all AC meetings to table the respective Internal Audit (IA) reports. The AC held one (1) meeting with External Auditors, Messrs. Ernst & Young without the presence of Group Chief Executive Director (GCEO) or management. The Chief Financial Officer (CFO) and other members of the Management were invited to attend the meeting as and when required.

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

4.0 SUMMARY OF ACTIVITIES

During the financial year ended 2018, AC carried out the following principal activities and reported the same to the Board:

4.1 Risk Management and Internal Control

The AC reviewed the annual Statement on Risk Management and Internal Control to ensure that all necessary risk mitigation measures to address the critical risk areas have been or were being put in place.

Audit Committee Report

4.0 SUMMARY OF ACTIVITIES (CONT'D)

4.2 Financial Reporting

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

b) Reviewed the annual Audited Financial Statements of the Company and the Group with the External Auditors prior to submission to the Board of Directors for their approval. Their view was to ensure the Financial Statements prepared are in compliance with the requirements of the Companies Act and Malaysia Financial Reporting Standards focusing on changes in or implementation of major accounting, significant matters highlighted by the Management or the External Auditors, significant judgements made by the Management or unusual events or transaction and how these matters were addressed.

c) Messrs. Ernst & Young declared their independence and confirmed that they were not aware of any relationship between Messrs. Ernst & Young and the Group that, in their professional judgement, might reasonably be thought to impair their independence.

4.3 Internal Audit

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

b) Reviewed the adequacy of resources and competency of the Internal Audit Function (IAF) to ensure it has appropriate expertise in discharging its duties.

c) Assessed performance and effectiveness of the IAF and reviewed the skills and the core competencies requirement of the IA.

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

e) Held private meetings and discussions with the Group Manager of IA on key internal controls and IA related matters.

f) Met the senior management of subsidiaries to discuss audit and internal control matters.

Through the IA reports on key internal audit findings on work performed presented at the AC meetings, as well as through discussions with the GCEO, the AC evaluated the overall adequacy and effectiveness of the system of internal controls including the Group's financial and compliance with procedures with respect to business practices.

4.4 External Audit

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

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

c) Reviewed with External Auditors, their evaluation of the system of internal controls.

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

e) Considered the expertise and business knowledge of the current External Auditor and the location of the Company and its subsidiaries, the AC is in the opinion that the current External Auditors are suitable for re- appointment.

4.0 SUMMARY OF ACTIVITIES (CONT'D)

4.5 Related Party Transactions

Reviewed significant related party transactions to ensure the appropriateness of the transactions, ensuring they were in the best interest of the company. The details of the related party transactions are presented on pages 249 to 250 of this Annual Report.

5.0 TRAINING

During the year, the AC members attended training and development programs to enhance their knowledge in order to effectively deliver their duties and responsibilities. The details of the courses or seminars attended are listed in the Corporate Governance Overview Statement, set out on page 136 of this Annual Report.

6.0 INTERNAL AUDIT FUNCTION

IAD strives to provide independent, reasonable objective assurance on the adequacy and effectiveness of the Group's Governance, Risk Management and Internal Control processes.

The purpose, authorities and responsibilities of the IAD were clearly articulated in the Internal Audit Charter, reviewed by the AC and approved by the Board.

The activities of the IAD were based on the Annual Audit Plan, which had been reviewed by the AC and approved by the Board. The Annual Audit Plan was primarily determined by critically of the risk exposure and impact.

The AC Chairman has direct access to the Group Manager of IAD. They meet regularly to discuss internal control and audit related issues without the presence of the Management.

6.1 Independence of Internal Audit

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

6.2 Conflict of Interest

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

Audit Committee Report

6.0 INTERNAL AUDIT FUNCTION (CONT'D)

6.3 IA Resources

IAD consists seven (7) resources led by a Group Manager whose details are as follows:

Name	Degree/Professional Certification	Professional Membership	Years of Experience
Mohd Roslan bin Mamat	Bachelor of Accounting, Certificate in Internal Auditing for Financial Institution (CIAFIN), Chartered Islamic Finance Professional (CIFP); and Certified Integrity Officer (CeIO)	IIAM	16 (Internal Audit & Risk Management)

6.4 Internal Audit Framework

IAD has developed its own IA Framework based on the MMLR, MCCG, Committee of Sponsoring Organizations of the Treadway Commission (COSO) Integrated Internal Control Framework, COSO Enterprise Risk Management Framework and International Professional Practices Framework to guide the IA activities.

6.5 Evaluation of Internal Audit

In order to enhance the capability of IAF, the AC evaluated IA's effectiveness by considering the following performance criteria:

- Overall comprehensiveness of the internal audit plan and its link to the strategic objectives of the company.
- Efficient implementation of Internal Audit Plan. Speedy rectification of audit recommendation.
- The competency of the internal auditors and adequacy of resources.

The assessment on the IAF provided assurance to the AC on the adequacy and effectiveness of the Group's Governance, Risk Management and Control Process.

6.6 Summary of Activities

The attainment of the IA objectives involve the following key activities:

- Carried out audits that focus on high risk areas determined by risk-based audit approach which could have a significant impact on the group.
- Reviewed the soundness, adequacy and application of accounting, financial and other controls particularly focusing on cost saving and averting opportunity cost as well as promoting effective control across group.

6.0 INTERNAL AUDIT FUNCTION (CONT'D)

6.6 Summary of Activities (cont'd)

- Followed-up the implementation of management action plan to ensure that necessary actions have been taken/ are being taken to remedy any significance gap identified in governance, risk management and internal controls.

- Adopted a thematic and integrated approach to examine the state of controls/operations in a systematic and holistic manner.

- Among the key recommendations to improve Governance, Risk Management and Controls made during the year 2018:

  a) Review the policy and procedures of business operation.

  b) Improve the implementation of Risk and Control Self-Assessment (RCSA).

  c) Review the enterprise Risk Management and Internal Control Framework.

  d) Implement the performance dashboard reporting for plantation and healthcare sector.

  e) Close the identified gaps between TDM governance practices against the new MCCG 2017.

  f) Improvement of controls rectified to the Head Office function particularly in the area of safety, security, asset management, service delivery standard, compliance, management fee and claim process.

  g) Speedy resolution of control deficiency identified by various assurance functions.

  h) Strengthen control over the plantation operations especially in the area of milling, labour, CPO trading, handling of crop evacuation, estate supervision, vehicle management, estate accessibility, grading process, black bunch census, rat damage and manuring.

  i) Improve control over the healthcare operations such as the inter-co reconciliations, performance assessment of consultant, shared service arrangement, staff key performance indicator (KPI), quality assurance and incident reporting.

  During the year, all the IAF were performed internally and incurred cost of RM777,236.

The AC Report was made in accordance with the resolution of the Board of Directors duly passed on 15 April 2019.

Statement on Risk Management and Internal Control

This Statement on Risk Management and Internal Control (the "SORMIC") is made pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad. The Board of Directors ("the Board") of TDM Berhad ("the Company" or "the Group") is pleased to provide the following statement which outlines the nature and scope of the risk management and internal control of the group during the financial year under review.

Risk management and internal control are integrated into management processes and embedded in all day to day business activities of the Group.

Remark:

In order to provide the latest status update of the Company, this Statement on Risk Management and Internal Control also includes information up to 15 April 2019.

RESPONSIBILITY AND ACCOUNTABILITY

Board of Directors

The Board of Directors acknowledges its overall responsibility and accountability for maintaining a sound process of risk management and internal control practices to safeguard shareholders' investments and the other stakeholders' interest of the Company and its group of companies (Group). The importance of maintaining a good system of risk management and internal controls, which includes the establishment of an appropriate control environment and framework, covering risk management, financial, organisational, operational and compliance controls.

The Board acknowledges its responsibility with regards to the following:

- Identification of principal risks and over-sight the implementation of appropriate control measures in order to manage risks.
- Reviewing the adequacy, effectiveness and integrity of the internal control systems and management information systems, as well as systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Due to the limitations that are inherent in any systems of risk management and internal control, this system is designed to manage, rather than eliminate, risks that may impede the achievement of the Group's business objectives. Accordingly, the internal control systems in place can only provide reasonable but not absolute assurance against material misstatement or losses.

The Board recognises that the Group is growing, and thus the system of internal control will continue to be enhanced to suit the needs and requirements of the expanding Group.

Board Risk & Compliance Committee

The Board Risk & Compliance Committee (BRCC) assists the Main Board to oversee the Group's risk management. The BRCC is responsible for the Group's risk management and internal control systems, and for reviewing its effectiveness in providing its shareholders with a return on their investments that is consistent with a responsible assessment and management of risks.

The BRCC ensures that the risk management is embedded in the Group's business operations by continuously reviewing the Risk Management Policies and Procedures; and assessing whether they provide reasonable assurance that risks are managed within a tolerable range. The BRCC shall report to the Board of Directors on higher risk exposures and closely monitor those risks that are identified, if any.

The composition of the Committee is set out on page 9 of this Annual Report.

RESPONSIBILITY AND ACCOUNTABILITY (CONT'D)

Board Risk & Compliance Committee (cont'd)

The followings are the main roles and responsibilities of the BRCC:

- Identify, assess, control and monitor financial, economic risks and non-financial risks (including operational, technological, tax, legal, reputational and compliance risks), including to identify the potential impact of key issues that may affect the Risk Profile of the Group.
- Review and recommend appropriate risk management strategies, policies and risk tolerances in line with the Group's business objectives.
- Annually review and periodically test the risk framework and propose action to be taken.
- Ensure that risk management and internal control system are available to manage the risk and corrective measures undertake to remedy failing and/or weaknesses
- Oversee and evaluate the effectiveness of measures deployed by the Management to address those risks (i.e. accept, avoid, transfer or mitigate the risks)
- Obtain the assurance from the Management that the risk management and internal control system is operating adequately and effectively in all material aspects
- Continuously reviewing the risk, especially involving corporate risk on:
    - i. New Investment
    - ii. New Project
    - iii. New Loan/Borrowing
    - iv. Disaster Recovery
    - v. Business Continuity

Management Risk Committee

Management Risk Committee comprises of senior management that is responsible for implementing the Board-approved frameworks, policies and procedures on risks and controls, whereas the remaining human capital is made responsible for internal controls through their accountability in achieving the Group's overall objectives.

Management Risk Committee's responsibility includes but not limited to:
- Formulate business rules, processes and structures to meet policy implementation needs.
- Implement the processes and resource the structures.
- Comply with risk parameters and controls.
- Initiate and conduct business within agreed risk constraints and business rules.
- Report to the Board Risk & Compliance Committee (BRCC).

Risk Management Department

The Risk Management Department (RMD) of the Group assists the Main Board, Board Risk & Compliance Committee and Management Risk Committee in discharging their risk management responsibilities. The RMD is responsible for assisting in development of risk management framework, processes and procedures, maintaining the risk register for the group and monitoring and reporting of the key risks faced by the group. The RMD also assists to advise the committee and management on risk issues, mitigation techniques, business rules and processes.

Statement on Risk Management and Internal Control

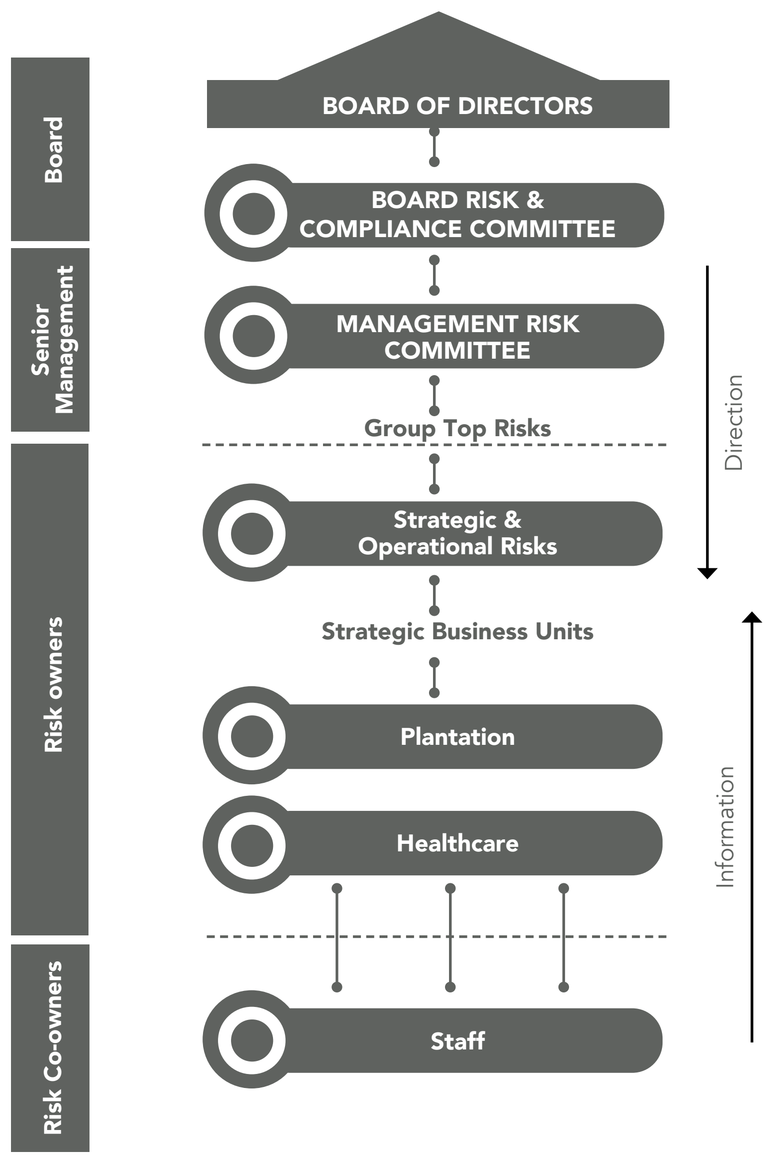
RISK MANAGEMENT FRAMEWORK

The Group adopts an Enterprise Risk Management ("ERM") framework which was established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), an internationally recognised organization in risk management practices as our risk management standard or guideline.

The Group also has established Risk and Control Self-Assessment (RCSA) Handbook to identify, evaluate and manage significant risks faced by the Group. The establishment of RCSA is to facilitate the Group to achieve the following objectives:

- Provide a systematic approach for Business Unit/Support Unit (BU/SU) to identify its current and potential risks and to determinethe control gaps in its various operations and activities;
- Complement the knowledge gap resulting from historical risk loss events, audit findings, compliance issues etc. thus provide a forward-looking perspective for BU/SU in establishing its risk profiles;
- Provide a platform for continuous process of risk assessment, formulating necessary controls and provide opportunities for process improvements across BU/SU;
- Contribute towards establishment of overall Group's Risk Profile once all BU/SU completed their risk profile; and
- Ultimately promote the risk management and control culture among all staff within the Group.

Risk Governance Structure



RISK MANAGEMENT FRAMEWORK (CONT'D)

Principal Risks

The Group has identified the following principal risks which may hinder the Group from achieving its objectives:

i) Strategic Risks

- **Global macro environment**

  Our performance and growth are subject to global economic and political risks including demand for palm oil and its effect on palm oil prices. Palm oil is subject to changes in demand and supply, competition from other crude palm oil (CPO) producing countries, global economic crisis, and changes in the government policy. China, India and Europe are among the largest importers of palm oil. Any crisis leading to global economic downturn, euro zone debt crisis and slowing food demand in India and China will result in a decreased demand of palm oil as these countries would spend less on imports during these times. Less demand will push the price of crude palm oil down as it leads to surplus of supply of palm oil in palm oil producing countries such as Malaysia and Indonesia. The price and demand of other vegetable oils such as soybean, sunflower, rapeseed and corn oil can also affect the price of crude palm oil.

  In order to mitigate the risk, the group embark on several initiatives including by practicing forward sales and closely monitor the CPO prices on daily basis. Prudent cost management being practiced via proper management of the estate and mill and a special emphasis on efficiency to lower the production cost.

- **Competitive Environment**

  We are dependent on the dynamic of competitive landscape of our businesses both in Plantation (competing edible oil) and Healthcare (competing healthcare providers). For the healthcare division, two of our hospitals in the Klang Valley are situated in a very crowded market place that offers many alternative healthcare choices. To mitigate against this, we are strengthening our patient proposition by enhancing our capabilities and boosting our capacity including movement plan to a dedicated hospital building to facilitate the expansion of KJMC and TDMC. We are also differentiating our services from the competitor according to the market needs and providing affordable prices to the community.

- **Change in Government Regulations**

  It is normal situation when there is a change in government, it would change the government regulations and approach especially for the Government-Linked Company (GLC). Unexpected changes in government regulation could lead to the substantial losses to the company. Therefore, the Group always aware and adhere with any changes in laws and regulations. The management establishes new Company Strategic Plan in order to suit with the new regulations or policies.

ii) Human Capital Risk

- **Loss of Key Personnel**

  Loss of Key Personnel may cause disruption to the company's strategic plans and growth, resulting in the loss of competitive advantage. It may also impact the increasing in recruitment and training costs of new employees whilst affecting the productivity. To mitigate the risks, establishment of a proper Succession Planning Program is an important way to identify and nurture the right successor for immediate replacement in the event of resignation or retirement of the current personnel. It is also important to continuously review the remuneration package on a regular basis by benchmarking against competitors and current industry market rates including medical benefits for the employees and housing allowance.

iii) Operational Risks

- **Skilled Labour Shortage**

  In Plantation Division, we are dependent on skilled labour as harvesters. Shortage of experienced and skilled labour particularly harvester, will directly affect the FFB production, FFB quality and cost of production. To overcome the issue, TDM Plantation has conducted a continuous training program to harvesters. Providing competitive wages to workers in line with the Roundtable on Sustainable Palm Oil (RSPO), Malaysian Sustainable Palm Oil (MSPO), Malaysian Agricultural Procedures Association ("MAPA") and National Union of Plantation Workers' ("NUPW") requirements.

Statement on Risk Management and Internal Control

RISK MANAGEMENT FRAMEWORK (CONT'D)

Principal Risks (cont'd)

iii) Operational Risks (cont'd)

- **Quality of Product and Services**

  Delivering of quality products and services is imperative to the performance of the Healthcare Division. Among the key measures to improve the services quality, KMI has standardized the policies and procedures of the hospital governance and operations; and rolled out the Customer Experience Program (CXP) at all hospitals. In improving the product quality, KMI continuously introduce of new services modalities and upgrading facilities in line with the customer needs and expectation. KMI also has established Medical Advisory Board (MAB) at the group level to oversee the performance of the medical consultants.

- **Patient Safety**

  Any adverse medical procedure or negligence could negatively affect our business, reputation and result of operation. Patient falls and medication error are two common events which may occurr during clinical process. Patient of any age or physical ability can be at risk of a fall due to physiological changes due to a medical condition, medications, surgery, procedures, or diagnostic testing that can leave them weakened or confused while medication errors usually happen when a patient receives the wrong medication, or when the patients disregard instruction on dosage and application.

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

- **Safeguarding of Assets.**

  TDM Group is exposed to the asset risks including the damage or loss of property, plant and equipment, biological asset and human capital asset. In mitigating the potential financial losses, the Group has ensured that the assets are adequately covered under Takaful Policies. The application of insecticide through spraying and trunk injection will also reduce the possibility of bagworm attack and Ganoderma disease.

  Risk of fire is also crucial in plantation and healthcare. Management of TDM Plantation and PT Rafi Kamajaya Abadi have established emergency response team, formalized emergency response plan and procedures, conducted training with Fire brigade, upgraded firefighting equipment and imposed all mills to secure the fire certificate. All hospitals under KMI group have established CODE RED team, maintained firefighting equipment in the good condition all the time and conducted fire drill exercise to control the risk.

iv) Financial Risks

- **Funding and Liquidity**

  The Group is exposed to financial risks arising from daily operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk, market price risk and commodity risk. The Group seeks to manage its liquidity of assets and liabilities to ensure that even under adverse conditions, we have access to funds at a reasonable cost. Tapping available sources of liquidity, preserving necessary funding capacity, and continuous contingency planning are essential ingredients managing our liquidity risk. Liquidity targets are maintained to ensure funds are available to cover operation needs and other commitments.

- **Cost escalation**

  In the face of the escalating cost of healthcare delivery, we initiated a division-wide procurement exercise focusing initially on pharmaceutical purchases. Economies of scale are enabling us to cut the cost of selected items, thereby improving our margins. Now, we are scaling up this procurement initiative to consolidate our purchasing beyond pharmaceutical items in order to achieve greater savings and higher margins. In the plantation sector, with the increment cost of input materials resulted to the lower plantation net profit. In mitigating this issue, we are implementing Good Agricultural Practices (GAP), strict FFB grading improve efficiency and also maximize the premium of CSPO and CSPK sales. These efforts will able to sustain our operations although facing the operational cost escalation.

v) Legal & Compliance Risks

- **Regulatory**

  We are subject to laws, regulations and government policies that may change in significant ways and affect our Company's position. The Group has expanded its plantation sector in Kalimantan Indonesia. The various geographical locations will be exposed to compliance risks of the laws and regulations in Malaysia and Indonesia and compliance with the various certifications including Roundtable on Sustainable Palm Oil ("RSPO"). Relevant training are conducted to our employee to ensure that we are complied with the regulatory requirement.

RISK MANAGEMENT FRAMEWORK (CONT'D)

Principal Risks (cont'd)

v) Legal & Compliance Risks (cont'd)

- **Legal proceedings**

  We are subject to legal proceedings, investigations and compliance risks. Necessary steps are taken to ensure we comply with the regulations and to minimise the risk of legal action against us. All material contracts are perused by the legal department to ensure our right and interest are protected.

Risk Management Activities During the Financial Year

During the financial year under review, the following risk management activities were conducted:

- The Board reviewed the significant risks identified for the Group and the mitigation plans associated thereto as well as the changes to Group risk profile.
- Risk management workshops were organised to all subsidiaries of TDM group to increase the awareness of the importance of risk and risk management and also for enhancing the understanding implementation of RCSA among the risk owners.

The adequacy and effectiveness of risk management processes are continually reviewed by the Board in accordance with the Group's risk monitoring and reporting of significant risks that may impact the achievement of the Group's business operations and evaluating the adequacy and effectiveness of controls in place to mitigate these risks.

STATEMENT ON INTERNAL CONTROL

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

a) Control Environment

In demonstrating its commitment to integrity and ethical values, the Group has established the relevant policies documents such as Codes of Ethics & Business Conduct, Anti-Corruption Handbook, Whistleblower Policy and No Gift Policy; and implement Corporate & Social Responsibility Activities.

The Board's oversight function and responsibility was clearly stated in Board Charter and Terms of Reference (TOR) of the respective Board's Committee. The Board and management hold meeting on regular basis to review the performance and financial statement of the company.

The Group has established a formal organisational structure that clearly defines lines of responsibility and authority to ensure proper identification of accountability and delegation of duties. The Board had approved the Delegated Authority Limit (DAL) that outlines board and management limits and approval authority for various key business processes.

To improve the employee's competency level, the Training Need Analysis was conducted, and they are required to attend the training and development courses to furnish their soft skill and technical capability.

The Key Performance Indicator for each employee was set to enforce their accountability.

b) Risk Assessment

The management has set its corporate and business objectives through establishment of Strategic Plan and Annual Business Plan. Risk assessment has been carried out to identify and mitigate the risks which might hinder company from achieving its corporate and business objectives. The details of risk framework and risk assessment processes are explained in the Statement of Risk Management on pages 154 to 160 of this Annual Report.

c) Control Activities

In improving the control activities, company use the information technology system i.e. accounting system, hospital information system, human resources system and plantware or malware system. Using the system, certain control can be done through technology which is more effective as compared to manual control.

Policies and procedures were established at group and company level to authorise and guide employees in running the business efficiently and effectively. All the Group policies are required to be approved by the Board upon recommendation from the Group Chief Executive Officer (GCEO). The key policies that has been approved by the Board are explained on pages 123 to 128 of this Annual Report.

Statement on Risk Management and Internal Control

STATEMENT ON INTERNAL CONTROL (CONT'D)

d) Information and Communication

Reliable information is important for company to carry out its control responsibilities. The relevant reports have been discussed and tabled at various level of meeting on regular basis.

The in-house internal audit and external audit have their schedule to verify the integrity of the information through its engagement activities.

The relevant information then communicated internally to the Management and Board; and externally through Company's website, announcement, annual report and media release.

e) Monitoring Activities

In ensuring the concerned issues are rectify by the respective business unit, the Management had conducted ongoing evaluation process on day to day operation monitoring. Separate evaluation was carried out by Internal Audit Department and External Auditor.

The summary of external and internal audit activities are articulated in the Audit Committee Report on pages 148 to 153 of this Annual Report.

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

Review of Risk Management and Internal Control Effectiveness

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

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

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

Assurance from Management

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

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

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

Review of the Statement by the External Auditors

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

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 15 April 2019.

Additional Compliance Statement

The following information is in compliance with Appendix 9C of the Main Market Listing Requirements.

Imposition of Sanction/Penalties

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

Material Contracts

During the financial year under review, save as disclosed in the sections under significant related party disclosures set out in Note 32 to the financial statements, there were no other material contracts entered into by the Company and/or its subsidiaries which involved Directors' and major shareholders' interests, either still subsisting at the end of the financial year 2018 or which were entered into since the end of the previous financial year.

Share Buyback

There was no share buyback during the financial year.

Depository Receipt Programme (DRP)

The Company did not sponsor any DRP programme during the financial year.

Profit Guarantee

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

List of Properties

The list of properties is stated on pages 272 to 276 of the Annual Report.

Audit and Non-Audit Fees

The amount of Audit fees paid to External Auditors and their affiliated companies by the Company for the financial year ended 31 December 2018 are set out in Note 6 to the financial statements for the financial ended 31 December 2018 on page 215 of this Annual Report.

The amount of Non-Audit fees incurred for services rendered to the Company and its subsidiaries for the financial year by the Company's auditors amounted to RM129,000.

Options, Warrants or Convertible Securities

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

Utilisation of Proceeds

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

Variation in Results

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

Responsibility Statement By The Board of Directors

In the course of preparing the annual financial statements for the Group and the Company, the Directors are collectively responsible for ensuring that these financial statements are drawn up in accordance with the requirements of the applicable Approved Accounting Standards in Malaysia, the provisions of the Companies Act 2016 ("CA 2016") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the financial year ended ("FYE") 31 December 2018, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with applicable accounting standards and made judgements and estimates that are reasonable and fair.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept which enable the preparation of the financial statements with reasonable accuracy.

The Statement by the Directors pursuant to Section 251 (2) of the CA 2016 is set out in the section headed "Statement by Directors" of the Directors' Report enclosed with the Group's consolidated Annual Audited Financial Statements for the FYE 31 December 2018.

This statement is made in accordance with a resolution of the Board of Directors dated 15 April 2019.

FINANCIAL STATEMENTS

Directors' Report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

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

The principal activities of its subsidiaries are as disclosed in Note 17 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the year	(77,519)	(413,812)
Loss attributable to:		
Owners of the parent	(74,660)	(413,812)
Non-controlling interests	(2,859)	-
	(77,519)	(413,812)

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2017 was as follows:

	RM'000
In respect of the financial year ended 31 December 2017 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 1,657,877,501 ordinary shares proposed on 27 March 2018, approved on 24 May 2018 and paid on 14 August 2018.	8,290

There was no dividend proposed by the Company during financial year ended 31 December 2018.

Directors' Report

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

YM Raja Dato' Haji Idris Raja Kamarudin #	(Appointed on 30 July 2018)
Dato' Haji A.Rahman bin Yahya #	(Appointed on 30 July 2018)
Mohd Kamaruzaman bin A Wahab *	(Appointed on 30 July 2018)
Burhanuddin Hilmi bin Mohamed @ Harun *	(Appointed on 30 July 2018)
Haji Mazli Zakuan bin Mohd Noor *#	(Appointed on 30 July 2018)
Haji Najman bin Kamaruddin *#	(Appointed on 17 September 2018)
Dato' Haji Mohamat bin Muda #	(Resigned on 1 February 2018)
Major General Dato' Dr Mohamad Termidzi bin Junaidi (R) * #	(Resigned on 1 August 2018)
Dato' Haji Mohd Ali bin Abas *	(Resigned on 1 August 2018)
Dato' Haji Wan Nawawi bin Haji Wan Ismail	(Resigned on 30 July 2018)
Haji Md Kamaru Al-Amin bin Ismail	(Resigned on 30 July 2018)
Haji Samiun bin Salleh	(Resigned on 30 July 2018)
Haji Mohd Nasir bin Ali *	(Resigned on 30 July 2018)
Datuk Dr. Ahmad Shukri bin Md Salleh @ Embat	(Resigned on 30 July 2018)

* Being a member of the Audit Committee
\# Being a director of one or more subsidiaries

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report, including those directors listed above are:

<u>TDM Plantation Sdn. Bhd.</u>

YM Raja Dato' Haji Idris Raja Kamarudin	(Appointed on 13 November 2018)
Haji Najman bin Kamaruddin	(Appointed on 13 November 2018)
Che Alias bin Hamid	(Appointed on 13 November 2018)
Hamdan bin Ibrahim	(Appointed on 13 November 2018)
Haji Ali bin Ibrahim	(Resigned on 18 November 2018)
Dato' Haji Rosol bin Wahid	(Resigned on 18 November 2018)
Haji Mohammad bin Latef	(Resigned on 18 November 2018)
Mohd Asri bin Mohamad	(Resigned on 18 November 2018)
Wan Nasiah binti Wan Abdul Majid	(Resigned on 18 November 2018)
Azmi bin Razik	(Resigned on 18 November 2018)
Dato' Haji Mohamat bin Muda	(Resigned on 18 November 2018)
Mohd Iskandar bin Jaafar	(Resigned on 1 October 2018)

<u>Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.</u>

Haji Mohd Zahari bin Md Azahar	(Appointed on 13 November 2018)
Haji Mazli Zakuan bin Mohd Noor	(Appointed on 13 November 2018)
Haji Najman bin Kamarudin	(Appointed on 13 November 2018)
Haji Ramlan bin Ali	(Resigned on 23 November 2018)
Laila binti Mat Daud	(Resigned on 23 November 2018)
Azizul Jasmi binti Mohamad	(Resigned on 23 November 2018)
Engku Naimah binti Engku Taib	(Resigned on 23 November 2018)
Haji Rosdi bin Awang	(Resigned on 23 November 2018)

Directors' Report

DIRECTORS (CONT'D.)

<u>TDM Trading Sdn. Bhd.</u>	
YM Raja Dato' Haji Idris Raja Kamarudin	(Appointed on 14 November 2018)
Haji Najman bin Kamaruddin	(Appointed on 14 November 2018)
Naraza bin Muda	(Appointed on 14 November 2018)
Ab Razak bin Ibrahim	(Appointed on 14 November 2018 and resigned on 18 December 2018)
Haji Mazli Zakuan bin Mohd Nor	(Appointed on 14 November 2018)
Dato' Mohd Sabri bin Alwi	(Resigned on 17 November 2018)
Rozalina binti Mokhtar @ Omar	(Resigned on 17 November 2018)
Mohd 'Azmi bin Nazir	(Resigned on 17 November 2018)
<u>TDM Capital Sdn. Bhd.</u>	
YM Raja Dato' Haji Idris Raja Kamarudin	(Appointed on 13 November 2018)
Dato' Haji Mohamat bin Muda	(Appointed on 13 November 2018)
Ir. Rosli bin Othman	(Resigned on 23 November 2018)
Dato' Asha'ari bin Idris	(Resigned on 23 November 2018)
<u>Indah Sari Travel & Tours Sdn. Bhd.</u>	
YM Raja Dato' Haji Idris Raja Kamarudin	(Appointed on 14 November 2018)
Ahmad Zaki bin Muda	(Appointed on 14 November 2018)
Major General Dato' Dr Mohamad Termidzi bin Junaidi (R)	(Resigned on 23 November 2018)
Amir Mohd Hafiz bin Amir Khalid	(Resigned on 23 November 2018)
<u>TD Gabongan Sdn. Bhd.</u>	
Amir Mohd Hafiz bin Amir Khalid	
Zubaidah Ani binti Mohd Noor	
YM Raja Dato' Haji Idris Raja Kamarudin	(Appointed on 14 November 2018)
Abel Anak Ahing	(Resigned on 23 November 2018)
<u>PT Rafi Kamajaya Abadi</u>	
H Rahman	(Appointed on 8 February 2018)
Dato' Haji Mohamat bin Muda	(Appointed on 8 February 2018)
Amir Mohd Hafiz bin Amir Khalid	(Appointed on 8 February 2018)
Haji Mohd Nasir bin Ali	(Appointed on 8 February 2018)
Haji Samiun bin Salleh	(Resigned on 8 February 2018)
Mohamad bin Shahul Hameed	(Resigned on 8 February 2018)
<u>PT Sawit Rezki Abadi</u>	
H Rahman	
Dato' Haji Mohamat bin Muda	(Appointed on 8 February 2018)
Amir Mohd Hafiz bin Amir Khalid	(Appointed on 8 February 2018)
Haji Mohd Nasir bin Ali	(Appointed on 8 February 2018)
Haji Samiun bin Salleh	(Resigned on 8 February 2018)
Mohamad bin Shahul Hameed	(Resigned on 8 February 2018)
<u>PT Rafi Sawit Lestari</u>	
H Rahman	
Dato' Haji Mohamat bin Muda	(Appointed on 8 February 2018)
Amir Mohd Hafiz bin Amir Khalid	(Appointed on 8 February 2018)
Haji Mohd Nasir bin Ali	(Appointed on 8 February 2018)
Haji Samiun bin Salleh	(Resigned on 8 February 2018)
Mohamad bin Shahul Hameed	(Resigned on 8 February 2018)

DIRECTORS (CONT'D.)

Kumpulan Mediiman Sdn. Bhd.
Haji Wan Abdul Hakim bin Wan Mokhtar
Raja Halinuddin bin Raja Halid
(Alternate director to Haji Wan Abdul Hakim bin Wan Mokhtar)
Major General Dato' Dr Mohamad Termidzi bin Junaidi (R)
Dato' Haji Wan Zakaria bin Abd Rahman

Kumpulan Medic Iman Sdn. Bhd.

Haji Wan Abdul Hakim bin Wan Mokhtar	
YM Raja Dato' Haji Idris Raja Kamarudin	(Appointed on 13 November 2018)
Haji Mazli Zakuan bin Mohd Noor	(Appointed on 13 November 2018)
Dr. Azman bin Ibrahim	(Appointed on 13 November 2018)
Dr. Alias bin Razak	(Appointed on 13 November 2018)
Dato' A.Rahman Yahya	(Appointed on 13 November 2018)
Major General Dato' Dr Mohamad Termidzi bin Junaidi (R)	(Resigned on 22 November 2018)
Dato' Haji Wan Zakaria bin Abd Rahman	(Resigned on 22 November 2018)
Dr. Mokhtar bin Awang	(Resigned on 22 November 2018)
Dato' Haji Mohamat bin Muda	(Resigned on 22 November 2018)

Kuantan Medical Centre Sdn. Bhd.

Dr. Mokhtar bin Awang	
Dr. Azmi bin Samat	(Appointed on 13 November 2018)
Dr. Rosni binti Adam	(Appointed on 13 November 2018)
Dato' Haji A.Rahman bin Yahya	(Appointed on 13 November 2018)
Dato' Dr. Ooi Hooi Yong	(Resigned on 17 November 2018)
Datuk Hajjah Rahmani @ Rohani binti Abdullah	(Resigned on 17 November 2018)
Aida binti Azam	(Resigned on 17 November 2018)
Lin Boon Diann	(Resigned on 17 November 2018)
Dato' Dr. Mohasdjone @ Mohd Johari bin Mohamad	(Resigned on 17 November 2018)
Mat Yula bin Kasim	(Resigned on 17 November 2018)
Dato' Dr. Anwa bin Sulaiman	(Resigned on 17 November 2018)
Mohd Zahari bin Md Azahar	(Resigned on 17 November 2018)

Kelana Jaya Medical Centre Sdn. Bhd.

YM Raja Dato' Haji Idris Raja Kamarudin	(Appointed on 13 November 2018)
Roslan Shahir bin Mohd Shahir	(Appointed on 13 November 2018)
Dr. Alias bin Razak	(Appointed on 13 November 2018)
Dr. Halimah binti Ali	(Appointed on 13 November 2018)
Dr. Mujahid Fauzi bin Sulong	(Appointed on 13 November 2018)
Tengku Seri Indera Raja (Raja Zainal Karib Raja Harun Al-Rashid)	(Resigned on 21 November 2018)
Lin Boon Diann	(Resigned on 21 November 2018)
Dr. Mokhtar bin Awang	(Resigned on 21 November 2018)
Dr. Syed Nazir bin M S Kadir	(Resigned on 21 November 2018)
Dato' Sabri bin Mohd Noor	(Resigned on 21 November 2018)
Dr. Haji Mohd bin Jusoh	(Resigned on 21 November 2018)

Directors' Report

DIRECTORS (CONT'D.)

Kuala Terengganu Specialist Hospital Sdn. Bhd.

Dato' Koh Tat Kim	
Haji Mazli Zakuan bin Mohd Noor	(Appointed on 13 November 2018)
Dato' Mazlan bin Ngah	(Appointed on 13 November 2018)
Dr. Harmy bin Mohamed Yusoff	(Appointed on 13 November 2018)
Dr. Muhammad bin Abdullah	(Appointed on 13 November 2018)
Dr. Mohammad bin Omar	(Resigned on 18 November 2018)
Abel Anak Ahing	(Resigned on 18 November 2018)
Mat Lazin bin Maska	(Resigned on 18 November 2018)
Ahmad Ikram bin Abdullah	(Resigned on 18 November 2018)
Dato' Mohd Sabri bin Alwi	(Resigned on 18 November 2018)
Datuk Hajjah Fatimah binti Hamat	(Resigned on 18 November 2018)
Dato' Dr. Surendran a/l M.K. Nair	(Resigned on 18 November 2018)
Dr. Iddrus bin Osman	(Resigned on 18 November 2018)
Lin Boon Diann	(Resigned on 18 November 2018)

TDMC Hospital Sdn. Bhd.

Dr. Azman bin Ibrahim	(Appointed on 13 November 2018)
Dr. Che Faridah binti Ismail	(Appointed on 13 November 2018)
Haji Hadi bin Hassan	(Appointed on 13 November 2018)
Dr. Najihatussalehah binti Ahmad	(Appointed on 13 November 2018)
Dr. Roslan bin Yusof	(Appointed on 13 November 2018 and resigned on 01 February 2019)
Dato' Haji Abdul Razak Ismail	(Resigned on 21 November 2018)
Dato' Dr. Syed Mohamed Noori Syed Hussain	(Resigned on 21 November 2018)
Amir Mohd Hafiz bin Amir Khalid	(Resigned on 21 November 2018)
Lin Boon Diann	(Resigned on 21 November 2018)
Haji Wan Abdul Hakim bin Wan Mokhtar	(Resigned on 21 November 2018)
Haji Zainal Abidin bin Mohamed	(Resigned on 21 November 2018)

DIRECTORS' BENEFITS

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

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

During the financial year, the Company maintains a liability insurance for the directors of the Group. The total amount of sum insured and premium paid for directors of the Group are RM21,600,000 and RM25,438 respectively.

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
The Company	**1 January 2018**	**Acquired**	**Sold**	**31 December 2018**
YM Raja Dato' Haji Idris Raja Kamaruddin	-	1,679,600	-	1,679,600

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

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM345,017,000 to RM350,713,000 by way of the issuance of 24,763,500 ordinary shares pursuant to dividend reinvestment scheme in respect to the final dividend at an issue price of RM0.23 per ordinary share amounting to RM5,696,000.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

OTHER STATUTORY INFORMATION

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

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and

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

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

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

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

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

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

Directors' Report

OTHER STATUTORY INFORMATION (CONT'D.)

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

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

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year other than as disclosed in Note 38 to the financial statements.

(f) In the opinion of the directors:

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

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

SIGNIFICANT EVENTS

The details of the significant events are disclosed in Note 39 to the financial statements.

EVENT OCCURING AFTER THE REPORTING DATE

The details of the event occuring after the reporting date are disclosed in Note 40 to the financial statements.

AUDITORS

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

Auditors' remuneration are disclosed in Note 6 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 April 2019.

YM Raja Dato' Haji Idris Raja Kamarudin

Burhanuddin Hilmi bin Mohamed @ Harun

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, YM Raja Dato' Haji Idris Raja Kamarudin and Burhanuddin Hilmi bin Mohamed @ Harun, being two of the directors of TDM Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 176 to 266 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 April 2019.

YM Raja Dato' Haji Idris Raja Kamarudin

Burhanuddin Hilmi bin Mohamed @ Harun

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Amir Mohd Hafiz bin Amir Khalid, being the officer primarily responsible for the financial management of TDM Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 176 to 266 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed, Amir Mohd Hafiz bin Amir Khalid
at Kuala Terengganu in the state of
Terengganu Darul Iman on 15 April 2019

Amir Mohd Hafiz bin Amir Khalid

Before me,

PESURUHJAYA SUMPAH
T 054
ABD WAHAB
BIN ABDULLAH
01.01.2019 - 31.12.2021
MALAYSIA

No. 1107-F, Tingkat Bawah,
Jalan Pejabat,
20200 Kuala Terengganu,
Terengganu.

Independent Auditors' Report

to the members of TDM Berhad
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of TDM Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 176 to 266.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

IMPAIRMENT ASSESSMENT OF NON-FINANCIAL ASSETS

As at 31 December 2018, the Group's carrying amounts of property, plant and equipment, investment properties and intangible assets were RM1,815,300,000, RM10,217,000 and RM6,321,000 respectively.

As at 31 December 2018, the Group's market capitalisation of RM277,600,000 was lower than its Net Tangible Assets of RM1,087,176,000. This is an indication that the assets of the Group may be impaired. Accordingly, the directors have engaged registered independent valuers to undertake the valuation of these assets using fair value less costs to sell. The Group has recorded an impairment loss of RM39,635,000 in respect of property, plant and equipment.

The valuation of these assets are highly judgemental and include the use of valuation techniques and estimates to be made on the inputs to the valuation models. The key inputs include adjustment factors to the comparable market value such as nature, location or condition of the specific assets. Due to the subjectivity involved in the valuation process and the magnitude of the combined carrying amount of property, plant and equipment, investment properties and intangible assets which constitute 85% of total assets of the Group, we consider this to be an area of audit focus.

In addressing this area of focus, we performed, amongst others, the following procedures:

- Considered the objectivity, independence and expertise of the independent valuers engaged by management;
- Obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the abovementioned assets and assessed whether such methodology is consistent with those used in the industry;
- Obtained an understanding of the comparable market value used as inputs to the valuation models and of the adjustments made to the observable inputs;
- Assessed observable inputs used in the valuations to available market data; and
- Where the assets are located in Indonesia, we involved internal specialist to evaluate the key assumptions made by the independent valuers.

IMPAIRMENT ASSESSMENTS OF AMOUNT DUE FROM SUBSIDIARIES

As at 31 December 2018, the carrying amount of amount due from subsidiaries was RM357,063,000, representing 42% of the Company's total assets. The Company recognised impairment loss on the amount due from PT Rafi Kamajaya Abadi of RM422,790,000 during the current financial year, as disclosed in Note 17 and Note 22 to the financial statements.

The directors have measured the expected credit loss ("ECL") applying significant judgement and assumptions such as expected future cash flows and forward looking macroeconomic factors. Due to the subjectivity involved in the valuation process and the magnitude of this amount to the Company, we consider this to be an area of audit focus.

We have performed amongst others, the following procedures:

- Assessed the Group's expected future cash flows derived from this subsidiary including key assumptions such as revenue growth rate and operating costs;
- Considered the fair values of the property, plant and equipment as discussed in the key audit matter above;
- Assessed the appropriateness of discount rate used; and
- Evaluated the disclosure in respect of those key assumptions to which the outcome of the impairment test is most sensitive to as disclosed in Note 3.2(e) to the financial statements.

The Group's accounting policies and disclosures on provision for expected credit loss on amounts due from subsidiaries are disclosed in Notes 2.15, 3.2 (b) and 22 respectively to the financial statements.

IMPAIRMENT ASSESSMENTS OF INVESTMENT IN SUBSIDIARIES

As at 31 December 2018, the carrying amount of investments in subsidiaries of the Company was RM224,266,000, representing 26% of the Company's total assets. The Company recognised impairment loss on the investment in PT Rafi Kamajaya Abadi of RM44,351,000 during the current financial year, as disclosed in Note 17 to the financial statements.

As at 31 December 2018, PT Rafi Kamajaya Abadi incurred losses for the year amounting to RM51,587,000 and total liabilities exceeded its total assets, resulting in a capital deficiency of RM288,279,000. This is an indication that the investment in PT Rafi Kamajaya Abadi may be impaired. Accordingly, the Directors estimated the recoverable amount of the cost of investment in PT Rafi Kamajaya Abadi by using indicative fair value less cost to sell.

The directors have engaged registered independent valuers to undertake the valuation of this subsidiary's property, plant and equipment using fair value less costs to sell. Due to the subjectivity involved in the valuation process and the magnitude of the carrying amount of the investments in subsidiaries, we consider this to be an area of audit focus.

In addressing this area of focus, we performed, amongst others, the following procedures:

- Assessed the Directors' estimate of the recoverable amount, including testing inputs to the internal and external data;
- Considered the objectivity, independence and expertise of the independent valuer engaged by management;
- Obtained an understanding of the methodology adopted by the independent valuer in estimating the fair value of the abovementioned assets and assessed whether such methodology is consistent with those used in the industry;
- Obtained an understanding of the comparable market value used as inputs to the valuation models and of the adjustments made to the observable inputs;
- Assessed observable inputs used in the valuations to available market data; and
- Involved internal specialist to evaluate the key assumptions made by the independent valuer.

Independent Auditors' Report
to the members of TDM Berhad
(Incorporated in Malaysia)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditors' Report
to the members of TDM Berhad
(Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Sandra Segaran a/l Muniandy @ Krishnan
No. 02882/01/2021 J
Chartered Accountant

Kuala Terengganu, Terengganu Darul Iman, Malaysia
15 April 2019

Statements of Comprehensive Income
For the financial year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000 Restated
Revenue	4	**404,698**	448,761	**107,546**	102,381
Cost of sales		**(285,534)**	(244,447)	**(20,006)**	(18,686)
Gross profit		**119,164**	204,314	**87,540**	83,695
Other items of income					
Interest income		**35,880**	38,772	**27,727**	31,293
Other income		**18,803**	132,588	**6,453**	1,901
Other items of expense					
Distribution costs		**(3,792)**	(5,188)	**(799)**	(934)
Administrative expenses		**(205,468)**	(164,393)	**(518,607)**	(69,218)
Other expenses		**(6,763)**	(19,815)	**(3,336)**	(5,069)
Finance costs	5	**(25,931)**	(21,936)	**(13,893)**	(13,406)
(Loss)/profit before tax	6	**(68,107)**	164,342	**(414,915)**	28,262
Income tax (expense)/benefit	9	**(9,412)**	(68,421)	**1,103**	2,661
(Loss)/profit for the year, net of tax		**(77,519)**	95,921	**(413,812)**	30,923
Other comprehensive loss:					
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:					
Fair value movement of investments in securities		**(4)**	(5)	**-**	-
Foreign currency translation		**(2,476)**	(4,066)	**-**	-
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(2,480)**	(4,071)	**-**	-
Total comprehensive (loss)/income for the year		**(79,999)**	91,850	**(413,812)**	30,923
(Loss)/profit attributable to:					
Owners of the parent		**(74,660)**	100,572	**(413,812)**	30,923
Non-controlling interests		**(2,859)**	(4,651)	**-**	-
		(77,519)	95,921	**(413,812)**	30,923
Total comprehensive (loss)/income attributable to:					
Owners of the parent		**(77,140)**	96,501	**(413,812)**	30,923
Non-controlling interests		**(2,859)**	(4,651)	**-**	-
		(79,999)	91,850	**(413,812)**	30,923

(Loss)/earnings per share attributable to owners of the parent (sen per share):		Group 2018	Group 2017
Basic	10	**(4.48)**	6.36

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

Statements of Financial Position
As at 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 Restated	Group As at 1 January 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000 Restated	Company As at 1 January 2017 RM'000 Restated
Assets							
Non-current assets							
Property, plant and equipment	12	**1,815,300**	1,711,916	1,554,791	**191,223**	186,232	179,946
Intangible asset	14	**6,321**	7,179	7,463	**6,321**	7,179	7,463
Investment properties	15	**10,217**	6,631	6,557	**6,305**	6,631	6,557
Goodwill	16	**991**	991	7,003	**-**	-	-
Investments in subsidiaries	17	**-**	-	-	**224,266**	268,617	275,252
Other investments	18	**22,294**	319,700	355,400	**-**	315,000	350,700
Investments in securities	19	**44**	48	53	**-**	-	-
Other receivables	22	**65,880**	109,904	109,419	**-**	63,234	63,459
Deferred tax assets	30	**13,974**	15,449	12,461	**351**	351	189
		1,935,021	2,171,818	2,053,147	**428,466**	847,244	883,566
Current assets							
Biological assets	13	**3,041**	5,000	8,767	**-**	-	-
Property development costs	20	**-**	-	-	**-**	-	-
Inventories	21	**28,021**	33,280	38,568	**646**	1,544	510
Trade and other receivables	22	**93,501**	75,379	76,307	**392,170**	383,882	316,764
Prepayments		**1,847**	2,052	7,049	**-**	-	-
Tax recoverable		**6,984**	4,588	7,514	**-**	-	-
Cash and bank balances	23	**75,405**	108,217	122,168	**33,990**	33,315	35,490
		208,799	228,516	260,373	**426,806**	418,741	352,764
Total assets		**2,143,820**	2,400,334	2,313,520	**855,272**	1,265,985	1,236,330
Equity and liabilities							
Current liabilities							
Lease liability	31	**1,561**	-	-	**-**	-	-
Loans and borrowings	24	**58,156**	41,592	30,750	**37,193**	28,401	20,832
Trade and other payables	25	**140,320**	172,696	178,639	**293,773**	270,672	252,943
Tax payable		**1,263**	2,392	4,845	**63**	1,612	1,907
		201,300	216,680	214,234	**331,029**	300,685	275,682
Net current assets		**7,499**	11,836	46,139	**95,777**	118,056	77,082

Statements of Financial Position
As at 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 Restated	Group As at 1 January 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000 Restated	Company As at 1 January 2017 RM'000 Restated
Non-current liabilities							
Retirement benefit obligations	29	**4,719**	4,293	4,070	**351**	318	447
Lease liability	31	**202,014**	-	-	**-**	-	-
Loans and borrowings	24	**427,929**	749,411	793,524	**235,417**	259,315	274,309
Other payable	25	**26,411**	87,710	92,712	**-**	-	-
Deferred tax liabilities	30	**194,271**	190,065	142,231	**5,506**	6,292	11,016
		855,344	1,031,479	1,032,537	**241,274**	265,925	285,772
Total liabilities		**1,056,644**	1,248,159	1,246,771	**572,303**	566,610	561,454
Net assets		**1,087,176**	1,152,175	1,066,749	**282,969**	699,375	674,876
Equity attributable to owners of the parent							
Share capital	26	**350,713**	345,017	301,092	**350,713**	345,017	301,092
Share premium	26	**-**	-	42,822	**-**	-	42,822
Retained earnings/(accumulated loss)	28	**786,969**	869,919	776,874	**(70,480)**	351,622	328,226
Other reserves	27	**(37,791)**	(52,905)	(48,834)	**2,736**	2,736	2,736
		1,099,891	1,162,031	1,071,954	**282,969**	699,375	674,876
Non-controlling interests		**(12,715)**	(9,856)	(5,205)	**-**	-	-
Total equity		**1,087,176**	1,152,175	1,066,749	**282,969**	699,375	674,876
Total equity and liabilities		**2,143,820**	2,400,334	2,313,520	**855,272**	1,265,985	1,236,330

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

Statements of Changes in Equity

For the financial year ended 31 December 2018

	← Attributable to owners of the parent								
			Non-distributable	Distributable	← Non-distributable →				
2018 Group	**Equity, total RM'000**	**Equity attributable to owners of the parent, total RM'000**	**Share capital RM'000**	**Retained earnings RM'000**	**Other reserves, total RM'000**	**Foreign currency translation reserve RM'000**	**Fair value adjustment reserve RM'000**	**Premium paid on acquisition of non-controlling interest RM'000**	**Non-controlling interests RM'000**
Opening balance at 1 January 2018	1,152,175	1,162,031	345,017	869,919	(52,905)	(52,826)	(48)	(31)	(9,856)
Fair value movement of other investments (Note 18)	17,594	17,594	-	-	17,594	-	17,594	-	-
Opening balance at 1 January 2018, restated	1,169,769	1,179,625	345,017	869,919	(35,311)	(52,826)	17,546	(31)	(9,856)
Loss for the year	(77,519)	(74,660)	-	(74,660)	-	-	-	-	(2,859)
Other comprehensive loss									
Fair value movement of investments in securities	(4)	(4)	-	-	(4)	-	(4)	-	-
Foreign currency translation	(2,476)	(2,476)	-	-	(2,476)	(2,476)	-	-	-
Other comprehensive loss for the year, net of tax	(2,480)	(2,480)	-	-	(2,480)	(2,476)	(4)	-	-
Total comprehensive loss for the year	(79,999)	(77,140)	-	(74,660)	(2,480)	(2,476)	(4)	-	(2,859)
Transactions with owners									
Issuance of shares pursuant to dividends reinvestment scheme	-	-	5,696	(5,696)	-	-	-	-	-
Dividends on ordinary shares (Note 11)	(2,594)	(2,594)	-	(2,594)	-	-	-	-	-
Total transactions with owners	(2,594)	(2,594)	5,696	(8,290)	-	-	-	-	-
Closing balance at 31 December 2018	**1,087,176**	**1,099,891**	**350,713**	**786,969**	**(37,791)**	**(55,302)**	**17,542**	**(31)**	**(12,715)**

Statements of Changes in Equity
For the financial year ended 31 December 2018

2017 Group	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital * RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interest RM'000	Non-controlling interests RM'000
		Attributable to owners of the parent	Non-distributable	Non-distributable	Distributable	Non-distributable	Non-distributable	Non-distributable	Non-distributable	
Opening balance at 1 January 2017	1,066,749	1,071,954	301,092	42,822	776,874	(48,834)	(48,760)	(43)	(31)	(5,205)
Transfer of share premium on 31 January 2017	-	-	42,822	(42,822)	-	-	-	-	-	-
	1,066,749	1,071,954	343,914	-	776,874	(48,834)	(48,760)	(43)	(31)	(5,205)
Profit/(loss) for the year	95,921	100,572	-	-	100,572	-	-	-	-	(4,651)
Other comprehensive (loss)/income										
Fair value movement of investments in securities	(5)	(5)	-	-	-	(5)	-	(5)	-	-
Foreign currency translation	(4,066)	(4,066)	-	-	-	(4,066)	(4,066)	-	-	-
Other comprehensive loss for the year, net of tax	(4,071)	(4,071)	-	-	-	(4,071)	(4,066)	(5)	-	-
Total comprehensive income/(loss) for the year	91,850	96,501	-	-	100,572	(4,071)	(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	1,152,175	1,162,031	345,017	-	869,919	(52,905)	(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.

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

Statements of Changes in Equity
For the financial year ended 31 December 2018

2018 Company	Equity, total RM'000	Non-distributable: Share capital RM'000	Distributable: Retained earnings/ (accumulated losses) RM'000	Non-distributable: Other reserves, total RM'000	Non-distributable: Capital reserve RM'000
Opening balance at 1 January 2018	**699,375**	**345,017**	**351,622**	**2,736**	**2,736**
Loss for the year	**(413,812)**	**-**	**(413,812)**	**-**	**-**
Transactions with owners					
Issuance of shares pursuant to dividends reinvestment scheme	**-**	**5,696**	**(5,696)**	**-**	**-**
Dividends on ordinary shares (Note 11)	**(2,594)**	**-**	**(2,594)**	**-**	**-**
Total transactions with owners	**(2,594)**	**5,696**	**(8,290)**	**-**	**-**
Closing balance at 31 December 2018	**282,969**	**350,713**	**(70,480)**	**2,736**	**2,736**

2017 Company	Equity, total RM'000	Non-distributable: Share capital * RM'000	Non-distributable: Share premium RM'000	Distributable: Retained earnings RM'000	Non-distributable: Other reserves, total RM'000	Non-distributable: Capital reserve RM'000
Opening balance at 1 January 2017	674,876	301,092	42,822	328,226	2,736	2,736
Transfer of share premium on 31 January 2017	-	42,822	(42,822)	-	-	-
	674,876	343,914	-	328,226	2,736	2,736
Profit for the year	30,923	-	-	30,923	-	-
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	699,375	345,017	-	351,622	2,736	2,736

* Included in the transfer of share premium to the share capital accounts on 31 January 2017 of RM42,822,000 is issuance of shares pursuant to bonus issue amounting to RM30,109,000 in August 2017 which representing transaction with owners.

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

Statements of Cash Flows
For the financial year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000 Restated
Operating activities					
(Loss)/profit before tax		**(68,107)**	164,342	**(414,915)**	28,262
Adjustments for:					
Interest expense	5	**25,931**	21,936	**13,893**	13,406
Depreciation of property, plant and equipment	6	**77,513**	68,878	**5,273**	1,555
Amortisation of intangible asset	6	**858**	858	**858**	858
Amortisation of investment properties	6	**1,263**	326	**326**	326
Property, plant and equipment written off	6	**-**	1,948	**-**	755
Biological assets written off	6	**-**	299	**-**	-
Inventories written off	6	**5,208**	9,386	**-**	-
Loss/(gain) on disposal of property, plant and equipment	6	**5**	(1,200)	**-**	-
Impairment/(reversal of impairment) of property, plant and equipment	6	**39,635**	(26,659)	**-**	-
Impairment of inventories	6	**1,664**	-	**-**	-
Impairment of goodwill	6	**-**	6,012	**-**	-
Expected credit losses of trade receivables	6	**151**	3,287	**-**	-
Expected credit losses of other receivables	6	**3,878**	897	**422,790**	418
Reversal of expected credit losses of trade receivables	6	**(598)**	(30)	**-**	-
Fair value changes of amount due from plasma	6	**9,901**	-	**-**	-
Impairment loss on investments in subsidiaries	6	**-**	-	**44,351**	6,635
Realised loss on the foreign exchange of investment in fixed income securities	6	**28,097**	-	**28,097**	-
Unrealised loss on the foreign exchange of investment in fixed income securities	6	**-**	35,700	**-**	35,700
Unrealised gain on the foreign exchange of borrowings	6	**(450)**	-	**(450)**	-
Dividend income	6	**(2,139)**	(940)	**(75,801)**	(55,000)
Interest income	6	**(26,873)**	(30,410)	**(26,747)**	(30,213)
Profit from Al Mudharabah	6	**(9,007)**	(8,362)	**(981)**	(1,080)
Fair value adjustment on amount due from sublessees	6	**(2,198)**	-	**-**	-
Fair value changes of biological assets		**1,959**	3,767	**-**	-
(Reversal of)/provision for asset revaluation reserve	6	**-**	(106,450)	**-**	3,286
Provision for short term accumulating compensated absences	7	**(8)**	136	**15**	24
Provision for/(reversal of) retirement benefit obligations	7	**426**	223	**33**	(129)
Total adjustments		**155,216**	(20,398)	**411,657**	(23,459)
Operating cash flows before changes in working capital		**87,109**	143,944	**(3,258)**	4,803

Statements of Cash Flows

For the financial year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000 Restated
Operating activities (cont'd.)					
Changes in working capital					
(Increase)/decrease in inventories		**(494)**	(6,053)	**898**	(1,034)
Decrease/(increase) in receivables		**10,660**	(1,183)	**(431,078)**	(67,536)
(Decrease)/increase in payables		**(71,645)**	36,909	**23,086**	15,536
Total changes in working capital		**(61,479)**	29,673	**(407,094)**	(53,034)
Cash flows from/(used in) operations		**25,630**	173,617	**(410,352)**	(48,231)
Interest paid		**(24,708)**	(58,193)	**(13,893)**	(13,406)
Interest received and profit from Al Mudharabah		**2,147**	38,800	**981**	31,518
Taxes paid		**(17,400)**	(21,595)	**(1,233)**	(2,900)
Taxes refund		**380**	478	**-**	380
Net cash flows (used in)/from operating activities		**(13,951)**	133,107	**(424,497)**	(32,639)
Investing activities					
Purchase of property, plant and equipment	12	**(30,689)**	(146,295)	**(10,264)**	(10,688)
Dividend received		**2,139**	940	**75,801**	55,000
Proceeds from disposal of property, plant and equipment		**-**	2,700	**-**	-
Increase in deposits with licensed banks pledged as securities for certain banking facilities		**(1,001)**	(1,392)	**(977)**	(1,053)
Withdrawal of deposits with licensed banks		**1,513**	2,261	**-**	3,499
Redemption of investment in fixed income securities		**-**	-	**376,884**	-
Net cash flows (used in)/from investing activities		**(28,038)**	(141,786)	**441,444**	46,758
Financing activities					
Drawdown of term loans		**49,957**	22,917	**17,432**	2,393
Drawdown of hire purchase facilities		**972**	890	**-**	395
Repayments of term loans		**(35,964)**	(31,976)	**(30,135)**	(23,598)
Repayments of hire purchase facilities		**(2,588)**	(2,831)	**(107)**	(44)
Dividends paid		**(2,594)**	(6,424)	**(2,594)**	(6,424)
Net cash flows from/(used in) financing activities		**9,783**	(17,424)	**(15,404)**	(27,278)
Net (decrease)/increase in cash and cash equivalents		**(32,206)**	(26,103)	**1,543**	(13,159)
Cash and cash equivalents at 1 January		**56,980**	83,492	**(15,505)**	(2,346)
Effect of foreign exchange rate changes		**(95)**	(409)	**-**	-
Cash and cash equivalents at 31 December	23	**24,679**	56,980	**(13,962)**	(15,505)

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding, provision of management services and cultivation of oil palms. The principal activities of its subsidiaries are as disclosed in Note 17.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

For all periods up to and including the year ended 31 December 2017, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRS"). These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with MFRS, including MFRS 1 - First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9 Financial Instruments, MFRS 15 Revenue from Contracts with Customers, MFRS 116 - Property, Plant & Equipment, MFRS 140 - Transfers of Investment Property (Amendments to MFRS 140) and MFRS 141 - Agriculture. Please refer to Note 2.2 for information on the Group's and the Company's adoption of MFRS and the impact of transition to MFRS.

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

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

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with MFRS, including MFRS 1 - First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9 Financial Instruments, MFRS 15 Revenue from Contracts with Customers, MFRS 116 - Property, Plant & Equipment, MFRS 140 - Transfers of Investment Property (Amendmends to MFRS 140) and MFRS 141 - Agriculture. For periods up to and including the year ended 31 December 2017, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRS Framework").

Accordingly, the Group and the Company have prepared financial statements that comply with MFRS applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's and the Company's opening statements of financial position was prepared as at 1 January 2017, the Group's and the Company's date of transition to MFRS. This note explains the principal adjustments made by the Group and the Company in restating its FRS financial statements, including the statements of financial position as at 1 January 2017 and the financial statements for the year ended 31 December 2017.

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

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(a) Reconciliation of equity as at 1 January 2017 (date of transition of MFRS)

Group	**Note**	**FRS RM'000**	**Remeasure-ments RM'000**	**MFRS as at 1 January 2017 RM'000**
Non-current assets				
Property, plant and equipment	A & B	1,221,033	333,758	1,554,791
Biological assets	B	584,371	(584,371)	-
Intangible asset		7,463	-	7,463
Investment property	C	11,000	(4,443)	6,557
Goodwill		7,003	-	7,003
Other investments		355,400	-	355,400
Investments in securities		53	-	53
Other receivables		109,419	-	109,419
Deferred tax assets		12,461	-	12,461
		2,308,203	(255,056)	2,053,147
Current assets				
Property development costs		-	-	-
Biological assets	B	-	8,767	8,767
Inventories		38,568	-	38,568
Trade and other receivables		76,307	-	76,307
Prepayments		7,049	-	7,049
Tax recoverable		7,514	-	7,514
Cash and bank balances		122,168	-	122,168
		251,606	8,767	260,373
Total assets		2,559,809	(246,289)	2,313,520
Equity and liabilities				
Current liabilities				
Loans and borrowings		30,750	-	30,750
Trade and other payables		178,639	-	178,639
Tax payable		4,845	-	4,845
		214,234	-	214,234
Net current assets		37,372	8,767	46,139
Non-current liabilities				
Retirement benefit obligations		4,070	-	4,070
Loans and borrowings		793,524	-	793,524
Other payable		92,712	-	92,712
Deferred tax liabilities		141,503	728	142,231
		1,031,809	728	1,032,537
Total liabilities		1,246,043	728	1,246,771

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(a) Reconciliation of equity as at 1 January 2017 (date of transition of MFRS) (cont'd.)

Group	Note	FRS RM'000	Remeasure- ments RM'000	MFRS as at 1 January 2017 RM'000
Equity attributable to owners of the parent				
Share capital		301,092	-	301,092
Share premium		42,822	-	42,822
Retained earnings	**A, B & C**	419,802	357,072	776,874
Other reserves	**A & B**	555,255	(604,089)	(48,834)
		1,318,971	(247,017)	1,071,954
Non-controlling interests		(5,205)	-	(5,205)
Total equity		1,313,766	(247,017)	1,066,749
Total equity and liabilities		2,559,809	(246,289)	2,313,520

Company	Note	FRS RM'000	Remeasure- ments RM'000	MFRS as at 1 January 2017 RM'000
Non-current assets				
Property, plant and equipment		179,946	-	179,946
Intangible asset		7,463	-	7,463
Investment property	**C**	11,000	(4,443)	6,557
Investments in subsidiaries		275,252	-	275,252
Other investments		350,700	-	350,700
Other receivables		63,459	-	63,459
Deferred tax assets		189	-	189
		888,009	(4,443)	883,566
Current assets				
Inventories		510	-	510
Trade and other receivables		316,764	-	316,764
Cash and bank balances		35,490	-	35,490
		352,764	-	352,764
Total assets		1,240,773	(4,443)	1,236,330
Equity and liabilities				
Current liabilities				
Loans and borrowings		20,832	-	20,832
Trade and other payables		252,943	-	252,943
Tax payable		1,907	-	1,907
		275,682	-	275,682
Net current assets		77,082	-	77,082

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(a) Reconciliation of equity as at 1 January 2017 (date of transition of MFRS) (cont'd.)

Company	Note	FRS RM'000	Remeasure-ments RM'000	MFRS as at 1 January 2017 RM'000
Non-current liabilities				
Retirement benefit obligations		447	-	447
Loans and borrowings		274,309	-	274,309
Deferred tax liabilities		11,016	-	11,016
		285,772	-	285,772
Total liabilities		561,454	-	561,454
Equity attributable to owners of the parent				
Share capital		301,092	-	301,092
Share premium		42,822	-	42,822
Retained earnings	C	292,860	35,366	328,226
Other reserves	C	42,545	(39,809)	2,736
Total equity		679,319	(4,443)	674,876
Total equity and liabilities		1,240,773	(4,443)	1,236,330

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(b) Reconciliation of equity as at 31 December 2017

Group	Note	FRS RM'000	Remeasure-ments RM'000	MFRS as at 31 December 2017 RM'000
Non-current assets				
Property, plant and equipment	A & B	1,327,955	383,961	1,711,916
Biological assets	B	658,929	(658,929)	-
Intangible asset		7,179	-	7,179
Investment property	C	11,400	(4,769)	6,631
Goodwill		991	-	991
Other investments		319,700	-	319,700
Investments in securities		48	-	48
Other receivables		109,904	-	109,904
Deferred tax assets		15,449	-	15,449
		2,451,555	(279,737)	2,171,818
Current assets				
Property development costs		-	-	-
Biological assets	B	-	5,000	5,000
Inventories		33,280	-	33,280
Trade and other receivables		75,379	-	75,379
Prepayments		2,052	-	2,052
Tax recoverable		4,588	-	4,588
Cash and bank balances		108,217	-	108,217
		223,516	5,000	228,516
Total assets		2,675,071	(274,737)	2,400,334
Equity and liabilities				
Current liabilities				
Loans and borrowings		41,592	-	41,592
Trade and other payables		172,696	-	172,696
Tax payable		2,392	-	2,392
		216,680	-	216,680
Net current assets		6,836	5,000	11,836
Non-current liabilities				
Retirement benefit obligations		4,293	-	4,293
Loans and borrowings		749,411	-	749,411
Other payable		87,710	-	87,710
Deferred tax liabilities	B	188,842	1,223	190,065
		1,030,256	1,223	1,031,479
Total liabilities		1,246,936	1,223	1,248,159

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(b) Reconciliation of equity as at 31 December 2017 (cont'd.)

Group	Note	FRS RM'000	Remeasurements RM'000	MFRS as at 31 December 2017 RM'000
Equity attributable to owners of the parent				
Share capital		345,017	-	345,017
Retained earnings	A, B & C	435,340	434,579	869,919
Other reserves	A & B	657,634	(710,539)	(52,905)
		1,437,991	(275,960)	1,162,031
Non-controlling interests		(9,856)	-	(9,856)
Total equity		1,428,135	(275,960)	1,152,175
Total equity and liabilities		2,675,071	(274,737)	2,400,334

Company	Note	FRS RM'000	Remeasurements RM'000	MFRS as at 31 December 2017 RM'000
Non-current assets				
Property, plant and equipment		186,232	-	186,232
Intangible asset		7,179	-	7,179
Investment property	C	11,400	(4,769)	6,631
Investments in subsidiaries		268,617	-	268,617
Other investments		315,000	-	315,000
Other receivables		63,234	-	63,234
Deferred tax assets		351	-	351
		852,013	(4,769)	847,244
Current assets				
Inventories		1,544	-	1,544
Trade and other receivables		383,882	-	383,882
Cash and bank balances		33,315	-	33,315
		418,741	-	418,741
Total assets		1,270,754	(4,769)	1,265,985
Equity and liabilities				
Current liabilities				
Loans and borrowings		28,401	-	28,401
Trade and other payables		270,672	-	270,672
Tax payable		1,612	-	1,612
		300,685	-	300,685
Net current assets		118,056	-	118,056

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(b) Reconciliation of equity as at 31 December 2017 (cont'd.)

Company	Note	FRS RM'000	Remeasure-ments RM'000	MFRS as at 31 December 2017 RM'000
Non-current liabilities				
Retirement benefit obligations		318	-	318
Loans and borrowings		259,315	-	259,315
Deferred tax liabilities		6,292	-	6,292
		265,925	-	265,925
Total liabilities		566,610	-	566,610
Equity attributable to owners of the parent				
Share capital		345,017	-	345,017
Retained earnings	C	319,868	31,754	351,622
Other reserves	C	39,259	(36,523)	2,736
		704,144	(4,769)	699,375
Total equity and liabilities		1,270,754	(4,769)	1,265,985

(c) Reconciliation of profit or loss and comprehensive income for the year ended 31 December 2017

Group	Note	FRS RM'000	Remeasure-ments RM'000	MFRS as at 31 December 2017 RM'000
Revenue		448,761	-	448,761
Cost of sales		(244,447)	-	(244,447)
Gross profit		204,314	-	204,314
Other items of income				
Interest income		38,772	-	38,772
Other income	A & B	9,829	129,730	139,559
Other items of expense				
Distribution costs		(5,188)	-	(5,188)
Administrative expenses	A, B & C	(153,673)	(17,691)	(171,364)
Other expenses		(19,815)	-	(19,815)
Finance costs		(21,936)	-	(21,936)
Profit before tax		52,303	112,039	164,342
Income tax expense	A, B & C	(33,889)	(34,532)	(68,421)
Profit for the year, net of tax		18,414	77,507	95,921

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(c) Reconciliation of profit or loss and comprehensive income for the year ended 31 December 2017 (cont'd.)

Group	Note	FRS RM'000	Remeasure-ments RM'000	MFRS as at 31 December 2017 RM'000
Other comprehensive income/(loss):				
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:				
Fair value movement of investments in securities		(5)	-	(5)
Foreign currency translation		(4,066)	-	(4,066)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		(4,071)	-	(4,071)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Revaluation of land, buildings, plant and machinery and plantation development expenditure	**A, B & C**	141,461	(141,461)	-
Deferred tax related to:				
Net surplus on revaluation	**A, B & C**	(33,975)	33,975	-
Transfer of revaluation reserve upon write off of assets	**A, B & C**	(1,036)	1,036	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		106,450	(106,450)	-
Other comprehensive income for the year, net of tax		102,379	(106,450)	(4,071)
Total comprehensive income for the year		120,793	(28,943)	91,850

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(c) Reconciliation of profit or loss and comprehensive income for the year ended 31 December 2017 (cont'd.)

Company	Note	FRS RM'000	Remeasure-ments RM'000	MFRS as at 31 December 2017 RM'000
Revenue		102,381	-	102,381
Cost of sales		(18,686)	-	(18,686)
Gross profit		83,695	-	83,695
Other items of income				
Interest income		31,293	-	31,293
Other income		1,901	-	1,901
Other items of expense				
Distribution costs		(934)	-	(934)
Administrative expenses	C	(64,568)	(4,650)	(69,218)
Other expenses		(5,069)	-	(5,069)
Finance costs		(13,406)	-	(13,406)
Profit before tax		32,912	(4,650)	28,262
Income tax benefit	C	1,623	1,038	2,661
Profit for the year, net of tax		34,535	(3,612)	30,923
Other comprehensive loss:				
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:				
Revaluation of land, buildings, plant and machinery and plantation development expenditure	C	(4,324)	4,324	-
Deferred tax related to:				
Net deficit on revaluation	C	1,038	(1,038)	-
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		(3,286)	3,286	-
Total comprehensive income for the year		31,249	(326)	30,923

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

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

Notes to the reconciliation of equity as at 1 January 2017 (date of transition to MFRS) and 31 December 2017 and comprehensive income for year ended 31 December 2017.

The significant accounting policies adopted in preparing the financial statements are consistent with those of the audited financial statement for the year ended 31 December 2017, except as discussed below:

A. Property, plant and equipment

Under the MFRS framework, the Group and the Company elected to account for the land, buildings and plant and machinery included within property, plant and equipment using the revaluation model, where these assets are measured at fair value less any accumulated depreciation and accumulated impairment losses recognised after the date of valuation. The Group and the Company decided to change the accounting policy for these assets from the revaluation model to cost model, the change in accounting policy will result in the revaluation amount on the transition date to be recorded as deemed costs for these assets.

As at transitioning date of 1 January 2017, the revaluation reserve were recognised against retained earnings of the Group and the Company.

The impact arising from the change is summarised as follow:

	Group	
	31 December 2017 RM'000	**1 January 2017 RM'000**
Non-current assets		
Property, plant & equipment	141,160	(32,685)
Equity attributable to owners of the parent		
Retained earnings	(141,160)	32,685
Other reserves	141,160	(32,685)
Statement of comprehensive income		
Reversal of asset revaluation reserve	(106,450)	Not applicable
Income tax benefit	(28,943)	Not applicable

B. Bearer plants and biological assets

In previous years accounting framework, the Group elected to account for the freehold land and leasehold land included within property, plant and equipment using the revaluation model, where the asset is measured at fair value less accumulated impairment losses recognised 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 cost for this asset when the Group first adopt the MFRS framework.

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

B. Bearer plants and biological assets (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 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The Group 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 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 subsequently be stated at cost less any 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 cost to sell. The biological assets of the Group comprise of the fresh fruit bunch ("FFB") prior to harvest. The valuation model to be adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of the FFB.

The impact arising from the change is summarised as follows:

	Group	
	31 December 2017 RM'000	**1 January 2017 RM'000**
Non-current assets		
Property, plant & equipment	383,961	333,758
Biological assets	(658,929)	(584,371)
Current assets		
Biological assets	5,000	8,767
Non-current liabilities		
Deferred tax liabilities	1,223	728
Equity attributable to owners of the parent		
Retained earnings	402,825	321,706
Other reserves	(674,016)	(564,280)
Statement of comprehensive income		
Fair value gain in biological assets	(3,767)	Not applicable
Depreciation of property, plant and equipment	(13,924)	Not applicable
Reversal of asset revaluation reserve	134,380	Not applicable
Income tax expense	(35,570)	Not applicable

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

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

C. Investment properties

Under the MFRS framework, the Group and the Company elected to account for the investment properties using the revaluation model, where these assets are measured at fair value less any accumulated depreciation and accumulated impairment losses recognised after the date of valuation. The Group and the Company decided to change the accounting policy for these assets from the revaluation model to cost model, the change in accounting policy will result in the revaluation amount on the transition date to be recorded as deemed costs for these assets.

As at transitioning date of 1 January 2017, the revaluation reserve were recognised against retained earnings of the Group and the Company.

The impact arising from the change is summarised as follow:

	Group and Company	
	31 December 2017 RM'000	1 January 2017 RM'000
Non-current assets		
Investment properties	(4,769)	(4,443)
Equity attributable to owners of the parent		
Retained earnings	31,754	35,366
Other reserves	(36,523)	(39,809)
Statement of comprehensive income		
Reversal of asset revaluation reserve	(4,650)	Not applicable
Income tax benefit	1,038	Not applicable

D. Financial Instruments

MFRS 9 Financial Instruments replaces the guidance in MFRS 139 Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group and the Company applied MFRS 9 retrospectively, with an initial application date 1 January 2018. Under the transitional provisions of MFRS 9, the Group and the Company have elected not to restate the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised in opening retained earnings.

(a) Classification and measurement

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

D. Financial Instruments (cont'd.)

(a) Classification and measurement (cont'd.)

The assessment of the Group's and the Company's business model were made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely consist of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group and the Company. The following are the changes in the classification of the Company's financial assets:

Trade receivables and other financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

The investments in securities and other investments previously classified as assets available for sale are now classified and measured as fair value to other comprehensive income.

(b) Impairment

MFRS 9 also replaces the loss model in MFRS 139 with a forward-looking expected credit loss ("ECL") model. Under MFRS 9, loss allowances will be measured on either 12-months ECLs or lifetime ECLs. The adoption of MFRS 9 does not have a significant impact to the Group and the Company.

2.3 Standard issued but not yet effective

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

Description	Effective for annual periods beginning on or after
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Venture (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

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

The directors expect that the adoption of the above amendments and standards will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

IC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), unused tax losses, unused tax credits and tax rates.
- How an entity considered changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement(s) with the other vote holders of the investee;

(ii) Rights arising from other contractual arrangements; and

(iii) The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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

2.4 Basis of consolidation (cont'd.)

Business combinations

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

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

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

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

2.5 Subsidiaries

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

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

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

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

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

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Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.6 Transactions with non-controlling interests

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

2.7 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

(c) Foreign operations

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

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

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

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

2.8 Property, plant and equipment

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

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

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

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

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in statement of comprehensive income.

Bearer plants comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop at the following rates which are deemed as the useful economic lives of the crop:

Pre-cropping expenditure - oil palm	over 20 years or 25 years

2.9 Biological assets

Biological assets comprised produce growing on bearer plants. Biological assets are classified as current assets for bearer plants that are expected to be harvested and sold or used for production on a date not more than 4 weeks after the reporting date.

Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss.

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.10 Investment properties

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

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less any accumulated amortisation and accumulated impairment losses.

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

Transfers are made to or from investment property only when there is a change in use.

2.11 Goodwill

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

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

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

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

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

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

2.12 Fair value measurement

The Group and the Company measure financial instruments, and non-financial assets at fair value at each reporting date.

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.13 Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

2.14 Financial assets

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

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

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

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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

2.14 Financial assets (cont'd.)

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

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

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

2.15 Impairment of financial assets

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

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.16 Property development costs

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

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

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

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

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

2.17 Cash and cash equivalents

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

2.18 Inventories

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

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

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

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

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

2.19 Provisions

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

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

2.20 Financial liabilities

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

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

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

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

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

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

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

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

2.21 Borrowing costs

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

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

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.22 Employee benefits

(a) Short term benefit

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

(b) Defined contribution plans

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

(c) Defined benefit plan

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

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

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

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

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

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

2.23 Leases

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

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

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

2.24 Revenue

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

(i) Sale of goods

Revenue from sale of goods represents invoiced amount after allowing for sales discounts and returns. Revenue from sale of goods is recognised 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.

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.25 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

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

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

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

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

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

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

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

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

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

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

2.26 Segment reporting

For management purposes, the Group is organised into business units based on its products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expenses

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

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

2.28 Intangible asset

Intangible asset of the Group represents the rights on the lands belonging to third parties. The cost of intangible asset is amortised over 30 years, being the useful life of the lands.

2.29 Contingencies

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

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

2.30 Related parties

(a) A person or a close member of that person’s family is related to company if that person:

  (i) has control or joint control over the Company;

  (ii) has significant influence over the Company; or

  (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

  (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

  (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

  (iii) both entities are joint ventures of the same third party;

Notes to the Financial Statements
For the financial year ended 31 December 2018

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

2.30 Related parties (cont'd.)

(b) An entity is related to the Company if any of the following conditions applies:

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.31 Current and non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

2.32 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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

2.33 Significant changes in regulatory requirements

Companies Act 2016 ("New Act")

Amongst the key changes introduced in the New Act which affected the financial statements of the Group and the Company upon the commencement of the New Act on 31 January 2017 are:

i) the removal of the authorised share capital;

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

ii) the removal of ninth schedule.

The adoption of the New Act has no financial impact on the Group and the Company for the current financial year ended 31 December 2018. The effects of adoption are mainly on the disclosures to the financial statements of the Group and the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

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

3.2 Key sources of estimation uncertainty

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

(a) Impairment of property, plant and equipment

Assets are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, a significant fall in market values, significant under performance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, and significant adverse industry or economic changes. Recoverable amounts of assets are based on management's estimates and assumptions of the net realisable value, cash flows arising from the future operating performance and revenue generating capacity of the assets and cash operating units, and future market conditions. Changes in circumstances may lead to changes in estimates and assumptions, and result in changes to the recoverable amounts of assets and impairment losses needed.

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

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

(b) Provision for expected credit losses of trade receivables

The Group and the Company use a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for the customers.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(c) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate present value of those cash flows. Further details of the carrying value, key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 16.

4. REVENUE

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sale of goods	**205,374**	296,957	**27,921**	33,622
Rendering of services	**198,687**	150,653	**-**	-
Dividend income from subsidiaries	**-**	-	**75,801**	55,000
Management fees from subsidiaries	**-**	-	**3,824**	13,759
Management fees from associate	**290**	-	**-**	-
Management fee from Terengganu Oil Palm Development - Sublessees Scheme	**347**	1,151	**-**	-
	404,698	448,761	**107,546**	102,381

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

5. FINANCE COSTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
- term loans	**22,986**	20,913	**12,472**	12,717
- bank overdrafts	**1,144**	689	**1,144**	689
- hire purchase and finance lease liabilities	**1,801**	334	**277**	-
	25,931	21,936	**13,893**	13,406

The total finance costs for the Group and the Company were RM52,892,000 (2017: RM62,423,000) and RM13,893,000 (2017: RM15,533,000) respectively. The Group capitalised interest costs amounting to RM26,961,000 (2017: RM40,487,000) as property, plant and equipment. The Company capitalised interest costs amounting to RM Nil (2017: RM2,127,000) as property, plant and equipment.

6. (LOSS)/PROFIT BEFORE TAX

The following items have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		**Restated**
Auditors' remuneration:				
- statutory audits - Ernst & Young	**277**	277	**63**	63
- statutory audits - non Ernst & Young	**67**	69	**-**	-
- under provision of auditors' remuneration in previous year Ernst & Young	**-**	6	**-**	-
- other services - Ernst & Young	**129**	40	**129**	40
- under provision of other services in previous year Ernst & Young	**-**	57	**-**	57
Employee benefits expense (Note 7)	**78,361**	81,799	**6,631**	7,727
Non-executive directors' remuneration (Note 8)	**2,417**	2,254	**944**	941
Depreciation of property, plant and equipment (Note 12)	**77,513**	68,878	**5,273**	1,555
Amortisation of intangible asset (Note 14)	**858**	858	**858**	858
Amortisation of investment properties (Note 15)	**1,263**	326	**326**	326
Property, plant and equipment written off (Note 12)	**-**	1,948	**-**	755
Bearer plants written off (Note 12)	**-**	299	**-**	-
Rental of premises	**2,896**	2,899	**975**	900
Rental of equipment	**85**	64	**31**	30
Rental of land	**1,132**	1,229	**144**	140
Rental of parking space	**87**	192	**65**	54
Loss/(gain) on disposal of property, plant and equipment	**5**	(1,200)	**-**	-
Inventories written off	**5,208**	9,386	**-**	-
Impairment of inventories	**1,664**	-	**-**	-
Impairment/(reversal of impairment) of property, plant and equipment (Note 12)	**39,635**	(26,659)	**-**	-
Impairment of goodwill (Note 16)	**-**	6,012	**-**	-

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6. (LOSS)/PROFIT BEFORE TAX (CONT'D.)

The following items have been included in arriving at (loss)/profit before tax: (cont'd.)

	Group		Company	
	2018 RM'000	**2017 RM'000 Restated**	**2018 RM'000**	**2017 RM'000 Restated**
Expected credit losses of trade receivables (Note 22(a))	**151**	3,287	**-**	-
Expected credit losses of other receivables (Note (b) and (d))	**3,878**	897	**422,790**	418
Reversal of expected credit losses of trade receivables (Note 22(a))	**(598)**	(30)	**-**	-
Fair value changes of amount due from plasma (Note 22(d))	**9,901**	-	**-**	-
Impairment loss on investments in subsidiaries (Note 17)	**-**	-	**44,351**	6,635
Realised loss on the foreign exchange of investment in fixed income securities	**28,097**	-	**28,097**	-
Unrealised loss on the foreign exchange of investment in fixed income securities	**-**	35,700	**-**	35,700
Unrealised gain on the foreign exchange of borrowings	**(450)**	-	**(450)**	-
Share of profits from estates payable to Lembaga Tabung Amanah Warisan Negeri Terengganu	**1,242**	2,029	**1,242**	2,029
Share of losses from estates to Majlis Agama Islam dan Adat Melayu Terengganu	**(441)**	(439)	**(441)**	(439)
Dividend income	**(2,139)**	(940)	**(75,801)**	(55,000)
Interest income	**(26,873)**	(30,410)	**(26,747)**	(30,213)
Profit from Al Mudharabah	**(9,007)**	(8,362)	**(981)**	(1,080)
Fair value adjustment on amount due to sublessess (Note 25 (d))	**(2,198)**	-	**-**	-
Fair value changes of biological assets (Note 13)	**1,959**	3,767	**-**	-
(Reversal of)/provision for asset revaluation reserve	**-**	(106,450)	**-**	3,286
Rental income	**(1,224)**	(486)	**-**	-
Profit distribution from Terengganu Oil Palm Development - Sublessees Scheme	**(6,605)**	(24,674)	**(1,322)**	(5,032)
Management fees charged to subsidiaries	**-**	-	**(3,824)**	(13,759)

Notes to the Financial Statements
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7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries, wages and allowances	**49,833**	46,542	**5,845**	7,099
Defined contribution benefits	**9,108**	9,074	**684**	683
Social security costs	**1,036**	909	**54**	50
Provision for/(reversal of) retirement benefit obligations (Note 29 (a))	**426**	223	**33**	(129)
(Reversal of)/provision for short term accumulating compensated absences	**(8)**	136	**15**	24
Other benefits	**17,966**	24,915	**-**	-
	78,361	81,799	**6,631**	7,727

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM206,000 (2017: RM1,067,000) and RM100,000 (2017: RM689,000) respectively as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive directors' remuneration (Note 7):				
Fees and other emoluments	**206**	1,067	**100**	689
	206	1,067	**100**	689
Non-executive directors' remuneration (Note 6):				
Fees and other emoluments	**2,417**	2,254	**944**	941
	2,417	2,254	**944**	941
Total directors' remuneration	**2,623**	3,321	**1,044**	1,630
Indemnity given to or insurance effected for directors	**25**	36	**5**	14
Estimated money value of benefits-in-kind	**36**	66	**-**	18
Total directors' remuneration including benefits-in-kind	**2,684**	3,423	**1,049**	1,662

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9. INCOME TAX EXPENSE/(BENEFIT)

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	**3,666**	21,776	**211**	2,366
- Under/(over) provision of income tax in prior year	**65**	1,799	**(528)**	(141)
	3,731	23,575	**(317)**	2,225
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	**8,160**	36,640	**(328)**	(1,188)
(Over)/under provision in prior year	**(2,479)**	8,206	**(458)**	(3,698)
	5,681	44,846	**(786)**	(4,886)
Income tax expense/(benefit) recognised in profit or loss	**9,412**	68,421	**(1,103)**	(2,661)

Reconciliation between tax expense/(benefit) and accounting (loss)/profit

The reconciliation between tax expense/(benefit) and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 is as follows:

	2018 RM'000	2017 RM'000 Restated
Group		
(Loss)/profit before tax	**(68,107)**	164,342
Taxation at Malaysian statutory rate of 24% (2017: 24%)	**(16,346)**	39,442
Adjustments:		
Income not subject to tax	**(25,489)**	(7,908)
Expenses not deductible for tax purposes	**51,949**	12,882
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**1,307**	(153)
Deferred tax assets not recognised during the year	**405**	775
Under provision of income tax in prior year	**65**	15,177
(Over)/under provision of deferred tax in prior year	**(2,479)**	8,206
Tax expense for the year	**9,412**	68,421
Company		
(Loss)/profit before tax	**(414,915)**	28,262
Adjustments:		
Taxation at Malaysian statutory rate of 24% (2017: 24%)	**(99,580)**	6,783
Income not subject to tax	**(24,611)**	(20,451)
Expenses not deductible for tax purposes	**124,074**	14,768
Over provision of income tax in prior year	**(528)**	(63)
Over provision of deferred tax in prior year	**(458)**	(3,698)
Tax benefit for the year	**(1,103)**	(2,661)

Domestic current income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profit/(loss) for the year.

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/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 (loss)/profit and share data used in the computation of basic (loss)/earnings per share for the years ended 31 December:

	Group	
	2018 RM'000	**2017 RM'000 Restated**
(Loss)/profit net of tax attributable to owners of the parent used in computation of basic (loss)/earnings per share	**(74,660)**	100,572
	2018 Number of ordinary shares '000	**2017 Number of ordinary shares '000**
Weighted average number of ordinary shares in issue for basic earnings per share computation	**1,668,196**	1,581,514
Basic (loss)/earnings per share (sen per share)	**(4.48)**	6.36

The Group does not have any outstanding convertible equity instrument as at the reporting date. Accordingly, the diluted earnings per share is presented as equal to the basic (loss)/earnings per share.

11. DIVIDENDS

	Group and Company				
	Dividends in respect of year			Dividends recognised in year	
	2018 RM'000	**2017 RM'000**	**2016 RM'000**	**2018 RM'000**	**2017 RM'000**
Recognised in prior year					
First and final dividend in respect of the financial year ended 31 December 2016 of 0.5 sen dividend per share, tax exempt under the single-tier system on 1,505,462,380 ordinary shares proposed on 5 April 2017, approved on 25 May 2017 and paid on 2 August 2017.	**-**	-	7,527	**-**	7,527
Recognised during the year					
First and final dividend in respect of the financial year ended 31 December 2017 of 0.5 sen dividend per share, tax exempt under the single-tier system on 1,657,877,501 ordinary shares proposed on 27 March 2018, approved on 24 May 2018 and paid on 14 August 2018.	**-**	8,290	-	**8,290**	-
	-	8,290	7,527	**8,290**	7,527

There were no dividend proposed by the Company during financial year ended 31 December 2018.

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12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Bearer plants RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Assets under construction RM'000	Total RM'000
Group							
Cost							
At 1 January 2017	17,183	618,964	206,856	584,371	374,746	288,454	2,090,574
Additions	-	1,075	9,066	51,442	9,719	36,212	107,514
Disposals	-	-	(2,700)	-	(63)	-	(2,763)
Transfers	-	-	10,081	-	24,716	(34,797)	-
Reversal of impairment	-	-	-	37,684	-	-	37,684
Reclassifications	(9,983)	(27,657)	(10,267)	-	47,907	-	-
Write off	-	(672)	(313)	(299)	(1,874)	(1,502)	(4,660)
Exchange differences	-	(6,374)	(278)	(25,080)	(4,180)	(10,684)	(46,596)
At 31 December 2017 and 1 January 2018	7,200	585,336	212,445	648,118	450,971	277,683	2,181,753
Revaluation surplus/ (deficit) deemed as cost	8,800	123,934	4,838	10,811	(7,223)	-	141,160
At 31 December 2017 and 1 January 2018, restated	16,000	709,270	217,283	658,929	443,748	277,683	2,322,913
Additions	-	946	10,791	18,632	10,700	7,496	48,565
Disposals	-	-	-	-	(418)	-	(418)
Transfers	-	-	152,335	-	69,664	(221,999)	-
Transfer to investment properties (Note 15)	-	-	(4,849)	-	-	-	(4,849)
Transfer to amount due from Plasma (Note 22(d))	-	-	-	(15,782)	-	-	(15,782)
Transfer from lease liability (Note 31)	-	205,134	-	-	-	-	205,134
Exchange differences	-	(2,395)	(138)	(10,901)	(6,738)	4,873	(15,299)
At 31 December 2018	**16,000**	**912,955**	**375,422**	**650,878**	**516,956**	**68,053**	**2,540,264**

Notes to the Financial Statements
For the financial year ended 31 December 2018

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Bearer plants RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Assets under construction RM'000	Total RM'000
Cost							
Accumulated depreciation and impairment loss							
At 1 January 2017	-	31,693	42,044	250,613	169,208	42,225	535,783
Depreciation charge for the year (Note 6)	-	8,911	6,364	24,355	29,248	-	68,878
Impairment (Note 6)	-	11,025	-	-	-	-	11,025
Write off	-	(259)	(313)	-	(1,858)	-	(2,430)
Exchange differences	-	-	(93)	-	(2,166)	-	(2,259)
At 31 December 2017 and 1 January 2018	-	51,370	48,002	274,968	194,432	42,225	610,997
Depreciation charge for the year (Note 6)	-	15,000	9,334	24,215	28,964	-	77,513
Impairment (Note 6)	-	185	245	33,990	5,215	-	39,635
Disposals	-	-	-	-	(41)	-	(41)
Transfer to investment properties (Note 15)	-	-	(937)	-	-	-	(937)
Reclassifications	-	-	-	-	(18,890)	18,890	-
Exchange differences	-	-	(69)	(893)	(1,241)	-	(2,203)
At 31 December 2018	-	66,555	56,575	332,280	208,439	61,115	724,964
Net carrying amount							
At 31 December 2017	16,000	657,900	169,281	383,961	249,316	235,458	1,711,916
At 31 December 2018	**16,000**	**846,400**	**318,847**	**318,598**	**308,517**	**6,938**	**1,815,300**

Notes to the Financial Statements
For the financial year ended 31 December 2018

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Leasehold land RM'000	Equipment and vehicles RM'000	Building RM'000	Renovation RM'000	Assets under construction RM'000	Total RM'000
Company						
Cost						
At 1 January 2017	39,036	8,404	-	4,970	140,584	192,994
Revaluation deficit deemed as cost	(4,724)	-	-	-	-	(4,724)
At 1 January 2017, restated	34,312	8,404	-	4,970	140,584	188,270
Additions	-	833	-	90	12,397	13,320
Write offs	-	(3)	-	-	(754)	(757)
At 31 December 2017 and 1 January 2018	34,312	9,234	-	5,060	152,227	200,833
Additions	-	174	10,090	-	-	10,264
Transfers	-	-	151,704	-	(151,704)	-
At 31 December 2018	**34,312**	**9,408**	**161,794**	**5,060**	**523**	**211,097**
Accumulated depreciation						
At 1 January 2017	2,930	6,952	-	2,643	523	13,048
Depreciation charge for the year (Note 6)	467	632	-	456	-	1,555
Write off	-	(2)	-	-	-	(2)
At 31 December 2017 and 1 January 2018	3,397	7,582	-	3,099	523	14,601
Depreciation charge for the year (Note 6)	1,483	575	2,966	249	-	5,273
At 31 December 2018	**4,880**	**8,157**	**2,966**	**3,348**	**523**	**19,874**
Net carrying amount						
At 31 December 2017	30,915	1,652	-	1,961	151,704	186,232
At 31 December 2018	**29,432**	**1,251**	**158,828**	**1,712**	**-**	**191,223**

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM4,011,000 (2017: RM1,053,000) and RMNil (2017: RM505,000) by means of hire purchase and finance leases respectively. The cash outflow on acquisition of property, plant and equipment of the Group and of the Company amounted to RM4,634,000 (2017: RM55,019,000) and RMNil (2017: RM12,815,000) which included the capitalised interest costs amounting to RM26,961,000 (2017: RM40,487,000) and RMNil (2017: RM2,127,000) respectively.

Net carrying amounts of property, plant and equipment held under hire purchase and finance leases are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Machinery, equipment and vehicles	**14,058**	17,648	**441**	563

(b) In addition to assets held under finance leases, the Group's assets with a carrying amount of RM125,609,000 (2017: RM130,914,000) are mortgaged to secure the Group's bank loans (Note 24).

(c) The Group's and the Company's property, plant and equipment include borrowing cost arising from bank loan borrowed specifically for the purpose of the improvements and construction of both hospital buildings and a mill and financing the oil palm development expenditure. During the financial year, the borrowing cost capitalised as cost of property, plant and equipment for the Group and the Company amounted to RM26,961,000 (2017: RM40,487,000) and RMNil (2017: RM2,127,000) respectively.

(d) Impairment of leasehold land of the Group arose from valuation performed by independent professional valuers which resulted in the carrying amount being written down by RM11,025,000 in prior year.

(e) Impairment of assets of the Group arose from valuation performed by independent professional valuers which resulted in the carrying amount being written down by RM39,635,000 during the financial year.

13. BIOLOGICAL ASSETS

	Group	
	2018 RM'000	**2017 RM'000 Restated**
Carrying amount at 1 January	**5,000**	8,767
Fair value changes (Note 6)	**(1,959)**	(3,767)
Carrying amount at 31 December	**3,041**	5,000
FFB production (MT)	**2,307**	2,191

The biological assets of the Group comprise of oil palm fresh fruit bunches ("FFB") prior to harvest. The valuation model to be adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB.

To arrive at the fair value of FFB, the management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generated from FFB prior to more than 4 weeks to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to 4 weeks prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 49% for FFB that are 3 to 4 weeks prior to harvest and 83% for FFB that are 1 to 2 weeks prior to harvest, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from tests. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flow to be generated.

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13. BIOLOGICAL ASSETS (CONT'D.)

The change in fair value of the biological assets in each accounting period is recognised in profit or loss.

The Group's biological assets were fair valued within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

The key assumptions used to determine the fair value are as follows:

	2018	2017
Oil palms		
Area (Ha)	**27,810**	28,051
Average CPO selling price (RM/MT)	**1,849**	2,367
Average FFB cost (RM/MT)	**449**	403

Sensitivity analysis
A 10% increase/decrease in the average crude palm oil (CPO) selling price (RM/MT) and average FFB cost (RM/MT) would result in the following to the fair value of the biological assets:

	2018 RM	2017 RM
10% increase	**3,345**	5,500
10% decrease	**2,737**	4,500

14. INTANGIBLE ASSET

	Group and Company	
	2018 RM'000	2017 RM'000
At 1 January	**7,179**	7,463
Adjustment	**-**	574
Amortisation (Note 6)	**(858)**	(858)
At 31 December	**6,321**	7,179

15. INVESTMENT PROPERTIES

	Group	
	2018 RM'000	2017 RM'000 Restated
Cost		
At 1 January	**11,400**	11,000
Revaluation surplus deemed as cost	**-**	400
Transfer from property, plant and equipment (Note 12)	**4,849**	-
At 31 December	**16,249**	11,400
Accumulated amortisation		
At 1 January	**(4,769)**	(4,443)
Amortisation (Note 6)	**(326)**	(326)
Transfer from property, plant and equipment (Note 12)	**(937)**	-
At 31 December	**(6,032)**	(4,769)
Net carrying amount		
At 31 December	**10,217**	6,631

15. INVESTMENT PROPERTIES (CONT'D.)

	Company	
	2018	**2017**
	RM'000	**RM'000**
		Restated
Cost		
At 1 January	**11,400**	11,000
Revaluation surplus deemed as cost	**-**	400
At 31 December	**11,400**	11,400
Accumulated amortisation		
At 1 January	**(4,769)**	(4,443)
Amortisation (Note 6)	**(326)**	(326)
At 31 December	**(5,095)**	(4,769)
Net carrying amount		
At 31 December	**6,305**	6,631

The directors have estimated the fair value of investment properties of the Group and of the Company as at 31 December 2018 to be RM15,415,000 and RM12,000,000 respectively. The fair value have been determined by valuation performed by Raine & Horne, independent professional valuer by reference to market evidence of transaction prices of similar properties.

16. GOODWILL

	Group	
	2018	**2017**
	RM'000	**RM'000**
At 1 January	**991**	7,003
Impairment (Note 6)	**-**	(6,012)
At 31 December	**991**	991

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to an individual cash-generating units ("CGU") for impairment testing which is nil (2017: two) of the hospitals within the healthcare sector.

The carrying amount of goodwill allocated to the CGU is as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Healthcare	**991**	991

The recoverable amount of the CGU has been determined based on fair value less costs to sell of the hospital's assets. The fair value of the freehold land, building and hospital equipment are derived from an independent valuer, Raine & Horne's report dated 31 December 2018.

Notes to the Financial Statements
For the financial year ended 31 December 2018

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
Unquoted shares at cost:		
- in Malaysia	**236,736**	236,736
- outside Malaysia	**50,986**	50,986
	287,722	287,722
Less: Accumulated impairment losses	**(63,456)**	(19,105)
	224,266	268,617

In the previous financial year, the impairment of the investments in subsidiaries of the Company arose from the subsidiaries incorporated in Indonesia as these subsidiaries have not started operations, which resulted in the carrying amount being written down by RM6,635,000.

Impairment of investments in subsidiaries of the Company arose from a subsidiary incorporated in Indonesia as this subsidiary has delayed progress on operations, which resulted in the carrying amount being written down by RM44,351,000 during the financial year.

Details of the subsidiaries are as follows:

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2018 %	Proportion of ownership interest 2017 %
TDM Plantation Sdn. Bhd.	Malaysia	Management of oil palm plantation, processing and trading of palm oil and related products.	**100**	100
Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.	Malaysia	Cultivation of oil palms, trading of palm oil and other related products.	**100**	100
TDM Trading Sdn. Bhd.	Malaysia	Trading of crude palm oil and other related products.	**100**	100
TDM Capital Sdn. Bhd.	Malaysia	Investment holding, trading, cultivation of oil palms and other related products.	**100**	100
Kumpulan Medic Iman Sdn. Bhd.	Malaysia	Investment holding and provision of consultancy and management services to specialist medical centres.	**99.28**	99.28
PT Rafi Kamajaya Abadi *@	Indonesia	Cultivation of oil palms, trading of palm oil and other related products.	**93.75**	93.75

Notes to the Financial Statements
For the financial year ended 31 December 2018

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2018 %	2017 %
PT Sawit Rezki Abadi *@	Indonesia	Cultivation of oil palms, trading of palm oil and other related products.	**95**	95
PT Rafi Sawit Lestari *	Indonesia	Dormant.	**95**	95
Kumpulan Mediiman Sdn. Bhd.	Malaysia	Dormant.	**90.49**	90.49
Indah Sari Travel & Tours Sdn. Bhd.	Malaysia	Dormant.	**70**	70
TD Gabongan Sdn. Bhd.	Malaysia	Dormant.	**51**	51
Held by Kumpulan Medic Iman Sdn. Bhd.				
Kuantan Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	**92.33**	92.33
Kelana Jaya Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	**99.29**	99.29
Kuala Terengganu Specialist Hospital Sdn. Bhd.	Malaysia	Specialist medical centre.	**100**	100
TDMC Hospital Sdn. Bhd.	Malaysia	Specialist medical centre.	**100**	100

* Audited by firms of auditors other than Ernst & Young.

@ A subsidiary with auditors' report that draws reference to the going concern assumptions. The auditors' report is not qualified.

(a) Summarised financial information of PT Rafi Kamajaya Abadi ("RKA"), Kuantan Medical Centre Sdn. Bhd. ("KMC"), Kumpulan Mediiman Sdn. Bhd. ("KMI") and TD Gabongan Sdn. Bhd. ("TDG") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination and consolidation adjustments. The non-controlling interests in respect of Kumpulan Medic Iman Sdn. Bhd., Kelana Jaya Medical Centre Sdn. Bhd., PT Rafi Sawit Lestari, PT Sawit Rezki Abadi and Indah Sari Travel & Tours Sdn. Bhd. are not material to the Group.

Notes to the Financial Statements
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17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(i) Summarised statements of financial position

	2018				2017			
	RKA RM'000	**KMC RM'000**	**KMI RM'000**	**TDG RM'000**	**RKA RM'000**	**KMC RM'000**	**KMI RM'000**	**TDG RM'000**
Non-current assets	**357,673**	**125,602**	**499**	**-**	413,772	125,263	499	-
Current assets	**84,436**	**41,156**	**271**	**2,880**	67,928	38,742	276	2,889
Total assets	**442,109**	**166,758**	**770**	**2,880**	481,700	164,005	775	2,889
Current liabilities	**745,547**	**30,599**	**168**	**2**	441,210	30,451	188	2
Non-current liabilities	**4,604**	**61,198**	**-**	**-**	316,695	63,184	-	-
Total liabilities	**750,151**	**91,797**	**168**	**2**	757,905	93,635	188	2
Net (liabilities)/assets	**(308,042)**	**74,961**	**602**	**2,878**	(276,205)	70,370	587	2,887
Equity attributable to owners of the parent	**(288,789)**	**69,211**	**545**	**1,468**	(258,942)	64,973	531	1,472
Non-controlling interests	**(19,253)**	**5,750**	**57**	**1,410**	(17,263)	5,397	56	1,415

(ii) Summarised statements of comprehensive income

	2018				2017			
	RKA RM'000	**KMC RM'000**	**KMI RM'000**	**TDG RM'000**	**RKA RM'000**	**KMC RM'000**	**KMI RM'000**	**TDG RM'000**
Revenue	**117**	**123,897**	**28**	**-**	228	116,034	-	-
(Loss)/profit for the year	**(51,587)**	**5,046**	**14**	**(9)**	(74,497)	1,139	228	7
(Loss)/profit attributable to owners of the parent	**(48,363)**	**4,659**	**13**	**(9)**	(69,841)	1,052	206	4
(Loss)/profit attributable to non-controlling interests	**(3,224)**	**387**	**1**	**-**	(4,656)	87	22	3
Total comprehensive (loss)/income	**(51,587)**	**5,046**	**14**	**(9)**	(74,497)	1,139	228	7
Total comprehensive (loss)/income attributable to owners of the parent	**(48,363)**	**4,659**	**13**	**(9)**	(69,841)	1,052	206	4
Total comprehensive (loss)/income attributable to the non-controlling interests	**(3,224)**	**387**	**1**	**-**	(4,656)	87	22	3
	(51,587)	**5,046**	**14**	**(9)**	(74,497)	1,139	228	7

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(iii) Summarised statements of cash flows

	2018				2017			
	RKA RM'000	**KMC RM'000**	**KMI RM'000**	**TDG RM'000**	**RKA RM'000**	**KMC RM'000**	**KMI RM'000**	**TDG RM'000**
Net cash from/(used in) operating activities	**2,305**	**19,598**	**(5)**	**-**	(38,136)	10,544	-	19
Net cash (used in)/from investing activities	**(2,311)**	**(6,578)**	**-**	**-**	37,448	(1,845)	-	44
Net cash used in financing activities	**-**	**(7,341)**	**-**	**-**	-	(8,693)	-	-
Net (decrease)/increase in cash and cash equivalents	**(6)**	**5,679**	**(5)**	**-**	(688)	6	-	63
Cash and cash equivalents at 1 January	**505**	**8,937**	**12**	**462**	1,193	8,931	12	399
Cash and cash equivalents at 31 December	**499**	**14,616**	**7**	**462**	505	8,937	12	462

Notes to the Financial Statements
For the financial year ended 31 December 2018

18. OTHER INVESTMENTS

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Fair value to other comprehensive income ("FVOCI")				
Unquoted shares, at cost				
Within Malaysia - shares	**9,745**	9,745	**4,770**	4,770
Fair valued recognised in other comprehensive income (Note 27)	**17,594**	-	**-**	-
Less: Accumulated impairment losses	**(5,045)**	(5,045)	**(4,770)**	(4,770)
	22,294	4,700	**-**	-
Investment in fixed income securities, outside Malaysia (Note 22(c))	**-**	315,000	**-**	315,000
Total other investments	**22,294**	319,700	**-**	315,000

(a) Investment in unquoted shares

The unquoted shares are stated at cost less accumulated impairment losses.

The amount is related to the investment in unquoted shares, Ladang Rakyat Trengganu Sdn. Bhd. The investment previously classified as assets available for sale are now classified and measured as fair value to other comprehensive income.

The investment is valued using valuation model of market multiples method which uses both observable and non-observable data. The non-abservable inputs to the model includes assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

Sensitivity analysis
A 10% increase/decrease in the marketability discount would result in the following to the fair value of the investment:

	2018 RM	**2017 RM**
10% increase	**2,229**	-
10% decrease	**(2,229)**	-

(b) Investment in fixed income securities

The investment in fixed income securities represents an investment that was issued by an international financial institution, Oversea-Chinese Banking Corporation Limited, Singapore.

The investment in fixed income securities has an interest rate of 10.295% per annum for the first 3 years and 10% per annum after 3 years. It matures twelve years from the issuance date of the first transaction of Indonesian Rupiah 70,000,000,000. The investment will mature in 2025. On 16 October 2018, the Company has made early redemption of the investment in fixed income securities.

19. INVESTMENTS IN SECURITIES

	2018		2017	
	Carrying amount RM'000	Market value of quoted investments RM'000	Carrying amount RM'000	Market value of quoted investments RM'000
Group				
Non-current				
Fair value to other comprehensive income ("FVOCI")				
-Equity instruments (quoted in Malaysia)	**44**	**44**	48	48

20. PROPERTY DEVELOPMENT COSTS

	Group	
	2018 RM'000	2017 RM'000
Property development, at cost	**1,583**	1,583
Less: Provision for foreseeable losses	**(1,583)**	(1,583)
	-	-

21. INVENTORIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At Cost				
Produced inventories	**8,731**	9,636	**646**	1,544
Pharmaceutical products	**2,858**	1,232	**-**	-
Consumables	**1,001**	2,345	**-**	-
Spare parts, equipment and store	**7,384**	5,144	**-**	-
	19,974	18,357	**646**	1,544
At Net Realisable Value				
Seedlings	**8,047**	14,923	**-**	-
	28,021	33,280	**646**	1,544

During the year, the amounts of inventories recognised as an expense in cost of sales of the Group and of the Company were RM156,924,000 (2017: RM138,105,000) and RM15,148,000 (2017: RM14,003,000) respectively.

During the year, the amount of inventories written off at the Group level was RM5,208,000 (2017: RM9,386,000). During the year, the amount of impairment of inventories at Group level was RM1,664,000 (2017: RMNil).

Notes to the Financial Statements
For the financial year ended 31 December 2018

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current				
Trade receivables				
Third parties	**52,265**	61,804	**-**	-
Less: Allowance for impairment Third parties	**(10,090)**	(10,537)	**-**	-
Trade receivables,net	**42,175**	51,267	**-**	-
Other receivables				
Due from subsidiaries	**-**	-	**781,719**	369,479
Sundry receivables	**63,042**	35,708	**42,194**	23,356
	63,042	35,708	**823,913**	392,835
Less: Allowance for impairment				
Sundry receivables	**(11,716)**	(11,596)	**(7,087)**	(7,087)
Subsidiaries	**-**	-	**(424,656)**	(1,866)
	(11,716)	(11,596)	**(431,743)**	(8,953)
Other receivables,net	**51,326**	24,112	**392,170**	383,882
Total trade and other receivables (current)	**93,501**	75,379	**392,170**	383,882
Non-current				
Other receivables				
Interest receivable (Note 22(c))	**-**	63,234	**-**	63,234
Amount due from Plasma (Note 22(d))	**65,880**	46,670	**-**	-
Total other receivables (non-current)	**65,880**	109,904	**-**	63,234
Total trade and other receivables (current and non-current)	**159,381**	185,283	**392,170**	447,116
Add: Investment in fixed income securities (Note 18)	**-**	315,000	**-**	315,000
Add: Cash and bank balances (Note 23)	**75,405**	108,217	**33,990**	33,315
Total financial assets carried at amortised cost	**234,786**	608,500	**426,160**	795,431

22. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2017: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

	Group	
	2018 RM'000	**2017 RM'000 Restated**
Neither past due nor impaired	**30,860**	28,351
1 to 30 days past due not impaired	**5,177**	9,397
31 to 60 days past due not impaired	**2,475**	5,295
61 to 90 days past due not impaired	**3,663**	8,224
	11,315	22,916
Impaired	**10,090**	10,537
	52,265	61,804

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM11,315,000 (2017: RM22,916,000) that are past due at the reporting date but not impaired.

Based on past experience and no adverse information to date, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Notes to the Financial Statements
For the financial year ended 31 December 2018

22. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movements of the allowance accounts used to record the impairment are as follows:

	Group individually impaired	
	2018	**2017**
	RM'000	**RM'000**
		Restated
Trade receivables-nominal amounts	**10,090**	10,537
Less: Allowance for expected credit losses	**(10,090)**	(10,537)
	-	-

Movement in allowance accounts:

	Group	
	2018	**2017**
	RM'000	**RM'000**
		Restated
At 1 January	**10,537**	7,280
Provision for expected credit losses (Note 6)	**151**	3,287
Reversal for the year (Note 6)	**(598)**	(30)
At 31 December	**10,090**	10,537

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

22. TRADE AND OTHER RECEIVABLES (CONT'D.)

(b) Other receivables

Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

Other receivables that are impaired

At the reporting date, the Group and the Company have provided an allowance of RM11,716,000 (2017: RM11,596,000) and RM431,743,000 (2017: RM8,953,000) respectively for impairment of other receivables.

The movements of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000 Restated**	**2018 RM'000**	**2017 RM'000**
At 1 January	**11,596**	10,699	**8,953**	8,535
Provision for expected credit losses (Note 6)	**120**	897	**422,790**	418
At 31 December	**11,716**	11,596	**431,743**	8,953

(c) Interest receivable

The amount was related to the interest receivable from investment in fixed income securities as disclosed in Note 18.

(d) Amount due from Plasma

	Group	
	2018 RM'000	**2017 RM'000**
Non-current		
Land cost	**8,836**	9,280
Building and materials	**465**	489
Development costs	**47,534**	20,806
Interest	**20,664**	14,437
Management fee	**1,000**	1,026
Others	**1,040**	632
Total	**79,539**	46,670
Less: Provision for impairment (Note 6)	**(3,758)**	-
Fair value changes (Note 6)	**(9,901)**	-
	65,880	46,670

Amount due from Plasma relates to advances by a subsidiary operating in Indonesia to the Plasma Programme which was initiated pursuant to the Indonesian government's policy for partnerships between plantation companies and their respective surrounding communities. This amount will be recovered by the subsidiary upon maturity of the plantation under Plasma before the profits are distributed to Plasma.

Notes to the Financial Statements
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22. TRADE AND OTHER RECEIVABLES (CONT'D.)

(d) Amount due from Plasma

The development costs as at 31 December 2018 included transfer of bearer plants owned by Plasma amounting to RM15,782,000 from property, plant and equipment (Note 12).

The carrying amount of amount due from Plasma is reasonable approximation of fair value. The fair value of non-current amount due from Plasma have been determined based on value in use calculation and is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending at the reporting date.

	2018	2017
Growth rate	**0.00%**	-
Pre-tax discount rate	**10.00%**	-

The calculation of value in use is most sensitive to the following assumptions:

Growth rate - The growth rate used is after considering the expected long term inflation and economic growth rate of the country as well as the riskiness of the prospective financial information, the growth rate of 0% used by management appears reasonable.

Pre-tax discount rate - The discount rate is pre-tax and reflect specific risks relating to the relevant activities.

Sensitivity to changes in assumptions
Management believes that no reasonable possible changes in any of the above key assumptions would impact the fair value.

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash at banks and in hand	**24,273**	12,890	**336**	639
Deposits with licensed banks	**51,132**	95,327	**33,654**	32,676
Cash and bank balances	**75,405**	108,217	**33,990**	33,315

Cash at banks earns interest at floating rates based on daily bank deposits rates. Deposits are made for varying periods of between one day to 365 days (2017: 365 days) depending on the immediate cash requirements of the Group, and earn interest at the respective deposits rate. The weighted average effective interest rates as at 31 December 2018 of the Group and of the Company were 3.22% (2017: 3.35%) and 4.13% (2017 : 4.11%) per annum respectively.

Notes to the Financial Statements
For the financial year ended 31 December 2018

23. CASH AND CASH EQUIVALENTS (CONT'D.)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	**75,405**	108,217	**33,990**	33,315
Bank overdraft (Note 24)	**(14,299)**	(16,144)	**(14,299)**	(16,144)
Less: Deposits pledged for bank guarantee facility and Finance Service Reserve Account (Note 24)	**(34,237)**	(33,236)	**(33,648)**	(32,671)
Less: Deposits with maturity period more than 3 months	**(2,190)**	(1,857)	**(5)**	(5)
Cash and cash equivalents	**24,679**	56,980	**(13,962)**	(15,505)

24. LOANS AND BORROWINGS

		Group		Company	
	Maturity	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<u>**Current**</u>					
Secured					
Obligations under hire purchase and finance leases (Note 33 (b))	2019	**179**	3,092	**109**	109
Bank loans:					
- Business Financing-i at Base Financing Rate -1.0% per annum	2019	**989**	391	**-**	-
- Business Financing-i at Base Financing Rate -2.0% per annum	2019	**1,246**	1,224	**-**	-
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	2019	**22,084**	26,202	**22,084**	20,792
- Term Financing-i at Cost of Fund +1.0% per annum	2019	**17,150**	3,183	**-**	-
- Muamalat Term Financing-i at 1.5% per annum above 3 months Cost of Fund	2019	**1,508**	-	**-**	-
Unsecured					
Bank loan:					
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	2019	**15,000**	7,500	**15,000**	7,500
		58,156	41,592	**37,193**	28,401

Notes to the Financial Statements
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24. LOANS AND BORROWINGS (CONT'D.)

		Group		Company	
	Maturity	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current					
Secured					
Obligations under hire purchase and finance leases (Note 33 (b))	2020-2021	**6,208**	3,137	**385**	385
Bank loans:					
- Business Financing-i at Base Financing Rate -1.0% per annum	2020-2025	**5,901**	6,009	**-**	-
- Business Financing-i at Base Financing Rate -2.0% per annum	2020	**1,795**	2,988	**-**	-
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	2020-2030	**242,119**	265,495	**178,751**	207,786
- Term Financing-i at Cost of Fund +1.0% per annum	2020-2030	**22,829**	23,567	**-**	-
- Commodity Murabahah Term Financing at Cost of Fund +1.25% per annum	2020-2026	**87,915**	75,000	**-**	-
- Muamalat Term Financing-i at 1.5% per annum above 3 months Cost of Fund	2020-2026	**4,881**	7,071	**-**	-
Bank overdraft:					
- Cash Line-i at Base Financing Rate +0.0% per annum	2020	**14,299**	16,144	**14,299**	16,144
Unsecured					
Bank loan:					
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	2020-2025	**41,982**	35,000	**41,982**	35,000
Indonesian Rupiah Notes Programme	2025	**-**	315,000	**-**	-
		427,929	749,411	**235,417**	259,315
Total loans and borrowings		**486,085**	791,003	**272,610**	287,716

24. LOANS AND BORROWINGS (CONT'D.)

The remaining maturities of the loans and borrowings as at year end are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
On demand or within one year	**58,156**	41,592	**37,193**	28,401
More than 1 year and less than 2 years	**46,219**	38,737	**14,408**	16,253
More than 2 years and less than 5 years	**87,748**	57,674	**276**	276
5 years and more	**293,962**	653,000	**220,733**	242,786
	486,085	791,003	**272,610**	287,716

Business Financing-i at Base Financing Rate -1.0% per annum

The facility is secured by way of a first party first legal charge over a leasehold land and building known as Kelana Jaya Medical Centre Sdn. Bhd. bearing postal address of FAS Business Avenue, No.1, Jalan Perbandaran, 47301 Kelana Jaya, Petaling Jaya, Selangor and held under H.S (D) 259689, PT No. 14532 Mukim of Damansara, Daerah Petaling, State of Selangor.

The facility is repayable over 120 months. The grace period is 6 months from the first drawdown.

The subsidiary has deposited 3 months security equivalent to the instalment amount held on lien in the form of Term Deposit Tawaruq-i account.

Business Financing-i at Base Financing Rate -2.0% per annum

The facilitiy is secured by way of first party first legal charge and first party second legal charge over a freehold land and a hospital building belonging to TDMC Hospital Sdn. Bhd. erected on GRN 47712, Lot 51913 Mukim and District of Kuala Lumpur, Wilayah Persekutuan bearing postal address No. 45 Jalan Desa, Taman Desa, Off Old Klang Road, 58100 Kuala Lumpur.

The subsidiary has opened a Finance Service Reserve Account ("FSRA") with the bank and transferred prior to the initial disbursement, an amount equivalent to two (2) monthly payments ("Minimum Reserve Requirement") amounting to RM225,261 (2017: RM225,261) into the FSRA. Upon maturity, the credit balance in the FSRA shall be used for settlement of the final instalment payment.

The loan is repayable within 7 years from November 2013 to February 2022 commencing one month from the date of first disbursement.

Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum

(i) Fresh first party first legal charge for RM80,000,000 over a piece of commercial land with a hospital building belonging to Kuantan Medical Centre Sdn. Bhd. erected thereon at Bandar Indera Mahkota, Kuantan held under land title of PN 7723, Lot 54559, Mukim of Kuala Kuantan, Kuantan, Pahang Darul Makmur. The facility is repayable over 180 months with a monthly payment of RM632,635. The grace period is 24 months from the first drawdown on 30 August 2012. During the grace period, interest payments are to be serviced monthly and are subject to yearly review.

(ii) Fresh first party first legal charge over land and building to be erected on GM569 - 575, Lot 3046 - 3052, Mukim Batu 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.

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24. LOANS AND BORROWINGS (CONT'D.)

Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum (cont'd.)

(iii) Fresh first party second legal charge over land and building of the Company to be erected on HSD 9357, Lot PT 2407, Mukim Batu 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.

Muamalat Term Financing-i at 1.5% per annum above 3 months Cost of Fund

These obligations is secured by specific debenture over the equipment or machines to be financed. The facility is repayable with a maximum period of 8 years, including 30 months of grace profit period, commencing from the date of first disbursement of the facility. During the grace period, interest payment is to be serviced monthly and subject to yearly review.

Revolving Credit Facility-i at Cost of Fund +1.0% per annum

The unsecured Revolving Credit Facility-i at Cost of Fund +1.0% per annum to part finance general requirement for the development and maintenance cost for oil palm plantation activities in Indonesia and Malaysia. Payment in the form of annual limit reduction, commencing on the 25th month from Facility 1st disbursement as scheduled.

Indonesian Rupiah Notes Programme ("IDR Notes")

The unsecured Indonesian Rupiah Notes Programme ("IDR Notes") bears a fixed interest rate of 12% per annum and matures twelve years from the issuance date of the first IDR Notes in 2013. The IDR Notes have been fully settled during the year.

24. LOANS AND BORROWINGS (CONT'D.)

Changes in liabilities arising from financing activities

Group	At 1 January 2018 RM'000	Net addition/ (repayment) RM'000	Foreign exchange movement RM'000	At 31 December 2018 RM'000
Obligations under hire purchase and finance leases	6,229	158	-	6,387
Bank loans:				
- Business Financing-i at Base Financing Rate -1.0% per annum	6,400	1,998	-	8,398
- Business Financing-i at Base Financing Rate -2.0% per annum	4,212	(1,171)	-	3,041
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	291,697	(27,494)	-	264,203
- Term Financing-i at Cost of Fund +1.0% per annum	26,750	13,229	-	39,979
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	42,500	14,482	-	56,982
- Commodity Murabahah Term Financing at Cost of Fund +1.25% per annum	75,000	12,915	-	87,915
- Muamalat Term Financing-i at 1.5% per annum above 3 months Cost of Fund	7,071	(2,190)	-	4,881
Bank overdraft:				
- Cash Line-i at Base Financing Rate +0.0% per annum	16,144	(1,845)	-	14,299
Indonesian Rupiah Notes Programme	315,000	(286,903)	(28,097)	-
	791,003	(276,821)	(28,097)	486,085
Company				
Obligations under hire purchase and finance leases	494	-	-	494
Bank loans:				
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	228,578	(27,743)	-	200,835
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	42,500	14,482	-	56,982
Bank overdraft:				
- Cash Line-i at Base Financing Rate +0.0% per annum	16,144	(1,845)	-	14,299
	287,716	(15,106)	-	272,610

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25. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current				
Trade payables				
Third parties	**77,400**	117,311	**69**	69
Due to Sublessees	**31,276**	-	**-**	-
	108,676	117,311	**69**	69
Other payables				
Due to subsidiaries	**-**	-	**284,375**	260,285
Sundry payables	**8,820**	11,493	**4,200**	6,484
Accruals	**22,824**	43,892	**5,129**	3,834
	31,644	55,385	**293,704**	270,603
Total trade payables and other payables	**140,320**	172,696	**293,773**	270,672
Non-current				
Other payable				
Interest payable	**-**	87,710	**-**	-
Due to Sublessees	**26,411**	-	**-**	-
	26,411	87,710	**-**	-
Total trade and other payables (current and non-current)	**166,731**	260,406	**293,773**	270,672
Add: Loans and borrowings (Note 24)	**486,085**	791,003	**272,610**	287,716
Total financial liabilities carried at amortised cost	**652,816**	1,051,409	**566,383**	558,388

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and to the Company are up to one month.

(b) Other payables

Amounts due to subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

(c) Interest payable

The amount was related to the interest payable on the Indonesian Rupiah Notes Programme ("IDR Notes") as disclosed in Note 24.

(d) Amount due to Sublessees

Included in trade payables is amount due to Sublessees which relates to the Sublessees Scheme managed by a subsidiary. The lease term of the Scheme expired on 17 April 2012. The subsidiary continues to cultivate the related plantation. Profit distribution from cultivation of the Sublessees Scheme to certain Sublessees has been accrued pending renewal of the Sublessees arrangement. The amount stated after adjustment of fair value impact of RM2,198,000 (2017: RMNil).

25. TRADE AND OTHER PAYABLES (CONT'D.)

(d) Amount due to Sublessees (cont'd.)

The carrying amount of amount due to Sublessees is reasonable approximation of fair value. The fair value of non-current amount due to Sublessees have been determined based on value in use calculation and is estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowings at the reporting date.

	2018	2017
Growth rate	**0.00%**	-
Pre-tax discount rate	**5.50%**	-

The calculation of value in use is most sensitive to the following assumptions:

Growth rate - The growth rate used is after considering the expected long term inflation and economic growth rate of the country as well as the riskiness of the prospective financial information, the growth rate of 0% used by management appears reasonable.

Pre-tax discount rate - The discount rate is pre-tax and reflect specific risks relating to the relevant activities.

Sensitivity to changes in assumptions
Management believes that no reasonable possible changes in any of the above key assumptions would impact the fair value.

26. SHARE CAPITAL AND SHARE PREMIUM

	Group and Company			
		Amount		
	Number of ordinary shares (issued and fully paid) '000	Share capital (issued and fully paid) RM'000	Share premium RM'000	Total RM'000
At 1 January 2017	1,505,462	301,092	42,822	343,914
Ordinary shares issued during the year:				
Transfer of share premium on 31 January 2017	-	12,713	(42,822)	(30,109)
Issuance of shares pursuant to bonus issue	150,546	30,109	-	30,109
Issuance of shares pursuant to dividend reinvestment scheme	1,869	1,103	-	1,103
At 31 December 2017 and on 1 January 2018	1,657,877	345,017	-	345,017
Issuance of shares pursuant to dividend reinvestment scheme	24,764	5,696	-	5,696
At 31 December 2018	**1,682,641**	**350,713**	**-**	**350,713**

(a) Under the Companies Act 2016 in Malaysia which came into effect on 31 January 2017, the concept of authorised share capital no longer exists.

Notes to the Financial Statements
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26. SHARE CAPITAL AND SHARE PREMIUM (CONT'D.)

(b) In accordance with Section 74 of the Companies Act 2016, the Group's and the Company's ordinary shares no longer have a par or nominal value with effect from 31 January 2017. Pursuant to Section 618 of the Companies Act 2016, the amount standing to the credit of the Group's and of the Company's share premium became part of the Group's and of the Company's share capital. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members of the Group and of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared from time to time by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company residual assets.

27. OTHER RESERVES

Group	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interest RM'000	Total RM'000
At 1 January 2017	(48,760)	(43)	(31)	(48,834)
Other comprehensive loss:				
Fair value movement of investments in securities	-	(5)	-	(5)
Foreign currency translation	(4,066)		-	(4,066)
	(4,066)	(5)	-	(4,071)
At 31 December 2017	(52,826)	(48)	(31)	(52,905)
At 1 January 2018	**(52,826)**	**(48)**	**(31)**	**(52,905)**
Fair value movement of other investment (Note 18)	**-**	**17,594**	**-**	**17,594**
At 1 January 2018, restated	**(52,826)**	**17,546**	**(31)**	**(35,311)**
Other comprehensive loss:				
Fair value movement of investments in securities	**-**	**(4)**	**-**	**(4)**
Foreign currency translation	**(2,476)**	**-**	**-**	**(2,476)**
	(2,476)	**(4)**	**-**	**(2,480)**
At 31 December 2018	**(55,302)**	**17,542**	**(31)**	**(37,791)**

Company	Capital reserve RM'000
At 1 January 2017, 31 December 2017 and 31 December 2018	2,736

27. OTHER RESERVES (CONT'D.)

The movements in each category of the reserves are disclosed in the statements of changes in equity. The nature and purpose of each category of the reserves are as follows:

(a) Foreign currency translation reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the foreign subsidiaries as well as the translation of foreign currency loans used to finance investments in the foreign subsidiaries.

(b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(c) Premium paid on acquisition of non-controlling interest

This relates to the premium paid on acquisition of non-controlling interest in a subsidiary without a change in control.

(d) Capital reserve

This reserve, which is eliminated on consolidation, relates to the surplus arising from the sale of property, plant and equipment in 1986 to a subsidiary.

28. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 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.

Notes to the Financial Statements
For the financial year ended 31 December 2018

29. EMPLOYEE BENEFITS (CONT'D.)

(a) Retirement benefit obligations (cont'd.)

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Present value of unfunded defined benefit obligations	**4,719**	4,293	**351**	318

The amounts recognised in the statements of comprehensive income are determined as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current service cost	**188**	165	**15**	14
Past service cost	**208**	(158)	**-**	(158)
Interest cost on defined benefit obligations	**30**	216	**18**	15
Net benefit expense/(income), included employee benefits expense (Note 7)	**426**	223	**33**	(129)

Changes in present value of defined benefit obligations are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 January	**4,293**	4,070	**318**	447
Amount recognised in statements of comprehensive income (Note 7)	**426**	223	**33**	(129)
At 31 December	**4,719**	4,293	**351**	318
Analysed as:				
Non current:				
Later than 1 year	**4,719**	4,293	**351**	318

The principal assumptions used in determining the retirement benefit obligations are shown below:

	Group		Company	
	2018	2017	2018	2017
Discount rate	**5.30%**	5.30%	**5.30%**	5.30%
Future salary increase	**6.00%**	6.00%	**6.00%**	6.00%

The Retirement Benefit Scheme obligations were determined by a professional actuary on 15 September 2017. As at that date, the Group's and the Company's provisions for retirement benefits were sufficient to meet the actuarially determined value of vested benefits.

29. EMPLOYEE BENEFITS (CONT'D.)

(a) Retirement benefit obligations (cont'd.)

Amounts for the current and previous four periods for the Group and for the Company are as follows:

Group	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Present value of unfunded defined benefit obligations	**4,719**	4,293	4,070	3,709	3,378

Company	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Present value of unfunded defined benefit obligations	**351**	318	447	406	368

Sensitivity analysis
A quantitative sensitivity analysis for significant assumptions as at 31 December 2018 are as shown below:

	Group Defined benefit obligations	
	Increase RM'000	Decrease RM'000
Discount rate (1% movement)	396	(396)
Future salary increase (1% movement)	316	(316)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occuring at the end of the reporting date.

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30. DEFERRED TAX

Group	As at 1 January 2017 RM'000	Recognised in profit or loss RM'000	As at 31 December 2017 RM'000	Recognised in profit or loss RM'000	As at 31 December 2018 RM'000
Deferred tax liabilities:					
Property, plant and equipment, biological assets and investment property	142,231	47,834	190,065	4,206	**194,271**
Deferred tax assets:					
Provision for liabilities	(12,461)	(2,988)	(15,449)	1,475	**(13,974)**

Company	As at 1 January 2017 RM'000	Recognised in profit or loss RM'000	As at 31 December 2017 RM'000	Recognised in profit or loss RM'000	As at 31 December 2018 RM'000
Deferred tax liabilities:					
Property, plant and equipment, biological assets and investment property	11,016	(4,724)	6,292	(786)	**5,506**
Deferred tax assets:					
Other payables	(189)	31	(158)	-	**(158)**
Unabsorbed capital allowances	-	(193)	(193)	-	**(193)**
	(189)	(162)	(351)	-	**(351)**

Deferred tax assets have not been recognised in respect of the following items:

	Group 2018 RM'000	Group 2017 RM'000
Unused tax losses	**41,554**	41,262
Unabsorbed capital allowances	**12,867**	23,487
	54,421	64,749

In accordance with the provision in Finance Act 2018, the unutilised tax losses are available for utilisation in the next seven years, for which, any excess at the end of the seventh year, will be disregarded. Deferred tax assets have not been recognised in respect of other temporary differences and unutilised tax losses because it is probable that the future taxable profits of certain loss-making subsidiaries would not be available against which the tax losses and temporary differences can be utilised.

Notes to the Financial Statements
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31. LEASE LIABILITY

	Group					
	2018			2017		
	Minimum lease liability RM'000	Interest RM'000	Principal RM'000	Minimum lease liability RM'000	Interest RM'000	Principal RM'000
Current						
Less than one year	**2,294**	**733**	**1,561**	-	-	-
Non-current						
Between 1-2 years	**4,902**	**1,754**	**3,148**	-	-	-
2-5 years	**14,710**	**5,084**	**9,626**	-	-	-
More than 5 years	**231,888**	**42,648**	**189,240**	-	-	-
	251,500	**49,486**	**202,014**	-	-	-
Total	**253,794**	**50,219**	**203,575**	-	-	-

Lease liability relates to the lease agreement between Kumpulan Ladang-Ladang Trengganu Sdn Bhd and Perbadanan Memajukan Iktisad Negeri Terengganu for the use of land for period from 30 to 99 years of the date of the effective date stated in agreement.

32. RELATED PARTY DISCLOSURES

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit distribution from Terengganu Oil Palm Development - Sublessees Scheme	**(6,605)**	(24,674)	**(1,322)**	(5,032)
Dividend income from subsidiaries	**-**	-	**(75,801)**	(55,000)
Management fees from subsidiaries	**-**	-	**(3,824)**	(13,759)

Notes to the Financial Statements
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32. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Short term benefits	**3,443**	6,700	**1,231**	2,741
Post-employment benefits:				
- Defined contribution plan	**493**	494	**181**	167
- Defined benefit plan	**10**	9	**2**	2
	3,946	7,203	**1,414**	2,910

Included in the total compensation of key management personnel are:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Executive and non-executive directors' remuneration excluding benefits-in-kind (Note 8)	**2,623**	3,321	**1,044**	1,630

33. COMMITMENTS

(a) Capital commitments

Capital commitments as at the reporting date are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	**-**	5,854	**-**	3,630
Approved but not contracted for:				
Acquisition and expansion	**40,000**	246,000	**-**	-
Property, plant and equipment	**117,374**	237,221	**88**	1,273

Notes to the Financial Statements
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33. COMMITMENTS (CONT'D.)

(b) Hire purchase and finance lease commitments

Future minimum hire purchase and lease payments under finance leases together with the present value of the net minimum hire purchase and lease payments are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Minimum hire purchase and lease payments:				
Not later than 1 year	**472**	3,300	**109**	109
Later than 1 year and not later than 2 years	**1,816**	2,059	**109**	109
Later than 2 years and not later than 5 years	**5,032**	1,339	**385**	385
	7,320	6,698	**603**	603
Less: Future finance charges	**(933)**	(469)	**(109)**	(109)
Present value of hire purchase and finance lease payables	**6,387**	6,229	**494**	494
Analysis of present value of hire purchase and lease payables:				
Not later than 1 year	**179**	3,092	**109**	109
Later than 1 year and not later than 2 years	**1,619**	1,947	**109**	109
Later than 2 years and not later than 5 years	**4,589**	1,190	**276**	276
	6,387	6,229	**494**	494
Less: Due within 12 months (Note 24)	**(179)**	(3,092)	**(109)**	(109)
Due after 12 months (Note 24)	**6,208**	3,137	**385**	385

The Group has hire purchase and finance leases for certain items of machinery, equipment and vehicles (Note 24). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term. The hire purchase and lease liabilities bore an average interest rate at the reporting date of 3% (2017: 3%) per annum.

Notes to the Financial Statements
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34. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

	Group			
	2018		2017	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities:				
Non-current				
Secured				
Obligations under hire purchase and finance leases (Note 24)	**6,208**	**4,486**	3,137	4,282
Bank loans:				
- Business Financing-i at Base Financing Rate - 1.0% per annum	**5,901**	**4,186**	6,009	-
- Business Financing-i at Base Financing Rate - 2.0% per annum	**1,795**	**1,679**	2,988	5,678
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	**242,119**	**216,623**	265,495	231,480
- Term Financing-i at Cost of Fund +1.0% per annum	**22,829**	**21,429**	23,567	19,790
- Commodity Murabahah Term Financial at Cost of Fund +1.25% per annum	**87,915**	**84,440**	75,000	49,522
- Muamalat Term Financing-i at 1.5% per annum above 3 months Cost of Fund	**4,881**	**-**	7,071	-
Bank overdraft:				
- Cash Line-i at Base Financing Rate +0.0% per annum	**14,299**	**10,930**	16,144	12,184
Unsecured				
Bank loans:				
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	**41,982**	**31,309**	35,000	31,204
Indonesian Rupiah Notes Programme ("IDR Notes")	**-**	**-**	315,000	376,101

The fair values of non-current portion of loans and borrowings and IDR Notes are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Notes to the Financial Statements
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34. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value: (cont'd.)

	Company			
	2018		2017	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities:				
Secured				
Obligations under hire purchase and finance leases (Note 24)	**385**	**355**	385	371
Bank loans:				
- Commodity Murabahah Term Financing-i at Cost of Fund +1.0% per annum	**178,751**	**174,395**	207,786	181,957
Bank overdraft:				
- Cash Line-i at Base Financing Rate +0.0% per annum	**14,299**	**10,930**	16,144	12,184
Unsecured				
Bank loan:				
- Revolving Credit Facility-i at Cost of Fund +1.0% per annum	**41,982**	**31,309**	35,000	31,204

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	22
Other receivables (non-current)	22
Loans and borrowings (current)	24
Loans and borrowings (non-current)	24
Trade and other payables (current)	25
Lease liability (current)	31

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

Quoted equity instruments
The fair values of quoted equity instruments are determined directly by reference to their published market bid price at the reporting date.

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34. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

(c) Fair value hierarchy

The following table analyses financial assets and liabilities carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

Group	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2018					
Non-financial assets					
Biological assets	13	**-**	**-**	**3,041**	**3,041**
Financial assets					
Other investments	18	**-**	**-**	**22,294**	**22,294**
Investments in securities	19	**44**	**-**	**-**	**44**
31 December 2017					
Non-financial assets					
Biological assets	13	-	-	5,000	5,000
Financial assets					
Investments in securities	19	48	-	-	48

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk, market price risk and commodity risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Company's Group Chief Executive Officer, all heads of the subsidiaries and certain managers of the Company. The Audit Committee Incharge provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposures to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group			
	2018		2017	
	RM'000	% of total	RM'000	% of total
By industry sectors:				
Plantation	**14,584**	**35%**	21,140	41%
Healthcare	**27,591**	**65%**	30,127	59%
	42,175	**100%**	51,267	100%

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

Notes to the Financial Statements
For the financial year ended 31 December 2018

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

At the reporting date, approximately 10% (2017 : 5%) of the Group's loans and borrowings (Note 24) will mature in less than one year based on the carrying amount reflected in the financial statements.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2018			
	On demand or within one year RM'000	Two to five years RM'000	Five years and more RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	**166,731**	**-**	**-**	**166,731**
Loans and borrowings	**89,375**	**131,351**	**265,730**	**486,456**
Total undiscounted financial liabilities	**256,106**	**131,351**	**265,730**	**653,187**

	2017			
	On demand or within one year RM'000	Two to five years RM'000	Five years and more RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	172,696	-	87,710	260,406
Loans and borrowings	57,956	95,635	637,652	791,243
Total undiscounted financial liabilities	230,652	95,635	725,362	1,051,649

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	2018			
Company	**On demand or within one year RM'000**	**Two to five years RM'000**	**Five years and more RM'000**	**Total RM'000**
Financial liabilities				
Trade and other payables	**293,773**	**-**	**-**	**293,773**
Loans and borrowings	**51,601**	**14,408**	**206,710**	**272,719**
Total undiscounted financial liabilities	**345,374**	**14,408**	**206,710**	**566,492**

	2017			
Company	**On demand or within one year RM'000**	**Two to five years RM'000**	**Five years and more RM'000**	**Total RM'000**
Financial liabilities:				
Trade and other payables	270,672	-	-	270,672
Loans and borrowings	28,401	16,253	243,171	287,825
Total undiscounted financial liabilities	299,073	16,253	243,171	558,497

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group’s and the Company’s financial instruments will fluctuate because of changes in market interest rates.

Sensitivity analysis for interest rate risk

The Group’s and the Company’s exposure to interest rate risk arise primarily from their loans and borrowings. The Group’s and the Company's policy is to manage interest cost using a mix of fixed and floating rate debts.

At the end of the reporting year, if Ringgit Malaysia ("RM") interest rates had been 75 (2017:75) basis points higher with all other variables held constant, the Group’s loss before tax would have been RM194,000 (2017: RM165,000) lower/higher, arising mainly as a result of lower interest expense on floating rate loans and borrowings of the Group’s. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Notes to the Financial Statements
For the financial year ended 31 December 2018

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's business is predominantly located in Malaysia and Indonesia. The foreign currencies in other investments and borrowings are predominantly denominated in Indonesian Rupiah ("IDR"), which give rise to conversion exposure as the presentation currency is Ringgit Malaysia ("RM"). The foreign currency exposures are not hedged.

The unhedged financial assets and financial liabilities of the Group that are not denominated in Ringgit Malaysia are as follows:

	Other investment RM'000	Borrowing RM'000
IDR		
At 31 December 2018	-	-
IDR		
At 31 December 2017	315,000	(315,000)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the IDR and RM exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2018	**2017**
		Profit before tax	
		Increase/ (decrease) RM'000	**Increase/ (decrease) RM'000**
IDR/MYR	strengthened 5% (2017: 11%)	**(936)**	1,929
	weakened 5% (2017:11%)	**936**	(1,929)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to securities price risk from its investment in quoted securities classified as available for sale investments. The securities are listed on the Bursa Malaysia Securities Berhad.

The Group's objective is to manage investment return and the price risk by investing in investment grade shares with steady dividend yield.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(f) Commodity price risk

Volatility in the commodity market exposes the Group to the risk of palm products price fluctuations. To manage and mitigate the risk, the Group monitors the Malaysian Derivative Exchange ("MDEX") crude palm oil prices daily as a basis for our spot contract sales price, whereas Long term contract sales prices are based on Malaysian Palm Oil Board ("MPOB") Monthly Peninsular Malaysia Average Price.

If average price for crude palm oil were to change by 19% (2017: 7%) with all other variables being held constant, the effect on profit before tax would have been:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Effect to profit before tax if crude palm oil price		
- increased by 19% (2017: 7%)	**(4,837)**	37,799
- decreased by 19% (2017: 7%)	**4,837**	(37,799)

36. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain strong credit ratings and healthy capital ratios in order to support their businesses and maximise shareholders value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 31 December 2017.

The Group and the Company monitor capital using gearing ratio.

The gearing ratio is the net debt divided by total capital plus net debt. The policy of the Group and the Company is to keep the gearing ratio at a reasonable level. The Group and the Company include within their net debt, loans and borrowings, lease liability, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve.

Notes to the Financial Statements
For the financial year ended 31 December 2018

36. CAPITAL MANAGEMENT (CONT'D.)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Loans and borrowings	24	**486,085**	791,003	**272,610**	287,716
Trade and other payables	25	**166,731**	260,406	**293,773**	270,672
Lease liability	31	**203,575**	-	**-**	-
Less: - Cash and bank balances	23	**(75,405)**	(108,217)	**(33,990)**	(33,315)
Net debt		**780,986**	943,192	**532,393**	525,073
Equity attributable to the owners of the parent		**1,099,891**	1,162,031	**282,969**	699,375
Add : - Fair value adjustment reserve	27	**(17,542)**	48	**-**	-
Total capital		**1,082,349**	1,162,079	**282,969**	699,375
Capital and net debt		**1,863,335**	2,105,271	**815,362**	1,224,448
Gearing ratio		**42%**	45%	**65%**	43%

37. SEGMENT INFORMATION

Business segments

For management purposes, the Group is organised into business units based on its products and services, and has three reportable operating segments as follows:

(i) Plantation - which involves activities such as cultivation of oil palms, sale of fresh fruit bunches and management of plantation operation services.

(ii) Healthcare - which involves activities such as provision of healthcare consultancy and specialist medical centre services.

(iii) Others - which involves dormant companies.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's three business segments operate in two geographical areas:

(i) Malaysia - the operations in this area are principally investment holding, cultivation of oil palms, trading of palm oil and other related products and provision of healthcare services. Other operations include provision of management services.

(ii) Indonesia - the operations in this area are principally cultivation of oil palms, trading of palm oil and other related products.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

37. SEGMENT INFORMATION (CONT'D.)

Business segments

	Plantation		Healthcare		Others		Note	As reported in consolidated financial statements	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000		2018 RM'000	2017 RM'000
Revenue:									
Total revenue	**196,562**	266,372	**210,890**	184,531	**-**	-		**407,452**	450,903
Inter-segment	**(1,497)**	(1,045)	**(1,257)**	(1,097)	**-**	-	A	**(2,754)**	(2,142)
External revenue	**195,065**	265,327	**209,633**	183,434	**-**	-		**404,698**	448,761
Results:									
Interest income	**35,215**	38,304	**665**	449	**-**	19		**35,880**	38,772
Dividend income	**2,139**	940	**-**	-	**-**	-		**2,139**	940
Depreciation and amortisation	**63,813**	55,840	**15,821**	14,222	**-**	-		**79,634**	70,062
Other non-cash expenses/(income)	**56,396**	(18,106)	**688**	13,249	**-**	(3)	B	**57,084**	(4,860)
Total segment profit:									
Unrealised loss on the foreign exchange of investment in fixed income securities	**-**	(35,700)	**-**	-	**-**	-		**-**	(35,700)
Realised loss on the foreign exchange of investment in fixed income securities	**(28,097)**	-	**-**	-	**-**	-		**(28,097)**	-
Unrealised gain on the foreign exchange of borrowings	**450**	-	**-**	-	**-**	-		**450**	-
Other segment (loss)/profit	**(50,833)**	204,114	**10,388**	(4,078)	**(15)**	6		**(40,460)**	200,042
Total segment (loss)/profit	**(78,480)**	168,414	**10,388**	(4,078)	**(15)**	6		**(68,107)**	164,342

Notes to the Financial Statements
For the financial year ended 31 December 2018

37. SEGMENT INFORMATION (CONT'D.)

Business segments (cont'd.)

	Plantation 2018 RM'000	Plantation 2017 RM'000	Healthcare 2018 RM'000	Healthcare 2017 RM'000	Others 2018 RM'000	Others 2017 RM'000	Note	As reported in consolidated financial statements 2018 RM'000	As reported in consolidated financial statements 2017 RM'000
Assets:									
Additions to non-current assets	**39,774**	93,717	**11,832**	18,797	**-**	-	C	**51,606**	112,514
Segment assets	**1,873,074**	2,134,323	**268,209**	263,464	**2,537**	2,547		**2,143,820**	2,400,334
Segment liabilities	**922,471**	1,119,988	**132,707**	126,711	**1,466**	1,460		**1,056,644**	1,248,159

Geographical segments

	Total revenue 2018 RM'000	Total revenue 2017 RM'000	Segment assets 2018 RM'000	Segment assets 2017 RM'000	Capital expenditure 2018 RM'000	Capital expenditure 2017 RM'000
Malaysia	**404,581**	448,533	**1,688,982**	1,906,930	**48,565**	107,514
Indonesia	**117**	228	**454,838**	493,404	**3,041**	5,000
	404,698	448,761	**2,143,820**	2,400,334	**51,606**	112,514

	2018 RM'000	2017 RM'000
Capital expenditure consists of additions during the year for:		
Property, plant and equipment (Note 12)	**48,565**	107,514
Biological assets (Note 13)	**3,041**	5,000
	51,606	112,514

37. SEGMENT INFORMATION (CONT'D.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B Other non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:

	Note	2018 RM'000	2017 RM'000
Inventories written off	6	**5,208**	9,386
Impairment of inventories	6	**1,664**	-
Impairment/(reversal of impairment) of property, plant and equipment	6	**39,635**	(26,659)
Impairment of goodwill	6	**-**	6,012
Expected credit losses of trade receivables	6	**151**	3,287
Expected credit losses of other receivables	6	**120**	897
Reversal of expected credit losses of trade receivables	6	**(598)**	(30)
Fair value changes of amount due from plasma	6	**9,901**	-
Property, plant and equipment written off	6	**12**	1,948
Biological assets written off	6	**-**	299
		56,093	(4,860)

C Additions to non-current assets consist of:

	Note	2018 RM'000	2017 RM'000
Property, plant and equipment	12	**48,565**	107,514
Biological assets	13	**3,041**	5,000
		51,606	112,514

38. CONTINGENT LIABILITIES

(a) Kuala Terengganu High Court - Lim Puay Leng vs Dr. Azhar bin Zainuddin and Kuala Terengganu Specialist Hospital Sdn. Bhd.

The Plaintiff alleges that the 1st Defendant, a Consultant Ophthalmologist, has negligently failed to carry out a medical procedure on him.

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

i. General damages of RM1,000,000.00 or any amount as granted by the Court with interest;

ii. Special damages with interest;

iii. Exemplary damages of RM100,000.00 or any amount as granted by the Court with interest;

iv. Aggravated damages of RM200,000.00 or any amount as granted by the Court with interest;

v. Interest on general damages and special damages calculated at the rate of 4% per annum from the date of the Writ up to the date of full settlement;

Notes to the Financial Statements
For the financial year ended 31 December 2018

38. CONTINGENT LIABILITIES (CONT'D.)

(a) Kuala Terengganu High Court - Lim Puay Leng vs Dr. Azhar bin Zainuddin and Kuala Terengganu Specialist Hospital Sdn. Bhd. (cont'd.)

vi. Costs; and

vii. Such further or other relief as the Court deems fit.

Kuala Terengganu Specialist Hospital Sdn. Bhd. ("2nd Defendant/KTS") has filed its Statement of Defence on 7 August 2018.

We had been informed by KTS's solicitor that the Court has fixed 14 May 2019 as the new trial date for the case.

(b) Kuantan High Court - Dato' Mohamad Alias A Bakar bin Ali vs Kuantan Medical Centre Sdn Bhd, Dr. Abdul Aziz Bin Awang and Dr. Md Lukman Bin Mohd Mokhtar

The Plaintiff alleges that the 2nd Defendant and 3rd Defendant, as the agents of the 1st Defendant, have negligently failed to carry out medical procedures on him.

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

i. General damages and aggravated damages;

ii. Interest thereon calculated at the rate of 8% per annum from the date of service of the Writ up to the date of judgement;

iii. Special damages of RM1,104.414.51;

iv. Interest thereon calculated at the rate of 4% per annum from 3 July 2012 up to the date of judgement;

v. Interest on the judgement sum calculated at the applicable statutory rate from the date of judgement up to the date of payment;

vi. Costs; and

vii. Such further or other relief as the Court deems fit.

The Kuantan High Court has fixed a further case management hearing on 31 January 2019 with the following directions:

i. Plaintiff's solicitor to file and serve the Statement of Agreed Facts, Issues To Be Tried; and

ii. Parties to file and serve their respective list of witnesses; and

iii. Parties to file and serve their respective expert reports.

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

1. Parties to file and mutually exchange their respective expert reports;
2. Witness statements to be filed and mutually exchanged 2 weeks before the trial date; and
3. Counsels to prepare cross-examination questions for all witnesses and to furnish Court with a copy of the same.

(c) Claims by Dato' Haji Mohamat bin Muda

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

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

38. CONTINGENT LIABILITIES (CONT'D.)

(c) Claims by Dato' Haji Mohamat bin Muda (cont'd.)

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

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

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

39. SIGNIFICANT EVENTS

(a) Recurrent related party transactions

On 7 February 2018, TDM Berhad ("TDM or Company") announced to Bursa Malaysia that the Company had entered into an agreement which undertake the following:

(i) Proposed supplemental lease agreement with Perbadanan Memajukan Iktisad Negeri Terengganu ("PMINT") for the renewal of lease for a second term of 46 years on approximately 25,260.1849 acres of lands located in the district of Kemaman, Terengganu;

(ii) Proposed formalisation of lease agreement with PMINT for 99 years on approximately 4,167.7174 acres of lands located in the district of Setiu, Terengganu;

(iii) Proposed formalisation of lease agreement with PMINT for 30 years and 40 years (where applicable) on approximately 2,653.9548 acres of lands located in the district of Hulu Terengganu, Terengganu; and

(iv) Proposed formalisation of lease agreement with PMINT for 57 years on approximately 28.2689 acres of lands located in the district of Kemaman, Terengganu.

The item (iv) is subject to the following conditions precedent;

(a) The written consent from the Menteri Besar of Terengganu for the Proposed Lease formalisation for PN 3380, Lot 2523; and

(b) The written approval from then State Authority to vary the category of land use or express condition of the lease for PN 3380, Lot 2523.

(b) Acceptance of Credit Facilities from OCBC Al-Amin Bank Berhad of up to USD105 Million

On 7 September 2018, the Company announced to Bursa Malaysia that it had accepted and executed a credit facilities arrangement with OCBC Al-Amin Bank Berhad for Foreign Currency Revolving Credit-i ("FCRC-i Facilities") Commodity Murabahah of up to USD105 million, which the terms and conditions are as stipulated in the Letter of Offer dated 5 September 2018.

The Company will utilise the proceeds of the borrowings for the followings:

(i) To advance to its Indonesian subsidiary; PT Rafi Kamajaya Abadi ("PT RKA") for settlement of outstanding IDR Notes plus the relevant charges with regards to PT RKA's IDR Notes facility with OCBC Bank Limited, Singapore of up to USD100 million ("Repayment of IDR Notes"); and

(ii) To settle the withholding tax payment and the margin owing to OCBC Bank Limited, Singapore with regards to PT RKA's IDR Notes facility of up to USD5 million.

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39. SIGNIFICANT EVENTS (CONT'D.)

(b) Acceptance of Credit Facilities from OCBC Al-Amin Bank Berhad of up to USD105 Million (cont'd.)

Subsequently, TDM will redeem its investment in a fixed income securities issued by OCBC Bank Limited, Singapore ("Redemption of Fixed Income Investment"). The proceeds from the redemption will be used for the full settlement of the principal portion of the FCRC-i Facilities utilised for the Repayment of IDR Notes. ("Repayment of IDR Notes" and "Fixed Income Redemption" are collectively referred to as "IDR Notes Rationalisation Exercise").

The rationale for the Company to undertake this exercise are:

(i) The Redemption of Fixed Income Investment will enable TDM to meet the Securities Commission's criteria of a shariah compliant counter on Bursa Malaysia and expected to enhance the Group's attractiveness to a wider audience of investors.

(ii) The IDR Notes Rationalisation Exercise will significantly reduce the interest-bearing borrowings and gearing of TDM Group as at 30 June 2018 from RM766.6 million and 0.68 times to RM476.6 million and 0.41 times respectively.

(iii) The Redemption of Fixed Income Investment will also eliminate the fluctuations in gain/loss in fixed income investment due to currency movements.

The above exercise has been completed on 16 October 2018.

40. EVENT OCCURING AFTER THE REPORTING DATE

(a) Execution of a Heads of Agreement ("HOA") between TDM Berhad and Terengganu Incorporated Sdn. Bhd. ("TI")

On 27 February 2017, TDM announced to Bursa Malaysia that it had entered into a HOA with TI to acquire TI's entire equity interest of 42.64% in Ladang Rakyat Trengganu Sdn. Bhd. ("LRTSB"). The Proposed Acquisition will increase TDM's current shareholdings in LRTSB from 19.12% (held via its subsidiary) to 61.76%.

On 25 August 2017, TDM entered into a Supplemental Agreement ("Supplemental Agreement") to vary the clause in the HOA for the signing of the Shares Sale Agreement from within a period of 6 months to within a period of 12 months expiring 26 February 2018, from the date of the signing of the HOA on 27 February 2017. The extension is to facilitate TDM to complete the due diligence exercise undertaken on LRTSB.

On 26 February 2018, TDM entered into the Second Supplemental Agreement to the HOA ("Second Supplemental Agreement") to vary the clause in the HOA for the signing the Shares Sale Agreement from within a period of 12 months to within a period 24 months expiring on 26 February 2019, from the date of the signing of the HOA on 27 February 2017.

Pursuant to due diligence exercise undertaken on LRTSB, it is noted that some of LRTSB's assets have yet to obtain approval from the authorities. Hence, the extension of time by another 12 months up to 26 February 2019 is to facilitate LRTSB to procure the relevant approvals for some of its assets.

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

41. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 15 April 2019.

Statistics on Shareholdings
as at 11 April 2019

Analysis of Shareholdings

Issued and Paid-up Capital	RM350,712,618 comprising 1,682,641,001 units of Ordinary Shares
Voting Rights	One (1) vote per ordinary share

Analysis by Size of Holdings

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	118	1.163	4,122	0.000
100 - 1,000	221	2.179	101,554	0.006
1,001 - 10,000	2,720	26.827	14,920,644	0.886
10,001 - 100,000	6,086	60.025	191,395,992	11.374
100,001 - 84,132,049*	992	9.784	441,485,736	26.237
84,132,050 and above**	2	0.019	1,034,732,953	61.494
Total	**10,139**	**100.000**	**1,682,641,001**	**100.000**

Remark : * Less than 5% of issued shares
** 5% and above of issued shares

List of Top 30 Holders

No.	Name	No. of Shares	Percentage %
1	Terengganu Incorporated Sdn Bhd (A/C NO: 098-001-045464245)	783,465,243	46.561
2	Terengganu Incorporated Sdn Bhd (A/C NO: 087-055-045755196)	251,267,710	14.932
3	Kumpulan Wang Persaraan (Diperbadankan)	46,788,630	2.780
4	Lembaga Tabung Amanah Warisan Negeri Terengganu	23,482,107	1.395
5	Amanahraya Trustees Berhad *Public Strategic Smallcap Fund*	14,828,660	0.881
6	Citigroup Nominees (Asing) Sdn Bhd *CBNY For Dimensional Emerging Markets Value Fund*	8,375,014	0.497
7	Citigroup Nominees (Asing) Sdn Bhd *CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	7,177,930	0.426
8	Amanahraya Trustees Berhad *Public Islamic Treasures Growth Fund*	6,331,600	0.376
9	Heng Chin Hin	4,663,700	0.277
10	Eng Bak Chim	4,631,000	0.275
11	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)*	4,079,660	0.242
12	Citigroup Nominees (Asing) Sdn Bhd *CBNY For DFA Emerging Markets Small Cap Series*	3,635,020	0.216
13	Tan Hock Kien	3,609,250	0.214
14	Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd	3,140,016	0.186
15	TA Securities Holdings Berhad *CLR (DIL) For Kumpulan Wang Persaraan (Diperbadankan)*	3,073,010	0.182

Statistics on Shareholdings

as at 11 April 2019

List of Top 30 Holders

No.	Name	No. of Shares	Percentage %
16	Megategas Sdn Bhd	2,938,610	0.174
17	Citigroup Nominees (Asing) Sdn Bhd *Exempt An For Ocbc Securities Private Limited (Client A/C-NR)*	2,814,150	0.167
18	Huang, Yu-Ling	2,573,060	0.152
19	Ibrahim in AB.Rahman	2,500,000	0.148
20	Tai Tsu Kuang @ Tye Tsu Hong	2,500,000	0.148
21	Maybank Nominees (Tempatan) Sdn Bhd *MTrustee Berhad For Pacific Pearl Fund (UT-PM-PPF) (419471)*	2,494,700	0.148
22	Liew Lang King	2,430,500	0.144
23	Soon Lian Huat Holdings Sdn Berhad	2,233,000	0.132
24	Wong Shew Yong	2,220,790	0.131
25	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Gan Wee Yong*	2,016,600	0.119
26	Lee Ming Ha	2,000,000	0.118
27	Yeong Cherng Sdn Bhd	1,980,000	0.117
28	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Boon Huat*	1,960,010	0.116
29	Md Kamaru Al-Amin bin Ismail	1,934,090	0.114
30	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Khong Wan Fatt*	1,817,300	0.108

Information on Substantial Holders' Holdings

No.	Name	Holdings	%
1	Terengganu Incorporated Sdn Bhd (A/C NO: 098-001-045464245)	783,465,243	46.561
2	Terengganu Incorporated Sdn Bhd (A/C NO: 087-055-045755196)	251,267,710	14.932

Information on Directors Holdings

No.	Name	Holdings	%
1	Burhanuddin Hilmi bin Mohamed @ Harun	0	0.000
2	YB Dato' Haji A.Rahman bin Yahya	0	0.000
3	Haji Mazli Zakuan bin Mohd Noor	0	0.000
4	Mohd Kamaruzaman bin A Wahab	0	0.000
5	Haji Najman bin Kamaruddin	0	0.000
6	YM Raja Dato' Haji Idris Raja Kamarudin	1,679,600	0.099

Group Plantation Hectarage Statement

		Total Hectarage Managed By Groups (Hectares)
OIL PALM		
Mature Hectarage		34,633
Immature Hectarage		9,358
Total Planted		**43,991**
Hectarage by Company/Division		
Sublease	Mature	8,559
	Immature	1,424
TDM Capital Sdn Bhd	Mature	804
	Immature	817
Kumpulan Ladang-Ladang Trengganu Sdn Bhd	Mature	14,540
	Immature	3,110
Ladang Tabung Warisan	Mature	1,336
	Immature	-
Ladang Majlis Agama Islam Terengganu	Mature	500
	Immature	256
PT Rafi Kamajaya Abadi	Mature	8,893
	Immature	3,752
Total Planted	**Mature**	**34,633**
	Immature	**9,358**
GRAND TOTAL		**43,991**

5-Year Group Plantation Statistics

PLANTED AREA		UNIT	2018	2017	2016	2015	2014
Oil Palm Area Malaysia Operation							
Immature	(0 - 3 Year)	hectare	5,606	4,986	5,151	5,172	4,275
Young	(4 - 10 Year)	hectare	3,568	2,417	1,607	2,146	3,691
Prime-Young	(11 - 15 Year)	hectare	3,339	3,363	3,149	4,144	4,299
Prime-Old	(16 - 20 Year)	hectare	4,219	4,361	11,593	11,523	10,477
Old	(21 - 25 Year)	hectare	9,852	13,444	9,832	9,012	9,365
Very Old	(25 Year Above)	hectare	4,762	2,982	487	-	-
Total Planted Area			**31,346**	**31,553**	**31,819**	**31,997**	**32,107**
Indonesia Operation							
Immature	(0 - 3 Year)	hectare	3,752	3,752	3,752	7,604	11,896
Young	(4 - 10 Year)	hectare	8,893	8,893	8,893	5,595	1,385
			12,645	**12,645**	**12,645**	**13,199**	**13,281**
Total Planted Area			**43,991**	**44,198**	**44,464**	**45,196**	**45,388**
Oil Palm Malaysia Operation							
FFB Production		mt FFB/ha	373,213	453,608	401,020	464,597	465,055
Yield per mature hectare		mt FFB/ha	14.50	17.07	15.04	17.32	16.71
Indonesia Operation							
FFB Production		mt FFB/ha	2,082	1,897	2,598	5,175	3,359
Yield per mature hectare		mt FFB/ha	0.23	0.21	0.29	0.92	2.43
Mills FFB Processed							
- own		mt	364,255	445,063	397,457	449,023	458,657
- outside		mt	6,444	5,396	206	12,385	1,731
FFB Purchase by Mills		mt	2,385	-	796	8,352	26,140
Total			**373,084**	**450,459**	**398,459**	**469,761**	**486,528**
FFB Sold		mt	2,779	2,868	6,029	8,357	4,734
Average selling prices:							
- Crude Palm Oil		RM/mt ex-mill	2,313	2,872	2,696	2,184	2,432
- Palm Kernel		RM/mt ex-mill	1,955	2,614	2,258	1,578	1,749
- Fresh Fruit Bunch		RM/mt	383	488	363	424	476
Production							
- Crude Palm Oil		mt	72,550	84,027	78,494	90,552	92,729
- Palm Kernel		mt	17,308	21,969	20,262	23,388	23,797
Extraction Rate							
- Crude Palm Oil		%	19.32	18.56	19.57	19.49	19.93
- Palm Kernel		%	4.61	4.85	5.05	5.05	5.19
Palm Product Per Mature Hectare		mt/ha	3.47	3.99	3.70	4.25	4.19

5-Year Group Healthcare Statistics

HEALTHCARE GROUP	2018	2017	2016	2015	2014
No. Beds	407	297	297	297	284
Key Drivers of Growth:	-	-	-	-	-
Occupancy Rate	59%	56%	60%	59%	64%
Consultants - Resident	54	53	45	44	38
Doctor: Patient - Ratio	3,557	3,377	4,129	4,098	4,479
No. of Inpatient	23,507	21,579	21,706	20,985	17,100
No. of Outpatient	168,576	162,335	164,093	159,328	153,101
Average Length of Stay	2.96	2.66	2.80	2.92	3.00

List of Properties

List of Assets	Estates	Division	Tenure First Expiry Date	Tenure Second Expiry Date	Area (Ha)	Description	Net Book Value (RM)
Mukim Tebak	**Kemaman**					**Oil Palm Plantation**	**157,100,000**
HS (D) 1779 Lot PT 1666	Jernih Estate		Leasehold 2052		3,681.10		
GRN 18274 Lot 2514	Jernih Estate		Leasehold 2078 Sublease 2018		218.20		
HS (D) 2872 Lot PT 402 B	Jernih Estate		Leasehold 2078 Sublease 2018		198.19		
GRN 12509 Lot 821	Pelantoh Estate	South	Leasehold 2078		35.45		
GRN 12510 Lot 2444	Pelantoh Estate	South	Leasehold 2078		82.28		
GRN 12511 Lot 2550	Pelantoh Estate	South	Leasehold 2078		24.96		
GRN 12512 Lot 2443	Pelantoh Estate	South	Leasehold 2078		73.49		
GRN 12618 Lot 822	Pelantoh Estate	South	Leasehold 2078		68.71		
GRN 12497 Lot 833	Pelantoh Estate	South	Leasehold 2078		88.58		
PN 3380 Lot 2523	Pelantoh Estate	South		Leasehold 2075	11.44		
HS (D) 011 Lot PT 28*	Pelantoh/Tebak Estate		Leasehold 2013 Sublease 2012	Leasehold 2059	3,439.83		
HS (D) 012 Lot PT 29*	Tebak/Jernih Estate		Leasehold 2014 Sublease 2013	Leasehold 2060	3,439.83		
GRN 12499 Lot 823 (replacing HS(D) 208)	Pelantoh Estate	South			0.23		
HS (D) 13 Lot 30	Tebak Estate		Leasehold 2014	Leasehold 2060	195.87		
HS (D) 001 L/NF 198/65*	Air Putih Estate		Leasehold 2012 Sublease 2011	Leasehold 2058	129.50		
HS (D) 002 L/NF 198/65*	Air Putih Estate		Leasehold 2012 Sublease 2011	Leasehold 2058	414.40		
HS (D) 003 L/NF 198/65*	Air Putih Estate		Leasehold 2012 Sublease 2011	Leasehold 2058	984.20		
HS (D) 004 L/NF 198/65*	Air Putih Estate		Leasehold 2012 Sublease 2011	Leasehold 2058	1,916.59		
Mukim Belara	**Sungai Tong**					**Oil Palm Plantation**	**120,500,000**
GRN 22945 Lot 15111	Jaya Estate	Bari	Leasehold 2072			0.4611	
GRN 22946 Lot 15112	Jaya Estate	Bari	Leasehold 2072			1,407	

List of Properties

List of Assets	Estates	Division	Tenure First Expiry Date	Tenure Second Expiry Date	Area (Ha)	Description	Net Book Value (RM)
GRN 22947 Lot 15113	Jaya Estate	Bari	Leasehold 2072		1.15		
GRN 6001 Lot 6558	Jaya Estate	Jaya	Leasehold 2072		1,661.42		
GRN 6247 Lot 6743	Jaya Estate	Jaya	Leasehold 2072		84.91		
Mukim Belara	**Sungai Tong**					**Oil Palm Plantation**	**145,100,000**
HS (D) 1017 Lot PT 804Z K	Fikri Estate	Sentosa	Leasehold 2072		103.60		
GRN 9309 Lot 8264	Fikri Estate	Sentosa	Leasehold 2072		58.44		
GRN 10657 Lot 6641	Fikri Estate	Sentosa	Leasehold 2072		1.54		
GRN 17446 Lot 7682 (replacing HS (D) 1983 PT 381 K)	Fikri Estate	Sentosa	Leasehold 2072		20.42		
GRN 8238 Lot 8187	Fikri Estate	Sentosa	Leasehold 2072		68.15		
GRN 15359 Lot 8168 (replacing HS(D) 813 PT 882 K)	Fikri Estate	Sentosa	Leasehold 2072		7.87		
HS(D) 400 Lot PT 883 K (replacing HS(D) 814)	Fikri Estate	Sentosa	Leasehold 2072		895.83		
HS(D) 561 Lot PT 642 K	Fikri Estate	Sentosa	Leasehold 2072		635.87		
GRN 6005 Lot 7254	Fikri Estate	Fikri	Leasehold 2072		82.28		
GRN 6521 Lot 7663	Fikri Estate	Fikri	Leasehold 2072		58.77		
GRN 13085 Lot 8169	Fikri Estate	Fikri	Leasehold 2072		143.34		
GRN 6003 Lot 7251	Fikri Estate	Fikri	Leasehold 2072		536.09		
GRN 6004 Lot 7253	Fikri Estate	Fikri	Leasehold 2072		224.28		
GRN 6491 Lot 7662	Fikri Estate	Fikri	Leasehold 2087		128.68		
PN 8088 Lot 15966	Fikri Estate	Fikri	Leasehold 2104		24.96		
PN 8089 Lot 15965	Fikri Estate	Fikri	Leasehold 2104		13.85		
HS(M) 1007 (loji) Lot PT 884 K	Fikri Estate	Fikri	Leasehold 2072		0.20		
PN 3074 Lot 9390	Fikri Estate	Pakoh Jaya	Leasehold 2087		472.00		
PN 7567 Lot 12033	Fikri Estate	Pakoh Jaya	Leasehold 2098		79.84		
PN 6199 Lot 10939 (replacing HS(D) 6416 PT 4152 K)	Fikri Estate	Pakoh Jaya	Leasehold 2098		15.16		

List of Properties

List of Assets	Estates	Division	Tenure First Expiry Date	Tenure Second Expiry Date	Area (Ha)	Description	Net Book Value (RM)
PN 6200 Lot 11404 (replacing HS(D) 6417 PT 4153 K)	Fikri Estate	Pakoh Jaya	Leasehold 2098		17.90		
PN 6201 Lot 11405 (replacing HS(D) 6418 PT 4154 K)	Fikri Estate	Pakoh Jaya	Leasehold 2098		2.74		
Mukim Hulu Nerus	**Sungai Tong**					**Oil Palm Plantation**	**84,300,000**
HS(D) 764 Lot 707 K	Tayor Estate		Leasehold 2072		498.02		
GM 1533 Lot 0054	Tayor Estate		Leasehold 2072		1.81		
GM 3158 Lot 1141 (replacing HS(D) 770 Lot 789 K)	Tayor Estate		Leasehold 2072		3.26		
GM 3157 Lot 1140 (replacing HS(D) 769 Lot 788 K)	Tayor Estate		Leasehold 2072		3.04		
GM 617 Lot 0097	Tayor Estate		Leasehold 2072		1.12		
GM 1546 Lot 0094	Tayor Estate		Leasehold 2072		1.73		
GRN 16181 Lot 10237 (replacing Geran 8683 Lot 3039)	Tayor Estate		Leasehold 2072		569.30		
GRN 8684 Lot 3040	Tayor Estate		Leasehold 2072		12.65		
GRN 8685 Lot 3041	Tayor Estate		Leasehold 2072		1,133.65		
Mukim Hulu Nerus	**Sungai Tong**					**Oil Palm Plantation**	**168,100,000**
PN 12150 Lot 51902 (replacing HS(D) 1235 PT 7218)	Pelung Estate		Leasehold 2102		3,002.00		
PN 8124 Lot 16072 (replacing HS(D) 1285 PT 12682)	Pelung Estate		Leasehold 2065		10.20		
PN 3851 Lot 10372	Pelung Estate		Leasehold 18/12/2095		0.03	Clusters	
PN 3852 Lot 10373	Pelung Estate		Leasehold 18/12/2095		0.03	Clusters	
PN 3853 Lot 10374	Pelung Estate		Leasehold 18/12/2095		0.03	Clusters	
PN 3854 Lot 10375	Pelung Estate		Leasehold 18/12/2095		0.03	Clusters	
PN 3855 Lot 10376	Pelung Estate		Leasehold 18/12/2095		0.03	Clusters	
PN 3856 Lot 10377	Pelung Estate		Leasehold 18/12/2095		0.03	Office	

List of Properties

List of Assets	Estates	Division	Tenure First Expiry Date	Tenure Second Expiry Date	Area (Ha)	Description	Net Book Value (RM)
PN **Mukim Besul**	**Bukit Besi**					**Oil Palm Plantation**	**290,800,000**
GN 14644 Lot 3999 (replacing HS(D) 72 PT 140	Gajah Mati/ Pinang Emas Estate			Leasehold 2075	5,139.00		
HS (D) 73 Lot PT 141	Pinang Emas Estate			Leasehold 2075	624.84		
HS (D) 74 Lot PT 1140	Pinang Emas Estate			Leasehold 2075	738.15		
HS (D) 75 Lot PT 1143	Pinang Emas Estate			Leasehold 2075	621.60		
HS (D) 76 Lot PT 1144	Pinang Emas Estate			Leasehold 2075	284.90		
HS (D) 77 Lot PT 1145	Pinang Emas Estate			Leasehold 2075	336.70		
Mukim Jerangau	**Bukit Besi**					**Oil Palm Plantation**	**12,100,000**
PN 10735 Lot 4050 (replacing HS (D) 397 P 3643)	Jerangau Estate	Chakuh 9		Leasehold 2051	406.90		
Mukim Jerangau	**Bukit Besi**					**Oil Palm Plantation**	**8,500,000**
PN 669 Lot 37	Jerangau Estate	Jerangau		Leasehold 2049	456.89		
PN 669 Lot 204	Jerangau Estate	Jerangau		Leasehold 2049	36.74		
Mukim Jerangau	**Bukit Besi**					**Oil Palm Plantation**	**14,900,000**
PN 825 Lot 1157	Jerangau Estate	Landas		Leasehold 2058	580.52		
Mukim Batu Buruk							**5,415,000**
GM 569-575 Lot 3046-3052 Bgn Jalan Kamaruddin Jalan Kamaruddin Kuala Terengganu				Leasehold 2090	1,390.00 sq. m	5 units of 4 storey shophouses and 2 parcels of land	
Mukim Pulau Perhentian							**11,400,000**
PN 7652 Lot 470 (replacing HS (D) 2209 PT 320)				Leasehold exp. 2051	438,100 sq. m	Undeveloped Resort Land	

List of Properties

List of Assets	Estates	Division	Tenure First Expiry Date	Tenure Second Expiry Date	Area (Ha)	Description	Net Book Value (RM)
State of Pahang							**118,800,000**
Mukim Kuala Kuantan PN 7723 Lot 54559 District of Kuantan			Leasehold 2096		43,240.00 sq m	Hospital Building	
Wilayah Persekutuan							**31,600,000**
GRN 47712 Lot 51913 Mukim and District of Kuala Lumpur Taman Desa Medical Centre Lot 45, Jalan Desa, Desa Business Park, Taman Desa Off Jalan Klang Lama Kuala Lumpur				Freehold	1,486.00 sq m	Hospital Building	
State of Selangor							**16,000,000**
Mukim Damansara Lot No. 3,4,5,6 HS (D) 259689 PT No. 14532 District			Leasehold 2092		2,888.4 sq. m	Hospital	
State of Kalimantan							**356,628,142**
Kabupaten Melawi, Provinsi Kalimantan Barat, Indonesia. (HGU)			Leasehold Land		18,007.98 Ha	Oil Palm Plantation	
Mukim Batu Buruk							**182,000,000**
PN 10209 Lot 60035 Lot 3963 Jalan Sultan Mahmud Kg Batu Buruk, Kuala Terengganu			Leasehold 2111		23,450 sq. m	Hospital Building	

Group Directory

HEADQUARTERS

TDM Berhad
Level 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 620 4800 / (609) 620 8000
Fax : (609) 620 4803
Website : www.tdmberhad.com.my

PLANTATION DIVISION

TDM Plantation Sdn. Bhd.
Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.
TDM Capital Sdn. Bhd.
Level 3, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
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TDM Trading Sdn. Bhd.
25th Floor, Menara KH
Jalan Sultan Ismail
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Tel : (603) 2148 0811
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PT Rafi Kamajaya Abadi
PT Rafi Sawit Lestari
PT Rafi Rezki Abadi
(Incorporated in Indonesia)
JL Provinsi Sintang – Nanga Pinoh
No.5 Desa Sidomulyo
Kec Pinoh Kota
79672 Kabupaten Melawi
Kalimantan Barat, Indonesia
Office : (0062) 5682 2766
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ESTATES AND MILLS

Sungai Tong Complex

Jaya Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 1023
Email : ldgjaya.tdmp@tdmberhad.com.my

Fikri Estate
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Email : ldgfikri.tdmp@tdmberhad.com.my

Tayor Estate
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Pelung Estate
Sungai Tong, 21500 Setiu
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Bukit Besi Complex

Jerangau Estate
Wakil Pos Pelar, 21810 Ajil
Terengganu, Malaysia
Tel : (6016) 961 9839
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Pinang Emas Estate
23200 Bukit Besi, Dungun
Terengganu, Malaysia
Tel : (609) 849 0057
Fax : (609) 849 0059
Email : ldgpemas.tdmp@tdmberhad.com.my

Gajah Mati Estate
23200 Dungun
Terengganu, Malaysia
Tel : (609) 849 0052
Email : ldggajahmati.tdmp@tdmberhad.com.my

Majlis Agama Islam Estate
AM 9, Bandar AMBS,
Bukit Besi, 23400 Dungun
Terengganu, Malaysia
Tel : (609) 822 2001
Email : ldgmai.tdmp@tdmberhad.com.my

Group Directory

ESTATES AND MILLS

Kemaman Complex

Air Putih Estate
P.O. Box 19,
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 859 8367
Fax : (609) 859 8367
Email : ldgairputih.tdmp@tdmberhad.com.my

Pelantoh Estate
P.O. Box 10, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 822 6400
Fax : (609) 822 6822
Email : ldgpelantoh.tdmp@tdmberhad.com.my

Tebak Estate
P.O. Box 10, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 852 1552
Email : ldgtebak.tdmp@tdmberhad.com.my

Jernih Estate
P.O. Box 10, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
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Email : ldgjernih.tdmp@tdmberhad.com.my

MILLS

Sungai Tong Palm Oil Mill
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 7290
Fax : (609) 824 6472
Email : ksst.tdmp@tdmberhad.com.my

Kemaman Palm Oil Mill
P.O. Box 13, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 822 6566
Fax : (609) 822 6704
Email : kpom.tdmp@tdmberhad.com.my

HEALTHCARE DIVISION

Kumpulan Medic Iman Sdn. Bhd.
45, Jalan Desa, Taman Desa
Off Old Klang Road
58100 Kuala Lumpur, Malaysia
Tel : (603) 7982 6500
Fax : (603) 7982 0704

Kelana Jaya Medical Centre Sdn. Bhd.
1, FAS Business Avenue
Jalan Perbandaran SS7, Kelana Jaya
47301 Kelana Jaya
Selangor, Malaysia
Tel : (603) 7805 2111
Fax : (603) 7806 3505

Kuantan Medical Centre Sdn. Bhd.
Jalan Tun Razak
Bandar Indera Mahkota
25200 Kuantan
Pahang, Malaysia
Tel : (609) 590 2828
Fax : (609) 590 2730 / (609) 590 2791

Kuala Terengganu Specialist Hospital Sdn. Bhd.
Lot 3963, Jalan Sultan Mahmud
Batu Burok
20400 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 637 8888
Fax : (609) 633 6877

TDMC Hospital Sdn. Bhd.
45, Jalan Desa, Taman Desa
Off Old Klang Road
58100 Kuala Lumpur, Malaysia
Tel : (603) 7982 6500
Fax : (603) 7982 0704

Notice of 54th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty Fourth ("54th") Annual General Meeting ("AGM") of the Company will be held at **Dewan Gamelan 3, Primula Beach Hotel, Jalan Persinggahan, 20400 Kuala Terengganu, Terengganu** on **Tuesday**, **28 May 2019** at **10.00 a.m.**, or at any adjournment thereof for the purpose of considering and if thought fit, passing the following business with or without modifications:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon. — **Please refer to Explanatory Note 1**

2. To re-elect the following Directors who retire in accordance with Article 116 of the Company's Articles of Association, and being eligible, offer themselves for re-election:

   i) YM Raja Dato' Haji Idris Raja Kamarudin — **Ordinary Resolution 1**

   ii) YB Dato' Haji A.Rahman bin Yahya — **Ordinary Resolution 2**

   iii) Haji Mazli Zakuan bin Mohd Noor — **Ordinary Resolution 3**

   iv) Encik Mohd Kamaruzaman bin A Wahab — **Ordinary Resolution 4**

   v) Encik Burhanuddin Hilmi bin Mohamed @ Harun — **Ordinary Resolution 5**

   vi) Haji Najman bin Kamaruddin — **Ordinary Resolution 6**

3. To approve the payment of Directors' Fee up to an amount of RM468,000.00 for the period from 29 May 2019 until 30 June 2020. — **Ordinary Resolution 7** **Please refer to Explanatory Note 2**

4. To approve the payment of Directors' Benefits to the Non-Executive Directors up to an amount of RM1,330,450.00 for the period from 29 May 2019 until 30 June 2020. — **Ordinary Resolution 8** **Please refer to Explanatory Note 2**

5. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 9**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

6. **Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016** — **Ordinary Resolution 10** **Please refer to Explanatory Note 3**

   "THAT subject always to the Act, the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other Governmental/Regulatory Authorities, where such approval is necessary, authority be and is hereby given to the Directors of the Company, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

Notice of 54th Annual General Meeting

SPECIAL BUSINESS (CONT'D)

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

Ordinary Resolution 11
Please refer to Explanatory Note 4

"THAT subject to the provision of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and / or its Subsidiary Companies to enter into recurrent related party transactions of a revenue or trading nature as set out in the Circular to Shareholders dated 26 April 2019 provided that such transactions and/or arrangement are:

(i) necessary for the day-to-day operations;

(ii) undertaken in the ordinary course of business at arms's length based on commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iii) not detrimental to the minority shareholders of the Company.

AND THAT such approval, shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting.

whichever is earlier.

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate.

8. **SPECIAL RESOLUTION**

- PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY ("PROPOSED ADOPTION")

Special Resolution 1
Please refer to Explanatory Note 5

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company in its entirety and in place thereof, a new constitution as set out in Appendix 2 of the Circular/Statement to Shareholders dated 26 April 2019 be and is hereby adopted as the Constitution of the Company with immediate effect;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption with the full power to assent to any conditions, modification, and/or amendments as may be required by any relevant authorities to give effect to the Proposed Adoption."

SPECIAL BUSINESS (CONT'D)

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

BY ORDER OF THE BOARD

WAN HASLINDA WAN YUSOFF (MAICSA 7055478)
Company Secretary

Kuala Terengganu
Dated : 26 April 2019

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A member shall appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
2. Where a member of the Company is an Authorised Nominee as defined in the Securities Industry (Central Depositories) Act, 1991 (SICDA), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account "omnibus account", there is no limit to the number of proxies which the exempt Authorised Nominee may appoint in respect of each omnibus account it holds. An exempt Authorised Nominee refers to an Authorised Nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. Where a member or the Authorised Nominee appoints two (2) proxies, or where an exempt Authorised Nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his Attorney duly authorised in writing, or, if the appointor is a Corporation, either under the Common Seal, or under the hand of an Officer or Attorney duly authorised.
6. If this Proxy Form is signed under the hand of an Officer duly authorised, it should be accompanied by a statement reading "signed as authorized Officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the Attorney duly appointed under a Power of Attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in this Proxy Form.
7. Duly completed Proxy Form or the Power of Attorney or other Authority, if any, under which it is signed or a notarially certified copy of that Power or Authority must be deposited at the office of the Share Registrar of the Company i.e at **Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Wilayah Persekutuan** not less than 48 hours before the time for holding the meeting or any adjournment thereof.

   Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of 54th AGM to be put to vote by poll.
8. For the purpose of determining a member who shall be entitled to attend and vote at the Meeting, **only a depositor whose name appears on the Record of Depositors as at 21 May 2019 shall be entitled to attend the said meeting or appoint proxies to attend and vote in his stead.**
9. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and authorisation of all persons whose personal data you have disclosed and/ or processed in connection with the foregoing.

Notice of 54th Annual General Meeting

Explanatory Notes To The Agenda:

1) Item 1 of the Agenda

This item is meant for discussion only. The provisions of Section 340 (1) of the Companies Act, 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by Shareholders.

(2) Item 3 and 4 of the Agenda – Ordinary Resolution 7 and 8

Section 230 (1) of the Companies Act 2016, provides amongst others, that "the fees" of the Directors and "any benefits" payable to the Directors shall be approved at a general meeting. In this respect, the Board of Directors ("the Board") agreed that the shareholders' approval shall be sought at the 54th AGM on the Directors' fees and benefit in two (2) separate resolutions.

The payment of the Directors' Fees for the period from 29 May 2019 until 30 June 2020 will only be made if the proposed resolution 7 has been approved at the 54th AGM of the Company.

In determining the estimated total amount of Directors' Benefits, the Board had considered various factors which include amongst others, the number of scheduled and Special Board meetings, scheduled and Special Board Committee meetings as well as the number of Non-Executive Directors (NEDs) involved in these meetings.

The estimated sum of RM1,330,450.00 is for Directors' Benefits for the period from 29 May 2019 until 30 June 2020.

The payment of the Directors' Benefits will be made on monthly basis and/or as and when incurred if the Proposed Resolution 8 has been passed at the 54th AGM. The Board is of the view that it is fair and equitable for the Directors to be paid on a monthly basis and/or as and when incurred, given that they have duly discharged their duties and responsibilities and provided their services to the Company throughout the said period.

3) Item 6 of the Agenda – Ordinary Resolution 10

Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The Company had in its 53rd Annual General Meeting held on 24 May 2018, obtained its Shareholders' approval for the renewal of the general mandate for issuance of shares pursuant to Section 75 & 76 of the Companies Act, 2016 (the Act). As at the date of this Notice, the Directors have not utilised the mandate granted to the Directors at the last Annual General Meeting held on 24 May 2018 and the said mandate will lapse at the conclusion of the Fifty-Fourth Annual General Meeting.

The proposed Ordinary Resolution No: 10 is intended to renew the authority granted to the Directors of the Company to issue shares under Section 75 and 76 of the Companies Act 2016. If passed, it will allow the Directors of the Company, from the date of the above Annual General Meeting i.e 28 May 2019, authority to issue and allot shares from the unissued capital of the Company but not exceeding 10% of the issued share capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

A renewal for the said mandate is sought to avoid any delay and cost involved in convening such a general meeting. Should the mandate be exercised, the Directors will utilise the proceeds raised for funding current and/or future investment projects, working capital, acquisition, issuance of shares as settlement of purchase consideration and/or such other applications they may in their absolute discretion deem fit.

Notice of 54th Annual General Meeting

Explanatory Notes To The Agenda:- (Cont'd)

4) Item 7 of the Agenda – Ordinary Resolution 11

Proposed Renewal of Shareholders' Mandate

The proposed resolution, if passed, will empower the Company and its subsidiaries ("TDM Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for TDM Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company.

Further information on the Proposed Renewal of Shareholders' Mandate is set out in the Circular to Shareholders dated 26 April 2019 which is dispatched together with the Company's 2018 Annual Report.

5) Item 7 of the Agenda – Special Resolution 1

Special Resolution – Proposed Adoption of a New Constitution of the Company ("Proposed Adoption")

The proposed Special Resolution 1 is undertaken primarily to streamline the existing Memorandum and Articles of Association ("M&A") of the Company with the Companies Act 2016, which was effective from 31 January 2017. The Proposed Adoption is also to align the existing M&A with the relevant amendments of the Main Market Listing Requirements and to provide clarity to certain provision thereof.

Further information on the Proposed Adoption is set out in the Circular to Shareholders dated 26 April 2019 which is dispatched together with the Company's 2018 Annual Report.

Statement Accompanying Notice of Annual General Meeting
(Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirement)

No individual is standing for election as Director at the forthcoming Fifty Fourth Annual General Meeting of the Company.

TDM Berhad(6265-P)
(Incorporated in Malaysia)

Proxy Form

CDS Accounts No.	
Number of Ordinary Share(s) held	

I/We ____
(FULL NAME OF SHAREHOLDER AS PER NRIC / CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

NRIC No. / Company No. ______________________ of ______________________

____
(FULL ADDRESS)

being a member of **TDM BERHAD**, hereby appoint: ______________________

FIRST PROXY

Full Name of Proxy in capital letters		Proportion of Shareholdings	
		Number of Shares	Percentage
NRIC No/Passport No			

and/or failing him/her,

SECOND PROXY

Full Name of Proxy in capital letters		Proportion of Shareholdings	
		Number of Shares	Percentage
NRIC No/Passport No			

or failing him/her the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Fifty Fourth (54th) Annual General Meeting of the Company to be held at **Dewan Gamelan 3, Primula Beach Hotel, Jalan Persinggahan, 20400 Kuala Terengganu, Terengganu on Tuesday, 28 May 2019 at 10.00 a.m.,** or at any adjournment thereof, on the following resolutions referred to in the Notice of 54th AGM. My/our proxy is to vote as indicated below:

Resolution No	Resolutions	For	Against
Ordinary Resolution 1	To re-elect YM Raja Dato' Haji Idris Raja Kamarudin as Director of the Company		
Ordinary Resolution 2	To re-elect YB Dato' Haji A.Rahman bin Yahya as Director of the Company		
Ordinary Resolution 3	To re-elect Haji Mazli Zakuan bin Mohd Noor as Director of the Company		
Ordinary Resolution 4	To re-elect Encik Mohd Kamaruzaman bin A Wahab as Director of the Company		
Ordinary Resolution 5	To re-elect Encik Burhanuddin Hilmi bin Mohamed @ Harun as Director of the Company		
Ordinary Resolution 6	To re-elect Haji Najman bin Kamaruddin as Director of the Company		
Ordinary Resolution 7	To approve the payment of Directors' Fee up to an amount of RM468,000.00 for the period from 29 May 2019 until 30 June 2020		
Ordinary Resolution 8	To approve the payment of Directors' benefits up to an amount of RM1,330,450.00 for the period from 29 May 2019 until 30 June 2020		
Ordinary Resolution 9	To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Board of Directors to determine their remuneration		
Ordinary Resolution 10	Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 11	Proposed Renewal of Shareholders' Mandate on Recurrent Related Party Transactions		
Special Resolution 1	Proposed Adoption of a New Constitution of the Company		

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

Dated this __________ day of ____________________, 2019

____
Signature(s) of Shareholder(s) or Common Seal

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Affix Stamp

TDM BERHAD (6265-P)

C/O SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd. (118401-V)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Wilayah Persekutuan

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