



TDM BERHAD

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

**INTERIM FINANCIAL STATEMENTS
31 DECEMBER 2018**



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2018
(The figures have not been audited)

	Individual Quarter			Cumulative Quarter		
	Current Quarter Ended 31-Dec-18 RM'000	Preceding Quarter Ended 31-Dec-17 RM'000	Preceding Quarter Ended 31-Dec-17 RM'000 (Previously reported under FRS)	Current Quarter To date 31-Dec-18 RM'000	Preceding Quarter To date 31-Dec-17 RM'000 (Reported under MFRS)	Preceding Quarter To date 31-Dec-17 RM'000 (Previously reported under FRS)
Revenue	104,199	121,017	121,017	404,951	448,761	448,761
Cost of sales	(73,766)	(68,862)	(68,862)	(285,851)	(244,447)	(244,447)
Gross profit	30,433	52,155	52,155	119,100	204,314	204,314
Other items of income						
Interest income	9,106	10,641	10,641	35,761	38,772	38,772
Other income	2,205	4,125	4,125	20,525	9,829	9,829
Other items of expense						
Distribution costs	(1,414)	(1,510)	(1,510)	(5,449)	(5,188)	(5,188)
Administrative expenses	(84,364)	(46,635)	(36,771)	(206,277)	(166,825)	(153,673)
Other expenses	(5,356)	(4,342)	(4,342)	(6,763)	(19,815)	(19,815)
Finance costs	(7,287)	(7,832)	(7,832)	(25,931)	(21,936)	(21,936)
(Loss)/Profit before tax	(56,677)	6,602	16,466	(69,034)	39,151	52,303
Income tax expenses	(6,882)	(23,798)	(21,431)	(9,627)	(37,045)	(33,889)
(Loss)/Profit for the period, net of tax	(63,559)	(17,196)	(4,965)	(78,661)	2,106	18,414
Other comprehensive (loss)/income:						
Investments' fair value movement	(351)	(5)	(5)	(357)	(5)	(5)
Foreign currency translation	2,395	(4,066)	(4,066)	2,395	(4,066)	(4,066)
Revaluation of land, buildings, plant & machinery and plantation development expenditure	-	-	141,461	-	-	141,461
Deferred tax related to: Net (surplus)/deficit on revaluation	-	-	(33,975)	-	-	(33,975)
Transfer of revaluation reserve upon written off the assets	-	-	(100)	-	-	(1,036)
Other comprehensive (loss)/income for the period, net of tax	2,044	(4,071)	103,315	2,038	(4,071)	102,379
Total comprehensive (loss)/income for the period	(61,515)	(21,267)	98,350	(76,623)	(1,965)	120,793



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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2018**

(The figures have not been audited)

	Individual Quarter			Cumulative Quarter		
	Current Quarter Ended 31-Dec-18 RM'000	Preceding Quarter Ended 31-Dec-17 RM'000	Preceding Quarter Ended 31-Dec-17 RM'000 (Previously reported under FRS)	Current Quarter To date 31-Dec-18 RM'000	Preceding Quarter To date 31-Dec-17 RM'000 (Reported under MFRS)	Preceding Quarter To date 31-Dec-17 RM'000 (Previously reported under FRS)
(Loss)/Profit attributable to:						
Owners of the parent	(63,023)	(14,514)	(2,283)	(76,393)	6,757	23,065
Non-controlling interests	(536)	(2,682)	(2,682)	(2,268)	(4,651)	(4,651)
	<u>(63,559)</u>	<u>(17,196)</u>	<u>(4,965)</u>	<u>(78,661)</u>	<u>2,106</u>	<u>18,414</u>
Total comprehensive (loss)/income attributable to:						
Owners of the parent	(60,979)	(18,585)	101,032	(74,355)	2,686	125,444
Non-controlling interests	(536)	(2,682)	(2,682)	(2,268)	(4,651)	(4,651)
	<u>(61,515)</u>	<u>(21,267)</u>	<u>98,350</u>	<u>(76,623)</u>	<u>(1,965)</u>	<u>120,793</u>
Earnings per share attributable to owners of the parent (sen):						
Basic (Note 27)	<u>(3.75)</u>	<u>(0.88)</u>	<u>(0.14)</u>	<u>(4.58)</u>	<u>0.43</u>	<u>1.46</u>

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

(The figures have not been audited)

	As at 31-Dec-18 RM'000	As at 31-Dec-17 RM'000 (Reported under MFRS)	As at 1-Jan-17 RM'000 (Reported under MFRS)
Assets			
Non-current assets			
Property, plant & equipment	1,802,473	1,670,017	1,568,202
Intangible asset	6,321	7,179	7,463
Investment property	6,305	6,631	6,557
Goodwill	-	991	7,003
Other investments	60,052	375,401	407,931
Investment securities	44	48	53
Other receivables	64,195	109,904	109,419
Deferred tax assets	15,676	15,449	12,461
	1,955,066	2,185,620	2,119,089
Current assets			
Inventories	28,022	33,280	38,568
Biological assets	1,005	2,618	5,957
Trade and other receivables	94,414	75,379	76,307
Prepayments	2,927	2,052	7,049
Tax recoverable	5,374	4,588	7,514
Cash and bank balances	74,911	108,217	122,168
	206,653	226,134	257,563
Total assets	2,161,719	2,411,754	2,376,652
Current liabilities			
Borrowings	46,743	41,592	30,750
Trade and other payables	148,935	172,696	178,639
Tax payable	744	2,392	4,845
	196,422	216,680	214,234
Net current assets	10,231	9,454	43,329
Non-current liabilities			
Retirement benefit obligations	4,719	4,293	4,070
Borrowings	439,342	749,411	793,524
Lease payable	202,014	-	-
Other payable	26,412	87,710	92,712
Deferred tax liabilities	188,049	188,842	141,503
	860,536	1,030,256	1,031,809
Total liabilities	1,056,958	1,246,936	1,246,043
Net assets	1,104,761	1,164,818	1,130,609



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

(The figures have not been audited)

	As at 31-Dec-18 RM'000	As at 31-Dec-17 RM'000 (Reported under MFRS)	As at 1-Jan-2017 RM'000 (Reported under MFRS)
Equity attributable to owners of the parent			
Share capital	350,713	345,017	301,092
Share premium	-	-	42,822
Retained earnings	761,337	826,861	788,203
Other reserves	4,835	2,796	3,697
	1,116,885	1,174,674	1,135,814
Non-controlling interests	(12,124)	(9,856)	(5,205)
Total equity	1,104,761	1,164,818	1,130,609
Total equity and liabilities	2,161,719	2,411,754	2,376,652
Net assets per share (RM)	0.66	0.70	0.75

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

TDM BERHAD (Company No 6265-P)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2018
(The figures have not been audited)

	Attributable to owners of the parent										
	Equity attributable to owners of the parent		Non-distributable		Distributable		Non-distributable				
	Total equity RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total other reserves RM'000	Asset revaluation reserve RM'000	Foreign currency reserve RM'000	Fair value adjustment reserve RM'000	Transaction with non-controlling interest RM'000	Non-controlling interests RM'000	
Opening balance at 1 January 2018	1,428,135	1,437,991	345,017	-	435,340	657,634	710,539	(52,826)	(48)	(31)	(9,856)
Effects from adoption of MFRS	(244,161)	(244,161)	-	-	410,677	(654,838)	(710,539)	-	55,701	-	-
Loss for the period	1,183,974	1,193,830	345,017	-	846,017	2,796	-	(52,826)	55,653	(31)	(9,856)
	(78,661)	(76,393)	-	-	(76,393)	-	-	-	-	-	(2,268)
Other comprehensive loss											
Net loss on fair value changes in investments' fair value movement	(357)	(357)	-	-	-	(357)	-	-	(357)	-	-
Foreign currency translation	2,395	2,395	-	-	-	2,395	-	2,395	-	-	-
Other comprehensive income for the period, net of tax	2,038	2,038	-	-	-	2,038	-	2,395	(357)	-	-
Total comprehensive loss for the period, net of tax	(76,623)	(74,355)	-	-	(76,393)	2,038	-	2,395	(357)	-	(2,268)
Transactions with owners											
Issuance of shares pursuant to dividend reinvestment scheme	-	-	5,696	-	(5,696)	-	-	-	-	-	-
Dividends paid on ordinary shares	(2,594)	(2,594)	-	-	(2,594)	-	-	-	-	-	-
Total transactions with owners	(2,594)	(2,594)	5,696	-	(8,290)	-	-	-	-	-	-
Closing balance at 31 December 2018	1,104,761	1,116,885	350,713	-	761,337	4,835	-	(50,431)	55,296	(31)	(12,124)
Opening balance at 1 January 2017	1,313,766	1,318,971	301,092	42,822	419,802	555,255	604,089	(48,760)	(43)	(31)	(5,205)
Transfer of share premium on 31 January 2017 *	-	-	42,822	(42,822)	-	-	-	-	-	-	-
Effects from adoption of MFRS	(143,729)	(143,729)	-	-	407,829	(551,558)	(604,089)	-	52,531	-	-
Profit for the period	1,170,037	1,175,242	343,914	-	827,631	3,697	-	(48,760)	52,488	(31)	(5,205)
	2,106	6,757	-	-	6,757	-	-	-	-	-	(4,651)
Other comprehensive income											
Net gain on fair value changes in available for sale investments' fair value movement	3,165	3,165	-	-	-	3,165	-	-	3,165	-	-
Foreign currency translation	(4,066)	(4,066)	-	-	-	(4,066)	-	(4,066)	-	-	-
Other comprehensive income for the period, net of tax	(901)	(901)	-	-	-	(901)	-	(4,066)	3,165	-	-
Total comprehensive income for the period, net of tax	1,205	5,856	-	-	6,757	(901)	-	(4,066)	3,165	-	(4,651)
Transactions with owners											
Issuance of shares pursuant to dividend reinvestment scheme	-	-	1,103	-	(1,103)	-	-	-	-	-	-
Dividends paid on ordinary shares	(6,424)	(6,424)	-	-	(6,424)	-	-	-	-	-	-
Total transactions with owners	(6,424)	(6,424)	1,103	-	(7,527)	-	-	-	-	-	-
Closing balance at 31 December 2017	1,164,818	1,174,674	345,017	-	826,861	2,796	-	(52,826)	55,653	(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 condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)



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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2018

(The figures have not been audited)

	Period Ended	
	31-Dec-18	31-Dec-17
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(69,034)	39,151
Adjustments for:		
Interest expense	25,931	21,936
Depreciation of property, plant and equipment	48,577	44,523
Amortisation of bearer plant	13,152	13,152
Amortisation of intangible asset	858	858
Amortisation of investment property	326	326
Amortisation of finance lease	3,579	-
Property, plant and equipment written off	-	1,948
Biological asset written off	-	299
Inventories written off	12	9,386
Impairment loss on trade and other receivables	(361)	2,211
Impairment of property, plant and equipment	39,635	(26,659)
Impairment of inventories	1,664	-
Impairment of goodwill	991	6,012
Gain on disposal of property, plant and equipment	-	(1,200)
Dividend income	(2,141)	(940)
Realised/unrealised loss on the foreign exchange of investment in fixed income securities	28,097	35,700
Unrealised gain on foreign exchange of borrowings	(450)	-
Profit from Al-Mudharabah	(6,578)	(8,362)
Interest income	(29,183)	(30,410)
(Reversal of)/provision for short term accumulating compensated absences	(5)	136
Provision for retirement benefit obligations	624	223
Fair value movement in other payable	(2,198)	-
Fair value movement in other receivable	9,902	-
Fair value changes in biological assets	1,613	-
Total adjustments	134,045	69,139
Operating cash flows before changes in working capital	65,011	108,290
<u>Changes in working capital</u>		
Decrease/(increase) in inventories	5,258	(6,053)
Increase in receivables	25,798	760
(Decrease)/increase in payables	(67,375)	34,636
Total changes in working capital	(36,319)	29,343
Cash flows from operations	28,692	137,633



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

(The figures have not been audited)

	Period Ended	
	31-Dec-18	31-Dec-17
	RM'000	RM'000
Cash flows from investing activities (cont'd.)		
Interest paid	(25,931)	(58,193)
Interest received	9,175	38,800
Taxes paid	(17,106)	(21,595)
Tax refund	381	478
Annual leave paid	3	-
Net cash flows (used in)/generated from operating activities	<u>(4,786)</u>	<u>97,123</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(48,443)	(110,311)
Dividend received	2,141	940
Proceeds from disposal of property, plant and equipment	-	2,700
(Additions)/withdrawal of deposit with licensed banks	(7,388)	2,261
Increase in deposit with licensed banks pledged as securities for certain banking facilities	<u>(988)</u>	<u>(1,392)</u>
Net cash flows used in investing activities	<u>(54,678)</u>	<u>(105,802)</u>
Cash flows from financing activities		
Drawdowns of bank borrowings	57,889	22,917
Drawdowns of hire purchase facilities	972	890
Repayments of bank borrowings	(36,037)	(31,976)
Repayments of hire purchase facilities	(2,998)	(2,831)
Dividend paid	<u>(2,594)</u>	<u>(6,424)</u>
Net cash flows generated from/(used in) financing activities	<u>17,232</u>	<u>(17,424)</u>
Net decrease in cash and cash equivalents	(42,232)	(26,103)
Cash and cash equivalents at 1 January	56,980	83,492
Effect of foreign exchange rate changes	2,395	(409)
Cash and cash equivalents at end of the period	<u>17,143</u>	<u>56,980</u>

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

Cash and banks balances	74,911	108,217
Bank overdraft	(14,299)	(16,144)
Less: Deposits pledged for bank facilities	(34,224)	(33,236)
Less: Deposits with licensed banks with maturity period more than 3 months	<u>(9,245)</u>	<u>(1,857)</u>
Cash and cash equivalents	<u>17,143</u>	<u>56,980</u>

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)



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Explanatory Notes Pursuant to MFRS 134

Notes:

1. Accounting policies and basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

The financial statements of the Group for the financial period ended 31 March 2018 were the first set of financial statements prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") Framework. The date of transition to the MFRS Framework was on 1 January 2017.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these interim financial statements have been restated to give effect to these changes and the financial impact on transition from FRS in Malaysia to MFRS as disclosed as follows:

a) Bearer plants

Under the MFRS framework, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116 : Property, Plant & Equipment. After initial recognition, bearer plants will now be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). On the transitioning date, the Group have elected to use cost model by using the previous revaluation as deemed cost under MFRSs. The revaluation reserve as at 1 January 2017 was reclassified to retained earnings.

The new planting expenditure and replanting expenditure are capitalised and depreciation commences when the bearer plants mature.

b) Biological assets

Prior to the adoption of the amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants, biological assets, which is the produce that grows on bearer plants were not recognized. The biological assets of the Group comprise of the fresh fruit bunch ("FFB") prior to harvest. With the adoption of the Amendments to MFRS 116 and MFRS 141, the biological assets are measured at fair value less cost to sell. The valuation model adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of the FFB. The changes in fair value less costs to sell of the biological assets were recognised in profit or loss.

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

c) Investment property

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

d) Business combinations

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition.

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

e) Financial instruments

MFRS 9 Financial Instruments replaces FRS 139 Financial 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:

- (i) Classification and measurement;
- (ii) Impairment; and
- (iii) Hedge accounting.

With the exception of hedge accounting, the Group has applied MFRS 9 retrospectively, with the initial application date of 1 January 2018 and adjusting the comparative information for the period beginning 1 January 2017.

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

e) Financial instruments (cont'd.)

i) Classification and measurement

MFRS 9 contains a new classification and measurement approach for the financial assets that reflects the business model in which the assets are managed and their cash flows characteristics.

MFRS 9 contains three principal classification categories for the financial assets as follows:

1. Amortised Cost ("AC")
2. Fair Value through Other Comprehensive Income ("FVOCI")
3. Fair Value through Profit or Loss ("FVTPNL")

The standard eliminates the existing FRS 139 categories of Held - to - Maturity, Loan and Receivables ("L&R") and Available-for-Sale ("AFS").

The following table shows the original measurement categories in accordance FRS 139 and the new measurement categories under MFRS 9 for the Group's financial assets as at 1 January 2018.

Group financial assets	Original classification under FRS 139	Original carrying amount under FRS 139 RM'000	New classification under MFRS 9	New carrying amount under MFRS 9 RM'000
Non-current assets				
Investments in fixed income securities	AFS	315,000	AC	315,000
Other investments	AFS	4,700	FVOCI	79,943
Investments in quoted shares	AFS	48	FVOCI	48
Other receivables	L&R	109,904	AC	109,904
Current assets				
Trade and other receivables	L&R	75,379	AC	75,379
Cash and bank balances	L&R	108,217	AC	108,217

ii) Impairment

The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing FRS 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

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 expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group's trade and other receivables applied the standard's simplified approach and calculated ECLs based on life time expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment in which the business is operating in.

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

f) Revenue from contracts with customers

Upon adoption of MFRS 15, the Group recognises the revenue from contracts with customers when or as the Group transfers goods or services to a customer, measured at the amount to which the Group expects to be entitled, according to the term and condition stipulated in the contracts with customers. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the Group's performance; or at a point in time, when control of the goods or services is transferred to the customers. The adoption of this new MFRS 15 have not resulted in any material impact on the financial statements of the Group.

The impact of the changes in accounting policy on the financial statements as a result of the transition to the MFRS Framework are as follows:

Condensed consolidated statements of financial position as at 31 December 2017 and as at 1 January 2017

	As at 31 December 2017			As at 1 January 2017		
	Previously reported under FRS RM'000	Effects on adoption of MFRS RM'000	Reported under MFRS RM'000	Previously reported under FRS RM'000	Effects on adoption of MFRS RM'000	Reported under MFRS RM'000
Non-current assets						
Property, plant and equipment	1,327,955	342,062	1,670,017	1,221,033	347,169	1,568,202
Biological assets	658,929	(658,929)	-	584,371	(584,371)	-
Investment property	11,400	(4,769)	6,631	11,000	(4,443)	6,557
Other investments	319,700	55,701	375,401	355,400	52,531	407,931
Current assets						
Biological assets	-	2,618	2,618	-	5,957	5,957
Equity						
Other reserves	657,634	(654,838)	2,796	555,255	(551,558)	3,697
Retained earnings	435,340	391,521	826,861	419,802	368,401	788,203

Condensed consolidated statement of comprehensive income for the period ended 31 December 2017

	Previously reported under FRS RM'000	Effects on adoption of MFRS RM'000	Reported under MFRS RM'000
Profit before tax	52,303	(13,152)	39,151
Income tax expense	(33,889)	(3,156)	(37,045)
Profit for the quarter	<u>18,414</u>	<u>(16,308)</u>	<u>2,106</u>
Net profit attributable to:			
Equity holders of the parent	125,444	(122,758)	2,686
Non-controlling interests	(4,651)	-	(4,651)
	<u>120,793</u>	<u>(122,758)</u>	<u>(1,965)</u>

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

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

MFRS, IC Interpretation and Amendments to IC Interpretations	Effective for annual periods beginning on or after
MFRS 16: Leases	1 January 2019
MFRS 128: Long term Interest in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
IC Intrepretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale and Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred

2. Declaration of audit qualification

The preceding annual financial statements for the year ended 31 December 2017 were reported without any qualification.

3. Seasonal or cyclical factors

The operations of the Group are not affected by any cyclical factors, other than the cyclical production of fresh fruit bunches (FFB).

4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the quarter ended 31 December 2018.

5. Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year, which give a material effect in the current interim period

There were no changes in estimates of amounts, which give a material effect in the current interim period.

6. Details of issue, cancellation, repurchase, resale and repayment of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

7. Dividends paid

There were no dividend paid by the Group during the quarter under review.

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

8. Segmental reporting

The segments are reported in a manner that is more consistent with internal reporting provided to the chief operating decision maker whereby the Group's business is presented in term of business division and geographical perspective. The operating performance is based on a measure of adjusted earning before interest, tax, depreciation and amortisation (EBITDA). The measurement basis excludes the effects of non-operational items from the reporting segments such as fair value gains and losses, foreign exchange gains and losses, impairment losses and gains or losses on disposal of assets.

3 months ended 31 December 2018

	Plantation				Group RM'000
	Malaysia RM'000	Indonesia RM'000	Healthcare RM'000	Others RM'000	
Total revenue	47,006	5	59,483	-	106,494
Intersegment revenue	(1,974)	-	(321)	-	(2,295)
External revenue	45,032	5	59,162	-	104,199
Adjusted EBITDA	14,403	(4,476)	7,871	(2)	17,796
Realised loss on foreign exchange of investment in fixed income securities	(4,997)	-	-	-	(4,997)
Unrealised gain on foreign exchange of borrowings	450	-	-	-	450
Fair value movement in other payable	2,198	-	-	-	2,198
Fair value movement in other receivable	-	(9,902)	-	-	(9,902)
Fair value changes in biological assets	(1,613)	-	-	-	(1,613)
Impairment losses	-	(41,294)	796	-	(40,498)
EBITDA	10,441	(55,672)	8,667	(2)	(36,566)
Depreciation & amortisation	(12,233)	(5,547)	(4,150)	-	(21,930)
Profit from Al-Mudharabah	1,029	3,397	45	-	4,471
Interest income	4,582	(68)	121	-	4,635
Finance costs	(5,827)	(120)	(1,340)	-	(7,287)
(Loss)/Profit before tax	(2,008)	(58,010)	3,343	(2)	(56,677)

3 months ended 31 December 2017

	Plantation				Group RM'000 Restated
	Malaysia RM'000 Restated	Indonesia RM'000	Healthcare RM'000	Others RM'000	
Total revenue	72,036	56	49,316	-	121,408
Intersegment revenue	(126)	-	(265)	-	(391)
External revenue	71,910	56	49,051	-	121,017
Adjusted EBITDA	27,921	(11,486)	3,319	(2)	19,752
Unrealised loss on foreign exchange of investment in fixed income securities	(14,700)	-	-	-	(14,700)
Impairment losses/(Reversal of impairment)	(80)	26,621	(6,938)	-	19,603
EBITDA	13,141	15,135	(3,619)	(2)	24,655
Depreciation & amortisation	(9,025)	(6,972)	(3,998)	-	(19,995)
Profit from Al-Mudharabah	1,449	1,334	121	8	2,912
Interest income	7,615	18	96	-	7,729
Finance costs	(6,889)	-	(1,810)	-	(8,699)
Profit/(Loss) before tax	6,291	9,515	(9,210)	6	6,602

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

8. Segmental reporting (cont'd.)

12 months ended 31 December 2018

	Plantation				Group
	Malaysia	Indonesia	Healthcare	Others	
	RM'000	RM'000	RM'000	RM'000	RM'000
Total revenue	202,632	117	210,928	-	413,677
Intersegment revenue	(7,470)	-	(1,256)	-	(8,726)
External Revenue	195,162	117	209,672	-	404,951
Adjusted EBITDA	52,296	(14,008)	28,266	(15)	66,539
Realised loss on foreign exchange of investment in fixed income securities	(28,097)	-	-	-	(28,097)
Unrealised gain on foreign exchange of borrowings	450	-	-	-	450
Fair value movement in other payable	2,198	-	-	-	2,198
Fair value movement in other receivable	-	(9,902)	-	-	(9,902)
Fair value changes in biological assets	(1,613)	-	-	-	(1,613)
Impairment losses	-	(41,299)	(649)	-	(41,948)
EBITDA	25,234	(65,209)	27,617	(15)	(12,373)
Depreciation & amortisation	(45,059)	(6,537)	(14,895)	-	(66,491)
Profit from AI-Mudharabah	1,613	6,873	308	-	8,794
Interest income	26,747	27	193	-	26,967
Finance costs	(20,568)	(1,224)	(4,139)	-	(25,931)
(Loss)/ Profit before tax	(12,033)	(66,070)	9,084	(15)	(69,034)
Assets	1,426,712	464,740	267,733	2,534	2,161,719
Liabilities	166,610	755,779	133,103	1,466	1,056,958
Exchange rate ratio	MYR 1.00	IDR 3,493			

8. Segmental reporting (cont'd.)

12 months ended 31 December 2017

	Plantation				Group RM'000 Restated
	Malaysia RM'000 Restated	Indonesia RM'000	Healthcare RM'000	Others RM'000	
Total revenue	266,144	228	184,531	-	450,903
Intersegment revenue	(1,045)	-	(1,097)	-	(2,142)
External Revenue	265,099	228	183,434	-	448,761
Adjusted EBITDA	96,212	(20,698)	21,411	(13)	96,912
Unrealised loss on foreign exchange of investment in fixed income securities	(35,700)	-	-	-	(35,700)
(Impairment losses)/Reversal of impairment	(85)	26,621	(8,100)	-	18,436
Gain on disposal of property, plant & equipment	1,200	-	-	-	1,200
EBITDA	61,627	5,923	13,311	(13)	80,848
Depreciation & amortisation	(35,250)	(9,061)	(14,222)	-	(58,533)
Profit from Al-Mudharabah	2,751	5,281	311	19	8,362
Interest income	30,213	59	138	-	30,410
Finance costs	(18,320)	-	(3,616)	-	(21,936)
Profit/(Loss) before tax	41,021	2,202	(4,078)	6	39,151
Assets	1,630,786	514,957	263,464	2,547	2,411,754
Liabilities	355,158	763,607	126,711	1,460	1,246,936
Exchange rate ratio	MYR 1.00	IDR 3,335			

9. Valuation on non-current assets

The Group upon the adoption of MFRS has elected to use cost model from previous revaluation model. This change in accounting policy has resulted in revaluation amount on the transition date to be recorded as deemed cost.

10. Material subsequent event

There were no material subsequent event of the Group for the financial period under review.

11. Changes in the composition of the Group

There is no changes in the composition of the Group during quarter under review.

12. Changes in contingent liabilities or contingent assets

There were no changes in contingent liabilities from the previous audited financial statements to the date of this quarterly report.

13. Capital commitments

Capital commitments as at 31 December 2018 are as follows:

	RM '000
Authorised by the Directors and contracted	-
Authorised by the Directors but not contracted	312,374
	312,374

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENT

14. Review of the performance of the Group, setting out material factors affecting the earnings and/or revenue of the Group for the current quarter and financial year to date

Individual quarter - Q4 2018 versus Q4 2017

	Q4 2018 RM'000	Q4 2017 RM'000 Reported under MFRS	Changes RM'000	%
REVENUE				
Plantation	45,037	71,966	(26,929)	-37%
Healthcare	59,162	49,051	10,111	21%
Total revenue	104,199	121,017	(16,818)	-14%
(LOSS)/PROFIT BEFORE TAX				
Plantation	9,927	16,435	(6,508)	-40%
Healthcare	7,871	3,319	4,552	137%
Others	(2)	(2)	-	-
Adjusted EBITDA	17,796	19,752	(1,956)	-10%
Realised/unrealised loss on foreign exchange of in fixed income securities	(4,997)	(14,700)	9,703	66%
Unrealised gain on foreign exchange of borrowings	450	-	450	100%
Fair value movement in other payable	2,198	-	2,198	100%
Fair value movement in other receivable	(9,902)	-	(9,902)	100%
Fair value changes in biological assets	(1,613)	-	(1,613)	100%
(Impairment losses)/reversal of impairment losses	(40,498)	19,603	(60,101)	-307%
EBITDA	(36,566)	24,655	(61,221)	-248%
Depreciation & amortisation	(21,930)	(19,995)	(1,935)	-10%
Profit from Al-Mudharabah	4,471	2,912	1,559	54%
Interest income	4,635	7,729	(3,094)	-40%
Finance costs	(7,287)	(8,699)	1,412	16%
(Loss)/Profit before tax	(56,677)	6,602	(63,279)	-958%

The Group's revenue for the three months ended 31 December 2018 declined by 14% compared to the previous year corresponding quarter mainly due to lower crop production and lower palm produce selling prices at Plantation Division. However, this is partly offset with a double digit revenue growth at our Healthcare Division.

PLANTATION DIVISION

The Plantation Division recorded lower revenue by 37% mainly due to:

- a) Lower CPO and PK prices by 25% and 40% respectively; and
- b) Lower CPO and PK productions by 16% and 24% respectively.

The Company has identified the root-causes of the sluggish production performance, and we have started to implement our Value Creation Plan (VCP) to address the issue.

In addition, the ongoing replanting program in Terengganu - which has started since 2012, to replace the old plantations with new, high yielding material - is imperative to improve our age profile and productivity going forward.

The Plantation Division registered an adjusted EBITDA of RM9.9 million during the quarter. We also recorded a one-off impairment charge of RM41.3 million due to the operational challenges that we had in our Kalimantan plantation. Our new management team in Kalimantan is now making good progress in resolving challenges in Kalimantan.

14. Review of the performance of the Group, setting out material factors affecting the earnings and/or revenue of the Group for the current quarter and financial year to date (cont'd.)

Individual quarter - Q4 2018 versus Q4 2017 (cont'd.)

Below are the key operating statistics for Plantation division:

Plantation Statistics	Q4 2018	Q4 2017	Changes	%
CPO production (mt)	21,871	26,138	(4,267)	-16%
PK production (mt)	5,420	7,136	(1,716)	-24%
FFB production (mt)	114,526	145,705	(31,179)	-21%
CPO average price (RM)	2,008	2,695	(687)	-25%
PK average price (RM)	1,658	2,760	(1,102)	-40%
Mature area (hectare)	36,910	35,459	1,451	4%
Immature area (hectare)	7,081	8,804	(1,723)	-20%
Oil extraction rate (OER)	18.95%	17.83%	1.12%	6%
Kernel extraction rate (KER)	4.71%	4.89%	-0.18%	-4%

HEALTHCARE DIVISION

Our Healthcare Division continue to show strong performance during the quarter with 21% increased in revenue and adjusted EBITDA grew by 137% compared to the previous corresponding quarter. These were mainly due to higher inpatient and outpatient number by 16% and 9% respectively compared to the previous corresponding quarter. The inpatient days and occupancy rate also increased by 27% and 13% respectively compared to the previous corresponding quarter.

The opening of new Kuala Terengganu Specialist Hospital ("KTSH") in Q1 2018, and increased in overall hospitals activities, helped to drive the continued growth.

Below are the key operating statistics for Healthcare division:

Healthcare Statistics	Q4 2018	Q4 2017	Changes	%
Number of inpatient	6,294	5,403	891	16%
Number of outpatient	44,189	40,442	3,747	9%
Inpatient days	20,516	16,144	4,372	27%
Occupancy rate (%)	62%	55%	7%	13%
Average length of stay (day)	3.03	2.62	0.41	16%
Number of bed	407	297	110	37%
Average revenue per inpatient (RM)	2,340	2,274	66	3%

14. Review of the performance of the Group, setting out material factors affecting the earnings and/or revenue of the Group for the current quarter and financial year to date (cont'd.)

Cumulative quarter - FY 2018 versus FY 2017

	FY 2018 RM'000	FY 2017 RM'000 Reported under MFRS	Changes RM'000	%
REVENUE				
Plantation	195,279	265,327	(70,048)	-26%
Healthcare	209,672	183,434	26,238	14%
Total revenue	404,951	448,761	(43,810)	-10%
(LOSS)/PROFIT BEFORE TAX				
Plantation	38,288	75,514	(37,226)	-49%
Healthcare	28,266	21,411	6,855	32%
Others	(15)	(13)	(2)	-15%
Adjusted EBITDA	66,539	96,912	(30,373)	-31%
Realised/unrealised loss on foreign exchange of investment in fixed income securities	(28,097)	(35,700)	7,603	21%
Unrealised gain on foreign exchange of borrowings	450	-	450	100%
Fair value movement in other payable	2,198	-	2,198	100%
Fair value movement in other receivable	(9,902)	-	(9,902)	100%
Fair value changes in biological assets	(1,613)	-	(1,613)	100%
(Impairment losses)/reversal of impairment	(41,948)	18,436	(60,384)	-328%
Gain on disposal of property, plant & equipment	-	1,200	(1,200)	-100%
EBITDA	(12,373)	80,848	(93,221)	-115%
Depreciation & amortisation	(66,491)	(58,533)	(7,958)	-14%
Profit from Al-Mudharabah	8,794	8,362	432	5%
Interest income	26,967	30,410	(3,443)	-11%
Finance costs	(25,931)	(21,936)	(3,995)	-18%
(Loss)/Profit before tax	(69,034)	39,151	(108,185)	-276%

The Group's revenue for the year ended 31 December 2018 declined by 10% compared to the previous corresponding year mainly due to lower crop production and palm produce selling prices at Plantation Division. However, this is partly offset with higher Healthcare revenue.

PLANTATION DIVISION

The Plantation Division recorded lower revenue by 26% mainly due to:

- a) Lower CPO and PK prices by 19% and 25% respectively; and
- b) Lower CPO and PK productions by 14% and 21% respectively.

The Company has identified the root-causes of the sluggish production performance, and we have started to implement our Value Creation Plan (VCP) to address the issue. This is in addition to the ongoing replanting programme for our Terengganu estates to improve our age profile and productivity.

The Plantation Division registered an adjusted EBITDA of RM38.3 million during the year. We believe this measure provides a better sense of earnings from the ongoing operations our Plantation Division.

14. Review of the performance of the Group, setting out material factors affecting the earnings and/or revenue of the Group for the current quarter and financial year to date (cont'd.)

Cumulative quarter - FY 2018 versus FY 2017 (cont'd.)

PLANTATION DIVISION (CONT'D.)

The Division recorded loss before tax of RM61.3 million during the year, compared to profit before tax of RM43.2 million in previous year due to :

- i) Decline in CPO and PK prices by 19% and 25% respectively;
- ii) Lower CPO and PK productions by 14% and 21% respectively;
- iii) Impairment charge at Kalimantan plantation of RM41.3 million;
- vi) Fair value movement in receivables at Kalimantan plantation of RM9.9 million; and
- v) Higher finance cost related to Kalimantan plantation by RM1.3 million.

Below are the key operating statistics for Plantation division:

Plantation Statistics	FY 2018	FY 2017	Changes	%
CPO production (mt)	72,550	84,030	(11,480)	-14%
PK production (mt)	17,308	21,988	(4,680)	-21%
FFB production (mt)	375,295	455,505	(80,210)	-18%
CPO average price (RM)	2,313	2,872	(559)	-19%
PK average price (RM)	1,955	2,614	(659)	-25%
Mature area (hectare)	36,910	35,459	1,451	4%
Immature area (hectare)	7,081	8,804	(1,723)	-20%
Oil extraction rate (OER)	19.32%	18.56%	0.76%	4%
Kernel extraction rate (KER)	4.61%	4.86%	-0.25%	-5%

HEALTHCARE DIVISION

Our Healthcare Division is making strong progress in FY2018, with revenue and adjusted EBITDA by 14% and 32% respectively, compared to the previous year. The opening of the new KTSH in Q1 2018 and increased in hospitals activities have helped fuel the growth.

During the year, the division recorded higher inpatient and outpatient number by 9% and 4% respectively compared to the previous year. The inpatient days and occupancy rate also increased by 17% and 5% respectively compared to the previous year.

Below are the key operating statistics for Healthcare division:

Healthcare Statistics	FY 2018	FY 2017	Changes	%
Number of inpatient	23,507	21,579	1,928	9%
Number of outpatient	168,576	162,335	6,241	4%
Inpatient days	76,115	64,935	11,180	17%
Occupancy rate (%)	59%	56%	3%	5%
Average length of stay (day)	2.96	2.66	0.30	11%
Number of bed	407	297	110	37%
Average revenue per inpatient (RM)	2,237	2,126	111	5%

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

15. Explanatory comment on any material change in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter

Individual quarter - Q4 2018 versus Q3 2018

	Q4 2018 RM'000	Q3 2018 RM'000	Changes	
			RM'000	%
REVENUE				
Plantation	45,037	34,738	10,299	30%
Healthcare	59,162	51,962	7,200	14%
Total revenue	104,199	86,700	17,499	20%
LOSS BEFORE TAX				
Plantation	9,927	9,271	656	7%
Healthcare	7,871	6,949	922	13%
Others	(2)	(3)	1	33%
Adjusted EBITDA	17,796	16,217	1,579	10%
Realised/unrealised loss on foreign exchange of investment in fixed income securities	(4,997)	(3,150)	(1,847)	-59%
Unrealised gain on foreign exchange of borrowings	450	-	450	100%
Fair value movement in other payable	2,198	-	2,198	100%
Fair value movement in other receivable	(9,902)	-	(9,902)	100%
Fair value changes in biological assets	(1,613)	(549)	(1,064)	100%
Impairment losses	(40,498)	(547)	(39,951)	-7304%
EBITDA	(36,566)	11,971	(48,537)	-405%
Depreciation & amortisation	(21,930)	(15,270)	(6,660)	-44%
Profit from AI-Mudharabah	4,471	1,841	2,630	143%
Interest income	4,635	7,493	(2,858)	-38%
Finance costs	(7,287)	(6,987)	(300)	-4%
Loss before tax	(56,677)	(952)	(55,725)	-5853%

The Group's revenue for the three months ended 31 December 2018 was higher by 20% compared to the immediate preceding quarter mainly due to higher crop production and higher Healthcare revenue. However, this is partly offset with lower palm produce selling prices.

PLANTATION DIVISION

The Plantation Division recorded higher revenue by 30% mainly due to higher CPO and PK productions by 52% and 89% respectively.

This is partly offset with lower CPO and PK prices by 13% and 8% respectively.

Adjusted EBITDA or operating profit, for the Plantation Division was lower by 7% or RM0.7 million compared to the previous year corresponding period mainly due to weaker palm oil prices.

15. Explanatory comment on any material change in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter (cont'd.)

Individual quarter - Q4 2018 versus Q3 2018 (cont'd.)

Below are the key operating statistics for Plantation division:

Plantation Statistics	Q4 2018	Q3 2018	Changes	%
CPO production (mt)	21,871	14,435	7,436	52%
PK production (mt)	5,420	2,866	2,554	89%
FFB production (mt)	114,526	70,685	43,841	62%
CPO average price (RM)	2,008	2,305	(297)	-13%
PK average price (RM)	1,658	1,793	(135)	-8%
Mature area (hectare)	36,910	36,910	-	-
Immature area (hectare)	7,081	7,081	-	-
Oil extraction rate (OER)	18.95%	20.59%	-1.64%	-8%
Kernel extraction rate (KER)	4.71%	4.09%	0.62%	15%

HEALTHCARE DIVISION

Healthcare Division recorded 14% increased in revenue mainly due to higher inpatient and outpatient number by 4% and 6% respectively compared to the immediate preceding quarter. The inpatient days and occupancy rate also have increased by 3% and 5% respectively compared to the immediate preceding quarter.

Healthcare Division's adjusted EBITDA was increased by 13% from the overall increased in hospital's activities.

Below are the key operating statistics for Healthcare division:

Healthcare Statistics	Q4 2018	Q3 2018	Changes	%
Number of inpatient	6,294	6,080	214	4%
Number of outpatient	44,189	41,550	2,639	6%
Inpatient days	20,516	19,831	685	3%
Occupancy rate (%)	62%	59%	3%	5%
Average length of stay (day)	3.03	2.99	0.04	1%
Number of bed	407	407	-	-
Average revenue per inpatient (RM)	2,340	2,179	161	7%

16. Commentary on the prospects, including the factors that are likely to influence the Group's prospects for the remaining period to the end of the financial year or the next financial year if the reporting period is the last quarter

Plantation

CPO prices have recovered from the preceding quarter's level, where price reached a low of RM1,773 per tonne last November.

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

Over the past several months we have undertaken reviews and examined our operation, and we have identified a plan to refocus the operation via our Value Creation Plan (VCP).

In addition, the Group continues to rejuvenate our estates in Terengganu in accordance to our replanting programme which has started since 2012 and to date has spent RM113.4 million, involving 7,445.75 ha. The replanting of old and unproductive areas will help to improve oil palm productivity through usage of superior planting materials and higher planting density (from existing average stand per ha of 110, to 136-148 stand per ha). It will also help to improve our age profile towards achieving higher yield.

Meanwhile, for Kalimantan operation, we are resetting and renewing our focus. We are making good progress on the ground since the beginning of FY2019 and the outcomes are encouraging. We are also now targeting to commission our new state of the art mill in Kalimantan by Q3 FY2019.

The Group is optimistic on the long term fundamentals of the industry and will remain focused in improving productivity and optimizing production cost. We are also committed to sustainability agenda and the RSPO certification has enabled us to enjoy better premium from the sale of our CSPO and CSPK.

Healthcare

Challenging economic environment and entry of new players to the industry will continue to weigh on the Healthcare sector. Nevertheless we are optimistic that our Healthcare Division growth will be supported by our capacity expansion and introduction of new service modalities.

Barring unforeseen circumstance, the Group is cautiously optimistic of achieving satisfactory operating performance in the financial year 2019.

17a. Explanatory note for any variance of actual profit after tax and minority interest and the forecast profit after tax and minority interest (where the variance exceeds 10%)

Not applicable.

17b. Explanatory note for any shortfall in the profit guarantee

There was no profit guarantee issued for the quarter ended 31 December 2018.

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

18. (Loss)/Profit for the period

	Current period to date	
	31-Dec-18 RM'000	31-Dec-17 RM'000
The following amounts have been included in arriving at (loss)/profit before tax:		
Interest expense	25,931	21,936
Profit from AI-Mudharabah	(6,578)	(8,362)
Interest income	(29,183)	(30,410)
Dividend income	(2,141)	(940)
Depreciation of property, plant and equipment	48,577	44,523
Amortisation of bearer plant	13,152	13,152
Amortisation of intangible asset	858	858
Amortisation of investment property	326	326
Amortisation of finance lease	3,579	-
Gain on disposal of property, plant and equipment	-	(1,200)
Property, plant and equipment written off	-	1,948
Inventories written off	12	-
Impairment loss on trade and other receivables	(361)	2,211
Impairment of property, plant and equipment	-	(26,659)
Impairment of inventories	1,664	-
Impairment of goodwill	-	6,012
Fair value changes in biological assets	1,613	-
Fair value movement in other payable	(2,198)	-
Fair value movement in other receivable	9,902	-
Realised/unrealised loss on the foreign exchange of investment in fixed income securities	28,097	35,700
Unrealised gain on the foreign exchange of borrowings	(450)	-

19. Breakdown of tax charge and explanation on variance between effective and statutory tax rate for the current quarter and preceding quarter to date

	Current Quarter			Current period To date		
	31-Dec-18 RM'000	31-Dec-17 RM'000	31-Dec-17 RM'000	31-Dec-18 RM'000	31-Dec-17 RM'000	31-Dec-17 RM'000
		(Reported under MFRS)	(Previously reported under FRS)		(Reported under MFRS)	(Previously reported under FRS)
Current income tax	1,483	9,500	7,133	11,880	24,870	21,714
Underprovision of income tax in prior year	977	804	804	3,176	1,799	1,799
	<u>2,460</u>	<u>10,304</u>	<u>7,937</u>	<u>15,056</u>	<u>26,669</u>	<u>23,513</u>
Deferred tax:						
Relating to origination and reversal of temporary differences	1,473	3,666	3,666	(2,797)	2,170	2,170
Under/(Over) provision of deferred tax	2,949	9,828	9,828	(2,632)	8,206	8,206
Income tax	<u>6,882</u>	<u>23,798</u>	<u>21,431</u>	<u>9,627</u>	<u>37,045</u>	<u>33,889</u>

Income tax was calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the period.

The effective tax rate of the Group for the current quarter and period to date was lower than the statutory tax rate of the respective period principally due to recognition of deferred tax asset during the period.

20. Amount of profits on sale of unquoted investments or properties

There were no sale of unquoted investments or properties for the current quarter under review.

21. Corporate proposals

i. Execution of a Heads of Agreement (“HOA”) between TDM and Terengganu Incorporated Sdn Bhd (“TI”) for The Proposed Acquisition of TI’s 42.64% Equity Interest in Ladang Rakyat Trengganu Sdn Bhd (“Ladang Rakyat”) (“Proposed Acquisition”)

On 27 February 2017, TDM announced that it had entered into a HOA with TI to acquire TI’s entire equity interest of 42.64% in Ladang Rakyat. The Proposed Acquisition will increase TDM’s current shareholdings in Ladang Rakyat 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 Ladang Rakyat.

On 26 February 2018, TDM and TI had 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 Ladang Rakyat, it is noted that some of Ladang Rakyat’s assets have yet to obtain approval from the authorities. Hence, the extension of time by another 12 months up to 26 February 2019 is to facilitate Ladang Rakyat to procure the relevant approvals for some of its assets.

The Second Supplemental Agreement is supplemental to and shall be read together with the HOA and Supplemental Agreement.

The acquisition of additional equity in Ladang Rakyat is one of the moves adopted by the Group in line with its overall strategy of expanding plantation area in Malaysia.

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.

21. Corporate proposals (cont'd.)

ii. Acceptance of Credit Facilities from OCBC Al-Amin Bank Berhad of up to USD 105 Million

On 7 September 2018, the Company announced 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 utilize 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.

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.

22. Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2017: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

	As at 31-Dec-18 RM'000	As at 31-Dec-17 RM'000	As at 1-Jan-17 RM'000
Neither past due nor impaired	22,225	28,351	25,775
1 to 30 days past due not impaired	9,153	9,397	7,155
31 to 60 days past due not impaired	7,698	5,295	19,523
61 to 90 days past due not impaired	2,518	8,224	5,491
	19,369	22,916	32,169
Impaired	10,554	10,595	8,897
	<u>52,148</u>	<u>61,862</u>	<u>66,841</u>

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 period.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM19,369,000 (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.

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		
	As at 31-Dec-18 RM'000	As at 31-Dec-17 RM'000	As at 1-Jan-17 RM'000
Trade receivables-nominal amounts	10,554	10,595	8,897
Less: Allowance for impairment	(10,554)	(10,595)	(8,897)
	<u>-</u>	<u>-</u>	<u>-</u>

Movement in allowance accounts:

	Group		
	As at 31-Dec-18 RM'000	As at 31-Dec-17 RM'000	As at 1-Jan-17 RM'000
At 1 January	10,595	8,897	12,035
Charge for the year	320	1,698	3,033
Written back	(361)	-	(6,171)
At 31 December	<u>10,554</u>	<u>10,595</u>	<u>8,897</u>

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.

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

23. Borrowings and debt securities as at the end of the reporting period

Details of the Group's borrowings as at 31 December 2018 and 31 December 2017 are as follows:

As at 31 December 2018

	Long term		Short term		Total borrowings	
	RM'000	IDR'000	RM'000	IDR'000	RM'000	IDR'000
Secured						
Bank loans	391,444	-	39,063	-	430,507	-
Bank overdraft	14,299	-	-	-	14,299	-
Obligation under hire purchase	6,208	-	179	-	6,387	-
	411,950	-	39,243	-	451,192	-
Unsecured						
Bank loans	27,500	-	7,500	-	35,000	-
IDR Notes	-	-	-	-	-	-
	27,500	-	7,500	-	35,000	-
	439,450	-	46,743	-	486,192	-

As at 31 December 2017

	Long term		Short term		Total borrowings	
	RM'000	IDR'000	RM'000	IDR'000	RM'000	IDR'000
Secured						
Bank loans	380,130	-	31,000	-	411,130	-
Bank overdraft	16,144	-	-	-	16,144	-
Obligation under hire purchase	3,137	-	3,092	-	6,229	-
	399,411	-	34,092	-	433,503	-
Unsecured						
Bank loans	35,000	-	7,500	-	42,500	-
IDR Notes	315,000	1,050,000,000	-	-	315,000	1,050,000,000
	350,000	1,050,000,000	7,500	-	357,500	1,050,000,000
	749,411	1,050,000,000	41,592	-	791,003	1,050,000,000

As at 1 January 2017

	Long term		Short term		Total borrowings	
	RM'000	IDR'000	RM'000	IDR'000	RM'000	IDR'000
Secured						
Bank loans	392,223	-	22,967	-	415,190	-
Bank overdraft	2,714	-	-	-	2,714	-
Obligation under hire purchase	5,387	-	2,783	-	8,170	-
	400,324	-	25,750	-	426,074	-
Unsecured						
Bank loans	42,500	-	5,000	-	47,500	-
IDR Notes	350,700	1,050,000,000	-	-	350,700	1,050,000,000
	393,200	1,050,000,000	5,000	-	398,200	1,050,000,000
	793,524	1,050,000,000	30,750	-	824,274	1,050,000,000

Weighted average effective interest rate of the Group borrowings is 5.17% (2017: 5.69%) per annum.

The unsecured Indonesian Rupiah Notes Programme ("IDR Notes") bears a fixed interest rate of 12% per annum, other Group borrowings are based on floating interest rate.

24. Summary of off balance sheet financial instruments by type and maturity profile

The Group did not enter into any contract involving off balance sheet financial instruments during the financial period ended 31 December 2018.

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

1. KUALA TERENGGANU HIGH COURT [TA23CvC-2-06/2018]

Lim Puay Leng vs

1. Dr. Azhar Bin Zainuddin

2. Kuala Terengganu Specialist Hospital Sdn Bhd

The Plaintiff alleges that the 1st Defendant, a Consultant Ophthalmologist, has negligently fail 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;
- vi. Costs; and
- vii. Such further or other relief as the Court deems fit.

Kuala Terengganu Specialist Sdn Bhd ("2nd Defendant/KTS") has filed its Statement of Defence on 7 August 2018.

The Kuala Terengganu High Court had on 31 January 2019 fixed the matter for the another case management on 24 February 2019 for the parties to file the Common Bundle of Documents and the 1st Defendant to file his list of witnesses.

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

2. Kuantan High Court [CA226CvC-31-06/2018]

Dato' Mohamad alias A Bakar bin Ali vs

- 1. Kuantan Medical Centre Sdn Bhd**
- 2. Dr. Abdul Aziz Bin Awang**
- 3. Dr. Md Lukman Bin Mohd Mokhtar**

The Plaintiff alleges that the 2nd Defendant and 3rd Defendant, as the agents of the 1st Defendant, have negligently fail 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 judgment;
- iii. Special damages of RM1,104,414.51;
- iv. Interest thereon calculated at the rate of 4% per annum from 3 July 2012 up to the date of judgment;
- v. Interest on the judgment sum calculated at the applicable statutory rate from the date of judgment up to the date of payment;
- vi. Costs; and
- vii. Such further or other relief as the Court deems fit.

The Kuantan High Court has fixed a further case management hearing on 31 January 2019 with the following directions:-

1. Plaintiff's solicitor to file and serve the Statement of Agreed Facts, Issues To Be Tried and Supplementary Common Bundle of Documents;
2. Parties to file and serve their respective list of witnesses; and
3. Parties to file and serve their respective expert reports.

The Court has also set this matter down for trial from 1 April 2019 to 4 April 2019.

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

3. 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 ("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 solicitors of the GCEO.

The claims filed pursuant to the Notice of Demand are as follows:-

<u>Particulars</u>	RM
(a) Salary @ RM 39,000.00 x 12 months	468,000.00
(b) Housing allowance @ RM 2,000.00 x 12 months	24,000.00
(c) Ex-Gratia Persekolahan (1 months salary) @ RM 39,000.00	39,000.00
(d) Ex-Gratia Hari Raya (1 months salary) @ RM 39,000.00	39,000.00
(e) Bonus (1 month salary) @ RM 39,000.00	39,000.00
(f) EPF - Salary @ RM 6,150.00 x 12 months	73,800.00
(g) EPF - Ex-Gratia Persekolahan @ RM 6,150.00	6,150.00
(h) EPF - Ex-Gratia Hari Raya @ RM 6,150.00	6,150.00
(i) EPF - Bonus @ RM 6,150.00	6,150.00
(j) Loss of Medical Benefits	15,000.00
(k) Subsidiary Chairman allowance @ RM 5,000.00	60,000.00
(l) Relocation expenses	15,000.00
(m) General damages	250,000.00
	<u>1,041,250.00</u>

A summary of the allegations made by the GCEO is that the Company and the Board of Directors allegedly failed to offer the 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 Dato' Haji Mohamat bin Muda to settle the claims.

26. Dividend proposed

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

27. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter			Cumulative Quarter		
	Current Quarter Ended 31-Dec-18	Preceding Quarter Ended 31-Dec-17	Preceding Quarter Ended 31-Dec-17 (Previously reported under FRS)	Current Quarter To date 31-Dec-18	Preceding Quarter To date 31-Dec-17 (Reported under MFRS)	Preceding Quarter To date 31-Dec-17 (Previously reported under FRS)
(Loss)/Profit for the period attributable to owners (RM'000)	(63,023)	(14,514)	(2,283)	(76,393)	6,757	23,065
Weighted average number of ordinary shares in issue for basic earnings per share computation ('000)	1,682,641	1,657,566	1,657,566	1,668,196	1,581,514	1,581,514
Earnings per ordinary share attributable to owners of the parent (sen)						
Basic	<u>(3.75)</u>	<u>(0.88)</u>	<u>(0.14)</u>	<u>(4.58)</u>	<u>0.43</u>	<u>1.46</u>

28. The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 February 2019.

BY ORDER OF THE BOARD

WAN HASLINDA WAN YUSOFF
Company Secretary

Kuala Terengganu
28 February 2019