



TDM BERHAD

COMPANY NO 196501000477 (6265-P)
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
31 MARCH 2023**



TDM BERHAD

(Company No 196501000477 (6265-P))
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2023**

(The figures have not been audited)

	Cumulative Quarter	
	Current Quarter To date 31-Mar-23 RM'000	Preceding Quarter To date 31-Mar-22 RM'000
Continuing operations		
Revenue	131,095	143,671
Cost of sales	(98,228)	(81,514)
Gross profit	32,867	62,157
Other items of income		
Interest income	510	743
Other income	2,835	2,827
Other items of expense		
Distribution costs	(1,055)	(1,201)
Administrative expenses	(43,987)	(39,538)
Other expenses	(2,615)	(1,434)
Finance costs	(6,081)	(6,585)
(Loss)/profit before tax	(17,526)	16,969
Income tax benefit/(expense)	1,472	(6,528)
(Loss)/profit for the period from continuing operations, net of tax	(16,054)	10,441
Discontinued operation		
Loss for the period from discontinued operation, net of tax	(6,028)	(827)
(Loss)/profit for the period, net of tax	(22,082)	9,614
Other comprehensive income:		
Foreign currency translation	1,439	103
Fair value movement of investments in securities	(2)	1
Other comprehensive income for the period, net of tax	1,437	104
Total other comprehensive (loss)/income for the period	(20,645)	9,718

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2023**

(The figures have not been audited)

	Cumulative Quarter Current Quarter To date 31-Mar-23 RM'000	Preceding Quarter To date 31-Mar-22 RM'000
(Loss)/profit attributable to:		
Owners of the parent	(21,118)	9,710
Non-controlling interests	(964)	(96)
	<u>(22,082)</u>	<u>9,614</u>
Total comprehensive (loss)/profit attributable to:		
Owners of the parent	(19,709)	9,809
Non-controlling interests	(936)	(91)
	<u>(20,645)</u>	<u>9,718</u>
(Loss)/earning per share attributable to owner of the parent the parent (sen per share):		
Basic (Note 26)	(1.23)	0.55

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements)



TDM BERHAD

(Company No 196501000477 (6265-P))
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

(The figures have not been audited)

	As at 31-Mar-23 RM'000	As at 31-Dec-22 RM'000
Assets		
Non-current assets		
Property, plant and equipment	813,053	818,689
Right-of-use assets	477,612	476,133
Intangible asset	2,676	2,890
Goodwill	6,520	6,520
Other investments	27,655	27,657
Investments in securities	37	37
Other receivables	308	308
Deferred tax assets	955	958
	<u>1,328,816</u>	<u>1,333,192</u>
Current assets		
Biological assets	4,624	3,346
Inventories	27,599	35,877
Trade and other receivables	63,895	62,828
Contract costs asset	1,145	1,881
Prepayments	3,387	5,419
Tax recoverable	11,631	13,600
Cash and bank balances	110,573	107,184
Assets of disposal group classified as held for sale	102,124	102,124
	<u>324,978</u>	<u>332,259</u>
Total assets	<u>1,653,794</u>	<u>1,665,451</u>
Current liabilities		
Retirement benefit obligations	347	546
Lease liabilities	1,645	930
Loans and borrowings	80,957	78,823
Trade and other payables	199,013	200,798
Tax payable	834	6,793
Liabilities of disposal group classified as held for sale	52,691	48,365
	<u>335,487</u>	<u>336,255</u>
Net current liabilities	<u>(10,509)</u>	<u>(3,996)</u>



TDM BERHAD

(Company No 196501000477 (6265-P))

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

(The figures have not been audited)

	As at 31-Mar-23 RM'000	As at 31-Dec-22 RM'000
Non-current liabilities		
Retirement benefit obligations	5,494	5,178
Lease liabilities	69,807	66,782
Loans and borrowings	414,473	405,248
Other payables	5,603	5,681
Deferred tax liabilities	186,685	189,417
	682,062	672,306
Total liabilities	1,017,549	1,008,561
Net assets	636,245	656,890
Equity attributable to owners of the parent		
Share capital	359,445	359,445
Retained earnings	309,506	330,624
Other reserves	23,159	23,161
Reserves of a disposal group held for sale	(26,568)	(27,979)
	665,542	685,251
Non-controlling interests	(29,297)	(28,361)
Total equity	636,245	656,890
Total equity and liabilities	1,653,794	1,665,451
Net assets per share (RM)	0.37	0.38

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements)



(Company No 196501000477 (6265-P))
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2023**
(The figures have not been audited)

	Attributable to owners of the parent									
	Non-distributable		Distributable			Non-distributable				
	Total equity RM'000	Equity attributable to owners of the parent RM'000	Share capital RM'000	Retained earnings RM'000	Total other reserves RM'000	Fair value adjustment reserve RM'000	Employee benefits plan reserve RM'000	Premium paid on acquisition of non-controlling interest RM'000	Reserves of a disposal group held for sale RM'000	Non-controlling interests RM'000
Opening balance at 1 January 2023	656,890	685,251	359,445	330,624	23,161	22,898	294	(31)	(27,979)	(28,361)
Loss for the financial period	(22,082)	(21,118)	-	(21,118)	-	-	-	-	-	(964)
Other comprehensive income										
Foreign currency translation	1,439	1,411	-	-	-	-	-	-	1,411	28
Fair value movement of investment in securities	(2)	(2)	-	-	(2)	(2)	-	-	-	-
Other comprehensive income for the period, net of tax	1,437	1,409	-	-	(2)	(2)	-	-	1,411	28
Total comprehensive (loss)/income for the period, net of tax	(20,645)	(19,709)	-	(21,118)	(2)	(2)	-	-	1,411	(936)
Closing balance at 31 March 2023	636,245	665,542	359,445	309,506	23,159	22,896	294	(31)	(26,568)	(29,297)
Opening balance at 1 January 2022	708,778	732,140	359,445	365,062	36,035	36,303	(237)	(31)	(28,402)	(23,362)
Profit for the financial period	9,614	9,710	-	9,710	-	-	-	-	-	(96)
Other comprehensive income										
Fair value movement of other investment	1	1	-	-	1	1	-	-	-	-
Foreign currency translation	103	98	-	-	-	-	-	-	98	5
Other comprehensive income for the period, net of tax	104	99	-	-	1	1	-	-	98	5
Total comprehensive income/(loss) for the period, net of tax	9,718	9,809	-	9,710	1	1	-	-	98	(91)
Closing balance at 31 March 2022	718,496	741,949	359,445	374,772	36,036	36,304	(237)	(31)	(28,304)	(23,453)

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements)



TDM BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2023**

(The figures have not been audited)

	Period Ended	
	31-Mar-23 RM'000	31-Mar-22 RM'000
Cash flows from operating activities		
(Loss)/profit before tax from continuing operations	(17,526)	16,969
Loss before tax from discontinued operation	(6,028)	(827)
	(23,554)	16,142
<u>Adjustments for:</u>		
Finance costs	6,081	6,585
Depreciation of property, plant and equipment	15,700	14,398
Amortisation of intangible asset	214	214
Amortisation of right-of-use assets	2,894	2,591
Amortisation of contract costs assets	736	737
Property, plant and equipment written off		
- Continuing	1,992	8
Inventories written off - Continuing	54	15
Expected credit losses of trade receivables	531	282
Expected credit losses of other receivables - Continuing	-	115
Impairment of right-of-use assets		
- Discontinued	1,136	103
Impairment of property, plant and equipment		
- Discontinued	4,569	412
Loss on disposal of property, plant and equipment	45	-
Share of profits from estates payable to Lembaga Tabung Amanah Warisan Negeri Terengganu	462	1,237
Share of losses from estates by Majlis Agama Islam dan Adat Melayu Terengganu	(168)	(84)
Provision for retirement benefit obligations		
- Continuing	125	371
Profit from al-Mudharabah	(510)	(743)
Fair value changes of biological assets		
- Continuing	(1,284)	(375)
Hibah income - Discontinued	-	(28)
Total adjustments	32,577	25,838
Operating cash flows before changes in working capital	9,023	41,980
<u>Changes in working capital</u>		
Inventories	8,224	(5,276)
Receivables	(1,361)	2,762
Payables	23,599	(15,159)
Prepayment	2,032	(194)
Total changes in working capital	32,494	(17,867)
Cash flows generated from operations	41,517	24,113

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2023**

(The figures have not been audited)

	Period Ended	
	31-Mar-23	31-Mar-22
	RM'000	RM'000
Cash flows from operating activities (cont'd.)		
Finance cost paid	(6,081)	(6,585)
Profit from al-Mudharabah received	510	743
Interest received - Discontinued	-	28
Taxes paid	(5,517)	(6,892)
Retirement benefits paid	(8)	(320)
Net cash flows generated from operating activities	<u>30,421</u>	<u>11,087</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,284)	(13,897)
Acquisition of right-of-use assets	(4,373)	-
Withdrawal of deposits with licensed banks	-	10,398
Increase in deposits with licensed banks pledged for bank guarantee facility and Finance Service Reserve Account	(249)	(45)
Net cash flows used in investing activities	<u>(16,906)</u>	<u>(3,544)</u>
Cash flows from financing activities		
Drawdowns of bank borrowings	19,429	989
Repayments of bank borrowings	(6,937)	(640)
Repayments of hire purchase facilities	(1,133)	-
Repayment of finance lease	(1,734)	(557)
Dividend paid to shareholder	(2,929)	(4,996)
Net proceeds from advances received	(16,677)	-
Net cash flows used in financing activities	<u>(9,981)</u>	<u>(5,204)</u>
Net increase in cash and cash equivalents	3,534	2,339
Cash and cash equivalents at 1 January	<u>69,770</u>	<u>147,635</u>
Cash and cash equivalents at end of the period	<u>73,304</u>	<u>149,974</u>
Cash and cash equivalents at end of the period comprise of the following:		
Cash and banks balances		
- Continuing operations	110,573	186,174
- Discontinuing operations	560	604
Less: Deposits pledged for bank facilities	(37,829)	(36,799)
Less: Deposits with licensed banks with maturity period more than 3 months	-	(5)
Cash and cash equivalents	<u>73,304</u>	<u>149,974</u>

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2022. 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 2022.

The interim financial statements of the Group for the financial period ended 31 March 2023 was prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") Framework.

The accounting policies applied in this interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2022.

1.1 Changes in accounting policies

On 1 January 2023, the Group adopted the following new and amended MFRSs mandatory for annual periods beginning on or after 1 January 2023.

Description	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2023
MFRS 17 Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
MFRS 101 Disclosure of Accounting Policies	1 January 2023
MFRS 108 Definition of Accounting Estimates	1 January 2023
MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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

1.2 Standards issued but not yet effective

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

Description	Effective for annual
MFRS 16 Lease Liability in a Sale and Leaseback (Amendments to MFRS 16)	1 January 2024
MFRS 101 Non-current Liabilities with Covenants (Amendments to MFRS 101)	1 January 2024
MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

2. Declaration of audit qualification

The preceding annual financial statements for the year ended 31 December 2022 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 March 2023.

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

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

A interim dividend in respect of the financial year ended 31 December 2022, of 0.17% on 1,722,881,001 ordinary shares, amounting to a dividend payable of RM2,928,898 (0.17 sen per ordinary share) was approved on 12 December 2022 and paid on 17 January 2023.

8. Segmental reporting

The segments are reported in a manner that is more consistent with internal reporting whereby the Group's business is presented in term of business division and geographical perspective. The operating performance is based on a measure of earning before interest, tax, depreciation and amortisation ("EBITDA").

3 months ended 31 March 2023

	Plantation RM'000	Healthcare RM'000	Investment holding and others RM'000	Continuing operations RM'000	Discontinued operations RM'000
Total revenue	53,681	78,240	-	131,921	-
Intersegment revenue	(558)	(268)	-	(826)	-
External revenue	53,123	77,972	-	131,095	-
EBITDA	311	11,803	(4,525)	7,589	(6,028)
Depreciation & amortisation	(13,356)	(4,631)	(1,557)	(19,544)	-
Profit from al-Mudharabah	218	49	243	510	-
Hibah income	-	-	-	-	-
Finance costs	(3,286)	(830)	(1,965)	(6,081)	-
(Loss)/profit before tax	(16,113)	6,391	(7,804)	(17,526)	(6,028)

31 March 2023

Assets	787,606	265,849	498,215	1,551,670	102,124
Liabilities	659,934	130,353	174,571	964,858	52,691
Exchange rate ratio	MYR 1.00	IDR 3,410			

3 months ended 31 March 2022

	Plantation RM'000	Healthcare RM'000	Investment holding and others RM'000	Continuing operations RM'000	Discontinued operations RM'000
Total revenue	84,892	61,551	-	146,443	1,634
Intersegment revenue	(325)	(2,447)	-	(2,772)	-
External revenue	84,567	59,104	-	143,671	1,634
EBITDA	41,137	6,569	(6,955)	40,751	(855)
Depreciation & amortisation	(12,697)	(4,011)	(1,232)	(17,940)	-
Profit from al-Mudharabah	508	47	188	743	-
Hibah income	-	-	-	-	28
Finance costs	(3,437)	(663)	(2,485)	(6,585)	-
Profit/(loss) before tax	25,511	1,942	(10,484)	16,969	(827)

31 March 2022

Assets	820,371	246,551	480,837	1,547,759	106,035
Liabilities	683,319	142,241	181,647	1,007,207	10,342
Exchange rate ratio	MYR 1.00	IDR 3,413			

9. Material subsequent event

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

10. Changes in the composition of the Group

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

11. 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.

12. Capital commitments

Capital commitments as at 31 March 2023 are as follows:

	RM'000
Authorised by the Directors and contracted for	20,021
Authorised by the Directors but not contracted for	261,208
	<hr/>
	281,229
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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENT

13. 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 period to date

Cumulative quarter - Q1 2023 versus Q1 2022

	Q1 2023	Q1 2022	Changes	
	RM'000	RM'000	RM'000	%
REVENUE				
Plantation	53,123	84,567	(31,444)	-37%
Healthcare	77,972	59,104	18,868	32%
Total revenue	131,095	143,671	(12,576)	-9%
Plantation	311	41,137	(40,826)	-99%
Healthcare	11,803	6,569	5,234	80%
Investment holding and others	(4,525)	(6,955)	2,430	35%
EBITDA	7,589	40,751	(33,162)	-81%
Depreciation & amortisation	(19,544)	(17,940)	(1,604)	-9%
Profit from al-Mudharabah	510	743	(233)	-31%
Finance costs	(6,081)	(6,585)	504	8%
(Loss)/ profit before tax	(17,526)	16,969	(34,495)	-203%

The Group's revenue for the three months ended 31 March 2023 recorded a decrease of 9% compared to the previous corresponding quarter due to the lower in revenue from Plantation Division by RM31.4 million, a decrease of 37% and partly offset with an increase in Healthcare Division by RM18.9 million, an increment of 32%.

The Group recorded a Loss Before Tax ("LBT") of RM17.5 million during the quarter, 2 times lower as compared to the Profit Before Tax ("PBT") of RM17.0 million in the previous corresponding quarter.

PLANTATION DIVISION

For the Q1 FY2023, revenue from the Plantation Division decreased by 37% YoY to RM53.1 million from RM84.6 million in Q1 FY2022, driven by lower CPO and PK average prices which decreased by 30% and 54%, respectively. The lower revenue was also due to decrease in CPO and PK sales volume by 2% and 23%, driven by lower FFB production by 11%. However, this was partly offset by an increase in OER by

The division registered an EBITDA of RM0.3 million, lower by RM40.8 million recorded in the previous period. LBT also declined to RM16.1 million in Q1 FY2023 from PBT of RM25.5 million in the previous corresponding period.

Below are the key operating statistics for Plantation Division:

Plantation Statistics	Q1 2023	Q1 2022	Changes	
			%	
CPO sales volume (mt)	11,710	11,944	(234)	-2%
PK sales volume (mt)	2,696	3,481	(785)	-23%
FFB production (mt)	53,858	60,821	(6,963)	-11%
CPO average price (RM)	4,107	5,903	(1,796)	-30%
PK average price (RM)	2,214	4,806	(2,592)	-54%
Mature area (hectare)	23,624	21,670	1,954	9%
Immature area (hectare)	4,907	6,809	(1,902)	-28%
Oil extraction rate (%)	19.08%	18.74%	0.34%	2%
Kernel extraction rate (%)	4.67%	5.02%	-0.35%	-7%

13. 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 period to date (cont'd.)

Cumulative quarter - Q1 2023 versus Q1 2022 (cont'd.)

HEALTHCARE DIVISION

For the quarter under review, revenue came in stronger by 32% at RM78.0 million, as compared to RM59.1 million from the previous corresponding period. The top-line growth was attributed to a higher number of inpatient (up 37% YoY), inpatient days (up 48% YoY) and bed occupancy rate (up 81% YoY).

Furthermore, EBITDA for the division increased by 80% YoY, reaching RM11.8 million. PBT stood significantly higher at RM6.4million, from RM1.9 million in Q1 FY2022.

Below are the key operating statistics for Healthcare Division:

Healthcare Statistics	Q1 2023	Q1 2022	Changes	%
Number of inpatient	6,561	4,779	1,782	37%
Number of outpatient	45,256	45,332	(76)	0%
Inpatient days	19,010	12,857	6,153	48%
Occupancy rate (%)	56%	31%	25%	81%
Average length of stay (day)	2.90	2.69	0.21	8%
Number of bed	306	308	(2)	-1%
Average revenue per inpatient (RM)	9,033	8,843	190	2%

14. 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 - Q1 2023 versus Q4 2022

	Q1 2023	Q4 2022	Changes	%
	RM'000	RM'000	RM'000	
REVENUE				
Plantation	53,123	78,434	(25,311)	-32%
Healthcare	77,972	79,625	(1,653)	-2%
Total revenue	131,095	158,059	(26,964)	-17%
Plantation	311	38,796	(38,485)	-99%
Healthcare	11,803	13,527	(1,724)	-13%
Investment holding and others	(4,525)	(965)	(3,560)	-369%
EBITDA	7,589	51,358	(43,769)	-85%
Depreciation & amortisation	(19,544)	(18,683)	(861)	-5%
Profit from aMudharabah	510	527	(17)	-3%
Finance costs	(6,081)	(6,175)	94	2%
(Loss)/profit before tax	(17,526)	27,027	(44,553)	165%

14. 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 - Q1 2023 versus Q4 2022 (cont'd.)

The Group's revenue for the three months ended 31 March 2023 was lower by 17% compared to the immediate preceding quarter mainly due to lower revenue at Plantation Division by 32% and a decrease in revenue in Healthcare Division by 2% as compared to the immediate preceding quarter.

The Group recorded LBT of RM17.5 million during the quarter, as compared to a PBT of RM27.0 million in the immediate preceding quarter.

PLANTATION DIVISION

The Plantation Division recorded lower revenue by 32% mainly due to lower sales volume of CPO and PK by 34% and 28%, driven by a decrease in FFB production by 34%. The decrease in revenue also mainly due to decrease in PK average price by 8% as compared to the immediate preceding quarter. However, there is an increase in average price of CPO by 3% and KER by 5% respectively.

During the quarter, our Plantation Division registered an EBITDA of RM0.3 million, a lower of 99% as compared to RM38.8 million in the immediate preceding quarter.

Below are the key operating statistics for Plantation Division:

Plantation Statistics	Q1 2023	Q4 2022	Changes	%
CPO sales volume (mt)	11,710	17,619	(5,909)	-34%
PK sales volume (mt)	2,696	3,731	(1,035)	-28%
FFB production (mt)	53,858	81,818	(27,960)	-34%
CPO average price (RM)	4,107	3,982	125	3%
PK average price (RM)	2,214	2,396	(182)	-8%
Mature area (hectare)	23,624	21,670	1,954	9%
Immature area (hectare)	4,907	4,907	-	0%
Oil extraction rate (%)	19.08%	19.13%	-0.05%	0%
Kernel extraction rate (%)	4.67%	4.45%	0.22%	5%

HEALTHCARE DIVISION

Healthcare Division recorded 2% decreased in revenue mainly due to the decrease in average revenue per inpatient by 4% and number of outpatient by 5% respectively, compared to the immediate preceding quarter. However, there was an increase in occupancy rate and inpatient days by 8% and 3% respectively as compared to the immediate preceding quarter.

During the quarter, our Healthcare Division registered an EBITDA of RM11.8 million, compared to RM13.5 million in the immediate preceding quarter.

14. 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 - Q1 2023 versus Q4 2022 (cont'd.)

HEALTHCARE DIVISION (cont'd.)

Below are the key operating statistics for Healthcare Division:

Healthcare Statistics	Q1 2023	Q4 2022	Changes	%
Number of inpatient	6,561	6,458	103	2%
Number of outpatient	45,256	47,712	(2,456)	-5%
Inpatient days	19,010	18,473	537	3%
Occupancy rate (%)	56%	52%	4%	8%
Average length of stay (day)	2.90	2.86	0.04	1%
Number of bed	306	308	(2)	-1%
Average revenue per inpatient (RM)	9,033	9,451	(418)	-4%

15. 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

Malaysia Plantation Division

By the end of April 2023, the benchmark palm oil futures contract FCPO1 for July 2023 delivery on the Bursa Malaysia Derivatives Exchange declined by about 8% to around RM3,453/mt, the lowest since 4 October 2022, and the second monthly decline following a drop in the previous month. Palm oil is affected by price movements in rival alternatives as they compete for a share in the global vegetable oil market. Recent export restrictions by top producer Indonesia to ensure sufficient local supply of affordable cooking oils during Ramadhan and Syawal months coupled with record rapeseed crop, record soyabean crops in Brazil and bigger sunflower seed exports from Ukraine into EU have pushed palm oil to a premium over rapeseed, sunflower and soyabean oils making sun oil and soya oil more attractive to buyers, prompting buyers globally to reduce purchases of palm oil in the coming months and increase soft oil imports.

The outlook for 2nd quarter and Year 2023

Global supplies of 8 major vegetable oils are currently forecast to increase by 8.9mt in September to October 2023, causing strong pressure mainly on seed oil prices. Usage of soya meal has fallen since Jan 2023 and is now seen declining to a 3-year low worldwide this season, amid tightening of global oil meal supplies. Meanwhile, China and India are continuing to replenish their edible oil stocks, importing mainly soft oils in near term as Indonesia restricts export of palm oil and palm oil price being at a premium. Malaysian production expected to recover in next few months, while Indonesia might open its floodgates on exports as Ramadhan and Syawal periods come to an end and stockpiles need to be reduced. Demand for crude palm oil may be soft given the strong supply of other vegetable oils globally, while it is also losing pricing competitiveness.

To cushion the potential downside of price movements, the company will continue to focus on cost rationalization and securing higher CSPO and CSPK sales to capture higher CSPO and CSPK premiums for year 2023.

15. 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 (cont'd.)

Divestment of Indonesia Plantation Division

The Conditional Share Purchase Agreement ("CSPA") for the disposal of PT Rafi Kamajaya Abadi ("PT RKA") and PT Sawit Rezki Abadi ("PT SRA") was signed between TDM and Ikhasas Sawit Sdn. Bhd. on the 29 July 2022. PT RKA continues to be fully managed by PT Ikhasas Sawit Indo Makmur through a management services arrangement starting 1 August 2022.

Healthcare Division

The Group expects a stronger growth for FY2023 based on the remarkable Quarter 1 FY2023 results continuing from the all-time-high results recorded in Quarter 4 FY2022. The return of patients for elective surgeries acts as the key growth driver for greater improvement in inpatient throughput and BOR throughout the year. However, the momentum will be temporarily affected during the months of Ramadhan and Hari Raya festivals which largely span in the second quarter of FY2023.

Inflation is expected to slow down in the second half of FY2023 whilst various factors point to the strength in economic recovery momentum. Private household consumption and domestic demand are anticipated to grow further as well as spendings on healthcare related services. The government assistance through its fiscal and accommodative monetary policy is seen to post an impact on household purchasing power. There is still a risk that Bank Negara Malaysia will upward revise the existing OPR as inflation is expected to remain elevated.

The operational cost pressures are expected to ease in months to come. The Group is entering into its exciting phase of service expansion to increase the patient footprint and meet the growing demand. Deals on the construction of a few new greenfield hospitals are on-going.

16a. 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.

16b. Explanatory note for any shortfall in the profit guarantee

There was no profit guarantee issued for the quarter ended 31 March 2023.

17. (Loss)/profit for the period

	Current period to date	
	31-Mar-23	31-Mar-22
	RM'000	RM'000
The following amounts have been included in arriving at (loss)/profit before tax:		
Finance costs	6,081	6,585
Depreciation of property, plant and equipment	15,700	14,398
Amortisation of intangible asset	214	214
Amortisation of right-of-use assets	2,894	2,591
Amortisation of contract cost assets	736	737
Property, plant and equipment written off		
- Continuing	1,992	8
Inventories written off - Continuing	54	15
Expected credit losses of trade receivables	531	282
Expected credit losses of other receivables - Continuing	-	115
Loss on disposal of property, plant and equipment	45	-
Share of profits from estates payable to Lembaga Tabung Amanah Warisan Negeri Terengganu	462	1,237
Share of losses from estates by Majlis Agama Islam dan Adat Melayu Terengganu	(168)	(84)
Hibah income - Discontinued	-	(28)
Profit from al-Mudharabah	(510)	(743)
Impairment of right-of-use assets - Discontinued	1,136	103
Impairment of property, plant and equipment - Discontinued	4,569	412
Provision for retirement benefit obligations		
- Continuing	125	371
Fair value changes in biological assets		
- Continuing	<u>(1,284)</u>	<u>(375)</u>

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

	Current period to date	
	31-Mar-23 RM'000	31-Mar-22 RM'000
Current income tax	1,257	6,190
Deferred tax:		
Relating to reversal of temporary differences	(3,433)	(20)
Underprovision of deferred tax in prior period	704	358
Income tax expenses	(1,472)	6,528

Income tax was calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the period.

The effective tax rate of the Group for the current quarter was higher than the statutory tax rate of the respective period principally due to certain expenses not deductible for tax purposes.

19. Discontinued operation and disposal group classified as held for sale

Assets and liabilities of PT RKA and PT SRA classified as held for sale on the Group's statement of financial position are as below:

	Group	
	As at 31-Mar-23 RM'000	As at 31-Dec-22 RM'000
Assets:		
Property, plant and equipment	78,909	80,012
Right-of-use assets	19,688	19,962
Prepayment	2,669	1,972
Biological assets	3	3
Inventories	295	9
Cash and bank balances	560	166
	102,124	102,124
Liabilities:		
Other payables	(12,157)	(8,913)
Provision	(39,993)	(38,842)
Retirement benefit obligations	(586)	(562)
Tax payable	45	(48)
	(52,691)	(48,365)
Net assets directly associated with disposal group	49,433	53,759

19. Discontinued operation and disposal group classified as held for sale (cont'd.)

The result of PT RKA and PT SRA for the periods are presented below:

	Current period to date	
	31-Mar-23 RM'000	31-Mar-22 RM'000
Revenue	-	1,634
Cost of sales	(245)	(1,822)
Gross loss	<u>(245)</u>	<u>(188)</u>
Hibah income	-	28
Administrative expenses	(78)	(152)
Other expenses *	(5,705)	(515)
Loss before tax	<u>(6,028)</u>	<u>(827)</u>
Income tax expense	-	-
Loss for the period from discontinued operations, net of tax	<u><u>(6,028)</u></u>	<u><u>(827)</u></u>

* Included in other expenses are impairment of property, plant and equipments and right-of-use assets amounting to RM5.7 million (2021: RM0.5 million).

20. Corporate proposal

Termination of the Heads of Agreement ("HOA") with Mutiara Premier Sdn. Bhd. ("MPSB") for the proposed build and lease of a Specialist Hospital Building ("Proposed Project")

On 7 April 2022, KMI had entered into the HOA with MPSB, a wholly-owned subsidiary of Pelaburan Hartanah Berhad for the proposed build and lease of a specialist hospital building in Bandar Baru Tunjong, Kota Bharu, Kelantan Darul Naim.

MPSB will construct a specialist hospital building and upon completion of the construction of the specialist hospital building, MPSB shall lease the specialist hospital building to KMI.

On 20 January 2023, the HOA was terminated, as MPSB is unable to acquire the land for the purpose of the Proposed Project.

21. Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2022: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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	
	As at	As at
	31-Mar-23	31-Dec-22
	RM'000	RM'000
Trade receivables - nominal amounts	5,868	5,257
Less: Allowance for expected credit losses	(3,738)	(3,207)
	2,130	2,050

	Group	
	As at	As at
	31-Mar-23	31-Dec-22
	RM'000	RM'000
Movement in allowance accounts:		
At 1 January	3,207	2,984
Provision for expected credit losses	531	223
At 31 December	3,738	3,207

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. Borrowings and debt securities as at the end of the reporting year

Details of the Group's borrowings as at 31 March 2023 and 31 December 2022 are as follows:

As at 31 March 2023

	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Bank loans	333,889	67,106	400,995
Bank overdraft	16,894	-	16,894
Obligation under hire purchase	7,880	3,851	11,731
	<u>358,663</u>	<u>70,957</u>	<u>429,620</u>
Unsecured			
Bank loans	55,810	10,000	65,810
	<u>414,473</u>	<u>80,957</u>	<u>495,430</u>

As at 31 December 2022

	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Bank loans	350,094	64,527	414,621
Bank overdraft	10,252	-	10,252
Obligation under hire purchase	7,742	4,396	12,138
	<u>368,088</u>	<u>68,923</u>	<u>437,011</u>
Unsecured			
Bank loans	37,060	10,000	47,060
	<u>405,148</u>	<u>78,923</u>	<u>484,071</u>

23. 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 March 2023.

24. Changes in material litigation (including status of any pending material litigation) since the last annual balance sheet date

a) Ministry of Environment and Forestry of Indonesia - Plaintiff vs PT. Rafi Kamajaya Abadi ("PT RKA")

On 27 December 2021, PT RKA received lawsuit claims from the Ministry of Environment and Forestry of Indonesia for the alleged violation against the laws and regulations related to fire incident occurred in PT RKA's plantation in year 2019. The total claims filed by the Ministry of Environment and Forestry is Indonesia Rupiah ("Rp") 1,001,844,350,959 (approximately RM293,669,525), as

- Total damages claimed amounting to Rp270,807,710,959 (approximately RM79,381,562) relating to compensation cost for environment impact verification, loss of ecology and loss of economy; and
- Total compensation claimed amounting to Rp731,036,640,000 (approximately RM214,287,963) relating to costs of make good, reactivate the affected ecology system, repair and redevelop hydrology system, revegetation and monitoring.

During the first hearing of the case at District Court of Sintang of 10 January 2022, the parties have agreed to refer this legal case under mediation process for amicable settlement. However, the mediation which was held on 17 January 2022, could not reach any settlement between the parties. Both parties have agreed to put this legal case into full trial.

The District Court of Sintang had on 8 August 2022 delivered its decision on the case as follows:

- i. PT RKA is responsible on the loss due to the fire incident based on the 'strict liability' principle.
- ii. PT RKA is to pay a compensation of Rp270,807,710,959 (approximately RM81,242,313) for the environmental loss to the National Account of Indonesia as per the claim by the Plaintiff.
- iii. PT RKA is to rehabilitate the environment on the affected area due to the fire incident of 2,560 ha and to reactivate the affected ecology system with the cost of Rp646,216,640,000 (approximately RM193,864,992) as per the claim by the Plaintiff.

The Court rejected the PT RKA's claims on the followings:

- i. For PT RKA to stop all its activities on the affected land area until the full and final disposal of the case; and
- ii. For PT RKA to pay compensation of Rp50,000 for every affected oil palm tree.

PT RKA then appealed against the decision of the District Court of Sintang to High Court of Pontianak. The High Court of Pontianak had on 27 October 2022 decided as follows:

- i. PT RKA is responsible on the loss due to the fire incident based on the 'strict liability' principle.
- ii. PT RKA is to pay a compensation of Rp188,977,440,000.00 (approximately RM53,504,371) for the environmental loss to the National Account of Indonesia as per the claim.
- iii. PT RKA is to rehabilitate the environment on the affected area due to the fire incident of 2,560 ha and to reactivate the affected ecology system with the cost of Rp731,036,640,000.00 (Approximately RM206,975,266).

On 18 November 2022, PT RKA has filed an appeal against the above decision of the High Court of Pontianak to the Supreme Court of Indonesia in Jakarta. The outcome of the appeal is, as at the date of this report, still pending.

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

b) Jaksa Penuntut Umum Negeri Sintang, Indonesia (“Public Prosecutor”) vs PT RKA

PT RKA has been served summon and statement of claim dated 7 February 2022 by the Plaintiff at the District Court of Sintang.

PT RKA is charged under Article 99(1) and Article 116(1) of the Indonesian Laws No. 32 year 2009 on Environmental Protection and Management where upon conviction will subject to imprisonment of not less than 1 year and not more than 3 years, and fine of not less than Rp1,000,000,000 (approximately RM292,000) and not more than Rp3,000,000,000 (approximately RM875,000).

The District Court of Sintang had on 10 October 2022 imposed a penalty of Rp2,000,000,000 (approximately RM606,206) under Article 99(1) of Laws No. 32 year 2009 on Environmental Protection and Management.

PT RKA then filed an appeal to the High Court of Pontianak, and the High Court of Pontianak decided to uphold the decision of the District Court of Sintang that PT RKA is guilty and liable to a fine of Rp2,500,000,000 (approximately RM707,814).

On 18 November 2022, PT RKA has filed an appeal against the above the decision of the High Court of Pontianak to the Supreme Court of Indonesia in Jakarta. The outcome of the appeal is, as at the date of this report, still pending.

The directors are of the opinion, based on legal advice and management assessment, there is probable outflow of resources embodying the economic benefits of RM38,842,000 to settle the above claims. The carrying amount of provision of the Group at the reporting date is disclosed in Note 19.

c) High Court of Malaya at Kuantan [CA-22NCVC-46-11/2019]

Tunas Capital Sdn Bhd-Plaintiff vs Kuantan Medical Centre Sdn Bhd-Defendant

The Plaintiff claims against KMC for a sum of RM1,298,415 being rental arrears from September 2018 to September 2019 for building known as No 1-9, Jalan Tun Ismail 9, Kuantan, Pahang (“The Said Premise”). The Plaintiff also claims for a sum of RM187,420 being cost of repair and/or rectify the defect of the said premise.

The Court has fixed for a further Case Management on 11 May 2023.

The directors are of the opinion, based on legal advice and management assessment, that no significant exposure will arise that requires recognition in the financial statements.

25. Dividend

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

26. (Loss)/profit per share

Basic (loss)/profit per share amounts are calculated by dividing (loss)/profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period.

	Cumulative Quarter	
	Current Quarter To date 31-Mar-23 RM'000	Preceding Quarter To date 31-Mar-22 RM'000
(Loss)/profit net of tax attributable to owners of the parent used in the computation of basic loss per share	(21,118)	9,710
Add back: Loss from discontinued operation, net of tax, attributable to owners of the parent	5,651	829
(Loss)/profit net of tax from continuing operations attributable to owners of the parent used in the computation of basic (loss)/profit per share	(15,467)	10,539
	31-Mar-23 number of ordinary shares '000	31-Mar-22 number of ordinary shares '000
Weighted average number of ordinary shares in issue for basic (loss)/profit per share computation	1,722,881	1,722,881
(Loss)/profit per share attributable to owners of the parent (sen per share):		
Basic (loss)/profit per share (sen per share)	(1.23)	0.55
- continuing operations	(0.90)	0.61
- discontinued operation	(0.33)	(0.05)

27. The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 May 2023.

BY ORDER OF THE BOARD

BADROL ABU BAKAR
Company Secretary
Kuala Terengganu
29 May 2023