



TDM BERHAD

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

**INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2016**



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30-Sep-16 RM'000	Preceding Quarter Ended 30-Sep-15 RM'000 Restated	Current Quarter To date 30-Sep-16 RM'000	Preceding Quarter To date 30-Sep-15 RM'000 Restated
Revenue	102,776	98,573	303,352	268,272
Cost of sales	(62,531)	(59,765)	(183,495)	(176,199)
Gross profit	40,245	38,808	119,857	92,073
Other items of income				
Interest income	8,075	8,040	25,954	22,658
Other income	9,317	1,312	11,681	4,451
Other items of expense				
Distribution costs	(1,212)	(2,389)	(3,796)	(6,094)
Administrative expenses	(20,539)	(28,129)	(85,326)	(80,107)
Other expenses	(3,686)	(4,105)	(14,233)	(16,009)
Finance costs	(9,537)	(3,016)	(13,969)	(5,655)
Profit before tax	22,663	10,521	40,168	11,317
Income tax expenses	166	342	186	3,170
Profit for the period, net of tax	22,829	10,863	40,354	14,487
Other comprehensive income:				
Available for sale investments' fair value movement	(3)	(10)	(9)	(33)
Foreign currency translation	1,829	(1,939)	(1,334)	(5,551)
Other comprehensive income for the period, net of tax	1,826	(1,949)	(1,343)	(5,584)
Total comprehensive income for the period	24,655	8,914	39,011	8,903



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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Quarter Ended	Current Quarter To date	Preceding Quarter To date
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Profit attributable to:				
Owners of the parent	23,417	11,318	43,159	16,131
Non-controlling interests	(588)	(455)	(2,805)	(1,644)
	22,829	10,863	40,354	14,487
Total comprehensive income attributable to:				
Owners of the parent	25,243	9,369	41,816	10,547
Non-controlling interests	(588)	(455)	(2,805)	(1,644)
	24,655	8,914	39,011	8,903
Profit per share (sen):				
Basic (Note 27)	1.56	0.76	2.87	1.09

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 30 SEPTEMBER 2016**

	Unaudited As at 30-Sep-16 RM'000	Audited As at 31-Dec-15 RM'000 Restated
Assets		
Non-current assets		
Property, plant & equipment	1,250,398	1,216,644
Biological assets	698,202	654,953
Investment property	11,000	11,000
Goodwill	9,959	9,959
Other investments	339,650	331,251
Investment securities	48	57
Other receivables	97,259	84,932
Deferred tax assets	28,680	20,917
	<u>2,435,196</u>	<u>2,329,713</u>
Current assets		
Inventories	40,389	45,798
Trade and other receivables	52,567	68,711
Prepayments	-	3,406
Tax recoverable	11,696	9,182
Cash and bank balances	125,434	126,461
	<u>230,086</u>	<u>253,558</u>
Total assets	<u>2,665,282</u>	<u>2,583,271</u>
Current liabilities		
Borrowings	8,064	19,314
Trade and other payables	154,632	188,814
Tax payable	7,379	6,385
	<u>170,075</u>	<u>214,513</u>
Net current assets	<u>60,011</u>	<u>39,045</u>
Non-current liabilities		
Retirement benefit obligations	3,975	3,709
Borrowings	791,094	718,909
Other payable	74,155	70,856
Deferred tax liabilities	158,174	157,742
	<u>1,027,398</u>	<u>951,216</u>
Total liabilities	<u>1,197,473</u>	<u>1,165,729</u>
Net assets	<u>1,467,809</u>	<u>1,417,542</u>



TDM BERHAD (Company No 6265-P)
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016**

	Unaudited As at 30-Sep-16 RM'000	Audited As at 31-Dec-15 RM'000 Restated
Equity attributable to owners of the parent		
Share capital	301,092	296,332
Share premium	42,822	33,064
Retained earnings	540,069	500,172
Other reserves	584,277	585,620
	<u>1,468,260</u>	<u>1,415,188</u>
Non-controlling interests	(451)	2,354
Total equity	<u>1,467,809</u>	<u>1,417,542</u>
Total equity and liabilities	<u>2,665,282</u>	<u>2,583,271</u>
Net assets per share (RM)	0.97	0.96

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 30 SEPTEMBER 2016

	Attributable to owners of the parent										
	Total equity RM'000	Equity attributable to owners of the parent RM'000	Non-distributable		Distributable		Non-distributable				Non-controlling interests 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 translation reserve RM'000	Fair value adjustment reserve RM'000	Transaction with non-controlling interest RM'000	
Opening balance at 1 January 2016 (Restated)	1,417,542	1,415,188	296,332	33,064	500,172	585,620	631,936	(46,246)	(39)	(31)	2,354
Profit for the period	40,354	43,159	-	-	43,159	-	-	-	-	-	(2,805)
Other comprehensive income											
Net loss on fair value changes in available for sale investments' fair value movement	(9)	(9)	-	-	-	(9)	-	-	(9)	-	-
Foreign currency translation	(1,334)	(1,334)	-	-	-	(1,334)	-	(1,334)	-	-	-
Other comprehensive income for the period, net of tax	(1,343)	(1,343)	-	-	-	(1,343)	-	(1,334)	(9)	-	-
Total comprehensive income for the period	39,011	41,816	-	-	43,159	(1,343)	-	(1,334)	(9)	-	(2,805)
Transactions with owners											
Issuance of shares pursuant to DRS	14,518	14,518	4,760	9,758	-	-	-	-	-	-	-
Dividends paid on ordinary shares	(3,262)	(3,262)	-	-	(3,262)	-	-	-	-	-	-
Total transactions with owners	11,256	11,256	4,760	9,758	(3,262)	(0)	-	-	-	-	-
Closing balance at 30 September 2016	1,467,809	1,468,260	301,092	42,822	540,069	584,277	631,936	(47,580)	(48)	(31)	(451)
Opening balance at 1 January 2015	1,339,354	1,334,997	296,332	33,064	457,461	548,140	569,231	(21,052)	(8)	(31)	4,357
Prior year adjustments	(5,993)	(5,993)	-	-	(5,993)	-	-	-	-	-	-
Opening balance at 1 January 2015 (restated)	1,333,361	1,329,004	296,332	33,064	451,468	548,140	569,231	(21,052)	(8)	(31)	4,357
Profit for the period	14,487	16,131	-	-	16,131	-	-	-	-	-	(1,644)
Other comprehensive income											
Net gain on fair value changes in available for sale investments' fair value movement	(33)	(33)	-	-	-	(33)	-	-	(33)	-	-
Foreign currency translation	(5,551)	(5,551)	-	-	-	(5,551)	-	(5,551)	-	-	-
Other comprehensive income for the period, net of tax	(5,584)	(5,584)	-	-	-	(5,584)	-	(5,551)	(33)	-	-
Total comprehensive income for the period	8,903	10,547	-	-	16,131	(5,584)	-	(5,551)	(33)	-	(1,644)
Transactions with owners											
Dividends paid on ordinary shares	(22,225)	(22,225)	-	-	(22,225)	-	-	-	-	-	-
Total transactions with owners	(22,225)	(22,225)	-	-	(22,225)	-	-	-	-	-	-
Closing balance at 30 September 2015	1,320,039	1,317,326	296,332	33,064	445,374	542,556	569,231	(26,603)	(41)	(31)	2,713

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 30 SEPTEMBER 2016**

	Period Ended	
	30-Sep-16 RM'000	30-Sep-15 RM'000
Cash flows from operating activities		
Profit before tax	40,168	11,317
Adjustments for:		
Interest expense	13,969	5,655
Depreciation of property, plant and equipment	30,950	32,023
Property, plant and equipment written off	93	54
Biological asset written off	-	44
Impairment loss on trade and other receivables	1,344	804
Loss on disposal of property, plant and equipment	30	-
Inventories written off	8	2
Unrealised gain on the foreign exchange of investment in fixed income securities	(8,400)	-
Payables written back	(8)	(114)
Interest income	(25,954)	(22,658)
(Reversal)/Provision for short term accumulating compensated absences	(35)	178
Provision for retirement benefit obligations	266	253
Total adjustments	<u>12,263</u>	<u>16,241</u>
Operating cash flows before changes in working capital	<u>52,431</u>	<u>27,558</u>
<u>Changes in working capital</u>		
Decrease in inventories	5,409	6,416
Decrease/(Increase) in receivables	7,222	(53,864)
(Decrease)/Increase in payables	(30,884)	28,804
Total changes in working capital	<u>(18,253)</u>	<u>(18,644)</u>
Cash flows from operations	34,178	8,914
Interest paid	(13,969)	(5,655)
Interest received	(1,173)	1,295
Taxes paid	(14,200)	(17,759)
Retirement benefits paid	-	(6)
Net cash flows generated from/(used in) operating activities	<u>4,836</u>	<u>(13,211)</u>



TDM BERHAD (Company No 6265-P)
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

	Period Ended	
	30-Sep-16	30-Sep-15
	RM'000	RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(54,513)	(110,668)
Addition of plantation development expenditure	(13,131)	(31,532)
Addition of deposit with licensed banks	(77,805)	(45,727)
Increase in deposit with licensed banks pledged as securities for certain banking facilities	-	(32,545)
Investment in fixed income securities	-	(19,218)
Net cash flows used in investing activities	<u>(145,449)</u>	<u>(239,690)</u>
Cash flows from financing activities		
Drawdowns of term loan	72,282	210,091
Drawdowns of hire purchase facilities	135	-
Proceeds from subscription of IDR notes	-	19,218
Repayments of term loans	(17,513)	(5,620)
Repayments of hire purchase facilities	(2,288)	(710)
Dividend paid	(3,262)	(22,225)
Net cash flows from financing activities	<u>49,354</u>	<u>200,754</u>
Net decrease in cash and cash equivalents	(91,259)	(52,147)
Cash and cash equivalents at 1 January	126,461	79,512
Effect of foreign exchange rate changes	(1,334)	(551)
Cash and cash equivalents at end of the period	<u>33,868</u>	<u>26,814</u>
Cash and cash equivalents at end of the period comprise of the following:		
Cash and banks balances	125,434	122,542
Less: Deposits pledged for bank facilities	(30,255)	(32,545)
Less: Deposits with licensed banks with maturity period more than 3 months	(61,311)	(63,183)
Cash and cash equivalents	<u>33,868</u>	<u>26,814</u>

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)



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

Explanatory Notes Pursuant to FRS 134

Notes:

1. Accounting policies and methods

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the 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 2015. 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 financial year ended 31 December 2015.

2. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2015 except as follows:

Effective for annual periods beginning on or after 1 January 2016:

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations
FRS 14: Regulatory Deferral Accounts
Amendments to FRS 101: Presentation of Financial Statements: Disclosure Initiatives
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants
Amendments to FRS 127: Equity Method in Separate Financial Statements

Annual Improvements to FRSs 2012-2014 Cycle:

Amendment to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7: Financial Instruments: Disclosures
Amendment to FRS 119: Employee Benefits

Effective for annual periods beginning on or after 1 January 2018:

Amendments to FRS 7: Financial Instruments Disclosures: Mandatory Effective Date of
FRS 9 Transition Disclosures
FRS 9: Financial Instruments
FRS 15: Revenue from Contracts with Customers
Amendments to FRS 134: Interim Financial Reporting

Deferred

Amendments to FRS 10 and FRS 128: Investment Entities: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period under review.

Explanatory Notes Pursuant to FRS 134

2. Significant accounting policies (cont'd.)

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of *MFRS 141 Agriculture* (MFRS 141) and *IC Interpretation 15 Agreements for Construction of Real Estate* (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

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

3. Declaration of audit qualification

The preceding annual financial statements for the year ended 31 December 2015 were reported without any qualification.

4. 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).

5. 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 30 September 2016.

6. 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.

7. 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, except for the issuance of the 23,800,700 new ordinary shares of RM0.20 each pursuant to the Dividend Reinvestment Scheme of the Company.

Explanatory Notes Pursuant to FRS 134

8. Dividends paid

On 31 March 2016, TDM has announced a proposed first and final dividend of 1.2 sen per ordinary shares, tax exempt under the single-tier system in respect of the financial year ended 31 December 2015, and was approved by the shareholders of the Company at the 51st AGM held on 31 May 2016.

The dividend has been paid to shareholders on 16 August 2016.

9. Segmental reporting

	PLANTATION RM'000	HEALTHCARE RM'000	OTHERS RM'000	GROUP RM'000
3 months ended 30 September 2016				
Revenue				
Total revenue	97,877	47,231	-	145,108
Intersegment-revenue	(39,941)	(2,391)	-	(42,332)
External revenue	<u>57,936</u>	<u>44,840</u>	-	<u>102,776</u>
Depreciation	7,643	3,491	-	11,134
Segment result (external)	20,987	1,676	-	<u>22,663</u>
Profit before taxation				<u>22,663</u>

3 months ended 30 September 2015 Restated				
Revenue				
Total revenue	71,483	41,244	-	112,727
Intersegment-revenue	(12,122)	(2,032)	-	(14,154)
External revenue	<u>59,361</u>	<u>39,212</u>	-	<u>98,573</u>
Depreciation	5,670	3,468	-	9,138
Segment result (external)	8,243	2,277	1	<u>10,521</u>
Profit before taxation				<u>10,521</u>

	PLANTATION RM'000	HEALTHCARE RM'000	OTHERS RM'000	GROUP RM'000
9 months ended 30 September 2016				
Revenue				
Total revenue	259,590	144,086	-	403,676
Intersegment-revenue	(92,827)	(7,497)	-	(100,324)
External revenue	<u>166,763</u>	<u>136,589</u>	-	<u>303,352</u>
Depreciation	21,006	9,944	-	30,950
Segment result (external)	31,428	8,734	6	<u>40,168</u>
Profit before taxation				<u>40,168</u>

9 months ended 30 September 2015 Restated				
Revenue				
Total revenue	181,309	128,234	-	309,543
Intersegment-revenue	(34,678)	(6,593)	-	(41,271)
External revenue	<u>146,631</u>	<u>121,641</u>	-	<u>268,272</u>
Depreciation	21,733	10,290	-	32,023
Segment result (external)	(1,101)	12,417	1	<u>11,317</u>
Profit before taxation				<u>11,317</u>

Explanatory Notes Pursuant to FRS 134

9. Segmental reporting (cont'd.)

	PLANTATION RM'000	HEALTHCARE RM'000	OTHERS RM'000	GROUP RM'000
Total assets				
30 September 2016	2,398,634	264,135	2,513	2,665,282
31 December 2015	2,297,382	283,379	2,510	2,583,271
Total liabilities				
30 September 2016	1,075,744	120,276	1,453	1,197,473
31 December 2015	1,007,669	156,609	1,451	1,165,729

10. Valuation on non-current assets

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the financial year ended 31 December 2015.

11. Material subsequent event

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

12. Changes in the composition of the Group

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

13. 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.

14. Capital commitments

Capital commitments as at 30 September 2016 are as follows:

	RM '000
Authorised by the Directors and contracted	44,892
Authorised by the Directors but not contracted	52,715
	<u>97,607</u>

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENT

15. 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 - Q3 2016 versus Q3 2015

	Q3 2016	Q3 2015	Variance
	RM'000	RM'000	%
		Restated	
Revenue			
Plantation	57,936	59,361	-2%
Healthcare	44,840	39,212	14%
Total	102,776	98,573	4%
Profit Before Tax ("PBT")			
Plantation	20,987	8,243	155%
Healthcare	1,676	2,277	-26%
Total	22,663	10,520	115%

Group revenue of RM102.8 million for the current quarter ended 30 September 2016 was 4% higher than reported in the preceding corresponding quarter. The Group PBT increased 115% to RM22.7 million in the current quarter, compared to RM10.5 million in the previous corresponding quarter.

Plantation Division

During the quarter, the Plantation Division registered higher PBT by 155% despite of slight decrease in revenue by 2% compared to the same quarter last year, mainly due to:

- a) Higher CPO and PK prices by 25% and 61% respectively;

Average Price	Q3 2016	Q3 2015	Variance
	RM/mt	RM/mt	%
CPO	2,631	2,102	25%
PK	2,288	1,417	61%

During the period, we have sold 9,098 mt of segregated CSPO and 3,447 mt of mass balance CSPO at premiums of RM122/mt and RM80/mt respectively.

- b) Higher unrealised gain on the foreign exchange of investment in fixed income securities of RM16.8 million;
c) Lower start up losses at Indonesian operation by RM2.4 million; and
d) Lower replanting/immature cost at Malaysian operation by RM0.5 million;

However, this is partly offset with

- a) Lower CPO and PK productions by 24% and 25% respectively;

Production	Q3 2016	Q3 2015	Variance
	mt	mt	%
CPO	19,598	25,874	-24%
PK	4,721	6,301	-25%

- b) Higher finance cost by RM6.5 million.

Healthcare Division

For the quarter under review, the Healthcare Division recorded 14% increased in revenue. This is mainly due to higher number of patients recorded. The division recorded 10% increased both in the number of inpatients and outpatients.

However, during the quarter, the division registered lower PBT of RM1.7 million compared to RM2.3 million in the same period last year. This is due to 28% increased in the administrative cost, mainly;

- a) Higher staff costs; and
b) Pre-operating costs at our new hospital building.

15. 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.

Cumulative quarter - 9M 2016 versus 9M 2015

	9M 2016	9M 2015	Variance
	RM'000	RM'000	%
		Restated	
Revenue			
Plantation	166,763	146,631	14%
Healthcare	136,589	121,641	12%
Total	303,352	268,272	13%
Profit/(Loss) Before Tax			
Plantation	31,428	(1,101)	2954%
Healthcare	8,734	12,417	-30%
Total	40,162	11,316	255%

Group revenue of RM303.4 million for the period ended 30 September 2016 was 13% higher than reported in the preceding corresponding period. The Group recorded higher PBT of RM40.2 million in the current period, compared to RM11.3 million in the previous corresponding period. Excluding the unrealised gain on foreign exchange of RM8.4 million on investment in fixed income securities, the core PBT for 9M 2016 was RM31.8 million or higher by 181% compared to same period last year.

Plantation Division

During the period, the Plantation Division registered higher revenue and PBT by 14% and 2,954% respectively compared to the previous corresponding period, mainly due to:

- a) Higher CPO and PK prices by 18% and 44% respectively;

Average Price	9M 2016	9M 2015	Variance
	RM/mt	RM/mt	%
CPO	2,576	2,182	18%
PK	2,198	1,530	44%

During the period, we have sold 24,284 mt of segregated CSPO and 3,746 mt of mass balance CSPO at premiums of RM121/mt and RM80/mt respectively.

- b) Higher unrealised gain on the foreign exchange of investment in fixed income securities by RM8.4 million;
- c) Lower start up losses at Indonesian operation by RM8.0 million;
- d) Higher interest income by RM3.3 million; and
- e) Lower replanting/immature cost at Malaysian operation by RM2.7 million.

However, this is partly offset with

- a) Lower CPO and PK productions by 12% and 13% respectively;

Production	9M 2016	9M 2015	Variance
	mt	mt	%
CPO	54,033	61,505	-12%
PK	13,549	15,549	-13%

- b) Higher finance cost by RM8.3 million.

Healthcare Division

During the period, the Healthcare Division recorded 12% increase in revenue. This was due to 14% increased in the number of inpatients and 9% increased in the number of outpatients registered in the last nine months.

However, the division registered lower PBT of RM8.7 million as compared to RM12.4 million in corresponding period last year. This is due to 24% increased in administrative cost, mainly;

- a) Higher staff costs; and
- b) Pre-operating costs at our new hospital building.

16. 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 - Q3 2016 versus Q2 2016

The current quarter under review recorded lower PBT by 1% compared to the preceding quarter due to:

- a) Higher finance cost by RM8.0 million; and
- b) Lower PBT from Healthcare division by 11%.

However, this is partly offset with

- a) Higher CPO and PK productions by 7% and 2% respectively;

Production	Q3 2016	Q2 2016	Variance
	mt	mt	%
CPO	19,598	18,327	7%
PK	4,721	4,625	2%

- b) Higher PK price by 4%, partly offset with slightly lower CPO price by 1%;

Average Price	Q3 2016	Q2 2016	Variance
	RM/mt	RM/mt	%
CPO	2,631	2,654	-1%
PK	2,288	2,200	4%

- c) Higher unrealised gain on the foreign exchange of investment in fixed income securities by RM14.7 million.

17. 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

Palm oil prices have been trending upward due to lower production compared to last year from the El Nino effects, tight palm oil stocks and also weaker Ringgit.

Healthcare

Slowing economy and challenging environment will continue to weigh on the Healthcare sector. Nevertheless, we are cautiously optimistic that our Healthcare Division growth would remain supported by our capacity expansion and introduction of new service modalities.

The Group expects FY2016 performance to remain satisfactory.

18a. 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.

18b. Explanatory note for any shortfall in the profit guarantee

There was no profit guarantee issued for the quarter ended 30 September 2016.

19. Profit for the period

	Current period to date	
	30-Sep-16 RM'000	30-Sep-15 RM'000
The following amounts have been included in arriving at profit before tax:		
Interest expense	13,969	5,655
Interest income	(25,954)	(22,658)
Depreciation of property, plant and equipment	30,950	32,023
Loss on disposal of property, plant and equipment	30	-
Property, plant and equipment written off	93	54
Biological asset written off	-	44
Impairment loss on trade and other receivables	1,344	804
Inventories written off	8	2
Payables written back	(8)	-
Unrealised gain on the foreign exchange of investment in fixed income securities	(8,400)	-
	<u>(8,400)</u>	<u>-</u>

20. 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	
	30-Sep-16 RM'000	30-Sep-15 RM'000	30-Sep-16 RM'000	30-Sep-15 RM'000
Current income tax	5,117	3,976	10,916	7,090
Overprovision of income tax in prior year	(2,622)	(577)	(2,630)	(778)
	<u>2,495</u>	<u>3,399</u>	<u>8,286</u>	<u>6,312</u>
Deferred tax				
Relating to origination and reversal of temporary differences	(2,939)	(2,644)	(8,308)	(8,055)
Relating to changes in Malaysia tax rates	(4)	5	(4)	15
Under/(Over) provision of deferred tax	282	(1,102)	(160)	(1,442)
	<u>(166)</u>	<u>(342)</u>	<u>(186)</u>	<u>(3,170)</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the period.

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

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

There were no sale of unquoted investments or properties for the current period to date.

22. Corporate proposals

On 21 July 2016, TDM had announced the Dividend Reinvestment Scheme ("DRS") statement and Notice of Election in relation to the first and final dividend in respect of the financial year ended 31 December 2015.

On 17 August 2016, TDM had announced, issuance and allotment of the 23,800,700 new TDM Shares pursuant to the DRS in respect of the Final Cash Dividend.

The DRS has been completed following the listing and quotation of 23,800,700 new TDM Shares on the Main Market of the Bursa Securities Malaysia on 16 August 2016.

With the listing of the abovementioned new TDM Shares, the enlarged issued and paid up share capital of TDM is RM301,092,476 comprising 1,505,462,380 TDM shares.

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

Details of the Group's borrowings as at 30 September 2016 are as follows :

	Current RM'000	Non-Current RM'000	Total RM'000
<u>Secured</u>			
- Bank loans	-	403,739	403,739
- Bank overdraft	2,173	-	2,173
- Obligation under the finance leases	5,891	2,405	8,296
	<u>8,064</u>	<u>406,144</u>	<u>414,208</u>
<u>Unsecured</u>			
- Bank loans	-	50,000	50,000
- IDR Notes	-	334,950	334,950
	<u>-</u>	<u>384,950</u>	<u>384,950</u>
Total	<u>8,064</u>	<u>791,094</u>	<u>799,158</u>

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 quarter ended 30 September 2016.

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

There were no changes in material liabilities since the previous audited financial statements ended 31 December 2015.

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.

	Current Quarter Ended 30.9.2016	Preceding Quarter Ended 30.9.2015	Current Quarter To date 30.9.2016	Preceding Quarter To date 30.9.2015
Basic				
Profit for the period attributable to owners of the parent (RM'000)	23,417	11,318	43,159	16,131
Weighted average number of ordinary shares in issue ('000)	1,505,462	1,481,662	1,505,462	1,481,662
Basic profit per ordinary share attributable to owners of the parent (sen)	<u>1.56</u>	<u>0.76</u>	<u>2.87</u>	<u>1.09</u>

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

28. Realised and unrealised profits

	As at 30-Sep-16 RM'000	As at 31-Dec-15 RM'000
Total retained profits of the Company and subsidiaries		
- Realised profits	377,446	531,262
- Unrealised profits	71,538	73,820
	<u>448,984</u>	<u>605,082</u>
Less: Consolidation adjustments	91,085	(104,910)
Total Group retained profits as per consolidated accounts	<u>540,069</u>	<u>500,172</u>

- 29.** The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 November 2016.

BY ORDER OF THE BOARD

WAN HASLINDA WAN YUSOFF
Company Secretary

Kuala Lumpur
28 November 2016