



TDM BERHAD

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

**INTERIM FINANCIAL STATEMENTS
31 MARCH 2017**



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2017**

| | Cumulative Quarter Current Quarter To date 31-Mar-17 RM'000 | Preceding Quarter To date 31-Mar-16 RM'000 |
|--|--|---|
| Revenue | 113,904 | 97,522 |
| Cost of sales | <u>(56,885)</u> | <u>(57,397)</u> |
| Gross profit | 57,019 | 40,125 |
| Other items of income | | |
| Interest income | 7,813 | 7,999 |
| Other income | 1,061 | 1,001 |
| Other items of expense | | |
| Distribution costs | (1,105) | (1,184) |
| Administrative expenses | (28,618) | (44,768) |
| Other expenses | (4,265) | (5,616) |
| Finance costs | <u>(3,223)</u> | <u>(2,876)</u> |
| Profit/(Loss) before tax | 28,682 | (5,319) |
| Income tax expenses | <u>(6,899)</u> | 651 |
| Profit/(Loss) for the period, net of tax | 21,783 | (4,668) |
| Other comprehensive income: | | |
| Available for sale investments' fair value movement | 2 | (1) |
| Foreign currency translation | <u>1,453</u> | <u>(3,007)</u> |
| Other comprehensive income for the period, net of tax | <u>1,455</u> | <u>(3,008)</u> |
| Total comprehensive income for the period | <u>23,238</u> | <u>(7,676)</u> |



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2017**

| | Cumulative Quarter | |
|---------------------------------------|---------------------------|------------------|
| | Current | Preceding |
| | Quarter | Quarter |
| | To date | To date |
| | 31-Mar-17 | 31-Mar-16 |
| | RM'000 | RM'000 |
| Profit/(Loss) attributable to: | | |
| Owners of the parent | 22,483 | (2,888) |
| Non-controlling interests | (700) | (1,780) |
| | 21,783 | (4,668) |
| Total comprehensive | | |
| income attributable to: | | |
| Owners of the parent | 23,938 | (5,896) |
| Non-controlling interests | (700) | (1,780) |
| | 23,238 | (7,676) |
| Earnings/(Loss) per share | | |
| attributable to owners of | | |
| parent (sen): | | |
| Basic (Note 27) | 1.49 | (0.19) |

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 MARCH 2017**

| | Unaudited As at 31-Mar-17 RM'000 | Audited As at 31-Dec-16 RM'000 |
|--------------------------------|---|---|
| Assets | | |
| Non-current assets | | |
| Property, plant & equipment | 1,223,214 | 1,221,033 |
| Biological assets | 595,719 | 584,371 |
| Intangible asset | 9,219 | 7,463 |
| Investment property | 11,000 | 11,000 |
| Goodwill | 7,003 | 7,003 |
| Other investments | 353,300 | 355,400 |
| Investment securities | 53 | 53 |
| Other receivables | 118,327 | 109,419 |
| Deferred tax assets | 12,739 | 12,461 |
| | <u>2,330,574</u> | <u>2,308,203</u> |
| Current assets | | |
| Inventories | 42,291 | 38,568 |
| Trade and other receivables | 67,909 | 76,307 |
| Prepayments | 2,735 | 7,049 |
| Tax recoverable | 6,633 | 7,514 |
| Cash and bank balances | 141,143 | 122,168 |
| | <u>260,711</u> | <u>251,606</u> |
| Total assets | <u>2,591,285</u> | <u>2,559,809</u> |
| Current liabilities | | |
| Borrowings | 46,442 | 33,464 |
| Trade and other payables | 175,956 | 178,639 |
| Tax payable | 6,477 | 4,845 |
| | <u>228,875</u> | <u>216,948</u> |
| Net current assets | <u>31,836</u> | <u>34,658</u> |
| Non-current liabilities | | |
| Retirement benefit obligations | 4,156 | 4,070 |
| Borrowings | 777,598 | 790,810 |
| Other payable | 102,760 | 92,712 |
| Deferred tax liabilities | 140,892 | 141,503 |
| | <u>1,025,406</u> | <u>1,029,095</u> |
| Total liabilities | <u>1,254,281</u> | <u>1,246,043</u> |
| Net assets | <u>1,337,004</u> | <u>1,313,766</u> |



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

| | Unaudited As at 31-Mar-17 RM'000 | Audited As at 31-Dec-16 RM'000 |
|--|---|---|
| Equity attributable to owners of the parent | | |
| Share capital | 301,092 | 301,092 |
| Share premium* | 42,822 | 42,822 |
| Retained earnings | 442,285 | 419,802 |
| Other reserves | 556,710 | 555,255 |
| | <u>1,342,909</u> | <u>1,318,971</u> |
| Non-controlling interests | <u>(5,905)</u> | <u>(5,205)</u> |
| Total equity | <u>1,337,004</u> | <u>1,313,766</u> |
| Total equity and liabilities | <u>2,591,285</u> | <u>2,559,809</u> |
| | | |
| Net assets per share (RM) | 0.89 | 0.87 |

*Share premium are yet to be transferred to share capital due to provision of Section 618 (3) of the Companies Act 2016.

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 MARCH 2017

| | 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 reserve RM'000 | Fair value adjustment reserve RM'000 | Transaction with non-controlling interest RM'000 | |
| 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) |
| Profit for the year | 21,783 | 22,483 | - | - | 22,483 | - | - | - | - | - | (700) |
| Other comprehensive income | | | | | | | | | | | |
| Net loss on fair value changes in available for sale investments' fair value movement | 2 | 2 | - | - | - | 2 | - | - | 2 | - | - |
| Foreign currency translation | 1,453 | 1,453 | - | - | - | 1,453 | - | 1,453 | - | - | - |
| Other comprehensive income for the year, net of tax | 1,455 | 1,455 | - | - | - | 1,455 | - | 1,453 | 2 | - | - |
| Total comprehensive income for the year | 23,238 | 23,938 | - | - | 22,483 | 1,455 | - | 1,453 | 2 | - | (700) |
| Closing balance at 31 March 2017 | 1,337,004 | 1,342,909 | 301,092 | 42,822 | 442,285 | 556,710 | 604,089 | (47,307) | (41) | (31) | (5,905) |
| Opening balance at 1 January 2016 | 1,417,542 | 1,415,188 | 296,332 | 33,064 | 500,172 | 585,620 | 631,936 | (46,246) | (39) | (31) | 2,354 |
| Prior year adjustments | (87,217) | (82,718) | - | - | (82,718) | - | - | - | - | - | (4,499) |
| Opening balance at 1 January 2016 (restated) | 1,330,325 | 1,332,470 | 296,332 | 33,064 | 417,454 | 585,620 | 631,936 | (46,246) | (39) | (31) | (2,145) |
| Loss for the period | (4,668) | (2,888) | - | - | (2,888) | - | - | - | - | - | (1,780) |
| Other comprehensive income | | | | | | | | | | | |
| Net gain on fair value changes in available for sale investments' fair value movement | (1) | (1) | - | - | - | (1) | - | - | (1) | - | - |
| Foreign currency translation | (3,007) | (3,007) | - | - | - | (3,007) | - | (3,007) | - | - | - |
| Other comprehensive income for the year, net of tax | (3,008) | (3,008) | - | - | - | (3,008) | - | (3,007) | (1) | - | - |
| Total comprehensive income for the year | (7,676) | (5,896) | - | - | (2,888) | (3,008) | - | (3,007) | (1) | - | (1,780) |
| Closing balance at 31 March 2016 | 1,322,649 | 1,326,574 | 296,332 | 33,064 | 414,566 | 582,612 | 631,936 | (49,253) | (40) | (31) | (3,925) |

*Share premium are yet to be transferred to share capital due to provision of Section 618 (3) of the Companies Act 2016.

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 MARCH 2017**

| | Period Ended | |
|---|-----------------------------|-----------------------------|
| | 31-Mar-17 RM'000 | 31-Mar-16 RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 28,682 | (5,319) |
| Adjustments for: | | |
| Interest expense | 3,223 | 2,876 |
| Depreciation of property, plant and equipment | 9,694 | 8,886 |
| Property, plant and equipment written off | 21 | 28 |
| Inventories written off | - | 3 |
| Impairment loss on trade and other receivables | 394 | 431 |
| Unrealised loss on the foreign exchange of investment in fixed income securities | 2,100 | 16,800 |
| Payables written back | - | (2) |
| Interest income | (7,813) | (7,999) |
| Reversal of provision for short term accumulating compensated absences | (58) | (59) |
| Provision for retirement benefit obligations | 85 | 90 |
| Total adjustments | <u>7,646</u> | <u>21,054</u> |
| Operating cash flows before changes in working capital | <u>36,328</u> | <u>15,735</u> |
| <u>Changes in working capital</u> | | |
| (Increase)/Decrease in inventories | (3,723) | 7,516 |
| Decrease in receivables | 3,804 | 3,183 |
| Decrease in payables | (1,590) | (14,409) |
| Total changes in working capital | <u>(1,509)</u> | <u>(3,710)</u> |
| Cash flows from operations | 34,819 | 12,025 |
| Interest paid | (3,223) | (2,876) |
| Interest received | 321 | 546 |
| Taxes paid | (5,229) | (4,036) |
| Tax refund | 754 | - |
| Net cash flows generated from operating activities | <u>27,442</u> | <u>5,659</u> |



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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017**

| | Period Ended | |
|--|---------------------|------------------|
| | 31-Mar-17 | 31-Mar-16 |
| | RM'000 | RM'000 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (11,896) | (12,856) |
| Addition of plantation development expenditure | (1,096) | - |
| Withdrawal of deposit with licensed banks | 2,976 | 1,295 |
| Decrease/(Increase) in deposit with licensed banks pledged as securities for certain banking facilities | - | (159) |
| Net cash flows used in investing activities | <u>(10,016)</u> | <u>(11,720)</u> |
| Cash flows from financing activities | | |
| Drawdowns of term loans | 692 | 10,048 |
| Repayments of term loans | (6,818) | (5,007) |
| Repayments of hire purchase facilities | (181) | (2,444) |
| Net cash flows (used in)/generated from financing activities | <u>(6,307)</u> | <u>2,597</u> |
| Net increase in cash and cash equivalents | 11,119 | (3,464) |
| Cash and cash equivalents at 1 January | 83,492 | 72,039 |
| Effect of foreign exchange rate changes | 1,453 | (3,007) |
| Cash and cash equivalents at end of the period | <u>96,064</u> | <u>65,568</u> |

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

| | | |
|---|---------------|---------------|
| Cash and banks balances | 141,143 | 112,183 |
| Bank overdraft | (12,092) | (13,393) |
| Less: Deposits pledged for bank facilities | (31,844) | (30,384) |
| Less: Deposits with licensed banks with maturity period more than 3 months | (1,143) | (2,838) |
| Cash and cash equivalents | <u>96,064</u> | <u>65,568</u> |

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016.

2. Significant accounting policies

The accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2016 except for the adoption of the following Amendments to FRSs:-

Effective for annual periods beginning on or after 1 January 2017:

Amendment to FRS 12: Disclosure of Interests in Other Entities (Annual Improvements 2014-2016 Cycle)

Amendment to FRS 107: Disclosure Initiatives

Amendment to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

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

FRS 2: Classification and Measurement of Share-based Payments Transactions (Amendments to FRS 2)

FRS 9: Financial Instruments

FRS 15: Revenue from Contracts with Customers

FRS 16: Leases

Deferred

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

The adoption of the above Amendments to FRSs does not have any material impact on the financial statements of the Group.

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 2016 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 31 March 2017.

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.

Explanatory Notes Pursuant to FRS 134

8. Dividends paid

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

9. Segmental reporting

| | PLANTATION RM'000 | HEALTHCARE RM'000 | OTHERS RM'000 | GROUP RM'000 |
|---------------------------|------------------------------|------------------------------|--------------------------|-------------------------|
| 3 months ended | | | | |
| 31 March 2017 | | | | |
| Revenue | | | | |
| Total revenue | 91,825 | 46,974 | - | 138,799 |
| Intersegment-revenue | (22,534) | (2,361) | - | (24,895) |
| External revenue | <u>69,291</u> | <u>44,613</u> | - | <u>113,904</u> |
| Depreciation | 6,284 | 3,410 | - | 9,694 |
| Segment result (external) | 27,092 | 1,591 | (1) | 28,682 |
| Profit before tax | | | | <u>28,682</u> |
| 3 months ended | | | | |
| 31 March 2016 | | | | |
| Revenue | | | | |
| Total revenue | 63,532 | 49,967 | - | 113,499 |
| Intersegment-revenue | (13,373) | (2,604) | - | (15,977) |
| External revenue | <u>50,159</u> | <u>47,363</u> | - | <u>97,522</u> |
| Depreciation | 5,927 | 2,959 | - | 8,886 |
| Segment result (external) | (10,496) | 5,173 | 4 | (5,319) |
| Loss before tax | | | | <u>(5,319)</u> |

| | PLANTATION RM'000 | HEALTHCARE RM'000 | OTHERS RM'000 | GROUP RM'000 |
|--------------------------|------------------------------|------------------------------|--------------------------|-------------------------|
| Total assets | | | | |
| 31 March 2017 | <u>2,315,591</u> | <u>273,152</u> | <u>2,542</u> | <u>2,591,285</u> |
| 31 December 2016 | <u>2,292,260</u> | <u>265,002</u> | <u>2,547</u> | <u>2,559,809</u> |
| Total liabilities | | | | |
| 31 March 2017 | <u>1,125,550</u> | <u>127,269</u> | <u>1,462</u> | <u>1,254,281</u> |
| 31 December 2016 | <u>1,120,590</u> | <u>123,991</u> | <u>1,462</u> | <u>1,246,043</u> |

Explanatory Notes Pursuant to FRS 134

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 2016.

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 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 31 March 2017 are as follows:

| | RM '000 |
|--|----------------|
| Authorised by the Directors and contracted | 18,064 |
| Authorised by the Directors but not contracted | 293,449 |
| | <u>311,513</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.

Cumulative quarter - Q1 2017 versus Q1 2016

| | Q1 2017 | Q1 2016 | Variance |
|---|----------------|----------------|-----------------|
| | RM'000 | RM'000 | % |
| Revenue | | | |
| Plantation | 69,291 | 50,159 | 38% |
| Healthcare | 44,613 | 47,363 | -6% |
| Total | 113,904 | 97,522 | 17% |
| Profit/(Loss) Before Tax ("PBT") | | | |
| Plantation | 27,092 | (10,496) | 358% |
| Healthcare | 1,591 | 5,173 | -69% |
| Total | 28,683 | (5,323) | 639% |

Group revenue of RM113.9 million for the quarter ended 31 March 2017 was 17% higher than reported in the preceding corresponding quarter. The Group recorded higher PBT of RM28.7 million in the current quarter, compared to loss of RM5.3 million in the previous corresponding quarter.

Plantation Division

During the quarter, the Plantation Division recorded higher revenue by 38% compared to the previous corresponding quarter. The division recorded higher PBT of RM27.1 million in the current quarter, compared to loss of RM10.5 million in the previous corresponding quarter, mainly due to:

- a) Higher CPO and PK prices by 34% and 52% respectively;

| Average Price | Q1 2017 | Q1 2016 | Variance |
|----------------------|----------------|----------------|-----------------|
| | RM/mt | RM/mt | % |
| CPO | 3,256 | 2,431 | 34% |
| PK | 3,204 | 2,103 | 52% |

During the period, we have sold 8,532 mt of identity preserved Certified Sustainable Palm Oil ("CSPO") and 7,819 mt of mass balance CSPO at premiums of RM134/mt and RM82/mt respectively. In addition, during the quarter, we made a maiden sale of Certified Sustainable Palm Kernel ("CSPK") comprising of 1,542 mt of identity preserved CSPK and 724 mt of mass balance CSPK at premiums of RM120/mt and RM70/mt respectively.

- b) Higher CPO and PK productions by 4% and 7% respectively;

| Production | Q1 2017 | Q1 2016 | Variance |
|-------------------|----------------|----------------|-----------------|
| | mt | mt | % |
| CPO | 16,723 | 16,107 | 4% |
| PK | 4,482 | 4,203 | 7% |

- c) Lower unrealised loss on the foreign exchange of investment in fixed income securities by RM14.7 million;
- d) Lower replanting/immature cost at Malaysian operation by RM1.9 million; and
- e) Lower losses at Indonesian operation by RM0.6 million.

However, this was partly offset with higher finance cost by RM0.3 million.

Healthcare Division

During the quarter, the Healthcare Division recorded 6% decrease in revenue, mainly due to lower number of inpatient and lower case mix of patient, compared to the previous corresponding quarter.

The division registered lower PBT of RM1.5 million, compared to RM5.2 million in previous corresponding quarter, mainly due to lower revenue and higher operating costs.

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 - Q1 2017 versus Q4 2016

The current quarter under review recorded higher PBT of RM28.7 million compared to loss of RM5.1 million in the preceding quarter, mainly due to:

- a) Higher losses at Indonesian operation in Q4 2016, mainly from impairment of assets amounting to RM47.2 million.
- b) Higher CPO and PK prices by 9% and 34% respectively; and

| Average Price | Q1 2017 | Q4 2016 | Variance |
|---------------|---------|---------|----------|
| | RM/mt | RM/mt | % |
| CPO | 3,256 | 2,985 | 9% |
| PK | 3,204 | 2,383 | 34% |

- c) Higher Healthcare Division's PBT of RM1.6 million compared to loss of RM1.4 million in the preceding quarter, mainly due to higher patients number by 7%.

However, this was partly offset with lower CPO and PK productions by 32% and 33% respectively:

| Production | Q1 2017 | Q4 2016 | Variance |
|------------|---------|---------|----------|
| | mt | mt | % |
| CPO | 16,723 | 24,461 | -32% |
| PK | 4,482 | 6,713 | -33% |

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

The recent correction in palm oil prices is due to the expectation of stronger production in second half of 2017 as palms recover from the effects of El Nino.

However, 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 cautiously optimistic that our Healthcare Division growth would remain supported by our capacity expansion and introduction of new service modalities.

The Group is cautiously optimistic of achieving expected satisfactory performance in FY2017.

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 31 March 2017.

19. Profit for the period

| | Current year to date | |
|---|---------------------------------|------------------|
| | 31-Mar-17 | 31-Mar-16 |
| | RM'000 | RM'000 |
| The following amounts have been included in arriving at profit before tax: | | |
| Interest expense | 3,223 | 2,876 |
| Interest income | (7,813) | (7,999) |
| Depreciation of property, plant and equipment | 9,694 | 8,886 |
| Property, plant and equipment written off | 21 | 28 |
| Inventories written off | - | 3 |
| Impairment loss on trade and other receivables | 394 | 431 |
| Unrealised loss on the foreign exchange of investment in fixed income securities | 2,100 | 16,800 |
| | 2,100 | 16,800 |

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 period To date | |
|---|-----------------------------------|------------------|
| | 31-Mar-17 | 31-Mar-16 |
| | RM'000 | RM'000 |
| Current income tax | 7,675 | 3,023 |
| Underprovision of income tax in prior year | 238 | - |
| | 7,913 | 3,023 |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | (352) | (3,331) |
| Relating to changes in Malaysia tax rates | - | 10 |
| Overprovision of deferred tax | (662) | (353) |
| Income tax | 6,899 | (651) |

Income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for 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

Proposed Bonus Issue of up to 150,546,238 New Ordinary Shares

On 27 February 2017, the Board of Directors of the Company has approved a proposal to implement a Proposed Bonus issue of up to 150,546,238 new Bonus Shares on the basis of one (1) Bonus Share for every ten (10) existing TDM Shares held at a date to be determined and announced later.

The Proposed Bonus Issue is undertaken to reward TDM's shareholders for their continued support and loyalty to the Group by enabling them to have an increase in the number of TDM Shares held whilst maintaining their percentage of equity interest in our Company.

In addition, the Proposed Bonus Issue is expected to enhance the marketability and trading liquidity of TDM Shares on Bursa Securities by way of a larger capital base. Further, the Proposed Bonus Issue will result in an increase in the Company's share capital base to better reflect the size of operations of the Group.

22. Corporate proposals (cont'd.)

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%.

The purchase consideration for the Proposed Acquisition will be determined upon the completion of a valuation of the plantation land of Ladang Rakyat and TDM's satisfaction of its due diligence findings prior to the execution of a definitive shares sale agreement ("SSA"). The SSA is expected to be signed within 6 months from the date of the HOA or any other date to be agreed by the parties.

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.

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

Details of the Group's borrowings as at 31 March 2017 are as follows:

| | Current RM'000 | Non-Current RM'000 | Total RM'000 |
|---------------------------------------|---------------------------|-------------------------------|-------------------------|
| <u>Secured</u> | | | |
| - Bank loans | 27,616 | 317,584 | 345,200 |
| - Bank overdraft | 12,092 | - | 12,092 |
| - Obligation under the finance leases | 6,734 | 4,114 | 10,848 |
| | <u>46,442</u> | <u>321,698</u> | <u>368,140</u> |
| <u>Unsecured</u> | | | |
| - Bank loans | - | 50,000 | 50,000 |
| - IDR Notes | - | 405,900 | 405,900 |
| | <u>-</u> | <u>455,900</u> | <u>455,900</u> |
| Total | <u>46,442</u> | <u>777,598</u> | <u>824,040</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 period ended 31 March 2017.

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

1. Permohonan Penundaan Kewajipan Pembayaran Utang ("Application of Suspension of Obligation of Payment of Debt")

PT Rafi Kamajaya Abadi ("PT RKA") had on 19 January 2017 received a ("Permohonan Penundaan Kewajipan Pembayaran Utang") ("PKPU") ("Application for Suspension of Obligation of Payment of Debt") submitted by Modipalm Engineering Sdn. Bhd. ("Modipalm") at the Pengadilan Negeri ("Court"), Jakarta Pusat against PT RKA on the ground that the amount of USD1,629,465.45 (import portion) and IDR3,582,599,635 (local portion) is due and payable to them.

On 9 February 2017, the presiding judges decided to reject Modipalm's petition against PT RKA on the basis that the debt/outstanding cannot be simply proven in accordance to the PKPU requirements. The matter is now closed.

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

2. Surat Panggilan from Pengadilan Negeri Sintang in relation to a suit filed by Ibu Suryati

PT RKA had on 26 January 2017 received a "Surat Panggilan" dated 25 January 2017 from Pengadilan Negeri Sintang in relation to a suit filed by Ibu Suryati.

In the "Surat Panggilan", PT RKA is required to appear before the Pengadilan Negeri Sintang for the 1st mention of Ibu Suryati's suit on her claims as follows:

1. She is the lawful registered owner of all pieces of lands of approximately 15 ha which was allegedly encroached by PT RKA;
2. The alleged act of PT RKA in clearing and planting the land with oil palms is an act against the Indonesian law;
3. She has suffered losses due to the alleged activities by PT RKA;
4. Applied for Conservatoir Beslaag (Sita Jaminan) order against PTRKA to stop all alleged activities over the disputed lands including transfer of the lands;
5. To pay compensation of all losses suffered by her due to the alleged land clearing activities by PT RKA (including Ganti Rugi 2 Makam/2 Graves Compensation) with total sum of IDR4,528,100,000 (RM1,506,135.00);
6. To pay a Dwangsom (Uangpaksa) of IDR10,000,000 per day from the date of her claim was filed in the Court; and
7. To bear all costs and expenses in relation to this suit.

PT RKA has sought legal advice on the aforesaid matter and the Court had on 17 May 2017 fixed 24 May 2017 to hear the Defendant's witness testimony. The Court has also fixed 8 June 2017 for the decision of the case.

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.

| | Cummulative Quarter Current Quarter To date 31.03.2017 | Preceding Quarter To date 31.03.2016 |
|---|---|---|
| Profit/(Loss) for the period attributable to owners | 22,483 | (2,888) |
| Weighted average number of ordinary shares in issue for basic earnings per share computation ('000) | 1,505,462 | 1,481,662 |
| Earnings/(Loss) per ordinary share attributable to owners of the parent (sen) | | |
| Basic | 1.49 | (0.19) |

TDM BERHAD (Company No 6265-P)
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28. Realised and unrealised profits

| | As at 31-Mar-17 RM'000 | As at 31-Dec-16 RM'000 |
|---|---------------------------------------|---------------------------------------|
| Total retained profits of the Company and subsidiaries | | |
| - Realised profits | 394,790 | 327,518 |
| - Unrealised profits | 62,611 | 49,653 |
| | <u>457,401</u> | <u>377,171</u> |
| Less: Consolidation adjustments | (15,116) | 42,631 |
| Total Group retained profits as per consolidated accounts | <u>442,285</u> | <u>419,802</u> |

- 29.** The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 May 2017.

BY ORDER OF THE BOARD

WAN HASLINDA WAN YUSOFF
Company Secretary

Kuala Terengganu
25 May 2017