



TDM BERHAD

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

**INTERIM FINANCIAL STATEMENTS
30 JUNE 2017**



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2017**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30-Jun-17 RM'000	Preceding Quarter Ended 30-Jun-16 RM'000	Current Quarter To date 30-Jun-17 RM'000	Preceding Quarter To date 30-Jun-16 RM'000
Revenue	99,717	103,054	213,620	200,576
Cost of sales	(57,829)	(63,566)	(114,714)	(120,963)
Gross profit	41,888	39,488	98,906	79,613
Other items of income				
Interest income	10,947	9,879	18,760	17,878
Other income	2,313	1,363	3,374	2,364
Other items of expense				
Distribution costs	(1,158)	(1,400)	(2,263)	(2,584)
Administrative expenses	(46,870)	(20,019)	(75,488)	(64,787)
Other expenses	(6,070)	(4,931)	(10,335)	(10,547)
Finance costs	(5,501)	(1,556)	(8,725)	(4,432)
(Loss)/Profit before tax	(4,451)	22,824	24,229	17,505
Income tax expenses	(1,503)	(631)	(8,401)	20
(Loss)/Profit for the period, net of tax	(5,954)	22,193	15,828	17,525
Other comprehensive income:				
Available for sale investments' fair value movement	(2)	(5)	-	(6)
Foreign currency translation	(4,164)	(156)	(2,712)	(3,163)
Transfer of revaluation reserve upon written off the assets	(936)	-	(936)	-
Other comprehensive income for the period, net of tax	(5,102)	(161)	(3,648)	(3,169)
Total comprehensive income for the period	(11,056)	22,032	12,180	14,356



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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2017**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30-Jun-17 RM'000	Preceding Quarter Ended 30-Jun-16 RM'000	Current Quarter To date 30-Jun-17 RM'000	Preceding Quarter To date 30-Jun-16 RM'000
(Loss)/Profit attributable to:				
Owners of the parent	(5,142)	22,629	17,340	19,741
Non-controlling interests	(812)	(436)	(1,512)	(2,216)
	(5,954)	22,193	15,828	17,525
Total comprehensive income attributable to:				
Owners of the parent	(10,244)	22,468	13,692	16,572
Non-controlling interests	(812)	(436)	(1,512)	(2,216)
	(11,056)	22,032	12,180	14,356
(Loss)/Earnings per share attributable to owners of parent (sen):				
Basic (Note 27)	(0.34)	1.53	1.15	1.33

(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 30 JUNE 2017**

	Unaudited As at 30-Jun-17 RM'000	Audited As at 31-Dec-16 RM'000
Assets		
Non-current assets		
Property, plant & equipment	1,216,200	1,221,033
Biological assets	598,257	584,371
Intangible asset	8,983	7,463
Investment property	11,000	11,000
Goodwill	7,003	7,003
Other investments	342,800	355,400
Investment securities	51	53
Other receivables	125,593	109,419
Deferred tax assets	13,010	12,461
	2,322,897	2,308,203
Current assets		
Inventories	42,661	38,568
Trade and other receivables	53,891	76,307
Prepayments	1,731	7,049
Tax recoverable	6,679	7,514
Cash and bank balances	137,654	122,168
	242,616	251,606
Total assets	2,565,513	2,559,809
Current liabilities		
Borrowings	34,657	33,464
Trade and other payables	170,159	178,639
Tax payable	4,498	4,845
	209,314	216,948
Net current assets	33,302	34,658
Non-current liabilities		
Retirement benefit obligations	4,241	4,070
Borrowings	775,180	790,810
Other payable	109,228	92,712
Deferred tax liabilities	141,604	141,503
	1,030,253	1,029,095
Total liabilities	1,239,567	1,246,043
Net assets	1,325,946	1,313,766



TDM BERHAD (Company No 6265-P)
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Unaudited As at 30-Jun-17 RM'000	Audited As at 31-Dec-16 RM'000
Equity attributable to owners of the parent		
Share capital*	343,914	301,092
Share premium	-	42,822
Retained earnings	437,142	419,802
Other reserves	551,607	555,255
	<u>1,332,663</u>	<u>1,318,971</u>
Non-controlling interests	<u>(6,717)</u>	<u>(5,205)</u>
Total equity	<u>1,325,946</u>	<u>1,313,766</u>
Total equity and liabilities	<u>2,565,513</u>	<u>2,559,809</u>
Net assets per share (RM)	0.88	0.87

*The total issued share capital comprises the share capital of RM301.1 million and the amount standing to the credit of the Company's share premium account amounting to RM42.8 million in accordance with Section 618 (2) 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 30 JUNE 2017

	Attributable to owners of the parent										
	Equity attributable to owners of the parent		Non-distributable		Distributable		Non-distributable				Non-controlling interests
			Share capital*	Share premium	Retained earnings	Total other reserves	Asset revaluation reserve	Foreign currency reserve	Fair value adjustment reserve	Transaction with non-controlling interest	
Total equity	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	15,828	17,340	-	-	17,340	-	-	-	-	-	(1,512)
Other comprehensive income											
Foreign currency translation	(2,712)	(2,712)	-	-	-	(2,712)	-	(2,712)	-	-	-
Transfer of revaluation reserve upon written off the assets	(936)	(936)	-	-	-	(936)	(936)	-	-	-	-
Other comprehensive income for the year, net of tax	(3,648)	(3,648)	-	-	-	(3,648)	(936)	(2,712)	-	-	-
Total comprehensive income for the year	12,180	13,692	-	-	17,340	(3,648)	(936)	(2,712)	-	-	(1,512)
Transfer of share premium pursuant to Section 618 (2) of Companies Act 2016	-	-	42,822	(42,822)	-	-	-	-	-	-	-
Closing balance at 30 June 2017	1,325,946	1,332,663	343,914	-	437,142	551,607	603,153	(51,472)	(43)	(31)	(6,717)
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)
Profit for the period	17,525	19,741	-	-	19,741	-	-	-	-	-	(2,216)
Other comprehensive income											
Net gain on fair value changes in available for sale investments' fair value movement	(6)	(6)	-	-	-	(6)	-	-	(6)	-	-
Foreign currency translation	(3,163)	(3,163)	-	-	-	(3,163)	-	(3,163)	-	-	-
Other comprehensive income for the year, net of tax	(3,169)	(3,169)	-	-	-	(3,169)	-	(3,163)	(6)	-	-
Total comprehensive income for the year	14,356	16,572	-	-	19,741	(3,169)	-	(3,163)	(6)	-	(2,216)
Closing balance at 30 June 2016	1,344,681	1,349,042	296,332	33,064	437,195	582,451	631,936	(49,409)	(45)	(31)	(4,361)

*The total issued share capital comprises the share capital of RM301.1 million and the amount standing to the credit of the Company's share premium account amounting to RM42.8 million in accordance with Section 618 (2) 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)
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2017**

	Period Ended	
	30-Jun-17 RM'000	30-Jun-16 RM'000
Cash flows from operating activities		
Profit before tax	24,229	17,505
Adjustments for:		
Interest expense	8,725	4,432
Depreciation of property, plant and equipment	18,533	19,817
Property, plant and equipment written off	21	45
Inventories written off	-	7
Impairment loss on trade and other receivables	776	832
Gain on disposal of property, plant and equipment	(1,200)	-
Dividend income	(2)	
Unrealised loss on the foreign exchange of investment in fixed income securities	12,600	6,300
Payables written back	-	(8)
Interest income	(18,760)	(17,878)
Reversal of provision for short term accumulating compensated absences	59	(80)
Provision for retirement benefit obligations	171	180
Total adjustments	<u>20,923</u>	<u>13,647</u>
Operating cash flows before changes in working capital	<u>45,152</u>	<u>31,152</u>
<u>Changes in working capital</u>		
(Increase)/Decrease in inventories	(4,093)	2,587
Decrease in receivables	11,559	7,085
Increase/(Decrease) in payables	20,732	(2,921)
Total changes in working capital	<u>28,198</u>	<u>6,751</u>
Cash flows from operations	73,350	37,903
Interest paid	(8,725)	(4,432)
Interest received	3,729	1,070
Taxes paid	(9,063)	(6,322)
Tax refund	850	-
Net cash flows generated from operating activities	<u>60,141</u>	<u>28,219</u>



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2017**

	Period Ended	
	30-Jun-17	30-Jun-16
	RM'000	RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(23,541)	(33,876)
Addition of plantation development expenditure	(13,886)	(608)
Dividend received	2	-
Proceeds from disposal of property, plant and equipment	2,700	-
Increase in deposit with licensed banks	(3,568)	(71,551)
Increase in deposit with licensed banks pledged as securities for certain banking facilities	-	(2,000)
Net cash flows used in investing activities	<u>(38,293)</u>	<u>(108,035)</u>
Cash flows from financing activities		
Drawdowns of term loans	11,405	70,643
Drawdowns of hire purchase facilities	117	135
Repayments of term loans	(14,357)	(10,037)
Repayments of hire purchase facilities	(380)	(1,524)
Net cash flows (used in)/generated from financing activities	<u>(3,215)</u>	<u>59,217</u>
Net increase in cash and cash equivalents	18,633	(20,599)
Cash and cash equivalents at 1 January	83,492	126,461
Effect of foreign exchange rate changes	(2,712)	(3,163)
Cash and cash equivalents at end of the period	<u>99,413</u>	<u>102,699</u>

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

Cash and banks balances	137,654	156,361
Bank overdraft	(4,092)	(16,219)
Less: Deposits pledged for bank facilities	(31,844)	(32,255)
Less: Deposits with licensed banks with maturity period more than 3 months	(2,305)	(5,188)
Cash and cash equivalents	<u>99,413</u>	<u>102,699</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)
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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 30 June 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.

8. Dividends paid

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

Explanatory Notes Pursuant to FRS 134

9. Segmental reporting

	PLANTATION RM'000	HEALTHCARE RM'000	OTHERS RM'000	GROUP RM'000
3 months ended 30 June 2017				
Revenue				
Total revenue	81,755	45,632	-	127,387
Intersegment-revenue	(25,204)	(2,466)	-	(27,670)
External revenue	<u>56,551</u>	<u>43,166</u>	-	<u>99,717</u>
Depreciation	5,530	3,309	-	8,839
Segment result (external)	(5,784)	1,334	(1)	(4,451)
Profit before tax				<u>(4,451)</u>

3 months ended 30 June 2016				
Revenue				
Total revenue	98,182	46,888	-	145,070
Intersegment-revenue	(39,514)	(2,502)	-	(42,016)
External revenue	<u>58,668</u>	<u>44,386</u>	-	<u>103,054</u>
Depreciation	7,435	3,494	-	10,929
Segment result (external)	20,940	1,884	-	22,824
Profit before tax				<u>22,824</u>

	PLANTATION RM'000	HEALTHCARE RM'000	OTHERS RM'000	GROUP RM'000
6 months ended 30 June 2017				
Revenue				
Total revenue	173,579	92,606	-	266,185
Intersegment-revenue	(47,738)	(4,827)	-	(52,565)
External revenue	<u>125,841</u>	<u>87,779</u>	-	<u>213,620</u>
Depreciation	11,814	6,719	-	18,533
Segment result (external)	21,306	2,925	(2)	24,229
Profit before tax				<u>24,229</u>

6 months ended 30 June 2016				
Revenue				
Total revenue	161,712	96,856	-	258,568
Intersegment-revenue	(52,886)	(5,106)	-	(57,992)
External revenue	<u>108,826</u>	<u>91,750</u>	-	<u>200,576</u>
Depreciation	13,363	6,454	-	19,817
Segment result (external)	10,442	7,058	5	17,505
Profit before tax				<u>17,505</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 June 2017	2,300,611	262,359	2,543	2,565,513
31 December 2016	2,292,260	265,002	2,547	2,559,809
Total liabilities				
30 June 2017	1,121,881	116,222	1,464	1,239,567
31 December 2016	1,120,590	123,991	1,462	1,246,043

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 30 June 2017 are as follows:

	RM '000
Authorised by the Directors and contracted	13,286
Authorised by the Directors but not contracted	285,040
	<u>298,326</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 - Q2 2017 versus Q2 2016

	Q2 2017	Q2 2016	Variance
	RM'000	RM'000	%
Revenue			
Plantation	56,551	58,668	-4%
Healthcare	43,166	44,386	-3%
Total	99,717	103,054	-3%
(Loss)/Profit Before Tax ("PBT")			
Plantation	(5,784)	20,940	-128%
Healthcare	1,334	1,884	-29%
Total	(4,450)	22,824	-119%

Group revenue of RM99.7 million for the current quarter ended 30 June 2017 was 3% lower than reported in the preceding corresponding quarter. The Group recorded loss of RM4.5 million in the current quarter, compared to profit of RM22.8 million in the previous corresponding quarter. Excluding the unrealised loss on foreign exchange in both financial years, the Group recorded PBT of RM6.0 million, compared to RM12.3 million in previous corresponding quarter.

Plantation Division

During the quarter, the Plantation Division recorded slightly lower revenue by 4% due to lower sales volume of CPO and PK by 5% and 2% respectively affected from long festive holiday at the end of June 2017, resulting increase in closing stock of CPO and PK by 113% and 105% respectively. The division recorded loss of RM5.8 million compared to profit of RM20.9 million in the previous corresponding quarter mainly due to:

- a) Unrealised loss on the foreign exchange of investment in fixed income securities of RM10.5 million;
- b) Higher finance cost by RM3.9 million;
- c) Higher losses at Indonesian operation by RM2.1 million; and
- d) Higher replanting/immature cost at Malaysian operation by RM1.1 million.

However, during the period, the division recorded higher production and price:

- a) Productions grew by 4%;

Production	Q2 2017	Q2 2016	Variance
	mt	mt	%
CPO	19,097	18,327	4%
PK	4,813	4,625	4%

- b) Higher CPO price by 7% and partly offset with lower PK price by 6%.

Average Price	Q2 2017	Q2 2016	Variance
	RM/mt	RM/mt	%
CPO	2,850	2,654	7%
PK	2,076	2,200	-6%

During the quarter, we have sold 8,565 mt of identity preserved Certified Sustainable Palm Oil ("CSPO") and 4,847 mt of mass balance CSPO at premiums of RM131/mt and RM78/mt respectively. In addition, during the quarter, we have sold 2,417 mt of identity preserved Certified Sustainable Palm Kernel ("CSPK") and 1,886 mt of mass balance CSPK at premiums of RM120/mt and RM70/mt respectively.

Healthcare Division

During the quarter, the Healthcare Division recorded lower revenue and PBT by 3% and 29% respectively mainly due to lower number of patients by 5%.

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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 - 1H 2017 versus 1H 2016

	1H 2017	1H 2016	Variance
	RM'000	RM'000	%
Revenue			
Plantation	125,841	108,826	16%
Healthcare	87,779	91,750	-4%
Total	213,620	200,576	7%
Profit Before Tax ("PBT")			
Plantation	21,306	10,442	104%
Healthcare	2,925	7,058	-59%
Total	24,231	17,500	38%

For the six months ended 30 June 2017, Group revenue rose by 7% to RM213.6 million, compared to the previous corresponding period. Meanwhile, Group PBT increased by 38% from RM17.5 million to RM24.2 million.

Plantation Division

During the period, the Plantation Division recorded higher revenue and PBT by 16% and 104% respectively compared to the previous corresponding period, mainly due to:

- a) Higher CPO and PK productions by 4% and 5% respectively;

Production	1H 2017	1H 2016	Variance
	mt	mt	%
CPO	35,821	34,434	4%
PK	9,295	8,828	5%

- b) Higher CPO and PK prices by 20% and 23% respectively; and

Average Price	1H 2017	1H 2016	Variance
	RM/mt	RM/mt	%
CPO	3,047	2,548	20%
PK	2,656	2,152	23%

During the period, we have sold 17,097 mt of identity preserved CSPO and 12,666 mt of mass balance CSPO at premiums of RM133/mt and RM81/mt respectively. In addition, during the period, we have sold 3,959 mt of identity preserved CSPK and 2,611 mt of mass balance CSPK at premiums of RM120/mt and RM70/mt respectively.

- c) Lower replanting/immature cost at Malaysian operation by RM0.9 million.

However, this was partly offset with;

- a) Higher unrealised loss on the foreign exchange of investment in fixed income securities by RM6.3 million;
b) Higher finance cost by RM4.3 million; and
c) Higher losses at Indonesian operation by RM1.5 million.

Healthcare Division

For the six months ended 30 June 2017, the Healthcare Division recorded lower revenue by 4% due to lower patient numbers.

PBT decreased to RM2.9 million, from RM7.1 million in the previous corresponding period, mainly due to higher operating and staff 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 - Q2 2017 versus Q1 2017

The current quarter under review recorded loss of RM4.5 million compared to PBT of RM28.7 million in the preceding quarter, mainly due to:

- a) Lower CPO and PK prices by 12% and 35% respectively;

Average Price	Q2 2017	Q1 2017	Variance
	RM/mt	RM/mt	%
CPO	2,850	3,256	-12%
PK	2,076	3,204	-35%

- b) Higher unrealised loss on the foreign exchange of investment in fixed income securities by RM10.5 million;
- c) Higher losses at Indonesian operation by RM2.9 million; and
- d) Lower Healthcare Division's PBT of RM1.3 million compared to RM1.6 million in the preceding quarter, mainly due to lower patients number by 9%, which was dragged down by long festivity.

However, this was partly offset with higher CPO and PK productions by 14% and 7% respectively:

Production	Q2 2017	Q1 2017	Variance
	mt	mt	%
CPO	19,097	16,723	14%
PK	4,813	4,482	7%

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.

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 30 June 2017.

19. Profit for the period

	Current period to date	
	30-Jun-17 RM'000	30-Jun-16 RM'000
The following amounts have been included in arriving at profit before tax:		
Interest expense	8,725	4,432
Interest income	(18,760)	(17,878)
Depreciation of property, plant and equipment	18,533	19,817
Gain on disposal of property, plant and equipment	(1,200)	-
Property, plant and equipment written off	21	45
Inventories written off	-	7
Impairment loss on trade and other receivables	776	832
Payables written back	-	(8)
Unrealised loss on the foreign exchange of investment in fixed income securities	12,600	6,300
	<u>12,600</u>	<u>6,300</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-Jun-17 RM'000	30-Jun-16 RM'000	30-Jun-17 RM'000	30-Jun-16 RM'000
Current income tax	1,979	2,776	9,654	5,799
Underprovision of income tax in prior year	(276)	(8)	(38)	(8)
	<u>1,703</u>	<u>2,768</u>	<u>9,616</u>	<u>5,791</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(770)	(2,038)	(1,121)	(5,369)
Relating to changes in Malaysia tax rates	-	(10)	-	-
Overprovision of deferred tax	570	(89)	(94)	(442)
Income tax	<u>1,503</u>	<u>631</u>	<u>8,401</u>	<u>(20)</u>

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

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

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

There was profit of RM1.2 million recognised from sale of building during the quarter under review.

22. Corporate proposals

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.

On 4 July 2017, TDM had announced that the Bonus Issue has been completed with issuance of 150,546,221 new Bonus Shares. With the issuance of the Bonus Shares, the issued and paid up share capital of the Company after the Bonus Issue is RM331,201,720.20 comprising 1,656,008,601 TDM Shares.

The 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 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 Bonus Issue will result in an increase in the Company's share capital base to better reflect the size of operations of the Group.

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

Details of the Group's borrowings as at 30 June 2017 are as follows:

	Current RM'000	Non-Current RM'000	Total RM'000
<u>Secured</u>			
- Bank loans	29,816	326,940	356,756
- Bank overdraft	4,092	-	4,092
- Obligation under the finance leases	749	4,039	4,788
	<u>34,657</u>	<u>330,979</u>	<u>365,636</u>
<u>Unsecured</u>			
- Bank loans	-	47,500	47,500
- IDR Notes	-	396,701	396,701
	<u>-</u>	<u>444,201</u>	<u>444,201</u>
Total	<u>34,657</u>	<u>775,180</u>	<u>809,837</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 30 June 2017.

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

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 22 June 2017 delivered its Decision that all Plaintiff's (Ibu Suryati) claims against the Defendant (PT RKA) are rejected. Further details will announced upon the issuance of the full written judgment of the case by the Court of Sintang.

26. Dividend proposed

On 5 April 2017, TDM has proposed a first and final dividend in respect of the financial year ended 31 December 2016 of 0.5 sen dividend per share, tax exempt under the single-tier system on 1,505,462,380 ordinary shares, amounting to RM7,527,312 and has approved on 25 May 2017 at 52nd Annual General Meeting.

The board of directors has also determined that the Dividend Reinvestment Scheme ("DRS") will be applied to the entire dividend, whereby the shareholders will be given the option to elect to reinvest the whole or part of the dividend into new ordinary shares of the Company.

On 3 August 2017, TDM had announced that TDM had, on 2 August 2017, issued and allotted 1,868,900 new TDM shares pursuant to the DRS in respect to the Final Dividend. The new TDM shares have been listed and quoted on the Main Market of Bursa Securities. With the listing of the new TDM shares, the enlarged issued and paid up capital of TDM comprise 1,657,877,501 TDM shares.

27. Earnings per share

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

	Individual Quarter		Cummulative Quarter	
	Current Quarter Ended	Preceding Quarter Ended	Current Quarter To date	Preceding Quarter To date
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
(Loss)/Profit for the period attributable to owners	(5,142)	22,629	17,340	19,741
Weighted average number of ordinary shares in issue for basic earnings per share computation ('000)	1,505,462	1,481,662	1,505,462	1,481,662
(Loss)/Earnings per ordinary share attributable to owners of the parent (sen)				
Basic	(0.34)	1.53	1.15	1.33

28. Realised and unrealised profits

	As at 30-Jun-17 RM'000	As at 31-Dec-16 RM'000
Total retained profits of the Company and subsidiaries		
- Realised profits	369,437	327,518
- Unrealised profits	62,170	49,653
	<u>431,607</u>	<u>377,171</u>
Less: Consolidation adjustments	5,535	42,631
Total Group retained profits as per consolidated accounts	<u>437,142</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 29 August 2017.

BY ORDER OF THE BOARD

WAN HASLINDA WAN YUSOFF
Company Secretary

Kuala Terengganu
30 August 2017