



TDM BERHAD

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

**INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2017**



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

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30-Sep-17 RM'000	Preceding Quarter Ended 30-Sep-16 RM'000	Current Quarter To date 30-Sep-17 RM'000	Preceding Quarter To date 30-Sep-16 RM'000
Revenue	114,124	102,776	327,744	303,352
Cost of sales	(60,872)	(62,531)	(175,585)	(183,495)
Gross profit	53,252	40,245	152,159	119,857
Other items of income				
Interest income	9,371	8,075	28,131	25,954
Other income	2,330	9,317	5,704	11,681
Other items of expense				
Distribution costs	(1,415)	(1,212)	(3,678)	(3,796)
Administrative expenses	(41,414)	(20,539)	(116,902)	(85,326)
Other expenses	(5,138)	(3,686)	(15,473)	(14,233)
Finance costs	(5,379)	(9,537)	(14,104)	(13,969)
Profit before tax	11,607	22,663	35,837	40,168
Income tax expenses	(4,057)	166	(12,458)	186
Profit for the period, net of tax	7,550	22,829	23,379	40,354
Other comprehensive income:				
Available for sale investments' fair value movement	-	(3)	-	(9)
Foreign currency translation	1,265	1,829	(1,447)	(1,334)
Transfer of revaluation reserve upon written off the assets	(936)	-	(936)	-
Other comprehensive income for the period, net of tax	329	1,826	(2,383)	(1,343)
Total comprehensive income for the period	7,879	24,655	20,996	39,011



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

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30-Sep-17 RM'000	Preceding Quarter Ended 30-Sep-16 RM'000	Current Quarter To date 30-Sep-17 RM'000	Preceding Quarter To date 30-Sep-16 RM'000
Profit attributable to:				
Owners of the parent	8,007	23,417	25,348	43,159
Non-controlling interests	(457)	(588)	(1,969)	(2,805)
	7,550	22,829	23,379	40,354
Total comprehensive income attributable to:				
Owners of the parent	8,336	25,243	22,965	41,816
Non-controlling interests	(457)	(588)	(1,969)	(2,805)
	7,879	24,655	20,996	39,011
Earnings per share attributable to owners of the parent (sen):				
Basic (Note 28)	0.48	1.56	1.63	2.87

(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 SEPTEMBER 2017**

	Unaudited As at 30-Sep-17 RM'000	Audited As at 31-Dec-16 RM'000
Assets		
Non-current assets		
Property, plant & equipment	1,215,053	1,221,033
Biological assets	605,379	584,371
Intangible asset	8,746	7,463
Investment property	11,000	11,000
Goodwill	7,003	7,003
Other investments	334,400	355,400
Investment securities	49	53
Other receivables	122,256	109,419
Deferred tax assets	13,250	12,461
	2,317,136	2,308,203
Current assets		
Inventories	42,122	38,568
Trade and other receivables	62,121	76,307
Prepayments	6,654	7,049
Tax recoverable	5,967	7,514
Cash and bank balances	111,614	122,168
	228,478	251,606
Total assets	2,545,614	2,559,809
Current liabilities		
Borrowings	20,618	33,464
Trade and other payables	177,939	178,639
Tax payable	4,039	4,845
	202,596	216,948
Net current assets	25,882	34,658
Non-current liabilities		
Retirement benefit obligations	4,193	4,070
Borrowings	780,022	790,810
Other payable	90,037	92,712
Deferred tax liabilities	140,429	141,503
	1,014,681	1,029,095
Total liabilities	1,217,277	1,246,043
Net assets	1,328,337	1,313,766



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017**

	Unaudited As at 30-Sep-17 RM'000	Audited As at 31-Dec-16 RM'000
Equity attributable to owners of the parent		
Share capital	345,017	301,092
Share premium	-	42,822
Retained earnings	437,622	419,802
Other reserves	552,872	555,255
	<u>1,335,511</u>	<u>1,318,971</u>
Non-controlling interests	<u>(7,174)</u>	<u>(5,205)</u>
Total equity	<u>1,328,337</u>	<u>1,313,766</u>
Total equity and liabilities	<u>2,545,614</u>	<u>2,559,809</u>
Net assets per share (RM)	0.80	0.87

(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 SEPTEMBER 2017

	Attributable to owners of the parent										
	Equity attributable to owners of the parent		Non-distributable		Distributable		Non-distributable				Non-controlling interests RM'000
	Total equity RM'000	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)
Transfer of share premium on 31 January 2017	-	-	42,822	(42,822)	-	-	-	-	-	-	-
	1,313,766	1,318,971	343,914	-	419,802	555,255	604,089	(48,760)	(43)	(31)	(5,205)
Profit for the year	23,379	25,348	-	-	25,348	-	-	-	-	-	(1,969)
Other comprehensive income											
Foreign currency translation	(1,447)	(1,447)	-	-	-	(1,447)	-	(1,447)	-	-	-
Transfer of revaluation reserve upon written off the assets	(936)	(936)	-	-	-	(936)	(936)	-	-	-	-
Other comprehensive income for the year, net of tax	(2,383)	(2,383)	-	-	-	(2,383)	(936)	(1,447)	-	-	-
Total comprehensive income for the year	20,996	22,965	-	-	25,348	(2,383)	(936)	(1,447)	-	-	(1,969)
Transactions with owners											
Issuance of shares pursuant to dividend reinvestment scheme	-	-	1,103	-	(1,103)	-	-	-	-	-	-
Dividends paid on ordinary shares	(6,425)	(6,425)	-	-	(6,425)	-	-	-	-	-	-
Total transactions with owners	(6,425)	(6,425)	1,103	-	(7,528)	-	-	-	-	-	-
Closing balance at 30 September 2017	1,328,337	1,335,511	345,017	-	437,622	552,872	603,153	(50,207)	(43)	(31)	(7,174)
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	40,354	43,159	-	-	43,159	-	-	-	-	-	(2,805)
Other comprehensive income											
Net gain 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 year, net of tax	(1,343)	(1,343)	-	-	-	(1,343)	-	(1,334)	(9)	-	-
Total comprehensive income for the year	39,011	41,816	-	-	43,159	(1,343)	-	(1,334)	(9)	-	(2,805)
Transactions with owners											
Issuance of shares pursuant to dividend reinvestment scheme	-	-	4,760	9,758	(14,518)	-	-	-	-	-	-
Dividends paid on ordinary shares	(3,262)	(3,262)	-	-	(3,262)	-	-	-	-	-	-
Total transactions with owners	(3,262)	(3,262)	4,760	9,758	(17,780)	-	-	-	-	-	-
Closing balance at 30 September 2016	1,366,074	1,371,024	301,092	42,822	442,833	584,277	631,936	(47,580)	(48)	(31)	(4,950)

*Included in the transfer of share premium to the share capital accounts on 31 January 2017 of RM42,822,000 is issuance of shares pursuant to bonus issue amounting to RM30,109,000 in August 2017 which representing transaction with owners.

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

	Period Ended	
	30-Sep-17	30-Sep-16
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	35,837	40,168
Adjustments for:		
Interest expense	14,104	13,969
Depreciation of property, plant and equipment	28,031	30,950
Property, plant and equipment written off	21	93
Inventories written off	-	8
Impairment loss on trade and other receivables	1,167	1,344
(Gain)/Loss on disposal of property, plant and equipment	(1,200)	30
Dividend income	(942)	-
Unrealised loss/(gain) on the foreign exchange of investment in fixed income securities	21,000	(8,400)
Payables written back	-	(8)
Interest income	(28,131)	(25,954)
Reversal of provision for short term accumulating compensated absences	121	(35)
Provision for retirement benefit obligations	123	266
Total adjustments	<u>34,294</u>	<u>12,263</u>
Operating cash flows before changes in working capital	<u>70,131</u>	<u>52,431</u>
<u>Changes in working capital</u>		
(Increase)/Decrease in inventories	(3,553)	5,409
Increase in receivables	(9,861)	(13,388)
Increase/(Decrease) in payables	24,742	(6,339)
Total changes in working capital	<u>11,328</u>	<u>(14,318)</u>
Cash flows from operations	81,459	38,113
Interest paid	(42,222)	(38,514)
Interest received	17,090	19,437
Taxes paid	(17,315)	(14,200)
Tax refund	3,676	-
Net cash flows generated from operating activities	<u>42,688</u>	<u>4,836</u>



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

	Period Ended	
	30-Sep-17	30-Sep-16
	RM'000	RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(32,122)	(54,513)
Addition of plantation development expenditure	(21,008)	(13,131)
Dividend received	942	-
Proceeds from disposal of property, plant and equipment	2,700	-
Decrease/(Increase) in deposit with licensed banks	2,539	(77,805)
Increase in deposit with licensed banks pledged as securities for certain banking facilities	(1,899)	-
Net cash flows used in investing activities	<u>(48,848)</u>	<u>(145,449)</u>
Cash flows from financing activities		
Drawdowns of term loans	16,553	72,282
Drawdowns of hire purchase facilities	302	135
Repayments of term loans	(25,576)	(17,513)
Repayments of hire purchase facilities	(2,336)	(2,288)
Dividend paid	(6,425)	(3,262)
Net cash flows (used in)/generated from financing activities	<u>(17,482)</u>	<u>49,354</u>
Net decrease in cash and cash equivalents	(23,642)	(91,259)
Cash and cash equivalents at 1 January	83,492	126,461
Effect of foreign exchange rate changes	(1,447)	(1,334)
Cash and cash equivalents at end of the period	<u>58,403</u>	<u>33,868</u>

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

Cash and banks balances	111,614	125,434
Bank overdraft	(10,961)	(2,173)
Less: Deposits pledged for bank facilities	(32,154)	(30,255)
Less: Deposits with licensed banks with maturity period more than 3 months	(10,096)	(59,138)
Cash and cash equivalents	<u>58,403</u>	<u>33,868</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)



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Explanatory Notes Pursuant to FRS 134

Notes:

1. Basis of preparation

The Group falls within the scope definition of Transitioning Entities which are allowed to defer adoption of the Malaysian Financial Reporting Standards ("MFRS") Framework. Adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. For the financial year ending 31 December 2017, the Group will continue to prepare financial statements using Financial Reporting Standards ("FRS").

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016.

2. Significant accounting policies

The significant 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 new Financial Reporting Standards (FRS), Amendments to FRSs and IC Interpretations with effect from 1 January 2017:

FRS 12: Disclosure of Interests in Other Entities (Amendment to FRS 12)

FRS 107: Disclosure Initiatives (Amendment to FRS 107)

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

Adoption of the above Amendments to FRS did not have any effect on the financial performance, position or presentation of financials of the Group.

Explanatory Notes Pursuant to FRS 134

2. Significant accounting policies (cont'd.)

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

FRS, IC Interpretations and Amendments to IC Interpretations	Effective for annual periods beginning on or after
FRS 2: Classification and Measurement of Share-based Payments Transactions (Amendments to FRS 2)	1 January 2018
FRS 9: Financial Instruments	1 January 2018
FRS 15: Revenue from Contracts with Customers	1 January 2018
FRS 16: Leases	1 January 2019
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 September 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, except for the issuance of 1,868,900 and 150,546,221 new ordinary shares pursuant to the Dividend Reinvestment Scheme and Bonus Issue respectively.

8. Dividends paid

On 5 April 2017, TDM has announced a proposed first and final dividend of 0.5 sen per ordinary shares, tax exempt under the single-tier system in respect of the financial year ended 31 December 2016 and was approved by the shareholders of the Company at the 52nd Annual General Meeting on 25 May 2017.

The dividend has been paid to shareholders on 2 August 2017.

Explanatory Notes Pursuant to FRS 134

9. Segmental reporting

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

3 months ended 30 September 2017

	Plantation		Healthcare RM'000	Others RM'000	Group RM'000
	Malaysia RM'000	Indonesia RM'000			
Total revenue	102,762	60	50,952	-	153,774
Intersegment revenue	(35,302)	-	(4,348)	-	(39,650)
External revenue	67,460	60	46,604	-	114,124
Adjusted EBITDA	18,821	(973)	6,468	(4)	24,312
Unrealised (Loss) on foreign exchange of investment in fixed income securities	(8,400)	-	-	-	(8,400)
Gain on disposal of property, plant & equipment	1,200	-	-	-	1,200
EBITDA	11,621	(973)	6,468	(4)	17,112
Depreciation & amortisation	(5,251)	(742)	(3,504)	-	(9,497)
Interest income	7,939	1,317	109	6	9,371
Finance cost	(4,512)	-	(867)	-	(5,379)
Profit / (Loss) before tax	9,797	(398)	2,206	2	11,607

3 months ended 30 September 2016

	Plantation		Healthcare RM'000	Others RM'000	Group RM'000
	Malaysia RM'000	Indonesia RM'000			
Total revenue	97,877	-	47,231	-	145,108
Intersegment revenue	(39,941)	-	(2,391)	-	(42,332)
External revenue	57,936	-	44,840	-	102,776
Adjusted EBITDA	14,986	(492)	6,068	(3)	20,559
Unrealised Gain on foreign exchange of investment in fixed income securities	14,700	-	-	-	14,700
EBITDA	29,686	(492)	6,068	(3)	35,259
Depreciation & amortisation	(5,926)	(1,718)	(3,490)	-	(11,134)
Interest income	8,015	18	39	3	8,075
Finance cost	(8,596)	-	(941)	-	(9,537)
Profit/ (Loss) before tax	23,179	(2,192)	1,676	-	22,663

Explanatory Notes Pursuant to FRS 134

9. Segmental reporting (cont'd.)

9 months ended 30 September 2017

	Plantation		Healthcare	Others	Group
	Malaysia	Indonesia			
	RM'000	RM'000	RM'000	RM'000	RM'000
Total Revenue	276,229	172	143,558	-	419,959
Intersegment revenue	(83,040)	-	(9,175)	-	(92,215)
External Revenue	193,189	172	134,383	-	327,744
Adjusted EBITDA	61,068	(9,212)	17,796	(11)	69,641
Unrealised (Loss) on foreign exchange of investment in fixed income securities	(21,000)	-	-	-	(21,000)
Gain on disposal of property, plant & equipment	1,200	-	-	-	1,200
EBITDA	41,268	(9,212)	17,796	(11)	49,841
Depreciation & amortisation	(15,718)	(2,089)	(10,224)	-	(28,031)
Interest income	23,900	3,988	232	11	28,131
Finance cost	(11,431)	-	(2,673)	-	(14,104)
Profit/(Loss) before tax	38,019	(7,313)	5,131	-	35,837
Assets	1,742,188	529,850	271,037	2,539	2,545,614
Liabilities	335,663	754,680	125,475	1,459	1,217,277
Exchange rate ratio	MYR 1.00	IDR 3,190.74			

Explanatory Notes Pursuant to FRS 134

9. Segmental reporting (cont'd.)

9 months ended 30 September 2016

	Plantation		Healthcare	Others	Group
	Malaysia	Indonesia			
	RM'000	RM'000	RM'000	RM'000	RM'000
Total Revenue	258,658	932	144,086	-	403,676
Intersegment revenue	(92,827)	-	(7,497)	-	(100,324)
External Revenue	165,831	932	136,589	-	303,352
Adjusted EBITDA	33,662	(4,377)	21,484	(6)	50,763
Unrealised Gain on foreign exchange of investment in fixed income securities	8,400	-	-	-	8,400
(Loss) on disposal of property, plant & equipment	(30)	-	-	-	(30)
EBITDA	42,032	(4,377)	21,484	(6)	59,133
Depreciation & amortisation	(17,655)	(3,351)	(9,944)	-	(30,950)
Interest income	23,933	1,867	142	12	25,954
Finance cost	(11,021)	-	(2,948)	-	(13,969)
Profit/(Loss) before tax	37,289	(5,861)	8,734	6	40,168

12 months ended 31 December 2016

Assets	1,901,147	531,728	125,475	1,459	2,559,809
Liabilities	395,952	724,638	123,991	1,462	1,246,043
Exchange rate ratio	MYR 1.00	IDR 2,996.11			

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 30 September 2017 are as follows:

	RM '000
Authorised by the Directors and contracted	11,378
Authorised by the Directors but not contracted	<u>277,670</u>
	<u><u>289,048</u></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 2017 versus Q3 2016

	Q3 2017	Q3 2016	Changes	
	RM'000	RM'000	RM'000	%
<u>REVENUE</u>				
Plantation	67,520	57,936	9,584	17%
Healthcare	46,604	44,840	1,764	4%
Total revenue	114,124	102,776	11,348	11%
<u>PROFIT BEFORE TAX</u>				
Plantation	17,848	14,494	3,354	23%
Healthcare	6,468	6,068	400	7%
Others	(4)	(3)	(1)	33%
Adjusted EBITDA	24,312	20,559	3,753	18%
Unrealised (Loss)/ Gain on foreign exchange of investment in fixed income securities	(8,400)	14,700	(23,100)	-157%
Gain on disposal of property, plant & equipment	1,200	-	1,200	100%
EBITDA	17,112	35,259	(18,147)	-51%
Depreciation & amortisation	(9,497)	(11,134)	1,637	-15%
Interest income	9,371	8,075	1,296	16%
Finance cost	(5,379)	(9,537)	4,158	-44%
Profit before tax	11,607	22,663	(11,056)	-49%

The Group's revenue for the quarter under review was higher by 11% compared to the previous corresponding quarter mainly due to stronger crop production and higher palm product selling prices.

PLANTATION DIVISION

The Plantation Division recorded higher revenue by 17% contributed by:

- a) Higher CPO and PK production by 13% and 17% respectively; and
- b) Higher CPO and PK prices by 5% and 3% respectively.

Adjusted EBITDA or operating profit, for the Plantation division was higher by 23% compared to the corresponding quarter last year, underpinned by the higher crop production and higher palm products selling prices. However it was partly offset with higher replanting/immature cost for Malaysia operation during the quarter of RM5.3 million, compared to RM4.1 million in the previous year corresponding quarter.

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 2017 versus Q3 2016 (cont'd.)

Below are the key operating statistics for Plantation division:

Plantation Statistics	Q3 2017	Q3 2016	Changes	%
CPO production (mt)	22,069	19,598	2,471	13%
PK production (mt)	5,538	4,721	817	17%
FFB production (mt)	119,272	99,505	19,767	20%
CPO average price (RM)	2,752	2,631	121	5%
PK average price (RM)	2,363	2,288	75	3%
Mature area (hectare)	35,808	35,783	25	0%
Immature area (hectare)	8,509	8,669	(160)	-2%
Oil extraction rate (OER)	18.86%	20.03%	-1.17%	-6%
Kernel extraction rate (KER)	4.73%	4.83%	-0.10%	-2%

HEALTHCARE DIVISION

The Healthcare Division, recorded higher revenue by 4% mainly due to higher number of inpatient by 2% compared to the previous corresponding quarter.

Healthcare division's adjusted EBITDA was higher by 7% mainly due to higher inpatient number by 2% and higher average revenue per inpatient by 2%.

Below are the key operating statistics for Healthcare division:

Healthcare Statistics	Q3 2017	Q3 2016	Changes	%
Number of inpatient	5,484	5,383	101	2%
Number of outpatient	40,053	41,953	(1,900)	-5%
Inpatient days	16,537	17,069	(532)	-3%
Occupancy rate	56%	60%	-4%	-7%
Average length of stay	3.02	3.17	(0.15)	-5%
Number of bed	280	280	-	0%
Average revenue per inpatient	2,125	2,082	43	2%

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 (cont'd.)

Cumulative quarter - 9M 2017 versus 9M 2016

	9M 2017	9M 2016	Changes	
	RM'000	RM'000	RM'000	%
<u>REVENUE</u>				
Plantation	193,361	166,763	26,598	16%
Healthcare	134,383	136,589	(2,206)	-2%
Total revenue	327,744	303,352	24,392	8%
<u>PROFIT BEFORE TAX</u>				
Plantation	51,856	29,285	22,571	77%
Healthcare	17,796	21,484	(3,688)	-17%
Others	(11)	(6)	(5)	83%
Adjusted EBITDA	69,641	50,763	18,878	37%
Unrealised (Loss)/ Gain on foreign exchange of investment in fixed income securities	(21,000)	8,400	(29,400)	-350%
Gain/(Loss) on disposal of property, plant & equipment	1,200	(30)	1,230	4100%
EBITDA	49,841	59,133	(9,292)	-16%
Depreciation & amortisation	(28,031)	(30,950)	2,919	-9%
Interest income	28,131	25,954	2,177	8%
Finance cost	(14,104)	(13,969)	(135)	1%
Profit before tax	35,837	40,168	(4,331)	-11%

The Group's revenue for the nine months ended was higher by 8% compared to the previous corresponding period mainly due to stronger crop production and higher palm product selling prices.

PLANTATION DIVISION

The Plantation Division recorded higher revenue by 16% contributed by:

- a) Higher CPO and PK productions by 7% and 9% respectively; and
- b) Higher CPO and PK prices by 14% and 16% respectively.

Adjusted EBITDA or operating profit, for the Plantation division was higher by 77% compared to the corresponding period last year, underpinned by the higher crop production and higher palm products selling prices. However it was partly offset with higher losses at Indonesia operation by RM1.5 million and higher replanting/immature cost for Malaysia operation by RM0.4 million.

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 (cont'd.)

Cumulative quarter - 9M 2017 versus 9M 2016 (cont'd.)

In accordance with our replanting policy, between 2012-2017, the Group has spent RM101.3 million on replanting and immature area expenses to rejuvenate our estates in Terengganu. It involves a total hectareage of 6,826.62 ha. The replanting of old and unproductive areas will help to improve oil palm productivity through usage of superior planting materials and higher planting density (from existing average stand per ha of 110, to 136-148 stand per ha). It will also help to improve our age profile towards achieving higher yield.

Below are the key operating statistics for Plantation division:

Plantation Statistics	9M 2017	9M 2016	Changes	%
CPO production (mt)	57,890	54,033	3,857	7%
PK production (mt)	14,833	13,549	1,284	9%
FFB production (mt)	309,799	275,396	34,403	12%
CPO average price (RM)	2,936	2,576	360	14%
PK average price (RM)	2,545	2,198	347	16%
Mature area (hectare)	35,808	35,783	25	0%
Immature area (hectare)	8,509	8,669	(160)	-2%
Oil extraction rate (OER)	18.89%	19.83%	-0.94%	-5%
Kernel extraction rate (KER)	4.85%	4.97%	-0.12%	-2%

HEALTHCARE DIVISION

However, our Healthcare Division, recorded lower revenue by 2% mainly due to lower number of inpatient by 1% compared to the previous corresponding period.

Healthcare division's adjusted EBITDA was lowered by 17% due to lower revenue and higher staff cost by 10% due to the Ministry of Health's requirement on the ratio of staff to beds and from capacity expansion at our new facility in Kuala Terengganu.

Below are the key operating statistics for Healthcare division:

Healthcare Statistics	9M 2017	9M 2016	Changes	%
Number of inpatient	16,176	16,348	(172)	-1%
Number of outpatient	118,597	124,454	(5,857)	-5%
Inpatient days	48,791	51,786	(2,995)	-6%
Occupancy rate	56%	62%	-6%	-10%
Average length of stay	3.02	3.17	(0.15)	-5%
Number of bed	280	280	-	0%
Average revenue per inpatient	2,077	2,089	(12)	-1%

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 2017 versus Q2 2017

	Q3 2017	Q2 2017	Changes	
	RM'000	RM'000	RM'000	%
<u>REVENUE</u>				
Plantation	67,520	56,551	10,969	19%
Healthcare	46,604	43,166	3,438	8%
Total revenue	114,124	99,717	14,407	14%
<u>PROFIT/(LOSS) BEFORE TAX</u>				
Plantation	17,848	4,027	13,821	343%
Healthcare	6,468	5,420	1,048	19%
Others	(4)	(5)	1	-20%
Adjusted EBITDA	24,312	9,442	14,870	157%
Unrealised (Loss)/ Gain on foreign exchange of investment in fixed income securities	(8,400)	(10,500)	2,100	20%
Gain on disposal of property, plant & equipment	1,200	-	1,200	100%
EBITDA	17,112	(1,058)	18,170	1717%
Depreciation & amortisation	(9,497)	(8,839)	(658)	7%
Interest income	9,371	10,947	(1,576)	-14%
Finance cost	(5,379)	(5,501)	122	-2%
Profit/(Loss) before tax	11,607	(4,451)	16,058	361%

The Group's revenue for the three months ended was higher by 14% compared to the immediate preceding quarter mainly due to stronger crop production.

PLANTATION DIVISION

The Plantation Division recorded higher revenue by 19% contributed by:

- a) Higher CPO and PK productions by 16% and 15% respectively; and
- b) Higher PK price by 14%, offset with lower CPO price by 3%.

Adjusted EBITDA or operating profit, for the Plantation division was higher by 343% compared to the immediate preceding quarter, underpinned by the higher crop production.

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

Individual quarter - Q3 2017 versus Q2 2017 (cont'd.)

Below are the key operating statistics for Plantation division:

Plantation Statistics	Q3 2017	Q2 2017	Changes	%
CPO production (mt)	22,069	19,097	2,972	16%
PK production (mt)	5,538	4,813	725	15%
FFB production (mt)	119,272	99,993	19,279	19%
CPO average price (RM)	2,752	2,850	(98)	-3%
PK average price (RM)	2,363	2,076	287	14%
Mature area (hectare)	35,808	35,808	-	0%
Immature area (hectare)	8,509	8,509	-	0%
Oil extraction rate (OER)	18.86%	19.19%	-0.33%	-2%
Kernel extraction rate (KER)	4.73%	4.84%	-0.11%	-2%

HEALTHCARE DIVISION

The Healthcare Division, recorded higher revenue by 8% mainly due to higher number of inpatient by 7% compared to the immediate preceding quarter.

Healthcare division's adjusted EBITDA was higher by 19% from higher inpatient number by 7% and higher revenue per inpatient by 1%.

Below are the key operating statistics for Healthcare division:

Healthcare Statistics	Q3 2017	Q2 2017	Changes	%
Number of inpatient	5,484	5,135	349	7%
Number of outpatient	40,053	37,476	2,577	7%
Inpatient days	16,537	15,353	1,184	8%
Occupancy rate	56%	54%	2%	4%
Average length of stay	3.02	2.99	0.03	1%
Number of bed	280	280	-	0%
Average revenue per inpatient	2,125	2,102	23	1%

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 price of Crude Palm Oil is expected to improve from the current level due to stable global demand and lower crop output compared to earlier estimated production.

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 satisfactory operating 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 September 2017.

19. Profit for the period

	Current period to date	
	30-Sep-17 RM'000	30-Sep-16 RM'000
The following amounts have been included in arriving at profit before tax:		
Interest expense	14,104	13,969
Interest income	(28,131)	(25,954)
Dividend income	(942)	-
Depreciation of property, plant and equipment	28,031	30,950
(Gain)/Loss on disposal of property, plant and equipment	(1,200)	30
Property, plant and equipment written off	21	93
Inventories written off	-	8
Impairment loss on trade and other receivables	1,167	1,344
Payables written back	-	(8)
Unrealised loss/(gain) on the foreign exchange of investment in fixed income securities	21,000	(8,400)
	<u>21,000</u>	<u>(8,400)</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-17 RM'000	30-Sep-16 RM'000	30-Sep-17 RM'000	30-Sep-16 RM'000
Current income tax	4,928	5,117	14,581	10,916
Under/(Over) provision of income tax in prior year	1,033	(2,622)	995	(2,630)
	<u>5,961</u>	<u>2,495</u>	<u>15,576</u>	<u>8,286</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(375)	(2,939)	(1,496)	(8,308)
Relating to changes in Malaysia tax rates	-	(4)	-	(4)
(Over)/Under provision of deferred tax	(1,529)	282	(1,622)	(160)
Income tax	<u>4,057</u>	<u>(166)</u>	<u>12,458</u>	<u>(186)</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 current period.

22. Corporate proposals

i. 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.

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

On 27 February 2017, TDM announced that it had entered into a HOA with TI to acquire TI's entire equity interest of 42.64% in Ladang Rakyat. The Proposed Acquisition will increase TDM's current shareholdings in Ladang Rakyat from 19.12% (held via its subsidiary) to 61.76%.

On 25 August 2017, TDM entered into a Supplemental Agreement ("Supplemental Agreement") to vary the clause in the HOA for the signing of the Shares Sale Agreement from within a period of 6 months to within a period of 12 months expiring 26 February 2018, from the date of the signing of the HOA on 27 February 2017. The extension is to facilitate TDM to complete the due diligence exercise undertaken on Ladang Rakyat.

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

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.

iii. Dividend Reinvestment Scheme

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 the Company is RM345,017,013 comprising 1,657,877,501 TDM shares.

23. Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2016: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

	9M 2017	FY 2016
	RM'000	RM'000
Neither past due nor impaired	4,429	25,775
1 to 30 days past due not impaired	23,298	7,155
31 to 60 days past due not impaired	10,089	19,523
61 to 90 days past due not impaired	4,400	5,491
	37,787	32,169
Impaired	10,035	8,897
	52,251	66,841

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM37,787,000 (2016: RM32,169,000) that are past due at the reporting date but not impaired.

Based on past experience and no adverse information to date, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movements of the allowance accounts used to record the impairment are as follows:

	Group	
	individually impaired	
	9M 2017	FY 2016
	RM'000	RM'000
Trade receivables-nominal amounts	10,035	8,897
Less: Allowance for impairment	(10,035)	(8,897)
	-	-

23. Trade receivables (cont'd.)

Receivables that are impaired (cont'd.)

Movement in allowance accounts:

	Group	
	9M 2017 RM'000	FY 2016 RM'000
At 1 January	8,897	12,035
Charge for the year	1,138	3,033
Written off	-	(6,171)
At 30 September 2017 and 31 December 2016	10,035	8,897

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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

Details of the Group's borrowings as at 30 September 2017 and 31 December 2016 are as follows:

As at 30 September 2017

	Long term		Short term		Total borrowings	
	RM'000	IDR'000	RM'000	IDR'000	RM'000	IDR'000
Secured						
Bank loans	404,272	-	6,814	-	411,086	-
Bank overdraft	-	-	10,961	-	10,961	-
Obligation under the finance leases	3,550	-	2,843	-	6,393	-
	407,822	-	20,618	-	428,440	-
Unsecured						
Bank loans	42,500	-	-	-	42,500	-
IDR Notes	329,700	1,050,000,000	-	-	329,700	1,050,000,000
	372,200	1,050,000,000	-	-	372,200	1,050,000,000
	780,022	1,050,000,000	20,618	-	800,640	1,050,000,000

As at 31 December 2016

	Long term		Short term		Total borrowings	
	RM'000	IDR'000	RM'000	IDR'000	RM'000	IDR'000
Secured						
Bank loans	384,723	-	27,967	-	412,690	-
Bank overdraft	-	-	2,714	-	2,714	-
Obligation under the finance leases	5,387	-	2,783	-	8,170	-
	390,110	-	33,464	-	423,574	-
Unsecured						
Bank loans	50,000	-	-	-	50,000	-
IDR Notes	350,700	1,050,000,000	-	-	350,700	1,050,000,000
	400,700	1,050,000,000	-	-	400,700	1,050,000,000
	790,810	1,050,000,000	33,464	-	824,274	1,050,000,000

Weighted average effective interest rate of the Group borrowings is 5.69% (2016: 5.67%) per annum.

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

25. 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 September 2017.

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

Memori Banding (Memorandum of Appeal) in relation to a suit filed by Ibu Suryati

Referring to our announcement dated 23 June 2017 in respect of the above suit.

On 13 November 2017, the Board of Directors of TDM Berhad ("TDM" or "the Company") has announced that its subsidiary, PT Rafi Kamajaya Abadi ("PTRKA") had on 9 November 2017 received a confirmation from its solicitors Messrs. M. Tamsil Sjoekoer Dan Rekan that Ibu Suryati ("Plaintiff") has filed her appeal to the decision of Pengadilan Negeri Sintang to Pengadilan Tinggi Kalimantan Barat, Pontianak.

The above appeal is in respect of the decision by Pengadilan Negeri Sintang on 22 June 2017 which had rejected all the Plaintiff's claims against PTRKA.

The Plaintiff's solicitors had served the Memori Banding ('Memorandum of Appeal') dated 20 September 2017 to PTRKA's solicitors on 30 October 2017. The Plaintiff stated in the Memori Banding that Majelis Hakim Pengadilan Negeri Sintang had erred in considering all relevant facts of the case in rejecting all her claims.

The Plaintiff appeals to the Pengadilan Tinggi Kalimantan Barat, Pontianak that:

- a. The Plaintiff is the lawful owner of three (3) pieces of lands approximately 15 hectares;
- b. The alleged act of PTRKA in clearing and planting the land with oil palms is an act against the Indonesian law;
- c. The Plaintiff has suffered losses due to the alleged activities by PTRKA;
- d. To allow the Conservatoir Beslaag (Sita Jaminan) order against PTRKA to stop all alleged activities over the disputed lands including transfer of the lands;
- e. The Defendant to pay compensation of all losses suffered by the Plaintiff due to the alleged land clearing activities by PTRKA (including Ganti Rugi 2 Makam/ 2 Graves Compensation) with total sum of IDR4,528,100,000 (approximately RM1,408,995.00);
- f. To pay a Dwangsom (Uang paksa) of IDR10,000,000 per day from the date this appeal was filed; and
- g. To bear all costs and expenses in relation to this suit.

PTRKA has sought legal advice on the aforesaid matter and its solicitors is of the view that PTRKA has a good defense to reject the appeal.

PTRKA's solicitors is in the process of filing the Kontra Banding (Reply to Appeal) at the Pengadilan Tinggi Kalimantan Barat.

27. Dividend proposed

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

28. 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 30-Sep-17	Preceding Quarter Ended 30-Sep-16	Current Quarter To date 30-Sep-17	Preceding Quarter To date 30-Sep-16
Profit for the period attributable to owners	8,007	23,417	25,348	43,159
Weighted average number of ordinary shares in issue for basic earnings per share computation ('000)	1,657,255	1,505,462	1,556,060	1,505,462
Earnings per ordinary share attributable to owners of the parent (sen)				
Basic	0.48	1.56	1.63	2.87

29. Realised and unrealised profits

	As at 30-Sep-17 RM'000	As at 31-Dec-16 RM'000
Total retained profits of the Company and subsidiaries		
- Realised profits	364,216	327,518
- Unrealised profits	63,586	49,653
	<u>427,802</u>	<u>377,171</u>
Less: Consolidation adjustments	9,820	42,631
Total Group retained profits as per consolidated accounts	<u>437,622</u>	<u>419,802</u>

30. The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 November 2017.

BY ORDER OF THE BOARD

WAN HASLINDA WAN YUSOFF
Company Secretary

Kuala Terengganu
20 November 2017