

**FINANCIAL  
STATEMENTS**

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# DIRECTORS' REPORT

For The Financial Year Ended 31 December 2020

The Directors have pleasure in presenting the Directors' Report ("Report") together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

## PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the production, processing, refining and sales of palm oil and palm kernel oil, manufacturing and marketing of specialty fats and edible oils, rubber and other palm oil related products and investment holding.

The principal activities of the Group consist of the production, processing, refining and sales of palm oil and palm kernel oil, manufacturing and blending, marketing and distribution of specialty fats, edible oils, rubber, coconut oil and other palm oil related products, production and sales of sugar and beef, and the involvement in other agriculture related business as disclosed in Note 50 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

## FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit before tax	1,990,250	883,932
Tax expense	(465,526)	(139,606)
Profit for the financial year from continuing operations	1,524,724	744,326
Loss for the financial year from discontinued operations	(162,162)	–
Profit for the financial year	1,362,562	744,326
Profit/(loss) for the financial year attributable to:		
– equity holders of the Company		
– from continuing operations	1,346,731	619,685
– from discontinued operations	(162,162)	–
	1,184,569	619,685
– Perpetual Sukuk		
– from continuing operations	124,641	124,641
– non-controlling interests		
– from continuing operations	53,352	–
	1,362,562	744,326

## DIVIDENDS

Since the end of the previous financial year, the Company has paid the following dividends:

	RM'000
In respect of financial year ended 31 December 2019:	
– Final dividend of 1.0 sen per share, paid in cash on 22 May 2020	68,846
In respect of financial year ended 31 December 2020:	
– Interim dividend of 2.57 sen per share, paid in cash on 26 November 2020	176,933
– Special interim dividend of 1.45 sen per share, paid in cash on 26 November 2020	99,826
	345,605

A final dividend of 5.42 sen per ordinary, amounting to RM373.1 million in respect of the financial year ended 31 December 2020 has been declared on 18 February 2021 and will be paid on 12 May 2021. The entitlement date for the dividend payment is 28 April 2021.

A special final dividend of 2.13 sen per ordinary share, amounting to RM146.6 million in respect of the financial year ended 31 December 2020 ("Special Final Dividend") has been declared on 15 March 2021 and it has been determined that the dividend reinvestment plan ("DRP") applies to the Special Final Dividend. The entitlement and payment dates for the Special Final Dividend are to be determined later by the Board of Directors.

## RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

## SHARE CAPITAL, PERPETUAL SUKUK AND DEBENTURES

There were no issuance of ordinary shares, Perpetual Sukuk and debentures during the financial year.

## DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to date of this Report are:

Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas	(Appointed on 1 July 2020)
Tan Sri Dato' A. Ghani Othman	(Resigned on 30 June 2020)
Mohamad Helmy Othman Basha	
Tan Sri Datuk Dr Yusof Basiran	(Resigned on 1 September 2020)
Muhammad Lutfi	(Resigned on 30 June 2020)
Datuk Zaiton Mohd Hassan	
Dato' Mohd Nizam Zainordin	
Dato' Henry Sackville Barlow	
Dato' Halipah Esa	(Appointed on 1 September 2020)
Tunku Alizakri Raja Muhammad Alias	
Zainal Abidin Jamal	
Tan Ting Min	
Lou Leong Kok	

## DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 11 to the financial statements.

## DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, as disclosed in Directors' Interests in Shares.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Directors' remuneration in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 11 to the financial statements.

The Directors and officers of the Group and of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The total insurance premium paid for the financial year amounted to RM0.3 million.

## DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the particulars of interests of Directors in office at the end of the financial year in shares in, or debentures of, the Company or the related corporations are as follows:

	Sime Darby Plantation Berhad			As at 31 December 2020
	As at 1 July 2020	Acquired	Disposed	
Direct interest				
Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas	5,000	–	–	5,000

Other than as disclosed above, no other Directors in office at the end of the financial year have any interest in shares in, or debentures of, the Company or its related corporations during the financial year.

## DIRECTORS' REPORT

For The Financial Year Ended 31 December 2020

### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the impairment for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate impairment had been made for doubtful debts; and
  - (ii) to ensure that any current assets, which were unlikely to realise in the ordinary course of business, their values of current assets as shown in the accounting records of the Group and of the Company, have been written down to amounts which they might be expected to realise.
- (b) At the date of this Report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the impairment for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) As at the date of this Report:
- (i) there are no charges on the assets of the Group or of the Company which have arisen since the end of the financial year to secure the liability of any other person; and
  - (ii) there are no contingent liabilities in the Group or in the Company which have arisen since the end of the financial year other than those arising in the ordinary course of business.
- (d) At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt within the Report or financial statements which would render any amount stated in the financial statements misleading.
- (e) In the opinion of the Directors:
- (i) the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transactions or events of a material and unusual nature except that the Group and the Company had recognised impairment charge for its investment in a joint venture amounting to RM236.0 million and RM98.3 million respectively, as disclosed in Notes 6(e), 13 and 33 to the financial statements.
  - (ii) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
  - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this Report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made except for the events disclosed in Notes 51 and 52 to the financial statements.

## LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this Report is as follows (excluding Directors who are also Directors of the Company):

Abdul Jalil Sulaiman	Fazli Salikin	Osamu Watanabe
Adi Wira Abd Razak	Francois van Hoydonck	(Alternate Director to Shogo Yoshida)
Agus Dani Ariyanto	Gajani Nayagi Seeveneserajah	Pandu Wibowo
Ahmad Zairil Zainal	Godfrey Shiletikwa Urasa	Panca Iswandaru
Alagendran Maniam	Handi Kusnandar	Philip KO Kunjappy
Amir Hisham Hashim	Hersoebeno Brotowinoto	Prof Peter Callgari
Amir Mohareb	Ir Khirul Nizam Shamsudin	R Krishna Moorthy Ramasamy
Andrew Timothy Worrall	Ir Mohd Yusrizal Mohd Yusof	Raden Dwi Heru Wahono
Ary Tri Prasetyo	Ir Safwani	Rashyid Redza Anwarudin
Asanee Mallamphut	Izaidin Mohd Zahari	Renaka Ramachandran
Asmawatti Othman	Johari Meor Ngah	Robert Anak Tugang
Azmi Jaafar	Jonathan Pennefather	Robert Nilkare
Bambang Sumantri Hadi Mulyanto	Khaizarudin Awaludin	Roslin Azmy Hassan
Benjamin McKeeman Oakley	Lakon Anak Igey	Ruari MacWilliam
Bryan Dyer	Lee Ai Leng	Sandeep Bhan
Budi Darmono	Lee Chong Yee	Shahrakbah Yacob
Budi Suyanto	Lim Ban Yeow	Shahrizan Aini Shamsul Khalil
Burhan Chahyadi	Lui Phang Yee Mabel	Shamsuddin Muhammad
Chim Foong May	Lisnawati Ibrahim	Shogo Yoshida
Craig Gibsone	M. Rukun Siregar	Suhartono
Datuk Mohamad Nageeb Ahmad	Marie-Claude Priscille Koenig	Sujoto
Abdul Wahab	Mersal Abang Rosli	Supasak Chirasavinuprapand Suparmadi
Datu Haji Abdul Rashid Mohd Azis	(Alternate Director to Datu	Syah Nizam
Datuk Franki Anthony Dass	Haji Abdul Rashid Mohd Azis)	Syamsidar Syamsul, SH
Denny Wicaksana	Michael Barkhuysen	Tan Sri Datuk Dr Yusof Basiran
Djoko Martopo	Michelle Chang Yuet Ling	Tan Sri Datuk Amar Haji Bujang
Dodik Prayitno	Mohamed Abd Samad	Mohammed Bujang Mohammed Nor
Dorab Erach Mistry	Mohd Azlan Shah Mohd Zain	Datuk Haji Abang Abdul Wahap Bin
Dr K. Harikrishna Dr K. Kulaveerasingam	Mohammad Japri Gimam	Haji Abang Julai
Dr Luc Bonneau	Mohd Amri Baharuddin	(Alternate Director to Tan Sri Datuk
Dr Hirzun Mohd Yusof	Mohd Hafiz Hamzah	Amar Haji Bujang Mohammed
Dr Shariman Alwani Mohamed Nordin	Mohd Hamdi Abd Karim	Bujang Mohammed Nor)
Dr Stephen Nelson	Mohd Haris Mohd Arshad	Vavan Safwan Isman
Drs Jakob Tobing MPA	Mohd Khiri Abd Wahab	Vistra NC B.V.
Edeng Mulia Dermawan	Mohd Zamri Pardi	Wan Fauzan Shah Wan Ismail
Elaim Tangirongo	Muhammud Nurazli Razali	Yogesh Kotak
Ernie Gangloff	Nor Aznan Mohd Yusof	Yustinus Lambang Setyo Putro
Farid	Noor Haizal Noordin	Zuhairi Zubir
	Nuchanand Sukmongkol	Zulkifli Zainal Abidin
	Nurwanto	

## DIRECTORS' REPORT

For The Financial Year Ended 31 December 2020

### SUBSIDIARIES

Details of subsidiaries of the Company are set out in Note 50 to the financial statements.

### IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Permodalan Nasional Berhad as its immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

### AUDITORS

The audit fees for services rendered by the auditors to the Group and the Company for the financial year ended 31 December 2020 are disclosed in Note 6(f) to the financial statements.

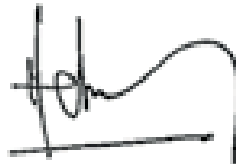
The Group and the Company do not indemnify the auditors of the Company for losses in the event of legal actions brought against the auditors for alleged wrongful acts by the auditors.

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept the re-appointment as auditors.

This Report was approved by the Board of Directors on 12 April 2021.



**TAN SRI DATO' SERI HAJI MEGAT NAJMUDDIN  
DATUK SERI DR HAJI MEGAT KHAS**  
DIRECTOR



**MOHAMAD HELMY OTHMAN BASHA**  
DIRECTOR

Selangor  
12 April 2021

# STATEMENTS OF PROFIT OR LOSS

For The Financial Year Ended 31 December 2020

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Continuing operations</u>					
Revenue	5	<b>13,081,128</b>	12,062,266	<b>3,769,886</b>	3,161,885
Operating expenses	6	<b>(11,573,157)</b>	(11,651,019)	<b>(3,411,988)</b>	(3,307,209)
Other operating income	7	<b>591,585</b>	202,361	<b>446,855</b>	168,980
Other gains and losses	8	<b>(14,175)</b>	(209,376)	<b>169,288</b>	(99,387)
Operating profit/(loss)		<b>2,085,381</b>	404,232	<b>974,041</b>	(75,731)
Share of results of joint ventures	22(a)	<b>(908)</b>	3,911	–	–
Share of results of associates	23(a)	<b>4,901</b>	(2,257)	–	–
Profit/(loss) before interest and tax		<b>2,089,374</b>	405,886	<b>974,041</b>	(75,731)
Finance income	9	<b>17,294</b>	12,975	<b>36,248</b>	17,786
Finance costs	10	<b>(116,418)</b>	(167,545)	<b>(126,357)</b>	(197,844)
Profit/(loss) before tax		<b>1,990,250</b>	251,316	<b>883,932</b>	(255,789)
Tax (expense)/credit	12	<b>(465,526)</b>	23,569	<b>(139,606)</b>	(5,755)
Profit/(loss) for the financial year from continuing operations		<b>1,524,724</b>	274,885	<b>744,326</b>	(261,544)
<u>Discontinued operations</u>					
Loss for the financial year from discontinued operations	13	<b>(162,162)</b>	(321,793)	–	–
Profit/(loss) for the financial year		<b>1,362,562</b>	(46,908)	<b>744,326</b>	(261,544)
Profit/(loss) for the financial year attributable to:					
– equity holders of the Company					
– from continuing operations		<b>1,346,731</b>	121,633	<b>619,685</b>	(385,844)
– from discontinued operations	13	<b>(162,162)</b>	(321,793)	–	–
		<b>1,184,569</b>	(200,160)	<b>619,685</b>	(385,844)
– Perpetual Sukuk					
– from continuing operations	36	<b>124,641</b>	124,300	<b>124,641</b>	124,300
– non-controlling interests					
– from continuing operations	37	<b>53,352</b>	28,952	–	–
		<b>1,362,562</b>	(46,908)	<b>744,326</b>	(261,544)
		sen	sen		
Basic/diluted earnings/(loss) per share attributable to equity holders of the Company					
– from continuing operations	14	<b>19.56</b>	1.77		
– from discontinued operations	14	<b>(2.36)</b>	(4.67)		

# STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2020

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(loss) for the financial year		<b>1,362,562</b>	(46,908)	<b>744,326</b>	(261,544)
<u>Continuing operations</u>					
Items that will be reclassified subsequently to profit or loss:					
Currency translation differences losses/(gains):					
– subsidiaries	16	<b>(154,985)</b>	88,580	–	–
Cash flow hedge					
– changes in fair value		<b>(251,490)</b>	(17,564)	<b>(9,998)</b>	(18,899)
– transfers to profit or loss	8	<b>(6,708)</b>	(6,433)	<b>1,246</b>	1,211
Tax credit/(expense) relating to components of other comprehensive income	16	<b>58,465</b>	(1,181)	<b>2,249</b>	(302)
		<b>(354,718)</b>	63,402	<b>(6,503)</b>	(17,990)
Items that will not be reclassified subsequently to profit or loss:					
Actuarial gain/(loss) on defined benefit plans	38	<b>12,674</b>	(15,257)	<b>(1,807)</b>	–
Investment at fair value through other comprehensive income (“FVOCI”)					
– changes in fair value	25	<b>(3,401)</b>	1,175	<b>(3,662)</b>	1,300
Tax credit relating to components of other comprehensive loss	16	<b>7,866</b>	3,567	<b>434</b>	–
		<b>17,139</b>	(10,515)	<b>(5,035)</b>	1,300
Other comprehensive (loss)/income from continuing operations		<b>(337,579)</b>	52,887	<b>(11,538)</b>	(16,690)
Other comprehensive income from discontinued operations	13	<b>(113,128)</b>	2,000	–	–
Total other comprehensive (loss)/income for the financial year	16	<b>(450,707)</b>	54,887	<b>(11,538)</b>	(16,690)
Total comprehensive income/(loss) for the financial year		<b>911,855</b>	7,979	<b>732,788</b>	(278,234)
Total comprehensive income/(loss) for the financial year attributable to:					
– equity holders of the Company					
– from continuing operations		<b>1,017,090</b>	173,236	<b>608,147</b>	(402,534)
– from discontinuing operations	13	<b>(275,290)</b>	(319,793)	–	–
		<b>741,800</b>	(146,557)	<b>608,147</b>	(402,534)
– Perpetual Sukuk					
– from continuing operations		<b>124,641</b>	124,300	<b>124,641</b>	124,300
– non-controlling interests					
– from continuing operations		<b>45,414</b>	30,236	–	–
		<b>911,855</b>	7,979	<b>732,788</b>	(278,234)



# STATEMENTS OF FINANCIAL POSITION

As At 31 December 2020

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	17	<b>17,283,404</b>	17,314,025	<b>7,960,778</b>	7,914,895
Investment properties	18	<b>7,467</b>	7,609	–	–
Right-of-use assets	20	<b>2,063,441</b>	2,145,540	<b>277,362</b>	282,601
Subsidiaries	21	–	–	<b>7,970,164</b>	8,032,180
Joint ventures	22	<b>34,647</b>	34,152	<b>3,745</b>	3,745
Associates	23	<b>42,635</b>	39,755	<b>420</b>	420
Intangible assets	24	<b>2,788,792</b>	2,840,508	<b>2,083,124</b>	2,073,603
Investments at fair value through other comprehensive income ("FVOCI")	25	<b>27,068</b>	30,469	<b>23,387</b>	27,049
Deferred tax assets	26	<b>620,867</b>	640,094	–	–
Tax recoverable	27	<b>264,643</b>	333,674	–	–
Trade and other receivables	28	<b>185,985</b>	155,741	–	–
Amount due from a subsidiary	30	–	–	<b>82,052</b>	59,768
		<b>23,318,949</b>	23,541,567	<b>18,401,032</b>	18,394,261
<b>CURRENT ASSETS</b>					
Inventories	29	<b>1,569,398</b>	1,498,398	<b>141,279</b>	141,046
Biological assets	19	<b>224,408</b>	188,764	<b>45,336</b>	27,767
Trade and other receivables	28	<b>2,246,482</b>	1,933,597	<b>242,220</b>	227,902
Tax recoverable	27	<b>214,513</b>	312,616	<b>78,922</b>	50,821
Amounts due from subsidiaries	30	–	–	<b>427,057</b>	536,325
Amounts due from related parties	30	<b>3,246</b>	2,158	<b>2,858</b>	3,226
Planned assets	38	<b>43,886</b>	–	–	–
Derivatives	31	<b>67,590</b>	76,737	<b>3,273</b>	35,489
Bank balances, deposits and cash	32	<b>309,029</b>	431,347	<b>49,215</b>	85,403
		<b>4,678,552</b>	4,443,617	<b>990,160</b>	1,107,979
Non-current assets held for sale	33	<b>323,150</b>	522,538	<b>201,320</b>	328,247
<b>TOTAL ASSETS</b>		<b>28,320,651</b>	28,507,722	<b>19,592,512</b>	19,830,487

**STATEMENTS OF FINANCIAL POSITION**

As At 31 December 2020

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>EQUITY</b>					
Share capital	34	<b>1,506,119</b>	1,506,119	<b>1,506,119</b>	1,506,119
Reserves	35	<b>12,147,381</b>	11,754,854	<b>7,711,685</b>	7,449,143
Attributable to equity holders of the Company		<b>13,653,500</b>	13,260,973	<b>9,217,804</b>	8,955,262
Perpetual Sukuk	36	<b>2,231,398</b>	2,231,398	<b>2,231,398</b>	2,231,398
Non-controlling interests	37	<b>384,850</b>	368,351	–	–
<b>TOTAL EQUITY</b>		<b>16,269,748</b>	15,860,722	<b>11,449,202</b>	11,186,660
<b>NON-CURRENT LIABILITIES</b>					
Retirement benefits	38	<b>277,380</b>	259,736	<b>51,428</b>	50,699
Deferred income	40	<b>67</b>	207	–	–
Deferred tax liabilities	26	<b>2,622,961</b>	2,598,247	<b>786,738</b>	701,855
Amount due to a subsidiary	30	–	–	<b>494,475</b>	503,112
Borrowings	39	<b>4,396,917</b>	5,255,384	<b>3,278,041</b>	4,051,838
Lease liabilities		<b>163,801</b>	162,112	<b>6,279</b>	6,954
Trade and other payables	42	<b>80,734</b>	77,401	<b>46,773</b>	58,071
		<b>7,541,860</b>	8,353,087	<b>4,663,734</b>	5,372,529
<b>CURRENT LIABILITIES</b>					
Trade and other payables	42	<b>1,555,026</b>	1,360,612	<b>403,824</b>	387,133
Contract liabilities	41	<b>28,087</b>	13,071	–	7
Amounts due to subsidiaries	30	–	–	<b>1,132,479</b>	994,982
Amounts due to related parties	30	<b>17,835</b>	6,989	<b>12,828</b>	6,027
Retirement benefits	38	<b>17,871</b>	15,189	–	–
Lease liabilities		<b>25,951</b>	25,163	<b>400</b>	1,340
Tax payable		<b>201,537</b>	104,698	–	–
Derivatives	31	<b>359,751</b>	242,913	<b>7,597</b>	134,197
Borrowings	39	<b>2,285,286</b>	2,489,543	<b>1,922,448</b>	1,747,612
		<b>4,491,344</b>	4,258,178	<b>3,479,576</b>	3,271,298
Liabilities directly associated with non-current assets held for sale	33	<b>17,699</b>	35,735	–	–
<b>TOTAL LIABILITIES</b>		<b>12,050,903</b>	12,647,000	<b>8,143,310</b>	8,643,827
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>28,320,651</b>	28,507,722	<b>19,592,512</b>	19,830,487

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2020

GROUP	Note	Attributable to equity holders of the Company				Perpetual Sukuk RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Reserves RM'000	Retained earnings RM'000	Total RM'000			
<b>At 1 January 2020</b>		<b>1,506,119</b>	<b>745,931</b>	<b>11,008,923</b>	<b>13,260,973</b>	<b>2,231,398</b>	<b>368,351</b>	<b>15,860,722</b>
<u>Continuing operations</u>								
Profit for the financial year		-	-	<b>1,346,731</b>	<b>1,346,731</b>	<b>124,641</b>	<b>53,352</b>	<b>1,524,724</b>
Other comprehensive (loss)/income for the financial year	16	-	<b>(346,215)</b>	<b>20,154</b>	<b>(326,061)</b>	-	<b>(8,555)</b>	<b>(334,616)</b>
Disposal of subsidiaries		-	<b>(3,580)</b>	-	<b>(3,580)</b>	-	<b>617</b>	<b>(2,963)</b>
Total comprehensive (loss)/income for the financial year		-	<b>(349,795)</b>	<b>1,366,885</b>	<b>1,017,090</b>	<b>124,641</b>	<b>45,414</b>	<b>1,187,145</b>
<u>Transactions with equity holders:</u>								
- dividends		-	-	<b>(345,605)</b>	<b>(345,605)</b>	-	<b>(32,521)</b>	<b>(378,126)</b>
- distribution to Perpetual Sukuk holders	36	-	-	-	-	<b>(124,641)</b>	-	<b>(124,641)</b>
- changes in ownership		-	-	<b>(3,668)</b>	<b>(3,668)</b>	-	<b>3,606</b>	<b>(62)</b>
<u>Discontinued operations</u>								
Total comprehensive loss for the financial year	13	-	<b>(113,128)</b>	<b>(162,162)</b>	<b>(275,290)</b>	-	-	<b>(275,290)</b>
At 31 December 2020		<b>1,506,119</b>	<b>283,008</b>	<b>11,864,373</b>	<b>13,653,500</b>	<b>2,231,398</b>	<b>384,850</b>	<b>16,269,748</b>
<b>At 1 January 2019</b>		1,100,000	670,359	11,348,090	13,118,449	2,231,398	396,078	15,745,925
<u>Continuing operations</u>								
Profit for the financial period		-	-	121,633	121,633	124,300	28,952	274,885
Other comprehensive income/(loss) for the financial year	16	-	62,170	(10,567)	51,603	-	1,284	52,887
Total comprehensive income for the financial year		-	62,170	111,066	173,236	124,300	30,236	327,772
<u>Transactions with equity holders:</u>								
- share issue	34	406,119	-	-	406,119	-	-	406,119
- dividends		-	-	(117,038)	(117,038)	-	(57,963)	(175,001)
- distribution to Perpetual Sukuk holders	36	-	-	-	-	(124,300)	-	(124,300)
<u>Discontinued operations</u>								
Total comprehensive income/(loss) for the financial year	13	-	13,402	(333,195)	(319,793)	-	-	(319,793)
At 31 December 2019		1,506,119	745,931	11,008,923	13,260,973	2,231,398	368,351	15,860,722

# COMPANY STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2020

COMPANY	Note	Attributable to equity holders of the Company				Perpetual Sukuk RM'000	Total equity RM'000
		Share capital RM'000	Reserves RM'000	Retained earnings RM'000	Total RM'000		
<b>At 1 January 2020</b>		<b>1,506,119</b>	<b>26,812</b>	<b>7,422,331</b>	<b>8,955,262</b>	<b>2,231,398</b>	<b>11,186,660</b>
Profit for the financial year		–	–	619,685	619,685	124,641	744,326
Other comprehensive loss for the financial year	16	–	(10,165)	(1,373)	(11,538)	–	(11,538)
Total comprehensive (loss)/income for the financial year		–	(10,165)	618,312	608,147	124,641	732,788
Transactions with equity holders:							
– dividends	15	–	–	(345,605)	(345,605)	–	(345,605)
– distribution to Perpetual Sukuk holders	36	–	–	–	–	(124,641)	(124,641)
At 31 December 2020		<b>1,506,119</b>	<b>16,647</b>	<b>7,695,038</b>	<b>9,217,804</b>	<b>2,231,398</b>	<b>11,449,202</b>
<b>At 1 January 2019</b>		1,100,000	43,502	7,925,213	9,068,715	2,231,398	11,300,113
(Loss)/profit for the financial year		–	–	(385,844)	(385,844)	124,300	(261,544)
Other comprehensive loss for the financial year	16	–	(16,690)	–	(16,690)	–	(16,690)
Total comprehensive (loss)/income for the financial year		–	(16,690)	(385,844)	(402,534)	124,300	(278,234)
Transactions with equity holders:							
– share issue	34	406,119	–	–	406,119	–	406,119
– dividends	15	–	–	(117,038)	(117,038)	–	(117,038)
– distribution to Perpetual Sukuk holders	36	–	–	–	–	(124,300)	(124,300)
At 31 December 2019		1,506,119	26,812	7,422,331	8,955,262	2,231,398	11,186,660

# STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2020

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(loss) for the financial year					
from continuing operations		<b>1,524,724</b>	274,885	<b>744,326</b>	(261,544)
Adjustments for:					
Amortisation of intangible assets	24	<b>34,136</b>	32,544	<b>7,573</b>	7,990
Bad debts written off	6(e)	<b>842</b>	19	<b>842</b>	19
Depreciation of:					
– property, plant and equipment	6(a)	<b>1,122,231</b>	1,073,555	<b>254,155</b>	255,811
– investment properties	18	<b>70</b>	84	–	–
– right-of-use assets	6(a)	<b>68,110</b>	99,830	<b>4,894</b>	5,337
Dividend income					
– other investments	5(b)	<b>(6,669)</b>	(4,059)	<b>(6,669)</b>	(4,059)
– a subsidiary	5(b)	–	–	<b>(43,678)</b>	–
Finance costs	10	<b>116,418</b>	167,545	<b>126,357</b>	197,844
Finance income	9	<b>(17,294)</b>	(12,975)	<b>(36,248)</b>	(17,786)
Unrealised fair value (gains)/losses:					
– commodities options and futures contracts	8	<b>(92,958)</b>	178,701	<b>(99,599)</b>	92,785
– forward foreign exchange contracts (non-hedging derivatives)	8	<b>(5,610)</b>	(3,744)	–	–
Fair value changes in biological assets (net)	6(e)	<b>(32,346)</b>	(13,065)	<b>(17,569)</b>	(8,760)
Gains on disposals of:					
– property, plant and equipment	7	<b>(2,785)</b>	(60,684)	<b>(5,925)</b>	(54,280)
– non-current assets held for sale	6(e),7	<b>(462,501)</b>	(19,455)	<b>(408,850)</b>	(832)
Impairment of:					
– property, plant and equipment	6(e)	<b>14,798</b>	2,474	<b>12,179</b>	–
– right-of-use assets	6(e)	–	19,446	–	–
– advances for plasma plantation projects	6(e)	<b>1,624</b>	1,703	–	–
– trade and other receivables	6(e)	<b>10,326</b>	9,310	<b>485</b>	1,475
– amounts due from subsidiaries	6(e)	–	–	<b>761</b>	18,267
– amounts due from joint ventures	6(e)	<b>159</b>	27,501	<b>159</b>	25,088
– investment in subsidiaries	21	–	–	<b>12,411</b>	309,462
– investment in a joint venture		–	–	–	11,350
– non-current assets held for sale	6(e)	–	–	<b>98,298</b>	–
Write off of:					
– intangible assets	24	–	13	–	–
– property, plant and equipment	17	<b>20,367</b>	26,218	<b>2,213</b>	9,510
Write-down of:					
– right-of-use assets	20	<b>488</b>	1,971	–	321
– inventories (net)	6(e)	<b>10,046</b>	3,554	<b>152</b>	459
Retirement benefits	38	<b>35,401</b>	41,805	<b>6,620</b>	7,622
Reversal of impairment of:					
– investment in a subsidiary	7	–	–	–	(94,731)
– amounts due from subsidiaries	7	–	–	–	(1,153)
– advances for plasma plantation projects	7	–	(2,130)	–	–
– trade and other receivables	7	<b>(2,984)</b>	(18,309)	<b>(659)</b>	–
Waiver of intercompany payable to wholly-owned subsidiaries which were liquidated	7	–	–	<b>(3,301)</b>	–
Share of results of:					
– joint ventures	22(a)	<b>908</b>	(3,911)	–	–
– associates	23(a)	<b>(4,901)</b>	2,257	–	–

**STATEMENTS OF CASH FLOWS**

For The Financial Year Ended 31 December 2020

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>					
Tax expense/(credit)	12	<b>465,526</b>	(23,569)	<b>139,606</b>	5,755
Unrealised exchange losses/(gains) (net)		<b>23,724</b>	(13,856)	<b>(174,197)</b>	(5,571)
		<b>2,821,850</b>	1,787,658	<b>614,336</b>	500,379
Changes in working capital:					
Inventories		<b>(81,533)</b>	154,978	<b>(385)</b>	78,025
Trade and other payables		<b>213,481</b>	(90,751)	<b>101,552</b>	28,281
Trade and other receivables		<b>(402,226)</b>	137,264	<b>(15,246)</b>	(11,906)
Intercompany and related party balances		<b>9,757</b>	(44,822)	<b>194,142</b>	(128,694)
Cash generated from operations		<b>2,561,329</b>	1,944,327	<b>894,399</b>	466,085
Tax (paid)/refunded (net)		<b>(102,902)</b>	(111,214)	<b>(80,204)</b>	27,943
Retirement benefits paid	38	<b>(32,391)</b>	(25,242)	<b>(7,698)</b>	(7,229)
Operating cash flow from continuing operations		<b>2,426,036</b>	1,807,871	<b>806,497</b>	486,799
Operating cash flow used in discontinued operations		<b>(1,481)</b>	(63,363)	–	–
Net cash generated from operating activities		<b>2,424,555</b>	1,744,508	<b>806,497</b>	486,799
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Capital contribution to a subsidiary	47(c)	–	–	<b>(19,319)</b>	(63,081)
Advances for plasma plantation projects		<b>(8,229)</b>	(10,078)	–	–
Repayment of advances for plasma plantation projects		<b>14,162</b>	8,137	–	–
Advances to subsidiaries		–	–	–	(46,365)
Repayment of advances to a subsidiary	47(c)	–	–	–	77,333
Repayment of capital contribution from a subsidiary	47(c)	–	–	–	161,653
Dividends received from:					
– associates		<b>1,189</b>	2,955	–	–
– other investments	5(b)	<b>6,669</b>	4,059	<b>6,669</b>	4,059
– a subsidiary	5(b)	–	–	<b>43,678</b>	–
Finance income received		<b>17,294</b>	12,975	<b>23,129</b>	10,464
Proceeds from sale of:					
– property, plant and equipment		<b>5,716</b>	71,340	<b>6,202</b>	58,922
– non-current assets held for sale		<b>506,629</b>	122,575	<b>474,694</b>	846
Purchase of:					
– property, plant and equipment		<b>(1,307,388)</b>	(1,566,157)	<b>(340,753)</b>	(394,903)
– intangible assets		<b>(26,372)</b>	(6,406)	<b>(16,814)</b>	(3,054)
– biological assets		<b>(2,914)</b>	–	–	–
Payment for incidental cost of disposal of a subsidiary		<b>(23,853)</b>	–	–	–
Investing cash flow (used in)/ generated from continuing operations		<b>(817,097)</b>	(1,360,600)	<b>177,486</b>	(194,126)
Investing cash flow used in discontinued operations		–	–	–	–
Net cash (used in)/generated from investing activities		<b>(817,097)</b>	(1,360,600)	<b>177,486</b>	(194,126)

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Finance costs paid		<b>(163,022)</b>	(261,831)	<b>(145,174)</b>	(211,824)
Loans raised		<b>3,031,352</b>	6,028,965	<b>2,083,846</b>	4,877,644
Borrowing transaction cost paid	39	<b>(11,775)</b>	(10,644)	<b>(9,988)</b>	(10,437)
Loan repayments		<b>(4,039,970)</b>	(5,557,088)	<b>(2,476,490)</b>	(4,340,450)
Repayment of lease liabilities		<b>(44,294)</b>	(56,078)	<b>(1,652)</b>	(2,901)
Distribution to Perpetual Sukuk holders	36	<b>(124,641)</b>	(124,300)	<b>(124,641)</b>	(124,300)
Dividend paid to shareholders	15	<b>(345,605)</b>	(459,011)	<b>(345,605)</b>	(459,011)
Dividend paid to non-controlling interests of subsidiaries	37	<b>(32,521)</b>	(57,963)	–	–
Financing cash flow used in continuing operations		<b>(1,730,476)</b>	(497,950)	<b>(1,019,704)</b>	(271,279)
Financing cash flow from discontinued operations	13(a)	–	63,081	–	–
Net cash used in from financing activities		<b>(1,730,476)</b>	(434,869)	<b>(1,019,704)</b>	(271,279)
<b>NET (DECREASE)/INCREASE CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR</b>					
		<b>(123,018)</b>	(50,961)	<b>(35,721)</b>	21,394
Exchange differences		<b>700</b>	(7,240)	<b>(467)</b>	(1,684)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>					
		<b>431,347</b>	491,042	<b>85,403</b>	65,693
Less: Reclassified to non-current assets held for sale	33(e)	–	(1,494)	–	–
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>					
	32	<b>309,029</b>	431,347	<b>49,215</b>	85,403

## NOTES TO STATEMENTS OF CASH FLOWS

(A) Reconciliation of non-cash transactions arising from investing activities

The net cash outflow for the acquisition of property, plant and equipment during the financial year is as follows:

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Acquisition of property, plant and equipment during the financial year	17	<b>1,411,072</b>	1,734,427	<b>367,666</b>	432,094
Less non-cash items:					
– Depreciation of property, plant and equipment capitalised in bearer plants	6(c)	<b>(36,480)</b>	(45,642)	<b>(8,485)</b>	(9,194)
– Depreciation of right-of-use assets capitalised in bearer plants	6(c)	<b>(562)</b>	(9,275)	<b>(348)</b>	(460)
– Finance costs capitalised in capital work-in-progress	10	<b>(18,910)</b>	(25,316)	<b>(1,443)</b>	(1,424)
– Finance costs capitalised in bearer plants	10	<b>(47,732)</b>	(88,037)	<b>(16,637)</b>	(26,113)
Net cash outflow for the acquisition of property, plant and equipment		<b>1,307,388</b>	1,566,157	<b>340,753</b>	394,903

**STATEMENTS OF CASH FLOWS**

For The Financial Year Ended 31 December 2020

**NOTES TO STATEMENTS OF CASH FLOWS (CONTINUED)**

## (B) Reconciliation of liabilities arising from financing activities

A reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities is as follows:

GROUP	Note	Borrowings* RM'000	Lease liabilities RM'000	Total RM'000
<b>2020</b>				
At 1 January 2020		<b>7,788,469</b>	<b>187,275</b>	<b>7,975,744</b>
<u>Cash flows from financing activities</u>				
Finance costs paid		<b>(163,022)</b>	–	<b>(163,022)</b>
Loans raised		<b>3,031,352</b>	–	<b>3,031,352</b>
Borrowing transaction cost paid	39	<b>(11,775)</b>	–	<b>(11,775)</b>
Loan repayments		<b>(4,039,970)</b>	–	<b>(4,039,970)</b>
Repayment of lease liabilities		–	<b>(44,294)</b>	<b>(44,294)</b>
<u>Non-cash changes</u>				
Finance costs	10	<b>171,630</b>	<b>11,710</b>	<b>183,340</b>
Recognition of additional lease liabilities		–	<b>33,560</b>	<b>33,560</b>
Exchange differences		<b>(57,848)</b>	<b>1,501</b>	<b>(56,347)</b>
At 31 December 2020		<b>6,718,836</b>	<b>189,752</b>	<b>6,908,588</b>
<b>2019</b>				
At 1 January 2019		7,342,384	192,555	7,534,939
<u>Cash flows from financing activities</u>				
Finance costs paid		(261,831)	–	(261,831)
Loans raised		6,092,046	–	6,092,046
Borrowing transaction cost paid	39	(10,644)	–	(10,644)
Loan repayments		(5,557,088)	–	(5,557,088)
Repayment of lease liabilities		–	(56,078)	(56,078)
<u>Non-cash changes</u>				
Finance costs	10	273,436	7,691	281,127
Recognition of additional lease liabilities		–	42,615	42,615
Exchange differences		(89,834)	492	(89,342)
At 31 December 2019		7,788,469	187,275	7,975,744

\* The borrowings include interest payable for the Group which was classified under trade and other payable in Note 42.



**NOTES TO STATEMENTS OF CASH FLOWS (CONTINUED)****(B) Reconciliation of liabilities arising from financing activities (continued)**

A reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities is as follows: (continued)

COMPANY	Note	Borrowings* RM'000	Lease liabilities RM'000	Amounts due to subsidiaries RM'000	Total RM'000
<b>2020</b>					
At 1 January 2020		<b>5,816,473</b>	<b>8,294</b>	<b>515,919</b>	<b>6,340,686</b>
<u>Cash flows from financing activities</u>					
Finance costs paid		<b>(128,426)</b>	–	<b>(16,748)</b>	<b>(145,174)</b>
Loan raised		<b>1,964,590</b>	–	<b>119,256</b>	<b>2,083,846</b>
Borrowing transaction cost paid	39	<b>(9,988)</b>	–	–	<b>(9,988)</b>
Loan repayments		<b>(2,476,490)</b>	–	–	<b>(2,476,490)</b>
Repayment of lease liabilities		–	<b>(1,652)</b>	–	<b>(1,652)</b>
<u>Non-cash changes</u>					
Finance costs	10	<b>126,778</b>	<b>37</b>	<b>17,902</b>	<b>144,717</b>
Exchange differences		<b>(85,372)</b>	–	<b>(9,778)</b>	<b>(95,150)</b>
At 31 December 2020		<b>5,207,565</b>	<b>6,679</b>	<b>626,551</b>	<b>5,840,795</b>
<b>2019</b>					
At 1 January 2019		5,289,563	9,397	511,765	5,810,725
<u>Cash flows from financing activities</u>					
Finance costs paid		(200,423)	–	(11,401)	(211,824)
Loan raised		4,877,644	–	–	4,877,644
Borrowing transaction cost paid	39	(10,437)	–	–	(10,437)
Loan repayments		(4,340,450)	–	–	(4,340,450)
Repayment of lease liabilities		–	(2,901)	–	(2,901)
<u>Non-cash changes</u>					
Finance costs	10	207,666	877	17,067	225,610
Recognition of additional lease liabilities		–	921	–	921
Exchange differences		(7,090)	–	(1,512)	(8,602)
At 31 December 2019		5,816,473	8,294	515,919	6,340,686

\* The borrowings include interest payable for the Company which was classified under trade and other payable in Note 42.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

## 1. CORPORATE INFORMATION

The principal activities of the Company consist of the production, processing, refining and sales of palm oil and palm kernel oil, manufacturing and marketing of specialty fats and edible oils, rubber and other palm oil related products and investment holding.

The principal activities of the Group consist of the production, processing, refining and sales of palm oil and palm kernel oil, manufacturing and blending, marketing and distribution of specialty fats, edible oils, rubber, coconut oil and other palm oil related products, production and sales of sugar and beef, and the involvement in other agriculture related business as disclosed in Note 50 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

The Company is a public limited company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad commencing 30 November 2017. The registered office of the Company is located at Level 10, Main Block, Plantation Tower, No. 2, Jalan PJU 1A/7, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Directors regard Permodalan Nasional Berhad as its immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

## 2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of principal accounting policies in Note 3.

The preparation of financial statements in conformity with MFRS, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Prior to 1 June 2020, the Group and the Company measure their commodity derivatives at fair value through profit or loss in accordance with MFRS 9 "Financial Instruments". With effect from 1 June 2020, the Group and the Company have applied cash flows hedges to account for its forecasted commodity sales at fair value through other comprehensive income to match the commodity derivatives that is also measured at fair value. The application of cash flow hedges minimises the fluctuations arose from the commodity price movements as any fair value gains or losses on the hedging instrument is deferred in the hedging reserve. As at 31 December 2020, the Group and the Company have recognised a loss on derivatives that qualify for cash flow hedges of approximately RM178.8 million and RM0.6 million in other comprehensive income until the transactions are realised.

### a. Accounting pronouncements that have been adopted in preparing these financial statements

During the financial year, the Group has considered the new accounting pronouncements in the preparation of the financial statements, as follows:

- (i) New accounting pronouncements with effective date on or after 1 January 2020
  - The Conceptual Framework for Financial Reporting (Revised 2018)
  - Amendments to MFRS 3 "Definition of a Business"
  - Amendments to MFRS 101 and MFRS 108 "Definition of Material"
  - Amendments to MFRS 9, MFRS 139 and MFRS 7 "Interest Rate Benchmark Reform"

The adoption of these amendments listed above did not have any impact on the current year or any prior period/years and is not likely to affect future periods.

### b. IFRIC agenda decisions that are concluded and published

In view that MFRS is fully converged with IFRS, the Group considers all agenda decisions published by IFRS Interpretation Committee ("IFRIC"). Where relevant, the Group may change its accounting policy to be aligned with the agenda decision.

- IFRIC agenda decision – over time transfer of constructed goods

The adoption of these agenda decision listed above did not have any impact on the current year or any prior period/years and is not likely to affect future periods.

## 2. BASIS OF PREPARATION (CONTINUED)

### c. Standards and amendments that have been issued but not yet effective

Interpretation and amendments that are effective after 1 June 2020

- Amendments to MFRS 16 "COVID-19 – Related Rent Concessions"

The amendments shall be applied retrospectively.

Interpretation and amendments that are effective after 1 January 2022

- Amendments to MFRS 116 "Proceeds Before Intended Use"
- Amendments to MFRS 137 "Onerous Contracts – Cost of Fulfilling a Contract"
- Amendments to MFRS 141 "Taxation in Fair Value Measurements"

The amendments shall be applied retrospectively.

- Amendments to MFRS 3 "Reference to Conceptual Framework"
- Annual Improvements to MFRS 9 "Fees in the 10% Test for Derecognition of Financial Liabilities"

The amendments shall be applied prospectively.

Interpretation and amendments that are effective after 1 January 2023

- Amendments to MFRS 101 "Classifications of Liabilities as Current or Non-current"

The amendments shall be applied retrospectively.

The amendments listed above are not expected to have any significant effect on the financial statements.

## 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The following significant accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial periods presented, unless otherwise stated.

### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries made up to the end of the financial year and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

#### (i) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the entity, has exposure to or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated using the acquisition method except for those subsidiaries acquired under common control. Under the acquisition method, subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date when control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange.

Contingent consideration is recorded at fair value as component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition related costs are recognised as expenses when incurred.

Existing equity interests in the acquiree are re-measured to fair value at the date of business combination with any resulting gain or loss taken to profit or loss.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair values, at the date of acquisition. The excess of the consideration and the fair value of previously held equity interests over the Group's share of the fair value of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. Any gain from bargain purchase is recognised directly in profit or loss.

Intercompany transactions and balances are eliminated on consolidation, but unrealised losses arising therefrom are eliminated only to the extent of the cost of the asset that can be recovered, and the balance is recognised in profit or loss as reduction in net realisable value or as impairment loss.

Non-controlling interests in the results and net assets of non-wholly owned subsidiaries are presented separately in the financial statements. Transactions with owners of non-controlling interests without a change in control are treated as equity transactions in the statements of changes in equity.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of consolidation (continued)

##### (i) Subsidiaries (continued)

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal in profit or loss.

##### (ii) Business combinations under common control

Business combinations under common control are accounted using the predecessor method of accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction costs for the combination are recognised in profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to equity.

##### (iii) Joint ventures

Joint ventures are separate vehicles in which the Group has rights to its net assets and where its strategic, financial and operating decisions require unanimous consent of the Group and one or more parties sharing the control.

Joint ventures are accounted using the equity method. Equity method is a method of accounting whereby the investment is recorded at cost inclusive of goodwill and adjusted thereafter for the Group's share of the post-acquisition results and other changes in the net assets of the joint ventures based on their latest audited financial statements or management accounts. Where necessary, adjustments are made to the financial statements of joint ventures used by the Group in applying the equity method to ensure consistency of accounting policies with those of the Group.

After application of the equity method, the carrying amount of the joint ventures will be assessed for impairment. Equity method is discontinued when the carrying amount of joint venture reaches zero, or reaches the limit of the obligations in the case when the Group has incurred legal or constructive obligations in respect of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the assets transferred are recognised in profit or loss.

When joint control ceases, the disposal proceeds and the fair value of any retained investment are compared to the carrying amount of the joint venture. The difference together with the exchange reserve that relate to the joint venture is recognised as gain or loss on disposal. In the case of partial disposal without losing joint control, the difference between the proceeds and the carrying amount disposed, and the proportionate exchange reserve is recognised as gain or loss on disposal.

##### (iv) Associates

Associates are entities in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over those policies.

Investments in associates are accounted for using the equity method, similar to Note 3(a)(iii) above.

#### (b) Investments in subsidiaries, joint ventures and associates in separate financial statements

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amount due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (c) Foreign currencies

##### (i) Presentation and functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

##### (ii) Transactions and balances

Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising therefrom and on settlement are recognised in profit or loss.

Foreign exchange differences arising from the translation of a monetary item designated as hedge of net investment in a foreign operation are recognised in other comprehensive income in the consolidated financial statements until the net investment is disposed.

##### (iii) Translation of foreign currency financial statements

For consolidation purposes, foreign operations' results are translated into the Group's presentation currency at average exchange rates for the financial year whilst the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at exchange rates ruling at the end of the reporting period. The resulting translation differences are recognised in other comprehensive income and accumulated in exchange reserve.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income and reclassified from equity to profit or loss upon repayment or disposal of the relevant entity.

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interests. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

#### (d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of an asset. The carrying amount of the replaced part is derecognised and all repairs and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

All costs directly related to bearer plants are capitalised until such time as the bearer plants reach maturity, at which point all further costs are expensed and depreciation commences. Such costs include seedling and planting costs, other upkeep costs, and an allocation of overhead costs.

Freehold land is not depreciated as it has indefinite life. Depreciation commences when the bearer plants mature or when the assets under construction are ready for their intended use. Other property, plant and equipment are depreciated on a straight-line basis to write down the cost or valuation of each asset to its residual value over its estimated useful life as follows:

Buildings	20 to 50 years
Bearer plants	
– Oil palm	22 years, or the lease term, if shorter
– Rubber trees	24 years, or the lease term, if shorter
– Growing canes	5 years, or the lease term, if shorter
Plant and machinery	5 to 40 years
Vehicles, equipment and fixtures	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment are tested for impairment whenever indication of impairment exists, see Note 3(l)(i) on impairment of non-financial assets.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (e) Investment properties

Investment properties are land and buildings held for rental income and/or capital appreciation which are not substantially occupied or intended to be occupied for use by, or in the operations of the Group.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land and buildings under construction are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

Buildings	20 to 50 years, or over the lease term, if shorter
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The residual values and useful lives are reviewed, and adjusted if appropriate, annually. Investment properties are tested for impairment whenever indication of impairment exists, see Note 3(l)(i) on impairment of non-financial assets.

#### (f) Biological assets

Biological assets comprised cattle livestock and produce growing on bearer plants. Biological assets are measured at fair value less costs of disposal. Any gains or losses arising from changes in the fair value less costs of disposal net of transfers to produce stocks are recognised net in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets for bearer plants that are expected to be harvested and livestock that are expected to be sold or used for production on a date not more than 12 months after the reporting date.

#### (g) Intangible assets

##### (i) Goodwill

Goodwill represents the excess of the consideration and the fair value of previously held interests over the Group's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing. Goodwill on acquisition of joint ventures and associates is included as part of the cost of investments in joint ventures and associates. Such goodwill is tested for impairment as part of the overall net investment in each joint venture and associate.

##### (ii) Research and development costs

Research costs are charged to profit or loss in the financial year in which the expenditure is incurred.

Internally generated agriculture development costs are capitalised as intangible assets when the following criteria are fulfilled:

- (i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (ii) management intends to complete the intangible asset and use or sell it;
- (iii) there is an ability to use or sell the intangible asset;
- (iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Subsequently, such capitalised agriculture development costs are amortised from the commencement of commercial production of the product to which they relate on a straight-line basis between 5 and 20 years. The useful life will be reviewed and adjusted, if appropriate, annually. Impairment testing is performed annually on development activities which have not entered commercial production. Development activity is also tested for impairment whenever indication of impairment exists. See Note 3(l)(i) on impairment of non-financial assets.

Development costs previously recognised as an expense in profit and loss are not recognised as an asset in subsequent period.

##### (iii) Smallholder relationships

Smallholder relationships have arisen on the acquisition of subsidiaries. These assets reflect the economic relationship between Group and the smallholders who cultivate and harvest fresh fruits bunches on land owned by the smallholders. These assets are shown at fair value on acquisition of subsidiaries and subsequently subject to amortisation on a straight line basis over the estimated average remaining lease term of the Group's land of 45 years. The smallholder relationships are tested for impairment whenever indication of impairment exists.

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (g) Intangible assets (continued)

##### iv) Computer software

Expenditure on computer software that is not an integral part of the related hardware is treated as an intangible asset and is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line basis over their estimated useful lives. The annual amortisation rates range from 10% to 33%. Projects in progress are not amortised as these computer software are not yet available for use.

##### (v) Intellectual property rights

Intellectual property rights acquired from third parties are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line basis over their estimated useful life of 20 years.

##### (vi) Other intangible assets

Other intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line basis over their contractual periods or estimated useful lives. The principal annual amortisation rates are:

Brand names and trademarks	5% to 20%
Assets usage rights	7%
Customer relationships	Contract periods ranging from 10 months to 10 years

These intangible assets are tested for impairment whenever indication of impairment exists. See Note 3(l)(i) on impairment of non-financial assets.

#### (h) Non-current assets held for sale

Non-current assets (or disposal groups) are classified as “held for sale” if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Depreciation ceases when an asset is classified as a non-current asset held for sale. Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs of disposal.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statements of profit or loss and statements of comprehensive income.

#### (i) Inventories

Inventories comprise palm oil products, sugar stocks, coconut oil, raw materials, trading inventories, consumables and spare parts. Inventories are stated at the lower of cost and net realisable value. The cost of raw materials, trading inventories and consumable stores represent cost of purchase plus incidental costs, and in the case of other inventories, include cost of materials, direct labour, other direct costs and related production overheads based on normal operating capacity.

Costs for palm oil products and sugar stock includes all direct expenses, an appropriate proportion of variable and fixed overheads arising from manufacturing and head office expenses and the estimated fair value less costs of disposal attributed to agriculture produce at the point of harvest in accordance with MFRS 141 “Agriculture”. The fair value of biological assets harvested from the Group’s own plantations and sold during the financial year are recorded as part of the biological assets movement in Note 19 and as part of “fair value changes in biological assets (net)” in determining the profit.

The cost of inventories is determined on a weighted average basis whilst net realisable value is the estimated selling price in the ordinary course of business, less estimated cost to completion and estimated selling expenses.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (j) Financial assets

The Group classifies its financial assets in the following measurement categories:

##### (i) Financial assets at amortised cost – Debt instruments

The Group and the Company classify its financial assets at amortised cost when the asset is held within a business model with the objective to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest (“SPPI”). Financial assets of the Group and the Company which fall under this category are trade and other receivables (excluding prepayments and goods and services tax/value added tax receivable), bank balances, deposits and cash.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains and losses together with the related foreign exchange gains and losses.

##### (ii) Financial assets at fair value through other comprehensive income (“FVOCI”) – Equity instruments

The Group and the Company have made an irrevocable election to classify its equity investments in unquoted shares under this category. At initial recognition, the Group and the Company measure a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequently, any fair value gains and losses on equity investments are recognised in investment in FVOCI reserve. On derecognition, the cumulative gain or loss is reclassified from investment in FVOCI reserve to retained earnings. Dividends from such investments continue to be recognised in profit or loss as other income when the Group’s and the Company’s right to receive payments are established.

Equity instruments designated at FVOCI are not subject to impairment assessment.

##### (iii) Financial assets at fair value through profit or loss (“FVTPL”) – Debt instruments

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Accordingly, the Group and the Company classify its non-hedging derivative assets under this category.

At initial recognition, the Group and the Company measure this financial asset at its fair value. Transaction costs attributable to the acquisition of the financial asset are expensed in profit or loss. Net changes in the fair value of financial assets at FVTPL are subsequently recognised in other gains and losses in profit or loss.

Purchases and sales of financial assets are recognised at trade date, the date at which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

Financial assets are classified as current assets for those having maturity dates of not more than 12 months after the end of the reporting period, and the balance is classified as non-current.

See Note 3()(ii) on impairment of financial assets.

#### (k) Derivatives and hedging activities

Derivatives are measured at fair value and carried as assets when the fair value is positive and as liabilities when the fair value is negative.

A derivative that is neither designated nor an effective hedging instrument is categorised under fair value through profit or loss and changes in its fair value is recognised in profit or loss. In the case of a derivative that qualifies for cash flow hedge, the effective portion of changes in its fair value is recognised in other comprehensive income.

The gain or loss is removed from equity and included in profit or loss in the same period or periods during which the hedged item affects profit or loss. In the case of a hedge of a forecast transaction which results in the recognition of a non-financial asset or a non-financial liability, the gain or loss is removed from equity and included in the carrying amount of the asset or liability.

Changes in the fair value of a derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of hedged assets or liabilities that attributable to the hedged risk.



### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (k) Derivatives and hedging activities (continued)

When a derivative expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss within other gains and losses.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains or losses.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is disposed or partially disposed of.

The Group and the Company document at the inception of the hedge relationship, the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group and the Company document its risk management objective and strategy for undertaking its hedge transaction.

#### (l) Impairment

##### (i) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life or are not yet available for use are tested for impairment. Other non-financial assets are assessed for indication of impairment. If an indication exists, an impairment test is performed.

An impairment loss is recognised for the amount by which the carrying amount of the non-financial asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Impairment loss on non-financial assets is charged to profit or loss.

Except for goodwill, non-financial assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss. Reversal of impairment loss is restricted to the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior financial periods.

An impairment loss recognised for goodwill is not reversed.

The Group and the Company perform impairment exercise annually and whenever events or circumstances occur indicating that impairment may exist.

##### (ii) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit loss ("ECL") for all debt instruments not held at FVTPL and financial guarantee contracts issued. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For financial guarantee contract, the ECL is the difference between expected payments to reimburse the holder of the guarantee debt instruments less any amounts the Group and the Company expect to recover from the other party.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9 "Financial Instruments", the identified impairment loss is immaterial.

ECLs are measured based on a general 3-stage approach and a simplified approach.

#### **General 3-stage approach for other receivables, non-trade inter-company balances, advances for plasma plantation projects and financial guarantee contracts issued**

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (l) Impairment (continued)

##### (ii) Impairment of financial assets (continued)

###### Simplified approach for trade receivables including inter-company balances

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

###### Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information.

The following indicators are incorporated in the assessment:

- internal/ external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

###### Definition of default and credit-impaired financial assets

The Group and the Company consider a financial asset in default, which is fully aligned with the definition of credit-impaired, when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off to profit or loss when there is no reasonable expectation of recovering the contractual cash flows.

###### Grouping of instruments for ECL measured on collective basis

###### Collective assessment

To measure ECL, trade receivables arising from plantation upstream and downstream, and other operations were assessed based on credit risk profile and grouped into two categories (i.e. local and export customers). Local customers are defined as the customers with operation presence within the country in which the entity operates. Export customers represent customers outside the country in which the entity operates. Both portfolios are differentiated by country risks and are subject to different credit assessment.

###### Individual assessment

Trade receivables, other receivables, advances from plasma plantation projects, amounts due from subsidiaries and amounts due from related parties which are in default or credit-impaired are assessed individually.

#### (m) Share capital and Perpetual Sukuk

##### (i) Share capital

Proceeds from ordinary shares issued are accounted for as share capital in equity. Costs directly attributable to the issuance of new shares are deducted from equity.

Dividends to the owner of the Company and non-controlling interests are recognised in the statement of changes in equity in the period in which they are declared.

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (m) Share capital and Perpetual Sukuk (continued)

##### (ii) Perpetual Sukuk

Perpetual Sukuk is classified as equity instruments as there is no contractual obligation to redeem the instrument. Costs directly attributable to the issuance of the instrument, net of tax, are treated as a deduction from the proceeds.

Perpetual Sukuk holders' entitlement is accounted for as an appropriation in profit or loss and distribution is recognised in the statement of changes in equity in the period in which it is declared.

#### (n) Provisions

Provisions are recognised when the Group and the Company have a legal or constructive obligation, where the outflow of resources is probable and can be reliably estimated. Provisions are measured at the present value of the obligation. The increase in the provision due to the passage of time is recognised as finance costs.

#### (o) Employee benefits

##### (i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the financial period in which the services are rendered by employees.

##### (ii) Defined contribution pension plans

A defined contribution pension plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has various defined contribution pension plans in accordance with local conditions and practices in the countries in which it operates. The Group's contributions to defined contribution pension plans are charged to profit or loss in the financial period in which they relate.

##### (iii) Defined benefit pension plans

A defined benefit pension plan is a pension plan that is not a defined contribution pension plan. Typically defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group has various defined benefit pension plans, some of which are funded by payments from the relevant group of companies in various countries. The Group's defined benefit pension plans are determined based on a periodic actuarial valuation by external consultants where the amount of the benefits that eligible employees have earned in return for their services in the current and prior financial periods are estimated.

The liabilities in respect of the defined benefit pension plans are the present value of the defined benefit obligations at the end of the reporting period, adjusted for actuarial gains and losses and past service costs, and reduced by the fair value of the plan assets. The defined benefit obligations, calculated using the Projected Unit Credit Method, are determined by independent actuaries, considering the estimated future cash outflows.

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee service in the current year. It is recognised in profit or loss in employee benefit expense, except where included in the cost of an asset.

Actuarial gains or losses arising from market adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

##### (iv) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of a proposal to encourage voluntary redundancy.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (o) Employee benefits (continued)

##### (v) Other long-term employee benefits

Other long-term employee benefits such as deferred compensation payable 12 months or more after the service period are calculated based on the Group's and the Company's policy using the same methodology as other post-employment benefits.

#### (p) Financial liabilities

The Group's financial liabilities are classified into four categories and the accounting policies for each of these categories are as follows:

##### (i) Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities are classified as FVTPL if they are held for trading. Derivatives are categorised as held for trading unless they are designated and are effective hedging instruments.

##### (ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially at fair value plus transaction costs.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with expected credit loss model under MFRS 9 "Financial Instruments" and the amount initially recognised less, the cumulative amount of income recognised in accordance with the principles of MFRS 15 "Revenue from Contracts with Customers", where appropriate.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

##### (iii) Financial liabilities at amortised cost

Trade and other payables (excluding employee related payables and goods and services tax/value added tax payables), amounts due to subsidiaries, amounts due to related parties, lease liabilities and borrowings are recognised initially at fair value plus transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss.

##### (iv) Derivatives used for hedging activities

The accounting policy for derivatives used for hedging activities is disclosed in Note 3(k).

Financial liabilities are classified as current liabilities for those having maturity dates of not more than 12 months after the reporting date, and the balance is classified as non-current.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

#### (q) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks and other short-term highly liquid investments (with original maturities of 3 months or less) and are subject to an insignificant risk of changes in value, net of bank overdrafts. In the statements of financial position, bank overdrafts are included in short-term borrowings.

#### (r) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statements of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of those assets until the assets are substantially ready for their intended use or sale. Any specific borrowing that remains outstanding after a related qualifying asset is ready for its intended use or sale will become part of the Group's general borrowings. All other borrowing costs are recognised in the statement of profit and loss in the financial year in which they are incurred.

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (s) Tax

Taxation comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

The current income tax charge is the expected income taxes payable in respect of the taxable profit for the financial year and is measured using the applicable tax rates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements including those arising from business combination. Deferred tax is not recognised on goodwill and those arising from initial recognition of an asset or liability which at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured based on the tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

#### (t) Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Grants are treated as deferred income and allocated to profit or loss over the useful lives of the related assets or over the period of the operating expenditure to which the grants are intended to compensate.

#### (u) Revenue

##### (i) Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfer control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of any Government Tax applicable at the prevailing rates. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

##### Sales of agricultural produce and refined palm oil related products

The Group's and the Company's revenue are derived mainly from its upstream and downstream operations.

In the upstream operations, revenue is from sales of agricultural produce such as crude palm oil ("CPO"), fresh fruit bunches ("FFB"), palm kernel ("PK"), rubber, beef and sugar. In the downstream operations, revenue is derived from sales of refined oil related products and provision of freight and tolling services.

Revenue from sales of agricultural produce and refined palm oil related products are recognised net of discount and taxes collected on behalf at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer; or upon delivery of the goods on board vessels or tankers for onward delivery to the customer.

Contracts where control of goods transfer to the customer upon delivery of the goods on board vessels or tankers are often bundled with freight services. In such contracts, sale of goods and provision of freight are accounted for as separate performance obligations as the customer can benefit from the sale of goods and freight services on its own or with the use of other resources. The transaction price is allocated to each performance obligation based on the stand-alone selling prices of the goods and services.

There is no element of financing present as the Group's and the Company's sale of goods are either on cash terms (immediate payments or advance payments not exceeding 30 days); or on credit terms of up to 30 days. The Group's and the Company's obligations to provide quality claims against off-spec goods under the Group's and the Company's standard contractual terms are recognised as a provision.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (u) Revenue (continued)

##### (i) Revenue from contracts with customers (continued)

###### Rendering of services – Provision for freight, tolling and other services

Revenue from provision of freight is recognised in the accounting period in which services are rendered. In cases where customers pay for the bundled contract in advance to the rendering of the freight services, a contract liability is recognised.

Revenue from the provision of tolling services is recognised in the period in which the manufacturing activities are performed. There is no element of financing present as the sales is made with credit terms of up to 30 days.

##### (ii) Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group and the Company are as follows:

- Rental income – recognised on a straight-line basis over the lease terms.
- Dividend income – recognised when the right to receive payment is established.
- Insurance claims – recognised if the claim is considered highly probable.

#### (v) Leases

##### The Group as a lessee

The Group and the Company recognise a right-of-use (“ROU”) asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land	over the lease period ranging from 20 to 999 years
Buildings	20 to 50 years, or over the lease term, if shorter
Plant and machinery	5 to 40 years, or over the lease term, if shorter
Vehicles, equipment and fixtures	5 years, or over the lease term, if shorter

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group’s and the Company’s incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise. This incremental borrowing rates is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU assets in a similar economic environment with similar term, security and conditions.

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and Company and affect whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term.

The Group and the Company are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (v) Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of profit or loss.

#### The Group as a lessor

As a lessor, the Group and the Company determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and the Company consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

#### Operating leases

The Group and the Company classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

#### (w) Commodity futures, forward contracts and options

Commodity futures, forward contracts and options are entered into by the Group and the Company to manage exposure to adverse movements in vegetable oil prices. Certain contracts are entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's and the Company's expected purchase, sale or usage requirements. Accordingly, such contracts are deemed not to be financial instruments. Gains or losses arising from these contracts are deferred and included in the measurement of the purchase or sale transactions only upon the recognition of the anticipated transactions.

Certain of the Group's commodity forward purchase and sale contracts are irrevocably designated and measured at fair value through profit or loss (fair value option). The application of the fair value model is made where either doing so eliminates or significantly reduces an accounting mismatch, or a group of financial liabilities or liabilities and assets are managed on a fair value basis. Changes in the market values of these commodity contracts are recognised in the profit or loss and are estimated using valuation techniques as described in Note 48(b).

Contracts entered other than for the purpose of the receipt or delivery of physical commodity are treated as derivatives.

#### (x) Contingent liabilities

The Group and the Company do not recognise contingent liabilities, but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

#### (y) Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to management for the allocation of resources and assessment of its performance. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. They are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group companies within a single segment. Intragroup transactions which in substance represent re-allocation of non-current assets from a segment to another segment are also eliminated. Inter-segment pricing is based on similar terms as those available to external parties.



## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (z) Fair value estimation

Fair values shown in the financial statements are categorised into three different levels to increase consistency and comparability in fair value measurements. The levels of hierarchy are based on the input used to measure the fair value of an asset or a liability. The hierarchy based on highest to the lowest priority is as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities
- Level 2 – valuation inputs (other than Level 1 input) that are observable for the asset or liability, either directly or indirectly
- Level 3 – valuation inputs that are not based on observable market data

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of financial statements in conforming with MFRS requires the use of certain critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group's accounting policies. Estimates and assumptions are based on the Directors' best knowledge of current events. Such estimates and judgement could change from period to period and have a material impact on the results, financial position, cash flows and other disclosures.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

#### (a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units ("CGU") to which the goodwill is allocated. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amounts of the CGUs were determined based on the value in use ("VIU") calculations. The VIU is the net present value of the projected future cash flows derived from the CGU discounted at an appropriate discount rate. Projected cash flows are estimates made based on historical and industry trends, general market and economic conditions and other available information.

The carrying amount of the Group's and the Company's goodwill as at 31 December 2020 were USD517.0 million (RM2,086.9 million based on 31 December 2020 exchange rate) arising from the acquisition of New Britain Palm Oil Limited ("NBPOL") and goodwill of RM1,974.8 million arising from the merger exercise of plantation businesses as disclosed in Note 24(i) to the financial statements. Based on the impairment assessments, no impairment charge is required. The key assumptions are also disclosed in Note 24(i) to the financial statements.

#### (b) Impairment of investment in subsidiaries and joint ventures

The Group and the Company had assessed whether there is any indication that the investments in subsidiaries and joint ventures are impaired at the end of each reporting period in accordance with the respective accounting policies. Significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's and the Company's test for impairment of assets.

Based on the impairment assessments, no impairment losses are required to be made for the investment in subsidiaries and joint ventures, other than:

- (i) the impairment of the Group's and the Company's investment in Emery Group of RM236.0 million and RM98.3 million respectively, in accordance with MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", as disclosed in Note 6(e) and 13. The key assumptions used in the impairment assessment for its investment in this joint venture has been disclosed in Note 33 to the financial statements; and
- (ii) the impairment of the Company's investment in its subsidiaries of RM12.4 million, recognised in accordance with MFRS 136 "Impairment of Assets" as disclosed in Note 21.



## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONTINUED)

### (c) Taxation

#### (i) Income taxes

The Group is subject to income taxes in numerous jurisdictions in which the Group operates. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. The Group also recognised certain tax recoverable for which the Group believes that there is reasonable basis for recognition. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax, deferred tax provisions, tax recoverable and tax payable balances in the financial year in which such determination is made.

#### (ii) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences or unutilised tax losses and tax credits (including investment allowances) can be utilised. This involves estimate regarding future taxable profits of particular entities within the Group in which the deferred tax asset has been recognised.

During the financial year, the Group has recognised deferred tax assets arising from unutilised tax losses and other deductible temporary differences as disclosed in Note 26.

### (d) Estimated useful lives of right-of-use assets in Indonesia

The Group has a diversified portfolio of land use rights in various countries which is classified as right-of-use assets in accordance with MFRS 16 "Lease" as at reporting date. The extension of the lease period is subject to the decision made by the local authority and terms and conditions imposed on the renewal of land use rights ("HGU") in Indonesia. The Group has revised the useful lives of the existing HGU in Indonesia by extending the lease period based on the success rate of past renewal applications. The effect of the change of useful life of the right-of-use assets to the Group's financial statements is a reduction of depreciation charge of RM25.0 million for the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 5. REVENUE

The Group and the Company derive the following types of revenue:

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers	5(a)	<b>13,063,055</b>	12,046,316	<b>3,709,939</b>	3,148,353
Revenue from other sources	5(b)	<b>18,073</b>	15,950	<b>59,947</b>	13,532
		<b>13,081,128</b>	12,062,266	<b>3,769,886</b>	3,161,885

#### (a) Disaggregation of revenue from contracts with customers

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Upstream					
– Malaysia		<b>560,462</b>	780,944	<b>854,626</b>	539,780
– Indonesia		<b>803,810</b>	865,114	–	–
– Papua New Guinea and Solomon Islands ("PNG/SI")		<b>802,056</b>	836,398	–	–
Downstream					
– Bulk products	5(a)(i)	<b>6,731,022</b>	5,514,435	<b>1,506,350</b>	1,095,600
– Differentiated products	5(a)(ii)	<b>4,106,445</b>	3,994,753	<b>1,340,762</b>	1,505,966
Other operations		<b>59,260</b>	54,672	<b>8,201</b>	7,007
		<b>13,063,055</b>	12,046,316	<b>3,709,939</b>	3,148,353

(i) Bulk products include crude palm oil ("CPO") purchased, crude palm kernel oil ("CPKO") which is refined in kernel crushing plants, basic refined products comprising Refined Bleached Deodorised ("RBD") palm oil, palm olein and stearin, Palm Fatty Acid Distillate ("PFAD") which are refined in the bulk refineries and coconut oils products which are extracted from the copra.

(ii) Differentiated products are further processed from the basic refined products into products catering to customers' specific requirements.

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sales of palm based products, other refined edible oils, rubber, sugar, beef and other agricultural products	<b>12,801,779</b>	11,741,983	<b>3,668,885</b>	3,108,308
Management fee income from subsidiaries	–	–	<b>32,634</b>	32,652
Freight services	<b>252,185</b>	297,099	<b>219</b>	386
Tolling services	<b>9,091</b>	7,234	<b>8,201</b>	7,007
	<b>13,063,055</b>	12,046,316	<b>3,709,939</b>	3,148,353
Timing of revenue recognition				
– at point in time	<b>12,801,779</b>	11,741,983	<b>3,668,885</b>	3,108,308
– over time	<b>261,276</b>	304,333	<b>41,054</b>	40,045
	<b>13,063,055</b>	12,046,316	<b>3,709,939</b>	3,148,353

#### (b) Revenue from other sources

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Dividends (gross) received/receivable from:				
– other investments	<b>6,669</b>	4,059	<b>6,669</b>	4,059
– a subsidiary	–	–	<b>43,678</b>	–
Rental income	<b>11,404</b>	11,891	<b>9,600</b>	9,473
	<b>18,073</b>	15,950	<b>59,947</b>	13,532

## 5. REVENUE (CONTINUED)

### (c) Revenue expected to be recognised in relation to unsatisfied performance obligations

The following table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially satisfied) at the end of the financial year.

#### Expected timing of recognition:

	Note	GROUP		COMPANY	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Freight income	41	<b>28,087</b>	13,071	–	7

## 6. OPERATING EXPENSES

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>(a) Operating expenses include:</b>					
Cost of raw materials and inventories sold for palm products, rubber, sugar, beef and other agricultural products		<b>5,269,250</b>	5,325,886	<b>1,525,323</b>	1,169,704
Other direct costs of sales	6(b)	<b>1,932,126</b>	1,883,434	<b>517,450</b>	508,099
Employee costs	6(d)	<b>2,372,422</b>	2,301,133	<b>769,860</b>	715,160
Depreciation of:					
– property, plant and equipment	6(c)	<b>1,122,231</b>	1,073,555	<b>254,155</b>	255,811
– right-of-use assets	6(c)	<b>68,110</b>	99,830	<b>4,894</b>	5,337
– investment properties	18	<b>70</b>	84	–	–
Amortisation of intangible assets	24	<b>34,136</b>	32,544	<b>7,573</b>	7,990
Other operating expenses	6(e)	<b>774,812</b>	934,553	<b>332,733</b>	645,108
		<b>11,573,157</b>	11,651,019	<b>3,411,988</b>	3,307,209
<b>(b) Other direct costs of sales include:</b>					
Transport and handling charges		<b>707,367</b>	676,858	<b>80,025</b>	54,206
Commissions fees		<b>5,646</b>	7,046	<b>36,107</b>	32,980
Tolling fees		<b>30,135</b>	23,121	<b>3,776</b>	4,787
Upkeep, manuring, and collection expenses		<b>552,051</b>	601,137	<b>202,940</b>	218,284
Selling and distribution expenses		<b>97,161</b>	83,100	<b>911</b>	761
Mills and refineries maintenance expenses		<b>176,166</b>	173,783	<b>65,803</b>	62,584
Research expenses		<b>2,463</b>	2,585	<b>75,800</b>	87,250
Others		<b>361,137</b>	315,804	<b>52,088</b>	47,247
		<b>1,932,126</b>	1,883,434	<b>517,450</b>	508,099
<b>(c) Depreciation of:</b>					
Depreciation for the financial year					
– property, plant and equipment	17	<b>1,158,711</b>	1,119,197	<b>262,640</b>	265,005
– capitalised in immature bearer plant		<b>(36,480)</b>	(45,642)	<b>(8,485)</b>	(9,194)
	6(a)	<b>1,122,231</b>	1,073,555	<b>254,155</b>	255,811
Depreciation for the financial year					
– right-of-use assets	20	<b>68,672</b>	109,105	<b>5,242</b>	5,797
– capitalised in immature bearer plant		<b>(562)</b>	(9,275)	<b>(348)</b>	(460)
	6(a)	<b>68,110</b>	99,830	<b>4,894</b>	5,337
Depreciation included in profit or loss		<b>1,190,341</b>	1,173,385	<b>259,049</b>	261,148

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 6. OPERATING EXPENSES (CONTINUED)

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>(d) Employee costs include:</b>					
Salaries, wages and bonus		<b>2,021,410</b>	1,899,838	<b>549,387</b>	490,720
Defined contribution plans		<b>100,920</b>	104,630	<b>82,975</b>	80,624
Retirement benefits	38	<b>35,401</b>	41,805	<b>6,620</b>	7,622
Termination benefits		<b>12,396</b>	3,072	<b>12,396</b>	3,072
Other employee benefits		<b>202,295</b>	251,788	<b>118,482</b>	133,122
		<b>2,372,422</b>	2,301,133	<b>769,860</b>	715,160
<b>(e) Other operating expenses include:</b>					
Fair value changes in biological assets (net)		<b>(32,346)</b>	(13,065)	<b>(17,569)</b>	(8,760)
Impairment of:					
– property, plant and equipment	17	<b>14,798</b>	2,474	<b>12,179</b>	–
– right-of-use assets	20	–	19,446	–	–
– advances for plasma plantation projects	48(a)(iii)	<b>1,624</b>	1,703	–	–
– trade and other receivables	48(a)(ii)	<b>10,326</b>	9,310	<b>485</b>	1,475
– amounts due from subsidiaries	48(a)(iii)	–	–	<b>761</b>	18,267
– amounts due from joint ventures	48(a)(iii)	<b>159</b>	27,501	<b>159</b>	25,088
– investment in subsidiaries	21	–	–	<b>12,411</b>	309,462
– investment in joint venture		–	–	–	11,350
– non-current assets held for sale	33	–	–	<b>98,298</b>	–
Write off of:					
– property, plant and equipment	17	<b>20,367</b>	26,218	<b>2,213</b>	9,510
– intangible assets	24	–	13	–	–
– bad debts		<b>842</b>	19	<b>842</b>	19
Write-down of:					
– right-of-use assets	20	<b>488</b>	1,971	–	321
– inventories		<b>10,046</b>	3,554	<b>152</b>	459
Loss on disposal of non-current assets held for sale		<b>3,348</b>	–	–	–
Donations		<b>28,010</b>	20,000	<b>10,367</b>	2,948
Insurance charges		<b>34,759</b>	32,354	<b>5,509</b>	5,511
Information technology charges		<b>76,827</b>	74,610	<b>20,093</b>	22,284
Professional fees		<b>61,679</b>	108,510	<b>14,596</b>	34,506
Quit rent and assessment		<b>58,533</b>	48,224	<b>27,788</b>	21,195
Expense relating to short-term leases		<b>32,888</b>	22,224	<b>15,414</b>	12,476
Repairs and maintenance		<b>187,790</b>	225,198	<b>30,439</b>	30,464
Telecommunication expenses		<b>6,526</b>	9,621	<b>878</b>	1,118
Travelling expenditure		<b>21,255</b>	40,789	<b>4,395</b>	11,483
Utilities expenditure		<b>112,041</b>	137,150	<b>32,228</b>	34,000
Incidental cost of disposal of a subsidiary		–	–	<b>19,319</b>	20,650

## 6. OPERATING EXPENSES (CONTINUED)

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>(f) Auditors' remuneration</b>				
Fees for statutory audits:				
– PricewaterhouseCoopers PLT, Malaysia	<b>3,009</b>	2,769	<b>1,600</b>	1,521
– Member firms of PricewaterhouseCoopers International Limited	<b>7,537</b>	7,503	–	–
– Other firms	<b>158</b>	334	–	–
	<b>10,704</b>	10,606	<b>1,600</b>	1,521
Fees for non-audit services:				
– PricewaterhouseCoopers PLT, Malaysia	<b>1,476</b>	318	<b>1,144</b>	318
– Member firms of PricewaterhouseCoopers International Limited	<b>1,523</b>	1,717	–	–
– Other firms*	<b>760</b>	1,853	<b>290</b>	1,212
	<b>3,759</b>	3,888	<b>1,434</b>	1,530

\* Fees for non-audit services provided by other firms for the financial year ended 31 December 2019 exclude amounts capitalised in intangible asset of RM3.5 million for the Group and the Company.

## 7. OTHER OPERATING INCOME

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Gain on disposal of:					
– property, plant and equipment		<b>2,785</b>	60,684	<b>5,925</b>	54,280
– non-current assets held for sale		<b>465,849</b>	19,455	<b>408,850</b>	832
Government grants/incentives		<b>9,054</b>	7,543	<b>720</b>	–
Insurance claims		<b>14,110</b>	25,670	<b>1,233</b>	1,111
Other compensation income		<b>8,996</b>	17,526	<b>7,714</b>	742
Reversal of impairment of:					
– investment in a subsidiary	21	–	–	–	94,731
– amounts due from subsidiaries	48(a)(iii)	–	–	–	1,153
– trade and other receivables	48(a)(iii)	<b>2,984</b>	18,309	<b>659</b>	–
– advances for plasma plantation projects	48(a)(ii)	–	2,130	–	–
Waiver of intercompany payable to wholly-owned subsidiaries which were liquidated		–	–	<b>3,301</b>	–
Sale of scrap		<b>24,482</b>	13,765	<b>1,077</b>	4,280
Sale of rubber wood		<b>1,890</b>	3,204	<b>1,890</b>	3,204
Other income		<b>61,435</b>	34,075	<b>15,486</b>	8,647
		<b>591,585</b>	202,361	<b>446,855</b>	168,980

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 8. OTHER GAINS AND LOSSES

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fair value (losses)/gains on forward foreign exchange contracts:				
– realised non-hedging derivatives	<b>(19,822)</b>	(2,494)	–	–
– unrealised non-hedging derivatives	<b>5,610</b>	3,744	–	–
– cash flow hedge	<b>(6,708)</b>	(6,433)	<b>1,246</b>	1,211
Fair value (losses)/gains on commodities futures contracts:				
– realised	<b>(57,724)</b>	(68,836)	<b>(23,955)</b>	(65,499)
– unrealised	<b>92,958</b>	(178,701)	<b>99,599</b>	(92,785)
Foreign currencies exchange (losses)/gains:				
– realised	<b>(4,765)</b>	29,488	<b>(81,799)</b>	52,115
– unrealised	<b>(23,724)</b>	13,856	<b>174,197</b>	5,571
	<b>(14,175)</b>	(209,376)	<b>169,288</b>	(99,387)

RM58.5 million and RM1.6 million losses (2019: nil) arising from cash flow hedge ineffectiveness has been recognised in the realised and unrealised fair value (losses)/gains on commodities futures contracts respectively as the forecasted sale transaction is not expected to occur.

### 9. FINANCE INCOME

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Finance income from:				
– banks and other financial institutions	<b>7,788</b>	8,478	<b>2,529</b>	1,970
– subsidiaries	–	–	<b>20,558</b>	8,482
– financial guarantee contracts	–	–	<b>13,119</b>	7,322
– others	<b>9,506</b>	4,497	<b>42</b>	12
	<b>17,294</b>	12,975	<b>36,248</b>	17,786

### 10. FINANCE COSTS

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Finance costs charged by:					
– banks and other financial institutions		<b>163,022</b>	261,831	<b>119,682</b>	196,098
– lease liabilities		<b>11,710</b>	7,691	<b>37</b>	877
– subsidiaries		–	–	<b>17,902</b>	17,067
Amortisation of deferred financing expenses	39	<b>8,608</b>	11,605	<b>7,096</b>	11,568
		<b>183,340</b>	281,127	<b>144,717</b>	225,610
Interests capitalised in:					
– capital work-in-progress		<b>(18,910)</b>	(25,316)	<b>(1,443)</b>	(1,424)
– immature bearer plants		<b>(47,732)</b>	(88,037)	<b>(16,637)</b>	(26,113)
– intangible assets	24	<b>(280)</b>	(229)	<b>(280)</b>	(229)
		<b>(66,922)</b>	(113,582)	<b>(18,360)</b>	(27,766)
Net finance costs		<b>116,418</b>	167,545	<b>126,357</b>	197,844

## 11. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-executive Directors:				
– fees and allowances	<b>4,240</b>	4,189	<b>3,717</b>	3,018
– estimated monetary value of benefits	<b>135</b>	237	<b>135</b>	237
	<b>4,375</b>	4,426	<b>3,852</b>	3,255
Executive Director:				
– salaries and other emoluments	<b>3,140</b>	3,704	<b>3,140</b>	3,704
– defined contribution pension plans	<b>494</b>	290	<b>494</b>	290
– estimated monetary value of benefits	<b>47</b>	40	<b>47</b>	40
	<b>3,681</b>	4,034	<b>3,681</b>	4,034

## 12. TAX EXPENSE

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax:					
In respect of current financial year					
– Malaysian income tax		<b>56,593</b>	23,834	<b>17,097</b>	3,724
– foreign income tax		<b>242,275</b>	108,586	–	–
– real property gain tax		<b>41,620</b>	188	<b>41,620</b>	188
		<b>340,488</b>	132,608	<b>58,717</b>	3,912
(Over)/under provision in respect of prior financial year/period					
– Malaysian income tax		<b>(2,829)</b>	30,086	<b>(6,677)</b>	10,696
– foreign income tax		<b>5,647</b>	(13,528)	–	–
		<b>2,818</b>	16,558	<b>(6,677)</b>	10,696
Deferred tax					
– origination and reversal of temporary differences	26	<b>122,220</b>	(172,735)	<b>87,566</b>	(8,853)
Tax expense/(credit)		<b>465,526</b>	(23,569)	<b>139,606</b>	5,755

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### 12. TAX EXPENSE (CONTINUED)

A reconciliation of income tax expense/(credit) applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense/(credit) at the effective income tax rate is as follows:

		GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(loss) from continuing operations before income tax expense		<b>1,990,250</b>	251,316	<b>883,932</b>	(255,789)
Loss from discontinued operations before income tax expense	13	<b>(162,162)</b>	(321,793)	–	–
		<b>1,828,088</b>	(70,477)	<b>883,932</b>	(255,789)
Applicable tax	12(a)	<b>418,776</b>	(54,350)	<b>212,144</b>	(61,389)
Effects of income not subject to tax		<b>(63,380)</b>	(99,367)	<b>(61,151)</b>	(60,435)
Effects of expenses not deductible for tax purposes		<b>128,936</b>	102,440	<b>103,027</b>	169,406
Expenses subject to double deductions		<b>(27,956)</b>	(26,667)	<b>(20,859)</b>	(22,691)
Tax incentive		<b>(4,801)</b>	–	–	–
Income subject to different tax rate		<b>(58,326)</b>	188	<b>(56,964)</b>	–
Effects of changes in statutory tax rates on deferred tax		<b>73,974</b>	(33,116)	–	–
Deferred tax assets not recognised in respect of tax losses and deductible temporary differences for the current financial year		<b>25,156</b>	93,460	–	–
Under/(over) provision in respect of prior financial year/period		<b>2,818</b>	16,558	<b>(6,677)</b>	10,696
Perpetual Sukuk distribution and expenses		<b>(29,914)</b>	(29,832)	<b>(29,914)</b>	(29,832)
Share of tax expense from associates and joint ventures		<b>243</b>	7,117	–	–
Tax expense/(credit) for the financial year		<b>465,526</b>	(23,569)	<b>139,606</b>	5,755
Effective tax rate (%)	12(b)	<b>25.5</b>	(33.4)	<b>15.8</b>	2.2

- (a) The applicable tax rate of the Group is derived from the consolidation of all the Group's companies' applicable tax rates based on their respective domestic tax rates. The applicable tax of the Company is the product of profit/(loss) before tax multiplied by the domestic tax rate of the Company.
- (b) During the financial year, the effective tax rate is higher than the average tax rate of the Group mainly due to the effect of a change in the statutory income tax rate in Indonesia which reduced gradually from 25% to 22% for 2020 and 2021 and to 20% in 2022 and thereafter, resulting in a net reduction of deferred tax assets previously recognised by RM74.0 million.

### 13. DISCONTINUED OPERATIONS

In the previous financial year, the Board of Directors had approved the Group's intention to exit the upstream business in Liberia (Sime Darby Plantation (Liberia) Inc. ("SDP Liberia")), to dispose its investments in the joint ventures, Emery Oleochemicals (M) Sdn Bhd and Emery Specialty Chemicals Sdn Bhd (collectively known as "Emery Group") and to cease further investment in its joint venture, MYBiomass Sdn Bhd ("MYBiomass"). The associated assets and liabilities were consequently presented as held for sale in Note 33 to the financial statements.

On 15 January 2020, the disposal of SDP Liberia was completed and a gain of disposal of RM73.8 million was recognised in the consolidated profit or loss as disclosed in Note 33(d)(i) to the financial statements.

During the current financial year, the Group has reassessed the Fair Value Less Cost of Disposal ("FVLCTS") of its investment in the joint ventures, Emery Group resulting in an impairment charge of RM236.0 million in the consolidated profit or loss as the carrying amounts are higher than the FVLCTS as at 31 December 2020. The critical estimates and key assumptions used in the impairment assessment and the status of the planned disposal are disclosed in Note 33(b) to the financial statements.

In 2019, the Group had recognised an impairment charge of RM8.2 million on its investment in MYBiomass and it remains as dormant since then.



### 13. DISCONTINUED OPERATIONS (CONTINUED)

(a) Analysis of the results and cash flow information of the discontinued operations are as follows:

	Note	GROUP	
		2020 RM'000	2019 RM'000
<u>Statements of Profit or Loss</u>			
Revenue		–	51,790
Operating expenses		<b>(236,000)</b>	(377,644)
Other operating income		<b>73,838</b>	–
Operating loss	13(b)	<b>(162,162)</b>	(325,854)
Share of results of joint ventures	22(a)	–	4,061
Loss before tax/ loss for the financial year		<b>(162,162)</b>	(321,793)
Loss for the financial year attributable to:			
– equity holders of the Company		<b>(162,162)</b>	(321,793)
<u>Statements of Comprehensive Income</u>			
Loss for the financial year		<b>(162,162)</b>	(321,793)
Items that will be reclassified subsequently to profit/(loss):			
Currency translation differences (loss)/gain:			
– subsidiary		<b>(113,128)</b>	1,412
– joint ventures	22(a)	–	11,990
		<b>(113,128)</b>	13,402
Items that will not be reclassified subsequently to profit/(loss):			
Share of other comprehensive loss of joint ventures	22(a)	–	(11,402)
Total other comprehensive (loss)/income for the financial year	16	<b>(113,128)</b>	2,000
Total comprehensive loss for the financial year		<b>(275,290)</b>	(319,793)
<u>Statements of Cash Flows</u>			
Net cash used in operating activities		<b>(1,481)</b>	(63,363)
Net cash used in investing activities		–	–
Net cash generated from financing activities		–	63,081
Net decrease in cash and cash equivalents		<b>(1,481)</b>	(282)
Foreign exchange differences		<b>(13)</b>	(18)
Cash and cash equivalents at beginning of the financial year		<b>1,494</b>	1,794
Cash and cash equivalents at end of the financial year		–	1,494

(b) Significant operating expenses of the discontinued operations for the financial year are as follow:

	Note	GROUP	
		2020 RM'000	2019 RM'000
Impairment of:			
– a joint venture		<b>236,000</b>	8,176
– property, plant and equipment	17	–	224,467
– right-of-use assets	20	–	10,967
Gain on disposal of a subsidiary	33(d)(i)	<b>(73,838)</b>	–
Depreciation of:			
– property, plant and equipment	17	–	19,520
– right-of-use assets	20	–	206
Incidental cost of disposal of a subsidiary		<b>23,853</b>	20,650

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 14. EARNINGS PER SHARE

#### Basic earnings per share

The basic earnings per share for the financial year has been calculated based on the Group's net profit attributable to the equity holders of the Company for the financial year and the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2020 RM'000	2019 RM'000
Profit/(loss) for the financial year (RM'000)		
– continuing operations	<b>1,346,731</b>	121,633
– discontinued operations	<b>(162,162)</b>	(321,793)
Weighted average number of ordinary shares in issue ('000 units)		
– continuing operations	<b>6,884,575</b>	6,884,575
– discontinued operations	<b>6,884,575</b>	6,884,575
Basic earnings/(loss) per share (sen)		
– continuing operations	<b>19.56</b>	1.77
– discontinued operations	<b>(2.36)</b>	(4.67)

#### Diluted earnings per share

There is no dilution in earnings per share as there is no potential dilutive ordinary shares.

### 15. DIVIDENDS

Dividends payable and paid in respect of the ordinary shares for the financial year are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Dividends for the financial year ended 31 December 2018:		
– Final dividend of 1.0 sen per share, paid in cash on 21 May 2019	–	117,038
Dividends for the financial year ended 31 December 2019:		
– Final dividend of 1.0 sen per share, paid in cash on 22 May 2020	<b>68,846</b>	–
Dividends for the financial year ended 31 December 2020:		
– Interim dividend of 2.57 sen per share, paid in cash on 26 November 2020	<b>176,933</b>	–
– Special interim dividend of 1.45 sen per share, paid in cash on 26 November 2020	<b>99,826</b>	–
	<b>345,605</b>	117,038

A final dividend of 5.42 sen per ordinary share, amounting to RM373.1 million in respect of the financial year ended 31 December 2020 has been declared on 18 February 2021 and will be paid on 12 May 2021. The entitlement date for the dividend payment is 28 April 2021.

A special final dividend of 2.13 sen per ordinary share, amounting to RM146.6 million in respect of the financial year ended 31 December 2020 ("Special Final Dividend") has been declared on 15 March 2021 and it has been determined that the dividend reinvestment plan ("DRP") applies to the Special Final Dividend. The entitlement and payment dates for the Special Final Dividend are to be determined later by the Board of Directors.

## 16. OTHER COMPREHENSIVE INCOME

GROUP	Note	Attributable to equity holders of the Company				Total RM'000	Non- controlling interests RM'000	Total RM'000
		Hedging reserve RM'000	Investments at FVOCI reserve RM'000	Exchange reserve RM'000	Retained earnings RM'000			
<b>2020</b>								
Items that will be reclassified subsequently to profit or loss:								
Currency translation differences:								
– subsidiaries		–	–	(146,478)	–	(146,478)	(8,507)	(154,985)
Net changes in fair value:								
– cash flow hedge		(258,198)	–	–	–	(258,198)	–	(258,198)
Tax credit relating to components of other comprehensive income								
		58,465	–	–	–	58,465	–	58,465
		(199,733)	–	(146,478)	–	(346,211)	(8,507)	(354,718)
Items that will not be reclassified subsequently to profit or loss:								
Actuarial gain on defined benefit plans	38	–	–	–	12,674	12,674	–	12,674
Net changes in fair value:								
– investment at FVOCI	25	–	(3,584)	–	–	(3,584)	183	(3,401)
Tax credit relating to actuarial loss on defined benefit plans								
		–	–	–	7,480	7,480	386	7,866
		–	(3,584)	–	20,154	16,570	569	17,139
Continuing operations		(199,733)	(3,584)	(146,478)	20,154	(329,641)	(7,938)	(337,579)
Discontinued operations	13	–	–	(113,128)	–	(113,128)	–	(113,128)
Total other comprehensive (loss)/income		(199,733)	(3,584)	(259,606)	20,154	(442,769)	(7,938)	(450,707)
<b>2019</b>								
Items that will be reclassified subsequently to profit or loss:								
Currency translation differences:								
– subsidiaries		–	–	86,821	–	86,821	1,759	88,580
Net changes in fair value:								
– cash flow hedge		(24,645)	–	–	382	(24,263)	266	(23,997)
Tax expenses relating to components of other comprehensive income								
		(1,181)	–	–	–	(1,181)	–	(1,181)
		(25,826)	–	86,821	382	61,377	2,025	63,402
Items that will not be reclassified subsequently to profit or loss:								
Actuarial loss on defined benefit plans	38	–	–	–	(14,516)	(14,516)	(741)	(15,257)
Net changes in fair value:								
– investment at FVOCI	25	–	1,175	–	–	1,175	–	1,175
Tax credit relating to actuarial loss on defined benefit plans								
		–	–	–	3,567	3,567	–	3,567
		–	1,175	–	(10,949)	(9,774)	(741)	(10,515)
Continuing operations		(25,826)	1,175	86,821	(10,567)	51,603	1,284	52,887
Discontinued operations	13	–	–	13,402	(11,402)	2,000	–	2,000
Total other comprehensive (loss)/income		(25,826)	1,175	100,223	(21,969)	53,603	1,284	54,887

**NOTES TO THE FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2020

**16. OTHER COMPREHENSIVE INCOME (CONTINUED)**

COMPANY	Note	Investments at FVOCI reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000
<b>2020</b>					
Items that will be reclassified subsequently to profit or loss:					
Net changes in fair value:					
– cash flow hedge		–	(8,752)	–	(8,752)
Tax credit relating to cash flow hedge		–	2,249	–	2,249
		–	(6,503)	–	(6,503)
Items that will not be reclassified subsequently to profit or loss:					
Actuarial loss on defined benefit plans		–	–	(1,807)	(1,807)
Net changes in fair value:					
– investment at FVOCI	25	(3,662)	–	–	(3,662)
Tax credit relating to actuarial loss on defined benefit plans		–	–	434	434
		(3,662)	–	(1,373)	(5,035)
Total other comprehensive loss		(3,662)	(6,503)	(1,373)	(11,538)
<b>2019</b>					
Items that will be reclassified subsequently to profit or loss:					
Net changes in fair value:					
– cash flow hedge		–	(17,688)	–	(17,688)
Tax expenses relating to cash flow hedge		–	(302)	–	(302)
		–	(17,990)	–	(17,990)
Items that will not be reclassified subsequently to profit or loss:					
Net changes in fair value:					
– investment at FVOCI	25	1,300	–	–	1,300
Total other comprehensive income/(loss)		1,300	(17,990)	–	(16,690)

## 17. PROPERTY, PLANT AND EQUIPMENT

GROUP	Note	Freehold land RM'000	Buildings RM'000	Bearer plants RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000	Capital work-in-progress RM'000	Total RM'000
<b>2020</b>								
<u>Net Book Value</u>								
At 1 January 2020		2,707,957	3,416,225	8,327,280	1,887,108	490,371	485,084	17,314,025
Additions		756	16,135	842,522	50,767	109,587	391,305	1,411,072
Disposals		(277)	(277)	–	(2,377)	–	–	(2,931)
Write offs	6(e)	–	(747)	(17,204)	(2,274)	(142)	–	(20,367)
Depreciation charge for the financial year	6(c)	–	(228,579)	(488,910)	(296,423)	(144,799)	–	(1,158,711)
Impairment charge for the financial year	6(e)	–	(11,040)	–	(3,758)	–	–	(14,798)
Transfer to non-current assets held for sale	33(e)	(26,041)	(14,041)	(69,721)	(5,165)	(195)	(2,737)	(117,900)
Reclassification		–	138,676	–	173,499	25,852	(338,027)	–
Exchange differences		(2,943)	(40,241)	(81,540)	(6,082)	2,828	992	(126,986)
At 31 December 2020		2,679,452	3,276,111	8,512,427	1,795,295	483,502	536,617	17,283,404
Cost		2,679,452	5,276,156	12,155,060	4,394,774	2,303,890	540,403	27,349,735
Accumulated depreciation		–	(1,975,013)	(3,642,633)	(2,578,604)	(1,814,343)	–	(10,010,593)
Accumulated impairment losses		–	(25,032)	–	(20,875)	(6,045)	(3,786)	(55,738)
Net book value		2,679,452	3,276,111	8,512,427	1,795,295	483,502	536,617	17,283,404
<b>2019</b>								
<u>Net Book Value</u>								
At 1 January 2019		2,759,863	3,158,441	7,915,811	1,935,156	485,174	749,628	17,004,073
Additions		–	16,097	1,027,961	61,646	109,033	519,690	1,734,427
Disposals		(4,701)	(19)	(652)	(1,539)	(1,471)	(2,274)	(10,656)
Write offs	6(e)	–	(1,063)	(23,777)	(1,123)	(255)	–	(26,218)
Depreciation charge for the financial year	6(c), 13(b)	–	(225,262)	(456,790)	(320,809)	(135,856)	–	(1,138,717)
Impairment charge for the financial year	6(e), 13(b)	–	(38,760)	(145,928)	(24,822)	(6,324)	(11,107)	(226,941)
Transfer to non-current assets held for sale	33(e)	(51,655)	(17,397)	(23,676)	(3,670)	(1,905)	(2,477)	(100,780)
Reclassification		–	505,857	–	217,337	43,745	(766,939)	–
Exchange differences		4,450	18,331	34,331	24,932	(1,770)	(1,437)	78,837
At 31 December 2019		2,707,957	3,416,225	8,327,280	1,887,108	490,371	485,084	17,314,025
Cost		2,707,957	5,219,349	11,653,369	4,280,529	2,222,541	488,870	26,572,615
Accumulated depreciation		–	(1,789,232)	(3,324,455)	(2,375,447)	(1,726,464)	–	(9,215,598)
Accumulated impairment losses		–	(13,892)	(1,634)	(17,974)	(5,706)	(3,786)	(42,992)
Net book value		2,707,957	3,416,225	8,327,280	1,887,108	490,371	485,084	17,314,025

Included in depreciation charge for the previous financial year are depreciation charged for continuing and discontinued operations of RM1,119.2 million and RM19.5 million respectively while included in impairment charge for the previous financial year are impairment charged for continuing and discontinued operations of RM2.5 million and RM224.5 million respectively. There is no depreciation or impairment charge attributable to discontinued operations during the current financial year.

The finance cost is capitalised at an average capitalisation rate of 2.48% (2019: 3.65%).

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Note	Freehold land RM'000	Buildings RM'000	Bearer plants RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000	Capital work-in-progress RM'000	Total RM'000
<b>2020</b>								
<u>Net Book Value</u>								
At 1 January 2020		4,041,763	982,501	2,385,412	321,044	115,918	68,257	7,914,895
Additions		756	7,288	233,361	14,066	27,932	84,263	367,666
Intra group acquisition		-	-	-	202	489	-	691
Disposals		(277)	-	-	-	-	-	(277)
Intra group disposal		-	(192)	-	(497)	(7,261)	-	(7,950)
Write offs	6(e)	-	(40)	(2,065)	(91)	(17)	-	(2,213)
Depreciation charge for the financial year	6(c)	-	(59,627)	(109,564)	(57,370)	(36,079)	-	(262,640)
Impairment charge for the financial year	6(e)	-	(8,857)	-	(3,322)	-	-	(12,179)
Transfer to non-current assets held for sale	33(e)	(36,369)	(45)	(801)	-	-	-	(37,215)
Reclassification		-	17,793	-	30,265	7,725	(55,783)	-
At 31 December 2020		4,005,873	938,821	2,506,343	304,297	108,707	96,737	7,960,778
Cost		4,005,873	1,492,125	3,275,837	942,052	444,193	96,737	10,256,817
Accumulated depreciation		-	(544,447)	(769,494)	(630,985)	(335,486)	-	(2,280,412)
Accumulated impairment losses		-	(8,857)	-	(6,770)	-	-	(15,627)
Net book value		4,005,873	938,821	2,506,343	304,297	108,707	96,737	7,960,778
<b>2019</b>								
<u>Net Book Value</u>								
At 1 January 2019		4,102,105	1,013,713	2,205,905	342,155	116,629	58,481	7,838,988
Additions		-	7,656	301,918	9,203	24,147	89,170	432,094
Intra group acquisition		-	-	-	-	27	-	27
Disposals		(4,642)	-	-	-	-	-	(4,642)
Intra group disposal		-	(408)	-	(3,296)	(4,387)	-	(8,091)
Write offs	6(e)	-	(4)	(9,019)	-	(12)	(475)	(9,510)
Depreciation charge for the financial year	6(c)	-	(59,681)	(100,513)	(67,331)	(37,480)	-	(265,005)
Transfer to non-current assets held for sale	33(e)	(55,700)	(285)	(12,879)	(102)	-	-	(68,966)
Reclassification		-	21,510	-	40,415	16,994	(78,919)	-
At 31 December 2019		4,041,763	982,501	2,385,412	321,044	115,918	68,257	7,914,895
Cost		4,041,763	1,468,577	3,076,086	902,206	421,274	68,257	9,978,163
Accumulated depreciation		-	(486,076)	(690,674)	(577,714)	(305,356)	-	(2,059,820)
Accumulated impairment losses		-	-	-	(3,448)	-	-	(3,448)
Net book value		4,041,763	982,501	2,385,412	321,044	115,918	68,257	7,914,895

The finance cost is capitalised at an average capitalisation rate of 2.22% (2019: 3.38%).

## 17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### (a) Bearer plants

Bearer plants comprised oil palm, rubber trees and growing canes.

GROUP	Mature			Total RM'000	Immature			Total bearer plants RM'000
	Oil palm RM'000	Rubber trees RM'000	Growing canes RM'000		Oil palm RM'000	Rubber trees RM'000	Total RM'000	
<b>2020</b>								
Net Book Value:								
At 1 January 2020	5,472,818	44,530	1,677	5,519,025	2,578,507	229,748	2,808,255	8,327,280
Additions	-	-	-	-	816,030	26,492	842,522	842,522
Write offs	(17,204)	-	-	(17,204)	-	-	-	(17,204)
Depreciation charge for the financial year	(484,666)	(2,538)	(1,706)	(488,910)	-	-	-	(488,910)
Transfer to non-current assets held for sale	(37,206)	-	-	(37,206)	(32,515)	-	(32,515)	(69,721)
Reclassification	1,261,695	-	-	1,261,695	(1,261,695)	-	(1,261,695)	-
Exchange differences	(59,050)	-	29	(59,021)	(22,519)	-	(22,519)	(81,540)
At 31 December 2020	6,136,387	41,992	-	6,178,379	2,077,808	256,240	2,334,048	8,512,427
Cost	9,658,991	58,415	103,606	9,821,012	2,077,808	256,240	2,334,048	12,155,060
Accumulated depreciation	(3,522,604)	(16,423)	(103,606)	(3,642,633)	-	-	-	(3,642,633)
Net book value	6,136,387	41,992	-	6,178,379	2,077,808	256,240	2,334,048	8,512,427
<b>2019</b>								
Net Book Value								
At 1 January 2019	5,230,084	44,016	223	5,274,323	2,455,313	186,175	2,641,488	7,915,811
Additions	-	-	-	-	980,978	46,983	1,027,961	1,027,961
Disposals	(219)	-	-	(219)	(433)	-	(433)	(652)
Write offs	(23,186)	(331)	-	(23,517)	(260)	-	(260)	(23,777)
Depreciation charge for the financial year	(455,697)	(2,565)	1,472	(456,790)	-	-	-	(456,790)
Impairment charge for the financial year	(145,693)	-	-	(145,693)	(235)	-	(235)	(145,928)
Transfer to non-current assets held for sale	(16,507)	-	9	(16,498)	(7,178)	-	(7,178)	(23,676)
Reclassification	874,302	3,410	-	877,712	(874,302)	(3,410)	(877,712)	-
Exchange differences	9,734	-	(27)	9,707	24,624	-	24,624	34,331
At 31 December 2019	5,472,818	44,530	1,677	5,519,025	2,578,507	229,748	2,808,255	8,327,280
Cost	8,687,151	58,415	97,914	8,843,480	2,580,141	229,748	2,809,889	11,653,369
Accumulated depreciation	(3,214,333)	(13,885)	(96,237)	(3,324,455)	-	-	-	(3,324,455)
Accumulated impairment losses	-	-	-	-	(1,634)	-	(1,634)	(1,634)
Net book value	5,472,818	44,530	1,677	5,519,025	2,578,507	229,748	2,808,255	8,327,280

**NOTES TO THE FINANCIAL STATEMENTS**

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**17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****(a) Bearer plants (continued)**

COMPANY	Mature			Immature			Total bearer plants RM'000
	Oil palm RM'000	Rubber trees RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Total RM'000	
<b>2020</b>							
<u>Net Book Value:</u>							
At 1 January 2020	1,581,176	44,545	1,625,721	576,708	182,983	759,691	2,385,412
Additions	–	–	–	212,130	21,231	233,361	233,361
Write offs	(2,065)	–	(2,065)	–	–	–	(2,065)
Depreciation charge for the financial year	(107,026)	(2,538)	(109,564)	–	–	–	(109,564)
Transfer to non-current assets held for sale	(594)	–	(594)	(207)	–	(207)	(801)
Reclassification	248,904	–	248,904	(248,904)	–	(248,904)	–
At 31 December 2020	1,720,395	42,007	1,762,402	539,727	204,214	743,941	2,506,343
Cost	2,473,466	58,430	2,531,896	539,727	204,214	743,941	3,275,837
Accumulated depreciation	(753,071)	(16,423)	(769,494)	–	–	–	(769,494)
Net book value	1,720,395	42,007	1,762,402	539,727	204,214	743,941	2,506,343
<b>2019</b>							
<u>Net Book Value:</u>							
At 1 January 2019	1,399,378	44,016	1,443,394	610,757	151,754	762,511	2,205,905
Additions	–	–	–	267,279	34,639	301,918	301,918
Write offs	(8,443)	(316)	(8,759)	(260)	–	(260)	(9,019)
Depreciation charge for the financial year	(97,948)	(2,565)	(100,513)	–	–	–	(100,513)
Transfer to non-current assets held for sale	(10,720)	–	(10,720)	(2,159)	–	(2,159)	(12,879)
Reclassification	298,909	3,410	302,319	(298,909)	(3,410)	(302,319)	–
At 31 December 2019	1,581,176	44,545	1,625,721	576,708	182,983	759,691	2,385,412
Cost	2,257,966	58,429	2,316,395	576,708	182,983	759,691	3,076,086
Accumulated depreciation	(676,790)	(13,884)	(690,674)	–	–	–	(690,674)
Net book value	1,581,176	44,545	1,625,721	576,708	182,983	759,691	2,385,412

**(b) Underlying assets for Islamic financing facilities**

In January 2013, the Company entered into a notional sale and leaseback of certain of its plantation land and bearer plants with Sime Darby Plantation Global Berhad (formerly known as Sime Darby Global Berhad) ("SDP Global"), a special purpose vehicle established by Sime Darby Berhad ("SDB"), the former immediate holding company. This sale and leaseback arrangement is solely to facilitate the issuance of Islamic Trust Certificates ("Multi-currency Sukuk") by SDP Global and it does not represent a collateralisation nor involve a transfer of registered land title. On 23 May 2017, the Company acquired the entire equity interest of SDP Global.

The carrying amount of the assets of the Group and the Company used as underlying Multi-currency Sukuk assets amounted to RM235 million (2019: RM253 million), comprised of property, plant and equipment of RM222 million (2019: RM240 million) and right-of-use assets of RM13 million (2019: RM13 million).



## 18. INVESTMENT PROPERTIES

GROUP	Note	Freehold land RM'000	Buildings RM'000	Total RM'000
<b>2020</b>				
<u>Cost</u>				
At 1 January 2020		7,321	715	8,036
Exchange differences		(67)	(12)	(79)
At 31 December 2020		7,254	703	7,957
<u>Accumulated depreciation</u>				
At 1 January 2020		-	427	427
Charge for the financial year	6(a)	-	70	70
Exchange differences		-	(7)	(7)
At 31 December 2020		-	490	490
Net book value at 31 December 2020		7,254	213	7,467
<b>2019</b>				
<u>Cost</u>				
At 1 January 2019		14,719	1,406	16,125
Transfer to non-current assets held for sale	33	(8,259)	(799)	(9,058)
Exchange differences		861	108	969
At 31 December 2019		7,321	715	8,036
<u>Accumulated depreciation</u>				
At 1 January 2019		-	611	611
Charge for the financial year	6(a)	-	84	84
Transfer to non-current assets held for sale	33	-	(317)	(317)
Exchange differences		-	49	49
At 31 December 2019		-	427	427
<u>Accumulated impairment losses</u>				
At 1 January 2019		-	338	338
Transfer to non-current assets held for sale	33	-	(364)	(364)
Exchange differences		-	26	26
At 31 December 2019		-	-	-
Net book value at 31 December 2019		7,321	288	7,609

The aggregate direct operating expenses arising from investment properties that did not generate rental income which were recognised during the financial year amounted to RM78,000 (2019: RM91,000) respectively.

The fair value of investment properties is RM11.9 million (2019: RM11.6 million) based on the valuation performed by external professional firms of surveyors and valuers. The valuation was performed using the comparable method based on current prices of comparable properties in an active market for all properties within Level 2 of the fair value hierarchy. Level 2 is based on the inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 19. BIOLOGICAL ASSETS

GROUP	Note	Oil palm RM'000	Growing canes RM'000	Livestock RM'000	Total RM'000
<b>2020</b>					
At 1 January 2020		62,898	57,129	68,737	188,764
Additions		–	–	2,914	2,914
Transfers to produce stocks		(63,465)	(58,448)	(70,138)	(192,051)
Fair value changes		111,861	37,199	75,337	224,397
Transfer to non-current assets held for sale	33(e)	(556)	–	–	(556)
Exchange differences		948	1,043	(1,051)	940
At 31 December 2020		111,686	36,923	75,799	224,408
<b>2019</b>					
At 1 January 2019		33,335	96,888	48,560	178,783
Transfers to produce stocks		(33,366)	(98,172)	(49,203)	(180,741)
Fair value changes		63,018	59,043	71,745	193,806
Exchange differences		(89)	(630)	(2,365)	(3,084)
At 31 December 2019		62,898	57,129	68,737	188,764
<b>COMPANY</b>					<b>Total RM'000</b>
<b>Oil Palm</b>					
<b>2020</b>					
At 1 January 2020					27,767
Transfers to produce stocks					(27,767)
Fair value changes					45,336
At 31 December 2020					45,336
<b>2019</b>					
At 1 January 2019					19,007
Transfers to produce stocks					(19,007)
Fair value changes					27,767
At 31 December 2019					27,767

The Group's and the Company's biological assets were fair valued within Level 3 of the fair value hierarchy with the exception of livestock which are on Level 2 basis (inputs are observable indirectly). Fair value assessments have been completed consistently using the same valuation techniques.

There were no transfers between Level 2 and Level 3 of the fair value hierarchy during the financial year.

## 19. BIOLOGICAL ASSETS (CONTINUED)

The biological assets of the Group and the Company comprise of:

### (i) Oil palm

Oil palm represents the fresh fruit bunches (“FFB”) of up to 2 weeks prior to harvest for use in the Group’s and the Company’s palm products operations. During the financial year, the Group and the Company harvested approximately 9,278,000 metric tonnes (“MT”) of FFB (2019: 9,579,000 MT) and 3,556,700 MT of FFB (2019: 3,610,557 MT) respectively. The quantity of unharvested FFB of the Group and of the Company as at 31 December 2020 included in the fair valuation of FFB was 315,325 MT (2019: 291,652 MT) and 94,949 MT (2019: 87,373 MT) respectively.

The Group and the Company attribute a fair value on the FFB prior to harvest at each statement of financial position date as required under MFRS 141 “Agriculture”. FFB are produce of oil palm trees and are harvested continuously throughout the financial year to be used in the production of crude palm oil (“CPO”). Each FFB takes approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting. The value of each FFB at each point of the FFB production cycle will vary based on the cumulative oil content in each fruit.

In determining the fair values of FFB, management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, the FFB prior to 2 weeks before harvesting are excluded in the valuation as the increase in fair values are considered negligible.

The valuation model adopted by the Group and the Company is a discounted cash flow model which includes all cash inflows, cash outflows and imputed contributory asset charges where no actual cash flows associated with the use of assets essential to the agricultural activity are accounted for. The net present value of cash flows is then determined with reference to the market value of CPO at the reporting date, adjusted for freight, extraction rates, production, transportation, contributory asset charges and other cost to sell at the point of harvest. Changes to the assumed tonnage included in the valuation will have a direct effect on the reported valuation.

If the Group’s and the Company’s FFB tonnage changes by 10% (2019: 10%) and 10% (2019: 10%) respectively, the impact of fair value of FFB would be as follows:

	GROUP	
	2020 RM'000	2019 RM'000
<b>GROUP</b>		
FFB tonnage increase by 10% (2019: 10%)	<b>18,618</b>	10,861
FFB tonnage decrease by 10% (2019: 10%)	<b>(18,618)</b>	(10,861)
<b>COMPANY</b>		
FFB tonnage increase by 10% (2019: 10%)	<b>7,228</b>	3,020
FFB tonnage decrease by 10% (2019: 10%)	<b>(7,228)</b>	(3,020)

### (ii) Growing canes

Growing canes represent the standing canes prior to harvest whereby the values are dependent on the age, sucrose content and condition as at the statement of financial position date. During the financial year, the Group harvested approximately 225,067 MT (2019: 165,680 MT) of canes. The estimated quantity of unharvested canes as at 31 December 2020 included in the fair valuation of growing canes of the Group was 218,560 MT (2019: 258,040 MT).

The determination of fair value for the Group’s growing canes requires estimates to be made of the anticipated canes harvest, its age and condition at the statements of financial position date, the sucrose content to be extracted and sugar prices. The anticipated canes harvest is based on management’s historical records, current planting statistics and production forecast. Fair value of the harvested canes is based on the accepted industry benchmark of allocating the fair value of sugar production between the fair value attributable to the cane grower and the value attributable to the miller. The fair value of the growing canes at the statement of financial position date is based on the estimated fair value of the growing canes less further costs to be incurred in growing and harvesting the canes up to the point of harvest and contributory asset charges.

If the estimated harvest volume of canes increased or decreased by 10% (2019: 10%), fair value changes in growing canes would have increased or decreased by approximately RM6.1 million (2019: RM8.3 million) accordingly.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 19. BIOLOGICAL ASSETS (CONTINUED)

The biological assets of the Group and the Company comprise of: (continued)

#### (iii) Livestock

Livestock comprise of the cattle livestock included within the Group's beef production operations. Cattle livestock are generally fed for 120 days prior to use for beef production. During the financial year, the Group produced 2,007 tonnes (2019: 1,957.5 tonnes) of beef. The number of cattle as at 31 December 2020 included in the fair values of livestock was 27,006 heads (2019: 24,625 heads).

The fair value of livestock is based on the Group's assessment of age, average weights and market values of the livestock at the statement of financial position date. If the average weight per beast increases or decreases by 1% (2019: 1%), fair value changes in livestock would have increased or decreased by approximately RM0.7 million (2019: RM0.7 million) respectively.

### 20. RIGHT-OF-USE ASSETS

GROUP	Note	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000	Total RM'000
<b>2020</b>						
<u>Net Book Value:</u>						
At 1 January 2020		<b>2,067,366</b>	<b>47,347</b>	<b>27,242</b>	<b>3,585</b>	<b>2,145,540</b>
Additions		<b>1,042</b>	<b>23,322</b>	<b>6,699</b>	<b>2,497</b>	<b>33,560</b>
Write-downs	6(e)	<b>(96)</b>	<b>(362)</b>	<b>-</b>	<b>(30)</b>	<b>(488)</b>
Depreciation charge for the financial year	6(c)	<b>(40,036)</b>	<b>(14,048)</b>	<b>(13,337)</b>	<b>(1,251)</b>	<b>(68,672)</b>
Transfer to non-current assets held for sale	33(e)	<b>(17,742)</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>(17,755)</b>
Exchange differences		<b>(27,647)</b>	<b>(4,845)</b>	<b>3,995</b>	<b>(247)</b>	<b>(28,744)</b>
At 31 December 2020		<b>1,982,887</b>	<b>51,401</b>	<b>24,599</b>	<b>4,554</b>	<b>2,063,441</b>
Cost		<b>3,220,986</b>	<b>91,423</b>	<b>55,861</b>	<b>9,902</b>	<b>3,378,172</b>
Accumulated depreciation		<b>(1,238,099)</b>	<b>(40,022)</b>	<b>(31,262)</b>	<b>(5,348)</b>	<b>(1,314,731)</b>
Net book value		<b>1,982,887</b>	<b>51,401</b>	<b>24,599</b>	<b>4,554</b>	<b>2,063,441</b>
<b>2019</b>						
<u>Net Book Value:</u>						
At 1 January 2019		2,152,669	40,626	39,726	6,191	2,239,212
Additions		11,178	24,789	5,420	1,228	42,615
Write-downs	6(e)	-	(1,181)	-	(790)	(1,971)
Depreciation charge for the financial year	6(c)	(71,181)	(17,984)	(17,058)	(3,088)	(109,311)
Impairment charge for the financial year		(30,393)	(20)	-	-	(30,413)
Exchange differences		5,093	1,117	(846)	44	5,408
At 31 December 2019		2,067,366	47,347	27,242	3,585	2,145,540
Cost		3,294,170	74,366	56,235	9,142	3,433,913
Accumulated depreciation		(1,207,065)	(26,999)	(28,993)	(5,557)	(1,268,614)
Accumulated impairment		(19,739)	(20)	-	-	(19,759)
Net book value		2,067,366	47,347	27,242	3,585	2,145,540

Included in the depreciation charge for previous financial year are depreciation charged for continuing and discontinued operations of RM109.1 million and RM0.2 million respectively, while included in impairment charge for the previous financial year are impairment charged for continuing and discontinued operations of RM19.4 million and RM11.0 million respectively. There is no depreciation or impairment attributable to discontinued operation during the financial year.

Pursuant to the proposed disposal of SDP Liberia, an impairment of right-of-use assets of RM11.0 million had been recognised in the profit or loss in the previous financial year within discontinued operations as disclosed in Note 13(b). The carrying cost of SDP Liberia's right-of-use assets impaired, accumulated depreciation and accumulated impairment of RM12.4 million, RM1.4 million and RM11.0 million respectively had been reclassified to non-current assets held for sale as at 31 December 2019.

## 20. RIGHT-OF-USE ASSETS (CONTINUED)

COMPANY	Note	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Vehicles, equipment and fixtures RM'000	Total RM'000
<b>2020</b>						
Net Book Value:						
At 1 January 2020		274,929	36	6,854	782	282,601
Additions		-	-	-	3	3
Depreciation charge for the financial year	6(c)	(3,579)	(36)	(922)	(705)	(5,242)
At 31 December 2020		271,350	-	5,932	80	277,362
Cost		316,878	428	7,655	2,935	327,896
Accumulated depreciation		(45,528)	(428)	(1,723)	(2,855)	(50,534)
Net book value		271,350	-	5,932	80	277,362
<b>2019</b>						
Net Book Value:						
At 1 January 2019		278,191	200	7,388	1,698	287,477
Additions		312	78	-	852	1,242
Write-downs	6(e)	-	-	-	(321)	(321)
Depreciation charge for the financial year	6(c)	(3,574)	(242)	(534)	(1,447)	(5,797)
At 31 December 2019		274,929	36	6,854	782	282,601
Cost		316,878	428	7,655	2,932	327,893
Accumulated depreciation		(41,949)	(392)	(801)	(2,150)	(45,292)
Net book value		274,929	36	6,854	782	282,601

### (a) Underlying assets for Islamic financing facilities

During the financial year ended 30 June 2016, a subsidiary of the Company entered into a notional sale and leaseback of certain of its plantation land and bearer plants with Sime Darby Berhad ("SDB"), the former immediate holding company. This sale and leaseback arrangement is solely to facilitate the issuance of the Perpetual Subordinated Sukuk Programme ("Perpetual Sukuk") by SDB. The structure does not represent collateralisation and there was no transfer of registered land title. On 23 June 2017, the Perpetual Sukuk was novated from SDB to the Company. The sale and leaseback agreement was similarly novated from SDB to the Company.

The carrying amount of the assets used as underlying Perpetual Sukuk assets amounted to RM107 million (2019: RM109 million).

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 21. SUBSIDIARIES

	COMPANY	
	2020 RM'000	2019 RM'000
Unquoted shares at cost	<b>7,592,093</b>	7,748,778
Amounts due from subsidiaries – non-interest bearing	<b>1,084,902</b>	1,084,902
Accumulated impairment losses	<b>(706,831)</b>	(801,500)
	<b>7,970,164</b>	8,032,180

The amounts due from subsidiaries above are deemed as capital contribution to subsidiaries as the repayment of these amounts are neither fixed nor expected.

Movements of impairment losses for investment in subsidiaries are as follows:

	Note	COMPANY	
		2020 RM'000	2019 RM'000
At 1 January		<b>801,500</b>	1,465,048
Charge for the financial year	6(e)	<b>12,411</b>	309,462
Reversal for the financial year	7	–	(94,731)
Transfer to non-current assets held for sale		–	(878,279)
Disposal of a subsidiary		<b>(107,080)</b>	–
At 31 December		<b>706,831</b>	801,500

During the financial year, an impairment charge on its investment in subsidiaries of RM12.4 million was recognised in the Company's profit or loss relating mainly for its investment in Sime Darby Plantation International Investments Limited ("SDPIIL") of RM7.7 million and Sime Darby Plantation Ecogardens Sdn Bhd ("SDP Ecogardens") of RM4.6 million. The costs of investment in SDPIIL and SDP Ecogardens were impaired as the recoverable amount was lower than the carrying value of the investment in these companies.

As set out in Note 13 and 33, the Group had completed the disposal of its entire 100% equity interest in SDP Liberia to Mano Palm Oil Industries Limited ("MPOI") on 15 January 2020 for a total cash consideration of USD1. An impairment loss of RM305.9 million was recognised in the previous financial year, for the excess of the carrying amount of the cost of investment in SDP Liberia (including the amount due from SDP Liberia which was deemed as capital contribution to SDP Liberia) over the fair value less cost of disposal ("FVLCTS"), as determined by the expected purchase consideration, less any directly related costs not yet recognised as expense.

The Company disposed of its investment in Sime Darby Oils Netherlands B.V. ("SDO Netherlands") to its wholly-owned subsidiary for a consideration of RM1. The investment in SDO Netherlands of RM107.1 million was fully impaired in the prior years.

In the previous financial year, a reversal of impairment on the amount due from Sime Darby Oils Zwijndrecht Refinery B.V. (which deemed as capital contribution) of RM94.7 million was recognised in the Company's profit or loss as a result of a higher recoverable amount. The recoverable amount was determined based on its value-in-use calculations using cash flows from the approved financial budgets covering a 5 year period.

The Group's equity interest in the subsidiaries as at 31 December 2020 and 31 December 2019, their principal activities and countries of incorporation are shown in Note 50.

## 22. JOINT VENTURES

The Group's equity interest in the joint ventures as at 31 December 2020 and 31 December 2019, their respective principal activities and countries of incorporation are shown in Note 50.

### (a) Share of results of joint ventures

The Group's share of results of joint ventures are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Share of results for the financial year	<b>(908)</b>	3,911
Aggregate amount from discontinuing operations:		
Share of results for the financial year	–	4,061
Currency translation differences	–	11,990
Share of other comprehensive loss (net of tax)	–	(11,402)
Share of total comprehensive income from discontinued operations	–	4,649

### (b) Investments in joint ventures

The Group's and the Company's investments in joint ventures are as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares, at cost	<b>80,751</b>	79,348	<b>3,745</b>	3,745
Share of post-acquisition reserves	<b>(46,104)</b>	(45,196)	–	–
	<b>34,647</b>	34,152	<b>3,745</b>	3,745

The Group's investments in joint ventures are in private companies and there are no quoted market prices available for these shares.

There are no contingent liabilities in respect of the Group's interests in the joint ventures.

### (c) Summarised financial information

The Group has interests in a number of individually immaterial joint ventures that are accounted for using the equity method.

	GROUP	
	2020 RM'000	2019 RM'000
Aggregate carrying amount of individually immaterial joint ventures	<b>34,647</b>	34,152
Aggregate amounts of the Group's share of:		
(Loss)/profit from continuing operations	<b>(908)</b>	3,911
Post-tax profit from discontinued operations	–	4,061
Other comprehensive income	–	588
Total comprehensive (loss)/income	<b>(908)</b>	8,560

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 23. ASSOCIATES

The Group's equity interest in the associates as at 31 December 2020 and 31 December 2019, their respective principal activities and countries of incorporation are shown in Note 50.

#### (a) Share of results of associates

The Group's share of results of associates are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Share of results for the financial year	<b>4,901</b>	(2,257)

#### (b) Investments in associates

The Group's and the Company's investments in associates are as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares, at cost	<b>72,901</b>	73,733	<b>420</b>	420
Share of post-acquisition reserves	<b>(30,266)</b>	(33,978)	–	–
	<b>42,635</b>	39,755	<b>420</b>	420

The Group's investments in associate companies are in private companies and there are no quoted market prices available for these shares.

There are no contingent liabilities in respect of the Group's interests in the associates.

#### (c) Summarised financial information

The Group has interests in a number of individually immaterial associates that are accounted for using the equity method.

	GROUP	
	2020 RM'000	2019 RM'000
Aggregate carrying amount of individually immaterial associates	<b>42,635</b>	39,755
Aggregate amounts of the Group's share of:		
Profit/(loss) from continuing operations	<b>4,901</b>	(2,257)



## 24. INTANGIBLE ASSETS

GROUP	Note	Goodwill RM'000	Assets usage rights RM'000	Intellectual property rights RM'000	Smallholder relationships RM'000	Customer relationships RM'000	Computer software RM'000	Agriculture development costs RM'000	Work-in- progress capitalised - agriculture development costs RM'000	Acquired brand names/ trademarks RM'000	Total RM'000
<b>2020</b>											
<u>Net book value</u>											
At 1 January 2020		2,148,976	691	13,860	543,651	1,677	13,452	70,963	12,683	34,555	2,840,508
Additions		-	-	-	-	-	19,539	1,424	5,689	-	26,652
Amortisation	6(a)	-	(132)	(840)	(15,897)	(737)	(8,614)	(4,695)	-	(3,221)	(34,136)
Exchange differences		(36,800)	3	-	(8,652)	40	1,931	(22)	(132)	(600)	(44,232)
At 31 December 2020		2,112,176	562	13,020	519,102	980	26,308	67,670	18,240	30,734	2,788,792
Cost		2,117,699	1,930	16,800	650,408	9,940	202,868	89,050	18,240	75,730	3,182,665
Accumulated amortisation		-	(1,368)	(3,780)	(131,306)	(8,960)	(172,968)	(21,360)	-	(42,664)	(382,426)
Accumulated impairment losses		(5,523)	-	-	-	-	(3,592)	-	-	(2,332)	(11,447)
<u>Net book value as at</u>											
31 December 2020		2,112,176	562	13,020	519,102	980	26,308	67,670	18,240	30,734	2,788,792
<b>2019</b>											
<u>Net book value</u>											
At 1 January 2019		2,169,202	824	14,700	560,929	2,592	20,693	76,972	8,816	38,115	2,892,843
Additions		-	-	-	-	-	2,765	3	3,867	-	6,635
Write-off	6(e)	-	-	-	-	-	(13)	-	-	-	(13)
Amortisation	6(a)	-	(132)	(840)	(14,977)	(724)	(7,996)	(4,650)	-	(3,225)	(32,544)
Transfer to non-current assets held for sale	33	(3,113)	-	-	-	-	(15)	-	-	-	(3,128)
Exchange differences		(17,113)	(1)	-	(2,301)	(191)	(1,982)	(1,362)	-	(335)	(23,285)
At 31 December 2019		2,148,976	691	13,860	543,651	1,677	13,452	70,963	12,683	34,555	2,840,508
Cost		2,154,499	1,925	16,800	610,924	9,741	172,063	87,668	12,683	69,909	3,136,212
Accumulated amortisation		-	(1,234)	(2,940)	(67,273)	(8,064)	(155,203)	(16,705)	-	(83,036)	(284,455)
Accumulated impairment losses		(5,523)	-	-	-	-	(3,408)	-	-	(2,318)	(11,249)
<u>Net book value as at</u>											
31 December 2019		2,148,976	691	13,860	543,651	1,677	13,452	70,963	12,683	34,555	2,840,508

Included in the additions of the Group's intangible assets during the financial year is borrowing costs capitalised of RM0.3 million (2019: RM0.2 million).

**NOTES TO THE FINANCIAL STATEMENTS**

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**24. INTANGIBLE ASSETS (CONTINUED)**

COMPANY	Note	Goodwill RM'000	Intellectual property rights RM'000	Computer software RM'000	Agriculture development costs RM'000	Work-in- progress capitalised – agriculture development costs RM'000	Total RM'000
<b>2020</b>							
At 1 January 2020		<b>1,974,805</b>	<b>13,860</b>	<b>2,813</b>	<b>70,255</b>	<b>11,870</b>	<b>2,073,603</b>
Additions		–	–	<b>11,537</b>	–	<b>5,557</b>	<b>17,094</b>
Amortisation	6(a)	–	<b>(840)</b>	<b>(2,483)</b>	<b>(4,250)</b>	–	<b>(7,573)</b>
At 31 December 2020		<b>1,974,805</b>	<b>13,020</b>	<b>11,867</b>	<b>66,005</b>	<b>17,427</b>	<b>2,083,124</b>
Cost		<b>1,974,805</b>	<b>16,800</b>	<b>76,432</b>	<b>84,995</b>	<b>17,427</b>	<b>2,170,459</b>
Accumulated amortisation		–	<b>(3,780)</b>	<b>(64,565)</b>	<b>(18,990)</b>	–	<b>(87,335)</b>
Net book value as at 31 December 2020		<b>1,974,805</b>	<b>13,020</b>	<b>11,867</b>	<b>66,005</b>	<b>17,427</b>	<b>2,083,124</b>
<b>2019</b>							
At 1 January 2019		1,977,918	14,700	5,486	74,504	8,816	2,081,424
Additions		–	–	228	–	3,054	3,282
Amortisation	6(a)	–	(840)	(2,901)	(4,249)	–	(7,990)
Transfer to non-current assets held for sale	33	(3,113)	–	–	–	–	(3,113)
At 31 December 2019		1,974,805	13,860	2,813	70,255	11,870	2,073,603
Cost		1,974,805	16,800	64,895	84,995	11,870	2,153,365
Accumulated amortisation		–	(2,940)	(62,082)	(14,740)	–	(79,762)
Net book value as at 31 December 2019		1,974,805	13,860	2,813	70,255	11,870	2,073,603

Included in the additions of the Company's intangible assets during the financial year is borrowing costs capitalised of RM0.3 million (2019: RM0.2 million).

**(i) Goodwill****GROUP**

The goodwill in the Group's consolidated statement of financial position represents mainly the excess of the purchase consideration over the fair value of identifiable assets, liabilities and contingent liabilities recognised upon the Group's acquisition of New Britain Palm Oil Limited ("NBPOL") and its subsidiaries of USD517.0 million (RM2,086.9 million based on 31 December 2020 exchange rate) during the financial year ended 30 June 2015.

The Group carries out its annual impairment assessment on the goodwill arising from the acquisition of NBPOL, which for the purposes of impairment testing has been allocated to cash generating units ("CGU") within the Group, namely NBPOL CGU and PT Minamas Gemilang and its subsidiaries ("Minamas Group CGU") as the Group believes that Minamas Group's operations will benefit from the additional planting material synergies, from the use of Dami Super Family seeds, arising from the acquisition of NBPOL and had not been impacted from Group's planned disposal of Verdant Bioscience Pte Ltd, as set out in Note 33(d)(ii).

The impairment assessment is carried out on the goodwill allocated to NBPOL CGU of USD367 million (equivalent to RM1,481.4 million) (2019: USD367 million (equivalent to RM1,507.2 million)) and Minamas Group CGU of USD150 million (equivalent to RM605.5 million) (2019: USD150 million (equivalent to RM616.1 million)).

## 24. INTANGIBLE ASSETS (CONTINUED)

### (i) Goodwill (continued)

#### GROUP (continued)

The recoverable amounts of these two CGUs are based on their respective value-in-use calculations which are derived using cash flow projections in which the following key assumptions are used:

	GROUP	
	2020	2019
<u>NBPOL CGU</u>		
Projection period	A 36-year cash flow projection, based on the average remaining lease period of land in NBPOL	A 37-year cash flow projection, based on the average remaining lease period of land in NBPOL
FFB yields	22.9 to 29.5 MT per hectare ("ha")	24.7 to 30.7 MT per ha
CPO price	USD626 to USD892 per MT	USD581 to USD944 per MT
Discount rate	10.4% per annum	10.4% per annum
<u>Minamas Group CGU</u>		
Projection period	A 44-year cash flow projection, based on the average remaining lease period of land in Indonesia	A 45-year cash flow projection, based on the average remaining lease period of land in Indonesia
FFB yields	18.6 to 25.3 MT per ha	18.7 to 27.2 MT per ha
CPO price	USD500 to USD665 per MT	USD500 to USD718 per MT
Discount rate	9.5% per annum	9.8% per annum

The Group's impairment assessment of both CGUs as outlined above included a sensitivity analysis on the key assumptions used. Based on the impairment assessment, no impairment charge is required on the goodwill as the recoverable amount calculated based on value-in-use exceeded the carrying value of the NBPOL CGU and Minamas Group CGU.

The changes in the key assumptions adopted in the value-in-use calculation for both CGUs assuming all other variables are held constant are as follows :

	Sensitivity	Value in use lower by RM'million
<u>NBPOL CGU</u>		
FFB yields	Lower by 1 MT per ha	403.7
CPO price	Lower by 5%	686.2
Discount rate	Higher by 50 basis points	359.2

The NBPOL CGU is sensitive to the changes in CPO price. A reduction in the CPO price by 5% would result in the value-in-use approximating the carrying amounts of the NBPOL CGU. Other than changes in CPO price, the management believes that no reasonable possible change in any of the other key assumptions used would result in the carrying amount of the NBPOL CGU to materially exceed the recoverable amounts.

	Sensitivity	Value in use lower by RM'million
<u>Minamas CGU</u>		
FFB yields	Lower by 1 MT per ha	761.3
CPO price	Lower by 5%	910.3
Discount rate	Higher by 50 basis points	420.6

Based on the results of the sensitivity analysis for Minamas Group CGU, there are no reasonably possible changes in any of the key assumptions used that would cause the carrying value of the Minamas Group CGU to materially exceed the recoverable amount.

## NOTES TO THE FINANCIAL STATEMENTS

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### 24. INTANGIBLE ASSETS (CONTINUED)

#### (i) Goodwill (continued)

##### COMPANY

The Company's goodwill arose from merger exercise of plantation businesses between Sime Darby Berhad, Golden Hope Plantations Berhad and Kumpulan Guthrie Berhad in the financial year 2008. The acquisition of the plantation businesses from this merger exercise resulted in a goodwill of RM1,974.8 million.

The Company evaluates the recoverable amounts of the goodwill as one CGU based on its value-in-use calculations using cash flow from approved financial budgets covering a 8 year (2019: 5 year) period inclusive of the terminal values.

	COMPANY	
	2020	2019
Discount rates (%)	9	9
CPO price (RM per MT)	2,400 to 2,776	2,200 to 2,675
FFB yields (MT per ha)	22.9 to 29.5	24.7 to 30.7

The assessment indicated that no impairment charge is required on the goodwill as the recoverable amounts exceed the carrying value of the CGUs' assets and goodwill. The management believes that no reasonable possible change in any of the key assumptions used would result in the carrying amount of the CGU to materially exceed the recoverable amounts.

#### (ii) Smallholder relationships

The smallholder relationships arose from the acquisition of a controlling interest in a subsidiary. These assets reflect the relationship between the Group and smallholders who cultivate and harvest FFB on land which is owned by the smallholders. The FFB is subsequently purchased by the Group for processing as palm oil. These assets are initially recognised at fair value and thereafter amortised over 45 years which is the remaining lease term of the land at the acquisition date.

#### (iii) Work-in-progress capitalised – agriculture development costs

Capitalised agriculture development costs comprise of expenditure incurred relating to the development of oil palm genomic data and techniques, as well as clonal technology with the objective of increasing yields and profit streams from the Group's plantation. Once the development enters into commercial production, the asset will be amortised over its estimated useful life of 5 to 20 years.

#### (iv) Intellectual property rights

The Company acquired intellectual property rights ("IP rights") on the genome base data from a third party, Synamatix Sdn Bhd for RM16.8 million. The Company had assessed that the IP rights have a finite life. As a result, the Company amortised the IP rights on a straight line basis, over the estimated useful life of 20 years.

#### (v) Acquired brand names/trademarks

This mainly consists of fair value of brands in relation to the Group's beef, sugar and seed production operations which arose from the acquisition of NBPOL. The brands are initially recognised at fair value and thereafter amortised on a straight-line basis over the estimated useful life of 20 years.

### 25. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Non-current</u>				
<u>Unquoted shares</u>				
At 1 January	30,469	29,294	27,049	25,749
Net changes in fair value	(3,401)	1,175	(3,662)	1,300
At 31 December	27,068	30,469	23,387	27,049

The unquoted non-current investments at FVOCI of the Group and of the Company were categorised under Level 3 investment, of which the fair value is determined using a valuation technique with reference made to quoted market prices for companies with similar business.

The Group and the Company have irrevocably elected non-trading equity securities above at initial recognition to present its fair value changes in OCI. The Group and the Company consider the classification to be more relevant as these instruments are strategic investments of the Group and the Company and not held for trading purposes.

## 26. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets	<b>620,867</b>	640,094	–	–
Deferred tax liabilities	<b>(2,622,961)</b>	(2,598,247)	<b>(786,738)</b>	(701,855)
	<b>(2,002,094)</b>	(1,958,153)	<b>(786,738)</b>	(701,855)

The unutilised tax losses and deductible temporary differences for which no deferred tax assets are recognised in the consolidated financial statements are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Unutilised tax losses		
– Expiring within 10 years*	<b>319,530</b>	1,522,416
Deductible temporary differences		
– No expiry period	<b>20,269</b>	20,354
	<b>339,799</b>	1,542,770

\* Included previous year's unutilised tax losses related to discontinued operations of SDP Liberia of RM1.0 billion, that is no longer available to the Group upon disposal of SDP Liberia during the financial year.

Deferred tax assets are not recognised by certain subsidiaries in respect of the above temporary differences as the Directors are of the view it is not probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilised.

The components and movements of the deferred tax assets and liabilities during the financial year are as follows:

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January		<b>(1,958,153)</b>	(2,144,879)	<b>(701,855)</b>	(710,406)
(Charged)/credited to profit or loss	12				
– property, plant and equipment		<b>(76,899)</b>	(27,194)	<b>(65,451)</b>	(3,120)
– biological assets		<b>(8,811)</b>	(12,214)	<b>(4,217)</b>	(2,102)
– right-of-use assets		<b>13,576</b>	8,641	–	–
– derivatives		<b>(36,481)</b>	39,227	<b>(24,901)</b>	26,867
– unutilised tax losses		<b>(24,148)</b>	136,965	–	–
– retirement benefits		<b>(9,094)</b>	4,815	<b>1,274</b>	(1,438)
– impairments and provisions		<b>12,369</b>	2,063	<b>8,297</b>	(11,354)
– others		<b>7,268</b>	20,432	<b>(2,568)</b>	–
		<b>(122,220)</b>	172,735	<b>(87,566)</b>	8,853
Credited/(charged) to other comprehensive income	16	<b>66,331</b>	2,386	<b>2,683</b>	(302)
Transfers to non-current assets held for sale	33	<b>(3,596)</b>	(6,150)	–	–
Exchange differences		<b>15,544</b>	17,755	–	–
At 31 December		<b>(2,002,094)</b>	(1,958,153)	<b>(786,738)</b>	(701,855)

## NOTES TO THE FINANCIAL STATEMENTS

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### 26. DEFERRED TAX (CONTINUED)

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets (before offsetting)					
– unutilised tax losses		<b>194,325</b>	221,656	–	–
– retirement benefits		<b>63,000</b>	66,540	<b>12,343</b>	10,635
– impairments and provisions		<b>62,703</b>	51,202	<b>17,012</b>	8,715
– derivatives		<b>59,636</b>	33,454	<b>1,038</b>	23,690
– property, plant and equipment	26(a)	<b>312,155</b>	386,235	–	–
– others		<b>10,323</b>	6,402	–	–
		<b>702,142</b>	765,489	<b>30,393</b>	43,040
Offsetting		<b>(81,275)</b>	(125,395)	<b>(30,393)</b>	(43,040)
Deferred tax assets (after offsetting)		<b>620,867</b>	640,094	–	–
Deferred tax liabilities (before offsetting)					
– property, plant and equipment		<b>(2,343,015)</b>	(2,348,364)	<b>(803,682)</b>	(738,231)
– biological assets		<b>(60,615)</b>	(52,167)	<b>(10,881)</b>	(6,664)
– intangible assets		<b>(117,680)</b>	(122,114)	–	–
– right-of-use assets		<b>(165,753)</b>	(181,381)	–	–
– derivatives		<b>(7,881)</b>	–	–	–
– others		<b>(9,292)</b>	(19,616)	<b>(2,568)</b>	–
		<b>(2,704,236)</b>	(2,723,642)	<b>(817,131)</b>	(744,895)
Offsetting		<b>81,275</b>	125,395	<b>30,393</b>	43,040
Deferred tax liabilities (after offsetting)		<b>(2,622,961)</b>	(2,598,247)	<b>(786,738)</b>	(701,855)

- (a) The Ministry of Finance in Indonesia has issued a new regulation on fixed assets revaluation (under Peraturan Menteri Keuangan No.191/PMK.010/2015) (“PMK 191”) effective from 20 October 2015 as a temporary special tax treatment to taxpayers. Under the special tax regulation, taxpayers who elect to apply the fixed assets revaluation are granted a special tax treatment, leading to a reduction in the final tax rate to be applied on the companies.

Under the special tax regulation, the Group's Indonesia subsidiaries had elected and submitted their application for the special tax incentive by performing a tax revaluation on certain assets and paid a final tax for the revaluation surplus. Subsequent to the approvals of the fixed assets revaluation by the Director General of Taxation (“DGT”), the Group has recognised deferred tax assets arising from the fixed asset revaluation surplus. The deferred tax assets arising from the special tax incentive have been revised during the current financial year arising from the revision in the statutory tax rate in Indonesia as set out in Note 12, resulting in reduction in deferred tax assets by RM74.0 million.

Deferred tax is not recognised on the unremitted earnings of overseas subsidiaries where the Group is able to control the timing of the remittance and it is probable that there will be no remittance in the foreseeable future. If these earnings were remitted, tax of RM1,098 million (2019: RM938 million) would have been payable.

## 27. TAX RECOVERABLE

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Non-current</u>					
Corporate income taxes recoverable	27(a)	<b>143,727</b>	177,250	–	–
Value added tax recoverable	27(b)	<b>112,779</b>	144,832	–	–
Other taxes recoverable		<b>8,137</b>	11,592	–	–
		<b>264,643</b>	333,674	–	–
<u>Current</u>					
Corporate income taxes recoverable	27(a)	<b>99,668</b>	149,419	<b>78,922</b>	50,821
Value added tax recoverable	27(b)	<b>114,845</b>	163,197	–	–
		<b>214,513</b>	312,616	<b>78,922</b>	50,821

### Note:

- (a) Certain subsidiaries within the Minamas Group have received corporate income tax assessments from the local tax authorities in Indonesia for various years of assessment. These subsidiaries disagreed with certain of these assessments and have filed objections, appeals and judicial reviews.

During the financial year, the Group received tax refunds of IDR1,003 billion (RM290 million) (2019: IDR635 billion (RM187 million)) and paid tax assessments of IDR622 billion (RM180 million) (2019: IDR160 billion (RM47 million)).

- (b) During the financial year, the Group has received Value Added Taxes ("VAT") refund of IDR653 billion (RM189 million) (2019: IDR609 billion (RM180 million)) out of the approved VAT refund of IDR654 billion (RM189 million) (2019: IDR457 billion (RM135 million)).

The non-current tax recoverable includes additional tax assessments paid and VAT, which would normally take more than a year to resolve with the relevant tax authorities.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 28. TRADE AND OTHER RECEIVABLES

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current</b>					
Advances for plasma plantation projects		<b>172,511</b>	179,579	–	–
Other receivables		<b>35,327</b>	–	–	–
		<b>207,838</b>	179,579		
<b>Accumulated impairment losses:</b>					
Advances for plasma plantation projects	48(a)(iii)	<b>(21,853)</b>	(23,838)	–	–
		<b>185,985</b>	155,741	–	–
<b>Current</b>					
Trade receivables		<b>1,470,752</b>	1,264,454	<b>208,956</b>	181,261
Other receivables		<b>499,293</b>	293,283	<b>12,929</b>	18,599
Goods and services tax/value added tax receivable		<b>140,496</b>	204,019	<b>6,326</b>	6,326
Prepayments		<b>120,926</b>	144,178	<b>6,175</b>	15,791
Deposits		<b>15,503</b>	16,626	<b>8,879</b>	8,683
Amounts due from associates		<b>967</b>	2,425	<b>158</b>	778
Amounts due from joint ventures		<b>53,460</b>	51,881	<b>41,974</b>	40,541
Interest receivable		<b>21,411</b>	29,302	–	–
		<b>2,322,808</b>	2,006,168	<b>285,397</b>	271,979
<b>Accumulated impairment losses:</b>					
Trade receivables	48(a)(iii)	<b>(28,186)</b>	(24,648)	<b>(1,146)</b>	(766)
Other receivables	48(a)(iii)	<b>(3,573)</b>	(3,081)	<b>(1,871)</b>	(2,692)
Amounts due from associates	48(a)(iii)	–	(618)	–	(618)
Amounts due from joint ventures	48(a)(iii)	<b>(44,567)</b>	(44,224)	<b>(40,160)</b>	(40,001)
		<b>(76,326)</b>	(72,571)	<b>(43,177)</b>	(44,077)
		<b>2,246,482</b>	1,933,597	<b>242,220</b>	227,902

Credit terms for trade receivables of the Group and of the Company ranges from 7 to 120 days (2019: 7 to 120 days).

Trade and other receivables pledged as security for borrowings is disclosed in Note 39(e) to the financial statements.

The amounts due from associates and joint ventures are trade in nature, unsecured, interest free and repayable within 30 days (2019: 30 days).

The Group's and the Company's currency exposure profile and concentration of credit risk are disclosed in Note 48(a)(i) and 48(a)(iii).

### 29. INVENTORIES

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Produce inventories:</b>				
– palm oil products	<b>457,400</b>	429,144	<b>27,783</b>	20,383
– sugar stocks	<b>11,348</b>	5,526	–	–
– rubber	<b>3,795</b>	15,769	<b>3,795</b>	14,013
Trading inventories	<b>30,655</b>	6,505	–	–
Raw materials and consumable stores	<b>702,343</b>	699,403	<b>62,734</b>	40,711
<b>Refined inventories:</b>				
– work-in-progress	<b>208,800</b>	194,560	<b>41,282</b>	52,907
– finished goods	<b>155,057</b>	147,491	<b>5,685</b>	13,032
	<b>1,569,398</b>	1,498,398	<b>141,279</b>	141,046

Included in the inventories above are amounts of RM28.1 million of the Group (2019: RM24.1 million) and nil of the Company (2019: RM12.5 million) which are stated at net realisable value.



### 30. AMOUNTS DUE FROM/(TO) SUBSIDIARIES AND RELATED PARTIES

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Non-current</u>				
Amount due from a subsidiary				
– interest bearing (non-trade)	–	–	<b>82,052</b>	59,768
Amount due to a subsidiary				
– interest bearing (non-trade)	–	–	<b>(494,475)</b>	(503,112)
<u>Current</u>				
Amounts due from subsidiaries				
– interest bearing (non-trade)	–	–	<b>255,229</b>	235,485
– non-interest bearing (non-trade)	–	–	<b>132,266</b>	111,015
– non-interest bearing (trade)	–	–	<b>39,562</b>	189,825
	–	–	<b>427,057</b>	536,325
Amounts due from related parties				
– non-interest bearing (trade)	<b>3,246</b>	2,158	<b>2,858</b>	3,226
Amounts due to subsidiaries				
– interest bearing (non-trade)	–	–	<b>(132,076)</b>	(12,807)
– non-interest bearing (trade)	–	–	<b>(1,000,403)</b>	(982,175)
	–	–	<b>(1,132,479)</b>	(994,982)
Amounts due to related parties				
– non-interest bearing (trade)	<b>(17,835)</b>	(6,989)	<b>(12,828)</b>	(6,027)

#### Interest rates per annum

	COMPANY	
	2020 %	2019 %
<u>Non-current</u>		
Amount due from a subsidiary	<b>3.12</b>	2.65 – 4.16
Amount due to a subsidiary	<b>2.90</b>	3.29
<u>Current</u>		
Amounts due from subsidiaries	<b>2.43 – 4.02</b>	4.02 – 4.45
Amounts due to subsidiaries	<b>2.28 – 3.88</b>	3.29

The amounts due (to)/from subsidiaries and related parties are unsecured whilst the non-current amounts are payable after 12 months and all current amounts are repayable on demand. The amounts due from subsidiaries and related parties are neither past due nor impaired.

The Group's and the Company's currency exposure profile and concentration of credit risk are disclosed in Note 48(a)(i) and 48(a)(iii).

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 31. DERIVATIVES

The Group's and the Company's derivatives are as follows:

GROUP	Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<b>2020</b>			
<u>Current</u>			
Cash flow hedges:			
– forward foreign exchange contracts	709,833	5,509	(5,482)
– interest rate swap contracts	469,748	–	(7,273)
– commodities futures contracts	1,706,411	4,883	(219,117)
	<b>2,885,992</b>	<b>10,392</b>	<b>(231,872)</b>
Non-hedging derivatives:			
– forward foreign exchange contracts	581,170	9,810	(2,898)
– commodities options and futures contracts	24,794	280	(3,410)
– commodities forward contracts	420,131	47,108	(121,571)
	<b>1,026,095</b>	<b>57,198</b>	<b>(127,879)</b>
	<b>3,912,087</b>	<b>67,590</b>	<b>(359,751)</b>
<b>2019</b>			
<u>Current</u>			
Cash flow hedges:			
– forward foreign exchange contracts	395,253	2,584	(405)
– interest rate swap contracts	797,785	232	–
	1,193,038	2,816	(405)
Non-hedging derivatives:			
– forward foreign exchange contracts	194,418	3,661	(3,616)
– commodities options and futures contracts	716,427	35,300	(136,341)
– commodities forward contracts	499,059	34,960	(102,551)
	1,409,904	73,921	(242,508)
	2,602,942	76,737	(242,913)

### 31. DERIVATIVES (CONTINUED)

The Group's and the Company's derivatives are as follows: (continued)

COMPANY	Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<b>2020</b>			
<u>Current</u>			
Cash flow hedges:			
– interest rate swap contracts	469,748	–	(7,273)
– forward foreign exchange contracts	205,286	3,018	(116)
	<b>675,034</b>	<b>3,018</b>	<b>(7,389)</b>
Non-hedging derivatives:			
– commodities futures contracts	2,659	255	(208)
	<b>2,659</b>	<b>255</b>	<b>(208)</b>
	<b>677,693</b>	<b>3,273</b>	<b>(7,597)</b>
<b>2019</b>			
<u>Current</u>			
Cash flow hedges:			
– interest rate swap contracts	797,785	232	–
– forward foreign exchange contracts	171,724	1,609	(36)
	969,509	1,841	(36)
Non-hedging derivatives:			
– commodities options and futures contracts	692,202	33,648	(134,161)
	692,202	33,648	(134,161)
	1,661,711	35,489	(134,197)

The Group and the Company have forward foreign exchange contracts in place with a notional value that are designated and effected as cash flow hedges. These contracts are expected to cover the Group's exposures ranging from 1 month to 12 months (2019: 1 month to 6 months) and the Company's exposures ranging from 1 month to 6 months (2019: 1 month to 6 months).

The interest rate swap contracts require settlement of net interest receivable or payable every 6 months. The settlement dates coincide with the dates on which interest is payable on the underlying debt and settlement occurs on a net basis.

These derivatives are entered into to hedge certain risks as described in Note 48(a). Whilst all derivatives entered into provide economic hedges to the Group, non-hedging derivatives are instruments that do not qualify for the application of hedge accounting under the specific rules in MFRS 9.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 31. DERIVATIVES (CONTINUED)

#### (a) Forward foreign exchange contracts

As at end of the financial year, forward foreign exchange contracts designated as cash flow hedges have been entered into with the following notional amounts and maturities:

GROUP	Within 1 year	
	2020 RM'000	2019 RM'000
Forward contracts used to hedge anticipated sales		
– United States Dollar	134,375	79,487
– European Union Euro	–	146
– United Kingdom Pound	11,565	–
Forward contracts used to hedge receivables		
– United States Dollar	191,288	215,811
– European Union Euro	4,053	–
– United Kingdom Pound	6,703	–
Forward contracts used to hedge anticipated purchases		
– United States Dollar	206,468	–
Forward contracts used to hedge payables		
– United States Dollar	155,381	99,809
– European Union Euro	–	–
	<b>709,833</b>	<b>395,253</b>

COMPANY	Within 1 year	
	2020 RM'000	2019 RM'000
Forward contracts used to hedge anticipated sales		
– United States Dollar	28,454	–
Forward contracts used to hedge receivables		
– United States Dollar	42,594	–
Forward contracts used to hedge payables		
– United States Dollar	134,238	171,724
	<b>205,286</b>	<b>171,724</b>

#### (b) Commodities futures contracts

As at end of the financial year, commodities futures contracts designated as cash flow hedges have been entered into with the following notional amounts and maturities:

GROUP	Within 1 year	
	2020 RM'000	2019 RM'000
Commodities futures contracts – buying	56,179	–
Commodities futures contracts – selling	1,650,232	–
	<b>1,706,411</b>	<b>–</b>

### 31. DERIVATIVES (CONTINUED)

#### (c) Interest rate swap contracts

As at the end of the financial year, the notional amounts and terms of the interest rate swap contracts for the Group and the Company are as follows:

Type of interest rate swap	Effective period	Range of weighted average rate per annum (%)		Notional amount in original currency		Notional amount in Ringgit equivalent	
		With swap	Without swap	At 2020	At 2019	At 2020	At 2019
Plain vanilla	17.08.2020 to 17.02.2021	1.89	1.44	<b>24,938</b>	–	<b>100,660</b>	–
Plain vanilla	17.08.2020 to 17.02.2021	1.84	1.44	<b>24,938</b>	–	<b>100,660</b>	–
Plain vanilla	17.08.2020 to 17.02.2021	1.75	1.44	<b>16,625</b>	–	<b>67,108</b>	–
Plain vanilla	17.08.2020 to 17.02.2021	1.78	1.44	<b>24,938</b>	–	<b>100,660</b>	–
Plain vanilla	17.08.2020 to 17.02.2021	1.78	1.44	<b>24,938</b>	–	<b>100,660</b>	–
Plain vanilla	19.08.2019 to 18.02.2020	1.89	3.11	–	41,625	–	170,954
Plain vanilla	19.08.2019 to 18.02.2020	1.84	3.11	–	41,625	–	170,954
Plain vanilla	19.08.2019 to 18.02.2020	1.75	3.11	–	27,750	–	113,969
Plain vanilla	19.08.2019 to 18.02.2020	1.78	3.11	–	41,625	–	170,954
Plain vanilla	19.08.2019 to 18.02.2020	1.78	3.11	–	41,625	–	170,954

The notional amount, fair value and maturity periods of the interest rate swap contracts are as follows:

	GROUP/COMPANY	
	2020 RM'000	2019 RM'000
<u>Notional amount</u>		
Maturity periods:		
– due not later than one year	<b>469,748</b>	797,785
<u>Fair value (liabilities)/assets</u>		
Maturity periods:		
– due not later than one year	<b>(7,273)</b>	232

### 32. BANK BALANCES, DEPOSITS AND CASH

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits with licensed banks	<b>24,347</b>	76,389	<b>1,534</b>	52,833
Cash and bank balances	<b>284,682</b>	354,958	<b>47,681</b>	32,570
	<b>309,029</b>	431,347	<b>49,215</b>	85,403
Effective annual interest rates applicable during the financial year are as follows:				
	%	%	%	%
Deposits with licensed banks	<b>3.83</b>	3.77	<b>2.16</b>	3.02

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 32. BANK BALANCES, DEPOSITS AND CASH (CONTINUED)

The maturity period for deposits with licensed banks of the Group and the Company range from 1 to 90 days (2019: 1 to 90 days) and 4 days (2019: 3 days) respectively.

Bank balances are non-interest bearing deposits held at call with banks.

The currency exposure profile is disclosed in Note 48(a)(i).

### 33. ASSETS AND LIABILITIES HELD FOR SALE

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current assets held for sale					
– property, plant and equipment	33(a)	<b>33,599</b>	65,946	<b>43,450</b>	68,966
– intangible assets	24	–	3,128	–	3,113
– right-of-use assets		<b>469</b>	–	–	–
– joint ventures	33(b)	<b>157,870</b>	393,870	<b>157,870</b>	256,168
Disposal group held for sale					
– property, plant and equipment		<b>89,284</b>	34,668	–	–
– right-of-use assets		<b>1,261</b>	–	–	–
– other assets		<b>40,667</b>	24,926	–	–
		<b>323,150</b>	522,538	<b>201,320</b>	328,247
Disposal group held for sale					
– liabilities		<b>(17,699)</b>	(35,735)	–	–
		<b>305,451</b>	486,803	<b>201,320</b>	328,247

#### (a) Proposed disposal of property, plant and equipment

As at 31 December 2020, 34 parcels of land totalling 1,299.7 hectares (2019: 12 parcels of land totalling 1,004 hectares) have been approved for disposal by the Board of Directors of the Company. During the current financial year, 8 parcels of land was disposed resulting in a gain of disposal of RM410.3 million and RM408.9 million (2019: nil) for the Group and the Company respectively.

The proposed land disposal are expected to be completed within the next 12 months subsequent to the financial year end. Subsequent to the financial year end as described in Note 52, the condition precedents of another 3 parcels of land have been fulfilled.

#### (b) Proposed divestment of joint ventures

On 29 August 2019, the Board of Directors ("BOD") of the Company had authorised the proposed divestment of its entire 50% equity interest in its joint ventures, Emery Oleochemicals (M) Sdn Bhd and Emery Specialty Chemicals Sdn Bhd (collectively known as "Emery Group"). Consequently, the Group and the Company had classified its carrying amount of the joint ventures as non-current assets held for sale as at 31 December 2019 and the Group ceased equity accounting of its interest in Emery Group.

The disposal process was affected by the prolonged impact of COVID-19 on the global economy and movement restrictions imposed by various countries during the current financial year. As the BOD has reaffirmed its plan to dispose of the investment in Emery Group, the Group's and the Company's joint venture investment in Emery Group continues to be classified as non-current assets held for sale in accordance with MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" ("MFRS 5"). The Group has an active plan to locate buyers to sell the respective Cash Generating Units ("CGU") of Emery Group and expects to complete the disposals within the next 12 months.

As at 31 December 2020, the carrying amount of Emery Group was estimated to be RM157.9 million based on its FVLCTS. The FVLCTS of Emery Group takes into consideration accepted valuation approaches, which includes amongst others based on Enterprise Value/EBITDA multiple and a proposal to purchase at market value for its respective CGUs. The key assumptions used in determining Enterprise Value/EBITDA multiple comprise its forecasted EBITDA and enterprise values of comparable companies. Meanwhile, the proposal to purchase is being evaluated, to determine its market value relative to its current fair value.

As a result, the Group and the Company had recognised an impairment of RM236.0 million and RM98.3 million respectively in the current financial year for its investment in joint ventures.

The FVLCTS calculation are, however, subject to estimation uncertainties that may have a significant risk of changes resulting in additional impairment to be recognised.

### 33. ASSETS AND LIABILITIES HELD FOR SALE (CONTINUED)

#### c) Proposed divestment of subsidiaries

On 16 April 2020, the Board of Directors approved a proposed divestment of the entire equity interest in PT Sedjahtera Indo Agro (formerly known as PT Sime Darby Plantation Indo Agro) ("PT SIA"), a subsidiary of the Group. The Group is actively seeking for potential buyers and the transaction is expected to be completed within the next 12 months subsequent to the financial year end.

#### (d) Completed divestment of subsidiaries

- (i) Sime Darby Plantation Investment (Liberia) Private Limited, a wholly-owned subsidiary of the Group, had on 15 January 2020, completed the disposal of its entire 100% equity interest in Sime Darby Plantation (Liberia) Inc. ("SDP Liberia") to Mano Palm Oil Industries Limited ("MPOI") for a total cash consideration of USD1 plus an earn-out payment to be determined by the average future crude palm oil ("CPO") price and future CPO production of SDP Liberia. The earn-out consideration will be payable quarterly over a period of eight years, commencing from April 2023.

Details of the assets, liabilities and net cashflow arising from the disposal of the subsidiary are as follows:

	RM'000
Consideration received*	-
Less: Incidental cost of disposal	(23,853)
Consideration received, net of transaction costs	(23,853)
Receivables	702
Inventories	13,674
Bank	1,481
Payables	(420)
Net assets disposed	15,437
Loss on disposal of the subsidiary before reclassification of foreign currency translation reserve	(39,290)
Reclassification of foreign currency translation reserve	113,128
Gain on disposal of the subsidiary	73,838
Consideration received, net of transaction costs	(23,853)
Less: Cash and cash equivalent in a subsidiary	(1,481)
Net cash outflow from disposal of a subsidiary	(25,334)

\* Total consideration received for the disposal of SDP Liberia amounts to USD 1.

- (ii) Ultra Oleum Pte Ltd ("Ultra"), an indirect wholly-owned subsidiary of the Group had on 29 May 2020, completed the disposal of its entire 52% equity interest in Verdant Bioscience Pte Ltd ("VBS") and its subsidiary, PT Timbang Deli Indonesia to SIPEF and Ackermans & Haaren NV ("AVH") for a total cash consideration of USD8.6 million (equivalent to approximately RM37.6 million).

Details of the assets, liabilities and net cash flow arising from the disposal of the subsidiary are as follows:

	RM'000
Consideration received	37,557
Property, plant and equipment	37,670
Right-of-use assets	16,141
Receivables	2,020
Inventories	851
Deferred tax assets	2,950
Cash and cash equivalents	1,283
Payables	(76,534)
Non-controlling interest	319
Net liabilities disposed	(15,300)
Gain on disposal of the subsidiary before reclassification of foreign currency translation reserve	52,857
Reclassification of foreign currency translation reserve	2,703
Gain on disposal of the subsidiaries	55,560
Consideration received, net of transaction costs	37,557
Less: Cash and cash equivalent in a subsidiary	(1,283)
Net cash inflow from disposal of a subsidiary	36,274

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 33. ASSETS AND LIABILITIES HELD FOR SALE (CONTINUED)

#### (d) Completed divestment of subsidiaries (continued)

- (iii) During the financial year, the Group has completed the disposal of the entire shareholding in PT Indo Sukses Lestari Makmur for a purchase consideration of RM1.4 million and a loss of RM0.2 million has been recognised in the consolidated profit and loss.
- (iv) In November 2020, the Group has completed the disposal of its entire equity interest of 94.47% in PT Tamiyang Sumber Rezeki for a purchase consideration of USD1 and a loss of RM3.1 million has been recognised in the consolidated profit and loss.
- (v) On 15 February 2019, the Board of Directors had completed the divestment of the entire 100% equity stake in PT Mitra Austral Sejahtera ("PT MAS"), a subsidiary of the Group. The disposal of the equity interest in PT MAS for a consideration of USD29.7 million (equivalent to approximately RM123.1 million) was completed on 25 June 2019.

Details of the assets, liabilities and net cashflow arising from the disposal of the subsidiary were as follows:

	RM'000
Property, plant and equipment	77,468
Rights-of-use assets	2,005
Advances for plasma plantation projects	12,952
Receivables	759
Prepayments	34
Inventories	3,614
Bank	796
Payables	(2,885)
Net assets disposed	94,743
Gain on disposal of a subsidiary	8,682
Consideration received, net of transaction costs	103,425
Less: Cash and cash equivalent in a subsidiary	(796)
Net cash inflow from disposal of a subsidiary	102,629

#### (e) The movements during the financial year relating to net assets held for sale are as follows:

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>At 1 January</b>		<b>486,803</b>	103,542	<b>328,247</b>	14
Change in value of disposal group		<b>(37,612)</b>	(15,652)	-	-
Transfers from/(to):					
– property, plant and equipment	17	<b>117,900</b>	100,780	<b>37,215</b>	68,966
– right-of-use assets	20	<b>17,755</b>	-	-	-
– intangible assets	24	-	3,128	-	3,113
– investment property	18	-	8,377	-	-
– joint ventures		-	393,870	-	256,168
– inventories		<b>5,636</b>	14,174	-	-
– trade and other receivables		<b>7,780</b>	3,292	-	-
– biological assets	19	<b>556</b>	-	-	-
– tax recoverable		<b>21,820</b>	-	-	-
– deferred tax assets	26	<b>3,596</b>	6,150	-	-
– trade and other payables		<b>(8,672)</b>	(32,101)	-	-
– retirement benefits	38	<b>(6,862)</b>	-	-	-
– lease liabilities		<b>(14)</b>	-	-	-
– bank balances, deposits and cash		-	1,494	-	-
Disposals		<b>(64,311)</b>	(103,120)	<b>(65,844)</b>	(14)
Impairment on a joint venture	13, 6(e)	<b>(236,000)</b>	-	<b>(98,298)</b>	-
Exchange differences		<b>(2,924)</b>	2,869	-	-
At 31 December		<b>305,451</b>	486,803	<b>201,320</b>	328,247



### 34. SHARE CAPITAL

	GROUP/COMPANY			
	Number of shares		Amount	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Issued and fully paid ordinary shares with no par value:				
<b>At 1 January</b>	<b>6,884,575</b>	6,800,839	<b>1,506,119</b>	1,100,000
Shares Issue	–	83,736	–	406,119
At 31 December	<b>6,884,575</b>	6,884,575	<b>1,506,119</b>	1,506,119

The final single tier dividend and special final single tier dividend in respect of the financial year ended 30 June 2018 (“FYE June 2018 Final Dividend”) of RM748.1 million was paid on 7 January 2019, RM406.1 million which was satisfied by the issuance of 83,735,906 new Sime Darby Plantation Berhad shares pursuant to the Company’s Dividend Reinvestment Plan (“DRP”) and cash of RM342.0 million.

### 35. RESERVES

GROUP	Note	Hedging reserve RM'000	Capital reserve RM'000	Investments at FVOCI reserve RM'000	Exchange reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000
<b>2020</b>								
At 1 January 2020		<b>5,631</b>	<b>9,574</b>	<b>27,594</b>	<b>720,828</b>	<b>(17,696)</b>	<b>11,008,923</b>	<b>11,754,854</b>
Profit for the financial year		–	–	–	–	–	<b>1,346,731</b>	<b>1,346,731</b>
Total other comprehensive (loss)/ income for the financial year	16	<b>(199,733)</b>	–	<b>(3,584)</b>	<b>(142,898)</b>	–	<b>20,154</b>	<b>(326,061)</b>
Disposal of subsidiaries		–	–	–	<b>(3,580)</b>	–	–	<b>(3,580)</b>
Transactions with equity holders:								
– dividends	15	–	–	–	–	–	<b>(345,605)</b>	<b>(345,605)</b>
– changes in ownership		–	–	–	–	–	<b>(3,668)</b>	<b>(3,668)</b>
Continuing operations		<b>(194,102)</b>	<b>9,574</b>	<b>24,010</b>	<b>574,350</b>	<b>(17,696)</b>	<b>12,026,535</b>	<b>12,422,671</b>
Discontinued operations	13	–	–	–	<b>(113,128)</b>	–	<b>(162,162)</b>	<b>(275,290)</b>
At 31 December 2020		<b>(194,102)</b>	<b>9,574</b>	<b>24,010</b>	<b>461,222</b>	<b>(17,696)</b>	<b>11,864,373</b>	<b>12,147,381</b>
<b>2019</b>								
At 1 January 2019		31,457	9,574	26,419	620,605	(17,696)	11,348,090	12,018,449
Profit for the financial year		–	–	–	–	–	121,633	121,633
Total other comprehensive (loss)/ income for the financial year	16	(25,826)	–	1,175	86,821	–	(10,567)	51,603
Transactions with equity holders:								
– dividends	15	–	–	–	–	–	(117,038)	(117,038)
Continuing operations		5,631	9,574	27,594	707,426	(17,696)	11,342,118	12,074,647
Discontinued operations	13	–	–	–	13,402	–	(333,195)	(319,793)
At 31 December 2019		5,631	9,574	27,594	720,828	(17,696)	11,008,923	11,754,854

The description of each reserve is as follows.

#### Hedging reserve

Hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges, as described in Note 3(k). Amounts are subsequently reclassified to profit or loss as appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

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### 35. RESERVES (CONTINUED)

#### Exchange reserve

Exchange reserve consists of:

- i) Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income, as described in Note 3(c)(iii) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of; and
- ii) Foreign exchange differences arising from the translation of monetary items designated as hedge of net investment in a foreign operation, as described in Note 48(a)(i).

COMPANY	Note	Investments at FVOCI reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000
<b>2020</b>					
At 1 January 2020		<b>25,944</b>	<b>868</b>	<b>7,422,331</b>	<b>7,449,143</b>
Profit for the financial year		–	–	<b>619,685</b>	<b>619,685</b>
Total other comprehensive loss for the financial year	16	<b>(3,662)</b>	<b>(6,503)</b>	<b>(1,373)</b>	<b>(11,538)</b>
Transactions with equity holders:					
– dividends	15	–	–	<b>(345,605)</b>	<b>(345,605)</b>
At 31 December 2020		<b>22,282</b>	<b>(5,635)</b>	<b>7,695,038</b>	<b>7,711,685</b>
<b>2019</b>					
At 1 January 2019		24,644	18,858	7,925,213	7,968,715
Loss for the financial year		–	–	(385,844)	(385,844)
Total other comprehensive income/(loss) for the financial year	16	1,300	(17,990)	–	(16,690)
Transactions with equity holders:					
– dividends	15	–	–	(117,038)	(117,038)
At 31 December 2019		25,944	868	7,422,331	7,449,143

### 36. PERPETUAL SUKUK

	GROUP/COMPANY	
	2020 RM'000	2019 RM'000
<b>At 1 January</b>	<b>2,231,398</b>	2,231,398
Profit attributable to Perpetual Sukuk holders	<b>124,641</b>	124,300
Distribution to Perpetual Sukuk holders	<b>(124,641)</b>	(124,300)
At 31 December	<b>2,231,398</b>	2,231,398

On 23 June 2017, the RM2.2 billion nominal value of Perpetual Subordinated Sukuk ("Perpetual Sukuk") was novated by Sime Darby Berhad, the former immediate holding company to the Company. See Note 49 for the rating of Perpetual Sukuk.

The Perpetual Sukuk is accounted for as an equity instrument as there is no contractual obligation to redeem the instrument and pay periodic distribution. The salient features of the Perpetual Sukuk are as follows:

- a. Unsecured and is issued under the Islamic principle of Wakalah Bi Al-Istithmar ("Sukuk Wakalah") where the Company is to manage a Wakalah portfolio on behalf of the Perpetual Sukuk holders. The Wakalah portfolio comprises certain assets of the Group (see Note 20(a)) and investments in commodities in accordance with the Shariah Principle of Ijarah and Murabahah.
- b. Carries an initial fixed periodic distribution rate of 5.65% per annum payable on a semi-annual basis in arrears. The periodic distribution rate will be reset on 24 March 2026 to the then prevailing 10-year Malaysian Government Securities ("MGS") benchmark rate plus 1.75% ("Initial Spread") and 1.00% ("Step-Up Margin") at every 10 year thereafter.
- c. No fixed redemption date but the Company has the option to redeem at the end of the tenth year from the date of issue and on each subsequent semi-annual periodic distribution date.
- d. The expected periodic distribution amount may be deferred by the Company to perpetuity as long as no discretionary dividend distribution or other payment has been declared by the Company in respect of any of the Company's ordinary shares.

### 36. PERPETUAL SUKUK (CONTINUED)

The Perpetual Sukuk is accounted for as an equity instrument as there is no contractual obligation to redeem the instrument and pay periodic distribution. The salient features of the Perpetual Sukuk are as follows: (continued)

- e. The Company also has the option to redeem the Perpetual Sukuk under the following circumstances:
- (i) Accounting Event – if the Perpetual Sukuk is or will no longer be recorded as equity as a result of changes to accounting standards;
  - (ii) Tax Event – if the Company is or will become obliged to pay additional amount due to changes in tax laws or regulations;
  - (iii) Tax Deductibility Event – if distribution made would not be fully deductible for income tax purposes as a result of changes in tax laws or regulations or changes to official interpretation or pronouncement that provides for a position with respect to such laws or regulations; and
  - (iv) Rating Event – if the equity credit is lower than initially assigned to the Perpetual Sukuk as a result of changes in equity credit criteria, guidelines or methodology of rating agency.

The Perpetual Sukuk holders do not have any voting rights in the Company and rank in priority to holders of ordinary shares, but subordinated to the claims of present and future creditors of the Company.

### 37. NON-CONTROLLING INTERESTS

The subsidiaries of the Group that have non-controlling interests, which, in the opinion of the Directors, are material to the Group are as follows:

Name of subsidiaries	Proportion of equity held by owners of non-controlling interests (%)		Place of business/ Country of incorporation
	2020	2019	
<b>Subsidiaries of PT Minamas Gemilang:</b>			
– PT Kartika Inti Perkasa	40.00	40.00	Indonesia
– PT Sritijaya Abaditama	40.00	40.00	Indonesia
– PT Asricipta Indah	10.00	10.00	Indonesia
– PT Bersama Sejahtera Sakti	8.88	8.88	Indonesia
– PT Laguna Mandiri	11.44	11.40	Indonesia
– PT Indotruba Tengah	50.00	50.00	Indonesia
– PT Tunggal Mitra Plantations	40.00	40.00	Indonesia
– PT Tamaco Graha Krida	10.00	10.00	Indonesia
– PT Bahari Gembira Ria	0.03	0.03	Indonesia
– PT Indo Sukses Lestari Makmur	–	5.00	Indonesia
<b>Subsidiaries of New Britain Palm Oil Limited:</b>			
– PT Timbang Deli Indonesia	–	51.00	Indonesia
– Guadalcanal Plains Palm Oil Limited	20.00	20.00	Solomon Islands
– Verdant Bioscience Pte Ltd	–	48.00	Singapore
<b>Wangsa Mujur Sdn. Bhd. (Group)</b>			
– Wangsa Mujur Sdn. Bhd.	27.50	27.50	Malaysia
– Charquest Sdn. Bhd.	38.88	38.88	Malaysia

There are no significant restrictions on the ability of these subsidiaries to transfer funds to the Group in the form of cash dividends.

The summarised financial information of the subsidiaries that have non-controlling interests to the Group is based on amounts before intercompany elimination.

## NOTES TO THE FINANCIAL STATEMENTS

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### 37. NON-CONTROLLING INTERESTS (CONTINUED)

#### Summarised financial information

The summarised statements of comprehensive income and dividends paid by each subsidiary that has non-controlling interests to the Group are as follows:

	Subsidiaries of PT Minamas Gemilang RM'000	Subsidiaries of New Britain Palm Oil Limited RM'000	Wangsa Mujur Sdn. Bhd. (Group) RM'000	Others RM'000	Total RM'000
<b>2020</b>					
Revenue	691,706	140,282	69,661	2,323,662	3,225,311
Profit for the financial year	121,407	83,842	13,131	56,630	275,010
Other comprehensive loss	(3,266)	–	(47)	(6,317)	(9,630)
Total comprehensive income	118,141	83,842	13,084	50,313	265,380
Profit allocated to non-controlling interests	43,926	3,393	3,286	2,747	53,352
Dividends paid to non-controlling interests	(26,654)	(5,815)	(52)	–	(32,521)
<b>2019</b>					
Revenue	677,158	115,026	51,774	1,995,607	2,839,565
Profit for the financial year	88,199	(86,600)	1,493	63,583	66,675
Other comprehensive (loss)/income	(5,921)	(100)	–	24	(5,997)
Total comprehensive income/(loss)	82,278	(86,700)	1,493	63,607	60,678
Profit/(loss) allocated to non-controlling interests	20,898	396	(153)	7,811	28,952
Dividends paid to non-controlling interests	(57,963)	–	–	–	(57,963)

The summarised statements of financial position of each subsidiary that has non-controlling interests to the Group are as follows:

	Subsidiaries of PT Minamas Gemilang RM'000	Subsidiaries of New Britain Palm Oil Limited RM'000	Wangsa Mujur Sdn. Bhd. (Group) RM'000	Others RM'000	Total RM'000
<b>2020</b>					
Non-current assets	1,110,503	174,466	234,523	561,767	2,081,259
Current assets	293,150	86,695	31,015	415,888	826,748
Non-current liabilities	(59,194)	(38,039)	(34,682)	(213,018)	(344,933)
Current liabilities	(309,046)	(18,866)	(40,407)	(199,956)	(568,275)
Net assets	1,035,413	204,256	190,449	564,681	1,994,799
Non-controlling interests' share of net assets	230,873	56,546	75,797	21,634	384,850
<b>2019</b>					
Non-current assets	1,084,838	357,266	211,600	490,494	2,144,198
Current assets	307,556	142,570	11,620	708,664	1,170,410
Non-current liabilities	(46,391)	(108,067)	(30,899)	(188,349)	(373,706)
Current liabilities	(323,199)	(91,733)	(14,904)	(497,870)	(927,706)
Net assets	1,022,804	300,036	177,417	512,939	2,013,196
Non-controlling interests' share of net assets	217,382	59,874	72,576	18,519	368,351

### 37. NON-CONTROLLING INTERESTS (CONTINUED)

#### Summarised financial information (continued)

The summarised statements of cash flows of each subsidiary that has non-controlling interests that are material to the Group are as follows:

	Subsidiaries of PT Minamas Gemilang RM'000	Subsidiaries of New Britain Palm Oil Limited RM'000	Wangsa Mujur Sdn. Bhd. (Group) RM'000
<b>2020</b>			
Cash flows from operating activities			
Cash generated from operations	<b>200,899</b>	<b>36,199</b>	<b>14,887</b>
Tax paid	<b>(18,605)</b>	<b>-</b>	<b>(57)</b>
Net cash from operating activities	<b>182,294</b>	<b>36,199</b>	<b>14,830</b>
Net cash used in investing activities	<b>(95,112)</b>	<b>(8,379)</b>	<b>(30,086)</b>
Net cash (used in)/generated from financing activities	<b>(86,317)</b>	<b>(807)</b>	<b>15,583</b>
Net increase in cash and cash equivalents	<b>865</b>	<b>27,013</b>	<b>327</b>
Exchange differences	<b>(913)</b>	<b>(559)</b>	<b>-</b>
Cash and cash equivalents at beginning of the financial year	<b>35,189</b>	<b>6,080</b>	<b>364</b>
Cash and cash equivalents at end of the financial year	<b>35,141</b>	<b>32,534</b>	<b>691</b>
<b>2019</b>			
Cash flows from operating activities			
Cash generated from operations	165,635	4,203	30,906
Tax (paid)/refunded	(20,078)	1,226	(245)
Net cash from operating activities	145,557	5,429	30,661
Net cash generated from /(used in) investing activities	1,253	(25,665)	(30,950)
Net cash (used in)/generated from financing activities	(172,356)	20,876	-
Net (decrease)/increase in cash and cash equivalents	(25,546)	640	(289)
Exchange differences	1,816	(191)	-
Cash and cash equivalents at beginning of the financial year	58,919	5,631	653
Cash and cash equivalents at end of the financial year	35,189	6,080	364

### 38. RETIREMENT BENEFITS

The Group operates:

- funded and unfunded defined benefit plans for its employees in Indonesia;
- unfunded defined benefit plans for its employees in Malaysia and Thailand; and
- funded defined benefit plans for its employees in Netherlands.

The employees in Malaysia are covered under collective agreements with the following unions:

- All Malayan Estates Staff Union ("AMESU")
- National Union of Commercial Workers ("NUCW")
- Sabah Plantation Industry Employees Union ("SPIEU")

Subsidiary companies in Indonesia operate a defined benefit scheme for its qualified permanent employees funded through monthly contributions to pension plan administered by Dana Pensiun Lembaga Keuangan Manulife Indonesia and Dana Pensiun Lembaga Keuangan Allianz Indonesia.

Subsidiaries in Thailand operate a wholly unfunded defined benefit scheme, in respect of the Statutory Severance Pay Plan prescribed under Section 118, Chapter 11 of the Labour Protection Act B.E. 2541 (1998).

One of the Group's subsidiary in Netherlands has a defined benefit scheme for non-active participants only, managed by Aegon N.V. ("AEGON"). The conditions of the Dutch Pension Act are applicable to the scheme.

The latest actuarial valuations of the plans in Malaysia and Indonesia were carried out on 22 October 2020 and 3 February 2021, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 38. RETIREMENT BENEFITS (CONTINUED)

The movements during the financial year in the amounts recognised in the statements of financial position are as follows:

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Non-current liabilities</u>					
<b>At 1 January</b>		<b>259,736</b>	229,809	<b>50,699</b>	50,306
Charge for the financial year	6(d)	<b>35,401</b>	41,805	<b>6,620</b>	7,622
Actuarial loss recognised in other comprehensive income	16	<b>29,665</b>	15,257	<b>1,807</b>	–
Contributions and benefits paid		<b>(32,391)</b>	(25,242)	<b>(7,698)</b>	(7,229)
Transfers to current retirement benefits		<b>(3,384)</b>	(7,188)	–	–
Transfer to non-current assets held for sale	33	<b>(6,862)</b>	–	–	–
Disposal of subsidiary		<b>(64)</b>	–	–	–
Exchange differences		<b>(4,721)</b>	5,295	–	–
At 31 December		<b>277,380</b>	259,736	<b>51,428</b>	50,699
<u>Current liabilities</u>					
<b>At 1 January</b>		<b>15,189</b>	7,784	–	–
Transfers from non-current retirement benefits		<b>3,384</b>	7,188	–	–
Exchange differences		<b>(702)</b>	217	–	–
At 31 December		<b>17,871</b>	15,189	–	–
<u>Current assets</u>					
<b>At 1 January</b>		–	–	–	–
Actuarial gain recognised in other comprehensive income	16	<b>42,339</b>	–	–	–
Exchange differences		<b>1,547</b>	–	–	–
At 31 December		<b>43,886</b>	–	–	–

The amounts recognised on the statements of financial position are determined as follows:

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Present value of funded obligations	38(a)	<b>213,568</b>	193,271	–	–
Fair value of plan assets	38(b)	<b>(501,363)</b>	(454,175)	–	–
		<b>(287,795)</b>	(260,904)	–	–
Present value of unfunded obligations	38(a)	<b>539,160</b>	535,829	<b>51,428</b>	50,699
Net liabilities		<b>251,365</b>	274,925	<b>51,428</b>	50,699

The expenses recognised in statements of profit or loss are analysed as follows:

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current service cost		<b>17,445</b>	17,706	<b>3,009</b>	2,925
Past service cost		<b>109</b>	–	<b>88</b>	–
Interest cost		<b>19,829</b>	23,199	<b>2,056</b>	2,309
Expected return on plan assets		<b>(4,672)</b>	(7,637)	–	–
Contracted gratuity		<b>2,760</b>	9,613	<b>1,467</b>	2,388
Curtailment		<b>(70)</b>	(1,076)	–	–
Total included in employee costs	6(d)	<b>35,401</b>	41,805	<b>6,620</b>	7,622

### 38. RETIREMENT BENEFITS (CONTINUED)

The expenses recognised in statements of profit or loss are analysed as follows: (continued)

#### (a) Changes in the present value of defined benefit (funded and unfunded) obligations

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>At 1 January</b>		<b>729,100</b>	653,244	<b>50,699</b>	50,306
Current service cost		<b>17,445</b>	17,706	<b>3,009</b>	2,925
Past service cost		<b>109</b>	–	<b>88</b>	–
Interest cost		<b>19,829</b>	23,199	<b>2,056</b>	2,309
Contracted gratuity		<b>2,760</b>	9,613	<b>1,467</b>	2,388
Curtailment		<b>(70)</b>	(1,076)	–	–
Benefits paid		<b>(42,337)</b>	(33,979)	<b>(7,698)</b>	(7,229)
Actuarial losses recognised in other comprehensive income		<b>3,886</b>	69,089	<b>1,807</b>	–
Transfer to non-current assets held for sale	33	<b>(6,862)</b>	–	–	–
Exchange differences		<b>28,868</b>	(8,696)	–	–
At 31 December		<b>752,728</b>	729,100	<b>51,428</b>	50,699

#### (b) Changes in the fair value of plan assets

	GROUP	
	2020 RM'000	2019 RM'000
<b>At 1 January</b>	<b>454,175</b>	415,651
Expected return on plan assets	<b>4,672</b>	7,637
Actuarial gains due to actual experience	<b>16,560</b>	53,832
Benefits paid	<b>(9,946)</b>	(8,737)
Exchange differences	<b>35,902</b>	(14,208)
At 31 December	<b>501,363</b>	454,175

The range of principal assumptions used in respect of the Group's and the Company's defined benefit plans are as follows:

	GROUP	
	2020 %	2019 %
Expected return on plan assets (per annum)	<b>0.9 – 7.7</b>	2.0 – 8.3
Discount rates (per annum)	<b>0.4 – 7.0</b>	1.9 – 8.3
Expected rate of salary increases (per annum)	<b>2.0 – 6.5</b>	1.5 – 6.5

	COMPANY	
	2020 %	2019 %
Discount rates (per annum)	<b>4.0</b>	5.2
Expected rate of salary increases (per annum)	<b>6.0</b>	6.0

## NOTES TO THE FINANCIAL STATEMENTS

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### 39. BORROWINGS

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Non-current</u>				
Unsecured				
– term loans	<b>1,856,692</b>	2,709,767	<b>1,724,833</b>	2,466,226
– revolving credits-i	<b>1,572,218</b>	1,601,730	<b>1,572,218</b>	1,601,730
– bonds	<b>495,662</b>	459,738	–	–
– multi-currency Sukuk	<b>494,475</b>	503,112	–	–
– unamortised deferred financing expenses	<b>(22,130)</b>	(18,963)	<b>(19,010)</b>	(16,118)
	<b>4,396,917</b>	5,255,384	<b>3,278,041</b>	4,051,838
<u>Current</u>				
Secured				
– trade facilities	<b>16,415</b>	2	–	–
Unsecured				
– term loans	<b>798,451</b>	957,023	<b>702,920</b>	693,056
– revolving credits	<b>1,470,420</b>	1,532,518	<b>1,219,528</b>	1,054,556
	<b>2,285,286</b>	2,489,543	<b>1,922,448</b>	1,747,612
<b>Total borrowings</b>	<b>6,682,203</b>	7,744,927	<b>5,200,489</b>	5,799,450

In prior financial year, a subsidiary did not meet its loan covenant obligations. As a result, RM132.0 million had been reclassified from non-current to current liabilities as at 31 December 2019. During the current financial year, the subsidiary received an unconditional waiver from the financial institution.

The currency exposure profile is disclosed in Note 48(a)(i).

The breakdown of the unamortised deferred financing expenses is as follows:

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>At 1 January</b>		<b>18,963</b>	19,924	<b>16,118</b>	17,249
Drawdown during the financial year		<b>11,775</b>	10,644	<b>9,988</b>	10,437
Amortisation/acceleration of amortisation	10	<b>(8,608)</b>	(11,605)	<b>(7,096)</b>	(11,568)
<b>At 31 December</b>		<b>22,130</b>	18,963	<b>19,010</b>	16,118



### 39. BORROWINGS (CONTINUED)

#### (a) Term loans

The term loans include the following:

- i. RM500 million 5-year unsecured term loan repayable in full 60 months after the first drawdown date of 26 December 2019.
- ii. USD110 million 3-year unsecured term loan repayable over 5 semi-annual instalments starting from the twelfth month after the first drawdown date of 23 December 2019.
- iii. USD260 million 5-year unsecured term loan repayable over 10 semi-annual instalments starting from the sixth month after the first drawdown date of 20 December 2019.
- iv. USD35 million 5-year unsecured term loan repayable in equal quarterly instalments commencing from the first repayment date of 16 March 2020.
- v. USD35 million 3-year unsecured term loan repayable in equal quarterly instalments commencing from the first repayment date of 23 March 2020.
- vi. USD60 million 5-year unsecured term loan repayable monthly commencing from first drawdown date of 23 August 2018.
- vii. USD500 million 7-year unsecured multi-currency term loan repayable over eight semi-annual instalments of 11.125%, commencing 36 months from the first drawdown date of 17 February 2015 and one final payment of 11% on the final maturity date.

The term loans which have been repaid during the financial year include the following:

- i. THB432.5 million 10-year unsecured term loan repayable in equal quarterly instalments commencing from the first repayment date of 1 March 2017 was repaid in full on 28 February 2020.

#### (b) Revolving credits

The revolving credits include the following:

- i. USD390 million 5 years unsecured term loan under revolving credit-I facility repayable in full from 60 months after the first drawdown date of 19 December 2019.
- ii. Facility limit of USD30 million (2019: IDR 1 trillion) or its equivalent in other currency with availability period within 12 months from the signing date. The loan agreement has been renewed several times.
- iii. Facility limit of USD40 million or its equivalent in other currency with availability period within 12 months from the signing date. The loan agreement has been renewed several times.
- iv. RM350 million multi-currency revolving credit facility with availability period of up to one year with annual extension subject to annual review by the bank.
- v. RM190 million multi-currency revolving credit facility with availability period of up to one year with annual extension subject to annual review by the bank.
- vi. EUR15 million uncommitted short-term revolving loans facility for period not exceeding 1 month or 3 months with availability period of up to one year with annual extension subject to annual review by the bank.
- vii. USD35 million (2019: USD 40 million) uncommitted short-term revolving loans facility for a period up to one year and automatically extended for a continuous one year period after each expiry date.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 39. BORROWINGS (CONTINUED)

#### (b) Revolving credits (continued)

The revolving credits include the following: (continued)

- viii. USD18 million uncommitted short-term revolving loans facility for a period up to one year and automatically extended for a continuous one year period after each expiry date.
- ix. USD35 million uncommitted short-term revolving loans facility for a period up to one year and automatically extended for a continuous one year period after each expiry date.
- x. RM700 million multi-currency revolving credit facility, with first drawdown 16 August 2018. Facility has a maximum tenure of 5 years.
- xi. USD160 million (2019: USD100 million) multi-currency revolving time loan facility with first drawdown date 2 July 2018. Tenure is up to a maximum of 6 month, as may be agreed by the bank from time to time.
- xii. USD60 million multi-currency revolving credit facility for advances of 1 week, 1 month, 3 months or 6 months tenor, or any other period agreeable to the bank commencing from the effective date of 12 January 2015.

#### (c) Multi-currency Sukuk

Details of the Sukuk Programme that remains outstanding are as follows:

Date of issuance	Tenure (month)	Nominal value			Periodic distribution (per annum)	Maturity date
		At 2019 RM'000	At 2020 RM'000	At 2020 USD'000		
29.01.2013	120	503,112	494,475	122,501	3.29%	29.01.2023

See Note 49 for the ratings of the Sukuk Programme.

#### (d) Bonds

The N-bonds amounting to EUR100 million shall be repayable at a nominal amount on 12 August 2030.

#### (e) Other borrowings

For other borrowings, the factoring agreement is entered into with maximum limit of EUR75 million with availability period of up to 12 months from the signing date, and is renewable for the same period of time, unless the agreement is terminated by one of the parties.

Borrowings amounting to RM16.4 million (2019: RM1,575) are secured by fixed charge on trade receivables of the Group of an equivalent amount.

### 39. BORROWINGS (CONTINUED)

#### (f) Other information

(i) The average annual effective interest rates by currency profile of the borrowings are as follows:

	GROUP	
	2020 %	2019 %
<u>Floating interest rates</u>		
Term loans		
– Ringgit Malaysia	<b>3.03</b>	4.51 – 4.55
– United States Dollar	<b>0.99 – 3.59</b>	2.68 – 3.85
– Thailand Baht	<b>3.36</b>	3.34
Revolving credits		
– Ringgit Malaysia	<b>2.39 – 3.50</b>	3.60 – 3.93
– United States Dollar	<b>0.53 – 3.10</b>	2.28 – 3.88
– European Union Euro	–	0.50
Trade facilities		
– European Union Euro	<b>0.60</b>	0.60
<u>Fixed interest rates</u>		
Bonds		
– European Union Euro	<b>2.90</b>	2.90
<u>Distribution rate</u>		
Multi-currency Sukuk		
– United States Dollar	<b>3.29</b>	3.29
	COMPANY	
	2020 %	2019 %
<u>Floating interest rates</u>		
Term loans		
– Ringgit Malaysia	<b>3.03</b>	4.51 – 4.55
– United States Dollar	<b>1.97 – 2.34</b>	3.01 – 3.55
Revolving credits		
– Ringgit Malaysia	<b>2.39 – 3.50</b>	3.60 – 3.93
– United States Dollar	<b>0.53 – 2.46</b>	2.28 – 3.86

(ii) The maturity periods of borrowings are as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Not later than 1 year	<b>2,285,286</b>	2,489,543	<b>1,922,448</b>	1,747,612
Later than 1 year but not later than 2 years	<b>875,833</b>	790,651	<b>797,009</b>	705,781
Later than 2 years but not later than 5 years	<b>3,025,422</b>	3,495,236	<b>2,481,032</b>	3,346,057
More than 5 years	<b>495,662</b>	969,497	–	–
	<b>6,682,203</b>	7,744,927	<b>5,200,489</b>	5,799,450

The fair values of borrowings approximate their carrying values as the impact of discounting is not significant. It is estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile and is within Level 2 of the fair value hierarchy.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 40. DEFERRED INCOME

	GROUP	
	2020 RM'000	2019 RM'000
Non-current		
Government grant	67	207

The government grants are received in relation to the purchase of property, plant and equipment and right-of-use assets, leasehold land of certain subsidiaries.

### 41. CONTRACT LIABILITIES

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Deferred freight income	28,087	13,071	-	7

Significant changes of the deferred freight income during the financial year are as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue recognised that was deferred from previous financial period/year	13,071	28,536	7	42
Consideration received for freight services that are partially or fully unsatisfied at the end of the financial year	28,087	13,071	-	7

### 42. TRADE AND OTHER PAYABLES

	Note	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Other payables		79,883	76,774	-	-
Financial guarantee contracts	42(a)	851	627	46,773	58,071
		80,734	77,401	46,773	58,071
Current					
Trade payables		609,190	528,685	121,265	80,695
Accruals		235,585	364,614	57,900	62,003
Other payables		302,772	263,812	95,585	160,612
Employee related payables		362,602	154,204	115,895	59,478
Interest payable		36,633	43,542	7,076	17,023
Goods and services tax/value added tax payable		7,637	5,145	-	-
Financial guarantee contracts	42(a)	607	610	6,103	7,322
		1,555,026	1,360,612	403,824	387,133

Credit terms for trade payables of the Group and of the Company range from 1 to 90 days (2019: 1 to 90 days).

## 42. TRADE AND OTHER PAYABLES (CONTINUED)

### (a) Financial guarantee contracts

The gross financial guarantees provided by the Group and the Company at the end of the financial year are as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Guarantees in respect of credit facilities granted to:				
– joint ventures	4,702	5,717	4,702	5,717
– subsidiaries	–	–	680,088	874,730
– plasma stakeholders	54,527	46,846	–	–

## 43. SEGMENT INFORMATION – GROUP

The Company is a globally integrated plantation company which is involved in the entire span of the palm oil value chain, from upstream to downstream activities, research and development ("R&D"), renewables and agribusiness. The Group is also involved in rubber and sugar cane plantations, coconut crushing as well as beef cattle industry.

The management of the Group has determined the operating segments based on information reviewed by the Group's Plantation Leadership Committee ("PLC") which consists of the Group Managing Director ("GMD"), Managing Director of Sime Darby Oils, Chief Financial Officer, Chief Human Resources Officer, Head of Group Sustainability, Chief Strategy & Innovation Officer, Chief Research & Development Officer, Chief Operations Services Officer, Chief Integrity & Assurance Officer, Group Secretary and Group General Counsel for the purposes of allocating resources and assessing performance.

Management separately evaluates the performance of the upstream segment by geographical locations. Although the Upstream Liberia segment does not meet the quantitative threshold as a reportable segment, the segment remains closely monitored by the PLC up to the date of disposal, as disclosed in Note 33(d)(i).

The downstream segment is evaluated based on the nature of the products and services, specific expertise and technologies requirement of individual operating units. These operating units have been reported as a single segment as the disaggregation does not meet the quantitative thresholds for separate disclosures, and may exceed the practical limit of a reportable segment. The other business activities of the Group are excluded from the reportable operating segments as they are individually insignificant.

### Segments comprise:

Upstream Malaysia	developing, cultivating and managing oil palm and rubber plantation estates and milling of fresh fruit bunches ("FFB") into crude palm oil ("CPO") and palm kernel ("PK"), processing and sales of rubber
Upstream Indonesia	developing, cultivating and managing oil palm plantation estates and milling of FFB into CPO and PK
Upstream Papua New Guinea and Solomon Islands ("PNG/SI")	developing, cultivating and managing oil palm and sugar cane plantation estates; milling of FFB into CPO and PK, refining of sugar cane, coconut oil, cattle rearing and beef production
Downstream	production and sales of refined oils and fats (which includes specialty and end-user oils and fats), sales of CPO, refining of coconut oils, production of biodiesel products, sales of derivatives and crushing of PK to crude palm kernel oil ("CPKO") and palm kernel expeller ("PKE")
Other operations	other operations including trading of agricultural products and services, production and/or sale of oil palm seeds and seedlings, sales of oleochemical products, research and breeding programmes of oil palm and rubber with special focus on genome science; and renewables business with a focus on development of green technology and renewable energy which includes bio-based chemicals, biogas and composting

### Note:

- (i) FFB, being the oil palm fruits which grow in bunches on oil palm trees, from which CPO and PK are obtained.
- (ii) CPO, which is the oil extracted from the fibrous outer layer (mesocarp) of the oil palm fruit.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 43. SEGMENT INFORMATION – GROUP (CONTINUED)

#### (a) Segment results

	Note	Continuing operations										Total RM'000		
		Upstream Malaysia RM'000	Upstream Indonesia RM'000	Upstream PNG/SI RM'000	Downstream RM'000	Other operations RM'000	Inter- segment elimination RM'000	Total RM'000	Discontinued operations RM'000	Total RM'000				
<b>2020</b>														
<u>Segment revenue</u>														
External		576,643	803,810	802,301	10,838,982	59,392	-	13,081,128	-	-	13,081,128	-	13,081,128	
Inter-segment		2,818,124	1,026,730	926,425	165,709	208,969	(5,145,957)	-	-	-	-	-	-	
		<b>3,394,767</b>	<b>1,830,540</b>	<b>1,728,726</b>	<b>11,004,691</b>	<b>268,361</b>	<b>(5,145,957)</b>	<b>13,081,128</b>	<b>-</b>	<b>-</b>	<b>13,081,128</b>	<b>-</b>	<b>13,081,128</b>	
<u>Segment results</u>														
Operating profit/(loss)		1,088,460	453,851	143,600	385,755	13,715	-	2,085,381	(162,162)	-	1,923,219	-	1,923,219	
Share of results of joint ventures and associates		-	-	-	-	3,993	-	3,993	-	-	3,993	-	3,993	
Profit/(loss) before interest and tax		1,088,460	453,851	143,600	385,755	17,708	-	2,089,374	(162,162)	-	1,927,212	-	1,927,212	
Finance income		2,692	11,218	9	2,895	480	-	17,294	-	-	17,294	-	17,294	
Finance costs		(73,134)	-	-	(12,295)	(30,989)	-	(116,418)	-	-	(116,418)	-	(116,418)	
Profit/(loss) before tax		1,018,018	465,069	143,609	376,355	(12,801)	-	1,990,250	(162,162)	-	1,828,088	-	1,828,088	
Tax (expense)/credit		(182,104)	(194,245)	(55,458)	(34,675)	956	-	(465,526)	-	-	(465,526)	-	(465,526)	
Profit/(loss) for the financial year		<b>835,914</b>	<b>270,824</b>	<b>88,151</b>	<b>341,680</b>	<b>(11,845)</b>	<b>-</b>	<b>1,524,724</b>	<b>(162,162)</b>	<b>-</b>	<b>1,362,562</b>	<b>-</b>	<b>1,362,562</b>	
Included in the operating (profit)/loss are:														
Depreciation and amortisation	6(a)	370,965	234,046	486,275	112,287	20,974	-	1,224,547	-	-	1,224,547	-	1,224,547	
Impairment losses of property, plant and equipment, advances for plasma plantation projects, trade and other receivable and amounts due from joint ventures	6(e), 13(b)	17,512	5,668	580	3,147	-	-	26,907	236,000	-	262,907	-	262,907	
Write off of property, plant and equipment	6(e)	9,500	10,108	4	666	89	-	20,367	-	-	20,367	-	20,367	
(Gains)/losses on disposals of property, plant and equipment and non-current assets held for sale (net)	6(e), 7	(416,339)	2,285	(51,092)	(140)	-	-	(465,286)	(73,838)	-	(539,124)	-	(539,124)	

### 43. SEGMENT INFORMATION – GROUP (CONTINUED)

#### (a) Segment results (continued)

	Note	Continuing operations												
		Upstream Malaysia RM'000	Upstream Indonesia RM'000	Upstream PNG/SI RM'000	Downstream RM'000	Other operations RM'000	Inter-segment elimination RM'000	Total RM'000	Discontinued operations RM'000	Total RM'000				
<b>2019</b>														
Segment revenue														
External		793,364	865,114	836,742	9,512,374	54,672	–	12,062,266	51,790	12,114,056				
Inter-segment		2,275,669	833,804	439,067	81,699	288,437	(3,918,676)	–	–	–				
		3,069,033	1,698,918	1,275,809	9,594,073	343,109	(3,918,676)	12,062,266	51,790	12,114,056				
<b>Segment results</b>														
Operating profit/(loss)		155,246	196,202	(239,075)	283,850	8,009	–	404,232	(325,854)	78,378				
Share of results of joint ventures and associates		–	–	–	–	1,654	–	1,654	4,061	5,715				
Profit/(loss) before interest and tax		155,246	196,202	(239,075)	283,850	9,663	–	405,886	(321,793)	84,093				
Finance income		1,988	6,858	–	3,525	604	–	12,975	–	12,975				
Finance costs		(127,115)	–	–	(10,099)	(30,331)	–	(167,545)	–	(167,545)				
Profit/(loss) before tax		30,119	203,060	(239,075)	277,276	(20,064)	–	251,316	(321,793)	(70,477)				
Tax credit/(expense)		5,047	2,744	70,362	(27,941)	(26,643)	–	23,569	–	23,569				
Profit/(loss) for the financial year		35,166	205,804	(168,713)	249,335	(46,707)	–	274,885	(321,793)	(46,908)				
Included in the operating profit/(loss) are:														
Depreciation and amortisation	6(a), 13(b)	372,481	229,020	470,036	114,361	20,115	–	1,206,013	19,726	1,225,739				
Impairment losses of property, plant and equipment, right-of-use assets, trade and other receivables, advances for plasma plantation projects and joint venture	6(e), 13(b)	27,501	3,545	2	9,776	19,610	–	60,434	243,610	304,044				
Reversal of impairment losses of trade and other receivables and advances for plasma plantation projects	7	(3)	(2,130)	(1,086)	(17,206)	(14)	–	(20,439)	–	(20,439)				
Gains on disposals of property, plant and equipment and non-current assets held for sale	7	(58,716)	(11,926)	(911)	(8,586)	–	–	(80,139)	–	(80,139)				

## NOTES TO THE FINANCIAL STATEMENTS

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## 43. SEGMENT INFORMATION – GROUP (CONTINUED)

## (b) Segment assets and liabilities and additions to non-current assets

	Continuing operations									
	Upstream Malaysia RM'000	Upstream Indonesia RM'000	Upstream PNG/SI RM'000	Downstream RM'000	Other operations RM'000	Inter- segment elimination RM'000	Total RM'000	Discontinued operations RM'000	Total RM'000	
<b>2020</b>										
<u>Segment assets</u>										
Operating assets	9,457,579	4,879,932	7,525,724	4,732,070	224,891	-	26,820,196	-	26,820,196	
Joint ventures and associates	-	-	-	-	77,282	-	77,282	-	77,282	
Non-current assets held for sale	31,544	131,212	-	-	2,524	-	165,280	157,870	323,150	
	9,489,123	5,011,144	7,525,724	4,732,070	304,697	-	27,062,758	157,870	27,220,628	
<u>Segment liabilities</u>										
Liabilities	634,347	652,887	53,246	923,323	72,948	-	2,336,751	-	2,336,751	
Liabilities directly associated with non-current assets held for sale	-	17,699	-	-	-	-	17,699	-	17,699	
	634,347	670,586	53,246	923,323	72,948	-	2,354,450	-	2,354,450	
Additions to non-current assets are as follows:										
Capital expenditure	600,959	509,401	167,445	176,818	16,661	-	1,471,284	-	1,471,284	
<b>2019</b>										
<u>Segment assets</u>										
Operating assets	9,400,590	4,860,256	7,877,568	4,263,085	223,394	-	26,624,893	-	26,624,893	
Joint ventures and associates	-	-	-	-	73,907	-	73,907	-	73,907	
Non-current assets held for sale	69,059	-	43,909	-	-	-	112,968	409,570	522,538	
	9,469,649	4,860,256	7,921,477	4,263,085	297,301	-	26,811,768	409,570	27,221,338	
<u>Segment liabilities</u>										
Liabilities	660,775	287,839	81,657	878,896	66,951	-	1,976,118	-	1,976,118	
Liabilities directly associated with non-current assets held for sale	-	3,507	31,804	-	-	-	35,311	424	35,735	
	660,775	291,346	113,461	878,896	66,951	-	2,011,429	424	2,011,853	
Additions to non-current assets are as follows:										
Capital expenditure	681,517	603,562	230,640	244,406	23,552	-	1,783,677	-	1,783,677	



### 43. SEGMENT INFORMATION – GROUP (CONTINUED)

#### b) Segment assets and liabilities and additions to non-current assets (continued)

Capital expenditure consists of the following:

	2020 RM'000	2019 RM'000
Property, plant and equipment	<b>1,411,072</b>	1,734,427
Right-of-use assets	<b>33,560</b>	42,615
Intangible assets other than goodwill	<b>26,652</b>	6,635
	<b>1,471,284</b>	1,783,677

Reconciliations of segment assets and liabilities to total assets and total liabilities are as follows:

	2020 RM'000	2019 RM'000
Assets:		
Segment total	<b>27,220,628</b>	27,221,338
Tax assets	<b>1,100,023</b>	1,286,384
	<b>28,320,651</b>	28,507,722
Liabilities:		
Segment total	<b>2,354,450</b>	2,011,853
Tax liabilities	<b>2,824,498</b>	2,702,945
Borrowings	<b>6,682,203</b>	7,744,927
Lease liabilities	<b>189,752</b>	187,275
	<b>12,050,903</b>	12,647,000

#### c) Segment by geography

Revenue by location of customers is analysed as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Malaysia	<b>3,316,943</b>	3,045,208
Europe	<b>3,119,469</b>	2,547,424
India	<b>1,939,680</b>	1,967,517
Indonesia	<b>875,314</b>	954,724
Thailand	<b>1,372,433</b>	1,059,900
Other countries in South East Asia	<b>176,710</b>	107,648
South Africa	<b>507,854</b>	541,545
Papua New Guinea and Solomon Islands	<b>349,276</b>	283,021
China	<b>380,690</b>	545,415
Other countries (which are individually insignificant)	<b>1,042,759</b>	1,009,864
	<b>13,081,128</b>	12,062,266

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### 43. SEGMENT INFORMATION – GROUP (CONTINUED)

#### c) Segment by geography (continued)

Non-current assets, other than financial instruments and tax assets, by location of the Group's operations are analysed as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Malaysia	<b>11,933,935</b>	11,807,354
Indonesia	<b>4,018,903</b>	3,971,981
Papua New Guinea and Solomon Islands	<b>5,333,645</b>	5,739,975
Thailand	<b>287,946</b>	289,151
China	<b>27,201</b>	27,052
Europe	<b>604,844</b>	533,594
Singapore	<b>1,426</b>	–
South Africa	<b>12,486</b>	12,482
	<b>22,220,386</b>	22,381,589

Reconciliations of non-current assets, other than financial instruments and tax assets to the total non-current assets are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Non-current assets other than financial instruments and tax assets	<b>22,220,386</b>	22,381,589
Investments at FVOCI	<b>27,068</b>	30,469
Deferred tax assets	<b>620,867</b>	640,094
Tax recoverable	<b>264,643</b>	333,674
Receivables	<b>185,985</b>	155,741
	<b>23,318,949</b>	23,541,567

The Group's operations are diverse in terms of the range of products and services it offers and the geographical coverage. There is no single customer that contributed 10% or more to the Group's revenue.

### 44. CONTINGENT LIABILITIES

Other than those disclosed in Note 46, there are no significant contingent liabilities as at the financial year end.

### 45. COMMITMENTS

#### (a) Capital commitments

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Authorised capital expenditure not provided for in the financial statements:				
Contracted				
– property, plant and equipment	<b>209,581</b>	330,994	<b>55,097</b>	88,190
Not contracted				
– bearer plants	<b>732,000</b>	768,000	<b>230,193</b>	264,526
– property, plant and equipment	<b>101,739</b>	175,444	<b>80,535</b>	104,833
	<b>1,043,320</b>	1,274,438	<b>365,825</b>	457,549

#### (b) Plasma plantation

The Group is committed to develop a total of 53,449 (2019: 53,381) hectares of oil palm plantation for plasma farmers in Indonesia. A total of 44,032 (2019: 43,558) hectares have been developed of which approximately 37,106 (2019: 37,054) hectares have been transferred/handed over to plasma farmers.

## 46. MATERIAL LITIGATION

Material litigation against the Group are as follows:

### (a) New Britain Palm Oil Limited (“NBPOL”) vs. Masile Incorporated Land Group (“Masile”), Rikau Incorporated Land Group (“Rikau”) & Meloks Incorporated Land Group (“Meloks”) (collectively, “Defendants”)

NBPOL, a wholly-owned subsidiary of SDP, had on 31 August 2011 initiated 3 separate legal actions against the Defendants in the National Court of Justice at Waigani, Papua New Guinea (Court). All 3 actions relate to the same cause of action whereby the Defendants had defaulted in their obligations to surrender their Special Agricultural Business Leases (“SABL”) to NBPOL for registration of the sub-leases despite having received benefits from NBPOL under the sub-lease agreements (“SLA”). Such benefits received by the Defendants include rental paid by NBPOL for 3,720 ha of land under the SABL (“Land”), royalties for the FFB harvested from the Land and 31,250 ordinary shares in NBPOL respectively issued to each of the Defendants.

On 25 June 2018, the Court rendered its decision on NBPOL’s claims against Meloks in NBPOL’s favour. In its decision, the Court declared the SLA entered into between NBPOL and Meloks to be valid and an order of specific performance was made against Meloks to deliver the SABL to NBPOL and to do all acts and things necessary to enable NBPOL to register the SLA entered into between NBPOL and Meloks. On 10 October 2018, Meloks surrendered the SABL to NBPOL. However, in view that Meloks had laminated the SABL, Meloks had to execute an application for the official copy of the SABL which NBPOL will lodge with the registrar of titles together with NBPOL’s application for registration of the SLA. The laminated plastic has since dislodged from Melok’s SABL. However NBPOL and Meloks are in the process of executing a new SLA to facilitate the registration of the SLA as the date of the SLA has to be the same or after the date of the SABL.

Masile and Rikau were considering whether to continue defending against NBPOL’s claims in view of the Court’s decision on the trial relating to NBPOL’s claims against Meloks or to conclude on the same basis as Meloks given that the facts, issues and evidences are similar. The parties had agreed to enter into Consent Court Orders (“CCOs”) on terms similar to the order made in respect of Meloks and the CCOs were formally endorsed by the Court on 15 December 2020. Masile and Rikau surrendered their respective SABLs to NBPOL on 30 July 2020. However, the SABL received from Masile was laminated whilst the SABL received from Rikau was a copy, NBPOL is therefore in the process of obtaining an official copy of the SABLs and compiling the relevant documents (including execution of new SLAs) before it can proceed with the registration of the SLAs.

### (b) PT Mulia Agro Persada (“PT MAP”) and PT Palma Sejahtera (“PT PS”) vs. PT Minamas Gemilang (“PT MGG”), PT Anugerah Sumbermakmur (“PT ASM”) and PT Indotruba Tengah (“PT ITH”)

PT MGG and PT ASM, both indirect wholly-owned subsidiaries of SDP, and PT ITH, a 50%-owned subsidiary of the SDP Group, are involved in a lawsuit brought by Yayasan Kartika Eka Paksi (“YKEP”) against PT MAP, PT PS and others. PT MGG and PT ASM are shareholders of PT ITH, each holding 25% equity interest. YKEP holds the remaining 50% share in PT ITH.

YKEP sold and transferred its shares in PT ITH to PT MAP in December 2008 but thereafter YKEP filed a lawsuit to invalidate and nullify the transfer of shares as it is against law and regulations. The purchase of shares in PT ITH by PT MAP was funded by PT PS. Subsequently, on 31 May 2016, the Supreme Court decided the Judicial Review (1st Judicial Review Decision) application by Darsono CS (ex-officer of YKEP) in favour of YKEP. This decision reinforced the earlier District Court decision which had invalidated and nullified the transfer of the ordinary shares of PT ITH from YKEP to PT MAP.

In that regard, YKEP then filed a petition at the Central Jakarta District Court to execute the 1st Judicial Review Decision, demanding that (i) the 6,200 ordinary shares in PT ITH be returned to YKEP and (ii) PT MAP and the former officers of YKEP to pay compensation for damages to YKEP in the amount of IDR 200.0 billion (equivalent to around RM57.5 million). YKEP’s petition was granted under a Warning Letter (Surat Aanmaning) issued by the Central Jakarta District Court which obligates PT MAP and the former officers of YKEP to comply with the 1st Judicial Review Decision.

In response, the former officers of YKEP (some of them were represented by their heirs) filed a Third Party Opposition Suit (Gugatan Perlawanan) registered under case number 537/PDT.PLW/2017/PN.Jkt.Pst dated 18 October 2017, seeking nullification towards both the Warning Letter (Surat Aanmaning) issued by the Central Jakarta District Court and the execution of the 1st Judicial Review Decision, on the basis that (i) the 6,200 ordinary shares in PT ITH are currently owned by YKEP; (ii) YKEP has also received dividends as a shareholder of PT ITH; and (iii) there are conflicting decisions on the matter of legality of transfer of the 6,200 shares in PT ITH between (i) the 1st Judicial Review Decision No. 196 PK/Pdt/2016, which nullified such transfer of shares, and (ii) the Decision of East Jakarta District Court No. 130/Pdt.G/2015/PN.Jkt.tim dated 7 July 2015 (Decision of East Jakarta District Court), which declared the transfer of 6,200 ordinary shares in PT ITH from YKEP to PT MAP as legally valid. However, neither YKEP, PT ITH, PT MGG nor PT ASM were included as parties under the Decision of East Jakarta District Court. On 12 April 2018, the Central Jakarta District Court rejected the Third Party Opposition Suit (Gugatan Perlawanan) by the former officers of YKEP. The former officers of YKEP then filed an appeal at the Jakarta High Court against the decision of the Central Jakarta District Court. On 4 March 2019, PT ITH was notified that the former officers’ appeal was rejected by the Jakarta High Court.

## NOTES TO THE FINANCIAL STATEMENTS

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### 46. MATERIAL LITIGATION (CONTINUED)

Material litigation against the Group are as follows: (continued)

#### (b) PT Mulia Agro Persada (“PT MAP”) and PT Palma Sejahtera (“PT PS”) vs. PT Minamas Gemilang (“PT MGG”), PT Anugerah Sumbermakmur (“PT ASM”) and PT Indotruba Tengah (“PT ITH”) (continued)

Despite the 1st Judicial Review Decision, PT MAP and PT PS still filed a lawsuit at the South Jakarta District Court seeking compensation from the defendants (and a number of individuals), individually or jointly and severally, namely PT ITH, PT MGG, PT ASM and YKEP. The compensation sought by PT MAP and PT PS comprised of: (i) material damages (direct loss) in the amount of IDR247.0 billion (equivalent to around RM71.0 million) with an interest of 3% per month of the amount of IDR137.2 billion (equivalent to around RM39.4 million) until the payment is made to PT MAP and PT PS; (ii) fine (dwangsom) in the amount of IDR250 billion (equivalent to around RM71.8 million); and (iii) immaterial damages (indirect loss) in the amount of IDR500 billion (equivalent to around RM143.7 million). The potential exposure of PT MGG, PT ASM and PT ITH could be up to IDR997.0 billion (equivalent to around RM286.4 million), being the total sum of the above material damages (excluding the 3% interest), fine and immaterial damages claimed by PT MAP and PT PS from all the 11 defendants, individually or jointly and severally. The term “individually or jointly and severally” means that one or more defendants can be pursued to pay all amounts demanded. In other words, PT MAP and PT PS may recover all the damages from any of the defendants regardless of their individual share of the liability.

To that extent, the South Jakarta District Court and the Jakarta High Court, which previously adjudicated and examined this case, rejected PT MAP and PT PS’s lawsuit. In response, PT MAP and PT PS filed an appeal to the Supreme Court which was subsequently rejected. PT MAP and PT PS then filed a judicial review (Jakarta Selatan Judicial Review) in the Supreme Court against the Supreme Court’s decision. As at the reporting date, parties are awaiting the official decision of the Jakarta Selatan Judicial Review by the Supreme Court.

Separately, PT PS filed a judicial review in the Supreme Court against the 1st Judicial Review Decision. As at the reporting date, the matter is still before the Supreme Court.

#### (c) Chantico Ship Management Ltd (“Chantico”) vs. Sime Darby Oils Zwijndrecht Refinery B.V. (“SDOZR”)

SDOZR, an indirect wholly-owned subsidiary of the Company, is involved in litigation in respect of a vessel known as the mv Geraki (formerly known as mv Cap Thanos). This vessel was carrying vegetable oils for 9 different cargo owners (7 European cargo owners including SDOZR, and 2 Algerian cargo owners). One of the 9 cargo owners is SDOZR. The percentage of SDOZR’s cargo on board was about 14.4%. The vessel was auctioned and in April 2011 sold to Chantico. All cargo were eventually discharged in April/May 2013. Beginning in 2012, Chantico started various proceedings against the cargo owners.

The following 2 lawsuits are still pending:

##### (i) Proceedings before the Court of Piraeus which started in October 2014 (“Lawsuit 1”)

The claims by Chantico are based on alleged actions in tort (i.e. alleged delay of discharge of cargo) and the current total amount claimed from all 9 cargo owners, jointly and severally, is EUR6 million (approximately RM29.7 million). The hearing for Lawsuit 1 concluded on 25 September 2018.

##### (ii) Proceedings before the Court of Piraeus which started in December 2015 (“Lawsuit 2”)

The claim in these proceedings is based on the alleged damage to the vessel and loss of profit caused by the alleged actions in tort during transshipment and heating of the cargo. The claim against the 9 cargo owners and the third party, jointly and severally, amounts to EUR9.3 million (approximately RM46.1 million) and an additional claim was filed against all cargo owners, jointly and severally, of EUR380,000 (approximately RM1.9 million) for port and anchorage dues. The hearing for Lawsuit 2 concluded on 25 September 2018.

On 25 November 2020 the Court of Piraeus rendered its judgement dismissing all of Chantico’s claims in Lawsuit 1 and Lawsuit 2. Chantico is able to appeal against this judgment however at present, the time limit of 60 days to file an appeal from the date of service of judgment has been suspended due to COVID-19 restrictions in Greece. SDOZR’s Greek lawyer estimates the exposure of SDOZR (and all of the other 8 cargo owners, jointly and severally) at EUR2.1 million (approximately RM10.4 million) for Lawsuit 1 and EUR145,000 (approximately RM0.7 million) for Lawsuit 2, all amounts inclusive of interest. As at this juncture, adequate provision has been made.

## 47. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS

The immediate and ultimate holding companies of the Company are Permodalan Nasional Berhad ("PNB") and Yayasan Pelaburan Bumiputra ("YPB"), which are incorporated in Malaysia.

Transactions entered into for the respective financial year under review, with companies in which PNB and YPB have significant interest, include the sales and purchases of goods and services.

These related party transactions were entered into in the ordinary course of business on negotiated trade terms and conditions and do not require the approval of shareholders.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>(a) Transactions with joint ventures</b>				
(i) Sale of goods and tolling services				
– Emery Oleochemicals (M) Sdn Bhd	<b>30,823</b>	50,917	<b>30,823</b>	50,390
– Rizhao Sime Darby Oils & Fats Co. Ltd.	<b>28,842</b>	33,758	–	14
<b>(b) Transactions with associates</b>				
(i) Purchase of palm oil				
– Thai Eastern Trat Co., Ltd.	<b>51,169</b>	36,904	–	–
<b>(c) Transactions with subsidiaries</b>				
(i) Sales of goods				
– Sime Darby Oils Trading (Labuan) Limited	–	–	<b>481,610</b>	941,320
– Sime Darby Oils Trading Sdn Bhd	–	–	<b>442,229</b>	–
– Sime Darby Oils Biodiesel Sdn Bhd	–	–	<b>127,342</b>	152,226
– Sime Darby Oils Professional Sdn Bhd	–	–	<b>102,296</b>	74,597
– Sime Darby Oils Pasir Gudang Sdn Bhd	–	–	<b>52,086</b>	72,480
– The China Engineers (Malaysia) Sdn Bhd	–	–	<b>48,075</b>	43,282
– Sime Darby Oils South Africa (Pty) Ltd.	–	–	<b>13,923</b>	14,558
(ii) Research expenses				
– Sime Darby Plantation Technology Centre Sdn Bhd	–	–	<b>21,268</b>	27,745
– Sime Darby Plantation Research Sdn Bhd	–	–	<b>55,473</b>	58,568
(iii) Commission on purchase of FFB and sale of palm products				
– Sime Darby Oils Trading Sdn Bhd	–	–	<b>35,878</b>	33,805
(iv) Management fees income				
– Sime Darby Plantation (Sabah) Sdn Bhd	–	–	<b>13,727</b>	13,688
(v) Interest income/(expenses)				
– Guthrie Industries Malaysia Sendirian Berhad	–	–	<b>11,519</b>	1,357
– Sime Darby Plantation Global Berhad	–	–	<b>(16,960)</b>	(16,669)
(vi) Purchases of goods				
– The China Engineers (Malaysia) Sdn Bhd	–	–	<b>161,728</b>	57,043
– Sime Darby Plantation Agri-Bio Sdn Bhd	–	–	<b>63,121</b>	106,593
– Sime Darby Oils Bintulu Sdn Bhd	–	–	<b>151,749</b>	26,792
– Sime Darby Oils Trading Sdn Bhd	–	–	<b>390,511</b>	–
(vii) Dividend income				
– Sime Darby Oils Trading (Labuan) Ltd	–	–	<b>43,678</b>	–

## NOTES TO THE FINANCIAL STATEMENTS

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### 47. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances: (continued)

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>(c) Transactions with subsidiaries (continued)</b>				
(viii) Capital contribution to subsidiaries/(repayment of capital contribution)				
– Sime Darby Plantation (Liberia) Inc.	–	–	<b>19,319</b>	63,081
– Sime Darby Oils Zwijndrecht Refinery B.V.	–	–	–	(161,653)
(ix) Advances from a subsidiary				
– New Britain Plantation Services Pte. Ltd.	–	–	<b>119,256</b>	–
(x) Advances to a subsidiary				
– Sime Darby Oils Trading (Labuan) Limited	–	–	–	41,945
(xi) Repayment of advances to a subsidiary				
– Sime Darby Oils Trading (Labuan) Limited	–	–	–	77,333
(xii) Acquisition of a subsidiary				
– Sime Darby Oils Singapore Limited	–	–	–	44,645
(xiii) Disposal of a subsidiary				
– Sime Darby Oils International Limited	–	–	<b>50,207</b>	7,074

#### (d) Transactions with related parties

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 56.95% as at 31 December 2020 (2019: 56.49%) of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through YPB. The Group considers that, for the purpose of MFRS 124 "Related Party Disclosures", the Malaysian Government are in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government's controlled bodies (collectively referred to as government related entities) are related parties of the Group and of the Company.

Transactions entered into during the financial year include the following:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Transactions with related parties</b>				
(i) Purchase of heavy equipment, spare parts and services				
– Sime Darby Industrial Sdn Bhd	<b>15,382</b>	24,633	<b>4,202</b>	6,385
(ii) Foreign currency payment arrangement				
– Hastings Deering (PNG) Limited	<b>111,165</b>	124,225	–	–
<b>Transactions with associate</b>				
(i) Corporate social responsibility donation paid				
– Yayasan Sime Darby	<b>26,000</b>	20,000	<b>8,134</b>	2,800

Apart from the individually significant transactions as disclosed elsewhere in the financial statements, the Group and the Company have collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

- (i) Purchasing of goods and services, including use of public utilities and amenities; and
- (ii) Placement of bank deposits with government-related financial institutions

All the transactions entered into by the Group and the Company with the government-related entities are conducted in the ordinary course of the Group's and the Company's businesses on negotiated terms.

#### 47. DISCLOSURES OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances: (continued)

##### (e) Remuneration of key management personnel

	GROUP/COMPANY	
	2020 RM'000	2019 RM'000
Remuneration of key management personnel		
The aggregate amount of emoluments received/receivable by key management personnel of the Group and the Company during the financial year are as follows:		
– Salaries, fees and other emoluments	<b>26,525</b>	21,380
– Defined contribution pension plans	<b>2,923</b>	1,843
– Estimated monetary value of benefits by way of usage of the Group's and the Company's assets	<b>343</b>	532
	<b>29,791</b>	23,755

Key management personnel comprise of Director and all Plantation Leadership Committee ("PLC") members having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

##### (f) The outstanding balances with related companies within the PNB Group are shown in Note 30. The significant outstanding balances with other related parties are as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial guarantees in respect of credit facilities				
– Sime Darby Oils Nonthaburi Co., Ltd	–	–	–	38,027
– Sime Darby Oils Netherlands B.V	–	–	<b>639,404</b>	645,202
– New Britain Palm Oil Limited	–	–	<b>40,684</b>	191,501

All outstanding balances are unsecured and repayable within the normal credit periods.

## NOTES TO THE FINANCIAL STATEMENTS

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### 48. FINANCIAL INSTRUMENTS

#### (a) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk, cash flow risk and price risk. The Group's financial risk management objective is to ensure that the Group creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Board regularly reviews these risks and approves the policies covering the management of these risks. The Group uses derivative financial instruments such as forward foreign exchange contracts, commodities forwards, futures and options contracts and interest rate swaps to hedge certain exposures.

Whilst all derivatives entered into provide economic hedges to the Group, certain derivatives do not qualify for the application of hedge accounting under the specific rules in MFRS 9. Changes in the fair value of these derivatives are recognised in profit or loss, whilst changes in the fair value of those derivatives that qualify for cash flow hedge accounting are recognised in other comprehensive income.

#### (i) Foreign currency exchange risk

Where the transacted currencies differ from the Company's and subsidiaries' functional currency, the Group is exposed to currency translation risk. The risk also extends to purchases denominated in currency other than the Company and the subsidiaries' functional currency.

Where possible, the Group will apply natural hedge by selling and purchasing in the same currency. Otherwise, the Group enters into forward foreign exchange contracts to limit its exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies. These derivatives are normally contracted through centralised treasury in order to achieve the benefits of netting within the Group and to manage the cost of hedging effectively.

The Group's policy on the extent of a foreign currency transaction or balance to be hedged is dependent on the duration to the settlement date. In terms of forecasted transaction, exposure is hedged only if it is expected to be cost effective.

The Group does not hedge its cash, deposits and borrowings denominated in other than functional currency.

The Group is also exposed to currency translation risk arising from its net investments in foreign subsidiaries. The investments in foreign subsidiaries are not hedged due to the long-term nature of those investments, except for the net investments in NBPOL group whereby the foreign currency borrowings related to the acquisition of the subsidiary of USD1,160.0 million (equivalent to RM4,764.1 million) (2019: USD1,271.3 million (equivalent to RM5,280.8 million)) are designated as a natural hedge against the net investment. The unrealised foreign currencies exchange gains of RM56.7 million (2019: unrealised foreign currencies exchange losses of RM145.9 million) in relation to the net investment hedge was adjusted to other comprehensive income. There was no ineffectiveness to be recorded from net investment in NBPOL group hedge.



## 48. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial risk management objectives and policies (continued)

#### (i) Foreign currency exchange risk (continued)

Currency profile of monetary financial assets and financial liabilities are as follows:

GROUP	United States Dollar RM'000	European Union Euro RM'000	Others RM'000	Denominated in functional currencies RM'000	Total RM'000
<b>2020</b>					
Investments at FVOCI					
– non-current	–	–	–	27,068	27,068
Trade and other receivables (net)					
– non-current	–	–	–	185,985	185,985
– current	273,700	1,245	152,701	1,557,414	1,985,060
Bank balances, deposits and cash	38,774	29,180	53,942	187,133	309,029
Amounts due from related parties	–	–	–	3,246	3,246
Derivatives assets	63,219	36	–	4,335	67,590
Long-term borrowings	(2,908,903)	–	–	(1,488,014)	(4,396,917)
Short-term borrowings	(1,684,339)	–	–	(600,947)	(2,285,286)
Lease liabilities					
– non-current	–	–	(81,084)	(82,717)	(163,801)
– current	–	–	(7,965)	(17,986)	(25,951)
Amounts due to related parties	–	–	–	(17,835)	(17,835)
Trade and other payables					
– non-current	(61,406)	–	–	(19,328)	(80,734)
– current	(31,125)	(9,583)	(280,062)	(864,017)	(1,184,787)
Derivatives liabilities	(136,787)	(87)	(350)	(222,527)	(359,751)
	(4,446,867)	20,791	(162,818)	(1,348,190)	(5,937,084)
<b>2019</b>					
Investments at FVOCI					
– non-current	–	–	–	30,469	30,469
Trade and other receivables (net)					
– non-current	–	–	–	155,741	155,741
– current	192,965	503	165,505	1,226,427	1,585,400
Bank balances, deposits and cash	61,456	26,512	17,892	325,487	431,347
Amounts due from related parties	–	–	–	2,158	2,158
Derivatives assets	6,377	101	–	70,259	76,737
Long-term borrowings	(4,262,646)	–	–	(992,738)	(5,255,384)
Short-term borrowings	(1,802,993)	–	–	(686,550)	(2,489,543)
Lease liabilities					
– non-current	–	–	(113,672)	(48,440)	(162,112)
– current	–	–	(11,772)	(13,391)	(25,163)
Amounts due to related parties	–	–	–	(6,989)	(6,989)
Trade and other payables					
– non-current	(64,778)	–	–	(12,623)	(77,401)
– current	(24,087)	(2,913)	(96,798)	(1,077,465)	(1,201,263)
Derivatives liabilities	(3,851)	(171)	–	(238,891)	(242,913)
	(5,897,557)	24,032	(38,845)	(1,266,546)	(7,178,916)

**NOTES TO THE FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2020

**48. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Financial risk management objectives and policies (continued)****(i) Foreign currency exchange risk (continued)**

Currency profile of monetary financial assets and financial liabilities are as follows: (continued)

COMPANY	United States Dollar RM'000	European Union Euro RM'000	Others RM'000	Denominated in functional currencies RM'000	Total RM'000
<b>2020</b>					
Investments at FVOCI					
– non-current	–	–	–	23,387	23,387
Trade and other receivables (net)	42,594	–	40,238	146,887	229,719
Bank balances, deposits and cash	15,025	363	–	33,827	49,215
Amounts due from related parties	–	–	–	2,858	2,858
Amounts due from subsidiaries					
– non-current	–	–	–	82,052	82,052
– current	15,048	214,423	9,985	187,601	427,057
Derivatives assets	3,018	–	–	255	3,273
Long-term borrowings	(2,778,041)	–	–	(500,000)	(3,278,041)
Short-term borrowings	(1,432,448)	–	–	(490,000)	(1,922,448)
Lease liabilities					
– non-current	–	–	–	(6,279)	(6,279)
– current	–	–	–	(400)	(400)
Amounts due to related parties	–	–	–	(12,828)	(12,828)
Amounts due to subsidiaries					
– non-current	(494,475)	–	–	–	(494,475)
– current	(43,235)	(19,656)	(147,823)	(921,765)	(1,132,479)
Trade and other payables					
– non-current	(18)	(45,403)	–	(1,352)	(46,773)
– current	(6,286)	(5,684)	(337)	(275,622)	(287,929)
Derivatives liabilities	(7,389)	–	–	(208)	(7,597)
	<b>(4,686,207)</b>	<b>144,043</b>	<b>(97,937)</b>	<b>(1,731,587)</b>	<b>(6,371,688)</b>
<b>2019</b>					
Investments at FVOCI					
– non-current	–	–	–	27,049	27,049
Trade and other receivables (net)	16,727	(14)	191	188,881	205,785
Bank balances, deposits and cash	9,965	410	–	75,028	85,403
Amounts due from related parties	–	–	–	3,226	3,226
Amounts due from subsidiaries					
– non-current	–	–	–	59,768	59,768
– current	16,743	199,682	28,142	291,758	536,325
Derivatives assets	1,841	–	–	33,648	35,489
Long-term borrowings	(3,551,838)	–	–	(500,000)	(4,051,838)
Short-term borrowings	(1,136,612)	–	–	(611,000)	(1,747,612)
Lease liabilities					
– non-current	–	–	–	(6,954)	(6,954)
– current	–	–	–	(1,340)	(1,340)
Amounts due to related parties	–	–	–	(6,027)	(6,027)
Amounts due to subsidiaries					
– non-current	(503,112)	–	–	–	(503,112)
– current	(31,832)	(18,231)	(51,899)	(893,020)	(994,982)

## 48. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial risk management objectives and policies (continued)

#### (i) Foreign currency exchange risk (continued)

COMPANY	United States Dollar RM'000	European Union Euro RM'000	Others RM'000	Denominated in functional currencies RM'000	Total RM'000
<b>2019 (continued)</b>					
Trade and other payables					
– non-current	(3,114)	(50,693)	(4,239)	(25)	(58,071)
– current	(17,725)	(5,609)	(1,035)	(303,286)	(327,655)
Derivatives liabilities	(33)	(3)	–	(134,161)	(134,197)
	(5,198,990)	125,542	(28,840)	(1,776,455)	(6,878,743)

The following table illustrates the effects of changes in exchange rate on the translation of foreign currency monetary items against the functional currency at 31 December 2020 and 31 December 2019, both before and after taking into account the hedge instruments. If the major currencies strengthened by the following percentage at the end of the reporting year, the Group's and the Company's profit/(loss) after tax will improve/(decline) by:

Major currency	Strengthened against RM by	Net monetary item RM'000	Hedged RM'000	Impact on profit/(loss) after tax	
				Before hedge RM'000	After hedge RM'000
<b>GROUP</b>					
<b>2020</b>					
United States Dollar					
– Assets	1%	375,693	273,700	3,757	1,020
– Liabilities	1%	(4,822,560)	(155,381)	(48,226)	(46,672)
European Union Euro					
– Assets	1%	30,461	4,053	305	264
– Liabilities	1%	(9,670)	–	(97)	(97)
<b>2019</b>					
United States Dollar					
– Assets	5%	260,798	215,879	13,040	2,246
– Liabilities	5%	(6,158,355)	(108,721)	(307,918)	(302,482)
European Union Euro					
– Assets	4%	27,116	–	1,085	1,085
– Liabilities	4%	(3,084)	–	(123)	(123)
<b>COMPANY</b>					
<b>2020</b>					
United States Dollar					
– Assets	1%	75,685	42,594	757	331
– Liabilities	1%	(4,761,892)	(134,238)	(47,619)	(46,277)
European Union Euro					
– Assets	1%	214,786	–	2,148	2,148
– Liabilities	1%	(70,743)	–	(707)	(707)
<b>2019</b>					
United States Dollar					
– Assets	5%	45,276	–	2,264	2,264
– Liabilities	5%	(5,244,266)	(171,724)	(262,213)	(253,627)
European Union Euro					
– Assets	4%	200,078	–	8,003	8,003
– Liabilities	4%	(74,536)	–	(2,981)	(2,981)

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 48. FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Financial risk management objectives and policies (continued)

##### (ii) Interest rate risk

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure which arises from certain of the Group's and the Company's borrowings is managed through the use of floating debt and derivative financial instruments. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

The percentages of fixed rate borrowings, both before and after taking into account the interest rate swap contracts, to the total of borrowings at the end of the financial year are as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total of borrowings	<b>6,682,203</b>	7,744,927	<b>5,200,489</b>	5,799,450
Fixed rate borrowings	<b>990,137</b>	962,850	–	–
Floating rate borrowings (swapped to fixed)	<b>469,748</b>	797,785	<b>469,748</b>	797,785
Total fixed rate after swaps	<b>1,459,885</b>	1,760,635	<b>469,748</b>	797,785

Percentage of fixed rate borrowings over total of borrowings.

	GROUP		COMPANY	
	2020 %	2019 %	2020 %	2019 %
– before swaps	<b>15</b>	12	–	–
– after swaps	<b>22</b>	23	<b>9</b>	14

As at 31 December 2020, all of the Group's and the Company's floating rate borrowings (after interest swap contracts) stood at RM5,222.3 million (2019: RM5,984.3 million) and RM4,730.7 million (2019: RM5,001.7 million) respectively. The following tables demonstrate the effects of changes in interest rate on floating rate borrowings. If the interest rate increased by 0.5% (2019: 0.5%), the Group's and the Company's profit or loss after tax will be lower/ higher by:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit or loss after tax	<b>19,845</b>	22,740	<b>17,977</b>	19,005

A 0.5% (2019: 0.5%) decrease in interest rate would have an equal but opposite effect.

The following table demonstrates the effect of changes in interest rate on the fair value of the interest rate swap contracts which are designated as cash flow hedge. If the interest rate increased by 0.5% (2019: 0.5%), the Group's and the Company's hedging reserve will be higher by:

	GROUP/COMPANY	
	2020 RM'000	2019 RM'000
Hedging reserve	<b>2,353</b>	5,945

A 0.5% (2019: 0.5%) decrease in interest rate would have an equal but opposite effect.

## 48. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial risk management objectives and policies (continued)

#### (iii) Credit risk

Credit risk arises on sales made on credit terms, derivatives with positive fair value and deposits with banks.

##### A) Risk management

The Group and the Company seek to control credit risk by dealing with customers and joint venture partners of appropriate credit history and transact and deposit with bank and financial institution with good credit ratings. Third party agencies' ratings are considered, if available. In addition, the customers' most recent financial statements, payment history and other relevant information are considered in the determination of credit risk. Customers are assessed at least annually and more frequently when information on significant changes in the customers' financial position becomes known. Credit terms and limit are set based on the assessment. Where appropriate, guarantees or securities are obtained to limit credit risk. Sales to customers are usually suspended when earlier amounts are overdue exceeding 180 days.

##### B) Collateral

The Group and the Company has a maximum exposure approximate to its carrying amount as stated in the statement of financial positions less collateral received amounting to RM417.2 million and RM3.2 million (2019: RM501.0 million and RM1.5 million) respectively.

##### C) Impairment of financial assets and financial guarantee contracts

The Group and the Company assess on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group and the Company have six types of financial instruments that are subject to the ECL model:

##### Measurement of ECL – simplified approach

- Trade receivables
- Intercompany receivables (trade) – inclusive of amounts due from associates, joint ventures, subsidiaries and related parties

##### Measurement of ECL – general 3-stage approach

- Intercompany receivables (non-trade) – inclusive of amounts due from subsidiaries
- Advances for plasma plantation projects
- Financial guarantee contracts issued
- Other receivables

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

**NOTES TO THE FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2020

**48. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Financial risk management objectives and policies (continued)****(iii) Credit risk (continued)**C) Impairment of financial assets and financial guarantee contracts (continued)

Reconciliation of loss allowance for trade and other receivables, intercompany receivables (trade and non-trade) and advances from plasma plantation projects.

	Note	Trade receivables RM'000	Other receivables RM'000	Amounts due from associates RM'000	Amounts due from joint ventures RM'000	Advances for plasma plantation projects RM'000	TOTAL RM'000
<b>GROUP</b>							
<b>2020</b>							
At 1 January		24,648	3,081	618	44,224	23,838	96,409
Charge for the financial year	6(e)	9,795	531	–	159	1,624	12,109
Write offs		(6,532)	–	(618)	–	–	(7,150)
Reversal for the financial year	7	–	–	–	–	(2,984)	(2,984)
Exchange differences		275	(39)	–	184	(625)	(205)
At 31 December		28,186	3,573	–	44,567	21,853	98,179
<b>2019</b>							
At 1 January		33,099	3,459	618	16,723	23,466	77,365
Charge for the financial year	6(e)	9,308	2	–	27,501	1,703	38,514
Reversal for the financial year	7	(17,930)	(379)	–	–	(2,130)	(20,439)
Exchange differences		171	(1)	–	–	799	969
At 31 December		24,648	3,081	618	44,224	23,838	96,409
	Note	Trade receivables RM'000	Other receivables RM'000	Amounts due from associates RM'000	Amounts due from joint ventures RM'000	Amounts due from subsidiaries (non-trade) RM'000	TOTAL RM'000
<b>COMPANY</b>							
<b>2020</b>							
At 1 January		766	2,692	618	40,001	320,629	364,706
Charge for the financial year	6(e)	443	42	–	159	761	1,405
Write offs		(63)	(204)	(618)	–	–	(885)
Reversal for the financial year	7	–	(659)	–	–	–	(659)
At 31 December		1,146	1,871	–	40,160	321,390	364,567
<b>2019</b>							
At 1 January		3,846	4,417	618	14,913	303,515	327,309
Charge for the financial year	6(e)	63	1,412	–	25,088	18,267	44,830
Write offs		(3,143)	(3,137)	–	–	–	(6,280)
Reversal for the financial year	7	–	–	–	–	(1,153)	(1,153)
At 31 December		766	2,692	618	40,001	320,629	364,706

## 48. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial risk management objectives and policies (continued)

#### (iii) Credit risk (continued)

##### C) Impairment of financial assets and financial guarantee contracts (continued)

A summary of the assumptions underpinning the Group's and the Company's ECL are as follows:

- Trade receivables using simplified approach

The ECL rates are based on 5-year historical credit losses experienced by the Group and the Company. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. However, based on the Group's and the Company's assessment, the ability to collect has minimal correlation with macroeconomic factors as these are consumers products. No significant changes to estimation techniques or assumptions were made during the reporting year.

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets:

GROUP	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
<b>2020</b>				
<u>Upstream</u>				
Local customers:				
Current	22,126	0.0%	–	22,126
Past due by:				
– 1 to 30 days	35,839	0.0%	–	35,839
– 31 to 60 days	8,134	0.4%	(31)	8,103
– 61 to 90 days	345	82.0%	(283)	62
– 91 to 180 days	–	0.0%	–	–
– 181 to 360 days	–	0.0%	–	–
– more than 360 days	5,513	38.4%	(2,116)	3,397
	<b>71,957</b>		<b>(2,430)</b>	<b>69,527</b>
Export customers:				
Current	3,168	0.0%	–	3,168
Past due by:				
– 1 to 30 days	119,911	0.0%	–	119,911
– 31 to 60 days	24,789	18.3%	(4,541)	20,248
– 61 to 90 days	–	0.0%	–	–
– 91 to 180 days	–	0.0%	–	–
– 181 to 360 days	–	0.0%	–	–
– more than 360 days	–	0.0%	–	–
	<b>147,868</b>		<b>(4,541)</b>	<b>143,327</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2020

**48. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Financial risk management objectives and policies (continued)****(iii) Credit risk (continued)**C) Impairment of financial assets and financial guarantee contracts (continued)

- Trade receivables using simplified approach (continued)

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

GROUP	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
<b>2020 (continued)</b>				
<u>Downstream</u>				
Local customers:				
Current	309,935	0.0%	–	309,935
Past due by:				
– 1 to 30 days	195,149	0.0%	(1)	195,148
– 31 to 60 days	35,685	0.0%	–	35,685
– 61 to 90 days	29,001	4.5%	(1,296)	27,705
– 91 to 180 days	685	2.0%	(14)	671
– 181 to 360 days	1,688	28.3%	(478)	1,210
– more than 360 days	14,761	83.0%	(12,251)	2,510
	586,904		(14,040)	572,864
Export customers:				
Current	505,571	0.0%	–	505,571
Past due by:				
– 1 to 30 days	114,631	0.0%	(13)	114,618
– 31 to 60 days	25,536	0.0%	(5)	25,531
– 61 to 90 days	1,232	12.1%	(149)	1,083
– 91 to 180 days	1,256	5.3%	(67)	1,189
– 181 to 360 days	893	24.6%	(220)	673
– more than 360 days	7,125	92.6%	(6,597)	528
	656,244		(7,051)	649,193



## 48. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial risk management objectives and policies (continued)

#### (iii) Credit risk (continued)

##### C) Impairment of financial assets and financial guarantee contracts (continued)

- Trade receivables using simplified approach (continued)

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

GROUP	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
<b>2020 (continued)</b>				
<u>Other Operations</u>				
Local customers:				
Current	1,328	0.0%	–	1,328
Past due by:				
– 1 to 30 days	48	0.0%	–	48
– 31 to 60 days	–	0.0%	–	–
– 61 to 90 days	1	0.0%	–	1
– 91 to 180 days	33	0.0%	–	33
– 181 to 360 days	6	0.0%	–	6
– more than 360 days	–	0.0%	–	–
	<b>1,416</b>		<b>–</b>	<b>1,416</b>
Export customers:				
Current	–	0.0%	–	–
Past due by:				
– 1 to 30 days	3,003	0.0%	–	3,003
– 31 to 60 days	1,761	0.0%	–	1,761
– 61 to 90 days	883	0.0%	–	883
– 91 to 180 days	560	0.0%	–	560
– 181 to 360 days	–	0.0%	–	–
– more than 360 days	156	79.5%	(124)	32
	<b>6,363</b>		<b>(124)</b>	<b>6,239</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2020

**48. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Financial risk management objectives and policies (continued)****(iii) Credit risk (continued)**C) Impairment of financial assets and financial guarantee contracts (continued)

- Trade receivables using simplified approach (continued)

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

GROUP	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
<b>2019</b>				
<u>Upstream</u>				
Local customers:				
Current	82,353	0.0%	–	82,353
Past due by:				
– 1 to 30 days	16,449	12.6%	(2,075)	14,374
– 31 to 60 days	8,795	6.9%	(605)	8,190
– 61 to 90 days	1,293	0.0%	–	1,293
– 91 to 180 days	283	0.0%	–	283
– 181 to 360 days	16	0.0%	–	16
– more than 360 days	2,663	100.0%	(2,663)	–
	111,852		(5,343)	106,509
Export customers:				
Current	576	0.0%	–	576
Past due by:				
– 1 to 30 days	13,519	0.0%	–	13,519
	14,095		–	14,095
<u>Downstream</u>				
Local customers:				
Current	316,214	0.0%	–	316,214
Past due by:				
– 1 to 30 days	154,552	0.0%	(7)	154,545
– 31 to 60 days	41,082	0.0%	–	41,082
– 61 to 90 days	1,930	0.0%	–	1,930
– 91 to 180 days	177	35.0%	(62)	115
– 181 to 360 days	11,355	82.7%	(9,391)	1,964
– more than 360 days	2,873	100.0%	(2,873)	–
	528,183		(12,333)	515,850

## 48. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial risk management objectives and policies (continued)

#### (iii) Credit risk (continued)

##### C) Impairment of financial assets and financial guarantee contracts (continued)

- Trade receivables using simplified approach (continued)

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

GROUP	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
<b>2019 (continued)</b>				
<u>Downstream</u> (continued)				
Export customers:				
Current	503,542	0.0%	–	503,542
Past due by:				
– 1 to 30 days	72,715	0.0%	(20)	72,695
– 31 to 60 days	14,061	0.0%	–	14,061
– 61 to 90 days	2,990	19.0%	(569)	2,421
– 91 to 180 days	1,739	0.7%	(12)	1,727
– 181 to 360 days	4,670	40.8%	(1,906)	2,764
– more than 360 days	4,355	100.0%	(4,355)	–
	604,072		(6,862)	597,210
<u>Other Operations</u>				
Local customers:				
Current	273	0.0%	–	273
Past due by:				
– 1 to 30 days	313	0.0%	–	313
– 31 to 60 days	14	0.0%	–	14
– 61 to 90 days	2	0.0%	–	2
– 91 to 180 days	106	0.0%	–	106
– 181 to 360 days	35	0.0%	–	35
– more than 360 days	217	0.0%	–	217
	960		–	960
Export customers:				
Current	3,850	0.0%	–	3,850
Past due by:				
– 1 to 30 days	1,152	0.0%	–	1,152
– 31 to 60 days	180	0.0%	–	180
– 61 to 90 days	30	100.0%	(30)	–
– 91 to 180 days	–	0.0%	–	–
– 181 to 360 days	39	100.0%	(39)	–
– more than 360 days	41	100.0%	(41)	–
	5,292		(110)	5,182

**NOTES TO THE FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2020

**48. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Financial risk management objectives and policies (continued)****(iii) Credit risk (continued)**C) Impairment of financial assets and financial guarantee contracts (continued)

- Trade receivables using simplified approach (continued)

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

COMPANY	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
<b>2020</b>				
<u>Upstream</u>				
Local customers:				
Current	864	0.0%	–	864
Past due by:				
– 1 to 30 days	–	0.0%	–	–
– 31 to 60 days	–	0.0%	–	–
– 61 to 90 days	–	0.0%	–	–
– 91 to 180 days	336	100.0%	336	–
– 181 to 360 days	–	0.0%	–	–
– more than 360 days	–	0.0%	–	–
	<b>1,200</b>		<b>(336)</b>	<b>864</b>
Export customers:				
Current	–	0.0%	–	–
Past due by:				
– 1 to 30 days	1,102	0.0%	–	1,102
– 31 to 60 days	–	0.0%	–	–
– 61 to 90 days	–	0.0%	–	–
– 91 to 180 days	–	0.0%	–	–
	<b>1,102</b>		<b>–</b>	<b>1,102</b>
<u>Downstream</u>				
Local customers:				
Current	100,955	0.0%	–	100,955
Past due by:				
– 1 to 30 days	91,495	0.0%	–	91,495
– 31 to 60 days	20	0.0%	–	20
– 61 to 90 days	–	0.0%	–	–
– 91 to 180 days	–	0.0%	–	–
– 181 to 360 days	–	0.0%	–	–
– more than 360 days	367	100.0%	(367)	–
	<b>192,837</b>		<b>(367)</b>	<b>192,470</b>
Export customers:				
Current	11,075	0.0%	–	11,075
Past due by:				
– 1 to 30 days	1,531	0.0%	–	1,531
– 31 to 60 days	773	0.7%	(5)	768
– 61 to 90 days	5	100.0%	(5)	–
– 91 to 180 days	16	100.0%	(16)	–
– 181 to 360 days	81	100.0%	(81)	–
– more than 360 days	336	100.0%	(336)	–
	<b>13,817</b>		<b>(443)</b>	<b>13,374</b>

## 48. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial risk management objectives and policies (continued)

#### (iii) Credit risk (continued)

##### C) Impairment of financial assets and financial guarantee contracts (continued)

- Trade receivables using simplified approach (continued)

The following table contains an analysis of the credit risk exposure of trade receivables for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

COMPANY	Gross receivables RM'000	Expected credit loss rate %	Loss allowances RM'000	Carrying amount (net of loss allowance) RM'000
<b>2019</b>				
<u>Upstream</u>				
Local customers:				
Current	29,888	0.0%	–	29,888
Past due by:				
– 1 to 30 days	2,075	0.0%	–	2,075
– 31 to 60 days	579	0.0%	–	579
– 61 to 90 days	–	0.0%	–	–
– 91 to 180 days	59	0.0%	–	59
– 181 to 360 days	11	0.0%	–	11
– more than 360 days	389	100.0%	(336)	53
	33,001		(336)	32,665
Export customers:				
Current	–	0.0%	–	–
Past due by:				
– 1 to 30 days	1,042	0.0%	–	1,042
	1,042		–	1,042
<u>Downstream</u>				
Local customers:				
Current	69,333	0.0%	–	69,333
Past due by:				
– 1 to 30 days	61,696	0.0%	–	61,696
– 31 to 60 days	5,051	0.0%	–	5,051
– 61 to 90 days	16	0.0%	–	16
– 91 to 180 days	–	0.0%	–	–
– 181 to 360 days	–	0.0%	–	–
– more than 360 days	430	100.0%	(430)	–
	136,526		(430)	136,096
Export customers:				
Current	8,773	0.0%	–	8,773
Past due by:				
– 1 to 30 days	526	0.0%	–	526
– 31 to 60 days	1,393	0.0%	–	1,393
	10,692		–	10,692

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For The Financial Year Ended 31 December 2020

### 48. FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Financial risk management objectives and policies (continued)

##### (iii) Credit risk (continued)

###### C) Impairment of financial assets and financial guarantee contracts (continued)

- Intercompany receivables (trade) – inclusive of amounts due from associates, joint ventures, subsidiaries and related parties using simplified approach

Intercompany receivables (trade) represent amounts outstanding arising from sales of goods. In arriving at loss allowance, the same assumptions as trade receivables have been applied. As a result, management is of the view that adequate loss allowance has been recognised as at the date of reporting.

- Intercompany receivables (non-trade) – inclusive of amounts due from subsidiaries using general 3-stage approach

The Company provides unsecured advances to subsidiaries and where necessary makes payments for expenses on behalf of its subsidiaries. The Company monitors the performance of the subsidiaries regularly.

Management has assessed the loss allowance for amount due from subsidiaries individually taking into consideration of the financial position and the plans in place for the respective subsidiaries. As at this reporting date, management is of the view that adequate loss allowance has been recognised.

- Advances for plasma plantation projects using general 3-stage approach

In Indonesia, oil palm plantation owners/operators are required to participate in selected programs to develop plantations for smallholders (herein referred to as “plasma farmers”). The Group is involved in “Perusahaan Inti Rakyat Transmigrasi” and “Kredit Koperasi Primer untuk Anggotanya” which require the Group to serve as a contractor for developing the plantations, train and develop the skills of the plasma farmers, and purchase the fresh fruit bunches harvested by plasma farmers at prevailing prices determined by the Indonesian Government.

The advances made by the Group in the form of plasma plantation development costs are recoverable from the plasma farmers upon the completion of the plasma plantation projects, either from the plasma farmers directly, through the assignment to plasma farmers of the loans obtained for the projects or netted-off with the FFB purchased from the plasma farmers. Impairment losses are made when the estimated recoverable amounts are less than the outstanding advances.

- Financial guarantee contracts using general 3-stage approach

The Group is exposed to credit risk arising from financial guarantee contracts given to banks for joint ventures' and plasma stakeholders' borrowings where the maximum credit risk exposure is the amount of borrowings utilised by the joint ventures or plasma stakeholders. Management has reviewed the financial position of the joint ventures and plasma stakeholders as at the reporting date and was of the view that the financial guarantee contracts are unlikely to be called by the lenders.

The Company is exposed to credit risk arising from financial guarantee contracts given to banks for joint ventures' and subsidiaries' borrowings where the maximum credit risk exposure is the amount of borrowings utilised by the joint ventures and subsidiaries. Historically, the Group and the Company have not defaulted in any borrowings and with the stringent monitoring over the treasury process, management is of the view that the financial guarantee contracts are unlikely to be called by the joint ventures' and subsidiaries' lenders.

- Other receivables using general 3-stage approach

The Group's and the Company's net other receivables are amounting to RM531.0 million and RM11.1 million (2019: RM290.2 million and RM15.9 million) respectively. Management has assessed the other receivables comprises mainly of amounts due from brokers, arising from the Group's trading operations individually and determined that the majority of the other receivables were fully recoverable and adequate loss allowance has been recognised.

## 48. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial risk management objectives and policies (continued)

#### (iv) Liquidity and cash flow risks

Liquidity and cash flow risks are the risks that the Group or the Company will encounter difficulty in meeting their financial obligations due to shortage of funds. The Group's and the Company's exposure to these risks arise primarily from the mismatch of maturities of financial assets and liabilities. To mitigate these risks to an acceptable level, the Group maintains sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The Group maintains centralised treasury functions where all strategic funding requirements are managed.

The undiscounted contractual cash flows of the Group's and the Company's financial liabilities are as follows:

GROUP	On demand or within 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Above 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
<b>2020</b>						
Trade and other payables	1,147,547	–	–	79,883	1,227,430	1,227,430
Borrowings						
– principal	2,285,286	875,833	3,025,422	495,662	6,682,203	6,682,203
– interest	70,881	84,193	97,823	95,690	348,587	36,633
Amounts due to related parties	17,835	–	–	–	17,835	17,835
Lease liabilities	32,597	26,362	54,551	134,206	247,716	189,752
Derivatives						
– gross settled	709,833	–	–	–	709,833	8,380
	<b>4,263,979</b>	<b>986,388</b>	<b>3,177,796</b>	<b>805,441</b>	<b>9,233,604</b>	<b>8,162,233</b>
<b>2019</b>						
Trade and other payables	1,157,111	–	–	76,774	1,233,885	1,233,885
Borrowings						
– principal	2,489,543	790,651	3,495,236	969,497	7,744,927	7,744,927
– interest	89,230	84,480	195,653	103,049	472,412	43,542
Amounts due to related parties	6,989	–	–	–	6,989	6,989
Lease liabilities	32,839	39,654	64,592	122,951	260,036	187,275
Derivatives						
– gross settled	395,253	–	–	–	395,253	4,021
	4,170,965	914,785	3,755,481	1,272,271	10,113,502	9,220,639

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 48. FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Financial risk management objectives and policies (continued)

##### (iv) Liquidity and cash flow risks (continued)

The undiscounted contractual cash flows of the Group's and the Company's financial liabilities are as follows: (continued)

COMPANY	On demand or within 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Above 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
<b>2020</b>						
Trade and other payables	274,750	–	–	–	274,750	274,750
Borrowings						
– principal	1,922,448	797,009	2,481,032	–	5,200,489	5,200,489
– interest	40,238	53,551	20,270	–	114,059	7,076
Intra-group payables	1,145,307	–	494,475	–	1,639,782	1,639,782
Lease liabilities	855	1,710	1,710	5,842	10,117	6,679
Derivatives						
– gross settled	205,286	–	–	–	205,286	116
	<b>3,588,884</b>	<b>852,270</b>	<b>2,997,487</b>	<b>5,842</b>	<b>7,444,483</b>	<b>7,128,892</b>
<b>2019</b>						
Trade and other payables	303,310	–	–	–	303,310	303,310
Borrowings						
– principal	1,747,612	705,781	3,346,057	–	5,799,450	5,799,450
– interest	48,338	43,065	102,054	–	193,457	17,023
Intra-group payables	1,001,009	–	503,112	–	1,504,121	1,504,121
Lease liabilities	1,438	991	2,565	6,454	11,448	8,294
Derivatives						
– gross settled	171,724	–	–	–	171,724	36
	<b>3,273,431</b>	<b>749,837</b>	<b>3,953,788</b>	<b>6,454</b>	<b>7,983,510</b>	<b>7,632,234</b>

As at 31 December 2020, the Group's and the Company's maximum potential liabilities under financial guarantee contracts amounted to RM59.2 million and RM684.8 million respectively (2019: RM52.6 million and RM880.4 million respectively). Financial guarantee contracts are assumed to be immediately payable on demand.



## 48. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial risk management objectives and policies (continued)

#### (v) Price risk

The Group and the Company are largely exposed to commodity price risk due to fluctuations in crude palm oil and other palm products futures prices.

The Group and the Company enter into commodities options and futures contracts to minimise exposure to adverse movements in crude palm oil and other palm products prices. Certain contracts are entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's and the Company's expected purchase, sale or usage requirements. Contracts that are not held for the purpose of physical delivery are accounted for as derivatives and are disclosed in Note 31(b).

The following table contains details of the commodities options and futures contracts that are accounted as derivatives.

#### (i) Cash flow hedges

	Notional Amount RM	Maturity period Months	Tonnage Tonnes	Average contract price per tonne RM
<b>GROUP – 2020</b>				
Sale contracts	1,650,232	Less than 12	574,050	2,875
Purchase contracts	56,179	Less than 12	16,700	3,364

There were no commodities futures contracts that were designated as cash flow hedges as at the end of the financial year 31 December 2019.

#### (ii) Non-hedging derivatives

	Notional Amount RM	Maturity period Months	Tonnage Tonnes	Average contract price per tonne RM
<b>GROUP – 2020</b>				
Sale contracts	333,632	Less than 12	102,755	3,247
Purchase contracts	111,293	Less than 12	39,538	2,815
<b>GROUP – 2019</b>				
Sale contracts	860,018	Less than 12	426,501	2,868
Purchase contracts	355,468	Less than 12	134,285	2,559
<b>COMPANY – 2020</b>				
Sale contracts	2,062	Less than 12	900	3,173
Purchase contracts	597	Less than 12	250	2,387
<b>COMPANY – 2019</b>				
Sale contracts	461,725	Less than 12	384,725	1,200
Purchase contracts	230,477	Less than 12	89,400	2,578

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 48. FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Financial instruments measured at fair value

In estimating the financial instruments carried at fair value, there are, in general, three different levels which can be defined as follows:

- (i) Level 1 – Quoted prices in active markets for identical assets or liabilities;
- (ii) Level 2 – Valuation inputs (other than level 1 input) that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 – Valuation inputs that are not based on observable market data.

The following table presents the Group's and the Company's financial assets and liabilities that are measured at fair value at the end of the reporting date based on the three different levels as defined above:

GROUP	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2020</b>				
<u>Financial assets</u>				
Investments at FVOCI	–	–	27,068	27,068
Derivatives				
– commodities options and futures contracts	5,163	–	–	5,163
– commodities forward contracts	–	47,108	–	47,108
– forward foreign exchange contracts	–	15,319	–	15,319
	5,163	62,427	27,068	94,658
<u>Financial liabilities</u>				
Derivatives				
– commodities futures contracts	(222,527)	–	–	(222,527)
– commodities forward contracts	–	(121,571)	–	(121,571)
– forward foreign exchange contracts	–	(8,380)	–	(8,380)
– interest rate swap contracts	–	(7,273)	–	(7,273)
	(222,527)	(137,224)	–	(359,751)
<b>2019</b>				
<u>Financial assets</u>				
Investments at FVOCI	–	–	30,469	30,469
Derivatives				
– commodities options and futures contracts	35,300	–	–	35,300
– commodities forward contracts	–	34,960	–	34,960
– forward foreign exchange contracts	–	6,245	–	6,245
– interest rate swap contracts	–	232	–	232
	35,300	41,437	30,469	107,206
<u>Financial liabilities</u>				
Derivatives				
– commodities futures contracts	(136,341)	–	–	(136,341)
– commodities forward contracts	–	(102,551)	–	(102,551)
– forward foreign exchange contracts	–	(4,021)	–	(4,021)
	(136,341)	(106,572)	–	(242,913)

## 48. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial instruments measured at fair value (continued)

The following table presents the Group's and the Company's financial assets and liabilities that are measured at fair value at the end of the reporting date based on the three different levels as defined above: (continued)

COMPANY	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2020</b>				
<u>Financial assets</u>				
Investments at FVOCI	-	-	23,387	23,387
Derivatives				
- commodities options and futures contracts	255	-	-	255
- forward foreign exchange contracts	-	3,018	-	3,018
	255	3,018	23,387	26,660
<u>Financial liabilities</u>				
Derivatives				
- commodities options and futures contracts	(208)	-	-	(208)
- forward foreign exchange contracts	-	(116)	-	(116)
- interest rate swap contracts	-	(7,273)	-	(7,273)
	(208)	(7,389)	-	(7,597)
<b>2019</b>				
<u>Financial assets</u>				
Investments at FVOCI	-	-	27,049	27,049
Derivatives				
- commodities options and futures contracts	33,648	-	-	33,648
- forward foreign exchange contracts	-	1,609	-	1,609
- interest rate swap contracts	-	232	-	232
	33,648	1,841	27,049	62,538
<u>Financial liabilities</u>				
Derivatives				
- commodities options and futures contracts	(134,161)	-	-	(134,161)
- forward foreign exchange contracts	-	(36)	-	(36)
	(134,161)	(36)	-	(134,197)

If quoted market prices in active markets are available, these are considered Level 1. If such quoted market prices are not available, fair value is determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category. It is classified into the Level 3 category if significant unobservable inputs are used.

The fair values of derivatives are determined using quoted price of identical instruments from an active market, if available (Level 1). If quoted prices are not available, price quoted for similar instruments, appropriately adjusted or present value techniques, based on available market data, or option pricing models are used. The fair values obtained using price quotes for similar instruments or valuation techniques represent a Level 2 input unless significant unobservable inputs are used.

There were no transfers between the levels of the fair value hierarchy during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 48. FINANCIAL INSTRUMENTS (CONTINUED)

#### (c) Financial instruments measured at amortised costs

The carrying amounts of non-current financial assets and liabilities are measured at amortised cost.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

##### (i) Short-term financial instruments

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

##### (ii) Long-term financial instruments

The fair value of the Group's long-term financial instruments approximate their carrying values and it is estimated by discounting the future contractual cash flows at the current market rate available to the Group for similar instruments.

### 49. CAPITAL MANAGEMENT

#### (a) Capital management objectives

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and maximise shareholder value. This is achieved through reviewing and managing its equity, debt and cash. Equity attributable to equity holders of the Company includes share capital, reserves and retained earnings.

The Group seeks to achieve optimal capital structure taking into account returns expected by shareholders, cost of debts, capital expenditure, investment opportunities, projected cash flows and externally imposed financial covenants. The Group has consistently paid out around 50% to 70% of its annual profit attributable to equity holders of the Company as dividends and reinvests the rest. Whilst the current practice provides a reasonable balance between expansion and cash dividends, the Group may adjust the dividend payout, equity levels and debt levels to achieve the optimal capital structure.

##### (i) Rating by External Rating Agencies

The Company and its capital market programmes are rated by both local and international rating agencies:

Rating Agency	Company/Programme	Rating as at	Rating
Fitch Ratings	Company and the USD1.5 billion Multi-currency Sukuk Programme	6.5.2020	BBB
Moody's Investors Service	Company and the USD1.5 billion Multi-currency Sukuk Programme	6.4.2020	Baa2
Malaysian Rating Corporation Berhad	RM3.0 billion Perpetual Subordinated Sukuk Programme (Perpetual Sukuk)	20.10.2020	AAIS

##### (ii) Gearing ratio and interest cover

Gearing ratio and interest cover are some of the ratios used in capital management. Gearing ratio is calculated as gross debt divided by total equity. Gross debt is calculated as the total of borrowings and amount due to a subsidiary (including "current and non-current" as shown in the Company's statements of financial position). Interest cover is calculated as profit/(loss) before interest and tax excluding impairment on investments in subsidiaries and joint ventures divided by total finance costs (gross).

The ratios are as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
Gearing ratio (%)	41.1	48.8	55.2	56.3
Interest cover (times)				
– continuing operations	11.4	1.4	7.8	1.1

#### (b) Externally imposed financial covenants and capital structure

In addition to optimising capital structure and complying with externally imposed financial covenants, the Group is also required to comply with statutory requirements in certain countries where the Group operates. This includes minimum capital requirement and the requirement to maintain legal reserves which are non-distributable.

The Group was in compliance with externally imposed financial covenants and capital requirements for the financial year ended 31 December 2020 and 31 December 2019 except as disclosed in Note 39.

## 50. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

(i) Subsidiaries which are active as at 31 December 2020 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2020	2019		
Chartquest Sdn Bhd	Malaysia	<b>61.1</b>	61.1	1	Cultivation of oil palm
Chermang Development (Malaya) Sdn Bhd	Malaysia	<b>83.9</b>	83.9	1	Investment holding
Consolidated Plantations Berhad	Malaysia	<b>100.0</b>	100.0	1	Investment holding
Guthrie Industries Malaysia Sendirian Berhad	Malaysia	<b>100.0</b>	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Guthrie International Investments (L) Ltd	Labuan, Malaysia	<b>100.0</b>	100.0	1	Investment holding
Kumpulan Jelei Sendirian Berhad	Malaysia	<b>100.0</b>	100.0	1	Investment holding
Mostyn Palm Processing Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Investment holding
Sanguine (Malaysia) Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Cultivation of oil palm
Sime Darby Plantation Agri-Bio Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Manufacturing and marketing of rat baits and trading of agricultural related products
Sime Darby Plantation Austral Holdings Berhad	Malaysia	<b>100.0</b>	100.0	1	Investment holding
Sime Darby Oils Bintulu Sdn Bhd	Malaysia	<b>60.0</b>	60.0	1	Processing of palm oil and palm kernel oil
Sime Darby Oils Biodiesel Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Production and sale of biodiesel and related products
Sime Darby Plantation Biotechnology Lab Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Provision of oil palm tissue culture services
Sime Darby Plantation Consulting Sdn Bhd (formerly known as Sime Darby Consulting Sdn Bhd)	Malaysia	<b>100.0</b>	100.0	1	Investment holding
Sime Darby Oils North America Inc.	United States	<b>100.0</b>	100.0	4	Marketing of vegetables oil and fat products and provision of technical product support
Sime Darby Oils Professional Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Distribution and marketing of cooking oil, tocotrienols, guava juice and palm related products
Sime Darby Oils Trading Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Trading of crude palm oil and palm oil products and as sub-marketing agent of commodities for its related companies
Sime Darby Plantation Global Berhad	Malaysia	<b>100.0</b>	100.0	1	Special purpose vehicle for the issuance of securities programme
Sime Darby Oils Trading (Labuan) Limited	Labuan, Malaysia	<b>100.0</b>	100.0	1	Trading of commodities
Sime Darby Oils Pasir Gudang Refinery Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Processing of edible oil and related products

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**50. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

(i) Subsidiaries which are active as at 31 December 2020 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2020	2019		
Sime Darby Plantation Latex Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Investment property company
Sime Darby Plantation (Sabah) Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Sime Darby Plantation (Sarawak) Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Sime Darby Plantation Childcare Centre Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Operating childcare services to employees
Sime Darby Plantation Intellectual Property Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Acquiring, developing and investing in trademarks, patents and intellectual property rights
Sime Darby Plantation Thailand Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Investment holding
Sime Darby Plantation Research Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Research and development services to group companies in relation to tropical agriculture
Sime Darby Plantation Renewable Energy Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Providing advisory and supervisory services on the renewable operation
Sime Darby Plantation Seeds & Agricultural Services Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Agricultural research and advisory services, production and sale of oil palm seeds and seedlings
Sime Darby Plantation Technology Centre Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Research and development services in biotechnology and agriculture
Sime Darby Plantation Ecogarden Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Business of owning, operating and managing rest/guest House, cafeterias/canteens and renting of conventional and recreational facilities
The China Engineers (Malaysia) Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Wangsa Mujur Sdn Bhd	Malaysia	<b>72.5</b>	72.5	1	Cultivation of oil palm and processing of palm oil and palm kernel
PT Aneka Intipersada	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Aneka Sawit Lestari	Indonesia	<b>100.0</b>	100.0	2	Production and sale of oil palm planting materials
PT Anugerah Sumbermakmur	Indonesia	<b>100.0</b>	100.0	2	Investment holding
PT Asricipta Indah	Indonesia	<b>90.0</b>	90.0	2	Investment holding
PT Bahari Gembira Ria	Indonesia	<b>99.97</b>	99.97	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Bersama Sejahtera Sakti	Indonesia	<b>91.12</b>	91.12	2	Cultivation of oil palm and processing of palm oil and palm kernel

## 50. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(i) Subsidiaries which are active as at 31 December 2020 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2020	2019		
PT Bhumireksa Nusasejati	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Bina Sains Cemerlang	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Budidaya Agrolestari	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm
PT Sime Darby Oils Pulau Laut Refinery	Indonesia	<b>100.0</b>	100.0	2	Processing of palm oil products
PT Guthrie Pecconina Indonesia	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Indo Sukses Lestari Makmur	Indonesia	–	95.0	2	Development of rubber plantation
PT Indotruba Tengah	Indonesia	<b>50.0</b>	50.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Kartika Inti Perkasa	Indonesia	<b>60.0</b>	60.0	2	Investment holding
PT Kridatama Lancar	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Ladangrumpun Suburabadi	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Laguna Mandiri	Indonesia	<b>88.6</b>	88.6	2	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
PT Lahan Tani Sakti	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Langgeng Muaramakmur	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Minamas Gemilang	Indonesia	<b>100.0</b>	100.0	2	Investment holding
PT Muda Perkasa Sakti	Indonesia	<b>100.0</b>	100.0	2	Investment holding
PT Padang Palma Permai	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Paripurna Swakarsa	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Perkasa Subur Sakti	Indonesia	<b>100.0</b>	100.0	2	Processing of palm oil and palm kernel
PT Perusahaan Perkebunan Industri dan Niaga Sri Kuala	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm
PT Sajang Heulang	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Sandika Natapalma	Indonesia	<b>100.0</b>	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 50. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(i) Subsidiaries which are active as at 31 December 2020 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2020	2019		
PT Sime Darby Plantation Agri Bio	Indonesia	100.0	100.0	2	Trading of agricultural related products
PT Sime Darby Oils Indonesia	Indonesia	100.0	100.0	2	Provision of procurement, marketing and sale of edible oils
PT Sedjahtera Indo Agro (formerly known as PT Sime Darby Plantation Indo Agro)	Indonesia	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Sritijaya Abaditama	Indonesia	60.0	60.0	2	Investment holding
PT Swadaya Andika	Indonesia	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Tamaco Graha Krida	Indonesia	90.0	90.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Tamiyang Sumber Rezeki	Indonesia	–	90.0	3	Cultivation of oil palm
PT Teguh Sempurna	Indonesia	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Tunggal Mitra Plantations	Indonesia	60.0	60.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Timbang Deli Indonesia	Indonesia	–	49.0	2	Oil palm seed production and cultivation of rubber
Kula Palm Oil Limited	Papua New Guinea	100.0	100.0	2	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
New Britain Palm Oil Limited	Papua New Guinea	100.0	100.0	2	Investment holding, cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
Poliamba Limited	Papua New Guinea	100.0	100.0	2	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
Ramu Agri-Industries Limited	Papua New Guinea	100.0	100.0	2	Cultivation of oil palm and growing canes, cattle rearing, processing and sale of palm oil, palm kernel oil, sugar, ethanol and beef
Markham Farming Company Limited	Papua New Guinea	100.0	100.0	2	Cultivation of oil palm and processing of palm oil, palm kernel, palm kernel oil and coconut
Guadalcanal Plains Palm Oil Limited	Solomon Islands	80.0	80.0	3	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
New Britain Plantation Services Pte. Ltd.	Singapore	100.0	100.0	2	Investment holding and management of oil palm plantations and seed production
Ultra Oleum Pte. Ltd.	Singapore	100.0	100.0	2	Investment holding
Verdant Bioscience Pte. Ltd.	Singapore	–	52.0	2	Agriculture science and research



## 50. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(i) Subsidiaries which are active as at 31 December 2020 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2020	2019		
Sime Darby Oils Liverpool Refinery Limited	United Kingdom	100.0	100.0	2	Refining of crude palm oil
Sime Darby Oils International Limited	Singapore	100.0	100.0	2	Management consultancy services (general) and investment holding
Sime Darby Oils Singapore Limited	Singapore	100.0	100.0	2	Investment holding
Sime Darby Plantation Investment (Liberia) Private Limited	Singapore	100.0	100.0	2	Investment holding
Sime Darby Plantation China Oils And Fats Company Limited (formerly known as Sime Darby China Oils And Fats Company Limited)	Hong Kong SAR	100.0	100.0	2	Investment holding
Sime Darby Plantation Hong Kong Nominees Limited (formerly known as Sime Darby Hong Kong Limited)	Hong Kong SAR	100.0	100.0	2	Investment holding
Sime Darby Oils Nonthaburi Co., Ltd	Thailand	99.9	99.9	2	Processing of soya bean oil and related products
Sime Darby Oils Morakot Public Company Limited	Thailand	99.9	99.9	2	Processing and marketing of edible oil and related products
Sime Darby Oils Holdings (Thailand) Limited	Thailand	100.0	100.0	2	Investment holding
The China Engineers (Thailand) Limited	Thailand	99.9	99.9	2	Investment holding
Sime Darby Plantation International Investments Limited	Cayman Islands	100.0	100.0	4	Investment holding
Sime Darby Plantation (Liberia) Inc.	Liberia	–	100.0	2	Cultivation of oil palm and rubber and processing of palm oil and palm kernel
Golden Hope Overseas Capital	Mauritius	100.0	100.0	2	Investment holding
Mulligan International B.V.	Netherlands	100.0	100.0	2	Investment holding
Sime Darby Oils Netherlands B.V.	Netherlands	100.0	100.0	2	Investment holding
Sime Darby Oils Zwijndrecht Refinery B.V.	Netherlands	100.0	100.0	2	Processing and marketing of edible oil and related products
Sime Darby Oils Europe B.V.	Netherlands	100.0	100.0	4	Commodity trading, raw material procurement, logistics and market risk management
Sime Darby Oils Speciality Ingredients B.V.	Netherlands	100.0	100.0	4	Acquiring, processing, producing and selling of special ingredients for use in food, feed, nutritional, pharmaceutical and cosmetic industry and consumer market
Sime Darby Oils South Africa (Pty) Ltd.	South Africa	100.0	100.0	2	Refining and marketing of edible oil related products

**NOTES TO THE FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2020

**50. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

(ii) Joint ventures which are active as at 31 December 2020 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2020	2019		
Emery Oleochemicals (M) Sdn Bhd	Malaysia	<b>50.0</b>	50.0	3	Investment holding, production and sale of fatty acids, fatty alcohols, refined glycerine, oilfield chemicals, ozone acids, plastic additives, methyl esters and other oleochemical derivatives
Emery Specialty Chemicals Sdn Bhd	Malaysia	<b>50.0</b>	50.0	3	Investment holding
SD Plantation TNB Renewables Sdn Bhd (formerly known as SD Plantation TNBES Renewable Energy Sdn Bhd)	Malaysia	<b>51.0</b>	51.0	1	Production and sale of renewable energy using palm oil effluents
Guangzhou Keylink Chemicals Co. Ltd.	China	<b>49.0</b>	49.0	3	Manufacturing of surface active agents
Rizhao Sime Darby Oils & Fats Co. Ltd.	China	<b>45.0</b>	45.0	2	Storage and marketing of palm oil related products

(iii) Associates which are active as at 31 December 2020 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2020	2019		
Barlow Bulking Sdn Bhd	Malaysia	<b>32.0</b>	32.0	3	Provision of bulking and marketing facilities for edible oil producers and millers
Nescaya Maluri Sdn Bhd	Malaysia	<b>40.0</b>	40.0	3	Investment holding and licensing
Muang Mai Guthrie Public Company Limited	Thailand	<b>49.0</b>	49.0	3	Processing of rubber
Thai Eastern Trat Co., Ltd.	Thailand	<b>40.0</b>	40.0	2	Processing of palm oil and palm kernel
Yayasan Sime Darby	Malaysia	@	@	1	Administration of scholarship awards and educational loans, undertake sports, environmental conservation and sustainability projects

## 51. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(iv) Subsidiaries which are dormant/inactive as at 31 December 2019 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2020	2019		
Sime Darby Oils Trading Private Limited (formerly known as Kwang Joo Seng (Malaysia) Private Limited)	Singapore	<b>100.0</b>	100.0	2	Dormant
Derawan Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Dormant
Kumpulan Jerai Sendirian Berhad	Malaysia	<b>100.0</b>	100.0	1	Dormant
Kumpulan Linggi Sendirian Berhad	Malaysia	<b>100.0</b>	100.0	1	Dormant
Kumpulan Sua Betong Sdn Berhad	Malaysia	<b>100.0</b>	100.0	1	Dormant
Kumpulan Tebong Sdn Berhad	Malaysia	<b>100.0</b>	100.0	1	Dormant
Kumpulan Temiang Sdn Berhad	Malaysia	<b>100.0</b>	100.0	1	Dormant
Sahua Enterprise Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Dormant
Bukit Talang Smallholders Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Dormant
Sime Darby Plantation (Peninsular) Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Dormant
Golden Hope Overseas Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Dormant
PT Guthrie Abdinusa Industri	Indonesia	<b>70.0</b>	70.0	2	Dormant
PT Sime Darby Plantation Commodities Trading (formerly known as PT Sime Darby Commodities Trading)	Indonesia	<b>100.0</b>	100.0	2	Dormant
Sime Darby Edible Products Tanzania Limited	Tanzania	<b>100.0</b>	100.0	4	Dormant
Sime Darby Oils Nutrition Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1	Dormant
Trolak Estates Limited	Scotland	<b>100.0</b>	100.0	5	Dormant
Dusun Durian Plantations Limited	United Kingdom	<b>100.0</b>	100.0	5	Dormant
Kinta Kellas Rubber Estate Plc.	United Kingdom	<b>100.0</b>	100.0	5	Dormant
Malaysian Estates Plc.	United Kingdom	<b>100.0</b>	100.0	5	Dormant
The Kuala Selangor Rubber Plc.	United Kingdom	<b>100.0</b>	100.0	5	Dormant

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020

### 51. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(iv) Subsidiaries which are dormant/inactive as at 31 December 2019 are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2020	2019		
The London Asiatic Rubber and Produce Company Limited	United Kingdom	100.0	100.0	5	Dormant
The Pataling Rubber Estates Limited	United Kingdom	100.0	100.0	5	Dormant
The Straits Plantations Limited	United Kingdom	100.0	100.0	5	Dormant
The Sungei Bahru Rubber Estates Plc.	United Kingdom	100.0	100.0	5	Dormant

(v) Subsidiaries placed under members' voluntary liquidation/deregistered are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2020	2019		
Eminent Platform	Malaysia	100.0	100.0	4	In members' voluntary liquidation
Golden Hope Agrotech Consultancy Sdn Bhd	Malaysia	100.0	100.0	4	In members' voluntary liquidation
Golden Hope Fruit Industries Sdn Bhd	Malaysia	100.0	100.0	4	In members' voluntary liquidation
Nature Ambience Sdn Bhd	Malaysia	100.0	100.0	4	In members' voluntary liquidation
Sime Darby Plantation Cameroon Ltd.	Cameroon	100.0	100.0	4	In members' voluntary liquidation
Sime Darby Edible Products India Private Limited	India	100.0	100.0	4	In members' voluntary liquidation
Vertical Drive Sdn Bhd	Malaysia	100.0	100.0	4	In members' voluntary liquidation
Sime Darby Oils & Fats Sdn Bhd	Malaysia	100.0	100.0	4	In members' voluntary liquidation
Sime Darby Plantation Holdings (Asia Pacific)	Cayman Islands	–	100.0	4	Liquidated
Sime Darby Plantation Holdings (Cayman Islands)	Cayman Islands	–	100.0	4	Liquidated

## 50. LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(vi) Joint venture which is dormant/inactive as at 31 December 2020 are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2020	2019		
MYBiomass Sdn Bhd	Malaysia	30.0	30.0	3	Dormant

(vii) Associate liquidated during the financial year are as follows:

Name of company	Country of incorporation/ Principal place of business	Group's effective interest (%)		Auditors	Principal activities
		2020	2019		
Verdezyné, Inc.	United States of America	–	43.5	4	Liquidated

Notes:

- Subsidiaries, joint ventures and associates which are audited by PricewaterhouseCoopers PLT, Malaysia.
  - Subsidiaries, joint ventures and associates which are audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers PLT, Malaysia.
  - Subsidiaries, joint ventures and associates which are audited by firms other than member firms of PricewaterhouseCoopers International Limited.
  - No legal requirement to appoint statutory auditors.
  - Subsidiaries which are exempted from having their financial statements audited in UK pursuant to exemption available under section 480 of the UK Companies Act 2006
- + Notwithstanding that the Group holds more than 50% equity interest in SD Plantation TNB Renewables Sdn Bhd (formerly known as SD Plantation TNBES Renewable Energy Sdn Bhd), the investment is classified as a joint venture (and not a subsidiary) as significant decisions require unanimous consent from all its shareholders.

@ Yayasan Sime Darby is a company without share capital, limited by guarantee.

## 51. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

In July 2020, a non-governmental organisation, Liberty Shared ("the petitioner"), made public a summary of its petition against the Group which was submitted to the United States Customs and Border Protection ("US CBP"). The Group commenced to engage the petitioner to seek further clarification of these allegations in order to address these with appropriate corrective actions, if any.

In October 2020, the Group proceeded to appoint a consulting firm in an effort to establish an effective channel of communication with the petitioner to obtain further details of the allegations on concerns and issues surrounding its Malaysian operations. Concurrently, the Group also appointed an international human rights activist specialising in migrant workers rights to support efforts to further strengthen its human rights commitments and compliances.

The Group also began its engagements with the US CBP to provide details of its existing policies and procedures and also periodic updates on any initiatives undertaken in its operations as part of its on-going continuous improvement.

However, on 30 December 2020, the US CBP proceeded to issue a Withhold Release Order ("WRO") on the Group's Malaysian produced palm products. In engagements with the Group, the US CBP has indicated that it does not intend to release any further details following its press release on the WRO.

The Group has taken the next responsible step and established a Third Party Human Rights Assessment Commission (the "Commission") which consists of credible experts who will be providing their oversight over the comprehensive evaluation of the Group's labour practices across its Malaysian operations. The evaluation will be undertaken by Impactt Ltd, an ethical trade consultancy with specific expertise in international labour laws. The Group together with advice from the Stakeholder Panel, whom is also part of the Commission, will then review the outcome of the evaluation and will jointly develop plans to address the issues found, if any.

**NOTES TO THE FINANCIAL STATEMENTS**

For The Financial Year Ended 31 December 2020

**52. SUBSEQUENT EVENTS AFTER REPORTING DATE**

As at the date of this Report, the Group and the Company have completed the disposal of 3 parcels of land totalling 124.0 hectares, which were previously classified as non-current assets held for sale as disclosed in Note 33(a).

Arising from the completion of the land disposals, a gain of RM123.5 million and RM123.4 million, net of costs to sell and real property gain tax has been recognised by the Group and the Company respectively.

**53. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 12 April 2021.

## STATEMENT BY DIRECTORS

Pursuant To Section 251(2) Of The Companies Act 2016

We, Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas and Mohamad Helmy Othman Basha, two of the Directors of Sime Darby Plantation Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 111 to 230 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2020 and of the financial performance of the Group and the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed in accordance with a resolution of the Board of Directors dated 12 April 2021.



**TAN SRI DATO' SERI HAJI MEGAT NAJMUDDIN  
DATUK SERI DR HAJI MEGAT KHAS**

DIRECTOR



**MOHAMAD HELMY OTHMAN BASHA**

DIRECTOR

Selangor  
12 April 2021

## STATUTORY DECLARATION

Pursuant To Section 251(1) Of The Companies Act 2016

I, Renaka Ramachandran, the Officer primarily responsible for the financial management of Sime Darby Plantation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 111 to 230 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.



**RENAKA RAMACHANDRAN**

OFFICER

Subscribed and solemnly declared by the abovenamed Renaka Ramachandran at Selangor, Malaysia on 12 April 2021.

Before me,



B-1-08, Blok B, Oasis Square,  
Ara Damansara, Jalan PJU 1A/7A,  
47301 Petaling Jaya, Selangor.

COMMISSIONER FOR OATHS

# INDEPENDENT AUDITORS' REPORT

To The Members Of Sime Darby Plantation Berhad  
(Incorporated In Malaysia) Registration No. 200401009263 (647766-V)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Sime Darby Plantation Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 111 to 230.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p data-bbox="103 517 774 577"><u>Recoverability of the Group's carrying amount of goodwill in New Britain Palm Oil Limited ("NBPOL")</u></p> <p data-bbox="103 613 774 642">Refer to Notes 24(i) and 33(d)(ii) to the financial statements.</p> <p data-bbox="103 667 774 882">The intangible assets of the Group's consolidated financial statements as at 31 December 2020 include goodwill of RM2,086.9 million which arose from the acquisition of NBPOL group during the financial year ended 30 June 2015. The goodwill was partly allocated to PT Minamas Gemilang and its subsidiaries ("Minamas Group") cash generating units ("CGUs") as Minamas Group operations are expected to benefit from the additional planting material synergies, through the use of Dami Super Family planting material, arising from the acquisition of NBPOL.</p> <p data-bbox="103 907 774 1066">Notwithstanding the disposal of Verdant Bioscience Pte Ltd ("Verdant Bioscience"), the entity that was importing the Dami Super Family seeds into Indonesia during the current financial year, management has assessed that the above synergies in Minamas Group will continue as Minamas Group has retained the rights to import the Dami Super Family seeds into Indonesia, following the disposal.</p> <p data-bbox="103 1090 774 1151">In accordance with the Group's policy, the Group determines whether goodwill is impaired on an annual basis.</p> <p data-bbox="103 1176 774 1281">Management performed impairment assessments of the two CGUs based on value-in-use ("VIU") determined using the discounted cash flow models, which was approved by the Directors. A range of sensitivity analysis was also performed by management.</p> <p data-bbox="103 1305 774 1464">We continue to focus on the recoverability of the carrying amount of goodwill in the two CGUs as the amount involved is significant and there are significant judgements and estimates involved in determining the key assumptions used in deriving the recoverable amounts of the CGUs, in particular FFB yields, CPO selling prices and the discount rates as disclosed in Note 24(i).</p> <p data-bbox="103 1489 774 1572">Based on management's assessments, no impairment was required as the recoverable amounts exceeded the carrying amount of goodwill in the two CGUs as at 31 December 2020.</p>	<p data-bbox="774 517 1469 654">We assessed the reliability of the management's cash flow projections by comparing the significant key assumptions and data from their previous years' forecasted results against past trends of the actual results. We checked that the cash flow projections had been updated with the previous financial period's historical results.</p> <p data-bbox="774 678 1469 761">We reviewed the Sale and Purchase Agreement for the disposal of Verdant Bioscience to validate Minamas Group's right to import the Dami Super Family seeds into Indonesia.</p> <p data-bbox="774 786 1469 891">We including our valuation experts, to the appropriate extent, in the evaluation of the key assumptions used to derive the approved VIU calculations in determining the recoverable amounts of the NBPOL and Minamas Group CGUs.</p> <p data-bbox="774 916 1469 1021">We evaluated the reasonableness of the projected FFB yields by comparing the projected FFB yields to historical FFB yields achieved and management's updated Dami Super Family yields projections using more recent planting and research data.</p> <p data-bbox="774 1046 1469 1128">We evaluated the reasonableness of the projected CPO selling prices to forecasted commodity prices and qualitative industry information from analysts where appropriate.</p> <p data-bbox="774 1153 1469 1290">We involved our valuation experts to assess the method and data used in computing the discount rates used in determining the recoverable amounts of the respective CGUs and also determined whether the discount rates used as compared to the rates used in the previous financial period is reasonable.</p> <p data-bbox="774 1314 1469 1397">We assessed the sensitivity analysis performed by management, to evaluate the impact of changes in key assumptions on the respective CGUs carrying amount.</p> <p data-bbox="774 1422 1469 1505">We assessed the adequacy and reasonableness of the disclosures of the key assumptions, the sensitivity analysis and the corresponding effect on the respective CGUs recoverable amounts .</p> <p data-bbox="774 1529 1469 1637">Based on the above procedures, we did not note any material exception to management's assessment on the recoverability of the Group's carrying amount of goodwill arising from the acquisition of NBPOL and its related disclosures as at 31 December 2020.</p>

## INDEPENDENT AUDITORS' REPORT

To The Members Of Sime Darby Plantation Berhad  
(Incorporated In Malaysia) Registration No. 200401009263 (647766-V)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Impairment assessment of the Group's and Company's investment in joint ventures – Emery Oleochemicals (M) Sdn Bhd and Emery Speciality Chemicals Sdn Bhd (collectively known as “Emery Group”)</p> <p>Refer to Notes 4(b), 13 and 33(b) to the financial statements.</p> <p>During the current financial year, the Board of Directors (“BOD”) reaffirmed its plan to dispose of the investment in Emery Group. Accordingly, the Group's and the Company's investment in Emery Group continues to be classified as non-current assets held for sale in accordance with MFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” (“MFRS 5”) as there is an active plan to sell and complete the disposal within the next 12 months.</p> <p>As at 31 December 2020, the carrying amount of the Group's and the Company's investment in Emery Group had been reduced to RM157.9 million following an impairment charge of RM236.0 million and RM98.3 million respectively, as set out in Notes 4(b) and 13 to the financial statements.</p> <p>The recoverable amount of Emery Group of RM157.9 million was determined based on its fair value less cost of disposal (“FVLCTS”) in accordance with MFRS 5.</p> <p>In estimating the FVLCTS, management had exercised significant judgement in determining the fair value from the disposal of Emery Group, that considered a combination of an Enterprise Value/Earnings Before Interest, Tax, Depreciation and Amortisation (“EV/EBITDA”) multiple and a proposal to purchase for the respective CGUs.</p> <p>The key assumptions applied for the 31 December 2020 impairment assessment are disclosed in Note 33(b) to the financial statements.</p> <p>We focussed on this area due to the significant judgements involved in estimating the FVLCTS and the resulting impairment charge, which require judgement on the part of management on the EV/EBITDA multiple for Emery Group.</p>	<p>We have read the current year BOD's minutes which reaffirmed its plan to dispose of the investment in Emery Group and the action plans to complete the disposal submitted by management for the BOD's endorsement.</p> <p>We have assessed the reasonableness of the recoverable amount of the Group's and the Company's investment in Emery Group based on its fair value less cost of disposal (“FVLCTS”) by:</p> <ul style="list-style-type: none"> <li>i) evaluating the methodology used in deriving the FVLCTS of Emery Group;</li> <li>ii) assessing the reasonableness of the key assumptions used in determining the EV/EBITDA multiple, by comparing to the available market information and assessing the reasonableness of the forecasted EBITDA;</li> <li>iii) examining the proposal received for the separate CGU of Emery Group and obtained an understanding of management's evaluation of the proposal; and</li> <li>iv) recomputed the resulting impairment charge.</li> </ul> <p>We also evaluated the appropriateness of the disclosures made in relation to the impairment assessment in the financial statements of the Group and the Company.</p> <p>Based on the above procedures, we did not note any material exception on the management's impairment assessment and disclosures arising from the planned divestment of Emery Group in the Group's and the Company's financial statements as at 31 December 2020.</p>

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and the remaining 2020 Annual Report of Sime Darby Plantation Berhad, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

## INDEPENDENT AUDITORS' REPORT

To The Members Of Sime Darby Plantation Berhad  
(Incorporated In Malaysia) Registration No. 200401009263 (647766-V)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 50 to the financial statements.

#### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



#### PRICEWATERHOUSECOOPERS PLT

LLP0014401-LCA & AF 1146  
Chartered Accountants



#### LEE TUCK HENG

02092/09/2022 J  
Chartered Accountant

Kuala Lumpur  
12 April 2021

# PROPERTIES OF THE GROUP

As at 31 December 2020

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
<b>UPSTREAM PROPERTIES</b>						
<b>Malaysia</b>						
<b><u>Kedah Darul Aman</u></b>						
Anak Kulim, Bukit Hijau, Bukit Selarong, Jentayu, Padang Buluh, Somme, Sungai Dingin	Freehold	18,829	1978-2006	15	Oil palm and rubber estates and a palm oil mill	491
Bukit Hijau	Leasehold expiring 2068	9	2006	–	Rubber estate	^
<b><u>Perak Darul Ridzuan</u></b>						
Bagan Datoh, Bikam, Chersonese, Cluny, Elphil, Flemington, Holyrood, Kalumpang, Kamuning, Kinta Kellas, Sabrang, Selaba, Seri Intan, Sogomana, Sungei Samak, Sungei Wangi, Tali Ayer	Freehold	37,083	1978-2001	11-27	Oil palm and rubber estates and 5 palm oil mills	1,088
Chersonese, Cluny, Kalumpang, Kamuning, Kinta Kellas, Sogomana, Sungai Samak, Sungei Wangi, Tali Ayer	Leasehold expiring 2035-2897	5,446	1978-1987	–	Oil palm estates	77
<b><u>Pahang Darul Makmur</u></b>						
Bukit Puteri, Chenor, Jabor, Jentar, Kerdau, Mentakab, Sungai Mai	Freehold	9,336	1985-2006	24	Oil palm estates and 2 palm oil mills	302
Bukit Puteri, Chenor, Kerdau, Sungai Mai	Leasehold expiring 2057-2086	10,621	1985-1992	14-24	Oil palm estates and a palm oil mill	116
<b><u>Selangor Darul Ehsan</u></b>						
Banting, Bestari Jaya, Bukit Cheraka, Bukit Kerayong, Bukit Lagong, Bukit Rajah, Bukit Rotan, Bukit Talang, Dusun Durian, East Carey Island, Elmina, Sabak Bernam, Sepang, Sungai Buloh, Teluk Panglima Garang, Tennamaram, West Carey Island	Freehold	35,778	1978-2013	3-29	Oil palm estates, 4 palm oil mills, biodiesel and kernel crushing plants, rat bait factory, laboratories, research centres, warehouse and a training centre	1,248
East Carey Island, Port Klang, Sungai Buloh, Tennamaram	Leasehold expiring 2029-2083	170	1978-2010	44	Oil palm estates and a bulking plant	18
<b><u>Negeri Sembilan Darul Khusus</u></b>						
Bradwall, Bukit Pelandok, Bukit Pilah, Kok Foh, Labu, New Labu, Muar River, P.D. Lukut, Pertang, Rantau, Salak, Sengkang, Siliau, Sungai Gemas, Sungai Sabaling, St Helier, Sua Betong, Sungai Bharu, Tampin Linggi, Tanah Merah	Freehold	36,020	1978-2009	8-23	Oil palm and rubber estates, 4 palm oil mills and a research laboratory	834
Kok Foh, Sungai Bharu	Leasehold expiring 2034-2072	146	1982-1993	–	Oil palm estates	2

## PROPERTIES OF THE GROUP

As at 31 December 2020

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
<b>UPSTREAM PROPERTIES (CONTINUED)</b>						
<b>Malaysia (continued)</b>						
<b>Melaka</b>						
Bukit Asahan, Diamond Jubilee, Kempas, Kemuning, Serkam	Freehold	14,741	1978-2011	13-21	Oil palm estates and 2 palm oil mills	275
	Leasehold expiring 2025-2071	470	1982-1992	–	Oil palm estates	2
<b>Johor Darul Takzim</b>						
Batu Anam, Bintang, Bukit Badak, Bukit Benut, Bukit Paloh, CEP Nyior, CEP Renggam, Cha'ah, Gunung Mas, Hadapan, Kempas Klebang, Kulai, Lambak, Lanadron, Layang, New Pagoh, Nordanal, North Labis, Pagoh, Pengkalan Bukit, Sembrong, Seri Pulai, Sungai Senarut, Sungai Simpang Kiri, Tangkah, Tun Dr Ismail, Ulu Remis, Welch, Yong Peng	Freehold	54,214	1978-2012	3-24	Oil palm and rubber estates, 4 palm oil mills, a research centre and 2 rubber factories	1,518
Cenas, CEP Nyior, Cha'ah, Lanadron, Layang, Muar River, Pekan, Sembrong, Sungai Senarut, Sungai Simpang Kiri, Ulu Remis	Leasehold expiring 2021-2918	18,611	1978-2012	24-28	Oil palm estates and 2 palm oil mills	209
<b>Sabah</b>						
Binuang, Giram, Imam, Jeleta Bumi, Kunak, Melalap, Merotai, Mostyn, Sandakan Bay, Sapong, Segaliud, Sentosa, Sungang, Table, Tiger, Tigowis, Tingkayu, Tun Tan Siew Sin, Tunku	Leasehold expiring 2038-2940	53,654	1978-1983	13-34	Oil palm estates, 5 palm oil mills, a bulking plant and a research centre	1,410
<b>Sarawak</b>						
Bayu, Belian, Chartquest, Damai, Derawan, Dulang, Kelida, Lavang, Paroh, Pekaka, Rajawali, Rasan, Ruai, Sahu, Samudera, Semarak, Takau	Leasehold expiring 2048-2082	47,280	1990-2004	17-25	Oil palm estates and 4 palm oil mills	846
<b>Upstream Malaysia Properties</b>		342,408				8,436

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
<b>UPSTREAM PROPERTIES (CONTINUED)</b>						
<b>Indonesia</b>						
<b><u>Kalimantan – West</u></b>						
Awatan, Beturus, East, Kelampai, Lembiru, Pelanjau, Sei Mawang, Sungai Putih, West	Leasehold expiring 2030	36,880	2001-2013	9-18	Oil palm estates, 2 palm oil mills and a bulking plant	222
<b><u>Kalimantan – Central</u></b>						
Baras Danum, Batang Garing, Hatan Tiring, Kawan Batu, Kuala Kuayan, Pemantang, Sapiri, Sekunyir, Seruyan, Sukamandang, Barito	Leasehold expiring 2033-2034	39,116	2001-2018	12-23	Oil palm estates, 3 palm oil mills, a bulking plant and a kernel crushing plant	383
<b><u>Kalimantan – South</u></b>						
Angsana, Bakau, Bebunga, Betung, Binturung, Gunung Aru, Gunung Kemas, Gunung Sari, Lanting, Laut Timur, Matalok, Mustika, Pantai Bonati, Pantai Timur, Pondok Labu, Rampa, Randi, Rantau, Sangkoh, Sekayu, Selabak, Sesulung, Sungai Cengal	Leasehold expiring 2032-2039	86,643	2001-2012	3-24	Oil palm estates, 8 palm oil mills, 2 bulking plants and a kernel crushing plant	1,320
<b><u>Sulawesi – Central</u></b>						
Ungkaya	Leasehold expiring 2024	4,712	2001-2011	8-25	Oil palm estate, a palm oil mill and a bulking plant	88
<b><u>Sumatera – Jambi</u></b>						
Panjang	Leasehold expiring 2038	4,000	2001-2007	12	Oil palm estate and a palm oil mill	43
<b><u>Sumatera – South</u></b>						
Bumi Ayu, Bukit Pinang, Karang Ringin, Mangun Jaya, Napal, Rantau Panjang, Sungai Jernih, Sungai Pinang	Leasehold expiring 2033-2034	21,241	2001-2002	17-19	Oil palm estates and 2 palm oil mills	293
<b><u>Sumatera – East Aceh</u></b>						
Batang Ara, Blang Simpo 1 & 2, Tamiang	Leasehold expiring 2022-2037	8,820	2001-2008	22-37	Oil palm estates and a palm oil mill	153
<b><u>Sumatera – Riau</u></b>						
Alur Damai, Aneka Persada, Mandah, Menggala 1 – 3, Nusa Lestari, Nusa Persada, Pinang Sebatang, Rotan Semelur, Teluk Bakau, Teluk Siak	Leasehold expiring 2031-2036	54,835	2001-2015	6-24	Oil palm estates, 5 palm oil mills and a research centre	836
<b>Upstream Indonesia Properties</b>		256,247				3,338

**PROPERTIES OF THE GROUP**

As at 31 December 2020

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
<b>UPSTREAM PROPERTIES (CONTINUED)</b>						
<b>Papua New Guinea</b>						
West New Britain, Morobe, Oro, Milne Bay, New Ireland, Markham Valley	Leasehold expiring 2021-2107	138,331	2018	3-47	Oil palm estates, a sugar cane, plantation, grazing, pastures, a refinery, 2 biogas plants, a sugar factory, 12 palm oil mills, 5 kernel crushing plants, and 2 abattoirs	3,390
<b>Solomon Islands</b>						
Guadalcanal	Leasehold expiring 2043-2065	8,315	2015	4-14	Oil palm estates, a palm oil mills and a kernel crushing plant	303
<b>Upstream Properties</b>		745,301				15,467
<b>DOWNSTREAM AND OTHERS PROPERTIES</b>						
<b>Malaysia</b>						
<b>Selangor Darul Ehsan</b>						
Teluk Panglima Garang	Freehold	2	2012	-	Vacant land	11
North Port Edible Oil Refinery Complex, Teluk Panglima Garang	Leasehold expiring 2076-2105	17	2006-2012	9-11	Refineries	131
<b>Johor Darul Takzim</b>						
Pasir Gudang	Leasehold expiring 2035-2043	6	1974-1985	44	Refinery	10
<b>Sarawak</b>						
Kawasan Perindustrian Kidurong, Bintulu	Leasehold expiring 2072	14	2004	6-12	Refinery and a kernel crushing plant	26
<b>Downstream and Others Properties – Malaysia</b>		39				178



Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years) <sup>+</sup>	Description	Net book value (RM million)
<b>OVERSEAS</b>						
<b>Indonesia</b>						
Desa Sei Taib, Kecamatan Pulau Laut, Kalimantan	Leasehold expiring 2044	32	2014	5-6	Refinery	106
<b>Thailand</b>						
Sukhumvit Road, Bangkok	Freehold	–	1986-2011	12-31	Office buildings	6
Poochaosamingprai Road, Samut Prakan	Freehold	5	1986	12-31	Refinery	39
Tiwanon Road, Nonthaburi	Freehold	13	2014	34-39	Crushing and refining plant and office building	90
<b>The Netherlands</b>						
Lindsedijk, Zwijndrecht	Freehold	11	2002	6-88	Refinery and a research centre	152
<b>South Africa</b>						
Boksburg	Leasehold expiring 2021	1	2004	8	Refinery	^
<b>United Kingdom</b>						
Liverpool	Leasehold expiring 2034	3	2015	5-10	Refinery and office building	82
<b>Papua New Guinea</b>						
Markham Valley	Leasehold expiring 2033	1	2018	3-10	2 copra mills	209
<b>Downstream and Others Properties – Overseas</b>		66				684
<b>Downstream and Others Properties</b>		105				862
<b>GENERAL</b>						
<b>Malaysia</b>						
<b>Selangor Darul Ehsan</b>						
Plantation Tower, Oasis, Ara Damansara	Freehold	2	2012	6	Office complex	270
<b>Negeri Sembilan Darul Khusus</b>						
Port Dickson	Freehold	3	2018	25-61	Holiday bungalow	9
<b>Pahang Darul Makmur</b>						
Cameron Highlands	Leasehold expiring 2026-2082	2	2018	33-90	Holiday bungalow	2
<b>Plantation Properties – General</b>		7				281
<b>Total Plantation Properties</b>		745,413				16,610

+ The age of building is in respect of the building, mill and plant

^ NBV less than RM1 million

# ANALYSIS OF SHAREHOLDINGS

As at 2 April 2021

Total Number of Issued Shares : 6,884,575,283 ordinary shares

Class of Shares : Ordinary shares

Voting Rights : One vote per ordinary share in the case of a poll and one vote per person on a show of hand

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	2,778	11.27	72,022	0.00
100 to 1,000	5,937	24.09	3,560,451	0.05
1,001 to 10,000	11,942	48.45	39,266,496	0.57
10,001 to 100,000	3,167	12.85	87,140,440	1.27
100,001 to less than 5% of issued capital	820	3.33	2,062,043,929	29.95
5% and above of issued capital	3	0.01	4,692,491,945	68.16
<b>TOTAL</b>	<b>24,647</b>	<b>100.00</b>	<b>6,884,575,283</b>	<b>100.00</b>

Classification of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individuals	20,441	82.94	121,538,887	1.76
Banks/Finance Companies	68	0.28	4,471,435,598	64.95
Investment Trusts/Foundations/Charities	15	0.06	489,491	0.01
Industrial and Commercial Companies	553	2.24	67,847,571	0.98
Government Agencies/Institutions	1	0.00	1,065,890	0.02
Nominees	3,567	14.47	2,222,092,571	32.28
Others	2	0.01	105,275	0.00
<b>Total</b>	<b>24,647</b>	<b>100.00</b>	<b>6,884,575,283</b>	<b>100.00</b>

## DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

As disclosed in the Directors' Report of the Financial Statements as set out on page 107, save for Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas, no other Directors of the Company have any interest, direct or indirect, in shares, or debentures of, the Company or in a related corporation.

## TOP 30 SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS

No.	Name of Shareholder	No. of Shares Held	% of Issued Shares
1	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	3,203,476,977	46.53
2	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	1,066,172,610	15.49
3	Kumpulan Wang Persaraan (Diperbadankan)	422,842,358	6.14
4	AmanahRaya Trustees Berhad Amanah Saham Malaysia 2 – Wawasan	162,023,064	2.35
5	AmanahRaya Trustees Berhad Amanah Saham Malaysia	152,621,454	2.22
6	Permodalan Nasional Berhad	142,961,323	2.08
7	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 2	94,041,237	1.37
8	AmanahRaya Trustees Berhad Amanah Saham Malaysia 3	65,085,937	0.95
9	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	62,692,649	0.91
10	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 3 – Didik	53,650,000	0.78
11	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	50,304,779	0.73
12	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	47,000,000	0.68
13	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (WEST CLT OD67)	46,669,928	0.68
14	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	45,249,127	0.66
15	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	43,948,669	0.64
16	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	40,462,700	0.59
17	Lembaga Tabung Haji	39,000,000	0.57
18	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd (1)	36,769,963	0.53

## ANALYSIS OF SHAREHOLDINGS

As at 2 April 2021

No.	Name of Shareholder	No. of Shares Held	% of Issued Shares
19	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	33,346,216	0.48
20	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for Principal Dali Equity Growth Fund (UT-CIMB-DALI) (419455)	27,143,303	0.39
21	AmanahRaya Trustees Berhad Public Islamic Dividend Fund	26,127,863	0.38
22	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	22,316,902	0.32
23	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	20,044,358	0.29
24	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB PRIN)	19,526,100	0.28
25	AmanahRaya Trustees Berhad Public Ittikal Sequel Fund	18,844,187	0.27
26	AmanahRaya Trustees Berhad Public Islamic Select Enterprises Fund	15,102,204	0.22
27	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	14,756,100	0.21
28	Pertubuhan Keselamatan Sosial	14,470,135	0.21
29	HSBC Nominees (Asing) Sdn Bhd J.P. Morgan Securities Plc	14,281,024	0.21
30	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C clients)	13,969,545	0.20
<b>TOTAL</b>		<b>6,014,900,712</b>	<b>87.36</b>

## SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholder	No. of Shares Held (Direct Interest)	% of Issued Shares	No. of Shares Held (Indirect/Deemed Interest)	% of Issued Shares
1	AmanahRaya Trustees Berhad – Amanah Saham Bumiputera	3,203,476,977	46.53	–	–
2	Employees Provident Fund Board	1,067,898,210	15.51	88,460,121	1.29
3	Kumpulan Wang Persaraan (Diperbadankan)	422,922,678	6.14	20,628,100	0.30

# ADDITIONAL COMPLIANCE INFORMATION

Information pertaining to Sime Darby Plantation Berhad (SDP or Company) and Group for the financial year under review is as follows:

## UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There was no proceed raised from corporate proposals during the financial year ended 31 December 2020.

## AUDIT AND NON-AUDIT FEES

- (i) The amount of audit fees paid or payable to the external auditors, Messrs PricewaterhouseCoopers PLT (PwC), for services rendered to the Group and the Company for the financial year ended 31 December 2020 amounted to RM10.704 million and RM1.6 million, respectively.
- (ii) The amount of non-audit fees paid or payable to the external auditors, PwC, and their affiliated companies for services rendered to the Group and the Company for the financial year ended 31 December 2020 amounted to RM3.759 million and RM1.434 million, respectively.

## MATERIAL CONTRACTS INVOLVING INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and its subsidiaries involving interests of Directors and Major Shareholders during the financial year ended 31 December 2020.

## MATERIAL CONTRACTS RELATING TO LOANS

There were no material contracts relating to loans by the Company involving interests of Directors and Major Shareholders during the financial year ended 31 December 2020.

## RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Seventeenth Annual General Meeting (AGM) held on 11 June 2020, the Company obtained a general mandate from its shareholders for recurrent related party transactions (RRPT) of a revenue or trading nature, to be entered into by the Company and/or its subsidiaries (RRPT Mandate).

The RRPT Mandate is valid until the conclusion of the forthcoming Eighteenth AGM of the Company to be held on 17 June 2021. The Company will not be seeking renewal of the RRPT Mandate at the forthcoming AGM.

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the RRPT of a revenue or trading nature entered into during the financial year ended 31 December 2020 by the Company and/or its subsidiaries were as follows:

Company	Transacting Party	Nature of Transactions	Value of Transaction (RM' million)
<b>Transactions with Subsidiaries of Sime Darby Berhad (SDB)</b>			
1. SDP	Kumpulan Sime Darby Berhad (KSDB)	Leaseback of the Malaysia Vision Valley (MVV) Land 1 from KSDB to SDP for the SDP Group to carry out planting/replanting, maintenance of oil palm, harvesting and selling of fresh fruit bunches (FFB) for 3,177.7 hectares of Labu and New Labu Estates located at Mukim Labu, Seremban, Negeri Sembilan for a term of three (3) years from 30 June 2017.  The rental expenses are payable on a monthly basis.	8.6

## ADDITIONAL COMPLIANCE INFORMATION

Company	Transacting Party	Nature of Transactions	Value of Transaction (RM' million)
<b>Transactions with Subsidiaries of Sime Darby Berhad (SDB) (Continued)</b>			
2. SDP	Sime Darby Malaysia Berhad (SDMB)	Grant of a non-exclusive, non-assignable and non-transferable licence to use the "SIME DARBY" mark, Sime Darby Shield Device Logo, Shield Device Logo, Sime Darby in Chinese Characters, the "DEVELOPING SUSTAINABLE FUTURES" tagline and the "DELIVERING SUSTAINABLE FUTURES" tagline worldwide, solely in the course of or in connection with SDP's business via the Trademark and Brand Licence Agreement by SDMB to SDP.	2.0
3. SDP and its following subsidiaries:	<ul style="list-style-type: none"> <li>• Sime Darby Auto Connexion Sdn Bhd</li> <li>• Sime Darby Auto Hyundai Sdn Bhd</li> </ul>	Purchase of motor vehicles and charges for vehicle maintenance services on an ad hoc basis.	4.6
<ul style="list-style-type: none"> <li>• Sime Darby Plantation (Sabah) Sdn Bhd (SDP Sabah)</li> <li>• Sime Darby Plantation Sarawak Sdn Bhd (SDP Sarawak)</li> <li>• Sime Darby Plantation Research Sdn Bhd (SDP Research)</li> <li>• Sime Darby Plantation Seeds &amp; Agricultural Services Sdn Bhd (SDP SAS)</li> <li>• Sime Darby Plantation Agri-Bio Sdn Bhd</li> <li>• Sime Darby Plantation Technology Centre Sdn Bhd (SDP TC)</li> <li>• The China Engineers (Malaysia) Sdn Bhd (TCEM)</li> <li>• Wangsa Mujur Sdn Bhd (WMSB)</li> </ul>			
4. SDP and its following subsidiaries:	Sime Darby Rent-A-Car Sdn Bhd	Car leasing charges payable on an ad hoc basis.	1.4
<ul style="list-style-type: none"> <li>• SDP Sabah</li> <li>• SDP Sarawak</li> <li>• SDP TC</li> <li>• Sime Darby Plantation Biotechnology Lab Sdn Bhd</li> </ul>			

Company	Transacting Party	Nature of Transactions	Value of Transaction (RM' million)
<b>Transactions with Subsidiaries of Sime Darby Berhad (SDB) (Continued)</b>			
5. SDP and its following subsidiaries:	<ul style="list-style-type: none"> <li>• Hastings Deering (PNG) Limited</li> <li>• Hastings Deering (Solomon Islands) Limited</li> <li>• Sime Darby Industrial Sdn Bhd</li> </ul>	Purchase of heavy equipment and spare parts, and receipt of maintenance services on an ad hoc basis.	16.3
<ul style="list-style-type: none"> <li>• SDP Sabah</li> <li>• SDP Sarawak</li> <li>• SDP Research</li> <li>• SDP SAS</li> <li>• TCEM</li> <li>• WMSB</li> <li>• Guthrie Industries Malaysia Sendirian Berhad (GIM)</li> <li>• Chartquest Sdn Bhd</li> <li>• New Britain Palm Oil Limited (NBPOL)</li> <li>• Sanguine (Malaysia) Sdn Bhd (Sanguine)</li> </ul>			
<b>Transactions with Sime Darby Property Berhad (SD Property) and its subsidiaries</b>			
6. SDP and its following subsidiaries:	SD Property and its following subsidiaries:	Rental expenses from leasing of the following agricultural lands:	6.1
<ul style="list-style-type: none"> <li>• Sime Darby Plantation Latex</li> <li>• SDP Sabah</li> <li>• Sanguine</li> </ul>	<ul style="list-style-type: none"> <li>– Sime Darby Property (Ampar Tenang) Sdn Bhd</li> <li>– Sime Darby Property (Nilai) Sdn Bhd</li> <li>– Sime Darby Property (Sabah) Sdn Bhd</li> <li>– Sime Darby Property (Lukut) Sdn Bhd</li> <li>– Sime Darby Property (Nilai Realty) Sdn Bhd</li> <li>– Sime Darby Property (Lembah Acob) Sdn Bhd</li> <li>– Sime Darby Property (Utara) Sdn Bhd</li> <li>– Sime Darby Property (Pagoh) Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>– Bukit Kerayong</li> <li>– Sua Betong</li> <li>– Mostyn</li> <li>– Padang Buluh</li> <li>– Lanadron</li> <li>– Bukit Lagong</li> <li>– New Labu</li> <li>– Labu</li> <li>– Elmina</li> </ul>	

## ADDITIONAL COMPLIANCE INFORMATION

Company	Transacting Party	Nature of Transactions	Value of Transaction (RM' million)
<b>Transaction with Yayasan Sime Darby<sup>1</sup></b>			
7. SDP	Yayasan Sime Darby	Rental income from office space located at Level 2, Block C, Plantation Tower for a period of 12 months commencing 1 July 2018 with an option to extend for a further three (3) years.  The rental income is receivable on a monthly basis.	0.4
<b>Transaction with subsidiary of UMW Holdings Berhad (UMWH)<sup>2</sup></b>			
8. SDP and its following subsidiaries:	UMW Toyota Motor Sdn Bhd	Purchases of motor vehicles.	0.8
• SDP Research			
• SDP SAS			
<b>GRAND TOTAL</b>			<b>40.2</b>

### Notes:

- SDP, SDB and SD Property are the registered corporate members of Yayasan Sime Darby, a company limited by guarantee.
- AmanahRaya Trustees Berhad – Amanah Saham Bumiputera (ASB) is a major shareholder of SDP with 46.53% direct equity interest in SDP as at 2 April 2021 and is deemed interested in the Recurrent Related Party Transactions (Interested Major Shareholder). ASB is also a Major Shareholder of SDB and SD Property with 41.96% direct equity interest in SDB and 44.98% direct equity interest in SD Property, as at 2 April 2021. ASB is also a Major Shareholder of UMWH, holding 43.18% direct equity interest as at 2 April 2021.



# FINANCIAL CALENDAR

For the financial year ended 31 December 2020

## ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS

1<sup>st</sup> Quarter ended 31 March 2020 : 22 May 2020  
2<sup>nd</sup> Quarter ended 30 June 2020 : 27 August 2020  
3<sup>rd</sup> Quarter ended 30 September 2020 : 23 November 2020  
4<sup>th</sup> Quarter ended 31 December 2020 : 18 February 2021

## DIVIDEND

	Announcement Date	Entitlement Date	Payment Date
Interim dividend of 2.57 sen per ordinary share	27 August 2020	17 November 2020	26 November 2020
Special interim dividend of 1.45 sen per ordinary share	27 August 2020	17 November 2020	26 November 2020
Final single tier dividend of 5.42 sen per ordinary share	18 February 2021	28 April 2021	12 May 2021
Special final dividend of 2.13 sen per ordinary share with Dividend Reinvestment Plan	15 March 2021	04 May 2021	03 June 2021

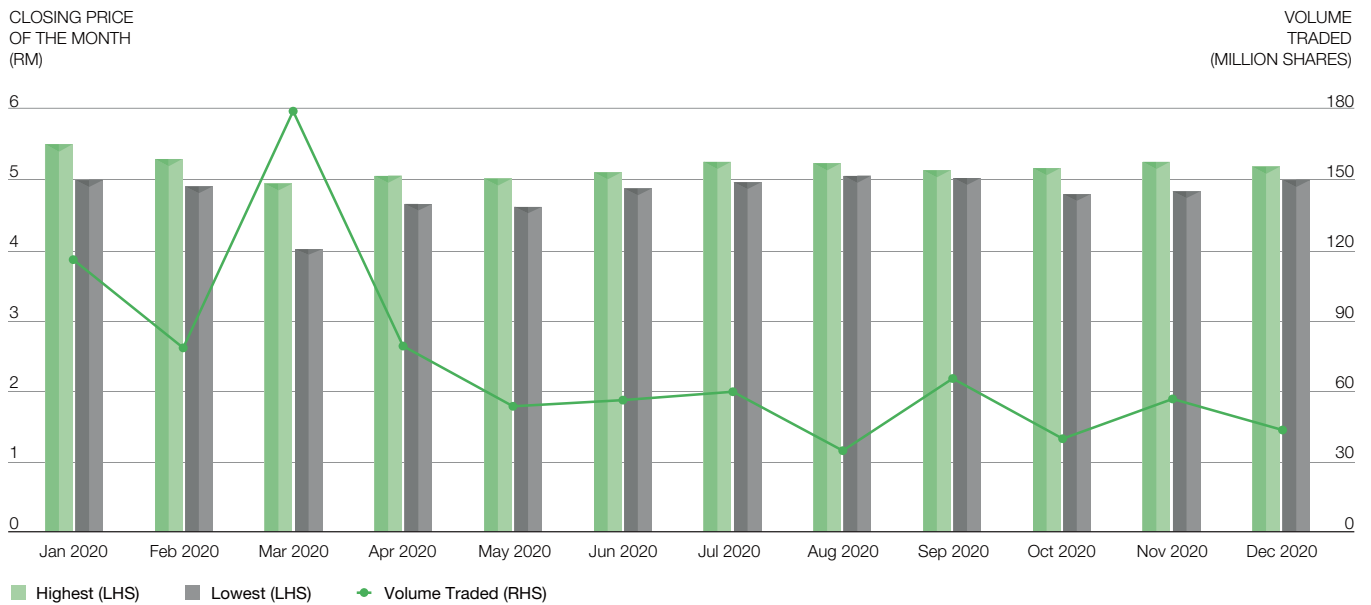
## EIGHTEENTH ANNUAL GENERAL MEETING

Notice Date : 30 April 2021

Meeting Date : 17 June 2021

# SHARE PRICE MOVEMENT

For The Financial Year Ended 31 December 2020



	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020
<b>Highest (RM)</b>	5.50	5.29	4.94	5.05	5.01	5.10	5.25	5.23	5.13	5.16	5.25	5.18
<b>Lowest (RM)</b>	4.99	4.90	4.01	4.65	4.61	4.87	4.96	5.05	5.02	4.79	4.83	4.99
<b>Volume Traded (Million Shares) (RHS)</b>	115.85	78.29	179.05	79.06	53.42	56.05	59.62	34.53	65.25	39.62	56.55	43.32

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**Plantation**

**SIME DARBY PLANTATION BERHAD**

Registration No.: 200401009263 (647766-V)

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