

**QUARTERLY REPORT**

**On the consolidated results for the first quarter ended 31 March 2020**

The Directors are pleased to announce the followings:

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

Amounts in RM million unless otherwise stated

	Note	Quarter ended 31 March		%
		2020	2019	
<b>Continuing operations</b>				
Revenue	A8, A9	3,044	2,999	2
Operating expenses		(2,727)	(2,871)	
Other operating income		287	24	
Other gains		37	46	
<b>Operating profit</b>	B5, A9	641	198	>100
Share of results of joint ventures		- *	(1)	
Share of results of associates		1	(1)	
<b>Profit before interest and tax</b>	A9	642	196	>100
Finance income		3	3	
Finance costs		(38)	(58)	
<b>Profit before tax</b>		607	141	>100
Tax expenses	B6	(180)	(14)	
<b>Profit from continuing operations</b>		427	127	>100
<b>Discontinued operations</b>				
Profit/(loss) from discontinued operations		74	(16)	
<b>Profit for the financial period</b>		501	111	>100
<b>Profit/(loss) for the financial period attributable to:</b>				
– equity holders of the Company				
- from continuing operations		394	90	
- from discontinued operations		74	(16)	
		468	74	>100
– Perpetual Sukuk				
- from continuing operations		31	31	
		31	31	-
– non-controlling interests				
- from continuing operations		2	6	
		2	6	
		501	111	>100
<b>Basic earnings/(loss) per share attributable to equity holders of the Company (sen):</b>				
- from continuing operations	B12	5.7	1.3	
- from discontinued operations	B12	1.1	(0.2)	
<b>Total</b>		6.7	1.1	>100

\* Less than 1 million

The unaudited condensed consolidated statement of profit or loss should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2019.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Amounts in RM million unless otherwise stated**

	Quarter ended 31 March	
	2020	2019
<b>Profit for the financial period</b>	<b>501</b>	<b>111</b>
<b>Continuing operations</b>		
<b>Other comprehensive (loss)/income:</b>		
Items that will be reclassified subsequently to profit or loss:		
Currency translation differences (loss)/gain:		
– subsidiaries	(393)	148
– joint ventures and associates	- *	- *
Net change in fair value:		
– cash flow hedges loss	(14)	(5)
– transfer to profit and loss	4	-
Tax expenses relating to components through other comprehensive income	1	-
	<b>(402)</b>	<b>143</b>
Items that will be not reclassified subsequently to profit or loss:		
Share of other comprehensive loss of joint ventures	- *	-
Tax expenses relating to components through other comprehensive income	- *	-
	<b>(402)</b>	<b>143</b>
Other comprehensive loss from discontinued operations	(113)	(11)
<b>Total other comprehensive (loss)/income</b>	<b>(515)</b>	<b>132</b>
<b>Total comprehensive (loss)/income for the financial period</b>	<b>(14)</b>	<b>243</b>
<b>Total comprehensive (loss)/income for the financial period attributable to:</b>		
– equity holders of the Company		
– from continuing operations	14	226
– from discontinued operations	(39)	(27)
	<b>(25)</b>	<b>199</b>
– Perpetual Sukuk		
– from continuing operations	31	31
	<b>31</b>	<b>31</b>
– non-controlling interests		
– from continuing operations	(20)	13
	<b>(20)</b>	<b>13</b>
<b>Total</b>	<b>(14)</b>	<b>243</b>

\* Less than 1 million

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2019.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**Amounts in RM million unless otherwise stated**

		<u>Unaudited</u>	<u>Audited</u>
		As at 31 March 2020	As at 31 December 2019
	Note		
<b>Non-current assets</b>			
Property, plant and equipment		17,271	17,314
Investment properties		7	8
Right-of-use assets		2,108	2,146
Joint ventures		36	34
Associates		40	40
Intangible assets		2,983	2,840
Investments at fair value through other comprehensive income ("FVOCI")		30	30
Deferred tax assets		530	640
Tax recoverable		294	334
Trade and other receivables		155	156
		<u>23,454</u>	<u>23,542</u>
<b>Current assets</b>			
Inventories		1,813	1,498
Biological assets		195	189
Trade and other receivables		1,637	1,934
Tax recoverable		226	313
Amounts due from related parties		3	2
Derivatives	B9	49	77
Bank balances, deposits and cash		714	431
		<u>4,637</u>	<u>4,444</u>
<b>Non-current assets held for sale</b> <sup>(1)</sup>		490	522
<b>Total assets</b>	A9	<u>28,581</u>	<u>28,508</u>
<b>Equity</b>			
Share capital		1,506	1,506
Reserves		11,730	11,755
Attributable to equity holders of the Company		<u>13,236</u>	<u>13,261</u>
Perpetual Sukuk		2,200	2,231
Non-controlling interests		349	369
<b>Total equity</b>		<u>15,785</u>	<u>15,861</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**Amounts in RM million unless otherwise stated**

		<u>Unaudited</u>	<u>Audited</u>
		As at	As at
	Note	31 March 2020	31 December 2019
<b>Non-current liabilities</b>			
Retirement benefits		246	260
Deferred income		-	-
Deferred tax liabilities		2,682	2,598
Borrowings	B8	5,238	5,255
Lease liabilities		159	162
Trade and other payables		82	78
		<u>8,407</u>	<u>8,353</u>
<b>Current liabilities</b>			
Trade and other payables		1,208	1,360
Deferred income		10	13
Amounts due to related parties		3	7
Retirement benefits		14	15
Lease liabilities		27	25
Tax payable		169	105
Derivatives	B9	54	243
Borrowings	B8	2,867	2,490
		<u>4,352</u>	<u>4,258</u>
<b>Liabilities directly associated with non-current assets held for sale</b> <sup>(2)</sup>		<u>37</u>	<u>36</u>
<b>Total liabilities</b>		<u>12,796</u>	<u>12,647</u>
<b>Total equity and liabilities</b>		<u>28,581</u>	<u>28,508</u>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>		<u>1.92</u>	<u>1.93</u>
<b>Note:</b>			
(1) <b>Non-current assets held for sale</b>			
Non-current assets held for sale			
– property, plant and equipment		46	66
– intangible asset		3	3
– joint venture		394	394
Disposal group held for sale			
– property, plant and equipment		37	34
– other assets		10	25
		<u>490</u>	<u>522</u>
(2) <b>Liabilities directly associated with non-current assets held for sale</b>			
Disposal group held for sale			
– liabilities		37	36
		<u>37</u>	<u>36</u>

\* Less than 1 million

The unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2019.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**Amounts in RM million unless otherwise stated**

	Attributable to equity holders of the Company										
	Share capital	Capital reserve	Hedging reserve	Merger reserve	Investments at FVOCI reserve	Exchange reserve	Retained profits	Total	Perpetual Sukuk	Non-controlling interests	Total equity
<b>At 1 January 2020</b>	1,506	9	6	(18)	28	721	11,009	13,261	2,231	369	15,861
<b>Continuing operations</b>											
Profit for the financial period	-	-	-	-	-	-	394	394	31	2	427
Other comprehensive loss for the financial period	-	-	(9)	-	-	(371)	-	(380)	-	(22)	(402)
Total comprehensive (loss)/income for the financial period	-	-	(9)	-	-	(371)	394	14	31	(20)	25
Transactions with equity holders:											
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(62)	-	(62)
<b>Discontinued operations</b>											
Total comprehensive (loss)/income for the financial period	-	-	-	-	-	(113)	74	(39)	-	-	(39)
<b>At 31 March 2020</b>	<b>1,506</b>	<b>9</b>	<b>(3)</b>	<b>(18)</b>	<b>28</b>	<b>237</b>	<b>11,477</b>	<b>13,236</b>	<b>2,200</b>	<b>349</b>	<b>15,785</b>

	Attributable to equity holders of the Company										
	Share capital	Capital reserve	Hedging reserve	Merger server	Investments at FVOCI reserve	Exchange reserve	Retained profits	Total	Perpetual Sukuk	Non-controlling interests	Total equity
<b>At 1 January 2019</b>	1,100	9	32	(18)	27	620	11,348	13,118	2,231	396	15,745
<b>Continuing operations</b>											
Profit for the financial period	-	-	-	-	-	-	90	90	31	6	127
Other comprehensive (loss)/income for the financial period	-	-	(5)	-	-	141	-	136	-	7	143
Total comprehensive (loss)/income for the financial period	-	-	(5)	-	-	141	90	226	31	13	270
Transactions with equity holders:											
Share issue	406	-	-	-	-	-	-	406	-	-	406
Dividends	-	-	-	-	-	-	(117)	(117)	-	(13)	(130)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(62)	-	(62)
<b>Discontinued operations</b>											
Total comprehensive loss for the financial period	-	-	-	-	-	(11)	(16)	(27)	-	-	(27)
<b>At 31 March 2019</b>	<b>1,506</b>	<b>9</b>	<b>27</b>	<b>(18)</b>	<b>27</b>	<b>750</b>	<b>11,305</b>	<b>13,606</b>	<b>2,200</b>	<b>396</b>	<b>16,202</b>

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2019.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Amounts in RM million unless otherwise stated**

	Note	Quarter ended 31 March	
		2020	2019
<b>Cash flows from operating activities</b>			
Profit for the financial period from continuing operations		427	127
Adjustments for:			
Share of results of joint ventures and associates		(1)	2
Finance income		(3)	(3)
Finance costs		38	58
Gain on disposal of:			
– property, plant and equipment	B5	(2)	- *
– non-current assets held for sale	B5	(262)	-
Depreciation and amortisation	B5	313	321
Property, plant and equipment written off	B5	5	8
Fair value (gains)/losses:			
– commodities futures contracts	B5	(198)	- *
– forward foreign exchange contracts	B5	24	(5)
Unrealised foreign exchange (gains)/losses	B5	63	(30)
Tax expense	B6	180	14
Fair value changes on biological assets		1	(3)
Retirement benefits		14	5
Impairment of:			
– property, plant and equipment	B5	- *	-
– inventories	B5	- *	-
– trade and other receivables	B5	-	(1)
Reversal of impairment:			
– trade and other receivables	B5	(2)	-
		<b>597</b>	<b>493</b>
Changes in working capital:			
Inventories		(298)	(70)
Trade and other receivables		304	310
Trade and other payables		(200)	(71)
Intercompany and related parties balances		(5)	(27)
Cash generated from operations		<b>398</b>	<b>635</b>
Tax refund/(paid)		84	(10)
Retirement benefits paid		(2)	(8)
Operating cash flow from continuing operations		<b>480</b>	<b>617</b>
Operating cash flow from/(used in) discontinued operations		-	(23)
<b>Net cash generated from operating activities</b>		<b>480</b>	<b>594</b>
<b>Cash flows from investing activities</b>			
Finance income received		3	3
Purchase of:			
– property, plant and equipment		(283)	(383)
– intangibles assets		(5)	(1)
– right-of-use assets		-	(74)
Proceeds from sale of:			
– non-current assets held for sale		279	-
– property, plant and equipment		2	1
Investing cash flow used in continuing operations		(4)	(454)
Investing cash flow used in discontinued operations		(25)	-
<b>Net cash used in investing activities</b>		<b>(29)</b>	<b>(454)</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**Amounts in RM million unless otherwise stated**

	Note	Quarter ended 31 March	
		2020	2019
<b>Cash flows from financing activities</b>			
Distribution to Perpetual Sukuk holders		(62)	(62)
Finance costs paid		(58)	(86)
Loans raised		752	642
Loan repayments		(770)	(363)
Repayment of lease liabilities		(11)	(9)
Dividends paid to shareholders		-	(342)
Dividends paid to non-controlling interests of subsidiaries		-	(13)
Financing cash flow used in continuing operations		(149)	(233)
Financing cash flow from discontinued operations		-	25
<b>Net cash used in financing activities</b>		<b>(149)</b>	<b>(208)</b>
<b>Net changes in cash and cash equivalents during the financial year</b>			
Foreign exchange difference		(19)	47
<b>Cash and cash equivalents at beginning of the year</b>		<b>431</b>	<b>491</b>
<b>Cash and cash equivalents at end of the year</b>		<b>714</b>	<b>470</b>
For the purpose of the statement of cash flows, cash and cash equivalents comprised the following:			
Bank balances, deposits and cash		714	470
<b>Cash and cash equivalents from continuing operations</b>		714	465
<b>Cash and cash equivalents from discontinued operations</b>		-	5
		<b>714</b>	<b>470</b>

\* Less than 1 million

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2019.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020**  
**Amounts in RM million unless otherwise stated**

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. Basis of preparation**

This interim financial report is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting" and other MFRSs issued by the Malaysian Accounting Standards Board ("MASB"). The interim financial report is unaudited and should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2019.

**A2. Accounting policies**

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited consolidated financial statements for the financial year ended 31 December 2019 except as described below.

(a) Accounting pronouncements that are effective and have been adopted in preparing these financial statements:

(i) Interpretation and amendments that are effective on or after 1 January 2020

- Amendments to MFRS 3 "Definition of a Business"
- Amendments to MFRS 101 and MFRS 108 "Definition of Material"
- The Conceptual Framework for Financial Reporting

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

(b) Accounting pronouncements that are not yet effective and have not been early adopted in preparing these financial statements:

(i) Interpretation and amendments that are effective on or after 1 January 2021

- Amendments to MFRS 17 "Insurance Contracts"

(ii) Interpretation and amendments that are effective on or after 1 January 2022

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

(c) Accounting pronouncement where the effective date has been deferred to a date to be determined by the Malaysian Accounting Standards Board ("MASB") is set out below:

- Amendments to MFRS 10 and MFRS 128 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

**A3. Seasonal and cyclical factors**

The Group's operations are not materially affected by seasonal or cyclical factors except for the fresh fruit bunch production which may be affected by the vagaries of weather and cropping patterns.

**A4. Unusual items affecting assets, liabilities, equity, net income or cash flows**

Except as disclosed in Notes B1 and B2, there were no material unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the quarter under review.

**A5. Material changes in estimates**

There were no material effects from estimates made in prior periods or previous year.

**A6. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

**A7. Dividends paid**

No dividend was paid during the quarter under review.



**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020**  
**Amounts in RM million unless otherwise stated**

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)**

**A8. Revenue**

The Group derived the following types of revenue:

	Note	Quarter ended 31 March	
		2020	2019
<b><u>Continuing operations</u></b>			
Revenue from contracts with customers	A8(a)	3,041	2,995
Revenue from other sources	A8(b)	3	4
<b><u>Discontinued operations</u></b>			
Revenue from contracts with customers		3,044	2,999
		-	7
Total revenue		<b>3,044</b>	<b>3,006</b>

(a) Disaggregation of revenue from contracts with customers

**Continuing operations**

Upstream			
– Malaysia		201	153
– Indonesia		206	199
– Papua New Guinea and Solomon Islands ("PNG/SI")		276	359
Downstream		2,338	2,269
Other operations		20	15
		<b>3,041</b>	<b>2,995</b>

**Discontinued operations**

Upstream			
– Liberia		-	7
		<b>3,041</b>	<b>3,002</b>

**Continuing operations**

Sales of palm based products, other refined edible oils, rubber, sugar, beef and other agricultural products		2,987	2,912
Freight services		52	81
Tolling services		2	2
		<b>3,041</b>	<b>2,995</b>

**Discontinued operations**

Sales of palm based products		-	7
		<b>3,041</b>	<b>3,002</b>

**Continuing operations**

Timing of revenue recognition			
– at point in time		2,987	2,912
– over time		54	83
		<b>3,041</b>	<b>2,995</b>

**Discontinued operations**

Timing of revenue recognition			
– at point in time		-	7
		<b>3,041</b>	<b>3,002</b>

(b) Revenue from other sources

Rental income		3	4
		<b>3</b>	<b>4</b>

(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 unsatisfied) as at 31 March 2020:

	<b><u>Expected timing of recognition</u></b> During the quarter ending 30 June 2020
Freight income	<b>10</b>

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020

Amounts in RM million unless otherwise stated

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A9. Segment information

	Continuing operations						Total	Discontinued operations	
	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter-segment elimination			Total
<b>Quarter ended 31 March 2020</b>									
<b>Segment revenue:</b>									
External sales	203	206	276	2,339	20	-	3,044	-	3,044
Inter-segment sales	586	256	157	26	63	(1,088)	-	-	-
Total revenue	789	462	433	2,365	83	(1,088)	3,044	-	3,044
<b>Segment results:</b>									
Operating profit									
– recurring activities	175	39	74	89	2	-	379	-	379
– non-recurring transactions	262	-	-	-	-	-	262	74	336
Share of results of joint ventures and associates	-	-	-	-	1	-	1	-	1
Profit before interest and tax	437	39	74	89	3	-	642	74	716

	Continuing operations						Total	Discontinued operations	
	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter-segment elimination			Total
<b>Quarter ended 31 March 2019</b>									
<b>Segment revenue:</b>									
External sales	155	199	361	2,269	15	-	2,999	7	3,006
Inter-segment sales	656	276	45	880	79	(1,936)	-	-	-
Total revenue	811	475	406	3,149	94	(1,936)	2,999	7	3,006
<b>Segment results:</b>									
Operating profit/(loss)									
– recurring activities	113	9	(19)	85	10	-	198	(20)	178
Share of results of joint ventures and associates	-	-	-	-	(2)	-	(2)	4	2
Profit/(loss) before interest and tax	113	9	(19)	85	8	-	196	(16)	180

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020

Amounts in RM million unless otherwise stated

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A9. Segment information (continued)

	Continuing operations						Total	Discontinued operations	Total
	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter-segment elimination			
<b>As at 31 March 2020</b>									
<b>Segment assets:</b>									
Operating assets	9,337	4,618	8,292	4,477	241	-	26,965	-	26,965
Joint ventures and associates	-	-	-	-	76	-	76	-	76
Non-current assets held for sale	49	-	47	-	-	-	96	394	490
	<b>9,386</b>	<b>4,618</b>	<b>8,339</b>	<b>4,477</b>	<b>317</b>	<b>-</b>	<b>27,137</b>	<b>394</b>	<b>27,531</b>
Tax assets							1,050		1,050
Total assets							<b>28,187</b>		<b>28,581</b>

	Continuing operations						Total	Discontinued operations	Total
	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter-segment elimination			
<b>As at 31 March 2019</b>									
<b>Segment assets:</b>									
Operating assets	9,261	4,698	8,703	3,555	259	-	26,476	284	26,760
Joint ventures and associates	-	-	-	-	75	-	75	415	490
Non-current assets held for sale	-	133	-	-	-	-	133	-	133
	<b>9,261</b>	<b>4,831</b>	<b>8,703</b>	<b>3,555</b>	<b>334</b>	<b>-</b>	<b>26,684</b>	<b>699</b>	<b>27,383</b>
Tax assets							1,155		1,155
Total assets							<b>27,839</b>		<b>28,538</b>

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020**  
**Amounts in RM million unless otherwise stated**

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)**

**A10. Capital commitments**

Authorised capital expenditure not provided for in the interim financial report are as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at 31 March 2020</b>	<b>As at 31 December 2019</b>
Property, plant and equipment		
– contracted	327	331
– not contracted	194	175
	<b>521</b>	<b>506</b>
Other capital expenditure		
– not contracted	589	768
	<b>589</b>	<b>768</b>
	<b>1,110</b>	<b>1,274</b>

**A11. Significant related party transactions**

Significant related party transactions conducted were as follows:

	<b>Quarter ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
(a) Transactions with a joint venture		
(i) Sale of goods and tolling services		
– Emery Oleochemicals (M) Sdn Bhd	14	5
(b) Transactions with associates		
(i) Purchase of goods		
– Thai Eastern Trat Company Limited	14	7
(c) Transactions with related parties		

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 56.74% as at 31 March 2020 of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra ("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 the Company.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020**  
**Amounts in RM million unless otherwise stated**

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)**

**A11. Significant related party transactions (continued)**

Significant related party transactions conducted were as follows: (continued)

(c) Transactions with related parties (continued)

Transactions entered into with Government related entities include the following:

	Quarter ended	
	31 March	
	2020	2019
(i) Foreign currency payment arrangement – Hastings Deering (PNG) Limited	30	29
(ii) Payroll, accounting and IT processing costs – DXC Technology Sdn Bhd (fka. Sime Darby Global Services Centre Sdn Bhd) *	-	19
(iii) Purchase of heavy equipment, spare parts and services – Sime Darby Industrial Holdings Sdn Bhd – Sime Kubota Sdn Bhd *	3 -	5 1
(iv) Lease of agricultural land – Kumpulan Sime Darby Berhad	2	2
(d) Transactions entered into with person connected to a former director		
(i) Provision of freight services – Rosely Kusip	1	-

\* DXC Technology Sdn Bhd and Sime Kubota Sdn Bhd ceased to be related parties to the Group with effect from 1 May 2019 and 2 April 2019 respectively, subsequent to the disposal by Sime Darby Berhad.

**A12. Material events subsequent to the end of the financial year**

There were no material events in the interval between the end of the quarter under review and 15 May 2020, being a date not earlier than 7 days from the date of issuance of the report.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020**  
**Amounts in RM million unless otherwise stated**

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)**

**A13. Effect of significant changes in the composition of the Group**

Disposal of a subsidiary

Sime Darby Plantation Investment (Liberia) Private Limited, a wholly-owned subsidiary of the Group, has 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:

	<b>As at the date of completion</b>
Consideration received	- *
Less: Incidental cost of disposal	<b>(24)</b>
Proceeds from disposal, net of transaction costs	<b>(24)</b>
Receivables	<b>1</b>
Inventories	<b>13</b>
Bank	<b>1</b>
Payables	- *
Net assets disposed	<b>15</b>
Loss on disposal of the subsidiary before reclassification of foreign currency translation reserve	<b>(39)</b>
Reclassification of foreign currency translation reserve	<b>113</b>
Gain on disposal of the subsidiary	<b>74</b>
Proceeds from disposal, net of transaction costs	-
Less: Incidental cost of disposal	<b>(24)</b>
Less: Cash and cash equivalent in the subsidiary	<b>(1)</b>
Net cash outflow from disposal of the subsidiary	<b>(25)</b>

\*Less than 1 million

**A14. Commitments and contingent liabilities – unsecured**

(a) Guarantees

In the ordinary course of business, the Group may issue surety bonds and letters of credit, which the Group provides to customers to secure advance payment, performance under contracts or in lieu of retention being withheld on contracts. A liability from the performance guarantees would only arise in the event the Group fails to fulfil its contractual obligations.

The financial guarantees are as follows:

	<b>As at 31 March 2020</b>	<b>As at 31 December 2019</b>
Guarantees in respect of credit facilities granted to:		
– certain associates and joint venture	<b>6</b>	6
– plasma stakeholders	<b>40</b>	47
	<b>46</b>	53

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**B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of group performance**

**(a) Current quarter ended 31 March 2020 against the previous year corresponding quarter ended 31 March 2019**

	<b>Quarter ended 31 March</b>		<b>+/(–) %</b>
	<b>2020</b>	<b>2019</b>	
<b><u>Continuing operations</u></b>			
Revenue	<b>3,044</b>	2,999	2
Segment results:			
Upstream Malaysia	<b>175</b>	113	55
Upstream Indonesia	<b>39</b>	9	>100
Upstream PNG/SI	<b>74</b>	(19)	>100
Downstream	<b>89</b>	85	5
Other operations	<b>3</b>	8	(63)
Recurring profit before interest and tax	<b>380</b>	196	94
Non-recurring transactions	<b>262</b>	-	100
<b>Profit before interest and tax</b>	<b>642</b>	196	>100
Finance income	<b>3</b>	3	
Finance costs	<b>(38)</b>	(58)	
<b>Profit before tax</b>	<b>607</b>	141	>100
Tax expense	<b>(180)</b>	(14)	
<b>Profit from continuing operations</b>	<b>427</b>	127	>100
Perpetual Sukuk	<b>(31)</b>	(31)	
Non-controlling interests	<b>(2)</b>	(6)	
<b>Profit from continuing operations attributable to equity holders of the Company</b>	<b>394</b>	90	>100
<b><u>Discontinued operations</u></b>			
Profit/(loss) from discontinued operations attributable to equity holders of the Company	<b>74</b>	(16)	>100
<b>Profit after tax attributable to equity holders of the Company</b>	<b>468</b>	74	>100
Profit/(loss) from discontinued operations include:			
Segment results:			
– Upstream Liberia	<b>74</b>	(20)	
– Other operations	-	4	

For the quarter ended 31 March 2020, the Group reported a net profit from continuing operations of RM394 million, compared to a net profit of RM90 million recorded in the corresponding quarter of the previous year.

The higher recurring PBIT in the quarter under review was contributed by both Upstream and Downstream segments. The Group also recorded a non-recurring PBIT of RM262 million in the current quarter, comprising of gains on land disposal in Malaysia.

The Group's finance costs of RM38 million was lower than the corresponding quarter last year due to higher capitalisation of borrowing costs. The tax expense of the current quarter included the reversal of deferred taxes amounting to RM74million as a result of changes in forthcoming corporate tax rates announced by the Government of Indonesia in March 2020 .

The Group completed the disposal of its wholly owned subsidiary, SDP Liberia in January 2020, which gave rise to a gain of RM74 million reported as part of results from discontinued operations during the current quarter, after taking into consideration the cost to sell and a reversal of foreign currency exchange reserves relating to Liberia.

The Group reported a total net profit of RM468 million, as compared to RM74 million in the corresponding quarter of the previous year.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020**

Amounts in RM million unless otherwise stated

**B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B1. Review of group performance (continued)**

**(a) Current quarter ended 31 March 2020 against the previous year corresponding quarter ended 31 March 2019 (continued)**

An analysis of the results of each segment is as follows:

Upstream

The Group's Upstream continuing operations reported a profit before interest and tax ("PBIT") of RM288 million for the current quarter, higher than RM103 million recorded in the corresponding quarter of the previous year. The improved performance was primarily due to:

- (i) higher crude palm oil ("CPO") and palm kernel ("PK") average realised prices which increased by 29% and 25% respectively;
- (ii) unrealised gains arising from fair value of commodity hedges of RM136 million attributable to a decline in market prices since the beginning of the financial year; and
- (iii) the increase in the Group's average oil extraction rates ("OER") to 21.89%.

The improved performance was partially reduced by the 16% lower FFB production in current quarter under review.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended 31 March		+/(-)	Quarter ended 31 March		+/(-)
	2020	2019	%	2020	2019	%
Upstream Malaysia	2,491	1,998	25	1,074	1,399	(23)
Upstream Indonesia	2,613	2,002	31	578	596	(3)
Upstream PNG/SI	2,828	2,063	37	466	510	(9)
Continuing operations	2,605	2,012	29	2,118	2,505	(15)
Discontinued operation	-	2,070	(100)	-	16	(100)
<b>Total</b>	<b>2,605</b>	<b>2,012</b>	<b>29</b>	<b>2,118</b>	<b>2,522</b>	<b>(16)</b>

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended 31 March		+/(-)	Quarter ended 31 March		+/(-)
	2020	2019	%	2020	2019	
Upstream Malaysia	1,667	1,322	26	21.05	21.09	(0.04)
Upstream Indonesia	1,246	994	25	22.93	21.98	0.95
Upstream PNG/SI	-	-	-	22.40	21.52	0.88
Continuing operations	1,519	1,213	25	21.89	21.41	0.48
Discontinued operation	-	337	(100)	-	21.63	(21.63)
<b>Total</b>	<b>1,519</b>	<b>1,204</b>	<b>26</b>	<b>21.89</b>	<b>21.41</b>	<b>0.48</b>



**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020**

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**B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B1. Review of group performance (continued)**

**(a) Current quarter ended 31 March 2020 against the previous year corresponding quarter ended 31 March 2019 (continued)**

An analysis of the results of each segment is as follows: (continued)

Downstream

Downstream operations registered a PBIT of RM89 million, 5% higher than the RM85 million of the corresponding period, attributable to the higher profits of the refineries in Europe due to better sales margins and the fair value gain in commodity hedges recorded in the current quarter. This compensated for the weaker performance from the Asia Pacific operations affected by the fair value loss on derivatives incurred by its refinery in Malaysia and lower demand particularly from China and India.

Other operations

Other continuing operations reported a PBIT of RM3 million for the current quarter, lower than PBIT of RM8 million recorded in the corresponding quarter of the previous year, mainly due to foreign currency exchange losses for intercompany balances suffered by investment holding companies as the USD appreciated against MYR.

Non-recurring transactions

The non-recurring net gain of RM262 million reported in the current quarter comprised of gains on land disposal in Malaysia, in line with the Group's asset monetisation activities.

Discontinued operations

The Group's discontinued operations registered net earnings of RM74 million in the current quarter on the disposal of the 100% equity interest in SDP Liberia, mainly arising from a reversal of foreign currency exchange reserves.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020**

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**B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B2. Material changes in profit for the current quarter as compared with the immediate preceding quarter**

	Quarter ended		+/(–) %
	31 Mar 2020	31 Dec 2019	
<b>Revenue</b>	<b>3,044</b>	3,376	(10)
Segment results:			
Upstream Malaysia	175	(67)	>100
Upstream Indonesia	39	99	(61)
Upstream PNG/SI	74	(42)	>100
Downstream	89	72	24
Other operations	3	- *	>100
Recurring profit before interest and tax	<b>380</b>	62	>100
Non-recurring transactions	<b>262</b>	11	>100
<b>Profit before interest and tax</b>	<b>642</b>	73	>100
Finance income	3	3	
Finance costs	<b>(38)</b>	(44)	
<b>Profit before tax</b>	<b>607</b>	32	>100
Tax expense	<b>(180)</b>	(34)	
<b>Profit/(loss) from continuing operations</b>	<b>427</b>	(2)	>100
Perpetual Sukuk	<b>(31)</b>	(31)	
Non-controlling interests	<b>(2)</b>	(12)	
<b>Profit/(loss) from continuing operations attributable to equity holders of the Company</b>	<b>394</b>	(45)	
<b>Discontinued operations</b>			
Profit/(loss) from discontinued operations attributable to equity holders of the Company	<b>74</b>	(13)	>100
<b>Profit/(loss) after tax attributable to equity holders of the Company</b>	<b>468</b>	<b>(58)</b>	>100
Profit/(loss) from discontinued operations include:			
Segment results:			
– Upstream Liberia	74	(7)	
– Other operations	-	(6)	

\*Less than 1 million

The Group reported a net profit from continuing operations of RM394 million in the current quarter, as compared to a net loss of RM45 million in the preceding quarter.

The Group's recurring PBIT increased to RM380 million, as compared to RM62 million in the preceding quarter, attributable to the turnaround of the Upstream segment which recorded PBIT of RM288 million in the current quarter as compared to a loss before interest and tax ("LBIT") of RM10 million reported in the preceding quarter, as well as the continuing improved profits from the Downstream segment.

The lower finance costs was due to higher capitalisation of borrowing costs in the current quarter. Included in the taxation for the current quarter is RM74 million net write down of deferred tax assets arising from the change in corporate tax rates in Indonesia recently announced by the Indonesian government in March 2020.

The non-recurring PBIT in the current quarter as well as the preceding quarter arose from gains on land disposal. The Group has completed the sale of approximately 366 hectares of land in Malaysia in the quarter ended 31 March 2020 and recorded a PBIT of RM262 million.

As disclosed earlier, the Group has completed the divestment of its wholly owned subsidiary in Liberia which generated a gain of RM74 million in the current quarter from its discontinued operations, mainly attributable to a reversal of foreign currency exchange reserves.

The above gave rise to total earnings of RM468 million in the quarter ended 31 March 2020, as compared to a net loss of RM58 million in the preceding quarter.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020**

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**B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED) (CONTINUED)**

**B2. Material changes in profit for the current quarter as compared with the immediate preceding quarter (continued)**

An analysis of the results of each segment is as follows:

Upstream

The Upstream segment's continuing operations reported a PBIT of RM288 million, as compared to LBIT of RM10 million in the preceding quarter, primarily attributable to:

- (i) higher CPO and PK average realised prices by 16% and 28%, respectively; and
- (ii) unrealised gain arising from fair value of commodity hedges recorded in the current quarter of RM136 million due to a decline in market prices during the quarter, as compared to an unrealised loss of RM140 million in the preceding quarter which saw a sharp rise in market prices during that quarter.

The above compensated for the 13% decline in lower FFB production.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	Mar 2020	Dec 2019	%	Mar 2020	Dec 2019	%
Upstream Malaysia	2,491	2,229	12	1,074	1,275	(16)
Upstream Indonesia	2,613	2,274	15	578	742	(22)
Upstream PNG/SI	2,828	2,190	29	466	422	10
Continuing operations	2,605	2,240	16	2,118	2,439	(13)
Discontinued operation	-	2,180	(100)	-	31	(100)
<b>Total</b>	<b>2,605</b>	<b>2,239</b>	<b>16</b>	<b>2,118</b>	<b>2,470</b>	<b>(14)</b>

  

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	Mar 2020	Dec 2019	%	Mar 2020	Dec 2019	
Upstream Malaysia	1,667	1,321	26	21.05	21.05	Nil
Upstream Indonesia	1,246	989	26	22.93	22.24	0.69
Upstream PNG/SI	-	-	-	22.40	23.15	(0.75)
Continuing operations	1,519	1,186	28	21.89	21.83	0.06
Discontinued operation	-	460	(100)	-	22.86	(22.86)
<b>Total</b>	<b>1,519</b>	<b>1,176</b>	<b>29</b>	<b>21.89</b>	<b>21.84</b>	<b>0.05</b>

Downstream

Downstream operations registered a PBIT of RM89 million, a 24% increase against the profit of RM72 million of the preceding quarter, attributable to the higher profits from its refineries in Europe mainly arising from the recognition of a fair value gain in commodity hedges in the current quarter, as compared to a fair value loss in the preceding quarter. This cushioned the impact of weaker results from the Asia Pacific operations due to lower sales to India and China with the COVID-19 lockdown, and a fair value loss on derivatives incurred by its refinery in Malaysia in the current quarter.

Other operations

Other operations reported a PBIT of RM3 million as compared to a breakeven in the preceding quarter, due to higher share of profits of joint ventures and associates.

Non-recurring

The non-recurring PBIT for the Group in the current quarter of RM262 million and the preceding quarter of RM11 million both arose from gains on land disposal in Malaysia, in line with the Group's asset monetisation activities.

Discontinued operations

The Group has completed the divestment of its subsidiary in Liberia which generated a net gain of RM74 million, which included a reversal of foreign currency exchange reserves.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020**  
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**B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B3. Prospect**

The global economic upheaval sparked by the COVID-19 pandemic poses unprecedented challenges and uncertainties to the business environment. To contain the virus, most countries have enforced restricted movement measures resulting in disruptions both on the supply and demand of commodities. The restrictions have not yet had any material impact to the Group's operations.

The Group has assessed the potential impact of COVID-19 on its operations and financial performance, which included, amongst others, rising risks of customers deferring or defaulting on contracts, customer credit risks, and volatility from foreign exchange fluctuations. The outlook of the Group's performance for the financial year ending 31 December 2020 will be impacted by volatility of CPO and PK prices and impediment to operations, should a prolonged or worsening pandemic continue to affect global business activities.

**B4. Variance of actual profit from profit forecast or profit guarantee**

There was no profit forecast or profit guarantee issued during the quarter under review.

**B5. Operating profit and finance costs**

Included in the operating profit are:

	<b>Quarter ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
<b><u>Continuing operations</u></b>		
Depreciation and amortisation	<b>(313)</b>	(321)
Fair value gains/(losses):		
– commodities future contracts	<b>198</b>	- *
– forward foreign exchange contracts	<b>(24)</b>	5
Gain on disposals of:		
– property, plant and equipment	<b>2</b>	- *
– non-current assets held for sale	<b>262</b>	-
Impairment of:		
– trade and other receivables	-	1
– property, plant and equipment	- *	-
– inventories	- *	-
Unrealised foreign exchange gains/(losses)	<b>(63)</b>	30
Reversal of impairment:		
– trade and other receivables	<b>2</b>	-
Write off of property, plant and equipment	<b>(5)</b>	(8)
	<b>_____</b>	<b>_____</b>
Included in finance costs is:		
Finance costs on interest rate swap contracts	- *	2
	<b>_____</b>	<b>_____</b>
<b><u>Discontinued operations</u></b>		
Depreciation and amortisation	-	(5)
Gain on disposal of SDP Liberia	<b>74</b>	-
	<b>_____</b>	<b>_____</b>

\*Less than 1 million.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020**

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**B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B6. Tax expense**

	<b>Quarter ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
<b><u>Continuing operations</u></b>		
In respect of current financial period:		
– current tax	<b>122</b>	47
– deferred tax	<b>63</b>	(28)
	<b>185</b>	19
In respect of prior financial years/period:		
– current tax	<b>(5)</b>	(5)
Tax expenses	<b>180</b>	14

For the quarter ended 31 March 2020, the Group reported a net tax expense of RM180 million on the back of a profit before tax from continuing operations of RM607 million. Included in the tax expense for the quarter under review is RM74 million write down of deferred tax assets arising from reduction in corporate income tax rates in Indonesia from FY2020.

During the corresponding quarter ended 31 March 2019, the Group recognised RM33 million deferred tax assets on unrealised profit on prior year sale of land within the Group, as a result of the change in Real Property Gains Tax (RPGT) rate in Malaysia with effect from January 2019.

**B7. Status of announced corporate proposals**

There are no corporate proposals announced but not completed as at 22 May 2020.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020**

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**B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B8. Borrowings and debt securities**

Borrowings of the Group as at 31 March 2020 are as follows:

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
<b>Long-term</b>			
Term loans	-	2,583	<b>2,583</b>
Revolving credits-i	-	1,673	<b>1,673</b>
Bonds	-	479	<b>479</b>
Multi-currency Sukuk	-	530	<b>530</b>
Unamortised deferred financing expenses	-	(27)	<b>(27)</b>
	-	5,238	<b>5,238</b>
<b>Short-term</b>			
Term loans	-	1,013	<b>1,013</b>
Revolving credits	-	1,771	<b>1,771</b>
Trade facilities	83	-	<b>83</b>
	83	2,784	<b>2,867</b>
<b>Total</b>	<b>83</b>	<b>8,022</b>	<b>8,105</b>
<b>Borrowings of the Group consist of:</b>			
– principal	83	8,049	<b>8,132</b>
– unamortised deferred financing expenses	-	(27)	<b>(27)</b>
	<b>83</b>	<b>8,022</b>	<b>8,105</b>

Borrowings of the Group in RM equivalent analysed by currencies in which they are denominated are as follows:

	<b>Long-term</b>	<b>Short-term</b>	<b>Total</b>
European Union Euro	479	155	<b>634</b>
Ringgit Malaysia	500	461	<b>961</b>
Thailand Baht	-	25	<b>25</b>
United States Dollar	4,259	2,226	<b>6,485</b>
	5,238	2,867	<b>8,105</b>

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020**  
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**B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B9. Derivatives**

The Group uses forward foreign exchange contracts, interest rate swap contracts and commodity futures and options contracts to manage its exposure to various financial risks.

The fair values of these derivatives as at 31 March 2020 are as follows:

	<b>Classification in Statement of Financial Position</b>				<b>Net fair value</b>
	<b>Assets</b>		<b>Liabilities</b>		
	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	
Forward foreign exchange contracts	-	11	-	40	<b>(29)</b>
Commodity futures and options contracts	-	38	-	6	<b>32</b>
Interest rate swap contracts	-	-	-	8	<b>(8)</b>
	-	49	-	54	<b>(5)</b>

The description, notional amount and maturity profile of each derivative are as follows:

Forward foreign exchange contracts

Forward foreign exchange contracts were entered into by subsidiaries in currencies other than their functional currency in order to manage exposure to fluctuations in foreign currency exchange rates on specific transactions.

The forward foreign currency contracts are stated at fair value, using the prevailing market rates. All changes in fair value of the forward foreign currency contracts are recognised in the statement of other comprehensive income unless it does not meet the conditions for the application of hedge accounting, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

As at 31 March 2020, the notional amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

<b>Maturity tenor</b>	<b>Notional amount</b>	<b>Net fair value liabilities</b>
Less than 1 year	1,265	<b>(29)</b>

Commodity futures and options contracts

Commodity futures and options contracts were entered into by the Group to manage exposure to adverse movements in crude palm 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 expected purchase, sale or usage requirements, except for those contracts below.

The outstanding commodity futures and options contracts as at 31 March 2020 that were not held for the purpose of physical delivery are as follows:

	<b>Quantity (metric tonne)</b>	<b>Notional amount</b>	<b>Net fair value assets/ (liabilities)</b>
Less than 1 year:			
– Purchase contracts	129,320	338	<b>(3)</b>
– Sale contracts	227,183	623	<b>35</b>
			<b>32</b>

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020**

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**B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B9. Derivatives (continued)**

The description, notional amount and maturity profile of each derivative are as follows: (continued)

Interest rate swap contracts

The Group has entered into interest rate swap contracts to convert floating rate liabilities to fixed rate liabilities to mitigate the Group's exposure from adverse fluctuations in interest rates on underlying debt instruments.

The differences between the rates calculated by reference to the agreed notional principal amounts were exchanged at periodic intervals. All changes in fair value during the financial year are recognised in the other comprehensive income statement unless it does not meet the conditions for the application of hedge accounting, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

The outstanding interest rate swap contracts, all plain vanilla, as at 31 March 2020 are as follows:

<b>Effective period</b>	<b>Notional amount (USD'mil)</b>	<b>All-in swap rate per annum (%)</b>
18 February 2020 to 17 August 2020	155	1.75%-2.81%

As at 31 March 2020, the notional amount, fair value and maturity tenor of the interest rate swap contracts are as follows:

<b>Maturity tenor</b>	<b>Notional amount</b>	<b>Net fair value liabilities</b>
Less than 1 year	672	(8)

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the preceding financial year.



## EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2020

Amounts in RM million unless otherwise stated

### B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

#### B10. Material litigation

Save as disclosed below, there were no pending material litigations against the Group which might materially and adversely affect the Group's financial position.

##### (a) **New Britain Palm Oil Limited ("NBPOL") v. Masile Incorporated Land Group ("Masile"), NBPOL v. Rikau Incorporated Land Group ("Rikau") & NBPOL v. 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.

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. However, Masile and Rikau have been unable to come to a decision and therefore NBPOL decided to proceed with trial in respect of the claims against Rikau and Masile. The matter has been adjourned to a date to be fixed as Masile and Rikau have engaged a new lawyer.

##### (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 RM53.0 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.

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### B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

#### B10. Material litigation (continued)

Save as disclosed below, there were no pending material litigations against the Group which might materially and adversely affect the Group's financial position. (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)

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.

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 RM65.4 million) with an interest of 3% per month of the amount of IDR137.2 billion (equivalent to around RM36.3 million) until the payment is made to PT MAP and PT PS; (ii) fine (dwangsom) in the amount of IDR250 billion (equivalent to around RM66.2 million); and (iii) immaterial damages (indirect loss) in the amount of IDR500 billion (equivalent to around RM132.5 million). The potential exposure of PT MGG, PT ASM and PT ITH could be up to IDR997.0 billion (equivalent to around RM264.1 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. As at the reporting date, the matter is still before the Supreme Court.

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### B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

#### B10. Material litigation (continued)

Save as disclosed below, there were no pending material litigations against the Group which might materially and adversely affect the Group's financial position. (continued)

#### (c) Chantico Ship Management Ltd ("Chantico") vs. Sime Darby Oils Zwijsdrecht Refinery B.V. (formerly known as Sime Darby Unimills B.V.) ("SDOZR")

SDOZR, an indirect wholly-owned subsidiary of SDP, 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 two 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 RM28,733,460). 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 RM44,536,863) and an additional claim was filed against all cargo owners, jointly and severally, of EUR380,000 (approximately RM1,819,786) for port and anchorage dues. The hearing for Lawsuit 2 concluded on 25 September 2018.

SDOZR is waiting for the court judgement to be rendered on both of the above cases. 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 RM10,056,711) for Lawsuit 1 and EUR145,000 (approximately RM694,392) for Lawsuit 2, all amounts inclusive of interest. As at this juncture, adequate provision has been made.

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**B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B10. Material litigation (continued)**

**(d) Sime Darby Plantation Berhad (“SDP”) v. Pengarah Tanah dan Galian Negeri Melaka, Pentadbir Tanah Daerah Jasin, Kerajaan Negeri Melaka and GI A Resources Sdn Bhd (“GI A”) (collectively “the Respondents”)**

On 29 April 2019, SDP commenced a Judicial Review proceeding in the Melaka High Court against the Respondents for wrongfully initiating compulsory acquisition of SDP’s land measuring 185.5 acres held under Lot 7498, GRN 49371, Mukim Merlimau, District Jasin, State of Melaka which forms part of SDP’s Kempas Estate (“JR”).

SDP is seeking, among others, the orders of certiorari<sup>1</sup> and mandamus<sup>2</sup> to nullify the compulsory acquisition, and a declaratory relief that the Land Acquisition Act 1960 cannot be abused to compulsorily acquire land belonging to SDP for the benefit of a foreign owned company, GI A.

On 23 May 2019, the Melaka High Court granted SDP leave to commence JR, among others, to declare the compulsory acquisition of its land as wrongful and void.

The High Court has also granted a stay of all further proceedings in the land acquisition. Consequently, the land shall remain in SDP until final disposal of the JR. On 26 June 2019, GI A filed an appeal against the High Court’s decision.

Parties negotiated for out of court settlement and currently are finalising the terms of settlement. Pending settlement, all court proceedings have been stayed.

<sup>1</sup> Certiorari is an order of court to quash the legal effect of a decision.

<sup>2</sup> Mandamus is a command issued by the court asking an authority to perform a public duty imposed upon it by law.

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**B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B11. Dividend**

No dividend has been declared by the Company during the quarter under review.

**B12. Earnings per share**

Basic earnings per share attributable to equity holders of the Company are computed as follows:

	Quarter ended 31 March	
	2020	2019
Profit/(loss) for the financial period		
- from continuing operations	394	90
- from discontinued operations	74	(16)
	<b>468</b>	<b>74</b>
Weighted average number of ordinary shares in issue (million units)	<b>6,885</b>	<b>6,885</b>
Basic earnings per share (sen)		
- from continuing operations	5.7	1.3
- from discontinued operations	1.1	(0.2)

The diluted earnings per share of the Group is similar to the basic earnings per share as the Group does not have any material potential dilutive ordinary shares in issue.

Petaling Jaya  
22 May 2020

By Order of the Board

Azrin Nashiha Abdul Aziz  
Acting Group Secretary