

**QUARTERLY REPORT**

**On the consolidated results for the second quarter ended 30 June 2020**

The Directors are pleased to announce the followings:

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

Amounts in RM million unless otherwise stated

		Quarter ended			Half-year ended		
	Note	30 June	30 June	%	30 June	30 June	%
		2020	2019	+ / (-)	2020	2019	+ / (-)
<b>Continuing operations</b>							
Revenue	A8, A9	3,216	2,866	12	6,260	5,865	7
Operating expenses		(2,956)	(2,892)		(5,683)	(5,763)	
Other operating income		217	59		504	83	
Other gains/(losses)		68	(10)		105	36	
<b>Operating profit</b>	B5, A9	<b>545</b>	23	>100	<b>1,186</b>	221	>100
Share of results of joint ventures		(1)	(2)		(1)	(3)	
Share of results of associates		3	(1)		4	(2)	
<b>Profit before interest and tax</b>	A9	<b>547</b>	20	>100	<b>1,189</b>	216	>100
Finance income		3	4		6	7	
Finance costs		(31)	(29)		(69)	(87)	
<b>Profit/(loss) before tax</b>		<b>519</b>	(5)	>100	<b>1,126</b>	136	>100
Tax (expense)/income	B6	(106)	83		(286)	69	
<b>Profit from continuing operations</b>		<b>413</b>	78	>100	<b>840</b>	205	>100
<b>Discontinued operations</b>							
(Loss)/profit from discontinued operations		-	(19)		74	(35)	
<b>Profit for the financial period</b>		<b>413</b>	59	>100	<b>914</b>	170	>100
<b>Profit/(loss) for the financial period attributable to:</b>							
– equity holders of the Company							
- from continuing operations		378	46		772	136	
- from discontinued operations		-	(19)		74	(35)	
		<b>378</b>	27	>100	<b>846</b>	101	>100
– Perpetual Sukuk							
- from continuing operations		31	31		62	62	
		<b>31</b>	31		<b>62</b>	62	
– non-controlling interests							
- from continuing operations		4	1		6	7	
		<b>4</b>	1		<b>6</b>	7	
		<b>413</b>	59	>100	<b>914</b>	170	>100
<b>Basic earnings/(loss) per share attributable to equity holders of the Company (sen):</b>							
- from continuing operations	B12	5.5	0.7		11.2	2.0	
- from discontinued operations	B12	-	(0.3)		1.1	(0.5)	
<b>Total</b>		<b>5.5</b>	0.4	>100	<b>12.3</b>	1.5	>100

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		%	Half-year ended		%
	30 June			30 June		
	2020	2019	+ / (-)	2020	2019	+ / (-)
<b>Profit for the financial period</b>	<b>413</b>	<b>59</b>	>100	<b>914</b>	<b>170</b>	>100
<b>Continuing operations</b>						
<b>Other comprehensive income/(loss):</b>						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences gain/(loss):						
– subsidiaries	592	(21)		199	127	
Net change in fair value:						
– cash flow hedges loss	13	(10)		(1)	(15)	
– transfer to profit and loss	(4)	(4)		- *	(4)	
Tax expenses relating to components through other comprehensive income	(1)	-		- *	-	
	<b>600</b>	<b>(35)</b>		<b>198</b>	<b>108</b>	
Other comprehensive income/(loss) from discontinued operations	-	10		(113)	(1)	
<b>Total other comprehensive income/(loss)</b>	<b>600</b>	<b>(25)</b>		<b>85</b>	<b>107</b>	
<b>Total comprehensive income for the financial period</b>	<b>1,013</b>	<b>34</b>		<b>999</b>	<b>277</b>	
<b>Total comprehensive income/(loss) for the financial period attributable to:</b>						
– equity holders of the Company						
– from continuing operations	950	11	>100	964	237	>100
– from discontinued operations	-	(9)	100	(39)	(36)	(8)
	<b>950</b>	<b>2</b>		<b>925</b>	<b>201</b>	
– Perpetual Sukuk						
– from continuing operations	31	31	-	62	62	-
	<b>31</b>	<b>31</b>		<b>62</b>	<b>62</b>	
– non-controlling interests						
– from continuing operations	32	1	>100	12	14	(14)
	<b>32</b>	<b>1</b>		<b>12</b>	<b>14</b>	
<b>Total</b>	<b>1,013</b>	<b>34</b>	>100	<b>999</b>	<b>277</b>	>100

\* 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 30 June 2020	As at 31 December 2019
	Note		
<b>Non-current assets</b>			
Property, plant and equipment		17,552	17,314
Investment properties		8	8
Right-of-use assets		2,119	2,146
Joint ventures		34	34
Associates		44	40
Intangible assets		2,949	2,840
Investments at fair value through other comprehensive income ("FVOCI")		30	30
Deferred tax assets		578	640
Tax recoverable		317	334
Trade and other receivables		181	156
		<u>23,812</u>	<u>23,542</u>
<b>Current assets</b>			
Inventories		1,648	1,498
Biological assets		181	189
Trade and other receivables		1,841	1,934
Tax recoverable		346	313
Amounts due from related parties		5	2
Derivatives	B9	51	77
Bank balances, deposits and cash		742	431
		<u>4,814</u>	<u>4,444</u>
<b>Non-current assets held for sale</b> <sup>(1)</sup>		562	522
<b>Total assets</b>	A9	<u>29,188</u>	<u>28,508</u>
<b>Equity</b>			
Share capital		1,506	1,506
Reserves		12,611	11,755
Attributable to equity holders of the Company		<u>14,117</u>	<u>13,261</u>
Perpetual Sukuk		2,231	2,231
Non-controlling interests		365	369
<b>Total equity</b>		<u>16,713</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	30 June	31 December
		2020	2019
<b>Non-current liabilities</b>			
Retirement benefits		264	260
Deferred income		-	-
Deferred tax liabilities		2,687	2,598
Borrowings	B8	5,078	5,255
Lease liabilities		161	162
Trade and other payables		83	78
		<u>8,273</u>	<u>8,353</u>
<b>Current liabilities</b>			
Trade and other payables		1,443	1,360
Deferred income		19	13
Amounts due to related parties		3	7
Retirement benefits		15	15
Lease liabilities		27	25
Tax payable		172	105
Derivatives	B9	29	243
Borrowings	B8	2,475	2,490
		<u>4,183</u>	<u>4,258</u>
<b>Liabilities directly associated with non-current assets held for sale</b> <sup>(2)</sup>		19	36
<b>Total liabilities</b>		<u>12,475</u>	<u>12,647</u>
<b>Total equity and liabilities</b>		<u>29,188</u>	<u>28,508</u>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>		<u>2.05</u>	<u>1.93</u>
<b>Note:</b>			
<b>(1) Non-current assets held for sale</b>			
Non-current assets held for sale			
– property, plant and equipment		29	66
– intangible asset		3	3
– joint venture		394	394
Disposal group held for sale			
– property, plant and equipment		94	34
– other assets		42	25
		<u>562</u>	<u>522</u>
<b>(2) Liabilities directly associated with non-current assets held for sale</b>			
Disposal group held for sale			
– liabilities		19	36
		<u>19</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**

	<b>Attributable to equity holders of the Company</b>										
	<b>Share capital</b>	<b>Capital reserve</b>	<b>Hedging reserve</b>	<b>Merger reserve</b>	<b>Investments at FVOCI reserve</b>	<b>Exchange reserve</b>	<b>Retained profits</b>	<b>Total</b>	<b>Perpetual Sukuk</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
<b>Half-year ended 30 June 2020</b>											
<b>At 1 January 2020</b>	1,506	9	6	(18)	28	721	11,009	13,261	2,231	369	15,861
<b><u>Continuing operations</u></b>											
Profit for the financial period	-	-	-	-	-	-	772	772	62	6	840
Other comprehensive (loss)/income for the financial period	-	-	(1)	-	-	196	-	195	-	6	201
Total comprehensive (loss)/income for the financial period	-	-	(1)	-	-	196	772	967	62	12	1,041
Transactions with equity holders:											
Dividends	-	-	-	-	-	-	(69)	(69)	-	(17)	(86)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(62)	-	(62)
Disposal of subsidiaries	-	-	-	-	-	(3)	-	(3)	-	1	(2)
<b><u>Discontinued operations</u></b>											
Total comprehensive (loss)/income for the financial period	-	-	-	-	-	(113)	74	(39)	-	-	(39)
<b>At 30 June 2020</b>	<b>1,506</b>	<b>9</b>	<b>5</b>	<b>(18)</b>	<b>28</b>	<b>801</b>	<b>11,786</b>	<b>14,117</b>	<b>2,231</b>	<b>365</b>	<b>16,713</b>

	<b>Attributable to equity holders of the Company</b>										
	<b>Share capital</b>	<b>Capital reserve</b>	<b>Hedging reserve</b>	<b>Merger reserve</b>	<b>Investments at FVOCI reserve</b>	<b>Exchange reserve</b>	<b>Retained profits</b>	<b>Total</b>	<b>Perpetual Sukuk</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
<b>Half-year ended 30 June 2019</b>											
<b>At 1 January 2019</b>	1,100	9	32	(18)	27	620	11,348	13,118	2,231	396	15,745
<b><u>Continuing operations</u></b>											
Profit for the financial period	-	-	-	-	-	-	136	136	62	7	205
Other comprehensive (loss)/income for the financial period	-	-	(19)	-	-	120	-	101	-	7	108
Total comprehensive (loss)/income for the financial period	-	-	(19)	-	-	120	136	237	62	14	313
Transactions with equity holders:											
Share issue	406	-	-	-	-	-	-	406	-	-	406
Dividends	-	-	-	-	-	-	(117)	(117)	-	(41)	(158)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(62)	-	(62)
<b><u>Discontinued operations</u></b>											
Total comprehensive loss for the financial period	-	-	-	-	-	(1)	(35)	(36)	-	-	(36)
<b>At 30 June 2019</b>	<b>1,506</b>	<b>9</b>	<b>13</b>	<b>(18)</b>	<b>27</b>	<b>739</b>	<b>11,332</b>	<b>13,608</b>	<b>2,231</b>	<b>369</b>	<b>16,208</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	Half-year ended 30 June	
		2020	2019
<b>Cash flows from operating activities</b>			
Profit for the financial period from continuing operations		840	205
Adjustments for:			
Share of results of joint ventures and associates		(3)	5
Finance income		(6)	(7)
Finance costs		69	87
Gain on disposal of:			
– property, plant and equipment	B5	(9)	(40)
– non-current assets held for sale	B5	(459)	(9)
Depreciation and amortisation	B5	622	600
Fair value (gains)/losses:			
– commodities contracts	B5	(192)	(12)
– forward foreign exchange contracts	B5	3	4
Unrealised foreign exchange losses/(gains)	B5	10	(31)
Tax expense/(income)	B6	286	(69)
Fair value changes on biological assets		13	52
Retirement benefits		19	15
Impairment of:			
– inventories	B5	14	-
– trade and other receivables	B5	6	-
– non-current assets held for sale	B5	-	6
Write offs:			
– inventories	B5	-	2
– property, plant and equipment	B5	11	12
– right-of-use assets	B5	-	1
		<b>1,224</b>	<b>821</b>
Changes in working capital:			
Inventories		(137)	67
Trade and other receivables		83	44
Trade and other payables		152	(298)
Intercompany and related party balances		(7)	(48)
Cash generated from operations		<b>1,315</b>	<b>586</b>
Tax (paid)/refund		(159)	8
Retirement benefits paid		(5)	(16)
Operating cash flow from continuing operations		<b>1,151</b>	<b>578</b>
Operating cash flow used in discontinued operations		-	(39)
<b>Net cash generated from operating activities</b>		<b>1,151</b>	<b>539</b>
<b>Cash flows from investing activities</b>			
Finance income received		6	7
Purchase of:			
– property, plant and equipment		(567)	(640)
– intangibles assets		(6)	-
Proceeds from sale of:			
– non-current assets held for sale		475	103
– property, plant and equipment		13	63
Investing cash flow used in continuing operations		(79)	(467)
Investing cash flow used in discontinued operations		(25)	(1)
<b>Net cash used in investing activities</b>		<b>(104)</b>	<b>(468)</b>

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

	Note	Half-year ended 30 June	
		2020	2019
<b>Cash flows from financing activities</b>			
Distribution to Perpetual Sukuk holders		(62)	(62)
Finance costs paid		(106)	(137)
Loans raised		1,104	1,037
Loan repayments		(1,574)	(536)
Repayment of lease liabilities		(17)	(23)
Dividends paid to shareholders		(69)	(459)
Dividends paid to non-controlling interests of subsidiaries		(17)	(42)
Financing cash flow used in continuing operations		(741)	(222)
Financing cash flow from discontinued operations		-	36
<b>Net cash used in financing activities</b>		<b>(741)</b>	<b>(186)</b>
<b>Net changes in cash and cash equivalents during the financial year</b>			
		<b>306</b>	<b>(115)</b>
Foreign exchange difference		5	(12)
<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>742</b>	<b>364</b>
For the purpose of the statement of cash flows, cash and cash equivalents comprised the following:			
Bank balances, deposits and cash		742	364
<b>Cash and cash equivalents from continuing operations</b>		<b>742</b>	<b>361</b>
<b>Cash and cash equivalents from discontinued operations</b>		<b>-</b>	<b>3</b>
		<b>742</b>	<b>364</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 – 30 JUNE 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.

Prior to 1 June 2020, the Group measures its derivatives entered to hedge against crude palm oil price risk at fair value through profit or loss at each reporting date, in accordance with MFRS 9 "Financial Instruments". With effect from 1 June 2020, the Group has applied hedge accounting to its forward commodity contracts to minimise fluctuations from commodity price movements as any gains or losses on the hedging instrument is deferred in the hedging reserve. As at 30 June 2020, the Group has recognised a gain on derivatives that qualify for hedge accounting of approximately RM6.2 million (net of tax) in other comprehensive income.

**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
- Amendment to MFRS 16 Leases "Covid-19 - Related Rent Concessions"

The adoption of these amendments does not have any impact on the current period or any prior periods 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"
- Amendments to MFRS 116 "Property, Plant and Equipment: Proceeds before Intended Use"
- Amendments to MFRS 137 "Onerous Contracts—Cost of Fulfilling a Contract"

(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.



**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 2020**  
**Amounts in RM million unless otherwise stated**

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

**A7. Dividends paid**

Dividends paid during the financial period ended 30 June 2020 are as follows:

	<b>Half-year ended 30 June 2020</b>
In respect of financial year ended 31 December 2019: Final single tier dividend of 1.0 sen per share, paid in cash on 22 May 2020.	<b>69</b>

**A8. Revenue**

The Group derived the following types of revenue:

	<b>Note</b>	<b>Half-year ended 30 June</b>	
		<b>2020</b>	<b>2019</b>
<b><u>Continuing operations</u></b>			
Revenue from contracts with customers	A8(a)	<b>6,255</b>	5,857
Revenue from other sources	A8(b)	<b>5</b>	8
<b><u>Discontinued operations</u></b>			
Revenue from contracts with customers		<b>6,260</b>	5,865
		<b>-</b>	16
<b>Total revenue</b>		<b>6,260</b>	<b>5,881</b>

(a) Disaggregation of revenue from contracts with customers

**Continuing operations**

Upstream			
– Malaysia		<b>395</b>	360
– Indonesia		<b>390</b>	417
– Papua New Guinea and Solomon Islands ("PNG/SI")		<b>550</b>	533
Downstream		<b>4,887</b>	4,518
Other operations		<b>33</b>	29
		<b>6,255</b>	5,857

**Discontinued operations**

Upstream			
– Liberia		<b>-</b>	16
		<b>6,255</b>	5,873

**Continuing operations**

Sales of palm based products, other refined edible oils, rubber, sugar, beef and other agricultural products		<b>6,137</b>	5,674
Freight services		<b>114</b>	180
Tolling services		<b>4</b>	3

**Discontinued operations**

Sales of palm based products		<b>6,255</b>	5,857
		<b>-</b>	16
		<b>6,255</b>	5,873

**Continuing operations**

Timing of revenue recognition			
– at point in time		<b>6,137</b>	5,674
– over time		<b>118</b>	183
		<b>6,255</b>	5,857

**Discontinued operations**

Timing of revenue recognition			
– at point in time		<b>-</b>	16
		<b>6,255</b>	5,873

(b) Revenue from other sources

Rental income		<b>5</b>	8
		<b>5</b>	8

(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 30 June 2020:

	<b>Expected timing of recognition During the quarter ending 30 September 2020</b>
Freight income	<b>19</b>

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 2020**

Amounts in RM million unless otherwise stated

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

**A9. Segment information**

	Continuing operations							Discontinued operations	Total
	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter-segment elimination	Total		
<b>Half-year ended 30 June 2020</b>									
<b>Segment revenue:</b>									
External sales	399	390	550	4,888	33	-	6,260	-	6,260
Inter-segment sales	1,211	396	297	52	119	(2,075)	-	-	-
<b>Total revenue</b>	<b>1,610</b>	<b>786</b>	<b>847</b>	<b>4,940</b>	<b>152</b>	<b>(2,075)</b>	<b>6,260</b>	<b>-</b>	<b>6,260</b>
<b>Segment results:</b>									
Operating profit									
– recurring activities	375	132	97	113	10	-	727	-	727
– non-recurring transactions	403	-	56	-	-	-	459	74	533
Share of results of joint ventures and associates	-	-	-	-	3	-	3	-	3
<b>Profit before interest and tax</b>	<b>778</b>	<b>132</b>	<b>153</b>	<b>113</b>	<b>13</b>	<b>-</b>	<b>1,189</b>	<b>74</b>	<b>1,263</b>
<b>Half-year ended 30 June 2019</b>									
<b>Segment revenue:</b>									
External sales	363	417	536	4,520	29	-	5,865	16	5,881
Inter-segment sales	1,198	343	188	41	143	(1,913)	-	-	-
<b>Total revenue</b>	<b>1,561</b>	<b>760</b>	<b>724</b>	<b>4,561</b>	<b>172</b>	<b>(1,913)</b>	<b>5,865</b>	<b>16</b>	<b>5,881</b>
<b>Segment results:</b>									
Operating profit/(loss)									
– recurring activities	156	(2)	(95)	136	17	-	212	(40)	172
– non-recurring transactions	-	9	-	-	-	-	9	-	9
Share of results of joint ventures and associates	-	-	-	-	(5)	-	(5)	5	-
<b>Profit/(loss) before interest and tax</b>	<b>156</b>	<b>7</b>	<b>(95)</b>	<b>136</b>	<b>12</b>	<b>-</b>	<b>216</b>	<b>(35)</b>	<b>181</b>

\* Less than 1 million

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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 30 June 2020</b>									
<b>Segment assets:</b>									
Operating assets	9,416	4,915	8,304	4,456	216	-	27,307	-	27,307
Joint ventures and associates	-	-	-	-	78	-	78	-	78
Non-current assets held for sale	32	136	-	-	-	-	168	394	562
	<b>9,448</b>	<b>5,051</b>	<b>8,304</b>	<b>4,456</b>	<b>294</b>	<b>-</b>	<b>27,553</b>	<b>394</b>	<b>27,947</b>
Tax assets							1,241		1,241
Total assets							<b>28,794</b>		<b>29,188</b>

	Continuing operations						Total	Discontinued operations	Total
	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter-segment elimination			
<b>As at 30 June 2019</b>									
<b>Segment assets:</b>									
Operating assets	9,247	4,710	8,081	4,228	252	-	26,518	277	26,795
Joint ventures and associates	-	-	-	-	67	-	67	421	488
Non-current assets held for sale	41	-	-	-	-	-	41		41
	<b>9,288</b>	<b>4,710</b>	<b>8,081</b>	<b>4,228</b>	<b>319</b>	<b>-</b>	<b>26,626</b>	<b>698</b>	<b>27,324</b>
Tax assets							1,214		1,214
Total assets							<b>27,840</b>		<b>28,538</b>

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**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 30 June 2020</b>	<b>As at 31 December 2019</b>
Property, plant and equipment		
– contracted	367	331
– not contracted	267	175
	<b>634</b>	506
Other capital expenditure		
– not contracted	413	768
	<b>413</b>	768
	<b>1,047</b>	1,274

**A11. Significant related party transactions**

Significant related party transactions conducted were as follows:

	<b>Half-year ended 30 June</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	22	12
(b) Transactions with associates		
(i) Management fee		
– Muang Mai Guthrie Public Company Limited	-	1
(ii) Purchase of goods		
– Rizhao Sime Darby Oils & Fatz Co. Ltd.	29	1
– Thai Eastern Trat Company Limited	34	21

\*Less than 1 million

(c) Transactions with related parties

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 56.88% as at 30 June 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 – 30 JUNE 2020**  
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**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:

	<b>Half-year ended</b>	
	<b>30 June</b>	
	<b>2020</b>	<b>2019</b>
(i) Foreign currency payment arrangement – Hastings Deering (PNG) Limited	<b>57</b>	67
(ii) Payroll, accounting and IT processing costs – DXC Technology Sdn Bhd (fka. Sime Darby Global Services Centre Sdn Bhd) *	-	28
(iii) Purchase of heavy equipment, spare parts and services – Sime Darby Industrial Holdings Sdn Bhd	<b>5</b>	14
– Sime Kubota Sdn Bhd *	-	6
– Hastings Deering (PNG) Limited	<b>1</b>	1
(iv) Lease of agricultural land – Kumpulan Sime Darby Berhad	<b>4</b>	3
(d) Transactions entered into with person connected to a former director		
(i) Provision of freight services – Rosely Kusip	<b>2</b>	-

\* 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 20 August 2020, being a date not earlier than 7 days from the date of issuance of the report.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 2020**  
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**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)**

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

(i) Disposal of a subsidiary of Sime Darby Plantation Investment (Liberia)

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 cash flow 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

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 2020**  
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**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)**

**A13. Effect of significant changes in the composition of the Group (continued)**

(ii) Disposal of subsidiaries of Ultra Oleum

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 to SIPEF and Ackermans & van 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 subsidiaries are as follows:

	<b>As at the date of completion</b>
Consideration received	<b>38</b>
Less: Incidental cost of disposal	-
Proceeds from disposal, net of transaction costs	<b>38</b>
Property, plant and equipment	<b>38</b>
Right of use assets	<b>16</b>
Receivables	<b>2</b>
Prepayments	- *
Inventories	<b>1</b>
Deferred tax assets	<b>3</b>
Cash and cash equivalents	<b>1</b>
Payables	<b>(76)</b>
Non-controlling interests	- *
Net liabilities disposed	<b>(15)</b>
Gain on disposal of the subsidiaries before reclassification of foreign currency translation reserve	<b>53</b>
Reclassification of foreign currency translation reserve	<b>3</b>
Gain on disposal of the subsidiaries	<b>56</b>
Proceeds from disposal, net of transaction costs	<b>38</b>
Less: Cash and cash equivalent in the subsidiaries	<b>(1)</b>
Net cash inflow from disposal of the subsidiaries	<b>37</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 30 June 2020</b>	<b>As at 31 December 2019</b>
Guarantees in respect of credit facilities granted to:		
– certain joint venture	<b>6</b>	<b>6</b>
– plasma stakeholders	<b>43</b>	<b>47</b>
	<b>49</b>	<b>53</b>

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 2020**  
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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 30 June 2020 against the previous year corresponding quarter ended 30 June 2019**

	<b>Quarter ended 30 June</b>		<b>+/(–) %</b>
	<b>2020</b>	<b>2019</b>	
<b><u>Continuing operations</u></b>			
Revenue	<b>3,216</b>	2,866	12
Segment results:			
Upstream Malaysia	<b>200</b>	43	>100
Upstream Indonesia	<b>93</b>	(11)	>100
Upstream PNG/SI	<b>23</b>	(76)	>100
Downstream	<b>24</b>	51	(54)
Other operations	<b>10</b>	4	>100
Recurring profit before interest and tax	<b>350</b>	11	>100
Non-recurring transactions	<b>197</b>	9	>100
<b>Profit before interest and tax</b>	<b>547</b>	20	>100
Finance income	<b>3</b>	4	
Finance costs	<b>(31)</b>	(29)	
<b>Profit/(loss) before tax</b>	<b>519</b>	(5)	>100
Tax (expense)/income	<b>(106)</b>	83	
<b>Profit from continuing operations</b>	<b>413</b>	78	>100
Perpetual Sukuk	<b>(31)</b>	(31)	
Non-controlling interests	<b>(4)</b>	(1)	
<b>Profit from continuing operations attributable to equity holders of the Company</b>	<b>378</b>	46	>100
<b><u>Discontinued operations</u></b>			
Loss from discontinued operations attributable to equity holders of the Company	-	(19)	(100)
<b>Profit after tax attributable to equity holders of the Company</b>	<b>378</b>	27	>100
Profit/(loss) from discontinued operations include:			
Segment results:			
– Upstream Liberia	-	(20)	
– Other operations	-	1	

For the quarter ended 30 June 2020, the Group reported a net profit from continuing operations of RM378 million, compared to a net profit of RM46 million recorded in the corresponding quarter of the previous year.

The significant improvement in the recurring profit before interest and tax ("PBIT") in the quarter under review was attributed to a turnaround in the Upstream segment which compensated for the lower profits from the Downstream segment. The Group also recorded a non-recurring PBIT of RM197 million in the current quarter, comprising of gains from the disposal of land in Malaysia and the divestment of the Group's subsidiaries, Verdant Bioscience Pte Ltd and PT Timbang Deli.

The Group reported a tax expense in the current quarter, as compared to a tax income in the corresponding quarter of the previous year, mainly due to higher profit before tax ("PBT") in the current quarter. In addition, during the corresponding quarter last year the Group recognised a deferred tax asset of RM69 million for losses suffered by the holding company of PT Mitra Austral Sejahtera ("PT MAS") on disposal of its subsidiary.

The Group reported a total net profit of RM378 million, as compared to RM27 million in the corresponding quarter.



**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 30 June 2020 against the previous year corresponding quarter ended 30 June 2019 (continued)**

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

Upstream

The Group's Upstream continuing operations reported a PBIT of RM316 million for the current quarter, as compared to a loss before interest and tax ("LBIT") of RM44 million recorded in the corresponding quarter of the previous year. The turnaround in performance was primarily due to:

- (i) higher crude palm oil ("CPO") and palm kernel ("PK") average realised prices which increased by 17% and 25% respectively;
- (ii) higher FFB production which rose by 3% in the current quarter;
- (iii) improved contribution from sugar operations in PNG in the current quarter, versus losses in the previous year due to a pest and disease issue;
- (iii) lower costs of production, as certain activities were not carried out due to movement restrictions placed by governments to contain the COVID-19 pandemic.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended 30 June		+/(–)	Quarter ended 30 June		+/(–)
	2020	2019	%	2020	2019	%
Upstream Malaysia	2,310	2,031	14	1,387	1,308	6
Upstream Indonesia	2,221	1,940	14	563	596	(6)
Upstream PNG/SI	2,566	2,115	21	520	500	4
Continuing operations	2,361	2,021	17	2,470	2,405	3
Discontinued operation	-	2,062	(100)	-	25	(100)
<b>Total</b>	<b>2,361</b>	<b>2,021</b>	<b>17</b>	<b>2,470</b>	<b>2,430</b>	<b>2</b>

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended 30 June		+/(–)	Quarter ended 30 June		+/(–)
	2020	2019	%	2020	2019	
Upstream Malaysia	1,396	1,103	27	20.60	20.97	(0.37)
Upstream Indonesia	1,024	864	19	21.80	21.19	0.61
Upstream PNG/SI	-	-	-	22.40	21.93	0.47
Continuing operations	1,286	1,032	25	21.29	21.25	0.04
Discontinued operation	-	353	(100)	-	24.54	(24.54)
<b>Total</b>	<b>1,286</b>	<b>1,020</b>	<b>26</b>	<b>21.29</b>	<b>21.27</b>	<b>0.02</b>

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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 30 June 2020 against the previous year corresponding quarter ended 30 June 2019 (continued)**

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

Downstream

Downstream operations registered a PBIT of RM24 million, a 54% decline as compared to the previous year corresponding quarter, attributable to weaker performance from all regions in Asia Pacific, Europe and Africa. The Asia Pacific operations experienced a decline in sales margins affected by the market price downturn, exacerbated by lower demand especially from China and India mainly attributable to the Covid-19 pandemic. Similarly, the decline in profits of the Group's European refineries stemmed from lower demand of packed products, as the pandemic necessitated a shutdown of the HORECA sector.

Other operations

Other continuing operations reported a PBIT of RM10 million, higher than RM4 million recorded in the corresponding quarter of the previous year, mainly due to foreign currency exchange gain on intercompany balances reported by the investment holding companies, as MYR had appreciated against other currencies.

Non-recurring transactions

The non-recurring PBIT of RM197 million reported in the current quarter comprised of gains from sale of land in Malaysia of RM141 million and divestment of subsidiaries of RM56 million. The Group completed the disposal of its subsidiaries, Verdant Bioscience Pte Ltd and PT Timbang Deli in May 2020.

The Group's non-recurring PBIT of RM9 million in the corresponding quarter last year stemmed from the divestment of PT MAS, a subsidiary in Indonesia.

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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)

(b) Current half-year ended 30 June 2020 against the previous half-year ended 30 June 2019

	Half-year ended 30 June		+/(–) %
	2020	2019	
<b><u>Continuing operations</u></b>			
Revenue	<b>6,260</b>	5,865	7
Segment results:			
Upstream Malaysia	<b>375</b>	156	>100
Upstream Indonesia	<b>132</b>	(2)	>100
Upstream PNG/SI	<b>97</b>	(95)	>100
Downstream	<b>113</b>	136	(17)
Other operations	<b>13</b>	12	5
Recurring profit before interest and tax	<b>730</b>	207	>100
Non-recurring transactions	<b>459</b>	9	
<b>Profit before interest and tax</b>	<b>1,189</b>	216	>100
Finance income	<b>6</b>	7	
Finance costs	<b>(69)</b>	(87)	
<b>Profit before tax</b>	<b>1,126</b>	136	>100
Tax (expense)/income	<b>(286)</b>	69	
<b>Profit from continuing operations</b>	<b>840</b>	205	>100
Perpetual Sukuk	<b>(62)</b>	(62)	
Non-controlling interests	<b>(6)</b>	(7)	
<b>Profit from continuing operations attributable to equity holders of the Company</b>	<b>772</b>	136	>100
<b><u>Discontinued operations</u></b>			
Profit/(loss) from Discontinued operations attributable to equity holders of the Company	<b>74</b>	(35)	>100
<b>Profit after tax attributable to equity holders of the Company</b>	<b>846</b>	<b>101</b>	>100
Profit/(loss) from Discontinued operations include:			
Segment results:			
– Upstream Liberia	<b>74</b>	(40)	
– Other operations	<b>-</b>	5	

For the period ended 30 June 2020, the Group posted net earnings from continuing operations of RM772 million, as compared to RM136 million recorded in the corresponding period of the previous year, mainly due to higher recurring PBIT contributed by the Upstream segment and non-recurring PBIT arising from disposal of land and divestment of subsidiaries.

The Group's finance costs of RM69 million was lower than the previous year's corresponding period, as the Group benefited from lower interest rates consequent of the recent decline in benchmark rates. The Group reported a tax expense in the current period as compared to a tax income in the corresponding period of the previous year, due to higher PBT and reversal of deferred taxes amounting to RM72 million, as a result of changes in corporate tax rates in Indonesia. The tax income of the corresponding period last year included the recognition of RM69 million deferred tax asset on losses suffered by the holding company of PT MAS on disposal of its subsidiary.

The Group completed the disposal of its wholly-owned subsidiary, SDP Liberia in January 2020, which gave rise to a gain of RM74 million from a reversal of the foreign currency exchange reserves relating to Liberia.

As a result, the Group reported a total net earnings of RM846 million, as compared to RM101 million recorded in the previous year corresponding period.

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**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)**

**(b) Current half-year ended 30 June 2020 against the previous half-year ended 30 June 2019 (continued)**

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

Upstream

For the period ended 30 June 2020, Upstream operations reported a recurring PBIT of RM604 million from continuing operations, significantly higher than the RM59 million reported in the corresponding period of the previous year. The improved performance was largely due to:

- (i) higher average CPO and PK prices realised, which increased by 23% and 24% respectively in the period under review;
- (ii) higher OER which increased to 21.58%;
- (iii) unrealised gains arising from the fair value of commodity hedges totalling RM128 million;
- (iv) lower costs of production, as certain activities were not carried out due to movement restrictions placed by governments to contain the COVID-19 pandemic.

The above factors had partially cushioned the impact from the 7% reduction in FFB production in the current period.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Half-year ended		+/(–) %	Half-year ended		+/(–) %
	30 June			30 June		
	2020	2019		2020	2019	
Upstream Malaysia	2,391	2,014	19	2,461	2,707	(9)
Upstream Indonesia	2,439	1,972	24	1,141	1,193	(4)
Upstream PNG/SI	2,677	2,088	28	986	1,010	(2)
Continuing operations	2,475	2,016	23	4,588	4,910	(7)
Discontinued operations	-	2,066	(100)	-	42	(100)
<b>Total</b>	<b>2,475</b>	<b>2,016</b>	<b>23</b>	<b>4,588</b>	<b>4,952</b>	<b>(7)</b>

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Half-year ended		+/(–) %	Half-year ended		+/(–) %
	30 June			30 June		
	2020	2019		2020	2019	
Upstream Malaysia	1,517	1,215	25	20.80	21.03	(0.23)
Upstream Indonesia	1,137	936	22	22.38	21.59	0.79
Upstream PNG/SI	-	-	-	22.40	21.73	0.67
Continuing operations	1,394	1,127	24	21.58	21.33	0.25
Discontinued operations	-	347	(100)	-	23.39	(23.39)
<b>Total</b>	<b>1,394</b>	<b>1,116</b>	<b>25</b>	<b>21.58</b>	<b>21.34</b>	<b>0.24</b>

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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)**

**(b) Current half-year ended 30 June 2020 against the previous half-year ended 30 June 2019 (continued)**

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

Downstream

Downstream reported a PBIT of RM113 million in the period under review, 17% lower than the previous year corresponding period, mainly due to weaker performance from the Asia Pacific bulk and differentiated refineries which suffered lower sales volumes and margins. This was partially compensated by the Europe, Middle East and Africa operations which recorded higher sales volumes and margins, and unrealised fair value gain on commodity contracts.

Other operations

Other operations reported PBIT of RM13 million, slightly higher than the corresponding period last year.

Non-recurring transactions

The Group recorded total non-recurring PBIT of RM459 million in the current period, which comprised of gains from the disposal of land in Malaysia of RM403 million and from the divestment of subsidiaries, Verdant and Timbang Deli of RM56 million.

The Group's non-recurring PBIT of RM9 million in the corresponding period last year reflected the gain on divestment of PT MAS, a subsidiary in Indonesia.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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**

	<b>Quarter ended</b>		<b>+/(–) %</b>
	<b>30 Jun 2020</b>	<b>31 Mar 2020</b>	
<b><u>Continuing operations</u></b>			
Revenue	<b>3,216</b>	3,044	6
Segment results:			
Upstream Malaysia	<b>200</b>	175	14
Upstream Indonesia	<b>93</b>	39	>100
Upstream PNG/SI	<b>23</b>	74	(69)
Downstream	<b>24</b>	89	(74)
Other operations	<b>10</b>	3	>100
Recurring profit before interest and tax	<b>350</b>	380	(8)
Non-recurring transactions	<b>197</b>	262	(25)
<b>Profit before interest and tax</b>	<b>547</b>	642	(15)
Finance income	<b>3</b>	3	
Finance costs	<b>(31)</b>	(38)	
<b>Profit before tax</b>	<b>519</b>	607	(14)
Tax expense	<b>(106)</b>	(180)	
<b>Profit from continuing operations</b>	<b>413</b>	427	(3)
Perpetual Sukuk	<b>(31)</b>	(31)	
Non-controlling interests	<b>(4)</b>	(2)	
<b>Profit from continuing operations attributable to equity holders of the Company</b>	<b>378</b>	394	(4)
<b><u>Discontinued operations</u></b>			
Profit from discontinued operations attributable to equity holders of the Company	-	74	(100)
<b>Profit after tax attributable to equity holders of the Company</b>	<b>378</b>	<b>468</b>	(19)
Profit from discontinued operations include:			
Segment results:			
– Upstream Liberia	-	74	

The Group reported a net profit from continuing operations of RM378 million in the current quarter, as compared to RM394 million in the preceding quarter, mainly due to lower PBIT from both recurring and non-recurring transactions.

The recurring PBIT of the Group declined by 8% to RM350 million, due to lower contribution by the Downstream segment. Non-recurring PBIT for the Group declined due to lower gains from disposal of land in Malaysia as compared to the preceding quarter.

The Group also benefited from the recent decline in benchmark rates, resulting in lower finance costs. The lower tax expense was mainly due to the writedown of deferred tax assets in the preceding quarter consequent of the change in the corporate tax rates in Indonesia.

The earnings from discontinued operations in the preceding quarter reflected the gain recognised by the Group on divestment of its subsidiary in Liberia, mainly attributable to a reversal of foreign currency exchange reserves.

As a result, the Group reported total earnings of RM378 million in the quarter ended 30 June 2020, 19% lower than RM468 million recorded in the preceding quarter.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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) (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

Upstream segment's continuing operations reported a PBIT of RM316 million, 10% higher than the preceding quarter, arising from the following factors:

- (i) 17% higher FFB production;
- (ii) lower costs of production, as certain activities were not carried out in the current quarter due to movement restrictions placed by governments to contain the COVID-19 pandemic.

The above compensated for the lower CPO and PK average realised prices which declined by 9% and 15% respectively, and lower OER achieved in the current quarter of 21.29%.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	Jun 2020	Mar 2020	%	Jun 2020	Mar 2020	%
Upstream Malaysia	2,310	2,491	(7)	1,387	1,074	29
Upstream Indonesia	2,221	2,613	(15)	563	578	(2)
Upstream PNG/SI	2,566	2,828	(9)	520	466	12
<b>Total</b>	<b>2,361</b>	<b>2,605</b>	<b>(9)</b>	<b>2,470</b>	<b>2,118</b>	<b>17</b>

  

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	Jun 2020	Mar 2020	%	Jun 2020	Mar 2020	
Upstream Malaysia	1,396	1,667	(16)	20.60	21.05	(0.45)
Upstream Indonesia	1,024	1,246	(18)	21.80	22.93	(1.13)
Upstream PNG/SI	-	-	-	22.40	22.40	0.00
<b>Total</b>	<b>1,286</b>	<b>1,519</b>	<b>(15)</b>	<b>21.29</b>	<b>21.89</b>	<b>(0.60)</b>

Downstream

Downstream reported a PBIT of RM24 million, 74% lower than the preceding quarter, mainly due to the weaker performance of the refineries in Europe and Africa which suffered lower sales margins and volumes, and a fair value loss on commodity contracts of RM1 million as compared to a fair value gain of RM92 million in the preceding quarter. The decline is partially mitigated by higher profits reported by the operations in Asia Pacific which recovered from low margins of the preceding quarter.

Other operations

Other operations reported a PBIT of RM10 million as compared to RM3 million in the preceding quarter, due to unrealised foreign currency exchange gain on intercompany balances reported by holding companies as MYR appreciated.

Non-recurring

The Group recorded gains on sale of land in Malaysia of RM141 million, as compared to RM262 million in the preceding quarter. In addition, the Group reported a gain on divestment of subsidiaries of RM56 million in the current quarter.

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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 Malaysian government implemented the Recovery Movement Control Order ("RMCO") from 9 June 2020 with the opening up of the Malaysian economy in stages. The easing of COVID-19 lockdown measures particularly in China and India has resulted in a recovery in demand as customers begin to replenish stocks in anticipation of an increase in consumer spending, which should contribute positively to the performance of the Group.

The worsening foreign labour shortage in Malaysia as a consequence of travel restrictions to prevent the spread of COVID-19 is expected to be a major issue in Malaysia. Barring any extreme weather abnormalities, the Group expects its FFB production to be flat. In order to mitigate the labour shortage, the Group is actively exploring all avenues available including recruiting local employees as well as enhancing mechanisation and digitalisation efforts.

The outlook of the Group's performance for the financial year ending 31 December 2020 will continue to be impacted by the volatility of CPO and PK prices and a potential second wave of COVID-19 infections. The Group will continue to monitor the implications of COVID-19 and will take swift actions to protect its employees, operations, supply chains as well as customers.

**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:

	Quarter ended 30 June		Half-year ended 30 June	
	2020	2019	2020	2019
<b><u>Continuing operations</u></b>				
Depreciation and amortisation	(309)	(279)	(622)	(600)
Fair value (losses)/gains:				
– commodities contracts	(6)	12	192	12
– forward foreign exchange contracts	21	(9)	(3)	(4)
Gain on disposals of:				
– property, plant and equipment	7	40	9	40
– non-current assets held for sale	197	9	459	9
Impairment of:				
– non-current assets held for sale	-	(6)	-	(6)
– trade and other receivables	(6)	(1)	(6)	(1)
– inventories	(14)	-	(14)	-
Unrealised foreign exchange gains/(losses)	53	1	(10)	31
Reversal of impairment:				
– trade and other receivables	-	-	-	1
Write off of:				
– property, plant and equipment	(6)	(4)	(11)	(12)
– right-of-use assets	-	(1)	-	(1)
– inventories	-	(2)	-	(2)
Included in finance costs is:				
Finance costs on interest rate swap contracts	- *	(6)	- *	(4)
<b><u>Discontinued operations</u></b>				
Depreciation and amortisation	-	(5)	-	(10)
Write off of property, plant and equipment	-	- *	-	- *
Gain on disposal of SDP Liberia	-	-	74	-

\* Less than 1 million.



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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**

	Quarter ended 30 June		Half-year ended 30 June	
	2020	2019	2020	2019
<b><u>Continuing operations</u></b>				
In respect of current financial period:				
– current tax	81	6	203	53
– deferred tax	20	(98)	83	(126)
	<b>101</b>	<b>(92)</b>	<b>286</b>	<b>(73)</b>
In respect of prior financial years/period:				
– current tax	5	9	- *	4
Tax expenses/(income)	<b>106</b>	<b>(83)</b>	<b>286</b>	<b>(69)</b>

\* Less than 1 million.

For the period ended 30 June 2020, the Group reported a net tax expense of RM286 million on the back of a profit before tax from continuing operations of RM1,126 million. The tax expense included a writedown on deferred tax assets of RM72 million arising from the change in corporate tax rates in Indonesia announced in March 2020.

During the corresponding period ended 30 June 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, as well as RM69 million deferred tax asset recognised on tax losses arising from disposal of a subsidiary, PT MAS.

**B7. Status of announced corporate proposals**

There are no corporate proposals announced but not completed as at 27 August 2020.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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 30 June 2020 are as follows:

	Secured	Unsecured	Total
<b>Long-term</b>			
Term loans	-	2,427	2,427
Revolving credits-i	-	1,668	1,668
Bonds	-	483	483
Multi-currency Sukuk	-	525	525
Unamortised deferred financing expenses	-	(25)	(25)
	-	5,078	5,078
<b>Short-term</b>			
Term loans	-	879	879
Revolving credits	-	1,470	1,470
Trade facilities	128	-	128
Unamortised deferred financing expenses	-	(2)	(2)
	128	2,347	2,475
<b>Total</b>	128	7,425	7,553
<b>Borrowings of the Group consist of:</b>			
– principal	128	7,452	7,580
– unamortised deferred financing expenses	-	(27)	(27)
	128	7,425	7,553

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

	Long-term	Short-term	Total
European Union Euro	483	200	683
Ringgit Malaysia	500	141	641
United States Dollar	4,095	2,134	6,229
	5,078	2,475	7,553

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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 forward, futures and options contracts to manage its exposure to various financial risks.

The fair values of these derivatives as at 30 June 2020 are as follows:

	Classification in Statement of Financial Position				Net fair value
	Assets		Liabilities		
	Non-current	Current	Non-current	Current	
Forward foreign exchange contracts	-	7	-	9	(2)
Commodities contracts	-	44	-	12	32
Interest rate swap contracts	-	-	-	8	(8)
	-	51	-	29	22

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 currencies 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 30 June 2020, the notional amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

Maturity tenor	Notional amount	Net fair value liabilities
Less than 1 year	1,010	(2)

Commodities contracts

Commodity forward, 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 forward, futures and options contracts as at 30 June 2020 that were not held for the purpose of physical delivery are as follows:

	Quantity (metric tonne)	Notional amount	Net fair value assets/ (liabilities)
Less than 1 year:			
– Purchase contracts	330,998	318	(9)
– Sale contracts	748,257	821	41
			32

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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 30 June 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 30 June 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	665	(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 – 30 JUNE 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)

#### 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 lodged with the registrar of titles together with NBPOL's application for registration of the SLA. NBPOL can now proceed with the registration of the SLA as the laminated plastic has come off from Melok's SABL. The registration of the SLA is presently pending remittance of the stamp duty by NBPOL after which NBPOL will proceed with 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.

Parties have agreed to enter into Consent Court Orders (CCA) on terms similar to the order made in respect of Meloks. Pending endorsement of the CCA by the Court, Masile and Rikau have surrendered their respective SABL to NBPOL on 30 July 2020. A date has yet to be fixed for the CCA to be presented in Court for endorsement.

##### (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 RM60.1 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 RM74.3 million) with an interest of 3% per month of the amount of IDR137.2 billion (equivalent to around RM41.3 million) until the payment is made to PT MAP and PT PS; (ii) fine (dwangsom) in the amount of IDR250 billion (equivalent to around RM75.2 million); and (iii) immaterial damages (indirect loss) in the amount of IDR500 billion (equivalent to around RM150.4 million). The potential exposure of PT MGG, PT ASM and PT ITH could be up to IDR997.0 billion (equivalent to around RM299.8 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). The percentage of SDOZR's cargo on board was about 14.4%. The vessel was auctioned and in April 2011 was 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 RM29,007,420). 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 RM44,961,501) and an additional claim was filed against all cargo owners, jointly and severally, of EUR380,000 (approximately RM1,837,137) 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 RM10,152,597) for Lawsuit 1 and EUR145,000 (approximately RM701,013) 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 an out of court settlement and a consent order had been recorded in court on 21 July 2020 whereby amongst others, Pengarah Tanah dan Galian Negeri Melaka shall within 30 days from 21 July 2020, publish a notification of the withdrawal of the compulsory acquisition in the Government Gazette. With the consent order, SDP's application for JR has come to an end and the land remains a property of SDP.

<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**

The Board has declared an interim dividend of 2.57 sen per share and a special interim dividend of 1.45 sen per share in respect of the financial year ending 31 December 2020. The interim and the special interim dividends which are not taxable in the hands of the shareholders pursuant to the paragraph 12B of Schedule 6 of the Income Tax Act 1967 will be paid on 26 November 2020 and the entitlement date for the dividend payment is 17 November 2020.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (i) shares deposited into the depositor's securities account before 12.30 p.m. on 16 November 2020 in respect of shares which are exempted from mandatory deposit;
- (ii) shares transferred into the depositor's securities account before 4.30 p.m. on 17 November 2020 in respect of transfers; and
- (iii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The interim dividends for the financial year ending 31 December 2020 is as follow:

	Year ending 31 December 2020		Year ended 31 December 2019	
	Net per share (sen)	RM'million	Net per share (sen)	RM'million
Interim dividend	2.57	177	-	-
Special interim dividend	1.45	100	-	-
Final dividend	-	-	1.70	117
	<b>4.02</b>	<b>277</b>	1.70	117

**B12. Earnings per share**

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

	Quarter ended 30 June		Half-year ended 30 June	
	2020	2019	2020	2019
Profit/(loss) for the financial period				
- from continuing operations	378	46	772	136
- from discontinued operations	-	(19)	74	(35)
	<b>378</b>	<b>27</b>	<b>846</b>	<b>101</b>
Weighted average number of ordinary shares in issue (million units)	6,885	6,885	6,885	6,885
Basic earnings per share (sen)				
- from continuing operations	5.5	0.7	11.2	2.0
- from discontinued operations	-	(0.3)	1.1	(0.5)

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.

By Order of the Board

Petaling Jaya  
27 August 2020

Azrin Nashiha Abdul Aziz  
Acting Group Secretary