



**Plantation**

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**QUARTERLY REPORT**

**On the consolidated results for the first quarter ended 31 March 2022**

The Directors are pleased to announce the following:

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

Amounts in RM million unless otherwise stated

	Note	Quarter ended 31 March		%
		2022	2021 Re-presented **	
Revenue	A8, A9	4,381	3,673	19
Operating expenses		(3,525)	(2,918)	
Other operating income		249	159	
Other losses		(76)	(141)	
<b>Operating profit</b>	B5, A9	<b>1,029</b>	<b>773</b>	<b>33</b>
Share of results of joint ventures		28	13	
Share of results of associates		3	2	
<b>Profit before interest and tax</b>	A9	<b>1,060</b>	<b>788</b>	<b>35</b>
Finance income		3	2	
Finance costs		(20)	(14)	
<b>Profit before tax</b>		<b>1,043</b>	<b>776</b>	<b>34</b>
Tax expense	B6	(263)	(165)	
<b>Profit for the financial period</b>		<b>780</b>	<b>611</b>	<b>28</b>
<b>Profit for the financial period attributable to:</b>				
– equity holders of the Company		718	562	28
– Perpetual Sukuk		31	31	-
– non-controlling interests		31	18	72
		<b>780</b>	<b>611</b>	<b>28</b>
<b>Basic earnings per share attributable to equity holders of the Company:</b>				
Basic (sen)	B13	<b>10.4</b>	<b>8.2</b>	<b>27</b>

\* Less than 1 million

\*\* Refer to Note A14

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 2021.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Amounts in RM million unless otherwise stated

	Quarter ended 31 March		%
	2022	2021 Re-presented **	
<b>Profit for the financial period</b>	<b>780</b>	<b>611</b>	<b>28</b>
<b>Other comprehensive (loss)/income:</b>			
Items that will be reclassified subsequently to profit or loss:			
Currency translation differences gains/(loss):			
– subsidiaries	37	88	
– joint ventures and associates	(2)	6	
Net change in fair value:			
– cash flow hedges loss	(186)	(47)	
– transfer to profit or loss	110	16	
Tax credit relating to components through other comprehensive income	13	11	
	<b>(28)</b>	<b>74</b>	
Items that will be not reclassified subsequently to profit or loss:			
Actuarial loss on defined benefit pension plans	(3)	(3)	
Tax credit relating to components through other comprehensive loss	-	2	
	<b>(3)</b>	<b>(1)</b>	
<b>Total other comprehensive income</b>	<b>(31)</b>	<b>73</b>	
<b>Total comprehensive income for the financial period</b>	<b>749</b>	<b>684</b>	
<b>Total comprehensive income for the financial period attributable to:</b>			
– equity holders of the Company	687	633	9
– Perpetual Sukuk	31	31	-
– non-controlling interests	31	20	55
<b>Total</b>	<b>749</b>	<b>684</b>	<b>10</b>

\* Less than 1 million

\*\* Refer to Note A14

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 2021.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Amounts in RM million unless otherwise stated

	Unaudited	Audited
Note	As at 31 March 2022	As at 31 December 2021 Re-presented **
<b>Non-current assets</b>		
Property, plant and equipment	17,250	17,211
Investment properties	9	9
Right-of-use assets	1,976	1,990
Joint ventures	355	332
Associates	49	46
Intangible assets	2,830	2,819
Investments at fair value through other comprehensive income ("FVOCI")	30	30
Deferred tax assets	584	574
Tax recoverable	180	167
Trade and other receivables	78	89
	<b>23,341</b>	<b>23,267</b>
<b>Current assets</b>		
Inventories	3,356	2,466
Biological assets	360	283
Trade and other receivables	2,702	2,878
Tax recoverable	125	150
Amounts due from related parties	-	-
Derivatives	54	26
Bank balances, deposits and cash	1,141	589
	<b>7,738</b>	<b>6,392</b>
<b>Non-current assets held for sale</b> <sup>(1)</sup>	<b>666</b>	<b>679</b>
<b>Total assets</b>	<b>31,745</b>	<b>30,338</b>
<b>Equity</b>		
Share capital	1,634	1,634
Reserves	13,388	13,557
Attributable to equity holders of the Company	<b>15,022</b>	15,191
Perpetual Sukuk	2,200	2,231
Non-controlling interests	468	437
<b>Total equity</b>	<b>17,690</b>	<b>17,859</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

Amounts in RM million unless otherwise stated

		Unaudited	Audited
		As at	As at
	Note	31 March 2022	31 December 2021
			Re-presented **
<b>Non-current liabilities</b>			
Retirement benefits		176	182
Deferred income		-	-
Deferred tax liabilities		2,733	2,760
Borrowings	B8	3,514	4,019
Lease liabilities		150	155
Trade and other payables		45	36
		<b>6,618</b>	<b>7,152</b>
<b>Current liabilities</b>			
Trade and other payables		2,266	2,173
Contract liabilities		19	24
Amounts due to related parties		10	19
Retirement benefits		15	13
Lease liabilities		22	23
Tax payable		660	463
Derivatives	B9	422	229
Borrowings	B8	3,022	2,232
Dividend payable		856	-
		<b>7,292</b>	<b>5,176</b>
<b>Liabilities directly associated with non-current assets held for sale</b> <sup>(2)</sup>		<b>145</b>	<b>151</b>
<b>Total liabilities</b>		<b>14,055</b>	<b>12,479</b>
<b>Total equity and liabilities</b>		<b>31,745</b>	<b>30,338</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>		<b>2.17</b>	<b>2.20</b>
<b>Note:</b>			
<b>(1) Non-current assets held for sale</b>			
Non-current assets held for sale			
– property, plant and equipment		17	17
Disposal group held for sale			
– property, plant and equipment		290	287
– right of use assets		36	36
– tax assets		100	95
– receivables		71	107
– bank balances		81	76
– other assets		71	61
		<b>666</b>	<b>679</b>
<b>(2) Liabilities directly associated with non-current assets held for sale</b>			
Disposal group held for sale			
– payables		113	115
– retirement benefits		17	20
– tax liabilities		13	14
– other liabilities		2	2
		<b>145</b>	<b>151</b>

\* Less than 1 million

\*\* Refer to Note A14

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 2021.

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

Period ended 31 March 2022	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 2022</b>	1,634	9	(126)	(18)	27	645	13,020	15,191	2,231	437	17,859
Profit for the financial year	-	-	-	-	-	-	718	718	31	31	780
Other comprehensive (loss)/income for the financial year	-	-	(63)	-	-	35	(3)	(31)	-	-	(31)
Total comprehensive (loss)/income for the financial year	-	-	(63)	-	-	35	715	687	31	31	749
Transactions with equity holders:											
Dividends	-	-	-	-	-	-	(856)	(856)	-	-	(856)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(62)	-	(62)
<b>At 31 March 2022</b>	<b>1,634</b>	<b>9</b>	<b>(189)</b>	<b>(18)</b>	<b>27</b>	<b>680</b>	<b>12,879</b>	<b>15,022</b>	<b>2,200</b>	<b>468</b>	<b>17,690</b>

Period ended 31 March 2021	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 2021</b>	1,506	9	(194)	(18)	25	463	11,864	13,655	2,231	384	16,270
Profit for the financial year	-	-	-	-	-	-	562	562	31	18	611
Other comprehensive (loss)/income for the financial year	-	-	(20)	-	-	92	(1)	71	-	2	73
Total comprehensive (loss)/income for the financial year	-	-	(20)	-	-	92	561	633	31	20	684
Transactions with equity holders:											
Dividends	-	-	-	-	-	-	(520)	(520)	-	(3)	(523)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(62)	-	(62)
<b>At 31 March 2021</b>	<b>1,506</b>	<b>9</b>	<b>(214)</b>	<b>(18)</b>	<b>25</b>	<b>555</b>	<b>11,905</b>	<b>13,768</b>	<b>2,200</b>	<b>401</b>	<b>16,369</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 2021.

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

	Note	Period ended 31 March	
		2022	2021 Re-presented **
<b>Cash flows from operating activities</b>			
Profit for the financial period		780	611
Adjustments for:			
Share of results of joint ventures and associates		(31)	(15)
Finance income		(3)	(2)
Finance costs		20	14
(Loss)/gain on disposal of:			
– property, plant and equipment	B5	(8)	-
– non-current assets held for sale	B5	(47)	(124)
Depreciation and amortisation	B5	331	319
Fair value losses:			
– commodities contracts	B5	68	2
– forward foreign exchange contracts	B5	(4)	11
Unrealised foreign exchange losses	B5	71	32
Tax expense	B6	263	165
Fair value changes on biological assets		(73)	(62)
Retirement benefits		3	10
Net impairment of:			
– property, plant and equipment	B5	-	3
– joint ventures	B5	-	14
Reversal of impairment:			
– trade and other receivables	B5	-	(1)
Write offs:			
– property, plant and equipment	B5	9	9
Write down of inventories	B5	7	4
Bad debts written off	B5	-	1
Dividend income		(1)	(1)
		<b>1,385</b>	<b>990</b>
Changes in working capital:			
Inventories		(900)	(416)
Trade and other receivables		198	210
Trade and other payables		86	(176)
Intercompany and related party balances		(9)	(5)
Cash generated from operations		<b>760</b>	<b>603</b>
Tax paid		(95)	(2)
Retirement benefits paid		(6)	(8)
<b>Net cash generated from operating activities</b>		<b>659</b>	<b>593</b>
<b>Cash flows from investing activities</b>			
Finance income received		3	2
Purchase of:			
– property, plant and equipment		(310)	(251)
– intangibles assets		(4)	(1)
Advances for plasma plantation projects		-	(1)
Repayment of advances for plasma plantation projects		14	9
Proceeds from sale of:			
– non-current assets held for sale		47	126
– property, plant and equipment		8	-
Dividend received from FVOCI		1	1
<b>Net cash used in investing activities</b>		<b>(241)</b>	<b>(115)</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

Amounts in RM million unless otherwise stated

	Note	Period ended 31 March	
		2022	2021 Re-presented **
<b>Cash flows from financing activities</b>			
Distribution to Perpetual Sukuk holders		(62)	(62)
Finance costs paid		(27)	(32)
Loans raised		848	1,129
Loan repayments		(588)	(1,160)
Repayment of lease liabilities		(6)	(7)
Dividends paid to non-controlling interests of subsidiaries		-	(3)
<b>Net cash generated from/(used in) financing activities</b>		<b>165</b>	<b>(135)</b>
<b>Net changes in cash and cash equivalents during the financial period</b>		<b>583</b>	<b>343</b>
Foreign exchange difference		(31)	(4)
<b>Cash and cash equivalents at beginning of the period</b>		<b>589</b>	<b>309</b>
<b>Cash and cash equivalents at end of the period</b>		<b>1,141</b>	<b>648</b>

\* Less than 1 million

\*\* Refer to Note A14

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 2021.

## EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022

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 2021.

#### 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 2021 except as described below.

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

- (i) Amendments that are effective on or after 1 January 2022
  - Amendment to MFRS 16 "Covid-19 - Related Rent Concessions beyond 30 June 2021"
  - Amendments to MFRS 116 "Property, Plant and Equipment: Proceeds before Intended Use"
  - Amendments to MFRS 137 "Onerous Contracts - Cost of Fulfilling a Contract"
  - Amendments to MFRS 141 "Taxation in Fair Value Measurements"
  - Amendments to MFRS 3 "Reference to Conceptual Framework"
  - Annual Improvements to MFRS 9 "Fees in the 10% Test for Derecognition of Financial Liabilities"

The adoption of these amendments does not have any significant 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) Amendments that are effective on or after 1 January 2023
  - Amendments to MFRS 101 "Classification of Liabilities as Current or Non-current"
  - Amendments to MFRS 101 "Disclosure of Accounting Policies"
  - Amendments to MFRS 108 "Definition of Accounting Estimates"
  - Amendments to MFRS 112 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments shall be applied retrospectively.

#### 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 – 31 MARCH 2022**

Amounts in RM million unless otherwise stated

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

**A7. Dividends paid**

No dividend was paid during the quarter under review.

**A8. Revenue**

The Group derived the following types of revenue:

	Note	Quarter ended 31 March	
		2022	2021
Revenue from contracts with customers	A8(a)	4,375	3,669
Revenue from other sources	A8(b)	6	4
<b>Total revenue</b>		<b>4,381</b>	<b>3,673</b>
(a) Disaggregation of revenue from contracts with customers			
Upstream			
– Malaysia		92	126
– Indonesia		212	227
– Papua New Guinea and Solomon Islands ("PNG/SI")		45	182
Downstream		3,988	3,117
Other operations		38	17
		<b>4,375</b>	<b>3,669</b>
Sales of palm based products, other refined edible oils, rubber, sugar, beef and other agricultural products		4,244	3,630
Freight services		96	37
Tolling services		35	2
		<b>4,375</b>	<b>3,669</b>
Timing of revenue recognition			
– at point in time		4,244	3,630
– over time		131	39
		<b>4,375</b>	<b>3,669</b>
(b) Revenue from other sources			
Dividend (gross) received/receivable from investments		1	1
Rental income		5	3
		<b>6</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 2022:

	<u>Expected timing of recognition</u> During the quarter ending 30 June 2022
Freight income	19

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022

Amounts in RM million unless otherwise stated

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A9. Segment information

	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter- segment elimination	Total
<b>Period ended 31 March 2022</b>							
<b>Segment revenue:</b>							
External sales	98	212	45	3,988	38	-	4,381
Inter-segment sales	992	344	413	24	126	(1,899)	-
Total revenue	1,090	556	458	4,012	164	(1,899)	4,381
<b>Segment results:</b>							
Operating profit:							
– recurring activities	224	153	462	132	11	-	982
– non-recurring transactions	47	-	-	-	-	-	47
Share of results of joint ventures and associates	-	-	-	-	31	-	31
Profit before interest and tax	271	153	462	132	42	-	1,060

	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter- segment elimination	Total
<b>Period ended 31 March 2021</b>							
<b>Segment revenue:</b>							
External sales	129	227	182	3,118	17	-	3,673
Inter-segment sales	669	357	415	49	66	(1,556)	-
Total revenue	798	584	597	3,167	83	(1,556)	3,673
<b>Segment results, Re-presented:**</b>							
Operating profit:							
– recurring activities	120	190	233	107	13	-	663
– non-recurring transactions	124	-	-	-	(13)	-	111
Share of results of joint ventures and associates	-	-	-	-	14	-	14
Profit before interest and tax	244	190	233	107	14	-	788

\*\* Refer to Note A14

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022

Amounts in RM million unless otherwise stated

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A9. Segment information (continued)

	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter- segment elimination	Total
<b>As at 31 March 2022</b>							
<b>Segment assets:</b>							
Operating assets	10,048	5,209	8,588	5,690	251	-	29,786
Joint ventures and associates	-	-	-	-	404	-	404
Non-current assets held for sale	17	649	-	-	-	-	666
	<b>10,065</b>	<b>5,858</b>	<b>8,588</b>	<b>5,690</b>	<b>655</b>	<b>-</b>	<b>30,856</b>
Tax assets							889
Total assets							<b>31,745</b>

	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter- segment elimination	Total
<b>As at 31 March 2021</b>							
<b>Segment assets, Re-presented:**</b>							
Operating assets	9,755	5,099	7,726	5,143	214	-	27,937
Joint ventures and associates	-	-	-	-	237	-	237
Non-current assets held for sale	34	141	-	-	2	-	177
	<b>9,789</b>	<b>5,240</b>	<b>7,726</b>	<b>5,143</b>	<b>453</b>	<b>-</b>	<b>28,351</b>
Tax assets							1,062
Total assets							<b>29,413</b>

\*\* Refer to Note A14

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022**

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 2022</b>	<b>As at 31 December 2021</b>
Property, plant and equipment		
– contracted	387	337
– not contracted	759	513
	<b>1,146</b>	<b>850</b>
Other capital expenditure		
– not contracted	550	932
	<b>550</b>	<b>932</b>
	<b>1,696</b>	<b>1,782</b>

**A11. Significant related party transactions**

Significant related party transactions conducted were as follows:

	<b>Quarter ended 31 March</b>	
	<b>2022</b>	<b>2021</b>
(a) Transactions with a joint venture		
(i) Sale of goods and tolling services		
– Emery Oleochemicals (M) Sdn Bhd	-	2
(b) Transactions with associates		
(i) Purchase of palm oil		
– Thai Eastern Trat Company Limited	33	9

## (c) Transactions with related parties

Permodalan Nasional Berhad ("PNB") and the fund managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 56.622% as at 1 April 2022 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 is 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 2022**  
**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:

	<b>Quarter ended</b>	
	<b>31 March</b>	
	<b>2022</b>	<b>2021</b>
(i) Purchase of heavy equipment, spare parts and services		
– Sime Darby Industrial Holdings Sdn Bhd	<b>8</b>	<b>3</b>
– Sime Kubota Sdn Bhd	<b>7</b>	<b>1</b>
(ii) Lease of agricultural land		
– Kumpulan Sime Darby Berhad	<b>4</b>	<b>3</b>
(iii) Rental expenses		
– Sime Darby Property Bhd	<b>1</b>	<b>-</b>

**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 14 May 2022, being a date not earlier than 7 days from the date of issuance of the report.

**A13. 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</b>	<b>As at</b>
	<b>31 March</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
Guarantees in respect of credit facilities granted to:		
– a joint venture	<b>3</b>	<b>4</b>
– plasma stakeholders	<b>94</b>	<b>74</b>
	<b>97</b>	<b>78</b>

**A14. Re-presentation of the comparatives**

As disclosed in the previous quarterly report, the Group's joint ventures in oleochemical business ceased to meet the classification criteria in accordance with MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" on 1 November 2021.

Therefore, in this quarterly report, the prior periods' share of results in the joint ventures are re-presented in the Group's comparative profit or loss from continuing operations to ensure consistency and comparability.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022**

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**

**B1. Review of group performance**

**(a) Current quarter ended 31 March 2022 against the previous year corresponding quarter ended 31 March 2021**

	Quarter ended 31 March		+/(–) %
	2022	2021 Re-presented **	
Revenue	<b>4,381</b>	3,673	19
Segment results:			
Upstream Malaysia	224	120	87
Upstream Indonesia	153	190	(19)
Upstream PNG/SI	462	233	98
Downstream	132	107	23
Other operations	42	27	56
Recurring profit before interest and tax	<b>1,013</b>	677	50
Non-recurring transactions	47	111	(58)
<b>Profit before interest and tax</b>	<b>1,060</b>	788	35
Finance income	3	2	
Finance costs	(20)	(14)	
<b>Profit before tax</b>	<b>1,043</b>	776	34
Tax expense	(263)	(165)	
<b>Profit for the financial period</b>	<b>780</b>	611	28
Perpetual Sukuk	(31)	(31)	
Non-controlling interests	(31)	(18)	
<b>Profit after tax attributable to equity holders of the Company</b>	<b>718</b>	562	28

\*\* Refer to Note A14

For the quarter ended 31 March 2022, the Group registered a net profit of RM718 million, 28% higher than the earnings of the previous year's corresponding quarter, driven by stronger recurring profit before interest and tax ("PBIT") which compensated for the lower profits from non-recurring transactions, a result of lower gains from compulsory land acquisition by the government in Malaysia.

Finance cost increased to RM20 million, mainly due to lower interest capitalised in the current quarter, in line with lower capital work-in-progress balances, mitigated by lower borrowings.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022**

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 2022 against the previous year corresponding quarter ended 31 March 2021 (continued)**

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

Upstream

Total recurring PBIT rose 55% to RM839 million versus RM543 million in the corresponding quarter, primarily due to higher CPO and PK prices which increased by 40% and 84%, respectively. This compensated for the 13% decline in fresh fruit bunch ("FFB") production during the quarter.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	31 March			31 March		
	<b>2022</b>	2021	%	<b>2022</b>	2021	%
Upstream Malaysia	<b>4,122</b>	3,026	36	<b>883</b>	1,052	(16)
Upstream Indonesia	<b>4,112</b>	2,886	42	<b>560</b>	692	(19)
Upstream PNG/SI	<b>5,527</b>	3,890	42	<b>467</b>	464	1
Total	<b>4,465</b>	3,185	40	<b>1,910</b>	2,207	(13)

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	31 March			31 March		
	<b>2022</b>	2021	%	<b>2022</b>	2021	
Upstream Malaysia	<b>4,495</b>	2,511	79	<b>20.24</b>	20.60	(0.36)
Upstream Indonesia	<b>3,453</b>	1,848	87	<b>21.82</b>	21.44	0.38
Upstream PNG/SI	-	-	-	<b>22.84</b>	22.70	0.14
Total	<b>4,105</b>	2,230	84	<b>21.36</b>	21.35	0.01

Downstream

PBIT from the Downstream sector increased to RM132 million in the current quarter, mainly due to higher margins generated by the Asia Pacific bulk operations which benefited from RSPO premiums on CPKO sales, mitigating lower sales volumes and margins in its Asia Pacific differentiated and European operations.

Other operations

Other operations reported higher profits mainly due to higher share of results from the Group's associates and joint ventures.

Non-recurring transactions

Profit from non-recurring transactions mainly comprised gains from government acquisition of land in Malaysia.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022**

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)**

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

	Quarter ended		+/(–) %
	31 Mar 2022	31 Dec 2021	
Revenue	4,381	5,550	(21)
Segment results:			
Upstream Malaysia	224	145	54
Upstream Indonesia	153	400	(62)
Upstream PNG/SI	462	413	12
Downstream	132	287	(54)
Other operations	42	31	35
Recurring profit before interest and tax	1,013	1,276	(21)
Non-recurring transactions	47	(196)	>100
<b>Profit before interest and tax</b>	<b>1,060</b>	1,080	(2)
Finance income	3	4	
Finance costs	(20)	(27)	
<b>Profit before tax</b>	<b>1,043</b>	1,057	(1)
Tax expense	(263)	(519)	
<b>Profit for the financial period</b>	<b>780</b>	538	45
Perpetual Sukuk	(31)	(31)	
Non-controlling interests	(31)	(39)	
<b>Profit after tax attributable to equity holders of the Company</b>	<b>718</b>	<b>468</b>	53

The Group registered a net earnings of RM718 million, 53% higher than the preceding quarter mainly attributed to the profit from non-recurring transactions in the current quarter, as well as lower tax and interest expenses.

Non-recurring profit in the current quarter mainly comprised of gains from government land acquisition in Malaysia, compared to non-recurring loss in the preceding quarter due to an impairment charge on the immature rubber plantation.

The lower finance cost was due to lower borrowings as well as lower average interest rates.

An effective tax rate of 25% was recorded, as compared to 49% in the preceding quarter. The previous quarter's tax expense included withholding tax of RM188 million relating to the remittance of intercompany dividends from foreign subsidiaries to Malaysia, as well as recognition of deferred tax liability of RM78 million on unremitted earnings of subsidiaries classified as assets held for sale.



**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022**

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

The Upstream segment reported a PBIT of RM839 million, a 12% decline from the preceding quarter, affected by the following factors:

- (i) FFB production declined by 10% to 1.91 million MT; and
- (ii) OER decreased from 21.79% to 21.36%.

CPO and PK realised prices increased by 7% and 22%, respectively. The CPO realised price in Indonesia had risen slightly despite the dampening effects from the implementation of the Domestic Market Obligations ("DMO").

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended		+ / (-)	Quarter ended		+ / (-)
	Mar 2022	Dec 2021	%	Mar 2022	Dec 2021	%
Upstream Malaysia	4,122	3,693	12	883	1,072	(18)
Upstream Indonesia	4,112	4,062	1	560	605	(7)
Upstream PNG/SI	5,527	5,095	8	467	447	4
<b>Total</b>	<b>4,465</b>	<b>4,179</b>	<b>7</b>	<b>1,910</b>	<b>2,124</b>	<b>(10)</b>

  

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended		+ / (-)	Quarter ended		+ / (-)
	Mar 2022	Dec 2021	%	Mar 2022	Dec 2021	
Upstream Malaysia	4,495	3,661	23	20.24	21.09	(0.85)
Upstream Indonesia	3,453	2,821	22	21.82	21.84	(0.02)
Upstream PNG/SI	-	-	-	22.84	23.24	(0.40)
<b>Total</b>	<b>4,105</b>	<b>3,363</b>	<b>22</b>	<b>21.36</b>	<b>21.79</b>	<b>(0.43)</b>

Downstream

The Downstream segment reported a PBIT of RM132 million, a significant decline as compared to the RM287 million profit in the preceding quarter, due to lower sales volumes from all regions and margin pressure from escalating energy costs in Europe which was partly cushioned by improved margins registered by the Asia Pacific operations.

Other operations

Other operations reported a PBIT of RM42 million, 35% higher than the preceding quarter.

Non-recurring transactions

The Group generated a non-recurring PBIT of RM47 million during the current quarter, mainly comprised of gains from government land acquisition in Malaysia.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022**

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)****B3. Prospects**

The global economic outlook remains uncertain as supply chains, already impacted by the COVID-19 pandemic, are further disrupted by the ongoing Russia-Ukraine conflict. Rising global inflation from rising costs and commodity prices will dampen the anticipated pace of post covid recovery and growth. However, the transition of the Covid-19 pandemic to “endemic” and the gradual relaxation of border restrictions by several countries are likely to mitigate further negative global economic impact.

Crude palm oil prices have remained elevated in line with higher commodity prices and is expected to remain so for at least the first half of 2022, as inventories remain tight. The multiple palm oil policy changes by the Indonesian government, have added to uncertainties in the overall global edible oil supply.

The Group anticipates lower overall FFB production against last year, as new workers are only expected to arrive in the second half of the year. The Group believes that while demand may be impacted by elevated prices, this will be mitigated by the tight supply and availability of alternative oils as well as supply chain disruptions caused by the ongoing Russia-Ukraine conflict.

Barring any unforeseen circumstances, the Group expects an encouraging performance for the financial year ending 31 December 2022.

**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>2022</b>	<b>2021 Re-presented **</b>
Depreciation and amortisation	<b>(331)</b>	(319)
Fair value (losses)/gains:		
– commodities contracts	<b>(68)</b>	(2)
– forward foreign exchange contracts	<b>4</b>	(11)
Gain on disposals of:		
– property, plant and equipment	<b>8</b>	-
– non-current assets held for sale	<b>47</b>	124
Net of reversal/(impairment) reversal of:		
– property, plant and equipment	-	(3)
– joint venture	-	(14)
– trade and other receivables	-	1
Unrealised foreign exchange losses	<b>(71)</b>	(32)
Write down of inventories	<b>(7)</b>	(4)
Bad debts written off	-	(1)
Write off of:		
– property, plant and equipment	<b>(9)</b>	(9)
Included in finance costs is:		
Finance costs on interest rate swap contracts	<b>1</b>	(2)

\* Less than 1 million.

\*\* Refer to Note A14

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022**

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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>2022</b>	<b>2021</b>
In respect of current financial year:		
– current tax	<b>307</b>	150
– deferred tax	<b>(45)</b>	11
	<b>262</b>	161
In respect of prior financial years:		
– current tax	<b>1</b>	4
Tax expenses	<b>263</b>	165

For the quarter ended 31 March 2022, the Group reported a total tax expense of RM 263 million on the back of a profit before tax from operations of RM1,043 million. The effective tax rate of 25% was similar to the average statutory tax rate of the Group.

The effective tax rate for the corresponding quarter of 21% was lower than the statutory tax rate mainly due to a gain on government land acquisition in Malaysia of RM122 million which was not subject to income tax.

**B7. Status of announced corporate proposals**

There are no corporate proposals announced but not completed as at 20 May 2022.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022**

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)****B8. Borrowings and debt securities**

Borrowings of the Group as at 31 March 2022 are as follows:

	Secured	Unsecured	Total
<b>Long-term</b>			
Term loans	-	1,420	1,420
Revolving credits-i	-	1,640	1,640
Bonds	-	468	468
Multi-currency Sukuk	-	-	-
Unamortised deferred financing expenses	-	(14)	(14)
	-	3,514	3,514
<b>Short-term</b>			
Term loans	-	650	650
Revolving credits	-	1,805	1,805
Trade facilities	53	-	53
Multi-currency Sukuk	-	515	515
Overdraft	-	-	-
Unamortised deferred financing expenses	-	(1)	(1)
	53	2,969	3,022
<b>Total</b>	<b>53</b>	<b>6,483</b>	<b>6,536</b>

**Borrowings of the Group consist of:**

– principal	53	6,498	6,551
– unamortised deferred financing expenses	-	(15)	(15)
	53	6,483	6,536

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	468	123	591
Ringgit Malaysia	510	951	1,461
Thailand Baht	-	92	92
United States Dollar	2,536	1,850	4,386
Sterling Pound	-	6	6
	3,514	3,022	6,536

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022**

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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, commodity forward and futures contracts to manage its exposure to various financial risks.

The fair values of these derivatives as at 31 March 2022 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	-	22	-	8	<b>14</b>
Commodities contracts	-	32	-	414	<b>(382)</b>
	-	54	-	422	<b>(368)</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 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 31 March 2022, 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 assets</b>
Less than 1 year	3,135	<b>14</b>

Commodities contracts

Commodity forward and futures 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 contracts as at 31 March 2022 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	35,756	219	<b>32</b>
– Sale contracts	195,361	912	<b>(414)</b>
			<b>(382)</b>

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022**

**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)**

**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 interest rate swap contracts, all plain vanilla, effective from 17 August 2021 to 4 February 2022 have been all settled.

## EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022

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 lodged with the registrar of titles together with NBPOL's application for registration of the SLA. The laminated plastic has since dislodged from Melok's SABL. However NBPOL and Meloks are in the process of executing a new SLA to facilitate the registration of the SLA as the date of the SLA has to be the same or after the date of the SABL.

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

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

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

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

In that regard, YKEP then filed a petition at the Central Jakarta District Court to execute the 1st Judicial Review Decision, demanding that (i) the 6,200 ordinary shares in PT ITH be returned to YKEP and (ii) PT MAP and the former officers of YKEP to pay compensation for damages to YKEP in the amount of IDR 200.0 billion (equivalent to around RM58.6 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.

## EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022

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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 RM72.4 million) with an interest of 3% per month of the amount of IDR137.2 billion (equivalent to around RM40.2 million) until the payment is made to PT MAP and PT PS; (ii) fine (dwangsom) in the amount of IDR250 billion (equivalent to around RM73.3 million); and (iii) immaterial damages (indirect loss) in the amount of IDR500 billion (equivalent to around RM146.6 million). The potential exposure of PT MGG, PT ASM and PT ITH could be up to IDR997.0 billion (equivalent to around RM292.2 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.



## EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022

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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 Zwijndrecht 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 proceeded to trial:

(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 RM28.1 million). The hearing for Lawsuit 1 concluded on 25 September 2018.

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

The claim in these proceedings is based on the alleged damage to the vessel and loss of profit caused by the alleged actions in tort during transshipment and heating of the cargo. The claim against the 9 cargo owners and the third party, jointly and severally, amounts to EUR9.3 million (approximately RM43.5 million) and an additional claim was filed against all cargo owners, jointly and severally, of EUR380,000 (approximately RM1.8 million) for port and anchorage dues. The hearing for Lawsuit 2 concluded on 25 September 2018.

On 25 November 2020 the Court of Piraeus rendered its judgement dismissing all of Chantico's claims in Lawsuit 1 and Lawsuit 2. Chantico is able to appeal against the judgments however the time limit of 60 days to file an appeal from the date of service of judgment was suspended due to Covid-19 restrictions in Greece. When the Greek courts re-opened in early of May 2021, the judgments were served on Chantico and Chantico has since filed a timely appeal in the Piraeus Court of Appeal against the judgments. The appeals for Lawsuit 1 and Lawsuit 2 are set for hearing on 2 June 2022. 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 RM9.8 million) for Lawsuit 1 and EUR145,000 (approximately RM0.7 million) for Lawsuit 2, all amounts inclusive of interest. As at this juncture, adequate provision has been made.

#### (d) PT Asa Karya Multi Pratama ("AKMP") vs Sime Darby Plantation Berhad ("SDP"), Guthrie International Investments (L) Limited ("2nd Defendant"), Mulligan International B.V. ("3rd Defendant"), PT Anugerah Sumbermakmur ("4th Defendant") and PT Minamas Gemilang ("5th Defendant")

AKMP filed a civil claim in the Pengadilan Negeri Jakarta Pusat against SDP and its wholly-owned subsidiaries, the 2nd, 3rd, 4th and 5th Defendants (collectively with SDP, "defendants"). However, to date, SDP and the 2nd and 3rd Defendants have not been legally and properly served with any court summons regarding the civil claim.

The 4th and 5th Defendants being the shareholders of PT Ladangrumpun Suburabadi ("LSI") and PT Sajang Huelang ("SHE") had entered into negotiations with AKMP for the disposal of their shares in LSI and SHE to AKMP. However, no definitive agreement was concluded between the parties in respect of the transaction.

AKMP in its claim alleged that:

(i) an agreement between AKMP and the 4th and 5th Defendants in respect of the sale and purchase of shares of LSI and SHE for the sum IDR1.65 trillion (approximately RM483.6 million) has been established based on correspondences between AKMP and the 4th and 5th Defendants and the fact that the down payment was made by AKMP to the 4th and 5th Defendants although soon after the down payment was returned to AKMP;

(ii) the conditional sale and purchase agreement ("CSPA") between AKMP and the 4th and 5th Defendants that was scheduled to be signed on 1 September 2021 has not been executed;

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022**

**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 (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)

**(d) PT Asa Karya Multi Pratama (“AKMP”) vs Sime Darby Plantation Berhad (“SDP”), Guthrie International Investments (L) Limited (“2nd Defendant”), Mulligan International B.V. (“3rd Defendant”), PT Anugerah Sumbermakmur (“4th Defendant”) and PT Minamas Gemilang (“5th Defendant”) (continued)**

- (iii) the 4th and 5th Defendants acted in bad faith by denying the existence of an agreement for the sale and purchase of shares;
- (iv) the defendants have committed unlawful acts as follows:
  - (a) SDP interfered with the sale and purchase transaction between AKMP and the 4th and 5th Defendants by instructing the 4th and 5th Defendants not to proceed with the sale and purchase transaction with AKMP;
  - (b) the 2nd and 3rd Defendants as the shareholders of the 4th and 5th Defendants for failure to act when SDP unlawfully offered the shares of the 4th and 5th Defendants in LSI and SHE to a third party;
  - (c) the 4th and 5th Defendants have not provided the shares of LSI and SHE to AKMP who is considered as a good faith buyer; and
  - (d) the 4th and 5th Defendants have committed fraud by conveying that the sale and purchase transaction requires further approval from SDP's board.

AKMP is inter alia seeking the following reliefs:

- (i) declarations that:
  - (a) the defendants have committed an unlawful act;
  - (b) the sale and purchase of LSI and SHE's shares are valid; and
  - (c) AKMP is a good faith buyer;
- (ii) an order that the defendants handover the shares of LSI and SHE to AKMP;
- (iii) an order for the defendants to pay material compensation in the amount of IDR882.5 billion (approximately RM258.7 million);
- (iv) an order for the defendants to pay immaterial compensation in the amount of IDR5 trillion (equivalent to approximately RM1.46 billion) for, among others, loss of reputation and the efforts that have been spent for the process of the transactions; and
- (v) a security seizure on the assets of the defendants to secure the material and immaterial damages suffered by AKMP.

The first hearing has been scheduled for 10 October 2022 whereby the court will be enquiring on the credentials of the parties' attorneys.

SDP has been advised by its solicitors in Indonesia that the defendants have sufficient legal basis and merits to defend their position in this claim. The claim is also misdirected to SDP because, among others, SDP does not have any contractual relationship with AKMP.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022**

**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)**

**B11. Withhold Release Order (WRO) issued by the U.S. Customs and Border Protection (US CBP)**

In July 2020, a non-governmental organisation, Liberty Shared ("the petitioner"), made public a summary of a petition it had filed against the Group to the United States Customs and Border Protection ("USCBP"). Subsequently, the Group engaged the petitioner and the USCBP, seeking clarification on the allegations and appropriate next steps.

On 30 December 2020, the USCBP issued a press release stating that a Withhold Release Order ("WRO") had been imposed on the palm products produced in the Group's Malaysian operations. The Group continued to engage with the USCBP, as well as relevant Malaysian authorities, customers, financiers, investors, analysts, and various other key stakeholders. On 28 January 2022, the USCBP issued a notice of finding on the palm products produced in the Group's Malaysian operations.

On 1 March 2021, the Group appointed an ethical trade consultancy, Impactt Limited ("Impactt"), to conduct a comprehensive third-party evaluation of the labour practices across its Malaysian operations, mapped against the International Labour Organisation's 11 indicators of forced labour. The Group's Board Sustainability Committee has undertaken the important oversight function over the evaluation exercise.

On 15 February 2022, the Group announced several improvements and changes to its governance structures, policies and procedures and the implementation of new measures, all with the primary goal of ensuring the wellbeing of its workers. The Group has reimbursed foreign workers currently within its employ who may have paid recruitment fees to unethical persons, in contravention of the Group's policies, to secure employment with SDP. A sinking fund has also been established to reimburse former foreign workers who may have paid recruitment fees to secure employment with SDP. Additionally, SDP has established an improved Responsible Recruitment Procedure to ensure that tighter controls are in place for the protection of new recruits. The Group has also established new platforms for better social dialogue with its workers.

On 26 April 2022, SDP's submission to the USCBP was undertaken by the Group's lawyers in the United States. The submission included details of SDP's operations mapped against the ILO indicators of forced labour, reports from third party consultants and relevant supporting documents. The Group will continue to give its full cooperation and engage with the USCBP to uplift the finding.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2022**

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)****B12. Dividend**

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

**B13. Earnings per share**

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

	Quarter ended 31 March	
	2022	2021 Re-presented **
Profit for the financial period	718	562
Weighted average number of ordinary shares in issue (million units)	6,916	6,885
Basic earnings per share (sen)	10.4	8.2

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.

\*\* Refer to Note A14

By Order of the Board

Petaling Jaya  
20 May 2022

Azrin Nashiha Abdul Aziz  
Group Secretary