

QUARTERLY REPORT

On the consolidated results for the fourth quarter ended 31 December 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 December | | % | Year ended 31 December | | % |
|--|--------|------------------------------|-------------------------|------|---------------------------|-------------------------|-----|
| | | 2022 | 2021 Re-presented ** | | 2022 | 2021 Re-presented ** | |
| Revenue | A8, A9 | 5,670 | 5,550 | 2 | 21,030 | 18,695 | 12 |
| Operating expenses | | (4,998) | (4,688) | | (18,346) | (15,324) | |
| Other operating income | | 231 | 155 | | 838 | 403 | |
| Other (losses)/gains | | (96) | 54 | | 41 | (135) | |
| Operating profit | B5, A9 | 807 | 1,071 | (25) | 3,563 | 3,639 | (2) |
| Share of results of joint ventures | | (22) | 6 | | 37 | 20 | |
| Share of results of associates | | 2 | 2 | | 15 | 15 | |
| Profit before interest and tax | A9 | 787 | 1,079 | (27) | 3,615 | 3,674 | (2) |
| Finance income | | 4 | 4 | | 12 | 12 | |
| Finance costs | | (48) | (27) | | (135) | (86) | |
| Profit before tax | | 743 | 1,056 | (30) | 3,492 | 3,600 | (3) |
| Tax expense | B6 | (133) | (519) | | (809) | (1,109) | |
| Profit for the financial year | | 610 | 537 | 14 | 2,683 | 2,491 | 8 |
| Profit for the financial year attributable to: | | | | | | | |
| – equity holders of the Company | | 562 | 467 | 20 | 2,488 | 2,255 | 10 |
| – Perpetual Sukuk | | 31 | 31 | | 124 | 124 | |
| – non-controlling interests | | 17 | 39 | | 71 | 112 | |
| | | 610 | 537 | 14 | 2,683 | 2,491 | 8 |
| Basic earnings per share attributable to equity holders of the Company: | | | | | | | |
| Basic (sen) | B13 | 8.1 | 6.8 | 19 | 36.0 | 32.6 | 10 |

** 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 December | | % | Year ended 31 December | | % |
|---|------------------------------|-------------------------|------------------|---------------------------|-------------------------|----------|
| | 2022 | 2021 Re-presented ** | | 2022 | 2021 Re-presented ** | |
| Profit for the financial year | 610 | 537 | 14 | 2,683 | 2,491 | 8 |
| Other comprehensive (loss)/income: | | | | | | |
| Items that will be reclassified subsequently to profit or loss: | | | | | | |
| Currency translation differences (loss)/gains: | | | | | | |
| – subsidiaries | (570) | (10) | | 56 | 187 | |
| – joint ventures and associates | 26 | 7 | | 4 | 6 | |
| Net change in fair value: | | | | | | |
| – cash flow hedges gain/(loss) | 8 | (57) | | 20 | (758) | |
| – transfer to profit or loss | (197) | 260 | | 163 | 838 | |
| Tax credit/(expense) relating to components through other comprehensive (loss)/income | 48 | (48) | | (48) | (13) | |
| | (685) | 152 | | 195 | 260 | |
| Items that will be not reclassified subsequently to profit or loss: | | | | | | |
| Actuarial gain/(loss) on defined benefit pension plans | 20 | 6 | | 18 | (34) | |
| Investments at fair value through other comprehensive income ("FVOCI"): | | | | | | |
| – changes in fair value | (7) | 2 | | (7) | 2 | |
| Share of other comprehensive income of joint ventures | 24 | - | | 24 | - | |
| Tax expense relating to components through other comprehensive (loss)/income | (4) | (2) | | (4) | (3) | |
| | 33 | 6 | | 31 | (35) | |
| Total other comprehensive (loss)/income for the financial year | (652) | 158 | | 226 | 225 | |
| Total comprehensive (loss)/income for the financial year | (42) | 695 | | 2,909 | 2,716 | |
| Total comprehensive (loss)/income for the financial year attributable to: | | | | | | |
| – equity holders of the Company | (77) | 623 | >(100) | 2,726 | 2,472 | 10 |
| – Perpetual Sukuk | 31 | 31 | - | 124 | 124 | - |
| – non-controlling interests | 4 | 41 | (90) | 59 | 120 | (51) |
| Total | (42) | 695 | >(100) | 2,909 | 2,716 | 7 |

** 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 | Unaudited |
|--|------|------------------------------|---|
| | | As at 31 December 2022 | As at 31 December 2021 Re-presented ** |
| | Note | | |
| Non-current assets | | | |
| Property, plant and equipment | | 17,800 | 17,248 |
| Investment properties | | 11 | 9 |
| Right-of-use assets | | 2,008 | 1,998 |
| Joint ventures | | 368 | 332 |
| Associates | | 57 | 46 |
| Intangible assets | | 2,947 | 2,824 |
| Investments at fair value through other comprehensive income ("FVOCI") | | 22 | 30 |
| Deferred tax assets | | 496 | 574 |
| Tax recoverable | | 164 | 169 |
| Trade and other receivables | | 35 | 89 |
| | | 23,908 | 23,319 |
| Current assets | | | |
| Inventories | | 2,778 | 2,469 |
| Biological assets | | 180 | 284 |
| Trade and other receivables | | 2,603 | 2,878 |
| Tax recoverable | | 235 | 150 |
| Amounts due from related parties | | - | - |
| Derivatives | B9 | 157 | 26 |
| Bank balances, deposits and cash | | 635 | 602 |
| | | 6,588 | 6,409 |
| Non-current assets held for sale ⁽¹⁾ | | 651 | 608 |
| Total assets | A9 | 31,147 | 30,336 |
| Equity | | | |
| Share capital | | 1,634 | 1,634 |
| Reserves | | 14,733 | 13,555 |
| Attributable to equity holders of the Company | | 16,367 | 15,189 |
| Perpetual Sukuk | | 2,231 | 2,231 |
| Non-controlling interests | | 418 | 437 |
| Total equity | | 19,016 | 17,857 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

Amounts in RM million unless otherwise stated

| | | Unaudited As at 31 December 2022 | Unaudited As at 31 December 2021 Re-presented ** |
|---|----|---|--|
| Non-current liabilities | | | |
| Retirement benefits | | 158 | 184 |
| Deferred income | | - | - |
| Deferred tax liabilities | | 2,738 | 2,761 |
| Borrowings | B8 | 3,633 | 4,019 |
| Lease liabilities | | 147 | 155 |
| Trade and other payables | | 43 | 36 |
| | | 6,719 | 7,155 |
| Current liabilities | | | |
| Trade and other payables | | 2,443 | 2,180 |
| Contract liabilities | | 35 | 24 |
| Amounts due to related parties | | 10 | 19 |
| Retirement benefits | | 15 | 13 |
| Lease liabilities | | 25 | 23 |
| Tax payable | | 219 | 465 |
| Derivatives | B9 | 62 | 229 |
| Borrowings | B8 | 2,464 | 2,232 |
| | | 5,273 | 5,185 |
| Liabilities directly associated with non-current assets held for sale ⁽²⁾ | | 139 | 139 |
| Total liabilities | | 12,131 | 12,479 |
| Total equity and liabilities | | 31,147 | 30,336 |
| Net assets per share attributable to equity holders of the Company (RM) | | 2.37 | 2.20 |

Note:

⁽¹⁾ **Non-current assets held for sale**

| | | | |
|----------------------------------|--|------------|------------|
| Non-current assets held for sale | | | |
| – property, plant and equipment | | 20 | 17 |
| Disposal group held for sale | | | |
| – property, plant and equipment | | 250 | 248 |
| – right of use assets | | 28 | 28 |
| – tax assets | | 107 | 93 |
| – receivables | | 181 | 106 |
| – bank balances | | 11 | 63 |
| – other assets | | 54 | 53 |
| | | 651 | 608 |

⁽²⁾ **Liabilities directly associated with non-current assets held for sale**

| | | | |
|------------------------------|--|------------|------------|
| Disposal group held for sale | | | |
| – payables | | 120 | 108 |
| – retirement benefits | | 12 | 17 |
| – tax liabilities | | 5 | 12 |
| – other liabilities | | 2 | 2 |
| | | 139 | 139 |

* 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

| | 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 |
| Year ended 31 December 2022 | | | | | | | | | | | |
| At 1 January 2022 | 1,634 | 9 | (126) | (18) | 27 | 645 | 13,018 | 15,189 | 2,231 | 437 | 17,857 |
| Profit for the financial year | - | - | - | - | - | - | 2,488 | 2,488 | 124 | 71 | 2,683 |
| Other comprehensive income/(loss) for the financial year | - | - | 135 | - | (7) | 71 | 39 | 238 | - | (12) | 226 |
| Total comprehensive income/(loss) for the financial year | - | - | 135 | - | (7) | 71 | 2,527 | 2,726 | 124 | 59 | 2,909 |
| Transactions with equity holders: | | | | | | | | | | | |
| Dividends | - | - | - | - | - | - | (1,548) | (1,548) | - | (78) | (1,626) |
| Distribution to Perpetual Sukuk holders | - | - | - | - | - | - | - | - | (124) | - | (124) |
| At 31 December 2022 | 1,634 | 9 | 9 | (18) | 20 | 716 | 13,997 | 16,367 | 2,231 | 418 | 19,016 |

| | 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 |
| Year ended 31 December 2021 | | | | | | | | | | | |
| At 1 January 2021 | 1,506 | 9 | (194) | (18) | 25 | 463 | 11,864 | 13,655 | 2,231 | 384 | 16,270 |
| Profit for the financial year | - | - | - | - | - | - | 2,255 | 2,255 | 124 | 112 | 2,491 |
| Other comprehensive income/(loss) for the financial year | - | - | 68 | - | 2 | 182 | (35) | 217 | - | 8 | 225 |
| Total comprehensive income for the financial year | - | - | 68 | - | 2 | 182 | 2,220 | 2,472 | 124 | 120 | 2,716 |
| Transactions with equity holders: | | | | | | | | | | | |
| Share issue | 128 | - | - | - | - | - | - | 128 | - | - | 128 |
| Dividends | - | - | - | - | - | - | (1,066) | (1,066) | - | (67) | (1,133) |
| Distribution to Perpetual Sukuk holders | - | - | - | - | - | - | - | - | (124) | - | (124) |
| At 31 December 2021 | 1,634 | 9 | (126) | (18) | 27 | 645 | 13,018 | 15,189 | 2,231 | 437 | 17,857 |

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 | Year ended 31 December | |
|--|------|---------------------------|-------------------------|
| | | 2022 | 2021 Re-presented ** |
| Cash flows from operating activities | | | |
| Profit for the financial year | | 2,683 | 2,491 |
| Adjustments for: | | | |
| Share of results of joint ventures and associates | | (52) | (35) |
| Finance income | | (12) | (12) |
| Finance costs | | 135 | 86 |
| Gain on disposal of: | | | |
| – property, plant and equipment | B5 | (92) | (151) |
| – non-current assets held for sale | B5 | (276) | (143) |
| Depreciation and amortisation | B5 | 1,373 | 1,331 |
| Fair value (gains)/losses: | | | |
| – commodities contracts | B5 | (116) | (42) |
| – forward foreign exchange contracts | B5 | 25 | (6) |
| Unrealised foreign exchange (gains)/losses | B5 | (42) | 49 |
| Tax expense | B6 | 809 | 1,109 |
| Fair value changes on biological assets | | 119 | (57) |
| Retirement benefits | | 26 | (57) |
| Net of impairment/(reversal) of: | | | |
| – property, plant and equipment | B5 | 6 | 297 |
| – right-of-use assets | B5 | - | 12 |
| – non-current assets held for sale | B5 | - | 1 |
| – amount due from joint venture | B5 | 8 | - |
| – advances for plasma plantation projects | B5 | 4 | 8 |
| – trade and other receivables | B5 | 7 | (2) |
| – joint ventures | B5 | 25 | 38 |
| Write offs: | | | |
| – inventories | B5 | 2 | - |
| – trade and other receivables | B5 | 1 | - |
| – property, plant and equipment | B5 | 19 | 25 |
| – right-of-use assets | B5 | - | - |
| – intangible assets | B5 | 1 | - |
| Write down/(write back) of inventories | B5 | 9 | (4) |
| Dividend income from FVOCI | | (9) | (3) |
| | | 4,653 | 4,935 |
| Changes in working capital: | | | |
| Inventories | | (286) | (901) |
| Trade and other receivables | | 206 | (681) |
| Trade and other payables | | 399 | 765 |
| Intercompany and related party balances | | (9) | 4 |
| Cash generated from operations | | 4,963 | 4,122 |
| Tax paid | | (1,281) | (614) |
| Retirement benefits paid | | (42) | (25) |
| Net cash generated from operating activities | | 3,640 | 3,483 |
| Cash flows from investing activities | | | |
| Finance income received | | 12 | 12 |
| Purchase of: | | | |
| – property, plant and equipment | | (1,681) | (1,438) |
| – right-of-use assets | | (50) | - |
| – intangibles assets | | (11) | (18) |
| Advances for plasma plantation projects | | (4) | (5) |
| Repayment of advances for plasma plantation projects | | 51 | 6 |
| Proceeds from sale of: | | | |
| – property, plant and equipment | | 95 | 170 |
| – non-current assets held for sale | | 285 | 156 |
| Dividend received from: | | | |
| – FVOCI | | 9 | 3 |
| – joint venture | | 3 | - |
| – an associate | | 4 | 10 |
| Additional investment in a joint venture | | - | (139) |
| Net cash used in investing activities | | (1,287) | (1,243) |

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

| | Note | Year ended 31 December | |
|---|------|---------------------------|-------------------------|
| | | 2022 | 2021 Re-presented ** |
| Cash flows from financing activities | | | |
| Distribution to Perpetual Sukuk holders | | (124) | (124) |
| Finance costs paid | | (189) | (124) |
| Loans raised | | 4,749 | 5,949 |
| Loan repayments | | (5,180) | (6,537) |
| Borrowing transaction cost paid | | - | (3) |
| Repayment of lease liabilities | | (26) | (40) |
| Dividends paid to shareholders | | (1,548) | (938) |
| Dividends paid to non-controlling interests of subsidiaries | | (82) | (67) |
| Net cash used in financing activities | | (2,400) | (1,884) |
| Net changes in cash and cash equivalents during the financial year | | (47) | 356 |
| Foreign exchange difference | | 28 | - * |
| Cash and cash equivalents at beginning of the year | | 665 | 309 |
| Cash and cash equivalents at end of the year | | 646 | 665 |
| Included in cash and cash equivalents per the balance sheet | | 635 | 602 |
| Included in the assets of the disposal group | | 11 | 63 |
| Cash and cash equivalents at end of the year | | 646 | 665 |

* 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 DECEMBER 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"
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- 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 "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.

(ii) Interpretation and amendments that are effective after 1 January 2024

- Amendments to MFRS 101 "Classifications of Liabilities as Current or Non-current"
- Amendments to MFRS 16 "Lease Liability in a Sale and Leaseback"

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 DECEMBER 2022

Amounts in RM million unless otherwise stated

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A7. Dividends paid

Dividends paid during the financial year ended 31 December 2022 are as follows:

| | Year ended 31 December 2022 |
|---|--|
| In respect of financial year ended 31 December 2021: | |
| - Final dividend of 12.38 sen per share, paid in cash on 17 May 2022 | 856 |
| In respect of financial year ended 31 December 2022: | |
| - Interim dividend of 10.00 sen per share, paid in cash on 18 November 2022 | 692 |
| | 1,548 |

A8. Revenue

The Group derived the following types of revenue:

| | | Year ended 31 December | |
|--|-------------|-----------------------------------|-------------|
| | Note | 2022 | 2021 |
| Revenue from contracts with customers | A8(a) | 20,996 | 18,675 |
| Revenue from other sources | A8(b) | 34 | 20 |
| Total revenue | | 21,030 | 18,695 |
| (a) Disaggregation of revenue from contracts with customers | | | |
| Upstream | | | |
| - Malaysia | | 765 | 346 |
| - Indonesia | | 1,147 | 1,371 |
| - Papua New Guinea and Solomon Islands ("PNG/SI") | | 124 | 862 |
| Downstream | | 18,863 | 16,026 |
| Other operations | | 97 | 70 |
| | | 20,996 | 18,675 |
| Sales of palm based products, other refined edible oils, rubber, sugar, beef and other agricultural products | | 20,596 | 18,450 |
| Freight services | | 290 | 207 |
| Tolling services | | 110 | 18 |
| | | 20,996 | 18,675 |
| Timing of revenue recognition | | | |
| - at point in time | | 20,596 | 18,450 |
| - over time | | 400 | 225 |
| | | 20,996 | 18,675 |
| (b) Revenue from other sources | | | |
| Dividend (gross) received/receivable from investments | | 9 | 3 |
| Rental income | | 25 | 17 |
| | | 34 | 20 |

(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 December 2022:

| | <u>Expected timing of recognition</u> During the quarter ending 31 March 2023 |
|----------------|--|
| Freight income | 35 |

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 DECEMBER 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 |
|------------------------------------|----------------------|-----------------------|--------------------|------------|---------------------|----------------------------------|--------|
| Year ended 31 December 2022 | | | | | | | |
| Segment revenue: | | | | | | | |
| External sales | 792 | 1,147 | 124 | 18,866 | 101 | - | 21,030 |
| Inter-segment sales | 3,722 | 1,439 | 3,149 | 96 | 622 | (9,028) | - |
| Total revenue | 4,514 | 2,586 | 3,273 | 18,962 | 723 | (9,028) | 21,030 |

Segment results:

| | | | | | | | |
|---|-----|-------|-------|-----|----|---|-------|
| Operating profit: | | | | | | | |
| – recurring activities | 207 | 1,084 | 1,117 | 819 | 45 | - | 3,272 |
| – non-recurring transactions | 272 | - | - | (2) | 21 | - | 291 |
| Share of results of joint ventures and associates | - | - | - | 42 | 10 | - | 52 |
| Profit before interest and tax | 479 | 1,084 | 1,117 | 859 | 76 | - | 3,615 |

| | Upstream Malaysia | Upstream Indonesia | Upstream PNG/SI | Downstream | Other operations | Inter- segment elimination | Total |
|------------------------------------|----------------------|-----------------------|--------------------|------------|---------------------|----------------------------------|--------|
| Year ended 31 December 2021 | | | | | | | |
| Segment revenue: | | | | | | | |
| External sales | 364 | 1,371 | 862 | 16,028 | 70 | - | 18,695 |
| Inter-segment sales | 4,099 | 1,337 | 2,271 | 170 | 337 | (8,214) | - |
| Total revenue | 4,463 | 2,708 | 3,133 | 16,198 | 407 | (8,214) | 18,695 |

Segment results, Re-presented:**

| | | | | | | | |
|---|------|-------|-------|------|----|---|-------|
| Operating profit: | | | | | | | |
| – recurring activities | 862 | 1,240 | 1,099 | 547 | 40 | - | 3,788 |
| – non-recurring transactions | (88) | - | (24) | (37) | - | - | (149) |
| Share of results of joint ventures and associates | - | - | - | 25 | 10 | - | 35 |
| Profit before interest and tax | 774 | 1,240 | 1,075 | 535 | 50 | - | 3,674 |

** Refer to Note A14

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 DECEMBER 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 |
|--|----------------------|-----------------------|--------------------|--------------|---------------------|----------------------------------|---------------|
| As at 31 December 2022 | | | | | | | |
| Segment assets: | | | | | | | |
| Operating assets | 9,977 | 5,346 | 7,951 | 5,515 | 387 | - | 29,176 |
| Joint ventures and associates | - | - | - | 381 | 44 | - | 425 |
| Non-current assets held for sale | 20 | 524 | - | - | - | - | 544 |
| | 9,997 | 5,870 | 7,951 | 5,896 | 431 | - | 30,145 |
| Tax assets | | | | | | | 895 |
| Tax assets from non-current assets held for sale | | | | | | | 107 |
| Total assets | | | | | | | 31,147 |

| | Upstream Malaysia | Upstream Indonesia | Upstream PNG/SI | Downstream | Other operations | Inter- segment elimination | Total |
|--|----------------------|-----------------------|--------------------|--------------|---------------------|----------------------------------|---------------|
| As at 31 December 2021 | | | | | | | |
| Segment assets, Re-presented:** | | | | | | | |
| Operating assets | 9,694 | 5,131 | 7,899 | 5,418 | 315 | - | 28,457 |
| Joint ventures and associates | - | - | - | 341 | 37 | - | 378 |
| Non-current assets held for sale | 17 | 498 | - | - | - | - | 515 |
| | 9,711 | 5,629 | 7,899 | 5,759 | 352 | - | 29,350 |
| Tax assets | | | | | | | 893 |
| Tax assets from non-current assets held for sale | | | | | | | 93 |
| Total assets | | | | | | | 30,336 |

** Refer to Note A14

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 DECEMBER 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:

| | Unaudited | Audited |
|-------------------------------|---------------------------------------|---------------------------------------|
| | As at 31 December 2022 | As at 31 December 2021 |
| Property, plant and equipment | | |
| – contracted | 708 | 337 |
| – not contracted | 1,194 | 513 |
| | 1,902 | 850 |
| Other capital expenditure | | |
| – not contracted | 952 | 932 |
| | 952 | 932 |
| | 2,854 | 1,782 |

A11. Significant related party transactions

Significant related party transactions conducted were as follows:

| | Year ended 31 December | |
|--|-----------------------------------|-------------|
| | 2022 | 2021 |
| (a) Transactions with a joint venture | | |
| (i) Sale of goods and tolling services | | |
| – Emery Oleochemicals (M) Sdn Bhd | - | 11 |
| (ii) Sale of goods | | |
| – Rizhao Sime Darby Oils & Fats Co. Ltd. | 3 | 2 |
| (iii) Additional investment | | |
| – Emery Oleochemicals (M) Sdn Bhd | - | 139 |
| (b) Transactions with associates | | |
| (i) Purchase of latex concentrate | | |
| – Muang Mai Guthrie Public Company Limited | 15 | 14 |
| (ii) Purchase of palm oil | | |
| – Thai Eastern Trat Company Limited | 144 | 88 |

(c) Transactions with related parties

Permodalan Nasional Berhad ("PNB") and the fund managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 55.643% as at 31 December 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 DECEMBER 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:

| | Year ended 31 December | |
|--|---------------------------|------|
| | 2022 | 2021 |
| (i) Purchase of heavy equipment, spare parts and services | | |
| – Sime Darby Industrial Sdn Bhd | 23 | 16 |
| – Kubota Malaysia Sdn Bhd | 34 | 25 |
| (ii) Lease of agricultural land | | |
| – Kumpulan Sime Darby Berhad | 17 | 14 |
| (iii) Car leasing charges | | |
| – Sime Darby Rent-A-Car Sdn Bhd | - | 1 |
| (iv) Rental expenses | | |
| – Sime Darby Property Bhd | 5 | 4 |
| (e) Transactions entered into with person connected to a director | | |
| (i) Provision of bins/cages and building for passport storage and safety cabinet | | |
| – Tan Sri Dato' Seri Megat Najmuddin Datuk Seri Dr Haji Megat Khas | 3 | 3 |

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 11 February 2023, being a date not earlier than 7 days from the date of issuance of the report except for the modification of USCBP's findings on forced labour against the Group which was issued on 3 February 2023. This means, effective immediately, the USCBP will now permit the import of palm oil from Sime Darby Plantation Berhad ("SDP") into the United States. Refer to Note B11.

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:

| | As at 31 December 2022 | As at 31 December 2021 |
|--|------------------------------|------------------------------|
| Guarantees in respect of credit facilities granted to: | | |
| – a joint venture | 3 | 4 |
| – plasma stakeholders | 146 | 74 |
| | 149 | 78 |

A14. Re-presentation of the comparatives

As disclosed in the previous quarterly report, given the Group's decision to put on hold the disposal of one of its subsidiaries in Indonesia for strategic reasons, this disposal group ceased to meet the classification criteria under MFRS 5. Therefore, in this quarterly report, the prior periods' depreciation of this disposal group since the day it was classified as an asset to be held for sale is re-presented in the Group's comparative profit or loss from continuing operations to ensure consistency and comparability.

In addition, the Group has reassessed the segregation of its operating segments and reclassified the Group's share of results from joint ventures from the oleochemical business from Other Segment to the Downstream Segment in order to strengthen the monitoring of its performance. The comparatives have been re-presented.

Hence, arising from the above reclassifications, the prior period's comparatives are unaudited.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 DECEMBER 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 December 2022 against the previous year corresponding quarter ended 31 December 2021

| | Quarter ended 31 December | | +/(–) |
|---|------------------------------|-------------------------|--------|
| | 2022 | 2021 Re-presented ** | % |
| Revenue | 5,670 | 5,550 | 2 |
| Segment results: | | | |
| Upstream Malaysia | 62 | 145 | (57) |
| Upstream Indonesia | 460 | 399 | 15 |
| Upstream PNG/SI | 180 | 413 | (56) |
| Downstream | 89 | 296 | (70) |
| Other operations | (2) | 7 | >(100) |
| Recurring profit before interest and tax | 789 | 1,260 | (37) |
| Non-recurring transactions | (2) | (181) | 99 |
| Profit before interest and tax | 787 | 1,079 | (27) |
| Finance income | 4 | 4 | |
| Finance costs | (48) | (27) | |
| Profit before tax | 743 | 1,056 | (30) |
| Tax expense | (133) | (519) | |
| Profit for the financial year | 610 | 537 | 14 |
| Perpetual Sukuk | (31) | (31) | |
| Non-controlling interests | (17) | (39) | |
| Profit after tax attributable to equity holders of the Company | 562 | 467 | 20 |

** Refer to Note A14

For the quarter ended 31 December 2022, the Group registered a net profit of RM562 million, 20% higher than the earnings of the corresponding quarter of the previous year, mainly driven by lower non-recurring loss and lower tax charges, compensating for lower recurring profit before interest and tax ("PBIT").

Finance costs increased to RM48 million, due to higher interest rates arising from an increase in benchmark interest rates, partially mitigated by lower borrowings.

The Group's effective tax rate for the quarter was 18% mainly due to the recognition of deferred tax assets relating to prior periods.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 DECEMBER 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 December 2022 against the previous year corresponding quarter ended 31 December 2021 (continued)

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

Upstream

Recurring PBIT for the Upstream segment declined to RM702 million, 27% lower than the previous corresponding quarter of RM957 million, primarily due to the following factors:

- i) lower CPO and PK average realised prices which declined by 4% and 48%, respectively;
- ii) a 2% decline in fresh fruit bunch ("FFB") production to 2.07 million MT; and
- iii) lower oil extraction rate ("OER") which fell from 21.79% to 20.92%.

In addition, higher operating costs were recorded during the current quarter, mainly driven by an increase in manuring expenses.

| Segment | CPO price realised (RM per MT) | | | FFB production (MT'000) | | |
|--------------------|--------------------------------|-------|-------|-------------------------|-------|-------|
| | Quarter ended | | +/(–) | Quarter ended | | +/(–) |
| | 31 December | | | 31 December | | |
| | 2022 | 2021 | % | 2022 | 2021 | % |
| Upstream Malaysia | 4,560 | 3,693 | 23 | 865 | 1,072 | (19) |
| Upstream Indonesia | 3,410 | 4,062 | (16) | 728 | 605 | 20 |
| Upstream PNG/SI | 4,138 | 5,095 | (19) | 480 | 447 | 7 |
| Total | 4,005 | 4,179 | (4) | 2,073 | 2,124 | (2) |

| Segment | PK price realised (RM per MT) | | | CPO Extraction Rate (%) | | |
|--------------------|-------------------------------|-------|-------|-------------------------|-------|--------|
| | Quarter ended | | +/(–) | Quarter ended | | +/(–) |
| | 31 December | | | 31 December | | |
| | 2022 | 2021 | % | 2022 | 2021 | pp |
| Upstream Malaysia | 2,117 | 3,661 | (42) | 19.65 | 21.09 | (1.44) |
| Upstream Indonesia | 1,379 | 2,821 | (51) | 21.10 | 21.84 | (0.74) |
| Upstream PNG/SI | - | - | - | 22.69 | 23.24 | (0.55) |
| Total | 1,756 | 3,363 | (48) | 20.92 | 21.79 | (0.87) |

Downstream

Recurring PBIT from the Downstream sector declined to RM89 million in the current quarter, mainly due to the following factors:

- i) a decline in sales volumes in all subsegments except for Asia Pacific bulk;
- ii) fair value losses on commodity hedges arising from the increase in market prices during the quarter; and
- iii) lower sales margins recorded by the European refineries.

The above was partially mitigated by higher margins generated by the Asia Pacific bulk and differentiated operations.

Other operations

Other operations reported a small recurring loss in the current quarter, comprised foreign exchange losses reported by the investment holding companies, mitigated by profits from the Group's agribio and research units.

Non-recurring transactions

Non-recurring loss in the current quarter comprised of provisions for amounts due from a joint venture, but this was partially compensated by a gain from the earned-out settlement subsequent to the disposal of a former Liberian subsidiary.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 DECEMBER 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)

(b) Year ended 31 December 2022 against the previous year ended 31 December 2021

| | Year ended 31 December | | +/(–) |
|---|---------------------------|-------------------------|-------|
| | 2022 | 2021 Re-presented ** | % |
| Revenue | 21,030 | 18,695 | 12 |
| Segment results: | | | |
| Upstream Malaysia | 207 | 862 | (76) |
| Upstream Indonesia | 1,084 | 1,240 | (13) |
| Upstream PNG/SI | 1,117 | 1,099 | 2 |
| Downstream | 861 | 572 | 51 |
| Other operations | 55 | 50 | 10 |
| Recurring profit before interest and tax | 3,324 | 3,823 | (13) |
| Non-recurring transactions | 291 | (149) | >100 |
| Profit before interest and tax | 3,615 | 3,674 | (2) |
| Finance income | 12 | 12 | |
| Finance costs | (135) | (86) | |
| Profit before tax | 3,492 | 3,600 | (3) |
| Tax expense | (809) | (1,109) | |
| Profit for the financial year | 2,683 | 2,491 | 8 |
| Perpetual Sukuk | (124) | (124) | |
| Non-controlling interests | (71) | (112) | |
| Profit after tax attributable to equity holders of the Company | 2,488 | 2,255 | 10 |

** Refer to Note A14

For the year ended 31 December 2022, the Group posted net earnings of RM2.49 billion, 10% higher than the previous year, due to higher recurring PBIT from the Downstream segment and non-recurring activities, as well as lower tax charge, which compensated for lower recurring profits from the Upstream segment.

Non-recurring profits were mainly derived from disposal gains of land in Malaysia and the earned-out settlement for the disposal of a former subsidiary in Liberia.

Finance costs were 57% higher than the previous year, as a result of the increase in benchmark lending rates, but were mitigated by lower average borrowing balances.

The Group's effective tax rate stood at 23% for the current year.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 DECEMBER 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)

(b) Year ended 31 December 2022 against the previous year ended 31 December 2021 (continued)

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

Upstream

Despite higher average CPO and PK prices realised, which increased by 20% and 5% respectively, the Upstream segment reported a 25% decline in the total recurring PBIT to RM2.41 billion for the year ended 31 December 2022, largely due to:

- i) a 10% decline in FFB production to 8.2 million MT;
- ii) lower OER which declined from 21.59% to 21.10%; and
- iii) higher estate and mill operating costs, adversely affected by an increase in fertiliser and fuel prices.

In addition, PBIT in the previous year included a one-off retirement benefit gain of RM106 million in Indonesia, consequent of changes introduced by the Omnibus Law.

| Segment | CPO price realised (RM per MT) | | | FFB production (MT'000) | | |
|--------------------|--------------------------------|--------------|------------|-------------------------|--------------|-------------|
| | Year ended | | +/(–) % | Year ended | | +/(–) % |
| | 31 December | 2021 | | 31 December | 2021 | |
| | 2022 | 2021 | | 2022 | 2021 | |
| Upstream Malaysia | 4,472 | 3,504 | 28 | 3,513 | 4,630 | (24) |
| Upstream Indonesia | 3,558 | 3,388 | 5 | 2,781 | 2,609 | 7 |
| Upstream PNG/SI | 5,534 | 4,510 | 23 | 1,913 | 1,890 | 1 |
| Total | 4,456 | 3,711 | 20 | 8,207 | 9,129 | (10) |

| Segment | PK price realised (RM per MT) | | | CPO Extraction Rate (%) | | |
|--------------------|-------------------------------|--------------|------------|-------------------------|--------------|---------------|
| | Year ended | | +/(–) % | Year ended | | +/(–) pp |
| | 31 December | 2021 | | 31 December | 2021 | |
| | 2022 | 2021 | | 2022 | 2021 | |
| Upstream Malaysia | 3,170 | 2,828 | 12 | 19.99 | 20.96 | (0.97) |
| Upstream Indonesia | 2,069 | 2,069 | 0 | 21.32 | 21.66 | (0.34) |
| Upstream PNG/SI | - | - | - | 22.68 | 22.87 | (0.19) |
| Total | 2,689 | 2,551 | 5 | 21.10 | 21.59 | (0.49) |

Downstream

The Downstream segment reported a recurring PBIT of RM861 million compared to RM572 million in the previous year, driven by higher margins generated by the Asia Pacific bulk and differentiated operations which mitigated lower margins recorded by the European refineries and a decline in sales volumes in all territories.

Other operations

Other operations' PBIT comprised profits from the Group's agribio and research units.

Non-recurring transactions

The non-recurring profits of RM291 million comprised gains from the disposal of land in Malaysia and the earned-out settlement for the disposal of a former subsidiary in Liberia.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 DECEMBER 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 Dec 2022 | 30 Sep 2022 | |
| Revenue | 5,670 | 5,392 | 5 |
| Segment results: | | | |
| Upstream Malaysia | 62 | (145) | >100 |
| Upstream Indonesia | 460 | 365 | 26 |
| Upstream PNG/SI | 180 | 29 | >100 |
| Downstream | 89 | 337 | (74) |
| Other operations | (2) | 22 | >(100) |
| Recurring profit before interest and tax | 789 | 608 | 30 |
| Non-recurring transactions | (2) | 14 | >(100) |
| Profit before interest and tax | 787 | 622 | 27 |
| Finance income | 4 | 2 | |
| Finance costs | (48) | (39) | |
| Profit before tax | 743 | 585 | 27 |
| Tax expense | (133) | (154) | |
| Profit for the financial year | 610 | 431 | 42 |
| Perpetual Sukuk | (31) | (31) | |
| Non-controlling interests | (17) | (4) | |
| Profit after tax attributable to equity holders of the Company | 562 | 396 | 42 |

The Group registered net earnings of RM562 million attributed to higher profits from recurring activities. The higher recurring PBIT from the Upstream segment mitigated the lower profits from the Downstream segment.

Finance costs were 23% higher, due to the further increase in benchmark lending rates in the current quarter.

An effective tax rate of 18% was recorded mainly due to the recognition of deferred tax assets relating to prior periods.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 DECEMBER 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

Recurring PBIT for the Upstream segment increased to RM702 million, as compared to RM249 million recorded in the preceding quarter, mainly due to the following factors:

- (i) recovery in its oil inventory and biological asset values due to higher market prices at the end of the quarter; and
- (ii) higher CPO extraction rate which increased slightly to 20.92%.

The above factors compensated for the lower average CPO and PK realised prices which declined by 6% and 9%, respectively, a 4% decline in FFB production as well as higher operating costs particularly manuring expenses.

| Segment | CPO price realised (RM per MT) | | | FFB production (MT'000) | | |
|--------------------|--------------------------------|--------------|------------|-------------------------|--------------|------------|
| | Quarter ended | | +/(–) | Quarter ended | | +/(–) |
| | Dec 2022 | Sep 2022 | % | Dec 2022 | Sep 2022 | % |
| Upstream Malaysia | 4,560 | 4,497 | 1 | 865 | 900 | (4) |
| Upstream Indonesia | 3,410 | 2,913 | 17 | 728 | 775 | (6) |
| Upstream PNG/SI | 4,138 | 5,845 | (29) | 480 | 475 | 1 |
| Total | 4,005 | 4,277 | (6) | 2,073 | 2,150 | (4) |

| Segment | PK price realised (RM per MT) | | | CPO Extraction Rate (%) | | |
|--------------------|-------------------------------|--------------|------------|-------------------------|--------------|-------------|
| | Quarter ended | | +/(–) | Quarter ended | | +/(–) |
| | Dec 2022 | Sep 2022 | % | Dec 2022 | Sep 2022 | pp |
| Upstream Malaysia | 2,117 | 2,423 | (13) | 19.65 | 19.89 | (0.24) |
| Upstream Indonesia | 1,379 | 1,370 | 1 | 21.10 | 20.98 | 0.12 |
| Upstream PNG/SI | - | - | - | 22.69 | 22.45 | 0.24 |
| Total | 1,756 | 1,940 | (9) | 20.92 | 20.88 | 0.04 |

Downstream

The Downstream segment's recurring PBIT declined by 74% to RM89 million, mainly due to lower sales volume and margins from the European refineries and fair value losses on commodity hedges arising from the increase in market prices during the quarter which was mitigated by higher profits from the Asia bulk and differentiated operation's improved sales volume and margins.

Other operations

Other operations reported a small recurring loss in the current quarter due to lower contributions from the Group's agribio and research units and foreign exchange losses reported by the investment holding companies.

Non-recurring transactions

Losses from non-recurring transactions in the current quarter were mainly due to provisions for amounts due from a joint venture, partially compensated by a gain from an earned-out settlement subsequent to the disposal of a former Liberian subsidiary in the previous year.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 DECEMBER 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

Crude palm oil (CPO) prices are expected to remain steady for the first quarter of 2023 on the back of continued strong demand due to the considerable price advantage when compared to alternative oils and supply concerns resulting from Indonesia's anticipated higher biodiesel mandate as well as tighter export policies.

However, demand may be impacted by the global economic outlook which remains wary, because of continuing geopolitical uncertainties, stricter ESG policies, and inflationary pressures from high food and energy prices. Nevertheless, the Group is cautiously optimistic mainly due to its well-established strategies to address ESG issues, and ongoing efforts to mitigate such challenges. The Group has also ramped up operational improvement initiatives to plug any leakages and reduce wastage.

As the country's labour shortage continues to be addressed with the arrival of more foreign workers into Malaysia, particularly harvesters, the Group expects its Fresh Fruit Bunch ("FFB") production in Malaysia to improve in 2023 after a challenging two years.

Barring any unforeseen circumstances, the Group expects to perform satisfactorily in FY2023.

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 31 December | | Year ended 31 December | |
|---|------------------------------|-------------------------|---------------------------|-------------------------|
| | 2022 | 2021 Re-presented ** | 2022 | 2021 Re-presented ** |
| Depreciation and amortisation | (358) | (345) | (1,373) | (1,331) |
| Fair value (losses)/gains: | | | | |
| – commodities contracts | (136) | 59 | 116 | 42 |
| – forward foreign exchange contracts | 39 | 2 | (25) | 6 |
| Gain on disposals of: | | | | |
| – property, plant and equipment | 77 | 111 | 92 | 151 |
| – non-current assets held for sale | - | 18 | 276 | 143 |
| Net of (impairment)/reversal of: | | | | |
| – amount due from joint venture | (8) | - | (8) | - |
| – right-of-use assets | - | - | - | (12) |
| – non-current assets held for sale | - | - | - | (1) |
| – property, plant and equipment | (2) | (278) | (6) | (297) |
| – joint venture | (25) | 17 | (25) | (38) |
| – trade and other receivables | (1) | 2 | (7) | 2 |
| – advances for plasma plantation projects | (4) | (8) | (4) | (8) |
| Unrealised foreign exchange gain/(losses) | 93 | 1 | 42 | (49) |
| Write back/(write down) of inventories | 76 | 24 | (9) | 4 |
| Write off of: | | | | |
| – property, plant and equipment | (1) | (5) | (19) | (25) |
| – intangible assets | - | - | (1) | - |
| – right-of-use assets | - * | - | - * | - |
| – inventories | (2) | - | (2) | - |
| – trade and other receivables | (1) | - | (1) | - |
| Included in finance costs is: | | | | |
| Finance costs on interest rate swap contracts | - | (2) | 1 | (6) |

** Refer to Note A14

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 DECEMBER 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)**B6. Tax expense**

| | Quarter ended 31 December | | Year ended 31 December | |
|---------------------------------------|------------------------------|------------|---------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| In respect of current financial year: | | | | |
| – current tax | 172 | 444 | 924 | 991 |
| – deferred tax | (9) | 54 | (90) | 91 |
| | <u>163</u> | <u>498</u> | <u>834</u> | <u>1,082</u> |
| In respect of prior financial years: | | | | |
| – current tax | (30) | 21 | (25) | 27 |
| Tax expenses | <u>133</u> | <u>519</u> | <u>809</u> | <u>1,109</u> |

For the quarter ended 31 December 2022, the Group reported a total tax expense of RM133 million on the back of a profit before tax from operations of RM743 million, with an effective tax rate of 18% mainly due to the recognition of deferred tax assets relating to prior periods.

For the year ended 31 December 2022, an effective tax rate of 23% was recorded, with total tax expense of RM809 million on the back of profit before tax of RM3.49 billion.

B7. Status of announced corporate proposals

There are no corporate proposals announced but not completed as at 17 February 2023.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 DECEMBER 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 December 2022 are as follows:

| | Secured | Unsecured | Total |
|---|---------|-----------|-------|
| Long-term | | | |
| Term loans | - | 1,197 | 1,197 |
| Revolving credits-i | - | 1,974 | 1,974 |
| Bonds | - | 470 | 470 |
| Unamortised deferred financing expenses | - | (8) | (8) |
| | - | 3,633 | 3,633 |
| Short-term | | | |
| Term loans | - | 245 | 245 |
| Revolving credits | - | 1,634 | 1,634 |
| Trade facilities | 45 | - | 45 |
| Multi-currency Sukuk | - | 541 | 541 |
| Unamortised deferred financing expenses | - | (1) | (1) |
| | 45 | 2,419 | 2,464 |
| Total | 45 | 6,052 | 6,097 |

Borrowings of the Group consist of:

| | | | |
|---|----|-------|-------|
| – principal | 45 | 6,061 | 6,106 |
| – unamortised deferred financing expenses | - | (9) | (9) |
| | 45 | 6,052 | 6,097 |

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 | 470 | 45 | 515 |
| Ringgit Malaysia | 760 | 978 | 1,738 |
| United States Dollar | 2,403 | 1,408 | 3,811 |
| Sterling Pound | - | 33 | 33 |
| | 3,633 | 2,464 | 6,097 |

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 DECEMBER 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

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 December 2022 are as follows:

| | Classification in Statement of Financial Position | | | | Net fair value |
|------------------------------------|--|----------------|--------------------|----------------|-----------------------|
| | Assets | | Liabilities | | |
| | Non-current | Current | Non-current | Current | |
| Forward foreign exchange contracts | - | 15 | - | 28 | (13) |
| Commodities contracts | - | 142 | - | 34 | 108 |
| | - | 157 | - | 62 | 95 |

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 December 2022, 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 | 2,138 | (13) |

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 December 2022 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 | 69,988 | 290 | 142 |
| – Sale contracts | 166,669 | 980 | (34) |
| | | | 108 |

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 DECEMBER 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.

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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. 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 RM56.5 million). YKEP's petition was granted under a Warning Letter (Surat Aanmaning) issued by the Central Jakarta District Court which obligates PT MAP and the former officers of YKEP to comply with the 1st Judicial Review Decision.

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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. No appeal was filed against the decision of 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 RM69.7 million) with an interest of 3% per month of the amount of IDR137.2 billion (equivalent to around RM38.7 million) until the payment is made to PT MAP and PT PS; (ii) fine (dwangsom) in the amount of IDR250 billion (equivalent to around RM70.6 million); and (iii) immaterial damages (indirect loss) in the amount of IDR500 billion (equivalent to around RM141.2 million). The potential exposure of PT MGG, PT ASM and PT ITH could be up to IDR997.0 billion (equivalent to around RM281.5 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 but the judicial review was rejected by the Supreme Court.

Separately, PT PS filed a judicial review in the Supreme Court against the 1st Judicial Review Decision. The judicial review was rejected by the Supreme Court through its decision number 232/PAN.2/III/227 SPK/Pdt/2020 dated 24 March 2020. This matter is considered closed.

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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 RM28.2 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 RM43.7 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 judgements 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 which were set for hearing on 2 June 2022 were adjourned to 17 November 2022 on application by Chantico and the Algerian cargo owner. Following the hearing on 17 November 2022, the Piraeus Court of Appeal will consider the submissions advanced by the parties and a decision is to be expected within 4 to 6 months. 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 RM9.9 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 RM465.8 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;

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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)

(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 RM249.1 million);
- (iv) an order for the defendants to pay immaterial compensation in the amount of IDR5 trillion (equivalent to approximately RM1.41 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.

At the first hearing on 10 October 2022, the 4th and 5th Defendants were informed that although AKMP submitted a request vide letter dated 17 June 2022 to revoke its claim, AKMP had submitted another request vide letter dated 30 June 2022 to cancel the revocation of the claim. As such the matter would proceed. Given that the summons have not been properly and legally served on SDP and the 2nd and 3rd Defendants, the hearing was adjourned to 14 February 2023.

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.

SDP received the court summons through the Embassy of Indonesia in Kuala Lumpur on 16 December 2022. As of to date the 2nd and 3rd Defendants have not received the court summons.

At the hearing on 14 February 2023, AKMP, SDP and the 4th and 5th Defendants attended the hearing. The Panel of Judges reviewed the legal standing of the parties and AKMP was asked to provide its original Power of Attorney, Deed of Establishment and Articles of Association. In view that AKMP was unable to provide the said documents, the Presiding Judge instructed AKMP to complete the documents at the next hearing. The Panel of Judges informed that the summons to the 2nd and 3rd Defendants had been returned by the Ministry of Foreign Affairs to the Supreme Court as the summons did not satisfy the summoning term/period and rescheduled the hearing to 22 August 2023.

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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. 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 had 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 engaged with the USCBP, as well as relevant Malaysian authorities, customers, financiers, investors, analysts, and various other key stakeholders to address any and all concerns. 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.

On 3 February 2023, the USCBP announced that it had modified the forced labour finding against SDP. This follows a thorough review of the Group's submission to the CBP detailing the holistic approach SDP had taken and the various measures implemented to ensure the Group's operations are free of forced labour. With this modification the Group's palm products produced in its Malaysian operations can now be freely exported into the United States.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 DECEMBER 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)**B12. Dividend**

The Board has declared a final single tier dividend of 6.04 sen per share in respect of the financial year ended 31 December 2022 ("Final Dividend"). Together with the interim dividend of 10.0 sen per share paid on 18 November 2022, this would translate into a single tier dividend of 16.04 sen per share for the financial year ended 31 December 2022.

The Final Dividend which is 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 15 May 2023 and the entitlement date for the dividend payment is 28 April 2023.

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 27 April 2023 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 28 April 2023 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 dividends for the financial year ended 31 December 2022 is as follows:

| | Year ended 31 December 2022 | | Year ended 31 December 2021 | |
|------------------|--------------------------------|--------------|--------------------------------|--------------|
| | Net per share (sen) | RM'million | Net per share (sen) | RM'million |
| Interim dividend | 10.00 | 692 | 7.90 | 546 |
| Final dividend | 6.04 | 418 | 12.38 | 856 |
| | 16.04 | 1,110 | 20.28 | 1,402 |

B13. Earnings per share

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

| | Quarter ended 31 December | | Year ended 31 December | |
|--|------------------------------|-------------------------|---------------------------|-------------------------|
| | 2022 | 2021 Re-presented ** | 2022 | 2021 Re-presented ** |
| Profit for the financial year | 562 | 467 | 2,488 | 2,255 |
| Weighted average number of ordinary shares in issue (million units) | 6,916 | 6,916 | 6,916 | 6,916 |
| Basic earnings per share (sen) | 8.1 | 6.8 | 36.0 | 32.6 |

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
17 February 2023

Azrin Nashiha Abdul Aziz
Group Secretary