

**QUARTERLY REPORT**

**On the consolidated results for the first quarter ended 31 March 2023**

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<br>31 March |         | %    |
|--|--------|---------------------------|---------|------|
|  |        | 2023                      | 2022    |      |
| Revenue  | A8, A9 | <b>4,069</b>              | 4,381   | (7)  |
| Operating expenses   |        | <b>(3,818)</b>            | (3,525) |      |
| Other operating income   |        | <b>91</b>                 | 249     |      |
| Other losses   |        | <b>(41)</b>               | (76)    |      |
| <b>Operating profit</b>  | B5, A9 | <b>301</b>                | 1,029   | (71) |
| Share of results of joint ventures   |        | <b>2</b>                  | 28      |      |
| Share of results of associates   |        | - *                       | 3       |      |
| <b>Profit before interest and tax</b>  | A9     | <b>303</b>                | 1,060   | (71) |
| Finance income   |        | <b>4</b>                  | 3       |      |
| Finance costs  |        | <b>(52)</b>               | (20)    |      |
| <b>Profit before tax</b>   |        | <b>255</b>                | 1,043   | (76) |
| Tax expense  | B6     | <b>(147)</b>              | (263)   |      |
| <b>Profit for the financial period</b>   |        | <b>108</b>                | 780     | (86) |
| <b>Profit for the financial period attributable to:</b>                        |        |                           |         |      |
| – equity holders of the Company  |        | <b>69</b>                 | 718     | (90) |
| – Perpetual Sukuk  |        | <b>31</b>                 | 31      |      |
| – non-controlling interests  |        | <b>8</b>                  | 31      | (74) |
|  |        | <b>108</b>                | 780     | (86) |
| <b>Basic earnings per share attributable to equity holders of the Company:</b> |        |                           |         |      |
| Basic (sen)  | B12    | <b>1.0</b>                | 10.4    | (90) |

\* Less than 1 million

The unaudited condensed consolidated statement of profit or loss should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2022.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Amounts in RM million unless otherwise stated

|  | Quarter ended<br>31 March |             | %           |
|--|---------------------------|-------------|-------------|
|  | 2023                      | 2022        | + / (-)     |
| <b>Profit for the financial period</b>   | <b>108</b>                | 780         | (86)        |
| <b>Other comprehensive income/(loss):</b>  |                           |             |             |
| Items that will be reclassified subsequently to profit or loss:                  |                           |             |             |
| Currency translation differences gains/(loss):                                   |                           |             |             |
| – subsidiaries   | 238                       | 37          |             |
| – joint ventures and associates  | 3                         | (2)         |             |
| Cash flow hedge  |                           |             |             |
| – changes in fair value  | 46                        | (186)       |             |
| – transfers (to)/from profit or loss   | (16)                      | 110         |             |
| Tax (expense)/credit relating to components of other comprehensive income/(loss) | (7)                       | 13          |             |
|  | <b>264</b>                | <b>(28)</b> |             |
| Items that will be not reclassified subsequently to profit or loss:              |                           |             |             |
| Actuarial gain/(loss) on defined benefit pension plans                           | 9                         | (3)         |             |
| Investments at fair value through other comprehensive income ("FVOCI"):          |                           |             |             |
| – changes in fair value  | - *                       | -           |             |
| Share of other comprehensive income of joint ventures                            | - *                       | -           |             |
| Tax expense relating to components of other comprehensive income/(loss)          | (2)                       | -           |             |
|  | <b>7</b>                  | <b>(3)</b>  |             |
| <b>Total other comprehensive income/(loss) for the financial period</b>          | <b>271</b>                | <b>(31)</b> |             |
| <b>Total comprehensive income for the financial period</b>                       | <b>379</b>                | <b>749</b>  |             |
| <b>Total comprehensive income for the financial period attributable to:</b>      |                           |             |             |
| – equity holders of the Company  | 322                       | 687         | (53)        |
| – Perpetual Sukuk  | 31                        | 31          | -           |
| – non-controlling interests  | 26                        | 31          | (16)        |
| <b>Total</b>   | <b>379</b>                | <b>749</b>  | <b>(49)</b> |

\* Less than 1 million

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2022.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Amounts in RM million unless otherwise stated

|  |             | <b>Unaudited</b> | <b>Audited</b>     |
|--|-------------|------------------|--------------------|
|  |             | <b>As at</b>     | <b>As at</b>       |
|  |             | <b>31 March</b>  | <b>31 December</b> |
|  | <b>Note</b> | <b>2023</b>      | <b>2022</b>        |
| <b>Non-current assets</b>  |             |                  |                    |
| Property, plant and equipment  |             | <b>18,057</b>    | 17,800             |
| Investment properties  |             | <b>11</b>        | 11                 |
| Right-of-use assets  |             | <b>2,356</b>     | 2,008              |
| Joint ventures   |             | <b>373</b>       | 368                |
| Associates   |             | <b>58</b>        | 57                 |
| Intangible assets  |             | <b>2,935</b>     | 2,947              |
| Investments at fair value through other comprehensive income ("FVOCI") |             | <b>22</b>        | 22                 |
| Deferred tax assets  |             | <b>492</b>       | 496                |
| Tax recoverable  |             | <b>169</b>       | 164                |
| Trade and other receivables  |             | <b>38</b>        | 35                 |
|  |             | <b>24,511</b>    | 23,908             |
| <b>Current assets</b>  |             |                  |                    |
| Inventories  |             | <b>2,997</b>     | 2,778              |
| Biological assets  |             | <b>159</b>       | 180                |
| Trade and other receivables  |             | <b>2,275</b>     | 2,603              |
| Tax recoverable  |             | <b>271</b>       | 235                |
| Amounts due from related parties                                       |             | -                | 1                  |
| Derivatives  | B9          | <b>144</b>       | 157                |
| Bank balances, deposits and cash                                       |             | <b>884</b>       | 635                |
|  |             | <b>6,730</b>     | 6,589              |
| <b>Non-current assets held for sale</b> <sup>(1)</sup>                 |             | <b>604</b>       | 651                |
| <b>Total assets</b>  | A9          | <b>31,845</b>    | 31,148             |
| <b>Equity</b>  |             |                  |                    |
| Share capital  |             | <b>1,634</b>     | 1,634              |
| Reserves   |             | <b>14,637</b>    | 14,733             |
| Attributable to equity holders of the Company                          |             | <b>16,271</b>    | 16,367             |
| Perpetual Sukuk  |             | <b>2,200</b>     | 2,231              |
| Non-controlling interests  |             | <b>442</b>       | 418                |
| <b>Total equity</b>  |             | <b>18,913</b>    | 19,016             |

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

Amounts in RM million unless otherwise stated

|   |             | <b>Unaudited</b> | <b>Audited</b>     |
|---|-------------|------------------|--------------------|
|   |             | <b>As at</b>     | <b>As at</b>       |
|   |             | <b>31 March</b>  | <b>31 December</b> |
|   | <b>Note</b> | <b>2023</b>      | <b>2022</b>        |
| <b>Non-current liabilities</b>  |             |                  |                    |
| Retirement benefits   |             | 166              | 158                |
| Deferred income   |             | -                | -                  |
| Deferred tax liabilities  |             | 2,709            | 2,738              |
| Borrowings  | B8          | 3,641            | 3,633              |
| Lease liabilities   |             | 481              | 147                |
| Trade and other payables  |             | 45               | 43                 |
|   |             | <b>7,042</b>     | <b>6,719</b>       |
| <b>Current liabilities</b>  |             |                  |                    |
| Trade and other payables  |             | 2,515            | 2,444              |
| Contract liabilities  |             | 67               | 35                 |
| Amounts due to related parties  |             | 8                | 10                 |
| Retirement benefits   |             | 18               | 15                 |
| Lease liabilities   |             | 41               | 25                 |
| Tax payable   |             | 248              | 219                |
| Derivatives   | B9          | 45               | 62                 |
| Borrowings  | B8          | 2,460            | 2,464              |
| Dividend payable  |             | 418              | -                  |
|   |             | <b>5,820</b>     | <b>5,274</b>       |
| <b>Liabilities directly associated with non-current assets held for sale</b> <sup>(2)</sup> |             | <b>70</b>        | <b>139</b>         |
| <b>Total liabilities</b>  |             | <b>12,932</b>    | <b>12,132</b>      |
| <b>Total equity and liabilities</b>   |             | <b>31,845</b>    | <b>31,148</b>      |
| <b>Net assets per share attributable to equity holders of the Company (RM)</b>              |             | <b>2.35</b>      | <b>2.37</b>        |
| <b>Note:</b>  |             |                  |                    |
| <b>(1) Non-current assets held for sale</b>   |             |                  |                    |
| Non-current assets held for sale  |             |                  |                    |
| – property, plant and equipment   |             | 20               | 20                 |
| Disposal group held for sale  |             |                  |                    |
| – property, plant and equipment   |             | 262              | 250                |
| – right of use assets   |             | 28               | 28                 |
| – tax assets  |             | 114              | 107                |
| – receivables   |             | 120              | 182                |
| – bank balances   |             | 6                | 11                 |
| – other assets  |             | 54               | 53                 |
|   |             | <b>604</b>       | <b>651</b>         |
| <b>(2) Liabilities directly associated with non-current assets held for sale</b>            |             |                  |                    |
| Disposal group held for sale  |             |                  |                    |
| – payables  |             | 50               | 120                |
| – retirement benefits   |             | 13               | 12                 |
| – tax liabilities   |             | 5                | 5                  |
| – other liabilities   |             | 2                | 2                  |
|   |             | <b>70</b>        | <b>139</b>         |

\* Less than 1 million

The unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2022.

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

| Period ended 31 March 2023                          | 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 2023</b>                            | 1,634   | 9               | 10              | (18)           | 20                           | 716              | 13,996           | 16,367        | 2,231           | 418                       | 19,016        |
| Profit for the financial period                     | -   | -               | -               | -              | -                            | -                | 69               | 69            | 31              | 8                         | 108           |
| Other comprehensive income for the financial period | -   | -               | 23              | -              | -                            | 223              | 7                | 253           | -               | 18                        | 271           |
| Total comprehensive income for the financial period | -   | -               | 23              | -              | -                            | 223              | 76               | 322           | 31              | 26                        | 379           |
| Transactions with equity holders:                   |   |                 |                 |                |                              |                  |                  |               |                 |                           |               |
| Dividends   | -   | -               | -               | -              | -                            | -                | (418)            | (418)         | -               | (2)                       | (420)         |
| Distribution to Perpetual Sukuk holders             | -   | -               | -               | -              | -                            | -                | -                | -             | (62)            | -                         | (62)          |
| <b>At 31 March 2023</b>                             | <b>1,634</b>                                  | <b>9</b>        | <b>33</b>       | <b>(18)</b>    | <b>20</b>                    | <b>939</b>       | <b>13,654</b>    | <b>16,271</b> | <b>2,200</b>    | <b>442</b>                | <b>18,913</b> |

| 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 period                            | -   | -               | -               | -              | -                            | -                | 718              | 718           | 31              | 31                        | 780           |
| Other comprehensive (loss)/income for the financial period | -   | -               | (63)            | -              | -                            | 35               | (3)              | (31)          | -               | -                         | (31)          |
| Total comprehensive (loss)/income for the financial period | -   | -               | (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> |

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 2022.

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

|  | Note | Period ended |              |
|--|------|--------------|--------------|
|  |      | 31 March     |              |
|  |      | 2023         | 2022         |
| <b>Cash flows from operating activities</b>          |      |              |              |
| Profit for the financial period                      |      | 108          | 780          |
| Adjustments for:                                     |      |              |              |
| Share of results of joint ventures and associates    |      | (2)          | (31)         |
| Finance income                                       |      | (4)          | (3)          |
| Finance costs  |      | 52           | 20           |
| Gain on disposal of:                                 |      |              |              |
| – property, plant and equipment                      | B5   | (8)          | (8)          |
| – non-current assets held for sale                   | B5   | -            | (47)         |
| Depreciation and amortisation                        | B5   | 345          | 331          |
| Unrealised fair value losses/(gains)                 |      |              |              |
| – commodities contracts                              | B5   | 33           | 68           |
| – forward foreign exchange contracts                 | B5   | (2)          | (4)          |
| Unrealised foreign exchange (gains)/losses           | B5   | (23)         | 71           |
| Tax expense  | B6   | 147          | 263          |
| Fair value changes on biological assets              |      | 24           | (73)         |
| Retirement benefits                                  |      | 24           | 3            |
| Net of impairment/(reversal) of:                     |      |              |              |
| – property, plant and equipment                      | B5   | 6            | -            |
| – advances for plasma plantation projects            | B5   | 1            | -            |
| – trade and other receivables                        | B5   | (1)          | -            |
| Write off of:  |      |              |              |
| – inventories  | B5   | - *          | -            |
| – property, plant and equipment                      | B5   | 3            | 9            |
| – intangible assets                                  | B5   | - *          | -            |
| Write down of inventories                            | B5   | 4            | 7            |
| Dividend income                                      |      | -            | (1)          |
|  |      | <b>707</b>   | <b>1,385</b> |
| Changes in working capital:                          |      |              |              |
| Inventories  |      | (193)        | (900)        |
| Trade and other receivables                          |      | 414          | 198          |
| Trade and other payables                             |      | 63           | 55           |
| Intercompany and related party balances              |      | (2)          | (9)          |
| Cash generated from operations                       |      | <b>989</b>   | <b>729</b>   |
| Tax paid   |      | (191)        | (95)         |
| Retirement benefits paid                             |      | (7)          | (6)          |
| <b>Net cash generated from operating activities</b>  |      | <b>791</b>   | <b>628</b>   |
| <b>Cash flows from investing activities</b>          |      |              |              |
| Finance income received                              |      | 4            | 3            |
| Purchase of:   |      |              |              |
| – property, plant and equipment                      |      | (377)        | (310)        |
| – intangibles assets                                 |      | (1)          | (4)          |
| Advances for plasma plantation projects              |      | - *          | -            |
| Repayment of advances for plasma plantation projects |      | -            | 14           |
| Proceeds from sale of:                               |      |              |              |
| – property, plant and equipment                      |      | 9            | 8            |
| – non-current assets held for sale                   |      | -            | 47           |
| Dividend received from:                              |      |              |              |
| – FVOCI  |      | -            | 1            |
| <b>Net cash used in investing activities</b>         |      | <b>(365)</b> | <b>(241)</b> |

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

Amounts in RM million unless otherwise stated

|   | Note | Period ended |              |
|---|------|--------------|--------------|
|   |      | 31 March     |              |
|   |      | 2023         | 2022         |
| <b>Cash flows from financing activities</b>                                 |      |              |              |
| Distribution to Perpetual Sukuk holders                                     |      | (62)         | (62)         |
| Finance costs paid  |      | (77)         | (27)         |
| Loans raised  |      | 1,726        | 848          |
| Loan repayments   |      | (1,749)      | (588)        |
| Repayment of lease liabilities  |      | (7)          | (6)          |
| Dividends paid to non-controlling interests of subsidiaries                 |      | (2)          | -            |
| <b>Net cash (used in)/generated from financing activities</b>               |      | <b>(171)</b> | <b>165</b>   |
| <b>Net changes in cash and cash equivalents during the financial period</b> |      | <b>255</b>   | <b>552</b>   |
| Foreign exchange difference   |      | (6)          | - *          |
| <b>Cash and cash equivalents at beginning of the period</b>                 |      | <b>635</b>   | <b>589</b>   |
| <b>Cash and cash equivalents at end of the period</b>                       |      | <b>884</b>   | <b>1,141</b> |

\* Less than 1 million

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2022.

## **EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023**

**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 2022.

#### **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 2022 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 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 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 2024

- Amendments to MFRS 101 "Classifications of Liabilities as Current or Non-current" ('2020 amendments') and "Non-current Liabilities with Covenants" ('2022 amendments')
- 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 MARCH 2023**

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<br>31 March |       |
|--|-------|---------------------------|-------|
|  |       | 2023                      | 2022  |
| Revenue from contracts with customers  | A8(a) | 4,062                     | 4,375 |
| Revenue from other sources   | A8(b) | 7                         | 6     |
| Total revenue  |       | <b>4,069</b>              | 4,381 |
| (a) Disaggregation of revenue from contracts with customers  |       |                           |       |
| Upstream   |       |                           |       |
| – Malaysia   |       | 313                       | 92    |
| – Indonesia  |       | 294                       | 212   |
| – Papua New Guinea and Solomon Islands ("PNG/SI")  |       | 49                        | 45    |
| Downstream   |       | 3,361                     | 3,988 |
| Other operations   |       | 45                        | 38    |
|  |       | <b>4,062</b>              | 4,375 |
| Sales of palm based products, other refined edible oils, rubber, sugar, beef and other agricultural products |       | 3,976                     | 4,244 |
| Freight services   |       | 84                        | 96    |
| Tolling services   |       | 2                         | 35    |
|  |       | <b>4,062</b>              | 4,375 |
| Timing of revenue recognition  |       |                           |       |
| – at point in time   |       | 3,976                     | 4,244 |
| – over time  |       | 86                        | 131   |
|  |       | <b>4,062</b>              | 4,375 |
| (b) Revenue from other sources   |       |                           |       |
| Dividend (gross) received/receivable from investments  |       | -                         | 1     |
| Rental income  |       | 7                         | 5     |
|  |       | <b>7</b>                  | 6     |
| (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 2023:

|                | <u>Expected timing of recognition</u><br>During the quarter ending<br>30 June 2023 |
|----------------|--|
| Freight income | <b>67</b>  |

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023

Amounts in RM million unless otherwise stated

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A9. Segment information

|   | Upstream<br>Malaysia | Upstream<br>Indonesia | Upstream<br>PNG/SI | Downstream   | Other<br>operations | Inter-<br>segment<br>elimination | Total        |
|---|----------------------|-----------------------|--------------------|--------------|---------------------|----------------------------------|--------------|
| <b>Period ended 31 March 2023</b>                 |                      |                       |                    |              |                     |                                  |              |
| <b>Segment revenue:</b>                           |                      |                       |                    |              |                     |                                  |              |
| External sales                                    | 319                  | 294                   | 49                 | 3,362        | 45                  | -                                | 4,069        |
| Inter-segment sales                               | 450                  | 303                   | 953                | 97           | 185                 | (1,988)                          | -            |
| Total revenue                                     | <b>769</b>           | <b>597</b>            | <b>1,002</b>       | <b>3,459</b> | <b>230</b>          | <b>(1,988)</b>                   | <b>4,069</b> |
| <b>Segment results:</b>                           |                      |                       |                    |              |                     |                                  |              |
| Operating profit:                                 |                      |                       |                    |              |                     |                                  |              |
| – recurring activities                            | (21)                 | 105                   | 136                | 66           | 15                  | -                                | 301          |
| – non-recurring transactions                      | -                    | -                     | -                  | -            | -                   | -                                | -            |
| Share of results of joint ventures and associates | -                    | -                     | -                  | 2            | - *                 | -                                | 2            |
| Profit before interest and tax                    | <b>(21)</b>          | <b>105</b>            | <b>136</b>         | <b>68</b>    | <b>15</b>           | <b>-</b>                         | <b>303</b>   |
| <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                                     | <b>1,090</b>         | <b>556</b>            | <b>458</b>         | <b>4,012</b> | <b>164</b>          | <b>(1,899)</b>                   | <b>4,381</b> |
| <b>Segment results, Re-presented:**</b>           |                      |                       |                    |              |                     |                                  |              |
| Operating profit:                                 |                      |                       |                    |              |                     |                                  |              |
| – recurring activities                            | 224                  | 153                   | 462                | 132          | 11                  | -                                | 982          |
| – non-recurring transactions                      | 47                   | -                     | -                  | -            | -                   | -                                | 47           |
| Share of results of joint ventures and associates | -                    | -                     | -                  | 29           | 2                   | -                                | 31           |
| Profit before interest and tax                    | <b>271</b>           | <b>153</b>            | <b>462</b>         | <b>161</b>   | <b>13</b>           | <b>-</b>                         | <b>1,060</b> |

\* Less than 1 million

\*\* Refer to Note A14

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023**

Amounts in RM million unless otherwise stated

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

**A9. Segment information (continued)**

|  | Upstream<br>Malaysia | Upstream<br>Indonesia | Upstream<br>PNG/SI | Downstream | Other<br>operations | Inter-<br>segment<br>elimination | Total  |
|--|----------------------|-----------------------|--------------------|------------|---------------------|----------------------------------|--------|
| <b>As at 31 March 2023</b>                       |                      |                       |                    |            |                     |                                  |        |
| <b>Segment assets:</b>                           |                      |                       |                    |            |                     |                                  |        |
| Operating assets                                 | 10,256               | 5,495                 | 7,806              | 5,916      | 405                 | -                                | 29,878 |
| Joint ventures and associates                    | -                    | -                     | -                  | 386        | 45                  | -                                | 431    |
| Non-current assets held for sale                 | 20                   | 470                   | -                  | -          | -                   | -                                | 490    |
|  | 10,276               | 5,965                 | 7,806              | 6,302      | 450                 | -                                | 30,799 |
| Tax assets                                       |                      |                       |                    |            |                     |                                  | 932    |
| Tax assets from non-current assets held for sale |                      |                       |                    |            |                     |                                  | 114    |
| Total assets                                     |                      |                       |                    |            |                     |                                  | 31,845 |

|  | Upstream<br>Malaysia | Upstream<br>Indonesia | Upstream<br>PNG/SI | Downstream | Other<br>operations | Inter-<br>segment<br>elimination | Total  |
|--|----------------------|-----------------------|--------------------|------------|---------------------|----------------------------------|--------|
| <b>As at 31 March 2022</b>                       |                      |                       |                    |            |                     |                                  |        |
| <b>Segment assets, Re-presented:**</b>           |                      |                       |                    |            |                     |                                  |        |
| Operating assets                                 | 10,048               | 5,209                 | 8,588              | 5,690      | 251                 | -                                | 29,786 |
| Joint ventures and associates                    | -                    | -                     | -                  | 385        | 19                  | -                                | 404    |
| Non-current assets held for sale                 | 17                   | 649                   | -                  | -          | -                   | -                                | 666    |
|  | 10,065               | 5,858                 | 8,588              | 6,075      | 270                 | -                                | 30,856 |
| Tax assets                                       |                      |                       |                    |            |                     |                                  | 792    |
| Tax assets from non-current assets held for sale |                      |                       |                    |            |                     |                                  | 97     |
| Total assets                                     |                      |                       |                    |            |                     |                                  | 31,745 |

\*\* Refer to Note A14

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023**

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:

|                                 | <u>As at<br/>31 March<br/>2023</u> | <u>As at<br/>31 December<br/>2022</u> |
|---------------------------------|------------------------------------|---------------------------------------|
| Contracted                      |                                    |                                       |
| – property, plant and equipment | <u>589</u>                         | <u>708</u>                            |

**A11. Significant related party transactions**

Significant related party transactions conducted were as follows:

|  | <u>Quarter ended<br/>31 March</u> |             |
|--|-----------------------------------|-------------|
|  | <u>2023</u>                       | <u>2022</u> |
| (a) Transactions with associates           |                                   |             |
| (i) Purchase of latex concentrate          |                                   |             |
| – Muang Mai Guthrie Public Company Limited | -                                 | 4           |
| (ii) Purchase of palm oil                  |                                   |             |
| – Thai Eastern Trat Company Limited        | <u>18</u>                         | <u>33</u>   |

**(b) Transactions with related parties**

Permodalan Nasional Berhad ("PNB") and the fund managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 55.544% as at 31 March 2023 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.

Transactions entered into with Government related entities include the following:

|  | <u>Quarter ended<br/>31 March</u> |             |
|--|-----------------------------------|-------------|
|  | <u>2023</u>                       | <u>2022</u> |
| (i) Purchase of heavy equipment, spare parts and services                        |                                   |             |
| – Sime Darby Industrial Sdn Bhd  | 4                                 | 8           |
| – Kubota Malaysia Sdn Bhd  | 3                                 | 7           |
| (ii) Purchase of motor vehicle, spare part and maintenance                       |                                   |             |
| – Sime Darby Auto ConneXion Sdn Bhd  | -                                 | -           |
| (iii) Lease of agricultural land   |                                   |             |
| – Kumpulan Sime Darby Berhad   | <u>3</u>                          | <u>4</u>    |
| (iv) Rental expenses   |                                   |             |
| – Sime Darby Property Group  | <u>2</u>                          | <u>4</u>    |
| (c) 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               | -                                 | -           |
| (ii) Purchase of heavy equipment, spare part and services                        |                                   |             |
| – Datuk Mohd Anwar Yahya   | <u>1</u>                          | <u>-</u>    |

\* Less than 1 million

## EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023

Amounts in RM million unless otherwise stated

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

#### A12. Material events subsequent to the end of the financial period

PT Anugerah Sumbermakmur (“ASM”) and PT Minamas Gemilang (“MGG”) (ASM and MGG collectively, “Sellers”), both wholly-owned indirect subsidiaries of Sime Darby Plantation Berhad had on 14 April 2023 entered into two Conditional Shares Sale and Purchase Agreements (“CSPAs”) with PT Global Berkat Usahatama (“PT GBU” or “Purchaser”), a company incorporated in the Republic of Indonesia, for the disposal of the Seller’s cumulative 100% equity interest in PT LSI and PT SHE at a combined total cash consideration of IDR1,750 billion only (equivalent to approximately RM518 million) (“Sale Consideration”) subject to the terms and conditions as contained in the CSPAs (“Proposed Disposal”). Upon completion of the Proposed Disposal, PT LSI and PT SHE will cease to be indirect subsidiaries of the Group.

Other than the above, there were no material events in the interval between the end of the quarter under review and 18 May 2023, 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>2023</b>     | <b>2022</b>        |
| Guarantees in respect of credit facilities granted to: |                 |                    |
| – a joint venture                                      | <b>3</b>        | <b>3</b>           |
| – plasma stakeholders                                  | <b>149</b>      | <b>146</b>         |
|  | <b>152</b>      | <b>149</b>         |

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

As disclosed previously, the Group has reassessed the segregation of its operating segments and reclassified the oleochemical business to the downstream segment in order to strengthen the monitoring of its performance. Consequently, the Group’s share of results from joint ventures in the oleochemical business has been reclassified from the other operations segment to the downstream segment. The comparative figures for segment information have been re-presented.

Hence, arising from the above reclassification, the prior period’s comparatives are unaudited.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023**

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 2023 against the previous year corresponding quarter ended 31 March 2022**

|   | Quarter ended<br>31 March |                         | +/(–)  |
|---|---------------------------|-------------------------|--------|
|   | 2023                      | 2022<br>Re-presented ** | %      |
| Revenue   | <b>4,069</b>              | 4,381                   | (7)    |
| Segment results:  |                           |                         |        |
| Upstream Malaysia   | <b>(21)</b>               | 224                     | >(100) |
| Upstream Indonesia  | <b>105</b>                | 153                     | (31)   |
| Upstream PNG/SI   | <b>136</b>                | 462                     | (71)   |
| Downstream  | <b>68</b>                 | 161                     | (58)   |
| Other operations  | <b>15</b>                 | 13                      | 15     |
| Recurring profit before interest and tax                              | <b>303</b>                | 1,013                   | (70)   |
| Non-recurring transactions  | -                         | 47                      | (100)  |
| <b>Profit before interest and tax</b>                                 | <b>303</b>                | 1,060                   | (71)   |
| Finance income  | <b>4</b>                  | 3                       |        |
| Finance costs   | <b>(52)</b>               | (20)                    |        |
| <b>Profit before tax</b>  | <b>255</b>                | 1,043                   | (76)   |
| Tax expense   | <b>(147)</b>              | (263)                   |        |
| <b>Profit for the financial period</b>                                | <b>108</b>                | 780                     | (86)   |
| Perpetual Sukuk   | <b>(31)</b>               | (31)                    |        |
| Non-controlling interests   | <b>(8)</b>                | (31)                    |        |
| <b>Profit after tax attributable to equity holders of the Company</b> | <b>69</b>                 | 718                     | (90)   |

\*\* Refer to Note A14

For the quarter ended 31 March 2023, the Group registered a net profit of RM69 million, a decline from RM718 million recorded in the corresponding quarter of the previous year, which was impacted by both lower recurring and non-recurring profit before interest and tax ("PBIT") and higher finance costs.

Finance costs increased to RM52 million, due to higher interest rates affected by the increase in benchmark interest rates, partially mitigated by lower borrowings. Average interest rate was 5.3% per annum, as compared to 1.9% per annum in the corresponding quarter.

The Group's effective tax rate for the quarter was 58% mainly due to the withholding tax payable on intercompany dividends from foreign subsidiaries.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023**

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 2023 against the previous year corresponding quarter ended 31 March 2022 (continued)**

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

Upstream

Recurring PBIT for the Upstream segment declined to RM220 million, 74% lower than the previous corresponding quarter of RM839 million, primarily due to the following factors:

- i) lower CPO and PK average realised prices which declined by 13% and 56%, respectively;
- ii) a 5% decline in fresh fruit bunch ("FFB") production to 1.82 million MT; and
- iii) lower oil extraction rate ("OER") which decreased from 21.36% to 21.02%.

In addition, higher operating costs were recorded during the current quarter, mainly affected by higher fertiliser prices.

| Segment            | CPO price realised (RM per MT) |       |       | FFB production (MT'000) |       |       |
|--------------------|--------------------------------|-------|-------|-------------------------|-------|-------|
|                    | Quarter ended                  |       | +/(–) | Quarter ended           |       | +/(–) |
|                    | 31 March                       |       |       | 31 March                |       |       |
|                    | <b>2023</b>                    | 2022  | %     | <b>2023</b>             | 2022  | %     |
| Upstream Malaysia  | <b>4,148</b>                   | 4,122 | 1     | <b>785</b>              | 883   | (11)  |
| Upstream Indonesia | <b>3,455</b>                   | 4,112 | (16)  | <b>566</b>              | 560   | 1     |
| Upstream PNG/SI    | <b>4,034</b>                   | 5,527 | (27)  | <b>472</b>              | 467   | 1     |
| Total              | <b>3,887</b>                   | 4,465 | (13)  | <b>1,823</b>            | 1,910 | (5)   |

| Segment            | PK price realised (RM per MT) |       |       | CPO Extraction Rate (%) |       |        |
|--------------------|-------------------------------|-------|-------|-------------------------|-------|--------|
|                    | Quarter ended                 |       | +/(–) | Quarter ended           |       | +/(–)  |
|                    | 31 March                      |       |       | 31 March                |       |        |
|                    | <b>2023</b>                   | 2022  | %     | <b>2023</b>             | 2022  | pp     |
| Upstream Malaysia  | <b>2,031</b>                  | 4,495 | (55)  | <b>19.95</b>            | 20.24 | (0.29) |
| Upstream Indonesia | <b>1,469</b>                  | 3,453 | (57)  | <b>21.38</b>            | 21.82 | (0.44) |
| Upstream PNG/SI    | -                             | -     | -     | <b>22.25</b>            | 22.84 | (0.59) |
| Total              | <b>1,794</b>                  | 4,105 | (56)  | <b>21.02</b>            | 21.36 | (0.34) |

Downstream

The Downstream sector reported a PBIT of RM68 million in the current quarter, mainly due to:

- i) a decline in sales volumes in Asia Pacific bulk operations; and
- ii) lower sales margins recorded by the Asia Pacific bulk and differentiated operations.

The above was partially mitigated by higher profits recorded by the European refineries due to higher margins and sales volumes.

Other operations

Other operations from the Group's agribio and research units reported marginally higher profits in the current quarter.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023**

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  |                | +/(–)<br>% |
|---|----------------|----------------|------------|
|   | 31 Mar<br>2023 | 31 Dec<br>2022 |            |
| Revenue   | 4,069          | 5,670          | (28)       |
| Segment results:  |                |                |            |
| Upstream Malaysia   | (21)           | 62             | >(100)     |
| Upstream Indonesia  | 105            | 460            | (77)       |
| Upstream PNG/SI   | 136            | 180            | (24)       |
| Downstream  | 68             | 89             | (24)       |
| Other operations  | 15             | (2)            | >100       |
| Recurring profit before interest and tax                              | 303            | 789            | (62)       |
| Non-recurring transactions  | -              | (2)            | 100        |
| <b>Profit before interest and tax</b>                                 | <b>303</b>     | <b>787</b>     | (61)       |
| Finance income  | 4              | 4              |            |
| Finance costs   | (52)           | (48)           |            |
| <b>Profit before tax</b>  | <b>255</b>     | <b>743</b>     | (66)       |
| Tax expense   | (147)          | (133)          |            |
| <b>Profit for the financial period</b>                                | <b>108</b>     | <b>610</b>     | (82)       |
| Perpetual Sukuk   | (31)           | (31)           |            |
| Non-controlling interests   | (8)            | (17)           |            |
| <b>Profit after tax attributable to equity holders of the Company</b> | <b>69</b>      | <b>562</b>     | (88)       |

The Group registered net earnings of RM69 million with declines attributed to both Upstream and Downstream segments.

Finance costs were 8% higher, due to an increase in the benchmark lending rates in the current quarter, mitigated by 7% lower average borrowings.

The higher effective tax rate was due to the withholding tax payable on the receipt of intercompany foreign dividends.



**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023**

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 declined to RM220 million, as compared to RM702 million recorded in the preceding quarter, mainly due to the following factors:

- (i) a 12% decline in FFB production in the current quarter;
- (ii) lower average CPO realised price which declined by 3% to RM3,887 per MT; and
- (iii) lower gains from government acquisition of land.

The above factors were partially mitigated by the slight improvement in the average PK realised price which increased by 2% and OER achieved at 21.02%.

| Segment            | CPO price realised (RM per MT) |              |            | FFB production (MT'000) |              |             |
|--------------------|--------------------------------|--------------|------------|-------------------------|--------------|-------------|
|                    | Quarter ended                  |              | +/(–)      | Quarter ended           |              | +/(–)       |
|                    | Mar 2023                       | Dec 2022     | %          | Mar 2023                | Dec 2022     | %           |
| Upstream Malaysia  | 4,148                          | 4,560        | (9)        | 785                     | 865          | (9)         |
| Upstream Indonesia | 3,455                          | 3,410        | 1          | 566                     | 728          | (22)        |
| Upstream PNG/SI    | 4,034                          | 4,138        | (2)        | 472                     | 480          | (2)         |
| <b>Total</b>       | <b>3,887</b>                   | <b>4,005</b> | <b>(3)</b> | <b>1,823</b>            | <b>2,073</b> | <b>(12)</b> |

  

| Segment            | PK price realised (RM per MT) |              |          | CPO Extraction Rate (%) |              |             |
|--------------------|-------------------------------|--------------|----------|-------------------------|--------------|-------------|
|                    | Quarter ended                 |              | +/(–)    | Quarter ended           |              | +/(–)       |
|                    | Mar 2023                      | Dec 2022     | %        | Mar 2023                | Dec 2022     | pp          |
| Upstream Malaysia  | 2,031                         | 2,117        | (4)      | 19.95                   | 19.65        | 0.30        |
| Upstream Indonesia | 1,469                         | 1,379        | 7        | 21.38                   | 21.10        | 0.28        |
| Upstream PNG/SI    | -                             | -            | -        | 22.25                   | 22.69        | (0.44)      |
| <b>Total</b>       | <b>1,794</b>                  | <b>1,756</b> | <b>2</b> | <b>21.02</b>            | <b>20.92</b> | <b>0.10</b> |

Downstream

The Downstream segment's recurring PBIT declined by 24% to RM68 million, mainly due to lower sales volumes and margins earned from the Asia Pacific bulk and differentiated operations which were mitigated by higher profits from the European refineries due to improved sales volumes and margins.

Other operations

Other operations reported a profit of RM15 million in the current quarter in line with profits from the Group's research and agribio operations as well as investment holding companies.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023**

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 trade at current level in the near term with the price competitiveness of CPO being dependent on a few factors, including the supply outlook of competing oils as well as Indonesia’s palm oil export policies.

Macroeconomic and geopolitical challenges including concerns of slowing economic growth and high interest rates could limit the upside potential of commodity prices. Furthermore, the lower demand and higher stockpiles in major importing countries could pose further challenges to CPO prices this year.

The Group anticipates registering improved Fresh Fruit Bunch (“FFB”) production this year with the easing of labour shortage in Malaysia. Additionally, with the Group’s intensive mechanisation, automation and digitalisation efforts in its operations, the Group is optimistic of achieving improved productivity.

The Group expects its FY2023 performance to remain challenging.

**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</b> |             |
|---|----------------------|-------------|
|   | <b>31 March</b>      |             |
|   | <b>2023</b>          | <b>2022</b> |
| Depreciation and amortisation                 | <b>(345)</b>         | (331)       |
| Unrealised fair value (losses)/gains          |                      |             |
| – commodities contracts                       | <b>(33)</b>          | (68)        |
| – forward foreign exchange contracts          | <b>2</b>             | 4           |
| Gain on disposals of:                         |                      |             |
| – property, plant and equipment               | <b>8</b>             | 8           |
| – non-current assets held for sale            | -                    | 47          |
| Net of (impairment)/reversal of:              |                      |             |
| – property, plant and equipment               | <b>(6)</b>           | -           |
| – trade and other receivables                 | <b>1</b>             | -           |
| – advances for plasma plantation projects     | <b>(1)</b>           | -           |
| Unrealised foreign exchange gain/(losses)     | <b>23</b>            | (71)        |
| Write down of inventories                     | <b>(4)</b>           | (7)         |
| Write off of:                                 |                      |             |
| – property, plant and equipment               | <b>(3)</b>           | (9)         |
| – intangible assets                           | - *                  | -           |
| – inventories                                 | - *                  | -           |
| Included in finance costs is:                 |                      |             |
| Finance costs on interest rate swap contracts | -                    | 1           |

\* Less than 1 million.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023**

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<br>31 March |            |
|---|---------------------------|------------|
|   | 2023                      | 2022       |
| In respect of current financial period: |                           |            |
| – current tax                           | 186                       | 307        |
| – deferred tax                          | (43)                      | (45)       |
|   | <u>143</u>                | <u>262</u> |
| In respect of prior financial period:   |                           |            |
| – current tax                           | 4                         | 1          |
| Tax expenses                            | <u>147</u>                | <u>263</u> |

For the quarter ended 31 March 2023, the Group reported a total tax expense of RM147 million on the back of a profit before tax from operations of RM255 million, with a higher effective tax rate of 58% arising from withholding taxes paid on the intercompany dividends from the Group's foreign subsidiaries.

**B7. Status of announced corporate proposals**

The corporate proposal announced but not completed as at 24 May 2023 is disclosed in A12.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023**

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 2023 are as follows:

|  | Secured | Unsecured | Total |
|--|---------|-----------|-------|
| <b>Long-term</b>                           |         |           |       |
| Term loans                                 | -       | 1,193     | 1,193 |
| Revolving credits-i                        | -       | 1,974     | 1,974 |
| Bonds                                      | -       | 481       | 481   |
| Unamortised deferred financing expenses    | -       | (7)       | (7)   |
|  | -       | 3,641     | 3,641 |
| <b>Short-term</b>                          |         |           |       |
| Term loans                                 | -       | 245       | 245   |
| Revolving credits                          | -       | 2,196     | 2,196 |
| Trade facilities                           | 20      | -         | 20    |
| Unamortised deferred financing expenses    | -       | (1)       | (1)   |
|  | 20      | 2,440     | 2,460 |
| <b>Total</b>                               | 20      | 6,081     | 6,101 |
| <b>Borrowings of the Group consist of:</b> |         |           |       |
| – principal                                | 20      | 6,089     | 6,109 |
| – unamortised deferred financing expenses  | -       | (8)       | (8)   |
|  | 20      | 6,081     | 6,101 |

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  | 481       | 92         | 573   |
| Ringgit Malaysia     | 760       | 1,440      | 2,200 |
| United States Dollar | 2,400     | 928        | 3,328 |
|                      | 3,641     | 2,460      | 6,101 |

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023**

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 March 2023 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 | -  | 15             | -                  | 28             | <b>(13)</b>           |
| Commodities contracts              | -  | 129            | -                  | 17             | <b>112</b>            |
|                                    | -  | 144            | -                  | 45             | <b>99</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 2023, the notional amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

| <b>Maturity tenor</b> | <b>Notional amount</b> | <b>Net fair value liabilities</b> |
|-----------------------|------------------------|-----------------------------------|
| Less than 1 year      | 1,752                  | <b>(13)</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 2023 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 | 52,813                         | 222                    | <b>129</b>                                  |
| – Sale contracts     | 211,855                        | 1,061                  | <b>(17)</b>                                 |
|                      |                                |                        | <b>112</b>                                  |

## EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023

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.

## EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023

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)

##### (b) 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 RM28.9 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 RM44.7 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 and filed a timely appeal in the Piraeus Court of Appeal. Following the hearing of the appeals for Lawsuit 1 and Lawsuit 2 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 RM10.1 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.

##### (c) 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") alleging that:

(i) the 4th and 5th Defendants had agreed to sell their shares in PT Ladangrumpun Sururabadi ("PT LSI") and PT Sajang Heulang ("PT SHE") for the sum IDR1.65 trillion (approximately RM484.8 million) based on correspondences between AKMP and the 4th and 5th Defendants and 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 had not been executed;

(iii) the 4th and 5th Defendants acted in bad faith by denying the existence of an agreement for the sale and purchase of shares;

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023**

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)

**(c) 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)**

(iv) the defendants had 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 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 PT LSI and PT SHE to a third party;
- (c) the 4th and 5th Defendants had not provided the shares of PT LSI and PT SHE to AKMP who is considered as a good faith buyer; and
- (d) the 4th and 5th Defendants had 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 had committed an unlawful act;
  - (b) the sale and purchase of PT LSI and PT SHE's shares are valid; and
  - (c) AKMP is a good faith buyer;
- (ii) an order that the defendants handover the shares of PT LSI and PT SHE to AKMP;
- (iii) an order for the defendants to pay material compensation in the amount of IDR882.5 billion (approximately RM259.3 million);
- (iv) an order for the defendants to pay immaterial compensation in the amount of IDR5 trillion (equivalent to approximately RM1.47 billion) for, among others, loss of reputation and the efforts that had 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.

SDP had been advised by its solicitors in Indonesia that the defendants had 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.

At the hearing on 14 February 2023, AKMP was unable to provide the original Power of Attorney, Deed of Establishment and Articles of Association, hence the Panel of Judges instructed AKMP to complete the said documents at the next hearing. The Panel of Judges also 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.

As of to date the 2nd and 3rd Defendants had not received the court summons.

On 14 April 2023, AKMP and the 5 defendants executed a Settlement Agreement to settle and conclude the lawsuit, following an agreement for the 4th and 5th Defendants to sell the shares in PT LSI and PT SHE to PT Global Berkat Usahatama ("PT GBU"), the party appointed by AKMP. AKMP and the Defendants will submit the Settlement Agreement to the court for ratification and for a final and binding decision to be issued in respect thereof.



**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2023**

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. Dividend**

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

**B12. Earnings per share**

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

|  | <b>Quarter ended<br/>31 March</b> |             |
|--|-----------------------------------|-------------|
|  | <b>2023</b>                       | <b>2022</b> |
| Profit for the financial period  | <b>69</b>                         | 718         |
| Weighted average number of ordinary shares<br>in issue (million units) | <b>6,916</b>                      | 6,916       |
| Basic earnings per share (sen)   | <b>1.0</b>                        | 10.4        |

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

By Order of the Board

Petaling Jaya  
24 May 2023

Azrin Nashiha Abdul Aziz  
Group Secretary