

**QUARTERLY REPORT**

**On the consolidated results for the second quarter ended 30 June 2023**

The Directors are pleased to announce the following:

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

Amounts in RM million unless otherwise stated

		Quarter ended		%	Half year-ended		%
		30 June			30 June		
	Note	2023	2022	+ / (-)	2023	2022	+ / (-)
Revenue	A8, A9	<b>4,305</b>	5,587	(23)	<b>8,374</b>	9,968	(16)
Operating expenses		<b>(4,032)</b>	(4,859)		<b>(7,850)</b>	(8,384)	
Other operating income		<b>297</b>	291		<b>388</b>	540	
Other (losses)/gains		<b>(50)</b>	90		<b>(91)</b>	14	
<b>Operating profit</b>	B5, A9	<b>520</b>	1,109	(53)	<b>821</b>	2,138	(62)
Share of results of joint ventures		<b>6</b>	31		<b>8</b>	59	
Share of results of associates		<b>1</b>	6		<b>1</b>	9	
<b>Profit before interest and tax</b>	A9	<b>527</b>	1,146	(54)	<b>830</b>	2,206	(62)
Finance income		<b>3</b>	3		<b>7</b>	6	
Finance costs		<b>(49)</b>	(28)		<b>(101)</b>	(48)	
<b>Profit before tax</b>		<b>481</b>	1,121	(57)	<b>736</b>	2,164	(66)
Tax expense	B6	<b>(59)</b>	(259)		<b>(206)</b>	(522)	
<b>Profit for the financial period</b>		<b>422</b>	862	(51)	<b>530</b>	1,642	(68)
<b>Profit for the financial period attributable to:</b>							
– equity holders of the Company		<b>380</b>	812	(53)	<b>449</b>	1,530	(71)
– Perpetual Sukuk		<b>31</b>	31		<b>62</b>	62	
– non-controlling interests		<b>11</b>	19		<b>19</b>	50	
		<b>422</b>	862	(51)	<b>530</b>	1,642	(68)
<b>Basic earnings per share attributable to equity holders of the Company:</b>							
Basic (sen)	B12	<b>5.5</b>	11.7	(53)	<b>6.5</b>	22.1	(71)

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		%	Half year-ended		%
	30 June			30 June		
	2023	2022	+ / (-)	2023	2022	+ / (-)
<b>Profit for the financial period</b>	<b>422</b>	<b>862</b>	(51)	<b>530</b>	<b>1,642</b>	(68)
<b>Other comprehensive income/(loss):</b>						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences gains/(loss):						
– subsidiaries	672	265		910	302	
– joint ventures and associates	24	(12)		27	(14)	
Cash flow hedge						
– changes in fair value	11	99		57	(87)	
– transfers (to)/from profit or loss	(34)	186		(50)	296	
Tax credit/(expense) relating to components of other comprehensive (loss)/income	18	(70)		11	(57)	
	<b>691</b>	<b>468</b>		<b>955</b>	<b>440</b>	
Items that will be not reclassified subsequently to profit or loss:						
Actuarial gain/(loss) on defined benefit pension plans	- *	2		9	(1)	
Investments at fair value through other comprehensive income ("FVOCI"):						
– changes in fair value	- *	-		- *	-	
Share of other comprehensive income of joint ventures	1	-		1	-	
Tax expense relating to components of other comprehensive income/(loss)	- *	- *		(2)	- *	
	<b>1</b>	<b>2</b>		<b>8</b>	<b>(1)</b>	
<b>Total other comprehensive income for the financial period</b>	<b>692</b>	<b>470</b>		<b>963</b>	<b>439</b>	
<b>Total comprehensive income for the financial period</b>	<b>1,114</b>	<b>1,332</b>		<b>1,493</b>	<b>2,081</b>	
<b>Total comprehensive income for the financial period attributable to:</b>						
– equity holders of the Company	1,060	1,283	(17)	1,382	1,970	(30)
– Perpetual Sukuk	31	31	-	62	62	-
– non-controlling interests	23	18	28	49	49	-
<b>Total</b>	<b>1,114</b>	<b>1,332</b>	(16)	<b>1,493</b>	<b>2,081</b>	(28)

\* 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

		Unaudited	Audited
		As at 30 June 2023	As at 31 December 2022
	Note		
<b>Non-current assets</b>			
Property, plant and equipment		18,786	17,800
Investment properties		11	11
Right-of-use assets		2,406	2,008
Joint ventures		402	368
Associates		51	57
Intangible assets		3,086	2,947
Investments at fair value through other comprehensive income ("FVOCI")		22	22
Deferred tax assets		485	496
Tax recoverable		162	164
Trade and other receivables		46	35
		<b>25,457</b>	<b>23,908</b>
<b>Current assets</b>			
Inventories		3,112	2,778
Biological assets		190	180
Trade and other receivables		2,905	2,603
Tax recoverable		401	235
Amounts due from related parties		-	1
Derivatives	B9	96	157
Bank balances, deposits and cash		668	635
		<b>7,372</b>	<b>6,589</b>
<b>Non-current assets held for sale</b> <sup>(1)</sup>		<b>616</b>	<b>651</b>
<b>Total assets</b>	A9	<b>33,445</b>	<b>31,148</b>
<b>Equity</b>			
Share capital		1,634	1,634
Reserves		15,697	14,733
Attributable to equity holders of the Company		<b>17,331</b>	<b>16,367</b>
Perpetual Sukuk		2,231	2,231
Non-controlling interests		443	418
<b>Total equity</b>		<b>20,005</b>	<b>19,016</b>

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

Amounts in RM million unless otherwise stated

		Unaudited	Audited
		As at	As at
		30 June	31 December
	Note	2023	2022
<b>Non-current liabilities</b>			
Retirement benefits		171	158
Deferred income		-	-
Deferred tax liabilities		2,747	2,738
Borrowings	B8	3,684	3,633
Lease liabilities		483	147
Trade and other payables		50	43
		<b>7,135</b>	<b>6,719</b>
<b>Current liabilities</b>			
Trade and other payables		2,566	2,444
Contract liabilities		57	35
Amounts due to related parties		7	10
Retirement benefits		19	15
Lease liabilities		43	25
Tax payable		116	219
Derivatives	B9	40	62
Borrowings	B8	3,385	2,464
		<b>6,233</b>	<b>5,274</b>
<b>Liabilities directly associated with non-current assets held for sale</b> <sup>(2)</sup>		<b>72</b>	<b>139</b>
<b>Total liabilities</b>		<b>13,440</b>	<b>12,132</b>
<b>Total equity and liabilities</b>		<b>33,445</b>	<b>31,148</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>		<b>2.51</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		18	20
Disposal group held for sale			
– property, plant and equipment		280	250
– right of use assets		29	28
– tax assets		124	107
– receivables		99	182
– bank balances		10	11
– other assets		56	53
		<b>616</b>	<b>651</b>
<b>(2) Liabilities directly associated with non-current assets held for sale</b>			
Disposal group held for sale			
– payables		51	120
– retirement benefits		13	12
– tax liabilities		5	5
– other liabilities		3	2
		<b>72</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

	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>Half year-ended 30 June 2023</b>											
<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	-	-	-	-	-	-	449	449	62	19	530
Other comprehensive income for the financial period	-	-	18	-	-	908	7	933	-	30	963
Total comprehensive income for the financial period	-	-	18	-	-	908	456	1,382	62	49	1,493
Transactions with equity holders:											
Dividends	-	-	-	-	-	-	(418)	(418)	-	(24)	(442)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(62)	-	(62)
<b>At 30 June 2023</b>	<b>1,634</b>	<b>9</b>	<b>28</b>	<b>(18)</b>	<b>20</b>	<b>1,624</b>	<b>14,034</b>	<b>17,331</b>	<b>2,231</b>	<b>443</b>	<b>20,005</b>

	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>Half year-ended 30 June 2022</b>											
<b>At 1 January 2022</b>	1,634	9	(126)	(18)	27	645	13,017	15,188	2,231	437	17,856
Profit for the financial period	-	-	-	-	-	-	1,530	1,530	62	50	1,642
Other comprehensive income/(loss) for the financial period	-	-	152	-	-	288	- *	440	-	(1)	439
Total comprehensive income for the financial period	-	-	152	-	-	288	1,530	1,970	62	49	2,081
Transactions with equity holders:											
Dividends	-	-	-	-	-	-	(856)	(856)	-	(38)	(894)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(62)	-	(62)
<b>At 30 June 2022</b>	<b>1,634</b>	<b>9</b>	<b>26</b>	<b>(18)</b>	<b>27</b>	<b>933</b>	<b>13,691</b>	<b>16,302</b>	<b>2,231</b>	<b>448</b>	<b>18,981</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	Half year-ended 30 June	
		2023	2022
<b>Cash flows from operating activities</b>			
Profit for the financial period		530	1,642
Adjustments for:			
Share of results of joint ventures and associates		(9)	(68)
Finance income		(7)	(6)
Finance costs		101	48
Gain on disposal of:			
– property, plant and equipment	B5	(8)	(12)
– non-current assets held for sale	B5	(196)	(275)
Depreciation and amortisation	B5	702	670
Unrealised fair value losses/(gains)			
– commodities contracts	B5	43	(85)
– forward foreign exchange contracts	B5	6	21
Unrealised foreign exchange losses	B5	28	38
Tax expense	B6	206	522
Fair value changes on biological assets		1	20
Retirement benefits		32	27
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	2	-
– property, plant and equipment	B5	7	9
– right-of-use assets	B5	-	- *
– intangible assets	B5	1	1
Write down of inventories	B5	20	91
Dividend income		-	(3)
		<b>1,465</b>	<b>2,640</b>
Changes in working capital:			
Inventories		(195)	(1,101)
Trade and other receivables		(84)	(72)
Trade and other payables		22	32
Intercompany and related party balances		(3)	(8)
Cash generated from operations		<b>1,205</b>	<b>1,491</b>
Tax paid		(510)	(437)
Retirement benefits paid		(16)	(11)
<b>Net cash generated from operating activities</b>		<b>679</b>	<b>1,043</b>
<b>Cash flows from investing activities</b>			
Finance income received		7	6
Purchase of:			
– property, plant and equipment		(880)	(664)
– intangibles assets		(3)	(7)
Advances for plasma plantation projects		(1)	(2)
Repayment of advances for plasma plantation projects		-	30
Proceeds from sale of:			
– property, plant and equipment		10	16
– non-current assets held for sale		198	285
Dividend received from:			
– other investments		-	3
– an associate		9	4
<b>Net cash used in investing activities</b>		<b>(660)</b>	<b>(329)</b>

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

Amounts in RM million unless otherwise stated

	Note	Half year-ended 30 June	
		2023	2022
<b>Cash flows from financing activities</b>			
Distribution to Perpetual Sukuk holders		(62)	(62)
Finance costs paid		(160)	(64)
Loans raised		3,435	2,200
Loan repayments		(2,720)	(1,820)
Repayment of lease liabilities		(26)	(12)
Dividends paid to shareholders		(418)	(856)
Dividends paid to non-controlling interests of subsidiaries		(24)	(38)
<b>Net cash generated from/(used in) financing activities</b>		<b>25</b>	<b>(652)</b>
<b>Net changes in cash and cash equivalents during the financial period</b>		<b>44</b>	<b>62</b>
Foreign exchange difference		(11)	1
<b>Cash and cash equivalents at beginning of the period</b>		<b>635</b>	<b>665</b>
<b>Cash and cash equivalents at end of the period</b>		<b>668</b>	<b>728</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 – 30 JUNE 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, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates
- Amendments to MFRS 112 on "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 on "Classification of Liabilities as Current or Non-current" ('2020 amendments') and "Non-current Liabilities with Covenants" ('2022 amendments')
- Amendments to MFRS 16 on Lease Liability in a Sale and Leaseback
- Amendments to MFRS 107 and MFRS 7 on Supplier Finance Arrangements

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 – 30 JUNE 2023**

Amounts in RM million unless otherwise stated

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

**A7. Dividends paid**

Dividends paid during the quarter ended 30 June 2023 are as follows:

	<b>Half year-ended 30 June 2023</b>
In respect of financial year ended 31 December 2022	
- Final dividend of 6.04 sen per share, paid in cash on 15 May 2023	<b>418</b>

**A8. Revenue**

The Group derived the following types of revenue:

		<b>Half year-ended 30 June</b>	
	<b>Note</b>	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers	A8(a)	<b>8,360</b>	9,954
Revenue from other sources	A8(b)	<b>14</b>	14
<b>Total revenue</b>		<b>8,374</b>	9,968
(a) Disaggregation of revenue from contracts with customers			
Upstream			
– Malaysia		<b>513</b>	1,631
– Indonesia		<b>514</b>	419
– Papua New Guinea and Solomon Islands ("PNG/SI")		<b>80</b>	24
Downstream		<b>7,185</b>	7,824
Other operations		<b>68</b>	56
		<b>8,360</b>	9,954
Sales of palm based products, other refined edible oils, rubber, sugar, beef and other agricultural products		<b>8,218</b>	9,773
Freight services		<b>136</b>	98
Tolling services		<b>6</b>	83
		<b>8,360</b>	9,954
Timing of revenue recognition			
– at point in time		<b>8,218</b>	9,773
– over time		<b>142</b>	181
		<b>8,360</b>	9,954
(b) Revenue from other sources			
Dividend (gross) received/receivable from investments		-	3
Rental income		<b>14</b>	11
		<b>14</b>	14
(c) Revenue expected to be recognised in relation to unsatisfied performance obligations			

The following table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially unsatisfied) as at 30 June 2023:

	<b><u>Expected timing of recognition</u> During the quarter ending 30 September 2023</b>
Freight income	<b>57</b>

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 2023**

Amounts in RM million unless otherwise stated

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

**A9. Segment information**

	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter- segment elimination	Total
<b>Half year-ended 30 June 2023</b>							
<b>Segment revenue:</b>							
External sales	525	514	80	7,187	68	-	8,374
Inter-segment sales	1,213	603	1,544	177	346	(3,883)	-
<b>Total revenue</b>	<b>1,738</b>	<b>1,117</b>	<b>1,624</b>	<b>7,364</b>	<b>414</b>	<b>(3,883)</b>	<b>8,374</b>
<b>Segment results:</b>							
Operating profit:							
– recurring activities	(46)	268	186	184	33	-	625
– non-recurring transactions	196	-	-	-	-	-	196
Share of results of joint ventures and associates	-	-	-	8	1	-	9
<b>Profit before interest and tax</b>	<b>150</b>	<b>268</b>	<b>186</b>	<b>192</b>	<b>34</b>	<b>-</b>	<b>830</b>
<b>Half year-ended 30 June 2022</b>							
<b>Segment revenue:</b>							
External sales	210	419	74	9,209	56	-	9,968
Inter-segment sales	2,209	698	1,540	53	258	(4,758)	-
<b>Total revenue</b>	<b>2,419</b>	<b>1,117</b>	<b>1,614</b>	<b>9,262</b>	<b>314</b>	<b>(4,758)</b>	<b>9,968</b>
<b>Segment results, Re-presented:**</b>							
Operating profit:							
– recurring activities	290	259	908	375	27	-	1,859
– non-recurring transactions	276	-	-	-	3	-	279
Share of results of joint ventures and associates	-	-	-	61	7	-	68
<b>Profit before interest and tax</b>	<b>566</b>	<b>259</b>	<b>908</b>	<b>436</b>	<b>37</b>	<b>-</b>	<b>2,206</b>

\*\* Refer to Note A14

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 2023**

Amounts in RM million unless otherwise stated

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

**A9. Segment information (continued)**

	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter- segment elimination	Total
<b>As at 30 June 2023</b>							
<b>Segment assets:</b>							
Operating assets	10,138	6,222	8,210	6,380	378	-	31,328
Joint ventures and associates	-	-	-	415	38	-	453
Non-current assets held for sale	18	474	-	-	-	-	492
	<b>10,156</b>	<b>6,696</b>	<b>8,210</b>	<b>6,795</b>	<b>416</b>	<b>-</b>	<b>32,273</b>
Tax assets							1,048
Tax assets from non-current assets held for sale							124
Total assets							<b>33,445</b>

	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter- segment elimination	Total
<b>As at 30 June 2022</b>							
<b>Segment assets, Re-presented:**</b>							
Operating assets	10,154	5,319	8,300	6,333	197	-	30,303
Joint ventures and associates	-	-	-	430	18	-	448
Non-current assets held for sale	8	450	-	-	-	-	458
	<b>10,162</b>	<b>5,769</b>	<b>8,300</b>	<b>6,763</b>	<b>215</b>	<b>-</b>	<b>31,209</b>
Tax assets							854
Tax assets from non-current assets held for sale							94
Total assets							<b>32,157</b>

\*\* Refer to Note A14

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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 30 June 2023</u>	<u>As at 31 December 2022</u>
Contracted		
– property, plant and equipment	<u>747</u>	<u>708</u>

**A11. Significant related party transactions**

Significant related party transactions conducted were as follows:

	<u>Half year-ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
(a) Transactions with associates		
(i) Purchase of latex concentrate		
– Muang Mai Guthrie Public Company Limited	- *	8
(ii) Purchase of palm oil		
– Thai Eastern Trat Company Limited	<u>41</u>	<u>84</u>

(b) Transactions with related parties

Permodalan Nasional Berhad ("PNB") and the fund managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 55.428% as at 30 June 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.

(c) Transactions entered into with Government related entities include the following:

	<u>Half year-ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
(i) Purchase of heavy equipment, spare parts and services		
– Sime Darby Industrial Sdn Bhd	8	15
– Kubota Malaysia Sdn Bhd	<u>4</u>	<u>14</u>
(ii) Purchase of motor vehicle, spare part and maintenance		
– Sime Darby Auto ConneXion Sdn Bhd	<u>1</u>	<u>1</u>
(iii) Lease of agricultural land		
– Kumpulan Sime Darby Berhad	<u>6</u>	<u>10</u>
(iv) Rental expenses		
– Sime Darby Property Group	<u>5</u>	<u>3</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	- *	1
(ii) Purchase of heavy equipment, spare part and services		
– Datuk Mohd Anwar Yahya	<u>2</u>	<u>-</u>

\* Less than 1 million

## EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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 31 July 2023, completed the disposal of the Seller's cumulative 100% equity interest in PT Ladangrumpun Sururabadi ("PT LSI") and PT Sajang Heulang ("PT SHE") at a combined total sale consideration of IDR1,750 billion only (equivalent to approximately RM530.25 million). As a result, PT LSI and PT SHE ceased 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 17 August 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 30 June 2023</b>	<b>As at 31 December 2022</b>
Guarantees in respect of credit facilities granted to:		
– a joint venture	3	3
– plasma stakeholders	153	146
	<b>156</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 – 30 JUNE 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 30 June 2023 against the previous year corresponding quarter ended 30 June 2022**

	Quarter ended		+ / (-)
	30 June	2022	
	2023	2022	%
	Re-presented		**
Revenue	<b>4,305</b>	5,587	(23)
Segment results:			
Upstream Malaysia	(25)	66	>(100)
Upstream Indonesia	163	106	54
Upstream PNG/SI	50	446	(89)
Downstream	124	275	(55)
Other operations	19	21	(10)
Recurring profit before interest and tax	331	914	(64)
Non-recurring transactions	196	232	(16)
<b>Profit before interest and tax</b>	<b>527</b>	1,146	(54)
Finance income	3	3	
Finance costs	(49)	(28)	
<b>Profit before tax</b>	<b>481</b>	1,121	(57)
Tax expense	(59)	(259)	
<b>Profit for the financial period</b>	<b>422</b>	862	(51)
Perpetual Sukuk	(31)	(31)	
Non-controlling interests	(11)	(19)	
<b>Profit after tax attributable to equity holders of the Company</b>	<b>380</b>	812	(53)

\*\* Refer to Note A14

For the quarter ended 30 June 2023, the Group registered a net profit of RM380 million, a decline from RM812 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 RM49 million, due to higher interest rates affected by the increase in benchmark lending rates, partially mitigated by lower borrowings. Average interest rate was 5.1% per annum, as compared to 2.4% per annum in the corresponding quarter.

The Group's effective tax rate for the quarter was 12% mainly due to gains on disposal of land in Malaysia which were subjected to a lower rate of 10% under the Real Property Gains Tax ("RPGT").

## EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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 30 June 2023 against the previous year corresponding quarter ended 30 June 2022 (continued)

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

##### Upstream

Recurring PBIT for the Upstream segment declined to RM188 million, 70% lower than the previous corresponding quarter of RM618 million, primarily due to the following factors:

- i) lower CPO and PK average realised prices which declined by 28% and 47%, respectively;
- ii) a marginal 2% decline in fresh fruit bunch ("FFB") production to 2.04 million MT; and
- iii) lower oil extraction rate ("OER") which decreased from 21.26% to 21.21%.

This was further exacerbated by higher operating expenditure, mainly from higher fertiliser prices and labour costs, particularly in Malaysia where the Group is rehabilitating its operations.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	30 June			30 June		
	<b>2023</b>	2022	%	<b>2023</b>	2022	%
Upstream Malaysia	<b>4,096</b>	4,676	(12)	<b>870</b>	866	0
Upstream Indonesia	<b>3,238</b>	4,352	(26)	<b>678</b>	718	(6)
Upstream PNG/SI	<b>3,889</b>	6,570	(41)	<b>487</b>	491	(1)
Total	<b>3,765</b>	5,213	(28)	<b>2,035</b>	2,075	(2)

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	30 June			30 June		
	<b>2023</b>	2022	%	<b>2023</b>	2022	pp
Upstream Malaysia	<b>2,000</b>	3,734	(46)	<b>20.53</b>	20.17	0.36
Upstream Indonesia	<b>1,445</b>	2,766	(48)	<b>21.48</b>	21.51	(0.03)
Upstream PNG/SI	-	-	-	<b>21.98</b>	22.75	(0.77)
Total	<b>1,767</b>	3,339	(47)	<b>21.21</b>	21.26	(0.05)

##### Downstream

The Downstream sector reported a PBIT of RM124 million in the current quarter as compared to RM275 million in the previous year corresponding quarter, affected by weaker profits from the Asia Pacific bulk and differentiated refineries due to lower margins and demand, and lower share of profits from a joint venture.

The profit decline 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 lower profits in the current quarter.

##### Non-recurring transactions

Non-recurring profits were derived from gains on land disposals in Malaysia.

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

**(b) Half year ended 30 June 2023 against the previous year corresponding period ended 30 June 2022**

	Half year-ended 30 June		+/(–)
	2023	2022 Re-presented	% **
Revenue	<b>8,374</b>	9,968	(16)
Segment results:			
Upstream Malaysia	<b>(46)</b>	290	>(100)
Upstream Indonesia	<b>268</b>	259	3
Upstream PNG/SI	<b>186</b>	908	(80)
Downstream	<b>192</b>	436	(56)
Other operations	<b>34</b>	34	-
Recurring profit before interest and tax	<b>634</b>	1,927	(67)
Non-recurring transactions	<b>196</b>	279	(30)
<b>Profit before interest and tax</b>	<b>830</b>	2,206	(62)
Finance income	<b>7</b>	6	
Finance costs	<b>(101)</b>	(48)	
<b>Profit before tax</b>	<b>736</b>	2,164	(66)
Tax expense	<b>(206)</b>	(522)	
<b>Profit for the financial year</b>	<b>530</b>	1,642	(68)
Perpetual Sukuk	<b>(62)</b>	(62)	
Non-controlling interests	<b>(19)</b>	(50)	
<b>Profit after tax attributable to equity holders of the Company</b>	<b>449</b>	<b>1,530</b>	(71)

\*\* Refer to Note A14

For the half year ended 30 June 2023, the Group posted net earnings of RM449 million, 71% lower than the previous year, due to lower recurring and non-recurring PBIT, and higher finance costs.

Finance costs doubled compared to the previous corresponding period, due to higher benchmark lending rates, but were partially mitigated by 3% lower average borrowings.

The Group's effective tax rate stood at 28% for the current period, which also comprised withholding tax payable on intercompany foreign dividends.



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

**(b) Half year ended 30 June 2023 against the previous year corresponding period ended 30 June 2022 (continued)**

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

Upstream

Upstream segment reported a 72% decline in the total recurring PBIT to RM408 million for the period ended 30 June 2023, largely due to:

- i) lower CPO and PK average realised prices which declined by 21% and 52%, respectively;
- ii) lower OER which declined from 21.31% to 21.12%; and
- iii) higher operating costs, adversely affected by an increase in fertiliser prices and labour costs particularly in Malaysia where the Group is rehabilitating its operations.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Half year-ended		+/(–) %	Half year-ended		+/(–) %
	30 June			30 June		
	2023	2022		2023	2022	
Upstream Malaysia	4,119	4,410	(7)	1,656	1,749	(5)
Upstream Indonesia	3,342	4,230	(21)	1,244	1,278	(3)
Upstream PNG/SI	3,968	6,159	(36)	959	958	0
<b>Total</b>	<b>3,824</b>	<b>4,868</b>	<b>(21)</b>	<b>3,859</b>	<b>3,985</b>	<b>(3)</b>

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Half year-ended		+/(–) %	Half year-ended		+/(–) pp
	30 June			30 June		
	2023	2022		2023	2022	
Upstream Malaysia	2,014	4,098	(51)	20.25	20.20	0.05
Upstream Indonesia	1,457	3,070	(53)	21.44	21.64	(0.20)
Upstream PNG/SI	-	-	-	22.12	22.80	(0.68)
<b>Total</b>	<b>1,780</b>	<b>3,695</b>	<b>(52)</b>	<b>21.12</b>	<b>21.31</b>	<b>(0.19)</b>

Downstream

The Downstream segment reported a recurring PBIT of RM192 million compared to RM436 million in the previous year, driven by weaker profits from the Asia Pacific bulk and differentiated refineries due to lower sales margins and volume, and lower share of profits from a joint venture.

The decline was partially mitigated by stronger profits recorded by the European refineries due to higher margins and sales volume.

Other operations

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

Non-recurring transactions

The non-recurring profits of RM196 million comprised gains from land disposals in Malaysia.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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		+/(–) %
	30 Jun 2023	31 Mar 2023	
Revenue	4,305	4,069	6
Segment results:			
Upstream Malaysia	(25)	(21)	(19)
Upstream Indonesia	163	105	55
Upstream PNG/SI	50	136	(63)
Downstream	124	68	82
Other operations	19	15	27
Recurring profit before interest and tax	331	303	9
Non-recurring transactions	196	-	>100
<b>Profit before interest and tax</b>	<b>527</b>	<b>303</b>	74
Finance income	3	4	
Finance costs	(49)	(52)	
<b>Profit before tax</b>	<b>481</b>	<b>255</b>	89
Tax expense	(59)	(147)	
<b>Profit for the financial period</b>	<b>422</b>	<b>108</b>	>100
Perpetual Sukuk	(31)	(31)	
Non-controlling interests	(11)	(8)	
<b>Profit after tax attributable to equity holders of the Company</b>	<b>380</b>	<b>69</b>	>100

The Group registered net earnings of RM380 million as a result of higher recurring and non-recurring profits in the current quarter.

The Group's effective tax rate for the quarter was 12% mainly due to gains on land disposals in Malaysia in the current year which were subjected to a lower rate of 10% under the Real Property Gains Tax ("RPGT").

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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 RM188million, as compared to RM220 million recorded in the preceding quarter, mainly due to the following factors:

- (i) lower average CPO and PK realised price which declined by 3% and 2% respectively; and
- (ii) higher operating costs, adversely affected by an increase in fertiliser costs.

The above factors were partially mitigated by higher FFB production, up 12% to 2.04 million MT.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	Jun 2023	Mar 2023	%	Jun 2023	Mar 2023	%
Upstream Malaysia	4,096	4,148	(1)	870	785	11
Upstream Indonesia	3,238	3,455	(6)	678	566	20
Upstream PNG/SI	3,889	4,034	(4)	487	472	3
<b>Total</b>	<b>3,765</b>	<b>3,887</b>	<b>(3)</b>	<b>2,035</b>	<b>1,823</b>	<b>12</b>

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	Jun 2023	Mar 2023	%	Jun 2023	Mar 2023	pp
Upstream Malaysia	2,000	2,031	(2)	20.53	19.95	0.58
Upstream Indonesia	1,445	1,469	(2)	21.48	21.38	0.10
Upstream PNG/SI	-	-	-	21.98	22.25	(0.27)
<b>Total</b>	<b>1,767</b>	<b>1,794</b>	<b>(2)</b>	<b>21.21</b>	<b>21.02</b>	<b>0.19</b>

Downstream

The Downstream segment's recurring PBIT improved by 82% to RM124 million, mainly due to higher sales volumes and margins earned from the Asia Pacific bulk and differentiated operations.

Other operations

Other operations reported a profit of RM19 million in the current quarter in line with profits from the Group's research and agribio operations as well as investment holding companies.

Non-recurring transactions

Non-recurring profits were derived from gains on land disposals in Malaysia.

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

The rebound in Crude Palm Oil (“CPO”) and other commodity prices was mainly driven by the increasingly uncertain weather conditions in key oilseed regions, as well as the escalation of the Russia-Ukraine war. Thus, price volatility is expected to continue in the near term, particularly as geopolitical crises and global macroeconomic conditions add to prevailing uncertainties.

Fresh fruit bunch (“FFB”) production is expected to see steady increase as the Group progresses into the peak production period in the coming months. The Group is optimistic that its FFB production will improve as it continues to improve field conditions in its Malaysian operations. These efforts complement the Group’s commitment to continue its transformational initiatives to mechanise, automate and digitalise its operations in Malaysia.

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:

	Quarter ended		Half year-ended	
	30 June		30 June	
	2023	2022	2023	2022
Depreciation and amortisation	(357)	(339)	(702)	(670)
Unrealised fair value (losses)/gains				
– commodities contracts	(10)	153	(43)	85
– forward foreign exchange contracts	(8)	(25)	(6)	(21)
Gain on disposals of:				
– property, plant and equipment	- *	4	8	12
– non-current assets held for sale	196	228	196	275
Net of (impairment)/reversal of:				
– property, plant and equipment	- *	- *	(6)	- *
– trade and other receivables	- *	- *	1	- *
– advances for plasma plantation projects	- *	-	(1)	-
Unrealised foreign exchange (losses)/gains	(51)	33	(28)	(38)
Write down of inventories	(16)	(84)	(20)	(91)
Write off of:				
– property, plant and equipment	(4)	-	(7)	(9)
– intangible assets	(1)	-	(1)	(1)
– inventories	(2)	-	(2)	-

\* Less than 1 million.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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 30 June		Half year-ended 30 June	
	2023	2022	2023	2022
In respect of current financial period:				
– current tax	58	283	244	593
– deferred tax	(1)	(23)	(44)	(71)
	<b>57</b>	260	<b>200</b>	522
In respect of prior financial period:				
– current tax	2	(1)	6	-
Tax expenses	<b>59</b>	259	<b>206</b>	522

For the quarter ended 30 June 2023, the Group reported a total tax expense of RM59 million on the back of a profit before tax from operations of RM481 million, with a lower effective tax rate of 12% arising from gains on sale of land in Malaysia which are subject to RPGT at 10%.

For the half year ended 30 June 2023, an effective tax rate of 28% was recorded, with total tax expense of RM206 million on the back of profit before tax of RM736 million, with the higher effective tax rate mainly attributed to withholding tax payable on intercompany foreign dividends.

**B7. Status of announced corporate proposals**

There are no corporate proposals announced but not completed as at 23 August 2023.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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 30 June 2023 are as follows:

	Secured	Unsecured	Total
<b>Long-term</b>			
Term loans	-	1,107	1,107
Revolving credits-i	-	2,072	2,072
Bonds	-	511	511
Unamortised deferred financing expenses	-	(6)	(6)
	-	3,684	3,684
<b>Short-term</b>			
Term loans	-	259	259
Revolving credits	-	3,034	3,034
Trade facilities	93	-	93
Unamortised deferred financing expenses	-	(1)	(1)
	93	3,292	3,385
<b>Total</b>	93	6,976	7,069

**Borrowings of the Group consist of:**

– principal	93	6,983	7,076
– unamortised deferred financing expenses	-	(7)	(7)
	93	6,976	7,069

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	511	169	680
Ringgit Malaysia	760	2,090	2,850
United States Dollar	2,413	1,126	3,539
	3,684	3,385	7,069

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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 30 June 2023 are as follows:

	Classification in Statement of Financial Position				Net fair value
	Assets		Liabilities		
	Non-current	Current	Non-current	Current	
Forward foreign exchange contracts	-	14	-	29	(15)
Commodities contracts	-	82	-	11	71
	-	96	-	40	56

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

Forward foreign exchange contracts

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

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

As at 30 June 2023, the notional amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

Maturity tenor	Notional amount	Net fair value liabilities
Less than 1 year	1,833	(15)

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 30 June 2023 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	59,327	172	82
– Sale contracts	146,528	775	(11)
			71

## EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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 had to obtain the official copy of the SABLs and compile the relevant documents (including execution of new SLAs) before it could proceed with the registration of the SLAs. The issues related to the lamination of Masile's SABL and obtaining an official copy of Rikau's SABL as stated above have been resolved.

The Defendants have affirmed their intention to re-execute the SLAs with NBPOL. The SLAs are anticipated to be re-executed with the Defendants as soon as NBPOL's lawyers review and confirm that the SLAs are in order.

##### (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.



## EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 JUNE 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") (continued)

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 RM30.6 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 RM47.5 million) and an additional claim was filed against all cargo owners, jointly and severally, of EUR380,000 (approximately RM1.9 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 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 are considering the submissions advanced by the parties and the appeals are currently pending a decision. 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 RM10.7 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 RM514.1 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;
- (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;

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Amounts in RM million unless otherwise stated

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

#### 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 (continued):

- (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 RM275.0 million);
- (iv) an order for the defendants to pay immaterial compensation in the amount of IDR5 trillion (equivalent to approximately RM1.56 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 then proceeded to submit the Settlement Agreement to the court for ratification and for a final and binding decision to be issued in respect thereof.

At the hearing held on 22 June 2023, the court pronounced and rendered the settlement as a Settlement Deed (Van Dading Deed). A written copy of Settlement Deed was issued by the court on 21 July 2023. SDP has been advised by its solicitors in Indonesia that the issuance of the written copy of the Settlement Deed following pronouncement of the settlement by the court constitutes a final and binding decision, effectively concluding the lawsuit. According to the Settlement Deed, all parties involved are obligated to adhere to the provisions outlined in the Settlement Agreement. This matter is now deemed closed.

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

The Board has declared an interim single tier dividend of 3.25 sen per share in respect of the financial year ending 31 December 2023 ("Interim Dividend"). The Interim 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 17 November 2023 and the entitlement date for the dividend payment is 2 November 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 1 November 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 2 November 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 ending 31 December 2023 is as follows:

	Year ending 31 December 2023		Year ended 31 December 2022	
	Net per share (sen)	RM'million	Net per share (sen)	RM'million
Interim dividend	3.25	225	10.00	692
Final dividend	-	-	6.04	418
	<b>3.25</b>	<b>225</b>	<b>16.04</b>	<b>1,110</b>

**B12. Earnings per share**

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

	Quarter ended 30 June		Half year-ended 30 June	
	2023	2022	2023	2022
Profit for the financial period	380	812	449	1,530
Weighted average number of ordinary shares in issue (million units)	6,916	6,916	6,916	6,916
Basic earnings per share (sen)	<b>5.5</b>	11.7	<b>6.5</b>	22.1

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  
23 August 2023

Azrin Nashiha Abdul Aziz  
Group Secretary