



Plantation

Sime Darby Plantation Berhad (200401009263 [647766-V])

T + (603) 78484000
F + (603) 78484172
W www.simedarbyplantation.com

Level 10, Main Block, Plantation Tower
 No.2, Jalan PJU 1A/7
 Ara Damansara, 47301 Petaling Jaya
 Selangor Darul Ehsan, Malaysia

QUARTERLY REPORT

On the consolidated results for the third quarter ended 30 September 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		%	Three quarters ended		%
		30 September	2022		30 September	2022	
		2023	2022	+ / (-)	2023	2022	+ / (-)
Revenue	A8, A9	4,774	5,392	(11)	13,148	15,360	(14)
Operating expenses		(4,040)	(4,964)		(11,890)	(13,348)	
Other operating income		942	67		1,330	607	
Other (losses)/gains		(31)	123		(122)	137	
Operating profit	B5, A9	1,645	618	>100	2,466	2,756	(11)
Share of results of joint ventures		16	- *		24	59	
Share of results of associates		- *	4		1	13	
Profit before interest and tax	A9	1,661	622	>100	2,491	2,828	(12)
Finance income		10	2		17	8	
Finance costs		(50)	(39)		(151)	(87)	
Profit before tax		1,621	585	>100	2,357	2,749	(14)
Tax expense	B6	(362)	(154)		(568)	(676)	
Profit for the financial period		1,259	431	>100	1,789	2,073	(14)
Profit for the financial period attributable to:							
– equity holders of the Company		1,211	396	>100	1,660	1,926	(14)
– Perpetual Sukuk		31	31		93	93	
– non-controlling interests		17	4		36	54	
		1,259	431	>100	1,789	2,073	(14)
Basic earnings per share attributable to equity holders of the Company:							
Basic (sen)	B12	17.5	5.7	>100	24.0	27.8	(14)

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 30 September		%	Three quarters ended 30 September		%
	2023	2022		2023	2022	
Profit for the financial period	1,259	431	>100	1,789	2,073	(14)
Other comprehensive income/(loss):						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences (loss)/gains:						
– subsidiaries	(145)	324		765	626	
– joint ventures and associates	(10)	(8)		17	(22)	
Cash flow hedge						
– changes in fair value	52	99		109	12	
– transfers (to)/from profit or loss	(28)	64		(78)	360	
Tax expense relating to components of other comprehensive (loss)/income	(19)	(39)		(8)	(96)	
	(150)	440		805	880	
Items that will be not reclassified subsequently to profit or loss:						
Actuarial gain/(loss) on defined benefit pension plans	2	(1)		11	(2)	
Investments at fair value through other comprehensive income ("FVOCI"):						
– changes in fair value	– *	–		– *	–	
Share of other comprehensive income of joint ventures	–	–		1	–	
Tax (expense)/credit relating to components of other comprehensive income/(loss)	– *	– *		(2)	– *	
	2	(1)		10	(2)	
Total other comprehensive (loss)/income for the financial period	(148)	439		815	878	
Total comprehensive income for the financial period	1,111	870		2,604	2,951	
Total comprehensive income for the financial period attributable to:						
– equity holders of the Company	1,067	833	28	2,449	2,803	(13)
– Perpetual Sukuk	31	31	-	93	93	-
– non-controlling interests	13	6	>100	62	55	13
Total	1,111	870	28	2,604	2,951	(12)

* 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	As at
Note	30 September	31 December
	2023	2022
Non-current assets		
Property, plant and equipment	18,921	17,800
Investment properties	8	11
Right-of-use assets	2,092	2,008
Joint ventures	409	368
Associates	50	57
Intangible assets	3,104	2,947
Investments at fair value through other comprehensive income ("FVOCI")	22	22
Deferred tax assets	439	496
Tax recoverable	157	164
Trade and other receivables	59	35
	25,261	23,908
Current assets		
Inventories	3,144	2,778
Biological assets	201	180
Trade and other receivables	2,316	2,603
Tax recoverable	406	235
Amounts due from related parties	-	1
Derivatives	85	157
Bank balances, deposits and cash	702	635
	6,854	6,589
Non-current assets held for sale ⁽¹⁾	157	651
Total assets	32,272	31,148
Equity		
Share capital	1,634	1,634
Reserves	16,539	14,733
Attributable to equity holders of the Company	18,173	16,367
Perpetual Sukuk	2,200	2,231
Non-controlling interests	442	418
Total equity	20,815	19,016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
Amounts in RM million unless otherwise stated

	Note	Unaudited As at 30 September 2023	Audited As at 31 December 2022
Non-current liabilities			
Retirement benefits		169	158
Deferred income		– *	– *
Deferred tax liabilities		2,686	2,738
Borrowings	B8	3,685	3,633
Lease liabilities		196	147
Trade and other payables		50	43
		6,786	6,719
Current liabilities			
Trade and other payables		2,065	2,444
Contract liabilities		32	35
Amounts due to related parties		10	10
Retirement benefits		18	15
Lease liabilities		27	25
Tax payable		299	219
Derivatives	B9	18	62
Borrowings	B8	1,965	2,464
Dividend payable		225	–
		4,659	5,274
Liabilities directly associated with non-current assets held for sale ⁽²⁾		12	139
Total liabilities		11,457	12,132
Total equity and liabilities		32,272	31,148
Net assets per share attributable to equity holders of the Company (RM)		2.63	2.37
Note:			
⁽¹⁾ Non-current assets held for sale			
Non-current assets held for sale			
– property, plant and equipment		7	20
Disposal group held for sale			
– property, plant and equipment		112	250
– right of use assets		1	28
– tax assets		16	107
– receivables		6	182
– bank balances		–	11
– other assets		15	53
		157	651
⁽²⁾ Liabilities directly associated with non-current assets held for sale			
Disposal group held for sale			
– payables		8	120
– retirement benefits		4	12
– tax liabilities		–	5
– other liabilities		– *	2
		12	139
* 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
Three quarters ended 30 September 2023											
At 1 January 2023	1,634	9	10	(18)	20	716	13,996	16,367	2,231	418	19,016
Profit for the financial period	-	-	-	-	-	-	1,660	1,660	93	36	1,789
Other comprehensive income for the financial period	-	-	21	-	-	781	10	812	-	26	838
Disposal of subsidiaries	-	-	-	-	-	(23)	-	(23)	-	-	(23)
Total comprehensive income for the financial period	-	-	21	-	-	758	1,670	2,449	93	62	2,604
Transactions with equity holders:											
Dividends	-	-	-	-	-	-	(643)	(643)	-	(38)	(681)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(124)	-	(124)
At 30 September 2023	1,634	9	31	(18)	20	1,474	15,023	18,173	2,200	442	20,815

	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
Three quarters ended 30 September 2022											
At 1 January 2022	1,634	9	(126)	(18)	27	645	13,017	15,188	2,231	437	17,856
Profit for the financial period	-	-	-	-	-	-	1,926	1,926	93	54	2,073
Other comprehensive income/(loss) for the financial period	-	-	276	-	-	605	(4)	877	-	1	878
Total comprehensive income for the financial period	-	-	276	-	-	605	1,922	2,803	93	55	2,951
Transactions with equity holders:											
Dividends	-	-	-	-	-	-	(1,548)	(1,548)	-	(56)	(1,604)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(125)	-	(125)
At 30 September 2022	1,634	9	150	(18)	27	1,250	13,391	16,443	2,199	436	19,078

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	Three quarters ended	
		30 September	
		2023	2022
Cash flows from operating activities			
Profit for the financial period		1,789	2,073
Adjustments for:			
Share of results of joint ventures and associates		(25)	(72)
Finance income		(17)	(8)
Finance costs		151	87
Gain on disposal of:			
– property, plant and equipment	B5	(11)	(15)
– non-current assets held for sale	B5	(1,093)	(276)
Depreciation and amortisation	B5	1,056	1,015
Unrealised fair value losses/(gains)			
– commodities contracts	B5	48	(252)
– forward foreign exchange contracts	B5	10	64
Unrealised foreign exchange losses	B5	45	51
Tax expense	B6	568	676
Fair value changes on biological assets		(14)	105
Retirement benefits		36	23
Net of impairment/(reversal) of:			
– property, plant and equipment	B5	17	4
– right-of-use assets	B5	–	– *
– advances for plasma plantation projects	B5	1	–
– trade and other receivables	B5	(1)	6
Write off of:			
– inventories	B5	1	–
– trade and other receivables	B5	– *	–
– property, plant and equipment	B5	9	18
– intangible assets	B5	1	1
Write down of inventories	B5	19	85
Dividend income from FVOCI		(3)	(9)
		2,587	3,576
Changes in working capital:			
Inventories		(245)	(1,042)
Trade and other receivables		498	400
Trade and other payables		(502)	287
Intercompany and related party balances		– *	(10)
Cash generated from operations		2,338	3,211
Tax paid		(689)	(926)
Retirement benefits paid		(28)	(23)
Net cash generated from operating activities		1,621	2,262
Cash flows from investing activities			
Finance income received		17	8
Purchase of:			
– property, plant and equipment		(1,390)	(1,097)
– intangibles assets		(9)	(11)
Advances for plasma plantation projects		(1)	(3)
Repayment of advances for plasma plantation projects		–	49
Proceeds from sale of:			
– property, plant and equipment		12	19
– non-current assets held for sale		1,387	285
Dividend received from:			
– other investments		3	9
– joint venture		–	3
– an associate		9	4
Net cash used in investing activities		28	(734)

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

	Note	Three quarters ended 30 September	
		2023	2022
Cash flows from financing activities			
Distribution to Perpetual Sukuk holders		(124)	(125)
Finance costs paid		(247)	(120)
Loans raised		3,720	2,935
Loan repayments		(4,429)	(3,024)
Repayment of lease liabilities		(37)	(21)
Dividends paid to shareholders		(418)	(856)
Dividends paid to non-controlling interests of subsidiaries		(35)	(48)
Net cash used in financing activities		(1,570)	(1,259)
Net changes in cash and cash equivalents during the financial period		79	269
Foreign exchange difference		(12)	1
Cash and cash equivalents at beginning of the period		635	665
Cash and cash equivalents at end of the period		702	935

* 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 SEPTEMBER 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.

- Amendments to MFRS 112 on International Tax Reform - Pillar Two Model Rules

As provided in the amendments to MFRS 112 issued in May 2023, the Group applies the mandatory exception, whereby the Group does not need to recognise or disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

(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 SEPTEMBER 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	Three quarters ended 30 September	
		2023	2022
Revenue from contracts with customers	A8(a)	13,124	15,333
Revenue from other sources	A8(b)	24	27
Total revenue		13,148	15,360
(a) Disaggregation of revenue from contracts with customers			
Upstream			
– Malaysia		719	395
– Indonesia		755	662
– Papua New Guinea and Solomon Islands ("PNG/SI")		134	95
Downstream		11,410	14,100
Other operations		106	81
		13,124	15,333
Sales of palm based products, other refined edible oils, rubber, sugar, beef and other agricultural products		12,850	15,042
Freight services		231	185
Tolling services		43	106
		13,124	15,333
Timing of revenue recognition			
– at point in time		12,850	15,042
– over time		274	291
		13,124	15,333
(b) Revenue from other sources			
Dividend (gross) received/receivable from investments		3	9
Rental income		21	18
		24	27

(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 September 2023:

	Expected timing of recognition During the quarter ending 31 December 2023
Freight income	32

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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
Three quarters ended 30 September 2023							
Segment revenue:							
External sales	741	755	134	11,412	106	–	13,148
Inter-segment sales	2,160	1,049	2,234	255	502	(6,200)	–
Total revenue	2,901	1,804	2,368	11,667	608	(6,200)	13,148
Segment results:							
Operating profit:							
– recurring activities	182	480	293	393	46	–	1,394
– non-recurring transactions	794	278	–	–	–	–	1,072
Share of results of joint ventures and associates	–	–	–	24	1	–	25
Profit before interest and tax	976	758	293	417	47	–	2,491
Three quarters ended 30 September 2022							
Segment revenue:							
External sales	419	662	95	14,103	81	–	15,360
Inter-segment sales	2,987	1,055	2,263	72	383	(6,760)	–
Total revenue	3,406	1,717	2,358	14,175	464	(6,760)	15,360
Segment results:							
Operating profit:							
– recurring activities	145	624	937	711	46	–	2,463
– non-recurring transactions	273	–	–	–	20	–	293
Share of results of joint ventures and associates	–	–	–	61	11	–	72
Profit before interest and tax	418	624	937	772	77	–	2,828

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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
As at 30 September 2023							
Segment assets:							
Operating assets	10,369	5,786	8,186	5,985	328	–	30,654
Joint ventures and associates	–	–	–	422	37	–	459
Non-current assets held for sale	7	134	–	–	–	–	141
	10,376	5,920	8,186	6,407	365	–	31,254
Tax assets							1,002
Tax assets from non-current assets held for sale							16
Total assets							32,272
As at 30 September 2022							
Segment assets:							
Operating assets	10,070	5,571	8,961	5,887	336	–	30,825
Joint ventures and associates	–	–	–	411	43	–	454
Non-current assets held for sale	9	443	–	–	–	–	452
	10,079	6,014	8,961	6,298	379	–	31,731
Tax assets							942
Tax assets from non-current assets held for sale							109
Total assets							32,782

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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 September 2023</u>	<u>As at 31 December 2022</u>
Contracted – property, plant and equipment	<u>775</u>	<u>708</u>

A11. Significant related party transactions

Significant related party transactions conducted were as follows:

	<u>Three quarters ended 30 September</u>	
	<u>2023</u>	<u>2022</u>
(a) Transactions with a joint venture		
(i) Professional service – Emery Oleochemicals UK Limited	<u>1</u>	<u>–</u>
(ii) Sale of goods – Rizhao Sime Darby Oils & Fats Co. Ltd.	<u>2</u>	<u>–</u>
(iii) Purchase of palm oil – Rizhao Sime Darby Oils & Fats Co. Ltd.	<u>–</u>	<u>–</u>
(b) Transactions with associates		
(i) Purchase of latex concentrate – Muang Mai Guthrie Public Company Limited	<u>1</u>	<u>12</u>
(ii) Purchase of palm oil – Thai Eastern Trat Company Limited	<u>61</u>	<u>116</u>

(c) Transactions with related parties

Permodalan Nasional Berhad ("PNB") and the fund managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 55.339% as at 30 September 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.

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

	<u>Three quarters ended 30 September</u>	
	<u>2023</u>	<u>2022</u>
(i) Purchase of heavy equipment, spare parts and services – Sime Darby Industrial Sdn Bhd – Kubota Malaysia Sdn Bhd	<u>13</u> <u>12</u>	<u>18</u> <u>22</u>
(ii) Purchase of motor vehicle, spare part and maintenance – Sime Darby Auto ConneXion Sdn Bhd	<u>1</u>	<u>2</u>
(iii) Lease of agricultural land – Kumpulan Sime Darby Berhad	<u>9</u>	<u>14</u>
(iv) Rental expenses – Sime Darby Property Group – Sime Darby Rent-A-Car Sdn Bhd	<u>6</u> <u>1</u>	<u>11</u> <u>–</u>
(e) Transactions entered into with person connected to a director		
(i) Provision of bins/cages and building for passport storage and safety cabinet – Tan Sri Dato' Seri Megat Najmuddin Datuk Seri Dr Haji Megat Khas	<u>–</u> *	<u>1</u>
(ii) Purchase of heavy equipment, spare part and services – Datuk Mohd Anwar Yahya	<u>4</u>	<u>–</u>

* Less than 1 million

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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

There were no material events in the interval between the end of the quarter under review and 18 November 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:

	As at	As at
	30 September	31 December
	2023	2022
Guarantees in respect of credit facilities granted to:		
– a joint venture	3	3
– plasma stakeholders	122	146
	125	149

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2023

Amounts in RM million unless otherwise stated

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)**A14. Effect of significant changes in the composition of the Group**Disposal of 100% equity interest in PT Ladangrumpun Suburabadi ("LSI") and PT Sajang Heulang ("SHE")

PT Anugerah Sumbermakmur ("ASM") and PT Minamas Gemilang ("MGG") (ASM and MGG collectively, "Sellers"), both wholly-owned indirect subsidiaries of Sime Darby Plantation Berhad ("SDP") had, on 31 July 2023, completed the disposal of the Sellers' cumulative 100% equity interest in LSI and SHE for a total cash consideration of IDR 1.88 trillion (equivalent to approximately RM571 million).

Details of the assets, liabilities and net cash flow arising from the disposal of the subsidiaries are as follows:

	As at the date of completion
Consideration received	571
Less: Incidental cost of disposal	–
Proceeds from disposal, net of transaction costs	571
Net assets/(liabilities) disposed	
- Property, plant and equipment	153
- Right of use assets	26
- Receivables	43
- Prepayments	– *
- Inventories	2
- Deferred tax assets	52
- Cash and cash equivalent	– *
- Payables	(6)
- Intangible assets	33
Net assets disposed	304
Gain on disposal of subsidiaries before reclassification of foreign currency translation reserve	267
Reclassification of foreign currency translation reserve	23
Income tax expense on gain on disposal	(123)
Gain on disposal of the subsidiaries	167
Consideration received, net of transaction costs	571
Less: Cash and cash equivalent in the subsidiaries	– *
Net cash inflow from disposal of the subsidiaries	571

*Less than 1 million

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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 September 2023 against the previous year corresponding quarter ended 30 September 2022

	Quarter ended		/(–) %
	30 September 2023	2022	
Revenue	4,774	5,392	(11)
Segment results:			
Upstream Malaysia	228	(145)	>100
Upstream Indonesia	212	365	(42)
Upstream PNG/SI	107	29	>100
Downstream	225	337	(33)
Other operations	13	22	(41)
Recurring profit before interest and tax	785	608	29
Non-recurring transactions	876	14	>100
Profit before interest and tax	1,661	622	>100
Finance income	10	2	
Finance costs	(50)	(39)	
Profit before tax	1,621	585	>100
Tax expense	(362)	(154)	
Profit for the financial period	1,259	431	>100
Perpetual Sukuk	(31)	(31)	
Non-controlling interests	(17)	(4)	
Profit after tax attributable to equity holders of the Company	1,211	396	>100

For the quarter ended 30 September 2023, the Group registered a net profit of RM1,211 million, a threefold increase from RM396 million recorded in the corresponding quarter of the previous year, driven by both higher recurring and non-recurring profit before interest and tax ("PBIT").

Finance costs increased to RM50 million, due to higher interest rates affected by the increase in benchmark lending rates, partially mitigated by lower borrowings. Average interest rate was 5.6% per annum, as compared to 3.5% per annum in the corresponding quarter.

The Group's effective tax rate for the quarter was 22% mainly due to gains on disposal of land in Malaysia which was subjected to a lower rate of 10% under the Real Property Gains Tax ("RPGT") which compensated for withholding tax paid on dividends from foreign subsidiaries.

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

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

Upstream

Recurring PBIT for the Upstream segment increased to RM547 million, an impressive improvement from the previous corresponding quarter profit of RM249 million, led by the strong recovery of the Malaysian operations. Major factors driving the higher profits:

- i) A 14% increase in fresh fruit bunch ("FFB") production to 2.45 million MT, with Malaysia recording 38% increase year-on-year, the result of intensive rehabilitation efforts; and
- ii) higher oil extraction rate ("OER") which increased from 20.88% to 21.12%.

The above favourable impact compensated for the decline in crude palm oil ("CPO") and palm kernel ("PK") average realised prices which were lower by 12% and 11%, respectively.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended 30 September		+/(-)	Quarter ended 30 September		+/(-)
	2023	2022	%	2023	2022	%
Upstream Malaysia	3,993	4,497	(11)	1,240	900	38
Upstream Indonesia	3,319	2,913	14	766	775	(1)
Upstream PNG/SI	3,965	5,845	(32)	447	475	(6)
Total	3,777	4,277	(12)	2,453	2,150	14

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended 30 September		+/(-)	Quarter ended 30 September		+/(-)
	2023	2022	%	2023	2022	pp
Upstream Malaysia	2,013	2,423	(17)	20.48	19.89	0.59
Upstream Indonesia	1,280	1,370	(7)	21.77	20.98	0.79
Upstream PNG/SI	-	-	-	21.71	22.45	(0.74)
Total	1,721	1,940	(11)	21.12	20.88	0.24

Downstream

The Downstream sector reported a PBIT of RM225 million in the current quarter as compared to RM337 million in the previous year corresponding quarter, affected by lower margins and volume demands in the Asia Pacific operations, although this was partially mitigated by strong results in the European operations.

Other operations

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

Non-recurring transactions

Non-recurring profits for the current quarter consist of gains on disposal of land in Malaysia and divestment of subsidiaries in Indonesia.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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) The three quarters ended 30 September 2023 against the previous corresponding period's ended 30 September 2022

	Three quarters ended		·/(-) %
	30 September		
	2023	2022	
Revenue	<u>13,148</u>	<u>15,360</u>	(14)
Segment results:			
Upstream Malaysia	182	145	26
Upstream Indonesia	480	624	(23)
Upstream PNG/SI	293	937	(69)
Downstream	417	772	(46)
Other operations	47	57	(18)
Recurring profit before interest and tax	<u>1,419</u>	2,535	(44)
Non-recurring transactions	<u>1,072</u>	293	>100
Profit before interest and tax	2,491	2,828	(12)
Finance income	17	8	
Finance costs	<u>(151)</u>	<u>(87)</u>	
Profit before tax	2,357	2,749	(14)
Tax expense	<u>(568)</u>	<u>(676)</u>	
Profit for the financial period	1,789	2,073	(14)
Perpetual Sukuk	<u>(93)</u>	<u>(93)</u>	
Non-controlling interests	<u>(36)</u>	<u>(54)</u>	
Profit after tax attributable to equity holders of the Company	<u>1,660</u>	<u>1,926</u>	(14)

For the period ended 30 September 2023, the Group posted net earnings of RM1,660 million, 14% lower the previous year corresponding period, mainly due to lower recurring PBIT and higher finance costs, partially mitigated by the higher non-recurring PBIT.

Finance costs increased by 74% due to higher benchmark lending rates, but were partially mitigated by 4% lower average borrowings. Average interest rate was 5.4% per annum, as compared to 2.6% per annum in the prior year corresponding period.

The Group's effective tax rate stood at 24% for the current period.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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) The three quarters ended 30 September 2023 against the previous corresponding period's ended 30 September 2022 (continued)

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

Upstream

Upstream segment reported a 44% decline in the total recurring PBIT to RM955 million for the period ended 30 September 2023, largely due to:

- i) lower CPO and PK average realised prices which declined by 18% and 42%, respectively;
- ii) lower OER which declined from 21.16% 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.

The adverse impact was marginally compensated by the improvement in FFB production in the current year, driven by recovery in Malaysia which increased by 9% year-on-year.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Three quarters ended 30 September		+/(–) %	Three quarters ended 30 September		+/(–) %
	2023	2022		2023	2022	
Upstream Malaysia	4,068	4,439	(8)	2,896	2,648	9
Upstream Indonesia	3,334	3,640	(8)	2,010	2,053	(2)
Upstream PNG/SI	3,967	6,050	(34)	1,406	1,432	(2)
Total	3,806	4,648	(18)	6,312	6,133	3

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Three quarters ended 30 September		+/(–) %	Three quarters ended 30 September		+/(–) pp
	2023	2022		2023	2022	
Upstream Malaysia	2,014	3,523	(43)	20.35	20.10	0.25
Upstream Indonesia	1,386	2,378	(42)	21.56	21.39	0.17
Upstream PNG/SI	-	-	-	21.99	22.68	(0.69)
Total	1,755	3,046	(42)	21.12	21.16	(0.04)

Downstream

The Downstream segment reported a recurring PBIT of RM417 million compared to RM772 million in the previous year, affected 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 from the Group's agribio and research units recorded lower PBIT.

Non-recurring transactions

The non-recurring profits of RM1,072 million comprised gains from land disposals in Malaysia and divestment of subsidiaries in Indonesia.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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 Sep 2023	30 Jun 2023	
Revenue	4,774	4,305	11
Segment results:			
Upstream Malaysia	228	(25)	>100
Upstream Indonesia	212	163	30
Upstream PNG/SI	107	50	>100
Downstream	225	124	81
Other operations	13	19	(32)
Recurring profit before interest and tax	785	331	>100
Non-recurring transactions	876	196	>100
Profit before interest and tax	1,661	527	>100
Finance income	10	3	
Finance costs	(50)	(49)	
Profit before tax	1,621	481	>100
Tax expense	(362)	(59)	
Profit for the financial period	1,259	422	>100
Perpetual Sukuk	(31)	(31)	
Non-controlling interests	(17)	(11)	
Profit after tax attributable to equity holders of the Company	1,211	380	>100

The Group registered net earnings of RM1,211 million, a threefold increase from RM380 million recorded in the preceding quarter, as a result of higher recurring and non-recurring profits.

The Group's effective tax rate for the quarter was 22% mainly due to gains on disposal of land in Malaysia which was subjected to a lower rate of 10% under the Real Property Gains Tax ("RPGT") which compensated for withholding tax paid on dividends from foreign subsidiaries.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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 increased to RM547 million, an impressive improvement from the preceding quarter profit of RM188 million, mainly driven by the recovery in FFB production which increased by 21% to 2.45 million MT. This compensated for the reduction in OER from 21.21% to 21.12%.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	Sep 2023	Jun 2023	%	Sep 2023	Jun 2023	%
Upstream Malaysia	3,993	4,096	(3)	1,240	870	43
Upstream Indonesia	3,319	3,238	3	766	678	13
Upstream PNG/SI	3,965	3,889	2	447	487	(8)
Total	3,777	3,765	0	2,453	2,035	21

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	Sep 2023	Jun 2023	%	Sep 2023	Jun 2023	pp
Upstream Malaysia	2,013	2,000	1	20.48	20.53	(0.05)
Upstream Indonesia	1,280	1,445	(11)	21.77	21.48	0.29
Upstream PNG/SI	-	-	-	21.71	21.98	(0.27)
Total	1,721	1,767	(3)	21.12	21.21	(0.09)

Downstream

The Downstream segment's recurring PBIT improved by 81% to RM225 million, mainly due to stronger profits generated from the European refineries driven by higher sales margins and volumes, coupled with higher share of profits from a joint venture. This compensated for the marginal reduction in profits from the Asia Pacific region.

Other operations

Other operations from the Group's research and agribio operations as well as investment holding companies reported a lower profit of RM13 million in the current quarter.

Non-recurring transactions

Non-recurring profits were derived from gains on land disposal in Malaysia and divestment of subsidiaries in Indonesia.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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

Commodity prices are expected to remain volatile in the near term due to persistent geopolitical concerns and global macroeconomic uncertainties. Although El Niño has not yet caused widespread dryness in Southeast Asia, on a global level, it has contributed to supply concerns as vegetable oil production may be impacted in 2024.

Whilst demand is expected to grow seasonally in the coming months, high inventory levels in key destinations may limit the offtake upside. In the long term, prospects remain stable as conventional demand for food and fuel remain strong.

The Group is optimistic of achieving higher fresh fruit bunch production for the full year, largely driven by improvements in labour productivity and field conditions in its Malaysian operations. The Group also continues to explore further growth in new and existing markets, particularly via its downstream arm Sime Darby Oils.

While challenges persist, the Group is expected to perform satisfactorily in FY2023.

B4. Variance of actual profit from profit forecast or profit guarantee

There was no profit forecast or profit guarantee issued during the quarter under review.

B5. Operating profit and finance costs

Included in the operating profit are:

	Quarter ended 30 September		Three quarters ended 30 September	
	2023	2022	2023	2022
Depreciation and amortisation	(354)	(345)	(1,056)	(1,015)
Unrealised fair value (losses)/gains				
– commodities contracts	(5)	167	(48)	252
– forward foreign exchange contracts	(4)	(43)	(10)	(64)
Gain on disposals of:				
– property, plant and equipment	3	3	11	15
– non-current assets held for sale	897	1	1,093	276
Net of (impairment)/reversal of:				
– property, plant and equipment	(11)	(4)	(17)	(4)
– trade and other receivables	– *	(6)	1	(6)
– advances for plasma plantation projects	–	–	(1)	–
Unrealised foreign exchange losses	(17)	(13)	(45)	(51)
Write back/(Write down) of inventories	1	6	(19)	(85)
Reversal of write off/(Write off) of:				
– property, plant and equipment	(2)	(9)	(9)	(18)
– intangible assets	– *	–	(1)	(1)
– inventories	1	–	(1)	–
– trade and other receivables	– *	–	– *	–

* Less than 1 million.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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 September		Three quarters ended 30 September	
	2023	2022	2023	2022
In respect of current financial period:				
– current tax	415	160	659	753
– deferred tax	(53)	(10)	(97)	(81)
	362	150	562	671
In respect of prior financial period:				
– current tax	–	4	6	5
Tax expenses	362	154	568	676

For the quarter ended 30 September 2023, the Group reported a total tax expense of RM362 million on the back of a profit before tax from operations of RM1,621 million. Gains on sale of land in Malaysia was subjected to a lower rate of 10% under the Real Property Gains Tax ("RPGT"), compensating for withholding tax paid on dividends from subsidiaries. Thus the effective tax rate was lower at 22%.

For the three quarters ended ended 30 September 2023, an effective tax rate of 24% was recorded, with total tax expense of RM568 million on the back of profit before tax of RM2,357 million.

B7. Status of announced corporate proposals

There are no corporate proposals announced but not completed as at 24 November 2023.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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 September 2023 are as follows:

	Secured	Unsecured	Total
Long-term			
Term loans	–	1,107	1,107
Revolving credits-i	–	2,087	2,087
Bonds	–	496	496
Unamortised deferred financing expenses	–	(5)	(5)
	–	3,685	3,685
Short-term			
Term loans	–	261	261
Revolving credits	–	1,705	1,705
Trade facilities	– *	–	– *
Unamortised deferred financing expenses	–	(1)	(1)
	–	1,965	1,965
Total	–	5,650	5,650
Borrowings of the Group consist of:			
– principal	– *	5,656	5,656
– unamortised deferred financing expenses	–	(6)	(6)
	–	5,650	5,650

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	496	– *	496
Ringgit Malaysia	760	1,210	1,970
United States Dollar	2,429	755	3,184
	3,685	1,965	5,650

* Less than 1 million

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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 September 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	–	11	–	14	(3)
Commodities contracts	–	74	–	4	70
	–	85	–	18	67

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 September 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	1,605	(3)

Commodities contracts

Commodity forward, futures contracts and options 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 September 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	63,639	207	74
– Sale contracts	260,875	1,179	(4)
			70

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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 Zwijsdrecht Refinery B.V. (formerly known as Sime Darby Unimills B.V.) ("SDOZR")

SDOZR, an indirect wholly-owned subsidiary of SDP, is involved in litigation in respect of a vessel known as the mv Geraki (formerly known as mv Cap Thanos). This vessel was carrying vegetable oils for 9 different cargo owners (7 European cargo owners including SDOZR, and 2 Algerian cargo owners). The percentage of SDOZR's cargo on board was about 14.4%. The vessel was auctioned and in April 2011 was sold to Chantico. All cargo were eventually discharged in April/May 2013. Beginning in 2012, Chantico started various proceedings against the cargo owners.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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 Zwijsdrecht 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 RM29.8 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 RM46.1 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 RM10.4 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.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 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 had, on 27 October 2023, declared a special interim single tier dividend of 5.70 sen per share in respect of the financial year ending 31 December 2023 ("Special Interim Dividend"). The Special 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 24 January 2024 and the entitlement date for the dividend payment is 27 December 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 26 December 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 27 December 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 are 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
Special interim dividend	5.70	394	–	–
Final dividend	–	–	6.04	418
	8.95	619	16.04	1,110

B12. Earnings per share

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

	Quarter ended 30 September		Three quarters ended 30 September	
	2023	2022	2023	2022
Profit for the financial period	1,211	396	1,660	1,926
Weighted average number of ordinary shares in issue (million units)	6,916	6,916	6,916	6,916
Basic earnings per share (sen)	17.5	5.7	24.0	27.8

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 November 2023

Azrin Nashiha Abdul Aziz
Group Secretary