

QUARTERLY REPORT

On the consolidated results for the first quarter ended 31 March 2024

The Directors are pleased to announce the following:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in RM million unless otherwise stated

	Note	Quarter ended 31 March		%
		2024	2023	
Revenue	A8, A9	4,342	4,069	7
Operating expenses		(3,948)	(3,818)	
Other operating income		44	91	
Other losses		(48)	(41)	
Operating profit	B5, A9	390	301	30
Share of results of joint ventures		(14)	2	
Share of results of associates		- *	- *	
Profit before interest and tax	A9	376	303	24
Finance income		7	4	
Finance costs		(37)	(52)	
Profit before tax		346	255	36
Tax expense	B6	(93)	(147)	
Profit for the financial period		253	108	>100
Profit for the financial period attributable to:				
– equity holders of the Company		211	69	>100
– Perpetual Sukuk		31	31	
– non-controlling interests		11	8	
		253	108	>100
Basic earnings per share attributable to equity holders of the Company:				
Basic (sen)	B12	3.1	1.0	>100

* Less than 1 million

The unaudited condensed consolidated statement of profit or loss should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2023.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in RM million unless otherwise stated

	Quarter ended 31 March		%
	2024	2023	+ / (-)
Profit for the financial period	253	108	>100
Other comprehensive income/(loss):			
Items that will be reclassified subsequently to profit or loss:			
Currency translation differences gains:			
– subsidiaries	160	238	
– joint ventures and associates	3	3	
Cash flow hedge			
– changes in fair value	(51)	46	
– transfers to profit or loss	(2)	(16)	
Tax credit/(expense) relating to components of other comprehensive income/(loss)	13	(7)	
	123	264	
Items that will be not reclassified subsequently to profit or loss:			
Actuarial (loss)/gain on defined benefit pension plans	-	*	9
Investments at fair value through other comprehensive income ("FVOCI"):			
– changes in fair value	-	*	-
Share of other comprehensive (loss)/income of joint ventures	-	-	*
Tax credit/(expense) relating to components of other comprehensive income/(loss)	-	*	(2)
	-	*	7
Total other comprehensive income for the financial period	123	271	
Total comprehensive income for the financial period	376	379	
Total comprehensive income for the financial period attributable to:			
– equity holders of the Company	335	322	4
– Perpetual Sukuk	31	31	-
– non-controlling interests	10	26	(62)
Total	376	379	(1)

* 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 2023.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in RM million unless otherwise stated

	Unaudited	Audited
	As at 31 March 2024	As at 31 December 2023
Note		
Non-current assets		
Property, plant and equipment	19,373	19,145
Investment properties	8	8
Right-of-use assets	2,060	2,061
Joint ventures	407	416
Associates	50	52
Intangible assets	3,129	3,055
Investments at fair value through other comprehensive income ("FVOCI")	23	23
Deferred tax assets	467	443
Tax recoverable	215	251
Trade and other receivables	60	58
	25,792	25,512
Current assets		
Inventories	2,808	2,664
Biological assets	186	175
Trade and other receivables	2,537	2,207
Tax recoverable	302	298
Amounts due from related parties	-	-
Derivatives	14	34
Bank balances, deposits and cash	715	830
	6,562	6,208
Non-current assets held for sale ⁽¹⁾	164	166
Total assets	32,518	31,886
	A9	
Equity		
Share capital	1,634	1,634
Reserves	16,025	16,108
Attributable to equity holders of the Company	17,659	17,742
Perpetual Sukuk	2,200	2,231
Non-controlling interests	442	433
Total equity	20,301	20,406

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

Amounts in RM million unless otherwise stated

		Unaudited	Audited
		As at	As at
		31 March	31 December
	Note	2024	2023
Non-current liabilities			
Retirement benefits		194	191
Deferred income		-	-
Deferred tax liabilities		2,680	2,654
Borrowings	B8	3,543	3,582
Lease liabilities		188	194
Trade and other payables		57	57
		6,662	6,678
Current liabilities			
Trade and other payables		2,416	2,384
Contract liabilities		49	24
Amounts due to related parties		11	14
Retirement benefits		21	20
Lease liabilities		27	26
Tax payable		233	208
Derivatives	B9	64	19
Borrowings	B8	2,302	1,701
Dividend payable		418	394
		5,541	4,790
Liabilities directly associated with non-current assets held for sale ⁽²⁾			
		14	12
Total liabilities		12,217	11,480
Total equity and liabilities		32,518	31,886
Net assets per share attributable to equity holders of the Company (RM)		2.55	2.57
Note:			
(1) Non-current assets held for sale			
Non-current assets held for sale			
– property, plant and equipment		15	15
Disposal group held for sale			
– property, plant and equipment		113	112
– right of use assets		1	1
– tax assets		17	17
– receivables		8	7
– bank balances		-	-
– other assets		10	14
		164	166
(2) Liabilities directly associated with non-current assets held for sale			
Disposal group held for sale			
– payables		9	7
– retirement benefits		5	5
– other liabilities		-	-
		14	12

* 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 2023.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in RM million unless otherwise stated

Period ended 31 March 2024	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
At 1 January 2024	1,634	9	8	(18)	21	1,284	14,804	17,742	2,231	433	20,406
Profit for the financial period	-	-	-	-	-	-	211	211	31	11	253
Other comprehensive (loss)/income for the financial period	-	-	(37)	-	-	161	-	124	-	(1)	123
Total comprehensive (loss)/income for the financial period	-	-	(37)	-	-	161	211	335	31	10	376
Transactions with equity holders:											
Dividends	-	-	-	-	-	-	(418)	(418)	-	(1)	(419)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(62)	-	(62)
At 31 March 2024	1,634	9	(29)	(18)	21	1,445	14,597	17,659	2,200	442	20,301

Period ended 31 March 2023	Attributable to equity holders of the Company										
	Share capital	Capital reserve	Hedging reserve	Merger reserve	Investments at FVOCI reserve	Exchange reserve	Retained profits	Total	Perpetual Sukuk	Non-controlling interests	Total equity
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	-	-	-	-	-	-	69	69	31	8	108
Other comprehensive income for the financial period	-	-	23	-	-	223	7	253	-	18	271
Total comprehensive income for the financial period	-	-	23	-	-	223	76	322	31	26	379
Transactions with equity holders:											
Dividends	-	-	-	-	-	-	(418)	(418)	-	(2)	(420)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(62)	-	(62)
At 31 March 2023	1,634	9	33	(18)	20	939	13,654	16,271	2,200	442	18,913

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 2023.

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

	Note	Period ended 31 March	
		2024	2023
Cash flows from operating activities			
Profit for the financial period		253	108
Adjustments for:			
Share of results of joint ventures and associates		14	(2)
Finance income		(7)	(4)
Finance costs		37	52
Gain on disposal of:			
– property, plant and equipment	B5	(15)	(8)
Depreciation and amortisation	B5	367	345
Unrealised fair value (gains)/losses			
– commodities contracts	B5	20	33
– forward foreign exchange contracts	B5	(1)	(2)
Unrealised foreign exchange losses/(gains)	B5	18	(23)
Tax expense	B6	93	147
Fair value changes on biological assets		(9)	24
Retirement benefits		10	24
Net of impairment/(reversal) of:			
– property, plant and equipment	B5	10	6
– advances for plasma plantation projects	B5	1	1
– trade and other receivables	B5	(4)	(1)
Write off of:			
– inventories	B5	- *	- *
– property, plant and equipment	B5	4	3
– intangible assets	B5	-	- *
(Write back)/ write-down of inventories	B5	(15)	4
Dividend income from FVOCI		(1)	-
		775	707
Changes in working capital:			
Inventories		(109)	(193)
Trade and other receivables		(320)	414
Trade and other payables		51	63
Intercompany and related party balances		(3)	(2)
Cash generated from operations		394	989
Tax paid		(56)	(191)
Retirement benefits paid		(7)	(7)
Net cash generated from operating activities		331	791
Cash flows from investing activities			
Finance income received		7	4
Purchase of:			
– property, plant and equipment		(427)	(377)
– intangibles assets		(7)	(1)
Advances for plasma plantation projects		- *	- *
Proceeds from sale of:			
– property, plant and equipment		16	9
Dividend received from:			
– FVOCI		1	-
Net cash used in investing activities		(410)	(365)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Amounts in RM million unless otherwise stated

		Period ended	
		31 March	
	Note	2024	2023
Cash flows from financing activities			
Distribution to Perpetual Sukuk holders		(62)	(62)
Finance costs paid		(72)	(77)
Loans raised		1,412	1,726
Loan repayments		(913)	(1,749)
Repayment of lease liabilities		(9)	(7)
Dividends paid to shareholders		(394)	-
Dividends paid to non-controlling interests of subsidiaries		(1)	(2)
Net cash used in financing activities		(39)	(171)
Net changes in cash and cash equivalents during the financial period		(118)	255
Foreign exchange difference		3	(6)
Cash and cash equivalents at beginning of the financial period		830	635
Cash and cash equivalents at end of the financial period		715	884

* 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 2023.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024

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 2023.

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 2023 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 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 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 2025

- Amendments to MFRS 121 on The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

The amendments listed above are not expected to have any significant effect on the financial statements.

A3. Seasonal and cyclical factors

The Group's operations are not materially affected by seasonal or cyclical factors except for the fresh fruit bunch production which may be affected by the vagaries of weather and cropping patterns.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

Except as disclosed in Notes B1 and B2, there were no material unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the quarter under review.

A5. Material changes in estimates

There were no material effects from estimates made in prior periods or previous year.

A6. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024

Amounts in RM million unless otherwise stated

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A7. Dividends paid

Dividends paid during the quarter ended 31 March 2024 are as follows:

	Quarter ended 31 March 2024
In respect of financial year ended 31 December 2023 :	
- Special dividend of 5.70 sen per share, paid in cash on 24 January 2024	394

A8. Revenue

The Group derived the following types of revenue:

		Quarter ended 31 March	
	Note	2024	2023
Revenue from contracts with customers	A8(a)	4,334	4,062
Revenue from other sources	A8(b)	8	7
Total revenue		4,342	4,069
(a) Disaggregation of revenue from contracts with customers			
Upstream			
– Malaysia		166	313
– Indonesia		206	294
– Papua New Guinea and Solomon Islands ("PNG/SI")		61	49
Downstream		3,869	3,361
Other operations		32	45
		4,334	4,062
Sales of palm based products, other refined edible oils, rubber, sugar, beef and other agricultural products		4,276	3,976
Freight services		41	84
Tolling services		17	2
		4,334	4,062
Timing of revenue recognition			
– at point in time		4,276	3,976
– over time		58	86
		4,334	4,062
(b) Revenue from other sources			
Dividend (gross) received/receivable from investments		1	-
Rental income		7	7
		8	7

(c) Revenue expected to be recognised in relation to unsatisfied performance obligations

The following table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially unsatisfied) as at 31 March 2024:

	Expected timing of recognition During the quarter ending 30 June 2024
Freight income	49

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024

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
Period ended 31 March 2024							
Segment revenue:							
External sales	173	206	61	3,870	32	-	4,342
Inter-segment sales	751	253	593	102	124	(1,823)	-
Total revenue	924	459	654	3,972	156	(1,823)	4,342
Segment results:							
Operating profit:							
– recurring activities	118	84	63	135	- *	-	400
– non-recurring transactions	(10)	-	-	-	-	-	(10)
Share of results of joint ventures and associates	-	-	-	(14)	- *	-	(14)
Profit before interest and tax	108	84	63	121	- *	-	376
Period ended 31 March 2023							
Segment revenue:							
External sales	319	294	49	3,362	45	-	4,069
Inter-segment sales	450	303	953	97	185	(1,988)	-
Total revenue	769	597	1,002	3,459	230	(1,988)	4,069
Segment results:							
Operating profit:							
– recurring activities	(21)	105	136	66	15	-	301
– non-recurring transactions	-	-	-	-	-	-	-
Share of results of joint ventures and associates	-	-	-	2	- *	-	2
Profit before interest and tax	(21)	105	136	68	15	-	303

* Less than 1 million

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024

Amounts in RM million unless otherwise stated

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A9. Segment information (continued)

	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter- segment elimination	Total
As at 31 March 2024							
Segment assets:							
Operating assets	10,475	5,875	8,132	6,096	335	-	30,913
Joint ventures and associates	-	-	-	419	38	-	457
Non-current assets held for sale	15	132	-	-	-	-	147
	10,490	6,007	8,132	6,515	373	-	31,517
Tax assets							984
Tax assets from non-current assets held for sale							17
Total assets							32,518
As at 31 March 2023							
Segment assets:							
Operating assets	10,256	5,495	7,806	5,916	405	-	29,878
Joint ventures and associates	-	-	-	386	45	-	431
Non-current assets held for sale	20	470	-	-	-	-	490
	10,276	5,965	7,806	6,302	450	-	30,799
Tax assets							932
Tax assets from non-current assets held for sale							114
Total assets							31,845

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024
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:

	As at 31 March 2024	As at 31 December 2023
Contracted		
– property, plant and equipment	792	723

A11. Significant related party transactions

Significant related party transactions conducted were as follows:

	Quarter ended 31 March	
	2024	2023
(a) Transactions with joint venture and associates		
(i) Purchase of chemical products		
– Emery Oleochemicals UK	2	- *
(ii) Purchase of palm oil		
– Thai Eastern Trat Company Limited	16	18

(b) Transactions with related parties

Permodalan Nasional Berhad ("PNB") and the fund managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 55.074% as at 31 March 2024 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:

	Quarter ended 31 March	
	2024	2023
(i) Purchase of heavy equipment, spare parts and services		
– Sime Darby Industrial Sdn Bhd	4	4
– Kubota Malaysia Sdn Bhd	3	3
(ii) Lease of agricultural land		
– Kumpulan Sime Darby Berhad	3	3
(iii) Rental expenses		
– Sime Darby Property Group	5	2
(d) Transactions entered into with person connected to a director		
(i) Purchase of heavy equipment, spare part and services		
– Datuk Mohd Anwar Yahya	- *	1

* Less than 1 million

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024

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

The Board of Directors of the Company have on 30 April 2024, announced that the Company had proposed to change its name from "Sime Darby Plantation Berhad" to "SD Guthrie Berhad" ("Proposed Change of Name").

The Proposed Change of Name has been approved by the Company's shareholders at an Extraordinary General Meeting convened on 28 May 2024 and takes effect from 28 May 2024, which is the date of issuance of the Notice of Registration of New Name by the CCM to the Company.

Other than the above, there were no material events in the interval between the end of the quarter under review and 25 May 2024, 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 31 March 2024	As at 31 December 2023
Guarantees in respect of credit facilities granted to:		
– a joint venture	3	3
– plasma stakeholders	113	117
	116	120

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024

Amounts in RM million unless otherwise stated

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

B1. Review of group performance

(a) Current quarter ended 31 March 2024 against the previous year corresponding quarter ended 31 March 2023

	Quarter ended 31 March		+/(–)
	2024	2023	%
Revenue	4,342	4,069	7
Segment results:			
Upstream Malaysia	118	(21)	>100
Upstream Indonesia	84	105	(20)
Upstream PNG/SI	63	136	(54)
Downstream	121	68	78
Other operations	- *	15	(100)
Recurring profit before interest and tax	386	303	27
Non-recurring transactions	(10)	-	
Profit before interest and tax	376	303	24
Finance income	7	4	
Finance costs	(37)	(52)	
Profit before tax	346	255	36
Tax expense	(93)	(147)	
Profit for the financial period	253	108	>100
Perpetual Sukuk	(31)	(31)	
Non-controlling interests	(11)	(8)	
Profit after tax attributable to equity holders of the Company	211	69	>100

For the quarter ended 31 March 2024, the Group registered a net profit of RM211 million, tripled the previous corresponding quarter's RM69 million. This was due to higher recurring profits from both the Upstream and the Downstream segments, which compensated for a loss from non-recurring transactions.

Finance costs reduced by 29% in the quarter, largely driven by lower borrowings. Average interest rate was 5.2% per annum, marginally lower than 5.3% per annum in the previous corresponding quarter.

The Group's effective tax rate for the quarter was 27%.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024

Amounts in RM million unless otherwise stated

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

B1. Review of group performance (continued)

(a) Current quarter ended 31 March 2024 against the previous year corresponding quarter ended 31 March 2023 (continued)

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

Upstream

The Upstream segment reported a recurring profit before interest and tax ("PBIT") of RM265 million, an increase of 20% from the previous corresponding quarter's profit of RM220 million. The major factors that contributed to the higher profits are:

- i) An increase in the fresh fruit bunch ("FFB") production by 9%, driven by the strong recovery of Malaysian operations;
- ii) Improved oil extraction rate ("OER") which increased from 21.02% to 21.20%; and
- ii) Higher palm kernel ("PK") average realised price by 8%.

The above favourable factors compensated for the marginal decline in the average realised price of crude palm oil ("CPO").

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	31 March			31 March		
	2024	2023	%	2024	2023	%
Upstream Malaysia	3,982	4,148	(4)	1,042	785	33
Upstream Indonesia	3,656	3,455	6	507	566	(10)
Upstream PNG/SI	3,924	4,034	(3)	430	472	(9)
Total	3,880	3,887	(0)	1,979	1,823	9

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	31 March			31 March		
	2024	2023	%	2024	2023	pp
Upstream Malaysia	2,165	2,031	7	20.48	19.95	0.53
Upstream Indonesia	1,498	1,469	2	21.64	21.38	0.26
Upstream PNG/SI	-	-	-	22.20	22.25	(0.05)
Total	1,940	1,794	8	21.20	21.02	0.18

Downstream

The Downstream sector reported a higher PBIT of RM121 million in the current quarter as compared to RM68 million in the previous corresponding quarter, driven by stronger profits in both the Asia Pacific and the European operations. This was on the back of higher volume demand for the Asia Pacific bulk and differentiated refineries, and improved margins in Europe, which mitigated the lower share of profit from a joint venture.

Other operations

Other operations from the Group's agribio and research units reported a breakeven result in the current quarter.

Non-recurring transactions

Non-recurring loss for the current quarter consists of an impairment charge on a mill in Malaysia.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024

Amounts in RM million unless otherwise stated

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

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

	Quarter ended		+/(–) %
	31 Mar 2024	31 Dec 2023	
Revenue	4,342	5,280	(18)
Segment results:			
Upstream Malaysia	118	93	27
Upstream Indonesia	84	132	(36)
Upstream PNG/SI	63	(27)	>100
Downstream	121	183	(34)
Other operations	- *	-	
Recurring profit before interest and tax	386	381	1
Non-recurring transactions	(10)	55	>(100)
Profit before interest and tax	376	436	(14)
Finance income	7	6	
Finance costs	(37)	(47)	
Profit before tax	346	395	(12)
Tax expense	(93)	(151)	
Profit for the financial period	253	244	4
Perpetual Sukuk	(31)	(31)	
Non-controlling interests	(11)	(13)	
Profit after tax attributable to equity holders of the Company	211	200	6

The Group registered net earnings of RM211 million, a 6% increase from RM200 million recorded in the preceding quarter, attributed to higher recurring profits which mitigated the lower profits from non-recurring transactions.

Finance costs were 21% lower, due to a reduction in average interest rate to 5.2% per annum from 5.8% per annum in the preceding quarter, and a 1% decline in average borrowings.

The Group's effective tax rate for the quarter was 27%.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024

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 RM265 million from the preceding quarter profit of RM198 million. Major factors contributing to the higher profits:

- i) Higher CPO and PK average realised prices which increased by 5% and 11%, respectively; and
- ii) Lower costs mainly due to decreased manuring activities in the current quarter.

The above favourable impact compensated for the lower FFB production which declined by 17%, and the lower OER which reduced from 21.32% to 21.20%.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	Mar 2024	Dec 2023	%	Mar 2024	Dec 2023	%
Upstream Malaysia	3,982	3,895	2	1,042	1,254	(17)
Upstream Indonesia	3,656	3,315	10	507	675	(25)
Upstream PNG/SI	3,924	3,796	3	430	465	(8)
Total	3,880	3,688	5	1,979	2,394	(17)

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	Mar 2024	Dec 2023	%	Mar 2024	Dec 2023	pp
Upstream Malaysia	2,165	1,980	9	20.48	20.54	(0.06)
Upstream Indonesia	1,498	1,341	12	21.64	21.95	(0.31)
Upstream PNG/SI	-	-	-	22.20	22.28	(0.08)
Total	1,940	1,742	11	21.20	21.32	(0.12)

Downstream

The Downstream segment's recurring PBIT declined by 34% to RM121 million, mainly due to weaker profits from all segments due to lower sales margins and sales volumes as compared to the preceding quarter.

Other operations

Other operations from the Group's agribio and research units reported a breakeven result in the current quarter.

Non-recurring transactions

Non-recurring loss for the current quarter consists of an impairment charge on a mill in Malaysia.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024

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**

In the near term, the Group expects CPO price to remain supported due to continued geopolitical tensions and the anticipated effects of extreme weather events in producing countries which may impact supply of vegetable oils globally.

Through the Group's concerted efforts to rehabilitate its Malaysian upstream operations and accelerating its mechanisation and automation efforts, it anticipates continued growth in FFB production in 2024. The Group will continue to focus on its efforts to reduce costs through various transformational initiatives, and to drive operational excellence.

The Group also remains committed to pursuing new opportunities for business growth. The Group's recently announced plans to utilise its vast landbank in Malaysia to create sustainable revenue streams, include its participation in the proposed 1,000 acres Kerian Integrated Green Industrial Park (KIGIP), in Perak. The project also involves the development of a further 660 acres for solar farms to be owned and operated by the Group, being the principal green energy source for KIGIP.

Barring any unforeseen circumstances, the Group is cautiously optimistic as it looks ahead to another satisfactory performance in FY2024.

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

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

B5. Operating profit and finance costs

Included in the operating profit are:

	Quarter ended	
	31 March	
	2024	2023
Depreciation and amortisation	(367)	(345)
Unrealised fair value (losses)/gains		
– commodities contracts	(20)	(33)
– forward foreign exchange contracts	1	2
Gain on disposals of:		
– property, plant and equipment	15	8
Net of (impairment)/reversal of:		
– property, plant and equipment	(10)	(6)
– trade and other receivables	4	1
– advances for plasma plantation projects	(1)	(1)
Unrealised foreign exchange (losses)/gains	(18)	23
Write back/(Write down) of inventories	15	(4)
Write off of:		
– property, plant and equipment	(4)	(3)
– intangible assets	-	-
– inventories	-	-
	- *	-

* Less than 1 million.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024

Amounts in RM million unless otherwise stated

B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**B6. Tax expense**

	Quarter ended 31 March	
	2024	2023
In respect of current financial period:		
– current tax	111	186
– deferred tax	(18)	(43)
	93	143
In respect of prior financial period:		
– current tax	-	4
Tax expenses	93	147

For the quarter ended 31 March 2024, the Group recorded an effective tax rate of 27%, with total tax expense of RM93 million on the back of a profit before tax of RM346 million.

B7. Status of announced corporate proposals

There are no corporate proposals announced but not completed as at 31 May 2024.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024

Amounts in RM million unless otherwise stated

B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**B8. Borrowings and debt securities**

Borrowings of the Group as at 31 March 2024 are as follows:

	Secured	Unsecured	Total
Long-term			
Term loans	-	2,338	2,338
Revolving credits-i	-	710	710
Bonds	-	511	511
Unamortised deferred financing expenses	-	(16)	(16)
	-	3,543	3,543
Short-term			
Term loans	-	132	132
Revolving credits	-	884	884
Revolving credits-i	-	1,224	1,224
Overdraft	-	64	64
Unamortised deferred financing expenses	-	(2)	(2)
	-	2,302	2,302
Total	-	5,845	5,845
Borrowings of the Group consist of:			
– principal	-	5,863	5,863
– unamortised deferred financing expenses	-	(18)	(18)
	-	5,845	5,845

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	-	511
Ringgit Malaysia	2,206	1,271	3,477
United States Dollar	826	967	1,793
Papua New Guinean Kina	-	64	64
	3,543	2,302	5,845

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024

Amounts in RM million unless otherwise stated

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

B9. Derivatives

The Group uses forward foreign exchange contracts, commodity forward and futures contracts to manage its exposure to various financial risks.

The fair values of these derivatives as at 31 March 2024 are as follows:

	Classification in Statement of Financial Position				Net fair value
	Assets		Liabilities		
	Non-current	Current	Non-current	Current	
Forward foreign exchange contracts	-	4	-	5	(1)
Commodities contracts	-	10	-	59	(49)
	-	14	-	64	(50)

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

Forward foreign exchange contracts

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

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

As at 31 March 2024, 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	1,330	(1)

Commodities contracts

Commodity forward and futures contracts were entered into by the Group to manage exposure to adverse movements in crude palm oil prices. Certain contracts are entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's expected purchase, sale or usage requirements, except for those contracts below.

The outstanding contracts as at 31 March 2024 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	52,581	170	10
– Sale contracts	314,251	1,143	(59)
			(49)

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024

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 the Company, 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 were reviewed by NBPOL's lawyers and based on NBPOL's meeting with the Defendants on 12 February 2024, the Defendants have reaffirmed their willingness to execute the revised SLAs. Copies of the revised SLAs were provided to the Defendants to review independently. NBPOL is awaiting written consent and confirmations from the Defendants to sign the revised SLAs with NBPOL.

(b) **Chantico Ship Management Ltd ("Chantico") vs. Sime Darby Oils Zwijsrecht Refinery B.V. (formerly known as Sime Darby Unimills B.V.) ("SDOZR")**

SDOZR, an indirect wholly-owned subsidiary of the Company, 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 – 31 MARCH 2024

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 Zwijsrecht 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 appealed to the Piraeus Court of Appeal and the appeals for Lawsuit 1 and Lawsuit 2 were heard on 17 November 2022. On 29 January 2024, SDOZR was informed that the Piraeus Court of Appeal dismissed Chantico's appeal in both Lawsuit 1 and Lawsuit 2. The judgement of the Piraeus Court of Appeal is subject to appeal to the Supreme Court on issues of law only and the time limit to file an appeal is 60 days from the date of service of the judgment on Chantico. SDOZR's Greek lawyer will be serving the judgment of the Piraeus Court of Appeal on Chantico as soon as possible. SDOZR's Greek lawyer estimates the exposure of SDOZR (and all of the other 8 cargo owners, jointly and severally) at EUR2.4 million (approximately RM12.3 million) for Lawsuit 1 and EUR192,000 (approximately RM1.0 million) for Lawsuit 2, all amounts inclusive of interest. As at this juncture, adequate provision has been made.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2024

Amounts in RM million unless otherwise stated

B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**B11. Dividend**

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

B12. Earnings per share

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

	Quarter ended 31 March	
	2024	2023
Profit for the financial period	211	69
Weighted average number of ordinary shares in issue (million units)	6,916	6,916
Basic earnings per share (sen)	3.1	1.0

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
31 May 2024

Azrin Nashiha Abdul Aziz
Group Secretary