



**Plantation**

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**QUARTERLY REPORT**

**On the consolidated results for the third quarter ended 30 September 2020**

The Directors are pleased to announce the followings:

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

Amounts in RM million unless otherwise stated

	Note	Quarter ended		%	Three quarters ended		%
		30 September	30 September		30 September	30 September	
		2020	2019	+ / (-)	2020	2019	+ / (-)
<b>Continuing operations</b>							
Revenue	A8, A9	3,182	2,821	13	9,442	8,686	9
Operating expenses		(2,824)	(2,868)		(8,507)	(8,631)	
Other operating income		15	144		519	227	
Other (losses)/gains		(42)	13		63	49	
<b>Operating profit</b>	B5, A9	<b>331</b>	<b>110</b>	<b>&gt;100</b>	<b>1,517</b>	<b>331</b>	<b>&gt;100</b>
Share of results of joint ventures		1	8		- *	4	
Share of results of associates		-	-		4	(2)	
<b>Profit before interest and tax</b>	A9	<b>332</b>	<b>118</b>	<b>&gt;100</b>	<b>1,521</b>	<b>333</b>	<b>&gt;100</b>
Finance income		3	3		9	10	
Finance costs		(24)	(37)		(93)	(124)	
<b>Profit before tax</b>		<b>311</b>	<b>84</b>	<b>&gt;100</b>	<b>1,437</b>	<b>219</b>	<b>&gt;100</b>
Tax (expense)/income	B6	(74)	(11)		(360)	58	
<b>Profit from continuing operations</b>		<b>237</b>	<b>73</b>	<b>&gt;100</b>	<b>1,077</b>	<b>277</b>	<b>&gt;100</b>
<b>Discontinued operations</b>							
(Loss)/profit from discontinued operations		-	(275)		74	(309)	
<b>Profit/(loss) for the financial period</b>		<b>237</b>	<b>(202)</b>	<b>&gt;100</b>	<b>1,151</b>	<b>(32)</b>	<b>&gt;100</b>
<b>Profit/(loss) for the financial period attributable to:</b>							
- equity holders of the Company							
- from continuing operations		190	32		962	167	
- from discontinued operations		-	(275)		74	(309)	
		<b>190</b>	<b>(243)</b>	<b>&gt;100</b>	<b>1,036</b>	<b>(142)</b>	<b>&gt;100</b>
- Perpetual Sukuk							
- from continuing operations		31	31		93	93	
		<b>31</b>	<b>31</b>		<b>93</b>	<b>93</b>	
- non-controlling interests							
- from continuing operations		16	10		22	17	
		<b>16</b>	<b>10</b>		<b>22</b>	<b>17</b>	
		<b>237</b>	<b>(202)</b>	<b>&gt;100</b>	<b>1,151</b>	<b>(32)</b>	<b>&gt;100</b>
<b>Basic earnings/(loss) per share attributable to equity holders of the Company (sen):</b>							
- from continuing operations	B12	2.8	0.5		13.9	2.4	
- from discontinued operations	B12	-	(4.0)		1.1	(4.5)	
<b>Total</b>		<b>2.8</b>	<b>(3.5)</b>	<b>&gt;100</b>	<b>15.0</b>	<b>(2.1)</b>	<b>&gt;100</b>

\* 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 2019.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Amounts in RM million unless otherwise stated**

	Quarter ended		%	Three quarters ended		%
	30 September			30 September		
	2020	2019	+ / (-)	2020	2019	+ / (-)
<b>Profit/(loss) for the financial period</b>	<b>237</b>	<b>(202)</b>	>100	<b>1,151</b>	<b>(32)</b>	>100
<b>Continuing operations</b>						
<b>Other comprehensive (loss)/income:</b>						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences (loss)/gain:						
– subsidiaries	(444)	50		(245)	177	
– joint ventures and associates	(1)	- *		(1)	- *	
Net change in fair value:						
– cash flow hedges loss	(11)	(4)		(12)	(19)	
– transfer to profit and loss	-	7		- *	4	
Tax income/(expense) relating to components through other comprehensive income	3	(1)		3	(1)	
	<b>(453)</b>	<b>52</b>		<b>(255)</b>	<b>161</b>	
Other comprehensive income/(loss) from discontinued operations	-	2		(113)	1	
<b>Total other comprehensive (loss)/income</b>	<b>(453)</b>	<b>54</b>		<b>(368)</b>	<b>162</b>	
<b>Total comprehensive (loss)/income for the financial period</b>	<b>(216)</b>	<b>(148)</b>		<b>783</b>	<b>130</b>	
<b>Total comprehensive (loss)/income for the financial period attributable to:</b>						
– equity holders of the Company						
– from continuing operations	(246)	83	>(100)	718	320	>100
– from discontinued operations	-	(273)	100	(39)	(308)	87
	<b>(246)</b>	<b>(190)</b>		<b>679</b>	<b>12</b>	
– Perpetual Sukuk						
– from continuing operations	31	31		93	93	
	<b>31</b>	<b>31</b>		<b>93</b>	<b>93</b>	
– non-controlling interests						
– from continuing operations	(1)	11	>(100)	11	25	(56)
	<b>(1)</b>	<b>11</b>		<b>11</b>	<b>25</b>	
<b>Total</b>	<b>(216)</b>	<b>(148)</b>	(46)	<b>783</b>	<b>130</b>	>100

\* 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 2019.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**Amounts in RM million unless otherwise stated**

	<u>Unaudited</u>	<u>Audited</u>
Note	As at 30 September 2020	As at 31 December 2019
<b>Non-current assets</b>		
Property, plant and equipment	17,165	17,314
Investment properties	7	8
Right-of-use assets	2,043	2,146
Joint ventures	34	34
Associates	41	40
Intangible assets	2,863	2,840
Investments at fair value through other comprehensive income ("FVOCI")	30	30
Deferred tax assets	573	640
Tax recoverable	285	334
Trade and other receivables	182	156
	<u>23,223</u>	<u>23,542</u>
<b>Current assets</b>		
Inventories	1,592	1,498
Biological assets	184	189
Trade and other receivables	1,903	1,934
Tax recoverable	187	313
Amounts due from related parties	3	2
Derivatives	82	77
Bank balances, deposits and cash	695	431
	<u>4,646</u>	<u>4,444</u>
<b>Non-current assets held for sale</b> <sup>(1)</sup>	<u>567</u>	<u>522</u>
<b>Total assets</b>	<u>28,436</u>	<u>28,508</u>
<b>Equity</b>		
Share capital	1,506	1,506
Reserves	12,085	11,755
Attributable to equity holders of the Company	<u>13,591</u>	<u>13,261</u>
Perpetual Sukuk	2,200	2,231
Non-controlling interests	358	369
<b>Total equity</b>	<u>16,149</u>	<u>15,861</u>

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

Amounts in RM million unless otherwise stated

		<u>Unaudited</u> As at 30 September 2020	<u>Audited</u> As at 31 December 2019
<b>Non-current liabilities</b>			
Retirement benefits		251	260
Deferred income		-	-
Deferred tax liabilities		2,639	2,598
Borrowings	B8	4,679	5,255
Lease liabilities		149	162
Trade and other payables		81	78
		<u>7,799</u>	<u>8,353</u>
<b>Current liabilities</b>			
Trade and other payables		1,888	1,360
Deferred income		17	13
Amounts due to related parties		5	7
Retirement benefits		14	15
Lease liabilities		28	25
Tax payable		189	105
Derivatives	B9	92	243
Borrowings	B8	2,241	2,490
		<u>4,474</u>	<u>4,258</u>
<b>Liabilities directly associated with non-current assets held for sale</b> <sup>(2)</sup>		<u>14</u>	<u>36</u>
<b>Total liabilities</b>		<u>12,287</u>	<u>12,647</u>
<b>Total equity and liabilities</b>		<u>28,436</u>	<u>28,508</u>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>		<u>1.97</u>	<u>1.93</u>
<b>Note:</b>			
<sup>(1)</sup> <b>Non-current assets held for sale</b>			
Non-current assets held for sale			
– property, plant and equipment		58	66
– intangible asset		3	3
– joint venture		394	394
Disposal group held for sale			
– property, plant and equipment		90	34
– other assets		22	25
		<u>567</u>	<u>522</u>
<sup>(2)</sup> <b>Liabilities directly associated with non-current assets held for sale</b>			
Disposal group held for sale			
– liabilities		14	36
		<u>14</u>	<u>36</u>

\* 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 2019.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Amounts in RM million unless otherwise stated

	Attributable to equity holders of the Company										
	Share capital	Capital reserve	Hedging reserve	Merger reserve	Investments at FVOCI reserve	Exchange reserve	Retained profits	Total	Perpetual Sukuk	Non-controlling interests	Total equity
<b>Three quarters ended 30 September 2020</b>											
<b>At 1 January 2020</b>	1,506	9	6	(18)	28	721	11,009	13,261	2,231	369	15,861
<b><u>Continuing operations</u></b>											
Profit for the financial period	-	-	-	-	-	-	962	962	93	22	1,077
Other comprehensive loss for the financial period	-	-	(9)	-	-	(232)	-	(241)	-	(11)	(252)
Total comprehensive (loss)/income for the financial period	-	-	(9)	-	-	(232)	962	721	93	11	825
Transactions with equity holders:											
Dividends	-	-	-	-	-	-	(346)	(346)	-	(25)	(371)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(124)	-	(124)
Disposal of subsidiaries	-	-	-	-	-	(3)	-	(3)	-	-	(3)
Changes in ownership	-	-	-	-	-	-	(3)	(3)	-	3	-
<b><u>Discontinued operations</u></b>											
Total comprehensive (loss)/income for the financial period	-	-	-	-	-	(113)	74	(39)	-	-	(39)
<b>At 30 September 2020</b>	<b>1,506</b>	<b>9</b>	<b>(3)</b>	<b>(18)</b>	<b>28</b>	<b>373</b>	<b>11,696</b>	<b>13,591</b>	<b>2,200</b>	<b>358</b>	<b>16,149</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

Amounts in RM million unless otherwise stated

	Attributable to equity holders of the Company										
	Share capital	Capital reserve	Hedging reserve	Merger reserve	Investments at FVOCI reserve	Exchange reserve	Retained profits	Total	Perpetual Sukuk	Non-controlling interests	Total equity
<b>Three quarters ended 30 September 2019</b>											
<b>At 1 January 2019</b>	1,100	9	32	(18)	27	620	11,348	13,118	2,231	396	15,745
<b><u>Continuing operations</u></b>											
Profit for the financial period	-	-	-	-	-	-	167	167	93	17	277
Other comprehensive (loss)/income for the financial period	-	-	(19)	-	-	172	-	153	-	8	161
Total comprehensive (loss)/income for the financial period	-	-	(19)	-	-	172	167	320	93	25	438
Transactions with equity holders:											
Share issue	406	-	-	-	-	-	-	406	-	-	406
Dividends	-	-	-	-	-	-	(117)	(117)	-	(55)	(172)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(124)	-	(124)
<b><u>Discontinued operations</u></b>											
Total comprehensive income/(loss) for the financial period	-	-	-	-	-	1	(309)	(308)	-	-	(308)
<b>At 30 September 2019</b>	1,506	9	13	(18)	27	793	11,089	13,419	2,200	366	15,985

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 2019.

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

	Note	Three quarters ended 30 September	
		2020	2019
<b>Cash flows from operating activities</b>			
Profit for the financial period from continuing operations		1,077	277
Adjustments for:			
Share of results of joint ventures and associates		(4)	(2)
Finance income		(9)	(10)
Finance costs		93	124
Gain on disposal of:			
– property, plant and equipment	B5	(1)	(42)
– non-current assets held for sale	B5	(461)	(9)
Depreciation and amortisation	B5	936	885
Fair value (gains)/losses:			
– commodities contracts	B5	(155)	(13)
– forward foreign exchange contracts	B5	2	1
Unrealised foreign exchange losses/(gains)	B5	36	(23)
Tax expense/(income)	B6	360	(58)
Fair value changes on biological assets		7	46
Retirement benefits		27	29
Impairment of:			
– property, plant and equipment	B5	2	-
– right-of-use assets	B5	-	19
– inventories	B5	18	-
– trade and other receivables	B5	4	33
– non-current assets held for sale	B5	17	-
Reversal of impairment:			
– intangible assets	B5	-	(2)
Write offs:			
– inventories	B5	-	4
– property, plant and equipment	B5	17	16
		<b>1,966</b>	<b>1,275</b>
Changes in working capital:			
Inventories		(112)	(182)
Trade and other receivables		(60)	485
Trade and other payables		294	(241)
Intercompany and related party balances		(3)	(54)
Cash generated from operations		<b>2,085</b>	<b>1,283</b>
Tax paid		(57)	(79)
Retirement benefits paid		(19)	(22)
Operating cash flow from continuing operations		<b>2,009</b>	<b>1,182</b>
Operating cash flow from discontinued operations		-	4
<b>Net cash generated from operating activities</b>		<b>2,009</b>	<b>1,186</b>
<b>Cash flows from investing activities</b>			
Finance income received		9	10
Purchase of:			
– property, plant and equipment		(864)	(1,006)
– intangibles assets		(7)	(5)
– right-of-use assets		(1)	-
Proceeds from sale of:			
– non-current assets held for sale		477	46
– property, plant and equipment		1	103
Dividend received from:			
– an associate		1	-
Investing cash flow used in continuing operations		(384)	(852)
Investing cash flow used in discontinued operations		(25)	(1)
<b>Net cash used in investing activities</b>		<b>(409)</b>	<b>(853)</b>

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

Amounts in RM million unless otherwise stated

	Note	Three quarters ended	
		30 September	
		2020	2019
<b>Cash flows from financing activities</b>			
Distribution to Perpetual Sukuk holders		(124)	(124)
Finance costs paid		(142)	(204)
Loans raised		2,180	1,824
Loan repayments		(3,116)	(1,255)
Repayment of lease liabilities		(21)	(19)
Dividends paid to shareholders		(69)	(459)
Dividends paid to non-controlling interests of subsidiaries		(25)	(55)
Financing cash flow used in continuing operations		(1,317)	(292)
Financing used in discontinued operations		-	-
<b>Net cash used in financing activities</b>		<b>(1,317)</b>	<b>(292)</b>
<b>Net changes in cash and cash equivalents during the financial year</b>		<b>283</b>	<b>41</b>
Foreign exchange difference		(19)	(28)
<b>Cash and cash equivalents at beginning of the year</b>		<b>431</b>	<b>491</b>
<b>Cash and cash equivalents at end of the year</b>		<b>695</b>	<b>504</b>
For the purpose of the statement of cash flows, cash and cash equivalents comprised the following:			
Bank balances, deposits and cash		695	504
<b>Cash and cash equivalents from continuing operations</b>		<b>695</b>	<b>501</b>
<b>Cash and cash equivalents from discontinued operations</b>		<b>-</b>	<b>3</b>
		<b>695</b>	<b>504</b>

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 2019.

## EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020

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 2019.

Prior to 1 June 2020, the Group measures its derivatives entered to hedge against crude palm oil price risk at fair value through profit or loss at each reporting date, in accordance with MFRS 9 "Financial Instruments". With effect from 1 June 2020, the Group has applied hedge accounting to its forward commodity contracts to minimise fluctuations from commodity price movements as any gains or losses on the hedging instrument is deferred in the hedging reserve until the transactions are realised. As at 30 September 2020, the Group has recognised a gain on derivatives that qualify for hedge accounting of approximately RM1.9 million (net of tax) in other comprehensive income.

#### 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 2019 except as described below.

(a) Accounting pronouncements that are effective and have been adopted in preparing these financial statements:

- (i) Interpretation and amendments that are effective on or after 1 January 2020
  - Amendments to MFRS 3 "Definition of a Business"
  - Amendments to MFRS 101 and MFRS 108 "Definition of Material"
  - The Conceptual Framework for Financial Reporting

The adoption of these amendments does not have any 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) Interpretation and amendments that are effective on or after 1 January 2021
  - Amendment to MFRS 16 Leases "Covid-19 - Related Rent Concessions"
- (ii) Interpretation and amendments that are effective on or after 1 January 2022
  - Amendments to MFRS 116 "Property, Plant and Equipment: Proceeds before Intended Use"
  - Amendments to MFRS 137 "Onerous Contracts - Cost of Fulfilling a Contract"

(c) Accounting pronouncement where the effective date has been deferred to a date to be determined by the Malaysian Accounting Standards Board ("MASB") is set out below:

- Amendments to MFRS 10 and MFRS 128 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

#### 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.

#### A7. Dividends paid

Dividends paid during the financial period ended 30 September 2020 are as follows:

**Three quarters ended**  
**30 September**  

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**2020**

In respect of financial year ended 31 December 2019:

Final single tier dividend of 1.0 sen per share, paid in cash on 22 May 2020.

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**69**

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020

Amounts in RM million unless otherwise stated

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A8. Revenue

The Group derived the following types of revenue:

	Note	Three quarters ended 30 September	
		2020	2019
<b><u>Continuing operations</u></b>			
Revenue from contracts with customers	A8(a)	9,435	8,677
Revenue from other sources	A8(b)	7	9
		<b>9,442</b>	<b>8,686</b>
<b><u>Discontinued operations</u></b>			
Revenue from contracts with customers		-	29
Total revenue		<b>9,442</b>	<b>8,715</b>
(a) Disaggregation of revenue from contracts with customers			
<b><u>Continuing operations</u></b>			
Upstream			
– Malaysia		485	504
– Indonesia		559	642
– Papua New Guinea and Solomon Islands ("PNG/SI")		808	779
Downstream		7,537	6,708
Other operations		46	44
		<b>9,435</b>	<b>8,677</b>
<b><u>Discontinued operations</u></b>			
Upstream			
– Liberia		-	29
		<b>9,435</b>	<b>8,706</b>
<b><u>Continuing operations</u></b>			
Sales of palm based products, other refined edible oils, rubber, sugar, beef and other agricultural products			
		9,238	8,381
Freight services		190	291
Tolling services		7	5
		<b>9,435</b>	<b>8,677</b>
<b><u>Discontinued operations</u></b>			
Sales of palm based products			
		-	29
		<b>9,435</b>	<b>8,706</b>
<b><u>Continuing operations</u></b>			
Timing of revenue recognition			
– at point in time		9,238	8,381
– over time		197	296
		<b>9,435</b>	<b>8,677</b>
<b><u>Discontinued operations</u></b>			
Timing of revenue recognition			
– at point in time		-	29
		<b>9,435</b>	<b>8,706</b>
(b) Revenue from other sources			
Rental income			
		7	9
		<b>7</b>	<b>9</b>
(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 2020:

	<b><u>Expected timing of recognition</u></b> During the quarter ending 31 December 2020
Freight income	<b>17</b>

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

Amounts in RM million unless otherwise stated

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

**A9. Segment information**

	Continuing operations							Discontinued operations	Total
	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter-segment elimination	Total		
<b>Three quarters ended 30 September 2020</b>									
<b>Segment revenue:</b>									
External sales	491	559	808	7,538	46	-	9,442	-	9,442
Inter-segment sales	2,009	630	559	73	169	(3,440)	-	-	-
Total revenue	2,500	1,189	1,367	7,611	215	(3,440)	9,442	-	9,442
<b>Segment results:</b>									
Operating profit/(loss)									
– recurring activities	606	207	64	184	12	-	1,073	-	1,073
– non-recurring transactions	405	(17)	56	-	-	-	444	74	518
Share of results of joint ventures and associates	-	-	-	-	4	-	4	-	4
Profit before interest and tax	1,011	190	120	184	16	-	1,521	74	1,595
<b>Three quarters ended 30 September 2019</b>									
<b>Segment revenue:</b>									
External sales	510	642	779	6,711	44	-	8,686	29	8,715
Inter-segment sales	1,727	531	314	62	222	(2,856)	-	-	-
Total revenue	2,237	1,173	1,093	6,773	266	(2,856)	8,686	29	8,715
<b>Segment results:</b>									
Operating profit/(loss)									
– recurring activities	244	88	(197)	204	27	-	366	(55)	311
– non-recurring transactions	(25)	9	-	-	(19)	-	(35)	(264)	(299)
Share of results of joint ventures and associates	-	-	-	-	2	-	2	10	12
Profit/(loss) before interest and tax	219	97	(197)	204	10	-	333	(309)	24

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020

Amounts in RM million unless otherwise stated

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A9. Segment information (continued)

	Continuing operations						Total	Discontinued operations	Total
	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter-segment elimination			
<b>As at 30 September 2020</b>									
<b>Segment assets:</b>									
Operating assets	9,485	4,697	7,845	4,510	212	-	26,749	-	26,749
Joint ventures and associates	-	-	-	-	75	-	75	-	75
Non-current assets held for sale	61	112	-	-	-	-	173	394	567
	<b>9,546</b>	<b>4,809</b>	<b>7,845</b>	<b>4,510</b>	<b>287</b>	<b>-</b>	<b>26,997</b>	<b>394</b>	<b>27,391</b>
Tax assets							1,045		1,045
Total assets							<b>28,042</b>		<b>28,436</b>

	Continuing operations						Total	Discontinued operations	Total
	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter-segment elimination			
<b>As at 30 September 2019</b>									
<b>Segment assets:</b>									
Operating assets	9,315	4,871	8,073	4,091	257	-	26,607	-	26,607
Joint ventures and associates	-	-	-	-	74	-	74	-	74
Non-current assets held for sale	68	-	-	8	-	-	76	432	508
	<b>9,383</b>	<b>4,871</b>	<b>8,073</b>	<b>4,099</b>	<b>331</b>	<b>-</b>	<b>26,757</b>	<b>432</b>	<b>27,189</b>
Tax assets							1,245		1,245
Total assets							<b>28,002</b>		<b>28,434</b>

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

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:

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at 30 September 2020</b>	<b>As at 31 December 2019</b>
Property, plant and equipment		
– contracted	323	331
– not contracted	91	175
	<b>414</b>	<b>506</b>
Other capital expenditure		
– not contracted	226	768
	<b>226</b>	<b>768</b>
	<b>640</b>	<b>1,274</b>

**A11. Significant related party transactions**

Significant related party transactions conducted were as follows:

	<b>Three quarters ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
(a) Transactions with a joint venture		
(i) Sale of goods and tolling services		
– Emery Oleochemicals (M) Sdn Bhd	29	33
(b) Transactions with associates		
(i) Management fee		
– Muang Mai Guthrie Public Company Limited	-	1
(ii) Purchase of goods		
– Rizhao Sime Darby Oils & Fatz Co. Ltd.	29	1
– Thai Eastern Trat Company Limited	45	29

\*Less than 1 million

## (c) Transactions with related parties

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 56.85% as at 30 September 2020 of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra ("YPB"). The Group considers that, for the purpose of MFRS 124 "Related Party Disclosures", the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government's controlled bodies (collectively referred to as government related entities) are related parties of the Group and the Company.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

Amounts in RM million unless otherwise stated

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)****A11. Significant related party transactions (continued)**

Significant related party transactions conducted were as follows: (continued)

## (c) Transactions with related parties (continued)

Transactions entered into with Government related entities include the following:

	<b>Three quarters ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
(i) Foreign currency payment arrangement – Hastings Deering (PNG) Limited	<b>84</b>	93
(ii) Payroll, accounting and IT processing costs – DXC Technology Sdn Bhd (fka. Sime Darby Global Services Centre Sdn Bhd) *	-	27
(iii) Purchase of heavy equipment, spare parts and services – Sime Darby Industrial Holdings Sdn Bhd – Sime Kubota Sdn Bhd * – Hastings Deering (PNG) Limited	<b>7</b> - <b>1</b>	19 1 1
(iv) Lease of agricultural land – Kumpulan Sime Darby Berhad	<b>6</b>	5
(v) Car leasing charges – Sime Darby Rent-A-Car Sdn Bhd	<b>1</b>	2
(vi) Rental expenses – Sime Darby Property Bhd	<b>2</b>	2
(d) Transactions entered into with person connected to a former director		
(i) Provision of freight services – Rosely Kusip	<b>2</b>	6

\* DXC Technology Sdn Bhd and Sime Kubota Sdn Bhd ceased to be related parties to the Group with effect from 1 May 2019 and 2 April 2019 respectively, subsequent to the disposal by Sime Darby Berhad.

**A12. Material events subsequent to the end of the financial year**

There were no material events in the interval between the end of the quarter under review and 16 November 2020, being a date not earlier than 7 days from the date of issuance of the report.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

Amounts in RM million unless otherwise stated

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)****A13. Effect of significant changes in the composition of the Group**(i) Disposal of a subsidiary of Sime Darby Plantation Investment (Liberia)

Sime Darby Plantation Investment (Liberia) Private Limited, a wholly-owned subsidiary of the Group, had on 15 January 2020, completed the disposal of its entire 100% equity interest in Sime Darby Plantation (Liberia) Inc. ("SDP Liberia") to Mano Palm Oil Industries Limited ("MPOI") for a total cash consideration of USD1 plus an earn-out payment to be determined by the average future crude palm oil ("CPO") price and future CPO production of SDP Liberia. The earn-out consideration will be payable quarterly over a period of eight years, commencing from April 2023.

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

	<b>As at the date of completion</b>
Consideration received	- *
Less: Incidental cost of disposal	<b>(24)</b>
Proceeds from disposal, net of transaction costs	<b>(24)</b>
Receivables	1
Inventories	13
Bank	1
Payables	- *
Net assets disposed	<b>15</b>
Loss on disposal of the subsidiary before reclassification of foreign currency translation reserve	<b>(39)</b>
Reclassification of foreign currency translation reserve	<b>113</b>
Gain on disposal of the subsidiary	<b>74</b>
Proceeds from disposal, net of transaction costs	-
Less: Incidental cost of disposal	<b>(24)</b>
Less: Cash and cash equivalent in the subsidiary	<b>(1)</b>
Net cash outflow from disposal of the subsidiary	<b>(25)</b>

\*Less than 1 million

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

Amounts in RM million unless otherwise stated

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

**A13. Effect of significant changes in the composition of the Group (continued)**

(ii) Disposal of subsidiaries of Ultra Oleum

Ultra Oleum Pte Ltd (Ultra), an indirect wholly-owned subsidiary of the Group had on 29 May 2020, completed the disposal of its entire 52% equity interest in Verdant Bioscience Pte Ltd ("VBS") and its subsidiary, PT Timbang Deli to SIPEF and Ackermans & van Haaren NV (AvH) for a total cash consideration of USD8.6 million (equivalent to approximately RM37.6 million).

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

	<b>As at the date of completion</b>
Consideration received	<b>38</b>
Less: Incidental cost of disposal	-
Proceeds from disposal, net of transaction costs	<b>38</b>
Property, plant and equipment	<b>38</b>
Right of use assets	<b>16</b>
Receivables	<b>2</b>
Prepayments	- *
Inventories	<b>1</b>
Deferred tax assets	<b>3</b>
Cash and cash equivalents	<b>1</b>
Payables	<b>(76)</b>
Non-controlling interests	- *
Net liabilities disposed	<b>(15)</b>
Gain on disposal of the subsidiaries before reclassification of foreign currency translation reserve	<b>53</b>
Reclassification of foreign currency translation reserve	<b>3</b>
Gain on disposal of the subsidiaries	<b>56</b>
Proceeds from disposal, net of transaction costs	<b>38</b>
Less: Cash and cash equivalent in the subsidiaries	<b>(1)</b>
Net cash inflow from disposal of the subsidiaries	<b>37</b>

\*Less than 1 million

**A14. Commitments and contingent liabilities – unsecured**

(a) Guarantees

In the ordinary course of business, the Group may issue surety bonds and letters of credit, which the Group provides to customers to secure advance payment, performance under contracts or in lieu of retention being withheld on contracts. A liability from the performance guarantees would only arise in the event the Group fails to fulfil its contractual obligations.

The financial guarantees are as follows:

	<b>As at 30 September 2020</b>	<b>As at 31 December 2019</b>
Guarantees in respect of credit facilities granted to:		
– certain joint venture	<b>6</b>	6
– plasma stakeholders	<b>37</b>	47
	<b>43</b>	53

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

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 2020 against the previous year corresponding quarter ended 30 September 2019

	Quarter ended 30 September		+ / (-) %
	2020	2019	
<b><u>Continuing operations</u></b>			
Revenue	3,182	2,821	13
Segment results:			
Upstream Malaysia	231	88	>100
Upstream Indonesia	75	90	(17)
Upstream PNG/SI	(33)	(102)	68
Downstream	71	68	4
Other operations	3	18	(83)
Recurring profit before interest and tax	347	162	>100
Non-recurring transactions	(15)	(44)	66
<b>Profit before interest and tax</b>	<b>332</b>	<b>118</b>	<b>&gt;100</b>
Finance income	3	3	
Finance costs	(24)	(37)	
<b>Profit before tax</b>	<b>311</b>	<b>84</b>	<b>&gt;100</b>
Tax expense	(74)	(11)	
<b>Profit from continuing operations</b>	<b>237</b>	<b>73</b>	<b>&gt;100</b>
Perpetual Sukuk	(31)	(31)	
Non-controlling interests	(16)	(10)	
<b>Profit from continuing operations attributable to equity holders of the Company</b>	<b>190</b>	<b>32</b>	<b>&gt;100</b>
<b><u>Discontinued operations</u></b>			
Loss from discontinued operations attributable to equity holders of the Company	-	(275)	100
<b>Profit/(loss) after tax attributable to equity holders of the Company</b>	<b>190</b>	<b>(243)</b>	<b>&gt;100</b>
Loss from discontinued operations include:			
Segment results:			
– Upstream Liberia	-	(271)	
– Other operations	-	(4)	

For the quarter ended 30 September 2020, the Group reported a net profit from continuing operations of RM190 million, significantly higher than the RM32 million recorded in the corresponding quarter of the previous year, driven by the stronger recurring profit before interest and tax ("PBIT").

The improvement in the recurring PBIT in the quarter under review was primarily attributed to the Upstream segment. The Group also reported lower non-recurring loss before interest and tax ("LBIT") than the corresponding quarter, mainly due to lower impairment charges recognised.

Included in the net tax expense for the quarter was RM17 million deferred tax asset recognised for losses suffered by the holding company of PT Indo Sukses Lestari Makmur ("PT ISLM") on disposal of its subsidiary. The Group has also benefited from the recent decline in benchmark lending rates, resulting in lower finance costs as compared to the corresponding quarter of the previous year.

The Group reported a total net profit of RM190 million, as compared to a net loss of RM243 million in the corresponding quarter of the previous year.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

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 2020 against the previous year corresponding quarter ended 30 September 2019 (continued)**

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

Upstream

The Upstream continuing operations reported a stronger PBIT of RM273 million for the current quarter, as compared to RM76 million recorded in the corresponding quarter of the previous year, primarily due to higher average realised prices of crude palm oil ("CPO") and palm kernel ("PK"), which increased by 26% and 32% respectively. These compensated for the decline in Fresh Fruit Bunches ("FFB") production and Oil Extraction Rates ("OER") against the corresponding quarter of the previous year.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended 30 September		+/(-)	Quarter ended 30 September		+/(-)
	2020	2019	%	2020	2019	%
Upstream Malaysia	2,548	2,028	26	1,367	1,275	7
Upstream Indonesia	2,563	1,929	33	591	742	(20)
Upstream PNG/SI	2,366	1,985	19	436	422	3
Continuing operations	2,504	1,990	26	2,394	2,439	(2)
Discontinued operation	-	1,775	(100)	-	31	(100)
Total	2,504	1,988	26	2,394	2,470	(3)

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended 30 September		+/(-)	Quarter ended 30 September		+/(-)
	2020	2019	%	2020	2019	
Upstream Malaysia	1,477	1,144	29	21.03	21.59	(0.56)
Upstream Indonesia	1,102	874	26	20.95	22.19	(1.24)
Upstream PNG/SI	-	-	-	22.31	22.01	0.30
Continuing operations	1,370	1,040	32	21.27	21.85	(0.58)
Discontinued operation	-	423	(100)	-	20.49	(20.49)
Total	1,370	1,025	34	21.27	21.84	(0.57)

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

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 2020 against the previous year corresponding quarter ended 30 September 2019 (continued)**

An analysis of the results of each segment is as follows: (continued)

Downstream

The Group's Downstream operations registered a PBIT of RM71 million, a 4% increase as compared to the previous year corresponding quarter, attributable to the stronger performance from the Asia Pacific region, which compensated for the decline in profits from Europe and Africa. The Asia Pacific region benefited from improved sales margins and demand with the easing of COVID-19 movement restrictions. However, the Group's European refineries have yet to recover from the lower demand of packed products, partly due to the restrictions still being imposed on the HORECA sector.

Other operations

Other continuing operations reported a PBIT of RM3 million, a decline against RM18 million recorded in the corresponding quarter of the previous year, mainly due to lower share of profits from joint ventures in the current quarter, and lower profits from seeds, fertilisers and agronomic services in Malaysia, impacted by the movement restrictions imposed by the government.

Non-recurring transactions

The non-recurring LBIT of RM15 million during the quarter comprised of RM17 million impairment charge on its plantation assets in Indonesia and RM2 million gain on disposal of land in Malaysia. In the corresponding quarter of the previous year, the Group reported a total LBIT of RM44 million stemming from impairment charges recognised on an asset in Indonesia and a loan to a joint venture.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

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) Three quarters ended 30 September 2020 against the previous three quarters ended 30 September 2019**

	Three quarters ended 30 September		+/(–)
	2020	2019	%
<b><u>Continuing operations</u></b>			
Revenue	9,442	8,686	9
Segment results:			
Upstream Malaysia	606	244	>100
Upstream Indonesia	207	88	>100
Upstream PNG/SI	64	(197)	>100
Downstream	184	204	(10)
Other operations	16	29	(45)
Recurring profit before interest and tax	1,077	368	>100
Non-recurring transactions	444	(35)	
<b>Profit before interest and tax</b>	<b>1,521</b>	<b>333</b>	<b>&gt;100</b>
Finance income	9	10	
Finance costs	(93)	(124)	
<b>Profit before tax</b>	<b>1,437</b>	<b>219</b>	<b>&gt;100</b>
Tax (expense)/income	(360)	58	
<b>Profit from continuing operations</b>	<b>1,077</b>	<b>277</b>	<b>&gt;100</b>
Perpetual Sukuk	(93)	(93)	
Non-controlling interests	(22)	(17)	
<b>Profit from continuing operations attributable to equity holders of the Company</b>	<b>962</b>	<b>167</b>	<b>&gt;100</b>
<b><u>Discontinued operations</u></b>			
Profit/(loss) from discontinued operations attributable to equity holders of the Company	74	(309)	>100
<b>Profit/(loss) after tax attributable to equity holders of the Company</b>	<b>1,036</b>	<b>(142)</b>	<b>&gt;100</b>
Profit/(loss) from discontinued operations include:			
Segment results:			
– Upstream Liberia	74	(311)	
– Other operations	-	2	

For the period ended 30 September 2020, the Group posted net earnings from continuing operations of RM962 million, as compared to RM167 million recorded in the corresponding period of the previous year, mainly due to higher recurring PBIT contributed by the Upstream segment and higher non-recurring PBIT arising from disposal of land and divestment of subsidiaries.

The Group's finance costs of RM93 million was lower than the previous year's corresponding period as the Group benefited from lower interest rates consequent of the recent decline in benchmark rates, as well as repayment of borrowings in the current period.

The Group reported a tax expense in the current period as compared to a tax income in the corresponding period of the previous year, due to the higher profit before tax ("PBT") and a reversal of deferred tax assets amounting to RM72 million as a result of changes in the corporate tax rates in Indonesia. The tax income of the corresponding period included the recognition of RM69 million deferred tax asset on losses suffered by the holding company of PT Mitra Austral Sejahtera ("PT MAS") on disposal of its subsidiary, and RM33 million additional deferred tax recognised due to the increase in the Real Property Gains Tax ("RPGT") rate in Malaysia.

The Group completed the disposal of its wholly-owned subsidiary, SDP Liberia in January 2020, which gave rise to a gain of RM74 million from a reversal of the foreign currency exchange reserves relating to Liberia.

As a result, the Group reported a total net earnings of RM1.04 billion, versus a total net loss of RM142 million recorded in the previous year corresponding period.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

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) Three quarters ended 30 September 2020 against the previous three quarters ended 30 September 2019**

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

Upstream

For the period ended 30 September 2020, the Upstream segment reported a recurring PBIT of RM877 million from continuing operations, significantly higher than the RM135 million reported in the corresponding period of the previous year. The improved performance was largely due to:

- (i) higher average CPO and PK prices realised, which increased by 24% and 26% respectively in the period under review;
- (ii) unrealised fair value gains arising from commodity hedges totalling RM129 million;
- (iii) lower costs of production, as certain activities were not carried out due to movement restrictions placed by governments to contain the COVID-19 pandemic; and
- (iv) higher contribution from sugar operation in PNG as it recovered from the pest and disease issue of the previous year.

The above factors had partially cushioned the impact from the 5% reduction in FFB production and the marginal decline in OER in the current period.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Three quarters ended		+/(–) %	Three quarters ended		+/(–) %
	30 September			30 September		
	2020	2019		2020	2019	
Upstream Malaysia	2,446	2,019	21	3,828	3,982	(4)
Upstream Indonesia	2,481	1,956	27	1,731	1,935	(11)
Upstream PNG/SI	2,567	2,050	25	1,422	1,432	(1)
Continuing operations	2,485	2,007	24	6,982	7,349	(5)
Discontinued operations	-	1,929	(100)	-	73	(100)
<b>Total</b>	<b>2,485</b>	<b>2,006</b>	<b>24</b>	<b>6,982</b>	<b>7,422</b>	<b>(6)</b>

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Three quarters ended		+/(–) %	Three quarters ended		+/(–)
	30 September			30 September		
	2020	2019		2020	2019	
Upstream Malaysia	1,502	1,192	26	20.88	21.21	(0.33)
Upstream Indonesia	1,126	912	23	21.92	21.81	0.11
Upstream PNG/SI	-	-	-	22.38	21.81	0.57
Continuing operations	1,386	1,097	26	21.47	21.50	(0.03)
Discontinued operations	-	384	(100)	-	22.16	(22.16)
<b>Total</b>	<b>1,386</b>	<b>1,085</b>	<b>28</b>	<b>21.47</b>	<b>21.51</b>	<b>(0.04)</b>

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

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) Three quarters ended 30 September 2020 against the previous three quarters ended 30 September 2019**

An analysis of the results of each segment is as follows: (continued)

Downstream

The Downstream segment reported a PBIT of RM184 million in the period under review, 10% lower than the previous year corresponding period, mainly due to weaker performance from the Asia Pacific bulk and differentiated refineries which suffered from lower demand and margins. Despite lower demand for packed products, the Europe, Middle East and Africa operations reported higher profits, arising from improved sales margins and unrealised fair value gains recognised on commodity contracts.

Other operations

Other operations registered a lower PBIT of RM16 million as compared to RM29 million in the corresponding period of the previous year, mainly due to lower profits from seeds, fertilisers and agronomic services in Malaysia, impacted by the movement restrictions imposed by the government.

Non-recurring transactions

The total non-recurring PBIT of RM444 million, comprised mainly of gains from the disposal of land in Malaysia of RM405 million and the divestment of subsidiaries of RM56 million, compensated for the RM17 million impairment charge on plantation assets in Indonesia.

In the corresponding period last year, the Group recorded a total non-recurring LBIT of RM35 million arising from impairment charges on an asset in Indonesia and a loan to a joint venture, cushioned by a gain on divestment of a subsidiary in Indonesia.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

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**

	<b>Quarter ended</b>		<b>+/(–) %</b>
	<b>30 Sep 2020</b>	<b>30 Jun 2020</b>	
<b><u>Continuing operations</u></b>			
Revenue	<b>3,182</b>	3,216	(1)
Segment results:			
Upstream Malaysia	<b>231</b>	200	16
Upstream Indonesia	<b>75</b>	93	(19)
Upstream PNG/SI	<b>(33)</b>	23	>(100)
Downstream	<b>71</b>	24	>100
Other operations	<b>3</b>	10	>100
Recurring profit before interest and tax	<b>347</b>	350	(1)
Non-recurring transactions	<b>(15)</b>	197	>(100)
<b>Profit before interest and tax</b>	<b>332</b>	547	(39)
Finance income	<b>3</b>	3	
Finance costs	<b>(24)</b>	(31)	
<b>Profit before tax</b>	<b>311</b>	519	(40)
Tax expense	<b>(74)</b>	(106)	
<b>Profit from continuing operations</b>	<b>237</b>	413	(43)
Perpetual Sukuk	<b>(31)</b>	(31)	
Non-controlling interests	<b>(16)</b>	(4)	
<b>Profit from continuing operations attributable to equity holders of the Company</b>	<b>190</b>	378	(50)
<b><u>Discontinued operations</u></b>			
Profit from discontinued operations attributable to equity holders of the Company	<b>-</b>	-	
<b>Profit after tax attributable to equity holders of the Company</b>	<b>190</b>	<b>378</b>	(50)

The Group reported a net profit from continuing operations of RM190 million, a 50% decline as compared to the preceding quarter, mainly due to lower non-recurring PBIT. In the current quarter, the Group registered a non recurring LBIT of RM15 million mainly from impairment of assets, as compared to a gain of RM197 million from sale of land and divestment of subsidiaries in the preceding quarter.

The recurring PBIT of the Group declined marginally to RM347 million, due to lower contribution by the Upstream segment, which was partially compensated by stronger results from the Downstream segment.

The Group's finance costs continued to decline in view of the reduction in benchmark rates, as well as lower borrowings due to repayments made during the current quarter.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

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

The Upstream segment's continuing operations reported a PBIT of RM273 million, 14% lower than the preceding quarter, arising from the following factors:

- (i) a 3% decline in FFB production mainly in PNG & SI due to seasonal crop trend; and
- (ii) higher cost of production, as the Group carried out certain activities critical for future productivity, which were deferred from the preceding quarters due to movement restrictions placed by the governments to contain the COVID-19 pandemic.

The above were cushioned by the higher CPO and PK average realised prices which increased by 6% and 7%, respectively.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	Sep 2020	Jun 2020	%	Sep 2020	Jun 2020	%
Upstream Malaysia	2,548	2,310	10	1,367	1,387	(1)
Upstream Indonesia	2,563	2,221	15	591	563	5
Upstream PNG/SI	2,366	2,566	(8)	436	520	(16)
<b>Total</b>	<b>2,504</b>	<b>2,361</b>	<b>6</b>	<b>2,394</b>	<b>2,470</b>	<b>(3)</b>

  

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	Sep 2020	Jun 2020	%	Sep 2020	Jun 2020	
Upstream Malaysia	1,477	1,396	6	21.03	20.60	0.43
Upstream Indonesia	1,102	1,024	8	20.95	21.80	(0.85)
Upstream PNG/SI	-	-	-	22.31	22.40	(0.09)
<b>Total</b>	<b>1,370</b>	<b>1,286</b>	<b>7</b>	<b>21.27</b>	<b>21.29</b>	<b>(0.02)</b>

Downstream

The Downstream segment reported a stronger PBIT of RM71 million, boosted by the improved performance of all regional operations, except for the refineries in Europe and Africa. The Asia Pacific operations generated higher profits as demand slowly recovered with the easing of movement restrictions. This cushioned the weaker results from the European refineries which were impacted by the fair value losses on commodity contracts as well as weaker demand which has yet to fully recover.

Other operations

Other operations reported a PBIT of RM3 million as compared to RM10 million in the preceding quarter, due to lower share of profits in associates and foreign exchange loss recognised on intercompany balances in the current quarter.

Non-recurring

As reported above, the non recurring LBIT in the current quarter consist of impairment of plantation assets in Indonesia, partially mitigated by gain on sale of land in Malaysia. In the preceding quarter, the Group recorded gains on disposal of land and divestment of subsidiaries of RM141 million and RM56 million, respectively.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

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. Prospect**

The COVID-19 pandemic continues to affect economies around the world with several countries including Malaysia witnessing a resurgence in infection rates over the last couple of weeks. Malaysia remains under the Recovery Movement Control Order with several areas being put under a stricter Conditional Movement Control Order in an effort to contain infection rates. Most economies around the world have also resorted to reintroducing increased restriction measures which indicates a long and challenging journey ahead in the world's efforts to combat COVID-19.

While the Group continues to closely monitor and address the implications of COVID-19, the Group is also focused on ramping up our innovation and research & development activities as part of our efforts to increase productivity and reduce reliance on labour which would also help address the worsening labour shortage in Malaysia.

The Group's financial performance for the financial year ending 31 December 2020 is expected to be better than last year.

**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		Three quarters ended	
	30 September		30 September	
	2020	2019	2020	2019
<b><u>Continuing operations</u></b>				
Depreciation and amortisation	(314)	(275)	(936)	(885)
Fair value (losses)/gains:				
– commodities contracts	(37)	1	155	13
– forward foreign exchange contracts	1	(18)	(2)	(1)
Gain on disposals of:				
– property, plant and equipment	-	2	1	42
– non-current assets held for sale	2	-	461	9
Impairment of:				
– trade and other receivables				
– recurring transactions	2	(1)	(4)	-
– non-recurring transactions	-	(34)	-	(34)
– right-of-use assets	-	(19)	-	(19)
– property, plant and equipment	(2)	-	(2)	-
– inventories	(4)	-	(18)	-
– non-current assets held for sale	(17)	-	(17)	-
Unrealised foreign exchange (losses)/gains	(26)	(7)	(36)	23
Reversal of impairment:				
– intangible assets	-	-	-	2
Write off of:				
– property, plant and equipment	(6)	(4)	(17)	(16)
– inventories	-	(2)	-	(4)
Included in finance costs is:				
Finance costs on interest rate swap contracts	(1)	10	(1)	6
<b><u>Discontinued operations</u></b>				
Depreciation and amortisation	-	(5)	-	(15)
Impairment of:				
– property, plant and equipment	-	(228)	-	(228)
– right-of-use assets	-	(11)	-	(11)
– investments of joint ventures	-	(8)	-	(8)
– receivables	-	(10)	-	(10)
– inventories	-	(7)	-	(7)
Gain on disposal of SDP Liberia	-	-	74	-

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

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	
	2020	2019	2020	2019
<b><u>Continuing operations</u></b>				
In respect of current financial period:				
– current tax	77	35	280	88
– deferred tax	(20)	(22)	63	(148)
	<u>57</u>	<u>13</u>	<u>343</u>	<u>(60)</u>
In respect of prior financial years/period:				
– current tax	17	(2)	17	2
Tax expenses/(income)	<u>74</u>	<u>11</u>	<u>360</u>	<u>(58)</u>

For the period ended 30 September 2020, the Group reported a net tax expense of RM360 million on the back of a profit before tax from continuing operations of RM1,437 million. The tax expense included a writedown on deferred tax assets of RM72 million arising from the change in corporate tax rates in Indonesia announced in March 2020, partially compensated by deferred tax asset of RM17 million recognised on tax loss arising from disposal of a subsidiary, PT ISLM.

For the corresponding period ended 30 September 2019, the Group recognised deferred tax assets arising from the tax loss on disposal of a subsidiary, PT MAS, and the change in Real Property Gains Tax ("RPGT") rate in Malaysia of RM69 million and RM33 million, respectively.

**B7. Status of announced corporate proposals**

There are no corporate proposals announced but not completed as at 23 November 2020.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

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 2020 are as follows:

	Secured	Unsecured	Total
<b>Long-term</b>			
Term loans	-	2,088	<b>2,088</b>
Revolving credits-i	-	1,620	<b>1,620</b>
Bonds	-	486	<b>486</b>
Multi-currency Sukuk	-	509	<b>509</b>
Unamortised deferred financing expenses	-	(24)	<b>(24)</b>
	-	4,679	<b>4,679</b>
<b>Short-term</b>			
Term loans	-	852	<b>852</b>
Revolving credits	-	1,389	<b>1,389</b>
Trade facilities	-	*	-
Unamortised deferred financing expenses	-	*	-
	-	2,241	<b>2,241</b>
<b>Total</b>	-	6,920	<b>6,920</b>
<b>Borrowings of the Group consist of:</b>			
– principal	-	6,944	<b>6,944</b>
– unamortised deferred financing expenses	-	(24)	<b>(24)</b>
	-	6,920	<b>6,920</b>

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	486	73	<b>559</b>
Ringgit Malaysia	500	238	<b>738</b>
United States Dollar	3,693	1,930	<b>5,623</b>
	4,679	2,241	<b>6,920</b>

\* Less than 1 million

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

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, interest rate swap contracts and commodity forward, futures and options contracts to manage its exposure to various financial risks.

The fair values of these derivatives as at 30 September 2020 are as follows:

	<b>Classification in Statement of Financial Position</b>				<b>Net fair value</b>
	<b>Assets</b>		<b>Liabilities</b>		
	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	
Forward foreign exchange contracts	-	5	-	6	(1)
Commodities contracts	-	77	-	79	(2)
Interest rate swap contracts	-	-	-	7	(7)
	-	82	-	92	(10)

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 2020, the notional amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

<b>Maturity tenor</b>	<b>Notional amount</b>	<b>Net fair value liabilities</b>
Less than 1 year	1,403	(1)

Commodities contracts

Commodity forward, futures and options 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 commodity forward, futures and options contracts as at 30 September 2020 that were not held for the purpose of physical delivery are as follows:

	<b>Quantity (metric tonne)</b>	<b>Notional amount</b>	<b>Net fair value assets/ (liabilities)</b>
Less than 1 year:			
– Purchase contracts	91,849	249	28
– Sale contracts	605,775	1,792	(30)
			(2)

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

Amounts in RM million unless otherwise stated

**B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B9. Derivatives (continued)**

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

Interest rate swap contracts

The Group has entered into interest rate swap contracts to convert floating rate liabilities to fixed rate liabilities to mitigate the Group's exposure from adverse fluctuations in interest rates on underlying debt instruments.

The differences between the rates calculated by reference to the agreed notional principal amounts were exchanged at periodic intervals. All changes in fair value during the financial year are recognised in the other comprehensive income statement unless it does not meet the conditions for the application of hedge accounting, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

The outstanding interest rate swap contracts, all plain vanilla, as at 30 September 2020 are as follows:

<b>Effective period</b>	<b>Notional amount (USD'mil)</b>	<b>All-in swap rate per annum (%)</b>
17 August 2020 to 17 February 2021	116	1.44%-1.89%

As at 30 September 2020, the notional amount, fair value and maturity tenor of the interest rate swap contracts are as follows:

<b>Maturity tenor</b>	<b>Notional amount</b>	<b>Net fair value liabilities</b>
Less than 1 year	484	(7)

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the preceding financial year.

## EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020

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 and therefore NBPOL is now in the process of compiling the relevant documents to register the Meloks SLA.

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 have since agreed to enter into Consent Court Orders (CCO) on terms similar to the order made in respect of Meloks. Pending endorsement of the CCO by the Court, Masile and Rikau surrendered their respective SABLs to NBPOL on 30 July 2020. However, the SABL received from Masile was laminated whilst the SABL received from Rikau is a copy and therefore NBPOL is in the process of obtaining an official copy of the SABLs and compiling the relevant documents before it can proceed with the registration of the SLAs.

##### (b) **PT Mulia Agro Persada ("PT MAP") and PT Palma Sejahtera ("PT PS") vs. PT Minamas Gemilang ("PT MGG"), PT Anugerah Sumbermakmur ("PT ASM") and PT Indotruba Tengah ("PT ITH")**

PT MGG and PT ASM, both indirect wholly-owned subsidiaries of SDP, and PT ITH, a 50%-owned subsidiary of the SDP Group, are involved in a lawsuit brought by Yayasan Kartika Eka Paksi (YKEP) against PT MAP, PT PS and others. PT MGG and PT ASM are shareholders of PT ITH, each holding 25% equity interest. YKEP holds the remaining 50% share in PT ITH.

YKEP sold and transferred its shares in PT ITH to PT MAP in December 2008 but thereafter YKEP filed a lawsuit to invalidate and nullify the transfer of shares as it is against law and regulations. The purchase of shares in PT ITH by PT MAP was funded by PT PS. Subsequently, on 31 May 2016, the Supreme Court decided the Judicial Review (1st Judicial Review Decision) application by Darsono CS (ex-officer of YKEP) in favour of YKEP. This decision reinforced the earlier District Court decision which had invalidated and nullified the transfer of the ordinary shares of PT ITH from YKEP to PT MAP.

In that regard, YKEP then filed a petition at the Central Jakarta District Court to execute the 1st Judicial Review Decision, demanding that (i) the 6,200 ordinary shares in PT ITH be returned to YKEP and (ii) PT MAP and the former officers of YKEP to pay compensation for damages to YKEP in the amount of IDR 200.0 billion (equivalent to around RM55.8 million). YKEP's petition was granted under a Warning Letter (Surat Aanmaning) issued by the Central Jakarta District Court which obligates PT MAP and the former officers of YKEP to comply with the 1st Judicial Review Decision.

## EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020

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) PT Mulia Agro Persada ("PT MAP") and PT Palma Sejahtera ("PT PS") vs. PT Minamas Gemilang ("PT MGG"), PT Anugerah Sumbermakmur ("PT ASM") and PT Indotruba Tengah ("PT ITH") (continued)

In response, the former officers of YKEP (some of them were represented by their heirs) filed a Third Party Opposition Suit (Gugatan Perlawanan) registered under case number 537/PDT.PLW/2017/PN.Jkt.Pst dated 18 October 2017, seeking nullification towards both the Warning Letter (Surat Aanmaning) issued by the Central Jakarta District Court and the execution of the 1st Judicial Review Decision, on the basis that (i) the 6,200 ordinary shares in PT ITH are currently owned by YKEP; (ii) YKEP has also received dividends as a shareholder of PT ITH; and (iii) there are conflicting decisions on the matter of legality of transfer of the 6,200 shares in PT ITH between (i) the 1st Judicial Review Decision No. 196 PK/Pdt/2016, which nullified such transfer of shares, and (ii) the Decision of East Jakarta District Court No. 130/Pdt.G/2015/PN.Jkt.tim dated 7 July 2015 (Decision of East Jakarta District Court), which declared the transfer of 6,200 ordinary shares in PT ITH from YKEP to PT MAP as legally valid. However, neither YKEP, PT ITH, PT MGG nor PT ASM were included as parties under the Decision of East Jakarta District Court. On 12 April 2018, the Central Jakarta District Court rejected the Third Party Opposition Suit (Gugatan Perlawanan) by the former officers of YKEP. The former officers of YKEP then filed an appeal at the Jakarta High Court against the decision of the Central Jakarta District Court. On 4 March 2019, PT ITH was notified that the former officers' appeal was rejected by the Jakarta High Court.

Despite the 1st Judicial Review Decision, PT MAP and PT PS still filed a lawsuit at the South Jakarta District Court seeking compensation from the defendants (and a number of individuals), individually or jointly and severally, namely PT ITH, PT MGG, PT ASM and YKEP. The compensation sought by PT MAP and PT PS comprised of: (i) material damages (direct loss) in the amount of IDR247.0 billion (equivalent to around RM69.0 million) with an interest of 3% per month of the amount of IDR137.2 billion (equivalent to around RM38.3 million) until the payment is made to PT MAP and PT PS; (ii) fine (dwangsom) in the amount of IDR250 billion (equivalent to around RM69.8 million); and (iii) immaterial damages (indirect loss) in the amount of IDR500 billion (equivalent to around RM139.6 million). The potential exposure of PT MGG, PT ASM and PT ITH could be up to IDR997.0 billion (equivalent to around RM278.4 million), being the total sum of the above material damages (excluding the 3% interest), fine and immaterial damages claimed by PT MAP and PT PS from all the 11 defendants, individually or jointly and severally. The term "individually or jointly and severally" means that one or more defendants can be pursued to pay all amounts demanded. In other words, PT MAP and PT PS may recover all the damages from any of the defendants regardless of their individual share of the liability.

To that extent, the South Jakarta District Court and the Jakarta High Court, which previously adjudicated and examined this case, rejected PT MAP and PT PS's lawsuit. In response, PT MAP and PT PS filed an appeal to the Supreme Court which was subsequently rejected. PT MAP and PT PS then filed a judicial review (Jakarta Selatan Judicial Review) in the Supreme Court against the Supreme Court's decision. As at the reporting date, parties are awaiting the official decision of the Jakarta Selatan Judicial Review by the Supreme Court.

Separately, PT PS filed a judicial review in the Supreme Court against the 1st Judicial Review. As at the reporting date, the matter is still before the Supreme Court.

**EXPLANATORY NOTES ON THE QUARTERLY REPORT – 30 SEPTEMBER 2020**

Amounts in RM million unless otherwise stated

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

**B10. Material litigation (continued)**

Save as disclosed below, there were no pending material litigations against the Group which might materially and adversely affect the Group's financial position. (continued)

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

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

The following two lawsuits are still pending:

(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 RM29,185,440). 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 RM45,237,432) and an additional claim was filed against all cargo owners, jointly and severally, of EUR380,000 (approximately RM1,848,411) for port and anchorage dues. The hearing for Lawsuit 2 concluded on 25 September 2018.

SDOZR is waiting for the court judgement to be rendered on both of the above cases. 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 RM10,214,904) for Lawsuit 1 and EUR145,000 (approximately RM705,315) 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 2020**

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 during 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 30 September		Three quarters ended 30 September	
	2020	2019	2020	2019
Profit/(loss) for the financial period				
- from continuing operations	190	32	962	167
- from discontinued operations	-	(275)	74	(309)
	<b>190</b>	<b>(243)</b>	<b>1,036</b>	<b>(142)</b>
Weighted average number of ordinary shares in issue (million units)	6,885	6,885	6,885	6,885
Basic earnings/(loss) per share (sen)				
- from continuing operations	2.8	0.5	13.9	2.4
- from discontinued operations	-	(4.0)	1.1	(4.5)

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

By Order of the Board

Petaling Jaya  
23 November 2020

Azrin Nashiha Abdul Aziz  
Group Secretary