



Plantation

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QUARTERLY REPORT

On the consolidated results for the first quarter ended 31 March 2021

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		%
		2021	2020	
Continuing operations				
Revenue	A8, A9	3,673	3,044	21
Operating expenses		(2,905)	(2,727)	
Other operating income		159	287	
Other (losses)/gains		(140)	37	
Operating profit	B5, A9	787	641	23
Share of results of joint ventures		(1)	-	*
Share of results of associates		2	1	
Profit before interest and tax	A9	788	642	23
Finance income		2	3	
Finance costs		(14)	(38)	
Profit before tax		776	607	28
Tax expense	B6	(165)	(180)	
Profit from continuing operations		611	427	43
Discontinued operations				
Profit from discontinued operations		-	74	
Profit for the financial period		611	501	22
Profit for the financial period attributable to:				
- equity holders of the Company				
- from continuing operations		562	394	
- from discontinued operations		-	74	
		562	468	20
- Perpetual Sukuk				
- from continuing operations		31	31	
		31	31	
- non-controlling interests				
- from continuing operations		18	2	
		18	2	
		611	501	22
Basic earnings per share attributable to equity holders of the Company (sen):				
- from continuing operations	B13	8.2	5.7	
- from discontinued operations	B13	-	1.1	
Total		8.2	6.8	21

* 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 2020.

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

	Quarter ended		%
	31 March		
	2021	2020	+ / (-)
Profit for the financial period	611	501	22
Continuing operations			
Other comprehensive income/(loss):			
Items that will be reclassified subsequently to profit or loss:			
Currency translation differences gains/(losses):			
– subsidiaries	87	(393)	
– joint ventures and associates	- *	- *	
Net change in fair value:			
– cash flow hedges loss	(47)	(14)	
– transfer to profit or loss	16	4	
Tax income relating to components through other comprehensive income	11	1	
	67	(402)	
Items that will be not reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit pension plans			
	7	-	
Tax expenses relating to components through other comprehensive income			
	(1)	-	
	6	-	
	73	(402)	
Other comprehensive loss from discontinued operations	-	(113)	
Total other comprehensive income/(loss)	73	(515)	
Total comprehensive income/(loss) for the financial period	684	(14)	
Total comprehensive income/(loss) for the financial period attributable to:			
– equity holders of the Company			
– from continuing operations	633	14	>100
– from discontinued operations	-	(39)	100
	633	(25)	
– Perpetual Sukuk			
– from continuing operations	31	31	-
	31	31	
– non-controlling interests			
– from continuing operations	20	(20)	>100
	20	(20)	
Total	684	(14)	>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 2020.

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

		Unaudited	Audited
		As at 31 March 2021	As at 31 December 2020
	Note		
Non-current assets			
Property, plant and equipment		17,360	17,283
Investment properties		9	7
Right-of-use assets		2,062	2,063
Joint ventures		35	35
Associates		44	43
Intangible assets		2,849	2,789
Investments at fair value through other comprehensive income ("FVOCI")		27	27
Deferred tax assets		617	621
Tax recoverable		258	265
Trade and other receivables		174	186
		23,435	23,319
Current assets			
Inventories		1,997	1,569
Biological assets		290	224
Trade and other receivables		2,433	2,246
Tax recoverable		187	215
Amounts due from related parties		-	3
Planned assets		43	44
Derivatives	B9	45	68
Bank balances, deposits and cash		648	309
		5,643	4,678
Non-current assets held for sale ⁽¹⁾		335	323
Total assets	A9	29,413	28,320
Equity			
Share capital		1,506	1,506
Reserves		12,262	12,149
Attributable to equity holders of the Company		13,768	13,655
Perpetual Sukuk		2,200	2,231
Non-controlling interests		401	384
Total equity		16,369	16,270

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

	Unaudited	Audited
	As at	As at
Note	31 March 2021	31 December 2020
Non-current liabilities		
Retirement benefits	275	277
Deferred income	-	-
Deferred tax liabilities	2,657	2,623
Borrowings	4,215	4,397
Lease liabilities	161	164
Trade and other payables	88	81
	7,396	7,542
Current liabilities		
Trade and other payables	1,744	1,554
Contract liabilities	25	28
Government grants	1	-
Amounts due to related parties	10	18
Retirement benefits	18	18
Lease liabilities	24	26
Tax payable	322	201
Derivatives	387	360
Borrowings	2,578	2,285
Dividend payable	520	-
	5,629	4,490
Liabilities directly associated with non-current assets held for sale ⁽²⁾	19	18
Total liabilities	13,044	12,050
Total equity and liabilities	29,413	28,320
Net assets per share attributable to equity holders of the Company (RM)	2.00	1.98
Note:		
⁽¹⁾ Non-current assets held for sale		
Non-current assets held for sale		
– property, plant and equipment	36	34
– right-of-use assets	-	-
– joint venture	158	158
Disposal group held for sale		
– property, plant and equipment	92	89
– right of use assets	1	1
– other assets	48	41
	335	323
⁽²⁾ Liabilities directly associated with non-current assets held for sale		
Disposal group held for sale		
– liabilities	19	18
	19	18

* 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 2020.

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
Quarter ended 31 March 2021											
At 1 January 2021	1,506	9	(194)	(18)	25	463	11,864	13,655	2,231	384	16,270
<u>Continuing operations</u>											
Profit for the financial period	-	-	-	-	-	-	562	562	31	18	611
Other comprehensive (loss)/income for the financial period	-	-	(20)	-	-	85	6	71	-	2	73
Total comprehensive (loss)/income for the financial period	-	-	(20)	-	-	85	568	633	31	20	684
Transactions with equity holders:											
Dividends	-	-	-	-	-	-	(520)	(520)	-	(3)	(523)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(62)	-	(62)
At 31 March 2021	1,506	9	(214)	(18)	25	548	11,912	13,768	2,200	401	16,369

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY(CONTINUED)

Amounts in RM million unless otherwise stated

	<u>Attributable to equity holders of the Company</u>										
	Share capital	Capital reserve	Hedging reserve	Merger reserve	Investments at FVOCI reserve	Exchange reserve	Retained profits	Total	Perpetual Sukuk	Non- controlling interests	Total equity
Quarter ended 31 March 2020											
At 1 January 2020	1,506	9	6	(18)	28	721	11,009	13,261	2,231	369	15,861
<u>Continuing operations</u>											
Profit for the financial period	-	-	-	-	-	-	394	394	31	2	427
Other comprehensive loss for the financial period	-	-	(9)	-	-	(371)	-	(380)	-	(22)	(402)
Total comprehensive (loss)/income for the financial period	-	-	(9)	-	-	(371)	394	14	31	(20)	25
Transactions with equity holders:											
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	-	-	(62)	-	(62)
<u>Discontinued operations</u>											
Total comprehensive (loss)/income for the financial period	-	-	-	-	-	(113)	74	(39)	-	-	(39)
At 31 March 2020	1,506	9	(3)	(18)	28	237	11,477	13,236	2,200	349	15,785

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 2020.

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

	Note	Quarter ended	
		31 March	
		2021	2020
Cash flows from operating activities			
Profit for the financial period from continuing operations		611	427
Adjustments for:			
Share of results of joint ventures and associates		(1)	(1)
Finance income		(2)	(3)
Finance costs		14	38
Gain on disposal of:			
– property, plant and equipment	B5	-	(2)
– non-current assets held for sale	B5	(124)	(262)
Depreciation and amortisation	B5	319	313
Fair value (gains)/losses:			
– commodities contracts	B5	2	(198)
– forward foreign exchange contracts	B5	11	24
Unrealised foreign exchange losses	B5	32	63
Tax expense	B6	165	180
Fair value changes on biological assets		(62)	1
Retirement benefits		10	14
Impairment of:			
– property, plant and equipment	B5	3	- *
Reversal of impairment:			
– trade and other receivables	B5	(1)	(2)
Write offs:			
– property, plant and equipment	B5	9	5
Write down of inventories	B5	4	- *
Bad debts written off	B5	1	-
Dividend income		(1)	-
		<u>990</u>	<u>597</u>
Changes in working capital:			
Inventories		(416)	(298)
Trade and other receivables		218	304
Trade and other payables		(176)	(200)
Intercompany and related party balances		(5)	(5)
Cash generated from operations		<u>611</u>	<u>398</u>
Tax (paid)/refund		(2)	84
Retirement benefits paid		(8)	(2)
Operating cash flow from continuing operations		<u>601</u>	<u>480</u>
Operating cash flow used in discontinued operations		-	(1)
Net cash generated from operating activities		<u>601</u>	<u>479</u>
Cash flows from investing activities			
Finance income received		2	3
Purchase of:			
– property, plant and equipment		(251)	(283)
– intangibles assets		(1)	(5)
Proceeds from sale of:			
– non-current assets held for sale		126	279
– property, plant and equipment		-	2
Dividend received from:			
– other investments		1	-
Payment for incidental cost of disposal of a subsidiary		-	(24)
Investing cash flow used in continuing operations		<u>(123)</u>	<u>(28)</u>
Investing cash flow used in discontinued operations		-	-
Net cash used in investing activities		<u>(123)</u>	<u>(28)</u>

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

	Note	Quarter ended 31 March	
		2021	2020
Cash flows from financing activities			
Distribution to Perpetual Sukuk holders		(62)	(62)
Finance costs paid		(32)	(58)
Loans raised		1,129	752
Loan repayments		(1,160)	(770)
Repayment of lease liabilities		(7)	(11)
Dividends paid to non-controlling interests of subsidiaries		(3)	-
Financing cash flow used in continuing operations		(135)	(149)
Financing cash flow used in discontinued operations		-	-
Net cash used in financing activities		(135)	(149)
Net changes in cash and cash equivalents during the financial period			
Foreign exchange difference		(4)	(19)
Cash and cash equivalents at beginning of the period		309	431
Cash and cash equivalents at end of the period		648	714

* 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 2020.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2021
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 2020.

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 2020 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 June 2020

- Amendment to MFRS 16 "Covid-19 - Related Rent Concessions"

The adoption of this amendment 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 April 2021

- Amendment to MFRS 16 "Covid-19 - Related Rent Concessions beyond 30 June 2021"

(i) 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"
- Amendments to MFRS 141 "Taxation in Fair Value Measurements"

The amendments shall be applied retrospectively.

- Amendments to MFRS 3 "Reference to Conceptual Framework"
- Annual Improvements to MFRS 9 "Fees in the 10% Test for Derecognition of Financial Liabilities"

The amendments shall be applied prospectively.

(ii) Interpretation and amendments that are effective on or after 1 January 2023

- Amendments to MFRS 101 "Classification of Liabilities as Current or Non-current"
- Amendments to MFRS 101 "Disclosure of Accounting Policies"
- Amendments to MFRS 108 "Definition of Accounting Estimates"

The amendments shall be applied retrospectively.

(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

No dividend was paid during the quarter under review.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2021
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	Quarter ended 31 March	
		2021	2020
<u>Continuing operations</u>			
Revenue from contracts with customers	A8(a)	3,669	3,041
Revenue from other sources	A8(b)	4	3
		3,673	3,044
<u>Discontinued operations</u>			
Revenue from contracts with customers		-	-
Total revenue		3,673	3,044
(a) Disaggregation of revenue from contracts with customers			
<u>Continuing operations</u>			
Upstream			
– Malaysia		126	201
– Indonesia		227	206
– Papua New Guinea and Solomon Islands ("PNG/SI")		182	276
Downstream		3,117	2,338
Other operations		17	20
		3,669	3,041
<u>Continuing operations</u>			
Sales of palm based products, other refined edible oils, rubber, sugar, beef and other agricultural products		3,630	2,987
Freight services		37	52
Tolling services		2	2
		3,669	3,041
<u>Continuing operations</u>			
Timing of revenue recognition			
– at point in time		3,630	2,987
– over time		39	54
		3,669	3,041
(b) Revenue from other sources			
Dividend (gross) received/receivable from investments		1	-
Rental income		3	3
		4	3

(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 2021:

	<u>Expected timing of recognition</u> During the quarter ending 30 June 2021
Freight income	25

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2021

Amounts in RM million unless otherwise stated

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A9. Segment information

	Continuing operations						Total	Discontinued operations	Total
	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter-segment elimination			
Quarter ended 31 March 2021									
Segment revenue:									
External sales	129	227	182	3,118	17	-	3,673	-	3,673
Inter-segment sales	669	357	415	49	66	(1,556)	-	-	-
Total revenue	798	584	597	3,167	83	(1,556)	3,673	-	3,673
Segment results:									
Operating profit:									
– recurring activities	120	190	233	107	13	-	663	-	663
– non-recurring transactions	124	-	-	-	-	-	124	-	124
Share of results of joint ventures and associates	-	-	-	-	1	-	1	-	1
Profit before interest and tax	244	190	233	107	14	-	788	-	788
Quarter ended 31 March 2020									
Segment revenue:									
External sales	203	206	274	2,341	20	-	3,044	-	3,044
Inter-segment sales	586	256	157	26	63	(1,088)	-	-	-
Total revenue	789	462	431	2,367	83	(1,088)	3,044	-	3,044
Segment results:									
Operating profit:									
– recurring activities	175	39	74	89	2	-	379	-	379
– non-recurring transactions	262	-	-	-	-	-	262	74	336
Share of results of joint ventures and associates	-	-	-	-	1	-	1	-	1
Profit before interest and tax	437	39	74	89	3	-	642	74	716

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2021

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			
As at 31 March 2021									
Segment assets:									
Operating assets	9,755	5,099	7,726	5,143	214	-	27,937	-	27,937
Joint ventures and associates	-	-	-	-	79	-	79	-	79
Non-current assets held for sale	34	141	-	-	2	-	177	158	335
	9,789	5,240	7,726	5,143	295	-	28,193	158	28,351
Tax assets							1,062		1,062
Total assets							29,255		29,413

	Continuing operations						Total	Discontinued operations	Total
	Upstream Malaysia	Upstream Indonesia	Upstream PNG/SI	Downstream	Other operations	Inter-segment elimination			
As at 31 March 2020									
Segment assets:									
Operating assets	9,337	4,618	8,292	4,477	241	-	26,965	-	26,965
Joint ventures and associates	-	-	-	-	76	-	76	-	76
Non-current assets held for sale	49	-	47	-	-	-	96	394	490
	9,386	4,618	8,339	4,477	317	-	27,137	394	27,531
Tax assets							1,050		1,050
Total assets							28,187		28,581

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2021
Amounts in RM million unless otherwise stated

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A10. Capital commitments

Authorised capital expenditure not provided for in the interim financial report are as follows:

	<u>Unaudited</u>	<u>Audited</u>
	As at 31 March 2021	As at 31 December 2020
Property, plant and equipment		
– contracted	250	209
– not contracted	400	102
	<u>650</u>	<u>311</u>
Other capital expenditure		
– not contracted	573	732
	<u>573</u>	<u>732</u>
	<u>1,223</u>	<u>1,043</u>

A11. Significant related party transactions

Significant related party transactions conducted were as follows:

	<u>Quarter ended 31 March</u>	
	2021	2020
(a) Transactions with a joint venture		
(i) Sale of goods and tolling services		
– Emery Oleochemicals (M) Sdn Bhd	2	14
	<u>2</u>	<u>14</u>
(b) Transactions with associates		
(i) Purchase of palm oil		
– Thai Eastern Trat Company Limited	9	14
	<u>9</u>	<u>14</u>

(c) Transactions with related parties

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 56.50% as at 31 March 2021 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 – 31 MARCH 2021
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:

	Quarter ended	
	31 March	
	2021	2020
(i) Foreign currency payment arrangement – Hastings Deering (PNG) Limited	-	30
(ii) Purchase of heavy equipment, spare parts and services – Sime Darby Industrial Holdings Sdn Bhd – Sime Kubota Sdn Bhd	3 1	3 1
(iv) Lease of agricultural land – Kumpulan Sime Darby Berhad	3	2
<hr/>		
(d) Transactions entered into with person connected to a former director		
(i) Provision of freight services – Rosely Kusip	-	1
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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 13 May 2021 being a date not earlier than 7 days from the date of issuance of the report.

A13. Commitments and contingent liabilities – unsecured

(a) Guarantees

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

The financial guarantees are as follows:

	As at	As at
	31 March	31 December
	2021	2020
Guarantees in respect of credit facilities granted to:		
– a joint venture	4	5
– plasma stakeholders	71	55
	75	60
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EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2021

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

Current quarter ended 31 March 2021 against the previous year corresponding quarter ended 31 March 2020

	Quarter ended		+/(–) %
	31 March		
	2021	2020	
<u>Continuing operations</u>			
Revenue	3,673	3,044	21
Segment results:			
Upstream Malaysia	120	175	(31)
Upstream Indonesia	190	39	>100
Upstream PNG/SI	233	74	>100
Downstream	107	89	20
Other operations	14	3	>100
Recurring profit before interest and tax	664	380	75
Non-recurring transactions	124	262	(53)
Profit before interest and tax	788	642	23
Finance income	2	3	
Finance costs	(14)	(38)	
Profit before tax	776	607	28
Tax expense	(165)	(180)	
Profit from continuing operations	611	427	43
Perpetual Sukuk	(31)	(31)	
Non-controlling interests	(18)	(2)	
Profit from continuing operations attributable to equity holders of the Company	562	394	43
<u>Discontinued operations</u>			
Profit from discontinued operations attributable to equity holders of the Company	-	74	(100)
Profit after tax attributable to equity holders of the Company	562	468	20
Profit from discontinued operations include:			
Segment results:			
– Upstream Liberia	-	74	

For the quarter ended 31 March 2021, the Group registered a net profit from continuing operations of RM562 million, 43% higher than the corresponding quarter of the previous year, driven by stronger profit before interest and tax ("PBIT") from all segments.

The Group's finance costs of RM14 million was significantly lower as compared to the corresponding quarter of the previous year, attributed to the lower interest rates as it continued to benefit from the prevailing low benchmark lending rates, as well as lower average borrowings level in the current quarter.

Despite higher profit before tax ("PBT") in the current quarter, the Group reported lower tax expense. The tax expense of the corresponding quarter of the previous year included a charge for reversal of deferred taxes amounting to RM74 million as a result of changes in corporate tax rates announced by the Government of Indonesia in March 2020.

The results for the current quarter did not consist of any from discontinued operations. The profit from discontinued operations reported in the corresponding quarter of the previous year arose from the divestment of the Group's equity holding in Sime Darby Plantation Liberia Inc.

The Group's total net profit of RM562 million was 20% higher than the corresponding quarter of the previous year.

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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)

Current quarter ended 31 March 2021 against the previous year corresponding quarter ended 31 March 2020 (continued)

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

Upstream

The Group's Upstream operations reported a stronger PBIT of RM543 million, 89% higher than the previous year corresponding quarter. The Upstream's strong performance was primarily due to the following factors:

- (i) higher average CPO and PK prices realised, which increased by 22% and 47%, respectively;
- (ii) a 4% increase in fresh fruit bunches ("FFB") production; and
- (iii) lower unrealised foreign currency exchange losses in the current quarter mainly attributed to USD appreciation against IDR of 3% in the current quarter, as compared to a 17% appreciation recorded in the corresponding quarter of the previous year.

The favourable impact from the above key drivers compensated for the decline in the oil extraction rate ("OER") from 21.89% to 21.35%. In addition, in the previous year corresponding quarter, the Upstream Malaysia segment reported unrealised gains of RM136 million arising from fair value of commodity hedges.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	31 March			31 March		
	2021	2020	%	2021	2020	%
Upstream Malaysia	3,026	2,491	21	1,052	1,074	(2)
Upstream Indonesia	2,886	2,613	10	692	578	20
Upstream PNG/SI	3,890	2,828	38	463	466	(1)
Total	3,185	2,605	22	2,207	2,118	4

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	31 March			31 March		
	2021	2020	%	2021	2020	
Upstream Malaysia	2,511	1,667	51	20.60	21.05	(0.45)
Upstream Indonesia	1,848	1,246	48	21.44	22.93	(1.49)
Upstream PNG/SI	-	-	-	22.70	22.40	0.30
Total	2,230	1,519	47	21.35	21.89	(0.54)

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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)

Current quarter ended 31 March 2021 against the previous year corresponding quarter ended 31 March 2020 (continued)

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

Downstream

The Group's Downstream PBIT increased 20% to RM107 million in the current quarter, attributed to the improved results of the Asia Pacific region which compensated for the lower profits reported by the refineries in Europe and Africa.

The Asia Pacific region benefited from the market price uptrend and premium from Roundtable on Sustainable Palm Oil ("RSPO") products, offsetting lower sales volumes from bulk products. Although the Group's refineries in Europe and Africa recorded improved sales margins due to higher selling prices and more stringent cost control measures, the continued movement restrictions due to Covid-19 had dampened demand resulting in lower sales volumes. The European region also recorded lower fair value gains on commodity hedges as compared to the same quarter last year.

Other operations

Other operations reported a PBIT of RM14 million for the current quarter, significantly higher than RM3 million reported in the corresponding quarter, mainly due to lower unrealised foreign currency exchange losses incurred by investment holding companies, higher sales of harvesting poles and pest control services, and higher share of profits from associates.

Non-recurring transactions

The Group generated a non-recurring PBIT of RM124 million during the current quarter, lower than RM262 million reported in the corresponding quarter of the previous year, comprised of gains on sale of land.

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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

	<u>Quarter ended</u>		+/(–) %
	31 Mar 2021	31 Dec 2020	
<u>Continuing operations</u>			
Revenue	3,673	3,639	1
Segment results:			
Upstream Malaysia	120	80	50
Upstream Indonesia	190	247	(23)
Upstream PNG/SI	233	24	>100
Downstream	107	202	(47)
Other operations	14	5	>100
Recurring profit before interest and tax	664	558	19
Non-recurring transactions	124	11	>100
Profit before interest and tax	788	569	38
Finance income	2	8	
Finance costs	(14)	(23)	
Profit before tax	776	554	40
Tax expense	(165)	(106)	
Profit from continuing operations	611	448	36
Perpetual Sukuk	(31)	(32)	
Non-controlling interests	(18)	(31)	
Profit from continuing operations attributable to equity holders of the Company	562	385	46
<u>Discontinued operations</u>			
Loss from discontinued operations attributable to equity holders of the Company	-	(236)	
Profit after tax attributable to equity holders of the Company	562	149	>100

The Group reported a net profit from continuing operations of RM562 million, a 46% improvement as compared to the preceding quarter, mainly due to stronger recurring PBIT contributed by the Upstream segment and higher profit from non-recurring transactions, which compensated for the decline in profit from the Downstream segment.

Finance costs declined for the current quarter, attributed to lower average borrowings as well as higher borrowing cost capitalised.

The loss from discontinued operations in the preceding quarter comprised of impairment loss on the Group's investment in a joint venture which had been classified as an asset held for sale.

The Group reported a total earnings of RM562 million for the quarter ended 31 March 2021, significantly higher as compared to RM149 million in the preceding quarter.

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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 reported a PBIT of RM543 million, 55% higher than the preceding quarter, mainly arising from higher CPO and PK average realised prices which increased by 20% and 33%, respectively. The higher prices cushioned the adverse impact from the following factors:

- (i) lower FFB production for the current quarter which declined by 4%; and
- (ii) unrealised foreign exchange losses as USD appreciated against local currencies during the quarter under review.

Segment	CPO price realised (RM per MT)			FFB production (MT'000)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	Mar 2021	Dec 2020	%	Mar 2021	Dec 2020	%
Upstream Malaysia	3,026	2,523	20	1,052	1,117	(6)
Upstream Indonesia	2,886	2,809	3	692	790	(12)
Upstream PNG/SI	3,890	2,753	41	463	389	19
Total	3,185	2,664	20	2,207	2,296	(4)

Segment	PK price realised (RM per MT)			CPO Extraction Rate (%)		
	Quarter ended		+/(–)	Quarter ended		+/(–)
	Mar 2021	Dec 2020	%	Mar 2021	Dec 2020	
Upstream Malaysia	2,511	1,844	36	20.60	20.99	(0.39)
Upstream Indonesia	1,848	1,431	29	21.44	20.98	0.46
Upstream PNG/SI	-	-	-	22.70	22.95	(0.25)
Total	2,230	1,673	33	21.35	21.35	0.00

Downstream

The Downstream segment reported a PBIT of RM107 million, a 47% decline as compared to the preceding quarter. This was mainly attributed to lower profits reported by the Asia Pacific region, partially mitigated by stronger performance of the refineries in Europe and Africa.

The Asia Pacific operations were affected by shortage in supply of CPO and lower demand as countries continued movement restrictions in response to the pandemic. The Group's refineries in Europe and Africa recorded improved sales margins, due to higher selling prices and more stringent cost control measures, as well as fair value gains on commodity hedges which compensated for the slight decline in sales volume.

Other operations

Other operations reported a PBIT of RM14 million for the current quarter, significantly higher than RM5 million reported in the preceding quarter. This was mainly due to lower unrealised foreign currency exchange losses incurred by investment holding companies, higher profit from sale of fertilisers, harvesting poles and pest services, and higher share of profits from associates.

Non-recurring

The Group generated a non-recurring PBIT of RM124 million during the current quarter, higher than RM11 million reported in the preceding quarter, comprised of land disposal gains.

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

B3. Prospects

Crude palm oil ("CPO") prices have hit multiple record setting highs year-to-date on the back of elevated prices of substitute oils, which is primarily driven by tight global vegetable oil inventories and supplies. While this is favourable to the palm oil industry, the Group remains cautious of the impact COVID-19 has on demand which is further compounded by the concerns of yet another resurgence in COVID-19 cases particularly in India. CPO prices are also expected to soften in the second half of 2021 as production increases.

Whilst the Malaysian palm oil industry remains afflicted by the acute labour shortage, the Group forecasts improved production this year. This, together with the Group's sustained efforts to increase efficiency and productivity through digitalisation, automation and mechanization, would allow the Group to continue delivering value to its shareholders.

Barring any unforeseen circumstances, the Group expects its performance for the financial year ending 31 December 2021 to be promising.

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	
	2021	2020
<u>Continuing operations</u>		
Depreciation and amortisation	(319)	(313)
Fair value (losses)/gains:		
– commodities contracts	(2)	198
– forward foreign exchange contracts	(11)	(24)
Gain on disposals of:		
– property, plant and equipment	-	2
– non-current assets held for sale	124	262
Impairment of:		
– property, plant and equipment	(3)	- *
Unrealised foreign exchange losses	(32)	(63)
Reversal of impairment:		
– trade and other receivables	1	2
Write off of:		
– property, plant and equipment	(9)	(5)
– trade and other receivables	(1)	-
– inventories	(4)	- *
Included in finance costs is:		
Finance costs on interest rate swap contracts	(2)	- *
<u>Discontinued operations</u>		
Gain on disposal of non-current assets held for sale	-	74

* Less than 1 million.

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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	
	2021	2020
<u>Continuing operations</u>		
In respect of current financial period:		
– current tax	150	122
– deferred tax	11	63
	161	185
In respect of prior financial years:		
– current tax	4	(5)
Tax expenses	165	180

For the quarter ended 31 March 2021, the Group reported a net tax expense of RM165 million on the back of a profit before tax from continuing operations of RM776 million. The effective tax rate for the quarter under review of 21% was lower than the statutory tax rate mainly due to a gain on government acquisition of land of RM122 million which was not subject to tax.

The tax expense for the corresponding quarter of the previous year included a writedown on deferred tax assets of RM74 million arising from the change in the corporate tax rates in Indonesia announced in March 2020.

B7. Status of announced corporate proposals

There are no corporate proposals announced but not completed as at 20 May 2021.

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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 2021 are as follows:

	Secured	Unsecured	Total
Long-term			
Term loans	-	1,623	1,623
Revolving credits-i	-	1,617	1,617
Bonds	-	487	487
Multi-currency Sukuk	-	508	508
Unamortised deferred financing expenses	-	(20)	(20)
	-	4,215	4,215
Short-term			
Term loans	-	771	771
Revolving credits	-	1,761	1,761
Trade facilities	47	-	47
Unamortised deferred financing expenses	-	(1)	(1)
	47	2,531	2,578
Total	47	6,746	6,793
Borrowings of the Group consist of:			
- principal	47	6,767	6,814
- unamortised deferred financing expenses	-	(21)	(21)
	47	6,746	6,793

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	487	120	607
Ringgit Malaysia	500	653	1,153
United States Dollar	3,228	1,738	4,966
United Kingdom Pound	-	67	67
	4,215	2,578	6,793

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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 31 March 2021 are as follows:

	Classification in Statement of Financial Position				Net fair value
	Assets		Liabilities		
	Non-current	Current	Non-current	Current	
Forward foreign exchange contracts	-	8	-	18	(10)
Commodities contracts	-	37	-	365	(328)
Interest rate swap contracts	-	-	-	4	(4)
	-	45	-	387	(342)

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 2021, 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	1,723	(10)

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 31 March 2021 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	116,066	424	37
– Sale contracts	771,484	2,394	(365)
			(328)

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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 31 March 2021 are as follows:

Effective period	Notional amount (USD'mil)	All-in swap rate per annum (%)
17 February 2021 to 17 August 2021	77	1.30%-1.89%

As at 31 March 2021, the notional amount, fair value and maturity tenor of the interest rate swap contracts are as follows:

Maturity tenor	Notional amount	Net fair value liabilities
Less than 1 year	321	(4)

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.

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

B10. Material litigation

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

(a) New Britain Palm Oil Limited ("NBPOL") v. Masile Incorporated Land Group ("Masile"), NBPOL v. Rikau Incorporated Land Group ("Rikau") & NBPOL v. Meloks Incorporated Land Group ("Meloks") (collectively, "Defendants")

NBPOL, a wholly-owned subsidiary of SDP, had on 31 August 2011 initiated 3 separate legal actions against the Defendants in the National Court of Justice at Waigani, Papua New Guinea (Court). All 3 actions relate to the same cause of action whereby the Defendants had defaulted in their obligations to surrender their Special Agricultural Business Leases (SABL) to NBPOL for registration of the sub-leases despite having received benefits from NBPOL under the sub-lease agreements (SLA). Such benefits received by the Defendants include rental paid by NBPOL for 3,720 Ha of land under the SABL (Land), royalties for the FFB harvested from the Land, and 31,250 ordinary shares in NBPOL respectively issued to each of the Defendants.

On 25 June 2018, the Court rendered its decision on NBPOL's claims against Meloks in NBPOL's favour. In its decision, the Court declared the SLA entered into between NBPOL and Meloks to be valid and an order of specific performance was made against Meloks to deliver the SABL to NBPOL and to do all acts and things necessary to enable NBPOL to register the SLA entered into between NBPOL and Meloks. On 10 October 2018, Meloks surrendered the SABL to NBPOL. However, in view that Meloks had laminated the SABL, Meloks had to execute an application for the official copy of the SABL which NBPOL lodged with the registrar of titles together with NBPOL's application for registration of the SLA. The laminated plastic has since dislodged from Melok's SABL. However NBPOL and Meloks are in the process of executing a new SLA to facilitate the registration of the SLA as the date of the SLA has to be the same or after the date of the SABL.

Masile and Rikau were considering whether to continue defending against NBPOL's claims in view of the Court's decision on the trial relating to NBPOL's claims against Meloks or to conclude on the same basis as Meloks given that the facts, issues and evidences are similar. Parties then agreed to enter into Consent Court Orders (CCOs) on terms similar to the order made in respect of Meloks and the CCOs were formally endorsed by the Court on 15 December 2020. Masile and Rikau surrendered their respective SABLs to NBPOL on 30 July 2020. However, the SABL received from Masile was laminated whilst the SABL received from Rikau is a copy and therefore NBPOL is in the process of obtaining an official copy of the SABLs and compiling the relevant documents (including execution of new SLAs) before it can proceed with the registration of the SLAs.

(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 RM57.3 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.

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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 RM70.8 million) with an interest of 3% per month of the amount of IDR137.2 billion (equivalent to around RM39.3 million) until the payment is made to PT MAP and PT PS; (ii) fine (dwangsom) in the amount of IDR250 billion (equivalent to around RM71.7 million); and (iii) immaterial damages (indirect loss) in the amount of IDR500 billion (equivalent to around RM143.3 million). The potential exposure of PT MGG, PT ASM and PT ITH could be up to IDR997.0 billion (equivalent to around RM285.7 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.

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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 proceeded to trial:

(i) Proceedings before the Court of Piraeus which started in October 2014 ("Lawsuit 1")

The claims by Chantico are based on alleged actions in tort (i.e. alleged delay of discharge of cargo) and the current total amount claimed from all 9 cargo owners, jointly and severally, is EUR6 million (approximately RM29.2 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 RM45.3 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 is able to appeal against this judgment however at present, the time limit of 60 days to file an appeal from the date of service of judgment has been suspended due to Covid-19 restrictions in Greece. 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 RM10.2 million) for Lawsuit 1 and EUR145,000 (approximately RM0.7 million) for Lawsuit 2, all amounts inclusive of interest. As at this juncture, adequate provision has been made.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2021

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. Withhold Release Order (WRO) issued by the U.S. Customs and Border Protection (US CBP)

In July 2020, a non-governmental organisation, Liberty Shared ("the petitioner"), made public a summary of its petition against the Group which was submitted to the United States Customs and Border Protection ("US CBP"). The Group commenced to engage the petitioner to seek further clarification of these allegations in order to address these with appropriate corrective actions, if any.

In October 2020, the Group proceeded to appoint a consulting firm in an effort to establish an effective channel of communication with the petitioner to obtain further details of the allegations on concerns and issues surrounding its Malaysian operations. Concurrently, the Group also appointed an international human rights activist specialising in migrant workers rights to support efforts to further strengthen its human rights commitments and compliances.

The Group also began its engagements with the US CBP to provide details of its existing policies and procedures and also periodic updates on any initiatives undertaken in its operations as part of its on-going continuous improvement.

However, on 30 December 2020, the US CBP proceeded to issue a Withhold Release Order ("WRO") on the Group's Malaysian produced palm products. In engagements with the Group, the US CBP has indicated that it does not intend to release any further details following its press release on the WRO.

The Group has taken the next responsible step and established a Third Party Human Rights Assessment Commission (the "Commission") which consists of credible experts who will be providing their oversight over the comprehensive evaluation of the Group's labour practices across its Malaysian operations. The evaluation by Impactt Ltd, an ethical trade consultancy with specific expertise in international labour laws, commenced in March 2021 and its findings report is expected to be completed in June 2021. The Group together with the advice from the Stakeholder Panel, whom is also part of the Commission, will then review the outcome of the evaluation and will jointly develop plans to address the issues found, if any.

Following the completion of the above, to ensure transparency, the Group plans to publicly disclose to all its stakeholders, a summary of the findings from the evaluation as well as any remediation measures the Group may take to ensure safe working and living conditions for all its workers.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2021

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)**B12. Dividend**

A special final dividend of 2.13 sen per ordinary share, amounting to RM147 million in respect of the financial year ended 31 December 2020 ("Special Final Dividend") was declared on 15 March 2021. Together with the interim dividend of 2.57 sen per share and special interim dividend of 1.45 sen per share paid on 26 November 2020 and the final dividend of 5.42 sen per share paid on 12 May 2021, this would translate into a single tier dividend of 11.57 sen per share for the financial year ended 31 December 2020.

The Special Final Dividend which is not taxable in the hands of the shareholders pursuant to the paragraph 12B of Schedule 6 of the Income Tax Act 1967 will be paid on 3 June 2021 and the entitlement date for the dividend payment is 4 May 2021.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (i) shares deposited into the depositor's securities account before 12.30 p.m. on 3 May 2021 in respect of shares which are exempted from mandatory deposit;
- (ii) shares transferred into the depositor's securities account before 4.30 p.m. on 4 May 2021 in respect of transfers; and
- (iii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The dividends for the financial year ended 31 December 2020 is as follow:

	Year ended 31 December 2020		Year ended 31 December 2019	
	Net per share (sen)	RM'million	Net per share (sen)	RM'million
Interim dividend	2.57	177	-	-
Special interim dividend	1.45	100	-	-
	4.02	277	-	-
Final dividend	5.42	373	1.00	69
Special final dividend	2.13	147	-	-
	7.55	520	1.00	69
	11.57	797	1.00	69

The Dividend Reinvestment Plan ("DRP"), which was established pursuant to approval by the shareholders of the Company on 21 November 2018, shall apply on the Special Final Dividend, with the whole dividend amount classified as electable portion. The issue price of the new shares of the Company to be issued pursuant to the DRP has been fixed on 12 April 2021 at RM4.10 per share.

EXPLANATORY NOTES ON THE QUARTERLY REPORT – 31 MARCH 2021
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)

B13. Earnings per share

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

	Quarter ended 31 March	
	2021	2020
Profit for the financial period		
- from continuing operations	562	394
- from discontinued operations	-	74
	562	468
Weighted average number of ordinary shares in issue (million units)	6,885	6,885
Basic earnings per share (sen)		
- from continuing operations	8.2	5.7
- from discontinued operations	-	1.1

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

By Order of the Board

Petaling Jaya
20 May 2021

Azrin Nashiha Abdul Aziz
Group Secretary