Sime Darby Berhad 200601032645 (752404-U)

T +603 7623 2000
F +603 7623 2100
W www.simedarby.com

Level 9, Menara Sime Darby
Oasis Corporate Park
Jalan PJU 1A/2, Ara Damansara
47301 Petaling Jaya, Selangor, Malaysia

Delivering Sustainable Futures

QUARTERLY REPORT

On the consolidated results for the fourth quarter ended 30 June 2023

The Directors are pleased to announce the following:

Unaudited Condensed Consolidated Statement of Profit or Loss
Amounts in RM million unless otherwise stated

	Note	Quarter ended 30 June 2023	Quarter ended 30 June 2022	% +/(-)	Year ended 30 June 2023	Year ended 30 June 2022	% +/(-)
Continuing operations							
Revenue	A7	**13,286**	10,851	22.4	**48,288**	42,502	13.6
Operating expenses		**(12,828)**	(10,415)		**(46,895)**	(40,966)	
Other operating income		**249**	112		**413**	241	
Other gains and losses		**173**	(14)		**214**	(27)	
Operating profit		**880**	534	64.8	**2,020**	1,750	15.4
Share of results of joint ventures		**12**	11		**69**	54	
Share of results of associates		**24**	9		**52**	37	
Profit before interest and tax	A7	**916**	554	65.3	**2,141**	1,841	16.3
Finance income		**23**	11		**70**	39	
Finance costs		**(127)**	(46)		**(333)**	(148)	
Profit before tax	B5	**812**	519	56.5	**1,878**	1,732	8.4
Taxation	B6	**(176)**	(138)		**(484)**	(474)	
Profit from continuing operations		**636**	381	66.9	**1,394**	1,258	10.8
Discontinued operations							
(Loss)/Profit from discontinued operations		**–**	(100)		**118**	(71)	
Profit for the period		**636**	281	>100	**1,512**	1,187	27.4
Attributable to owners of:							
- the Company							
- from continuing operations		**622**	376	65.4	**1,340**	1,172	14.3
- from discontinued operations		**–**	(98)		**118**	(69)	
		622	278	>100	**1,458**	1,103	32.2
- non-controlling interests							
- from continuing operations		**14**	5		**54**	86	
- from discontinued operations		**–**	(2)		**–**	(2)	
Profit for the period		**636**	281	>100	**1,512**	1,187	27.4
		Sen	Sen		**Sen**	Sen	
Basic earnings/(loss) per share attributable to owners of the Company	B12						
- from continuing operations		**9.1**	5.5	65.5	**19.7**	17.2	14.5
- from discontinued operations		**–**	(1.4)		**1.7**	(1.0)	
Total		**9.1**	4.1	>100	**21.4**	16.2	32.1

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 30 June 2022.

SIME DARBY BERHAD
(Company No: 200601032645 (752404-U))

Unaudited Condensed Consolidated Statement of Comprehensive Income
Amounts in RM million unless otherwise stated

	Quarter ended 30 June		Year ended 30 June	
	2023	**2022**	**2023**	**2022**
Profit for the period	**636**	281	**1,512**	1,187
Other comprehensive income/(loss):				
Continuing operations				
Items that will be reclassified subsequently to profit or loss:				
Currency translation differences	**432**	(200)	**290**	(79)
Share of other comprehensive income/(loss) of joint ventures and associates	**19**	(5)	**14**	(4)
Net changes in fair value of cash flow hedges	**11**	1	**(11)**	9
Tax (expense)/credit	**(3)**	2	**2**	(1)
	459	(202)	**295**	(75)
Currency translation differences on repayment of net investment reclassified to profit or loss	**(10)**	(6)	**(29)**	(6)
Changes in fair value of cash flow hedges reclassified to profit or loss and inventories	**16**	(10)	**14**	–
Tax (expense)/credit	**(4)**	3	**(3)**	–
Other comprehensive income/(loss) from continuing operations	**461**	(215)	**277**	(81)
Items that will not be reclassified subsequently to profit or loss:				
Actuarial loss on defined benefit pension plans	**(8)**	(1)	**(8)**	(1)
	453	(216)	**269**	(82)
Discontinued operations				
Other comprehensive (loss)/income from discontinued operations	**–**	(8)	**(95)**	42
Total other comprehensive income/(loss)	**453**	(224)	**174**	(40)
Total comprehensive income for the period	**1,089**	57	**1,686**	1,147
Attributable to owners of:				
- the Company				
- from continuing operations	**1,073**	162	**1,610**	1,087
- from discontinued operations	–	(106)	**23**	(27)
	1,073	56	**1,633**	1,060
- non-controlling interests				
- from continuing operations	**16**	3	**53**	89
- from discontinued operations	**–**	(2)	**–**	(2)
Total comprehensive income for the period	**1,089**	57	**1,686**	1,147

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 30 June 2022.

SIME DARBY BERHAD
(Company No: 200601032645 (752404-U))

Unaudited Condensed Consolidated Statement of Financial Position
Amounts in RM million unless otherwise stated

	Note	Unaudited As at 30 June 2023	Audited As at 30 June 2022
Non-current assets			
Property, plant and equipment		**7,990**	5,740
Right-of-use assets		**2,669**	2,086
Investment properties		**258**	267
Intangible assets		**2,306**	1,552
Joint ventures and associates		**1,175**	1,063
Financial assets at fair value through profit or loss		**66**	140
Deferred tax assets		**648**	581
Tax recoverable		**–**	34
Derivative assets	B9(a)	**5**	4
Receivables and other assets		**296**	217
		15,413	11,684
Current assets			
Inventories		**11,454**	9,159
Financial assets at fair value through profit or loss		**78**	41
Receivables, contract assets and other assets		**5,926**	4,685
Prepayments		**920**	1,084
Tax recoverable		**129**	63
Derivative assets	B9(a)	**27**	28
Bank balances, deposits and cash		**3,086**	1,772
		21,620	16,832
Disposal group and assets held for sale		**3**	1,713
Total assets		**37,036**	30,229
Equity			
Share capital		**9,330**	9,318
Reserves		**7,596**	6,692
Attributable to owners of the Company		**16,926**	16,010
Non-controlling interests		**357**	361
Total equity		**17,283**	16,371
Non-current liabilities			
Borrowings	B8	**2,246**	376
Lease liabilities		**2,164**	1,657
Payables, contract liabilities and other liabilities		**307**	295
Deferred tax liabilities		**448**	328
		5,165	2,656
Current liabilities			
Borrowings	B8	**3,611**	2,607
Lease liabilities		**433**	389
Derivative liabilities	B9(a)	**27**	46
Payables and other liabilities		**7,010**	5,514
Contract liabilities		**2,937**	1,940
Provisions		**427**	415
Tax payable		**143**	164
		14,588	11,075
Liabilities associated with disposal group		**–**	127
Total liabilities		**19,753**	13,858
Total equity and liabilities		**37,036**	30,229
Net assets per share attributable to owners of the Company (RM)		**2.48**	2.35

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 30 June 2022.

SIME DARBY BERHAD
(Company No: 200601032645 (752404-U))

Unaudited Condensed Consolidated Statement of Changes in Equity
Amounts in RM million unless otherwise stated

	Share capital	Share grant reserve	Capital reserve	Legal reserve	Hedging reserve	Exchange reserve	Retained profits	Reserves	Attributable to owners of the Company	Non-controlling interests	Total equity
Year ended 30 June 2023											
At 1 July 2022	9,318	9	246	148	2	575	5,712	6,692	16,010	361	16,371
Total comprehensive (loss)/income for the period	–	–	–	–	(2)	185	1,450	1,633	1,633	53	1,686
Dividends paid	–	–	–	–	–	–	(715)	(715)	(715)	(14)	(729)
Dividends payable	–	–	–	–	–	–	–	–	–	(29)	(29)
Purchase of additional interest in subsidiaries	–	–	–	–	–	–	(2)	(2)	(2)	(27)	(29)
Shares issued by a non-wholly owned subsidiary	–	–	–	–	–	–	–	–	–	4	4
Acquisition of a non-wholly owned subsidiary	–	–	–	–	–	–	–	–	–	18	18
Disposal of non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	–	(9)	(9)
Reclassification upon disposal of subsidiaries	–	–	(23)	(28)	–	–	51	–	–	–	–
Issuance of shares under the performance-based employee share scheme	12	(12)	–	–	–	–	–	(12)	–	–	–
Transfer between reserves	–	3	–	16	–	–	(19)	–	–	–	–
At 30 June 2023	9,330	–	223	136	–	760	6,477	7,596	16,926	357	17,283

SIME DARBY BERHAD
(Company No: 200601032645 (752404-U))

Unaudited Condensed Consolidated Statement of Changes in Equity
Amounts in RM million unless otherwise stated

	Share capital	Share grant reserve	Capital reserve	Legal reserve	Hedging reserve	Exchange reserve	Retained profits	Reserves	Attributable to owners of the Company	Non-controlling interests	Total equity
Year ended 30 June 2022											
At 1 July 2021	9,302	21	243	119	(5)	624	5,579	6,581	15,883	377	16,260
Total comprehensive income/(loss) for the period	–	–	–	–	7	(49)	1,102	1,060	1,060	87	1,147
Dividends payable	–	–	–	–	–	–	–	–	–	(13)	(13)
Dividends paid	–	–	–	–	–	–	(884)	(884)	(884)	(64)	(948)
Purchase of additional interest in a subsidiary	–	–	–	–	–	–	(45)	(45)	(45)	(26)	(71)
Acquisition of non-controlling interest by a joint venture	–	–	–	–	–	–	(8)	(8)	(8)	–	(8)
Performance-based employee share scheme expenses	–	4	–	–	–	–	–	4	4	–	4
Issuance of shares under the performance-based employee share scheme	16	(16)	–	–	–	–	–	(16)	–	–	–
Transfer between reserves	–	–	3	29	–	–	(32)	–	–	–	–
At 30 June 2022	9,318	9	246	148	2	575	5,712	6,692	16,010	361	16,371

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 30 June 2022.

SIME DARBY BERHAD
(Company No: 200601032645 (752404-U))

Unaudited Condensed Consolidated Statement of Cash Flows
Amounts in RM million unless otherwise stated

	Note	Year ended 30 June 2023	2022
Cash flow from operating activities			
Profit for the period from continuing operations		**1,394**	1,258
Adjustments for:			
Dividend income from financial assets		**(194)**	(48)
Share of results of joint ventures and associates		**(121)**	(91)
Finance income		**(70)**	(39)
Finance costs		**333**	148
Taxation		**484**	474
Loss on liquidation of associate		–	1
Net gain on disposal of fixed assets		**(179)**	(4)
Depreciation and amortisation		**1,269**	1,113
Impairment of fixed assets		**1**	2
Impairment of receivables		**27**	11
Inventory write-down and provision (net)		**213**	73
Fair value loss on financial assets at fair value through profit or loss		**5**	4
Other non-cash items		**(22)**	9
		3,140	2,911
Changes in working capital:			
Inventories		**(1,750)**	(551)
Rental assets		**(1,302)**	(709)
Trade, other receivables and prepayments		**(640)**	(736)
Trade, other payables and provisions		**1,824**	300
Cash generated from operations		**1,272**	1,215
Tax paid (net)		**(478)**	(572)
Dividends received from joint ventures and associates		**32**	21
Dividends received from financial assets		**194**	48
Operating cash flow from continuing operations		**1,020**	712
Operating cash flow (used in)/from discontinued operations		**(18)**	104
Net cash flow from operating activities		**1,002**	816
Cash flow from investing activities			
Finance income received		**57**	26
Purchase of fixed assets		**(851)**	(645)
Acquisition of subsidiaries and business	A11	**(387)**[1]	(163)
Acquisition of an associate		**(9)**	–
Additions to financial assets at fair value through profit or loss		**(12)**	(46)
Proceeds from sale of financial assets at fair value through profit or loss		**44**	–
Proceeds from sale of fixed assets		**346**	49
Capital repayment by an associate		–	1
Investing cash flow used in continuing operations		**(812)**	(778)
Investing cash flow from/(used in) discontinued operations	A11	**1,319**[2]	(111)
Net cash flow from/(used in) investing activities		**507**	(889)

Unaudited Condensed Consolidated Statement of Cash Flows (continued)
Amounts in RM million unless otherwise stated

	Note	Year ended 30 June 2023	2022
Cash flow from financing activities			
Finance costs paid		**(188)**	(64)
Net borrowings raised		**1,293**	911
Repayment of lease liabilities		**(580)**	(525)
Purchase of additional interest in subsidiaries	A11	**(29)**	(71)
Dividends paid to shareholders		**(715)**	(884)
Dividends paid to non-controlling interests[3]		**(27)**	(79)
Financing cash flow used in continuing operations		**(246)**	(712)
Financing cash flow used in discontinued operations		**(4)**	(4)
Net cash flow used in financing activities		**(250)**	(716)
Net increase/(decrease) in cash and cash equivalents		**1,259**	(789)
Foreign exchange differences		**21**	30
Cash and cash equivalents at beginning of the period		**1,658**	2,417
Cash and cash equivalents at end of the period		**2,938**	1,658
For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprised the following:			
Bank balances, deposits and cash		**3,086**	1,772
Less:			
Bank overdrafts	B8	**(148)**	(252)
		2,938	1,520
Cash and cash equivalents included under assets held for sale		–	138
		2,938	1,658

Fixed assets consist of property, plant and equipment, right-of-use assets, investment properties and intangible assets.

[1] Includes part payment of the consideration payable for the acquisition of Salmon Earthmoving Holdings Pty Ltd of RM30 million.

[2] Investing cash flow from discontinued operations include proceeds from disposal of Weifang port companies. Refer to note A11 for further details.

[3] Dividends paid to other shareholders of non-wholly owned subsidiaries. The amount paid in the current period includes RM13 million declared in the previous financial year (previous corresponding period: RM15 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 30 June 2022.

EXPLANATORY NOTES

This interim financial report is prepared in accordance with the requirements of paragraph 9.22 and Appendix 9B 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. The interim financial report is unaudited and should be read in conjunction with the Group's audited annual financial statements for the financial year ended 30 June 2022.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited annual financial statements for the financial year ended 30 June 2022, except as set out below.

a) New accounting pronouncements

i) Accounting pronouncements adopted for this interim financial report that do not have a material impact on the Group are set out below:

- Annual Improvements to MFRS Standards 2018 – 2020: Amendments to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' and illustrative examples accompanying MFRS 16 'Lease incentives'
- Amendments to MFRS 3 'Reference to conceptual framework'
- Amendments to MFRS 116 'Proceeds before intended use'
- Amendments to MFRS 137 'Onerous contracts – cost of fulfilling a contract'
- Amendments to MFRS 112 'International tax reform – pillar two model rules

ii) Accounting pronouncements that are not yet effective are set out below:

<u>Effective for annual reporting periods beginning on or after 1 January 2023</u>
- MFRS 17 – 'Insurance contracts and amendments to MFRS 17'
- Amendments to MFRS 17 'Initial application of MFRS 17' and MFRS 9 – 'Comparative information'
- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of accounting policies'
- Amendments to MFRS 108 'Definition of accounting estimates'
- Amendments to MFRS 112 'Deferred tax related to assets and liabilities arising from a single transaction'
- Amendments to MFRS 112 'International tax reform – pillar two model rules

<u>Effective for annual reporting periods beginning on or after 1 January 2024</u>
- Amendments to MFRS 16 'Lease liability in a sale and leaseback'
- Amendments to MFRS 101 'Classification of liabilities as current or non-current'
- Amendments to MFRS 101 'Non-current liabilities with covenants'
- Amendments to MFRS 107 and MFRS 7 'Supplier finance arrangements'

iii) Accounting pronouncement where the effective date has been deferred to a date to be determined by MASB is set out below:

- Amendments to MFRS 10 'Consolidated financial statements'
- MFRS 128 'Investments in associates and joint ventures - sale or contribution of assets between an investor and its associate or joint venture'

A2. Seasonal or Cyclical Factors

The Group's operations are not materially affected by seasonal or cyclical factors.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

Except as disclosed in the financial statements on pages 1 to 7 and notes A11, B1 and B2, there were no material unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period under review.

A4. Material Changes in Estimates

Except as disclosed in notes B1, B2 and B6, there were no material changes in the estimates of amounts reported in the previous financial years that have a material effect on the results for the current quarter under review.

A5. Debt and Equity Securities

Save for the following, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review.

<u>Share capital</u>

On 7 December 2022, the Company issued 3,440,300 new ordinary shares at an issue price of RM1.945 and 2,238,800 new ordinary shares at an issue price of RM2.283 under the Performance-Based Employee Share Scheme of FY2019/20. With the allotment of the new shares, the Company's issued and paid-up capital has increased from 6,809,918,477 ordinary shares to 6,815,597,577 ordinary shares.

A6. Dividends Paid to Shareholders

The second interim dividend of 7.5 sen per share amounting to RM511 million for the financial year ended 30 June 2022 was paid by way of cash on 30 September 2022.

An interim dividend of 3.0 sen per share amounting to RM204 million for the financial year ended 30 June 2023 was paid by way of cash on 31 March 2023.

Amounts in RM million unless otherwise stated

A7. Segment Information

Following the Group's announcement to divest its Weifang port companies, the results of the Logistics division for the current year up to the completion of the disposal and previous financial years are classified as discontinued operations. After the completion of the disposal of the Weifang port companies, the results of the remaining companies of the Logistics division are included under Others.

	Continuing operations						Discontinued operations	
Year ended 30 June 2023	**Industrial**	**Motors**	**Healthcare**	**Others**	**Corporate/ Intra-group adjustments**	**Total**	**Logistics**	**Total**
Segment revenue:								
External	**16,675**	**31,552**	**–**	**61**	**–**	**48,288**	**58**	**48,346**
Inter-segment	**7**	**14**	**–**	**3**	**(24)**	**–**	**–**	**–**
	16,682	**31,566**	**–**	**64**	**(24)**	**48,288**	**58**	**48,346**
Profit/(Loss) before interest and tax	**1,051**	**1,052**	**57**	**39**	**(58)**	**2,141**	**112**	**2,253**
Net finance (costs)/income						**(263)**	**2**	**(261)**
Taxation						**(484)**	**4**	**(480)**
Profit for the period						**1,394**	**118**	**1,512**
Year ended 30 June 2022								
Segment revenue:								
External	15,099	27,337	–	66	–	42,502	187	42,689
Inter-segment	3	13	–	2	(18)	–	–	–
	15,102	27,350	–	68	(18)	42,502	187	42,689
Profit/(Loss) before interest and tax	803	1,020	45	23	(50)	1,841	(40)	1,801
Net finance (costs)/income						(109)	13	(96)
Taxation						(474)	(44)	(518)
Profit/(Loss) for the period						1,258	(71)	1,187

Amounts in RM million unless otherwise stated

A7. Segment Information (continued)

	Continuing operations						Discontinued operations	
	Industrial	**Motors**	**Healthcare**	**Others**	**Corporate/ Intra-group adjustments**	**Total**	**Logistics**	**Total**
As at 30 June 2023								
Segment assets	**16,805**	**15,803**	**759**	**416**	**2,476**	**36,259**	**–**	**36,259**
Segment liabilities	**(4,497)**	**(5,732)**	**–**	**(466)**	**(13)**	**(10,708)**	**–**	**(10,708)**
Segment invested capital	**12,308**	**10,071**	**759**	**(50)**	**2,463**	**25,551**	**–**	**25,551**
Net tax assets						**186**	**–**	**186**
Borrowings and lease liabilities						**(8,454)**	**–**	**(8,454)**
Total equity						**17,283**	**–**	**17,283**
As at 30 June 2022								
Segment assets	12,669	13,017	698	149	1,095	27,628	1,923[1]	29,551
Segment liabilities	(3,023)	(4,805)	–	(368)	(8)	(8,204)	(133)[1]	(8,337)
Segment invested capital	9,646	8,212	698	(219)	1,087	19,424	1,790	21,214
Net tax assets/(liabilities)						223	(37)	186
Borrowings and lease liabilities						(5,029)	–	(5,029)
Total equity						14,618	1,753	16,371

[1] The assets and liabilities of the Logistics segment includes the assets and liabilities of the Weifang port companies classified under disposal group and the assets and liabilities of the remaining Logistics subsidiaries (investment holding and corporate subsidiaries).

Amounts in RM million unless otherwise stated

A7. Segment information (continued)

Revenue from continuing operations comprise the following:

	Year ended 30 June 2023	Year ended 30 June 2022
Revenue from contracts with customers	**46,905**	41,565
Rental income	**1,383**	937
	48,288	42,502

Analysis of the Group's revenue from contracts with customers is as follows:

Year ended 30 June 2023	**Industrial**	**Motors**	**Others**	**Total**
<u>Continuing operations</u>				
Major goods and services				
Sale of equipment and vehicles	**6,788**	**26,077**	**–**	**32,865**
Sale of parts, assembly charges and provision of after-sales services	**8,542**	**4,566**	**–**	**13,108**
Engineering services	**282**	**–**	**–**	**282**
Commission, handling fees and others	**–**	**610**	**40**	**650**
	15,612	**31,253**	**40**	**46,905**
Geographical location				
Malaysia	**912**	**6,525**	**35**	**7,472**
China	**2,539**	**14,527**	**–**	**17,066**
Other countries in Asia	**763**	**4,761**	**5**	**5,529**
Australasia	**11,398**	**5,440**	**–**	**16,838**
	15,612	**31,253**	**40**	**46,905**
Timing of revenue recognition				
At a point in time	**12,502**	**26,982**	**27**	**39,511**
Over time	**3,110**	**4,271**	**13**	**7,394**
	15,612	**31,253**	**40**	**46,905**

Year ended 30 June 2022	**Industrial**	**Motors**	**Others**	**Total**
<u>Continuing operations</u>				
Major goods and services				
Sale of equipment and vehicles	7,293	22,498	–	29,791
Sale of parts, assembly charges and provision of after-sales services	6,827	4,150	–	10,977
Engineering services	313	–	–	313
Commission, handling fees and others	–	442	42	484
	14,433	27,090	42	41,565

Amounts in RM million unless otherwise stated

A7. Segment information (continued)

Analysis of the Group's revenue from contracts with customers is as follows: (continued)

Year ended 30 June 2022	**Industrial**	**Motors**	**Others**	**Total**
Geographical location				
Malaysia	876	4,635	35	5,546
China	2,801	13,291	2	16,094
Other countries in Asia	640	4,311	5	4,956
Australasia	10,116	4,853	–	14,969
	14,433	27,090	42	41,565
Timing of revenue recognition				
At a point in time	11,433	23,346	30	34,809
Over time	3,000	3,744	12	6,756
	14,433	27,090	42	41,565

A8. Capital Commitments

Contracted capital expenditure not provided for in the interim financial report is as follows:

	As at 30 June 2023	**As at 30 June 2022**
- Property, plant and equipment	**962**	480
- Other capital expenditure	**15**	19
	977	499

Amounts in RM million unless otherwise stated

A9. Significant Related Party Transactions

Significant related party transactions conducted during the year ended 30 June are as follows:

	Year ended 30 June 2023	2022
a. Transactions with joint ventures and associates		
<u>Continuing operations</u>		
Purchase of products and services from Sitech Construction Systems Pty Ltd	**23**	15
Sale of goods and services to Terberg Tractors Group	**6**	2
Purchase of goods from Terberg Tractors Group	**–**	1
Contribution paid to Yayasan Sime Darby	**25**	20
<u>Discontinued operations</u>		
Loans to Weifang Sime Darby West Port Co Ltd	**–**	5
Loans to Weifang Sime Darby Liquid Terminal Co Ltd	**–**	131
Loans repaid by Weifang Sime Darby West Port Co Ltd	**–**	3
Loans repaid by Weifang Sime Darby Liquid Terminal Co Ltd	**6**	34
b. Transactions between subsidiaries and non-controlling interests		
<u>Continuing operations</u>		
Contract assembly service provided by Inokom Corporation Sdn Bhd ("ICSB") to Mazda Malaysia Sdn Bhd	**93**	77
Contract assembly service provided by ICSB to Kia Malaysia Sdn Bhd	**29**	–
Rental income received by ICSB from Mazda Malaysia Sdn Bhd and Bermaz Motor Trading Sdn Bhd	**3**	3

c. Transactions with shareholders and their related companies

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad together, as at 30 June 2023, own approximately 47% 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, YPB and the Malaysian Government are in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as government-related entities) are related parties of the Group and the Company.

Significant related party transactions with the Sime Darby Plantation Berhad group are as follows:

	Year ended 30 June 2023	2022
<u>Continuing operations</u>		
Sales, servicing and leasing of equipment and vehicles	**19**	31
Rental income	**13**	17
Royalty income received	**2**	2

A10. Material Events Subsequent to the End of the Financial Period

Other than the events below, there were no material events subsequent to the end of the current quarter under review to 24 August 2023, being the date of issue of the quarterly report.

a) On 7 August 2023, Kumpulan Sime Darby Berhad, a wholly-owned subsidiary of the Group completed the disposal of 760.12 acres of land in Labu, Negeri Sembilan for a cash consideration of RM280 million to Sime Darby Property (MVV Central) Sdn. Bhd., a wholly-owned subsidiary of Sime Darby Property Berhad.

b) On 14 August 2023, the Group entered into a share sale agreement to acquire the entire equity interest in Cavpower group, the Caterpillar dealer in South Australia, for a cash consideration of AUD500 million (RM1,489 million), on a cash-free and debt-free basis and subject to customary adjustments for working capital, capital expenditure and stocktake. The Proposed Acquisition is expected to be completed by the second quarter of the financial year ending 30 June 2024, subject to further extension as may be mutually agreed.

c) On 24 August 2023, the Group entered into a conditional share purchase agreement ("SPA") with Permodalan Nasional Berhad and Amanahraya Trustees Berhad as trustee for several unit trust funds to acquire approximately 61.2% equity interest in UMW Holdings Berhad for a total cash consideration of RM3,574 million ("Proposed Acquisition"). When the SPA becomes unconditional, the Group will be obliged to undertake a mandatory take-over offer to acquire the remaining equity interest in UMW Holdings Berhad not owned by the Group. The Proposed Acquisition is deemed a related party transaction pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Amounts in RM million unless otherwise stated

A11. Effects of Significant Changes in the Composition of the Group

Significant changes in the composition of the Group are as follows:

1. Disposal of subsidiaries and joint ventures (Weifang port companies)

On 3 July 2022, the Group entered into share sale agreements to divest its entire equity interest in the Weifang port companies for a total cash consideration of RMB1,920 million (approximately RM1,268 million), whereby 90% of the consideration will be paid by completion of the disposal and the remaining 10% will be paid on or before the second anniversary of the completion date. In addition, the shareholders' loans and receivables owing by the Weifang port companies totalling approximately RMB520 million (approximately RM344 million) would also be repaid. The proposed divestments were completed on 7 November 2022 resulting in the following companies ceasing to be the subsidiaries or joint ventures of the Group:

i. Weifang Sime Darby Port Co., Ltd ("WSDP") and its associate, Weifang Ocean Shipping Tally Co., Ltd
ii. Weifang Sime Darby Logistics Services Co., Ltd
iii. Weifang Sime Darby General Terminal Co., Ltd
iv. Weifang Wei Gang Tugboat Services Co., Ltd
v. Weifang Sime Darby Liquid Terminal Co., Ltd
vi. Weifang Sime Darby West Port Co., Ltd
vii. Weifang Senda Container Service Provider Co., Ltd

In addition, prior to the completion of the disposal of the Weifang port companies, WSDP had also completed the disposal of its joint venture, Weifang Port Services Co. Ltd.

Details of net assets and net cash inflow arising from the disposal of the subsidiaries and joint ventures are as follows:

Net assets	**1,572**
Non-controlling interests	**(9)**
Share of net assets disposed	**1,563**
Gain on disposal of subsidiaries and joint ventures	**147**
Less: net foreign exchange gain included in the gain on disposals	**(123)**
Total consideration from disposal, net of transaction costs[1]	**1,587**
Less: balance consideration receivable after 2 years	**(115)**
Less: cash and cash equivalents of subsidiaries disposed	**(159)**
Less: cash inflow from settlement of shareholders' loans and receivables	**(344)**
Net cash inflow from disposal of shares of Weifang port companies	**969**

[1] Inclusive of proceeds from settlement of shareholders' loans and receivables of RM344 million.

Amounts in RM million unless otherwise stated

A11. Effects of Significant Changes in the Composition of the Group (continued)

2. Purchase of additional interest in subsidiaries

   i. The Group acquired the remaining 40% equity interest in Shantou Bow Yue Dehong Motors Services Company Limited ("SBYDM") for a total consideration of RMB40 million (approximately RM26 million) resulting in SBYDM becoming a wholly-owned subsidiary of the Group.

   ii. The Group acquired the remaining 49% equity interest in Sime Darby Motors Manufacturing Sdn. Bhd. (formerly known as Ford Malaysia Sdn. Bhd.) ("SDMM") for a total consideration of RM2 million resulting in SDMM becoming a wholly-owned subsidiary of the Group.

   iii. The Group acquired the remaining 45% equity interest in Sime Darby Joy Industries Sdn. Bhd. ("SDJISB") for a total consideration of SGD0.2 million (approximately RM0.7 million) resulting in SDJISB becoming a wholly-owned subsidiary of the Group.

3. Acquisition of subsidiaries and business

   i. In March 2023, the Group subscribed for 60% equity interest in Performance Motors Indonesia Pte. Ltd. ("PMI"). Subsequently, PMI, via its subsidiary, PT Performance Motors Indonesia, acquired a BMW dealership business in Indonesia for a cash consideration of approximately RM38 million.

   ii. In April 2023, the Group acquired the entire equity interest in Onsite Rental Group Limited ("Onsite Rental") for a total consideration of AUD690 million (RM2,035 million), consisting of the purchase consideration for the equity interest of AUD150 million (RM443 million) and settlement of Onsite Rental's borrowings of AUD498 million (RM1,467 million) and certain operating expenses of AUD42 million (RM125 million).

   Details of net assets and net cash outflow arising from the acquisition are as follows:

Fair value of net assets acquired excluding borrowings and operating expenses settled	1,524
Borrowings settled	(1,467)
Operating expenses settled	(125)
Goodwill	511
Purchase consideration	443
Less: Cash and cash equivalents of subsidiaries acquired	(124)
Net cash outflow on acquisition	319

   The fair value of net assets and goodwill in the above acquisition are provisional and will be adjusted, if necessary, upon completion of the purchase price allocation as allowed under MFRS 3.

Amounts in RM million unless otherwise stated

A12. Contingent Liabilities – unsecured

a) Guarantees

In the ordinary course of business, the Group issues 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. Financial guarantees were also issued to financial institutions in respect of credit facilities granted to certain joint ventures. A liability from the performance and financial guarantees would only arise in the event the Group fails to fulfil its contractual obligations.

The performance guarantees and financial guarantees are as follows:

	As at 30 June 2023	**As at 30 June 2022**
Continuing operations		
Performance guarantees and advance payment guarantees to customers of the Group	**2,184**	2,078
Discontinued operations		
Guarantees in respect of credit facilities granted to certain joint ventures	**–**	77
	2,184	2,155

In addition, the Group guarantees the payment from its customers under a risk sharing arrangement with a third-party leasing company in connection with the sale of its equipment up to a pre-determined amount. As at 30 June 2023, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM197 million (30 June 2022: RM305 million).

b) Claims

	As at 30 June 2023	**As at 30 June 2022**
Potential claims		
- continuing operations	**12**	10
- discontinued operations	**–**	6
	12	16

The claims include disputed amounts for the supply of goods and services.

A13. Others

On 28 June 2023, Sime Darby Berhad announced that the Group, together with its partner Ramsay Health Care Limited, has made a decision to explore the possibility of realising a sale of its 50:50 joint venture in Ramsay Sime Darby Health Care Sdn Bhd. There is no assurance that the sale process will result in a transaction.

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

	Quarter ended 30 June			Year ended 30 June		
	2023	**2022**	**% +/(-)**	**2023**	**2022**	**% +/(-)**
Continuing operations						
Revenue	**13,286**	10,851	22.4	**48,288**	42,502	13.6
Segment results:						
Industrial	**375**	280	33.9	**1,051**	803	30.9
Motors	**555**	272	>100.0	**1,052**	1,020	3.1
Healthcare	**9**	8	12.5	**57**	45	26.7
Others	**(12)**	(7)	(71.4)	**39**	23	69.6
	927	553	67.6	**2,199**	1,891	16.3
Foreign exchange gain from repayment of net investments	**10**	6		**29**	6	
Corporate expenses	**(21)**	(5)		**(87)**	(56)	
Profit before interest and tax	**916**	554	65.3	**2,141**	1,841	16.3
Finance income	**23**	11		**70**	39	
Finance costs	**(127)**	(46)		**(333)**	(148)	
Profit before tax	**812**	519	56.5	**1,878**	1,732	8.4
Taxation	**(176)**	(138)		**(484)**	(474)	
Profit from continuing operations	**636**	381	66.9	**1,394**	1,258	10.8
Non-controlling interests	**(14)**	(5)		**(54)**	(86)	
Profit from continuing operations attributable to owners of the Company	**622**	376	65.4	**1,340**	1,172	14.3
Discontinued operations						
Profit from discontinued operations attributable to owners of the Company	–	(98)		**118**	(69)	
Profit attributable to owners of the Company	**622**	278	>100.0	**1,458**	1,103	32.2

The analysis of the results for the quarter ended 30 June 2023 against the quarter ended 30 June 2022 is as follows:

The Group's profit attributable to owners of the Company ("Net Profit") was higher by 123.7% at RM622 million while Net Profit from continuing operations was 65.4% higher. Included in the results in the current quarter were gain on disposal of Motors properties of RM177 million (net of deferred tax adjustment) and dividend income of RM194 million (previous corresponding quarter: RM48 million).

a) Industrial

Profit before interest and tax ("PBIT") increased by 33.9% to RM375 million in the current quarter mainly attributed to higher profit from Australasia (increased from RM265 million to RM338 million). This mainly stemmed from higher parts revenue (supported by parts price increase and maintenance of mining equipment) and profit contribution from Onsite Rental (acquired in April 2023).

B1. Review of Group Performance (continued)

An analysis of the results for the quarter ended 30 June 2023 against the quarter ended 30 June 2022 is as follows (continued):

b) Motors

Segment PBIT increased by 104.0% to RM555 million in the current quarter. Included in the current quarter were gain on disposal of properties of RM179 million and higher dividend income at RM194 million (previous corresponding quarter: RM48 million). Excluding these items, PBIT was lower by 18.8%.

China's PBIT, excluding the gain on disposal as mentioned earlier, declined from RM54 million to RM37 million mainly due to lower vehicle margins.

PBIT for Malaysia, excluding the dividend income, decreased from RM78 million to RM59 million mainly due to lower vehicle margins and the donation to Yayasan Sime Darby during the quarter.

c) Others

The current quarter included net foreign exchange loss of RM18 million (previous corresponding quarter: foreign exchange loss of RM12 million).

d) Discontinued operations

The loss in the previous corresponding quarter included net impairment of assets of RM71 million and accrual of deferred tax liabilities of RM36 million.

e) Finance costs

The higher finance costs in the current quarter were mainly due to higher average interest rates and higher borrowings (arising from the Onsite Rental acquisition and working capital requirements).

B1. Review of Group Performance (continued)

The analysis of the results for the financial year ended 30 June 2023 against the previous financial year ended 30 June 2022 is as follows:

The Group's Net Profit was higher by 32.2% at RM1,458 million while Net Profit from continuing operations was 14.3% higher. Included in the results for continuing operations in the current year were gain on disposal of Motors properties and higher dividend income as outlined in the result for the quarter ended 30 June 2023. Excluding these, the Group's Net Profit from continuing operations would be lower by 13.8% mainly due to lower profit from Motors China and higher finance costs, partly offset by higher profit from Industrial Australasia.

a) Industrial

PBIT was higher by 30.9% at RM1,051 million largely due to higher profit from Australasia (increased from RM675 million to RM910 million). This was mainly attributed to higher parts revenue as explained in the results for the quarter ended 30 June 2023.

b) Motors

PBIT was higher by 3.1% at RM1,052 million primarily due to the gain on disposal of properties and higher dividend income as explained in the result for the quarter ended 30 June 2023. Excluding these items, PBIT would be lower by 30.1%. This was predominantly due to lower profit from the China operations (declined from RM458 million to RM124 million), which mainly stemmed from lower vehicle margins.

The impact was partly mitigated by the operations in Malaysia and Singapore. The higher profit in Malaysia was mainly from the aftersales and importation businesses, while the operations in Singapore recorded improved margins.

c) Healthcare

The higher share of profit from the Ramsay Sime Darby Health Care Sdn Bhd ("RSDH") joint venture was mainly attributed to higher revenue from its Malaysia operations, which were impacted by COVID-19 restrictions in the previous financial year.

d) Others

The higher PBIT was mainly due to net foreign exchange gain of RM11 million in the current period (previous corresponding period: net foreign exchange loss of RM15 million), notwithstanding the previous corresponding period also included RM12 million income from a legacy corporate exercise.

e) Discontinued operations

The profit in the current period included gain on disposal of the Weifang port companies of RM147 million (refer to Note A11 for further details), while the loss in the previous corresponding period included net impairment of assets of RM71 million and accrual of deferred tax liabilities of RM36 million as previously explained.

The variance for finance costs were mainly due to similar reasons as explained in the results for the quarter ended 30 June 2023.

Amounts in RM million unless otherwise stated

B2. Material Changes in Profit for the Current Quarter as Compared to the Results of the Preceding Quarter

	Quarter ended		
	30 June 2023	**31 March 2023**	**% +/(-)**
Continuing operations			
Revenue	**13,286**	11,528	15.2
Segment results:			
Industrial	**375**	236	58.9
Motors	**555**	170	>100.0
Healthcare	**9**	13	(30.8)
Others	**(12)**	15	<(100.0)
	927	434	>100.0
Foreign exchange gain from repayment of net investments	**10**	7	
Corporate expenses	**(21)**	(23)	
Profit before interest and tax	**916**	418	>100.0
Finance income	**23**	24	
Finance costs	**(127)**	(81)	
Profit before tax	**812**	361	>100.0
Taxation	**(176)**	(108)	
Profit from continuing operations	**636**	253	>100.0
Non-controlling interests	**(14)**	(13)	
Profit attributable to owners of the Company	**622**	240	>100.0

The analysis of the results for the quarter ended 30 June 2023 against the quarter ended 31 March 2023 is as follows:

The Group's Net Profit in the current quarter included the gain on disposal of Motors properties and dividend income as outlined in B1. Excluding these items, the Group's Net Profit was still higher by 4.6%.

a) Industrial

PBIT was higher by 58.9% largely due to higher profit from Australasia, which mainly stemmed from higher equipment revenue and profit contribution from Onsite Rental. The higher equipment revenue was attributed to several large orders during the quarter, as well as realisation of some deliveries that were previously deferred due to adverse delivery conditions in the preceding quarter.

b) Motors

The current quarter included gain on disposal of properties and dividend income as outlined in B1. Excluding these, PBIT was still higher by 7.1% predominantly due to higher profit from Australasia. This mainly stemmed from improved vehicle margins at the retail operations in Australia, as well as higher unit sales and higher aftersales contribution from the commercial and transport businesses in New Zealand.

c) Others

The current quarter recorded foreign exchange loss of RM18 million (preceding quarter: foreign exchange gain of RM5 million), mainly relating to the legacy oil and gas and residual Logistics-related balances.

The variance for finance costs was mainly due to similar reasons as explained in the results for the quarter ended 30 June 2023.

B3. Prospects

The International Monetary Fund forecasts below-trend growth for most advanced economies and moderate growth for emerging markets in the near term, while highlighting downside risks to growth in China due to the downturn in the property sector. Nonetheless, certain sectors within the Group's operations are expected to be more resilient to these challenging conditions.

The performance of the Industrial division continues to be supported by the backlog of orders in Australia from the mining and construction sectors. Commodity prices are projected to remain above the break-even points for miners, which should sustain the demand for equipment and product support. The market momentum for the general construction industry in Australia is also holding well due to on-going large infrastructure projects. In China, the construction sector remains soft with liquidity challenges faced by our customers. The Onsite Rental and Cavpower acquisitions are expected to positively contribute to the division's long-term profitability.

The growth of the electric vehicle ("EV") market in China continues to accelerate on the back of new EV model launches and tax incentives, despite the recent slowdown in China's economy. The expansion in China in recent years is expected to contribute positively to the division's results in the future. While price competition remains a concern, local authorities are exploring initiatives to help alleviate the price war. In Malaysia, the aftersales business continues to be supported by the strong vehicle sales from the past sales and service tax exemption period.

Notwithstanding the above and barring any unforeseen circumstances, the Board expects the Group's performance for the financial year ending 30 June 2024 to be satisfactory.

B4. Variance of Actual Profit from Profit Forecast or Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee issued.

Amounts in RM million unless otherwise stated

B5. Profit before tax

	Quarter ended 30 June		Year ended 30 June	
	2023	**2022**	**2023**	**2022**
Included in operating profit of continuing operations are:				
Depreciation and amortisation	**(390)**	(287)	**(1,269)**	(1,113)
Inventory write-down and provision (net)	**(95)**	(45)	**(213)**	(73)
Impairment of receivables	**(22)**	(14)	**(27)**	(11)
Impairment of fixed assets	**(2)**	(2)	**(1)**	(2)
Net loss on liquidation of associates	**–**	(1)	**–**	(1)
Fair value loss on financial assets at fair value through profit or loss	**(7)**	(4)	**(5)**	(4)
Gain on disposal of properties	**179**	–	**179**	–
Net (loss)/gain on disposal of other fixed assets	**(2)**	2	**–**	4
Net foreign exchange (loss)/gain	**(13)**	(12)	**24**	(26)
Net gain on derivatives	**14**	3	**10**	1
Net gain on lease modification/termination	**4**	–	**7**	1

B6. Taxation

	Quarter ended 30 June		Year ended 30 June	
	2023	**2022**	**2023**	**2022**
Continuing operations				
Current tax:				
- current year	**26**	168	**372**	498
- previous years	**31**	(11)	**42**	1
	57	157	**414**	499
Deferred tax:				
- origination and reversal of temporary differences and other deferred tax adjustments	**119**	(19)	**70**	(25)
	176	138	**484**	474
Discontinued operations	**–**	44	**(4)**	44

The effective tax rate of continuing operations (excluding share of results of associates and joint ventures) for the current quarter ended 30 June 2023 of 22.7% was lower than the applicable tax rate of 23.7%, mainly due to the impact of non-taxable gains and dividend income offset by the tax effects of non-deductible expenses and provision for India withholding tax recoverable.

The effective tax rate of continuing operations (excluding share of results of associates and joint ventures) for the year ended 30 June 2023 of 27.5% was higher than the applicable tax rate of 24.9%, mainly due to the impact of non-deductible expenses, deferred tax not recognised for certain tax losses, withholding taxes and adjustments to tax expense relating to prior years, partly offset by non-taxable gains and dividend income.

Amounts in RM million unless otherwise stated

B7. Status of Corporate Proposals

The corporate proposals announced but not completed as at 24 August 2023 are as follows:

a) On 24 August 2022, the Group entered into a Sale and Purchase Agreement (“SPA”) with NS Corporation for the disposal of 1,382.2 acres of land in Labu, Negeri Sembilan, for a cash consideration of RM460 million. On 23 September 2022, the Group entered into a second SPA with NS Corporation for the disposal of approximately 1,281.8 acres of land located in the Malaysia Vision Valley area for a cash consideration of RM445 million.

   The agreements are expected to be completed in the financial year ending 30 June 2024 or the financial year ending 30 June 2025, subject to further extension as may be mutually agreed.

b) On 14 August 2023, the Group entered into a share sale agreement to acquire the entire equity interest in Cavpower group. Refer also to A10.

c) On 24 August 2023, the Group entered into a conditional share purchase agreement with Permodalan Nasional Berhad and Amanahraya Trustees Berhad to acquire approximately 61.2% equity interest in UMW Holdings Berhad. Refer also to A10.

B8. Group Borrowings

The breakdown of the borrowings as at 30 June 2023 is as follows:

	Secured	**Unsecured**	**Total**
Long-term			
Term loans	**23**	**2,223**	**2,246**
	23	**2,223**	**2,246**
Short-term			
Term loans due within one year	**11**	**331**	**342**
Bank overdrafts	**–**	**148**	**148**
Islamic financing	**–**	**679**	**679**
Revolving credits, bankers acceptances, trade facilities and other short-term borrowings	**–**	**2,442**	**2,442**
	11	**3,600**	**3,611**
Total borrowings	**34**	**5,823**	**5,857**

The Group borrowings in RM equivalent analysed by currency are as follows:

	Long-term borrowings	**Short-term borrowings**	**Total**
Ringgit Malaysia	**–**	**773**	**773**
Australian dollar	**2,223**	**1,054**	**3,277**
Chinese renminbi	**–**	**436**	**436**
New Zealand dollar	**–**	**837**	**837**
Pacific franc	**23**	**17**	**40**
Singapore dollar	**–**	**241**	**241**
Taiwan dollar	**–**	**198**	**198**
Thailand baht	**–**	**54**	**54**
United States dollar	**–**	**1**	**1**
Total borrowings	**2,246**	**3,611**	**5,857**

Secured borrowings are secured by fixed and floating charges over property and plant and equipment in New Caledonian subsidiaries.

Amounts in RM million unless otherwise stated

B9. Financial Instruments

a) Derivatives

The Group uses forward foreign exchange contracts and interest rate swap contracts primarily to manage its exposure to financial risks. The fair values of these contracts as at 30 June 2023 are as follows:

	Classification in Statement of Financial Position Assets	Liabilities	Net fair value
Forward foreign exchange contracts	**28**	**(27)**	**1**
Interest rate swap contracts	**4**	**–**	**4**
	32	**(27)**	**5**

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 financial year ended 30 June 2022.

The description, notional amount and maturity profile of the derivatives are shown below:

<u>Forward foreign exchange contracts</u>

The forward foreign currency contracts are stated at fair value, using the prevailing market rates. Changes in fair value of the forward foreign currency contracts are recognised in other comprehensive income unless hedge accounting is not applied, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

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

	Notional amount	Net fair value asset
- less than 1 year	**3,558**	**(3)**
- 1 year to 3 years	**121**	**4**
	3,679	**1**

<u>Interest rate swap contracts</u>

The Group has entered into interest rate swap contracts to convert floating rate liabilities to fixed rate liabilities to reduce the Group's exposure to adverse fluctuations in interest rates on underlying debt instruments. The differences between the rates calculated by reference to the agreed notional principal amounts are exchanged at periodic intervals. All changes in fair value during the period are recognised in other comprehensive income unless hedge accounting is not applied, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

As at 30 June 2023, the notional amount, fair value and maturity tenor of the interest rate swap contracts are as follows:

	Notional Amount	Fair Value Assets
- less than 1 year	**129**	**3**
- 1 year to 3 years	**49**	**1**
	178	**4**

B9. Financial Instruments (continued)

b) Financial instruments measured at fair value

The measurement and categorisation of the financial instruments carried at fair value are as follows:

Financial assets at fair value through profit or loss

The fair values of these assets are based on valuation techniques with significant unobservable inputs (Level 3) as quoted market prices in active markets (Level 1) or valuation techniques using market observable inputs (Level 2) are not available.

Derivatives

The fair values of derivatives are based on price quotes for similar instruments or valuation techniques based on market observable inputs (Level 2) as quoted prices of identical instruments from an active market (Level 1) are not available.

The fair value of forward foreign exchange contracts are calculated using observable forward exchange rates at the end of the reporting period, with the resulting value discounted to present value.

The fair value of interest rate swap contracts are calculated as the present value of the estimated future cash flows based on observable yield curves.

c) Fair Value Changes of Financial Liabilities

Other than derivatives which are classified as liabilities only when they are at fair value loss position as at the end of the reporting period, the Group does not remeasure its financial liabilities at fair value after initial recognition.

B10. Material Litigation

Changes in material litigation since the date of the last audited annual statement of financial position up to 18 August 2023 are as follows:

a) Qatar Petroleum Project ("QP Project"), Maersk Oil Qatar Project ("MOQ Project") and the Marine Project Civil Suit ("Oil & Gas Suit")

On 23 December 2010, Sime Darby Berhad and four subsidiaries (collectively, "the Plaintiffs") filed a civil suit against Dato' Seri Ahmad Zubair @ Ahmad Zubir Hj Murshid, Dato' Mohamad Shukri Baharom, Abdul Rahim Ismail, Abdul Kadir Alias and Mohd Zaki Othman (collectively, "the Defendants") for damages arising from the Defendants' negligence and breaches of duty relating to the QP Project, the MOQ Project and the project relating to the construction of a derrick lay barge for an aggregate amount of RM93 million and USD79 million (approximately RM367 million) together with general and aggravated damages and other relief.

On 13 June 2014, all the Defendants consented to an Interlocutory Judgement being recorded on the Defendants' liability with damages to be assessed by the Court (the "Consent Judgement"). The Plaintiffs shall be permitted to enforce any final judgement entered after the assessment of damages, upon recovering all claims from the QP and MOQ projects and proceeds from the sale of the derrick lay barge, or after the expiry of 3 years from the date of final judgement, whichever is earlier.

The Plaintiffs have filed a Notice of Application for directions to assess damages.

The hearing for the assessment of damages continued on 27 July 2023.

The Court then tentatively fixed 1 December 2023 to continue with the hearing for the assessment of damages pending the hearing of the Plaintiffs' application to set aside subpoenas served on a director and a former director to appear as witnesses.

b) Bakun Hydroelectric Project ("Bakun Project") and the Indemnity Agreement Civil Suit ("Bakun Suit")

On 24 December 2010, Sime Darby Berhad and three subsidiaries (collectively, "the Plaintiffs") filed a civil suit against Dato' Seri Ahmad Zubair @ Ahmad Zubir Hj Murshid, Dato' Mohamad Shukri Baharom ("DMS") and Abdul Rahim Ismail (collectively, "the Defendants") for damages in connection with the Defendants' negligence and breaches of duty relating to the Package CW2-Main Civil Works for the Bakun Project and in respect of the Receipt, Discharge and Indemnity Agreement dated 12 January 2010 given to DMS for an aggregate amount of RM91 million together with general and aggravated damages to be assessed and other relief.

On 13 June 2014, all the Defendants consented to an Interlocutory Judgement being recorded on the Defendants' liability and for damages to be assessed by the Court. The Plaintiffs shall be permitted to enforce any final judgement entered after the assessment of damages, upon the Malaysia-China Hydro Joint Venture receiving full settlement from Sarawak Hidro Sdn Bhd or the Ministry of Finance in relation to the Bakun Project, or after the expiry of 3 years from the date of final judgement, whichever is earlier.

The Plaintiffs have filed a Notice of Application for directions to assess damages. The Registrar directed that the Plaintiffs' application for assessment of damages for the Oil & Gas Suit and the Bakun Suit be heard separately and that the assessment of damages for the Oil & Gas Suit will be heard first before the Bakun Suit.

Amounts in RM million unless otherwise stated

B10. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 18 August 2023 are as follows: (continued)

c) B-193 Process Platform Project ("PP Project")

Sime Darby Engineering Sdn Bhd ("SDE") and Swiber Offshore Construction Pte Ltd ("SOC") entered into a Consortium Agreement to govern their relationship as a consortium ("the Consortium") to undertake works relating to the PP Project awarded by Oil and Natural Gas Corporation Ltd ("ONGC"). A contract dated 3 July 2010 was executed for a total contract price of USD618 million (approximately RM2.9 billion).

Disputes have arisen between the Consortium and ONGC and on 1 June 2016, the Consortium initiated arbitration proceedings against ONGC. SDE's portion of the Consortium's claim is circa USD76 million (approximately RM353 million).

On 22 June 2018, the tribunal ordered ONGC to pay the Consortium a net sum of USD5.12 million (approximately RM24 million), together with interest at 14% per annum, as full and final settlement of all claims. On 27 June 2018, ONGC filed an application at the High Court in Mumbai, India to set aside the arbitration award.

On 16 October 2020, SDE and Swiber filed enforcement proceedings against ONGC to seek recovery of the arbitration award. The warrant of attachment for movable properties was issued by the Court. On 19 April 2021, ONGC deposited a sum of INR 447 million (approximately RM25 million) to the Court, which includes interest at 14% on the principal sum awarded from the period of 22 June 2018 to 25 August 2020.

As a result of the sum deposited by ONGC, the award rendered by the arbitral tribunal has been stayed until the Court hears ONGC's application to set aside the arbitration award. The court has fixed 1 September 2023 to hear the application to set aside the arbitration award.

B11. Dividend

The Board has declared a second interim dividend of 10 sen per share in respect of the financial year ended 30 June 2023. The dividend is proposed to be payable on 29 September 2023 to shareholders whose name appears in the Record of Depositors as at the close of business on 8 September 2023.

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

a. shares transferred into the depositor's securities account before 4.30 p.m. on 8 September 2023 in respect of transfers; and

b. shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total dividends for the year ended 30 June is as follows:

	Year ended 30 June 2023		**Year ended 30 June 2022**	
	Per share (sen)	**Total dividends**	**Per share (sen)**	**Total dividends**
First interim dividend	**3.0**	**204**	4.0	272
Second interim dividend	**10.0**	**682**	7.5	511
	13.0	**886**	11.5	783

B12. Earnings Per Share

	Quarter ended 30 June		Year ended 30 June	
	2023	**2022**	**2023**	**2022**
Basic earnings per share attributable to owners of the Company are computed as follows:				
Profit attributable to owners of the Company from:				
- continuing operations	**622**	376	**1,340**	1,172
- discontinued operations	**–**	(98)	**118**	(69)
	622	278	**1,458**	1,103
Weighted average number of ordinary shares in issue (million)	**6,816**	6,810	**6,813**	6,807
Basic earnings per share (sen)				
- continuing operations	**9.1**	5.5	**19.7**	17.2
- discontinued operations	**–**	(1.4)	**1.7**	(1.0)
	9.1	4.1	**21.4**	16.2

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
Noor Zita Hassan
Group Secretary

Petaling Jaya
24 August 2023