



QUARTERLY REPORT

On the consolidated results for the first quarter ended 30 September 2022

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 September		% + / (-)
		2022	2021	
<u>Continuing operations</u>				
Revenue	A7	12,182	10,635	14.5
Operating expenses		(11,865)	(10,316)	
Other operating income		56	51	
Other gains and losses		(20)	(2)	
Operating profit		353	368	(4.1)
Share of results of joint ventures		21	15	
Share of results of associates		12	8	
Profit before interest and tax	A7	386	391	(1.3)
Finance income		11	11	
Finance costs		(57)	(33)	
Profit before tax	B5	340	369	(7.9)
Taxation	B6	(97)	(106)	
Profit from continuing operations		243	263	(7.6)
<u>Discontinuing operations</u>				
(Loss)/Profit from discontinuing operations		(16)	4	
Profit for the period		227	267	(15.0)
Attributable to owners of:				
- the Company				
- from continuing operations		223	232	(3.9)
- from discontinuing operations		(16)	4	
		207	236	(12.3)
- non-controlling interests				
- from continuing operations		20	31	
- from discontinuing operations		-	-	
Profit for the period		227	267	(15.0)
		Sen	Sen	
Basic earnings per share attributable to owners of the Company	B12			
- from continuing operations		3.3	3.4	(2.9)
- from discontinuing operations		(0.2)	0.1	
Total		3.1	3.5	(11.4)

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 September	
	2022	2021
Profit for the period	<u>227</u>	<u>267</u>
Other comprehensive income:		
<u>Continuing operations</u>		
Items that will be reclassified subsequently to profit or loss:		
Currency translation differences	13	(152)
Share of other comprehensive income/(loss) of joint ventures and associates	6	(3)
Net changes in fair value of cash flow hedges	18	(5)
Tax expense	<u>(5)</u>	<u>-</u>
	32	(160)
Changes in fair value of cash flow hedges reclassified to profit or loss and inventories	(41)	(4)
Tax credit	<u>12</u>	<u>1</u>
Other comprehensive income/(loss) from continuing operations	3	(163)
<u>Discontinuing operations</u>		
Other comprehensive (loss)/income from discontinuing operations	<u>(4)</u>	<u>12</u>
Total other comprehensive loss	<u>(1)</u>	<u>(151)</u>
Total comprehensive income for the period	<u>226</u>	<u>116</u>
Attributable to owners of:		
- the Company		
- from continuing operations	227	68
- from discontinuing operations	<u>(20)</u>	<u>16</u>
	207	84
- non-controlling interests		
- from continuing operations	19	32
- from discontinuing operations	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>226</u>	<u>116</u>

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 September 2022	Audited As at 30 June 2022
<u>Non-current assets</u>			
Property, plant and equipment		5,763	5,740
Right-of-use assets		2,128	2,086
Investment properties		263	267
Intangible assets		1,538	1,552
Joint ventures and associates		1,101	1,063
Financial assets at fair value through profit or loss		149	140
Deferred tax assets		603	581
Tax recoverable		33	34
Derivative assets	B9(a)	4	4
Receivables and other assets		205	217
		11,787	11,684
<u>Current assets</u>			
Inventories		9,302	9,159
Financial assets at fair value through profit or loss		44	41
Receivables, contract assets and other assets		4,447	4,685
Prepayments		1,020	1,084
Tax recoverable		71	63
Derivative assets	B9(a)	38	28
Bank balances, deposits and cash		1,366	1,772
		16,288	16,832
Disposal group and assets held for sale		1,693	1,713
Total assets		29,768	30,229
<u>Equity</u>			
Share capital		9,318	9,318
Reserves		6,389	6,692
Attributable to owners of the Company		15,707	16,010
Non-controlling interests		380	361
Total equity		16,087	16,371
<u>Non-current liabilities</u>			
Borrowings	B8	307	376
Lease liabilities		1,687	1,657
Payables, contract liabilities and other liabilities		230	295
Deferred tax liabilities		336	328
		2,560	2,656
<u>Current liabilities</u>			
Borrowings	B8	2,882	2,607
Lease liabilities		390	389
Derivative liabilities	B9(a)	66	46
Payables and other liabilities		5,445	5,514
Contract liabilities		1,633	1,940
Provisions		430	415
Tax payable		156	164
		11,002	11,075
Liabilities associated with disposal group		119	127
Total liabilities		13,681	13,858
Total equity and liabilities		29,768	30,229
Net assets per share attributable to owners of the Company (RM)		2.31	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
Quarter ended 30 September 2022											
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	–	–	–	–	(15)	15	207	207	207	19	226
Dividends paid	–	–	–	–	–	–	(511)	(511)	(511)	–	(511)
Performance-based employee share scheme expenses	–	1	–	–	–	–	–	1	1	–	1
At 30 September 2022	9,318	10	246	148	(13)	590	5,408	6,389	15,707	380	16,087

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
Quarter ended 30 September 2021											
At 1 July 2021	9,302	21	243	119	(5)	624	5,579	6,581	15,883	377	16,260
Total comprehensive (loss)/income for the period	–	–	–	–	(8)	(144)	236	84	84	32	116
Dividends paid	–	–	–	–	–	–	(612)	(612)	(612)	–	(612)
Performance-based employee share scheme expenses	–	3	–	–	–	–	–	3	3	–	3
Transfer between reserves	–	–	(11)	–	–	–	11	–	–	–	–
At 30 September 2021	9,302	24	232	119	(13)	480	5,214	6,056	15,358	409	15,767

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

	Quarter ended 30 September	
	2022	2021
Cash flow from operating activities		
Profit for the period from continuing operations	243	263
Adjustments for:		
Share of results of joint ventures and associates	(33)	(23)
Finance income	(11)	(11)
Finance costs	57	33
Taxation	97	106
Net gain on disposal of fixed assets	–	(1)
Depreciation and amortisation	291	267
Reversal of impairment of fixed assets (net)	(1)	–
Impairment of receivables/(Reversal of impairment of receivables) (net)	4	(11)
Inventory write-down and provision/(Reversal of inventory write-down and provision) (net)	19	(11)
Other non-cash items	9	6
	<u>675</u>	<u>618</u>
Changes in working capital:		
Inventories	(66)	883
Rental assets	(205)	(184)
Trade, other receivables and prepayments	345	(482)
Trade, other payables and provisions	(389)	(311)
Cash generated from operations	<u>360</u>	<u>524</u>
Tax paid (net)	(121)	(115)
Dividends received from associate	1	–
Operating cash flow from continuing operations	<u>240</u>	<u>409</u>
Operating cash flow from discontinuing operations	<u>17</u>	<u>25</u>
Net cash flow from operating activities	<u>257</u>	<u>434</u>
Cash flow from investing activities		
Finance income received	8	8
Purchase of fixed assets	(209)	(98)
Acquisition of subsidiary	(30) ¹	–
Addition to financial assets at fair value through profit or loss	(10)	(12)
Proceeds from sale of fixed assets	38	3
Investing cash flow used in continuing operations	<u>(203)</u>	<u>(99)</u>
Investing cash flow from/(used in) discontinuing operations	<u>6</u>	<u>(63)</u>
Net cash flow used in investing activities	<u>(197)</u>	<u>(162)</u>

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

¹ Relates to part payment of the consideration payable for the acquisition of Salmon Earthmoving Holdings Pty Ltd.

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

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

	Note	Quarter ended 30 September 2022	2021
Cash flow from financing activities			
Finance costs paid		(32)	(13)
Net borrowings raised/(repaid)		407	(283)
Repayment of lease liabilities		(130)	(129)
Dividends paid to shareholders		(511)	(612)
Dividends paid to non-controlling interests ²		(13)	(15)
Financing cash flow used in continuing operations		(279)	(1,052)
Financing cash flow (used in)/from discontinuing operations		(2)	31
Net cash flow used in financing activities		(281)	(1,021)
Net decrease in cash and cash equivalents		(221)	(749)
Foreign exchange differences		11	4
Cash and cash equivalents at beginning of the period		1,658	2,417
Cash and cash equivalents at end of the period		1,448	1,672
For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprised the following:			
Bank balances, deposits and cash		1,366	1,722
Less:			
Bank overdrafts	B8	(77)	(50)
		1,289	1,672
Cash and cash equivalents included under disposal group		159	-
		1,448	1,672

² 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’

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

Effective for annual reporting periods beginning on or after 1 January 2023

- 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 ‘Classification of liabilities as current or non-current’
- 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’

Effective for annual reporting periods beginning on or after 1 January 2024

- Amendments to MFRS 16 ‘Lease liability in a sale and leaseback’

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 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 and B2, 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

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

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.

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

Explanatory Notes on the Quarterly Report – 30 September 2022
Amounts in RM million unless otherwise stated

A7. Segment Information

Following the Group's announcement to divest its Weifang port operations, the results of the Logistics division for the current and previous financial years are now classified as discontinuing operations.

	Continuing operations						Discontinuing operations	
	Industrial	Motors	Healthcare	Others	Corporate/ Intra-group adjustments	Total	Logistics	Total
Quarter ended 30 September 2022								
Segment revenue:								
External	4,212	7,955	–	15	–	12,182	44	12,226
Inter-segment	1	3	–	–	(4)	–	–	–
	4,213	7,958	–	15	(4)	12,182	44	12,226
Profit/(Loss) before interest and tax	216	176	19	(7)	(18)	386	(18)	368
Net finance (costs)/income						(46)	3	(43)
Taxation						(97)	(1)	(98)
Profit/(Loss) for the period						243	(16)	227
Quarter ended 30 September 2021								
Segment revenue:								
External	3,759	6,862	–	14	–	10,635	38	10,673
Inter-segment	–	3	–	–	(3)	–	–	–
	3,759	6,865	–	14	(3)	10,635	38	10,673
Profit/(Loss) before interest and tax	160	227	13	4	(13)	391	3	394
Net finance (costs)/income						(22)	2	(20)
Taxation						(106)	(1)	(107)
Profit for the period						263	4	267

SIME DARBY BERHAD
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Explanatory Notes on the Quarterly Report – 30 September 2022
Amounts in RM million unless otherwise stated

A7. Segment Information (continued)

	Continuing operations						Discontinuing operations	
	Industrial	Motors	Healthcare	Others	Corporate/ Intra-group adjustments	Total	Logistics ¹	Total
As at 30 September 2022								
Segment assets	12,206	13,422	717	154	661	27,160	1,901	29,061
Segment liabilities	(2,557)	(4,823)	–	(417)	–	(7,797)	(126)	(7,923)
Segment invested capital	9,649	8,599	717	(263)	661	19,363	1,775	21,138
Net tax assets/(liabilities)						251	(36)	215
Borrowings and lease liabilities						(5,266)	–	(5,266)
Total equity						14,348	1,739	16,087
As at 30 June 2022								
Segment assets	12,669	13,017	698	149	1,095	27,628	1,923	29,551
Segment liabilities	(3,023)	(4,805)	–	(368)	(8)	(8,204)	(133)	(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).

SIME DARBY BERHAD
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Explanatory Notes on the Quarterly Report – 30 September 2022
Amounts in RM million unless otherwise stated

A7. Segment information (continued)

Revenue from continuing operations comprise the following:

	Quarter ended 30 September	
	2022	2021
Revenue from contracts with customers	11,915	10,446
Rental income	267	189
	12,182	10,635

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

Quarter ended 30 September 2022	Industrial	Motors	Others	Total
<u>Continuing operations</u>				
Major goods and services				
Sale of equipment and vehicles	2,011	6,592	–	8,603
Sale of parts, assembly charges and provision of after-sales services	1,950	1,155	–	3,105
Engineering services	59	–	–	59
Commission, handling fees and others	–	139	9	148
	4,020	7,886	9	11,915
Geographical location				
Malaysia	219	1,357	8	1,584
China	686	3,881	–	4,567
Other countries in Asia	229	1,285	1	1,515
Australasia	2,886	1,363	–	4,249
	4,020	7,886	9	11,915
Timing of revenue recognition				
At a point in time	3,238	6,821	7	10,066
Over time	782	1,065	2	1,849
	4,020	7,886	9	11,915

Quarter ended 30 September 2021	Industrial	Motors	Others	Total
<u>Continuing operations</u>				
Major goods and services				
Sale of equipment and vehicles	1,822	5,679	–	7,501
Sale of parts, assembly charges and provision of after-sales services	1,714	1,019	–	2,733
Engineering services	96	–	–	96
Commission, handling fees and others	–	108	8	116
	3,632	6,806	8	10,446

SIME DARBY BERHAD
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Explanatory Notes on the Quarterly Report – 30 September 2022
 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)

Quarter ended 30 September 2021	Industrial	Motors	Others	Total
Geographical location				
Malaysia	219	828	6	1,053
China	754	3,673	1	4,428
Other countries in Asia	187	1,243	1	1,431
Australasia	2,472	1,062	–	3,534
	<u>3,632</u>	<u>6,806</u>	<u>8</u>	<u>10,446</u>
Timing of revenue recognition				
At a point in time	2,875	5,884	6	8,765
Over time	757	922	2	1,681
	<u>3,632</u>	<u>6,806</u>	<u>8</u>	<u>10,446</u>

A8. Capital Commitments

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

	As at 30 September 2022	As at 30 June 2022
- Property, plant and equipment	456	480
- Other capital expenditure	19	19
	<u>475</u>	<u>499</u>

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

Explanatory Notes on the Quarterly Report – 30 September 2022
Amounts in RM million unless otherwise stated

A9. Significant Related Party Transactions

Significant related party transactions conducted during the quarter ended 30 September are as follows:

	Quarter ended 30 September	
	2022	2021
a. Transactions with joint ventures and associates		
<u>Continuing operations</u>		
Purchase of products and services from Sitech Construction Systems Pty Ltd	3	6
Purchase of goods from Terberg Tractors Group	-¹	1
Contribution paid to Yayasan Sime Darby	10	10
<u>Discontinuing operations</u>		
Loans to Weifang Sime Darby West Port Co Ltd	-	4
Loans to Weifang Sime Darby Liquid Terminal Co Ltd	-	26
Loans repaid by Weifang Sime Darby Liquid Terminal Co Ltd	6	-
¹ Less than RM1 million		
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	20	9
Contract assembly service provided by ICSB to Kia Malaysia Sdn Bhd	6	-
Rental income received by ICSB from Mazda Malaysia Sdn Bhd and Bermaz Motor Trading Sdn Bhd	1	1

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 September 2022, own approximately 50% 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’s 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:

	Quarter ended 30 September	
	2022	2021
<u>Continuing operations</u>		
Sales, servicing and leasing of equipment and vehicles	1	5
Rental income	4	3
	<hr/> 4	<hr/> 3

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

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 RM1,258 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. The proposed divestments were completed on 7 November 2022.

Other than the above, there were no material events subsequent to the end of the current quarter under review to 18 November 2022, being a date not earlier than 7 days from the date of issue of the quarterly report.

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

There were no significant changes in the composition of the Group during the quarter.

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 are 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 September 2022	As at 30 June 2022
<u>Continuing operations</u>		
Performance guarantees and advance payment guarantees to customers of the Group	2,096	2,078
<u>Discontinuing operations</u>		
Guarantees in respect of credit facilities granted to certain joint ventures	76	77
	<u>2,172</u>	<u>2,155</u>

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 September 2022, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM262 million (30 June 2022: RM305 million).

b) Claims

	As at 30 September 2022	As at 30 June 2022
Potential claims		
- continuing operations	10	10
- discontinuing operations	4	6
	<u>14</u>	<u>16</u>

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

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Explanatory Notes on the Quarterly Report – 30 September 2022
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 September		
	2022	2021	% +/(-)
<u>Continuing operations</u>			
Revenue	<u>12,182</u>	<u>10,635</u>	14.5
Segment results:			
Industrial	216	160	35.0
Motors	176	227	(22.5)
Healthcare	19	13	46.2
Others	(7)	4	<(100.0)
	<u>404</u>	<u>404</u>	(0.0)
Corporate expenses	<u>(18)</u>	<u>(13)</u>	
Profit before interest and tax	386	391	(1.3)
Finance income	11	11	
Finance costs	<u>(57)</u>	<u>(33)</u>	
Profit before tax	340	369	(7.9)
Taxation	<u>(97)</u>	<u>(106)</u>	
Profit from continuing operations	243	263	(7.6)
Non-controlling interests	<u>(20)</u>	<u>(31)</u>	
Profit from continuing operations attributable to owners of the Company	223	232	(3.9)
<u>Discontinuing operations</u>			
(Loss)/profit from discontinuing operations attributable to owners of the Company	<u>(16)</u>	<u>4</u>	
Profit attributable to owners of the Company	<u>207</u>	<u>236</u>	(12.3)

The Group's profit attributable to owners of the Company ("Net Profit") was lower by 12.3% mainly due to lower profit from Motors, higher finance costs and loss from discontinuing operations, partly offset by higher profit from Industrial.

a) Industrial

Profit before interest and tax ("PBIT") increased by 35.0% to RM216 million in the current quarter mainly due to a 43.1% increase in profits from Australasia from RM130 million to RM186 million. This was due to higher parts revenue and profit contribution from the Salmon Earthmoving business which was acquired in October 2021.

b) Motors

PBIT declined by 22.5% to RM176 million in the current quarter mainly due to lower profits from the China operations as a result of lower margins. This was partly offset against higher profits from the Malaysia and Australasia operations as the operations were impacted by COVID-19 restrictions in the previous corresponding quarter. The results of the Malaysia operations in the current quarter were also supported by delivery of orders placed before the 30 June 2022 expiry of the sales and service tax exemption.

B1. Review of Group Performance (continued)

c) Healthcare

The share of results from the Ramsay Sime Darby Health Care Sdn Bhd (“RSDH”) joint venture increased mainly due to higher revenue from its Malaysian operations.

d) Others

The current quarter recorded higher foreign exchange losses from the legacy oil and gas operations at RM14 million (previous corresponding quarter: foreign exchange loss of RM2 million).

e) Finance costs

The higher finance costs were predominantly due to higher interest rates and higher average borrowings in the current quarter.

f) Discontinuing operations (Logistics division)

The loss from discontinuing operations were mainly from foreign exchange loss of RM14 million (previous corresponding quarter: foreign exchange gain of RM1 million) due to weakening of the Chinese Renminbi against the Hong Kong Dollar.

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

	Quarter ended		
	30 September 2022	30 June 2022	% + / (-)
<u>Continuing operations</u>			
Revenue	12,182	10,851	12.3
Segment results:			
Industrial	216	280	(22.9)
Motors	176	272	(35.3)
Healthcare	19	8	>100.0
Others	(7)	(7)	0.0
	<u>404</u>	<u>553</u>	(26.9)
Foreign exchange gain from repayment of net investments	-	6	
Corporate expenses	<u>(18)</u>	<u>(5)</u>	
Profit before interest and tax	386	554	(30.3)
Finance income	11	11	
Finance costs	<u>(57)</u>	<u>(46)</u>	
Profit before tax	340	519	(34.5)
Taxation	<u>(97)</u>	<u>(138)</u>	
Profit from continuing operations	243	381	(36.2)
Non-controlling interests	<u>(20)</u>	<u>(5)</u>	
Profit from continuing operations attributable to owners of the Company	223	376	(40.7)
<u>Discontinuing operations</u>			
Loss from discontinuing operations attributable to owners of the Company	<u>(16)</u>	<u>(98)</u>	
Profit attributable to owners of the Company	<u>207</u>	<u>278</u>	(25.5)

The Group's Net Profit in the current quarter was 25.5% lower against the preceding quarter mainly due to lower profits from the Industrial operations in Australasia and Motors operations in Australia and Malaysia. This was partly offset by a lower loss from discontinuing operations.

a) Industrial

PBIT decreased by 22.9% to RM216 million in the current quarter predominantly due to lower profits from the Australasia operations, which registered lower equipment margins.

b) Motors

PBIT for the quarter decreased by 35.3% to RM176 million. The preceding quarter included dividend income of RM48 million. Excluding the dividend income, PBIT decreased by 21.4% mainly due to lower profit and margins at the Australia and Malaysia operations.

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

c) Discontinuing operations (Logistics division)

The preceding quarter included impairment losses of RM71 million and accrual of deferred tax of RM36 million.

The variance for Healthcare and finance cost are mainly due to similar reasons as explained in the results for the quarter ended 30 September 2022 in B1.

B3. Prospects

The Group's results in the current quarter were impacted by the lower profit from the China operations and increase in interest rates across many jurisdictions. There is uncertainty on the global economic outlook, with on-going tightening monetary policy by many central banks, volatility in foreign exchange rates, high inflation rates, supply chain disruptions and geo-political tensions.

Australia's mining segment is expected to benefit from the demand for coal with the uncertainty over gas prices in Europe. This should in turn, support equipment and product support sales in Australia. The timing of the recovery of China's industrial equipment market remains uncertain, given the on-going COVID-19 restrictions and uncertainty on the timing of changes to these restrictions.

The Group's Motors operations in China continue to be affected by subdued consumer sentiment and the risk of COVID-19 restrictions. Supply chain disruptions have also impacted the availability of certain models. Incentives for the purchase or production of electric vehicles ("EV"), on-going development of EV charging infrastructure and increasing importance of sustainability and environmental concerns are expected to support demand for EVs going forward.

Despite the more challenging operating environment expected in 2023, the Board is cautiously optimistic that the Group's financial performance for the financial year ending 30 June 2023 would be better than that of the previous financial year with the expected one-off gains from disposal of non-core assets in the financial year ending 30 June 2023.

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

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

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B5. Profit before tax

	Quarter ended 30 September	
	2022	2021
Included in operating profit of continuing operations are:		
Depreciation and amortisation	(291)	(267)
(Inventory write-down and provision)/Reversal of inventory write-down and provision (net)	(19)	11
(Impairment of receivables)/Reversal of impairment of receivables (net)	(4)	11
Reversal of impairment of fixed assets (net)	1	–
Net gain on disposal of fixed assets	–	1
Net foreign exchange loss	(25)	(4)
Net gain on derivatives	4	1
	<u>4</u>	<u>1</u>

B6. Taxation

	Quarter ended 30 September	
	2022	2021
Continuing operations		
Current tax:		
- current year	103	85
- previous years	2	11
	<u>105</u>	<u>96</u>
Deferred tax:		
- origination and reversal of temporary differences and other deferred tax adjustments	(8)	10
	<u>97</u>	<u>106</u>
Discontinuing operations	<u>1</u>	<u>1</u>

The effective tax rate of continuing operations (excluding share of results of associates and joint ventures) for the current quarter ended 30 September 2022 of 31.6% was higher than the applicable tax rate for the current quarter of 26.7%, mainly due to impact of non-deductible expenses and adjustments to previous year taxes and deferred taxes.

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B7. Status of Corporate Proposals

The corporate proposals announced but not completed as at 18 November 2022 are as follows:

- a) On 27 October 2021, Kumpulan Sime Darby Berhad, a wholly-owned subsidiary of the Group entered into a Sale and Purchase Agreement (“SPA”) with Sime Darby Property (MVV Central) Sdn. Bhd. (“MVV Central”), a wholly-owned subsidiary of Sime Darby Property Berhad, for the disposal of 760.12 acres of land in Labu, Negeri Sembilan, to MVV Central for a cash consideration of RM280 million. The agreement is expected to be completed within 15 months from the date of SPA, subject to further extension as may be mutually agreed.
- b) 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 MVV area for a cash consideration of RM445 million. The agreements are expected to be completed within 15 months from the date of SPA, subject to further extension as may be mutually agreed.

B8. Group Borrowings

The breakdown of the borrowings as at 30 September 2022 is as follows:

	Secured	Unsecured	Total
<u>Long-term</u>			
Term loans	<u>28</u>	<u>279</u>	<u>307</u>
<u>Short-term</u>			
Term loans due within one year	13	243	256
Bank overdrafts	–	77	77
Islamic financing	–	154	154
Revolving credits, bankers acceptances, trade facilities and other short-term borrowings	–	2,395	2,395
	<u>13</u>	<u>2,869</u>	<u>2,882</u>
Total borrowings	<u>41</u>	<u>3,148</u>	<u>3,189</u>

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B8. Group Borrowings (continued)

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

	Long-term borrowings	Short-term borrowings	Total
Ringgit Malaysia	–	185	185
Australian dollar	160	1,349	1,509
Chinese renminbi	–	264	264
New Zealand dollar	119	621	740
Pacific franc	28	15	43
Singapore dollar	–	199	199
Taiwan dollar	–	29	29
Thailand baht	–	114	114
United States dollar	–	98	98
Euro	–	8	8
Total borrowings	<u>307</u>	<u>2,882</u>	<u>3,189</u>

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

B9. Financial Instruments

a) Derivatives

The Group uses forward foreign exchange contracts and interest rate swap contracts to primarily manage its exposure to financial risks. The fair values of these contracts as at 30 September 2022 are as follows:

	Classification in Statement of Financial Position		Net fair value
	Assets	Liabilities	
Forward foreign exchange contracts	35	(66)	(31)
Interest rate swap contracts	7	–	7
	<u>42</u>	<u>(66)</u>	<u>(24)</u>

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:

Forward foreign exchange contracts

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 September 2022, the notional amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	Notional amount	Net fair value liabilities
- less than 1 year	<u>3,186</u>	<u>(31)</u>

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B9. Financial Instruments (continued)

a) Derivatives (continued)

Interest rate swap contracts

The Group has entered into interest rate swap contracts to convert floating rate liabilities to fixed rate liabilities to reduce 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 period are recognised in the 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 September 2022, 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	128	3
- 1 year to less than 3 years	136	4
	264	7

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 November 2022 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 RM360 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 proceeded on 10, 11, 13 January 2022 and 10 March 2022. The hearing set for 7 to 11 November 2022 has been postponed to 4 to 6 April 2023, and 27 and 31 July 2023.

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.

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B10. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 18 November 2022 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 RM2.8 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 RM346 million).

On 22 March 2018, the tribunal ordered ONGC to pay the Consortium a net sum of USD5.12 million (approximately RM23 million), together with interest at 14% per annum, as full and final settlement of all claims. On 27 March 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 March 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 date of which has yet to be fixed.

B11. Dividend

On 17 August 2022, the Board declared a second interim dividend in respect of the financial year ended 30 June 2022, which were paid on 30 September 2022.

The total dividend is as follows:

	Per share (sen)	Total dividends
Second interim dividend	<u>7.5</u>	<u>511</u>

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B12. Earnings Per Share

	Quarter ended 30 September	
	2022	2021
Basic earnings per share attributable to owners of the Company are computed as follows:		
Profit attributable to owners of the Company		
- continuing operations	223	232
- discontinuing operations	(16)	4
	<u>207</u>	<u>236</u>
Weighted average number of ordinary shares in issue (million)	<u>6,810</u>	<u>6,803</u>
Basic earnings per share (sen)		
- continuing operations	3.3	3.4
- discontinuing operations	(0.2)	0.1
	<u>3.1</u>	<u>3.5</u>

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.

Petaling Jaya
24 November 2022

By Order of the Board
Noor Zita Hassan
Group Secretary