

QUARTERLY REPORT

On the consolidated results for the second quarter ended 31 December 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 31 December		% +/(-)	Half-year ended 31 December		% +/(-)
		2022	2021		2022	2021	
Continuing operations							
Revenue	A7	11,292	10,492	7.6	23,474	21,127	11.1
Operating expenses		(10,989)	(10,052)		(22,854)	(20,368)	
Other operating income		43	34		99	85	
Other gains and losses		44	(4)		24	(6)	
Operating profit		390	470	(17.0)	743	838	(11.3)
Share of results of joint ventures		20	13		41	28	
Share of results of associates		11	11		23	19	
Profit before interest and tax	A7	421	494	(14.8)	807	885	(8.8)
Finance income		12	8		23	19	
Finance costs		(68)	(33)		(125)	(66)	
Profit before tax	B5	365	469	(22.2)	705	838	(15.9)
Taxation	B6	(103)	(109)		(200)	(215)	
Profit from continuing operations		262	360	(27.2)	505	623	(18.9)
Discontinued operations							
Profit from discontinued operations		134	15		118	19	
Profit for the period		396	375	5.6	623	642	(3.0)
Attributable to owners of:							
- the Company							
- from continuing operations		255	330	(22.7)	478	562	(14.9)
- from discontinued operations		134	15		118	19	
		389	345	12.8	596	581	2.6
- non-controlling interests							
- from continuing operations		7	30		27	61	
- from discontinued operations		-	-		-	-	
Profit for the period		396	375	5.6	623	642	(3.0)
		Sen	Sen		Sen	Sen	
Basic earnings per share attributable to owners of the Company	B12						
- from continuing operations		3.7	4.9	(24.5)	7.0	8.2	(14.6)
- from discontinued operations		2.0	0.2		1.7	0.3	
Total		5.7	5.1	11.8	8.7	8.5	2.4

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 31 December		Half-year ended 31 December	
	2022	2021	2022	2021
Profit for the period	396	375	623	642
Other comprehensive (loss)/income:				
<u>Continuing operations</u>				
Items that will be reclassified subsequently to profit or loss:				
Currency translation differences	(163)	44	(150)	(108)
Share of other comprehensive loss of joint ventures and associates	(12)	(1)	(6)	(4)
Net changes in fair value of cash flow hedges	(25)	9	(7)	4
Tax credit/(expense)	4	(2)	(1)	(2)
	(196)	50	(164)	(110)
Currency translation differences on repayment of net investment reclassified to profit or loss	(12)	–	(12)	–
Changes in fair value of cash flow hedges reclassified to profit or loss and inventories	17	9	(24)	5
Tax (expense)/credit	(8)	(3)	4	(2)
Other comprehensive (loss)/income from continuing operations	(199)	56	(196)	(107)
<u>Discontinued operations</u>				
Other comprehensive (loss)/income from discontinued operations	(91)	18	(95)	30
Total other comprehensive (loss)/income	(290)	74	(291)	(77)
Total comprehensive income for the period	106	449	332	565
Attributable to owners of:				
- the Company				
- from continuing operations	60	384	287	452
- from discontinued operations	43	33	23	49
	103	417	310	501
- non-controlling interests				
- from continuing operations	3	32	22	64
- from discontinued operations	–	–	–	–
Total comprehensive income for the period	106	449	332	565

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 31 December 2022	Audited As at 30 June 2022
<u>Non-current assets</u>			
Property, plant and equipment		6,102	5,740
Right-of-use assets		2,171	2,086
Investment properties		262	267
Intangible assets		1,519	1,552
Joint ventures and associates		1,129	1,063
Financial assets at fair value through profit or loss		78	140
Deferred tax assets		592	581
Tax recoverable		29	34
Derivative assets	B9(a)	2	4
Receivables and other assets		280	217
		12,164	11,684
<u>Current assets</u>			
Inventories		9,726	9,159
Financial assets at fair value through profit or loss		74	41
Receivables, contract assets and other assets		4,729	4,685
Prepayments		1,212	1,084
Tax recoverable		81	63
Derivative assets	B9(a)	7	28
Bank balances, deposits and cash		2,567	1,772
		18,396	16,832
Disposal group and assets held for sale		3	1,713
Total assets		30,563	30,229
<u>Equity</u>			
Share capital		9,330	9,318
Reserves		6,489	6,692
Attributable to owners of the Company		15,819	16,010
Non-controlling interests		327	361
Total equity		16,146	16,371
<u>Non-current liabilities</u>			
Borrowings	B8	247	376
Lease liabilities		1,691	1,657
Payables, contract liabilities and other liabilities		256	295
Deferred tax liabilities		281	328
		2,475	2,656
<u>Current liabilities</u>			
Borrowings	B8	3,503	2,607
Lease liabilities		411	389
Derivative liabilities	B9(a)	44	46
Payables and other liabilities		5,500	5,514
Contract liabilities		1,928	1,940
Provisions		408	415
Tax payable		148	164
		11,942	11,075
Liabilities associated with disposal group		–	127
Total liabilities		14,417	13,858
Total equity and liabilities		30,563	30,229
Net assets per share attributable to owners of the Company (RM)		2.32	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
Half-year ended 31 December 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	-	-	-	-	(26)	(260)	596	310	310	22	332
Dividends paid	-	-	-	-	-	-	(511)	(511)	(511)	(12)	(523)
Purchase of additional interest in subsidiaries	-	-	-	-	-	-	7	7	7	(35)	(28)
Disposal of non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	-	(9)	(9)
Reclassification upon disposal of subsidiaries	-	-	(23)	(28)	-	-	51	-	-	-	-
Performance-based employee share scheme expenses	-	3	-	-	-	-	-	3	3	-	3
Issuance of shares under the performance-based employee share scheme	12	(12)	-	-	-	-	-	(12)	-	-	-
Transfer between reserves	-	-	-	11	-	-	(11)	-	-	-	-
At 31 December 2022	9,330	-	223	131	(24)	315	5,844	6,489	15,819	327	16,146

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
Half-year ended 31 December 2021											
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	–	–	–	–	5	(85)	581	501	501	64	565
Dividends paid	–	–	–	–	–	–	(612)	(612)	(612)	(37)	(649)
Purchase of additional interest in a subsidiary	–	–	–	–	–	–	(45)	(45)	(45)	(26)	(71)
Performance-based employee share scheme expenses	–	5	–	–	–	–	–	5	5	–	5
Issuance of shares under the performance-based employee share scheme	16	(16)	–	–	–	–	–	(16)	–	–	–
Transfer between reserves	–	–	3	23	–	–	(26)	–	–	–	–
At 31 December 2021	9,318	10	246	142	–	539	5,477	6,414	15,732	378	16,110

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	Half-year ended 31 December	
		2022	2021
Cash flow from operating activities			
Profit for the period from continuing operations		505	623
Adjustments for:			
Share of results of joint ventures and associates		(64)	(47)
Finance income		(23)	(19)
Finance costs		125	66
Taxation		200	215
Net gain on disposal of fixed assets		(1)	(2)
Depreciation and amortisation		585	548
Reversal of impairment of fixed assets (net)		(1)	–
Reversal of impairment of receivables (net)		(9)	(8)
Inventory write-down and provision (net)		90	13
Fair value gain on financial assets at fair value through profit or loss		(1)	–
Other non-cash items		(9)	11
		<u>1,397</u>	<u>1,400</u>
Changes in working capital:			
Inventories		(474)	926
Rental assets		(592)	(343)
Trade, other receivables and prepayments		(149)	(924)
Trade, other payables and provisions		(10)	(47)
		<u>172</u>	<u>1,012</u>
Cash generated from operations			
Tax paid (net)		(265)	(302)
Dividends received from associates		1	2
		<u>(92)</u>	<u>712</u>
Operating cash flow (used in)/from continuing operations			
		<u>(92)</u>	<u>712</u>
Operating cash flow (used in)/from discontinued operations		(18)	46
		<u>(18)</u>	<u>46</u>
Net cash flow (used in)/from operating activities		<u>(110)</u>	<u>758</u>
Cash flow from investing activities			
Finance income received		18	14
Purchase of fixed assets		(430)	(284)
Acquisition of a subsidiary		(30) ¹	(244)
Acquisition of an associate		(9)	–
Addition to financial assets at fair value through profit or loss		(12)	(33)
Proceeds from sale of financial assets at fair value through profit or loss		44	–
Proceeds from sale of fixed assets		73	31
		<u>(346)</u>	<u>(516)</u>
Investing cash flow used in continuing operations			
		<u>(346)</u>	<u>(516)</u>
Investing cash flow from/(used in) discontinued operations	A11	1,319 ²	(105)
		<u>1,319²</u>	<u>(105)</u>
Net cash flow from/(used in) investing activities		<u>973</u>	<u>(621)</u>

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

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

		Half-year ended	
		31 December	
	Note	2022	2021
Cash flow from financing activities			
Finance costs paid		(75)	(25)
Net borrowings raised		857	343
Repayment of lease liabilities		(258)	(253)
Purchase of additional interest in subsidiaries	A11	(28)	(71)
Dividends paid to shareholders		(511)	(612)
Dividends paid to non-controlling interests ³		(25)	(52)
Financing cash flow used in continuing operations		(40)	(670)
Financing cash flow used in discontinued operations		(4)	(2)
Net cash flow used in financing activities		(44)	(672)
Net increase/(decrease) in cash and cash equivalents		819	(535)
Foreign exchange differences		(74)	13
Cash and cash equivalents at beginning of the period		1,658	2,417
Cash and cash equivalents at end of the period		2,403	1,895

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprised the following:

Bank balances, deposits and cash		2,567	2,014
Less:			
Bank overdrafts	B8	(164)	(119)
		2,403	1,895

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.

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’

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’
- Amendments to MFRS 101 ‘Non-current Liabilities with Covenants’

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 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

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

Share capital

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.

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

Explanatory Notes on the Quarterly Report – 31 December 2022
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	
	Industrial	Motors	Healthcare	Others	Corporate/ Intra-group adjustments	Total	Logistics	Total
Half-year ended 31 December 2022								
Segment revenue:								
External	7,946	15,500	–	28	–	23,474	58	23,532
Inter-segment	1	7	–	2	(10)	–	–	–
	7,947	15,507	–	30	(10)	23,474	58	23,532
Profit/(Loss) before interest and tax	440	327	35	36	(31)	807	112	919
Net finance (costs)/income						(102)	2	(100)
Taxation						(200)	4	(196)
Profit for the period						505	118	623
Half-year ended 31 December 2021								
Segment revenue:								
External	7,488	13,611	–	28	–	21,127	82	21,209
Inter-segment	1	7	–	4	(12)	–	–	–
	7,489	13,618	–	32	(12)	21,127	82	21,209
Profit/(Loss) before interest and tax	373	511	24	11	(34)	885	12	897
Net finance (costs)/income						(47)	5	(42)
Taxation						(215)	2	(213)
Profit for the period						623	19	642

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

Explanatory Notes on the Quarterly Report – 31 December 2022
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 31 December 2022								
Segment assets	12,768	13,964	722	401	2,006	29,861	–	29,861
Segment liabilities	(2,823)	(4,873)	–	(453)	13	(8,136)	–	(8,136)
Segment invested capital	9,945	9,091	722	(52)	2,019	21,725	–	21,725
Net tax assets						273	–	273
Borrowings and lease liabilities						(5,852)	–	(5,852)
Total equity						16,146	–	16,146
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).

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

Explanatory Notes on the Quarterly Report – 31 December 2022
Amounts in RM million unless otherwise stated

A7. Segment information (continued)

Revenue from continuing operations comprise the following:

	Half-year ended 31 December	
	2022	2021
Revenue from contracts with customers	22,930	20,692
Rental income	544	435
	23,474	21,127

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

Half-year ended 31 December 2022	Industrial	Motors	Others	Total
<u>Continuing operations</u>				
Major goods and services				
Sale of equipment and vehicles	3,491	12,780	–	16,271
Sale of parts, assembly charges and provision of after-sales services	3,946	2,294	–	6,240
Engineering services	118	–	–	118
Commission, handling fees and others	–	284	17	301
	7,555	15,358	17	22,930
Geographical location				
Malaysia	446	2,926	15	3,387
China	1,364	7,241	–	8,605
Other countries in Asia	419	2,511	2	2,932
Australasia	5,326	2,680	–	8,006
	7,555	15,358	17	22,930
Timing of revenue recognition				
At a point in time	5,995	13,255	11	19,261
Over time	1,560	2,103	6	3,669
	7,555	15,358	17	22,930

Half-year ended 31 December 2021	Industrial	Motors	Others	Total
<u>Continuing operations</u>				
Major goods and services				
Sale of equipment and vehicles	3,595	11,183	–	14,778
Sale of parts, assembly charges and provision of after-sales services	3,397	2,100	–	5,497
Engineering services	187	–	–	187
Commission, handling fees and others	–	213	17	230
	7,179	13,496	17	20,692

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

Explanatory Notes on the Quarterly Report – 31 December 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)

Half-year ended 31 December 2021	Industrial	Motors	Others	Total
Geographical location				
Malaysia	452	2,118	13	2,583
China	1,520	6,736	2	8,258
Other countries in Asia	356	2,338	2	2,696
Australasia	4,851	2,304	–	7,155
	<u>7,179</u>	<u>13,496</u>	<u>17</u>	<u>20,692</u>
Timing of revenue recognition				
At a point in time	5,588	11,594	11	17,193
Over time	1,591	1,902	6	3,499
	<u>7,179</u>	<u>13,496</u>	<u>17</u>	<u>20,692</u>

A8. Capital Commitments

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

	As at 31 December 2022	As at 30 June 2022
- Property, plant and equipment	688	480
- Other capital expenditure	18	19
	<u>706</u>	<u>499</u>

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

Explanatory Notes on the Quarterly Report – 31 December 2022
 Amounts in RM million unless otherwise stated

A9. Significant Related Party Transactions

Significant related party transactions conducted during the half-year ended 31 December are as follows:

	Half-year ended 31 December	
	2022	2021
a. Transactions with joint ventures and associates		
<u>Continuing operations</u>		
Purchase of products and services from Sitech Construction Systems Pty Ltd	14	9
Sale of goods and services to Terberg Tractors Group	4	1
Contribution paid to Yayasan Sime Darby	10	10
<u>Discontinued operations</u>		
Loans to Weifang Sime Darby West Port Co Ltd	–	6
Loans to Weifang Sime Darby Liquid Terminal Co Ltd	–	80
Loans repaid by Weifang Sime Darby Liquid Terminal Co Ltd	6	–
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	47	32
Contract assembly service provided by ICSB to Kia Malaysia Sdn Bhd	12	–
Rental income received by ICSB from Mazda Malaysia Sdn Bhd and Bermaz Motor Trading Sdn Bhd	2	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 31 December 2022, own approximately 49% 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:

	Half-year ended 31 December	
	2022	2021
<u>Continuing operations</u>		
Sales, servicing and leasing of equipment and vehicles	3	15
Rental income	7	7

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

Explanatory Notes on the Quarterly Report – 31 December 2022
Amounts in RM million unless otherwise stated

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

There were no material events subsequent to the end of the current quarter under review to 17 February 2023, 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

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 ceased 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	<u>1,563</u>
Gain on disposal of subsidiaries and joint ventures	147
Less: net foreign exchange gain included in the gain on disposals	<u>(123)</u>
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	<u>(344)</u>
Net cash inflow from disposal of shares of Weifang port companies	<u><u>969</u></u>

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

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

Explanatory Notes on the Quarterly Report – 31 December 2022
Amounts in RM million unless otherwise stated

A11. Effect 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.

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 31 December 2022	As at 30 June 2022
<u>Continuing operations</u>		
Performance guarantees and advance payment guarantees to customers of the Group	2,114	2,078
<u>Discontinued operations</u>		
Guarantees in respect of credit facilities granted to certain joint ventures	-	77
	<u>2,114</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 31 December 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 RM224 million (30 June 2022: RM305 million).

b) Claims

	As at 31 December 2022	As at 30 June 2022
Potential claims		
- continuing operations	10	10
- discontinued operations	-	6
	<u>10</u>	<u>16</u>

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

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

Explanatory Notes on the Quarterly Report – 31 December 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 31 December			Half-year ended 31 December		
	2022	2021	% +/(-)	2022	2021	% +/(-)
<u>Continuing operations</u>						
Revenue	<u>11,292</u>	<u>10,492</u>	7.6	<u>23,474</u>	<u>21,127</u>	11.1
Segment results:						
Industrial	224	213	5.2	440	373	18.0
Motors	151	284	(46.8)	327	511	(36.0)
Healthcare	16	11	45.5	35	24	45.8
Others	43	7	>100.0	36	11	>100.0
	<u>434</u>	<u>515</u>	(15.7)	<u>838</u>	<u>919</u>	(8.8)
Foreign exchange gain from repayment of net investments	12	–		12	–	
Corporate expenses	<u>(25)</u>	<u>(21)</u>		<u>(43)</u>	<u>(34)</u>	
Profit before interest and tax	421	494	(14.8)	807	885	(8.8)
Finance income	12	8		23	19	
Finance costs	<u>(68)</u>	<u>(33)</u>		<u>(125)</u>	<u>(66)</u>	
Profit before tax	365	469	(22.2)	705	838	(15.9)
Taxation	<u>(103)</u>	<u>(109)</u>		<u>(200)</u>	<u>(215)</u>	
Profit from continuing operations	262	360	(27.2)	505	623	(18.9)
Non-controlling interests	<u>(7)</u>	<u>(30)</u>		<u>(27)</u>	<u>(61)</u>	
Profit from continuing operations attributable to owners of the Company	255	330	(22.7)	478	562	(14.9)
<u>Discontinued operations</u>						
Profit from discontinued operations attributable to owners of the Company	<u>134</u>	<u>15</u>		<u>118</u>	<u>19</u>	
Profit attributable to owners of the Company	<u>389</u>	<u>345</u>	12.8	<u>596</u>	<u>581</u>	2.6

An analysis of the results for the quarter ended 31 December 2022 against the quarter ended 31 December 2021 is as follows:

The Group's profit attributable to owners of the Company ("Net Profit") was higher by 12.8% predominantly due to higher profit from discontinued operations, which includes the gain on disposal of the Weifang port companies. The Group's Net Profit from continuing operations declined by 22.7% mainly due to lower profit from Motors.

a) Industrial

Profit before interest and tax ("PBIT") increased by 5.2% to RM224 million in the current quarter mainly due to higher profits in Australasia and Singapore, partly offset by lower profits from Malaysia. The Australasia operations registered higher revenue from the parts segment. The higher PBIT in Singapore was mainly due to higher parts and engines revenue, and foreign exchange losses in the previous corresponding quarter.

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

Explanatory Notes on the Quarterly Report – 31 December 2022
Amounts in RM million unless otherwise stated

B1. Review of Group Performance (continued)

An analysis of the results for the quarter ended 31 December 2022 against the quarter ended 31 December 2021 is as follows (continued):

b) Motors

PBIT was lower by 46.8% at RM151 million in the current quarter predominantly due to a 90.4% decline in PBIT from China (from RM156 million to RM15 million), mainly stemming from lower margins. PBIT from the Malaysian operations improved by 40.0%, mainly due to higher sales volume.

c) Healthcare

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

d) Others

The current quarter recorded higher foreign exchange gain from the legacy oil and gas operations at RM12 million (previous corresponding quarter: foreign exchange gain of RM1 million) and foreign exchange gains relating to the remaining companies of the former Logistics division of RM26 million.

e) Finance costs

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

f) Discontinued operations

Included gain on disposal of the Weifang port companies of RM147 million. Refer to Note A11 for further details.

B1. Review of Group Performance (continued)

An analysis of the results for the half-year ended 31 December 2022 against the half-year ended 31 December 2021 is as follows:

The Group's Net Profit was slightly higher by 2.6% largely due to profit from discontinued operations as outlined in the results for the quarter ended 31 December 2022. The Group's Net Profit from continuing operations declined by 14.9% predominantly due to lower profit from Motors.

a) Industrial

PBIT increased by 18.0% to RM440 million mainly attributed to higher profit from the Australasia region. This mainly stemmed from higher parts revenue and higher profit contribution from the Salmon Earthmoving business, which was acquired in October 2021.

b) Motors

PBIT declined by 36.0% to RM327 million primarily due to lower profit at the China operations, partially offset by higher profit from the Malaysia operations, as explained in the results for the quarter ended 31 December 2022.

c) Others

PBIT was higher mainly due to foreign exchange gains relating to the remaining companies of the former Logistics division of RM26 million.

The variances for Healthcare, finance costs and discontinued operations were mainly due to similar reasons as explained in the results for the quarter ended 31 December 2022.

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

Explanatory Notes on the Quarterly Report – 31 December 2022
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		
	31 December 2022	30 September 2022	% +/(–)
<u>Continuing operations</u>			
Revenue	<u>11,292</u>	<u>12,182</u>	(7.3)
Segment results:			
Industrial	224	216	3.7
Motors	151	176	(14.2)
Healthcare	16	19	(15.8)
Others	43	(7)	>100.0
	<u>434</u>	<u>404</u>	7.4
Foreign exchange gain from repayment of net investments	12	–	
Corporate expenses	<u>(25)</u>	<u>(18)</u>	
Profit before interest and tax	421	386	9.1
Finance income	12	11	
Finance costs	<u>(68)</u>	<u>(57)</u>	
Profit before tax	365	340	7.4
Taxation	<u>(103)</u>	<u>(97)</u>	
Profit from continuing operations	262	243	7.8
Non-controlling interests	<u>(7)</u>	<u>(20)</u>	
Profit from continuing operations attributable to owners of the Company	255	223	14.3
<u>Discontinued operations</u>			
Profit/(Loss) from discontinued operations attributable to owners of the Company	<u>134</u>	<u>(16)</u>	
Profit attributable to owners of the Company	389	207	87.9

An analysis of the results for the quarter ended 31 December 2022 against the quarter ended 30 September 2022 is as follows:

The Group's Net Profit was higher by 87.9% predominantly due to profit from discontinued operations as outlined in B1.

a) Industrial

PBIT was slightly higher as higher profits in China and Malaysia were largely offset by lower contribution from Australasia. PBIT in China was higher mainly due to lower operating expenses while the Malaysia operations recorded contribution to Yayasan Sime Darby of RM5 million in the preceding quarter. The lower PBIT in Australasia was mainly due to lower revenue and lower margins from the mining equipment segment. This was partly due to disruptions to equipment deliveries as a result of wet weather and year-end holidays during the quarter.

b) Motors

PBIT was lower by 14.2% predominantly due to lower revenue in China. This was partly offset by higher profit in Malaysia stemming from higher revenue at the Ford operations attributed to new model launches.

c) Others

The current quarter recorded RM38 million foreign exchange gains as explained in B1 (preceding quarter: foreign exchange loss from the legacy oil and gas operations of RM14 million).

The variance for the profit from discontinued operations was mainly as explained in B1.

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

Explanatory Notes on the Quarterly Report – 31 December 2022
Amounts in RM million unless otherwise stated

B3. Prospects

The Group's net profit from continuing operations in the first half of the financial year was largely impacted by the lower profit at the Motors operations in China. The various risks that may impact global economic growth remain heightened, with on-going monetary tightening by central banks, inflationary pressures and geo-political tensions.

The performance of the Industrial division continues to be supported by the order backlog in Australia from the mining and construction sectors. China's recent relaxation on certain import restrictions of Australian coal is expected to further present sales opportunities to the mining sector in Australia. However, labour constraints and inflation continue to challenge the costing strategies and project commencement. The outlook for China's industrial equipment market is uncertain, with order deliveries being subjected to delay due to the rise in COVID-19 infections in recent months and supply constraints for key machine models.

The automotive sales in China is likely to be impacted by the changes in consumer spending patterns following the major easing of COVID-19 restrictions. In Malaysia, the vehicle order backlog from post sales and service tax exemption deliveries should begin to tail off. Thus, industry volume is expected to moderate. New vehicle model launches are expected to boost sales, although this may be capped by supply constraints.

The Group's operating environment is expected to continue to be challenging. Taking into account the one-off gains mainly from the disposal of non-core assets expected to be recognised in the current financial year, the Board expects the Group's financial performance for the financial year ending 30 June 2023 to be better than that of the previous financial year.

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

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

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

Explanatory Notes on the Quarterly Report – 31 December 2022
Amounts in RM million unless otherwise stated

B5. Profit before tax

	Quarter ended 31 December		Half-year ended 31 December	
	2022	2021	2022	2021
Included in operating profit of continuing operations are:				
Depreciation and amortisation	(294)	(281)	(585)	(548)
Inventory write-down and provision (net)	(71)	(24)	(90)	(13)
Reversal of impairment of receivables/ (Impairment of receivables) (net)	13	(3)	9	8
Reversal of impairment of fixed assets (net)	–	–	1	–
Fair value gain on financial assets at fair value through profit or loss	1	–	1	–
Net gain on disposal of fixed assets	1	1	1	2
Net foreign exchange gain/(loss)	50	(4)	25	(8)
Net loss on derivatives	(9)	(2)	(5)	(1)
Net gain on lease modification/termination	1	1	1	1

B6. Taxation

	Quarter ended 31 December		Half-year ended 31 December	
	2022	2021	2022	2021
Continuing operations				
Current tax:				
- current year	118	119	221	204
- previous years	2	1	4	12
	<u>120</u>	<u>120</u>	<u>225</u>	<u>216</u>
Deferred tax:				
- origination and reversal of temporary differences and other deferred tax adjustments	(17)	(11)	(25)	(1)
	<u>103</u>	<u>109</u>	<u>200</u>	<u>215</u>
Discontinued operations	<u>(5)</u>	<u>(3)</u>	<u>(4)</u>	<u>(2)</u>

The effective tax rate of continuing operations (excluding share of results of associates and joint ventures) for the current quarter ended and half-year ended 31 December 2022 of 30.8% and 31.2% respectively were higher than the applicable tax rate of 25.4% and 26.0% respectively.

The higher effective tax rate in the current quarter ended 31 December 2022 was mainly due to the impact of non-deductible expenses and tax on certain intra-group dividends.

The higher effective tax rate in the half-year ended 31 December 2022 was mainly due to the impact of non-deductible expenses, tax on certain intra-group dividends, deferred tax not recognised for certain tax losses and adjustment to previous year taxes.

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

Explanatory Notes on the Quarterly Report – 31 December 2022
 Amounts in RM million unless otherwise stated

B7. Status of Corporate Proposals

The corporate proposals announced but not completed as at 17 February 2023 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 31 December 2022 is as follows:

	Secured	Unsecured	Total
<u>Long-term</u>			
Term loans	27	220	247
	<u>27</u>	<u>220</u>	<u>247</u>
<u>Short-term</u>			
Term loans due within one year	9	256	265
Bank overdrafts	–	164	164
Islamic financing	–	305	305
Revolving credits, bankers acceptances, trade facilities and other short-term borrowings	–	2,769	2,769
	<u>9</u>	<u>3,494</u>	<u>3,503</u>
Total borrowings	<u>36</u>	<u>3,714</u>	<u>3,750</u>

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

	Long-term borrowings	Short-term borrowings	Total
Ringgit Malaysia	–	339	339
Australian dollar	137	1,646	1,783
Chinese renminbi	–	277	277
New Zealand dollar	84	699	783
Pacific franc	26	25	51
Singapore dollar	–	297	297
Taiwan dollar	–	89	89
Thailand baht	–	102	102
United States dollar	–	29	29
Total borrowings	<u>247</u>	<u>3,503</u>	<u>3,750</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 31 December 2022 are as follows:

	Classification in Statement of Financial Position		Net fair value
	Assets	Liabilities	
Forward foreign exchange contracts	3	(44)	(41)
Interest rate swap contracts	6	-	6
	<u>9</u>	<u>(44)</u>	<u>(35)</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 31 December 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	3,591	(41)
- 1 year to 3 years	37	- ¹
	<u>3,628</u>	<u>(41)</u>

¹ Less than RM1 million

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 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 31 December 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	126	4
- 1 year to 3 years	110	2
	<u>236</u>	<u>6</u>

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 17 February 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 RM350 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.

B10. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 17 February 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 RM2.7 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 RM337 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 RM24 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

The Board has declared an interim dividend of 3.0 sen per share in respect of the financial year ending 30 June 2023. The dividend is proposed to be payable on 31 March 2023 to shareholders whose name appears in the Record of Depositors as at the close of business on 10 March 2023.

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

- (i) shares transferred into the depositor's securities account before 4.30 p.m. on 10 March 2023 in respect of transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The interim dividend for the previous corresponding period was 4.0 sen per share.

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

Explanatory Notes on the Quarterly Report – 31 December 2022
 Amounts in RM million unless otherwise stated

B12. Earnings Per Share

	Quarter ended 31 December		Half-year ended 31 December	
	2022	2021	2022	2021
Basic earnings per share attributable to owners of the Company are computed as follows:				
Profit attributable to owners of the Company from:				
- continuing operations	255	330	478	562
- discontinued operations	134	15	118	19
	<u>389</u>	<u>345</u>	<u>596</u>	<u>581</u>
Weighted average number of ordinary shares in issue (million)	<u>6,811</u>	<u>6,804</u>	<u>6,811</u>	<u>6,803</u>
Basic earnings per share (sen)				
- continuing operations	3.7	4.9	7.0	8.2
- discontinued operations	2.0	0.2	1.7	0.3
	<u>5.7</u>	<u>5.1</u>	<u>8.7</u>	<u>8.5</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
 23 February 2023

By Order of the Board
 Noor Zita Hassan
 Group Secretary