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Delivering Sustainable Futures

QUARTERLY REPORT

On the consolidated results for the third quarter ended 31 March 2020

The Directors are pleased to announce the following:

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

	Note	Quarter ended 31 March 2020	Quarter ended 31 March 2019 Restated	% +/(-)	Three quarters ended 31 March 2020	Three quarters ended 31 March 2019 Restated	% +/(-)
Revenue	A7	**8,428**	8,565	(1.6)	**28,113**	26,833	4.8
Operating expenses		**(8,170)**	(8,262)		**(27,099)**	(25,924)	
Other operating income		**37**	24		**108**	83	
Other gains and losses		**(4)**	25		**(16)**	67	
Operating profit		**291**	352	(17.3)	**1,106**	1,059	4.4
Share of results of joint ventures		**10**	13		**34**	47	
Share of results of associates		**(36)**	(33)		**(48)**	(90)	
Profit before interest and tax	A7	**265**	332	(20.2)	**1,092**	1,016	7.5
Finance income		**10**	7		**33**	24	
Finance costs		**(51)**	(31)		**(136)**	(93)	
Profit before tax	B5	**224**	308	(27.3)	**989**	947	4.4
Taxation	B6	**(96)**	(75)		**(305)**	(139)	
Profit for the period		**128**	233	(45.1)	**684**	808	(15.3)
Attributable to owners of:							
- the Company		**115**	222	(48.2)	**643**	764	(15.8)
- non-controlling interests		**13**	11	18.2	**41**	44	(6.8)
Profit for the period		**128**	233	(45.1)	**684**	808	(15.3)
		Sen	Sen		**Sen**	Sen	
Basic earnings per share attributable to owners of the Company	B12	**1.7**	3.3	(48.5)	**9.5**	11.2	(15.2)

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 2019.

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 March		Three quarters ended 31 March	
	2020	**2019**	**2020**	**2019**
Profit for the period	**128**	233	**684**	808
Other comprehensive income:				
Items that will be reclassified subsequently to profit or loss:				
Currency translation differences	**(185)**	(86)	**(362)**	(116)
Share of other comprehensive loss of joint ventures and associates	**(9)**	(4)	**(20)**	(4)
Net changes in fair value of cash flow hedges	**(15)**	(4)	**–**	9
Tax credit/(expense)	**3**	–	**–**	(1)
	(206)	(94)	**(382)**	(112)
Reclassified to profit or loss currency translation differences on repayment of net investment and disposal of subsidiaries	**–**	–	**1**	2
Reclassified changes in fair value of cash flow hedges to profit or loss and inventories	**3**	11	**3**	(5)
Tax (expense)/credit	**(2)**	(3)	**(2)**	1
	(205)	(86)	**(380)**	(114)
Items that will not be reclassified subsequently to profit or loss:				
Share of actuarial gain on defined benefit pension plans of a joint venture	**–**	–	**1**	2
Total other comprehensive loss	**(205)**	(86)	**(379)**	(112)
Total comprehensive (loss)/income for the period	**(77)**	147	**305**	696
Attributable to owners of:				
- the Company	**(101)**	140	**260**	655
- non-controlling interests	**24**	7	**45**	41
Total comprehensive (loss)/income for the period	**(77)**	147	**305**	696

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 2019.

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 March 2020	Audited As at 30 June 2019
Non-current assets			
Property, plant and equipment		**5,855**	5,727
Right-of-use assets		**2,380**	–
Prepaid lease rentals		**–**	292
Investment properties		**279**	286
Intangible assets		**1,447**	1,484
Joint ventures and associates		**1,480**	1,578
Financial assets at fair value through profit or loss		**79**	87
Deferred tax assets		**557**	542
Tax recoverable		**49**	65
Derivative assets		**–**	2
Receivables and other assets		**158**	283
		12,284	10,346
Current assets			
Inventories		**8,790**	8,538
Receivables, contract assets and other assets		**4,121**	4,166
Prepayments		**548**	563
Tax recoverable		**56**	72
Derivative assets	B9(a)	**14**	6
Bank balances, deposits and cash		**2,085**	1,723
		15,614	15,068
Assets held for sale		**104**	102
Total assets		**28,002**	25,516
Equity			
Share capital		**9,300**	9,299
Reserves		**5,004**	5,414
Attributable to owners of the Company		**14,304**	14,713
Non-controlling interests		**436**	405
Total equity		**14,740**	15,118
Non-current liabilities			
Borrowings	B8	**136**	178
Lease liabilities		**1,356**	–
Payables, contract liabilities and other liabilities		**208**	179
Government grants		**154**	152
Provisions		**29**	16
Deferred tax liabilities		**278**	289
		2,161	814
Current liabilities			
Borrowings	B8	**3,705**	2,397
Lease liabilities		**379**	–
Derivative liabilities	B9(a)	**9**	18
Payables and other liabilities		**4,447**	4,647
Contract liabilities		**1,767**	1,991
Provisions		**431**	405
Tax payable		**227**	126
Dividend payable		**136**	–
		11,101	9,584
Total liabilities		**13,262**	10,398
Total equity and liabilities		**28,002**	25,516
Net assets per share attributable to owners of the Company (RM)		**2.10**	2.16

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 2019.

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
Three quarters ended 31 March 2020											
At 1 July 2019	**9,299**	**6**	**231**	**99**	**(6)**	**50**	**5,034**	**5,414**	**14,713**	**405**	**15,118**
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**1**	**(385)**	**644**	**260**	**260**	**45**	**305**
Dividend payable	**–**	**–**	**–**	**–**	**–**	**–**	**(136)**	**(136)**	**(136)**	**–**	**(136)**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(544)**	**(544)**	**(544)**	**(17)**	**(561)**
Acquisition of non-wholly owned subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4**	**4**
Acquisition of non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**	**(1)**
Performance-based employee share scheme	**–**	**11**	**–**	**–**	**–**	**–**	**–**	**11**	**11**	**–**	**11**
Issuance of shares under the performance-based employee share scheme	**1**	**(1)**	**–**	**–**	**–**	**–**	**–**	**(1)**	**–**	**–**	**–**
At 31 March 2020	**9,300**	**16**	**231**	**99**	**(5)**	**(335)**	**4,998**	**5,004**	**14,304**	**436**	**14,740**

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 recerve	Legal reserve	Hedging reserve	Available-for-sale reserve	Exchange reserve	Retained profits	Reserves	Attributable to owners of the Company	Non-controlling interests	Total equity
Three quarters ended 31 March 2019 (Restated)												
At 1 July 2018, as previously stated	9,299	–	189	62	(17)	3	104	4,730	5,071	14,370	389	14,759
Effects of adoption of MFRS 9	–	–	–	–	–	(3)	–	(19)	(22)	(22)	–	(22)
Restated as at 1 July 2018	9,299	–	189	62	(17)	–	104	4,711	5,049	14,348	389	14,737
Total comprehensive income/(loss) for the period	–	–	–	–	4	–	(115)	766	655	655	41	696
Dividend payable	–	–	–	–	–	–	–	(136)	(136)	(136)	–	(136)
Dividends paid	–	–	–	–	–	–	–	(408)	(408)	(408)	(39)	(447)
Performance-based employee share scheme	–	3	–	–	–	–	–	–	3	3	–	3
Acquisition of non-controlling interests	–	–	–	–	–	–	–	(4)	(4)	(4)	1	(3)
Acquisition of non-wholly owned subsidiary	–	–	–	–	–	–	–	–	–	–	5	5
Reclassification upon disposal of a subsidiary	–	–	–	(15)	–	–	–	15	–	–	–	–
Transfer between reserves	–	–	23	–	–	–	–	(23)	–	–	–	–
At 31 March 2019	9,299	3	212	47	(13)	–	(11)	4,921	5,159	14,458	397	14,855

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 2019.

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

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

	Note	Three quarters ended 31 March 2020	Three quarters ended 31 March 2019 Restated
Cash flow from operating activities			
Profit for the period		**684**	808
Adjustments for:			
Share of results of joint ventures and associates		**14**	43
Finance income		**(33)**	(24)
Finance costs		**136**	93
Taxation		**305**	139
Gain on disposal of subsidiaries and business		**(2)**	(80)
Net gain on disposal of assets		**(3)**	(40)
Depreciation and amortisation		**774**	445
Impairments and write offs of property, plant and equipment and intangible assets		**9**	–
Impairments/(reversal of impairments) and write offs of receivables (net)		**10**	(3)
Inventory writedown and provision (net)		**136**	143
Fair value loss on financial assets at fair value		**11**	48
Other non-cash items		**23**	7
		2,064	1,579
Changes in working capital:			
Inventories		**(30)**	(755)
Rental assets		**(467)**	(520)
Trade, other receivables and prepayments		**242**	145
Trade, other payables and provisions		**(528)**	(198)
Cash generated from operations		**1,281**	251
Tax paid		**(166)**	(172)
Dividends received from associates and joint ventures		**115**	10
Net cash from operating activities		**1,230**	89
Cash flow from investing activities			
Finance income received		**24**	20
Purchase of property, plant and equipment, intangible assets and prepaid lease rentals		**(389)**	(287)
Acquisition of subsidiaries	A11	**(560)**	(175)
Acquisition of businesses	A11	**(340)**	–
Subscription of shares in a joint venture		**(2)**	(12)
Addition to financial assets at fair value through profit or loss		**(8)**	(13)
Proceeds from sale of subsidiaries and business		**10**	254
Proceeds from sale of property, plant and equipment and investment properties		**23**	70
Reclassification to assets held for sale		**–**	(13)
Net (loans to)/repayment of loans by joint ventures		**(17)**	9
Capital repayment by an associate		**20**	–
Net cash used in investing activities		**(1,239)**	(147)

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

	Note	Three quarters ended 31 March 2020	Three quarters ended 31 March 2019 Restated
Cash flow from financing activities			
Finance costs paid		**(95)**	(106)
Net borrowings raised		**1,387**	664
Repayment of lease liabilities		**(319)**	–
Purchase of additional interest in a subsidiary		**(1)**	(44)
Dividends paid to shareholders		**(544)**	(408)
Dividends paid to non-controlling interests[1]		**(17)**	(39)
Net cash from financing activities		**411**	67
Net increase in cash and cash equivalents		**402**	9
Foreign exchange differences		**17**	4
Cash and cash equivalents at beginning of the period		**1,629**	1,629
Cash and cash equivalents at end of the period		**2,048**	1,642
For the purpose of the Statement of Cash Flows, cash and cash equivalents comprised the following:			
Bank balances, deposits and cash		**2,085**	1,654
Less:			
Bank overdrafts	B8	**(37)**	(12)
		2,048	1,642

[1] Dividends paid to other shareholders of non-wholly owned subsidiaries.

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 2019.

EXPLANATORY NOTES

This interim financial report is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Malaysian Financial Reporting Standard ("MFRS") 134 – Interim Financial Reporting and other MFRS issued by the Malaysian Accounting Standards Board ("MASB"). 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 2019.

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 2019, except as set out below.

a) New accounting pronouncements

i) Accounting pronouncements adopted for this interim financial report are set out below:

- MFRS 16 – Leases

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 - Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in profit or loss.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

  The Group has adopted the modified retrospective approach as permitted by MFRS 16 and has not restated the comparatives. The reclassifications and adjustments arising from the adoption of MFRS 16 are therefore recognised in the opening balance of statement of financial position as at the date of initial application (1 July 2019).

  The impacts of the adoption of MFRS 16 are as follows:

  i. Leases previously classified as operating leases

  - Recognition of lease liabilities measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application (1 July 2019).

  - Recognition of the associated right-of-use assets at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments.

  - Provisions for onerous leases have been reclassified to right-of-use assets.

Amounts in RM million unless otherwise stated

A1. Basis of Preparation (continued)

a) New accounting pronouncements (continued)

i) Accounting pronouncements adopted for this interim financial report are set out below: (continued)

- MFRS 16 – Leases (continued)

i. Leases previously classified as operating leases (continued)

The Group has also applied the following practical expedients at initial application as permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases,
- the exemption to apply the standard principles on leases for which the underlying asset is of low value,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application,
- reliance on assessments made immediately before the transition date on whether leases are onerous. On 1 July 2019, the Group adjusted the right-of-use assets by the amount of provision for onerous leases recognised immediately before the transition date, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment by applying MFRS 117 and IC Interpretation 4 “Determining whether an Arrangement contains a Lease”.

ii. Leases previously classified as finance leases

Finance lease liabilities as at the date of initial application have been reclassified from borrowings to lease liabilities.

iii. Property, plant and equipment and prepaid lease rentals

Leasehold land (within property, plant and equipment) and prepaid lease rentals have been reclassified to right-of-use assets.

The effects arising from these changes on the statement of financial position of the Group are as follows:

	As at 30 June 2019	**Effects of MFRS 16**	**Restated as at 1 July 2019**
Non-current assets			
Property, plant and equipment	5,727	(398)	5,329
Right-of-use assets	–	2,450	2,450
Prepaid lease rentals	292	(292)	–
Current assets			
Prepayments	563	(3)	560
Non-current liabilities			
Borrowings	178	(2)	176
Lease liabilities	–	1,405	1,405
Current liabilities			
Borrowings	2,397	(1)	2,396
Lease liabilities	–	371	371
Payables and other liabilities	4,647	(12)	4,635
Provisions	405	(4)	401

A1. Basis of Preparation (continued)

a) New accounting pronouncements (continued)

i) Accounting pronouncements adopted for this interim financial report are set out below: (continued)

Accounting pronouncements adopted for this interim financial report that do not have any significant impact to the Group:

- Long-term Interest in Associates and Joint Ventures (Amendments to MFRS 128)
- Prepayment Features with Negative Compensation (Amendments to MFRS 9)
- IC Interpretation 23 – Uncertainty over Income Tax Treatments
- Annual Improvements to MFRS Standards 2015–2017 Cycle (Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123)
- Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)

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

Effective for annual reporting periods beginning on or after 1 January 2020
- Conceptual Framework for Financial Reporting : The Reporting Entity and corresponding amendments to references in the relevant standards
- Definition of a Business (Amendments to MFRS 3)
- Definition of Material (Amendments to MFRS 101 and MFRS 108)
- Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)

Effective for annual reporting periods beginning on or after 1 January 2021
- MFRS 17 – Insurance Contracts

Effective for annual reporting periods beginning on or after 1 January 2022
- Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current'

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

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

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 A1, B1, B2 and B5, there were no material unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period under review.

A4. Material Changes in Estimates

Except as disclosed in Notes B1, B2 and B5, there were no material changes in the estimates of amounts reported in the prior interim periods of the current financial year or the previous financial years that have a material effect on the results for the current quarter under review.

Amounts in RM million unless otherwise stated

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 12 November 2019, the Company issued 608,400 new ordinary shares under the Performance-Based Employee Share Scheme for Restricted Share Grant at an issue price of RM2.293. With allotment of the new shares, the Company's issued and paid-up capital has increased from 6,800,839,377 ordinary shares to 6,801,447,777 ordinary shares.

Performance-Based Employee Share Scheme ("PBESS")

On 15 January 2020, the Company offered the 4th Grant Offer of ordinary shares of the Company under the PBESS which comprises the Performance Share ("PS") Grant and Restricted Share ("RS") Grant to eligible employees and/or grantees of the Group as follows:

Description of Financial Year ("FY") 2020 Grant Offer:

	PS	RS
Number of shares offered to the eligible employees	6,475,000	1,615,500
Closing market price of the Company's shares on the date of FY2020 Grant Offer	RM2.23	
Vesting period for the FY2020 Grant Offer	(i) 3-year cliff vesting i.e. over a period of the 3 financial years from 1 July 2019. (ii) Vesting of the shares is subject to meeting certain performance targets. Depending on the employee, the performance targets consist of relative Total Shareholder Returns and/or financial performance targets. (iii) Depending on the level of achievement of the performance targets as determined by the Nomination & Remuneration Committee, the total amount of shares which will vest may be lower or higher than the total amount of shares offered.	Total RS into 3 tranches with each tranche vesting at the end of each financial year over 3 financial years from 1 July 2019.

A6. Dividends Paid to Shareholders

The second interim dividend of 7.0 sen per share amounting to RM476 million and special dividend of 1.0 sen per share amounting to RM68 million for the financial year ended 30 June 2019 which totalled RM544 million was paid by way of cash on 31 October 2019.

An interim dividend of 2.0 sen per share amounting to RM136 million for the financial year ending 30 June 2020 was paid by way of cash on 12 May 2020.

Amounts in RM million unless otherwise stated

A7. Segment Information

Three quarters ended 31 March 2020	Industrial	Motors	Logistics	Healthcare	Others	Corporate/ Intra-group adjustments	Total
Segment revenue:							
External	**11,693**	**16,210**	**168**	**–**	**42**	**–**	**28,113**
Inter-segment	**7**	**7**	**–**	**–**	**4**	**(18)**	**–**
	11,700	**16,217**	**168**	**–**	**46**	**(18)**	**28,113**
Profit/(loss) before interest and tax	**763**	**380**	**7**	**45**	**(62)**	**(41)**	**1,092**
Net finance costs							**(103)**
Taxation							**(305)**
Profit for the period							**684**
Three quarters ended 31 March 2019 (Restated)							
Segment revenue:							
External	10,347	16,135	214	–	137	–	26,833
Inter-segment	2	8	–	–	40	(50)	–
	10,349	16,143	214	–	177	(50)	26,833
Profit/(loss) before interest and tax	586	352	115	42	(39)	(40)	1,016
Net finance costs							(69)
Taxation							(139)
Profit for the period							808

	Industrial	Motors	Logistics	Healthcare	Others	Corporate/ Intra-group adjustments	Total
As at 31 March 2020							
Segment assets	**12,249**	**11,319**	**2,301**	**643**	**228**	**600**	**27,340**
Segment liabilities	**(3,162)**	**(3,223)**	**(279)**	–	**(384)**	**(133)**	**(7,181)**
Segment invested capital	**9,087**	**8,096**	**2,022**	**643**	**(156)**	**467**	**20,159**
Net tax assets							**157**
Borrowings and lease liabilities							**(5,576)**
Total Equity							**14,740**
As at 30 June 2019							
Segment assets	10,939	9,691	2,253	784	276	894	24,837
Segment liabilities	(3,313)	(3,456)	(264)	–	(361)	(14)	(7,408)
Segment invested capital	7,626	6,235	1,989	784	(85)	880	17,429
Net tax assets							264
Borrowings							(2,575)
Total Equity							15,118

Amounts in RM million unless otherwise stated

A7. Segment information (continued)

Revenue comprise the following:

	Three quarters ended 31 March	
	2020	**2019**
Revenue from contracts with customers	**27,561**	26,293
Rental income	**552**	540
	28,113	26,833

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

Three quarters ended 31 March 2020	**Industrial**	**Motors**	**Logistics**	**Others**	**Total**
Major goods and services					
Sale of equipment and vehicles	**5,828**	**13,327**	**–**	**–**	**19,155**
Sale of parts, assembly charges and provision of after-sales services	**5,204**	**2,477**	**–**	**–**	**7,681**
Engineering services	**274**	**–**	**–**	**–**	**274**
Port and related charges	**–**	**–**	**168**	**–**	**168**
Commission, handling fees and others	**–**	**253**	**–**	**30**	**283**
	11,306	**16,057**	**168**	**30**	**27,561**
Geographical location					
Malaysia	**726**	**2,612**	**–**	**24**	**3,362**
China	**2,737**	**7,374**	**168**	**2**	**10,281**
Other countries in Asia	**578**	**3,584**	**–**	**4**	**4,166**
Australasia	**7,265**	**2,487**	**–**	**–**	**9,752**
	11,306	**16,057**	**168**	**30**	**27,561**
Timing of revenue recognition					
At a point in time	**9,030**	**13,725**	**–**	**18**	**22,773**
Over time	**2,276**	**2,332**	**168**	**12**	**4,788**
	11,306	**16,057**	**168**	**30**	**27,561**

Three quarters ended 31 March 2019	**Industrial**	**Motors**	**Logistics**	**Others**	**Total**
Major goods and services					
Sale of equipment and vehicles	5,098	13,515	–	–	18,613
Sale of parts, assembly charges and provision of after-sales services	4,659	2,192	–	–	6,851
Engineering services	228	–	–	26	254
Port and related charges	–	–	195	–	195
Sale of water	–	–	19	–	19
Commission, handling fees and others	–	261	–	100	361
	9,985	15,968	214	126	26,293

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)

Three quarters ended 31 March 2019	**Industrial**	**Motors**	**Logistics**	**Others**	**Total**
Geographical location					
Malaysia	808	2,890	–	119	3,817
China	2,625	7,552	214	2	10,393
Other countries in Asia	562	3,470	–	5	4,037
Australasia	5,990	2,056	–	–	8,046
	9,985	15,968	214	126	26,293
Timing of revenue recognition					
At a point in time	7,626	13,813	–	26	21,465
Over time	2,359	2,155	214	100	4,828
	9,985	15,968	214	126	26,293

A8. Capital Commitments

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

	As at 31 March 2020	**As at 30 June 2019**
Contracted:		
- Property, plant and equipment	**151**	253
- Other capital expenditure	**46**	60
	197	313

A9. Significant Related Party Transactions

Significant related party transactions conducted during the quarter ended 31 March are as follows:

	Three quarters ended 31 March	
	2020	**2019**
a. Transactions with joint ventures and associates		
Purchase of products and services from Sitech Construction Systems Pty Ltd	**7**	8
Contribution paid to Yayasan Sime Darby	**20**	20
Loans to Weifang Sime Darby Liquid Terminal Co Ltd	**20**	–
Loans repaid by Weifang Sime Darby Liquid Terminal Co Ltd	**3**	9

Amounts in RM million unless otherwise stated

A9. Significant Related Party Transactions (continued)

Significant related party transactions conducted during the quarter ended 31 March are as follows: (continued)

	Three quarters ended 31 March	
	2020	**2019**
b. Transactions between subsidiaries and non-controlling interests		
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	**–**	18
Royalty payment to and procurement of cars and ancillary services by Inokom Corporation Sdn Bhd ("ICSB") from Hyundai Motor Company and its related companies	**–**[1]	23
Contract assembly service provided by ICSB to Berjaya Corporation Berhad group/Bermaz Auto Berhad group	**80**	86
Sale of vehicles and parts by Jaguar Land Rover (M) Sdn Bhd to Sisma Auto Sdn Bhd	**23**	43
Acquisition of 30% of the units in Brisbane BMW Unit Trust collectively owned by Burke Management Pty Ltd and Roller Management Pty Ltd	**–**	41
c. Transactions with Directors and key management personnel and their close family members		
Sale of cars by the Group	**–**[1]	2

d. 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 March 2020 own approximately 52% 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 Sime Darby Plantation Berhad and Sime Darby Property Berhad (former subsidiaries) are as follows:

	Three quarters ended 31 March	
	2020	**2019**
Provision of shared services	**–**	63
Sales, servicing and leasing of equipment and vehicles	**19**	34
Renovation work on Automotive Complex	**–**	13
Royalty income charged	**4**	4
Rental income	**6**	5
Rental charges	**9**	7
Foreign currency payment arrangement	**87**	78

[1] Less than RM1 million.

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

Other than reported in Note B7, there were no material events subsequent to the end of the current quarter under review to 15 May 2020, being a date not earlier than 7 days from the date of issue of the quarterly report.

Amounts in RM million unless otherwise stated

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

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

1. Establishment of new subsidiaries

a) Shenzen Sime Darby Motors Sales and Services Company Limited was incorporated in the People's Republic of China on 6 September 2019.

b) Changsha Yue Zhi Bow Motor Service Co. Ltd. was incorporated in the People's Republic of China on 19 November 2019.

c) Sime Darby Industrial (NZ) Holdings Limited was incorporated in New Zealand on 16 December 2019.

d) Guangzhou Sime Darby Fu Yue Motors Sales and Services Company Limited was incorporated in the People's Republic of China on 15 January 2020.

e) Shanghai Sime Darby Motor Enterprises Co., Ltd. was incorporated in the People's Republic of China on 20 January 2020.

f) Kunming Sime Darby Fu Yue Motors Sales and Services Company Limited was incorporated in the People's Republic of China on 25 March 2020.

2. Acquisition of subsidiaries and businesses

a) On 30 September 2019, Sime Darby (NZ) Holdings Limited, an indirect wholly-owned subsidiary of Sime Darby Berhad, completed the acquisition of the entire share capital in Gough Group Limited for a provisional consideration of NZD211 million (approximately RM556 million). The purchase consideration was subsequently revised to NZD224 million (approximately RM590 million).

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

Net assets acquired	**561**
Non-controlling interest	**(4)**
Goodwill	**33**
Purchase consideration	**590**
Less: Cash and cash equivalents of subsidiaries acquired	**(30)**
Net cash outflow on acquisition	**560**

b) On 2 December 2019, Sime Darby Motors Sdn Bhd acquired the business assets and properties of three luxury car dealerships in Sydney, Australia for a consideration of AUD112 million (approximately RM324 million) from Inchcape Australia Limited. The three dealerships represent the BMW, MINI, Volkswagen, Jaguar and Land Rover marques.

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

Net assets acquired	**267**
Goodwill	**57**
Purchase consideration	**324**

Amounts in RM million unless otherwise stated

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

Significant changes in the composition of the Group are as follows: (continued)

2. Acquisition of subsidiaries and businesses (continued)

c) On 9 September 2019, a commercial vehicle service facility in New Zealand was acquired by a wholly-owned subsidiary of Sime Darby Motors Sdn Bhd for a consideration of NZD6 million (approximately RM16 million).

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

Net assets acquired	**8**
Goodwill	**8**
Purchase consideration	**16**

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

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 31 March 2020	**As at 30 June 2019**
Performance guarantees and advance payment guarantees to customers of the Group	**1,984**	2,147
Guarantees in respect of credit facilities granted to certain joint ventures	**239**	231
	2,223	2,378

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 March 2020, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM339 million (30 June 2019: RM276 million).

b) Claims

	As at 31 March 2020	**As at 30 June 2019**
Potential claims	**18**	19

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

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 March			**Three quarters ended 31 March**		
	2020	**2019 Restated**	**% +/(-)**	**2020**	**2019 Restated**	**% +/(-)**
Revenue	**8,428**	8,565	(1.6)	**28,113**	26,833	4.8
Segment results:						
Industrial	**216**	210	2.9	**763**	586	30.2
Motors	**103**	112	(8.0)	**380**	352	8.0
Logistics	**(6)**	11	(154.5)	**7**	115	(93.9)
Healthcare	**13**	12	8.3	**45**	42	7.1
Others	**(50)**	(3)	(1,566.7)	**(62)**	(39)	(59.0)
	276	342	(19.3)	**1,133**	1,056	7.3
Corporate exchange (loss)/gain	**–**	–		**(1)**	3	
Corporate expenses	**(11)**	(10)		**(40)**	(43)	
Profit before interest and tax	**265**	332	(20.2)	**1,092**	1,016	7.5
Finance income	**10**	7		**33**	24	
Finance costs	**(51)**	(31)		**(136)**	(93)	
Profit before tax	**224**	308	(27.3)	**989**	947	4.4
Taxation	**(96)**	(75)		**(305)**	(139)	
Profit for the period	**128**	233	(45.1)	**684**	808	(15.3)
Non-controlling interests	**(13)**	(11)		**(41)**	(44)	
Profit attributable to owners of the Company	**115**	222	(48.2)	**643**	764	(15.8)

An analysis of the results for the quarter ended 31 March 2020 against the quarter ended 31 March 2019 is as follows:

The Group's profit attributable to owners of the Company ("Net Profit") declined by 48.2%. The operations in China were significantly impacted during the quarter while the other countries were also affected in the later part of the quarter as the coronavirus outbreak spread to other countries in the Asia Pacific.

a) Industrial

Profit increased by 2.9% to RM216 million in the current quarter as the higher profit from Australasia (36.4% higher) was largely offset by the lower profit of the Greater China operations (69.1% lower). Revenue of the Greater China operations declined by 26.9% primarily due to the coronavirus outbreak.

b) Motors

Profit decreased by 8.0% to RM103 million in the current quarter as consumer sentiment across all regions were adversely affected by the coronavirus outbreak. The Greater China and Australasia operations recorded a 21.3% and 37.5% decline in profit respectively. This was partly offset by the higher profit from the Singapore operations as a result of higher sales of BMW used cars and reversal of accruals.

B1. Review of Group Performance (continued)

An analysis of the results for the quarter ended 31 March 2020 against the quarter ended 31 March 2019 is as follows: (continued)

c) Logistics

The division recorded a loss before interest and tax of RM6 million mainly due to lower throughput, with revenue declining 23.4% as a result of the coronavirus outbreak as well as environmental restrictions.

d) Healthcare

Profit increased by 8.3% to RM13 million in the current quarter mainly due to higher profit contribution from Ramsay Sime Darby Health Care’s (“RSDH”) Indonesian operations.

e) Others

The results include the share of loss (including impairment) of the equity interest in Eastern & Oriental Berhad ("E&O") of RM40 million (previous corresponding period : RM33 million) and foreign exchange loss from the legacy oil and gas operations of RM14 million (previous corresponding period : foreign exchange gain of RM4 million). The previous corresponding period result also included recognition of the arbitration award received for the Oil and Natural Gas Corporation Ltd ("ONGC") Wellhead project of RM6 million and gain on disposal of trademark of RM17 million.

f) Finance costs

The finance cost of RM51 million includes finance costs relating to lease liabilities of RM17 million following the adoption of MFRS 16.

B1. Review of Group Performance (continued)

An analysis of the results for the three quarters ended 31 March 2020 against the three quarters ended 31 March 2019 is as follows:

The Group's Net Profit declined by 15.8% mainly due to the recognition of a deferred tax credit of RM129 million arising from the change in Real Property Gains Tax ("RPGT") rates in Malaysia in the previous corresponding period. Excluding this item, the Group's Net Profit would have been 1% higher against the previous corresponding period. The strong operating results in the first half of the financial year has helped mitigate the adverse impact of the coronavirus outbreak in the quarter ended 31 March 2020.

a) Industrial

Profit increased by 30.2% to RM763 million in the current period. The previous corresponding period included a gain on disposal of property of RM18 million and fair value loss on financial assets of RM48 million (current period : RM11 million). Excluding these items, profit increased by 25.6% mainly due to higher revenue in Australasia.

b) Motors

Profit increased by 8.0% to RM380 million supported by a significant increase in profits in Greater China operations, particularly the BMW operations in China. The higher profit of the Greater China operations was attributable to the strong performance in the first half of the financial year as its performance was adversely affected in the quarter ended 31 March 2020 due to the coronavirus outbreak.

c) Logistics

Profit decreased by 93.9% as the previous corresponding period included the gain on disposal of Weifang Water of RM78 million. Excluding this, profit decreased by 81.1% mainly due to higher share of loss from joint ventures and associate of RM17 million in the current period (RM3 million loss in the previous corresponding period).

d) Healthcare

Profit increased by 7.1% to RM45 million mainly due to higher revenue in both the Malaysian and Indonesian operations of RSDH.

e) Others

The results include the share of loss (including impairment) of the equity interest in E&O of RM62 million (previous corresponding period : RM99 million) and foreign exchange loss of the legacy oil and gas operations of RM14 million (previous corresponding period : foreign exchange loss of RM3 million). The previous corresponding period result also included recognition of the arbitration award received for the ONGC Wellhead project of RM26 million and gain on disposal of trademark of RM17million.

f) Finance costs

The finance cost of RM136 million includes finance costs relating to lease liabilities of RM50 million following the adoption of MFRS 16.

g) Taxation

The previous corresponding period included recognition of a deferred tax credit of RM129 million arising from the change in RPGT rates in Malaysia.

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 March 2020	**31 December 2019**	**% +/(-)**
Revenue	**8,428**	10,209	(17.4)
Segment results:			
Industrial	**216**	287	(24.7)
Motors	**103**	143	(28.0)
Logistics	**(6)**	7	(185.7)
Healthcare	**13**	17	(23.5)
Others	**(50)**	4	(1,350.0)
	276	458	(39.7)
Corporate exchange gain	**–**	3	
Corporate expenses	**(11)**	(14)	
Profit before interest and tax	**265**	447	(40.7)
Finance income	**10**	12	
Finance costs	**(51)**	(46)	
Profit before tax	**224**	413	(45.8)
Taxation	**(96)**	(116)	
Profit for the period	**128**	297	(56.9)
Non-controlling interests	**(13)**	(15)	
Profit attributable to owners of the Company	**115**	282	(59.2)

An analysis of the results for the quarter ended 31 March 2020 against the quarter ended 31 December 2019 is as follows:

The Group's Net Profit declined by 59.2% against the preceding quarter mainly due to the adverse impact of the coronavirus outbreak during the quarter, particularly within the China operations, foreign exchange loss and higher share of loss from E&O.

a) Industrial

Profit decreased by 24.7% mainly as a result of lower profit (75.7% decline) of the Greater China operations. This was mainly due to the impact of the coronavirus outbreak during the current quarter and the operations also recorded reversal of accruals and provisions in the preceding quarter, resulting in lower quarter on quarter profits by comparison.

b) Motors

Profit decreased by 28.0% in the current quarter, with revenue declining by 24.7% as the coronavirus outbreak adversely affected consumer sentiment across all regions. The Greater China operations had the most significant impact, with profit declining by 58.9% against the preceding quarter. The other operations were affected during the later part of the quarter. The Singapore operations recorded a better performance in the current quarter mainly due to reversal of accruals.

c) Logistics

The division recorded a loss before interest and tax of RM6 million mainly due to lower throughput, with revenue declining 14% as a result of the coronavirus outbreak as well as environmental restrictions, curtailing operations.

d) Healthcare

Profit decreased by 23.5% in the current quarter mainly due to the impact of the coronavirus outbreak in the later part of the current quarter as a result of patients deferring elective surgeries and health screenings.

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

An analysis of the results for the quarter ended 31 March 2020 against the quarter ended 31 December 2019 is as follows: (continued)

e) Others

The results include the share of loss (including impairment) of the equity interest in E&O of RM40 million in the current quarter (preceding quarter : RM10 million) and foreign exchange loss of the legacy oil and gas operations of RM14 million (preceding quarter : foreign exchange gain of RM3 million).

B3. Prospects

The Group's financial performance in the final quarter for the financial year ending 30 June 2020 is expected to be adversely affected by the coronavirus outbreak. Movement control laws and closure of certain operations in several countries such as Malaysia, Singapore and New Zealand had significantly impacted sales. In China, the operations have re-opened after the extended Chinese New Year break but infection prevention and control measures remain. The mining related operations in Australia continued to operate as it is considered an essential business. However, consumer and business sentiment have also been adversely impacted in these countries.

The Group's strong financial performance in the first half of the financial year ending 30 June 2020 would help mitigate the impact of the adverse impact of the coronavirus outbreak in the financial year ending 30 June 2020.

The coronavirus outbreak is expected to have a significant adverse impact on global economic activity as countries around the globe implemented movement control laws and closed non-essential businesses. The pandemic has caused supply and demand shocks with disruptions to the global supply chain. The weak economic outlook has also resulted in cautious consumer spending.

The impact of the coronavirus outbreak in the longer term cannot be accurately estimated at this juncture as there are still significant uncertainties on how and when the outbreak would be contained and full business activities will resume.

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

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

Amounts in RM million unless otherwise stated

B5. Profit before tax

	Quarter ended 31 March		Three quarters ended 31 March	
	2020	**2019 Restated**	**2020**	**2019 Restated**
Included in operating profit are:				
Depreciation and amortisation	**(271)**	(149)	**(774)**	(445)
Inventory writedown and provision (net)	**(41)**	(50)	**(136)**	(143)
(Impairments)/reversal of impairments and write offs of receivables (net)	**(6)**	(3)	**(10)**	3
Impairments and write offs of property, plant and equipment and intangible assets	**–**	1	**(9)**	–
Gain on disposal of subsidiaries and business	**1**	2	**2**	80
Gain on disposal of properties[1]	**–**	3	**–**	23
Net gain on disposal of other assets	**1**	16	**3**	17
Net foreign exchange (loss)/gain	**(16)**	1	**(21)**	(3)
Fair value (loss)/gain on financial assets at fair value	**(2)**	2	**(11)**	(48)
Net gain/(loss) on derivatives	**7**	–	**4**	(2)
Compensation	**5**	–	**16**	–
Included in share of associate results is:				
Impairment of associates (net)	**(42)**	(31)	**(61)**	(100)

[1] Includes gain/(loss) on disposal of investment properties and land and buildings.

B6. Taxation

	Quarter ended 31 March		Three quarters ended 31 March	
	2020	**2019**	**2020**	**2019**
Current tax:				
- current year	**104**	55	**295**	168
- previous years	**1**	–	**7**	16
	105	55	**302**	184
Deferred tax:				
- origination and reversal of temporary differences and other deferred tax adjustments	**(9)**	20	**3**	84
- effects of change in RPGT rates	**–**	–	**–**	(129)
	96	75	**305**	139

The effective tax rate excluding share of results of associates and joint ventures for the current quarter and three quarters ended 31 March 2020 of 38.4% and 30.4% were higher than the applicable tax rate for the current quarter and three quarters ended 31 March 2020 of 26.5%. The higher effective tax rate for the quarter was mainly due to higher dividend withholding taxes and non-deductible expenses in certain subsidiaries. Meanwhile, the higher effective tax rate for three quarters ended 31 March 2020 was mainly due to non-deductible expenses in certain subsidiaries, higher dividend withholding tax and the impact of tax expense relating to prior years.

Amounts in RM million unless otherwise stated

B7. Status of Corporate Proposals

The corporate proposals announced but not completed as at 15 May 2020 are as follows:

On 22 April 2020, Sime Darby Allied Products Berhad ("SDAPB") and Sime Darby Holdings Berhad had entered into conditional agreements with C.P. Retail Development Company Limited ("CP"), Tesco Holdings B.V. ("Tesco BV") and Tesco Plc for the disposal of 30% ordinary shares held by SDAPB in Tesco Stores (Malaysia) Sdn. Bhd. ("Tesco Malaysia") to CP in accordance with the joint venture agreement with Tesco BV dated 28 November 2001 ("Proposed Disposal"). The Proposed Disposal is pursuant to Tesco BV's conditional agreement with CP entered into on 9 March 2020, to dispose of its interest in Tesco Malaysia.

The Group expects to record an estimated net gain on disposal of RM270 million from the Proposed Disposal which is expected to be completed within the second half of calendar year 2020.

B8. Group Borrowings

The breakdown of the borrowings as at 31 March 2020 is as follows:

	Secured	Unsecured	Total
Long-term			
Term loans	**23**	**–**	**23**
Islamic financing	**–**	**113**	**113**
	23	**113**	**136**
Short-term			
Term loans due within one year	**3**	**–**	**3**
Islamic financing due within one year	**–**	**70**	**70**
Short term Islamic financing	**–**	**326**	**326**
Bank overdrafts	**–**	**37**	**37**
Revolving credits, bankers acceptances, trade facilities and other short-term borrowings	**–**	**3,269**	**3,269**
	3	**3,702**	**3,705**
Total borrowings	**26**	**3,815**	**3,841**

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

	Long-term borrowings	Short-term borrowings	Total
Ringgit Malaysia	**113**	**483**	**596**
Australian dollar	**–**	**347**	**347**
Chinese renminbi	**–**	**938**	**938**
Hong Kong dollar	**–**	**191**	**191**
New Zealand dollar	**–**	**869**	**869**
Pacific franc	**23**	**19**	**42**
Taiwan dollar	**–**	**66**	**66**
Thailand baht	**–**	**150**	**150**
United States dollar	**–**	**447**	**447**
Singapore dollar	**–**	**195**	**195**
Total borrowings	**136**	**3,705**	**3,841**

Secured borrowings are secured by fixed and floating charges over property, plant and equipment in a New Caledonia subsidiary.

B9. Financial Instruments

a) Derivatives

The Group primarily uses forward foreign exchange contracts to manage its exposure to foreign exchange risks. The fair values of these contracts as at 31 March 2020 are as follows:

	Classification in Statement of Financial Position		
	Assets Current	**Liabilities Current**	**Net fair value**
Forward foreign exchange contracts	**14**	**(9)**	**5**

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the financial year ended 30 June 2019.

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

<u>Forward foreign exchange contracts</u>

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

As at 31 March 2020, the notional amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	Notional amount	**Net fair value assets**
- less than 1 year	**1,035**	**5**

b) 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 the initial recognition.

B10. Material Litigation

Changes in material litigation since the date of the last audited annual statement of financial position up to 15 May 2020 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 RM343 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 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 assessment of damages which was fixed on 24, 25 and 26 March 2020 and 27 and 29 April 2020 did not proceed due to the Movement Control Order issued by the Government. The Court has fixed a case management on 22 May 2020.

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 15 May 2020 are as follows: (continued)

c) Emirates International Energy Services ("EMAS")

On 13 January 2011, EMAS filed a civil suit in Abu Dhabi against Sime Darby Engineering Sdn Bhd ("SDE") claiming payment of USD178 million (approximately RM772 million) comprising a payment of USD128 million (approximately RM555 million) for commissions; and a payment of USD50 million (approximately RM217 million) as "morale compensation".

EMAS was unsuccessful in its claim against SDE in Abu Dhabi, and subsequently on 24 January 2016 submitted a request for arbitration against SDE to the Dubai Chamber of Commerce and Industry, claiming an amount of AED41 million (approximately RM48.4 million).

On 23 December 2018, the arbitration tribunal rejected all claims by EMAS against SDE and ordered EMAS to pay for SDE's portion of the arbitration costs and the tribunal fees and expenses.

On 7 April 2019, EMAS filed an application at the Abu Dhabi Court of Appeal ("COA") to seek the annulment of the tribunal award on the basis that the award was issued beyond the tribunal's mandated time to which SDE filed an objection. The hearing was completed on 19 September 2019. On 8 October 2019, the COA rendered its judgement and dismissed EMAS' appeal.

On 8 December 2019, EMAS filed an appeal to the Court of Cassation against the COA's decision. The appeal has been dismissed by the Court of Cassation on 30 December 2019. This matter is now closed.

d) Claim against Qatar Petroleum ("QP")

On 15 August 2012, Sime Darby Engineering Sdn Bhd ("SDE") filed a Statement of Claim at the Qatar Court against QP for the sum of QAR1 billion (approximately RM1.2 billion) seeking the repayment of a liquidated performance bond, payment of outstanding invoices, compensation and additional costs incurred in relation to an offshore engineering project in Qatar undertaken by SDE pursuant to a contract dated 27 September 2006.

On 21 July 2016, the Court ordered QP to pay QAR12.9 million (approximately RM15.3 million) to SDE ("Judgement") and both parties have appealed to the Court of Appeal against the Judgement. The Court of Appeal then referred the matter to court experts to examine the appeal.

The experts in their report recommended the payment of QAR12.9 million (approximately RM15.3 million) to SDE. On 28 April 2019, both SDE and QP filed an application to challenge the experts' report.

The Court of Appeal issued its judgement on 29 July 2019, rejecting both parties' appeals. Both parties did not file an appeal. As such, the Judgement for QP to pay SDE the sum of QAR12.9 million (approximately RM15.3 million) is final and binding.

SDE initiated enforcement proceedings on 4 November 2019 where QP requested for an adjournment to settle the final sum. On 25 November 2019, QP made the payment of QAR12.9 million (approximately RM15.3 million) to the Court and the sum is pending release from the Court.

B10. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 15 May 2020 are as follows: (continued)

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

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 RM330 million).

On 22 March 2018, the tribunal ordered ONGC to pay the Consortium a net sum of USD5.12 million (approximately RM22 million) 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.

The Court allowed ONGC to amend its application to set aside the arbitration award and granted ONGC an extension until 30 September 2019 for ONGC to submit its amended application. The hearing date has not been fixed.

f) CCCC Tianjin Dredging Co., Ltd. v Weifang Port Services Co., Ltd. and Weifang Port Group Co., Ltd.

Weifang Port Services Co., Ltd. ("WPS") is a joint venture company between Weifang Port Group Co., Ltd. ("WPG") (38%), Weifang Sime Darby Port Co., Ltd. ("WSDP") (37%) and Shandong Hi-speed Transport & Logistics Investment Co., Ltd. (25%). WSDP is an indirect 99% owned subsidiary of Sime Darby Berhad.

CCCC Tianjin Dredging Co., Ltd. ("Tianjin Dredging") was engaged to construct a 35,000 deadweight tonne ("DWT") main channel in Weifang, Shandong Province, People's Republic of China (the "Project"). Under the terms of engagement, both WPG and WPS are jointly liable for any payments due to Tianjin Dredging.

The Project was completed in November 2016 at total cost of approximately RMB1.17 billion (approximately RM713 million).

On 31 July 2018, Tianjin Dredging (the "Plaintiff") filed a lawsuit in the Qingdao Maritime Court against WPS ("First Defendant") and WPG ("Second Defendant") claiming the outstanding sum of the RMB741 million (approximately RM452 million) plus interest, in addition to legal costs and costs for preservation of assets.

On 26 July 2019, WPS received the Court's decision which was in favour of the Plaintiff. The Court ordered for the Defendants to pay the Plaintiff the outstanding sum of RMB711 million (approximately RM433 million) ("Outstanding Sum"), costs of RMB3.6 million (approximately RM2.2 million) and late payment interests. WPS filed an appeal against the Court's decision on 7 August 2019 to dispute the calculation of late payment interests.

On 20 December 2019, WPS received the final Court's decision which ordered WPS to pay the Outstanding Sum and interest on delayed payments to the Plaintiff. The court held that WPS and WPG are jointly and severally liable for the above payments. WPS and the Plaintiff are in negotiations to settle the matter. However, the Plaintiff has frozen the equity investments held by WPS and WPG which prohibits WPS and WPG from selling or transferring their respective equity stakes held in the companies.

The Plaintiff had filed a second lawsuit against WPS, WPG and subsidiaries of WPS (Weifang Port Operating Management Co. Ltd and Weifang Port Dredging Project Co. Ltd) for the Court to confirm its right of first claim with respect to auction proceeds (from the sale of sea use rights ("SURs") owned by WPS and its subsidiaries) and for litigation costs to be borne by the Defendants.

B10. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 15 May 2020 are as follows: (continued)

f) CCCC Tianjin Dredging Co., Ltd. v Weifang Port Services Co., Ltd. and Weifang Port Group Co., Ltd. (continued)

On 30 October 2019, the Plaintiff amended its claim for the Court to confirm its right of first claim with respect to part of the auction proceeds (from the sale of SURs owned by WPS and its subsidiaries), which is equivalent to the value of the mud / soil used to reclaim the land.

On 13 December 2019, the Court dismissed the Plaintiff's petition and ruled that the Plaintiff has no right of first claim with respect to auction proceeds from the sale of SURs owned by WPS and its subsidiaries. The Plaintiff has filed an appeal against the Court's decision which has been further dismissed by the court on 10 April 2020. The Plaintiff has no avenue for further appeals for the second lawsuit.

B11. Dividend

An interim dividend of 2.0 sen per share amounting to RM136 million for the financial year ending 30 June 2020 was declared on 26 February 2020 and paid by way of cash on 12 May 2020.

B12. Earnings Per Share

	Quarter ended 31 March		Three quarters ended 31 March	
	2020	**2019**	**2020**	**2019**
Basic earnings per share attributable to owners of the Company are computed as follows:				
Profit attributable to owners of the Company	**115**	222	**643**	764
Weighted average number of ordinary shares in issue (million)	**6,801**	6,801	**6,801**	6,801
Basic earnings per share (sen)	**1.7**	3.3	**9.5**	11.2

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

B13. Comparatives

The Group has restated the financials for the quarter ended 31 March 2019 to conform with the audited accounts for the financial year ended 30 June 2019 which include the following:

a) reversal of impairment of receivables previously in other operating income is now included in operating expenses;

b) accrued interest relating to a loan to a joint venture measured at fair value through profit or loss previously reported in interest income is now accounted together with the change in fair value in other gains and losses;

c) effects of adoption of MFRS 9 in the statement of changes in equity have been restated to reflect the amounts as presented in the audited accounts for the financial year ended 30 June 2019.

The restatements did not impact the statement of comprehensive income.

By Order of the Board
Noor Zita Hassan
Group Secretary

Petaling Jaya
21 May 2020