



## QUARTERLY REPORT

On the consolidated results for the second quarter ended 31 December 2023

The Directors are pleased to announce the following:

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

	Note	Quarter ended 31 December		% +/( -)	Half-year ended 31 December		% +/( -)
		2023	2022		2023	2022	
<b>Continuing operations</b>							
Revenue	A7	15,548	11,292	37.7	29,528	23,474	25.8
Operating expenses		(15,085)	(10,989)		(28,591)	(22,854)	
Other operating income		78	43		136	99	
Other gains and losses		17	44		305	24	
Operating profit		558	390	43.1	1,378	743	85.5
Share of results of joint ventures and associates		32	15		42	29	
<b>Profit before interest and tax</b>	A7	590	405	45.7	1,420	772	83.9
Finance income		29	12		56	23	
Finance costs		(167)	(68)		(296)	(125)	
<b>Profit before tax</b>	B5	452	349	29.5	1,180	670	76.1
Taxation	B6	(140)	(103)		(294)	(200)	
<b>Profit from continuing operations</b>		312	246	26.8	886	470	88.5
<b>Discontinued operations</b>							
Profit from discontinued operations		2,028	150		2,052	153	
<b>Profit for the period</b>		2,340	396	>100.0	2,938	623	>100.0
<b>Attributable to owners of:</b>							
- the Company							
- from continuing operations		260	239	8.8	825	443	86.2
- from discontinued operations		2,028	150		2,052	153	
		2,288	389	>100.0	2,877	596	>100.0
- perpetual sukuk							
- from continuing operations		4	-		4	-	
- non-controlling interests							
- from continuing operations		48	7		57	27	
<b>Profit for the period</b>		2,340	396	>100.0	2,938	623	>100.0
		Sen	Sen		Sen	Sen	
Basic earnings per share attributable to owners of the Company	B12						
- from continuing operations		3.8	3.5	8.6	12.1	6.5	86.2
- from discontinued operations		29.8	2.2		30.1	2.2	
<b>Total</b>		33.6	5.7	>100.0	42.2	8.7	>100.0

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 2023.

**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	
	2023	2022	2023	2022
<b>Profit for the period</b>	<b>2,340</b>	396	<b>2,938</b>	623
<b>Other comprehensive income/(loss):</b>				
<b><u>Continuing operations</u></b>				
<b>Items that will be reclassified subsequently to profit or loss:</b>				
Currency translation differences	244	(163)	58	(150)
Share of other comprehensive income/(loss) of joint ventures and associates	7	(2)	4	5
Net changes in fair value of cash flow hedges	(8)	(25)	(14)	(7)
Tax credit/(expense)	2	4	4	(1)
	<b>245</b>	(186)	<b>52</b>	(153)
Currency translation differences on repayment of net investment reclassified to profit or loss	(12)	(12)	(25)	(12)
Changes in fair value of cash flow hedges reclassified to profit or loss and inventories	4	17	(3)	(24)
Tax (expense)/credit	(1)	(8)	1	4
Other comprehensive income/(loss) from continuing operations	<b>236</b>	(189)	<b>25</b>	(185)
<b><u>Discontinued operations</u></b>				
Other comprehensive income/(loss) from discontinued operations	3	(101)	(2)	(106)
Total other comprehensive income/(loss)	<b>239</b>	(290)	<b>23</b>	(291)
<b>Total comprehensive income for the period</b>	<b>2,579</b>	106	<b>2,961</b>	332
<b>Attributable to owners of:</b>				
- the Company				
- from continuing operations	500	55	854	263
- from discontinued operations	2,031	48	2,050	47
	<b>2,531</b>	103	<b>2,904</b>	310
- perpetual sukuk				
- from continuing operations	4	-	4	-
- non-controlling interests				
- from continuing operations	44	3	53	22
<b>Total comprehensive income for the period</b>	<b>2,579</b>	106	<b>2,961</b>	332

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 2023.

**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 2023	Audited As at 30 June 2023
<b><u>Non-current assets</u></b>			
Property, plant and equipment		12,276	7,990
Right-of-use assets		2,905	2,669
Investment properties		664	258
Intangible assets		3,324	2,306
Joint ventures and associates		3,167	1,175
Financial assets at fair value through profit or loss		72	66
Deferred tax assets		855	648
Derivative assets	B9(a)	–	5
Receivables and other assets		204	296
		<u>23,467</u>	<u>15,413</u>
<b><u>Current assets</u></b>			
Inventories		14,623	11,454
Financial assets at fair value through profit or loss		302	78
Receivables, contract assets and other assets		8,227	5,930
Prepayments		1,131	920
Tax recoverable		121	129
Derivative assets	B9(a)	35	27
Bank balances, deposits and cash		7,240	3,086
		<u>31,679</u>	<u>21,624</u>
Disposal group and assets held for sale <sup>2</sup>		728	3
<b>Total assets</b>		<u>55,874</u>	<u>37,040</u>
<b><u>Equity</u></b>			
Share capital		9,330	9,330
Reserves		9,755	7,596
<b>Attributable to owners of the Company</b>		<u>19,085</u>	<u>16,926</u>
Perpetual sukuk		1,098	–
Non-controlling interests		3,420	357
<b>Total equity</b>		<u>23,603</u>	<u>17,283</u>
<b><u>Non-current liabilities</u></b>			
Borrowings	B8	4,899	2,246
Lease liabilities		2,262	2,162
Derivative liabilities	B9(a)	– <sup>1</sup>	–
Payables, contract liabilities and other liabilities		766	307
Deferred tax liabilities		670	448
		<u>8,597</u>	<u>5,163</u>
<b><u>Current liabilities</u></b>			
Borrowings	B8	8,194	3,611
Lease liabilities		512	435
Derivative liabilities	B9(a)	45	27
Payables and other liabilities		11,461	7,384
Contract liabilities		2,380	2,567
Provisions		646	427
Tax payable		223	143
		<u>23,461</u>	<u>14,594</u>
Liabilities associated with disposal group <sup>2</sup>		213	–
<b>Total liabilities</b>		<u>32,271</u>	<u>19,757</u>
<b>Total equity and liabilities</b>		<u>55,874</u>	<u>37,040</u>
Net assets per share attributable to owners of the Company (RM)		<u>2.80</u>	<u>2.48</u>

<sup>1</sup> Less than RM1 million.

<sup>2</sup> Disposal group relates to the business involving the importation and distribution of heavy equipment under the Komatsu Brand, which is intended to be disposed within 12 months after the completion of the UMW acquisition.

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 2023.

**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	Capital reserve	Legal reserve	Hedging reserve	Exchange reserve	Retained profits	Reserves	Attributable to owners of the Company	Perpetual sukuk	Non-controlling interests	Total equity
<b>Half-year ended 31 December 2023</b>											
At 1 July 2023	9,330	223	136	–	760	6,477	7,596	16,926	–	357	17,283
Total comprehensive (loss)/income for the period	–	–	–	(7)	35	2,876	2,904	2,904	4	53	2,961
Dividends paid	–	–	–	–	–	(682)	(682)	(682)	–	(14)	(696)
Dividends payable	–	–	–	–	–	–	–	–	–	(8)	(8)
Acquisition of non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	1,094	4,297	5,391
Purchase of additional interest in subsidiaries	–	–	–	–	–	(63)	(63)	(63)	–	(1,265)	(1,328)
Transfer between reserves	–	–	4	–	–	(4)	–	–	–	–	–
At 31 December 2023	9,330	223	140	(7)	795	8,604	9,755	19,085	1,098	3,420	23,603

**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
<b>Half-year ended 31 December 2022</b>											
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

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 2023.

**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	
		2023	2022
<b>Cash flow from operating activities</b>			
Profit for the period from continuing operations		886	470
Adjustments for:			
Share of results of joint ventures and associates		(42)	(29)
Finance income		(56)	(23)
Finance costs		296	125
Taxation		294	200
Net gain on disposal of fixed assets		(277)	(1)
Depreciation and amortisation		854	585
Impairment of fixed assets/(Reversal of impairment of fixed assets) (net)		1	(1)
Reversal of impairment of receivables (net)		(1)	(9)
Inventory write-down and provision		90	90
Fair value gain on financial assets at fair value through profit or loss		(2)	(1)
Other non-cash items		(28)	(9)
		<u>2,015</u>	<u>1,397</u>
<b>Changes in working capital:</b>			
Inventories		(435)	(474)
Rental assets		(826)	(592)
Trade, other receivables and prepayments		(1,050)	(149)
Trade, other payables and provisions		(485)	(10)
<b>Cash (used in)/generated from operations</b>		<u>(781)</u>	<u>172</u>
Tax paid (net)		(254)	(265)
Dividends received from associates		15	1
Operating cash flow used in continuing operations		<u>(1,020)</u>	<u>(92)</u>
Operating cash flow used in discontinued operations		<u>-</u>	<u>(18)</u>
<b>Net cash flow used in operating activities</b>		<u>(1,020)</u>	<u>(110)</u>
<b>Cash flow from investing activities</b>			
Finance income received		49	18
Purchase of fixed assets		(468)	(430)
Acquisition of subsidiaries <sup>1</sup>	A11	(2,149)	(30)
Acquisition of an associate		-	(9)
Addition to financial assets at fair value through profit or loss		-	(12)
Movement in deposits placement with maturity of more than 3 months		(80)	-
Movement in deposits placement restricted by banks		(4)	-
Proceeds from sale of subsidiaries		27 <sup>2</sup>	-
Proceeds from sale of financial assets at fair value through profit or loss		242	44
Proceeds from sale of fixed assets		267	73
Investing cash flow used in continuing operations		<u>(2,116)</u>	<u>(346)</u>
Investing cash flow from discontinued operations	A11	<u>2,841</u>	<u>1,319<sup>3</sup></u>
<b>Net cash flow from investing activities</b>		<u>725</u>	<u>973</u>

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

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

		<b>Half-year ended</b>	
		<b>31 December</b>	
	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Cash flow from financing activities</b>			
Finance costs paid		(246)	(75)
Net borrowings raised		5,505	857
Repayment of lease liabilities		(327)	(258)
Purchase of additional interest in subsidiaries	A11	(50)	(28)
Dividends paid to shareholders		(682)	(511)
Dividends paid to non-controlling interests <sup>4</sup>		(43)	(25)
Financing cash flow from/(used in) continuing operations		<u>4,157</u>	<u>(40)</u>
Financing cash flow used in discontinued operations		<u>-</u>	<u>(4)</u>
<b>Net cash flow from/(used in) financing activities</b>		<u><b>4,157</b></u>	<u><b>(44)</b></u>
<b>Net increase in cash and cash equivalents</b>		<b>3,862</b>	<b>819</b>
Foreign exchange differences		(14)	(74)
Cash and cash equivalents at beginning of the period		<u>2,938</u>	<u>1,658</u>
<b>Cash and cash equivalents at end of the period</b>		<u><b>6,786</b></u>	<u><b>2,403</b></u>

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

Bank balances, deposits and cash		7,240	2,567
Less:			
Bank overdrafts	B8	(256)	(164)
Deposits with maturity of more than 3 months		(441)	-
Deposits restricted by bank		(61)	-
		<u>6,482</u>	<u>2,403</u>
Cash and cash equivalents included under disposal group		<u>304</u>	<u>-</u>
		<u><b>6,786</b></u>	<u><b>2,403</b></u>

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

<sup>1</sup> Includes part payment of the consideration payable for the acquisition of Salmon Earthmoving Holdings Pty Ltd.

<sup>2</sup> Relates to balance consideration from the disposal of Jining ports.

<sup>3</sup> Include proceeds from disposal of Weifang port companies.

<sup>4</sup> Dividends paid to other shareholders of non-wholly owned subsidiaries. The amount paid in the current period includes RM29 million declared in the previous financial year (previous corresponding period: RM13 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 2023.

## **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 2023.

### **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 2023, 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 in the current period are set out below:

- MFRS 17 – ‘Insurance contracts and amendments to MFRS 17’
- Amendments to MFRS 17 ‘Initial application of MFRS 17’ and MFRS 9 – ‘Comparative information’
- Amendments to MFRS 101 and MFRS Practice Statement 2 ‘Disclosure of accounting policies’
- Amendments to MFRS 108 ‘Definition of accounting estimates’
- Amendments to MFRS 112 ‘Deferred Tax related to assets and liabilities arising from a single transaction’
- Amendments to MFRS 112 ‘International tax reform – Pillar Two model rules’

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

##### 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 ‘Classification of liabilities as current or non-current’
- Amendments to MFRS 101 ‘Non-current liabilities with covenants’
- Amendments to MFRS 107 and MFRS 7 ‘Supplier finance arrangements’

##### Effective for annual reporting periods beginning on or after 1 January 2025

- Amendments to MFRS 121 ‘Lack of Exchangeability’

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’.



**A1. Basis of Preparation (continued)**

**b) Change in accounting policy – basis of consolidation**

During the current quarter, the Group changed its accounting policy on the basis of consolidation for business combinations under common control.

Business combinations under common control are either accounted for using the predecessor method of merger accounting or acquisition accounting depending on the substance and the specific facts and circumstances surrounding the business combination under common control.

The policy was revised to provide more relevant information on the effects for business combinations under common control under different scenarios.

Prior to the adoption of this revised policy, business combinations under common control are accounted for using the predecessor method of merger accounting (refer to Note 3(a)(ii)) of the audited annual financial statements for the financial year ended 30 June 2023.

**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 redemptions/repayments of debt and equity securities during the financial period under review.

Sukuk

The Group had established an unrated Islamic commercial papers and Islamic medium term notes programme based on the Shariah principle of Murabahah (via Tawarruq arrangement) for the issuance of Sukuk Murabahah of up to RM10.0 billion in nominal value ("Sukuk Murabahah Programme"), irrevocably and unconditionally guaranteed by Sime Darby Berhad. On 11 December 2023, Tranche 1 of the Sukuk Murabahah at an issue size of RM3.0 billion in nominal value was issued. The proceeds were used to part finance the acquisition of UMW Holdings Berhad ("UMW").

**A6. Dividends Paid to Shareholders**

The second interim dividend of 10.0 sen per share amounting to RM682 million for the financial year ended 30 June 2023 was paid by way of cash on 29 September 2023.

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

Explanatory Notes on the Quarterly Report – 31 December 2023  
Amounts in RM million unless otherwise stated

**A7. Segment information**

The results of the Healthcare division for the current and previous financial years have been reclassified as discontinued operations in view of the disposal of the Group's entire equity interest in Ramsay Sime Darby Health Care Sdn Bhd. Following the completion of the acquisition of approximately 61.2% equity interest in UMW by Sime Darby Enterprise Sdn Bhd on 13 December 2023, the results of Sime Darby Enterprise and its subsidiaries are reported as a new segment (i.e. UMW)<sup>1</sup>.

	Continuing operations						Discontinued operations		
	Industrial	Motors	UMW	Others	Corporate/ Intra-group adjustments	Total	Logistics	Healthcare	Total
<b>Half-year ended 31 December 2023</b>									
<b>Segment revenue:</b>									
External	9,744	18,803	945	36	–	29,528	–	–	29,528
Inter-segment	2	8	–	7	(17)	–	–	–	–
	<b>9,746</b>	<b>18,811</b>	<b>945</b>	<b>43</b>	<b>(17)</b>	<b>29,528</b>	<b>–</b>	<b>–</b>	<b>29,528</b>
<b>Profit/(Loss) before interest and tax</b>	<b>709</b>	<b>395</b>	<b>46</b>	<b>292</b>	<b>(22)</b>	<b>1,420</b>	<b>–</b>	<b>2,052</b>	<b>3,472</b>
Net finance costs						(240)	–	–	(240)
Taxation						(294)	–	–	(294)
<b>Profit for the period</b>						<b>886</b>	<b>–</b>	<b>2,052</b>	<b>2,938</b>
<b>Half-year ended 31 December 2022</b>									
<b>Segment revenue:</b>									
External	7,946	15,500	–	28	–	23,474	58	–	23,532
Inter-segment	1	7	–	2	(10)	–	–	–	–
	<b>7,947</b>	<b>15,507</b>	<b>–</b>	<b>30</b>	<b>(10)</b>	<b>23,474</b>	<b>58</b>	<b>–</b>	<b>23,532</b>
<b>Profit/(Loss) before interest and tax</b>	<b>440</b>	<b>327</b>	<b>–</b>	<b>36</b>	<b>(31)</b>	<b>772</b>	<b>112</b>	<b>35</b>	<b>919</b>
Net finance (costs)/income						(102)	2	–	(100)
Taxation						(200)	4	–	(196)
<b>Profit for the period</b>						<b>470</b>	<b>118</b>	<b>35</b>	<b>623</b>

<sup>1</sup> The business segments under UMW include Automotive, Equipment, Manufacturing and Engineering and others.

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

Explanatory Notes on the Quarterly Report – 31 December 2023  
Amounts in RM million unless otherwise stated

**A7. Segment Information (continued)**

	Continuing operations						Discontinued operations	
	Industrial	Motors	UMW	Others	Corporate/ Intra-group adjustments	Total	Healthcare	Total
<b>As at 31 December 2023</b>								
Segment assets	19,441	17,213	14,735	434	3,075	54,898	–	54,898
Segment liabilities	(4,058)	(6,164)	(4,828)	(433)	(28)	(15,511)	–	(15,511)
Segment invested capital	15,383	11,049	9,907	1	3,047	39,387	–	39,387
Net tax assets						83	–	83
Borrowings and lease liabilities						(15,867)	–	(15,867)
<b>Total equity</b>						<b>23,603</b>	<b>–</b>	<b>23,603</b>
<b>As at 30 June 2023</b>								
Segment assets	16,809	15,803	–	416	2,476	35,504	759	36,263
Segment liabilities	(4,501)	(5,732)	–	(466)	(13)	(10,712)	–	(10,712)
Segment invested capital	12,308	10,071	–	(50)	2,463	24,792	759	25,551
Net tax assets						186	–	186
Borrowings and lease liabilities						(8,454)	–	(8,454)
<b>Total equity</b>						<b>16,524</b>	<b>759</b>	<b>17,283</b>

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Explanatory Notes on the Quarterly Report – 31 December 2023  
Amounts in RM million unless otherwise stated

**A7. Segment information (continued)**

Revenue from continuing operations comprise the following:

	<b>Half-year ended</b>	
	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers	<b>28,343</b>	22,930
Rental income	<b>1,185</b>	544
	<b>29,528</b>	23,474

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

<b>Half-year ended</b>					
<b>31 December 2023</b>	<b>Industrial</b>	<b>Motors</b>	<b>UMW</b>	<b>Others</b>	<b>Total</b>
<b><u>Continuing operations</u></b>					
<b><u>Segment revenue</u></b>					
Sale of equipment and vehicles	3,565	15,577	750	–	19,892
Sale of parts, assembly charges and provision of after-sales services	4,977	2,623	140	–	7,740
Engineering services	208	–	43 <sup>1</sup>	6	257
Commission, handling fees and others	–	432	1	21	454
	<b>8,750</b>	<b>18,632</b>	<b>934</b>	<b>27</b>	<b>28,343</b>
<b><u>Geographical location</u></b>					
Malaysia	622	4,478	908	25	6,033
China	1,167	7,970	2	–	9,139
Other countries in Asia	506	3,074	17	2	3,599
Australasia	6,455	3,110	7	–	9,572
	<b>8,750</b>	<b>18,632</b>	<b>934</b>	<b>27</b>	<b>28,343</b>
<b><u>Timing of revenue recognition</u></b>					
At a point in time	6,937	16,145	934	17	24,033
Over time	1,813	2,487	– <sup>2</sup>	10	4,310
	<b>8,750</b>	<b>18,632</b>	<b>934</b>	<b>27</b>	<b>28,343</b>

<b>Half-year ended</b>				
<b>31 December 2022</b>	<b>Industrial</b>	<b>Motors</b>	<b>Others</b>	<b>Total</b>
<b><u>Continuing operations</u></b>				
<b><u>Segment revenue</u></b>				
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
	<b>7,555</b>	<b>15,358</b>	<b>17</b>	<b>22,930</b>

<sup>1</sup> Includes revenue from the manufacturing and engineering operations.

<sup>2</sup> Less than RM1 million.

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**A7. Segment information (continued)**

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

<b>Half-year ended 31 December 2022</b>	<b>Industrial</b>	<b>Motors</b>	<b>Others</b>	<b>Total</b>
<b>Geographical location</b>				
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
	<u>7,555</u>	<u>15,358</u>	<u>17</u>	<u>22,930</u>
<b>Timing of revenue recognition</b>				
At a point in time	5,995	13,255	11	19,261
Over time	1,560	2,103	6	3,669
	<u>7,555</u>	<u>15,358</u>	<u>17</u>	<u>22,930</u>

**A8. Capital Commitments**

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

	<b>As at 31 December 2023</b>	<b>As at 30 June 2023</b>
- Property, plant and equipment	<b>1,367</b>	962
- Other capital expenditure	<b>59</b>	15
	<u><b>1,426</b></u>	<u>977</u>

On 27 December 2023, the Group had offered to acquire all the remaining ordinary shares in UMW not already held by the Group for a cash consideration of RM5.00 per ordinary share pursuant to UMW MGO. As at 31 December 2023, approximately 188.6 million UMW shares (RM943 million at RM5.00 per share) were not owned by the Group. Refer also to A10.

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**A9. Significant Related Party Transactions**

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

	<b>Half-year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
<b>a. Transactions with joint ventures and associates</b>		
<b><u>Continuing operations</u></b>		
Purchase of products and services from Sitech Construction Systems Pty Ltd	<b>10</b>	14
Contribution paid to Yayasan Sime Darby	<b>15</b>	10
Sale of goods and services to Perusahaan Otomobil Kedua Sdn Bhd and its subsidiaries and associates	<b>32</b>	–
Purchase of goods and services from Perusahaan Otomobil Kedua Sdn Bhd and its subsidiaries and associates	<b>36</b>	–
Sale of goods to UMW Toyotsu Motors Sdn Bhd	<b>12</b>	–
<b><u>Discontinued operations</u></b>		
Loans repaid by Weifang Sime Darby Liquid Terminal Co Ltd	–	6
<b>b. Transactions between subsidiaries and non-controlling interests or their affiliated companies</b>		
<b><u>Continuing operations</u></b>		
Contract assembly service provided by Inokom Corporation Sdn Bhd (“ICSB”) to Mazda Malaysia Sdn Bhd	<b>51</b>	47
Contract assembly service provided by ICSB to Kia Malaysia Sdn Bhd	<b>19</b>	12
Rental income received by ICSB from Mazda Malaysia Sdn Bhd and Bermaz Motor Trading Sdn Bhd	<b>2</b>	2
Sale of goods and services to Toyota Motors Corporation, Japan and its subsidiaries	<b>32</b>	–
Purchase of goods and services from Toyota Motors Corporation, Japan and its subsidiaries	<b>357</b>	–
Purchase of goods and services from Komatsu Ltd, Japan and its subsidiaries	<b>13</b>	–
Purchase of goods and services from Toyota Industries Corporation, Japan and its subsidiaries	<b>14</b>	–

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**A9. Significant Related Party Transactions (continued)**

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

**c. Transactions with major shareholders and companies with common major shareholders**

Permodalan Nasional Berhad (“PNB”) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad together, as at 31 December 2023, own approximately 47% of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra (“YPB”). The Group considers that, for the purpose of MFRS 124 – Related Party Disclosures, YPB and the Malaysian Government are in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government’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:

	<b>Half-year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
<b><u>Continuing operations</u></b>		
Sales, servicing and leasing of equipment and vehicles	<b>14</b>	<b>3</b>
Rental income	<b>5</b>	<b>7</b>
Royalty income invoiced	<b>2</b>	<b>–</b>

On 13 December 2023, the Group completed the acquisition of approximately 61.2% equity interest in UMW from Permodalan Nasional Berhad and Amanahraya Trustees Berhad for a total cash consideration of RM3,574 million.

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

Other than the events below, there were no material events subsequent to the end of the current quarter under review to 19 February 2024, being a date not earlier than 7 days from the date of issue of the quarterly report.

- a) On 27 December 2023, the Group had offered to acquire all the remaining ordinary shares in UMW not already held for a cash consideration of RM5.00 per ordinary share pursuant to an unconditional mandatory general offer (“UMW MGO”). As at the extended closing date of UMW MGO (31 January 2024), the Group held approximately 98.9% equity interest in UMW. On 15 January 2024, the Group invoked the provisions of subsection 222(1) of the Capital Markets and Services Act 2007 and will issue a compulsory acquisition notice to all other remaining shareholders within two months from 15 January 2024. UMW was delisted from Bursa Malaysia on 19 February 2024.

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

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

1. Acquisition of subsidiaries

- i. On 1 November 2023, the Group completed the acquisition of the entire equity interest in Cavpower group, the Caterpillar dealer in South Australia, for a provisional purchase consideration of AUD535 million (RM1,615 million), subject to finalisation of the completion accounts.

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

Fair value of net assets acquired	792
Goodwill (provisional)	823
Purchase consideration	1,615
Less: balance consideration payable	(30)
Less: cash and cash equivalents of subsidiaries acquired	(120)
Net cash outflow on acquisition	1,465

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

- ii. On 13 December 2023, the Group completed the acquisition of approximately 61.2% equity interest in UMW from Permodalan Nasional Berhad and Amanahraya Trustees Berhad for a purchase consideration of RM3,574 million. Acquisition accounting was adopted for this acquisition.

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

Fair value of net assets acquired	8,787
Perpetual sukuk	(1,094)
Non-controlling interests	(4,297)
Goodwill (provisional)	178
Purchase consideration	3,574
Less: cash and cash equivalents of subsidiaries acquired	(2,920)
Net cash outflow on acquisition	654

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

As at 31 December 2023, an additional 22.7% equity interest in UMW was acquired by the Group as a result of the UMW MGO (refer to A10). Details of the net cash outflow are as follows:

Purchase consideration inclusive of transaction costs	1,328
Less: balance consideration payable	(1,278)
Net cash outflow on acquisition of additional interest in subsidiaries	50

2. Disposal of joint venture

On 28 December 2023, the Group completed the disposal of its entire 50% equity interest in Ramsay Sime Darby Health Care Sdn Bhd ("RSDH") for a cash consideration of approximately RM2,842 million. Details of the net cash inflow are as follows:

Cash consideration received	2,842
Less: transaction costs paid	(1)
Net cash inflow on disposal	2,841



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**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. A liability from the performance would only arise in the event the Group fails to fulfil its contractual obligations.

The performance guarantees are as follows:

	<b>As at</b> <b>31 December 2023</b>	<b>As at</b> <b>30 June 2023</b>
<b><u>Continuing operations</u></b>		
Performance guarantees and advance payment guarantees to customers of the Group	<u>2,253</u>	<u>2,184</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 2023, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM118 million (30 June 2023: RM197 million).

b) Claims

	<b>As at</b> <b>31 December 2023</b>	<b>As at</b> <b>30 June 2023</b>
<b><u>Continuing operations</u></b>		
Potential claims	<u>14</u>	<u>12</u>

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

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**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		
	2023	2022	% +/(–)	2023	2022	% +/(–)
<b><u>Continuing operations</u></b>						
Revenue	<u>15,548</u>	<u>11,292</u>	37.7	<u>29,528</u>	<u>23,474</u>	25.8
Segment results:						
Industrial	351	224	56.7	709	440	61.1
Motors	192	151	27.2	395	327	20.8
UMW	46	–		46	–	
Others	9	43	(79.1)	13	36	(63.9)
	<u>598</u>	<u>418</u>	43.1	<u>1,163</u>	<u>803</u>	44.8
Gain on disposal of Malaysia Vision Valley (“MVV”) land	–	–		279	–	
Foreign exchange gain from repayment of net investments	12	12		25	12	
Corporate expenses	<u>(20)</u>	<u>(25)</u>		<u>(47)</u>	<u>(43)</u>	
<b>Profit before interest and tax</b>	<b>590</b>	<b>405</b>	<b>45.7</b>	<b>1,420</b>	<b>772</b>	<b>83.9</b>
Finance income	29	12		56	23	
Finance costs	<u>(167)</u>	<u>(68)</u>		<u>(296)</u>	<u>(125)</u>	
<b>Profit before tax</b>	<b>452</b>	<b>349</b>	<b>29.5</b>	<b>1,180</b>	<b>670</b>	<b>76.1</b>
Taxation	<u>(140)</u>	<u>(103)</u>		<u>(294)</u>	<u>(200)</u>	
<b>Profit from continuing operations</b>	<b>312</b>	<b>246</b>	<b>26.8</b>	<b>886</b>	<b>470</b>	<b>88.5</b>
Perpetual sukuk	(4)	–		(4)	–	
Non-controlling interests	<u>(48)</u>	<u>(7)</u>		<u>(57)</u>	<u>(27)</u>	
<b>Profit from continuing operations attributable to owners of the Company</b>	<b>260</b>	<b>239</b>	<b>8.8</b>	<b>825</b>	<b>443</b>	<b>86.2</b>
<b><u>Discontinued operations</u></b>						
Profit from discontinued operations attributable to owners of the Company	<u>2,028</u>	<u>150</u>		<u>2,052</u>	<u>153</u>	
<b>Profit attributable to owners of the Company</b>	<b><u>2,288</u></b>	<b><u>389</u></b>	<b>&gt;100.0</b>	<b><u>2,877</u></b>	<b><u>596</u></b>	<b>&gt;100.0</b>

An analysis of the results for the quarter ended 31 December 2023 against the quarter ended 31 December 2022 is as follows:

The Group’s profit from continuing operations attributable to owners of the Company (“Net Profit”) was higher by 8.8% at RM260 million mainly due to higher profits from the Industrial division, partly offset by higher finance costs.

**a) Industrial**

Profit before interest and tax (“PBIT”) increased by 56.7% to RM351 million in the current quarter, mainly attributed to higher profit from Australasia operations. The higher profit was contributed by higher product support and new equipment revenue as well as profit contribution from Onsite Rental (acquired in April 2023) and Cavpower group (acquired in November 2023).

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**B1. Review of Group Performance (continued)**

An analysis of the results for the quarter ended 31 December 2023 against the quarter ended 31 December 2022 is as follows (continued):

**b) Motors**

PBIT increased by 27.2% to RM192 million in the current quarter. PBIT for Malaysia increased by 84.3% from RM70 million to RM129 million, largely attributed to higher revenue (50% increase) while PBIT of the Singapore operations increased by 87.5% mainly due to higher electric vehicle sales. The China operations recorded a loss before interest and tax of RM16 million (compared to a PBIT of RM15 million in the previous corresponding period), mainly due to low vehicle margins at the Mainland China operations.

**c) UMW**

Profit contribution after completion of the acquisition of 61.2% equity interest in UMW on 13 December 2023. This was partially offset by the acquisition related expenses.

**d) Others**

The previous corresponding period included foreign exchange gains relating to the companies of the former Logistics division of RM26 million.

**e) Finance costs**

The higher finance costs in the current quarter were mainly due to borrowings raised for the UMW, Onsite Rental and Cavpower acquisitions as well as working capital requirements.

**f) Discontinued operations**

The current quarter includes gain on disposal of Ramsay Sime Darby Health Care (“RSDH”) of RM2,007 million. The previous corresponding quarter included gain on disposal of the Weifang port companies of RM147 million.

An analysis of the results for the half-year ended 31 December 2023 against the half-year ended 31 December 2022 is as follows:

The Group’s Net Profit from continuing operations was higher by 86.2% at RM825 million. Included in the results is the gain on disposal of MVV land to Sime Darby Property of RM251 million (after tax). Excluding this, the Group’s Net Profit from continuing operations would be still higher by 29.6% mainly due to higher profit from Industrial Australasia.

**a) Industrial**

PBIT was higher by 61.1% at RM709 million largely due to higher profit from the Australasia operations. This was mainly attributed to higher profits from the product support and mining equipment segments as well as contribution from Onsite Rental and Cavpower group as explained in the results for the quarter ended 31 December 2023.

**b) Motors**

PBIT was higher by 20.8% at RM395 million primarily due to higher profits from Malaysian operations but partly offset by significantly lower profits from the China operations, as explained in the results for quarter ended 31 December 2023.

The variance for UMW, Others, finance costs and discontinued operations were mainly due to similar reasons as explained in the results for the quarter ended 31 December 2023.

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

	Quarter ended		
	31 December 2023	30 September 2023	% +/(–)
<b><u>Continuing operations</u></b>			
Revenue	<u>15,548</u>	<u>13,980</u>	11.2
Segment results:			
Industrial	351	358	(2.0)
Motors	192	203	(5.4)
UMW	46	–	
Others	9	4	>100.0
	<u>598</u>	<u>565</u>	5.8
Gain on disposal of MVV land	–	279	
Foreign exchange gain from repayment of net investments	12	13	
Corporate expenses	<u>(20)</u>	<u>(27)</u>	
<b>Profit before interest and tax</b>	<b>590</b>	<b>830</b>	<b>(28.9)</b>
Finance income	29	27	
Finance costs	<u>(167)</u>	<u>(129)</u>	
<b>Profit before tax</b>	<b>452</b>	<b>728</b>	<b>(37.9)</b>
Taxation	<u>(140)</u>	<u>(154)</u>	
<b>Profit from continuing operations</b>	<b>312</b>	<b>574</b>	<b>(45.6)</b>
Perpetual sukuk	(4)	–	
Non-controlling interests	<u>(48)</u>	<u>(9)</u>	
<b>Profit from continuing operations attributable to owners of the Company</b>	<b>260</b>	<b>565</b>	<b>(54.0)</b>
<b><u>Discontinued operations</u></b>			
Profit from discontinued operations attributable to owners of the Company:	<u>2,028</u>	<u>24</u>	
<b>Profit attributable to owners of the Company</b>	<b><u>2,288</u></b>	<b><u>589</u></b>	<b>&gt;100.0</b>

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

The Group's Net Profit from continuing operations in the current quarter was 54.0% lower as the preceding quarter included the gain on disposal of MVV land to Sime Darby Property of RM251 million (after tax). Excluding this, the Group's Net Profit from continuing operations was lower by 17.2% due to slightly lower profits from both Industrial and Motors divisions as well as higher finance costs.

**a) Industrial**

PBIT decreased by 2% to RM351 million in the current quarter predominantly due to lower profit from the Australasia operations, which registered lower parts revenue and higher expenses.

**b) Motors**

PBIT declined by 5.4% to RM192 million primarily due to higher operating losses at the Mainland China operations and lower profits from the New Zealand operations mainly due to lower revenue.

This was partly mitigated by higher profits from the Malaysia and Singapore operations as explained in B1.

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

**c) Finance costs**

The higher finance costs in the current quarter was mainly due to borrowings raised for the UMW and Cavpower acquisitions in the current quarter.

The variance for UMW and discontinued operations were mainly due to similar reasons as explained in the results for the quarter ended 31 December 2023 in B1.

**B3. Prospects**

The Group's operations in the current year continue to be impacted by the challenging business environment in China. In addition, risks to global economic growth remains elevated with the continued high interest rates and geopolitical tensions.

The Industrial division's operations in Australia continues to maintain a robust order book due to strong demand from the mining sector supported by high commodity prices. The outlook for China's industrial equipment remains uncertain with the continued distress in the property market. The recent acquisitions of Onsite Rental (acquired in April 2023) and Cavpower group (acquired in November 2023) are expected to contribute positively to the Industrial division's results.

The intense competition in the automotive industry in Mainland China would adversely impact the Motors Division's profitability. In Malaysia, consumer sentiment is likely to be affected by higher service tax (from 6% to 8%) as well as targeted subsidy rationalisation in the latter half of the year. However, ongoing new model launches, improved supply chains and stable interest rates are expected to sustain demand.

The acquisition of UMW is expected to further strengthen the Group's automotive footprint in Malaysia with strategic partners such as Toyota and Perodua and create exposure to the high-growth material handling business. The acquisition is expected to contribute positively to the Group's results going forward.

With the one-off gains from disposal of non-core assets in the current financial year, the Board expects the Group's financial performance for the financial year ending 30 June 2024 to be significantly better than that of financial year ended 30 June 2023.

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

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

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**B5. Profit before tax**

	Quarter ended 31 December		Half-year ended 31 December	
	2023	2022	2023	2022
Included in operating profit of continuing operations are:				
Depreciation and amortisation	(451)	(294)	(854)	(585)
Inventory write-down and provision	(45)	(71)	(90)	(90)
Reversal of impairment of receivables (net)	4	13	1	9
(Impairment of fixed assets)/Reversal of impairment of fixed assets (net)	–	–	(1)	1
Gain on disposal of properties	–	–	279	–
Fair value gain on financial assets at fair value through profit or loss	1	1	2	1
Net gain/(loss) on disposal of other fixed assets	–	1	(2)	1
Net foreign exchange gain	23	50	32	25
Net loss on derivatives	(8)	(9)	(6)	(5)
Net gain on lease modification/termination	1	1	1	1

**B6. Taxation**

	Quarter ended 31 December		Half-year ended 31 December	
	2023	2022	2023	2022
<b>Continuing operations</b>				
Current tax:				
- current year	148	118	307	221
- previous years	(2)	2	4	4
	<u>146</u>	<u>120</u>	<u>311</u>	<u>225</u>
Deferred tax:				
- origination and reversal of temporary differences and other deferred tax adjustments	(6)	(17)	(17)	(25)
	<u>140</u>	<u>103</u>	<u>294</u>	<u>200</u>
<b>Discontinued operations</b>	<u>–</u>	<u>(5)</u>	<u>–</u>	<u>(4)</u>

The effective tax rate of continuing operations (excluding share of results of joint ventures and associates) for the current quarter ended and half-year ended 31 December 2023 of 33.3% and 25.8% respectively were higher than the applicable tax rate of 25.4% and 25.3% respectively.

The higher effective tax rate in the current quarter ended 31 December 2023 was mainly due to the impact of non-deductible expenses.

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**B7. Status of Corporate Proposals**

The corporate proposals announced but not completed as at 15 February 2024 are as follows:

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

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

- b) On 27 December 2023, the Group had offered to acquire all the remaining ordinary shares in UMW not already held pursuant to the UMW MGO. On 15 January 2024, the Group invoked the provisions of subsection 222(1) of the CMSA and will issue a compulsory acquisition notice to all other remaining shareholders, within two months from 15 January 2024. Refer also to A10.

**B8. Group Borrowings**

The breakdown of the borrowings as at 31 December 2023 is as follows:

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
<u>Long-term</u>			
Term loans and other long-term borrowings	18	3,579	3,597
Sukuk and Islamic term loans	52	1,250	1,302
	<u>70</u>	<u>4,829</u>	<u>4,899</u>
<u>Short-term</u>			
Term loans and other long term borrowings due within one year	11	420	431
Sukuk and Islamic term loans due within one year	29	3,012	3,041
Bank overdrafts	–	256	256
Islamic financing	–	2,050	2,050
Revolving credits, bankers acceptances, trade facilities and other short-term borrowings	–	2,416	2,416
	<u>40</u>	<u>8,154</u>	<u>8,194</u>
Total borrowings	<u>110</u>	<u>12,983</u>	<u>13,093</u>

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**B8. Group Borrowings (continued)**

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

	Long-term borrowings	Short-term borrowings	Total
Ringgit Malaysia	1,324	5,319	6,643
Australian dollar	3,557	1,258	4,815
Chinese renminbi	–	219	219
Hong Kong dollar	–	89	89
New Zealand dollar	–	756	756
Pacific franc	18	36	54
Singapore dollar	–	122	122
Taiwan dollar	–	189	189
Thailand baht	–	126	126
United States dollar	–	37	37
European Union euro	–	15	15
Indonesian rupiah	–	28	28
Total borrowings	<u>4,899</u>	<u>8,194</u>	<u>13,093</u>

Secured borrowings are secured by fixed and floating charges over certain assets in certain subsidiaries in Malaysia and New Caledonia.

**B9. Financial Instruments**

a) Derivatives

The Group uses forward foreign exchange contracts and interest rate swap contracts primarily to manage its exposure to financial risks. The fair values of these contracts as at 31 December 2023 are as follows:

	Classification in Statement of Financial Position		Net fair value
	Assets	Liabilities	
Forward foreign exchange contracts	26	(45)	(19)
Interest rate swap contracts	3	–	3
Embedded derivatives	6	–	6
	<u>35</u>	<u>(45)</u>	<u>(10)</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 2023 except for embedded derivatives arising from the acquisition of UMW which has the similar risks as forward foreign exchange contracts.



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**B9. Financial Instruments (continued)**

a) Derivatives (continued)

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

	<b>Notional amount</b>	<b>Net fair value liabilities</b>
- less than 1 year	5,657	(19)
- 1 year to 3 years	3	(-) <sup>1</sup>
	<u>5,660</u>	<u>(19)</u>

<sup>1</sup> 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 to adverse fluctuations in interest rates on underlying debt instruments. The differences between the rates calculated by reference to the agreed notional principal amounts are exchanged at periodic intervals. All changes in fair value during the period are recognised in other comprehensive income unless hedge accounting is not applied, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

As at 31 December 2023, the notional amount, fair value and maturity tenor of the interest rate swap contracts are as follows:

	<b>Notional Amount</b>	<b>Fair Value Assets</b>
- less than 1 year	<u>116</u>	<u>3</u>

Embedded derivatives

Embedded derivatives relate to purchase contracts entered into with suppliers. The purchase price in these contracts is denominated in USD and subject to periodic price review.

As at 31 December 2023, the notional amount, fair value and maturity tenor of the embedded derivatives are as follows:

	<b>Notional Amount</b>	<b>Fair Value Assets</b>
- less than 1 year	<u>920</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 (“FVTPL”)

The fair values of quoted investment in money market fund and quoted shares are based on quoted market prices in active markets (Level 1). The fair values of the remaining financial assets at FVTPL 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. The following table presents the Group’s financial assets at FVTPL into three different levels as defined above:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL	303	–	71	374

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 and embedded derivatives 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 15 February 2024 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 RM378 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.

On 25 October 2023, the Court granted our application to set aside the subpoenas served on a director and a former director, Tan Sri Samsudin and Tan Sri Ahmad Tajuddin, to appear as witnesses. As such, they were not required to attend Court to testify.

The Court on the 25 October 2023 date also recorded that the hearing for the assessment of damages for the Oil & Gas suit has concluded but the Court has yet to decide on the assessment of damages. Parties have filed their written submissions and are expected to file their respective replies by 21 February 2024.

**b) Bakun Hydroelectric Project (“Bakun Project”) and the Indemnity Agreement Civil Suit (“Bakun Suit”)**

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

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

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

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**B10. Material Litigation (continued)**

Changes in material litigation since the date of the last audited annual statement of financial position up to 15 February 2024 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 RM3.0 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 RM364 million).

On 22 March 2018, the tribunal ordered ONGC to pay the Consortium a net sum of USD5.12 million (approximately RM24 million), together with interest at 14% per annum, as full and final settlement of all claims. On 27 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 RM26 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 Court had fixed 6 March 2024 to hear the application to set aside the arbitration award.

**B11. Dividend**

The Board has declared an interim dividend of 3.0 sen per share in respect of the financial year ending 30 June 2024. The dividend is proposed to be payable on 27 March 2024 to shareholders whose name appears in the Record of Depositors as at the close of business on 8 March 2024.

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 8 March 2024 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 3.0 sen per share.

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**B12. Earnings Per Share**

	Quarter ended 31 December		Half-year ended 31 December	
	2023	2022	2023	2022
Basic earnings per share attributable to owners of the Company are computed as follows:				
Profit attributable to owners of the Company from:				
- continuing operations	<b>260</b>	239	<b>825</b>	443
- discontinued operations	<b>2,028</b>	150	<b>2,052</b>	153
	<b><u>2,288</u></b>	<u>389</u>	<b><u>2,877</u></b>	<u>596</u>
Weighted average number of ordinary shares in issue (million)	<b><u>6,816</u></b>	<u>6,811</u>	<b><u>6,816</u></b>	<u>6,811</u>
Basic earnings per share (sen)				
- continuing operations	<b>3.8</b>	3.5	<b>12.1</b>	6.5
- discontinued operations	<b>29.8</b>	2.2	<b>30.1</b>	2.2
	<b><u>33.6</u></b>	<u>5.7</u>	<b><u>42.2</u></b>	<u>8.7</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  
21 February 2024

By Order of the Board  
Noor Zita Hassan  
Group Secretary