

QUARTERLY REPORT

On the consolidated results for the fourth quarter ended 30 June 2021

The Directors are pleased to announce the following:

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

	Note	Quarter ended 30 June		%	Year ended 30 June		%
		2021	2020		2021	2020	
Revenue	A7	11,342	8,821	28.6	44,483	36,934	20.4
Operating expenses		(10,957)	(8,604)		(42,899)	(35,703)	
Other operating income		180	234		347	342	
Other gains and losses		(71)	(44)		236	(60)	
Operating profit		494	407	21.4	2,167	1,513	43.2
Share of results of joint ventures		(66)	(96)		(44)	(62)	
Share of results of associates		–	4		58	(44)	
Profit before interest and tax	A7	428	315	35.9	2,181	1,407	55.0
Finance income		14	18		46	51	
Finance costs		(33)	(47)		(122)	(183)	
Profit before tax	B5	409	286	43.0	2,105	1,275	65.1
Taxation	B6	(178)	(97)		(575)	(402)	
Profit for the period		231	189	22.2	1,530	873	75.3
Attributable to owners of:							
- the Company		211	177	19.2	1,425	820	73.8
- non-controlling interests		20	12		105	53	
Profit for the period		231	189	22.2	1,530	873	75.3
		Sen	Sen		Sen	Sen	
Basic earnings per share attributable to owners of the Company	B12	3.1	2.6	19.2	20.9	12.1	72.7

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 2020.

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

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

	Quarter ended 30 June		Year ended 30 June	
	2021	2020	2021	2020
Profit for the period	231	189	1,530	873
Other comprehensive income:				
Items that will be reclassified subsequently to profit or loss:				
Currency translation differences	19	495	433	133
Share of other comprehensive income of joint ventures and associates	3	24	16	4
Net changes in fair value of cash flow hedges	(4)	19	5	19
Tax expense	–	(5)	(2)	(5)
	18	533	452	151
Currency translation differences on repayment of net investment and disposal of subsidiaries and associate reclassified to profit or loss	15	(8)	10	(7)
Changes in fair value of cash flow hedges reclassified to profit or loss and inventories	(25)	(11)	(16)	(8)
Tax credit	9	4	6	2
	17	518	452	138
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain/(loss) on defined benefit pension plans	11	(4)	11	(4)
Share of actuarial gain on defined benefit pension plans of a joint venture	–	–	2	1
Total other comprehensive income	28	514	465	135
Total comprehensive income for the period	259	703	1,995	1,008
Attributable to owners of:				
- the Company	236	694	1,876	954
- non-controlling interests	23	9	119	54
Total comprehensive income for the period	259	703	1,995	1,008

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 2020.

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

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

	Note	Unaudited As at 30 June 2021	Audited As at 30 June 2020
<u>Non-current assets</u>			
Property, plant and equipment		6,225	6,010
Right-of-use assets		2,038	2,395
Investment properties		275	296
Intangible assets		1,629	1,596
Joint ventures and associates		1,236	1,344
Financial assets at fair value through profit or loss		146	22
Deferred tax assets		590	613
Tax recoverable		41	46
Receivables and other assets		373	230
		12,553	12,552
<u>Current assets</u>			
Inventories		8,316	8,346
Receivables, contract assets and other assets		4,388	4,096
Prepayments		673	423
Tax recoverable		48	56
Derivative assets	B9(a)	4	3
Bank balances, deposits and cash		2,473	1,694
		15,902	14,618
Assets held for sale		–	103
Total assets		28,455	27,273
<u>Equity</u>			
Share capital		9,302	9,300
Reserves		6,581	5,697
Attributable to owners of the Company		15,883	14,997
Non-controlling interests		377	416
Total equity		16,260	15,413
<u>Non-current liabilities</u>			
Borrowings	B8	373	110
Lease liabilities		1,503	1,438
Payables, contract liabilities and other liabilities		182	168
Government grants		69	153
Provisions		24	22
Deferred tax liabilities		307	331
		2,458	2,222
<u>Current liabilities</u>			
Borrowings	B8	1,454	2,121
Lease liabilities		404	376
Derivative liabilities	B9(a)	11	6
Payables and other liabilities		5,253	4,317
Contract liabilities		1,963	2,128
Provisions		420	417
Tax payable		232	273
		9,737	9,638
Total liabilities		12,195	11,860
Total equity and liabilities		28,455	27,273
Net assets per share attributable to owners of the Company (RM)		2.33	2.21

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 2020.

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

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

	Share capital	Share grant reserve	Capital reserve	Legal reserve	Hedging reserve	Exchange reserve	Retained profits	Reserves	Attributable to owners of the Company	Non-controlling interests	Total equity
Year ended 30 June 2021											
At 1 July 2020	9,300	15	233	111	3	178	5,157	5,697	14,997	416	15,413
Total comprehensive Income/(loss) for the period	-	-	-	-	(8)	446	1,438	1,876	1,876	119	1,995
Dividends paid	-	-	-	-	-	-	(952)	(952)	(952)	(36)	(988)
Dividends payable	-	-	-	-	-	-	-	-	-	(15)	(15)
Disposal of non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	-	(75)	(75)
Acquisition of non-controlling interests	-	-	-	-	-	-	(46)	(46)	(46)	(32)	(78)
Performance-based employee share scheme expenses	-	8	-	-	-	-	-	8	8	-	8
Issuance of shares under the performance-based employee share scheme	2	(2)	-	-	-	-	-	(2)	-	-	-
Transfer between reserves	-	-	(18)	10	-	-	8	-	-	-	-
At 30 June 2021	9,302	21	215	121	(5)	624	5,605	6,581	15,883	377	16,260

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

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

	Share capital	Share grant reserve	Capital reserve	Legal reserve	Hedging reserve	Exchange reserve	Retained profits	Reserves	Attributable to owners of the Company	Non-controlling interests	Total equity
Year ended											
30 June 2020											
At 1 July 2019	9,299	6	231	99	(6)	50	5,034	5,414	14,713	405	15,118
Total comprehensive income for the period	–	–	–	–	9	128	817	954	954	54	1,008
Dividends paid	–	–	–	–	–	–	(680)	(680)	(680)	(27)	(707)
Dividends payable	–	–	–	–	–	–	–	–	–	(10)	(10)
Acquisition of non-wholly owned subsidiary	–	–	–	–	–	–	–	–	–	3	3
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	(1)	(1)
Capital repayment by a non-wholly owned subsidiary	–	–	–	–	–	–	–	–	–	(8)	(8)
Performance-based employee share scheme expenses	–	10	–	–	–	–	–	10	10	–	10
Issuance of shares under the performance-based employee share scheme	1	(1)	–	–	–	–	–	(1)	–	–	–
Transfer between reserves	–	–	2	12	–	–	(14)	–	–	–	–
At 30 June 2020	9,300	15	233	111	3	178	5,157	5,697	14,997	416	15,413

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 2020.

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

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

		Year ended 30 June	
	Note	2021	2020
Cash flow from operating activities			
Profit for the period		1,530	873
Adjustments for:			
Dividend income from financial assets		(113)	(120)
Share of results of joint ventures and associates		(14)	106
Finance income		(46)	(51)
Finance costs		122	183
Taxation		575	402
Loss on disposal of subsidiaries		2	–
Net gain on disposal of associates		(293)	–
Net gain on disposal of other assets		(40)	(43)
Depreciation and amortisation		1,155	1,053
Impairments and write offs of fixed assets (net)		104	20
Impairments and write offs of receivables (net)		1	72
Inventory write-down and provision (net)		44	242
Fair value (gain)/loss on financial assets at fair value		(1)	72
Other non-cash items		(2)	21
		3,024	2,830
Changes in working capital:			
Inventories		742	947
Rental assets		(783)	(677)
Trade, other receivables and prepayments		(313)	465
Trade, other payables and provisions		461	(524)
		3,131	3,041
Cash generated from operations			
Tax paid		(616)	(269)
Dividends received from associates and joint ventures		125	120
Dividends received from financial assets		113	120
		2,753	3,012
Net cash from operating activities			
Cash flow from investing activities			
Finance income received		35	36
Purchase of fixed assets		(510)	(556)
Acquisition of subsidiaries		–	(534)
Acquisition of businesses		(26)	(456)
Subscription of shares in an associate and a joint venture		(1)	(2)
Addition to financial assets at fair value through profit or loss		(2)	(8)
Proceeds from sale of subsidiaries	A11	19	1
Proceeds from sale of associates	A11	387	–
Proceeds from sale of fixed assets		182	85
Net loans repaid by/(paid to) joint ventures		1	(17)
Capital repayment by an associate		–	24
		85	(1,427)
Net cash from/(used in) investing activities			

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

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

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

		Year ended 30 June	
	Note	2021	2020
Cash flow from financing activities			
Finance costs paid		(45)	(116)
Net borrowings repaid		(477)	(315)
Repayment of lease liabilities		(500)	(447)
Purchase of additional interest in a subsidiary	A11	(78)	(1)
Capital repayment by a subsidiary		–	(8)
Dividends paid to shareholders		(952)	(680)
Dividends paid to non-controlling interests ¹		(46)	(27)
Net cash used in financing activities		(2,098)	(1,594)
Net increase/(decrease) in cash and cash equivalents		740	(9)
Foreign exchange differences		27	30
Cash and cash equivalents at beginning of the period		1,650	1,629
Cash and cash equivalents at end of the period		2,417	1,650
For the purpose of the Statement of Cash Flows, cash and cash equivalents comprised the following:			
Bank balances, deposits and cash		2,473	1,694
Less:			
Bank overdrafts	B8	(56)	(44)
		2,417	1,650

¹ Dividends paid to other shareholders of non-wholly owned subsidiaries. The amount paid in the current period includes RM10 million declared in the previous financial year.

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 2020.

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 2020.

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 2020, except as set out below.

a) New accounting pronouncements

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

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

- Conceptual Framework for Financial Reporting: The Reporting Entity and corresponding amendments to references in the relevant standards
- Amendments to MFRS 3 ‘Definition of a Business’
- Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’
- Amendments to MFRS 9, MFRS 139 and MFRS 7 ‘Interest Rate Benchmark Reform’
- Amendments to MFRS 16 Leases ‘COVID-19-Related Rent Concessions beyond 30 June 2021’

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

Effective for annual reporting periods beginning on or after 1 January 2021

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 ‘Interest Rate Benchmark Reform – Phase 2’

Effective for annual reporting periods beginning on or after 1 January 2022

- Annual improvements to MFRS standards 2018 – 2020: Amendments to MFRS 9 ‘Fees in the 10% test for derecognition of financial liabilities’ and Illustrative examples accompanying MFRS 16 ‘Lease incentives’.
- Amendments to MFRS 3 ‘Reference to Conceptual Framework’
- Amendments to MFRS 116 ‘Proceeds before intended use’
- Amendments to MFRS 137 ‘Onerous contracts – cost of fulfilling a contract’

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

- MFRS 17 – Insurance Contracts and amendments to MFRS 17
- Amendments to MFRS 101 ‘Classification of Liabilities as Current or Non-current’
- Amendments to MFRS 101 ‘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’

- 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 and MFRS 128 ‘Sale or Contribution of Assets between an Investor and its Associate or Joint Venture’.

A2. Seasonal or Cyclical Factors

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

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

Except as disclosed in the financial statements on pages 1 to 7 and Notes B1, B2, B5 and B6, 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 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.

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 18 November 2020, the Company issued 560,000 new ordinary shares under the Performance-Based Employee Share Scheme of FY2018/19 Restricted Share Grant at an issue price of RM2.203 and 529,600 new ordinary shares under the Performance-Based Employee Share Scheme FY2019/20 Restricted Share Grant at an issue price of RM2.149. With the allotment of the new shares, the Company's issued and paid-up capital has increased from 6,801,447,777 ordinary shares to 6,802,537,377 ordinary shares.

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 2020 which totalled RM544 million was paid by way of cash on 30 October 2020.

An interim dividend of 2.0 sen per share amounting to RM136 million and a special dividend of 4.0 sen per share amounting to RM272 million for the financial year ending 30 June 2021 which totalled RM408 million was paid by way of cash on 11 May 2021.

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

Explanatory Notes on the Quarterly Report – 30 June 2021
Amounts in RM million unless otherwise stated

A7. Segment Information

	Industrial	Motors	Logistics	Healthcare	Others	Corporate/ Intra-group adjustments	Total
Year ended							
30 June 2021							
Segment revenue:							
External	16,004	28,235	181	–	63	–	44,483
Inter-segment	2	13	–	–	4	(19)	–
	<u>16,006</u>	<u>28,248</u>	<u>181</u>	<u>–</u>	<u>67</u>	<u>(19)</u>	<u>44,483</u>
Profit/(loss) before interest and tax	<u>909</u>	<u>1,050</u>	<u>(64)</u>	<u>15</u>	<u>357</u>	<u>(86)</u>	<u>2,181</u>
Net finance costs							(76)
Taxation							(575)
Profit for the period							<u>1,530</u>
Year ended							
30 June 2020							
Segment revenue:							
External	15,794	20,852	219	–	69	–	36,934
Inter-segment	8	33	–	–	4	(45)	–
	<u>15,802</u>	<u>20,885</u>	<u>219</u>	<u>–</u>	<u>73</u>	<u>(45)</u>	<u>36,934</u>
Profit/(loss) before interest and tax	<u>967</u>	<u>574</u>	<u>(94)</u>	<u>39</u>	<u>(36)</u>	<u>(43)</u>	<u>1,407</u>
Net finance costs							(132)
Taxation							(402)
Profit for the period							<u>873</u>
As at							
30 June 2021							
Segment assets	11,973	11,760	1,893	659	154	1,337	27,776
Segment liabilities	(2,981)	(4,418)	(149)	–	(355)	(19)	(7,922)
Segment invested capital	<u>8,992</u>	<u>7,342</u>	<u>1,744</u>	<u>659</u>	<u>(201)</u>	<u>1,318</u>	<u>19,854</u>
Net tax assets							140
Borrowings and lease liabilities							(3,734)
Total Equity							<u>16,260</u>
As at							
30 June 2020							
Segment assets	11,956	10,850	2,096	649	261	746	26,558
Segment liabilities	(3,338)	(3,210)	(264)	–	(384)	(15)	(7,211)
Segment invested capital	<u>8,618</u>	<u>7,640</u>	<u>1,832</u>	<u>649</u>	<u>(123)</u>	<u>731</u>	<u>19,347</u>
Net tax assets							111
Borrowings and lease liabilities							(4,045)
Total Equity							<u>15,413</u>

SIME DARBY BERHAD
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Explanatory Notes on the Quarterly Report – 30 June 2021
 Amounts in RM million unless otherwise stated

A7. Segment information (continued)

Revenue comprise the following:

	Year ended 30 June	
	2021	2020
Revenue from contracts with customers	43,678	36,195
Rental income	805	739
	44,483	36,934

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

Year ended 30 June 2021	Industrial	Motors	Logistics	Others	Total
Major goods and services					
Sale of equipment and vehicles	8,382	23,435	–	–	31,817
Sale of parts, assembly charges and provision of after-sales services	6,742	4,132	–	–	10,874
Engineering services	304	–	–	–	304
Port and related charges	–	–	181	–	181
Commission, handling fees and others	–	458	–	44	502
	15,428	28,025	181	44	43,678

Geographical location

Malaysia	904	4,057	–	37	4,998
China	4,632	14,053	181	2	18,868
Other countries in Asia	626	5,252	–	5	5,883
Australasia	9,266	4,663	–	–	13,929
	15,428	28,025	181	44	43,678

Timing of revenue recognition

At a point in time	12,459	24,060	–	29	36,548
Over time	2,969	3,965	181	15	7,130
	15,428	28,025	181	44	43,678

**Year ended
30 June 2020**

	Industrial	Motors	Logistics	Others	Total
Major goods and services					
Sale of equipment and vehicles	8,104	17,039	–	–	25,143
Sale of parts, assembly charges and provision of after-sales services	6,842	3,275	–	–	10,117
Engineering services	327	–	–	15	342
Port and related charges	–	–	219	–	219
Commission, handling fees and others	–	335	–	39	374
	15,273	20,649	219	54	36,195

SIME DARBY BERHAD
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Explanatory Notes on the Quarterly Report – 30 June 2021
 Amounts in RM million unless otherwise stated

A7. Segment information (continued)

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

Year ended 30 June 2020	Industrial	Motors	Logistics	Others	Total
Geographical location					
Malaysia	871	3,156	–	45	4,072
China	4,095	10,307	219	2	14,623
Other countries in Asia	704	3,843	–	7	4,554
Australasia	9,603	3,343	–	–	12,946
	<u>15,273</u>	<u>20,649</u>	<u>219</u>	<u>54</u>	<u>36,195</u>
Timing of revenue recognition					
At a point in time	12,354	17,944	–	25	30,323
Over time	2,919	2,705	219	29	5,872
	<u>15,273</u>	<u>20,649</u>	<u>219</u>	<u>54</u>	<u>36,195</u>

A8. Capital Commitments

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

	As at 30 June 2021	As at 30 June 2020
Contracted:		
- Property, plant and equipment	325	150
- Other capital expenditure	5	2
	<u>330</u>	<u>152</u>

A9. Significant Related Party Transactions

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

	Year ended 30 June	
	2021	2020
a. Transactions with joint ventures and associates		
Purchase of products and services from Sitech Construction Systems Pty Ltd	19	9
Purchase of goods from Terberg Tractors Group	15	3
Contribution paid to Yayasan Sime Darby	10	20
Loans to Weifang Sime Darby West Port Co Ltd ¹	36	–
Loans repaid by Weifang Sime Darby West Port Co Ltd ¹	36	–
Loans to Weifang Sime Darby Liquid Terminal Co Ltd	28	20
Loans repaid by Weifang Sime Darby Liquid Terminal Co Ltd	29	3

¹ Relates to exercise to effect change in the lending entity

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Explanatory Notes on the Quarterly Report – 30 June 2021
 Amounts in RM million unless otherwise stated

A9. Significant Related Party Transactions (continued)

Significant related party transactions conducted during the financial year ended 30 June are as follows:
 (continued)

	Year ended 30 June	
	2021	2020
b. Transactions between subsidiaries and non-controlling interests		
Contract assembly service provided by Inokom Corporation Sdn Bhd (“ICSB”) to Mazda Malaysia Sdn Bhd	99	96
Rental income received by ICSB from Mazda Malaysia Sdn Bhd	2	2
Sale of motor vehicles and parts by Jaguar Land Rover (M) Sdn Bhd to Sisma Auto Sdn Bhd	23	30
c. Transactions with Directors and key management personnel and their close family members		
Sale of motor vehicles by the Group	2	– ¹
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 30 June 2021, 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 the Sime Darby Plantation Berhad group are as follows:

	Year ended 30 June	
	2021	2020
Sales, servicing and leasing of equipment and vehicles	25	20
Rental income	11	7
Royalty income	2	2
Foreign currency payment arrangement	54	117

¹ Less than RM1 million

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

There were no material events subsequent to the end of the current quarter under review to 19 August 2021, being a date not earlier than 7 days from the date of issue of the quarterly report.

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Explanatory Notes on the Quarterly Report – 30 June 2021
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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. Disposal of associates

On 18 December 2020, Sime Darby Allied Products Berhad, an indirect wholly-owned subsidiary of the Group, completed the disposal of its entire 30% equity interest in Tesco Stores (Malaysia) Sdn Bhd (“Tesco Malaysia”) for a total cash consideration of RM300 million. The gain on disposal before and after tax, after including transaction costs, amounted to RM294 million and RM272 million respectively.

On 26 March 2021, Sime Darby Nominees Sendirian Berhad, an indirect wholly-owned subsidiary of the Group, completed the disposal of its entire 10.89% equity interest in Eastern & Oriental Berhad (“E&O”), for a total cash consideration of RM93.5 million. The Group recognised share of results (including reversal of impairment) of RM34 million and a loss on disposal (arising from reclassification of exchange loss in exchange reserves to profit or loss) of RM1 million.

2. Disposal of subsidiaries

On 15 December 2020, Sime Darby Overseas (HK) Limited, an indirect wholly-owned subsidiary of the Group, completed the disposal of its entire 70% equity interest in Jining Sime Darby Port Co., Ltd, Jining Sime Darby Longgong Port Co., Ltd and Jining Sime Darby Taiping Port Co., Ltd for a total consideration of RMB293.9 million (approximately RM183 million). Part of the consideration was subsequently used to subscribe to 49% equity interest in Jining Port and Shipping Services Co Ltd (“JPSPS”). As the transactions are inter-conditional, they are reported as one transaction. The equity interest in JPSPS is recognised as a financial asset at fair value through profit or loss (“FVTPL”) as the Group would not have significant influence in JPSPS. JPSPS would be divested over 3 years for a total consideration of RMB213.7 million (approximately RM132 million).

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

Net assets	250
Non-controlling interest	(75)
Total share of net assets disposed	175
Loss on disposal of subsidiaries	(2)
Less: net exchange gain included in the loss on disposal	(4)
Proceeds from disposal, net of transaction costs	169
Less: reinvestment of proceeds in financial assets at FVTPL	(118)
Less: balance consideration receivable after 3 years	(23)
Less: cash and cash equivalents of subsidiaries disposed	(9)
Net cash inflow from disposal of subsidiaries	19

3. Acquisition of non-controlling interests

On 25 December 2020, the Group’s wholly-owned subsidiary, Bow Ma Motors (South China) Limited completed the acquisition of the remaining 35% equity interest in Guangdong Deda Bow Ma Motor Service Co Ltd (“GDDD”) for a consideration of RMB126 million (approximately RM78 million), resulting in GDDD becoming a wholly-owned subsidiary of the Group.

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

The performance guarantees and financial guarantees are as follows:

	As at 30 June 2021	As at 30 June 2020
Performance guarantees and advance payment guarantees to customers of the Group	2,218	2,100
Guarantees in respect of credit facilities granted to certain joint ventures	197	212
	<u>2,415</u>	<u>2,312</u>

In addition, the Group guarantees the payment from its customers under a risk sharing arrangement with a third party leasing company in connection with the sale of its equipment up to a pre-determined amount. As at 30 June 2021, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM431 million (30 June 2020: RM324 million).

b) Claims

	As at 30 June 2021	As at 30 June 2020
Potential claims	<u>18</u>	<u>15</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 30 June			Year ended 30 June		
	2021	2020	% +/(-)	2021	2020	% +/(-)
Revenue	<u>11,342</u>	<u>8,821</u>	28.6	<u>44,483</u>	<u>36,934</u>	20.4
Segment results:						
Industrial	246	204	20.6	909	967	(6.0)
Motors	295	194	52.1	1,050	574	82.9
Logistics	(73)	(101)	27.7	(64)	(94)	31.9
Healthcare	(4)	(6)	33.3	15	39	(61.5)
Others	3	26	(88.5)	357	(36)	>100.0
	<u>467</u>	<u>317</u>	47.3	<u>2,267</u>	<u>1,450</u>	56.3
Foreign exchange (loss)/gain from repayment of net investments	(15)	8		(13)	7	
Corporate expenses and eliminations	<u>(24)</u>	<u>(10)</u>		<u>(73)</u>	<u>(50)</u>	
Profit before interest and tax	428	315	35.9	2,181	1,407	55.0
Finance income	14	18		46	51	
Finance costs	<u>(33)</u>	<u>(47)</u>		<u>(122)</u>	<u>(183)</u>	
Profit before tax	409	286	43.0	2,105	1,275	65.1
Taxation	<u>(178)</u>	<u>(97)</u>		<u>(575)</u>	<u>(402)</u>	
Profit for the period	231	189	22.2	1,530	873	75.3
Non-controlling interests	<u>(20)</u>	<u>(12)</u>		<u>(105)</u>	<u>(53)</u>	
Profit attributable to owners of the Company	211	177	19.2	1,425	820	73.8

An analysis of the results for the quarter ended 30 June 2021 against the quarter ended 30 June 2020 is as follows:

The Group's profit attributable to owners of the Company ("Net Profit") increased by 19.2% mainly due to the strong performance of the Motors division.

a) Industrial

Profit before interest and tax ("PBIT") increased by 20.6% to RM246 million in the current quarter mainly due to higher profit from the Australasia operations (higher by 70.1%) which was partly offset by lower PBIT from the China operations (lower by 61.4%) as it faced intense competition that resulted in lower margins. PBIT from the Australasian operations increased mainly due to higher equipment revenue and better results from New Zealand, which was affected by movement restrictions in the previous corresponding period. The previous corresponding period also included a fair value loss on financial assets of RM61 million partly offset against a reversal of impairment of assets in Papua New Guinea ("PNG") of RM32 million.

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B1. Review of Group Performance (continued)

An analysis of the results for the quarter ended 30 June 2021 against the quarter ended 30 June 2020 is as follows: (continued)

b) Motors

The division recorded an increase in PBIT of 52.1% to RM295 million in the current quarter. Included in the results for the quarter are dividend income of RM113 million (previous corresponding period: RM120 million), gain on disposal of properties of RM38 million and impairment of leasehold land of RM89 million (previous corresponding period: RM26 million, net of compensation income). Excluding these one-off items, PBIT increased by 133.0% comparatively.

The China operations continued to record strong year-on-year growth with higher revenue and margins.

For the Malaysia operations, even excluding dividend income and gain on disposal of properties, profit was higher in the current quarter as the adverse impact of movement restrictions was more significant in the previous corresponding quarter. In addition, the assembly operations also recorded higher profit due to recognition of claims from customers.

The New Zealand operations recorded higher profit as it was affected by movement restrictions in the previous corresponding period.

c) Logistics

The loss for the current quarter was lower mainly because it included lower impairment of RM85 million as compared to the previous corresponding period which included impairments of RM127 million partly offset against gain on disposal of sea-use-rights and related assets of RM18 million.

d) Healthcare

The loss for the quarter was mainly due to additional write-down of deferred tax assets and impairment of assets while the loss in the previous corresponding period was mainly due to impairment of assets.

e) Others

Profit was lower as the previous corresponding period included income from the settlement of the Qatar Petroleum legal case of RM15 million.

f) Corporate expenses

The increase in corporate expenses was mainly due to the higher accrued expenses and increased resources for the sustainability and information technology functions given the increased emphasis by the Group on sustainability, safety, digitalisation and cybersecurity.

g) Finance costs

Finance costs were lower mainly due to lower average borrowings in the current quarter.

B1. Review of Group Performance (continued)

An analysis of the results for the financial year ended 30 June 2021 against the financial year ended 30 June 2020 is as follows:

The Group's Net Profit increased by 73.8% mainly due to the gain on disposal of Tesco Malaysia of RM272 million (net of tax) and share of results of E&O, net of loss on disposal, of RM33 million in the current year. Excluding these, the Group's Net Profit would have increased by 36.6% mainly due to the strong performance of the Motors division.

a) Industrial

Profit decreased by 6.0% to RM909 million mainly due to a 19.3% decline in PBIT from the China operations as margins were adversely impacted by strong competition despite higher revenue recognised.

The Australasia operations' PBIT was marginally lower than the previous year despite that the previous year's results included a fair value loss on financial assets of RM72 million which was partly offset against a reversal of impairment of assets in PNG of RM32 million. Excluding these items, PBIT was lower mainly due to lower equipment and parts revenue in Australia, partly offset by better performance from the New Zealand operations which were adversely affected by movement restrictions in the previous year.

b) Motors

PBIT increased by 82.9% to RM1,050 million mainly due to the higher profit across all regions as they were generally more adversely impacted by movement restrictions in the previous year. Included in the result of current year are dividend income of RM113 million (previous year: RM120 million), goods and services tax refund of RM39 million, gain on disposal of properties of RM38 million and impairment of leasehold land of RM89 million (previous year: RM26 million, net of compensation income). Excluding these items, profit increased by 97.7%.

c) Healthcare

Profit decreased by 61.5% to RM15 million mainly due to dividend withholding tax and write-down of deferred tax assets in the Ramsay Sime Darby Health Care group during the year.

d) Others

The results for current period included gain on disposal of Tesco Malaysia of RM294 million (before tax) and share of results of E&O, net of loss on disposal, of RM33 million (previous corresponding period: share of loss and impairment of RM58 million).

The variance for Logistics, corporate expenses and finance costs are as explained in notes (c), (f) and (g) in the results for the quarter ended 30 June 2021.

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

	Quarter ended		
	30 June 2021	31 March 2021	% +/(-)
Revenue	<u>11,342</u>	<u>11,021</u>	2.9
Segment results:			
Industrial	246	211	16.6
Motors	295	250	18.0
Logistics	(73)	–	–
Healthcare	(4)	(6)	33.3
Others	3	22	(86.4)
	<u>467</u>	<u>477</u>	(2.1)
Foreign exchange loss from repayment of net investments	(15)	–	
Corporate expenses and eliminations	(24)	(14)	
Profit before interest and tax	<u>428</u>	<u>463</u>	(7.6)
Finance income	14	11	
Finance costs	(33)	(28)	
Profit before tax	<u>409</u>	<u>446</u>	(8.3)
Taxation	(178)	(121)	
Profit for the period	<u>231</u>	<u>325</u>	(28.9)
Non-controlling interests	(20)	(25)	
Profit attributable to owners of the Company	<u>211</u>	<u>300</u>	(29.7)

An analysis of the results for the quarter ended 30 June 2021 against the quarter ended 31 March 2021 is as follows:

The Group's Net Profit decreased by 29.7% against the preceding quarter mainly due to impairments recognised in the current quarter.

a) Industrial

Profit increased by 16.6% to RM246 million mainly due to higher profits from the Australasia operations with higher revenue in the current quarter driven by strong mining and construction equipment sales.

b) Motors

Profit increased by 18.0% to RM295 million in the current quarter. Results for the quarter included dividend income of RM113 million, gain on disposal of properties of RM38 million and impairment of leasehold land of RM89 million while a goods and services tax refund of RM39 million was recognised in the preceding quarter. Excluding these items, profit increased by 10.4% to RM233 million mainly due to higher profit from the Malaysia and Australasia operations.

The Malaysia operations performed better mainly due to recognition of assembly claims from customers while profit from Australasia improved on the back of higher revenue.

c) Logistics

The loss in the current quarter was mainly due to impairment of assets of RM85 million. Excluding this, the division registered better results mainly due to recognition of foreign exchange gain of RM3 million (preceding quarter: foreign exchange loss of RM2 million) and better results from joint ventures.

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 30 June 2021 against the quarter ended 31 March 2021 is as follows: (continued)

d) Others

The preceding quarter included profit from E&O (including reversal of impairment and net of loss on disposal) of RM21 million.

B3. Prospects

The Group performed well in the financial year ended 30 June 2021, supported by the strong performance from the Motors division, despite challenges surrounding the COVID-19 pandemic.

The COVID-19 pandemic has adversely impacted many parts of the Asia Pacific in recent months, with cases reaching record highs, particularly in Malaysia, Thailand and Indonesia. The rising cases continue to pose significant risks to economic recovery as movement restrictions are tightened to control the spread of the disease. In the meantime, there has yet to be any positive developments on trade relations between China and Australia.

Sale of luxury vehicles have continued to remain strong in the region, particularly in China and locations where there are no significant movement restrictions. This augurs well for our Motors division in the new financial year. However, supply shortages for certain new models remain a risk.

Fiscal stimulus measures in countries such as China, which supported growth in the construction industry have led to higher equipment sales at our Industrial division. However, strong competition from local Chinese manufacturers have adversely impacted margins. In addition, on-going trade tensions between China and Australia may continue to unfavourably impact equipment sales to the mining industry in Australia.

The Group expects the new financial year to continue to be challenging. The impact of the on-going COVID-19 pandemic and trade tensions cannot be accurately estimated at this juncture. However, the Group's strong financial position and diversified operations should enable it to weather the challenges ahead and put the Group in a good position for growth, should prospects and business sentiment improve.

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

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

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B5. Profit before tax

	Quarter ended 30 June		Year ended 30 June	
	2021	2020	2021	2020
Included in operating profit are:				
Depreciation and amortisation	(286)	(279)	(1,155)	(1,053)
Inventory write-down and provision (net)	(12)	(106)	(44)	(242)
Impairments and write offs of receivables (net)	(8)	(62)	(1)	(72)
Impairments and write offs of fixed assets (net)	(105)	(11)	(104)	(20)
Loss on disposal of subsidiaries	–	–	(2)	–
Gain on disposal of associates (net)	–	–	293	–
Gain on disposal of properties	38	9	38	9
Net (loss)/gain on disposal of other fixed assets	(1)	(3)	2	2
Net foreign exchange (loss)/gain	(6)	13	8	(8)
Fair value gain/(loss) on financial assets at fair value	3	(61)	1	(72)
Net loss on derivatives	–	(7)	–	(3)
Compensation income for fixed assets	–	16	–	32
Loss on lease modifications/terminations	(2)	–	(2)	–
Gain on bargain purchase	2	–	2	–
Included in share of results of associates and joint ventures are:				
Reversal of impairment/(impairment) of associates (net)	1	16	35	(45)
Impairment of joint ventures	(69)	(96)	(69)	(96)

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B6. Taxation

	Quarter ended 30 June		Year ended 30 June	
	2021	2020	2021	2020
Current tax:				
- current year	175	147	567	442
- previous years	7	(4)	14	3
	182	143	581	445
Deferred tax:				
- origination and reversal of temporary differences and other deferred tax adjustments	(4)	(46)	(6)	(43)
	178	97	575	402

The effective tax rate excluding share of results of associates and joint ventures for the current quarter and year ended 30 June 2021 of 37.5% and 27.5% were higher than the applicable tax rate for both the current quarter and year ended 30 June 2021 of 28.2% and 25.8% respectively.

The higher effective tax rates in the current year were mainly due to the effects of non-deductible impairments and expenses, partly offset by non-taxable dividend income and lower Real Property Gains Tax rate applicable on the gain on disposal of Tesco Malaysia.

B7. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 19 August 2021.

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B8. Group Borrowings

The breakdown of the borrowings as at 30 June 2021 is as follows:

	Secured	Unsecured	Total
<u>Long-term</u>			
Term loans	<u>24</u>	<u>349</u>	<u>373</u>
	24	349	373
<u>Short-term</u>			
Term loans due within one year	9	29	38
Bank overdrafts	–	56	56
Revolving credits, bankers acceptances, trade facilities and other short-term borrowings	<u>–</u>	<u>1,360</u>	<u>1,360</u>
	9	1,445	1,454
Total borrowings	<u>33</u>	<u>1,794</u>	<u>1,827</u>

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

	Long-term borrowings	Short-term borrowings	Total
Ringgit Malaysia	–	40	40
Australian dollar	–	387	387
Chinese renminbi	–	652	652
Hong Kong dollar	–	4	4
New Zealand dollar	349	106	455
Pacific franc	24	26	50
Taiwan dollar	–	24	24
Thailand baht	–	51	51
United States dollar	–	45	45
Singapore dollar	<u>–</u>	<u>119</u>	<u>119</u>
Total borrowings	<u>373</u>	<u>1,454</u>	<u>1,827</u>

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

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B9. Financial Instruments

a) Derivatives

The Group uses forward foreign exchange contracts to primarily manage its exposure to foreign exchange risk. The fair values of these contracts as at 30 June 2021 are as follows:

	Classification in Statement of Financial Position		Net fair value
	Assets Current	Liabilities Current	
Forward foreign exchange contracts	<u>4</u>	<u>(11)</u>	<u>(7)</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 2020.

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

Forward foreign exchange contracts

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

As at 30 June 2021, the notional amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	Notional amount	Net fair value liabilities
- less than 1 year	<u>3,071</u>	<u>(7)</u>

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 19 August 2021 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 RM335 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.

After several postponements, the Court fixed the hearing for the assessment of damages on 2, 3, 4, 17 and 18 February 2021. In view of the Movement Control Order declared by the Government being extended, the court hearing dates on 2, 3, 4, 17 and 18 February 2021 have been postponed to 20 – 22 October 2021.

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.

c) Claim against Qatar Petroleum (“QP”)

Sime Darby Engineering Sdn Bhd (“SDE”) filed a suit against QP and won the case. The judgement sum of QAR12.9 million (approximately RM15 million) was received on 5 October 2020 and this case is now closed.

B10. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 19 August 2021 are as follows: (continued)

d) B-193 Process Platform Project (“PP Project”)

Sime Darby Engineering Sdn Bhd (“SDE”) and Swiber Offshore Construction Pte Ltd (“SOC”) entered into a Consortium Agreement to govern their relationship as a consortium (“the Consortium”) to undertake works relating to the PP Project awarded by Oil and Natural Gas Corporation Ltd (“ONGC”). A contract dated 3 July 2010 was executed for a total contract price of USD618 million (approximately RM2.6 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 RM322 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.

On 16 October 2020, SDE and Swiber filed an execution application against ONGC to seek recovery of the arbitration award. The warrant of attachment for movable properties was issued by the Court and the Court’s bailiff executed the warrant on 5 April 2021. On 19 April 2021, ONGC deposited a sum of INR 447 million (approximately RM26 million), which includes costs and interest, to the Court and the Consortium’s warrant of attachment against ONGC has been stayed until the Court hears ONGC’s application to set aside the arbitration award, the date of which has yet to be fixed.

e) 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”) which was completed in November 2016 at total cost of approximately RMB1.17 billion (RM765 million), of which approximately RMB711 million (RM465 million) was outstanding. Under the terms of engagement, both WPG and WPS are jointly liable for any payments due to Tianjin Dredging.

On 31 July 2018, Tianjin Dredging (the “Plaintiff”) filed a lawsuit against WPS (“First Defendant”) and WPG (“Second Defendant”) claiming the outstanding sum plus interests. On 20 December 2019, the Court ruled in favour of the Plaintiff.

On 11 September 2020, a settlement (“Original Settlement Agreement”) was entered into between the Plaintiff, WPS, WPG, Weifang Binhai Seaport Economic Zone Development Service Co., Ltd. (“WBD”) and Weifang Binhai Tourism Group Co., Ltd. (“WBT”) of which the parties agreed that the total sum payable to the Plaintiff was RMB728 million (RM476 million) (“Settlement Sum”) comprising the outstanding sum, interests and legal costs (which was to be paid in three instalments). The final instalment was to be paid before 10 December 2020. Under the Original Settlement, the Plaintiff also agreed to waive the remaining late payment interest of RMB158 million (RM103 million) which had accrued on the condition that the instalments were paid on time.

WBD and WBT, wholly-owned subsidiaries of the Weifang Binhai Government, had assumed joint and several liability and had provided a guarantee under the Original Settlement. If the parties default in paying the instalments, the Plaintiff would have the right to apply to the court to resume enforcement proceedings against WPS, WBD and WBT. In addition, the waived interests of RMB158 million (RM103 million) and any interest incurred after 1 August 2020 would also need to be paid.

B10. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 19 August 2021 are as follows: (continued)

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

Pursuant to the Original Settlement, WBD had paid, on behalf of WPS, the first and second instalments (RMB400 million in total) on time. WBD further paid RMB130 million on 31 December 2020 and the remaining RMB198 million on 15 April 2021, upon which the Settlement Sum has been paid in full.

However, as the final instalment was only made after the agreed date of 10 December 2020, the Plaintiff is now claiming the previously waived interest of RMB158 million (RM103 million) and the interest incurred after 1 August 2020 (collectively, the “Additional Interests”). The total Additional Interests is approximately RMB187 million (RM122 million).

On 15 April 2021, the Plaintiff, WPS, WBD and WBT entered into a new settlement agreement (“New Settlement Agreement”). Pursuant to the New Settlement Agreement, WPS, WBD and WBT agreed to settle the Additional Interests before 20 November 2021. If the parties default in paying the Additional Interests, the Plaintiff has the right to apply to the Court to resume enforcement proceedings against WPS, WBD and WBT.

On 13 August 2021, WPS received from the Qingdao Maritime Court a Case Closing Notice (“Closing Notice”) dated 6 July 2021 issued by the Qingdao Maritime Court.

Pursuant to the Closing Notice, the Plaintiff confirmed that WPS, WBD and WBT had fulfilled their obligations under the Original Settlement and the New Settlement Agreement. Therefore, the Judgment obtained by the Plaintiff against WPS, WBD and WBT has been fulfilled and WPS, WBD and WBT are not required to pay the Additional Interests. This case is now closed.

B11. Dividend

The Board has declared a second interim dividend of 8.0 sen per share and a special dividend of 1.0 sen per share in respect of the financial year ended 30 June 2021. The dividends are proposed to be payable on 30 September 2021 to shareholders whose name appears in the Record of Depositors as at the close of business on 13 September 2021.

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

- a. shares transferred into the depositor’s securities account before 4.30 p.m. on 13 September 2021 in respect of transfers; and
- b. shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

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

	Year ended 30 June 2021		Year ended 30 June 2020	
	Per share (sen)	Total dividends	Per share (sen)	Total dividends
First interim dividend	2.0	136	2.0	136
Second interim dividend	8.0	544	7.0	476
Special dividend	5.0	340	1.0	68
	15.0	1,020	10.0	680

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

Explanatory Notes on the Quarterly Report – 30 June 2021
Amounts in RM million unless otherwise stated

B12. Earnings Per Share

	Quarter ended 30 June		Year ended 30 June	
	2021	2020	2021	2021
Basic earnings per share attributable to owners of the Company are computed as follows:				
Profit attributable to owners of the Company	<u>211</u>	<u>177</u>	<u>1,425</u>	<u>820</u>
Weighted average number of ordinary shares in issue (million)	<u>6,803</u>	<u>6,801</u>	<u>6,802</u>	<u>6,801</u>
Basic earnings per share (sen)	<u>3.1</u>	<u>2.6</u>	<u>20.9</u>	<u>12.1</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
25 August 2021

By Order of the Board
Noor Zita Hassan
Group Secretary