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Delivering Sustainable Futures

QUARTERLY REPORT

On the consolidated results for the third quarter ended 31 March 2019

The Directors are pleased to announce the following:

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

	Note	Quarter ended 31 March 2019	Quarter ended 31 March 2018 Restated	% +/(-)	Three quarters ended 31 March 2019	Three quarters ended 31 March 2018 Restated	% +/(-)
Continuing operations							
Revenue	A7	**8,565**	8,294	3.3	**26,833**	25,253	6.3
Operating expenses		**(8,263)**	(8,140)		**(25,926)**	(24,840)	
Other operating income		**25**	29		**85**	132	
Other gains and losses		**24**	9		**56**	128	
Operating profit	B5	**351**	192	82.8	**1,048**	673	55.7
Share of results of joint ventures		**13**	18		**47**	44	
Share of results of associates		**(33)**	15		**(90)**	3	
Profit before interest and tax	A7	**331**	225	47.1	**1,005**	720	39.6
Finance income		**8**	11		**35**	91	
Finance costs		**(31)**	(26)		**(93)**	(87)	
Profit before tax		**308**	210	46.7	**947**	724	30.8
Taxation	B6	**(75)**	(62)		**(139)**	(216)	
Profit from continuing operations		**233**	148	57.4	**808**	508	59.1
Discontinued operations							
Profit from discontinued operations		**–**	–		**–**	1,378	
Profit for the period		**233**	148	57.4	**808**	1,886	(57.2)
Attributable to owners of:							
- the Company							
- from continuing operations		**222**	135	64.4	**764**	455	67.9
- from discontinued operations		**–**	–		**–**	1,301	
		222	135	64.4	**764**	1,756	(56.5)
- perpetual sukuk from discontinued operations		–	–		–	52	
- non-controlling interests							
- from continuing operations		**11**	13		**44**	53	
- from discontinued operations		**–**	–		**–**	25	
Profit for the period		**233**	148	57.4	**808**	1,886	(57.2)
Basic earnings per share attributable to owners of the Company	B12	**Sen**	**Sen**		**Sen**	**Sen**	
- from continuing operations		**3.3**	2.0	65.0	**11.2**	6.7	67.2
- from discontinued operations		**–**	–		**–**	19.1	
Total		**3.3**	2.0	65.0	**11.2**	25.8	(56.6)

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 2018.

SIME DARBY BERHAD
(Company No: 752404-U)

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

	Quarter ended 31 March 2019	Quarter ended 31 March 2018	% +/(-)	Three quarters ended 31 March 2019	Three quarters ended 31 March 2018	% +/(-)
Profit for the period	**233**	148	57.4	**808**	1,886	(57.2)
Other comprehensive income/(loss)						
Continuing operations						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences	**(86)**	(424)		**(116)**	(791)	
Share of other comprehensive loss of joint ventures and associates	**(4)**	(19)		**(4)**	(43)	
Net changes in fair value of cash flow hedges	**(4)**	4		**9**	1	
Tax expense	**–**	(1)		**(1)**	–	
	(94)	(440)		**(112)**	(833)	
Reclassified to profit or loss currency translation differences on repayment of net investment and disposal of subsidiaries	**–**	1		**2**	(23)	
Reclassified changes in fair value of cash flow hedges to:						
- profit or loss	**4**	(6)		**(9)**	2	
- inventories	**7**	–		**4**	10	
Tax (expense)/credit	**(3)**	2		**1**	(4)	
	(86)	(443)	80.6	**(114)**	(848)	86.6
Items that will not be reclassified subsequently to profit or loss:						
Share of actuarial gain on defined benefit pension plans of a joint venture	**–**	–		**2**	–	
Discontinued operations						
Other comprehensive loss from discontinued operations	**–**	–		**–**	(228)	
Total other comprehensive loss	**(86)**	(443)	80.6	**(112)**	(1,076)	89.6
Total comprehensive income/(loss) for the period	**147**	(295)	149.8	**696**	810	(14.1)
Attributable to owners of:						
- the Company						
- from continuing operations	**140**	(303)	146.2	**655**	(383)	271.0
- from discontinued operations	**–**	–		**–**	1,088	
	140	(303)	146.2	**655**	705	(7.1)
- perpetual sukuk from discontinued operations	**–**	–		**–**	52	
- non-controlling interests						
- from continuing operations	**7**	8		**41**	43	
- from discontinued operations	**–**	–		**–**	10	
Total comprehensive income/(loss) for the period	**147**	(295)	149.8	**696**	810	(14.1)

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 2018.

SIME DARBY BERHAD
(Company No: 752404-U)
Unaudited Condensed Consolidated Statement of Financial Position
Amounts in RM million unless otherwise stated

	Note	Unaudited As at 31 March 2019	Audited As at 30 June 2018
Non-current assets			
Property, plant and equipment		**5,768**	5,773
Prepaid lease rentals		**295**	300
Investment properties		**289**	289
Joint ventures and associates		**1,672**	1,715
Financial assets at fair value[1]		**83**	124
Intangible assets		**1,488**	1,415
Deferred tax assets		**562**	519
Tax recoverable		**65**	63
Derivatives	B9(a)	**1**	–
Receivables and other assets		**199**	214
		10,422	10,412
Current assets			
Inventories		**8,104**	7,210
Receivables and contract assets		**4,492**	4,583
Prepayments		**508**	527
Tax recoverable		**85**	63
Derivatives assets	B9(a)	**11**	66
Bank balances, deposits and cash		**1,654**	1,672
		14,854	14,121
Assets held for sale		**184**	340
Total assets		**25,460**	24,873
Equity			
Share capital		**9,299**	9,299
Reserves		**5,156**	5,071
Attributable to owners of the Company		**14,455**	14,370
Non-controlling interests		**397**	389
Total equity		**14,852**	14,759
Non-current liabilities			
Borrowings	B8	**212**	247
Provisions		**23**	17
Payables and contract liabilities		**147**	180
Government grants		**154**	153
Deferred tax liabilities		**280**	286
Derivative liabilities	B9(a)	**1**	2
		817	885
Current liabilities			
Payables		**4,278**	4,760
Dividend payable		**136**	–
Contract liabilities		**1,479**	1,315
Borrowings	B8	**3,308**	2,642
Provisions		**393**	356
Tax payable		**121**	89
Derivative liabilities	B9(a)	**39**	24
		9,754	9,186
Liabilities associated with assets held for sale		**37**	43
Total liabilities		**10,608**	10,114
Total equity and liabilities		**25,460**	24,873
Net assets per share attributable to owners of the Company (RM)		**2.13**	2.11

[1] Previously disclosed as Investments in the audited accounts for the financial year ended 30 June 2018, prior to adoption of MFRS 9.

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 2018.

SIME DARBY BERHAD
(Company No: 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	Available-for-sale reserve	Exchange reserve	Retained profits	Reserves	Attributable to owners of the Company	Non-controlling interests	Total equity
Three quarters ended 31 March 2019												
At 1 July 2018, as previously stated	9,299	–	189	62	(17)	3	104	4,730	5,071	14,370	389	14,759
Adjustments from adoption of MFRS 9	–	–	–	–	–	(3)	–	(22)	(25)	(25)	–	(25)
Restated balance as at 1 July 2018	9,299	–	189	62	(17)	–	104	4,708	5,046	14,345	389	14,734
Total comprehensive income/(loss) for the period	–	–	–	–	4	–	(115)	766	655	655	41	696
Dividend payable	–	–	–	–	–	–	–	(136)	(136)	(136)	–	(136)
Dividends paid	–	–	–	–	–	–	–	(408)	(408)	(408)	(39)	(447)
Performance-based employee share scheme	–	3	–	–	–	–	–	–	3	3	–	3
Acquisition of non-controlling interests	–	–	–	–	–	–	–	(4)	(4)	(4)	1	(3)
Acquisition of non-wholly owned subsidiary	–	–	–	–	–	–	–	–	–	–	5	5
Reclassification upon disposal of a subsidiary	–	–	–	(15)	–	–	–	15	–	–	–	–
Transfer between reserves	–	–	23	–	–	–	–	(23)	–	–	–	–
At 31 March 2019	9,299	3	212	47	(13)	–	(11)	4,918	5,156	14,455	397	14,852

SIME DARBY BERHAD
(Company No: 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	Available-for-sale reserve	Exchange reserve	Retained profits	Reserves	Attributable to owners of the Company	Perpetual sukuk	Non-controlling interests	Total equity
Three quarters ended 31 March 2018												
At 1 July 2017	9,299	207	74	(39)	48	1,058	26,696	28,044	37,343	2,230	976	40,549
Total comprehensive income/(loss) for the period	–	–	–	22	(45)	(1,028)	1,756	705	705	52	53	810
Dividend payable	–	–	–	–	–	–	(136)	(136)	(136)	–	–	(136)
Dividends paid	–	–	–	–	–	–	(1,156)	(1,156)	(1,156)	–	(74)	(1,230)
Distribution paid	–	–	–	–	–	–	–	–	–	(63)	–	(63)
Distribution-in-specie[1]	–	–	–	–	–	–	(22,625)	(22,625)	(22,625)	–	–	(22,625)
Share of capital reserves	–	(3)	–	–	–	–	–	(3)	(3)	–	–	(3)
Reclassification upon deconsolidation of subsidiaries[2]	–	(14)	(25)	–	–	–	39	–	–	–	–	–
Derecognition arising from deconsolidation of subsidiaries[3]	–	–	–	–	–	–	–	–	–	(2,219)	(543)	(2,762)
Transfer between reserves	–	–	14	–	–	–	(14)	–	–	–	–	–
At 31 March 2018	9,299	190	63	(17)	3	30	4,560	4,829	14,128	–	412	14,540

[1] The distribution-in-specie relates to the distribution of the Group's entire equity interest in Sime Darby Plantation Berhad ("SD Plantation") and Sime Darby Property Berhad ("SD Property") to the shareholders of Sime Darby Berhad.

[2] Reclassification of the capital and legal reserves of the SD Plantation group to retained profits following the deconsolidation of SD Plantation and SD Property.

[3] The perpetual sukuk and non-controlling interests of SD Plantation and SD Property were derecognised upon the deconsolidation of SD Plantation and SD Property.

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 2018.

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

	Note	Three quarters ended 31 March 2019	2018
Cash flow from operating activities			
Profit from continuing operations		**808**	508
Adjustments for:			
Share of results of joint ventures and associates		**43**	(47)
Finance income		**(35)**	(91)
Finance costs		**93**	87
Taxation		**139**	216
Gain on disposal of subsidiaries		**(80)**	–
Net gain on disposal of assets		**(40)**	(176)
Depreciation and amortisation		**445**	471
(Reversal of impairments)/impairments and write offs (net)		**(3)**	121
Inventory provision (net)		**143**	169
Net fair value loss on financial assets at fair value		**59**	–
Other non-cash items		**7**	34
		1,579	1,292
Changes in working capital:			
Inventories		**(755)**	50
Rental assets		**(520)**	(471)
Trade, other receivables and prepayments		**145**	(1,019)
Trade, other payables and provisions		**(198)**	935
Cash generated from operations		**251**	787
Tax paid		**(172)**	(209)
Dividends received from associates		**10**	10
Operating cash flow from continuing operations		**89**	588
Operating cash flow from discontinued operations		**–**	596
Net cash from operating activities		**89**	1,184
Cash flow from investing activities			
Finance income received		**20**	91
Purchase of property, plant and equipment, investment properties, intangible assets and prepaid lease rentals		**(287)**	(276)
Acquisition of subsidiaries	A11	**(175)**	–
Subscription of shares in a joint venture		**(12)**	(19)
Addition to financial assets at fair value		**(13)**	(37)
Proceeds from sale of subsidiaries	A11	**254**	–
Proceeds from sale of associates		–	6
Proceeds from sale of property, plant and equipment, investment properties and intangible assets		**70**	423
Deconsolidation of Yayasan Sime Darby		**–**	(59)
Reclassification to assets held for sale		**(13)**	–
Repayment by discontinued operations		**–**	735
Net repayment of loans by/(loans to) joint ventures and associates		**9**	(3)
Investing cash flow (used in)/from continuing operations		**(147)**	861
Investing cash flow used in discontinued operations		**–**	(1,474)[1]
Net cash used in investing activities		**(147)**	(613)

[1] Includes cash balances of discontinued operations deconsolidated of RM1.8 billion.

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

	Note	Three quarters ended 31 March 2019	2018
Cash flow from financing activities			
Finance costs paid		**(106)**	(100)
Net borrowings raised/(repaid)		**664**	(405)
Purchase of additional interest in subsidiaries		**(44)**	–
Dividends paid to shareholders		**(408)**	(1,156)
Dividends paid to non-controlling interests[2]		**(39)**	(25)
Financing cash flow from/(used in) continuing operations		**67**	(1,686)
Financing cash flow used in discontinued operations		**–**	(936)
Net cash from/(used in) financing activities		**67**	(2,622)
Net increase/(decrease) in cash and cash equivalents		**9**	(2,051)
Foreign exchange differences		**4**	(109)
Cash and cash equivalents at beginning of the period		**1,629**	3,842
Cash and cash equivalents at end of the period		**1,642**	1,682

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

	Note	2019	2018
Bank balances, deposits and cash		**1,654**	1,732
Less:			
Bank overdrafts	B8	**(12)**	(50)
		1,642	1,682

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

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2018.

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 2018.

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 2018, except as set out below.

a) New accounting pronouncements

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

- MFRS 9 – Financial Instruments

  a) Classification and measurement

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 "Financial Instruments: Recognition and Measurement" and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value with an irrevocable option at inception to present changes in fair value in other comprehensive income (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  b) Impairment

  MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss ("ECL") model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

  c) Hedge accounting

  The new hedge accounting rules aligned the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles based approach. The Group's current hedging relationships continue to qualify for hedge accounting upon the adoption of MFRS 9.

  On the date of initial application, MFRS 9 did not affect the classification and measurement of the Group's financial assets and financial liabilities other than:

  i. The Group's allowance for impairment of receivables has increased by RM30 million as at 1 July 2018 (RM23 million net of tax) as a result of applying the ECL model on receivables.

Amounts in RM million unless otherwise stated

A1. Basis of Preparation (continued)

a) New accounting pronouncements (continued)

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

- MFRS 9 – Financial Instruments (continued)

  On the date of initial application, MFRS 9 did not affect the classification and measurement of the Group's financial assets and financial liabilities other than: (continued)

  ii. Financial assets at fair value have been reclassified as follows:

	Financial assets at fair value
Balance as at 30 June 2018	**124**
Reclassified to receivables and other assets (measured at amortised costs)	**(4)**
Balance as at 1 July 2018 (measured at fair value through profit or loss)	**120**

  iii. The RM3 million in available-for-sale reserve as at 30 June 2018 has been reclassified as follows:

	Available-for-sale reserve
Balance as at 30 June 2018	**3**
Reclassified to receivables and other assets (measured at amortised costs)	**(2)**
Reclassified to retained profits (measured at fair value through profit or loss)	**(1)**
Balance as at 1 July 2018	**–**

  iv. Retained profits have been restated as follows:

		Retained profits
Balance as at 30 June 2018		**4,730**
Increase in allowance for impairment of receivables	**(23)**	
Reclassified from available-for-sale reserve	**1**	
		(22)
Balance as at 1 July 2018		**4,708**

  As permitted by the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures and as such, these adjustments are recognised in the opening reserves in the current period.

A1. Basis of Preparation (continued)

a) New accounting pronouncements (continued)

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

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

- Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)
- Applying MFRS 9 – Financial Instruments with MFRS 4 – Insurance Contracts (Amendments to MFRS 4)
- Amendments to MFRS 128 (Annual Improvements to MFRSs 2014 – 2016 Cycle)
- Transfers of Investment Property (Amendments to MFRS 140)
- IC Interpretation 22 – Foreign Currency Transactions and Advance Consideration

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

<u>Effective for annual reporting periods beginning on or after 1 January 2019</u>

- MFRS 16 – Leases
- IC Interpretation 23 – Uncertainty over Income Tax Treatments
- Long-term Interest in Associates and Joint Ventures (Amendments to MFRS 128)
- Prepayment Features with Negative Compensation (Amendments to MFRS 9)
- Annual Improvements to MFRS Standards 2015–2017 Cycle (Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123)
- Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)

<u>Effective for annual reporting periods beginning on or after 1 January 2020</u>

- Conceptual Framework for Financial Reporting : The Reporting Entity and corresponding amendments to references in the relevant standards
- Definition of a Business (Amendments to MFRS 3)
- Definition of Material (Amendments to MFRS 101 and MFRS 108)

<u>Effective for annual reporting periods beginning on or after 1 January 2021</u>

- MFRS 17 – Insurance Contracts

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

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

A2. Seasonal or Cyclical Factors

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

A4. Material Changes in Estimates

There were no material changes in the estimates of amounts reported in the prior interim periods of the current financial year or the previous financial years that have a material effect on the results for the current quarter under review.

Amounts in RM million unless otherwise stated

A5. Debt and Equity Securities

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

On 15 January 2019, the Company offered the 3rd Grant Offer of ordinary shares of the Company under the Performance-Based Employee Share Scheme which comprises the Performance Share ("PS") Grant and Restricted Share ("RS") Grant to eligible employees and/or grantees of the Group as follows:

Description of Financial Year ("FY") 2019 Grant Offer

	PS	RS
Number of shares offered to the eligible employees	7,806,200	1,947,400
Closing market price of the Company's shares on the date of FY2019 Grant Offer	RM2.36	
Vesting period for the FY2019 Grant Offer	(i) 3-year cliff vesting i.e. over the 3-year financial period from the commencement of FY2019 (1 July 2018). (ii) Vesting of the shares is subject to the SDB Group/Division meeting certain performance targets. (iii) Depending on the level of achievement of the performance targets as determined by the Nomination & Remuneration Committee, the total amount of shares which will vest may be lower or higher than the total amount of shares offered.	Annual vesting over the 3-year financial period which commenced on 1 July 2018.

A6. Dividends Paid to Shareholders

The second interim dividend of 4.0 sen per share amounting to RM272 million and special dividend of 2.0 sen per share amounting to RM136 million for the financial year ended 30 June 2018 which totalled RM408 million was paid by way of cash on 31 October 2018.

An interim dividend of 2.0 sen per share amounting to RM136 million for the financial year ending 30 June 2019 was paid by way of cash on 8 May 2019.

Amounts in RM million unless otherwise stated

A7. Segment Information

	Continuing operations							Discontinued operations	
Three quarters ended 31 March 2019	**Industrial**	**Motors**	**Logistics**	**Healthcare**	**Others**	**Corporate/ Elimination**	**Total**		**Total**
Segment revenue:									
External	**10,347**	**16,135**	**214**	**–**	**137**	**–**	**26,833**	**–**	**26,833**
Inter-segment	**2**	**8**	**–**	**–**	**40**	**(50)**	**–**	**–**	**–**
	10,349	**16,143**	**214**	**–**	**177**	**(50)**	**26,833**	**–**	**26,833**
Profit/(loss) before interest and tax	**575**	**352**	**115**	**42**	**(39)**	**(40)**	**1,005**	**–**	**1,005**
Net finance costs							**(58)**	**–**	**(58)**
Taxation							**(139)**	**–**	**(139)**
Profit for the period							**808**	**–**	**808**
Three quarters ended 31 March 2018									
Segment revenue:									
External	9,514	15,420	250	–	69	–	25,253	6,980	32,233
Inter-segment	35	13	–	–	46	(94)	–	–	–
	9,549	15,433	250	–	115	(94)	25,253	6,980	32,233
Profit/(loss) before interest and tax	470	268	61	43	(3)	(119)	720	1,700	2,420
Net finance income/(costs)							4	(61)	(57)
Taxation							(216)	(261)	(477)
Profit for the period							508	1,378	1,886

Amounts in RM million unless otherwise stated

A7. Segment Information (continued)

	Industrial	Motors	Logistics	Healthcare	Others	Corporate/ Elimination	Total
As at 31 March 2019							
Segment assets	**11,201**	**9,347**	**2,388**	**776**	**371**	**665**	**24,748**
Segment liabilities	**(2,682)**	**(3,209)**	**(278)**	**–**	**(372)**	**(146)**	**(6,687)**
Segment invested capital	**8,519**	**6,138**	**2,110**	**776**	**(1)**	**519**	**18,061**
Net tax assets							**311**
Borrowings							**(3,520)**
Total Equity							**14,852**
As at 30 June 2018							
Segment assets	10,628	9,084	2,681	730	469	636	24,228
Segment liabilities	(2,928)	(3,188)	(347)	–	(369)	(18)	(6,850)
Segment invested capital	7,700	5,896	2,334	730	100	618	17,378
Net tax assets							270
Borrowings							(2,889)
Total Equity							14,759

Amounts in RM million unless otherwise stated

A7. Segment information (continued)

Revenue comprise the following:

	Three quarters ended 31 March	
	2019	**2018**
Revenue from contracts with customers	**26,293**	24,746
Rental income	**540**	507
	26,833	25,253

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

Three quarters ended 31 March 2019	**Industrial**	**Motors**	**Logistics**	**Others**	**Total**
Major goods and services					
Sale of equipment and vehicles	**5,098**	**13,515**	**–**	**–**	**18,613**
Sale of parts, assembly charges and provision of after-sales services	**4,659**	**2,192**	**–**	**–**	**6,851**
Engineering services	**228**	**–**	**–**	**26**	**254**
Port and related charges	**–**	**–**	**195**	**–**	**195**
Sale of water	**–**	**–**	**19**	**–**	**19**
Commission, handling fees and others	**–**	**261**	**–**	**100**	**361**
	9,985	**15,968**	**214**	**126**	**26,293**
Geographical location					
Malaysia	**808**	**2,890**	**–**	**119**	**3,817**
Other countries in Asia	**562**	**3,470**	**–**	**5**	**4,037**
China	**2,625**	**7,552**	**214**	**2**	**10,393**
Australasia	**5,990**	**2,056**	**–**	**–**	**8,046**
	9,985	**15,968**	**214**	**126**	**26,293**
Timing of revenue recognition					
At a point in time	**7,626**	**13,813**	**–**	**26**	**21,465**
Over time	**2,359**	**2,155**	**214**	**100**	**4,828**
	9,985	**15,968**	**214**	**126**	**26,293**

Three quarters ended 31 March 2018	**Industrial**	**Motors**	**Logistics**	**Others**	**Total**
Major goods and services					
Sale of equipment and vehicles	4,438	12,882	–	–	17,320
Sale of parts, assembly charges and provision of after-sales services	4,504	2,164	–	–	6,668
Engineering services	234	–	–	–	234
Port and related charges	–	–	202	–	202
Sale of water	–	–	48	–	48
Commission, handling fees and others	–	211	–	63	274
	9,176	15,257	250	63	24,746

Amounts in RM million unless otherwise stated

A7. Segment information (continued)

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

Three quarters ended 31 March 2018	**Industrial**	**Motors**	**Logistics**	**Others**	**Total**
Geographical location					
Malaysia	848	2,596	–	55	3,499
Other countries in Asia	569	4,018	–	6	4,593
China	2,619	6,504	250	2	9,375
Australasia	5,140	2,139	–	–	7,279
	9,176	15,257	250	63	24,746
Timing of revenue recognition					
At a point in time	7,066	13,177	–	19	20,262
Over time	2,110	2,080	250	44	4,484
	9,176	15,257	250	63	24,746

A8. Capital Commitments

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

	As at 31 March 2019	**As at 30 June 2018**
Property, plant and equipment		
- contracted	**151**	184
- not contracted	**584**	620
	735	804
Other capital expenditure		
- contracted	**3**	69
- not contracted	**14**	–
	752	873

Amounts in RM million unless otherwise stated

A9. Significant Related Party Transactions

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

	Three quarters ended 31 March	
	2019	**2018**
a. Transactions with joint ventures and associates		
Continuing operations		
Interest income from Mine Energy Solutions Pty Ltd	**11**	12
Purchase of products and services from Sitech Construction Systems Pty Ltd	**8**	8
Channel usage fees charged by Weifang Port Services Co Ltd	**9**	9
Contribution paid to Yayasan Sime Darby	**20**	10
Discontinued operations		
Tolling fees and sales to Emery Oleochemicals (M) Sdn Bhd and its related companies	**–**	19
Sale of products and services to Tesco Stores (Malaysia) Sdn Bhd	**–**	5
Purchase of products and services from Muang Mai Guthrie Public Co Ltd	**–**	5
b. Transactions between subsidiaries and their owners of non-controlling interests		
Continuing operations		
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	**18**	29
Royalty payment to and procurement of cars and ancillary services by Inokom Corporation Sdn Bhd (ICSB) from Hyundai Motor Company and its related companies	**23**	6
Contract assembly service provided by ICSB to Berjaya Corporation Berhad group/Bermaz Auto Berhad group	**86**	69
Sale of vehicles and parts by Jaguar Land Rover (M) Sdn Bhd to Sisma Auto Sdn Bhd	**43**	19
Acquisition of 30% of the units in Brisbane BMW Unit Trust collectively owned by Burke Management Pty Ltd and Roller Management Pty Ltd	**41**	–
Discontinued operations		
Turnkey works rendered by Brunsfield Engineering Sdn Bhd to Sime Darby Brunsfield Holding Sdn Bhd group, companies in which Tan Sri Dato' Ir Gan Thian Leong and Encik Mohamad Hassan Zakaria are substantial shareholders	**–**	46
c. Transactions with Directors and key management personnel and their close family members		
Sale of cars by the Group	**2**	–[1]

[1] less than RM1 million

Amounts in RM million unless otherwise stated

A9. Significant Related Party Transactions (continued)

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

d. Transactions with shareholders and their related companies

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad, together own approximately 52% as at 31 March 2019 of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra ("YPB"). The Group considers that, for the purpose of MFRS 124 – Related Party Disclosures, YPB and the Malaysian Government are in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government's controlled bodies (collectively referred to as government-related entities) are related parties of the Group and the Company.

Significant related party transactions with Sime Darby Plantation Berhad and Sime Darby Property Berhad (former subsidiaries) are as follows:

	Three quarters ended 31 March	
	2019	**2018**
Provision of shared services	**63**	29
Sales, servicing and leasing of equipment and vehicles	**34**	24
Renovation work on Automotive Complex	**13**	–
Royalty income received	**4**	4
Rental income	**5**	3
Rental and property management charges	**7**	4

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 23 May 2019, being a date not earlier than 7 days from the date of issue of the quarterly report other than the following:

On 1 April 2019, Sime Darby Industrial Holdings Sdn Bhd, a direct wholly-owned subsidiary of the Company had completed the disposal of its 53% equity interest in Sime Kubota Sdn Bhd ("Sime Kubota") to Kubota Corporation for a total cash consideration of RM26 million. Following the completion of the disposal, Sime Kubota became an associate of the Group.

On 30 April 2019, Sime Darby Holdings Berhad, a direct wholly-owned subsidiary of the Company had completed the disposal of its 100% equity interest in Sime Darby Global Services Centre Sdn Bhd to DXC Technology for a total cash consideration of RM2.8 million. The provisional sale consideration is subject to adjustment upon finalisation of the completion accounts three months later from the transaction date.

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

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

1. <u>Establishment of new companies</u>

   a) Weifang Sime Darby Logistics Services Co., Ltd was incorporated in the People's Republic of China on 30 July 2018.

   b) Shanghai Sime Darby Motor Trading Co. Ltd was incorporated in the People's Republic of China on 24 August 2018.

   c) Changsha Sime Darby Motor Sales and Services Company Limited was incorporated in the People's Republic of China on 27 August 2018.

Amounts in RM million unless otherwise stated

A11. Effect of Significant Changes in the Composition of the Group (continued)

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

1. Establishment of new companies (continued)

    d) Elite Motors Limited was incorporated in Hong Kong on 29 October 2018. The subsidiary was subsequently disposed in January 2019.

    e) Sime Darby Auto Assembly Sdn Bhd was incorporated in Malaysia on 13 February 2019.

    f) Chongqing Sime Darby Motor Sales and Services Company Limited was incorporated in the People's Republic of China on 15 March 2019.

2. Acquisition of subsidiaries

    a) On 3 December 2018, Sime Darby Allied Operations Pty Ltd acquired the entire issued share capital of Heavy Maintenance Group Pty Ltd for a total cash consideration of AUD58 million (equivalent to approximately RM176 million).

    b) On 18 January 2019 Chengdu Bow Yue Vehicle Company Limited, an indirect wholly-owned subsidiary of Sime Darby Berhad, acquired 65% of the equity interest in Qujing Bow Kai Motors Sales & Services Co. Ltd. for a cash consideration of RMB19 million (equivalent to approximately RM11 million). The sale consideration is subject to adjustment upon finalisation of the completion accounts.

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

	Book Value	Fair value
Net assets acquired	**34**	**43**
Non-controlling interest		**(5)**
Goodwill		**149**
Purchase consideration		**187**
Less: Cash and cash equivalent of subsidiaries acquired		**(5)**
Sale consideration payable		**(7)**
Net cash outflow on acquisition		**175**

    The fair value and goodwill stated above are provisional and will be adjusted, if necessary, upon completion of the purchase price allocation as allowed under MFRS 3.

3. Disposal of subsidiaries

    a) On 27 September 2018, Sime Darby Overseas (HK) Limited completed the disposal of its entire 100% equity interest in Weifang Sime Darby Water Management Co., Ltd ("Weifang Water") to Shandong Water Environmental Protection Group Co., Ltd for a total cash consideration of USD68 million (equivalent to RMB469 million or approximately RM283 million).

    b) On 8 January 2019, Sime Darby Motor Group (HK) Limited completed the disposal of its entire 100% equity interest in Elite Motors Limited to Ankor Motors Limited for a total cash consideration of HKD3.5 million (equivalent to approximately RM1.8 million).

Explanatory Notes on the Quarterly Report – 31 March 2019
Amounts in RM million unless otherwise stated

A11. Effect of Significant Changes in the Composition of the Group (continued)

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

3. Disposal of subsidiaries (continued)

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

	Three quarters ended 31 March 2019
Net assets disposed	**197**
Gain on disposal	**80**
Add: Foreign exchange loss included in the gain on disposal	**4**
Proceeds from disposal, net of transaction costs	**281**
Less: Cash and cash equivalents in subsidiary disposed	**(27)**
Net cash inflow from disposal of subsidiaries during the period	**254**

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 associates and 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 23 May 2019	**As at 30 June 2018**
Performance guarantees and advance payment guarantees to customers of the Group	**2,154**	2,193
Guarantees in respect of credit facilities granted to certain joint ventures	**241**	218
	2,395	2,411

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 23 May 2019, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM287 million (30 June 2018: RM270 million).

b) Claims

	As at 23 May 2019	**As at 30 June 2018**
Claims pending against the Group	**2**	4

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

Amounts in RM million unless otherwise stated

B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Group Performance

	Quarter ended 31 March			Three quarters ended 31 March		
	2019	**2018**	**% +/(-)**	**2019**	**2018**	**% +/(-)**
Continuing operations						
Revenue	**8,565**	8,294	3.3	**26,833**	25,253	6.3
Segment results:						
Industrial	**209**	77	171.4	**575**	470	22.3
Motors	**112**	133	(15.8)	**352**	268	31.3
Logistics	**11**	18	(38.9)	**115**	61	88.5
Healthcare	**12**	18	(33.3)	**42**	43	(2.3)
Others	**(3)**	(13)	76.9	**(39)**	(3)	(1,200.0)
	341	233	46.4	**1,045**	839	24.6
Corporate exchange (loss)/gain	**–**	(1)		**3**	23	
Corporate expense and elimination	**(10)**	(7)		**(43)**	(57)	
Yayasan Sime Darby	**–**	–		**–**	(85)	
Profit before interest and tax	**331**	225	47.1	**1,005**	720	39.6
Finance income	**8**	11		**35**	43	
Finance income from discontinued operations	**–**	–		**–**	48	
Finance costs	**(31)**	(26)		**(93)**	(87)	
Profit before tax	**308**	210	46.7	**947**	724	30.8
Taxation	**(75)**	(62)		**(139)**	(216)	
Profit from continuing operations	**233**	148	57.4	**808**	508	59.1
Non-controlling interests	**(11)**	(13)		**(44)**	(53)	
Profit from continuing operations attributable to owners of the Company	**222**	135	64.4	**764**	455	67.9
Discontinued operations						
Profit from discontinued operations attributable to owners of the Company	**–**	–		**–**	1,301	
Profit attributable to owners of the Company	**222**	135	64.4	**764**	1,756	(56.5)

B1. Review of Group Performance (continued)

An analysis of the results for the quarter ended 31 March 2019 against the quarter ended 31 March 2018 is as follows:

a) Industrial

Profit increased by 171.4% on the back of the recovery in the mining and construction sectors in Australia, with higher sales and margins. Profits from China increased from higher equipment deliveries and product support sales to the construction sector.

b) Motors

Profit decreased by 15.8% to RM112 million in the current quarter as a result of lower margins due to competitive market conditions in China, Australia and Singapore. This was compensated by higher contributions from BMW and Ford in Malaysia.

c) Logistics

The division registered a 38.9% decrease in profit mainly due to lower margins at ports and cessation of contribution from Weifang Water after the disposal was completed in September 2018.

d) Healthcare

The lower share of profit from the Ramsay Sime Darby Healthcare joint venture was due to tax adjustments in the previous period. Excluding the adjustment, the share of profit would have been consistent with the previous corresponding period.

e) Others

The results include the impairment of the Group's investment in Eastern & Oriental Berhad ("E&O") of RM33 million and gain on disposal of a trademark of RM17 million.

An analysis of the results for the three quarters ended 31 March 2019 against the three quarters ended 31 March 2018 is as follows:

a) Industrial

Profit increased by 22.3% to RM575 million in the current period. The current period includes a gain on disposal of property of RM18 million (previous period - RM165 million) and fair value loss on financial assets of RM59 million. Excluding these items, profits increased by 102.0% on the back of the recovery in the mining and construction sectors in Australia.

b) Motors

The division recorded an increase in profit of 31.3% to RM352 million. The current period includes profit from the Vietnam operations of RM16 million, mainly arising from the tax and duties refund. The previous period included losses incurred in Vietnam of RM193 million, gain from land compensation in China of RM41 million and a branch compensation in Malaysia of RM9 million. Excluding these items, profit decreased by 18.2% as a result of lower margins due to overall competitive market conditions in China and Singapore. This was partly mitigated by higher sales and profits in Malaysia following the zero-rating of the Goods and Services Tax in July and August 2018.

B1. Review of Group Performance (continued)

An analysis of the results for the three quarters ended 31 March 2019 against the three quarters ended 31 March 2018 is as follows: (continued)

c) Logistics

Profit increased by 88.5% mainly due to the gain on disposal of Weifang Water of RM78 million. Excluding this gain, the division's profit decreased by RM24 million mainly due to lower contribution from Weifang Water following its disposal and an exchange loss of RM2 million in the current period as a result of the depreciation of the RMB against the HKD (previous period - exchange gain of RM11 million).

d) Others

The results include the impairment of the Group's investment in E&O of RM99 million, the recognition of the arbitration award received for the ONGC Wellhead project of RM26 million and gain on disposal of trademark of RM17 million.

e) Corporate expenses

The higher expenses in the previous corresponding period was mainly due to expenses relating to the pure play exercise.

f) Yayasan Sime Darby ("YSD")

YSD is no longer consolidated following the change in its membership and Governing Council of YSD in January 2018. The donation of RM20 million paid to YSD in the current period was included in the Industrial and Motors segments. The previous corresponding period included the writedown of YSD of RM61 million.

g) Taxation

The current period includes recognition of a deferred tax credit arising from the change in Real Property Gain Tax ("RPGT") rates in Malaysia of RM129 million.

h) Discontinued operations

Relates to the results of Sime Darby Plantation and Sime Darby Property groups prior to 30 November 2017.

Amounts in RM million unless otherwise stated

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

	Quarter ended 31 March 2019	Quarter ended 31 December 2018	% +/(-)
Continuing operations			
Revenue	**8,565**	9,423	(9.1)
Segment results:			
Industrial	**209**	187	11.8
Motors	**112**	135	(17.0)
Logistics	**11**	15	(26.7)
Healthcare	**12**	15	(20.0)
Others	**(3)**	(6)	50.0
	341	346	(1.4)
Corporate expense and elimination	**(10)**	(19)	
Profit before interest and tax	**331**	327	1.2
Finance income	**8**	13	
Finance costs	**(31)**	(32)	
Profit before tax	**308**	308	**–**
Taxation	**(75)**	29	
Profit for the period	**233**	337	(30.9)
Non-controlling interests	**(11)**	(20)	
Profit attributable to owners of the Company	**222**	317	(30.0)

An analysis of the results for the quarter ended 31 March 2019 against the quarter ended 31 December 2018 is as follows:

a) Industrial

Profit increased by 11.8% to RM209 million in the current quarter as the preceding quarter included fair value loss on financial assets of RM58 million and gain on disposal of properties of RM18 million. Excluding these items, profit decreased by 7.9% from RM227 million to RM209 million due to lower revenue in Australia and Malaysia. This was partly due to the timing of equipment deliveries in Australia which were lower in the current quarter.

b) Motors

Profit decreased by 17.0% mainly as a result of profit reported for the Vietnam operations of RM18 million in the preceding quarter arising from tax and duties refund. Excluding this, profit decreased by 4.3% from RM117 million to RM112 million mainly due to lower sales of BMW and Ford operations in Singapore and lower profits from BMW operations in Australia.

c) Logistics

Profit decreased by 26.7% due to lower port throughput of Weifang Port attributed by a challenging business environment.

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

An analysis of the results for the quarter ended 31 March 2019 against the quarter ended 31 December 2018 is as follows: (continued)

d) Others

The results include the impairment of the Group's investment in E&O of RM33 million (preceding quarter - RM31 million) and the gain on trademark disposal of RM17 million.

e) Corporate expenses

The lower corporate expenses was mainly due to lower project expenses.

The variance for taxation was explained in Note B1.

B3. Prospects

The Group had achieved a strong year-to-date performance despite the challenging business environment. The ongoing trade tensions between two of the world's largest economies continue to dampen economic growth. China's slowing economic growth will limit the growth prospects of regions in which the Group operates, mainly Australasia, China and South East Asia.

Notwithstanding the macroeconomic and geopolitical environment, the Chinese government continues to support infrastructure construction and has announced income tax reforms to stimulate consumption. Likewise in Australia, the low level of interest rates coupled with higher levels of public infrastructure spending contributed to an upswing in private investment.

The Industrial division's results is backed by strong performance of the mining sector and increasing level of infrastructure spending in Australia. The construction outlook in China remains positive in the long run, despite short term uncertainties due to trade tensions.

The Motors division expects China's automotive industry to slow down due to trade tensions. The stringent lending rules for hire purchase loans and weakening local currency are likely to limit growth in Malaysia. Despite challenges in markets, the division has the benefit of a fresh product line-up. The global rollout of the seventh generation BMW 3 Series is expected to drive sales growth. The division would continue to source for growth opportunities, particularly in China and Australia, and improve efficiency to manage the headwinds expected over the year.

The Logistics division is weighed down by slowing global economy and weaker trade. Nevertheless, the division continues to strengthen its business performance by improving operational productivity and diversifying cargo type and customers.

Notwithstanding the above and barring any unforeseen circumstances, the Board expects the Group's performance for the financial year ending 30 June 2019 to be better than that of the previous financial year.

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

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

Amounts in RM million unless otherwise stated

B5. Operating Profit

	Quarter ended 31 March		Three quarters ended 31 March	
	2019	**2018**	**2019**	**2018**
Included in operating profit are:				
Depreciation and amortisation	**(149)**	(153)	**(445)**	(471)
Impairment of financial assets at fair value	**–**	(2)	**–**	(7)
(Impairment)/reversal of impairment of receivables (net)	**(3)**	(50)	**3**	(59)
Reversal of impairment/ (impairment) of property, plant and equipment and other assets	**2**	–	**1**	(61)
Inventory provisions (net)	**(50)**	(29)	**(143)**	(169)
Gain on disposal of subsidiaries	**2**	–	**80**	–
Gain on disposal of properties[1]	**3**	–	**23**	165
Net gain on disposal of other assets and an associate	**16**	11	**17**	11
Net foreign exchange gain/(loss)	**1**	2	**(3)**	21
Net fair value gain/(loss) on financial assets at fair value	**1**	–	**(59)**	–
Loss on derivatives	**–**	–	**(2)**	–

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

B6. Taxation

	Quarter ended 31 March		Three quarters ended 31 March	
	2019	**2018**	**2019**	**2018**
Continuing operations				
Current tax:				
- current year	**55**	77	**168**	208
- previous years	**–**	(2)	**16**	(3)
	55	75	**184**	205
Deferred tax:				
- origination and reversal of temporary differences	**17**	(14)	**83**	12
- effects of previously unrecognised temporary differences	**3**	1	**1**	(1)
- effects of change in RPGT rates	**–**	–	**(129)**	–
	75	62	**139**	216
Discontinued operations	**–**	–	**–**	261

The effective tax rates for the current quarter and three quarters ended 31 March 2019 are 24% and 15% respectively. The effective tax rate for the three quarters ended 31 March 2019 was lower compared to the Malaysian income tax rate of 24% mainly as a result of deferred tax credit recognised arising from the change in RPGT rates in Malaysia.

Amounts in RM million unless otherwise stated

B7. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 23 May 2019.

B8. Group Borrowings

The breakdown of the borrowings as at 31 March 2019 is as follows:

	Secured	Unsecured	Total
Long-term			
Term loans	28	–	28
Islamic financing	–	182	182
Finance leases	2	–	2
	30	182	212
Short-term			
Term loans due within one year	2	–	2
Islamic financing due within one year	–	60	60
Short term Islamic financing	–	572	572
Bank overdrafts	–	12	12
Revolving credits, trade facilities and other short-term borrowings	–	2,660	2,660
Finance leases	2	–	2
	4	3,304	3,308
Total borrowings	34	3,486	3,520

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

	Long-term borrowings	Short-term borrowings	Total
Ringgit Malaysia	182	767	949
Australian dollar	–	551	551
Chinese renminbi	–	742	742
Hong Kong dollar	–	130	130
New Zealand dollar	–	158	158
Pacific franc	30	4	34
Taiwan dollar	–	59	59
Thailand baht	–	149	149
United States dollar	–	748	748
Total borrowings	212	3,308	3,520

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

Amounts in RM million unless otherwise stated

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 31 March 2019 are as follows:

	Classification in Statement of Financial Position				
	Assets		Liabilities		Net fair value
	Non-current	Current	Non-current	Current	
Forward foreign exchange contracts	**1**	**11**	**1**	**39**	**(28)**

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 2018 other than that the outstanding interest rate swap and cross currency swap contracts reported then have expired.

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 the other comprehensive income unless it does not meet the conditions for the application of hedge accounting, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

As at 31 March 2019, 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	**2,312**	**(28)**
- 1 year to less than 3 years	**253**	**–**
	2,565	**(28)**

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 23 May 2019 are as follows:

a) Qatar Petroleum Project ("QP Project"), Maersk Oil Qatar Project ("MOQ Project") and the Marine Project Civil Suits ("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 (equivalent to RM331 million) together with general and aggravated damages and other relief.

On 13 June 2014, all the Defendants consented to an Interlocutory Judgement being recorded on the Defendants' liability with damages to be assessed by the Court. The Plaintiffs shall be permitted to enforce any final judgement entered after the assessment of damages, upon recovering all claims from the QP and MOQ projects and proceeds from the sale of the derrick lay barge, or after the expiry of 3 years from the date of final judgement, whichever is earlier.

The Plaintiffs have filed a Notice of Application for directions to assess damages. The hearing date has been fixed from 22 to 25 October 2019.

b) Bakun Hydroelectric Project ("Bakun Project") and the Indemnity Agreement Civil Suits ("Bakun Suit")

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

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

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

B10. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 23 May 2019 are as follows: (continued)

c) Emirates International Energy Services ("EMAS")

On 13 January 2011, EMAS filed a civil suit in Abu Dhabi against Sime Darby Engineering Sdn Bhd ("SDE") claiming payment of USD178 million (approximately RM745 million) comprising a payment of USD128 million (approximately RM536 million) for commissions; and a payment of USD50 million (approximately RM209 million) as "morale compensation".

EMAS was unsuccessful in its claim against SDE in Abu Dhabi, and subsequently on 24 January 2016 submitted a request for arbitration against SDE to the Dubai Chamber of Commerce and Industry, claiming an amount of AED41 million (approximately RM47 million).

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

On 7 April 2019, EMAS filed an application at the Abu Dhabi Court of Appeal ("COA") to seek the annulment of the tribunal award on the basis that the award was issued beyond the tribunal's mandated time. The COA fixed the next hearing to 24 June 2019 upon EMAS' request for adjournment to file a more substantive argument.

d) Claim against Qatar Petroleum ("QP")

On 15 August 2012, Sime Darby Engineering Sdn Bhd ("SDE") filed a Statement of Claim at the Qatar Court against QP for the sum of QAR1 billion (approximately RM1.1 billion) seeking the repayment of a liquidated performance bond, payment of outstanding invoices, compensation and additional costs incurred in relation to an offshore engineering project in Qatar undertaken by SDE pursuant to a contract dated 27 September 2006.

On 21 July 2016, the Court ordered QP to pay QAR12.9 million (approximately RM15 million) to SDE ("Judgement") and both parties have appealed to the Court of Appeal against the Judgement. On 30 October 2017, the Court referred the matter to court experts to examine the appeal.

On 27 January 2019, the experts submitted their report and recommended the payment of QAR12.9 million (approximately RM15 million) in favor of SDE. The Court adjourned the case until 28 April 2019 for parties to submit their responses towards the experts' report.

SDE has on 28 April 2019 filed a memo to challenge the experts' report. The Court adjourned hearing of the case until 24 June 2019.

e) 05 Wellhead Platform Project ("05WHP Project")

SDE and Swiber Offshore Construction Pte Ltd ("SOC") entered into a Consortium Agreement to govern their relationship as a consortium ("the Consortium") in relation to the execution and performance of the 05WHP Project awarded by Oil and Natural Gas Corporation Ltd ("ONGC") on 26 February 2010 for a total contract price of USD189 million (approximately RM791 million).

Disputes have arisen between the Consortium and ONGC and the parties have subsequently referred the dispute to an Outside Expert Committee. SDE's portion of the Consortium's claim is circa USD33 million (approximately RM138 million).

On 21 September 2018, ONGC and SDE signed a Settlement Agreement in full and final settlement of all claims and counter claims between the parties in relation to the 05WHP Project which have been duly recorded by the tribunal. Pursuant to the Settlement Agreement, ONGC has fully paid the settlement amount. The matter between ONGC and SDE has been concluded.

B10. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 23 May 2019 are as follows: (continued)

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

SDE and 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 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 RM318 million).

On 22 March 2018, the tribunal ordered ONGC to pay the Consortium a net sum of USD5.12 million (approximately RM21 million) as full and final settlement of all claims. On 27 March 2018, ONGC filed an application at the High Court in Mumbai, India to set aside the arbitration award. The next hearing date has not been fixed.

g) 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.

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

The Project was completed in November 2016 at total cost of approximately RMB1.17 billion (RM709 million), of which approximately RMB741 million (RM449 million) remains outstanding ("Outstanding Sum").

On 31 July 2018, Tianjin Dredging (the "Plaintiff") filed a lawsuit in the Court against WPS ("First Defendant") and WPG ("Second Defendant") claiming payment of the Outstanding Sum plus interest, in addition to legal costs and costs for preservation of assets.

On 3 September 2018, upon the Plaintiff's application for preservation of assets, the Court granted an interlocutory order and ordered that the amount of RMB800 million (approximately RM485 million) in the bank accounts of the First Defendant and Second Defendant be frozen.

At the hearing held on 9 January 2019, the parties were unable to agree on the quantum of the Outstanding Sum. The Court has directed for the Plaintiff to submit an independent costing audit report. The Court has yet to decide on the next hearing date.

B11. Dividend

An interim dividend of 2.0 sen per share amounting to RM136 million for the financial year ending 30 June 2019 was declared on 21 February 2019 and paid by way of cash on 8 May 2019.

B12. Earnings Per Share

	Quarter ended 31 March		**Three quarters ended 31 March**	
	2019	**2018**	**2019**	**2018**
Basic earnings per share attributable to owners of the Company are computed as follows:				
Profit attributable to owners of the Company from:				
- continuing operations	**222**	135	**764**	455
- discontinued operations	**–**	–	**–**	1,301
	222	135	**764**	1,756
Weighted average number of ordinary shares in issue (million)	**6,801**	6,801	**6,801**	6,801
Basic earnings per share (sen)				
- continuing operations	**3.3**	2.0	**11.2**	6.7
- discontinued operations	**–**	–	**–**	19.1
	3.3	2.0	**11.2**	25.8

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

B13. Comparatives

The Group has reclassified gains/(losses) on disposals and (impairments)/reversal of impairments for the three quarters ended 31 March 2018 from operating expenses or other operating income to other gains and losses to conform with the presentation in the audited accounts for the financial year ended 30 June 2018. The restatement has no impact on the statements of comprehensive income and financial position.

The Group has adopted MFRS 9 – Financial Instruments from 1 July 2018. As permitted by the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures and as such, the adjustments have been recognised in the opening reserves of the current period.

By Order of the Board
Noor Zita Hassan
Group Secretary

Petaling Jaya
29 May 2019