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Delivering Sustainable Futures

QUARTERLY REPORT

On the consolidated results for the fourth quarter ended 30 June 2020

The Directors are pleased to announce the following:

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

	Note	Quarter ended 30 June 2020	Quarter ended 30 June 2019 Restated	% +/(-)	Year ended 30 June 2020	Year ended 30 June 2019 Restated	% +/(-)
Revenue	A7	**8,821**	9,323	(5.4)	**36,934**	36,156	2.2
Operating expenses		**(8,604)**	(9,013)		**(35,703)**	(34,937)	
Other operating income		**234**	185		**342**	268	
Other gains and losses		**(44)**	(12)		**(60)**	55	
Operating profit		**407**	483	(15.7)	**1,513**	1,542	(1.9)
Share of results of joint ventures		**(96)**	(109)		**(62)**	(62)	
Share of results of associates		**4**	(7)		**(44)**	(97)	
Profit before interest and tax	A7	**315**	367	(14.2)	**1,407**	1,383	1.7
Finance income		**18**	8		**51**	32	
Finance costs		**(47)**	(31)		**(183)**	(124)	
Profit before tax	B5	**286**	344	(16.9)	**1,275**	1,291	(1.2)
Taxation	B6	**(97)**	(142)		**(402)**	(281)	
Profit for the period		**189**	202	(6.4)	**873**	1,010	(13.6)
Attributable to owners of:							
- the Company		**177**	184	(3.8)	**820**	948	(13.5)
- non-controlling interests		**12**	18		**53**	62	
Profit for the period		**189**	202	(6.4)	**873**	1,010	(13.6)
		Sen	Sen		**Sen**	Sen	
Basic earnings per share attributable to owners of the Company	B12	**2.6**	2.7	(3.7)	**12.1**	13.9	(12.9)

The unaudited Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2019.

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

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

	Quarter ended 30 June		Year ended 30 June	
	2020	**2019 Restated**	**2020**	**2019 Restated**
Profit for the period	**189**	202	**873**	1,010
Other comprehensive income:				
Items that will be reclassified subsequently to profit or loss:				
Currency translation differences	**495**	57	**133**	(59)
Share of other comprehensive gain of joint ventures and associates	**24**	6	**4**	2
Net changes in fair value of cash flow hedges	**10**	(13)	**10**	(4)
Tax credit	**3**	3	**3**	2
	532	53	**150**	(59)
Currency translation differences on repayment of net investment and disposal of subsidiaries reclassified to profit or loss	**(8)**	–	**(7)**	2
Changes in fair value of cash flow hedges reclassified to profit or loss and inventories	**(11)**	20	**(8)**	15
Tax credit/(expense)	**5**	(3)	**3**	(2)
	518	70	**138**	(44)
Items that will not be reclassified subsequently to profit or loss:				
Actuarial loss on defined benefit pension plans	**(4)**	–	**(4)**	–
Share of actuarial gain on defined benefit pension plans of a joint venture	**–**	–	**1**	2
Total other comprehensive income/(loss)	**514**	70	**135**	(42)
Total comprehensive income for the period	**703**	272	**1,008**	968
Attributable to owners of:				
- the Company	**694**	252	**954**	907
- non-controlling interests	**9**	20	**54**	61
Total comprehensive income for the period	**703**	272	**1,008**	968

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2019.

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

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

	Note	Unaudited As at 30 June 2020	Audited As at 30 June 2019
Non-current assets			
Property, plant and equipment		**6,010**	5,727
Right-of-use assets		**2,395**	–
Prepaid lease rentals		**–**	292
Investment properties		**296**	286
Intangible assets		**1,596**	1,484
Joint ventures and associates		**1,344**	1,578
Financial assets at fair value through profit or loss		**22**	87
Deferred tax assets		**613**	542
Tax recoverable		**46**	65
Derivative assets		**–**	2
Receivables and other assets		**230**	283
		12,552	10,346
Current assets			
Inventories		**8,346**	8,538
Receivables, contract assets and other assets		**4,096**	4,166
Prepayments		**423**	563
Tax recoverable		**56**	72
Derivative assets	B9(a)	**3**	6
Bank balances, deposits and cash		**1,694**	1,723
		14,618	15,068
Assets held for sale		**103**	102
Total assets		**27,273**	25,516
Equity			
Share capital		**9,300**	9,299
Reserves		**5,697**	5,414
Attributable to owners of the Company		**14,997**	14,713
Non-controlling interests		**416**	405
Total equity		**15,413**	15,118
Non-current liabilities			
Borrowings	B8	**110**	178
Lease liabilities		**1,438**	–
Payables, contract liabilities and other liabilities		**168**	179
Government grants		**153**	152
Provisions		**22**	16
Deferred tax liabilities		**331**	289
		2,222	814
Current liabilities			
Borrowings	B8	**2,121**	2,397
Lease liabilities		**376**	–
Derivative liabilities	B9(a)	**6**	18
Payables and other liabilities		**4,317**	4,647
Contract liabilities		**2,128**	1,991
Provisions		**417**	405
Tax payable		**273**	126
		9,638	9,584
Total liabilities		**11,860**	10,398
Total equity and liabilities		**27,273**	25,516
Net assets per share attributable to owners of the Company (RM)		**2.21**	2.16

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2019.

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

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

	Share capital	Share grant reserve	Capital reserve	Legal reserve	Hedging reserve	Exchange reserve	Retained profits	Reserves	Attributable to owners of the Company	Non-controlling interests	Total equity
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	–	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

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	Available-for-sale reserve	Exchange reserve	Retained profits	Reserves	Attributable to owners of the Company	Non-controlling interests	Total equity
Year ended 30 June 2019 (Restated)												
At 1 July 2018, as previously stated	9,299	–	189	62	(17)	3	104	4,730	5,071	14,370	389	14,759
Effects of adoption of MFRS 9	–	–	–	–	–	(3)	–	(19)	(22)	(22)	–	(22)
Restated as at 1 July 2018	9,299	–	189	62	(17)	–	104	4,711	5,049	14,348	389	14,737
Total comprehensive income/(loss) for the period	–	–	–	–	11	–	(54)	950	907	907	61	968
Dividends paid	–	–	–	–	–	–	–	(544)	(544)	(544)	(49)	(593)
Performance-based employee share scheme	–	6	–	–	–	–	–	–	6	6	–	6
Acquisition of non-controlling interests	–	–	–	–	–	–	–	(4)	(4)	(4)	1	(3)
Acquisition of non-wholly owned subsidiary	–	–	–	–	–	–	–	–	–	–	5	5
Disposal of non-wholly owned subsidiary	–	–	–	–	–	–	–	–	–	–	(4)	(4)
Issue of shares in a subsidiary	–	–	–	–	–	–	–	–	–	–	2	2
Reclassification upon disposal of a subsidiary	–	–	–	(15)	–	–	–	15	–	–	–	–
Transfer between reserves	–	–	42	52	–	–	–	(94)	–	–	–	–
At 30 June 2019	9,299	6	231	99	(6)	–	50	5,034	5,414	14,713	405	15,118

Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2019.

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

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

	Note	Year ended 30 June 2020	Year ended 30 June 2019 Restated
Cash flow from operating activities			
Profit for the period		**873**	1,010
Adjustments for:			
Dividend income from financial assets		**(120)**	(135)
Share of results of joint ventures and associates		**106**	159
Finance income		**(51)**	(32)
Finance costs		**183**	124
Taxation		**402**	281
Gain on disposal of subsidiaries		**(1)**	(86)
Net gain on disposal of assets and compensation		**(42)**	(36)
Depreciation and amortisation		**1,053**	598
Impairment and write off of property, plant and equipment, intangible assets and right-of-use assets		**20**	1
Impairment/(reversal of impairment) and write off of receivables (net)		**72**	(4)
Inventory writedown and provision (net)		**242**	225
Fair value loss on financial assets at fair value		**72**	47
Other non-cash items		**21**	26
		2,830	2,178
Changes in working capital:			
Inventories		**947**	(1,085)
Rental assets		**(660)**	(710)
Trade, other receivables and prepayments		**461**	459
Trade, other payables and provisions		**(533)**	652
Cash generated from operations		**3,045**	1,494
Tax paid		**(260)**	(289)
Dividends received from associates and joint ventures		**124**	12
Dividends received from financial assets		**120**	135
Net cash flow from operating activities		**3,029**	1,352
Cash flow from investing activities			
Finance income received		**36**	25
Purchase of property, plant and equipment, intangible assets, investment properties and right-of-use assets / prepaid lease rentals		**(573)**	(377)
Acquisition of subsidiaries	A11	**(534)**	(182)
Acquisition of businesses	A11	**(456)**	–
Subscription of shares in joint ventures		**(2)**	(12)
Addition to financial assets at fair value through profit or loss		**(8)**	(17)
Proceeds from disposal of subsidiaries		**1**	278
Proceeds/compensation from disposal of property, plant and equipment and other assets		**85**	74
Net (loans to)/repayment of loans by joint ventures		**(17)**	9
Capital repayment by an associate		**24**	–
Net cash used in investing activities		**(1,444)**	(202)

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

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

	Note	Year ended 30 June 2020	2019 Restated
Cash flow from financing activities			
Finance costs paid		**(119)**	(143)
Net borrowings repaid		**(312)**	(385)
Proceeds from shares issued to non-controlling interest		**–**	2
Repayment of lease liabilities		**(447)**	–
Purchase of additional interest in subsidiaries		**(1)**	(44)
Capital repayment by a subsidiary		**(8)**	–
Dividends paid to shareholders		**(680)**	(544)
Dividends paid to non-controlling interests[1]		**(27)**	(49)
Net cash used in financing activities		**(1,594)**	(1,163)
Net increase in cash and cash equivalents		**(9)**	(13)
Foreign exchange differences		**30**	13
Cash and cash equivalents at beginning of the period		**1,629**	1,629
Cash and cash equivalents at end of the period		**1,650**	1,629
For the purpose of the Statement of Cash Flows, cash and cash equivalents comprised the following:			
Bank balances, deposits and cash		**1,694**	1,723
Less:			
Bank overdrafts	B8	**(44)**	(94)
		1,650	1,629

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

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2019.

EXPLANATORY NOTES

This interim financial report is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Malaysian Financial Reporting Standard ("MFRS") 134 – Interim Financial Reporting and other MFRS issued by the Malaysian Accounting Standards Board ("MASB"). The interim financial report is unaudited and should be read in conjunction with the Group's audited annual financial statements for the financial year ended 30 June 2019.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited annual financial statements for the financial year ended 30 June 2019, except as set out below.

a) New accounting pronouncements

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

- MFRS 16 – Leases

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

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

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

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

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

  The impact of the adoption of MFRS 16 is as follows:

  i. Leases previously classified as operating leases

  - Recognition of lease liabilities measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application (1 July 2019).
  - Recognition of the associated right-of-use assets at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments.
  - Provisions for onerous leases have been reclassified to right-of-use assets.

Amounts in RM million unless otherwise stated

A1. Basis of Preparation (continued)

a) New accounting pronouncements (continued)

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

- MFRS 16 – Leases (continued)

i. Leases previously classified as operating leases (continued)

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

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

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

ii. Leases previously classified as finance leases

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

iii. Property, plant and equipment and prepaid lease rentals

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

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

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

A1. Basis of Preparation (continued)

a) New accounting pronouncements (continued)

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

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

- Long-term Interest in Associates and Joint Ventures (Amendments to MFRS 128)
- Prepayment Features with Negative Compensation (Amendments to MFRS 9)
- IC Interpretation 23 – Uncertainty over Income Tax Treatments
- Annual Improvements to MFRS Standards 2015–2017 Cycle (Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123)
- Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)
- Covid-19-Related Rent Concessions (Amendment to MFRS 16)

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

<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)
- Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)

<u>Effective for annual reporting periods beginning on or after 1 January 2022</u>
- Annual improvements to MFRS standards 2018 – 2020 (Amendments to MFRS 1, MFRS 9, MFRS 16)
- Amendments to MFRS 3 'Business Combinations'
- Amendments to MFRS 116 'Property, Plant and Equipment'
- Amendments to MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets'

<u>Effective for annual reporting periods beginning on or after 1 January 2023</u>
- MFRS 17 – Insurance Contracts
- Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current'

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

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

A2. Seasonal or Cyclical Factors

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

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

Except as disclosed in the financial statements on pages 1 to 7 and Notes A1, B1, B2 and B5, there were no material unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period under review.

A4. Material Changes in Estimates

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

Amounts in RM million unless otherwise stated

A5. Debt and Equity Securities

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

Share capital

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

Performance-Based Employee Share Scheme ("PBESS")

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

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

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

A6. Dividends Paid to Shareholders

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

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

Amounts in RM million unless otherwise stated

A7. Segment Information

Year ended 30 June 2020	Industrial	Motors	Logistics	Healthcare	Others	Corporate/ Intra-group adjustments	Total
Segment revenue:							
External	**15,794**	**20,852**	**219**	**–**	**69**	**–**	**36,934**
Inter-segment	**8**	**33**	**–**	**–**	**4**	**(45)**	**–**
	15,802	**20,885**	**219**	**–**	**73**	**(45)**	**36,934**
Profit/(loss) before interest and tax	**967**	**574**	**(94)**	**39**	**(36)**	**(43)**	**1,407**
Net finance costs							**(132)**
Taxation							**(402)**
Profit for the period							**873**
Year ended 30 June 2019							
Segment revenue:							
External	14,113	21,606	283	–	154	–	36,156
Inter-segment	2	11	–	–	45	(58)	–
	14,115	21,617	283	–	199	(58)	36,156
Profit/(loss) before interest and tax	798	628	2	49	(51)	(43)	1,383
Net finance costs							(92)
Taxation							(281)
Profit for the period							1,010

	Industrial	Motors	Logistics	Healthcare	Others	Corporate/ Intra-group adjustments	Total
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	**8,618**	**7,640**	**1,832**	**649**	**(123)**	**731**	**19,347**
Net tax assets							**111**
Borrowings and lease liabilities							**(4,045)**
Total Equity							**15,413**
As at 30 June 2019							
Segment assets	10,939	9,691	2,253	784	276	894	24,837
Segment liabilities	(3,313)	(3,456)	(264)	–	(361)	(14)	(7,408)
Segment invested capital	7,626	6,235	1,989	784	(85)	880	17,429
Net tax assets							264
Borrowings							(2,575)
Total Equity							15,118

Amounts in RM million unless otherwise stated

A7. Segment information (continued)

Revenue comprise the following:

	Year ended 30 June 2020	Year ended 30 June 2019
Revenue from contracts with customers	**36,195**	35,436
Rental income	**739**	720
	36,934	36,156

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

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**
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**
	15,273	**20,649**	**219**	**54**	**36,195**
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**
	15,273	**20,649**	**219**	**54**	**36,195**

Year ended 30 June 2019	**Industrial**	**Motors**	**Logistics**	**Others**	**Total**
Major goods and services					
Sale of equipment and vehicles	7,039	18,106	–	–	25,145
Sale of parts, assembly charges and provision of after-sales services	6,292	2,918	–	–	9,210
Engineering services	304	–	–	26	330
Port and related charges	–	–	264	–	264
Sale of water	–	–	19	–	19
Commission, handling fees and others	–	354	–	114	468
	13,635	21,378	283	140	35,436

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 2019	**Industrial**	**Motors**	**Logistics**	**Others**	**Total**
Geographical location					
Malaysia	1,060	3,807	–	132	4,999
China	3,662	10,398	283	2	14,345
Other countries in Asia	717	4,452	–	6	5,175
Australasia	8,196	2,721	–	–	10,917
	13,635	21,378	283	140	35,436
Timing of revenue recognition					
At a point in time	10,618	18,572	–	21	29,211
Over time	3,017	2,806	283	119	6,225
	13,635	21,378	283	140	35,436

A8. Capital Commitments

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

	As at 30 June 2020	**As at 30 June 2019**
Contracted:		
- Property, plant and equipment	**150**	253
- Other capital expenditure	**2**	60
	152	313

A9. Significant Related Party Transactions

Significant related party transactions are as follows:

	Year ended 30 June	
	2020	**2019**
a. Transactions with joint ventures and associates		
Purchase of products and services from Sitech Construction Systems Pty Ltd	**9**	11
Contribution paid to Yayasan Sime Darby	**20**	20
Loans to Weifang Sime Darby Liquid Terminal Co Ltd	**20**	–
Loans repaid by Weifang Sime Darby Liquid Terminal Co Ltd	**3**	9

Amounts in RM million unless otherwise stated

A9. Significant Related Party Transactions (continued)

Significant related party transactions are as follows: (continued)

	Year ended 30 June 2020	2019
b. Transactions between subsidiaries and non-controlling interests		
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	**–**	18
Royalty payment to and procurement of cars and ancillary services by Inokom Corporation Sdn Bhd ("ICSB") from Hyundai Motor Company and its related companies	**–**[1]	24
Contract assembly service provided by ICSB to Mazda Malaysia Sdn Bhd	**96**	116
Recovery of expenses by ICSB from Mazda Malaysia Sdn Bhd	**44**	–
Sale of vehicles and parts by Jaguar Land Rover (M) Sdn Bhd to Sisma Auto Sdn Bhd	**30**	40
Acquisition of 30% of the units in Brisbane BMW Unit Trust collectively owned by Burke Management Pty Ltd and Roller Management Pty Ltd	**–**	41
c. Transactions with Directors and key management personnel and their close family members		
Sale of motor vehicles by the Group	**–**[1]	3

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 2020 own approximately 53% 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:

	Year ended 30 June 2020	2019
Provision of shared services	**–**	69
Sales, servicing and leasing of equipment and vehicles	**23**	63
Renovation work on Automotive Complex	**–**	14
Royalty income charged	**4**	4
Rental income	**7**	7
Rental charges	**12**	10
Foreign currency payment arrangement	**117**	116
Balance payment for the purchase of office towers	**17**	–

[1] Less than RM1 million.

Amounts in RM million unless otherwise stated

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

There were no material events subsequent to the end of the current quarter under review to 21 August 2020, being a date not earlier than 7 days from the date of issue of the quarterly report.

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

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

1. Acquisition of subsidiaries and businesses

a) On 30 September 2019, Sime Darby (NZ) Holdings Limited, an indirect wholly-owned subsidiary of Sime Darby Berhad, completed the acquisition of the entire share capital in Gough Group Limited for a cash consideration of NZD218 million (approximately RM574 million).

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

Book value of net assets acquired	**560**
Fair value adjustments	**17**
Non-controlling interest	**(3)**
Purchase consideration	**574**
Less: Cash and cash equivalents of subsidiaries acquired	**(40)**
Net cash outflow on acquisition	**534**

b) On 2 December 2019, Sime Darby Motors Sdn Bhd acquired the business assets and properties of three luxury car dealerships in Sydney, Australia for a cash consideration of AUD156 million (approximately RM440 million) from Inchcape Australia Limited. The three dealerships represent the BMW, MINI, Volkswagen, Jaguar and Land Rover marques.

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

Fair value of net assets acquired	**425**
Goodwill	**15**
Purchase consideration	**440**

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

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

Fair value of net assets acquired	**8**
Goodwill	**8**
Purchase consideration	**16**

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

Amounts in RM million unless otherwise stated

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 2020	**As at 30 June 2019**
Performance guarantees and advance payment guarantees to customers of the Group	**2,100**	2,147
Guarantees in respect of credit facilities granted to certain joint ventures	**212**	231
	2,312	2,378

In addition, the Group guarantees the payment from its customers under a risk sharing arrangement with a third party leasing company in connection with the sale of its equipment up to a pre-determined amount. As at 30 June 2020, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM324 million (30 June 2019: RM276 million).

b) Claims

	As at 30 June 2020	**As at 30 June 2019**
Potential claims	**15**	19

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

Amounts in RM million unless otherwise stated

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

B1. Review of Group Performance

	Quarter ended 30 June			**Year ended 30 June**		
	2020	**2019**	**% +/(-)**	**2020**	**2019**	**% +/(-)**
Revenue	**8,821**	9,323	(5.4)	**36,934**	36,156	2.2
Segment results:						
Industrial	**204**	212	(3.8)	**967**	798	21.2
Motors	**194**	276	(29.7)	**574**	628	(8.6)
Logistics	**(101)**	(113)	10.6	**(94)**	2	>(100.0)
Healthcare	**(6)**	7	>(100.0)	**39**	49	(20.4)
Others	**26**	(12)	>100.0	**(36)**	(51)	29.4
	317	370	(14.3)	**1,450**	1,426	1.7
Foreign exchange gain from repayment of net investments	**8**	–		**7**	3	
Corporate expenses	**(10)**	(3)		**(50)**	(46)	
Profit before interest and tax	**315**	367	(14.2)	**1,407**	1,383	1.7
Finance income	**18**	8		**51**	32	
Finance costs	**(47)**	(31)		**(183)**	(124)	
Profit before tax	**286**	344	(16.9)	**1,275**	1,291	(1.2)
Taxation	**(97)**	(142)		**(402)**	(281)	
Profit for the period	**189**	202	(6.4)	**873**	1,010	(13.6)
Non-controlling interests	**(12)**	(18)		**(53)**	(62)	
Profit attributable to owners of the Company	**177**	184	(3.8)	**820**	948	(13.5)

An analysis of the results for the quarter ended 30 June 2020 against the quarter ended 30 June 2019 is as follows:

The Group registered a 14.2% decline in profit before interest and tax mainly due to the adverse impact from the coronavirus outbreak and impairment of assets during the quarter. The Group's profit attributable to owners of the Company ("Net Profit") declined by 3.8%.

a) Industrial

Segment profit decreased by 3.8% to RM204 million in the current quarter. Included in the current quarter are the fair value loss on financial assets of RM61 million (previous corresponding quarter: fair value gain of RM1 million) and reversal of impairment of assets in Papua New Guinea ("PNG") of RM32 million. The previous corresponding period also included a gain on disposal of Sime Kubota of RM10 million. Excluding these items, profit increased by 15.9% mainly due to higher equipment sales in Australia and Greater China.

The Greater China operations registered a 56.6% increase in profit as revenue rebounded strongly after having been adversely affected by the coronavirus outbreak in the preceding quarter. The Australia operations' profitability was not significantly impacted by movement restrictions during the quarter but the New Zealand operations were adversely affected.

B1. Review of Group Performance (continued)

An analysis of the results for the quarter ended 30 June 2020 against the quarter ended 30 June 2019 is as follows: (continued)

b) Motors

Segment profit decreased by 29.7% to RM194 million in the current quarter. Included in the current quarter is net impairment of leasehold land of RM26 million and dividend income of RM120 million (previous corresponding quarter: RM135 million). Excluding these items, profit decreased by 29.1% as operations in Malaysia, Singapore and New Zealand were affected by movement restrictions while consumer sentiment was adversely affected during the quarter across all operations.

Profit from the Greater China operations declined by 33% mainly due to lower rebates/incentives from principal although revenue was 3.1% higher. The Singapore operations recorded a lower loss despite the coronavirus circuit breaker as the operations were more adversely affected by competition in the previous corresponding period.

c) Logistics

The division recorded a loss before interest and tax of RM101 million mainly due to the share of loss (inclusive of impairment) from Weifang Port Services ("WPS") of RM75 million (previous corresponding quarter: loss of RM115 million), impairment of receivables from WPS of RM24 million and share of loss (inclusive of impairment) from Weifang Sime Darby Liquid Terminal of RM17 million (previous corresponding quarter: loss of RM2 million). Also included in the current quarter is a gain on disposal of sea-use-rights and related assets of RM18 million. The port operations recorded lower throughput mainly due to the coronavirus outbreak, environmental restrictions and stiff competition.

d) Healthcare

The loss during the quarter of RM6 million was mainly due to impairment of assets and lower revenue as a result of lower patient volume due to the coronavirus outbreak.

e) Others

The results include net reversal of impairment of the Group's investment in Eastern & Oriental Berhad ("E&O") of RM4 million (previous corresponding quarter: loss of RM18 million). Also included in the quarter is RM15 million income from the settlement of the Qatar Petroleum ("QP") legal case.

f) Finance income

Finance income for the quarter includes RM8 million relating to the India withholding tax recoverable.

g) Finance costs

The finance costs of RM47 million includes finance cost of RM22 million relating to lease liabilities following the adoption of MFRS 16.

B1. Review of Group Performance (continued)

An analysis of the results for the financial year ended 30 June 2020 against the financial year ended 30 June 2019 is as follows:

The Group's Net Profit declined by 13.5% mainly due to the recognition of a deferred tax credit of RM129 million arising from the change in Real Property Gains Tax ("RPGT") rates in Malaysia in the previous financial year. Excluding this item, the Group's Net Profit would have been comparable to that of the previous year. The strong operating results in the first half of the financial year has helped mitigate the adverse impact of the coronavirus outbreak in the second half of the year.

a) Industrial

Segment profit increased by 21.2% to RM967 million compared against the previous year. Included in the results are the fair value loss on financial assets of RM72 million (previous year: loss of RM47 million) and reversal of impairment of assets in PNG of RM32 million. The previous year also included gain on disposals of RM28 million. Excluding these items, profit increased by 23.3% mainly due to higher profit from the Australia and Greater China operations. The Australia operations' profitability during the second half of the financial year was not significantly affected by the coronavirus outbreak while the Greater China operations registered strong sales in the first half and fourth quarter of the financial year.

b) Motors

Segment profit decreased by 8.6% to RM574 million as the division was affected by movement restrictions in certain countries while consumer sentiment was adversely affected by the coronavirus outbreak. The China operations recorded higher profit mainly due to the strong performance in the first half of the financial year and strong recovery in the fourth quarter. Also included in the results are dividend income of RM120 million (previous year: RM135 million) and net impairment of leasehold land of RM26 million.

c) Logistics

The division recorded a loss before interest and tax of RM94 million mainly due to the share of loss (inclusive of impairment) from Weifang Port Services ("WPS") of RM86 million (previous year : loss of RM119 million), impairment of receivables from WPS of RM24 million and share of loss (inclusive of impairment) from Weifang Sime Darby Liquid Terminal of RM19 million (previous year: profit of RM2 million). Also included in the current year is a gain on disposal of sea-use-rights and related assets of RM18 million while the previous year included the gain on disposal of Weifang Water of RM78 million. The port operations recorded lower throughput mainly due to the coronavirus outbreak, environmental restrictions and stiff competition.

d) Healthcare

The lower profit was mainly due to impairment of assets and the impact of the coronavirus outbreak in the second half of FY2020.

e) Others

The results include share of loss (including impairment) of the equity interest in E&O of RM58 million (previous year: RM117 million), foreign exchange loss of the legacy oil and gas operations of RM12 million (previous year: RM6 million) and QP legal case settlement of RM15 million. The previous corresponding period result also included recognition of the arbitration award received for the ONGC Wellhead project of RM26 million and gain on disposal of trademark of RM17 million.

f) Finance income

Finance income was higher mainly due to higher finance income from finance lease receivables and the RM8 million interest income from the India withholding tax recoverable.

Amounts in RM million unless otherwise stated

B1. Review of Group Performance (continued)

An analysis of the results for the financial year ended 30 June 2020 against the financial year ended 30 June 2019 is as follows: (continued)

g) Finance costs

The finance costs of RM183 million includes finance cost of RM72 million relating to lease liabilities following the adoption of MFRS 16.

h) Taxation

The previous year results include recognition of deferred tax credit of RM129 million arising from the change in RPGT rates in Malaysia.

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

	Quarter ended		
	30 June 2020	**31 March 2020**	**% +/(-)**
Revenue	**8,821**	8,428	4.7
Segment results:			
Industrial	**204**	216	(5.6)
Motors	**194**	103	88.3
Logistics	**(101)**	(6)	>(100.0)
Healthcare	**(6)**	13	>(100.0)
Others	**26**	(50)	>100.0
	317	276	14.9
Foreign exchange gain from repayment of net investments	**8**	–	
Corporate expenses	**(10)**	(11)	
Profit before interest and tax	**315**	265	18.9
Finance income	**18**	10	
Finance costs	**(47)**	(51)	
Profit before tax	**286**	224	27.7
Taxation	**(97)**	(96)	
Profit for the period	**189**	128	47.7
Non-controlling interests	**(12)**	(13)	
Profit attributable to owners of the Company	**177**	115	53.9

An analysis of the results for the quarter ended 30 June 2020 against the quarter ended 31 March 2020 is as follows:

The Group's Net Profit increased by 53.9% against the preceding quarter mainly due dividend income recognised in the current quarter, coupled with the higher share of loss from E&O in the preceding quarter. The adverse impact of the coronavirus outbreak during the quarter was also partly offset by the strong recovery of the China operations.

a) Industrial

Segment profit decreased by 5.6% as the current quarter included fair value loss on financial assets of RM61 million (preceding quarter : loss of RM2 million), partly offset by reversal of impairment of assets in PNG of RM32 million. Excluding these items, profit increased by 6.9% as a result of the strong recovery in the Greater China operations, which registered a RM66 million increase in profit before interest from the preceding quarter.

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 2020 against the quarter ended 31 March 2020 is as follows: (continued)

b) Motors

Segment profit increased by 88.3% as the current quarter included dividend income of RM120 million partly offset by net impairment of leasehold land of RM26 million. Excluding these items, profit decreased by 2.9% as operations in Malaysia, Singapore and New Zealand were more significantly affected by movement restrictions in the current quarter.

c) Others

The results include the net reversal of impairment of the Group's investment in E&O of RM4 million in the current quarter against share of loss (inclusive of impairment) of RM40 million in the preceding quarter, foreign exchange gain from the legacy oil and gas operations of RM2 million (preceding quarter : foreign exchange loss of RM14 million) and QP legal case settlement of RM15 million.

The variances for Logistics, Healthcare and finance income are as explained in Note B1.

B3. Prospects

The Group performed satisfactorily in the financial year ended 30 June 2020, supported by the strong performance in the first half of the financial year, despite challenges from the coronavirus outbreak in the second half of the financial year.

A significant portion of the Group's operations are in locations where the coronavirus outbreak has generally been under control or relatively well managed. As such, many operations have seen a recovery in sales after movement restrictions were eased. However, there remains a risk that a spike in coronavirus cases could adversely impact sales, especially if movement restrictions are tightened again. The Group has instituted a downturn action plan to weather these challenging times. The plan ensures that the Group remains resilient and is able to quickly adapt to the changing business environment.

Many countries have introduced stimulus measures to help their economy recover after lockdowns and restrictions significantly curtailed economic activity. Increased infrastructure spending would support equipment sales of the Industrial division while fiscal incentives such as the sales tax exemption for car sales in Malaysia would help bolster sales. However, the risks from trade tensions remain high, which may lead to supply chain disruptions or changes in purchasing preference that can adversely impact the Group.

The impact of the coronavirus outbreak in the upcoming financial year cannot be accurately estimated at this juncture as there are still significant uncertainties on how and when the outbreak would be contained. However, based on the relatively strong rebound in sales that the Group has experienced thus far and its relatively strong financial position, the Board is cautiously optimistic that the Group's financial performance for the financial year ending 30 June 2021 would be satisfactory.

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

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

Amounts in RM million unless otherwise stated

B5. Profit before tax

	Quarter ended 30 June 2020	Quarter ended 30 June 2019 Restated	Year ended 30 June 2020	Year ended 30 June 2019 Restated
Included in operating profit are:				
Depreciation and amortisation	**(279)**	(153)	**(1,053)**	(598)
Inventory writedown and provision (net)	**(106)**	(82)	**(242)**	(225)
(Impairment)/reversal of impairment and write off of receivables (net)	**(62)**	1	**(72)**	4
Impairment and write off of property, plant and equipment, intangible assets, and right-of-use assets	**(11)**	(1)	**(20)**	(1)
Gain on disposal of subsidiaries	**–**	6	**1**	86
Gain/(loss) on disposal of properties[1]	**9**	(1)	**9**	22
Net (loss)/gain on disposal of other assets	**(3)**	(3)	**1**	14
Net foreign exchange gain/(loss)	**13**	(12)	**(8)**	(15)
Fair value (loss)/gain on financial assets at fair value	**(61)**	1	**(72)**	(47)
Net loss on derivatives	**(7)**	(2)	**(3)**	(4)
Compensation income for fixed assets	**16**	–	**32**	–
Included in share of results of associates and joint ventures are:				
Reversal of impairment/(impairment) of associates (net)	**16**	(16)	**(45)**	(116)
Impairment of joint ventures	**(96)**	(89)	**(96)**	(89)

[1] Consists of gain/(loss) on disposal of land, buildings and sea-use-rights.

B6. Taxation

	Quarter ended 30 June 2020	Quarter ended 30 June 2019	Year ended 30 June 2020	Year ended 30 June 2019
Current tax:				
- current period	**138**	124	**433**	292
- previous years	**(4)**	6	**3**	22
	134	130	**436**	314
Deferred tax:				
- origination and reversal of temporary differences and other deferred tax adjustments	**(37)**	12	**(34)**	96
- effects of change in RPGT rates	**–**	–	**–**	(129)
	97	142	**402**	281

The effective tax rate excluding share of results of associates and joint ventures for the current quarter 30 June 2020 of 25.7% is close to the applicable tax rate for the current quarter of 26.2% as the effect of the non-taxable dividend income was offset by the effects of non-deductible expenses and withholding taxes.

The effective tax rate excluding share of results of associates and joint ventures for the year ended 30 June 2020 of 29.1% was higher than the applicable tax rate for the year ended 30 June 2020 of 26.4% mainly due to non-deductible expenses in certain subsidiaries and withholding taxes.

Amounts in RM million unless otherwise stated

B7. Status of Corporate Proposals

The corporate proposal announced but not completed as at 21 August 2020 is as follows:

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

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

B8. Group Borrowings

The breakdown of the borrowings as at 30 June 2020 is as follows:

	Secured	Unsecured	Total
Long-term			
Term loans	32	–	32
Islamic financing	–	78	78
	32	78	110
Short-term			
Term loans due within one year	9	–	9
Islamic financing due within one year	–	73	73
Short term Islamic financing	–	204	204
Bank overdrafts	–	44	44
Revolving credits, bankers acceptances, trade facilities and other short-term borrowings	–	1,791	1,791
	9	2,112	2,121
Total borrowings	41	2,190	2,231

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

	Long-term borrowings	Short-term borrowings	Total
Ringgit Malaysia	78	339	417
Australian dollar	–	155	155
Chinese renminbi	–	394	394
New Zealand dollar	–	569	569
Pacific franc	32	16	48
Taiwan dollar	–	45	45
Thailand baht	–	107	107
United States dollar	–	341	341
Singapore dollar	–	155	155
Total borrowings	110	2,121	2,231

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

B9. Financial Instruments

a) Derivatives

The Group primarily uses forward foreign exchange contracts to manage its exposure to foreign exchange risks. The fair values of these contracts as at 30 June 2020 are as follows:

	Classification in Statement of Financial Position		
	Assets (Current)	**Liabilities (Current)**	**Net fair value**
Forward foreign exchange contracts	**3**	**(6)**	**(3)**

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

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

<u>Forward foreign exchange contracts</u>

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

As at 30 June 2020, 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	**1,018**	**(3)**

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 21 August 2020 are as follows:

a) Qatar Petroleum Project ("QP Project"), Maersk Oil Qatar Project ("MOQ Project") and the Marine Project Civil Suit ("Oil & Gas Suit")

On 23 December 2010, Sime Darby Berhad and four subsidiaries (collectively, "the Plaintiffs") filed a civil suit against Dato' Seri Ahmad Zubair @ Ahmad Zubir Hj Murshid, Dato' Mohamad Shukri Baharom, Abdul Rahim Ismail, Abdul Kadir Alias and Mohd Zaki Othman (collectively, "the Defendants") for damages arising from the Defendants' negligence and breaches of duty relating to the QP Project, the MOQ Project and the project relating to the construction of a derrick lay barge for an aggregate amount of RM93 million and USD79 million (approximately RM330 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 first defendant, Dato' Seri Ahmad Zubair, has filed a discovery application ("Discovery Application") on 12 March 2020 for the Plaintiffs to produce certain documents. The hearing for the Discovery Application was heard on 7 August 2020. The Court will deliver its decision on the Discovery Application on 24 August 2020. The Court has yet to fix the hearing date for the assessment of damages.

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

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

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

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

B10. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 21 August 2020 are as follows: (continued)

c) Emirates International Energy Services ("EMAS")

On 13 January 2011, EMAS filed a civil suit in Abu Dhabi against Sime Darby Engineering Sdn Bhd ("SDE") claiming payment of USD178 million (approximately RM744 million) comprising a payment of USD128 million (approximately RM535 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 RM46.6 million).

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

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

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

d) Claim against Qatar Petroleum ("QP")

On 15 August 2012, Sime Darby Engineering Sdn Bhd ("SDE") filed a Statement of Claim at the Qatar Court against QP for the sum of QAR1 billion (approximately RM1.1 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 RM14.7 million) ("Judgement Sum") to SDE ("Judgement") and both parties had appealed to the Court of Appeal against the Judgement.

The Court of Appeal upheld the Judgement on 29 July 2019 and ordered for QP to pay SDE the Judgment Sum. The decision is final and binding.

SDE initiated enforcement proceedings on 4 November 2019 where QP requested for an adjournment to settle the final sum. On 25 November 2019, QP paid the Judgement Sum to Court.

On 6 July 2020, the Court remitted the Judgement Sum via Qatar National Bank to Maybank in Malaysian Ringgit. However, Maybank was unable to accept the remittance as it was not in compliance with Bank Negara's regulations. SDE instructed its lawyers to request the Court to remit the Judgement Sum in Qatar Riyal. Remittance by the Court is pending. Once received, the case will be closed.

B10. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 21 August 2020 are as follows: (continued)

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

SDE and Swiber Offshore Construction Pte Ltd ("SOC") entered into a Consortium Agreement to govern their relationship as a consortium ("the Consortium") to undertake works relating to the PP Project awarded by Oil and Natural Gas Corporation Ltd ("ONGC"). A contract dated 3 July 2010 was executed for a total contract price of USD618 million (approximately RM2.6 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. A hearing date has not been fixed.

SDE and Swiber will initiate enforcement proceedings against ONGC for the arbitration award.

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

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

CCCC Tianjin Dredging Co., Ltd. ("Tianjin Dredging") was engaged to construct a 35,000 deadweight tonne ("DWT") main channel in Weifang, Shandong Province, People's Republic of China (the "Project") which was completed in November 2016 at total cost of approximately RMB1.17 billion (RM708 million). 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 of the RMB741 million (RM448 million).

On 20 December 2019, WPS received the final Court's decision which ordered WPS to pay the sum of RMB711 million (approximately RM430 million) ("Outstanding Sum"), costs of RMB3.6 million (equivalent to approximately RM2.2 million) and late payment interests to the Plaintiff ("Judgement"). The Court held that WPS and WPG are jointly and severally liable for the above payments. WPS and the Plaintiff are in negotiations to settle the matter.

The Plaintiff has applied to Court to enforce the Judgement against WPS and WPG to auction the sealed assets to settle the Judgment sum. A valuer has been appointed to value the sealed assets and the valuation is in progress.

The Plaintiff had filed a second lawsuit against WPS, WPG and subsidiaries of WPS (Weifang Port Operating Management Co. Ltd and Weifang Port Dredging Project Co. Ltd) for the Court to confirm its right of first claim with respect to auction proceeds (from the sale of assets owned by WPS and its subsidiaries).

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

B11. Dividend

The Board has declared a second interim dividend of 7.0 sen per share and a special dividend of 1.0 sen per share in respect of the financial year ended 30 June 2020. The dividends are proposed to be payable on 30 October 2020 to shareholders whose name appears in the Record of Depositors as at the close of business on 5 October 2020.

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

(i) shares transferred into the depositor's securities account before 4.30 p.m. on 5 October 2020 in respect of transfers; and

(ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

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

	Year ended 30 June 2020		**Year ended 30 June 2019**	
	Per share (sen)	**Total dividends**	**Per share (sen)**	**Total dividends**
First interim dividend	**2.0**	**136**	2.0	136
Second interim dividend	**7.0**	**476**	7.0	476
Special dividend	**1.0**	**68**	1.0	68
	10.0	**680**	10.0	680

B12. Earnings Per Share

	Quarter ended 30 June		**Year ended 30 June**	
	2020	**2019**	**2020**	**2019**
Basic earnings per share attributable to owners of the Company are computed as follows:				
Profit attributable to owners of the Company	**177**	184	**820**	948
Weighted average number of ordinary shares in issue (million)	**6,801**	6,801	**6,801**	6,801
Basic earnings per share (sen)	**2.6**	2.7	**12.1**	13.9

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

B13. Comparatives

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

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

b) the statement of comprehensive income, statement of changes in equity and statement of cash flows have been restated to reflect the amounts as presented in the audited accounts for the financial year ended 30 June 2019.

By Order of the Board
Noor Zita Hassan
Group Secretary

Petaling Jaya
27 August 2020