

QUARTERLY REPORT

On the consolidated results for the third quarter ended 31 March 2018

The Directors are pleased to announce the following:

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

	Note	Quarter ended 31 March		% +/(-)	Three quarters ended 31 March		% +/(-)
		2018	2017		2018	2017	
Continuing operations							
Revenue		550,671	585,750	(6.0)	1,691,445	1,439,461	17.5
Cost of sales		(457,139)	(406,329)		(1,236,058)	(996,689)	
Gross profit		93,532	179,421	(47.9)	455,387	442,772	2.8
Other income		20,347	829		30,043	32,968	
Selling and marketing expenses		(10,261)	(16,754)		(51,342)	(47,101)	
Administrative and other expenses		(51,587)	(65,657)		(212,537)	(238,983)	
Other gains/(losses)		1,698	(40,273)		317,786	90,003	
Share of results of joint ventures		(17,868)	(5,165)		92,550	91,490	
Share of results of associates		772	9,370		1,990	22,035	
Profit before interest and tax	A7	36,633	61,771	(40.7)	633,877	393,184	61.2
Finance income		6,130	9,697		22,183	13,568	
Finance costs		(1,718)	–		(14,433)	(1,480)	
Profit before tax		41,045	71,468	(42.6)	641,627	405,272	58.3
Tax expense	B6	(12,329)	(33,030)		(50,469)	(92,645)	
Profit from continuing operations		28,716	38,438	(25.3)	591,158	312,627	89.1
Discontinuing operations							
(Loss)/profit from discontinuing operations		–	(7,184)	100.0	1,566	20,037	(92.2)
Profit for the period		28,716	31,254	(8.1)	592,724	332,664	78.2
Attributable to owners of:							
- the Company							
- from continuing operations		33,669	6,169	445.8	592,498	284,350	108.4
- from discontinuing operations		–	(4,310)	100.0	940	12,022	(92.2)
		33,669	1,859	1,711.1	593,438	296,372	100.2
- non-controlling interests		(4,953)	29,395		(714)	36,292	
Profit for the period		28,716	31,254	(8.1)	592,724	332,664	78.2
		Sen	Sen		Sen	Sen	
Basic earnings/(loss) per share attributable to owners of the Company	B11						
- from continuing operations		0.5	0.1	400.0	10.9	7.6	43.4
- from discontinuing operations		–	(0.1)	100.0	–	0.3	(100.0)
Total		0.5	–	500.0	10.9	7.9	38.0

The unaudited Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2017.

SIME DARBY PROPERTY BERHAD
(Company No: 15631-P)

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

	Quarter ended			Three quarters ended		
	31 March		%	31 March		%
	2018	2017	+ / (-)	2018	2017	+ / (-)
Profit for the period	28,716	31,254	(8.1)	592,724	332,664	78.2
Other comprehensive (loss)/income						
<u>Continuing operations</u>						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences	(132,126)	13,198		(301,619)	36,601	
Net changes in fair value of available-for-sale investments	(3,368)	2,389		(6,431)	(612)	
Share of other comprehensive profit/(loss) of an associate	789	278		(265)	(4,816)	
	<u>(134,705)</u>	<u>15,865</u>		<u>(308,315)</u>	<u>31,173</u>	
Reclassified to profit or loss currency translation differences on:						
- disposal of a subsidiary	-	-		-	(6,382)	
Other comprehensive (loss)/income from continuing operations	<u>(134,705)</u>	<u>15,865</u>	(949.1)	<u>(308,315)</u>	<u>24,791</u>	(1,343.7)
Total comprehensive (loss)/income for the period	<u>(105,989)</u>	<u>47,119</u>	(324.9)	<u>284,409</u>	<u>357,455</u>	(20.4)
Attributable to owners of:						
- the Company						
- from continuing operations	(97,854)	19,294	(607.2)	289,815	301,992	(4.0)
- from discontinuing operations	-	(4,310)	100.0	940	12,022	(92.2)
	<u>(97,854)</u>	<u>14,984</u>	(753.1)	<u>290,755</u>	<u>314,014</u>	(7.4)
- non-controlling interests	<u>(8,135)</u>	<u>32,135</u>		<u>(6,346)</u>	<u>43,441</u>	
Total comprehensive (loss)/income for the period	<u>(105,989)</u>	<u>47,119</u>	(324.9)	<u>284,409</u>	<u>357,455</u>	(20.4)

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 2017.

SIME DARBY PROPERTY BERHAD
(Company No: 15631-P)

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

	Note	Unaudited As at 31 March 2018	Audited As at 30 June 2017
<u>Non-current assets</u>			
Property, plant and equipment		779,367	824,398
Investment properties		504,027	474,221
Inventories		1,681,736	1,227,225
Joint ventures		1,932,282	1,967,983
Associates		139,795	138,596
Investments		39,910	46,341
Intangible assets		4,475	5,386
Deferred tax assets		469,548	452,521
Receivables		49,884	61,275
		5,601,024	5,197,946
<u>Current assets</u>			
Inventories		4,814,898	4,579,438
Contract assets		370,247	167,862
Receivables		655,813	682,533
Tax recoverable		34,768	27,818
Cash held under Housing Development Accounts		506,241	581,049
Bank balances, deposits and cash		246,826	494,211
		6,628,793	6,532,911
Assets held for sale		1,860,621	2,222,866
Total assets	A7	14,090,438	13,953,723
<u>Equity</u>			
Share capital		6,800,839	2,405,496
Contribution from immediate holding company		–	1,500,000
Reserves		(207,992)	94,691
Retained earnings		2,923,083	2,322,990
Attributable to owners of the Company		9,515,930	6,323,177
Non-controlling interests		186,249	264,724
Total equity		9,702,179	6,587,901
<u>Non-current liabilities</u>			
Contract liabilities		257,975	260,746
Borrowings	B8	1,292,503	938,727
Provisions		31,647	160,923
Deferred tax liabilities		12,846	33,880
Loans due to related companies		–	2,229,691
		1,594,971	3,623,967
<u>Current liabilities</u>			
Payables		928,601	2,047,741
Contract liabilities		50,445	11,495
Borrowings	B8	183,433	230,154
Provisions		14,749	15,983
Tax payable		125,938	39,121
Dividend payable		136,017	–
		1,439,183	2,344,494
Liabilities associated with assets held for sale		1,354,105	1,397,361
Total liabilities		4,388,259	7,365,822
Total equity and liabilities		14,090,438	13,953,723

SIME DARBY PROPERTY BERHAD
(Company No: 15631-P)

Unaudited Condensed Consolidated Statement of Financial Position (continued)
Amounts in RM thousand unless otherwise stated

	Unaudited As at 31 March 2018	Audited As at 30 June 2017
Net assets per ordinary share attributable to owners of the Company (RM)	<u>1.40</u>	<u>6.32</u>
Note:		
1. Assets held for sale		
Non-current assets		
Investment properties	-	310
Associate	-	338,264
Disposal groups	<u>1,860,621</u>	<u>1,884,292</u>
	<u>1,860,621</u>	<u>2,222,866</u>
2. Liabilities associated with assets held for sale		
Disposal groups	<u>1,354,105</u>	<u>1,397,361</u>

The disposal groups classified under assets held for sale and liabilities associated with assets held for sale as at 30 June 2017 were in respect of Sime Darby Property Selatan Sdn Bhd group and Malaysia Land Development Company Berhad group. The disposal of Malaysia Land Development Company Berhad group was completed on 19 September 2017.

The associate classified as assets held for sale as at 30 June 2017 was in relation to the Group's entire 40% equity interest in Seriemas Development Sdn Bhd group. The disposal was completed on 29 September 2017.

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 2017.

SIME DARBY PROPERTY BERHAD
(Company No: 15631-P)

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

	Share capital	Share premium	Contribution from immediate holding company	Available-for-sale reserve	Exchange reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total Equity
Three quarters ended 31 March 2018									
At 1 July 2017	2,405,496	–	1,500,000	20,152	74,539	2,322,990	6,323,177	264,724	6,587,901
Total comprehensive (loss)/ income for the period	–	–	–	(6,696)	(295,987)	593,438	290,755	(6,346)	284,409
Disposal of subsidiary	–	–	–	–	–	–	–	780	780
Transactions with owners									
- issue of shares	4,395,343	–	(1,500,000)	–	–	–	2,895,343	–	2,895,343
- waiver on intercompany loan (net of tax)	–	–	–	–	–	142,672	142,672	1,170	143,842
- dividends paid to non-controlling interest	–	–	–	–	–	–	–	(74,079)	(74,079)
- dividends payable	–	–	–	–	–	(136,017)	(136,017)	–	(136,017)
At 31 March 2018	6,800,839	–	–	13,456	(221,448)	2,923,083	9,515,930	186,249	9,702,179
Three quarters ended 31 March 2017									
At 1 July 2016	1,010,409	1,030,493	1,500,000	25,823	18,599	1,748,533	5,333,857	174,510	5,508,367
Total comprehensive (loss)/ income for the period	–	–	–	(5,428)	23,070	296,372	314,014	43,441	357,455
Transfer from share premium	1,316,310	(1,316,310)	–	–	–	–	–	–	–
Transaction with owners									
- issue of shares	78,777	285,817	–	–	–	–	364,594	–	364,594
At 31 March 2017	2,405,496	–	1,500,000	20,395	41,669	2,044,905	6,012,465	217,951	6,230,416

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2017.

SIME DARBY PROPERTY BERHAD
(Company No: 15631-P)

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

	Note	Three quarters ended 31 March	
		2018	2017
Cash flow from operating activities			
Profit for the period		591,158	312,627
Adjustments for:			
Share of results of joint ventures and associates		(94,540)	(113,525)
Finance income		(22,183)	(13,568)
Finance costs		14,433	1,480
Gain on disposals		(330,094)	(130,374)
Reversal of impairment losses		(1,326)	(26,313)
Depreciation and amortisation		34,086	39,967
Impairment and write offs		1,911	79,196
Tax expense		50,469	92,645
		<u>243,914</u>	<u>242,135</u>
Changes in working capital:			
Inventories		(78,494)	(415,597)
Contract assets and contract liabilities		(265,536)	101,556
Trade, other receivables and prepayments		29,332	35,982
Trade, other payables and provisions		(493,918)	(132,921)
Cash used in operations		<u>(564,702)</u>	<u>(168,845)</u>
Tax paid		(24,438)	(86,061)
Dividends received from joint ventures and associates		4,921	11,800
Operating cash used in continuing operations		<u>(584,219)</u>	<u>(243,106)</u>
Operating cash from/(used in) discontinuing operations		<u>105,944</u>	<u>(79,885)</u>
Net cash used in operating activities		<u>(478,275)</u>	<u>(322,991)</u>
Cash flow from investing activities			
Finance income received		20,961	13,211
Proceeds from sale of:			
- property, plant and equipment		12,995	660
- investment property		58,577	–
- an associate	A12	615,846	–
Net cash inflow from disposal of subsidiaries	A12	59,413	222,355
Purchase of:			
- property, plant and equipment		(16,116)	(15,751)
- investment properties		(66,897)	(78,088)
- intangible assets		(820)	(557)
Purchase/subscription of shares in joint ventures and associates		(151,195)	(394,505)
Advances to joint ventures		–	(52,750)
Investing cash from/(used in) continuing operations		<u>532,764</u>	<u>(305,425)</u>
Investing cash from discontinuing operations		<u>510</u>	<u>2,280</u>
Net cash from/(used in) investing activities		<u>533,274</u>	<u>(303,145)</u>

SIME DARBY PROPERTY BERHAD
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Unaudited Condensed Consolidated Statement of Cash Flows (continued)
Amounts in RM thousand unless otherwise stated

	Note	Three quarters ended 31 March	
		2018	2017
Cash flow from financing activities			
Proceeds from issuance of shares		–	364,594
Finance costs paid		(74,396)	(117,759)
Long-term borrowings raised		524,649	120,761
Repayments of long-term borrowings		(220,574)	(160,371)
Dividends paid to non-controlling interests		(74,079)	–
Repayment to related companies		(414,731)	224,765
Financing cash (used in)/from continuing operations		(259,131)	431,990
Financing cash used in discontinuing operations		(67,001)	(11,117)
Net cash (used in)/from financing activities		(326,132)	420,873
Net changes in cash and cash equivalents		(271,133)	(205,263)
Foreign exchange differences		(11,606)	1,759
Cash and cash equivalents at beginning of the period		1,129,154	906,010
Cash and cash equivalents at end of the period		846,415	702,506
For the purpose of the Statement of Cash Flows, cash and cash equivalents comprised the following:			
Cash held under Housing Development Accounts		506,241	555,138
Bank balances, deposits and cash		246,826	61,529
Cash and cash equivalents from continuing operations		753,067	616,667
Cash and cash equivalents from discontinuing operations		93,348	85,839
		846,415	702,506

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 2017.

SIME DARBY PROPERTY BERHAD
(Company No: 15631-P)

Explanatory Notes on the Quarterly Report – 31 March 2018
Amounts in RM thousand unless otherwise stated

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 consolidated financial statements for the financial year ended 30 June 2017.

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 2017 except as described below.

a) Accounting pronouncements that have been adopted for this interim financial report:

- Amendments to MFRS 12 – Disclosure of Interests in Other Entities (Annual Improvements to MFRSs 2014 – 2016 Cycle)
- Disclosure Initiative (Amendments to MFRS 107 – Statement of Cash Flows)
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112 – Income Taxes)

The adoption of the above did not result in any significant changes to the Group’s results and financial position.

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

- MFRS 9 – Financial Instruments
- MFRS 16 – Leases
- MFRS 17 – Insurance Contracts
- Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2 – Share-based Payment)
- Applying MFRS 9 with MFRS 4 – Insurance Contracts (Amendments to MFRS 4)
- Amendments to MFRS 128 – Investments in Associates and Joint Ventures (Annual Improvements to MFRS 2014 – 2016 Cycle)
- Transfers of Investment Property (Amendments to MFRS 140 – Investment Property)
- IC Interpretation 22 – Foreign Currency Translations and Advance Consideration
- IC Interpretation 23 – Uncertainty over Income Tax Treatments
- Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)
- Prepayment Features with Negative Compensation (Amendments to MFRS 9)
- Previously Held Interest in a Joint Operation (Amendments to MFRS 3 – Business Combinations)
- Previously Held Interest in a Joint Operation (Amendments to MFRS 11 – Joint Arrangements)
- Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to MFRS 112)
- Borrowing Costs Eligible for Capitalisation (Amendments to MFRS 123 – Borrowing Costs)
- Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119 – Employee Benefits)
- Amendments to References to the Conceptual Framework in MFRS Standards

c) Accounting pronouncement where the effective date has been deferred to a date to be determined by the 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)

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Explanatory Notes on the Quarterly Report – 31 March 2018
Amounts in RM thousand unless otherwise stated

A2. Seasonal or Cyclical Factors

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

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

Other than the following, there were no material unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period under review.

- a) On 29 September 2017, the Group registered a gain of RM278.2 million on the disposal of its entire 40% equity interest in Seriemas Development Sdn Bhd for a total cash consideration of RM625.0 million (see Note A12); and
- b) Pursuant to the Sime Darby Berhad group restructuring, the equity of the Group was increased by RM143.8 million in August 2017, attributable to the waiver of the intercompany loan by Sime Darby Far East (1991) Ltd, an indirect wholly-owned subsidiary of Sime Darby Berhad.

A4. Material Changes in Estimates

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

A5. Debt and Equity Securities

Save for the following new ordinary shares issued in conjunction with the Company's listing exercise (see Note A11), there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review.

- a) On 10 November 2017, the 1,405,496,300 redeemable preference shares of the Company were redeemed at RM1 per share via the issuance of 1,405,496,300 new ordinary shares of Sime Darby Property Berhad at an issue price of RM1 each; and
- b) On 10 November 2017, the deemed equity and loan totalling RM4,395,343,077 from Sime Darby Berhad to the Company were repaid via the issuance of 4,395,343,077 new ordinary shares of Sime Darby Property Berhad at an issue price of RM1 each.

Following the issuance of the new shares, the Company's issued and paid up ordinary shares have increased from 1,000,000,000 shares to 6,800,839,377 shares. All new shares issued ranked pari passu in all respects with the existing ordinary shares.

A6. Dividends Paid

An interim single tier dividend of 2.0 sen per ordinary share in respect of the financial year ending 30 June 2018 amounting to RM136.0 million was paid on 26 April 2018.

SIME DARBY PROPERTY BERHAD
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Explanatory Notes on the Quarterly Report – 31 March 2018
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A7. Segment Information

The Group has 3 reportable segments and these strategic business units are managed separately by respective Chief Operating Officers. The Group Managing Director and senior management review the operations and performance reports on a monthly basis and conduct dialogues with the business units on a regular basis.

	Note	Continuing operations				Discontinuing operations	Total	
		Property Development	Property Investment	Leisure and Hospitality	Elimination			
Three quarters ended 31 March 2018								
Revenue:								
External		1,587,136	27,594	76,715	–	1,691,445	44,294	1,735,739
Inter-segment		213	271	396	(880)	–	–	–
		1,587,349	27,865	77,111	(880)	1,691,445	44,294	1,735,739
Cost of sales		(1,162,291)	(27,292)	(47,355)	880	(1,236,058)	(40,265)	(1,276,323)
Gross profit		425,058	573	29,756	–	455,387	4,029	459,416
Other income		16,024	11,143	2,984	(108)	30,043	918	30,961
Selling and marketing expenses		(50,111)	–	(1,231)	–	(51,342)	–	(51,342)
Administrative and other expenses		(149,956)	(12,669)	(50,020)	108	(212,537)	(1,950)	(214,487)
Share of results of joint ventures and associates		98,159	(3,619)	–	–	94,540	–	94,540
Segment results		339,174	(4,572)	(18,511)	–	316,091	2,997	319,088
Other gains/(losses)		272,360	(4)	45,430	–	317,786	125	317,911
Profit/(loss) before interest and tax		611,534	(4,576)	26,919	–	633,877	3,122	636,999
Included in other gains/(losses) are:								
Gain on disposal of:								
- subsidiaries	A12	–	–	39,628	–	39,628	–	39,628
- an associate	A12	278,192	–	–	–	278,192	–	278,192

SIME DARBY PROPERTY BERHAD
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Explanatory Notes on the Quarterly Report – 31 March 2018
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A7. Segment Information (continued)

	Note	Continuing operations				Total	Discontinuing operations	Total
		Property Development	Property Investment	Leisure and Hospitality	Elimination			
Three quarters ended 31 March 2017								
Revenue:								
External		1,307,126	43,167	89,168	–	1,439,461	31,872	1,471,333
Inter-segment		310	374	202	(886)	–	–	–
		<u>1,307,436</u>	<u>43,541</u>	<u>89,370</u>	<u>(886)</u>	<u>1,439,461</u>	<u>31,872</u>	<u>1,471,333</u>
Cost of sales		(919,535)	(37,017)	(41,023)	886	(996,689)	(35,036)	(1,031,725)
Gross profit/(loss)		<u>387,901</u>	<u>6,524</u>	<u>48,347</u>	<u>–</u>	<u>442,772</u>	<u>(3,164)</u>	<u>439,608</u>
Other income		13,972	8,375	10,754	(133)	32,968	1,601	34,569
Selling and marketing expenses		(44,975)	–	(2,126)	–	(47,101)	–	(47,101)
Administrative and other expenses		(161,435)	(10,000)	(67,681)	133	(238,983)	(3,699)	(242,682)
Share of results of joint ventures and associates		107,861	5,664	–	–	113,525	–	113,525
Segment results		<u>303,324</u>	<u>10,563</u>	<u>(10,706)</u>	<u>–</u>	<u>303,181</u>	<u>(5,262)</u>	<u>297,919</u>
Other (losses)/gains		(1,291)	91,359	(65)	–	90,003	–	90,003
Profit/(loss) before interest and tax		<u>302,033</u>	<u>101,922</u>	<u>(10,771)</u>	<u>–</u>	<u>393,184</u>	<u>(5,262)</u>	<u>387,922</u>
Included in other gains/(losses) is:								
Gain on disposal of:								
- a subsidiary		–	130,359	–	–	130,359	–	130,359
Abortive cost	B1	–	(39,000)	–	–	(39,000)	–	(39,000)

Revenue from property development and leisure and hospitality operations are recognised based on contracts with customers.

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Explanatory Notes on the Quarterly Report – 31 March 2018
Amounts in RM thousand unless otherwise stated

A7. Segment Information (continued)

	Continuing operations				Total	Discontinuing operations	Total
	Property Development	Property Investment	Leisure and Hospitality	Elimination			
As at 31 March 2018							
Segment assets:							
Operating assets	9,058,786	761,218	648,783	(815,363)	9,653,424	–	9,653,424
Joint ventures and associates	1,874,410	197,667	–	–	2,072,077	–	2,072,077
Non-current assets held for sale	–	–	–	–	–	1,860,621	1,860,621
	10,933,196	958,885	648,783	(815,363)	11,725,501	1,860,621	13,586,122
Tax assets							504,316
Total assets							14,090,438
As at 30 June 2017							
Segment assets:							
Operating assets	8,422,046	904,074	683,985	(866,166)	9,143,939	–	9,143,939
Joint ventures and associates	1,897,063	209,516	–	–	2,106,579	–	2,106,579
Non-current assets held for sale	338,265	310	20,550	–	359,125	1,863,741	2,222,866
	10,657,374	1,113,900	704,535	(866,166)	11,609,643	1,863,741	13,473,384
Tax assets							480,339
Total assets							13,953,723

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A8. Capital Commitments

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

	As at 31 March 2018	As at 30 June 2017
Contracted		
- property, plant and equipment	777	25,294
- investment properties	220,852	285,674
- land held for property development	–	718,560
	<u>221,629</u>	<u>1,029,528</u>
Not contracted		
- property, plant and equipment	–	9,100
	<u>221,629</u>	<u>1,038,628</u>

Further, pursuant to the Subscription and Shareholders' Agreement, which is reiterated through Letters of Undertaking issued by the shareholders of Battersea Project Holding Company Limited ("Battersea") to Battersea, the shareholders are committed to subscribe for shares in Battersea in proportion to their respective shareholdings when a capital call is made for the purpose of ensuring Battersea and its subsidiaries are able to meet their respective funding obligations. The Group's portion of the commitment as at 31 March 2018 is estimated up to GBP265.5 million (equivalent to RM1,444.5 million) (30 June 2017: GBP293.5 million, equivalent to RM1,615.2 million).

A9. Significant Related Party Transactions

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

	Three quarters ended 31 March	
	2018	2017
a. Transactions between subsidiaries and their owners of non-controlling interests		
Turnkey works rendered by Brunfield Engineering Sdn Bhd to Sime Darby Brunfield Holding Sdn Bhd group, companies in which Tan Sri Dato' Ir Gan Thian Leong and Encik Mohamad Hassan Zakaria are substantial shareholders	<u>(72,970)</u>	<u>(209,944)</u>
b. Transactions with related companies		
Sime Darby Holdings Berhad		
Rental income	4,317	6,519
Interest expense	(29,924)	(76,354)
Management fees and internal audit services	(6,422)	(19,911)
Sime Darby Far East (1991) Ltd		
Waiver of amount owing by two subsidiaries of the Company	159,863	–
Sime Darby Global Services Centre Sdn Bhd		
Rental income	1,937	2,896
Shared services	(10,580)	(10,457)
Sime Darby Rent-A-Car Sdn Bhd		
Car lease rental	(1,147)	(2,106)
Sime Darby Plantation Berhad group		
Rental income	3,828	1,523
Rental expense	(210)	(210)
Acquisition of land	(689,587)	(1,834)

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A9. Significant Related Party Transactions (continued)

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

	Three quarters ended 31 March	
	2018	2017
b. Transactions with related companies (continued)		
Sime Darby Lockton Insurance Brokers Sdn Bhd		
Rental income	504	805
Insurance premium	(1,986)	(3,728)
Sime Darby Malaysia Berhad		
Annual branding royalty fee	<u>2,000</u>	<u>–</u>
c. Transaction with a joint venture		
Disposal of Sime Darby Property (Alexandra) Private Limited to Aster Investment Holding Pte Ltd, a subsidiary of Sime Darby Real Estate Investment Trust 1	<u>–</u>	<u>249,229</u>
d. Transactions with directors, key management personnel and their close family members		
Sales of properties by the Group	<u>2,025</u>	<u>1,219</u>

e. Transactions with shareholders and Government

Permodalan Nasional Berhad (“PNB”) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad (“ASNB”), together own 55% as at 31 March 2018 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.

Transactions entered with shareholders and government-related entities includes:

- i) On 29 September 2017, Sime Darby Property Berhad disposed its entire 40% equity interest in Seriemas Development Sdn Bhd to PNB Development Sdn Bhd, a wholly-owned subsidiary of PNB, for a total cash consideration of RM625.0 million (see Note A12); and
- ii) On 22 December 2017, Sime Darby Builders Sdn Bhd disposed a piece of freehold land in New Lunderston Estate measuring approximately 297.5 acres to PNB Development Sdn Bhd for a total consideration of RM85.5 million.

In the corresponding period of the previous year, The Glengowrie Rubber Company Sdn Bhd disposed a piece of freehold land in Glengowrie Estate, Semenyih measuring approximately 403 acres to Petaling Garden Sdn Bhd, an indirect subsidiary of PNB, for a total cash consideration of RM209.4 million.

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

There is no material event subsequent to the end of the current quarter under review to 17 May 2018, being a date not earlier than 7 days from the date of issue of the quarterly report.

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A11. Listing Exercise

The Company was listed on the Main Market of Bursa Securities on 30 November 2017 following the distribution by Sime Darby Berhad of the Company's entire enlarged share capital of 6,800,839,377 ordinary shares to the shareholders of Sime Darby Berhad on 29 November 2017.

A12. Effect of Significant Changes in the Composition of the Group

a) Establishment of new company

On 22 January 2018, Sime Darby MIT Development Sdn Bhd ("SDMIT") was incorporated in Malaysia pursuant to a Joint Venture & Shareholders' Agreement entered into on 1 August 2017 between Sime Darby Property (Sungai Kapar) Sdn Bhd ("SDPSK") and Mitsui & Co. Ltd. ("Mitsui"). SDPSK and MIMI Development Sdn Bhd, a wholly-owned subsidiary of Mitsui, each holds 50% equity interest in SDMIT. The principal activity of SDMIT is investment holding.

b) Disposal of subsidiaries and an associate

- i. On 3 April 2017, the Group entered into a Share Sale Agreement with Dato' Sri Tong Seech Wi ("Purchaser") to dispose the Group's entire 100% equity interest in Malaysia Land Development Company Berhad ("MLDC") for a cash consideration of RM1 and settlement by the Purchaser of the shareholder's loan and any other liabilities owing by MLDC for a settlement amount of RM60.0 million. The disposal was completed on 19 September 2017. A gain on disposal of RM39.6 million was recorded.

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

	Three quarters ended 31 March 2018
Property, plant and equipment	18,303
Inventories	1,313
Net current liabilities	(24)
Non-controlling interest	780
Net assets disposed	<u>20,372</u>
Gain on disposal	<u>39,628</u>
Proceeds from disposal, net of transaction costs	60,000
Less: Cash and cash equivalents in MLDC	<u>(587)</u>
Net cash inflow from disposal of MLDC	<u><u>59,413</u></u>

- ii. On 31 July 2017, the Group entered into a Share Sale Agreement with PNB Development Sdn Bhd to dispose the Group's entire 40% equity interest in Seriemas Development Sdn Bhd, an associate for a total cash consideration of RM615.8 million, net of transaction costs. The disposal was completed on 29 September 2017. A gain on disposal of RM278.2 million was recorded.

A13. Contingent Liabilities – unsecured

	As at 17 May 2018	As at 30 June 2017
Claims pending against the Group	<u>39,834</u>	<u>58,043</u>

Details of the claims pending are disclosed in Note B9(b).

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

B1. Review of Group Performance

	Note	Three quarters ended 31 March		% + / (-)
		2018	2017	
<u>Continuing operations</u>				
Revenue		1,691,445	1,439,461	17.5
Segment results:				
Property development		339,174	303,324	11.8
Property investment		(4,572)	10,563	(143.3)
Leisure and hospitality		(18,511)	(10,706)	(72.9)
		316,091	303,181	4.3
Other gains		317,786	90,003	
Profit before interest and tax		633,877	393,184	61.2
Finance income		22,183	13,568	
Finance costs		(14,433)	(1,480)	
Profit before tax		641,627	405,272	58.3
Tax expense	B6	(50,469)	(92,645)	
Profit from continuing operations		591,158	312,627	89.1
<u>Discontinuing operations</u>				
Profit from discontinuing operations		1,566	20,037	(92.2)
Profit after tax		592,724	332,664	78.2
Non-controlling interests		714	(36,292)	
Profit attributable to owners of the Company		593,438	296,372	100.2

Group revenue and profit before tax from continuing operations for the three quarters ended 31 March 2018 were higher than the corresponding period of the previous year by 17.5% and 58.3%, respectively. The net earnings of the Group from both continuing and discontinuing operations at RM593.4 million jumped by twofold, improving profit before interest and tax by 61.2% compared to similar quarter of the previous year.

The higher results for the nine months ended 31 March 2018 were mainly attributable to increase in segment result by 4.3% and Other Gains of RM317.8 million. Other gains comprise of gains on disposal of Malaysia Land Development Company Berhad and the 40% equity stake in Seriemas Development Sdn Bhd of RM39.6 million and RM278.2 million respectively. In the previous year, Other Gain consists of the gain on disposal of Sime Darby Property (Alexandra) Pte Ltd of RM130.4 million and offsetted by the abortive cost on the termination of proposed acquisition of Japan Residential Assets Manager Limited and new units in Saizen Real Estate Investment Trust of RM39.0 million.

An analysis of the results of each segment is as follows:

a) Property development

Contributions from property development increased by 11.8% compared to the corresponding period of the previous year. The results for the three quarters ended 31 March 2018, included a gain on disposal of land of RM84.4 million, less the reversal of RM13.2 million of gain on compulsory land acquisition recognised in prior year whilst the previous year's result included a provision for unsold stocks of RM79.0 million and gains on compulsory acquisition/disposal of land of RM259.8 million.

Excluding these items, core profit for the period under review registered a marked increase of 118.7% mainly contributed by higher sales and development activities at Elmina West, Elmina East, Serenia City, Taman Melawati and Serenity Cove, Australia inspite of the lower contribution from Nilai Impian and Bandar Bukit Raja townships.

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B1. Review of Group Performance (continued)

An analysis of the results of each segment is as follows: (continued)

a) Property development (continued)

Serenity Cove registered a profit of RM11.1 million from the sale of 21 lots of residential land as compared to a profit of RM500,000 in previous year from sale of 1 lot of residential land.

The Group equity accounted its share of profit from Battersea Project Holding Company Limited (“Battersea”) of RM103.1 million during the period compared to RM86.5 million in the previous year. The 19% increase in share of profit was mainly due to the handover of 494 units of Phase 1 as compared to 338 units in the corresponding period of last year.

b) Property investment

Property investment segment registered a loss of RM4.6 million as compared to a profit of RM10.6 million as a result of the share of losses of Melawati Mall of RM7.2 million. Contribution for the period included a gain of RM8.7 million on disposal of investment property in the United Kingdom.

The results of the corresponding period of the previous year included the reversal of impairment of an investment property in the United Kingdom of RM7.7 million and the share of gain on disposal of investment by an associate of RM4.9 million.

c) Leisure and hospitality

Leisure and hospitality incurred a loss of RM18.5 million as compared to a loss of RM10.7 million in the previous year, which include the reversal of an impairment of property, plant and equipment of RM10.2 million.

Profit from discontinuing operations is in relation to the Pagoh Education Hub (PEH) Project, completed in May 2017, which has been classified under Assets Held for Sale.

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

	Quarter ended		%
	31 March 2018	31 December 2017	
<u>Continuing operations</u>			
Revenue	<u>550,671</u>	<u>677,000</u>	(18.7)
Segment results:			
Property development	32,932	191,063	(82.8)
Property investment	5,954	(3,503)	270.0
Leisure and hospitality	<u>(3,951)</u>	<u>(7,931)</u>	50.2
	<u>34,935</u>	179,629	(80.6)
Other gains/(losses)	<u>1,698</u>	<u>(2,684)</u>	
Profit before interest and tax	<u>36,633</u>	176,945	(79.3)
Finance income	6,130	7,000	
Finance costs	<u>(1,718)</u>	<u>(2,398)</u>	
Profit before tax	<u>41,045</u>	181,547	(77.4)
Tax expense	<u>(12,329)</u>	<u>(43,163)</u>	
Profit from continuing operations	<u>28,716</u>	138,384	(79.2)
<u>Discontinuing operations</u>			
Profit from discontinuing operations	-	-	-
Profit after tax	<u>28,716</u>	138,384	(79.2)
Non-controlling interests	<u>4,953</u>	(308)	
Profit attributable to owners of the Company	<u>33,669</u>	<u>138,076</u>	(75.6)

Group revenue and profit before tax from continuing operations for the quarter ended 31 March 2018 declined by 18.7% and 77.4% respectively as compared to the preceding quarter. Net earnings of the Group for both continuing and discontinuing operations decreased by 75.6%.

An analysis of the results of each segment is as follows:

a) Property development

Property development registered a profit of RM32.9 million, a drop of 82.8% compared to the preceding quarter. The results of the preceding quarter included the profit from the sale of New Lunderston Estate of RM84.4 million.

The operating profit for the quarter was also adversely affected by a reversal of RM7.3 million of the gain on compulsory land acquisition recognised in prior financial year, the lower contribution from Elmina West and Taman Melawati township due to lower development activities and the share of impairment losses recognised by Sime Darby Sunrise Development Sdn Bhd of RM12.0 million. For the quarter under review, the share of loss from Battersea was RM9.1 million as compared to the share of profit in the preceding quarter of RM25.2 million following the handover the remaining 63 completed units of Phase 1 to purchasers.

b) Property investment

Property investment segment registered a profit of RM6.0 million as compared to a loss of RM3.5 million in the preceding quarter, primarily on account of the gain on disposal of an investment property in the United Kingdom of RM8.7 million.

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

An analysis of the results of each segment is as follows: (continued)

c) Leisure and hospitality

Leisure and hospitality incurred a loss of RM4.0 million as against RM7.9 million in the preceding quarter. The lower loss was mainly due to higher revenue recorded by TPC Kuala Lumpur and a reversal of impairment of property, plant and equipment of RM1.3 million.

B3. Prospects for the current financial year

The Malaysian economic fundamentals remain strong albeit the continued softness in the property sector. Nevertheless, the household loan growth is stable at 5.5% Year-on-Year in March 2018 despite the interest rate hike of 0.25% on 24th January 2018.

In the near term, following the change of a new Federal Government post-14th General Election, the Group expects a more cautious consumer sentiment coupled with a wait-and-see stance by property investors. However, the strong investors' confidence in the new leadership and the Government's commitment to spur sustainable and equitable economic growth augurs well for the property sector, particularly its focus on affordable housing. This commitment bodes well for the Group, with our focused strategy to roll out a sustainable pipeline of affordable quality homes in the states of Selangor, Negeri Sembilan and Johor.

For the Nine Months of FY2018, a total of 3,558 units were launched with a combined gross development value of RM2.26 billion driven by flagship townships namely City of Elmina, Bandar Bukit Raja, Serenia City and Subang Jaya in Selangor as well as Bandar Universiti Pagoh in Johor. The Group achieved a Gross Sales Value of RM1.3 billion; of which RM756 million or 60% of the total sales was generated from City of Elmina and Bandar Bukit Raja. The total Unbilled Sales at about RM1.5 billion, represents approximately 0.8 times of annual sales revenue.

The Group's recent landed property launches have garnered overwhelming response from the prospective buyers. The first residential project, Serenia Amani in Serenia City comprising 302 units of 20'x70' double storey link homes with a built up area from 1,830 – 2,055 sq. ft. was snapped up within the first hour of its launch. The other projects namely Orkid in Nilai Impian and Athira in Bandar Bukit Raja also recorded high take-up rates of 80 percent and 90 percent, respectively.

The Group is on track to launch a total of 709 property units for the remaining three months of FY2018; which includes 337 units of mid-range landed properties in Elmina West, with a combined estimated gross development value of approximately RM632 million.

In the United Kingdom, the Group's 40% joint venture, Battersea Power Station Holding Co Limited (Battersea) is diligently focused on the developments of Phase 2 and Phase 3 which are targeted to complete by end-2020 to early-2021.

The strong response to the Group's recent launches is testament of the Group's strategy to focus on the mid-to-affordable range of landed properties. Against the current economic backdrop, the Group, as the country's largest property developer by land bank size, is optimistic of the sector's medium to longer term prospects given the strategic locations of our land bank in key economic growth corridors and multi-modal transportation hubs.

Barring unforeseen circumstances, the Board of Directors of the Company expect the results for the financial year ending 30 June 2018 to be satisfactory.

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

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

B5. Profit Before Interest and Tax

	Quarter ended 31 March		Three quarters ended 31 March	
	2018	2017	2018	2017
Included in operating profit are:				
Depreciation and amortisation	(12,031)	(12,917)	(34,086)	(39,967)
Reversal of impairment/(Impairment) of				
- property, plant and equipment	1,326	(23)	1,326	10,228
- investment properties	-	-	-	7,721
- receivables	5,756	21,104	(757)	8,364
- inventories	(756)	(78,600)	(756)	(78,600)
Write offs				
- property, plant and equipment	(78)	(37)	(368)	(596)
- intangible assets	(30)	-	(30)	-
Gain on disposal of				
- property, plant and equipment				
- land and buildings	-	-	895	-
- others	7	3	119	15
- investment properties	9,942	-	11,260	-
Included in other (losses)/gains are:				
Gain on disposal of				
- subsidiaries	-	-	39,628	130,359
- an associate	-	-	278,192	-
Abortive cost	-	(39,000)	-	(39,000)
Net foreign exchange gain/(loss)	6	(1,273)	(34)	(1,356)

B6. Tax Expense

	Quarter ended 31 March		Three quarters ended 31 March	
	2018	2017	2018	2017
In respect of the current period:				
- current tax	(11,743)	46,416	108,997	105,444
- deferred tax	27,813	1,530	(43,667)	(1,415)
	16,070	47,946	65,330	104,029
In respect of prior years:				
- current tax	(3,773)	(1,823)	(13,337)	292
- deferred tax	32	(13,093)	(1,524)	(11,676)
	12,329	33,030	50,469	92,645

The effective tax rate for continuing operations for the three quarters ended 31 March 2018 at 9.2% is lower than the Malaysian income tax rate of 24% mainly due to the overprovision of tax in prior year and the gains on disposal of equity interest in Seriemas Development Sdn Bhd and Malaysia Land Development Company Berhad which are not subjected to tax.

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B7. Status of Corporate Proposal

There was no corporate proposal announced but not completed as at 17 May 2018.

B8. Group Borrowings

The breakdown of the borrowings as at 31 March 2018 is as follows:

	As at 31 March 2018		Total
	Secured	Unsecured	
<u>Long-term borrowings</u>			
Term loans	279,115	189,000	468,115
Islamic financing	676,265	–	676,265
Amounts due to non-controlling interests	–	148,123	148,123
	<u>955,380</u>	<u>337,123</u>	<u>1,292,503</u>
<u>Short-term borrowings</u>			
Term loans due within one year	32,774	133,756	166,530
Islamic financing due within one year	16,903	–	16,903
	<u>49,677</u>	<u>133,756</u>	<u>183,433</u>
Total borrowings	<u>1,005,057</u>	<u>470,879</u>	<u>1,475,936</u>

The breakdown of borrowings between the principal and interest portion are as follows:

	As at 31 March 2018		Total
	Secured	Unsecured	
Borrowings			
- principal	1,002,833	470,123	1,472,956
- interest	2,224	756	2,980
Total borrowings	<u>1,005,057</u>	<u>470,879</u>	<u>1,475,936</u>

The Group borrowings are denominated in Ringgit Malaysia.

Certain borrowings are secured by fixed and floating charges over property, plant and equipment, investment property and other assets of certain subsidiaries.

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B9. Material Litigations

Changes in material litigations since the date of the last audited annual statement of financial position up to 17 May 2018 are as follows:

a) Tanjung Mahsuri Sdn Bhd (“TMSB”)

TMSB was appointed as the main contractor for Ara Hill Project and Putra Heights Project. The services were terminated in 2011 prior to the completion of the projects due to delay in the projects' completion. TMSB filed a Writ of Summon and Statement of Claim on 22 May 2012 for a total of RM18.2 million from Sime Darby Ara Damansara Development Sdn Bhd (“SDAD”) and Sime Darby USJ Development Sdn Bhd (“SDUSJ”).

Pursuant to a settlement agreement dated 19 September 2017, the settlement sum of RM6.0 million was made by SDAD and SDUSJ to TMSB on 29 September 2017, on a without prejudice basis and without admission to any liability, and the matter has now come to a conclusion.

b) Claim against Sime Darby Ara Damansara Development Sdn Bhd (“SDAD”)

A civil suit has been commenced by 72 purchasers of Ara Hill (“Plaintiffs”) against SDAD, claiming, among other things, both general and specific damages of RM39.8 million and specific performance arising from SDAD's breaches of the terms of the sale and purchase agreements and the provisions of various statutes including, the Uniform Building By-Laws 1984 and the Street, Drainage and Building Act 1974.

The Plaintiffs alleged that the breaches by SDAD have, amongst others, caused the delay in delivery of strata titles and the construction of sub-standard common facilities and various infrastructures, which caused the Plaintiffs to suffer loss and damage, including indirect losses.

The dispute was referred to mediation. However, the parties did not reach a global settlement. On 10 October 2017, the High Court has adjourned the trial dates to 10-11, 16-19 April 2018 and 7-10 May 2018.

During the case management on 11 April 2018, the Court has fixed the 1st tranche of trial dates on 16, 17 (joint site visit) and 18 April 2018. A further case management has been fixed on 19 April 2018.

On 17 April 2018, at a joint site visit, the judge has informed the trial date fixed on 18 April 2018 is vacated.

During the case management on 19 April 2018, the High Court Judge has directed the following:

- i. plaintiffs will provide to SDAD a list of proposed rectifications by 2 May 2018 (“List”). Thereafter, SDAD has to revert with its decision on the said proposal by 23 May 2018; and
- ii. the next case management is fixed on 31 May 2018 for parties to update the Court regarding their decisions in respect of the proposed rectification. The Court will also fix new trial dates.

The Plaintiff's solicitors have provided the List, which SDAD's solicitors are of the view that the List is too vague and does not fulfill the Court's earlier directions.

B10. Dividend

No dividend has been declared for the current quarter under review.

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B11. Earnings Per Share

	Quarter ended 31 March		Three quarters ended 31 March	
	2018	2017	2018	2017
Basic earnings/(loss) per share attributable to owners of the Company are computed as follows:				
Profit/(loss) for the period				
- continuing operations	33,669	6,169	592,498	284,350
- discontinuing operations	–	(4,310)	940	12,022
	<u>33,669</u>	<u>1,859</u>	<u>593,438</u>	<u>296,372</u>
Weighted average number of ordinary shares in issue (thousand)	<u>6,800,839</u>	<u>3,845,628</u>	<u>5,406,003</u>	<u>3,751,902</u>
Basic earnings/(loss) per share (sen)				
- continuing operations	0.5	0.1	10.9	7.6
- discontinuing operations	–	(0.1)	–	0.3
	<u>0.5</u>	<u>–</u>	<u>10.9</u>	<u>7.9</u>
Number of ordinary shares in issue (thousand)	<u>6,800,839</u>	<u>1,000,000</u>	<u>6,800,839</u>	<u>1,000,000</u>
Fully diluted earnings/(loss) per share (sen)				
- continuing operations	0.5	0.6	8.7	28.4
- discontinuing operations	–	(0.4)	–	1.2
	<u>0.5</u>	<u>0.2</u>	<u>8.7</u>	<u>29.6</u>

The weighted average number of ordinary shares is recalculated based on the enlarged number of shares of 6,800.8 million, as if the issuance of 2,905.5 million new ordinary shares on 10 November 2017 for the redemption of 1,405.5 million redeemable preference shares (“RPS”) and RM1,500.0 million capitalisation of deemed equity had occurred as at 1 July 2016 or on the date of the issuance of the RPS.

Selangor Darul Ehsan
24 May 2018

By Order of the Board
Moriarni binti Mohd
Company Secretary