

QUARTERLY REPORT

On the consolidated results for the fourth quarter and financial year ended 31 December 2022

The Directors hereby announce the following:

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

		Quarter ended 31 December		%	Year ended 31 December		%
	Note	2022	2021 Restated	+ / (-)	2022	2021 Restated	+ / (-)
Revenue	A8	956,896	738,444	29.6	2,742,136	2,216,557	23.7
Cost of sales		(662,331)	(521,002)		(1,915,563)	(1,627,265)	
Gross profit		294,565	217,442	35.5	826,573	589,292	40.3
Other income		4,278	3,803		22,368	12,752	
Selling and marketing expenses		(42,887)	(31,501)		(118,065)	(88,985)	
Administrative expenses		(79,260)	(59,372)		(243,036)	(195,376)	
Operating profit		176,696	130,372		487,840	317,683	
Share of results of joint ventures		8,475	(4,748)		(27,756)	(17,533)	
Share of results of associates		545	1,379		1,661	1,774	
Other losses		(57,338)	(20,474)		(11,508)	(29,205)	
Profit before interest and tax	A7	128,378	106,529	20.5	450,237	272,719	65.1
Finance income		29,596	25,665		105,996	102,773	
Finance costs		(22,227)	(21,547)		(97,373)	(94,997)	
Profit before tax		135,747	110,647	22.7	458,860	280,495	63.6
Tax expense	B6	(39,762)	(44,544)		(147,162)	(118,197)	
Profit for the period/year		95,985	66,103	45.2	311,698	162,298	92.1
Attributable to:							
- owners of the Company		103,151	62,767	64.3	315,839	146,893	115.0
- non-controlling interests		(7,166)	3,336		(4,141)	15,405	
Profit for the period/year		95,985	66,103	45.2	311,698	162,298	92.1
Basic and diluted earnings per share attributable to owners of the Company (sen)	B11	1.5	0.9	64.3	4.6	2.2	115.0

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 31 December 2021.

SIME DARBY PROPERTY BERHAD
Registration No: 197301002148 (15631-P)

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

	Quarter ended		%	Year ended		%
	31 December 2022	2021 Restated		31 December 2022	2021 Restated	
Profit for the period/year	95,985	66,103	45.2	311,698	162,298	92.1
Other comprehensive income:						
Items which will subsequently be reclassified to profit or loss (net of tax):						
Currency translation differences	133,019	(8,394)		(141,567)	62,815	
Reclassified to profit or loss:						
Currency translation differences on repayment of net investment	777	–		777	–	
Currency translation differences on disposal of a subsidiary	–	–		(1,654)	–	
Items which will not subsequently be reclassified to profit or loss (net of tax):						
Share of other comprehensive income/(loss) of an associate	1,538	(2,658)		979	(2,658)	
Net changes in fair value of investment at fair value through other comprehensive income (“FVOCI”)	(4,785)	(775)		1,279	(775)	
Other comprehensive income/(loss) for the period/year	130,549	(11,827)	1,203.8	(140,186)	59,382	(336.1)
Total comprehensive income for the period/year	226,534	54,276	317.4	171,512	221,680	(22.6)
Attributable to:						
- owners of the Company	233,765	50,939	358.9	175,334	205,945	(14.9)
- non-controlling interests	(7,231)	3,337		(3,822)	15,735	
Total comprehensive income for the period/year	226,534	54,276	317.4	171,512	221,680	(22.6)

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 31 December 2021.

SIME DARBY PROPERTY BERHAD
Registration No: 197301002148 (15631-P)

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

	Note	Unaudited As at 31 December 2022	Restated As at 31 December 2021	Restated As at 1 January 2021
<u>Non-current assets</u>				
Property, plant and equipment		586,343	615,247	626,178
Investment properties		1,085,200	987,286	922,085
Inventories (Note 1)		4,016,559	3,869,520	4,474,282
Joint ventures		2,885,238	3,300,352	2,601,946
Associates		148,557	145,068	145,177
Investments		48,633	53,418	56,276
Intangible assets		6,577	7,258	5,721
Deferred tax assets		601,790	620,605	614,928
Receivables		102,718	84,189	91,133
Contract assets		1,199,242	1,248,336	1,255,602
		<u>10,680,857</u>	<u>10,931,279</u>	<u>10,793,328</u>
<u>Current assets</u>				
Inventories (Note 1)		1,527,278	1,922,797	1,760,043
Receivables		862,615	716,198	625,377
Contract assets		1,154,273	1,097,673	1,123,772
Prepayment		12,002	15,468	7,794
Tax recoverable		40,367	28,832	32,203
Cash held under Housing Development Accounts		386,092	291,466	345,486
Bank balances, deposits and cash		599,225	618,198	456,351
		<u>4,581,852</u>	<u>4,690,632</u>	<u>4,351,026</u>
Total assets	A7	<u>15,262,709</u>	<u>15,621,911</u>	<u>15,144,354</u>
<u>Equity</u>				
Share capital		6,800,839	6,800,839	6,800,839
Fair value reserve		33,976	31,718	35,151
Exchange reserve		(37,718)	105,045	42,560
Retained profits		2,722,621	2,474,790	2,395,905
Attributable to owners of the Company		<u>9,519,718</u>	<u>9,412,392</u>	<u>9,274,455</u>
Non-controlling interests		125,078	141,576	134,641
Total equity		<u>9,644,796</u>	<u>9,553,968</u>	<u>9,409,096</u>
<u>Non-current liabilities</u>				
Payables		72,134	82,831	79,184
Borrowings	B8	2,283,984	2,756,363	3,033,927
Lease liabilities		24,149	45,936	66,057
Provisions		152,565	136,612	131,188
Contract liabilities		253,164	243,757	244,937
Deferred tax liabilities		316,650	320,359	312,227
		<u>3,102,646</u>	<u>3,585,858</u>	<u>3,867,520</u>

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

	Note	Unaudited As at 31 December 2022	Restated As at 31 December 2021	Restated As at 1 January 2021
<u>Current liabilities</u>				
Payables		1,296,619	1,016,242	1,248,094
Borrowings	B8	753,861	1,075,237	292,542
Lease liabilities		21,447	20,812	16,880
Provisions		82,530	110,101	116,681
Contract liabilities		332,895	230,757	134,241
Tax provision		27,915	28,936	59,300
		<u>2,515,267</u>	<u>2,482,085</u>	<u>1,867,738</u>
Total liabilities		<u>5,617,913</u>	<u>6,067,943</u>	<u>5,735,258</u>
Total equity and liabilities		<u>15,262,709</u>	<u>15,621,911</u>	<u>15,144,354</u>
Net assets per share attributable to owners of the Company (RM)		<u>1.40</u>	<u>1.38</u>	<u>1.36</u>

Note:

1. Inventories

Ongoing development	1,249,389	1,592,449	1,184,936
Completed development units	277,249	329,572	573,640
Others	640	776	1,467
	<u>1,527,278</u>	<u>1,922,797</u>	<u>1,760,043</u>
Not within normal operating cycle	4,016,559	3,869,520	4,474,282
	<u>5,543,837</u>	<u>5,792,317</u>	<u>6,234,325</u>

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 31 December 2021.

SIME DARBY PROPERTY BERHAD
Registration No: 197301002148 (15631-P)

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

	Note	Share capital	Fair value reserve	Exchange reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
Year ended 31 December 2022								
At 1 January 2022								
- as previously stated		6,800,839	31,718	104,133	2,204,704	9,141,394	185,143	9,326,537
- effects of change in accounting policy and prior year adjustment	A1(d)	–	–	912	270,086	270,998	(43,567)	227,431
- as restated		6,800,839	31,718	105,045	2,474,790	9,412,392	141,576	9,553,968
Profit/(Loss) for the year		–	–	–	315,839	315,839	(4,141)	311,698
Other comprehensive income/(loss)		–	979	(142,763)	–	(141,784)	319	(141,465)
Net changes in the fair value of investment at FVOCI		–	1,279	–	–	1,279	–	1,279
Total other comprehensive income/(loss) for the year		–	2,258	(142,763)	–	(140,505)	319	(140,186)
Transaction with owners:								
- dividends paid		–	–	–	(68,008)	(68,008)	(10,772)	(78,780)
- disposal of a subsidiary		–	–	–	–	–	(1,904)	(1,904)
At 31 December 2022		6,800,839	33,976	(37,718)	2,722,621	9,519,718	125,078	9,644,796
Year ended 31 December 2021 (Restated)								
At 1 January 2021								
- as previously stated		6,800,839	35,151	42,046	2,135,808	9,013,844	179,529	9,193,373
- effects of change in accounting policy and prior year adjustment	A1(d)	–	–	514	260,097	260,611	(44,888)	215,723
- as restated		6,800,839	35,151	42,560	2,395,905	9,274,455	134,641	9,409,096
Profit for the year		–	–	–	146,893	146,893	15,405	162,298
Total other comprehensive (loss)/income for the year		–	(3,433)	62,485	–	59,052	330	59,382
Transaction with owners:								
- dividends paid		–	–	–	(68,008)	(68,008)	(8,800)	(76,808)
At 31 December 2021		6,800,839	31,718	105,045	2,474,790	9,412,392	141,576	9,553,968

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 31 December 2021.

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

	Year ended 31 December	
	2022	2021 Restated
Cash flow from operating activities		
Profit for the year	311,698	162,298
Adjustments for:		
Share of results of joint ventures and associates	26,095	15,759
Depreciation and amortisation	32,007	35,443
Net changes in fair value on investment properties	51,601	25,737
Write-off of:		
- property development expenditure	3,125	2,543
- property, plant and equipment	1	98
Write-down of inventories	6,270	1,882
Loss on lease modification	12,788	-
Net impairment losses	2,767	925
Gain on disposal of:		
- subsidiaries	(53,020)	-
- property, plant and equipment	(2)	-
Provisions	11,023	1,788
Finance income	(105,996)	(102,773)
Finance costs	97,373	94,997
Tax expense	147,162	118,197
Others	(292)	(192)
	<u>542,600</u>	<u>356,702</u>
Changes in working capital:		
- inventories, receivables and other assets	291,801	295,860
- payables, provisions and other liabilities	329,737	(15,993)
Cash from operations	<u>1,164,138</u>	<u>636,569</u>
Tax paid	(155,026)	(142,733)
Net cash from operating activities	<u>1,009,112</u>	<u>493,836</u>
Cash flow from investing activities		
Finance income received	14,869	8,871
Net cash inflow from disposal of subsidiaries	8,451	-
Proceeds from sale of property, plant and equipment	5,034	-
Proceeds from sale of investment properties	-	1,020
Purchase of:		
- property, plant and equipment	(11,280)	(5,491)
- investment properties	(15,951)	(9,030)
- intangible assets	(1,739)	(3,492)
Subscription of additional interests in joint ventures	(330,618)	(660,779)
Capital repayment from a joint venture	366,480	-
Capital repayment from an investment	6,064	-
Advances to an associate	(1,304)	-
Dividends received from a joint venture, an associate and an investment	7,260	504
Net cash from/(used in) investing activities	<u>47,266</u>	<u>(668,397)</u>
Cash flow from financing activities		
Finance costs paid	(128,880)	(133,848)
Net (repayments)/proceeds from borrowings	(750,964)	510,468
Repayments of lease liabilities	(22,299)	(17,422)
Dividend paid on ordinary shares	(68,008)	(68,008)
Dividends paid to non-controlling interests	(10,772)	(8,800)
Net cash (used in)/from financing activities	<u>(980,923)</u>	<u>282,390</u>
Net changes in cash and cash equivalents	<u>75,455</u>	<u>107,829</u>
Foreign exchange differences	198	(2)
Cash and cash equivalents at beginning of the year	<u>909,664</u>	<u>801,837</u>
Cash and cash equivalents at end of the year	<u>985,317</u>	<u>909,664</u>

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

Year ended
31 December
2022 **2021**
Restated

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

Cash held under Housing Development Accounts	386,092	291,466
Bank balances, deposits and cash	599,225	618,198
	985,317	909,664

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 31 December 2021.

SIME DARBY PROPERTY BERHAD
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Explanatory Notes on the Quarterly Report – 31 December 2022
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 complied 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 31 December 2021.

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 consolidated financial statements for the financial year ended 31 December 2021 except as described below.

- a. Accounting pronouncements that have been newly adopted for this interim financial year:

Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS 1	Subsidiary as First-time Adopter
Annual Improvements to MFRS 9	Fees in the ‘10 percent’ Test for Derecognition of Financial Liabilities
Annual Improvements to Illustrative Example accompanying MFRS 16	Leases: Lease Incentives
Annual Improvements to MFRS 141	Taxation in Fair Value Measurements

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 17 and related amendments	Insurance Contracts
Amendments to MFRS 17 Insurance Contracts	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 101, MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback

- 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 December 2022
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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A1. Basis of Preparation (continued)

d. Change in accounting policy and prior year adjustment

(i) Adoption of fair value model for investment properties (“FV model for IP”) and reclassification

During the financial year, the Group had reassessed the current accounting policy for investment properties and has changed its accounting policy on the measurement of the Group’s investment properties from the cost model to the fair value model. The fair value model provides better financial performance measures, makes the Group’s results more comparable with its peers which adopt the fair value model, and is in line with the Group’s business strategy to grow its assets under management.

Under the fair value model, investment properties of the Group are measured at fair value except for investment properties under construction which are measured at cost until either the fair value becomes reliably determinable or when construction is completed, whichever is earlier. Fair value is based on active market prices, adjusted if necessary for differences in the nature, location or condition of the specific asset. Changes in fair values are recognised in profit or loss.

(ii) Along with the change to fair value model as mentioned in (i) above, the Group has also made certain reclassifications to more appropriately reflect the nature of the cost capitalised and expensed-off as follows:

- reclassification of fit-out costs from investment properties to non-current and current lease receivables; and consequently,
- reclassification of the amortisation of fit-out costs as lease incentives from cost of sales to revenue.

The reclassifications have no effect on (1) the profit for the current and previous financial year; and (2) retained earnings.

(iii) Prior year adjustment in relation to the deferred tax liabilities, tax provision and tax recoverable arising from reassessment of industrial building allowances claims

During the financial year, certain subsidiaries of the Group have reassessed the Industrial Building Allowances (“IBA”) claims for tax purposes and basis used in deferred tax recognition. As a result thereof, the Group has restated the deferred tax liabilities, tax provision and tax recoverable balances, with a corresponding adjustment to equity, retrospectively for the earliest period presented as if the basis used had always been consistently applied.

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Explanatory Notes on the Quarterly Report – 31 December 2022
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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A1. Basis of Preparation (continued)

d. Change in accounting policy and prior year adjustment: (continued)

The change in accounting policy and prior year adjustment were applied retrospectively and the effects of these changes on the results for the fourth quarter and the financial year ended 31 December 2021 and the financial positions as at 1 January 2021 and 31 December 2021 are presented below:

(iv) Reconciliation of statement of profit or loss for the quarter ended 31 December 2021

	Quarter ended 31 December 2021				
	As previously stated	Effects of adoption of FV model for IP	Reclassi- -fication	Tax adjustments on IBA claims	As restated
Revenue	739,372	–	(928)	–	738,444
Cost of sales	(528,589)	6,659	928	–	(521,002)
Gross profit	210,783	6,659	–	–	217,442
Other income	3,803	–	–	–	3,803
Selling and marketing expenses	(31,501)	–	–	–	(31,501)
Administrative expenses	(59,453)	81	–	–	(59,372)
Operating profit	123,632	6,740	–	–	130,372
Share of results of joint ventures	(4,892)	144	–	–	(4,748)
Share of results of associates	381	998	–	–	1,379
Other losses	(2,432)	(18,042)	–	–	(20,474)
Profit before interest and tax	116,689	(10,160)	–	–	106,529
Finance income	25,665	–	–	–	25,665
Finance costs	(21,547)	–	–	–	(21,547)
Profit before tax	120,807	(10,160)	–	–	110,647
Tax expense	(46,478)	170	–	1,764	(44,544)
Profit for the period	74,329	(9,990)	–	1,764	66,103
Attributable to:					
- owners of the Company	72,187	(10,479)	–	1,059	62,767
- non-controlling interests	2,142	489	–	705	3,336
Profit for the period	74,329	(9,990)	–	1,764	66,103
Basic and diluted earnings per share attributable to owners of the Company (sen)	1.1				0.9

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A1. Basis of Preparation (continued)

- d. Change in accounting policy and prior year adjustment: (continued)

The change in accounting policy and prior year adjustment were applied retrospectively and the effects of these changes on the results for the fourth quarter and the financial year ended 31 December 2021 and the financial positions as at 1 January 2021 and 31 December 2021 are presented below: (continued)

- (v) Reconciliation of statement of profit or loss for the financial year ended 31 December 2021

	Year ended 31 December 2021				
	As previously stated	Effects of adoption of FV model for IP	Reclassi- fication	Tax adjustments on IBA claims	As restated
Revenue	2,219,924	–	(3,367)	–	2,216,557
Cost of sales	(1,656,201)	25,569	3,367	–	(1,627,265)
Gross profit	563,723	25,569	–	–	589,292
Other income	12,752	–	–	–	12,752
Selling and marketing expenses	(88,985)	–	–	–	(88,985)
Administrative expenses	(195,691)	315	–	–	(195,376)
Operating profit	291,799	25,884	–	–	317,683
Share of results of joint ventures	(29,578)	12,045	–	–	(17,533)
Share of results of associates	776	998	–	–	1,774
Other losses	(2,520)	(26,685)	–	–	(29,205)
Profit before interest and tax	260,477	12,242	–	–	272,719
Finance income	102,773	–	–	–	102,773
Finance costs	(94,997)	–	–	–	(94,997)
Profit before tax	268,253	12,242	–	–	280,495
Tax expense	(117,265)	170	–	(1,102)	(118,197)
Profit for the year	150,988	12,412	–	(1,102)	162,298
Attributable to:					
- owners of the Company	136,904	10,650	–	(661)	146,893
- non-controlling interests	14,084	1,762	–	(441)	15,405
Profit for the year	150,988	12,412	–	(1,102)	162,298
Basic and diluted earnings per share attributable to owners of the Company (sen)	<u>2.0</u>				<u>2.2</u>

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Explanatory Notes on the Quarterly Report – 31 December 2022
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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A1. Basis of Preparation (continued)

d. Change in accounting policy and prior year adjustment: (continued)

The change in accounting policy and prior year adjustment were applied retrospectively and the effects of these changes on the results for the fourth quarter and the financial year ended 31 December 2021 and the financial positions as at 1 January 2021 and 31 December 2021 are presented below: (continued)

(vi) Reconciliation of statement of financial position as at 1 January 2021

	As previously stated	Effects of adoption of FV model for IP	Reclassification	Tax adjustments on IBA claims	As restated
<u>Non-current assets</u>					
Investment properties	709,030	226,115	(13,060)	–	922,085
Joint ventures	2,476,101	125,845	–	–	2,601,946
Associates	139,142	6,035	–	–	145,177
Deferred tax assets	617,535	(2,607)	–	–	614,928
Receivables	80,790	–	10,343	–	91,133
Other non-current assets	6,418,059	–	–	–	6,418,059
	<u>10,440,657</u>	<u>355,388</u>	<u>(2,717)</u>	<u>–</u>	<u>10,793,328</u>
<u>Current assets</u>					
Receivables	622,660	–	2,717	–	625,377
Other current assets	3,725,649	–	–	–	3,725,649
	<u>4,348,309</u>	<u>–</u>	<u>2,717</u>	<u>–</u>	<u>4,351,026</u>
Total assets	<u>14,788,966</u>	<u>355,388</u>	<u>–</u>	<u>–</u>	<u>15,144,354</u>
<u>Equity</u>					
Attributable to owners of the Company	9,013,844	332,081	–	(71,470)	9,274,455
Non-controlling interests	179,529	2,759	–	(47,647)	134,641
	<u>9,193,373</u>	<u>334,840</u>	<u>–</u>	<u>(119,117)</u>	<u>9,409,096</u>
<u>Non-current liabilities</u>					
Deferred tax liabilities	172,562	20,548	–	119,117	312,227
Other non-current liabilities	3,555,293	–	–	–	3,555,293
	<u>3,727,855</u>	<u>20,548</u>	<u>–</u>	<u>119,117</u>	<u>3,867,520</u>
Current liabilities	<u>1,867,738</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,867,738</u>
Total liabilities	<u>5,595,593</u>	<u>20,548</u>	<u>–</u>	<u>119,117</u>	<u>5,735,258</u>
Total equity and liabilities	<u>14,788,966</u>	<u>355,388</u>	<u>–</u>	<u>–</u>	<u>15,144,354</u>

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A1. Basis of Preparation (continued)

d. Change in accounting policy and prior year adjustment: (continued)

The change in accounting policy and prior year adjustment were applied retrospectively and the effects of these changes on the results for the fourth quarter and the financial year ended 31 December 2021 and the financial positions as at 1 January 2021 and 31 December 2021 are presented below: (continued)

(vii) Reconciliation of statement of financial position as at 31 December 2021

	As previously stated	Effects of adoption of FV model for IP	Reclassification	Tax adjustments on IBA claims	As restated
<u>Non-current assets</u>					
Investment properties	774,002	225,236	(11,952)	–	987,286
Joint ventures	3,161,988	138,364	–	–	3,300,352
Associates	138,035	7,033	–	–	145,068
Deferred tax assets	623,212	(2,607)	–	–	620,605
Receivables	75,152	–	9,037	–	84,189
Other non-current assets	5,793,779	–	–	–	5,793,779
	<u>10,566,168</u>	<u>368,026</u>	<u>(2,915)</u>	<u>–</u>	<u>10,931,279</u>
<u>Current assets</u>					
Receivables	713,283	–	2,915	–	716,198
Tax recoverable	31,607	–	–	(2,775)	28,832
Other current assets	3,945,602	–	–	–	3,945,602
	<u>4,690,492</u>	<u>–</u>	<u>2,915</u>	<u>(2,775)</u>	<u>4,690,632</u>
Total assets	<u>15,256,660</u>	<u>368,026</u>	<u>–</u>	<u>(2,775)</u>	<u>15,621,911</u>
<u>Equity</u>					
Attributable to owners of the Company	9,141,394	343,129	–	(72,131)	9,412,392
Non-controlling interests	185,143	4,521	–	(48,088)	141,576
	<u>9,326,537</u>	<u>347,650</u>	<u>–</u>	<u>(120,219)</u>	<u>9,553,968</u>
<u>Non-current liabilities</u>					
Deferred tax liabilities	184,700	20,376	–	115,283	320,359
Other non-current liabilities	3,265,499	–	–	–	3,265,499
	<u>3,450,199</u>	<u>20,376</u>	<u>–</u>	<u>115,283</u>	<u>3,585,858</u>
<u>Current liabilities</u>					
Tax provision	26,775	–	–	2,161	28,936
Others current liabilities	2,453,149	–	–	–	2,453,149
	<u>2,479,924</u>	<u>–</u>	<u>–</u>	<u>2,161</u>	<u>2,482,085</u>
Total liabilities	<u>5,930,123</u>	<u>20,376</u>	<u>–</u>	<u>117,444</u>	<u>6,067,943</u>
Total equity and liabilities	<u>15,256,660</u>	<u>368,026</u>	<u>–</u>	<u>(2,775)</u>	<u>15,621,911</u>

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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

There were no material unusual items affecting the Group's assets, liabilities, equity, net income, or cash flows during the financial year under review.

A4. Material Changes in Estimates

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

A5. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year under review.

The Company has 6,800,839,377 ordinary shares in issue as at 31 December 2022.

A6. Dividend Paid

The first single tier dividend in respect of the financial year ended 31 December 2022 of 1.0 sen per ordinary share, amounting to RM68.0 million was paid on 19 October 2022.

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A7. Segment Information

The Group has three reportable business segments - property development, investment and asset management and leisure. The Senior Management of the Group reviews the operations and performance of the respective business segments on a regular basis and their respective performances are as follows:

a. Segment results

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
Year ended 31 December 2022					
Revenue:					
External	2,549,507	107,947	84,682	–	2,742,136
Inter-segment	164,284	8,194	4,345	(176,823)	–
	<u>2,713,791</u>	<u>116,141</u>	<u>89,027</u>	<u>(176,823)</u>	<u>2,742,136</u>
Cost of sales	(1,903,349)	(59,026)	(49,051)	95,863	(1,915,563)
Gross profit	810,442	57,115	39,976	(80,960)	826,573
Other income	20,119	2,298	141	(190)	22,368
Selling and marketing expenses	(120,514)	(667)	(504)	3,620	(118,065)
Administrative expenses	(195,825)	(21,446)	(37,083)	11,318	(243,036)
Operating profit	514,222	37,300	2,530	(66,212)	487,840
Share of results of joint ventures and associates	(14,635)	5,775	–	(17,235)	(26,095)
Segment results	<u>499,587</u>	<u>43,075</u>	<u>2,530</u>	<u>(83,447)</u>	<u>461,745</u>
Other gains/(losses)	891	(65,534)	9,063	44,072	(11,508)
Profit/(Loss) before interest and tax	500,478	(22,459)	11,593	(39,375)	450,237
Finance income	26,103	90,029	834	(10,970)	105,996
Finance costs	(39,877)	(67,349)	(1,117)	10,970	(97,373)
Profit before tax	<u>486,704</u>	<u>221</u>	<u>11,310</u>	<u>(39,375)</u>	<u>458,860</u>
Tax expense	(136,605)	(15,647)	(1,893)	6,983	(147,162)
Profit/(Loss) for the year	<u>350,099</u>	<u>(15,426)</u>	<u>9,417</u>	<u>(32,392)</u>	<u>311,698</u>

Included in other gains/(losses) are:

Net changes in fair value of investment properties	2,011	(53,612)	–	–	(51,601)
Loss on lease modification	–	(12,788)	–	–	(12,788)
Gain on disposal of subsidiaries	–	–	8,948	44,072	53,020

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A7. Segment Information (continued)

a. Segment results (continued)

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
Year ended 31 December 2021					
Restated					
Revenue:					
External	2,069,716	91,312	55,529	–	2,216,557
Inter-segment	91,698	7,994	4,511	(104,203)	–
	<u>2,161,414</u>	<u>99,306</u>	<u>60,040</u>	<u>(104,203)</u>	<u>2,216,557</u>
Cost of sales	(1,597,528)	(52,951)	(34,114)	57,328	(1,627,265)
Gross profit	563,886	46,355	25,926	(46,875)	589,292
Other income	11,217	986	549	–	12,752
Selling and marketing expenses	(85,333)	(2,959)	(693)	–	(88,985)
Administrative expenses	(150,275)	(14,669)	(39,253)	8,821	(195,376)
Operating profit/(loss)	<u>339,495</u>	<u>29,713</u>	<u>(13,471)</u>	<u>(38,054)</u>	<u>317,683</u>
Share of results of joint ventures and associates	(11,138)	(8,482)	–	3,861	(15,759)
Segment results	<u>328,357</u>	<u>21,231</u>	<u>(13,471)</u>	<u>(34,193)</u>	<u>301,924</u>
Other losses	(7,244)	(21,533)	(428)	–	(29,205)
Profit/(Loss) before interest and tax	321,113	(302)	(13,899)	(34,193)	272,719
Finance income	14,511	96,435	1,059	(9,232)	102,773
Finance costs	(32,555)	(70,480)	(1,194)	9,232	(94,997)
Profit/(Loss) before tax	<u>303,069</u>	<u>25,653</u>	<u>(14,034)</u>	<u>(34,193)</u>	<u>280,495</u>
Tax expense	(108,699)	(13,632)	329	3,805	(118,197)
Profit/(Loss) for the year	<u>194,370</u>	<u>12,021</u>	<u>(13,705)</u>	<u>(30,388)</u>	<u>162,298</u>
Included in other losses are:					
Net changes in fair value of investment properties	(4,204)	(21,533)	–	–	(25,737)
Impairment of:					
- property, plant and equipment	–	–	(415)	–	(415)
- quoted investments	(2,083)	–	–	–	(2,083)

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A7. Segment Information (continued)

b. Segment assets

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
As at 31 December 2022					
Operating assets	9,295,326	2,535,848	539,439	(783,856)	11,586,757
Joint ventures and associates	2,688,699	416,197	–	(71,101)	3,033,795
	<u>11,984,025</u>	<u>2,952,045</u>	<u>539,439</u>	<u>(854,957)</u>	<u>14,620,552</u>
Tax assets					642,157
Total assets					<u>15,262,709</u>
As at 31 December 2021					
Restated					
Operating assets	9,242,799	2,707,700	519,015	(942,460)	11,527,054
Joint ventures and associates	3,152,715	292,705	–	–	3,445,420
	<u>12,395,514</u>	<u>3,000,405</u>	<u>519,015</u>	<u>(942,460)</u>	<u>14,972,474</u>
Tax assets					649,437
Total assets					<u>15,621,911</u>

A8. Revenue

	Year ended 31 December	
	2022	2021 Restated
Revenue comprise the following:		
Revenue from contracts with customers	2,663,767	2,148,360
Revenue from rental income	78,369	68,197
	<u>2,742,136</u>	<u>2,216,557</u>
Disaggregation of the Group's revenue from contracts with customers:		
Geographical market		
- Malaysia	2,663,767	2,147,880
- Vietnam	–	480
	<u>2,663,767</u>	<u>2,148,360</u>
Timing of revenue recognition		
- over time	2,306,418	1,681,342
- at point in time	357,349	467,018
	<u>2,663,767</u>	<u>2,148,360</u>

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A9. Capital Commitments

	As at 31 December 2022	As at 31 December 2021
Contracted capital commitments:		
- property, plant and equipment	28,731	1,418
- investment properties	79,618	8,203
- intangible assets	462	655
	<u>108,811</u>	<u>10,276</u>

In addition, the Group's estimated commitment to subscribe for shares in joint ventures and provide advances to an associate pursuant to the respective shareholders' agreements on joint ventures and an associate, and/or as approved by the Board of Directors are as follows:

	As at 31 December 2022	As at 31 December 2021
- Battersea Project Holding Company Limited (31 December 2022: Nil; 31 December 2021: £38.0 million)	-	213,989
- Sime Darby Property - LOGOS Property Industrial Development Fund 1 LP	168,568	20,884
- Sime Darby Property MIT Development Sdn Bhd	45,800	53,000
	<u>214,368</u>	<u>287,873</u>

A10. Significant Related Party Transactions

Significant related party transactions during the financial year ended 31 December 2022 are as follows:

	Year ended 31 December 2022	2021
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	(33,320)	(135,759)
Maintenance of district cooling system and supply of cooling energy to Sime Darby Property Selatan Satu Sdn Bhd ("SDPS1") by Tunas Cool Energy Sdn Bhd ("TCE"), a company in which Sin Heng Chan (Malaya) Berhad is the ultimate holding company of TCE and an indirect shareholder of SDPS1	<u>(15,024)</u>	<u>(8,757)</u>

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A10. Significant Related Party Transactions (continued)

Significant related party transactions during the financial year ended 31 December 2022 are as follows:
(continued)

	Year ended 31 December	
	2022	2021
b. Transactions with joint ventures		
<u>Aster Real Estate Investment Trust 1</u>		
Rental expense	(19,391)	(17,578)
<u>SDPLOG 1 (Industrial Asset IV) Sdn Bhd</u>		
Deposit received for land sale (refer below)	<u>19,588</u>	<u>–</u>

Sime Darby Property (Klang) Sdn Bhd and Sime Darby Property (Bukit Raja) Sdn Bhd, both wholly-owned subsidiaries of the Group, had on 12 September 2022 entered into a Sale and Purchase Agreement (“SPA”) with SDPLOG 1 (Industrial Asset IV) Sdn Bhd, a subsidiary of a joint venture (refer to Note A12(d)), to sell a parcel of land held under H.S.(D) 159567, PT 78094, Mukim of Kapar, District of Klang, Selangor measuring approximately 56.21 acres for a total cash consideration of RM195.9 million.

c. Transactions with shareholders and Government

Permodalan Nasional Berhad (“PNB”) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad (“ASNB”), together own 58.0% as at 31 December 2022 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 control 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.

All the transactions entered by the Group with shareholders and related parties are conducted in the ordinary course of the Group’s businesses.

Significant transactions entered with shareholders and government-related entities during the financial year include:

	Year ended 31 December	
	2022	2021
<u>Director of PNB</u>		
Deposit received for land sale (refer c(ii))	1,356	–
<u>Yayasan Sime Darby</u>		
Contribution to Yayasan Sime Darby	(20,000)	(20,000)
<u>Sime Darby Berhad group</u>		
Deposit paid for land acquisition	–	(28,000)
Rental income (refer c(iii))	14,105	11,917
<u>Sime Darby Plantation Berhad group</u>		
Deposit paid for land acquisition (refer c(iv))	(61,800)	–
Rental income	<u>13,106</u>	<u>11,285</u>

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A10. Significant Related Party Transactions (continued)

Significant related party transactions during the financial year ended 31 December 2022 are as follows:
(continued)

c. Transactions with shareholders and Government (continued)

- (i) Ombak Real Estate 2 Sdn Bhd (“OMBAK”), a wholly-owned subsidiary of PNB has been admitted as a limited partner of Sime Darby Property - LOGOS Property Industrial Development Fund 1 LP (formerly known as Sime Darby Property Industrial Development Fund LP) (the “Fund”) on 23 June 2022 via an Amended and Restated Limited Partnership Agreement (“LPA”) with a capital commitment of RM100.0 million, representing 20.0% of the effective capital commitment at the first close of the Fund. The LPA was signed between OMBAK, Sime Darby Property Ventures (MY) Sdn Bhd, a wholly-owned subsidiary of the Group, SDPLOG - IDF 1 (GP) Pte Ltd (formerly known as Sime Darby Property IDF GP Pte Ltd) (“General Partner”), LOGOS Malaysia Sponsor Investments Pte Ltd (“LOGOS Special Limited Partner”), and Kumpulan Wang Persaraan (Diperbadankan) (“KWAP”). Further details are included in Note A12(d).
- (ii) Sime Darby Property Holdings Sdn Bhd (“SDPH”), a wholly-owned subsidiary of the Group had on 19 July 2022 entered into a conditional Sale and Purchase Agreement (“SPA”) with Original Red Mango Sdn Bhd to sell 1 parcel of freehold land with a total net land area measuring approximately 14,997 square metres located in Mukim Klang, District of Klang, Selangor for a total cash consideration of RM13.6 million. The Director of Original Red Mango Sdn Bhd is Dato’ Johan bin Ariffin, who is also a director of PNB. The proposed land sale is subject to conditions precedent, which includes approvals from the relevant authorities.
- (iii) The rental agreement between Sime Darby Property Singapore Limited, a wholly-owned subsidiary of the Group and Performance Motors Limited, a wholly-owned subsidiary of Sime Darby Berhad was terminated as at 31 January 2023.
- (iv) Sime Darby Property (Bukit Tunku) Sdn Bhd (“SDPBT”), a wholly-owned subsidiary of the Group had on 1 December 2022 entered into a conditional Sale and Purchase Agreement (“SPA”) with Sime Darby Plantation Berhad (“SD Plantation”) to acquire 3 parcels of freehold land with a total net land area measuring approximately 948.826 acres located in Mukim Kapar, District of Klang, Selangor (“Kapar Land”) for a total cash consideration of RM618.0 million.

The proposed Kapar Land acquisition is subject to the following being obtained:

- approval of the non-interested shareholders of the Group at an extraordinary general meeting of the Group to be convened;
- approval of the Estate Land Board for the transfer and acquisition of the Kapar Land; and
- where required, the approval, waiver and/or consent of any other relevant authority and/or party.

d. Transactions with Directors, key management personnel and their close family members:

	Year ended 31 December	
	2022	2021
Sale of properties to Directors and their close family members	1,921	2,034
Sale of properties to key management personnel and their close family members	<u>3,004</u>	<u>–</u>

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A11. Material Events Subsequent to the End of the Financial Year

There was no material event subsequent to the end of the current financial year under review to 21 February 2023, being a date not earlier than 7 days from the date of issue of the quarterly report.

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

There were no significant changes in the composition of the Group for the financial year ended 31 December 2022, other than as disclosed below.

a. Acquisition/Incorporation of subsidiaries

- On 7 March 2022, the Group acquired Sime Darby Property (H&L) Sdn Bhd (formerly known as Sime Darby Property (H&L) Berhad and Highlands & Lowlands Berhad) (“H&L”) and Sime Darby Property (UEP) Sdn Bhd (formerly known as Sime Darby Property (UEP) Berhad and Sime UEP Properties Berhad) (“Sime UEP”) from Sime Darby Berhad for cash considerations of RM1 and RM2, respectively. The principal activity of H&L and Sime UEP are investment holding.
- On 6 December 2022, the following wholly-owned subsidiaries of the Group were incorporated:
 - Sime Darby Property (BBR Asset I) Sdn Bhd
 - Sime Darby Property (BBR Asset II) Sdn Bhd
 - Sime Darby Property (BBR Asset III) Sdn Bhd
 - Sime Darby Property (BBR Asset IV) Sdn BhdThe principal activity of the above subsidiaries is property investment.

b. Deregistration/Dissolution of subsidiaries

- On 7 April 2022, Darby Park (Management) Pte Ltd, a wholly-owned subsidiary of the Group was struck-off from the register pursuant to an application made with the Accounting and Corporate Regulatory Authority Singapore (“ACRA”) on 29 December 2021.
- On 19 August 2022, Sime Darby Properties Builders Sdn Bhd, a wholly-owned subsidiary of the Group was dissolved.

c. Disposal of a subsidiary

On 10 February 2022, the Group via its wholly owned subsidiary, Sime Darby Property (Vietnam) Pte Ltd completed the disposal of its entire 65% interest in OSC Sunrise Apartment Company Limited (“OSC”) for a cash consideration of VND60.0 billion (approximately RM10.8 million). The Group registered a gain on disposal of RM8.9 million. The effect of the disposal is disclosed in Note (e) below.

d. Changes in composition of the Group in relation to the Industrial Development Fund (“IDF”)

- On 24 and 25 February 2022, Sime Darby Property Ventures (MY) Sdn Bhd and SDPLOG 1 (MY Holdings) Sdn Bhd (formerly known as Sime Darby Property (MY Holdings) Sdn Bhd) (“SDPLOG 1 (MY Holdings)”) were incorporated in Malaysia, respectively, and are wholly-owned subsidiaries of the Group. The principal activity of these companies are both investment holding.

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A12. Effect of Significant Changes in the Composition of the Group (continued)

There were no significant changes in the composition of the Group for the financial year ended 31 December 2022, other than as disclosed below.

d. Changes in composition of the Group in relation to the Industrial Development Fund (“IDF”) (continued)

- On 15 March 2022, Sime Darby Property - LOGOS Property (IDF Holdings) Pte Ltd (formerly known as Sime Darby Property (IDF Holdings) Pte Ltd) (“SDP - LOGOS Property (IDF Holdings)”), transferred the entire share capital of the following companies that it owned to SDPLOG 1 (MY Holdings):
 - (i) SDPLOG 1 (Industrial Asset I) Sdn Bhd (formerly known as Sime Darby Property (Industrial Asset I) Sdn Bhd)
 - (ii) SDPLOG 1 (Industrial Asset II) Sdn Bhd (formerly known as Sime Darby Property (Industrial Asset II) Sdn Bhd)
 - (iii) SDPLOG 1 (Industrial Asset III) Sdn Bhd (formerly known as Sime Darby Property (Industrial Asset III) Sdn Bhd)
 - (iv) SDPLOG 1 (Industrial Asset IV) Sdn Bhd (formerly known as SDPLOG 1 (Industrial Development III) Sdn Bhd and Sime Darby Property (Industrial Development III) Sdn Bhd)
 - (v) SDPLOG 1 (Industrial Development I) Sdn Bhd (formerly known as Sime Darby Property (Industrial Development I) Sdn Bhd)
 - (vi) SDPLOG 1 (Industrial Development II) Sdn Bhd (formerly known as Sime Darby Property (Industrial Development II) Sdn Bhd)(collectively, the “IDF SPVs”)
- SDPLOG - IDF 1 (GP) Pte Ltd (formerly known as Sime Darby Property IDF GP Pte Ltd) (“the General Partner”) and Sime Darby Property Ventures (HK) Limited (the “Initial Limited Partner”), a wholly-owned subsidiary of the Group had, on 19 August 2021, entered into an Initial Limited Partnership Agreement to form Sime Darby Property - LOGOS Property Industrial Development Fund 1 LP (formerly known as Sime Darby Property Industrial Development Fund LP) (“the Fund”).

On 20 June 2022, the General Partner, Sime Darby Property Ventures (MY) Sdn Bhd (“SDP Special Limited Partner”), a wholly-owned subsidiary of the Group, LOGOS Malaysia Sponsor Investments Pte Ltd (“LOGOS Special Limited Partner”) and the Initial Limited Partner entered into a Deed of Accession and Withdrawal (the “Deed”) to permit the admission of the SDP Special Limited Partner and the LOGOS Special Limited Partner into the Fund. Accordingly, pursuant to the Deed, the following companies ceased to be wholly-owned subsidiaries and became joint ventures of the Group:

- i) Sime Darby Property - LOGOS Property Industrial Development Fund 1 LP
 - ii) SDP - LOGOS Property (IDF Holdings)
 - iii) SDPLOG 1 (MY Holdings)
 - iv) The IDF SPVs
- (collectively, the “IDF Structure”).

The sponsors of the Fund are Sime Darby Property and LOGOS Property Group Limited (“LOGOS Property”). The IDF Structure is jointly controlled by the Group and LOGOS Property via the General Partner, as decision making on all relevant activities and board reserve matters require unanimous consent from the Group and LOGOS Property.

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A12. Effect of Significant Changes in the Composition of the Group (continued)

There were no significant changes in the composition of the Group for the financial year ended 31 December 2022, other than disclosed below: (continued)

d. Changes in composition of the Group in relation to the Industrial Development Fund (“IDF”) (continued)

On 23 June 2022, the General Partner, SDP Special Limited Partner, LOGOS Special Limited Partner, OMBAK, a wholly-owned subsidiary of PNB and KWAP entered into the Amended and Restated Limited Partnership Agreement (“LPA”) to effect the admission of OMBAK and KWAP as anchor investors for first close of the Fund. Pursuant to the LPA, the IDF structure became a 55%-owned joint venture of the Group. The effect of the dilution of interest in the IDF Structure from wholly-owned subsidiaries to a 55%-owned joint venture is disclosed in Note (e) below.

e. Effects of disposal of a subsidiary and dilution of interest in the IDF Structure:

Details of net assets and net cash inflow/(outflow) arising from the disposal of a subsidiary and dilution of interest in the IDF Structure from subsidiaries to joint ventures are as follows:

	Year ended	
	31 December 2022	
	OSC	IDF Structure
Property, plant and equipment	5,437	–
Investment properties	–	113,468
Deferred tax assets	–	10,450
Cash and cash equivalent	47	1,263
Other net liabilities	(47)	(10,673)
Non-controlling interests	(1,904)	–
Net assets disposed	<u>3,533</u>	<u>114,508</u>
Gain on disposal	<u>7,294</u>	<u>44,072</u>
Sub-total	10,827	158,580
In exchange for: Interest in joint ventures	–	(52,435)
Net receivables from joint ventures	–	(106,145)
Less: Proceeds to be collected	(1,066)	–
Proceeds from disposal, net of transaction costs	9,761	–
Less: Cash and cash equivalent in subsidiaries disposed	(47)	(1,263)
Net cash inflow/(outflow) from disposal of subsidiaries	<u>9,714</u>	<u>(1,263)</u>
Gain on disposal before income tax and reclassification of foreign currency translation reserve	7,294	44,072
Reclassification of foreign currency translation reserve to profit or loss	1,654	–
	<u>8,948</u>	<u>44,072</u>
Tax expense on gain on disposal	(1,137)	–
Gain on disposal after income tax	<u>7,811</u>	<u>44,072</u>

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A13. Contingent Liabilities - unsecured

	As at 31 December 2022	As at 31 December 2021
Claims pending against the Group	<u>82,009</u>	<u>82,009</u>

A14. Financial Instruments

The carrying amounts of financial instruments measured at amortised cost approximate their fair values due to the relatively short-term nature of these financial instruments.

The fair values of financial instruments measured at Fair Value through Other Comprehensive Income ("FVOCI") are as follows:

	As at 31 December 2022	As at 31 December 2021
Investments - unquoted shares	<u>48,633</u>	<u>53,418</u>

Unquoted shares are measured at FVOCI at Level 3 of the fair value hierarchy. The fair values of the unquoted shares are determined using valuation technique based on inputs other than quoted prices.

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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

	Year ended 31 December		%
	2022	2021 Restated	+ / (-)
Segment revenue			
Property development	2,549,507	2,069,716	23.2
Investment and asset management	107,947	91,312	18.2
Leisure	84,682	55,529	52.5
Revenue	<u>2,742,136</u>	<u>2,216,557</u>	23.7
Segment results:			
Property development	416,140	294,164	41.5
Investment and asset management	43,075	21,231	102.9
Leisure	2,530	(13,471)	118.8
	<u>461,745</u>	<u>301,924</u>	52.9
Other losses	(11,508)	(29,205)	
Profit before interest and tax	450,237	272,719	65.1
Finance income	105,996	102,773	
Finance costs	(97,373)	(94,997)	
Profit before tax ("PBT")	<u>458,860</u>	<u>280,495</u>	63.6
Tax expense	(147,162)	(118,197)	
Profit for the year	<u>311,698</u>	<u>162,298</u>	92.1
Attributable to:			
- owners of the Company	315,839	146,893	115.0
- non-controlling interests	(4,141)	15,405	
Profit for the year	<u>311,698</u>	<u>162,298</u>	92.1

The Group's revenue for the financial year ended 31 December 2022 improved by 23.7% to RM2.7 billion as compared with RM2.2 billion a year ago, with profit before tax registering a marked increase of 63.6% to RM458.9 million. All three business segments contributed to the improved financial performance with higher segment results from each of the business segment, especially the property development segment as backed by strong property sales of industrial and residential products throughout the year and increased on-site development activities towards the end of the year. The investment and asset management and leisure segment's performance have also turned around with the overall improved economic environment in the current financial year.

Other losses in the current financial year include fair value loss and lease adjustments on investment properties totalling RM64.4 million. The losses were moderated by gains on dilution of interest in the Industrial Development Fund from wholly-owned to 55% interest amounting to RM44.1 million, and gain on disposal of the Group's 65% interest in OSC Sunrise Apartment Company Limited ("OSC Sunrise") amounting to RM8.9 million. In the previous financial year, other losses comprise mainly fair value loss of investment properties of RM25.7 million.

The results of each business segment are analysed below:

a) Property development

The property development segment continued to be the major contributor to the Group, bringing in 93.0% of the Group's total revenue. Despite rising interest rates and material costs, and the challenging nationwide labour shortage situation, the segment remained resilient with a year-on-year growth in revenue of 23.2%, backed by increased on-site development activities towards the end of the year and strong property sales of industrial and residential products throughout the year. This brought a commendable improvement in segment profit to RM416.1 million, as compared to a profit of RM294.2 million recorded in the corresponding period of the previous year.

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B1. Review of Group Performance (continued)

a) Property development (continued)

Compared to prior year, the improved financial performance was driven by higher property sales of on-going projects and higher on-site development activities in Nilai Impian, Bandar Bukit Raja, Hamilton Nilai City, City of Elmina, Elmina Business Park and Serenia City townships, coupled with contribution from sale of land in Selangor, Sabah and Kedah as part of the Group's land bank management and monetisation exercise.

b) Investment and asset management

The investment and asset management segment registered revenue growth of 18.2% from RM91.3 million to RM107.9 million in the current financial year. The segment saw an increase in profit to RM43.1 million in the current year as compared to RM21.2 million in the previous year.

The improved financial performance was contributed by the retail sub-segment. KL East Mall registered higher contribution, underpinned by an increase in occupancy rate from 79% to 85%, increased footfall with the easing of lockdown and improved retail turnover as compared to a year ago. Similarly, share of results from Melawati Mall has also improved this year.

c) Leisure

Leisure segment saw a strong recovery with segment revenue growing by 52.5% to RM84.7 million, from RM55.5 million in the previous year. Revenue contribution from events and functions, food and beverages and golfing activities have improved following the uplift of lockdowns which severely affected the segment's operations in the previous year. The segment has turned around from a loss of RM13.5 million to a profit RM2.5 million as compared to the previous year with the higher revenue recognised during the year.

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

	Quarter ended 31 December 2022	30 September 2022	% +/(–)
Segment revenue			
Property development	906,387	640,640	41.5
Investment and asset management	28,632	27,013	6.0
Leisure	21,877	21,648	1.1
Revenue	956,896	689,301	38.8
Segment results:			
Property development	175,450	85,546	105.1
Investment and asset management	9,755	10,140	(3.8)
Leisure	511	1,805	(71.7)
	185,716	97,491	90.5
Other losses	(57,338)	(6,120)	
Profit before interest and tax	128,378	91,371	40.5
Finance income	29,596	28,004	
Finance costs	(22,227)	(25,303)	
Profit before tax (“PBT”)	135,747	94,072	44.3
Tax expense	(39,762)	(39,627)	
Profit for the period	95,985	54,445	76.3
Attributable to:			
- owners of the Company	103,151	56,131	83.8
- non-controlling interests	(7,166)	(1,686)	
Profit for the period	95,985	54,445	76.3

The Group’s revenue for the current quarter grew by 38.8% to RM956.9 million as compared to the preceding quarter. Profit before tax (“PBT”) of the Group for the current quarter improved significantly to RM135.7 million as compared to RM94.1 million in the preceding quarter, with the property development segment doubling its segment results in the final quarter of the year as compared to preceding quarter. The improved operational performance was attributable to strong property sales of industrial and residential products and increased on-site development activities towards end of the current quarter. Fair value loss and lease adjustments on investment properties of RM56.4 million recognised in “Other losses” partially offsets the total segment results for the quarter, bringing the Group’s PBT to an overall increase of RM41.7 million or 44.3% against previous quarter.

The results of each business segment are analysed below:

a) Property development

Revenue from property development segment has improved to RM906.4 million from RM640.6 million, an increase of 41.5% as compared to the preceding quarter. Accordingly, the segment profit for the current quarter improved significantly to RM175.5 million as compared to RM85.5 million in the preceding quarter.

The improved operational performance was attributable to increased on-site development activities towards end of the current quarter and strong property sales of industrial and residential products in KLGCC Resort, Bandar Bukit Raja, City of Elmina, Hamilton Nilai City and Subang Jaya City Centre township.

In addition, the segment result in the current quarter includes share of net fair value gain on investment properties held by the Group’s joint venture in the Battersea Power Station development in London. The performance of the investment properties is gaining traction in line with the opening of the Battersea Power Station in October 2022, coupled with the opening of the Northern Line in September 2021 and handover of residential units throughout 2022; all of which added to the vibrancy within the development.

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

The results of each business segment are analysed below: (continued)

b) Investment and asset management

The investment and asset management segment maintained its top-line performance with a 6% increase in revenue to RM28.6 million but a slightly lower segment results by 3.8%, following higher overhead and administrative costs.

c) Leisure

Leisure segment registered total revenue of RM21.9 million which is on par with the preceding quarter. Whilst the segment maintained its revenue contribution in the current quarter, the segment result for the quarter registered a marginal drop in profit to RM0.5 million from RM1.8 million in the preceding quarter due to higher operating costs.

B3. Prospects

The Malaysian economy as measured by Gross Domestic Product (GDP), grew by 7.0% in the fourth quarter of 2022, bringing full year GDP growth to 8.7%. Bank Negara Malaysia (BNM) has maintained the Overnight Policy Rate (OPR) at 2.75% albeit persistent inflationary pressures, to remain accommodative for sustainable economic growth.

Despite headwinds in the market and various nationwide challenges, such as issues surrounding foreign labour and rising raw material costs, the Group has been able to generate revenue of RM2.7 billion and profit before tax of RM458.9 million, on the back of its focus on financial discipline and operational efficiency.

As at 31 December 2022, the Group recorded a sales achievement of RM3.7 billion, in excess of its target of RM2.6 billion, backed by a total of RM1.8 billion in bookings as at 5 February 2023 and unbilled sales of RM3.6 billion as at 31 December 2022. The Group's financial position is supported by its healthy balance sheet in which net gearing remains low at 0.22 times. This has enabled the Group to declare a second single tier dividend of 1 sen per share in the current quarter leading to total dividends declared for FY2022 to 2 sen per share amounting to RM136.0 million.

Given the anticipated slower economic growth in 2023, the Group will focus its efforts in fulfilling delivery of products, focusing on project execution and management, and prudent cost control. The Group will also launch market-driven products within the industrial and residential segment which has shown resilience in the property market; all of which will contribute towards delivering targets for the year.

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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 Tax

	Quarter ended 31 December		Year ended 31 December	
	2022	2021 Restated	2022	2021 Restated
Included in operating profit are:				
Depreciation and amortisation	(7,532)	(8,655)	(32,007)	(35,443)
Write-down of inventories	(1,924)	(1,882)	(6,270)	(1,882)
Write-off of:				
- property development expenditure	(3,125)	(398)	(3,125)	(2,543)
- property, plant and equipment	-	85	(1)	(98)
(Impairment)/Reversal of impairment of:				
- receivables	(1,963)	4,488	(2,764)	1,503
- contract assets	-	70	-	70
Investment income	277	-	430	192
Included in other (losses)/gains are:				
Net changes in fair value of investment properties	(43,653)	(18,042)	(51,601)	(25,737)
Loss on lease modification	(12,788)	-	(12,788)	-
Gain/(Loss) on disposal of:				
- subsidiaries	-	-	53,020	-
- property, plant and equipment	(1)	-	2	-
Changes in fair value of quoted investments	-	62	-	-
Impairment of:				
- property, plant and equipment	-	(415)	(3)	(415)
- quoted investments	-	(2,083)	-	(2,083)
Net foreign exchange (loss)/gain	(896)	4	(138)	(970)

B6. Tax Expense

	Quarter ended 31 December		Year ended 31 December	
	2022	2021 Restated	2022	2021 Restated
In respect of the current period/year:				
- current tax	42,471	46,662	142,287	100,079
- deferred tax	(13,437)	(14,467)	(2,047)	3,888
	29,034	32,195	140,240	103,967
In respect of prior years:				
- current tax	1,386	18,790	163	15,661
- deferred tax	9,342	(6,441)	6,759	(1,431)
	39,762	44,544	147,162	118,197

The effective tax rate for the current quarter of 22.9% is lower than statutory tax rate of 24% mainly due to recognition of previously unrecognised tax losses of a subsidiary. However, the effective tax rate for the financial year ended 31 December 2022 of 28.9% is higher than statutory tax rate of 24% due to deferred tax asset not recognised for losses incurred by certain subsidiaries and non-deductible expenses.

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B7. Status of Corporate Proposal

There was no corporate proposal announced but not completed as at 21 February 2023, being a date not earlier than 7 days from the date of issue of the quarterly report.

B8. Group Borrowings

The breakdown of the borrowings as at 31 December 2022 is as follows:

	Secured	Unsecured	Total
<u>Long-term borrowings</u>			
Term loans	271,714	–	271,714
Islamic financing	525,712	–	525,712
Syndicated Islamic financing	452,176	–	452,176
Islamic medium-term notes	–	799,254	799,254
Amounts due to non-controlling interests	–	235,128	235,128
	<u>1,249,602</u>	<u>1,034,382</u>	<u>2,283,984</u>
<u>Short-term borrowings</u>			
Term loans due within one year	199,747	–	199,747
Islamic financing due within one year	163,649	–	163,649
Syndicated Islamic financing	83,754	–	83,754
Islamic medium-term notes	–	1,938	1,938
Revolving credits	–	304,773	304,773
	<u>447,150</u>	<u>306,711</u>	<u>753,861</u>
Total borrowings	<u>1,696,752</u>	<u>1,341,093</u>	<u>3,037,845</u>

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

	Secured	Unsecured	Total
Borrowings			
- principal	1,690,262	1,338,814	3,029,076
- interest	6,490	2,279	8,769
Total borrowings	<u>1,696,752</u>	<u>1,341,093</u>	<u>3,037,845</u>

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

	Long-term borrowings	Short-term borrowings	Total
Ringgit Malaysia	2,283,984	449,088	2,733,072
Sterling Pound	–	304,773	304,773
Total borrowings	<u>2,283,984</u>	<u>753,861</u>	<u>3,037,845</u>

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

B9. Material Litigations

Changes in material litigations since the date of the last audited annual statement of financial position up to 21 February 2023, being a date not earlier than 7 days from the date of issue of the quarterly report are as follows:

a) Claim against Sime Darby Property (Ara Damansara) Sdn Bhd (“SDPAD”)

A civil suit was commenced by 72 purchasers (reduced to 71 purchasers pursuant to the Plaintiffs’ amendment application which was allowed in parts on 15 November 2021 as stated below) of Ara Hill (“Plaintiffs”) against SDPAD, claiming general and specific damages of approximately RM40.0 million and specific performance arising from SDPAD’s alleged breaches of the terms of the sale and purchase agreements (“SPAs”) 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 SDPAD have, amongst others, caused the delay in delivery of strata titles, which caused the Plaintiffs to suffer loss and damage, including indirect losses (which have not been proven by the Plaintiffs). The dispute was referred to mediation and the parties explored possible settlement proposals. However, the parties were unable to reach a global settlement. The trial commenced on 16 April 2018. A site visit was held on 7 April 2021 together with the Judge and the Plaintiffs. On 28 April 2021, the court allowed the Plaintiffs’ application to add the Joint Management Body of Ara Hill as a co-defendant to this suit. On 15 November 2021, the court allowed the Plaintiffs’ amendments to their claim in part with costs to be paid by the Plaintiffs to SDPAD. In 2022, trial was held in the months of April, July, and August and December. At the trial held on 10 January 2023, the Plaintiffs’ subpoenaed witness commenced and concluded his testimony on the same day. New trial dates have been fixed in April 2023.

The Plaintiffs’ claim is divided into various allegations leveled against SDPAD. These claims and allegations have yet to be proven by the Plaintiffs and it would be speculative, at this juncture, to ascertain SDPAD’s potential liability to the Plaintiffs in respect of this civil suit.

b) Arbitration between Bumimetro Construction Sdn Bhd (“BCSB”) v Sime Darby Property (KL East) Sdn Bhd (“SDPKE”)

BCSB (“Claimant”), the main contractor of a development in Melawati, Kuala Lumpur (“Project”) has referred disputes arising from the Project and the construction contract (“Contract”) with SDPKE (“Respondent”) to arbitration, pursuant to the Letter of Acceptance/Contract by issuing a notice of arbitration (“Notice”) on 20 September 2018. In the Notice, the Claimant is claiming for specific damages of approximately RM40.0 million. The Respondent had disputed the claims by the Claimant, in its written response to the Notice (“Response”) on 22 October 2018.

The parties have filed its Statement of Claim, Statement of Defence and Counterclaim and replies thereto. On 3 March 2021, the Claimant filed an amendment to its claim where it had, amongst others, amended its claim for specific damages from approximately RM41.9 million (pursuant to its Statement of Claim of 19 June 2020) to approximately RM42.0 million. In response, the Respondent made consequential amendments to its Statement of Defence and Counterclaim (which also consists of a claim for specific damages of approximately RM17.5 million) and filed its revised Statement of Defence and Counterclaim on 12 March 2021.

The arbitration proceedings are being held in accordance with the rules of the Asian International Arbitration Centre before a single arbitrator. The hearing commenced on 15 June 2020 and continued for another 40 days on various dates between June 2020 to September 2022. Further hearing dates have been fixed in April 2023.

Solicitors for the Respondent are of the view that there are tenable grounds on the positions taken by the Respondent in resisting the claim subject to documentary and evidentiary proof.

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B9. Material Litigations (continued)

Changes in material litigations since the date of the last audited annual statement of financial position up to 21 February 2023, being a date not earlier than 7 days from the date of issue of the quarterly report are as follows: (continued)

c) Compulsory Land Acquisition by Lembaga Lebuhraya Malaysia/West Coast Expressway of the lands owned by Sime Darby Property (Klang) Sdn Bhd (“SDP Klang”)

On 26 June 2015, SDP Klang was awarded an aggregate compensation of RM169.3 million (“LA’s Award”) by the Land Administrator (“Respondent”) in respect of the acquisition by Lembaga Lebuhraya Malaysia/West Coast Expressway (collectively “Acquiring Authority”) of certain plots of lands owned by SDP Klang situated in Mukim Kapar, District of Klang, Selangor (“Lands”) for the construction of the West Coast Expressway project, which consists of the aggregate compensation for market value of the Lands (“MV”) of RM90.7 million and the aggregate compensation for severance and injurious affection (“IA”) of RM78.6 million.

The Acquiring Authority’s and SDP Klang’s respective objections to the LA’s Award were later referred to the High Court of Malaya (“High Court”), and heard simultaneously, despite not being consolidated. On 22 March 2017, the High Court held, inter alia, that the MV is to be maintained at RM90.7 million, whilst the IA is to be reduced to RM72.9 million. Consequently, two separate High Court Orders were drawn up, each hereby referred to as “SDP Klang Order” and “Acquiring Authority Order”. No appeal was filed in respect of the SDP Klang Order whilst the Acquiring Authority chose to appeal against the Acquiring Authority Order.

On 22 October 2018, the Court of Appeal upon hearing the Acquiring Authority’s appeal, remitted the Acquiring Authority’s Land Reference to the High Court to be re-heard before a new Judge (“Re-Hearing”). The hearing date for the Re-Hearing has been postponed from 13 to 15 December 2022 to 2 and 3 March 2023.

On 21 September 2020, the Acquiring Authority filed an Originating Summons (“OS”) to set aside the SDP Klang Order, which was allowed by the High Court on 21 September 2021 (“OS Decision”). On 18 October 2021, SDP Klang filed an appeal to the Court of Appeal against the OS Decision (“Appeal”). The Appeal was dismissed on 3 October 2022 and the OS Decision is therefore affirmed, among others, on the following grounds:

- (i) the SDP Klang Order can no longer stand as it flows from the same decision of the High Court, which has since been adjudged to be unconstitutional; and
- (ii) as the Acquiring Authority’s Land Reference has been remitted to the High Court for Re-Hearing, there would be no prejudice caused to SDP Klang since it is already a party to the said Re-Hearing.

At this juncture, the solicitors for SDP Klang are of the view that there is an even chance that the High Court Judge in the Re-Hearing may arrive at a similar decision made by the earlier High Court Judge on 22 March 2017 (as reflected in the SDP Klang Order/ Acquiring Authority Order), namely that the Award of compensation for IA to SDP Klang would be in the region of approximately RM72.9 million.

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B10. Dividend

A second single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2022, which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act 1967 has been declared and will be paid on 28 March 2023. The entitlement date for the dividend payment is 15 March 2023.

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

- (i) shares transferred into the depositor's securities account before 4.30 pm on 15 March 2023 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.

B11. Earnings Per Share

	Quarter ended 31 December		Year ended 31 December	
	2022	2021 Restated	2022	2021 Restated
Basic earnings per share attributable to owners of the Company are computed as follows:				
Profit for the period/year	<u>103,151</u>	<u>62,767</u>	<u>315,839</u>	<u>146,893</u>
Number of ordinary shares in issue (thousand)	<u>6,800,839</u>	<u>6,800,839</u>	<u>6,800,839</u>	<u>6,800,839</u>
Basic earnings per share (sen)	<u>1.5</u>	<u>0.9</u>	<u>4.6</u>	<u>2.2</u>

The basic and diluted earnings per share are the same as there is no potential ordinary shares in issue as at the end of the financial period/year.

Selangor Darul Ehsan
28 February 2022

By Order of the Board
Noreen Melini Muzamli
LS0008290
Group Company Secretary