

QUARTERLY REPORT

On the consolidated results for the second quarter ended 30 June 2022

The Directors hereby announce the following:

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

	Note	Quarter ended 30 June		%	Six (6) months ended 30 June		%
		2022	2021 Restated		2022	2021 Restated	
Revenue	A8	615,612	501,965	22.6	1,095,939	1,090,734	0.5
Cost of sales		(424,358)	(376,667)		(771,441)	(800,997)	
Gross profit		191,254	125,298	52.6	324,498	289,737	12.0
Other income		9,250	3,728		14,008	7,356	
Selling and marketing expenses		(27,230)	(18,232)		(39,153)	(38,940)	
Administrative expenses		(62,855)	(48,004)		(113,669)	(85,926)	
Operating profit		110,419	62,790		185,684	172,227	
Share of results of joint ventures		(8,525)	(4,045)		(7,989)	(6,326)	
Share of results of associates		(39)	557		843	405	
Other gains/(losses)		44,931	(2,204)		51,950	(5,437)	
Profit before interest and tax	A7	146,786	57,098	157.1	230,488	160,869	43.3
Finance income		24,230	26,753		48,396	52,763	
Finance costs		(25,146)	(22,133)		(49,843)	(51,050)	
Profit before tax		145,870	61,718	136.3	229,041	162,582	40.9
Tax expense	B6	(40,319)	(31,926)		(67,773)	(60,780)	
Profit for the period		105,551	29,792	254.3	161,268	101,802	58.4
Attributable to:							
- owners of the Company		104,998	23,209	352.4	156,557	89,311	75.3
- non-controlling interests		553	6,583		4,711	12,491	
Profit for the period		105,551	29,792	254.3	161,268	101,802	58.4
Basic and diluted earnings per share attributable to owners of the Company (sen)	B11	1.5	0.3	352.4	2.3	1.3	75.3

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		% +/(-)	Six (6) months ended		% +/(-)
	30 June 2022	2021 Restated		30 June 2022	2021 Restated	
Profit for the period	105,551	29,792	254.3	161,268	101,802	58.4
Other comprehensive income						
Items which will subsequently be reclassified to profit or loss (net of tax):						
Currency translation differences	(82,083)	15,939		(129,264)	112,651	
Reclassified to profit or loss:						
Currency translation differences on repayment of net investment	(2,784)	–		(2,784)	–	
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 loss of an associate	(2,104)	–		(276)	–	
Other comprehensive (loss)/income for the period	(86,971)	15,939	(645.6)	(133,978)	112,651	(218.9)
Total comprehensive income for the period	18,580	45,731	(59.4)	27,290	214,453	(87.3)
Attributable to:						
- owners of the Company	17,710	39,157	(54.8)	22,268	201,672	(89.0)
- non-controlling interests	870	6,574		5,022	12,781	
Total comprehensive income for the period	18,580	45,731	(59.4)	27,290	214,453	(87.3)

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 30 June 2022	Restated As at 31 December 2021	Restated As at 1 January 2021
<u>Non-current assets</u>				
Property, plant and equipment		598,411	615,247	626,178
Investment properties		1,146,685	987,286	922,085
Inventories (Note 1)		3,741,383	3,869,520	4,474,282
Joint ventures		3,354,652	3,252,413	2,541,778
Associates		152,115	145,068	145,177
Investments		53,418	53,418	56,276
Intangible assets		7,372	7,258	5,721
Deferred tax assets		601,590	620,605	614,928
Receivables		70,901	84,189	91,133
Contract assets		1,221,478	1,248,336	1,255,602
		<u>10,948,005</u>	<u>10,883,340</u>	<u>10,733,160</u>
<u>Current assets</u>				
Inventories (Note 1)		1,750,086	1,922,797	1,760,043
Receivables		901,272	716,198	625,377
Contract assets		1,128,708	1,097,673	1,123,772
Prepayment		14,203	15,468	7,794
Tax recoverable		21,688	28,832	32,203
Cash held under Housing Development Accounts		318,431	291,466	345,486
Bank balances, deposits and cash		501,748	618,198	456,351
		<u>4,636,136</u>	<u>4,690,632</u>	<u>4,351,026</u>
Total assets	A7	<u>15,584,141</u>	<u>15,573,972</u>	<u>15,084,186</u>
<u>Equity</u>				
Share capital		6,800,839	6,800,839	6,800,839
Fair value reserve		31,442	31,718	35,151
Exchange reserve		(28,968)	105,045	42,560
Retained profits		2,583,408	2,426,851	2,335,737
Attributable to owners of the Company		<u>9,386,721</u>	<u>9,364,453</u>	<u>9,214,287</u>
Non-controlling interests		136,122	141,576	134,641
Total equity		<u>9,522,843</u>	<u>9,506,029</u>	<u>9,348,928</u>
<u>Non-current liabilities</u>				
Payables		77,555	82,831	79,184
Borrowings	B8	2,563,109	2,756,363	3,033,927
Lease liabilities		34,630	45,936	66,057
Provisions		141,912	136,612	131,188
Contract liabilities		247,040	243,757	244,937
Deferred tax liabilities		318,068	320,359	312,227
		<u>3,382,314</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 30 June 2022	Restated As at 31 December 2021	Restated As at 1 January 2021
<u>Current liabilities</u>				
Payables		1,119,454	1,016,242	1,248,094
Borrowings	B8	1,084,822	1,075,237	292,542
Lease liabilities		20,442	20,812	16,880
Provisions		96,389	110,101	116,681
Contract liabilities		326,491	230,757	134,241
Tax provision		31,386	28,936	59,300
		<u>2,678,984</u>	<u>2,482,085</u>	<u>1,867,738</u>
Total liabilities		<u>6,061,298</u>	<u>6,067,943</u>	<u>5,735,258</u>
Total equity and liabilities		<u>15,584,141</u>	<u>15,573,972</u>	<u>15,084,186</u>
Net assets per share attributable to owners of the Company (RM)		<u>1.38</u>	<u>1.38</u>	<u>1.35</u>

Note:

1. Inventories

Ongoing development	1,429,329	1,592,449	1,184,936
Completed development units	319,934	329,572	573,640
Others	823	776	1,467
	<u>1,750,086</u>	<u>1,922,797</u>	<u>1,760,043</u>
Not within normal operating cycle	3,741,383	3,869,520	4,474,282
	<u>5,491,469</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
Period ended 30 June 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	222,147	223,059	(43,567)	179,492
- as restated		6,800,839	31,718	105,045	2,426,851	9,364,453	141,576	9,506,029
Profit for the period		-	-	-	156,557	156,557	4,711	161,268
Other comprehensive (loss)/income		-	(276)	(132,359)	-	(132,635)	311	(132,324)
Disposal of a subsidiary		-	-	(1,654)	-	(1,654)	-	(1,654)
Total other comprehensive (loss)/income for the period		-	(276)	(134,013)	-	(134,289)	311	(133,978)
Transaction with owners:								
- disposal of a subsidiary		-	-	-	-	-	(1,904)	(1,904)
- dividends paid		-	-	-	-	-	(8,572)	(8,572)
At 30 June 2022		6,800,839	31,442	(28,968)	2,583,408	9,386,721	136,122	9,522,843
Period ended 30 June 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	199,929	200,443	(44,888)	155,555
- as restated		6,800,839	35,151	42,560	2,335,737	9,214,287	134,641	9,348,928
Profit for the period		-	-	-	89,311	89,311	12,491	101,802
Total other comprehensive income for the period		-	-	112,361	-	112,361	290	112,651
Transaction with owners:								
- dividend paid		-	-	-	-	-	(2,200)	(2,200)
At 30 June 2021		6,800,839	35,151	154,921	2,425,048	9,415,959	145,222	9,561,181

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

	Six (6) months ended 30 June	
	2022	2021 Restated
Cash flow from operating activities		
Profit for the period	161,268	101,802
Adjustments for:		
Share of results of joint ventures and associates	7,146	5,921
Depreciation and amortisation	16,966	17,945
Fair value loss on investment properties	4,614	5,061
Write-off of property development expenditure	-	2,145
Impairment of receivables	866	303
Investment income	(153)	(192)
Gain on disposal of subsidiaries	(53,020)	-
Provisions	(1,271)	(2,296)
Finance income	(48,396)	(52,763)
Finance costs	49,843	51,050
Tax expense	67,773	60,780
Others	(3,891)	(183)
	<u>201,745</u>	<u>189,573</u>
Changes in working capital:		
- inventories, receivables and other assets	241,666	164,747
- payables, provisions and other liabilities	(33,716)	(192,213)
Cash from operations	<u>409,695</u>	<u>162,107</u>
Tax paid	(51,879)	(67,311)
Dividend received from an investment	153	192
Net cash from operating activities	<u>357,969</u>	<u>94,988</u>
Cash flow from investing activities		
Finance income received	4,506	4,542
Net cash inflow from disposal of subsidiaries	8,451	-
Proceeds from sale of property, plant and equipment	3	-
Proceeds from sale of investment properties	-	1,020
Purchase/addition of:		
- property, plant and equipment	(4,244)	(3,161)
- investment properties	(3,954)	(2,869)
- intangible assets	(1,454)	(437)
Subscription of shares in joint ventures	(220,686)	(217,121)
Advances to an associate	(5,856)	(775)
Net cash used in investing activities	<u>(223,234)</u>	<u>(218,801)</u>
Cash flow from financing activities		
Finance costs paid	(61,926)	(66,831)
Net (repayments)/proceeds from borrowings	(142,385)	97,474
Repayments of lease liabilities	(11,040)	(8,462)
Dividend paid to non-controlling interests	(8,572)	(2,200)
Net cash (used in)/from financing activities	<u>(223,923)</u>	<u>19,981</u>
Net changes in cash and cash equivalents	<u>(89,188)</u>	<u>(103,832)</u>
Foreign exchange differences	(297)	268
Cash and cash equivalents at beginning of the period	<u>909,664</u>	<u>801,837</u>
Cash and cash equivalents at end of the period	<u>820,179</u>	<u>698,273</u>

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

	Six (6) months ended	
	30 June	
	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	318,431	267,569
Bank balances, deposits and cash	501,748	430,704
	820,179	698,273

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.

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Explanatory Notes on the Quarterly Report – 30 June 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 period:

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, 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

- 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 – 30 June 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 period, 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 period, certain subsidiaries of the Group has 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 – 30 June 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 second quarter and six (6) months ended 30 June 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 30 June 2021

	Quarter ended 30 June 2021				
	As previously stated	Effects of adoption of FV model for IP	Reclassi- -fication	Tax adjustments on IBA claims	As restated
Revenue	502,825	–	(860)	–	501,965
Cost of sales	(383,841)	6,314	860	–	(376,667)
Gross profit	118,984	6,314	–	–	125,298
Other income	3,728	–	–	–	3,728
Selling and marketing expenses	(18,232)	–	–	–	(18,232)
Administrative expenses	(48,082)	78	–	–	(48,004)
Operating profit	56,398	6,392	–	–	62,790
Share of results of joint ventures	(5,631)	1,586	–	–	(4,045)
Share of results of associates	557	–	–	–	557
Other gains/(losses)	1,324	(3,528)	–	–	(2,204)
Profit before interest and tax	52,648	4,450	–	–	57,098
Finance income	26,753	–	–	–	26,753
Finance costs	(22,133)	–	–	–	(22,133)
Profit before tax	57,268	4,450	–	–	61,718
Tax expense	(30,723)	–	–	(1,203)	(31,926)
Profit for the period	26,545	4,450	–	(1,203)	29,792
Attributable to:					
- owners of the Company	19,905	4,026	–	(722)	23,209
- non-controlling interests	6,640	424	–	(481)	6,583
Profit for the period	26,545	4,450	–	(1,203)	29,792
Basic and diluted earnings per share attributable to owners of the Company (sen)	0.3				0.3

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Explanatory Notes on the Quarterly Report – 30 June 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 second quarter and six (6) months ended 30 June 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 six (6) months ended 30 June 2021

Six (6) months ended 30 June 2021

	As previously stated	Effects of adoption of FV model for IP	Reclassi- fication	Tax adjustments on IBA claims	As restated
Revenue	1,092,312	–	(1,578)	–	1,090,734
Cost of sales	(815,163)	12,588	1,578	–	(800,997)
Gross profit	277,149	12,588	–	–	289,737
Other income	7,356	–	–	–	7,356
Selling and marketing expenses	(38,940)	–	–	–	(38,940)
Administrative expenses	(86,080)	154	–	–	(85,926)
Operating profit	159,485	12,742	–	–	172,227
Share of results of joint ventures	(9,904)	3,578	–	–	(6,326)
Share of results of associates	405	–	–	–	405
Other gains/(losses)	572	(6,009)	–	–	(5,437)
Profit before interest and tax	150,558	10,311	–	–	160,869
Finance income	52,763	–	–	–	52,763
Finance costs	(51,050)	–	–	–	(51,050)
Profit before tax	152,271	10,311	–	–	162,582
Tax expense	(59,673)	–	–	(1,107)	(60,780)
Profit for the period	92,598	10,311	–	(1,107)	101,802
Attributable to:					
- owners of the Company	80,512	9,463	–	(664)	89,311
- non-controlling interests	12,086	848	–	(443)	12,491
Profit for the period	92,598	10,311	–	(1,107)	101,802
Basic and diluted earnings per share attributable to owners of the Company (sen)	<u>1.2</u>				<u>1.3</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 second quarter and six (6) months ended 30 June 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	65,677	–	–	2,541,778
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>295,220</u>	<u>(2,717)</u>	<u>–</u>	<u>10,733,160</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>295,220</u>	<u>–</u>	<u>–</u>	<u>15,084,186</u>
<u>Equity</u>					
Attributable to owners of the Company	9,013,844	271,913	–	(71,470)	9,214,287
Non-controlling interests	179,529	2,759	–	(47,647)	134,641
	<u>9,193,373</u>	<u>274,672</u>	<u>–</u>	<u>(119,117)</u>	<u>9,348,928</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>295,220</u>	<u>–</u>	<u>–</u>	<u>15,084,186</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 second quarter and six (6) months ended 30 June 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	90,425	–	–	3,252,413
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>320,087</u>	<u>(2,915)</u>	<u>–</u>	<u>10,883,340</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>320,087</u>	<u>–</u>	<u>(2,775)</u>	<u>15,573,972</u>
<u>Equity</u>					
Attributable to owners of the Company	9,141,394	295,190	–	(72,131)	9,364,453
Non-controlling interests	185,143	4,521	–	(48,088)	141,576
	<u>9,326,537</u>	<u>299,711</u>	<u>–</u>	<u>(120,219)</u>	<u>9,506,029</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>320,087</u>	<u>–</u>	<u>(2,775)</u>	<u>15,573,972</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 period 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 period under review.

A5. Debt and Equity Securities

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

The Company has 6,800,839,377 ordinary shares in issue as at 30 June 2022.

A6. Dividend Paid

No dividend was paid during the second quarter ended 30 June 2022.

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A7. Segment Information

The Group has three (3) 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
Six (6) months ended 30 June 2022					
Revenue:					
External	1,002,479	52,302	41,158	–	1,095,939
Inter-segment	134,462	3,997	2,783	(141,242)	–
	<u>1,136,941</u>	<u>56,299</u>	<u>43,941</u>	<u>(141,242)</u>	<u>1,095,939</u>
Cost of sales	(788,927)	(27,429)	(22,129)	67,044	(771,441)
Gross profit	<u>348,014</u>	<u>28,870</u>	<u>21,812</u>	<u>(74,198)</u>	<u>324,498</u>
Other income	13,550	457	95	(94)	14,008
Selling and marketing expenses	(38,390)	(562)	(201)	–	(39,153)
Administrative expenses	(87,344)	(10,237)	(21,492)	5,404	(113,669)
Operating profit	<u>235,830</u>	<u>18,528</u>	<u>214</u>	<u>(68,888)</u>	<u>185,684</u>
Share of results of joint ventures and associates	(11,798)	4,652	–	–	(7,146)
Segment results	<u>224,032</u>	<u>23,180</u>	<u>214</u>	<u>(68,888)</u>	<u>178,538</u>
Other gains/(losses)	2,495	(3,679)	9,062	44,072	51,950
Profit before interest and tax	<u>226,527</u>	<u>19,501</u>	<u>9,276</u>	<u>(24,816)</u>	<u>230,488</u>
Finance income	10,010	45,354	352	(7,320)	48,396
Finance costs	(20,752)	(35,846)	(565)	7,320	(49,843)
Profit before tax	<u>215,785</u>	<u>29,009</u>	<u>9,063</u>	<u>(24,816)</u>	<u>229,041</u>
Tax expense	(64,818)	(8,709)	(1,135)	6,889	(67,773)
Profit for the period	<u>150,967</u>	<u>20,300</u>	<u>7,928</u>	<u>(17,927)</u>	<u>161,268</u>

Included in other gains/(losses) are:

Fair value loss on investment properties	–	(4,614)	–	–	(4,614)
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
Six (6) months ended					
30 June 2021					
Restated					
Revenue:					
External	1,020,817	43,172	26,745	–	1,090,734
Inter-segment	69,952	3,997	2,138	(76,087)	–
	<u>1,090,769</u>	<u>47,169</u>	<u>28,883</u>	<u>(76,087)</u>	<u>1,090,734</u>
Cost of sales	(799,967)	(23,144)	(16,449)	38,563	(800,997)
Gross profit	290,802	24,025	12,434	(37,524)	289,737
Other income	6,417	841	193	(95)	7,356
Selling and marketing expenses	(36,583)	(2,221)	(136)	–	(38,940)
Administrative expenses	(63,381)	(10,280)	(18,733)	6,468	(85,926)
Operating profit/(loss)	<u>197,255</u>	<u>12,365</u>	<u>(6,242)</u>	<u>(31,151)</u>	<u>172,227</u>
Share of results of joint ventures and associates	(5,372)	(549)	–	–	(5,921)
Segment results	<u>191,883</u>	<u>11,816</u>	<u>(6,242)</u>	<u>(31,151)</u>	<u>166,306</u>
Other losses	(365)	(5,061)	(11)	–	(5,437)
Profit/(Loss) before interest and tax	191,518	6,755	(6,253)	(31,151)	160,869
Finance income	6,926	49,839	545	(4,547)	52,763
Finance costs	(19,863)	(35,131)	(603)	4,547	(51,050)
Profit/(Loss) before tax	<u>178,581</u>	<u>21,463</u>	<u>(6,311)</u>	<u>(31,151)</u>	<u>162,582</u>
Tax expense	(62,695)	(5,967)	191	7,691	(60,780)
Profit/(Loss) for the period	<u><u>115,886</u></u>	<u><u>15,496</u></u>	<u><u>(6,120)</u></u>	<u><u>(23,460)</u></u>	<u><u>101,802</u></u>
Included in other losses are:					
Fair value loss on investment properties	–	(5,061)	–	–	(5,061)
Changes in fair value of quoted investments	183	–	–	–	183

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A7. Segment Information (continued)

b. Segment assets

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
As at 30 June 2022					
Operating assets	9,243,243	2,442,264	526,312	(757,723)	11,454,096
Joint ventures and associates	3,198,794	392,824	–	(84,851)	3,506,767
	<u>12,442,037</u>	<u>2,835,088</u>	<u>526,312</u>	<u>(842,574)</u>	<u>14,960,863</u>
Tax assets					623,278
Total assets					<u>15,584,141</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	275,751	–	(30,985)	3,397,481
	<u>12,395,514</u>	<u>2,983,451</u>	<u>519,015</u>	<u>(973,445)</u>	<u>14,924,535</u>
Tax assets					649,437
Total assets					<u>15,573,972</u>

A8. Revenue

	Six (6) months ended	
	30 June	
	2022	2021
		Restated
Revenue comprise the following:		
Revenue from contracts with customers	1,056,078	1,059,039
Revenue from rental income	39,861	31,695
	<u>1,095,939</u>	<u>1,090,734</u>
Disaggregation of the Group's revenue from contracts with customers:		
Geographical market		
- Malaysia	1,056,078	1,058,827
- Vietnam	–	212
	<u>1,056,078</u>	<u>1,059,039</u>
Timing of revenue recognition		
- over time	992,959	811,354
- at point in time	63,119	247,685
	<u>1,056,078</u>	<u>1,059,039</u>

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A9. Capital Commitments

	As at 30 June 2022	As at 31 December 2021
Contracted capital commitments:		
- property, plant and equipment	6,572	1,418
- investment properties	5,128	8,203
- intangible assets	77	655
	<u>11,777</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 30 June 2022	As at 31 December 2021
- Battersea Project Holding Company Limited (30 June 2022: Nil; 31 December 2021: £38.0 million)	-	213,989
- Sime Darby Property - LOGOS Property Industrial Development Fund 1 LP	168,699	20,884
- Others	50,474	53,000
	<u>219,173</u>	<u>287,873</u>

A10. Significant Related Party Transactions

Significant related party transactions during the six (6) months ended 30 June 2022 are as follows:

	Six (6) months ended 30 June	
	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	(20,359)	(88,042)
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>(7,512)</u>	<u>(1,252)</u>
b. Transactions with joint ventures		
<u>Aster Real Estate Investment Trust 1</u> Rental expense	<u>(9,587)</u>	<u>(8,760)</u>

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A10. Significant Related Party Transactions (continued)

Significant related party transactions during the six (6) months ended 30 June 2022 are as follows:
(continued)

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 30 June 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 period include:

	Six (6) months ended 30 June	
	2022	2021
<u>Yayasan Sime Darby</u>		
Contribution paid/payable to Yayasan Sime Darby	(10,000)	(10,000)
<u>Sime Darby Berhad group</u>		
Rental income	6,969	5,978
<u>Sime Darby Plantation Berhad group</u>		
Rental income	7,705	5,371

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”) signed between 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).

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

Sale of property to a Director and close family member	1,921	–
Sale of properties to key management personnel and their close family members	3,004	–

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

There was no material event subsequent to the end of the current quarter under review to 18 August 2022, 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 period ended 30 June 2022, other than as disclosed below.

a. Acquisition 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.

b. Deregistration of a subsidiary

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.

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, SDP 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.
- 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 Development I) Sdn Bhd (formerly known as Sime Darby Property (Industrial Development I) Sdn Bhd)
 - (v) SDPLOG 1 (Industrial Development II) Sdn Bhd (formerly known as Sime Darby Property (Industrial Development II) Sdn Bhd)
 - (vi) SDPLOG 1 (Industrial Development III) Sdn Bhd (formerly known as Sime Darby Property (Industrial Development III) Sdn Bhd)(collectively, the “IDF SPVs”)

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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 period ended 30 June 2022, other than disclosed below: (continued)

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

- 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.

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.

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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 period ended 30 June 2022, other than disclosed below: (continued)

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:

	Six (6) months ended 30 June 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	3,533	114,508
Gain on disposal	7,294	44,072
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	9,714	(1,263)
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	–
	8,948	44,072
Tax expense on gain on disposal	(1,137)	–
Gain on disposal after income tax	7,811	44,072

A13. Contingent Liabilities - unsecured

	As at 30 June 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 30 June 2022	As at 31 December 2021
Investments - unquoted shares	<u>53,418</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

	Six (6) months ended 30 June		% + / (-)
	2022	2021 Restated	
Segment revenue			
Property development	1,002,479	1,020,817	(1.8)
Investment and asset management	52,302	43,172	21.1
Leisure	41,158	26,745	53.9
Revenue	<u>1,095,939</u>	<u>1,090,734</u>	0.5
Segment results:			
Property development	155,144	160,732	(3.5)
Investment and asset management	23,180	11,816	96.2
Leisure	214	(6,242)	103.4
	<u>178,538</u>	<u>166,306</u>	7.4
Other gains/(losses)	51,950	(5,437)	
Profit before interest and tax	230,488	160,869	43.3
Finance income	48,396	52,763	
Finance costs	(49,843)	(51,050)	
Profit before tax ("PBT")	<u>229,041</u>	<u>162,582</u>	40.9
Tax expense	(67,773)	(60,780)	
Profit for the period	<u>161,268</u>	<u>101,802</u>	58.4
Attributable to:			
- owners of the Company	156,557	89,311	75.3
- non-controlling interests	4,711	12,491	
Profit for the period	<u>161,268</u>	<u>101,802</u>	58.4

Whilst the Group's revenue for the six (6) months ended 30 June 2022 of RM1.1 billion was on a par with the corresponding period of the previous year, PBT for the period registered a marked increase of 40.9% to RM229.0 million.

The improved financial performance for the current year was mainly attributable to other gains of RM52.0 million. Other gains included gain 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.

The results of each business segment are analysed below:

a) Property development

The property development segment remained to be the major contributor to the Group, bringing in 91.5% of the Group's total revenue. Revenue declined marginally due to lower on-site development activities in City of Elmina and KLGCC Resort, coupled with lower sales of completed inventories in KLGCC Resort, Taman Melawati and KL East township; offset by higher revenue from activation of new phases in Bandar Bukit Raja, Hamilton Nilai City, Nilai Impian and Bandar Ainsdale.

Despite so, the segment maintained its results at RM155.1 million amidst the challenging labour shortage situation, rising interest rates and absence of the Home Ownership Campaign in the current financial period.

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B1. Review of Group Performance (continued)

b) Investment and asset management

The segment registered revenue growth of 21.1% from RM43.2 million to RM52.3 million, with segment results almost doubled at RM23.2 million as compared to the corresponding period in the previous year of RM11.8 million.

The improved financial performance was mainly contributed by KL East Mall in line with the increase in retail activities and higher footfall with the easing of lockdown and travel restrictions as compared to a year ago. As at 30 June 2022, KL East Mall's occupancy rate stood at 79.7% as compared to 73.4% in the corresponding period of the previous year. Similarly, share of results from Melawati Mall has also improved this year.

c) Leisure

Leisure segment saw a strong recovery with improvement in segment revenue by 53.9% to RM41.2 million, as compared to RM26.7 million in the corresponding period of the previous year. The segment achieved break-even as compared to a loss of RM6.2 million in the corresponding period of the previous year.

Revenue contribution from events and functions, food and beverages and golfing activities has improved following the uplift of lockdowns and resumption of business activities in the fourth quarter of 2021, the effects of which continued into the period under review.

In addition, the disposal of OSC Sunrise has also marginally reduced segment losses following its deconsolidation upon completion of disposal.

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

	Quarter ended		%
	30 June 2022	31 March 2022 Restated	+ / (-)
Segment revenue			
Property development	566,732	435,747	30.1
Investment and asset management	27,058	25,244	7.2
Leisure	21,822	19,336	12.9
Revenue	<u>615,612</u>	<u>480,327</u>	28.2
Segment results:			
Property development	89,393	65,751	36.0
Investment and asset management	11,434	11,746	(2.7)
Leisure	1,028	(814)	226.3
	<u>101,855</u>	<u>76,683</u>	32.8
Other gains	44,931	7,019	
Profit before interest and tax	146,786	83,702	75.4
Finance income	24,230	24,166	
Finance costs	(25,146)	(24,697)	
Profit before tax ("PBT")	<u>145,870</u>	<u>83,171</u>	75.4
Tax expense	(40,319)	(27,454)	
Profit for the period	<u>105,551</u>	<u>55,717</u>	89.4
Attributable to:			
- owners of the Company	104,998	51,559	103.6
- non-controlling interests	553	4,158	
Profit for the period	<u>105,551</u>	<u>55,717</u>	89.4

Group revenue for the current quarter has increased by 28.2% to RM615.6 million as compared to the preceding quarter. Profit before tax of the Group improved by 75.4% largely on account of a gain on dilution of interest in the Industrial Development Fund from wholly-owned to 55% interest amounting to RM44.1 million, as recognised in "Other gains". Other gains in the preceding quarter consists of the gain on disposal of the Group's 65% interest in OSC Sunrise totalling RM8.9 million.

The results of each business segment are analysed below:

a) Property development

Revenue from property development improved by 30.1% to RM566.7 million in the current quarter. Accordingly, the segment profit for the current quarter increased to RM89.4 million from RM65.8 million in the preceding quarter.

The improved operational performance was mainly attributable to the higher sales and development activities in City of Elmina, KLGCC Resort, Hamilton Nilai City, Serenia City, Elmina Business Park and Subang Jaya City Centre townships.

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 registered a segment revenue RM27.1 million, higher than that of the preceding quarter by 7.2%. The increase in revenue was mainly contributed by KL East Mall, in line with better footfall during the Hari Raya festive season in the current quarter. However, the segment contributed marginally lower profit of RM11.4 million as compared RM11.7 million in the preceding quarter mainly driven by higher operating costs.

c) Leisure

The leisure segment registered revenue of RM21.8 million, higher than that of the preceding quarter by 12.9% along with increased activities in golfing, and banqueting and events during the festive season. The segment registered a profit of RM1.0 million, as compared to a loss of RM0.8 million in the preceding quarter when revenue was insufficient to sustain operating costs.

B3. Prospects

Malaysia's economy is on an upward track to recovery from the pandemic following a successful vaccination drive and full withdrawal of movement restrictions. Bank Negara Malaysia ("BNM") has projected the economy to expand by 5.3% to 6.3% in 2022, driven mainly by a rebound in consumption. Despite the challenging first half due to the ongoing economic and industry-wide issues relating to foreign labour shortage and increase in raw material prices, the Group will continue to monitor the situation closely while maintaining our optimistic outlook on the recovery in the next 6 to 12 months.

The Group will continue to exercise strong financial discipline across our operations while launching the right products to maintain sales momentum towards the year-end. These efforts coupled with an omnichannel customer-focused marketing initiatives have proven to be effective in bookings conversion despite the challenging market environment. The Group is also making positive strides toward transforming into a real estate company as evidenced by the first close of its inaugural Industrial Development Fund in partnership with LOGOS Property.

The Group is poised to surpass its FY2022 sales target of RM2.6 billion, supported by the stronger year-to-date 30 June 2022 sales achieved of RM1.9 billion and RM1.6 billion in bookings as at 7 August 2022. Unbilled sales stand at RM3.4 billion as at 30 June 2022, while net gearing remains low at 0.30 times at the same period. The Group will launch an array of product mix worth RM1.3 billion GDV in the second half of 2022.

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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 30 June		Six (6) months ended 30 June	
	2022	2021 Restated	2022	2021 Restated
Included in operating profit are:				
Depreciation and amortisation	(8,514)	(9,090)	(16,966)	(17,945)
Write-off of property development expenditure	–	(2,145)	–	(2,145)
Impairment of receivables	(102)	527	(866)	(303)
Investment income	–	192	153	192
	<u>–</u>	<u>192</u>	<u>153</u>	<u>192</u>
Included in other gains/(losses) are:				
Fair value loss on investment properties	(1,441)	(2,580)	(4,614)	(5,061)
Gain on disposal of subsidiaries	44,072	–	53,020	–
Changes in fair value of quoted investments	–	152	–	183
Net foreign exchange gain/(loss)	2,296	224	2,606	(559)
	<u>2,296</u>	<u>224</u>	<u>2,606</u>	<u>(559)</u>

B6. Tax Expense

	Quarter ended 30 June		Six (6) months ended 30 June	
	2022	2021 Restated	2022	2021 Restated
In respect of the current period:				
- current tax	33,477	28,762	62,521	54,343
- deferred tax	11,946	5,185	7,815	5,780
	<u>45,423</u>	<u>33,947</u>	<u>70,336</u>	<u>60,123</u>
In respect of prior years:				
- current tax	(1,826)	(23)	(1,070)	(3,963)
- deferred tax	(3,278)	(1,998)	(1,493)	4,620
	<u>40,319</u>	<u>31,926</u>	<u>67,773</u>	<u>60,780</u>

The effective tax rates for the current quarter and for the six (6) months ended 30 June 2022 of 29.4% and 29.8% respectively are higher than statutory tax rate of 24% due to non-deductible expenses and deferred tax asset is not recognised for losses incurred by certain subsidiaries.

B7. Status of Corporate Proposal

There was no corporate proposal announced but not completed as at 18 August 2022, being a date not earlier than 7 days from the date of issue of the quarterly report.

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B8. Group Borrowings

The breakdown of the borrowings as at 30 June 2022 is as follows:

	Secured	Unsecured	Total
<u>Long-term borrowings</u>			
Term loans	433,724	–	433,724
Islamic financing	606,087	–	606,087
Syndicated Islamic financing	492,470	–	492,470
Islamic medium term notes	–	799,174	799,174
Amounts due to non-controlling interests	–	231,654	231,654
	<u>1,532,281</u>	<u>1,030,828</u>	<u>2,563,109</u>
<u>Short-term borrowings</u>			
Term loans due within one year	57,461	–	57,461
Islamic financing due within one year	163,534	–	163,534
Syndicated Islamic financing	83,883	–	83,883
Islamic medium term notes	–	2,013	2,013
Revolving credits	–	777,931	777,931
	<u>304,878</u>	<u>779,944</u>	<u>1,084,822</u>
Total borrowings	<u>1,837,159</u>	<u>1,810,772</u>	<u>3,647,931</u>

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

	Secured	Unsecured	Total
Borrowings			
- principal	1,830,802	1,808,162	3,638,964
- interest	6,357	2,610	8,967
Total borrowings	<u>1,837,159</u>	<u>1,810,772</u>	<u>3,647,931</u>

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

	Long-term borrowings	Short-term borrowings	Total
Ringgit Malaysia	2,563,109	306,891	2,870,000
Sterling Pound	–	777,931	777,931
Total borrowings	<u>2,563,109</u>	<u>1,084,822</u>	<u>3,647,931</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 18 August 2022, 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. Further trial dates have been fixed in August, October and December 2022.

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 38 days on various dates between June 2020 to August 2022. Further hearing dates have been fixed in September 2022 and 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 18 August 2022, 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 8 to 10 June 2022, to 13 to 15 December 2022.

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 hearing date of the Appeal has been fixed on 3 October 2022.

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 first single tier dividend of 1.0 sen per ordinary share in respect of the financial year ending 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 19 October 2022. The entitlement date for the dividend payment is 30 September 2022.

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 30 September 2022 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 30 June		Six (6) months ended 30 June	
	2022	2021 Restated	2022	2021 Restated
Basic earnings per share attributable to owners of the Company are computed as follows:				
Profit for the period	<u>104,998</u>	<u>23,209</u>	<u>156,557</u>	<u>89,311</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>0.3</u>	<u>2.3</u>	<u>1.3</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.

Selangor Darul Ehsan
25 August 2022

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