**Sime Darby Registers Full Year Pre-Tax Profit in spite of Significant Provisioning for the Energy & Utilities Division**

*Sime Darby’s other core businesses continue to perform well*

**Kuala Lumpur, Thursday, 26 August 2010:**

Sime Darby Berhad reported a **pre-tax profit of RM1.7 billion for the financial year ended 30 June 2010** (FY2010) on the back of a 6% increase in revenue to RM33.0 billion. The reduction in pre-tax profit of 43% compared to FY2009 was mainly attributable to the losses in the Oil & Gas and Engineering units, i.e. two major businesses within the Energy & Utilities (E&U) Division. However, the other core divisions of the Group continued to perform well in FY2010.

**ADDITIONAL PROVISIONS OF RM777.3 MILLION IN 4QFY2010 FOR THE E&U DIVISION**

The **E&U Division** reported an operating loss of **RM1,752 million** for FY2010 after making **additional provisions** of **RM777.3 million** for 4QFY2010. Including the RM1,308.4 millionprovisions up to 3QFY2010, the total provisions for foreseeable losses and impairments for the full year amounted to **RM2,085.7 million**.

The additional provisions totalling RM777.3 million relate to the three Oil & Gas projects namely, Qatar Petroleum (QP), Maersk Oil Qatar (MOQ) and Marine, and include provisions and impairment of other assets.

Acting President & Group Chief Executive, Dato’ Mohd Bakke Salleh, said that the provisions were based on reports from technical consultants and their best estimates of costs to complete the above projects. The Group will actively continue negotiations with relevant parties with a view towards recovery of claims. In addition, the Group is now on a stronger footing to focus on rebuilding its Oil & Gas business and strengthen its competitive position in the other core businesses.

**TURNING AROUND THE ENERGY & UTILITIES DIVISION**

Dato’ Mohd Bakke emphasised the Group’s commitment to the Oil & Gas business in the E&U Division. “We have identified the problems in the Oil & Gas business and are addressing them to turn around the business. Furthermore, we are collaborating with strategic partners to strengthen our capabilities.”

In achieving a more focused management approach to the E&U businesses, the Division is now segregated into China and non-China operations with two different Executive Vice Presidents to oversee each respective business. Additionally, new appointments have been made to key management positions in the E&U Division.

The Group has also reviewed the organisation and reporting structure to enhance divisional oversight and accountability across the Group.

**STRONGER PERFORMANCE IN OTHER DIVISIONS**

Sime Darby’s other core businesses continued to perform well in FY2010.

The **Plantation Division** registered an operating profit of RM2.1 billion for FY2010, an increase of 23% compared to that of the previous year. This was mainly due to the higher average CPO price realised (RM2,311 per MT in FY2010 vs. RM2,177 per MT in FY2009), higher fresh fruit bunches (FFB) production from Indonesia and better performance of downstream operations. During the period under review, downstream & midstream operations registered a profit of RM124 million, reversing the RM63 million losses in FY2009, an improvement of 297% over that of the previous year.

The **Property Division’s** operating profit increased by 7% to RM493 million in FY2010 compared to RM462 million in FY2009, mainly due to the higher residential and commercial sales in the Group’s townships.

In the year under review, the **Industrial Division** recorded a reduction in operating profit by 12% to RM758 million in FY2010 compared to the record RM862 million registered in FY2009. This was mainly attributable to the lower demand for heavy equipment in Singapore and Australia, offset to some extent by the higher equipment sales in China and continued growth in product support business in all territories.

Driven by robust sales growth in all regions, particularly BMW China, the **Motors Division** achieved a 116% increase in profit to RM386 million in FY2010 compared to RM179 million in FY2009. The Australia and New Zealand operations also registered a turnaround and reported a RM7 million operating profit from an operating loss of RM45 million in FY2009.

**FOUR KEY THRUSTS MOVING FORWARD**

Dato’ Mohd Bakke said that he remains positive about the prospects ahead for the Group. “We have defined four key thrusts to bring Sime Darby back to a leadership position: (1) Turnaround Energy & Utilities; (2) Maximise Potential across all Core Businesses; (3) Instituting a High Performance Culture; and (4) Reviewing the Portfolio Mix within the Group.”

He stressed that there is still room for improvement in business performance. “In my view, there is much more that we can do in the plantation business to increase yields and reduce operating costs. We will also continue to pursue collaboration with strategic partners, particularly in the downstream operations. For the property business, we will focus on how we can enhance margins for property development projects in Malaysia.”

Dato’ Mohd Bakke stated that a prerequisite to a successful turnaround is a change in the Group’s culture towards a more performance-driven one. “I will pay particular attention towards talent management and succession planning to ensure that we have a strong leadership bench as well as the right talent and skill sets for our respective businesses,” he added.

Dato’ Mohd Bakke also said that while the Group is focusing on maximizing the value of the current businesses, it will also conduct a portfolio review to ensure that it continues to have a strong portfolio of winning businesses.

The Group proposed a final dividend of 3 sen per share for FY2010. Together with the earlier interim dividend of 7 sen per share, total dividend for the year is 10 sen per share.