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PRESS RELEASE

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Sime Darby Berhad Records Pre-Tax Profit of RM3.1 Billion for 1H FY2011/2012

All core businesses registered double-digit earnings growth

Kuala Lumpur, 29 February 2012 – Sime Darby Berhad's diversified portfolio of core businesses delivered a strong, all-round financial performance for the first half of FY2011/2012 ended 31 December 2011. The Group registered **a pre-tax profit of RM3.1 billion and a net profit of RM2.2 billion** for the period under review, an increase of 40 percent and 42 percent respectively compared to the corresponding period in the previous year.

Higher realised crude palm oil (CPO) prices and operational efficiency improvements boosted the **Plantation Division's** operating profit to RM1.8 billion in the first half of the year under review, an increase of 38 percent over the same period a year ago. For the first six months of the financial year, the Division achieved an average CPO price of RM2,872/MT against RM2,692/MT in the corresponding period last financial year.

Fresh fruit bunch (FFB) production in the period under review rose by 5 percent to 5.4 million MT, largely driven by the higher production in Malaysia. FFB yield per mature hectare for the Group rose by 4 percent, led by the 11 percent increase in Malaysia, which more than offset the 8 percent decline in Indonesia that was due to change in the cropping pattern. The Group's CPO production was also higher by 10 percent compared to the first half of FY2010/2011 as oil extraction rate (OER) for the Group improved by 0.5 percent to 21.9 percent. Indonesia's OER had improved significantly by 1.1 percent to 22.9 percent while Malaysia's OER increased by 0.2 percent to 21.3 percent.

The midstream and downstream segment however reported a loss of RM37 million for the first six months of FY2011/2012 as it continued to be adversely affected by negative margin due to higher feedstock costs, lower demand for refined products in Europe and competition from other downstream players in Indonesia.

The **Industrial Division** continued to thrive on the back of robust activity in the mining, logging and construction sectors in Australia and Malaysia to post an operating profit of RM628 million, an increase of 38 percent over the same period in the preceding year. The Singapore operations also rebounded with an improvement of 34 percent in comparison with the corresponding period last financial year due to the stronger demand for engines and higher delivery of heavy equipment.

The China and Hong Kong operations meanwhile reported a decline of 11 percent in the period under review against the first half of FY2010/2011, affected by the slowdown in construction activities following the tightening credit policies by both banks and local governments. Nevertheless, in the second quarter, operating profit for the China and Hong Kong operations recorded a 71 percent growth to RM26 million compared to the preceding quarter as certain sectors of the Chinese economy continue to remain robust and active.

The Malaysia and China operations continued to be the main forces behind the **Motors Division's** resilient performance in the first half of FY2011/2012. The Division's operating profit rose by 11 percent from RM277 million to RM308 million, resulting from the strong demand for all marques and the receipt of dividend. Driven by the sustained popularity of its BMW, Hyundai, Porsche and Ford models, the Malaysia operations registered an operating profit of RM117 million in the period under review, more than double the RM58 million recorded in the same period a year ago.

While the operating profit of the China, Hong Kong and Macau operations were weaker by 32 percent in the first half compared to the corresponding period last financial year, the second quarter results had improved by 29 percent against the preceding quarter supported by higher unit sales of BMW in Hong Kong and better margins in China.

The **Property Division** showed a significant increase of 46 percent in its operating profit to RM193 million in the first half of FY2011/2012 against the same period in the previous year. This was mainly attributable to the higher percentage of property development works completed and sales in the various townships including USJ Heights, Bandar Bukit Raja and Ara Damansara. New launches during the quarter under review such as the Isola in Subang Jaya and Eleven Avenue in Bandar Bukit Raja were also well received, with an average take-up rate of 92 percent.

The **Energy & Utilities Division's** operating profit grew by 127 percent in the first half of the year under review compared to the corresponding period a year ago. This was primarily due to the recognition of deferred revenue of RM99 million from the Malaysia power plant. The China Utilities operations reported a slightly lower operating profit of RM37 million, a decline of 3 percent compared to the first half of FY2010/2011 as it incurred higher costs associated with capacity expansion.

The **Healthcare Division** posted a higher operating profit of RM14 million, a 7 percent increase compared to the same period in the preceding year. This was underpinned by the higher inpatient and outpatient visits, offsetting the higher overhead costs incurred for the Sime Darby Medical Centre Ara Damansara, which had its soft launch on 12 January 2012.

President/CEO's Summary

Commenting on the overall performance of the Group, Sime Darby President and Group Chief Executive, Dato' Mohd Bakke Salleh said, "The Group had a commendable first half with all divisions achieving double-digit earnings growth. Our continuous emphasis on enhancing earnings quality has resulted in a robust performance across each Division. Though there has been considerable economic uncertainty in the global economy over the past six months, our businesses have persevered and remained resilient in the face of a challenging business environment."

With regards to the execution of the strategy blueprint, he reported that key strategic initiatives to drive operational excellence and build an optimal investment portfolio for growth have been put in place in the first half of FY2011/2012. "Each division has established a strong platform for continuous operational improvements. Indeed, the current financial performance is partly a result of the efforts undertaken to enhance operational efficiencies. All divisions are also focused on pursuing organic and inorganic growth opportunities that had been identified in the strategy blueprint," he added.

In particular, he highlighted the completion of the acquisition of the Bucyrus distribution business in Sime Darby Industrial Caterpillar dealership territories in December 2011. "This represents an opportunity to grow our presence in the region and also expand our leading position in our territories in Australia. The addition of the former Bucyrus product line will create new profit opportunities for the Division and we expect the transaction to be accretive to earnings by the fourth quarter of FY2011/2012." He also assured that the disposal of the Sime Darby Engineering (SDE) fabrication yards remains on track and is targeted to be completed by the end of this financial year.

In view of the recent concerns over the performance of Malaysian palm oil downstream players, he stated that the Division has been intensifying its efforts to rationalise and strengthen the processes in its downstream operations. "Our main focus is on prudent cost management and enhancing plant efficiency as well as productivity. We also have a pipeline of planned investments to diversify our product range into higher-margin speciality products."

Interim Dividend

The Group announced an interim dividend of 10 sen per share for the financial year ending 30 June 2012.

About Sime Darby

Sime Darby is a Malaysia-based diversified multinational involved in key growth sectors, namely, plantations, property, motors, industrial equipment, energy & utilities and healthcare. Founded in 1910, its business divisions seek to create positive benefits in the economy, environment and society where it has a presence.

With a workforce of over 100,000 employees in over 20 countries, Sime Darby is committed to building a sustainable future for all its stakeholders. It is one of the largest companies on Bursa Malaysia with a market capitalisation of RM57.51bn (USD19.16bn) as of 28 February 2012.