QUARTERLY REPORT

On the consolidated results for the second quarter ended 31 December 2013

The Directors are pleased to announce the following:

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

	Note	Quarter ended 31 December 2013	Quarter ended 31 December 2012	% +/(-)	Half-year ended 31 December 2013	Half-year ended 31 December 2012	% +/(-)
Continuing operations							
Revenue	A7	**10,878.0**	11,254.1	(3.3)	**21,637.2**	22,996.0	(5.9)
Operating expenses		**(10,210.6)**	(10,515.9)		**(20,514.8)**	(21,264.9)	
Other operating income		**380.6**	315.8		**702.3**	653.5	
Operating profit	B6	**1,048.0**	1,054.0	(0.6)	**1,824.7**	2,384.6	(23.5)
Share of results of jointly controlled entities		**(13.5)**	7.6		**(12.6)**	1.2	
Share of results of associates		**15.8**	24.8		**37.4**	51.2	
Profit before interest and tax	A7	**1,050.3**	1,086.4	(3.3)	**1,849.5**	2,437.0	(24.1)
Finance income		**50.0**	31.8		**74.7**	68.6	
Finance costs	B6	**(97.4)**	(108.1)		**(207.1)**	(212.3)	
Profit before tax		**1,002.9**	1,010.1	(0.7)	**1,717.1**	2,293.3	(25.1)
Tax expense	B7	**(143.3)**	(274.7)		**(341.3)**	(524.3)	
Profit from continuing operations		**859.6**	735.4	16.9	**1,375.8**	1,769.0	(22.2)
Discontinued operations							
Profit from discontinued operations (see note below)	B6	**–**	1.1		–	6.0	
Profit for the period		**859.6**	736.5	16.7	**1,375.8**	1,775.0	(22.5)
Attributable to owners of:							
- the Company							
- from continuing operations		**818.3**	707.4		**1,307.3**	1,692.8	
- from discontinued operations		**–**	1.1		–	6.0	
		818.3	708.5	15.5	**1,307.3**	1,698.8	(23.0)
- non-controlling interests		**41.3**	28.0	47.5	**68.5**	76.2	(10.1)
Profit for the period		**859.6**	736.5	16.7	**1,375.8**	1,775.0	(22.5)
		Sen	**Sen**		**Sen**	**Sen**	
Earnings per share attributable to owners of the Company	B13						
Basic							
- from continuing operations		**13.61**	11.77		**21.75**	28.17	
- from discontinued operations		–	0.02		–	0.10	
		13.61	11.79	15.5	**21.75**	28.27	(23.0)
Diluted							
- from continuing operations		**13.61**	11.77		**21.75**	28.17	
- from discontinued operations		**–**	0.02		**–**	0.10	
		13.61	11.79	15.5	**21.75**	28.27	(23.0)

Note : The discontinued operations was in relation to the disposal of the Healthcare business.

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 year ended 30 June 2013.

SIME DARBY BERHAD
(Company No: 752404-U)

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

	Quarter ended 31 December			Half-year ended 31 December		
	2013	**2012**	**% +/(-)**	**2013**	**2012**	**% +/(-)**
Profit for the period	**859.6**	736.5	16.7	**1,375.8**	1,775.0	(22.5)
Other comprehensive income/(loss)						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences:						
- subsidiaries	**(297.2)**	(221.6)		**(456.0)**	(424.2)	
- jointly controlled entities	**7.9**	4.1		**14.9**	(5.5)	
- associates	**(2.9)**	(0.4)		**3.3**	(3.2)	
Net changes in fair value of:						
- available-for-sale investments	**(8.2)**	10.7		**3.4**	17.6	
- cash flow hedges	**39.0**	18.3		**53.4**	45.0	
Share of other comprehensive income/(loss) of:						
- jointly controlled entities	**(1.9)**	(0.1)		**12.8**	–	
- associates	**(2.0)**	0.6		**(1.9)**	3.1	
Tax expense	**(12.5)**	(3.2)		**(20.6)**	–	
	(277.8)	(191.6)		**(390.7)**	(367.2)	
Items that will not be reclassified subsequently to profit or loss:						
Actuarial losses on defined benefit pension plans	**–**	–		**0.2**	–	
	–	–		**0.2**	–	
Reclassification adjustments:						
Reclassified to profit or loss:						
- changes in fair value of available-for-sale investments	**–**	(34.2)		**–**	(0.2)	
- changes in fair value of cash flow hedges	**(66.5)**	30.6		**(50.6)**	30.6	
Reclassified to inventories changes in fair value of cash flow hedges	**0.4**	(0.3)		**28.3**	(0.3)	
Tax expense	**20.5**	1.2		**6.7**	(9.5)	
	(45.6)	(2.7)		**(15.6)**	20.6	
Total other comprehensive loss from continuing operations	**(323.4)**	(194.3)	(66.4)	**(406.1)**	(346.6)	(17.2)
Total comprehensive income for the period	**536.2**	542.2	(1.1)	**969.7**	1,428.4	(32.1)
Attributable to owners of:						
- the Company						
- from continuing operations	**520.7**	533.7		**960.9**	1,381.8	
- from discontinued operations	**–**	1.1		**–**	6.0	
	520.7	534.8	(2.6)	**960.9**	1,387.8	(30.8)
- non-controlling interests	**15.5**	7.4	109.5	**8.8**	40.6	(78.3)
Total comprehensive income for the period	**536.2**	542.2	(1.1)	**969.7**	1,428.4	(32.1)

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 year ended 30 June 2013.

SIME DARBY BERHAD
(Company No: 752404-U)

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

	Note	Unaudited As at 31 December 2013	Audited As at 30 June 2013
Non-current assets			
Property, plant and equipment		**14,124.3**	14,096.4
Biological assets		**2,447.6**	2,498.5
Prepaid lease rentals		**1,119.5**	1,141.1
Investment properties		**633.8**	633.4
Land held for property development		**890.6**	864.2
Jointly controlled entities		**1,324.7**	1,295.8
Associates		**1,623.8**	1,585.8
Available-for-sale investments		**172.1**	118.7
Intangible assets		**1,020.7**	915.0
Deferred tax assets		**1,065.5**	924.0
Tax recoverable		**260.3**	391.0
Derivatives	B10(a)	**169.9**	136.9
Receivables		**617.9**	656.5
		25,470.7	25,257.3
Current assets			
Inventories		**9,027.7**	8,714.5
Property development costs		**2,154.1**	2,068.3
Receivables		**6,704.9**	6,057.2
Accrued billings and others		**1,212.4**	1,244.2
Tax recoverable		**337.2**	287.1
Derivatives	B10(a)	**92.6**	45.3
Cash held under Housing Development Accounts		**500.3**	560.3
Bank balances, deposits and cash		**4,237.3**	4,093.5
		24,266.5	23,070.4
Non-current assets held for sale (see note below)		**106.7**	130.4
Total assets	A7	**49,843.9**	48,458.1
Equity			
Share capital		**3,004.7**	3,004.7
Reserves		**23,395.4**	24,091.6
Attributable to owners of the Company		**26,400.1**	27,096.3
Non-controlling interests		**845.9**	884.8
Total equity		**27,246.0**	27,981.1
Non-current liabilities			
Borrowings	B9	**7,854.7**	7,993.4
Finance lease obligation		**146.4**	157.8
Provisions		**94.8**	92.0
Retirement benefits		**154.5**	154.5
Deferred income		**295.4**	291.0
Deferred tax liabilities		**649.8**	642.2
Derivatives	B10(a)	**0.4**	1.9
		9,196.0	9,332.8
Current liabilities			
Payables		**8,191.0**	8,235.8
Progress billings and others		**98.4**	80.0
Borrowings	B9	**2,810.1**	2,092.2
Finance lease obligation		**6.8**	6.5
Provisions		**267.8**	233.5
Deferred income		**24.1**	61.6
Dividend payable		**1,622.6**	–
Tax payable	B10(a)	**221.6**	229.3
Derivatives		**76.5**	115.0
		13,318.9	11,053.9
Liabilities associated with assets held for sale (see note below)		**83.0**	90.3
Total liabilities		**22,597.9**	20,477.0
Total equity and liabilities		**49,843.9**	48,458.1

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

	Unaudited As at 31 December 2013	Audited As at 30 June 2013
Net assets per share attributable to owners of the Company (RM)	**4.39**	4.51

Note:

	Unaudited As at 31 December 2013	Audited As at 30 June 2013
Non-current assets held for sale		
Non-current assets		
Property, plant and equipment	**3.0**	3.0
Prepaid lease rentals	**0.7**	0.7
Associates	**–**	23.8
Disposal group	**103.0**	102.9
	106.7	130.4
Liabilities associated with assets held for sale		
Disposal group	**83.0**	90.3

The non-current assets held for sale and liabilities associated with assets held for sale, classified as disposal group, are in respect of Syarikat Malacca Straits Inn Sdn Bhd.

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 year ended 30 June 2013.

SIME DARBY BERHAD
(Company No: 752404-U)

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

Half-year ended 31 December 2013	**Share capital**	**Share premium**	**Share grant reserve**	**Revaluation reserve**	**Capital reserve**	**Legal reserve**	**Hedging reserve**	**Available-for-sale reserve**	**Exchange reserve**	**Retained profits**	**Attributable to owners of the Company**	**Non-controlling interests**	**Total equity**
At 1 July 2013	**3,004.7**	**100.6**	**–**	**67.9**	**6,753.6**	**75.4**	**(100.0)**	**62.7**	**369.3**	**16,762.1**	**27,096.3**	**884.8**	**27,981.1**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**17.8**	**1.7**	**(366.1)**	**1,307.5**	**960.9**	**8.8**	**969.7**
Transfer between reserves	**–**	**–**	**–**	**(0.9)**	**79.6**	**–**	**–**	**–**	**–**	**(78.7)**	**–**	**–**	**–**
Employee share scheme	**–**	**–**	**24.2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**24.2**	**–**	**24.2**
Share of capital reserve of associates	**–**	**–**	**–**	**–**	**(1.7)**	**–**	**–**	**–**	**–**	**–**	**(1.7)**	**–**	**(1.7)**
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7.6**	**7.6**
Acquisition of non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(57.0)**	**(57.0)**	**(20.3)**	**(77.3)**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(35.0)**	**(35.0)**
Dividends payable	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,622.6)**	**(1,622.6)**	**–**	**(1,622.6)**
At 31 December 2013	**3,004.7**	**100.6**	**24.2**	**67.0**	**6,831.5**	**75.4**	**(82.2)**	**64.4**	**3.2**	**16,311.3**	**26,400.1**	**845.9**	**27,246.0**

SIME DARBY BERHAD
(Company No: 752404-U)

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

Half-year ended 31 December 2012	Share capital	Share premium	Share grant reserve	Revaluation reserve	Capital reserve	Legal reserve	Hedging reserve	Available-for-sale reserve	Exchange reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
At 1 July 2012	3,004.7	100.6	–	67.9	6,748.9	74.8	(64.8)	45.1	983.5	15,055.4	26,016.1	873.8	26,889.9
Total comprehensive income for the period	–	–	–	–	3.1	–	65.8	17.5	(397.4)	1,698.8	1,387.8	40.6	1,428.4
Transfer between reserves	–	–	–	–	–	(0.1)	–	–	–	0.1	–	–	–
Employee share scheme	–	–	29.8	–	–	–	–	–	–	–	29.8	–	29.8
Issue of shares in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	4.0	4.0
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	11.5	11.5
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	–	(4.5)	(4.5)	(18.5)	(23.0)
Dividends paid	–	–	–	–	–	–	–	–	–	(1,502.3)	(1,502.3)	(56.4)	(1,558.7)
At 31 December 2012	3,004.7	100.6	29.8	67.9	6,752.0	74.7	1.0	62.6	586.1	15,247.5	25,926.9	855.0	26,781.9

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 year ended 30 June 2013.

SIME DARBY BERHAD
(Company No: 752404-U)

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

	Note	Half-year ended 31 December 2013	2012
Profit after tax		**1,375.8**	1,775.0
Adjustments for:			
Gain on disposal of subsidiaries, a jointly controlled entity, an associate and other investments		**(11.3)**	(7.9)
Gain on disposal of properties		**(47.2)**	(49.5)
Share of results of jointly controlled entities and associates		**(24.8)**	(52.4)
Finance income		**(74.7)**	(69.0)
Finance costs		**207.1**	212.8
Depreciation and amortisation		**602.6**	639.1
Amortisation of prepaid lease rentals		**25.3**	24.9
Tax expense		**341.3**	527.4
Other non-cash items		**25.2**	94.2
		2,419.3	3,094.6
Changes in working capital:			
Inventories and rental assets		**(243.3)**	(1,290.5)
Property development costs		**(84.3)**	(214.2)
Land held for property development		**(60.2)**	(9.7)
Trade and other receivables and prepayments		**(680.5)**	(221.2)
Trade and other payables and provisions		**(176.3)**	(623.8)
Cash generated from operations		**1,174.7**	735.2
Tax paid		**(467.8)**	(772.4)
Dividends received from jointly controlled entities and associates		**29.3**	13.2
Dividends from available-for-sale investments		**11.8**	8.3
Net cash from/(used in) operating activities		**748.0**	(15.7)
Investing activities			
Finance income received		**63.1**	63.5
Purchase of property, plant and equipment		**(755.0)**	(1,206.1)
Purchase of subsidiaries and business	A11.2	**(117.2)**	(7.3)
Purchase/subscription of shares in jointly controlled entities and associates		**(48.2)**	(447.0)
Purchase of investment properties		**(4.7)**	(14.4)
Cost incurred on biological assets		**(92.3)**	(51.2)
Payment for prepaid lease rental		**(81.9)**	(20.3)
Proceeds from sale of a subsidiary	A11.1	**212.1**	–
Proceeds from sale of a jointly controlled entity and associates		**23.0**	10.0
Proceeds from sale of available-for-sale investments		**–**	10.2
Proceeds from sale of property, plant and equipment		**78.0**	728.7
Proceeds from sale of investment property		**1.0**	1.4
Proceeds from sale of prepaid lease rental		**1.5**	–
Others		**76.1**	(44.1)
Net cash used in investing activities		**(644.5)**	(976.6)

SIME DARBY BERHAD
(Company No: 752404-U)

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

	Half-year ended 31 December	
	2013	**2012**
Financing activities		
Purchase of additional interest in subsidiaries	**(77.3)**	4.0
Finance costs paid	**(204.2)**	(202.7)
Long-term borrowings raised	**424.8**	1,607.0
Repayments of long-term borrowings	**(19.4)**	(791.0)
Revolving credits, trade facilities and other short-term borrowings (net)	**(58.4)**	929.3
Dividends paid	**(35.0)**	(1,558.7)
Net cash from/(used in) financing activities	**30.5**	(12.1)
Net changes in cash and cash equivalents	**134.0**	(1,004.4)
Foreign exchange differences	**(53.4)**	(119.1)
Cash and cash equivalents at beginning of the period	**4,603.6**	5,077.8
Cash and cash equivalents at end of the period	**4,684.2**	3,954.3

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

Cash held under Housing Development Accounts	**500.3**	516.5
Bank balances, deposits and cash	**4,237.3**	3,511.9
Less:		
Bank overdrafts (Note B9)	**(53.4)**	(74.1)
	4,684.2	3,954.3

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 year ended 30 June 2013.

EXPLANATORY NOTES

This interim financial report is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Financial Reporting Standard (FRS) No. 134 – Interim Financial Reporting and other FRS 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 annual financial statements for the financial year ended 30 June 2013.

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of Preparation

General

In November 2011, the MASB issued the Malaysian Financial Reporting Standards Framework (MFRS Framework). MFRS Framework is a fully IFRS-compliant framework which is applicable for all non-private entities for annual periods beginning on or after 1 January 2012, other than Transitioning Entities (TEs), which may defer adoption in view of imminent changes which may change current accounting treatments.

TEs are non-private entities within the scope of MFRS 141 – Agriculture and IC Interpretation 15 – Agreements for the Construction of Real Estate, including their parent, significant investor and venturer.

The Group being a TE, will adopt the MFRS Framework when the MASB concludes the changes to be made to MFRS 141.

a) The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited annual financial statements for the financial year ended 30 June 2013, other than disclosed below:

- **FRS 10 – Consolidated Financial Statements**
  FRS 10 replaces IC Interpretation 112 – Consolidation - Special Purpose Entities and the consolidation section in FRS 127 – Consolidated and Separate Financial Statements. It defines and sets out the principle of control to identify whether an investor controls an investee and establishes control as the basis for consolidation.

- **FRS 11 – Joint Arrangements**
  FRS 11 supersedes FRS 131 – Interests in Joint Ventures. It classifies joint arrangements into two types - joint operations and joint ventures by focusing on the rights and obligations of the arrangements. The option to proportionately consolidate joint venture's results and financial position in the venturer's financial statements is no longer allowed.

- **FRS 12 – Disclosure of Interests in Other Entities**
  FRS 12 provides disclosure requirements for all forms of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Disclosures include significant judgements and assumptions made in determining the nature of the entity's interest in another entity and the risks associated with those interests.

- **FRS 13 – Fair Value Measurement**
  FRS 13 defines fair value, sets out the measurement framework and stipulates the disclosure requirements. It explains how to measure fair value and does not change the measurement objective as established in existing FRSs.

- **FRS 119 – Employee Benefits**
  FRS 119 eliminates the limits of the "corridor approach" where only a portion of the actuarial gains and losses is recognised to profit or loss.

- **FRS 127 – Separate Financial Statements**
  The revised FRS 127 only deals with the accounting and disclosure requirements for investments in subsidiaries, associates and joint ventures in the separate financial statements of the parent.

A1. Basis of Preparation (continued)

a) The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited annual financial statements for the financial year ended 30 June 2013, other than disclosed below: (continued)

- **FRS 128 – Investments in Associates and Joint Ventures**
  The revised FRS 128 prescribes the accounting for investment in associates as well as joint ventures where the equity method of accounting is required in accordance with FRS 11.

- **Amendments to FRS 7 – Financial Instruments: Disclosures**
  Amendments to FRS 7 sets out the additional disclosure requirements on the effects or potential effects including any rights of a netting arrangement of a financial asset and a financial liability.

- **Amendments to FRS 101 – Presentation of Financial Statements**
  Amendments to FRS 101 clarifies the difference between the minimum required comparative information and the voluntary additional comparative information.

- **Amendments to FRS 116 – Property, Plant and Equipment**
  Amendments to FRS 116 clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

- **Amendments to FRS 132 – Financial Instruments: Presentation**
  Amendments to FRS 132 clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with FRS 112 Income Taxes.

- **Amendments to FRS 134 – Interim Financial Reporting**
  Amendments to FRS 134 clarifies that an entity shall disclose the total assets and liabilities for a particular reportable segment only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

The adoption of the above do not have any significant impact on the Group during the financial period.

b) Financial reporting standards under the existing FRS Framework that have yet to be adopted in preparing this interim financial report are given below.

(i) Amendments to standards and interpretations that will be effective for annual periods beginning on or after 1 January 2014:

- **Amendments to FRS 10 – Consolidated Financial Statements**
  Amendments to FRS 10 introduces exception to the principle that all subsidiaries shall be consolidated. It defines an investment entity and requires a parent that is an investment entity to measure its investment in particular subsidiaries at fair value through profit or loss instead of consolidating those subsidiaries in its consolidated financial statements.

- **Amendments to FRS 12 – Disclosure of Interests in Other Entities**
  Amendments to FRS 12 offers new disclosure requirements for a parent when it becomes or ceased to be an investment entity and also disclosure requirements for each unconsolidated subsidiary.

- **Amendments to FRS 127 – Separate Financial Statements**
  Amendments to FRS 127 clarifies that if a parent is required, in accordance with paragraph 31 of FRS 10, to measure its investment in a subsidiary at fair value through profit or loss, it shall also account for its investment in subsidiary the same way in its separate financial statements.

A1. Basis of Preparation (continued)

b) Financial reporting standards under the existing FRS Framework that have yet to be adopted in preparing this interim financial report are given below: (continued)

(i) Amendments to standards and interpretations that will be effective for annual periods beginning on or after 1 January 2014: (continued)

- **Amendments to FRS 132 – Financial Instruments: Presentation**
  Amendments to FRS 132 offers additional guidance on the criterion and right to offset a financial asset and a financial liability following amendments made to FRS 7 – Financial Instruments: Disclosures.

- **Amendments to FRS 136 – Impairment of Assets**
  Amendments to FRS 136 clarifies that recoverable amount (determined based on fair value less costs of disposal) is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

- **Amendments to FRS 139 – Financial Instruments: Recognition and Measurement**
  Amendments to FRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

- **IC Interpretation 21 – Levies**
  The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy and that the liability to pay a levy is recognised progressively if the obligating event occurs over a period of time. If an obligation to pay a levy is triggered when a minimum threshold is reached, the liability to pay a levy is recognised when that minimum activity threshold is reached.

(ii) New and amendments to standards that will be effective for annual periods beginning on or after 1 January 2015:

- **FRS 9 – Financial Instruments**
  FRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial instruments: amortised costs and fair value. All instruments are to be measured at fair value except for debt instruments that qualify for amortised cost accounting.

  It allows an option to present fair value changes in equity instruments in profit or loss or other comprehensive income and it is an irrevocable election on initial recognition.

  Reclassification of financial liability between fair value and amortised cost is prohibited while financial asset can only be reclassified when the entity changes its business model for managing the financial asset. Any difference between the carrying amount and fair value on reclassification is recognised in profit or loss.

- **Amendments to FRS 7 – Financial Instruments: Disclosures**
  Amendments to FRS 7 prescribes the disclosure requirements on the classifications and measurements of financial assets and liabilities in accordance with the requirement of FRS 9 upon initial application.

The adoption of the above standards will not result in any changes to the Group's accounting policies, results and financial position.

Amounts in RM million unless otherwise stated

A2. Seasonal or Cyclical Factors

The Group's operations are not materially affected by seasonal or cyclical factors except for the fresh fruit bunch production in the Plantation Division which may be affected by the vagaries of weather and cropping patterns.

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 the prior interim periods of the current financial year or the previous financial years that have a material effect on the results for the current quarter under review.

A5. Debt and Equity Securities

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

Employee Share Scheme

The Company had on 7 October 2013 announced the 1st Grant Offer of ordinary shares of RM0.50 each of the Company under the Performance-Based Employee Share Scheme which comprises the Group Performance Share (GPS) Grant, Division Performance Share (DPS) Grant and General Employee Share (GES) Grant to eligible employees and/or grantees of the Group as follows:

Description of 1st Grant Offer

Date of 1st Grant Offer	7 October 2013		
Number of shares offered to the eligible employees under the Share Scheme:	**GPS**	**DPS**	**GES**
(i) President & Group Chief Executive	82,200	65,300	–
(ii) Other eligible employees	4,017,800	5,472,400	5,300,500
Total	4,100,000	5,537,700	5,300,500
Closing market price of the Company's shares on the date of 1st Grant Offer	RM9.54		
Vesting period of the 1st Grant Offer	Over a 3-year period from the commencement date of 1 July 2013		

Vesting of the shares is subject to the Group/Division meeting certain financial/strategic targets and/or the market price of the Company's shares exceeding certain thresholds.

Depending on the level of achievement of the performance targets as determined by the Long Term Incentive Plan Committee, the total amount of shares which will vest may be lower or higher than the total amount of shares offered.

A6. Dividends Paid

The final single tier dividend of 27.0 sen per share for the financial year ended 30 June 2013 amounting to RM1,622.6 million was approved by the shareholders on 21 November 2013. Shareholders were given the option to reinvest the entire dividend or a portion thereof in new ordinary shares of RM0.50 each in the Company at the issue price of RM8.83 per share in accordance with the Dividend Reinvestment Plan (DRP), as approved by the shareholders on 21 November 2013.

On 24 January 2014, based on the election made by shareholders, the Company issued 54,642,978 new ordinary shares of RM0.50 each and the remaining portion of RM1,140.1 million was paid in cash.

Amounts in RM million unless otherwise stated

A7. Segment Information

The Group has five reportable segments, which are the Group's strategic business units. These strategic business units offer different products and services, and are managed separately. Each of the strategic business units are headed by an Executive Vice President and the President & Group Chief Executive reviews the internal management reports on a monthly basis and conducts performance dialogues with the business units on a regular basis.

	Continuing operations									
	Plantation	**Industrial**	**Motors**	**Property**	**Energy & Utilities**	**Others**	**Elimination/ Corporate expense**	**Total**	**Dis-continued operations**	**Total**
Half-year ended 31 December 2013										
Segment revenue:										
External	**5,107.2**	**6,449.3**	**8,462.3**	**884.5**	**691.7**	**42.2**	**–**	**21,637.2**	**–**	**21,637.2**
Inter-segment	**0.2**	**26.4**	**18.3**	**15.4**	**7.8**	**6.6**	**(74.7)**	**–**	**–**	**–**
	5,107.4	**6,475.7**	**8,480.6**	**899.9**	**699.5**	**48.8**	**(74.7)**	**21,637.2**	**–**	**21,637.2**
Segment result:										
Operating profit/(loss)	**768.2**	**584.4**	**257.4**	**126.4**	**107.2**	**13.5**	**(32.4)**	**1,824.7**	**–**	**1,824.7**
Share of results of jointly controlled entities and associates	**(6.1)**	**4.3**	**2.6**	**11.3**	**2.1**	**10.6**	**–**	**24.8**	**–**	**24.8**
Profit/(loss) before interest and tax	**762.1**	**588.7**	**260.0**	**137.7**	**109.3**	**24.1**	**(32.4)**	**1,849.5**	**–**	**1,849.5**

Amounts in RM million unless otherwise stated

A7. Segment Information (continued)

	Continuing operations									
	Plantation	**Industrial**	**Motors**	**Property**	**Energy & Utilities**	**Others**	**Elimination/ Corporate expense**	**Total**	**Dis-continued operations**	**Total**
Half-year ended 31 December 2012										
Segment revenue:										
External	5,711.0	7,264.9	8,594.6	740.6	643.8	41.1	–	22,996.0	184.7	23,180.7
Inter-segment	0.2	23.8	20.1	17.0	1.0	6.8	(74.0)	(5.1)	5.1	–
	5,711.2	7,288.7	8,614.7	757.6	644.8	47.9	(74.0)	22,990.9	189.8	23,180.7
Segment result:										
Operating profit/(loss)	1,186.5	658.6	320.1	109.8	126.5	10.8	(27.7)	2,384.6	9.2	2,393.8
Share of results of jointly controlled entities and associates	7.4	8.8	5.8	20.9	3.8	5.7	–	52.4	–	52.4
Profit/(loss) before interest and tax	1,193.9	667.4	325.9	130.7	130.3	16.5	(27.7)	2,437.0	9.2	2,446.2

Amounts in RM million unless otherwise stated

A7. Segment Information (continued)

	Plantation	Industrial	Motors	Property	Energy & Utilities	Others	Corporate	Total
As at 31 December 2013								
Segment assets:								
Operating assets	**14,993.9**	**10,373.4**	**8,194.4**	**6,701.6**	**3,144.6**	**114.0**	**1,603.8**	**45,125.7**
Jointly controlled entities and associates	**501.9**	**136.2**	**80.7**	**1,664.9**	**(114.4)**	**679.2**	**–**	**2,948.5**
Non-current assets held for sale	**–**	**–**	**–**	**103.2**	**–**	**3.5**	**–**	**106.7**
	15,495.8	**10,509.6**	**8,275.1**	**8,469.7**	**3,030.2**	**796.7**	**1,603.8**	**48,180.9**
Tax assets								**1,663.0**
Total assets								**49,843.9**
As at 30 June 2013								
Segment assets:								
Operating assets	14,952.1	10,598.8	6,348.9	6,753.8	2,998.5	135.1	2,056.8	43,844.0
Jointly controlled entities and associates	475.6	128.9	76.8	1,644.4	(111.5)	667.4	–	2,881.6
Non-current assets held for sale	–	–	–	126.8	–	3.6	–	130.4
	15,427.7	10,727.7	6,425.7	8,525.0	2,887.0	806.1	2,056.8	46,856.0
Tax assets								1,602.1
Total assets								48,458.1

Amounts in RM million unless otherwise stated

A8. Capital Commitments

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

	As at 31 December 2013	As at 30 June 2013
Property, plant and equipment		
- contracted	**563.0**	556.8
- not contracted	**3,097.8**	2,213.5
	3,660.8	2,770.3
Other capital expenditure		
- contracted	**743.7**	453.5
- not contracted	**1,740.5**	2,246.9
	6,145.0	5,470.7

A9. Significant Related Party Transactions

Related party transactions conducted during the half-year ended 31 December are as follows:

	Half-year ended 31 December 2013	2012
a. Transactions with jointly controlled entities		
Tolling fees and sales to Emery Oleochemicals (M) Sdn Bhd and its related companies	**37.0**	52.1
Sales and services to Terberg Tractors Malaysia Sdn Bhd (TTM)	**11.5**	28.4
Disposal of a subsidiary, Sime Darby TMA Sdn Bhd, to TTM	**25.0**	–
Purchase of terminal tractors from TTM	**–**	2.1
b. Transactions with associates		
Provision of services by Sitech Construction Systems Pty Ltd	**2.7**	4.3
Rental of tugboat from Weifang Weigang Tugboat Services Co Ltd	**–**	1.1
Purchase of paints material from Sime Kansai Paints Sdn Bhd	**2.2**	–
c. Transactions between subsidiaries and their significant owners of non-controlling interests		
Turnkey works rendered by Brunsfield Engineering Sdn Bhd to Sime Darby Brunsfield Holding Sdn Bhd (SDBH) group, companies in which Dato' Ir Gan Thian Leong (Dato' Gan) and Encik Mohamad Hassan Zakaria (Encik Hassan) are substantial shareholders	**67.6**	82.3
Sales of properties by SDBH to Brunsfield OASIS Square Sdn Bhd, companies in which Dato' Gan and Encik Hassan are substantial shareholders	**–**	82.5
Sales of goods and provision of services by Chubb Malaysia Sendirian Berhad to Gunnebo Holdings APS and its related companies	**–**	2.0
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	**10.9**	21.9
Royalty payment to and procurement of cars, ancillary services by Inokom Corporation Sdn Bhd (ICSB) from Hyundai Motor Company and its related companies	**123.7**	60.2

Amounts in RM million unless otherwise stated

A9. Significant Related Party Transactions (continued)

Related party transactions conducted during the half-year ended 31 December are as follows: (continued)

	Half-year ended 31 December 2013	2012
c. Transactions between subsidiaries and their significant owners of non-controlling interests (continued)		
Contract assembly service provided by ICSB to Berjaya Corporation Berhad group	**15.2**	11.6
Procurement of hotel operation management and technical advice from Hotel Equatorial Management Sdn Bhd	**1.0**	1.2
d. Transactions with firms in which certain Directors of the Company are partners		
Provision of legal services by Kadir, Andri & Partners, a firm in which Dato' Sreesanthan Eliathamby is a partner (Dato' Sreesanthan has since retired from the Board of Directors on 8 November 2012)	**–**	0.2
Provision of legal services by Azmi & Associates, a firm in which Dato' Azmi Mohd Ali is a partner	**0.2**	0.2
e. Transactions with Directors and their close family members		
Sales of properties and cars by the Group	**1.1**	0.2
Sales of properties by Battersea Project Phase 1 Company Limited, a jointly controlled entity	**7.5**	–
f. Transactions with key management personnel and their close family members		
Sales of residential properties and cars by the Group	**0.3**	3.1

g. Transactions with shareholders and Government

Permodalan Nasional Berhad (PNB) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 50.5% as at 31 December 2013 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 FRS 124 – Related Party Disclosures, YPB and the Malaysian Government are in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government's controlled bodies (collectively referred to as government-related entities) are related parties of the Group and the Company.

Transactions entered into during the financial year with government-related entities include the sales and purchases of goods and services. These related party transactions were entered into in the ordinary course of business on normal trade terms and conditions and do not require the approval of shareholders except for the purchase of chemicals and fertilisers from Chemical Company of Malaysia Berhad and its subsidiaries, companies in which YPB has substantial indirect interest, amounting to RM37.4 million (2012: RM41.0 million). Shareholders' mandate was obtained for this recurrent related party transaction during the last annual general meeting.

Amounts in RM million unless otherwise stated

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

Save for the following, there was no material event subsequent to the end of the current quarter under review to 20 February 2014, being a date not earlier than 7 days from the date of issue of the quarterly report.

On 24 January 2014, the Company issued 54,642,978 new ordinary shares of RM0.50 each at the issue price of RM8.83 per share pursuant to the DRP (refer note A6).

A11. Effect of Significant Changes in the Composition of the Group

1. Disposal of subsidiary and associate

a) On 25 October 2013, Sime Darby Industrial Sdn Bhd (SDI) completed the disposal of its entire 100% equity interest in Sime Darby TMA Sdn Bhd comprising 3,000,000 ordinary shares of RM1.00 each to Terberg Tractors Malaysia Sdn Bhd (TTM) at a consideration of RM25.0 million. TTM is a joint venture company between SDI and Terberg Group BV. The disposal resulted in a gain of RM12.1 million.

b) On 23 December 2013, Sime Darby Property Berhad completed the disposal of its entire 30% equity interest in Brunsfield Embassyview Sdn Bhd comprising 428,571 ordinary shares and 179,585 redeemable preference shares to Brunsfield Development Holdings Sdn Bhd for a total consideration of RM23.0 million. The disposal resulted in a loss of RM0.8 million.

Net cash outflow arising from disposal of subsidiaries is analysed as follows:

	Half-year ended 31 December 2013
Non-current assets	**7.4**
Net current assets	**6.1**
Non-current liabilities	**(0.6)**
Net assets disposed	**12.9**
Gain on disposal	**12.1**
Consideration from disposals	**25.0**
Less: Cash and cash equivalent in subsidiary disposed	**(0.2)**
Net cash inflow from disposal during the period	**24.8**
Add: Proceeds from disposal in previous year	**187.3**
Net cash inflow from disposals	**212.1**

2. Acquisition of subsidiaries

On 15 November 2013, Sime Singapore Limited (SSL) acquired 19,558,539 ordinary shares, representing 89.15% of the total issued and paid-up share capital of Europe Automobiles Corporation Holdings Pte Ltd (EACH) at a total cash consideration of USD29.6 million (equivalent to RM93.7 million) and 5,865,842 ordinary shares, representing 16.02% of the total issued and paid-up share capital of Europe Automobiles Corporation (EAC) at a total cash consideration of Vietnamese Dong (VND) 134.8 billion (equivalent to RM20.2 million).

EACH holds 82.98% equity interest in EAC and together, SSL's effective interest in EAC stands at 90%.

EAC is a joint stock company registered in Vietnam and holds the distribution rights of BMW and MINI vehicles in Vietnam. EACH is a private company limited by shares incorporated in Singapore and is an investment holding company.

Amounts in RM million unless otherwise stated

A11. Effect of Significant Changes in the Composition of the Group (continued)

2. Acquisition of subsidiaries (continued)

Details of the assets and net cash outflow arising from the acquisition of subsidiaries are as follows:

	Book value	Fair value
Property, plant and equipment	**29.3**	**29.3**
Intangible assets	**–**	**34.2**
Net current assets	**44.2**	**44.2**
Non-controlling interest	**(7.6)**	**(7.6)**
Net assets acquired	**65.9**	**100.1**
Add: Goodwill		**13.8**
Less: Cash and cash equivalents of subsidiaries acquired		**(22.8)**
Net cash outflow on acquisition of subsidiaries during the period		**91.1**
Add: Purchase of subsidiaries in previous year		**26.1**
Net cash outflow on acquisition of subsidiaries		**117.2**

3. Acquisition of non-controlling interests

a) On 26 August 2013, PT Langgeng Muaramakmur acquired the remaining 6.53% equity interest in PT Paripurna Swakarsa (PS) from PT Risjahdson Sejahtera for a purchase consideration of USD16.4 million (equivalent to RM48.6 million). Consequently, PS became a wholly owned subsidiary of the Group.

b) On 3 October 2013, PT Perkasa Subur Sakti and PT Aneka Inti Persada completed the acquisition of the remaining 23.53% and 1.00% respectively in PT Padang Palma Permai (PT PPP) from Tuan Ibrahim Risjad for a purchase consideration of USD9.1 million (equivalent to RM28.7 million). Consequently PT PPP became a wholly owned subsidiary of the Group.

c) On 17 December 2013, Sime Darby Plantation Sdn Bhd acquired the remaining 40% equity interest in Sime Darby Alif Retort Pack Products Sdn Bhd (SDARPP) from Ruzainum Abdul Halim and Mohd Arif Farhan Mohd Zahiri and SDARPP also acquired the remaining 20% equity interest in Sime Darby Alif Food Industries Sdn Bhd (SDAFI) from Ruzainum Abdul Halim for a total purchase consideration of RM1. Consequently, both SDARPP and SDAFI became wholly owned subsidiaries of the Group.

4. Establishment of new companies

a) On 23 August 2013, Sime Darby Kia Taiwan Co Ltd (SDKT) was established in the Republic of Taiwan with a registered share capital of TWD5 million wholly held by Sime Darby Motor Group (Taiwan) Sdn Bhd. The principal activities of SDKT will be the distributorship and retail of vehicles, parts and accessories and repairs and maintenance of vehicles and other automotive services.

b) On 4 September 2013, Sime Darby Plantation Sdn Bhd entered into a Shareholders' Agreement with Felda Agricultural Services Sdn Bhd and A-Bio Sdn Bhd to spearhead the national biomass agenda via MyBiomass Sdn Bhd on a 30:30:40 basis.

Amounts in RM million unless otherwise stated

A12. Contingent Liabilities – unsecured

a) Guarantees

In the ordinary course of business, the Group may issue surety bonds and letters of credit, which the Group provides to customers to secure advance payment, performance under contracts or in lieu of retention being withheld on contracts. A liability from the performance guarantees would only arise in the event the Group fails to fulfil its contractual obligations.

The performance guarantees and financial guarantees are as follows:

	As at 20 February 2014	**As at 30 June 2013**
Performance guarantees and advance payment guarantees to customers of the Group	**2,967.4**	2,938.1
Guarantees in respect of credit facilities granted to:		
- certain associates and a jointly controlled entity	**39.4**	30.1
- plasma stakeholders	**69.5**	81.1
	3,076.3	3,049.3

In cases where the Group is required to issue a surety bond or letter of credit for the entire contract despite holding partial interest in a venture, the Group will seek counter-indemnity from the other venture partners. As at 20 February 2014, the Group received counter-indemnities amounting to RM212.1 million (30 June 2013: RM212.1 million).

b) Claims

	As at 20 February 2014	**As at 30 June 2013**
Claims pending against the Group	**0.9**	1.3

The claims include disputed amounts for the supply of goods and services.

Amounts in RM million unless otherwise stated

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

B1. Review of Group Performance

	Half-year ended 31 December 2013	2012	% +/(-)
Revenue	**21,637.2**	22,996.0	(5.9)
Segment results			
Plantation	**762.1**	1,193.9	(36.2)
Industrial	**588.7**	667.4	(11.8)
Motors	**260.0**	325.9	(20.2)
Property	**137.7**	130.7	5.4
Energy & Utilities	**109.3**	130.3	(16.1)
Others	**24.1**	16.5	46.1
	1,881.9	2,464.7	(23.6)
Realised exchange gain	**1.1**	2.6	
Corporate expense and elimination	**(33.5)**	(30.3)	
Profit before interest and tax	**1,849.5**	2,437.0	(24.1)
Finance income	**74.7**	68.6	
Finance costs	**(207.1)**	(212.3)	
Profit before tax	**1,717.1**	2,293.3	(25.1)
Tax expense	**(341.3)**	(524.3)	
Profit from continuing operations	**1,375.8**	1,769.0	(22.2)
Profit from discontinued operations	**–**	6.0	
Profit for the period	**1,375.8**	1,775.0	(22.5)
Non-controlling interests	**(68.5)**	(76.2)	
Profit after tax and non-controlling interests	**1,307.3**	1,698.8	(23.0)

Revenue of the Group for the half-year ended 31 December 2013 was marginally lower by 5.9% compared to the corresponding period of the previous year. Profit before tax of the Group declined by 25.1% largely due to the lower earnings from all business segments, except Property and Others.

Profit after tax declined by 22.2% due to the lower tax expense arising from the recognition of deferred tax asset on the temporary difference between accounting base and tax base of an asset.

Net earnings for the period dropped by 23.0% to RM1,307.3 million from RM1,698.8 million a year ago.

Analysis of the results of each segment is as follows:

a) Plantation

Plantation division registered a 36.2% reduction in profit compared to the same period of the previous year as a result of lower average crude palm oil (CPO) price realised of RM2,377 per tonne against RM2,432 per tonne realised previously, lower CPO sales volume by 8.5% and lower fresh fruit bunch (FFB) production by 14.3%. Lower FFB production was registered in both Indonesia and Malaysia by 24.1% and 8.0% respectively. The decline in FFB production in Indonesia was attributable largely to the change in cropping pattern and delay in peak cropping. The overall oil extraction rate was similar to that of the previous year at 21.7%.

Midstream and downstream operations recorded a profit of RM48.2 million for the current period compared to a profit of RM4.5 million previously. The higher profit was largely due to higher margin from midstream and lower losses from the refinery in Europe.

B1. Review of Group Performance (continued)

b) Industrial

Contributions from the Industrial division declined by 11.8% to RM588.7 million. The lower results was largely due to the lower equipment deliveries and product support sales to the mining sector in Australia as unfavourable coal price continue to weaken the Australian mining sector. Included in the Australasia results is the gain on disposal of property of RM42 million. All other regions recorded improved performance as a result of higher engine deliveries in the marine and oil and gas sectors in China/Hong Kong and Singapore as well as equipment deliveries in the construction and logging sectors in Malaysia. In addition, Malaysia and Singapore had better margins due to lower project costs.

c) Motors

The Motors division's earnings contracted by 20.2% compared to the previous year as all regions, other than Malaysia and China/Hong Kong recorded lower performances. The drop was mainly due to persisting adverse market sentiments and changes in government legislation in Singapore and economic slowdown in Australia and Thailand.

The improved performance in Malaysia was due to higher contribution from Ford and Land Rover and the Hertz franchised car rental operations, whilst China/Hong Kong's results was contributed by the improved performances from all operations.

d) Property

Property registered a 5.9% improvement in earnings compared to the previous year. The better results is mainly due to higher sales and percentage of completion from development at Elmina East and Bandar Bukit Raja.

e) Energy & Utilities

Profit from Energy & Utilities declined by 16.1% to RM109.3 million as the previous year includes a gain on disposal of a jointly controlled entity of RM7.0 million and the writeback of provision for a completed project. The profit from port operations in China increased by onefold to RM25.3 million in the current period attributable to a 9.2% increase in throughput and higher average tariff rate achieved. The higher throughput is attributable to the new container terminal which was completed in April 2013.

f) Others

Contribution from Others improved by RM7.6 million mainly due to higher contribution from insurance brokerage business and the share of profit from Tesco Stores (Malaysia) Sdn Bhd.

Amounts in RM million unless otherwise stated

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

	Quarter ended		
	31 December 2013	**30 September 2013**	**% +/(-)**
Revenue	**10,878.0**	10,759.2	1.1
Segment results			
Plantation	**507.5**	254.6	99.3
Industrial	**261.5**	327.2	(20.0)
Motors	**153.4**	106.6	43.9
Property	**72.2**	65.5	10.2
Energy & Utilities	**52.5**	56.8	(7.6)
Others	**8.6**	15.5	(44.5)
	1,055.7	826.2	27.8
Exchange gain/(loss):			
Unrealised	**(0.8)**	0.8	
Realised	**1.1**	–	
Corporate expense and elimination	**(5.7)**	(27.8)	
Profit before interest and tax	**1,050.3**	799.2	31.4
Finance income	**50.0**	24.7	
Finance costs	**(97.4)**	(109.7)	
Profit before tax	**1,002.9**	714.2	40.4
Tax expense	**(143.3)**	(198.0)	
Profit for the period	**859.6**	516.2	66.5
Non-controlling interests	**(41.3)**	(27.2)	
Profit after tax and non-controlling interests	**818.3**	489.0	67.3

As compared to those of the preceding quarter, the Group's revenue was marginally higher by 1.1% while the pre-tax profit at RM1,002.9 million was 40.4% higher. Net earnings of the Group surged by 67.3% to RM818.3 million. The increase was attributable to higher earnings from all divisions except Industrial, Energy & Utilities and Others.

The jump in net earnings of the Group is also attributed to the lower tax expense due to the recognition of a deferred tax asset.

a) Plantation

Profit from Plantation improved by almost 100% in the current quarter principally due to the higher CPO sales volume of 15.3% and the higher average CPO price realised of RM2,416 per tonne against RM2,331 per tonne in the preceding quarter. FFB production was also higher by 4.1% mainly due to a 13.2% increase in the production in Indonesia.

Midstream and downstream operations recorded a higher profit of RM37.2 million compared to RM11.0 million in the preceding quarter mainly due to lower losses from Unimills.

b) Industrial

Contribution from Industrial division was lower by 20.0% largely due to the recognition of the gain on disposal of property of RM42 million in the preceding quarter and the lower equipment deliveries and product support sales in the current quarter to the mining sector in Australia and Papua New Guinea as unfavourable coal price continue to weaken the Australian mining sector. All other regions registered better results due to higher engine deliveries in China and Singapore as well as equipment deliveries in Malaysia. In addition, Malaysia and China had better margins due to lower project costs.

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

c) Motors

Motors division registered a higher profit by 43.9% to RM153.4 million mainly attributable to the improved performance from all operations except Australia/New Zealand where market conditions remain challenging.

d) Property

Profit from Property for the current quarter increased by 10.2% compared to the preceding quarter due to higher profit recognition from property development in Denai Alam, Nilai Impian and Isola.

e) Energy & Utilities

The results of Energy & Utilities declined by 7.6% due to the 52.9% lower profit registered by the port operations in China for the current quarter as a result of lower throughput due to ongoing berth upgrading and dredging work and higher operating expenses.

f) Others

Contribution from Other businesses decreased by RM6.9 million in the quarter under review due to the higher operating expenses from Tesco Stores (Malaysia) Sdn Bhd.

B3. Prospects

The global economy remains challenging although growing at a moderate pace. The Group's businesses continue to be affected by volatile commodity prices and weaker consumer sentiment as emerging market economies are affected by the US Federal Reserve's tapering of its bond buying programme.

Crude palm oil prices have improved from the previous quarter but prices remain susceptible to the uncertainty in the general market sentiment and the narrower price spread between crude palm oil and soya bean oil prices. However, longer term outlook remains positive with improving food and fuel demand on palm oil. The Plantation division is well positioned to capitalise on this with the existing planted hectarage and expansion in Liberia.

The slowdown in the mining sector in Australia continues to affect the Industrial division. In China, the slower growth would impact sales and deliveries but product support is expected to grow with the higher equipment population in the market. The strong demand for deep-water drilling rigs would support the power systems business in China and in the Asean region while demand for industrial equipment in Malaysia continues to be supported by the increase in infrastructure spending.

The Motors division continues to be affected by the competitive market conditions in most of the countries in which it operates. The weak market sentiment, coupled with changes in regulatory policies and tighter credit limits would have an impact on vehicle demand. In Malaysia, the market continues to perform well. The revised National Automotive Policy is not expected to have an impact on our operations in the near term. Notwithstanding this, the division is continuing with its strategy to expand into new markets and adding new marques, with investments in the Kia and BMW/Mini distributorships in Taiwan and Vietnam respectively, the BMW dealership in Brisbane, Australia and the Jaguar business in Malaysia.

The outlook for the property market in Malaysia remains challenging as the market has been affected by the cooling measures that the Government introduced under the 2014 Budget. Nevertheless, landed properties in strategic locations continue to attract strong demand as seen from the good response to the recent launches in the Elmina East and Bandar Bukit Raja developments. The Group will be focusing on this sector of the market in its future launches in the Klang Valley. On the overseas front, the development of Phase I of the Battersea Power Station Project is progressing well and Phase II is expected to be launched in the first half of this year.

Although the Ports operations in China have been affected by the slower economic growth in the region, the prospects are looking better because of anticipated stronger demand. The move to expand capacity in Weifang Port in alignment with the strategic plan of the local authorities will further accelerate the growth in the region.

Despite the difficult and challenging market conditions and, barring any unforeseen circumstances, the Board expects the Group's performance for the financial year ending 30 June 2014 to be satisfactory.

B4. Statement by Board of Directors on Internal Targets

The Group's key performance indicators (KPI) for the financial year ending 30 June 2014 as approved by the Board of Directors on 28 November 2013 and the achievement for the half-year ended 31 December 2013 are as follows:

	Actual Half-year ended 31 December 2013	**Target Year ending 30 June 2014**
Profit attributable to owners of the Company (RM million)	1,307.3	2,800
Return on average shareholders' equity (%)	4.9	10.0

For the half-year ended 31 December 2013, the profit attributable to ordinary equity holders and the return on average shareholders' equity achieved by the Group are approximately 46.7% and 48.9% respectively of its targets.

B5. Variance of Actual Profit from Profit Forecast or Profit Guarantee

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

B6. Operating Profit and Finance Costs

	Quarter ended 31 December		**Half-year ended 31 December**	
	2013	**2012**	**2013**	**2012**
Included in operating profit are:				
Depreciation and amortisation	**(289.6)**	(308.2)	**(602.6)**	(623.5)
Amortisation of prepaid lease rentals	**(12.9)**	(13.5)	**(25.3)**	(24.9)
Reversal of impairment/(Impairment) of				
- property, plant and equipment	**14.8**	(8.3)	**13.9**	(7.8)
- receivables	**16.3**	(11.5)	**18.7**	(11.5)
Write down of inventories (net)	**(22.8)**	(10.1)	**(20.9)**	(10.1)
Gain/(loss) on disposal of				
- a subsidiary	**12.1**	–	**12.1**	–
- an associate	**(0.8)**	0.9	**(0.8)**	0.9
- a jointly controlled entity	**–**	7.0	**–**	7.0
- property, plant and equipment				
- land and buildings	**0.9**	19.1	**44.9**	48.8
- others	**1.8**	(0.9)	**1.2**	0.4
- unit trusts	**–**	0.2	**–**	0.2
- prepaid lease rentals	**1.4**	–	**1.4**	–
- investment properties	**0.1**	0.2	**0.9**	0.7
Net foreign exchange (loss)/gain	**(19.6)**	1.9	**(83.2)**	(4.3)
Gain/(loss) on cross currency swap contract	**31.6**	2.9	**49.2**	(32.9)
Gain/(loss) on forward foreign exchange contracts	**11.2**	(2.9)	**(1.1)**	11.2
Included in finance costs is:				
Loss on interest rate swap contracts	**–**	(4.7)	**–**	(7.6)
Included in discontinued operations is:				
Depreciation and amortisation	–	(8.1)	–	(15.6)

Amounts in RM million unless otherwise stated

B7. Tax Expense

	Quarter ended 31 December		Half-year ended 31 December	
	2013	**2012**	**2013**	**2012**
Continuing operations				
In respect of the current period:				
- current tax	**231.0**	280.7	**437.2**	606.1
- deferred tax	**(5.0)**	14.9	**(3.7)**	(1.6)
	226.0	295.6	**433.5**	604.5
In respect of prior years:				
- current tax	**45.7**	0.2	**37.3**	(66.2)
- deferred tax	**(128.4)**	(21.1)	**(129.5)**	(14.0)
	143.3	274.7	**341.3**	524.3
Discontinued operations	**–**	2.6	**–**	3.1
	143.3	277.3	**341.3**	527.4

The effective tax rate for the current quarter and half-year ended 31 December 2013 of 14.3% and 19.9% respectively are lower than the Malaysian income tax rate of 25% due mainly to the recognition of deferred tax assets on temporary differences between tax base and accounting base of an asset.

B8. Status of Corporate Proposals

The corporate proposals announced but not completed as at 20 February 2014 are as follows:

a) On 24 June 2013, Sime Darby Plantation Sdn Bhd entered into a Shareholders' Agreement with TNB Energy Services Sdn Bhd, a wholly owned subsidiary of Tenaga Nasional Berhad to establish a joint venture to undertake biogas project development from agricultural waste product.

   The agreement is conditional upon the fulfillment of certain conditions including the final agreed form of the palm oil mill effluent supply agreement and land lease agreement, which are still under negotiation.

b) On 29 November 2013, Sime Darby Motors Wholesale Australia Pty Ltd (SDMW) entered into a conditional Share and Unit Sale Deed to acquire 70% equity stake of LMM Holdings Pty Ltd (LMMH) and 70% of units in the Brisbane BMW Unit Trust (BBUT) for a total cash consideration of AUD22.7 million (equivalent to RM66.5 million).

   LMMH is a private company limited by shares incorporated in Australia and as trustee of BBUT, LMMH effectively operates BBUT's BMW, MINI and Lamborghini motor dealership businesses in Brisbane, Australia. LMMH has a wholly-owned subsidiary, Brisbane Bodyshop Pty Ltd, which operates the business of BMW parts, panels and accessories.

   BBUT is a trust which owns the BMW, MINI and Lamborghini motor dealership businesses in Brisbane, Australia.

   The proposed acquisitions are subject to the conditions precedent to be fulfilled, which include among others, the approval by the Foreign Investment Review Board Australia and consents of BMW Australia Limited and Automobili Lamborgini S.p.A.

Amounts in RM million unless otherwise stated

B9. Group Borrowings

	As at 31 December 2013		
Long-term borrowings	**Secured**	**Unsecured**	**Total**
Term loans	**665.2**	**2,856.9**	**3,522.1**
Islamic Medium Term Notes	**–**	**1,700.0**	**1,700.0**
Sukuk	**–**	**2,632.6**	**2,632.6**
	665.2	**7,189.5**	**7,854.7**
Short-term borrowings			
Bank overdrafts	**–**	**53.4**	**53.4**
Portion of term loans due within one year	**0.7**	**13.8**	**14.5**
Portion of Islamic Medium Term Notes due within one year	**–**	**700.0**	**700.0**
Revolving credits, trade facilities and other short-term borrowings	**2.9**	**2,039.3**	**2,042.2**
	3.6	**2,806.5**	**2,810.1**
Total borrowings	**668.8**	**9,996.0**	**10,664.8**

The Group borrowings in RM equivalent analysed by currencies in which the borrowings are denominated are as follows:

	Long-term borrowings	**Short-term borrowings**	**Total**
Ringgit Malaysia	**3,811.2**	**1,226.7**	**5,037.9**
Australian dollar	**–**	**128.2**	**128.2**
Chinese renminbi	**16.8**	**641.8**	**658.6**
Indonesian rupiah	**–**	**80.8**	**80.8**
New Zealand dollar	**–**	**128.3**	**128.3**
Pacific franc	**42.7**	**0.6**	**43.3**
Singapore dollar	**–**	**148.6**	**148.6**
Thailand baht	**35.1**	**53.6**	**88.7**
United States dollar	**3,948.9**	**359.6**	**4,308.5**
Others	**–**	**41.9**	**41.9**
Total borrowings	**7,854.7**	**2,810.1**	**10,664.8**

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

Amounts in RM million unless otherwise stated

B10. Financial Instruments and Realised and Unrealised Profits or Losses

a) Derivatives

The Group uses forward foreign exchange contracts, interest rate swap contracts, currency swap contracts and commodity futures contracts to manage its exposure to various financial risks. The fair values of these derivatives as at 31 December 2013 are as follows:

	Classification in Statement of Financial Position				
	Assets		**Liabilities**		
	Non-current	**Current**	**Non-current**	**Current**	**Net Fair Value**
Forward foreign exchange contracts	**26.4**	**90.2**	**(0.4)**	**(51.3)**	**64.9**
Interest rate swap contracts	**15.1**	**–**	**–**	**(4.4)**	**10.7**
Cross currency swap contract	**128.4**	**–**	**–**	**(18.5)**	**109.9**
Commodity futures contracts	**–**	**2.4**	**–**	**(2.3)**	**0.1**
	169.9	**92.6**	**(0.4)**	**(76.5)**	**185.6**

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the financial year ended 30 June 2013.

The description, notional amount and maturity profile of each derivative are shown below:

Forward foreign exchange contracts

Forward foreign exchange contracts were entered into by subsidiaries in currencies other than their functional currency in order to manage exposure to fluctuations in foreign currency exchange rates on specific transactions.

The forward foreign currency contracts are stated at fair value, using the prevailing market rates. All changes in fair value of the forward foreign currency contracts are recognised in the other comprehensive income statement unless it does not meet the conditions for the application of hedge accounting, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

As at 31 December 2013, the notional amount, fair value and maturity period of the forward foreign exchange contracts are as follows:

	Notional Amount	**Fair Value Assets**
- less than 1 year	**2,957.9**	**38.9**
- 1 year to 2 years	**379.1**	**26.0**
	3,337.0	**64.9**

Amounts in RM million unless otherwise stated

B10. Financial Instruments and Realised and Unrealised Profits or Losses (continued)

a) Derivatives (continued)

Interest rate swap contracts

The Group has entered into interest rate swap contracts to convert floating rate liabilities to fixed rate liabilities to reduce the Group's exposure from adverse fluctuations in interest rates on underlying debt instruments. The differences between the rates calculated by reference to the agreed notional principal amounts were exchanged at periodic intervals. All changes in fair value during the period are recognised in the other comprehensive income statement unless it does not meet the conditions for the application of hedge accounting, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

The outstanding interest rate swap contracts as at 31 December 2013 are as follows:

Interest Rate Swap	**Notional Amount**	**Expiry Date**	**Weighted Average Swap Rate**
Plain Vanilla	USD300.0 million	12 December 2018	1.822% to 1.885%

As at 31 December 2013, the notional amount, fair value and maturity period of the interest rate swap contracts are as follows:

	Notional Amount	**Fair Value Assets/ (Liabilities)**
- less than 1 year	**109.8**	**(4.4)**
- 1 year to 3 years	**439.3**	**3.6**
- 3 years to 7 years	**438.1**	**11.5**
	987.2	**10.7**

Cross currency swap contract

The Group has entered into a cross currency swap contract to exchange the principal payments of a foreign currency denominated loan into another currency to reduce the Group's exposure from adverse fluctuations in foreign currency. All changes in fair value during the period are recognised in the other comprehensive income statement unless it does not meet the conditions for the application of hedge accounting, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

As at 31 December 2013, the notional amount, fair value and maturity period of the cross currency swap contract are as follows:

	Notional Amount	**Fair Value Assets/ (Liabilities)**
- less than 1 year	**146.4**	**(18.5)**
- 1 year to 3 years	**585.8**	**41.8**
- 3 years to 7 years	**584.1**	**86.6**
	1,316.3	**109.9**

Amounts in RM million unless otherwise stated

B10. Financial Instruments and Realised and Unrealised Profits or Losses (continued)

a) Derivatives (continued)

<u>Commodity futures contracts</u>

Commodity futures contracts were entered into by subsidiaries to manage exposure to adverse movements in vegetable oil prices. These contracts were entered into and continue to be held for the purpose of receipt or delivery of the physical commodity in accordance with the Group's expected purchase, sale and usage requirements, except for those contracts shown below.

The outstanding commodity futures contracts as at 31 December 2013 that are not held for the purpose of physical delivery are as follows:

	Quantity (metric tonne)	Notional Amount	Fair Value Assets/ (Liabilties)
Purchase contracts	**19,196**	**52.2**	**0.2**
Sales contracts	**36,965**	**98.9**	**(0.1)**
			0.1

All contracts mature within one year.

b) Fair Value Changes of Financial Liabilities

Other than derivatives which are classified as liabilities only when they are at fair value loss position as at the end of the reporting period, the Group does not remeasure its financial liabilities at fair value after the initial recognition.

c) Realised and Unrealised Profits or Losses

The breakdown of realised and unrealised retained profits of the Group is as follows:

	As at 31 December 2013	As at 30 June 2013
Total retained profits of the Company and its subsidiaries		
- realised	**22,493.3**	22,470.6
- unrealised	**5,665.4**	5,597.8
	28,158.7	28,068.4
Total share of retained profits from jointly controlled entities		
- realised	**57.9**	34.5
- unrealised	**(15.8)**	(10.1)
	42.1	24.4
Total share of retained profits from associates		
- realised	**414.0**	311.4
- unrealised	**(1.4)**	(3.8)
	412.6	307.6
Less: consolidation adjustments	**(12,302.1)**	(11,638.3)
Total retained profits of the Group	**16,311.3**	16,762.1

The unrealised profits are determined in accordance with the Guidance on Special Matter No. 1 issued by the Malaysian Institute of Accountants.

B11. Material Litigation

Changes in material litigation since the date of the last audited annual statement of financial position up to 20 February 2014 are as follows:

a. PT Adhiyasa Saranamas (PTAS)

PT Adhiyasa Saranamas (PTAS) commenced a legal suit on 17 September 2003 against Kumpulan Guthrie Berhad (KGB) and 6 of its Indonesian subsidiaries for an alleged breach of contract with regards to the provision of consultancy services in connection with the acquisition of subsidiaries in Indonesia. In 2008, the Supreme Court partially approved PTAS's claim and ordered KGB to pay the amount of USD25.76 million together with interest at the rate of 6% per year thereon (Indonesian Judgment). The parties have amicably settled the Indonesian Judgment and all legal actions instituted by PTAS in Indonesia during the previous financial year.

In Malaysia, PTAS had on 11 March 2008 commenced legal proceedings against KGB to enforce the Indonesian Judgment. In light of the settlement of legal actions in Indonesia, KGB applied to amend its Amended Defence, which application was allowed by the High Court on 27 March 2012.

The trial was concluded on 10 May 2012 and on 14 June 2012, the High Court dismissed PTAS's claim with costs (High Court Decision).

PTAS had on 15 June 2012 filed its notice of appeal to the Court of Appeal against the High Court Decision (Appeal). At the hearing of the Appeal on 7 November 2013, the Court of Appeal unanimously dismissed the Appeal with costs of RM20,000.

On 5 December, 2013, PTAS filed a notice of motion for leave to appeal to the Federal Court against the Court of Appeal decision. Case management which was fixed on 5 February 2014 was postponed at PTAS's counsel's request. The next case management is on 27 February 2014.

b. Qatar Petroleum Project (QP Project), Maersk Oil Qatar Project (MOQ Project) and the Marine Project Civil Suits

On 23 December 2010, Sime Darby Berhad (SDB), Sime Darby Engineering Sdn Bhd, Sime Darby Energy Sdn Bhd, Sime Darby Marine Sdn Bhd and Sime Darby Marine (Hong Kong) Pte Ltd (collectively, the Plaintiffs) filed a civil suit in the High Court against Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Hj Murshid (DSAZ), Dato' Mohamad Shukri bin Baharom (DMS), Abdul Rahim bin Ismail, Abdul Kadir Alias and Mohd Zaki bin Othman (collectively, the Defendants) claiming, inter alia, damages arising from the Defendants' negligence and breaches of duty in relation to the Qatar Petroleum Project (QP Project), the Maersk Oil Qatar Project (MOQ Project) and the project relating to the construction of marine vessels known as the Marine Project. The aggregate amount claimed was RM329,744,755 together with general and aggravated damages to be assessed and other relief.

The Defendants have filed their respective Statements of Defence.

DSAZ, the 1st Defendant, filed third party notices dated 8 March 2011 against 22 individuals (DSAZ's Third Party Notices) of whom include several current members of the board of SDB. Pursuant to DSAZ's Third Party Notices, DSAZ is seeking an indemnity and/or contribution from the 22 individuals in the event DSAZ is found liable to the Plaintiffs.

DMS, the 2nd Defendant, also filed similar third party notices dated 20 April 2011 against 12 individuals and Sime Darby Holdings Berhad (DMS's Third Party Notices), of whom comprise former management and former members of the board of SDB, its subsidiaries and Kumpulan Sime Darby Berhad and former members of the audit and supervisory committee of SDB's Energy & Utilities Division. Pursuant to DMS's Third Party Notices, DMS is seeking an indemnity and/or contribution from the third parties in the event DMS is found liable to the Plaintiffs.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 20 February 2014 are as follows: (continued)

b. Qatar Petroleum Project (QP Project), Maersk Oil Qatar Project (MOQ Project) and the Marine Project Civil Suits (continued)

DSAZ had on 2 June 2011 and 8 June 2011 discontinued the third party proceedings against 5 individuals out of the 22 who were originally named.

(i) Third Party Proceedings

The remaining third parties have applied to strike out third party proceedings instituted against them by DSAZ and DMS. The High Court had, on 13 December 2011, allowed the applications by the third parties and struck out DSAZ's and DMS's third party statements of claim, set aside the third party notices and dismissed the third party proceedings on the basis, amongst others, that DSAZ's and DMS's third party proceedings were frivolous and vexatious (High Court Decision).

On 11 January 2012, DSAZ and DMS filed their respective appeals against the High Court Decision (Appeals).

On 1 August 2012, the Court of Appeal, dismissed the Appeals with costs (Court of Appeal Decision). On 3 September 2012, DSAZ filed a notice of motion for leave to appeal to the Federal Court against the Court of Appeal Decision (DSAZ's Leave to Appeal). On 18 September 2013, the Federal Court dismissed DSAZ's Leave to Appeal with costs (Federal Court Decision). Following the Federal Court Decision, third party counsels sent notices of demand requiring DSAZ and DMS to pay the costs awarded by the court (together with interest at the rate of 5% from the date of the court order until the date of payment) within 21 days from the date of the notices. The total aggregate sum demanded from DSAZ was RM120,000 while the aggregate sum demanded from DMS was RM95,000. On 30 October 2013, all the third party counsels received the costs demanded from DSAZ (but not interest accrued thereon). As at 5 February 2014, DMS has also paid all the third party counsels the full costs demanded together with interest thereon. Following the Federal Court Decision, third party proceedings instituted against the third parties in this suit have for all intents and purposes come to an end.

(ii) Main Suit

The High Court fixed DSAZ's application for discovery of documents (DSAZ's Discovery Application) for hearing on 22 January 2013.

On 9 January 2013, DSAZ filed an application for a stay of the trial (Stay Application). On 22 January 2013, the Court allowed DSAZ's Stay Application and ordered that the trial of the civil suit be stayed pending the disposal of DSAZ's Leave to Appeal (Stay Order). At the case management on 25 September 2013, the parties informed the High Court of the Federal Court Decision. At the case management on 25 November 2013, the new presiding judge fixed tentative trial dates as follows: July – 7-10, 21-24 and August – 4-7, 18-21 and scheduled the next case management on 29 January 2014. In the meantime, the parties are to continue with the discovery process. On 29 January 2014, DSAZ's counsel informed the Court that they intend to start the inspection of the new documents. The Court has fixed DSAZ's application for discovery of documents for hearing on 28 March 2014. The Court also directed that in addition to the trial dates in July and August stated above, additional hearing dates have been fixed from 8 to 12 September 2014.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 20 February 2014 are as follows: (continued)

c. Bakun Hydroelectric Project (Bakun Project) and the Indemnity Agreement Civil Suits

On 24 December 2010, Sime Darby Berhad (SDB), Sime Engineering Sdn Bhd (SESB), Sime Darby Holdings Berhad (SDHB) and Sime Darby Energy Sdn Bhd (collectively, the Plaintiffs) filed a civil suit in the High Court against Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Hj Murshid (DSAZ), Dato' Mohamad Shukri bin Baharom (DMS) and Abdul Rahim bin Ismail (collectively, the Defendants) claiming, inter alia, damages in connection with the Defendants' negligence and breaches of duty in relation to the Package CW2-Main Civil Works for the Bakun Hydroelectric Project (Bakun Project) and in respect of the Receipt, Discharge and Indemnity Agreement dated 12 January 2010 (Indemnity Agreement) given to DMS. The aggregate amount claimed was RM91,351,313.49 together with general and aggravated damages to be assessed and other relief.

The Defendants have filed their respective Statements of Defence.

DSAZ, the 1st Defendant filed third party notices dated 8 March 2011 against 22 individuals (DSAZ's Third Party Notices) of whom include several current members of the board of SDB. Pursuant to DSAZ's Third Party Notices, DSAZ is seeking an indemnity and/or contribution from the 22 individuals in the event DSAZ is found liable to the Plaintiffs.

DMS, the 2nd Defendant, also filed similar third party notices dated 20 April 2011 against 11 individuals, SESB and SDHB (DMS's Third Party Notices), of whom comprise former members of the board of SDB, its subsidiaries and Kumpulan Sime Darby Berhad and former members of the audit and supervisory committee of SDB's Energy & Utilities Division. Pursuant to DMS's Third Party Notices, DMS is seeking an indemnity and/or contribution from the third parties in the event DMS is found liable to the Plaintiffs.

DSAZ had on 2 June 2011 and 8 June 2011 discontinued the third party proceedings against 5 individuals out of the 22 who were originally named.

(i) Third Party Proceedings

The remaining third parties have applied to strike out third party proceedings instituted against them by DSAZ and DMS. The High Court had, on 13 December 2011, allowed the applications by all the third parties and struck out DSAZ's and DMS's third party statements of claim, set aside the third party notices and dismissed the third party proceedings on the basis, amongst others, that DSAZ's and DMS's third party proceedings were frivolous and vexatious (High Court Decision).

On 11 January 2012, DSAZ and DMS filed their respective appeals against the High Court Decision (Appeals).

On 1 August 2012 the Court of Appeal dismissed the Appeals with costs (Court of Appeal Decision). On 3 September 2012, DSAZ filed a notice of motion for leave to appeal to the Federal Court against the Court of Appeal Decision (DSAZ's Leave to Appeal). On 18 September 2013, the Federal Court dismissed DSAZ's Leave to Appeal with costs (Federal Court Decision). Following the Federal Court Decision, third party counsels sent notices of demand requiring DSAZ and DMS to pay the costs awarded by the court (together with interest at the rate of 5% from the date of the court order until the date of payment) within 21 days from the date of the notices. The total aggregate sum demanded from DSAZ was RM120,000 while the aggregate sum demanded from DMS was RM95,000. On 30 October 2013, all the third party counsels received the costs demanded from DSAZ (but not interest accrued thereon). As at 5 February 2014, DMS has also paid all the third party counsels the full costs demanded together with interest thereon. Following the Federal Court Decision, third party proceedings instituted against the third parties in this suit have for all intents and purposes come to an end.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 20 February 2014 are as follows: (continued)

c. Bakun Hydroelectric Project (Bakun Project) and the Indemnity Agreement Civil Suits (continued)

(ii) Main Suit

The High Court fixed DSAZ's application for discovery of documents (DSAZ's Discovery Application) for hearing on 22 January 2013.

On 9 January 2013, DSAZ filed an application for a stay of the trial (Stay Application). On 22 January 2013, the Court allowed DSAZ's Stay Application and ordered that the trial of the civil suit be stayed pending the disposal of DSAZ's Leave to Appeal (Stay Order). At the case management on 25 September 2013, the parties informed the High Court of the Federal Court Decision. At the case management on 25 November 2013, the new presiding judge fixed tentative trial dates as follows: July – 7-10, 21-24 and August – 4-7,18-21 and scheduled the next case management on 29 January 2014. In the meantime, the parties are to continue with the discovery process. On 29 January 2014, DSAZ's counsel informed the Court that they intend to start the inspection of the new documents. The Court has fixed DSAZ's application for discovery of documents for hearing on 28 March 2014. The Court also directed that in addition to the trial dates in July and August stated above, additional hearing dates have been fixed from 8 to 12 September 2014.

d. Emirates International Energy Services (EMAS)

Emirates International Energy Services (EMAS) had on 13 January 2011, filed a civil suit in the Plenary Commercial Court in Abu Dhabi against Sime Darby Engineering Sdn Bhd (SDE) (First Suit) claiming payment of USD178.2 million comprising (a) a payment of USD128.2 million for commissions; and (b) a payment of USD50.0 million as "morale compensation".

SDE filed its Statement of Defence and Counter Claim for the sum of AED100 million on 14 August 2011. As SDE's Statement of Defence contained a request for the matter to be referred to arbitration (SDE's Plea), the Court adjourned the case to 22 August 2011 for a decision on SDE's Plea.

On 22 August 2011, the Court dismissed EMAS's claim based on SDE's Plea. EMAS did not file an appeal against the Court's decision.

(i) Proceedings at ADCCAC

EMAS had, on 11 December 2011, submitted a request for arbitration to the Abu Dhabi Commercial Conciliation & Arbitration Centre (ADCCAC). By way of a notice dated 26 December 2011 (Notice) which SDE received on 17 January 2012, SDE was informed that the matter has been registered for arbitration.

SDE's counsel had on 14 February 2012 filed and submitted the response to the Notice to ADCCAC. The arbitration has now been stayed pending the disposal of the suit filed by EMAS at the Judicial Department of Abu Dhabi.

(ii) Proceedings at the Judicial Department of Abu Dhabi

On 31 March 2012, EMAS filed another suit against SDE at the Judicial Department of Abu Dhabi (Judicial Department). The claim of USD178.2 million by EMAS was based on the same facts and grounds as the First Suit.

At the hearing on 30 May 2012, the Judicial Department dismissed the case on procedural grounds, namely that EMAS did not comply with the procedures for Commercial Agency disputes when EMAS failed to raise a formal claim or mediation request with the Committee of Commercial Agencies at the Ministry of Economy in the first instance.

On 21 June 2012, EMAS filed an appeal to the Court of Appeal in Abu Dhabi (Appellate Court) against the decision of the Judicial Department dated 30 May 2012 (Appeal).

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 20 February 2014 are as follows: (continued)

d. Emirates International Energy Services (EMAS) (continued)

(ii) Proceedings at the Judicial Department of Abu Dhabi (continued)

On 28 August 2012, the Appellate Court dismissed the Appeal and ordered for the case to be tried afresh by the Court of first instance (Court) on the ground that the Court has the jurisdiction to hear the dispute between EMAS and SDE.

On 15 October 2012, SDE's counsel filed an appeal against the Appellate Court's decision. The Supreme Court decided on 8 April 2013 that it was not timely to challenge the Appellate Court's decision as the latter's judgment was merely on procedural issues and not on the merits of the case. The matter proceeded in the Court.

On 11 June 2013, the Court delivered its interim order to appoint a court expert specialising in commercial agencies and ordered EMAS to pay AED45,000 being court expert fees.

On 29 June 2013, the court expert held a session with SDE's counsel to understand SDE's position in this matter. Another session was fixed on 3 July 2013 for further deliberation with the court expert, at which SDE's proposal for settlement on a retainer basis was rejected by EMAS. The court expert released his report to the parties on 30 July 2013 and recommended that SDE pays EMAS compensation of approximately USD11,240,000.

At the hearing on 2 October 2013, SDE and EMAS challenged the findings of the court expert. At the postponed hearing on 8 October 2013, the Court directed the court expert to address each of the objections raised by SDE and EMAS, and to submit his supplemental report by 11 December 2013.

As the court expert was unable to complete his report by 11 December 2013 and 5 February 2014, the Court adjourned the matter to 5 March 2014.

e. Michael Chow Keat Thye (the Applicant)

On 18 November 2011, Michael Chow Keat Thye (the Applicant) filed an application pursuant to Order 53 rule 3(2) of the Rules of the High Court for Judicial Review against the Securities Commission of Malaysia (SC)'s decision made on 11 October 2011 in ruling that the acquisition of the equity interest in Eastern & Oriental Berhad (E&O) by Sime Darby Nominees Sdn Bhd (SD Nominees) has not given rise to a mandatory take-over offer obligation and seek for an Order of the High Court to compel SD Nominees to make a mandatory take-over offer at the price of RM2.30 per E&O share.

The High Court granted leave for the application for Judicial Review on 8 December 2011.

On 5 January 2012, SD Nominees filed an application to be added as a party in the Judicial Review proceedings and obtained leave to be added as 2nd Respondent on 11 January 2012.

On 25 January 2012, SC filed an application to recuse the learned judge and the recusal application was dismissed with costs on 2 April 2012. SC appealed and the Court of Appeal dismissed the appeal with costs of RM10,000 on 2 October 2012.

On 31 January 2012, SD Nominees filed an application to expunge that part of the Applicant's affidavit and the exhibit (JP Morgan's press interview) which alleged that SD Nominees had admitted to having obtained majority control in E&O on the basis that it constituted hearsay statements and was inadmissible. The Applicant filed a corrective affidavit on 8 January 2013 to correct the impugned paragraphs in his affidavit. In light of the corrective affidavit, the application to expunge was withdrawn on 16 January 2013.

The Court fixed the hearing of the Judicial Review on 1 November 2013.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 20 February 2014 are as follows: (continued)

e. Michael Chow Keat Thye (the Applicant) (continued)

At the hearing on 1 November 2013, counsel for the SC raised a jurisdictional issue as a preliminary objection. This jurisdictional issue was premised on the Applicant's failure to exhaust the statutory remedies available under the Securities Commission Act 1993 (SCA) and/or the Capital Markets and Services Act 2007 (CMSA) prior to filing the application for judicial review and his failure to make full and frank disclosure of the fact that he had not exhausted the statutory remedies at the ex-parte hearing for leave for judicial review. The judge postponed the matter to 14 November 2013 to deliver judgment on the jurisdictional point.

On 14 November 2013, the judge allowed the preliminary objection taken by the SC and held that the Applicant's failure to pursue alternative remedies available under the SCA and the CMSA was fatal to the Applicant's application for Judicial Review. The application for Judicial Review was consequently struck out (High Court Decision).

On 9 December 2013, the Applicant filed his notice of appeal to the Court of Appeal against the High Court Decision (Appeal). No date has been fixed for the hearing of the Appeal.

f. Qatar Petroleum (QP) Statement of Claim

On 15 August 2012, Sime Darby Engineering Sdn Bhd (SDE) filed a Statement of Claim at the Qatar Court against Qatar Petroleum (QP) for the sum of QAR1,005,359,061. The claim seeks the repayment of a liquidated performance bond, payment of outstanding invoices, compensation and additional costs incurred in relation to an offshore engineering project in Qatar undertaken by SDE pursuant to a contract dated 27 September 2006. However, the contract came into effect much earlier on 15 April 2006 and SDE had commenced work since then.

On 28 November 2012, QP filed its Statement of Defence and the supporting documents in Arabic were filed on 10 January 2013.

On 28 February 2013, in its reply to QP's Statement of Defence, SDE made an upward revision to the amount claimed in respect of the performance bond. The total claim currently stands at QAR1,008,115,825. On 19 March 2013, QP filed its reply.

On 30 April 2013, the Court ordered the case to be transferred to the Administrative Court. The Administrative Court fixed 11 June 2013 for hearing.

On 18 June 2013, the Administrative Court issued a preliminary judgment to appoint a panel of 3 experts (which comprise of an accountant and two engineering technicians) and ordered experts' fees of QAR90,000 to be paid by SDE by 9 July 2013. On 9 July 2013, the judge informed the parties that there are no technicians within the Administrative Court's list who is expert in the installation of offshore platforms and pipelines and adjourned the case to 23 July 2013 for the parties to submit suggestions as to the experts to be appointed.

On 23 July 2013, QP submitted the names of 2 candidates for the engineering expert positions. On 30 July 2013, SDE nominated 3 candidates for the same positions. The Administrative Court fixed 5 November 2013 for hearing.

On 24 October 2013, SDE's solicitors were informed that the matter has now been transferred to a new circuit court and the hearing before the new court has been fixed on 7 November 2013.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 20 February 2014 are as follows: (continued)

f. Qatar Petroleum (QP) Statement of Claim (continued)

On 7 November 2013, the parties submitted their respective nominations for Court experts. The case was adjourned to 28 November 2013 on which date, QP requested for a further adjournment to allow the parties to nominate Arabic-speaking candidates which they did during the hearing on 16 January 2014. Solicitors for SDE and QP also informed the Court of their agreement on various matters pertaining to the appointment of the court experts. On 30 January 2014, the Court finalised the appointment of the court experts and the revised court experts' fees. However, the Court did not announce the names of the court experts. The names of the court experts will be known once the written judgment is made available.

g. Tenaga Nasional Berhad (TNB) Notice of Arbitration

On 26 March 2013, Port Dickson Power Berhad (PDP) filed a Notice of Arbitration against Tenaga Nasional Berhad (TNB) claiming:

(a) adjustments to a claim for Fixed Operating Rate and Variable Operating Rate amounting to RM56,642,029.42 from February 1999 to November 2011 with interest thereon; or

(b) alternatively, a claim of RM76,133,552.75 from February 1999 to October 2012 with interest thereon.

TNB submitted its response to PDP's Notice of Arbitration on 29 April 2013. The Kuala Lumpur Regional Centre for Arbitration (KLRCA) confirmed the appointment of the parties' arbitrators on 28 May 2013 and 7 June 2013, respectively. On 3 July 2013, KLRCA officiated the appointment of the Chairman of the arbitration tribunal.

The tribunal issued the Arbitrators' Fees structure on 22 July 2013, which was duly accepted by PDP and TNB. A Statement of Claim has been filed by PDP on 30 September 2013. TNB filed its Statement of Defence on 31 October 2013 while PDP filed its reply to TNB's Statement of Defence on 14 November 2013.

During the preliminary meeting with the tribunal on 10 December 2013, the parties agreed on the timeline for the proceedings and the hearing is fixed for 4 days commencing 26 January 2015.

h. Swiber Offshore Construction Pte Ltd (SOC) Notice of Arbitration

Swiber Offshore Construction Pte Ltd (SOC) and Sime Darby Engineering Sdn Bhd (SDE) entered into Consortium Agreement dated 3 July 2010 (CA) to govern their relationship as a consortium for the Process Platform for B-193 Project (Project) awarded by Oil and Natural Gas Corporation Ltd (ONGC) via a Notification of Award dated 19 May 2010 for a total contract price of USD618,376,022.

Disputes and differences relating to the Project have since arisen between SOC and SDE.

On 29 August 2013, SDE received a Notice of Arbitration dated 28 August 2013 (Notice) from SOC to refer, pursuant to the provisions of the CA, the disputes and differences in relation to its claim against SDE to arbitration before the Singapore International Arbitration Centre (SIAC) in accordance with the UNCITRAL Rules. The claim from SOC as stated in the Notice is in excess of USD30 million.

SDE submitted its response to the Notice on 27 September 2013 and informed SOC of SDE's intention to file a counterclaim. SOC served its Statement of Claim on 4 October 2013.

SDE has been advised by its lawyers to raise a preliminary objection based on jurisdictional issues as the dispute resolution process set out in Article 12 of the CA had not been complied with.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 20 February 2014 are as follows: (continued)

h. Swiber Offshore Construction Pte Ltd (SOC) Notice of Arbitration (continued)

On 14 November 2013, the parties met the arbitrator to discuss the timeline for the arbitration including SDE's preliminary objection on the jurisdictional issue.

The parties submitted on the jurisdictional issue on 10 January 2014. On 29 January 2014, the tribunal confirmed that it had the jurisdiction to hear the arbitration. SDE has until 28 February 2014 to file an appeal to the High Court against the tribunal's decision. Hearing has been fixed for 5 January 2015.

i. Oil and Natural Gas Corporation Ltd (ONGC)

Sime Darby Engineering Sdn Bhd (SDE) and Swiber Offshore Construction Pte Ltd (SOC) entered into a Consortium Agreement dated 23 February 2010 (CA) to govern their relationship as a Consortium in relation to the execution and performance of the 05 Well Head Platform Project (05WHP Project) awarded by Oil and Natural Gas Corporation Ltd (ONGC). A contract dated 26 February 2010 (Contract) was executed for a total contract price of USD188,884,887.

Disputes and differences relating to the 05WHP Project have since arisen between the Consortium and ONGC. The Consortium has invoked the referral of the dispute to arbitration pursuant to Clause 1.3.2 of the Contract. SDE's portion of the Consortium's claim is circa USD32.5 million.

The Consortium and ONGC have now agreed to refer the dispute to an Outside Expert Committee (OEC) as prescribed in the Contract. The OEC proceedings will be conducted in accordance with Part III of the Arbitration and Conciliation Act 1996 of the laws of India and will be held in New Delhi, India.

By a letter dated 28 August 2013 received by SDE on 5 September 2013, ONGC notified the Consortium of the constitution of the OEC panel and the proposed timeline for the OEC proceedings.

The Consortium filed its Statement of Claim on 23 October 2013 and ONGC submitted its Statement of Defence on 9 January 2014. SDE is currently reviewing ONGC's Statement of Defence and is also working closely with SOC to seek an extension of time from the OEC to file the Consortium's reply to ONGC's Statement of Defence which was originally due by 7 February 2014.

B12. Dividend (continued)

An interim single tier dividend of 6.0 sen per share in respect of the financial year ending 30 June 2014, 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 9 May 2014.The entitlement date for the dividend payment is 24 April 2014.

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

(i) shares deposited into the depositor's securities account before 12.30 pm on 22 April 2014 in respect of shares which are exempted from mandatory deposit;

(ii) shares transferred into the depositor's securities account before 4.00 pm on 24 April 2014 in respect of transfers; and

(iii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The interim single tier dividend declared for the previous corresponding period was 7.0 sen per share.

B13. Earnings Per Share

	Quarter ended 31 December		Half-year ended 31 December	
	2013	**2012**	**2013**	**2012**
Earnings per share attributable to owners of the Company are computed as follows:				
Basic				
Profit for the period				
- from continuing operations	**818.3**	707.4	**1,307.3**	1,692.8
- from discontinued operations	–	1.1	**–**	6.0
	818.3	708.5	**1,307.3**	1,698.8
Weighted average number of ordinary shares in issue (million)	**6,009.5**	6,009.5	**6,009.5**	6,009.5
Earnings per share (sen)				
- from continuing operations	**13.61**	11.77	**21.75**	28.17
- from discontinued operations	**–**	0.02	**–**	0.10
	13.61	11.79	**21.75**	28.27
Diluted				
Profit for the period				
- from continuing operations *	**818.1**	707.4	**1,307.1**	1,692.8
- from discontinued operations	–	1.1	**–**	6.0
	818.1	708.5	**1,307.1**	1,698.8
Weighted average number of ordinary shares in issue (million)	**6,009.5**	6,009.5	**6,009.5**	6,009.5
Earnings per share (sen)				
- from continuing operations	**13.61**	11.77	**21.75**	28.17
- from discontinued operations	**–**	0.02	**–**	0.10
	13.61	11.79	**21.75**	28.27

* adjusted for the dilutive effect of long-term stock incentive plan of an associate of RM0.2 million (2012: Nil) for the quarter and half-year ended 31 December 2013.

By Order of the Board
Norzilah Megawati Abdul Rahman
Group Secretary

Kuala Lumpur
27 February 2014