QUARTERLY REPORT

On the consolidated results for the third quarter ended 31 March 2014

The Directors are pleased to announce the following:

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

		Quarter ended 31 March			Three quarters ended 31 March		
	Note	**2014**	**2013**	**% +/(-)**	**2014**	**2013**	**% +/(-)**
Continuing operations							
Revenue	A7	**10,296.0**	10,844.2	(5.1)	**31,933.2**	33,840.2	(5.6)
Operating expenses		**(9,800.7)**	(10,302.4)		**(30,315.5)**	(31,567.3)	
Other operating income		**500.2**	482.2		**1,202.5**	1,135.7	
Operating profit	B6	**995.5**	1,024.0	(2.8)	**2,820.2**	3,408.6	(17.3)
Share of results of jointly controlled entities		**(10.3)**	(3.7)		**(22.9)**	(2.5)	
Share of results of associates		**87.7**	20.2		**125.1**	71.4	
Profit before interest and tax	A7	**1,072.9**	1,040.5	3.1	**2,922.4**	3,477.5	(16.0)
Finance income		**41.0**	19.0		**115.7**	87.6	
Finance costs	B6	**(111.4)**	(124.8)		**(318.5)**	(337.1)	
Profit before tax		**1,002.5**	934.7	7.3	**2,719.6**	3,228.0	(15.7)
Tax expense	B7	**(120.5)**	(220.2)		**(461.8)**	(744.5)	
Profit from continuing operations		**882.0**	714.5	23.4	**2,257.8**	2,483.5	(9.1)
Discontinued operations							
Profit from discontinued operations (see note below)	B6	**–**	1.1		**–**	7.1	
Profit for the period		**882.0**	715.6	23.3	**2,257.8**	2,490.6	(9.3)
Attributable to owners of:							
- the Company							
- from continuing operations		**852.5**	690.1		**2,159.8**	2,382.9	
- from discontinued operations		**–**	1.1		**–**	7.1	
		852.5	691.2	23.3	**2,159.8**	2,390.0	(9.6)
- non-controlling interests		**29.5**	24.4	20.9	**98.0**	100.6	(2.6)
Profit for the period		**882.0**	715.6	23.3	**2,257.8**	2,490.6	(9.3)
		Sen	**Sen**		**Sen**	**Sen**	
Earnings per share attributable to owners of the Company	B13						
Basic							
- from continuing operations		**14.09**	11.48		**35.86**	39.65	
- from discontinued operations		**–**	0.02		**–**	0.12	
		14.09	11.50	22.5	**35.86**	39.77	(9.8)
Diluted							
- from continuing operations		**14.09**	11.48		**35.85**	39.65	
- from discontinued operations		**–**	0.02		**–**	0.12	
		14.09	11.50	22.5	**35.85**	39.77	(9.9)

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 March			Three quarters ended 31 March		
	2014	**2013**	**% +/(-)**	**2014**	**2013**	**% +/(-)**
Profit for the period	**882.0**	715.6	23.3	**2,257.8**	2,490.6	(9.3)
Other comprehensive income/(loss)						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences:						
- subsidiaries	**344.6**	102.1		**(111.4)**	(322.1)	
- jointly controlled entities	**33.6**	0.1		**48.5**	(5.4)	
- associates	**3.7**	2.1		**7.0**	(1.1)	
Net changes in fair value of:						
- available-for-sale investments	**5.2**	(5.0)		**8.6**	12.6	
- cash flow hedges	**(27.5)**	(25.6)		**25.9**	19.4	
Share of other comprehensive income/(loss) of:						
- jointly controlled entities	**7.1**	–		**19.9**	–	
- associates	**0.5**	(0.1)		**(1.4)**	3.0	
Tax expense	**13.9**	3.4		**(6.7)**	3.3	
	381.1	77.0		**(9.6)**	(290.3)	
Items that will not be reclassified subsequently to profit or loss:						
Actuarial gains on defined benefit pension plans	**–**	–		**0.2**	–	
Share of actuarial losses on defined benefit pension plans of a jointly controlled entity	**17.6**	(51.6)		**17.6**	(51.6)	
	17.6	(51.6)		**17.8**	(51.6)	
Reclassification adjustments:						
Reclassified to profit or loss:						
- currency translation differences	**(98.5)**	–		**(98.5)**	–	
- changes in fair value of available-for-sale investments	**–**	–		**–**	(0.2)	
- changes in fair value of cash flow hedges	**31.8**	6.1		**(18.8)**	36.7	
Reclassified to inventories changes in fair value of cash flow hedges	**13.4**	0.4		**41.7**	0.1	
Tax expense	**(14.1)**	(1.7)		**(7.4)**	(11.1)	
	(67.4)	4.8		**(83.0)**	25.5	
Total other comprehensive income/(loss) from continuing operations	**331.3**	30.2	997.0	**(74.8)**	(316.4)	76.4
Total comprehensive income for the period	**1,213.3**	745.8	62.7	**2,183.0**	2,174.2	0.4
Attributable to owners of:						
- the Company						
- from continuing operations	**1,155.7**	710.6		**2,116.6**	2,092.4	
- from discontinued operations	**–**	1.1		**–**	7.1	
	1,155.7	711.7	62.4	**2,116.6**	2,099.5	0.8
- non-controlling interests	**57.6**	34.1	68.9	**66.4**	74.7	(11.1)
Total comprehensive income for the period	**1,213.3**	745.8	62.7	**2,183.0**	2,174.2	0.4

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 March 2014	Audited As at 30 June 2013
Non-current assets			
Property, plant and equipment		**14,377.1**	14,096.4
Biological assets		**2,538.3**	2,498.5
Prepaid lease rentals		**1,168.6**	1,141.1
Investment properties		**629.4**	633.4
Land held for property development		**890.5**	864.2
Jointly controlled entities		**1,543.6**	1,295.8
Associates		**1,714.2**	1,585.8
Available-for-sale investments		**177.3**	118.7
Intangible assets		**1,048.4**	915.0
Deferred tax assets		**1,118.6**	924.0
Tax recoverable		**242.1**	391.0
Derivatives	B10(a)	**114.9**	136.9
Receivables		**637.4**	656.5
		26,200.4	25,257.3
Current assets			
Inventories		**9,497.9**	8,714.5
Property development costs		**2,242.2**	2,068.3
Receivables		**5,878.6**	6,057.2
Accrued billings and others		**1,136.8**	1,244.2
Tax recoverable		**303.8**	287.1
Derivatives	B10(a)	**68.3**	45.3
Cash held under Housing Development Accounts		**488.4**	560.3
Bank balances, deposits and cash		**4,193.1**	4,093.5
		23,809.1	23,070.4
Non-current assets held for sale (see note below)		**103.9**	130.4
Total assets	A7	**50,113.4**	48,458.1
Equity			
Share capital		**3,032.1**	3,004.7
Reserves		**24,648.6**	24,091.6
Attributable to owners of the Company		**27,680.7**	27,096.3
Non-controlling interests		**903.5**	884.8
Total equity		**28,584.2**	27,981.1
Non-current liabilities			
Borrowings	B9	**8,318.5**	7,993.4
Finance lease obligation		**150.8**	157.8
Provisions		**96.8**	92.0
Retirement benefits		**154.5**	154.5
Deferred income		**293.6**	291.0
Deferred tax liabilities		**581.5**	642.2
Derivatives	B10(a)	**0.3**	1.9
		9,596.0	9,332.8
Current liabilities			
Payables		**7,912.8**	8,235.8
Progress billings and others		**133.5**	80.0
Borrowings	B9	**2,876.8**	2,092.2
Finance lease obligation		**6.8**	6.5
Provisions		**255.8**	233.5
Deferred income		**7.4**	61.6
Dividend payable		**363.8**	–
Tax payable		**243.3**	229.3
Derivatives	B10(a)	**51.5**	115.0
		11,851.7	11,053.9
Liabilities associated with assets held for sale (see note below)		**81.5**	90.3
Total liabilities		**21,529.2**	20,477.0
Total equity and liabilities		**50,113.4**	48,458.1

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

	Unaudited As at 31 March 2014	Audited As at 30 June 2013
Net assets per share attributable to owners of the Company (RM)	**4.56**	4.51

Note:

	Unaudited As at 31 March 2014	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	**100.2**	102.9
	103.9	130.4
Liabilities associated with assets held for sale		
Disposal group	**81.5**	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

Three quarters ended 31 March 2014	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	–	–	–	–	–	–	35.1	7.5	(103.6)	2,177.6	2,116.6	66.4	2,183.0
Transfer between reserves	–	–	–	–	79.6	–	–	–	–	(79.6)	–	–	–
Employee share scheme	–	–	30.2	–	–	–	–	–	–	–	30.2	–	30.2
Share of capital reserve of associates	–	–	–	–	(0.8)	–	–	–	–	–	(0.8)	–	(0.8)
Acquisition of non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	–	–	–	7.6	7.6
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	–	(57.0)	(57.0)	(20.3)	(77.3)
Dividends paid	–	–	–	–	–	–	–	–	–	(1,622.6)	(1,622.6)	(35.0)	(1,657.6)
Dividends payable	–	–	–	–	–	–	–	–	–	(363.8)	(363.8)	–	(363.8)
Issue of shares	27.4	454.4	–	–	–	–	–	–	–	–	481.8	–	481.8
At 31 March 2014	3,032.1	555.0	30.2	67.9	6,832.4	75.4	(64.9)	70.2	265.7	16,816.7	27,680.7	903.5	28,584.2

SIME DARBY BERHAD
(Company No: 752404-U)

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

Three quarters ended 31 March 2013	Share capital	Share premium	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	–	–	–	3.0	–	48.5	12.4	(302.8)	2,338.4	2,099.5	74.7	2,174.2
Transfer between reserves	–	–	–	0.1	0.1	–	–	–	(0.2)	–	–	–
Issue of shares in a subsidiary	–	–	–	–	–	–	–	–	–	–	4.0	4.0
Acquisition of non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	–	–	11.5	11.5
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	(4.5)	(4.5)	(18.5)	(23.0)
Disposal of non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	–	–	(4.7)	(4.7)
Liquidation of subsidiaries	–	–	–	–	–	–	–	–	–	–	(1.0)	(1.0)
Dividends paid	–	–	–	–	–	–	–	–	(1,502.4)	(1,502.4)	(86.5)	(1,588.9)
Dividends payable	–	–	–	–	–	–	–	–	(420.7)	(420.7)	–	(420.7)
At 31 March 2013	3,004.7	100.6	67.9	6,752.0	74.9	(16.3)	57.5	680.7	15,466.0	26,188.0	853.3	27,041.3

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	Three quarters ended 31 March 2014	2013
Profit after tax		**2,257.8**	2,490.6
Adjustments for:			
Gain on disposal of subsidiaries, a jointly controlled entity, an associate and other investments		**(11.3)**	(13.1)
Gain on disposal of properties		**(51.6)**	(63.3)
Share of results of jointly controlled entities and associates		**(102.2)**	(68.9)
Finance income		**(115.7)**	(88.2)
Finance costs		**318.5**	338.6
Depreciation and amortisation		**899.7**	943.6
Amortisation of prepaid lease rentals		**37.2**	37.0
Tax expense		**461.8**	751.2
Other non-cash items		**24.5**	116.1
		3,718.7	4,443.6
Changes in working capital:			
Inventories and rental assets		**(663.1)**	(815.2)
Property development costs		**(152.4)**	(262.0)
Land held for property development		**(32.8)**	(6.3)
Trade and other receivables and prepayments		**(335.3)**	196.7
Trade and other payables and provisions		**(317.0)**	(1,246.3)
Cash generated from operations		**2,218.1**	2,310.5
Tax paid		**(449.0)**	(1,125.2)
Dividends from jointly controlled entities and associates		**29.3**	22.7
Dividends from available-for-sale investments		**13.0**	12.2
Net cash from operating activities		**1,811.4**	1,220.2
Investing activities			
Finance income received		**98.8**	82.5
Purchase of property, plant and equipment		**(1,073.9)**	(1,562.2)
Purchase of subsidiaries and business	A11.2	**(126.7)**	(7.3)
Purchase/subscription of shares in jointly controlled entities and associates		**(223.7)**	(456.7)
Purchase of investment properties		**(5.3)**	(14.4)
Cost incurred on biological assets		**(136.8)**	(79.2)
Net cash inflow from sale of subsidiaries	A11.1	**212.1**	4.6
Payment for prepaid lease rental		**(106.4)**	(48.6)
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		**85.1**	734.0
Proceeds from sale of investment property		**1.0**	1.6
Proceeds from sale of prepaid lease rental		**1.6**	–
Others		**134.3**	(33.9)
Net cash used in investing activities		**(1,116.9)**	(1,359.4)

SIME DARBY BERHAD
(Company No: 752404-U)

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

	Three quarters ended 31 March	
	2014	**2013**
Financing activities		
Capital repayment and distribution by a subsidiary to owners of non-controlling interest	**–**	(1.0)
Purchase of additional interest in non-controlling interest	**(77.3)**	(23.0)
Share issue expenses	**(0.7)**	–
Proceeds from shares issued to owner of non-controlling interest	**–**	4.0
Finance costs paid	**(294.5)**	(278.7)
Long-term borrowings raised	**1,393.7**	4,570.1
Repayments of long-term borrowings	**(371.7)**	(1,573.2)
Revolving credits, trade facilities and other short-term borrowings (net)	**(146.9)**	(1,349.5)
Dividends paid	**(1,175.1)**	(1,588.9)
Net cash used in financing activities	**(672.5)**	(240.2)
Net changes in cash and cash equivalents	**22.0**	(379.4)
Foreign exchange differences	**(31.3)**	(105.1)
Cash and cash equivalents at beginning of the period	**4,603.6**	5,077.8
Cash and cash equivalents at end of the period	**4,594.3**	4,593.3

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

Cash held under Housing Development Accounts	**488.4**	566.5
Bank balances, deposits and cash	**4,193.1**	4,094.5
Less:		
Bank overdrafts (Note B9)	**(87.2)**	(67.7)
	4,594.3	4,593.3

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 some of the accounting treatments under MFRS Framework.

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 and adopt the new IFRS 15 – Revenue from Contracts with Customers to be issued by International Accounting Standards Board (IASB).

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 11 – Joint Arrangements
- FRS 12 – Disclosure of Interests in Other Entities
- FRS 13 – Fair Value Measurement
- FRS 119 – Employee Benefits
- FRS 127 – Separate Financial Statements
- FRS 128 – Investments in Associates and Joint Ventures
- Amendments to FRS 7 – Financial Instruments: Disclosures
- Amendments to FRS 101 – Presentation of Financial Statements
- Amendments to FRS 116 – Property, Plant and Equipment
- Amendments to FRS 132 – Financial Instruments: Presentation
- Amendments to FRS 134 – Interim Financial Reporting

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

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.

(i) Amendments to standards and new 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 12 – Disclosure of Interests in Other Entities
- Amendments to FRS 127 – Separate Financial Statements
- Amendments to FRS 132 – Financial Instruments: Presentation
- Amendments to FRS 136 – Impairment of Assets
- Amendments to FRS 139 – Financial Instruments: Recognition and Measurement
- IC Interpretation 21 – Levies

(ii) Amendments to standards that will be effective for annual periods beginning on or after 1 July 2014:

- Amendments to FRS 1 – First - time Adoption of Financial Reporting Standards
- Amendments to FRS 2 – Share-based payments
- Amendments to FRS 3 – Business Combinations
- Amendments to FRS 8 – Operating Segments
- Amendments to FRS 13 – Fair Value Measurement
- Amendments to FRS 116 – Property, Plant and Equipment
- Amendments to FRS 119 – Employee Benefits
- Amendments to FRS 124 – Related Party Disclosures
- Amendments to FRS 138 – Intangible Assets
- Amendments to FRS 140 – Investment Property

(iii) Amendments to standards that will be effective for annual periods beginning on or after 1 January 2015:

- Amendments to FRS 7 – Financial Instruments: Disclosures

(iv) New standards whose effective date has yet to be announced by MASB:

- FRS 9 – Financial Instruments

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

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.

Amounts in RM million unless otherwise stated

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.

New ordinary shares
On 24 January 2014, the Company increased its issued and paid-up share capital from RM3,004,731,915 to RM3,032,053,404 via the issuance of 54,642,978 new ordinary shares of RM0.50 each for RM8.83 per share. The issuance is pursuant to the Dividend Reinvestment Plan as approved by the shareholders of the Company on 21 November 2013. The new ordinary shares rank pari passu in all respect with the existing shares of the Company.

Employee Share Scheme
The Company had on 7 October 2013 granted 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

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 number of shares which will vest may be lower or higher than the total number of shares offered under the Grant.

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 in the Company in accordance with the Dividend Reinvestment Plan at the issue price of RM8.83 per share. 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.

An interim single tier dividend of 6.0 sen per share for the financial year ending 30 June 2014 amounting to RM363.8 million was paid on 9 May 2014.

SIME DARBY BERHAD
(Company No: 752404-U)

Explanatory Notes on the Quarterly Report – 31 March 2014
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
Three quarters ended 31 March 2014										
Segment revenue:										
External	7,670.1	8,975.2	12,818.6	1,369.7	1,042.3	57.3	–	31,933.2	–	31,933.2
Inter-segment	0.3	37.2	27.4	21.4	13.8	7.9	(108.0)	–	–	–
	7,670.4	9,012.4	12,846.0	1,391.1	1,056.1	65.2	(108.0)	31,933.2	–	31,933.2
Segment result:										
Operating profit	1,239.8	799.2	399.2	170.9	139.0	19.8	52.3	2,820.2	–	2,820.2
Share of results of jointly controlled entities and associates	(22.9)	10.1	3.7	72.3	9.4	29.6	–	102.2	–	102.2
Profit before interest and tax	1,216.9	809.3	402.9	243.2	148.4	49.4	52.3	2,922.4	–	2,922.4

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**
Three quarters ended 31 March 2013										
Segment revenue:										
External	8,406.8	10,488.9	12,669.2	1,266.2	953.4	55.7	–	33,840.2	276.8	34,117.0
Inter-segment	0.4	35.1	29.3	25.4	1.5	8.2	(108.9)	(9.0)	9.0	–
	8,407.2	10,524.0	12,698.5	1,291.6	954.9	63.9	(108.9)	33,831.2	285.8	34,117.0
Segment result:										
Operating profit/(loss)	1,597.3	919.0	498.8	247.6	185.1	16.9	(56.1)	3,408.6	14.7	3,423.3
Share of results of jointly controlled entities and associates	9.8	11.5	8.7	22.4	4.6	11.9	–	68.9	–	68.9
Profit/(loss) before interest and tax	1,607.1	930.5	507.5	270.0	189.7	28.8	(56.1)	3,477.5	14.7	3,492.2

Amounts in RM million unless otherwise stated

A7. Segment Information (continued)

	Plantation	Industrial	Motors [Note 1]	Property	Energy & Utilities	Others	Corporate	Total
As at 31 March 2014								
Segment assets:								
Operating assets	**15,346.5**	**10,351.7**	**8,192.8**	**6,738.8**	**2,993.3**	**117.7**	**1,346.4**	**45,087.2**
Jointly controlled entities and associates	**510.0**	**147.9**	**81.8**	**1,894.3**	**(74.3)**	**698.1**	**–**	**3,257.8**
Non-current assets held for sale	**–**	**–**	**–**	**100.3**	**–**	**3.6**	**–**	**103.9**
	15,856.5	**10,499.6**	**8,274.6**	**8,733.4**	**2,919.0**	**819.4**	**1,346.4**	**48,448.9**
Tax assets								**1,664.5**
Total assets								**50,113.4**
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

Note:
1 The substantial increase in Motors' operating assets is mainly in inventories and receivables attributable to the acquisition of distributorship rights for BMW in Vietnam and the launches of new models.

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 March 2014	As at 30 June 2013
Property, plant and equipment		
- contracted	**846.9**	556.8
- not contracted	**2,417.3**	2,213.5
	3,264.2	2,770.3
Other capital expenditure		
- contracted	**709.4**	453.5
- not contracted	**1,801.4**	2,246.9
	5,775.0	5,470.7

A9. Significant Related Party Transactions

Related party transactions conducted during the three quarters ended 31 March are as follows:

	Three quarters ended 31 March 2014	Three quarters ended 31 March 2013
a. Transactions with jointly controlled entities		
Tolling fees and sales to Emery Oleochemicals (M) Sdn Bhd and its related companies	**52.6**	65.8
Sales and services to Terberg Tractors Malaysia Sdn Bhd (TTM)	**12.0**	32.6
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	**5.3**	6.2
Rental of tugboat from Weifang Weigang Tugboat Services Co Ltd	**–**	1.1
Purchase of paints material from Sime Kansai Paints Sdn Bhd	**3.1**	1.2
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	**114.7**	108.4
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	**20.3**	34.8
Royalty payment to and procurement of cars, ancillary services by Inokom Corporation Sdn Bhd (ICSB) from Hyundai Motor Company and its related companies	**170.8**	121.5

Amounts in RM million unless otherwise stated

A9. Significant Related Party Transactions (continued)

Related party transactions conducted during the three quarters ended 31 March are as follows: (continued)

	Three quarters ended 31 March	
	2014	**2013**
c. Transactions between subsidiaries and their significant owners of non-controlling interests (continued)		
Contract assembly service provided by ICSB to Berjaya Corporation Berhad group	**26.0**	10.1
Procurement of hotel operation management and technical advice from Hotel Equatorial Management Sdn Bhd	**1.4**	1.7
Project management services rendered to Sime Darby Property Selatan Sdn Bhd (SDPS) by Tunas Selatan Construction Sdn Bhd, the holding company of Tunas Selatan Pagoh Sdn Bhd	**5.0**	–
d. Transactions between subsidiary and company in which the subsidiary's director has equity interest		
Architectural services rendered to SDPS by Akitek Jururancang (M) Sdn Bhd, a company in which Dato' Sri Hj Esa, a director of SDPS has an equity interest	**8.6**	–
e. 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	**0.3**	0.7
f. Transactions with Directors and their close family members		
Sales of properties and cars by the Group	**3.2**	2.1
Sales of properties by Battersea Project Phase 1 Company Limited, a jointly controlled entity	**7.5**	–
g. Transactions with key management personnel and their close family members		
Sales of residential properties and cars by the Group	**3.4**	3.6

A9. Significant Related Party Transactions (continued)

Related party transactions conducted during the three quarters ended 31 March are as follows: (continued)

h. Transactions with shareholders and Government

Permodalan Nasional Berhad (PNB) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 52.2% as at 31 March 2014 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 period under review 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 RM60.7 million (2013: RM80.5 million). Shareholders' mandate was obtained for this recurrent related party transaction during the last annual general meeting.

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

Other than stated below, there was no material event subsequent to the end of the current quarter under review to 21 May 2014, being a date not earlier than 7 days from the date of issue of the quarterly report.

a) On 4 April 2014, Sime Darby Motors Wholesale Australia Pty Ltd (SDMWA) completed the acquisition of 70% equity stake of LMM Holdings Pty Ltd (LMMH), 70% of units in the Brisbane BMW Unit Trust (BBUT) and 100% beneficial and proprietorship rights/interest in the property owned by the holders of the BBUT for a total cash consideration of AUD80.7 million (equivalent to RM236.5 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.

b) On 28 April 2014, Sime Darby Berhad announced that it is taking a stake in an industrial biotechnology company, Verdezyne Inc, as part of an initiative to pursue strategic growth areas for its plantation business. Sime Darby Renewables, a new unit under Sime Darby Plantation Sdn Bhd, will spearhead this initiative which essentially focuses on converting traditional and non-traditional palm-based commodities into products of higher value.

c) On 30 April 2014, Sime Darby Energy Sdn Bhd completed the disposal of its entire 75% equity interest in Port Dickson Power Berhad, comprising 112,500 ordinary shares of RM1.00 each and 112,500 redeemable preference shares of RM1.00 each, to Hypergantic Sdn Bhd and its entire 100% equity interest in Sime Darby Biofuels Sdn Bhd, comprising 2 ordinary shares of RM1.00 each to Malakoff Power Berhad for a total cash consideration of RM300.0 million.

Amounts in RM million unless otherwise stated

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 of RM1.00 each and 179,585 redeemable preference shares of RM0.01 each to Brunsfield Development Holdings Sdn Bhd for a total cash consideration of RM23.0 million. The disposal resulted in a loss of RM0.8 million.

   Net cash inflow arising from disposal of subsidiaries are analysed as follows:

	Three quarters ended 31 March 2014
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 of subsidiary during the period	**24.8**
Add: Proceeds from disposal of subsidiaries in previous year	**187.3**
Net cash inflow from disposals of subsidiaries	**212.1**

2. Acquisition of subsidiaries

   a) 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.

   b) On 13 March 2014, Haynes Mechanical Pty Ltd has completed the acquisition of 70% equity interest in TFP Engineering Pty Ltd (TFPE) for a cash consideration of AUD3.2 million (equivalent to RM9.5 million). The principal activity of TFPE is labour hire/contracting, services and repair of mining machinery parts, as well as crane hire business.

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	**35.6**	**35.6**
Intangible assets	**0.2**	**34.4**
Net current assets	**43.1**	**43.1**
Non-controlling interest	**(7.6)**	**(7.6)**
Net assets acquired	**71.3**	**105.5**
Add: Goodwill		**17.9**
Purchase consideration		**123.4**
Less: Cash and cash equivalents of subsidiaries acquired		**(22.8)**
Net cash outflow on acquisition of subsidiaries during the period		**100.6**
Add: Payment for subsidiaries acquired in previous year		**26.1**
Net cash outflow on acquisition of subsidiaries		**126.7**

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 (SDAR) from Ruzainum Abdul Halim and Mohd Arif Farhan Mohd Zahiri. Concurrently, SDAR acquired the remaining 20% equity interest in Sime Darby Alif Food Industries Sdn Bhd (SDAF) from Ruzainum Abdul Halim for a total purchase consideration of RM1. Consequently, both SDAR and SDAF 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 (equivalent to RM0.5 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 the establishment of MyBiomass Sdn Bhd on a 30:30:40 basis.

c) On 6 March 2014, Weifang Sime Darby Port Co Ltd entered into Shareholders' Agreement with Weifang Port Co Ltd and Shandong Hi-speed Transport & Logistics Investment Co Ltd to establish a joint venture company known as Weifang Port Services Co Ltd for the construction, management and maintenance of the sea channel, anchorage and other port infrastructure within the Weifang Central Port region.

d) On 11 March 2014, Sime Darby TNBES Renewable Energy Sdn Bhd (SDTNBES) was incorporated pursuant to a Shareholders' Agreement between Sime Darby Plantation Sdn Bhd (SDP) and TNB Energy Services Sdn Bhd (TNBES), a wholly owned subsidiary of Tenaga Nasional Berhad for the purpose of undertaking biogas project development from agricultural waste product. SDTNBES' paid up share capital of 2 ordinary shares of RM1.00 each are held by Datuk Franki Anthony Dass and Encik Jamel Ibrahim. The shares will be transferred to SDP and TNBES accordingly, whilst the issued and paid-up share capital of SDTNBES will be increased to RM50,000 divided into 50,000 ordinary shares of RM1.00 each and will be held by SDP and TNBES on a 51:49 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 21 May 2014	**As at 30 June 2013**
Performance guarantees and advance payment guarantees to customers of the Group	**2,926.6**	2,938.1
Guarantees in respect of credit facilities granted to:		
- certain associates and a jointly controlled entity	**37.1**	30.1
- plasma stakeholders	**67.9**	81.1
	3,031.6	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 21 May 2014, the Group received counter-indemnities amounting to RM212.1 million (30 June 2013: RM212.1 million).

b) Claims

	As at 21 May 2014	**As at 30 June 2013**
Claims pending against the Group	**14.3**	1.3

The claims represent 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

	Three quarters ended 31 March		%
	2014	**2013**	**+/(-)**
Revenue	**31,933.2**	33,840.2	(5.6)
Segment results			
Plantation	**1,216.9**	1,607.1	(24.3)
Industrial	**809.3**	930.5	(13.0)
Motors	**402.9**	507.5	(20.6)
Property	**243.2**	270.0	(9.9)
Energy & Utilities	**148.4**	189.7	(21.8)
Others	**49.4**	28.8	71.5
	2,870.1	3,533.6	(18.8)
Exchange gain/(loss)			
Unrealised	**–**	(4.8)	
Realised	**99.6**	2.0	
Corporate expense and elimination	**(47.3)**	(53.3)	
Profit before interest and tax	**2,922.4**	3,477.5	(16.0)
Finance income	**115.7**	87.6	
Finance costs	**(318.5)**	(337.1)	
Profit before tax	**2,719.6**	3,228.0	(15.7)
Tax expense	**(461.8)**	(744.5)	
Profit from continuing operations	**2,257.8**	2,483.5	(9.1)
Profit from discontinued operations	**–**	7.1	
Profit for the period	**2,257.8**	2,490.6	(9.3)
Non-controlling interests	**(98.0)**	(100.6)	
Profit after tax and non-controlling interests	**2,159.8**	2,390.0	(9.6)

The Group revenue at RM31.93 billion for the three quarters ended 31 March 2014 was a slight decline of 5.6% compared to the corresponding period of the previous year. Group profit before tax declined by 15.7% largely due to lower earnings from all business segments, except Others.

Profit attributable to shareholders of the Company at RM2.16 billion was lower by 9.6% against RM2.39 billion in the corresponding period of the previous year. The lower decline of 9.6% as compared to the drop in the profit before tax is due to the adjustment to the deferred tax following the changes in real property gains tax rate and the Malaysian income tax rate from 25% to 24%. The lower effective tax rate is also due to the recognition of deferred tax asset on the temporary difference between accounting base and tax base of certain assets.

Analysis of the results of each segment is as follows:

a) Plantation

Plantation division registered a 24.3% reduction in profit compared to the same period of the previous year as a result of lower crude palm oil (CPO) sales volume by 10.3% and lower fresh fruit bunch (FFB) production by 12.0% despite the higher average CPO price realised of RM2,439 per tonne against RM2,338 per tonne realised previously. Lower FFB production was registered in both Indonesia and Malaysia by 20.4% and 6.7% respectively. The decline in FFB production in Indonesia was attributable largely to the delay in peak cropping and prolonged dry weather. Overall oil extraction rate was slightly higher at 21.9% as compared to the previous year at 21.8%.

Midstream and downstream operations recorded a profit of RM67.8 million for the current period compared to a profit of RM44.2 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 13.0% to RM809.3 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 prices continue to weaken the Australian mining sector. The Australasia results included a gain on the disposal of a property in Papua New Guinea of RM42 million.

All other regions recorded improved performance and margins. In China/Hong Kong, this was due to the improved market conditions and various cost control initiatives as well as volume rebates from achieving Caterpillar targets. As for Malaysia and Singapore, the better margins had been mainly due to cost savings on completed projects.

c) Motors

The Motors division's earnings contracted by 20.6% compared to the previous year due to the drop in profit from Singapore, Thailand, Australia and China/Hong Kong operations. The drop was mainly due to the changes in government legislation in Singapore, the economic slowdown in Australia and the slowdown in Thailand due to the social unrest and political uncertainty. Contribution from China/Hong Kong operations dropped marginally due to lower profit from BMW.

The Malaysia operations continued to maintain strong growth with higher contributions from Hyundai, Ford, Land Rover and the Hertz franchised car rental operations.

d) Property

Property registered a 9.9% decrease in earnings as the previous year included the gain on disposal of a piece of land in Pagoh amounting to RM45.1 million. Excluding the gain on disposal, the contribution from Property improved by 8.1% due to higher share of profit from associate, contribution from Elmina East from the successful launches to date and the compensation for compulsory acquisition of land of RM20.9 million but partially offset by the lower contribution from Denai Alam and Bandar Bukit Raja.

e) Energy & Utilities

Profit from Energy & Utilities declined by 21.8% to RM148.4 million due to additional cost provision of RM12.0 million for an offshore project and the writeback of provision for a completed project in the previous year of RM35.0 million. The contribution from port and water operations in China increased marginally from RM29.7 million to RM33.3 million mainly attributable to increase in throughput and higher average tariff rate achieved in both sectors. The higher throughput for port operations is mainly attributable to the new container terminal which was completed in April 2013.

f) Others

Contribution from Others improved by RM20.6 million mainly due to the share of profit of Healthcare business, the higher contribution from insurance brokerage business and the higher 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 March 2014	**31 December 2013**	**% +/(-)**
Revenue	**10,296.0**	10,878.0	(5.4)
Segment results			
Plantation	**454.8**	507.5	(10.4)
Industrial	**220.6**	261.5	(15.6)
Motors	**142.9**	153.4	(6.8)
Property	**105.5**	72.1	46.3
Energy & Utilities	**39.1**	52.6	(25.7)
Others	**25.3**	8.6	194.2
	988.2	1,055.7	(6.4)
Exchange gain/(loss):			
Unrealised	**–**	(0.8)	
Realised	**98.5**	1.1	
Corporate expense and elimination	**(13.8)**	(5.7)	
Profit before interest and tax	**1,072.9**	1,050.3	2.2
Finance income	**41.0**	50.0	
Finance costs	**(111.4)**	(97.4)	
Profit before tax	**1,002.5**	1,002.9	(0.1)
Tax expense	**(120.5)**	(143.3)	
Profit for the period	**882.0**	859.6	2.6
Non-controlling interests	**(29.5)**	(41.3)	
Profit after tax and non-controlling interests	**852.5**	818.3	4.2

Group revenue was marginally lower by 5.4% while the pre-tax profit at RM1,002.5 million was about the same against the prior quarter. Net earnings of the Group improved by 4.2% to RM852.5 million largely attributable to higher earnings from Property and Others and the adjustment to the deferred tax following the changes in real property gains tax rate and the Malaysian income tax rate from 25% to 24%.

a) Plantation

Profit from Plantation decreased by 10.4% in the current quarter despite the higher average CPO price realised of RM2,573 per tonne against RM2,416 per tonne in the preceding quarter. The decline in profit is attributable to the lower CPO sales volume of 13.6% and lower FFB production by 18.5% largely as a result of the drop in production in Indonesia by 14.6%.

Midstream and downstream operations recorded lower profit of RM19.5 million compared to RM37.2 million in the preceding quarter mainly due to losses from Unimills arising from lower margin realised and higher share of losses from Emery Group.

b) Industrial

Contribution from Industrial division was lower by 15.6% largely due to lower equipment deliveries and product support sales in the current quarter to the mining sector in Australia as unfavourable coal prices continue to weaken the Australian mining sector. The low seasonal trend during the Lunar festive season in February 2014 has also resulted in lower equipment deliveries in China/Hong Kong, Malaysia and Singapore. China/Hong Kong results was however mitigated by higher deliveries of equipment to the marine and shipyard sectors. In Singapore, margin was better due to incremental cost savings on completed projects compared to the preceding quarter.

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 lower profit by 6.8% to RM142.9 million mainly attributable to the lower profits recorded from BMW operations in China/Hong Kong and Malaysia.

The operations in Australia/New Zealand recorded improved profits on the back stronger of performance from BMW and Trucks operations but the mass brand vehicles segment continues to be affected by stiff competition. Profit from Singapore improved attributable to stronger performance from BMW operations.

d) Property

Profit from Property for the current quarter increased by 46.3% compared to the preceding quarter due to higher profit recognition from property development in Elmina East and Bandar Universiti Pagoh as well as additional compensation for compulsory land acquisition and higher share of profit from associates.

e) Energy & Utilities

The results of Energy & Utilities declined by 25.7% mainly due to additional cost provision for an offshore project and the lower profit achieved in the power sector attributable to higher operating costs. The port and water operations in China registered marginally lower profit mainly due to lower throughput achieved as a result of lesser activities during the festive season.

f) Others

Contribution from Other businesses increased by RM16.7 million in the quarter under review due to the higher share of profit from Tesco Stores (Malaysia) Sdn Bhd and Ramsay Sime Darby Healthcare Sdn Bhd.

B3. Prospects

The global economy continues to remain challenging with weaker-than-expected projected economic growth in Europe and China. The Group's businesses are affected by weak commodity prices and a volatile foreign exchange environment.

The Plantation division has been affected by the changing oil palm crop pattern with lower FFB production as a result of the delay in peak cropping, particularly in Indonesia. CPO prices have improved from the previous quarter but remain subdued. The expectation of the El-Nino phenomenon later in the year, may positively impact prices but, with consequential impact on the production of FFB. Longer term price outlook for CPO remains positive due to demand from population growth and supportive biodiesel mandates from Malaysia and Indonesia. The initial plantings in Liberia have started to bear fruit and the total planted hectarage to date of 10,035 hectares of oil palm would contribute to the division's revenue growth in the coming years.

The performance of the Industrial division has been adversely affected by the contraction in the mining sector in Australia following a decline in coal prices and the high Australian Dollar. This has resulted in the deferment of greenfield projects and severe cost cutting measures by mining operators. On a positive note, the scaling down of activities and exit of competitors in the market will start to bring back some balance into the supply/demand economics. Strong demand for jackup rigs and deep-water drilling rigs in the Asian region is expected to drive the growth of the power systems business. In Malaysia, the demand for industrial equipment continues to be well supported by several infrastructure projects.

The Motors division has been operating under very competitive market conditions and strong pressure on margins in most of the countries in which it operates. Nevertheless, the division remains focused on its long-term growth with its expansion into new territories under the Kia and BMW distributorships in Taiwan and Vietnam respectively and the recently concluded acquisition of the BMW dealership in Brisbane, Australia. The consolidation of the Jaguar/Land Rover franchise operations will also boost the long-term growth of the division.

The outlook for the property market in Malaysia is expected to be moderate due to weaker demand and tighter liquidity following the cooling measures introduced by the government under the 2014 Budget. However, the strategic location of the Group's development and the focus on landed properties has continued to garner strong demand for the launches in Elmina East, Bandar Bukit Raja and Nilai Impian. On the overseas front, the development of Phase I of the Battersea Power Station Project is progressing well while the recent launch of Phase II on the iconic Power Station has received overwhelming response from the UK market and would contribute positively to divisional profit in the next three to four years.

The economic slowdown in China has affected the Ports operations with the slower-than-expected growth in throughput. However, the on-going expansion programme to increase capacity through additional berths and container terminals in Weifang Port would position it for the future growth of the region with its rich hinterland. The Group completed the disposal of Port Dickson Power Berhad on 30 April 2014 and the impact of the disposal would be recorded in the fourth quarter of the financial year.

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 three quarters ended 31 March 2014 are as follows:

	Actual Three quarters ended 31 March 2014	**Target Year ending 30 June 2014**
Profit attributable to owners of the Company (RM million)	2,159.8	2,800
Return on average shareholders' equity (%)	7.9	10.0

For the three quarters ended 31 March 2014, the profit attributable to ordinary equity holders and the return on average shareholders' equity achieved by the Group are approximately 77.1% and 78.9% 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 March		**Three quarters ended 31 March**	
	2014	**2013**	**2014**	**2013**
Included in operating profit are:				
Depreciation and amortisation	**(297.1)**	(296.0)	**(899.7)**	(919.1)
Amortisation of prepaid lease rentals	**(11.9)**	(12.1)	**(37.2)**	(37.0)
(Impairment)/Reversal of impairment of				
- property, plant and equipment	**(0.2)**	(0.7)	**13.7**	(8.5)
- receivables	**(2.0)**	2.3	**16.7**	(8.8)
Write down of inventories (net)	**(0.5)**	(30.4)	**(21.4)**	(40.5)
Gain/(loss) on disposal of				
- a subsidiary	**–**	5.2	**12.1**	5.2
- a jointly controlled entity	**–**	–	**–**	7.0
- an associate	**–**	–	**(0.8)**	0.9
- property, plant and equipment				
- land and buildings	**4.3**	13.6	**49.2**	62.4
- others	**(1.5)**	0.5	**(0.3)**	0.9
- prepaid lease rentals	**0.1**	–	**1.5**	–
- investment properties	**–**	0.2	**0.9**	0.9
- unit trusts	**–**	–	**–**	0.2
Net foreign exchange gain	**94.5**	11.7	**11.3**	7.4
(Loss)/gain on cross currency swap contract	**(33.0)**	(6.1)	**16.2**	(39.0)
(Loss)/gain on forward foreign exchange contracts	**(2.2)**	(6.4)	**(3.3)**	4.8
Included in finance costs is:				
Loss on interest rate swap contracts	**–**	–	**–**	(7.6)
Included in discontinued operations is:				
Depreciation and amortisation	**–**	(8.9)	**–**	(24.5)
Impairment of receivables	**–**	(0.5)	**–**	(0.5)

Amounts in RM million unless otherwise stated

B7. Tax Expense

	Quarter ended 31 March		Three quarters ended 31 March	
	2014	**2013**	**2014**	**2013**
Continuing operations				
In respect of the current period:				
- current tax	**254.8**	233.1	**692.0**	839.3
- deferred tax	**23.8**	23.4	**20.1**	21.7
	278.6	256.5	**712.1**	861.0
In respect of prior years:				
- current tax	**(8.3)**	(38,8)	**29.0**	(105.0)
- deferred tax	**(149.8)**	2.5	**(279.3)**	(11.5)
	120.5	220.2	**461.8**	744.5
Discontinued operations	**–**	3.6	**–**	6.7
	120.5	223.8	**461.8**	751.2

The effective tax rate for the current quarter and three quarters ended 31 March 2014 of 12.0% and 17.0% respectively are lower than the Malaysian income tax rate of 25% principally due to adjustment to the deferred tax arising from changes in real property gains tax rate and the impending change to the Malaysian income tax rate from 25% to 24%. In addition, the recognition of deferred tax assets amounting to RM167.4 million on temporary differences between tax base and accounting base of certain assets further contributed to the lower effective tax rate.

B8. Status of Corporate Proposals

The corporate proposal announced but not completed as at 21 May 2014 is as follows:

On 28 April 2014, Sime Darby Berhad announced that it is taking a stake in an industrial biotechnology company, Verdezyne Inc, as part of an initiative to pursue strategic growth areas for its plantation business. Sime Darby Renewables, a new unit under Sime Darby Plantation Sdn Bhd, will spearhead this initiative which essentially focuses on converting traditional and non-traditional palm-based commodities into products of higher value.

Amounts in RM million unless otherwise stated

B9. Group Borrowings

	As at 31 March 2014		
Long-term borrowings	**Secured**	**Unsecured**	**Total**
Term loans	**741.7**	**3,241.8**	**3,983.5**
Islamic Medium Term Notes	**–**	**1,700.0**	**1,700.0**
Sukuk	**–**	**2,635.0**	**2,635.0**
	741.7	**7,576.8**	**8,318.5**
Short-term borrowings			
Bank overdrafts	**–**	**87.2**	**87.2**
Portion of term loans due within one year	**2.8**	**210.9**	**213.7**
Portion of Islamic Medium Term Notes due within one year	**–**	**700.0**	**700.0**
Revolving credits, trade facilities and other short-term borrowings	**13.7**	**1,862.2**	**1,875.9**
	16.5	**2,860.3**	**2,876.8**
Total borrowings	**758.2**	**10,437.1**	**11,195.3**

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	**3,515.7**	**1,228.4**	**4,744.1**
Australian dollar	**903.4**	**6.0**	**909.4**
Chinese renminbi	**16.5**	**672.6**	**689.1**
Indonesian rupiah	**–**	**86.9**	**86.9**
New Zealand dollar	**–**	**177.7**	**177.7**
Pacific franc	**41.5**	**2.8**	**44.3**
Singapore dollar	**–**	**85.5**	**85.5**
Thailand baht	**35.5**	**52.1**	**87.6**
United States dollar	**3,805.9**	**530.5**	**4,336.4**
Others	**–**	**34.3**	**34.3**
Total borrowings	**8,318.5**	**2,876.8**	**11,195.3**

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 March 2014 are as follows:

	Classification in Statement of Financial Position				
	Assets		Liabilities		
	Non-current	Current	Non-current	Current	Net Fair Value
Forward foreign exchange contracts	**16.5**	**61.4**	**(0.3)**	**(14.8)**	**62.8**
Interest rate swap contracts	**14.7**	**–**	**–**	**(4.9)**	**9.8**
Cross currency swap contract	**83.7**	**–**	**–**	**(25.1)**	**58.6**
Commodity futures contracts	**–**	**6.9**	**–**	**(6.7)**	**0.2**
	114.9	**68.3**	**(0.3)**	**(51.5)**	**131.4**

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 March 2014, 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	**2,411.1**	**46.6**
- 1 year to 2 years	**255.4**	**16.2**
	2,666.5	**62.8**

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 March 2014 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 March 2014, 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	**109.9**	**(4.9)**
- 1 year to 3 years	**439.7**	**3.2**
- 3 years to 7 years	**438.5**	**11.5**
	988.1	**9.8**

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 March 2014, 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	**146.6**	**(25.1)**
- 1 year to 3 years	**586.3**	**19.5**
- 3 years to 7 years	**584.6**	**64.2**
	1,317.5	**58.6**

Amounts in RM million unless otherwise stated

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

a) Derivatives (continued)

Commodity futures contracts

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 March 2014 that are not held for the purpose of physical delivery are as follows:

	Quantity (metric tonne)	Notional Amount	Fair Value Assets/ (Liabilties)
Purchase contracts	**49,661**	**138.2**	**2.5**
Sales contracts	**46,361**	**130.6**	**(2.3)**
			0.2

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 March 2014	As at 30 June 2013
Total retained profits of the Company and its subsidiaries		
- realised	**23,264.8**	22,470.6
- unrealised	**5,356.9**	5,597.8
	28,621.7	28,068.4
Total share of retained profits from jointly controlled entities		
- realised	**41.6**	34.5
- unrealised	**31.1**	(10.1)
	72.7	24.4
Total share of retained profits from associates		
- realised	**331.1**	311.4
- unrealised	**(2.0)**	(3.8)
	329.1	307.6
Less: consolidation adjustments	**(12,206.8)**	(11,638.3)
Total retained profits of the Group	**16,816.7**	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 21 May 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 on 6 December 2011.

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 (Leave Application). Case management which was fixed on 5 February 2014 was postponed at PTAS's counsel's request to 27 February 2014. On 27 February 2014, the Federal Court fixed the hearing of the Leave Application on 22 May 2014 and directed the parties to file written submissions by 8 May 2014.

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

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.

DSAZ and DMS filed third party notices dated 8 March 2011 and 20 April 2011 respectively against certain individuals and Sime Darby Holdings Berhad, of whom comprise former management and current 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, seeking indemnity and/or contribution from the third parties in the event DSAZ and DMS are found liable to the Plaintiffs. The third parties have applied to strike out third party proceedings instituted against them by DSAZ and DMS.

The third party proceedings have been dismissed by the High Court and the subsequent appeals filed by DSAZ and DMS have been dismissed by the Court of Appeal and Federal Court. 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.

In respect of the civil suit, the Defendants have filed their respective Statements of Defence.

On 23 March 2011, DSAZ filed an application for discovery of documents (DSAZ's Discovery Application). On 13 June 2011, the High Court ordered DSAZ's Discovery Application hearing to be adjourned pending the completion of the discovery process.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 21 May 2014 are as follows: (continued)

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

At the case managements on 20 March 2012, 29 June 2012 and 15 October 2012, the High Court ordered the parties to work on the agreed bundle of documents and fixed 30 October 2012 for hearing of DSAZ's Discovery Application. On 30 October 2012, the High Court ordered the parties to further narrow down the categories of documents in contention and fixed DSAZ's Discovery Application hearing on 22 January 2013.

On 9 January 2013, DSAZ filed an application for a stay of the trial which was scheduled to be heard in March and April 2013 (DSAZ's Stay Application) pending the disposal of DSAZ's leave to appeal to the Federal Court against the decision of the Court of Appeal in dismissing DSAZ's third party proceedings (DSAZ's Leave to Appeal). On 22 January 2013, the High 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.

On 18 September 2013, the Federal Court dismissed DSAZ's Leave to Appeal. Following the Federal Court's decision, the High Court on 25 November 2013 fixed tentative trial dates as follows: July 2014 – 7 to 10, 21 to 24 and August 2014 – 4 to 7, 18 to 21 and scheduled the next case management on 29 January 2014. On 29 January 2014, the High Court fixed DSAZ's Discovery Application for hearing on 28 March 2014. The High 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.

DSAZ's Discovery Application which was fixed for hearing on 28 March 2014 was adjourned to 16 April 2014. At the hearing, DSAZ's counsel argued that they are entitled to (i) the consultants' reports; and (ii) the full set of the minutes of board meetings (instead of redacted minutes). The Plaintiffs' counsel argued that the reports were subject to legal privilege and the submission of redacted minutes was a common practice and was necessary to preserve confidentiality.

On 30 April 2014, the Court dismissed DSAZ's Discovery Application with costs. The judge rejected DSAZ's counsel's oral application for a stay of the trial pending the filing of an appeal and directed that the trial proceed on the dates fixed earlier. The judge further directed the parties to file the agreed issues to be tried and agreed bundle of documents by 30 May 2014.

With regard to the sequencing of the trial dates, the Court will hear the Bakun Suit first and the hearing is expected to be concluded by July 2014. Once the hearing of the Bakun Suit is concluded, the Court will proceed to hear the O&G Suit, which hearing is expected to be concluded by September 2014. Parties will file their submissions by October 2014, and the Court is expected to give its decision by December 2014.

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

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.

DSAZ and DMS filed third party notices dated 8 March 2011 and 20 April 2011 respectively against certain individuals and Sime Darby Holdings Berhad, of whom comprise former management and current 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, seeking indemnity and/or contribution from the third parties in the event DSAZ and DMS are found liable to the Plaintiffs. The third parties have applied to strike out third party proceedings instituted against them by DSAZ and DMS.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 21 May 2014 are as follows: (continued)

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

The third party proceedings have been dismissed by the High Court and the subsequent appeals filed by DSAZ and DMS have been dismissed by the Court of Appeal and Federal Court. 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.

In respect of the civil suit, the Defendants have filed their respective Statements of Defence.

On 23 March 2011, DSAZ filed an application for discovery of documents (DSAZ's Discovery Application). On 13 June 2011, the High Court ordered DSAZ's Discovery Application hearing to be adjourned pending the completion of the discovery process.

At the case managements on 20 March 2012, 29 June 2012 and 15 October 2012, the High Court ordered the parties to work on the agreed bundle of documents and fixed 30 October 2012 for hearing of DSAZ's Discovery Application. On 30 October 2012, the High Court ordered the parties to further narrow down the categories of documents in contention and fixed DSAZ's Discovery Application hearing on 22 January 2013.

On 9 January 2013, DSAZ filed an application for a stay of the trial which was scheduled to be heard in March and April 2013 (DSAZ's Stay Application) pending the disposal of DSAZ's leave to appeal to the Federal Court against the decision of the Court of Appeal in dismissing DSAZ's third party proceedings (DSAZ's Leave to Appeal). On 22 January 2013, the High 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.

On 18 September 2013, the Federal Court dismissed DSAZ's Leave to Appeal. Following the Federal Court's decision, the High Court fixed tentative trial dates as follows: July 2014 – 7 to 10, 21 to 24 and August 2014 – 4 to 7,18 to 21 and scheduled the next case management on 29 January 2014. On 29 January 2014, the High Court fixed DSAZ's Discovery Application for hearing on 28 March 2014. The High 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.

DSAZ's Discovery Application which was fixed for hearing on 28 March 2014 was adjourned to 16 April 2014. At the hearing, DSAZ's counsel argued that they are entitled to (i) the consultants' reports; and (ii) the full set of the minutes of board meetings (instead of redacted minutes). The Plaintiffs' counsel argued that the reports were subject to legal privilege and the submission of redacted minutes was a common practice and was necessary to preserve confidentiality.

On 30 April 2014, the Court dismissed DSAZ's Discovery Application with costs. The judge rejected DSAZ's counsel's oral application for a stay of the trial pending the filing of an appeal and directed that the trial proceed on the dates fixed earlier. The judge further directed parties to file the agreed issues to be tried and agreed bundle of documents by 30 May 2014.

With regard to the sequencing of the trial dates, the Court will hear the Bakun Suit first and the hearing is expected to be concluded by July 2014. Once the hearing of the Bakun Suit is concluded, the Court will proceed to hear the O&G Suit, which hearing is expected to be concluded by September 2014. Parties will file their submissions by October 2014, and the Court is expected to give its decision by December 2014.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 21 May 2014 are as follows: (continued)

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).

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.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 21 May 2014 are as follows: (continued)

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

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

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 supplemental report by 11 December 2013 and 5 February 2014, the Court adjourned the matter to 5 March 2014.

On 5 March 2014, the court expert submitted his supplemental report (which maintained his earlier findings). SDE's counsel filed a formal objection to the court expert's supplemental report on 19 March 2014. The case which was fixed for decision on 15 May 2014 was postponed to 18 May 2014.

On 18 May 2014, the court issued a judgment for the sum of AED41,046,086 against SDE which is believed to be the same amount recommended by the court expert despite SDE's and EMAS's objections to the court expert's report. SDE shall appeal against the court's decision and has until 18 June 2014 to submit its appeal. EMAS has filed its appeal against the court's decision on 20 May 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.

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). On 21 April 2014, the Applicant's solicitors wrote to Sime Darby's solicitors seeking Sime Darby's consent to the withdrawal of the Appeal on the grounds that given the price per share had now exceeded RM2.30 (which was the mandatory take-over offer price sought by the Applicant), the continuance of the Judicial Review proceedings would be an academic exercise. On 29 April 2014, the Applicant's solicitors filed a Notice of Discontinuance of the Appeal in which the parties agreed that the Appeal would be withdrawn without liberty to file afresh and without an order as to costs. Consequently, the Judicial Review proceedings have now 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 21 May 2014 are as follows: (continued)

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 had been transferred to a new circuit court and the hearing before the new court was fixed on 7 November 2013.

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 3 court experts (comprising 2 engineers nominated by each of SDE and QP and an accountant from the Court's list), revised the court experts' fees and fixed 3 April 2014 for hearing.

On 3 April 2014, QP contested the appointment of the court expert from its earlier list of nominees. The Court fixed the next hearing date on 8 May 2014 and subsequently adjourned to 15 May 2014 to decide on the appointment of QP's nominee.

On 15 May 2014, the Court appointed a new experts committee and adjourned the case for hearing to 23 October 2014. Identity of the new court experts will only be known once the official written judgment is issued by the Court.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 21 May 2014 are as follows: (continued)

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.

On 30 April 2014, Sime Darby Energy Sdn Bhd completed the disposal of its entire 75% equity interest in PDP to Hypergantic Sdn Bhd (Hypergantic), a wholly owned subsidiary of Malakoff Corporation Berhad. Consequently, this matter will be managed by Hypergantic.

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 USD47,217,857.

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.

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.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 21 May 2014 are as follows: (continued)

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

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. Hearing has been fixed for 5 January 2015.

SOC has also submitted an application to the tribunal for security for the claim amount of USD47,217,857 by way of a bank guarantee or parental guarantee (SOC's Application). On 9 April 2014, the tribunal dismissed SOC's Application. SDE filed its Defence and Counterclaim on 18 April 2014 and SOC is to provide its response by 7 June 2014.

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. The 1st OEC meeting was held in New Delhi from 19 March 2014 to 21 March 2014 during which time the Consortium submitted its reply to ONGC's Statement of Defence.

The 2nd OEC meeting was held from 28 April 2014 to 30 April 2014 during which time the Consortium made a presentation to the OEC on the Consortium's claims.

The OEC then fixed the 3rd meeting from 28 May 2014 to 30 May 2014 which will probably be the last session before the OEC delivers its recommendations to the ONGC's board of directors.

B12. Dividend

No dividend has been declared for the current quarter under review.

B13. Earnings Per Share

	Quarter ended 31 March		Three quarters ended 31 March	
	2014	**2013**	**2014**	**2013**
Earnings per share attributable to owners of the Company are computed as follows:				
Basic				
Profit for the period				
- from continuing operations	**852.5**	690.1	**2,159.8**	2,382.9
- from discontinued operations	**–**	1.1	**–**	7.1
	852.5	691.2	**2,159.8**	2,390.0
Weighted average number of ordinary shares in issue (million)	**6,050.1**	6,009.5	**6,022.8**	6,009.5
Earnings per share (sen)				
- from continuing operations	**14.09**	11.48	**35.86**	39.65
- from discontinued operations	**–**	0.02	**–**	0.12
	14.09	11.50	**35.86**	39.77
Diluted				
Profit for the period				
- from continuing operations *	**852.4**	690.1	**2,159.5**	2,382.9
- from discontinued operations	**–**	1.1	**–**	7.1
	852.4	691.2	**2,159.5**	2,390.0
Weighted average number of ordinary shares in issue (million)	**6,050.1**	6,009.5	**6,022.8**	6,009.5
Earnings per share (sen)				
- from continuing operations	**14.09**	11.48	**35.85**	39.65
- from discontinued operations	**–**	0.02	**–**	0.12
	14.09	11.50	**35.85**	39.77

* adjusted for the dilutive effect of long-term stock incentive plan of an associate of RM0.1 million (2013: Nil) and RM0.3 million (2013: Nil) for the quarter and three quarters ended 31 March 2014, respectively.

By Order of the Board
Norzilah Megawati Abdul Rahman
Group Secretary

Kuala Lumpur
28 May 2014