QUARTERLY REPORT

On the consolidated results for the first quarter ended 30 September 2014

The Directors are pleased to announce the following:

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

	Note	Quarter ended 30 September 2014	Quarter ended 30 September 2013	% +/(-)
Continuing operations				
Revenue	A7	**10,124.4**	10,584.1	(4.3)
Operating expenses		**(9,698.7)**	(10,115.5)	
Other operating income		**330.7**	264.3	
Operating profit	B6	**756.4**	732.9	3.2
Share of results of joint ventures		**(26.9)**	0.9	
Share of results of associates		**15.5**	21.6	
Profit before interest and tax	A7	**745.0**	755.4	(1.4)
Finance income		**45.8**	24.0	
Finance costs		**(115.9)**	(109.1)	
Profit before tax		**674.9**	670.3	0.7
Tax expense	B7	**(148.3)**	(188.1)	
Profit from continuing operations		**526.6**	482.2	9.2
Discontinued operations				
Profit from discontinued operations (see note below)	B6	**–**	34.0	
Profit for the period		**526.6**	516.2	2.0
Attributable to owners of:				
- the Company				
- from continuing operations		**500.7**	461.7	
- from discontinued operations		**–**	27.3	
		500.7	489.0	2.4
- non-controlling interests		**25.9**	27.2	(4.8)
Profit for the period		**526.6**	516.2	2.0
		Sen	Sen	
Earnings per share attributable to owners of the Company	B13			
Basic				
- from continuing operations		**8.26**	7.69	
- from discontinued operations		**–**	0.45	
		8.26	8.14	1.5
Diluted				
- from continuing operations		**8.26**	7.69	
- from discontinued operations		**–**	0.45	
		8.26	8.14	1.5

Note : The discontinued operations in the previous year was in relation to the disposal of the power generation business under Energy & Utilities Division.

The unaudited Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2014.

SIME DARBY BERHAD
(Company No: 752404-U)

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

	Quarter ended 30 September		
	2014	**2013**	**% +/(-)**
Profit for the period	**526.6**	516.2	2.0
Other comprehensive income/(loss)			
Items that will be reclassified subsequently to profit or loss:			
Currency translation differences:			
- subsidiaries	**(142.8)**	(161.3)	
Net changes in fair value of:			
- available-for-sale investments	**(2.4)**	11.6	
- cash flow hedges	**61.0**	14.4	
Share of other comprehensive income of:			
- joint ventures	**(26.9)**	21.7	
- associates	**(4.9)**	6.3	
Tax expense	**(20.0)**	(8.1)	
	(136.0)	(115.4)	
Reclassified changes in fair value of cash flow hedges to:			
- profit or loss	**(84.1)**	15.9	
- inventories	**(10.0)**	27.9	
Tax expense	**28.3**	(13.8)	
	(201.8)	(85.4)	
Item that will not be reclassified subsequently to profit or loss:			
Actuarial gains on defined benefit pension plans	**–**	0.2	
	–	0.2	
Total other comprehensive loss from continuing operations	**(201.8)**	(85.2)	(136.9)
Total other comprehensive income from discontinued operations	**–**	2.5	(100.0)
Total comprehensive income for the period	**324.8**	433.5	(25.1)
Attributable to owners of:			
- the Company			
- from continuing operations	**293.9**	410.4	
- from discontinued operations	**–**	29.8	
	293.9	440.2	(33.2)
- non-controlling interests	**30.9**	(6.7)	561.2
Total comprehensive income for the period	**324.8**	433.5	(25.1)

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2014.

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 30 September 2014	Audited As at 30 June 2014
Non-current assets			
Property, plant and equipment		**14,309.4**	14,346.7
Biological assets		**2,575.6**	2,534.1
Prepaid lease rentals		**889.1**	868.8
Investment properties		**640.2**	656.2
Land held for property development		**911.1**	927.7
Joint ventures		**1,712.1**	1,590.3
Associates		**1,542.0**	1,521.0
Available-for-sale investments		**189.7**	171.6
Intangible assets		**1,226.9**	1,233.5
Deferred tax assets		**989.5**	988.6
Tax recoverable		**411.9**	396.5
Derivatives	B10(a)	**130.2**	68.2
Receivables		**535.5**	587.6
Amounts due from customers on construction contracts		**285.7**	260.4
		26,348.9	26,151.2
Current assets			
Inventories		**9,734.1**	9,510.9
Property development costs		**2,062.0**	1,917.2
Receivables		**6,008.6**	6,526.0
Accrued billings and others		**1,055.8**	1,284.3
Tax recoverable		**290.7**	215.4
Derivatives	B10(a)	**32.1**	43.0
Cash held under Housing Development Accounts		**561.0**	514.2
Bank balances, deposits and cash		**4,999.6**	4,381.8
		24,743.9	24,392.8
Non-current assets held for sale (see note below)		**124.6**	392.2
Total assets	A7	**51,217.4**	50,936.2
Equity			
Share capital		**3,032.1**	3,032.1
Reserves		**25,870.2**	25,556.5
Attributable to owners of the Company		**28,902.3**	28,588.6
Non-controlling interests		**897.8**	876.7
Total equity		**29,800.1**	29,465.3
Non-current liabilities			
Borrowings	B9	**8,235.8**	8,109.2
Finance lease obligation		**145.2**	145.9
Provisions		**33.4**	49.3
Retirement benefits		**147.7**	141.5
Deferred income		**377.8**	375.7
Deferred tax liabilities		**476.8**	493.4
Derivatives	B10(a)	**16.0**	2.4
		9,432.7	9,317.4
Current liabilities			
Payables		**7,554.3**	8,105.2
Progress billings and others		**206.1**	208.7
Borrowings	B9	**3,427.7**	3,065.6
Finance lease obligation		**6.6**	6.6
Provisions		**284.4**	283.4
Deferred income		**60.7**	102.2
Tax payable		**296.4**	267.9
Derivatives	B10(a)	**62.4**	29.7
		11,898.6	12,069.3
Liabilities associated with assets held for sale (see note below)		**86.0**	84.2
Total liabilities		**21,417.3**	21,470.9
Total equity and liabilities		**51,217.4**	50,936.2

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

	Unaudited As at 30 September 2014	Audited As at 30 June 2014
Net assets per share attributable to owners of the Company (RM)	**4.77**	4.71

Note:

Non-current assets held for sale

Non-current assets		
Property, plant and equipment	**0.1**	–
Investment properties	**–**	2.5
Associate	**–**	262.9
Disposal groups	**124.5**	126.8
	124.6	392.2

Liabilities associated with assets held for sale

Disposal groups	**86.0**	84.2

The disposal groups classified under non-current assets held for sale and liabilities associated with assets held for sale, are in respect of Syarikat Malacca Straits Inn Sdn Bhd and Sime Darby Australia Limited group.

The associate classified as non-current asset held for sale as at 30 June 2014 was in respect of the Group's 9.9% equity interest in Eastern & Oriental Berhad. The disposal was completed on 23 July 2014 (see Note A11.3).

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2014.

SIME DARBY BERHAD
(Company No: 752404-U)

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

	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
Quarter ended 30 September 2014													
At 1 July 2014	**3,032.1**	**555.0**	**39.1**	**67.0**	**6,888.3**	**70.1**	**(39.5)**	**73.3**	**(45.2)**	**17,948.4**	**28,588.6**	**876.7**	**29,465.3**
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(25.4)**	**(3.4)**	**(178.0)**	**500.7**	**293.9**	**30.9**	**324.8**
Transfer between reserves	**–**	**–**	**–**	**–**	**(3.3)**	**(2.9)**	**–**	**–**	**–**	**6.2**	**–**	**–**	**–**
Performance-based employee share scheme	**–**	**–**	**19.0**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**19.0**	**–**	**19.0**
Share capital reserve of associate	**–**	**–**	**–**	**–**	**0.8**	**–**	**–**	**–**	**–**	**–**	**0.8**	**–**	**0.8**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(9.8)**	**(9.8)**
At 30 September 2014	**3,032.1**	**555.0**	**58.1**	**67.0**	**6,885.8**	**67.2**	**(64.9)**	**69.9**	**(223.2)**	**18,455.3**	**28,902.3**	**897.8**	**29,800.1**
Quarter ended 30 September 2013													
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/(loss) for the period	–	–	–	–	–	–	38.0	10.9	(97.9)	489.2	440.2	(6.7)	433.5
Transfer between reserves	–	–	–	(0.9)	–	–	–	–	–	0.9	–	–	–
Performance-based employee share scheme	–	–	12.7	–	–	–	–	–	–	–	12.7	0.1	12.8
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	–	(27.4)	(27.4)	(21.2)	(48.6)
Dividends paid	–	–	–	–	–	–	–	–	–	–	–	(22.8)	(22.8)
At 30 September 2013	3,004.7	100.6	12.7	67.0	6,753.6	75.4	(62.0)	73.6	271.4	17,224.8	27,521.8	834.2	28,356.0

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2014.

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

	Note	Quarter ended 30 September 2014	2013
Profit after tax		**526.6**	516.2
Adjustments for:			
Gain on disposal of properties		**(15.4)**	(44.8)
Share of results of joint ventures and associates		**11.4**	(22.5)
Finance income		**(45.8)**	(24.7)
Finance costs		**115.9**	109.7
Depreciation and amortisation		**297.1**	313.0
Amortisation of prepaid lease rentals		**10.6**	12.4
Tax expense		**148.3**	198.0
Other non-cash items		**(16.5)**	66.1
		1,032.2	1,123.4
Changes in working capital:			
Inventories and rental assets		**(375.6)**	51.5
Property development costs		**(135.8)**	(42.9)
Land held for property development		**(0.4)**	(11.4)
Trade and other receivables and prepayments		**704.9**	(330.6)
Trade and other payables and provisions		**(566.2)**	(324.8)
Cash generated from operations		**659.1**	465.2
Tax paid		**(232.2)**	(169.7)
Dividends received from joint ventures and associates		**–**	1.6
Dividends from available-for-sale investments		**0.6**	0.4
Net cash from operating activities		**427.5**	297.5
Investing activities			
Finance income received		**37.8**	20.3
Purchase of property, plant and equipment		**(350.2)**	(457.7)
Purchase of subsidiaries and business		**0.3**	–
Purchase/subscription of shares in joint ventures and associates		**(44.1)**	(23.3)
Purchase of investment properties		**(0.1)**	(0.2)
Cost incurred on biological assets		**(40.3)**	(43.9)
Payment for prepaid lease rental		**(13.7)**	(22.5)
Proceeds from sale of a subsidiary in previous year		**45.0**	187.3
Proceeds from sale of property, plant and equipment		**17.8**	64.3
Proceeds from sale of investment property		**11.5**	0.9
Proceeds from sale of shares in an associate		**318.4**	–
Others		**(64.6)**	72.2
Net cash used in investing activities		**(82.2)**	(202.6)

SIME DARBY BERHAD
(Company No: 752404-U)

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

	Quarter ended 30 September	
	2014	**2013**
Financing activities		
Purchase of additional interest in a subsidiary	**–**	(48.6)
Finance costs paid	**(97.9)**	(83.5)
Long-term borrowings raised	**105.6**	277.0
Repayments of long-term borrowings	**–**	(10.2)
Revolving credits, trade facilities and other short-term borrowings (net)	**271.5**	(263.5)
Dividends paid	**(9.8)**	(22.8)
Net cash from/(used in) financing activities	**269.4**	(151.6)
Net changes in cash and cash equivalents	**614.7**	(56.7)
Foreign exchange differences	**13.7**	(31.4)
Cash and cash equivalents at beginning of the period	**4,802.2**	4,603.6
Cash and cash equivalents at end of the period	**5,430.6**	4,515.5

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

Cash held under Housing Development Accounts	**561.0**	558.4
Bank balances, deposits and cash	**4,999.6**	4,033.9
Less:		
Bank overdrafts (Note B9)	**(130.0)**	(76.8)
	5,430.6	4,515.5

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2014.

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 2014.

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of Preparation

General

In November 2011, the MASB issued the Malaysian Financial Reporting Standards Framework (MFRS Framework). MFRS Framework is a fully IFRS-compliant framework which is applicable for all non-private entities for annual periods beginning on or after 1 January 2012, other than Transitioning Entities (TEs), which may defer adoption in view of imminent changes which may change current accounting treatments. TEs are non-private entities within the scope of MFRS 141 – Agriculture and IC Interpretation 15 – Agreements for the Construction of Real Estate, including their parent, significant investor and venturer.

On 2 September 2014, the MASB issued MFRS Agriculture: Bearer Plants (Amendments to MFRS 116 – Property, Plant and Equipment and Amendments to MFRS 141 – Agriculture) and MFRS 15 – Revenue from Contracts with Customers, which shall apply to financial statements of annual periods beginning on or after 1 July 2016 and 1 July 2017 respectively. The MASB further notifies that TEs are required to comply with MFRS Framework for annual period beginning on or after 1 July 2017.

The Group and the Company, being a TE, will continue to comply with FRS until the MFRS Framework is adopted, no later than from the financial period beginning on 1 July 2017.

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 2014, other than the adoption of the following standards:

- Amendments to FRS 1 – First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2 – Share-based payment
- Amendments to FRS 3 – Business Combinations
- Amendments to FRS 8 – Operating Segments
- Amendments to FRS 10 – Consolidated Financial Statements
- Amendments to FRS 12 – Disclosure of Interests in Other Entities
- 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 127 – Separate Financial Statements
- Amendments to FRS 132 – Financial Instruments: Presentation
- Amendments to FRS 136 – Impairment of Assets
- Amendments to FRS 138 – Intangible Assets
- Amendments to FRS 139 – Financial Instruments: Recognition and Measurement
- Amendments to FRS 140 – Investment Property
- IC Interpretation 21 – Levies

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 set out below.

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

- Amendments to FRS 7 – Financial Instruments: Disclosures

(ii) New and amendments to standards that will be effective for annual periods beginning on or after 1 January 2016:

- FRS 14 – Regulatory Deferral Accounts
- Amendments to FRS 11 – Joint Arrangements
- Amendments to FRS 116 – Property, Plant and Equipment
- Amendments to FRS 138 – Intangible Assets

(iii) New standard that was issued without the mandatory effective date:

- 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.

A4. Material Changes in Estimates

There were no material changes in the estimates of amounts reported in the prior interim periods of the previous financial years that have a material effect on the results for the current quarter under review.

A5. Debt and Equity Securities

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

A6. Dividends Paid

No dividend has been paid during the quarter ended 30 September 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
Quarter ended 30 September 2014										
Segment revenue:										
External	2,195.5	2,709.0	4,597.2	435.0	172.9	14.8	–	10,124.4	–	10,124.4
Inter-segment	0.1	15.0	9.1	7.8	5.1	1.0	(38.1)	–	–	–
	2,195.6	2,724.0	4,606.3	442.8	178.0	15.8	(38.1)	10,124.4	–	10,124.4
Segment result:										
Operating profit/(loss)	307.0	186.5	109.2	143.1	20.3	1.8	(11.5)	756.4	–	756.4
Share of results of joint ventures and associates	(17.7)	3.6	0.8	(6.0)	1.4	6.5	–	(11.4)	–	(11.4)
Profit/(loss) before interest and tax	289.3	190.1	110.0	137.1	21.7	8.3	(11.5)	745.0	–	745.0

SIME DARBY BERHAD
(Company No: 752404-U)

Explanatory Notes on the Quarterly Report – 30 September 2014
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**
Quarter ended 30 September 2013										
Segment revenue:										
External	2,497.7	3,381.0	4,098.3	417.7	173.0	16.4	–	10,584.1	175.1	10,759.2
Inter-segment	0.1	12.7	8.9	8.2	2.2	2.1	(34.2)	–	–	–
	2,497.8	3,393.7	4,107.2	425.9	175.2	18.5	(34.2)	10,584.1	175.1	10,759.2
Segment result:										
Operating profit/(loss)	254.7	321.6	105.0	60.9	11.7	6.0	(27.0)	732.9	43.8	776.7
Share of results of joint ventures and associates	(0.1)	5.6	1.6	4.6	1.3	9.5	–	22.5	–	22.5
Profit/(loss) before interest and tax	254.6	327.2	106.6	65.5	13.0	15.5	(27.0)	755.4	43.8	799.2

Amounts in RM million unless otherwise stated

A7. Segment Information (continued)

	Plantation	Industrial	Motors	Property	Energy & Utilities	Others	Corporate	Total
As at 30 September 2014								
Segment assets:								
Operating assets	**15,332.8**	**9,620.5**	**9,173.5**	**7,009.3**	**2,337.2**	**126.8**	**2,546.5**	**46,146.6**
Joint ventures and associates	**536.4**	**172.9**	**78.5**	**1,686.5**	**79.0**	**700.8**	**–**	**3,254.1**
Non-current assets held for sale	**–**	**–**	**–**	**124.6**	**–**	**–**	**–**	**124.6**
	15,869.2	**9,793.4**	**9,252.0**	**8,820.4**	**2,416.2**	**827.6**	**2,546.5**	**49,525.3**
Tax assets								**1,692.1**
Total assets								**51,217.4**
As at 30 June 2014								
Segment assets:								
Operating assets	15,195.1	10,059.5	8,672.4	7,181.5	2,310.1	158.2	2,255.4	45,832.2
Joint ventures and associates	562.5	164.8	77.3	1,677.6	(64.7)	693.8	–	3,111.3
Non-current assets held for sale	–	–	–	392.2	–	–	–	392.2
	15,757.6	10,224.3	8,749.7	9,251.3	2,245.4	852.0	2,255.4	49,335.7
Tax assets								1,600.5
Total assets								50,936.2

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 30 September 2014	**As at 30 June 2014**
Property, plant and equipment		
- contracted	**796.1**	788.2
- not contracted	**3,285.5**	2,790.8
	4,081.6	3,579.0
Other capital expenditure		
- contracted	**557.2**	551.0
- not contracted	**733.5**	697.1
	5,372.3	4,827.1

In addition to the above, Sime Darby Plantation Sdn Bhd had on 23 October 2014, made an offer to acquire all the voting shares in New Britain Palm Oil Limited for GBP7.15 (equivalent to RM37.88) per share. Details of the offer is disclosed in Note B8.

A9. Significant Related Party Transactions

Related party transactions conducted during the quarter ended 30 September are as follows:

	Quarter ended 30 September	
	2014	**2013**
a. Transactions with joint ventures		
Tolling fees and sales to Emery Oleochemicals (M) Sdn Bhd and its related companies	**9.0**	23.8
Sales and services to Terberg Tractors Malaysia Sdn Bhd	**0.4**	11.3
Purchase of terminal tractors, parts and engine from Terberg Tractors Malaysia Sdn Bhd	**0.9**	–
b. Transactions with associates		
Provision of services by Sitech Construction Systems Pty Ltd	**0.9**	2.7
Sale of products and services to Tesco Stores (Malaysia) Sdn Bhd	**3.9**	2.8
Purchase of paint materials from Sime Kansai Paints Sdn Bhd	**2.1**	–
Sales and services for parts to Energy Power Systems (Australia) Pty Ltd	**2.5**	–

Amounts in RM million unless otherwise stated

A9. Significant Related Party Transactions (continued)

Related party transactions conducted during the quarter ended 30 September are as follows: (continued)

	Quarter ended 30 September 2014	2013
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 group, companies in which Tan Sri Dato' Ir Gan Thian Leong and Encik Mohamad Hassan Zakaria are substantial shareholders	**59.1**	30.3
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	**4.5**	4.4
Royalty payment to and procurement of cars, ancillary services by Inokom Corporation Sdn Bhd from Hyundai Motor Company and its related companies	**47.7**	46.8
Contract assembly service provided by ICSB to Berjaya Corporation Berhad group	**24.8**	6.8
Project management services rendered to Sime Darby Property Selatan Sdn Bhd by Tunas Selatan Construction Sdn Bhd, the holding company of Tunas Selatan Pagoh Sdn Bhd	**2.4**	–
Sale of vehicles and parts by Jaguar Land Rover (M) Sdn Bhd to Sisma Auto Sdn Bhd	**12.0**	–
d. Transactions with firms in which certain Directors of the Company are partners		
Provision of legal services by Azmi & Associates, a firm in which Dato' Azmi Mohd Ali is a partner	**–**	0.1
e. Transactions with Directors and their close family members		
Sales of properties and cars by the Group	**–**	0.2
f. Transactions with key management personnel and their close family members		
Sales of properties and cars by the Group	**0.7**	–

g. Transactions with shareholders and Government

Permodalan Nasional Berhad (PNB) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 51.9% as at 30 September 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 year with government-related entities include the sales and purchases of goods and services. These related party transactions were entered into in the ordinary course of business on normal trade terms and conditions and do not require the approval of shareholders except for the purchase of chemicals and fertilisers from Chemical Company of Malaysia Berhad and its subsidiaries, companies in which YPB has substantial indirect interest, amounting to RM11.7 million (2013: RM14.2 million). Shareholders' mandate was obtained for this recurrent related party transaction during the last annual general meeting.

Amounts in RM million unless otherwise stated

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

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

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

1. Establishment of new company

   On 28 September 2014, Sime Darby CEL Machinery (Guangxi) Company Limited (SDCMG) was established in the People's Republic of China with a registered share capital of RMB5 million wholly held by Sime Darby CEL (South China) Limited. The principal activities of SDCMG will be technical development on machinery, technical consultation on machinery engineering and international business consultation.

2. Acquisition of subsidiary

   On 11 September 2014, Sime-Morakot Holdings (Thailand) Limited and Sime Darby Plantation Europe Ltd completed the acquisition of 199,999,000 ordinary shares THB1.00 each, representing 99.9995% equity interest in Industrial Enterprises Co Ltd (IEC) for a total purchase consideration of THB815 million (equivalent to RM80.9 million) less the net debt position of IEC at completion. IEC is incorporated in Thailand and is principally involved in the business of crushing, refining and distribution of edible oil.

   Details of the assets and net cash inflow arising from the acquisition of subsidiary are as follows:

	Book value	**Fair value**
Property, plant and equipment	**4.4**	**77.8**
Intangible assets	**1.6**	**1.6**
Net current liabilities	**(7.7)**	**(7.7)**
Loans and borrowings	**(72.0)**	**(72.0)**
Net liabilities assumed	**(73.7)**	**(0.3)**
Purchase consideration		**80.9**
Less: Net debt assumed		**(81.2)**
Net cash inflow on acquisition of subsidiary		**(0.3)**

3. Disposal of associate

   On 23 July 2014, the Group completed the disposal of its 9.9% equity interest (excluding treasury stocks) in Eastern & Oriental Berhad (E&O) for a total cash consideration of RM319 million. The disposal resulted in a gain of RM55.5 million, net of transaction costs. Following the completion of the disposal, the Group's interest in E&O has reduced to 22.1%.

Amounts in RM million unless otherwise stated

A12. Contingent Liabilities – unsecured

a) Guarantees

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

The performance guarantees and financial guarantees are as follows:

	As at 20 November 2014	**As at 30 June 2014**
Performance guarantees and advance payment guarantees to customers of the Group	**2,852.2**	2,848.2
Guarantees in respect of credit facilities granted to:		
- certain associates and a joint venture	**67.1**	44.8
- plasma stakeholders	**59.2**	61.5
	2,978.5	2,945.5

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

In addition, the Group guarantees the payment from its customers under a risk sharing arrangement with a third party leasing company in connection with the sale of its equipment up to a pre-determined amount. As at 20 November 2014, the total outstanding risk sharing amount on which the group has an obligation to pay the leasing company should the customers default, amounted to RM226.9 million (30 June 2014: RM254.0 million)

b) Claims

	As at 20 November 2014	**As at 30 June 2014**
Claims pending against the Group	**8.9**	19.4

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

Amounts in RM million unless otherwise stated

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

B1. Review of Group Performance

	Quarter ended 30 September 2014	2013	% +/(-)
Revenue	**10,124.4**	10,584.1	(4.3)
Plantation	**289.3**	254.6	13.6
Industrial	**190.1**	327.2	(41.9)
Motors	**110.0**	106.6	3.2
Property	**137.1**	65.5	109.3
Energy & Utilities	**21.7**	13.0	66.9
Others	**8.3**	15.5	(46.5)
Segment results	**756.5**	782.4	(3.3)
Exchange gain/(loss):			
Unrealised	**–**	0.8	
Realised	**(0.2)**	–	
Corporate expense and elimination	**(11.3)**	(27.8)	
Profit before interest and tax	**745.0**	755.4	(1.4)
Finance income	**45.8**	24.0	
Finance costs	**(115.9)**	(109.1)	
Profit before tax	**674.9**	670.3	0.7
Tax expense	**(148.3)**	(188.1)	
Profit from continuing operations	**526.6**	482.2	9.2
Profit from discontinued operations	**–**	34.0	
Profit for the period	**526.6**	516.2	2.0
Non-controlling interests	**(25.9)**	(27.2)	
Profit after tax and non-controlling interests	**500.7**	489.0	2.4

Group revenue for the first quarter ended 30 September 2014 was lower by 4.3% compared to the corresponding period of the previous year. Profit before tax of the Group at RM674.9 million was marginally higher by 0.7% largely due to the higher earnings from all business segments, except Industrial and Others. Net earnings for the period increased by 2.4% to RM500.7 million from RM489.0 million a year ago.

a) Plantation

Plantation Division's contribution improved by 13.6% compared to the previous year. Profit from upstream was higher, despite the lower average crude palm oil (CPO) price realised of RM2,187 per tonne against RM2,331 per tonne previously, attributable to higher sales volume and lower operating costs. Fresh fruit bunch (FFB) production was higher by 2.3% with Indonesia registering higher production by 10.7% while Malaysia registered lower production by 1.9%. The overall oil extraction rate was also higher at 21.7% as compared to 21.4% in the previous year.

Midstream and downstream operations recorded a loss of RM18.9 million for the current quarter compared to a profit of RM11.0 million previously. The loss was largely due to unfavourable sales mix and higher feed stock prices from the refineries in Europe and Indonesia and share of loss from Emery group attributable to inventories write down and lower sales volume and margin.

B1. Review of Group Performance (continued)

b) Industrial

Contribution from Industrial Division decreased by RM137.1 million (41.9%) largely due to lower profit from Australasia and Singapore. The Australasia operations have been significantly affected by the persistent low coal prices which had resulted in lower equipment deliveries and margin pressures in the product support business. Included in the previous year results was a gain on disposal of property in Papua New Guinea of RM42 million.

Contribution from China was higher attributable to better margin realisation from engine deliveries which mitigated the impact of lower revenue due to delays in rolling-out infrastructure projects. In Malaysia, lower revenue was recorded due to the lower equipment and engine deliveries as the construction, mining, marine and electrical power generation sectors remain weak. However, margins were better mainly due to project finalisation and various cost savings initiatives.

c) Motors

The results from Motors Division increased by 3.2% to RM110.0 million due to higher contribution from Australia, New Zealand and Vietnam. The improved performance in Australia and Vietnam were principally contributed by the BMW operations which were acquired in April 2014 and November 2013, respectively. Higher profits from New Zealand was due to increased activities in the Trucks operations.

The results of the Malaysia operations declined by 12.1% due to lower contribution from Hyundai and Ford. The operations in China continued to be affected by the stiff competition in the luxury car segment which led to pressure on margins.

d) Property

Profit from Property recorded a twofold increase boosted by the gain of RM55.5 million on the disposal of 9.9% equity interest in Eastern & Oriental Berhad. Excluding the gain, the profit improved by 24.6% attributable to the contribution from the construction works at Pagoh Education Hub and higher profit recognition from Elmina East.

e) Energy & Utilities

Profit from Energy & Utilities improved by 66.9% to RM21.7 million compared to the similar period in the previous year due to higher profit from ports and water operations in China on account of an increase in throughput and higher average tariff rate achieved.

f) Others

Contribution from Others declined by RM7.2 million due to lower contribution from insurance brokerage business and 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		
	30 September 2014	**30 June 2014**	**% +/(-)**
Revenue	**10,124.4**	12,513.6	(19.1)
Segment results			
Plantation	**289.3**	657.7	(56.0)
Industrial	**190.1**	202.5	(6.1)
Motors	**110.0**	231.6	(52.5)
Property	**137.1**	356.5	(61.5)
Energy & Utilities	**21.7**	6.9	214.5
Others	**8.3**	3.3	151.5
Segment results	**756.5**	1,458.5	(48.1)
Exchange gain/(loss):			
Unrealised	**–**	0.6	
Realised	**(0.2)**	2.6	
Corporate expense and elimination	**(11.3)**	(30.6)	
Profit before interest and tax	**745.0**	1,431.1	(47.9)
Finance income	**45.8**	47.7	
Finance costs	**(115.9)**	(98.2)	
Profit before tax	**674.9**	1,380.6	(51.1)
Tax expense	**(148.3)**	(277.1)	
Profit from continuing operations	**526.6**	1,103.5	(52.3)
Profit from discontinued operations	**–**	159.2	
Profit for the period	**526.6**	1,262.7	(58.3)
Non-controlling interests	**(25.9)**	(69.8)	
Profit after tax and non-controlling interests	**500.7**	1,192.9	(58.0)

Group revenue for the first quarter ended 30 September 2014 declined by 19.1% to RM10.1 billion. The Group's pre-tax profit at RM674.9 million was 51.1% lower than that of the preceding quarter. Net earnings of the Group declined by 58.0% to RM500.7 million. The drop was attributable to lower earnings from all divisions except Energy & Utilities and Others.

a) Plantation

Plantation profit dropped by 56.0% due to the lower average CPO price realised for the quarter of RM2,187 per tonne against RM2,474 per tonne in the preceding quarter and lower CPO sales volume of 11.5%. FFB production was higher by 10.6% with Malaysia registering higher production by 18.8% and Indonesia registering lower production by 1.9%.

Midstream and downstream operations recorded a loss of RM18.9 million compared to a profit of RM84.6 million in the preceding quarter. The loss was largely due to unfavourable sales mix and higher feedstock prices from the refineries in Europe and Indonesia and share of loss from Emery group. The preceding quarter profit included an adjustment of RM27.9 million to pension provision in Unimills, the reversal of impairment of downstream assets amounting to RM15.4 million and the gain on disposal of Alif Retort group of RM7.5 million.

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

b) Industrial

Profit from Industrial Division was lower by 6.1% against the preceding quarter mainly due to lower profit from all regions except Australasia. Malaysia, Singapore and China recorded lower profit mainly due to lower equipment deliveries to the construction, mining and shipyard sectors.

In Australasia, profit improved on the back of higher equipment sales with better margin realisation and also the inclusion of a provision for staff cost of RM47 million as part of the “right-sizing” exercise in the face of weak mining sector in the preceding quarter.

c) Motors

Motors Division registered a 52.5% drop in profit to RM110.0 million mainly attributable to lower profit from all regions except Australia and Vietnam. The lower performance was mainly due to lower profit from BMW and Hyundai in Malaysia and stiff competition in China’s luxury car segment.

The improved profit from Australia and Vietnam was attributable to better performance from the BMW operations which were acquired during the previous financial year.

d) Property

Profit from Property for the current quarter declined by 61.5% compared to the preceding quarter despite the gain on disposal of 9.9% equity interest in Eastern & Oriental Berhad of RM55.5 million. The lower results was due to the lower profit recognition from property development in Denai Alam, Taman Pasir Putih and Bandar Bukit Raja as well as the construction works at Pagoh Education Hub.

e) Energy & Utilities

Energy & Utilities recorded a profit of RM21.7 million compared to RM6.9 million in the preceding quarter attributable to the port operations in China which registered higher throughput.

f) Others

Contribution from Other businesses improved by RM5.0 million in the quarter under review mainly due to the impairment of trademark of RM3.3 million in the preceding quarter.

B3. Prospects

The global economy continues to remain challenging with slower economic growth expected in Europe and China whilst the United States economy is poised to grow at a more positive pace. The weak commodity prices, volatile foreign exchange environment and expected hike in interest rates continue to increase downside risk and dampen economic recovery.

The Plantation Division has been adversely affected by the weak CPO prices. Nevertheless, the medium to long term outlook remains positive with prices expected to recover due to lower growth output, the extension of the CPO export tax exemption and the strong mandate for biodiesel consumption in both Malaysia and Indonesia. Upstream operations remain the core driver for growth in the Plantation Division and the downstream operations will be enhanced through the expansion of higher margin specialty products.

The prevailing low coal prices have continued to affect the Industrial operations resulting in lower equipment deliveries from all regions. The product support business which is a significant business segment of the Australia operations, continues to face margin pressures from key mining customers. In addition to the downturn in the mining industry, the construction, petroleum and marine sectors in most regions are affected by the soft market conditions. To remain competitive, the Division continues to focus on better margin realisation from equipment deliveries and savings from cost control initiatives.

Motors Division's expansion of its geographical footprint in the Asia Pacific region through the establishment of new dealerships and expansion of facilities and relocation of dealerships to more strategic locations has enabled the Division to exploit the demand in the new markets. The contributions from the new dealerships have partially mitigated the effect of the challenging market conditions. The business continues to suffer a margin squeeze as a result of stricter government legislation, tightening of lending policies and strong competition from other brands.

The property market in Malaysia is affected by the tightening of credit and lending policies as the authorities continue to address the rising household debt problem in the country. In addition, the proposed implementation of the Goods and Services Tax (GST) on 1 April 2015 has caused the market to be more cautious due to uncertainties on the cost and pricing impact. However, the Division's recent launches in the City of Elmina, Bandar Bukit Raja and Nilai Impian continue to receive strong take-up rates due to their strategic locations and superior infrastructure network. The Battersea Power Station Company, after its highly successful launches of Phases 1 and 2, has recently launched Phase 3, consisting of 539 residential units, in the international market and the response to-date has been encouraging.

In China, despite the economic slowdown and the changes in macroeconomic policies, the port operations continue to record higher throughput, from the expansion of the container handling services in Weifang and the increased coal handling in the Jining ports. The on-going berth expansion and the recent joint ventures with strategic partners to accelerate the expansion of port facilities and capacity bode well for the Division for its future growth in the region.

Despite the challenges in the market environment and barring any unforeseen circumstances, the Board expects the Group's performance for the financial year ending 30 June 2015 to be satisfactory.

B4. Statement by Board of Directors on Internal Targets

The Board of Directors wish to announce the following key performance indicators (KPI) for the financial year ending 30 June 2015:

	Target Year ending 30 June 2015
Profit attributable to owners of the Company (RM million)	2,500
Return on average shareholders' equity (%)	8.5

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 30 September	
	2014	**2013**
Included in operating profit are:		
Depreciation and amortisation	**(297.1)**	(300.9)
Amortisation of prepaid lease rentals	**(10.6)**	(12.4)
(Impairment)/reversal of impairment of		
- property, plant and equipment	**(1.7)**	(0.9)
- intangible assets and goodwill	**(1.4)**	–
- receivables	**7.5**	2.4
Write down of inventories (net)	**(12.3)**	1.9
Gain/(loss) on disposal of		
- property, plant and equipment		
- land and buildings	**6.5**	44.0
- others	**0.8**	(0.6)
- investment properties	**8.9**	0.8
- associate	**55.5**	–
Net foreign exchange loss	**(80.6)**	(57.5)
(Loss)/gain on cross currency swap contract	**84.5**	17.6
Gain/(loss) on forward foreign exchange contracts	**(4.3)**	(12.3)
Included in discontinued operations is:		
Depreciation and amortisation	–	(12.1)

Amounts in RM million unless otherwise stated

B7. Tax Expense

	Quarter ended 30 September 2014	2013
Continuing operations		
In respect of the current period:		
- current tax	**162.1**	195.2
- deferred tax	**23.4**	2.4
	185.5	197.6
In respect of prior years:		
- current tax	**(22.8)**	(8.4)
- deferred tax	**(14.4)**	(1.1)
	148.3	188.1
Discontinued operations	**–**	9.9
	148.3	198.0

The effective tax rate for the current quarter ended 30 September 2014 of 22.0% is lower than the Malaysian income tax rate of 25% due mainly to over provision of tax in prior years.

B8. Status of Corporate Proposals

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

a) On 23 October 2014, Sime Darby Plantation Sdn Bhd (SDP) issued the Offer Document to make a cash offer (Offer) to acquire all the voting shares in New Britain Palm Oil Limited (NBPOL) in accordance with the Takeovers Code 1998 of Papua New Guinea (PNG Takeovers Code) to all shareholders of NBPOL. NBPOL is a public company limited by shares and was incorporated in Papua New Guinea on 19 May 1967. NBPOL is principally engaged in the business of cultivating and processing palm oil.

SDP proposes to acquire the NBPOL shares for cash at an offer price of GBP7.15 per share or PGK28.79 per share.

The Offer is subject to, among others, the following conditions:

(a) SDP receiving valid acceptances which carry not less than 51% of the voting rights in NBPOL; and

(b) the European Union (EU) merger filing as follows:

(i) the European Commission (EU Commission) issuing a decision or is deemed to have done so, declaring the Offer compatible with the internal market without attaching to its decision any conditions or obligations that are not reasonably satisfactory to SDP, provided that SDP is not obliged to accept any condition or obligation which is material; and

(ii) if a request under Article 9(2) of the EU Regulation has been made by a member state of the EU (Member State), the EU Commission indicating that it has decided not to refer the Offer (or any part thereof) or any matter arising therefrom to a competent authority of a Member State in accordance with Article 9(1) of the EU Regulation.

The Offer will remain open until 5.00 pm on 18 December 2014 (PNG time) if received within PNG or 1.00 pm (UK time) if received within UK on 18 December 2014 unless the Offer is withdrawn or the Offer period is extended.

Amounts in RM million unless otherwise stated

B8. Status of Corporate Proposal (continued)

The corporate proposals announced but not completed as at 20 November 2014 are as follows: (continued)

b) On 5 November 2014, North Shore Motor Holdings Limited, entered into a conditional Agreement for Sale and Purchase of Shares and Advances in Sodor Properties Limited to acquire the entire equity stake in Sodor Properties Limited (SPL) at a purchase consideration of up to NZD9,000,000 (equivalent to RM23,500,000) (Shares and Advances Acquisition). SPL is a property investor and a private company limited by shares incorporated in New Zealand with a total issued and uncalled share capital of 3 ordinary shares.

The Shares and Advances Acquisition is subject to certain conditions precedent and is expected to be completed and settled on or before 26 November 2014 as agreed by the parties in writing.

B9. Group Borrowings

	As at 30 September 2014		
Long-term borrowings	**Secured**	**Unsecured**	**Total**
Term loans	**587.4**	**3,048.7**	**3,636.1**
Islamic Medium Term Notes	**–**	**1,700.0**	**1,700.0**
Sukuk	**–**	**2,585.9**	**2,585.9**
Syndicated Islamic financing	**235.4**	**–**	**235.4**
Islamic financing	**78.4**	**–**	**78.4**
	901.2	**7,334.6**	**8,235.8**
Short-term borrowings			
Bank overdrafts	**–**	**130.0**	**130.0**
Term loans due within one year	**23.8**	**408.4**	**432.2**
Islamic Medium Term Notes due within one year	**–**	**728.4**	**728.4**
Sukuk due within one year	**–**	**22.6**	**22.6**
Islamic revolving financing	**–**	**60.0**	**60.0**
Revolving credits, trade facilities and other short-term borrowings	**66.8**	**1,987.7**	**2,054.5**
	90.6	**3,337.1**	**3,427.7**
Total borrowings	**991.8**	**10,671.7**	**11,663.5**

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	**3,654.1**	**1,416.0**	**5,070.1**
Australian dollar	**859.3**	**102.6**	**961.9**
Chinese renminbi	**13.8**	**958.2**	**972.0**
Indonesian Rupiah	**–**	**39.8**	**39.8**
New Zealand dollar	**–**	**171.0**	**171.0**
Pacific franc	**36.3**	**2.6**	**38.9**
Singapore dollar	**–**	**0.1**	**0.1**
Thailand baht	**77.0**	**78.8**	**155.8**
United States dollar	**3,595.3**	**576.4**	**4,171.7**
Vietnamese dong	**–**	**82.2**	**82.2**
Total borrowings	**8,235.8**	**3,427.7**	**11,663.5**

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 30 September 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	**1.4**	**15.3**	**(9.2)**	**(46.3)**	**(38.8)**
Interest rate swap contracts	**13.5**	**–**	**(6.8)**	**(6.8)**	**(0.1)**
Cross currency swap contract	**115.3**	**7.1**	**–**	**–**	**122.4**
Commodity futures contracts	**–**	**9.7**	**–**	**(9.3)**	**0.4**
	130.2	**32.1**	**(16.0)**	**(62.4)**	**83.9**

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 2014.

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

<u>Forward foreign exchange contracts</u>

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 30 September 2014, the notional amount, fair value and maturity period of the forward foreign exchange contracts are as follows:

	Notional Amount	Fair Value Liabilities
- less than 1 year	**2,289.1**	**(31.0)**
- 1 year to 2 years	**523.7**	**(7.8)**
	2,812.8	**(38.8)**

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 30 September 2014 are as follows:

Interest Rate Swap	**Notional Amount**	**Effective period**	**Weighted Average Swap Rate**
Plain Vanilla	USD300.0 million	12 December 2012 to 12 December 2018	1.822% to 1.885%
Plain Vanilla	AUD300.0 million	25 September 2014 to 25 March 2019	4.360% to 4.591%

As at 30 September 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	**216.7**	**(6.8)**
- 1 year to 3 years	**433.3**	**1.7**
- 3 years to 6 years	**1,183.1**	**5.0**
	1,833.1	**(0.1)**

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 30 September 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	**288.9**	**7.1**
- 1 year to 3 years	**577.7**	**53.7**
- 3 years to 6 years	**431.7**	**61.6**
	1,298.3	**122.4**

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

	Quantity (metric tonne)	Notional Amount	Fair Value Assets
Purchase contracts	**66,577**	**151.1**	**(6.2)**
Sales contracts	**40,232**	**95.5**	**6.6**
			0.4

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 are as follows:

	As at 30 September 2014	As at 30 June 2014
Total retained profits of the Company and its subsidiaries		
- realised	**24,389.2**	23,724.6
- unrealised	**5,431.2**	5,627.9
	29,820.4	29,352.5
Total share of retained profits from joint ventures		
- realised	**(6.1)**	22.1
- unrealised	**19.2**	17.9
	13.1	40.0
Total share of retained profits from associates		
- realised	**349.2**	334.1
- unrealised	**(9.2)**	(0.4)
	340.0	333.7
Less: consolidation adjustments	**(11,718.2)**	(11,777.8)
Total retained profits of the Group	**18,455.3**	17,948.4

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

B11. Material Litigation

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

a. 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 Hj Murshid (DSAZ), Dato' Mohamad Shukri Baharom (DMS), Abdul Rahim Ismail, Abdul Kadir Alias and Mohd Zaki 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.

On 13 June 2014, all the Defendants consented to judgement being recorded on the following terms (Consent Judgement):

i. Judgement be entered for the Plaintiffs in respect of the claims as set out in Prayers (1), (2), (3), (4), (5), (6),(7), (8) and (9) of the Statement of Claim dated 23 December 2010;

ii. The amount of damages in respect of these claims is to be assessed by the court except for the matters pleaded with respect to Incobliss Consulting Sdn Bhd, and thereupon final judgement be entered for the Plaintiffs for the assessed amount with costs; and

iii. The Plaintiffs shall be permitted to levy execution upon any such final judgement or otherwise enforce the same against any of the Defendants only upon the Plaintiffs recovering all claims from the respective employers for the Qatar Petroleum Project and the Maersk Oil Qatar Project and the proceeds of sale of the derrick lay barge in regards to the Marine Project or after the expiry of 3 years from the date when final judgement for the assessed amount is entered, whichever is the earlier.

With the filing of the Consent Judgment, the issue of the Defendants' liability has now come to an end. The amount of damages will be assessed by the Court. The Plaintiffs filed a Notice of Appointment for assessment of damages (Notice of Appointment). At the hearing of the Notice of Appointment on 9 September 2014, the Plaintiffs' counsel informed the Court that assessment of damages at this juncture was premature and requested that assessment be deferred until the Plaintiffs are in a position to assess damages. The Court directed that the Plaintiffs be at liberty to file the Notice of Appointment within 1 year of the date of the Consent Judgment or such further time as may be granted by the Court upon application by the Plaintiffs.

b. 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, 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 Hj Murshid (DSAZ), Dato' Mohamad Shukri Baharom (DMS) and Abdul Rahim 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.

B11. Material Litigation (continued)

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

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

On 13 June 2014, all the Defendants consented to judgement being recorded on the following terms (Consent Judgement):

i. Judgement be entered for the Plaintiffs in respect of the claims as set out in Prayers (1), (2), (3), (4), (7), (8) and (9) of the Statement of Claim dated 24 December 2010;

ii. The amount of damages in respect of these claims are to be assessed by the court and thereupon final judgement be entered for the Plaintiffs for the assessed amount with costs; and

iii. The Plaintiffs shall be permitted to levy execution upon any such final judgement or otherwise enforce the same against any of the Defendants only upon the Malaysia-China Hydro Joint Venture receiving all that is due and payable as full settlement from Sarawak Hidro Sdn Bhd or the Ministry of Finance and/or an assignee or successor in title thereof in relation to the Bakun Project or after the expiry of 3 years from the date when final judgement for the assessed amount is entered, whichever is the earlier.

With the filing of the Consent Judgment, the issue of the Defendants' liability has now come to an end. The amount of damages will be assessed by the Court. The Plaintiffs filed a Notice of Appointment for assessment of damages (Notice of Appointment). At the hearing of the Notice of Appointment on 9 September 2014, the Plaintiffs' counsel informed the Court that assessment of damages at this juncture was premature as the final accounts with Sarawak Hidro Sdn Bhd have not been closed and requested that assessment be deferred until the Plaintiffs are in a position to assess damages. The Court directed that the Plaintiffs be at liberty to file the Notice of Appointment within 1 year of the date of the Consent Judgment or such further time as may be granted by the Court upon application by the Plaintiffs.

c. 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. SDE's Statement of Defence contained a request for the matter to be referred to arbitration and on 22 August 2011, the Court dismissed EMAS's claim. EMAS did not appeal against the Court's decision.

i. <u>Proceedings at ADCCAC</u>
On 11 December 2011, EMAS submitted a request for arbitration to the Abu Dhabi Commercial Conciliation & Arbitration Centre (ADCCAC).

On 14 February 2012, SDE's counsel filed and submitted the response to EMAS's notice of arbitration to ADCCAC. The arbitration has been stayed pending the disposal of a second suit filed by EMAS at the Judicial Department of Abu Dhabi.

B11. Material Litigation (continued)

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

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

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) (Second Suit). The claim of USD178.2 million by EMAS was based on the same facts and grounds as the First Suit.

After several Court hearings on procedural matters, the Court on 11 June 2013 appointed a court expert specialising in commercial agencies. On 30 July 2013, the court expert released his report recommending SDE to pay EMAS compensation of approximately USD11,240,000.

On 5 March 2014, the court expert submitted his supplemental report (which maintained his earlier findings). Despite the objection of both SDE and EMAS to the court expert's supplemental report, the Court on 18 May 2014 issued a judgement for the sum of AED41,046,086 (approximately USD11,174,864) against SDE.

Both SDE and EMAS appealed to the Court of Appeal against the Court's decision.

On 2 July 2014, the Court of Appeal reversed the finding of the Court. The Court of Appeal, in its judgement, held that the Court is barred from making its ruling on the case due to res judicata (i.e a party cannot bring the same issue before the court once it has been decided) of the First Suit.

On 1 September 2014, EMAS filed an appeal to the Supreme Court against the Court of Appeal's decision.

On 14 September 2014, SDE submitted its response to the Supreme Court. The next hearing date can only be fixed by the Supreme Court once it has obtained reports from the Court of Appeal and the trial Court.

d. 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. 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 (approximately USD276,862,952).

On 30 April 2013, the Court ordered the case to be transferred to the Administrative Court and on 18 June 2013, a panel of 3 experts (comprising an accountant and two engineering technicians) were appointed to assist the court.

Between October 2013 and April 2014, there were several court hearings to resolve the appointment of the court experts and finally on 15 May 2014, a new panel of experts were appointed. The Court adjourned the matter to 23 October 2014 for the new experts to meet with the parties and to prepare their report.

The meetings between the court-appointed experts and representatives from SDE and QP were held on 23 June 2014 and 23 October 2014, respectively. As the court experts require more time to prepare their reports, the Court adjourned the hearing to 23 November 2014.

B11. Material Litigation (continued)

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

e. 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.

On 30 September 2014, the parties executed a Settlement Agreement, whereupon SOC will withdraw the Notice of Arbitration following payment by SDE of the settlement sum in full and final settlement of the claim within 14 working days from SDE's receipt of SOC's invoice for the said sum, together with a withholding tax certification from the Indian tax authorities. SDE has made the settlement sum to SOC on 20 November 2014 and SOC has withdrawn the Notice of Arbitration on 21 November 2014.

f. 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 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 to 30 April 2014 during which time the Consortium made a presentation to the OEC on the Consortium's claims.

During the 3rd OEC meeting held from 21 to 23 August 2014, the OEC proposed a settlement to the Consortium. The next (and final) OEC meeting which was scheduled to be held on 14 and 15 October 2014 was rescheduled to 16 October 2014 at which only SDE attended and presented detailed figures. At the meetings on 11 and 12 November 2014, SOC submitted its figures and after further deliberation, OEC informed the parties of its recommendation for a full and final settlement at USD12 million for SDE and SOC as a Consortium. The OEC will be furnishing a detailed report of its recommendation and both SDE and SOC will review the report before making a decision.

B12. Dividend

No dividend has been declared or paid for the quarter under review.

The Board has recommended a final single tier dividend of 30.0 sen per share in respect of the financial year ended 30 June 2014 (Final Dividend) which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act 1967. The proposed dividend was approved by members at the Annual General Meeting (AGM) held on 13 November 2014.

At the AGM, the renewal of the authority to allot and issue new ordinary shares of RM0.50 each in the Company (Sime Darby Shares) for the purpose of implementation of the dividend reinvestment plan (DRP) was also approved by the members. The Board has determined that the DRP applies to the Final Dividend and shareholders of the Company be given an option to elect to reinvest up to the entire Final Dividend in Sime Darby Shares. On 26 November 2014, the Board has fixed the issue price of the new Sime Darby Shares to be issued pursuant to the DRP at RM8.94 per new Sime Darby Share. The issue price is computed based on a 5% discount to the 5-day volume weighted average market price up to and including 25 November 2014.

The entitlement date for the Final Dividend is 10 December 2014.

B13. Earnings Per Share

	Quarter ended 30 September	
	2014	**2013**
Earnings per share attributable to owners of the Company are computed as follows:		
Basic		
Profit for the period		
- from continuing operations	**500.7**	461.7
- from discontinued operations	–	27.3
	500.7	489.0
Weighted average number of ordinary shares in issue (million)	**6,064.1**	6,009.5
Earnings per share (sen)		
- from continuing operations	**8.26**	7.69
- from discontinued operations	–	0.45
	8.26	8.14
Diluted		
Profit for the period		
- from continuing operations *	**500.6**	461.6
- from discontinued operations	–	27.3
	500.6	488.9
Weighted average number of ordinary shares in issue (million)	**6,064.1**	6,009.5
Earnings per share (sen)		
- from continuing operations	**8.26**	7.69
- from discontinued operations	–	0.45
	8.26	8.14

* adjusted for the dilutive effect of long-term stock incentive plan of an associate of RM0.1 million (2013: RM0.1 million) for the quarter ended 30 September 2014

By Order of the Board
Norzilah Megawati Abdul Rahman
Group Secretary

Kuala Lumpur
27 November 2014