QUARTERLY REPORT

On the consolidated results for the second quarter ended 31 December 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 31 December 2014	Quarter ended 31 December 2013	% +/(-)	Half-year ended 31 December 2014	Half-year ended 31 December 2013	% +/(-)
Continuing operations							
Revenue	A7	**10,742.0**	10,708.4	0.3	**20,866.4**	21,292.5	(2.0)
Operating expenses		**(10,421.8)**	(9,971.2)		**(20,120.5)**	(20,086.7)	
Other operating income		**385.4**	261.3		**716.1**	525.6	
Operating profit	B6	**705.6**	998.5	(29.3)	**1,462.0**	1,731.4	(15.6)
Share of results of joint ventures		**(38.6)**	(13.5)		**(65.5)**	(12.6)	
Share of results of associates		**(9.6)**	15.8		**5.9**	37.4	
Profit before interest and tax	A7	**657.4**	1,000.8	(34.3)	**1,402.4**	1,756.2	(20.1)
Finance income		**45.0**	49.2		**90.8**	73.2	
Finance costs	B6	**(109.7)**	(96.8)		**(225.6)**	(205.9)	
Profit before tax		**592.7**	953.2	(37.8)	**1,267.6**	1,623.5	(21.9)
Tax expense	B7	**(127.9)**	(133.2)		**(276.2)**	(321.3)	
Profit from continuing operations		**464.8**	820.0	(43.3)	**991.4**	1,302.2	(23.9)
Discontinued operations							
Profit from discontinued operations (see note below)	B6	**–**	39.6		**–**	73.6	
Profit for the period		**464.8**	859.6	(45.9)	**991.4**	1,375.8	(27.9)
Attributable to owners of:							
- the Company							
- from continuing operations		**437.4**	785.9		**938.1**	1,247.6	
- from discontinued operations		**–**	32.4		**–**	59.7	
		437.4	818.3	(46.5)	**938.1**	1,307.3	(28.2)
- non-controlling interests		**27.4**	41.3	(33.7)	**53.3**	68.5	(22.2)
Profit for the period		**464.8**	859.6	(45.9)	**991.4**	1,375.8	(27.9)
		Sen	**Sen**		**Sen**	**Sen**	
Earnings per share attributable to owners of the Company	B13						
Basic							
- from continuing operations		**7.21**	13.07		**15.47**	20.75	
- from discontinued operations		**–**	0.54		**–**	0.99	
		7.21	13.61	(47.0)	**15.47**	21.74	(28.8)
Diluted							
- from continuing operations		**7.20**	13.04		**15.44**	20.71	
- from discontinued operations		**–**	0.54		**–**	0.99	
		7.20	13.58	(47.0)	**15.44**	21.70	(28.8)

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 31 December			Half-year ended 31 December		
	2014	**2013**	**% +/(-)**	**2014**	**2013**	**% +/(-)**
Profit for the period	**464.8**	859.6	(45.9)	**991.4**	1,375.8	(27.9)
Other comprehensive income/(loss)						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences:						
- subsidiaries	**267.7**	(290.0)		**124.8**	(451.3)	
Net changes in fair value of:						
- available-for-sale investments	**(15.0)**	(8.2)		**(17.4)**	3.4	
- cash flow hedges	**11.0**	39.0		**72.0**	53.4	
Share of other comprehensive income/(loss) of:						
- joint ventures	**36.7**	6.0		**9.8**	27.7	
- associates	**1.6**	(4.9)		**(3.3)**	1.4	
Tax expense	**(21.4)**	(12.5)		**(41.4)**	(20.6)	
	280.6	(270.6)		**144.5**	(386.0)	
Reclassified changes in fair value of cash flow hedges to:						
- profit or loss	**(90.2)**	(66.5)		**(174.3)**	(50.6)	
- inventories	**(5.9)**	0.4		**(15.9)**	28.3	
Reclassified currency translation differences on disposal of subsidiary	**0.5**	–		**0.5**	–	
Tax expense	**29.2**	20.5		**57.5**	6.7	
	(66.4)	(45.6)		**(132.2)**	(15.6)	
Items that will not be reclassified subsequently to profit or loss:						
Actuarial losses on defined benefit pension plans	–	–		–	0.2	
	–	–		–	0.2	
Total other comprehensive income/(loss) from continuing operations	**214.2**	(316.2)	167.7	**12.3**	(401.4)	103.1
Total other comprehensive loss from discontinued operations	–	(7.2)	100.0	–	(4.7)	100.0
Total comprehensive income for the period	**679.0**	536.2	26.6	**1,003.7**	969.7	3.5
Attributable to owners of:						
- the Company						
- from continuing operations	**635.2**	495.5		**929.0**	905.9	
- from discontinued operations	–	25.2		–	55.0	
	635.2	520.7	22.0	**929.0**	960.9	(3.3)
- non-controlling interests	**43.8**	15.5	182.6	**74.7**	8.8	748.9
Total comprehensive income for the period	**679.0**	536.2	26.6	**1,003.7**	969.7	3.5

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 31 December 2014	Audited As at 30 June 2014
Non-current assets			
Property, plant and equipment		**14,226.8**	14,346.7
Biological assets		**2,658.7**	2,534.1
Prepaid lease rentals		**914.2**	868.8
Investment properties		**644.3**	656.2
Land held for property development		**996.7**	927.7
Joint ventures		**1,977.0**	1,590.3
Associates		**1,522.5**	1,521.0
Available-for-sale investments		**132.9**	171.6
Intangible assets		**1,298.4**	1,233.5
Deferred tax assets		**1,010.3**	988.6
Tax recoverable		**429.7**	396.5
Derivatives	B10(a)	**169.6**	68.2
Receivables		**588.5**	587.6
Amounts due from customers on construction contracts		**353.4**	260.4
		26,923.0	26,151.2
Current assets			
Inventories		**9,660.9**	9,510.9
Property development costs		**2,350.4**	1,917.2
Receivables		**6,189.0**	6,526.0
Accrued billings and others		**1,102.2**	1,284.3
Tax recoverable		**350.1**	215.4
Derivatives	B10(a)	**93.2**	43.0
Cash held under Housing Development Accounts		**509.3**	514.2
Bank balances, deposits and cash		**4,614.0**	4,381.8
		24,869.1	24,392.8
Non-current assets held for sale (see note below)		**129.1**	392.2
Total assets	A7	**51,921.2**	50,936.2
Equity			
Share capital		**3,032.1**	3,032.1
Reserves		**24,705.0**	25,556.5
Attributable to owners of the Company		**27,737.1**	28,588.6
Non-controlling interests		**924.7**	876.7
Total equity		**28,661.8**	29,465.3
Non-current liabilities			
Borrowings	B9	**8,727.2**	8,109.2
Finance lease obligation		**144.5**	145.9
Provisions		**29.0**	49.3
Retirement benefits		**156.0**	141.5
Deferred income		**382.3**	375.7
Deferred tax liabilities		**456.0**	493.4
Derivatives	B10(a)	**20.0**	2.4
		9,915.0	9,317.4
Current liabilities			
Payables		**7,756.0**	8,105.2
Progress billings and others		**187.3**	208.7
Borrowings	B9	**2,702.2**	3,065.6
Finance lease obligation		**5.5**	6.6
Provisions		**300.6**	283.4
Deferred income		**88.2**	102.2
Tax payable		**244.2**	267.9
Derivatives	B10(a)	**155.0**	29.7
Dividend payable		**1,819.2**	–
		13,258.2	12,069.3
Liabilities associated with assets held for sale (see note below)		**86.2**	84.2
Total liabilities		**23,259.4**	21,470.9
Total equity and liabilities		**51,921.2**	50,936.2

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

	Unaudited As at 31 December 2014	Audited As at 30 June 2014
Net assets per share attributable to owners of the Company (RM)	**4.57**	4.71

Note:

Non-current assets held for sale

Non-current assets		
Property, plant and equipment	**3.5**	–
Investment properties	**–**	2.5
Associate	**–**	262.9
Disposal groups	**125.6**	126.8
	129.1	392.2

Liabilities associated with assets held for sale

Disposal groups	**86.2**	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

Half-year ended 31 December 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 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 income for the period	–	–	–	–	–	–	(101.4)	(22.0)	114.3	938.1	929.0	74.7	1,003.7
Transfer between reserves	–	–	–	–	(3.2)	(2.3)	–	–	–	5.5	–	–	–
Performance-based employee share scheme	–	–	37.1	–	–	–	–	–	–	–	37.1	–	37.1
Share of capital reserve of associates	–	–	–	–	1.6	–	–	–	–	–	1.6	–	1.6
Issue of shares in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	0.1	0.1
Dividends paid	–	–	–	–	–	–	–	–	–	–	–	(26.8)	(26.8)
Dividends payable	–	–	–	–	–	–	–	–	–	(1,819.2)	(1,819.2)	–	(1,819.2)
At 31 December 2014	3,032.1	555.0	76.2	67.0	6,886.7	67.8	(140.9)	51.3	69.1	17,072.8	27,737.1	924.7	28,661.8

SIME DARBY BERHAD
(Company No: 752404-U)

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

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

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.

SIME DARBY BERHAD
(Company No: 752404-U)

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

	Note	Half-year ended 31 December 2014	2013
Profit after tax		**991.4**	1,375.8
Adjustments for:			
Gain on disposal of subsidiaries, a joint venture, an associate and other investments		**(51.8)**	(11.3)
Gain on disposal of properties		**(65.5)**	(47.2)
Share of results of joint ventures and associates		**59.6**	(24.8)
Finance income		**(90.8)**	(74.7)
Finance costs		**225.6**	207.1
Depreciation and amortisation		**581.4**	602.6
Amortisation of prepaid lease rentals		**21.5**	25.3
Tax expense		**276.2**	341.3
Other non-cash items		**101.7**	25.2
		2,049.3	2,419.3
Changes in working capital:			
Inventories and rental assets		**(133.2)**	(243.3)
Property development costs		**(325.1)**	(84.3)
Land held for property development		**(129.1)**	(60.2)
Trade and other receivables and prepayments		**281.5**	(680.5)
Trade and other payables and provisions		**(384.5)**	(176.3)
Cash generated from operations		**1,358.9**	1,174.7
Tax paid		**(520.1)**	(467.8)
Dividends received from joint ventures and associates		**24.3**	29.3
Dividends from available-for-sale investments		**4.4**	11.8
Net cash from operating activities		**867.5**	748.0
Investing activities			
Finance income received		**78.1**	63.1
Purchase of property, plant and equipment		**(579.4)**	(647.4)
Purchase of subsidiaries and business	A11.2	**(24.4)**	(117.2)
Purchase/subscription of shares in joint ventures and associates		**(164.6)**	(48.2)
Purchase of investment properties		**(0.5)**	(4.7)
Purchase of intangible assets		**(121.8)**	(57.6)
Purchase of available-for-sale investments		**(55.6)**	(50.0)
Cost incurred on biological assets		**(90.1)**	(92.3)
Payment for prepaid lease rental		**(34.5)**	(81.9)
Proceeds from sale of subsidiaries	A11.1	**41.1**	212.1
Proceeds from sale of a joint venture and associates		**318.4**	23.0
Proceeds from sale of available-for-sale investments		**77.0**	–
Proceeds from sale of property, plant and equipment		**240.4**	78.0
Proceeds from sale of investment property		**11.5**	1.0
Proceeds from sale of prepaid lease rental		**1.0**	1.5
Others		**4.3**	76.1
Net cash used in investing activities		**(299.1)**	(644.5)

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

	Half-year ended 31 December	
	2014	**2013**
Financing activities		
Proceeds from shares issued to owner of non-controlling interest	**0.1**	**–**
Purchase of additional interest in subsidiaries	–	(77.3)
Finance costs paid	**(257.2)**	(204.2)
Long-term borrowings raised	**548.9**	424.8
Repayments of long-term borrowings	**(964.7)**	(19.4)
Revolving credits, trade facilities and other short-term borrowings (net)	**298.4**	(58.4)
Dividends paid	**(26.8)**	(35.0)
Net cash (used in)/from financing activities	**(401.3)**	30.5
Net changes in cash and cash equivalents	**167.1**	134.0
Foreign exchange differences	**132.1**	(53.4)
Cash and cash equivalents at beginning of the period	**4,802.2**	4,603.6
Cash and cash equivalents at end of the period	**5,101.4**	4,684.2
For the purpose of the Statement of Cash Flows, cash and cash equivalents comprised the following:		
Cash held under Housing Development Accounts	**509.3**	500.3
Bank balances, deposits and cash	**4,614.0**	4,237.3
Less:		
Bank overdrafts (Note B9)	**(21.9)**	(53.4)
	5,101.4	4,684.2

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) 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) 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 5 – Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 7 – Financial Instruments: Disclosures
- Amendments to FRS 10 – Consolidated Financial Statements
- Amendments to FRS 11 – Joint Arrangements
- Amendments to FRS 12 – Disclosure of Interests in Other Entities
- Amendments to FRS 101 – Presentation of Financial Statements
- Amendments to FRS 116 – Property, Plant and Equipment
- Amendments to FRS 119 – Employee Benefits
- Amendments to FRS 127 – Separate Financial Statements
- Amendments to FRS 128 – Investment in Associates and Joint Ventures
- Amendments to FRS 134 – Interim Financial Reporting
- Amendments to FRS 138 – Intangible Assets

(ii) New and amendments to standards that will be effective for annual periods beginning on or after 1 January 2018:

- FRS 9 – Financial Instruments
- Amendments to FRS 7 – Financial Instruments: Disclosures

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

Amounts in RM million unless otherwise stated

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.

Performance-Based Employee Share Scheme
On 20 October 2014, the Company offered the 2nd Grant 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 of the Group as follows:

Description of 2nd Grant Offer

	GPS	DPS	GES
Number of shares offered to the eligible employees			
(i) President & Group Chief Executive	82,200	65,300	–
(ii) Other eligible employees	3,817,100	5,194,700	5,422,600
Total	3,899,300	5,260,000	5,422,600

Closing market price of the Company's shares on the date of the 2nd Grant	RM9.16
Vesting period of the 2nd Grant	Over a 3-year period from the commencement date of 1 July 2014

Vesting of the shares is subject to the Eligible Employees meeting their individual performance targets, 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 Nomination & Remuneration Committee, the total number of shares which will vest may be lower or higher than the total number of shares offered.

Redemption of Debt Securities

On 16 November 2014, the Company redeemed its 5-year RM700.0 million Islamic Medium Term Notes issued on 16 November 2009, upon its maturity.

A6. Dividends Paid

The final single tier dividend of 30.0 sen per share for the financial year ended 30 June 2014 amounting to RM1,819.2 million was approved by the shareholders on 13 November 2014. The shareholders also approved the Dividend Reinvestment Plan (DRP) which gave the shareholders the option to reinvest the entire dividend or a portion thereof in new ordinary shares of RM0.50 each in the Company at the issue price of RM8.94 per share.

Based on the election made by shareholders, the final dividend was paid on 5 January 2015 by way of 147,051,477 new ordinary shares of RM0.50 each in the Company and the balance of RM504.6 million in cash.

SIME DARBY BERHAD
(Company No: 752404-U)

Explanatory Notes on the Quarterly Report – 31 December 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**
Half-year ended 31 December 2014										
Segment revenue:										
External	**4,691.1**	**5,312.5**	**9,394.3**	**1,044.4**	**383.8**	**40.3**	**–**	**20,866.4**	**–**	**20,866.4**
Inter-segment	**0.1**	**33.4**	**17.4**	**14.9**	**20.7**	**5.3**	**(91.8)**	**–**	**–**	**–**
	4,691.2	**5,345.9**	**9,411.7**	**1,059.3**	**404.5**	**45.6**	**(91.8)**	**20,866.4**	**–**	**20,866.4**
Segment result:										
Operating profit	**582.7**	**310.4**	**244.8**	**232.0**	**80.5**	**6.8**	**4.8**	**1,462.0**	**–**	**1,462.1**
Share of results of joint ventures and associates	**(23.6)**	**5.8**	**3.4**	**(32.8)**	**(11.0)**	**(1.4)**	**–**	**(59.6)**	**–**	**(59.6)**
Profit before interest and tax	**559.1**	**316.2**	**248.2**	**199.2**	**69.5**	**5.4**	**4.8**	**1,402.4**	**–**	**1,402.4**

Note:

Elimination/Corporate expense recorded a positive RM4.8 million mainly attributable to net foreign exchange gain.

SIME DARBY BERHAD
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Explanatory Notes on the Quarterly Report – 31 December 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**
Half-year ended 31 December 2013										
Segment revenue:										
External	5,107.2	6,449.3	8,462.3	884.5	347.0	42.2	–	21,292.5	344.7	21,637.2
Inter-segment	0.2	26.4	18.3	15.4	7.8	6.6	(74.7)	–	–	–
	5,107.4	6,475.7	8,480.6	899.9	354.8	48.8	(74.7)	21,292.5	344.7	21,637.2
Segment result:										
Operating profit/(loss)	768.2	584.4	257.4	126.4	13.9	13.5	(32.4)	1,731.4	93.3	1,824.7
Share of results of joint ventures and associates	(6.1)	4.3	2.6	11.3	2.1	10.6	–	24.8	–	24.8
Profit/(loss) before interest and tax	762.1	588.7	260.0	137.7	16.0	24.1	(32.4)	1,756.2	93.3	1,849.5

Amounts in RM million unless otherwise stated

A7. Segment Information (continued)

	Plantation	Industrial	Motors	Property	Energy & Utilities	Others	Corporate	Total
As at 31 December 2014								
Segment assets:								
Operating assets	**15,593.4**	**9,799.8**	**9,687.2**	**7,220.9**	**2,323.2**	**130.2**	**1,747.8**	**46,502.5**
Joint ventures and associates	**599.1**	**189.5**	**83.9**	**1,720.8**	**212.2**	**694.0**	**–**	**3,499.5**
Non-current assets held for sale	**3.4**	**–**	**–**	**125.7**	**–**	**–**	**–**	**129.1**
	16,195.9	**9,989.3**	**9,771.1**	**9,067.4**	**2,535.4**	**824.2**	**1,747.8**	**50,131.1**
Tax assets								**1,790.1**
Total assets								**51,921.2**
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 31 December 2014	As at 30 June 2014
Property, plant and equipment		
- contracted	**816.5**	788.2
- not contracted	**2,732.9**	2,790.8
	3,549.4	3,579.0
Other capital expenditure		
- contracted	**360.1**	551.0
- not contracted	**1,022.3**	697.1
	4,931.8	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 half-year ended 31 December are as follows:

	Half-year ended 31 December 2014	2013
a. Transactions with joint ventures		
Tolling fees and sales to Emery Oleochemicals (M) Sdn Bhd and its related companies	**21.7**	37.0
Sales and services to Terberg Tractors Malaysia Sdn Bhd (TTM) and its subsidiary	**1.4**	11.5
Purchase of terminal tractors, parts and engine from TTM and its subsidiary	**6.1**	–
Disposal of property, plant and equipment to Weifang Port Services Co Ltd	**300.5**	–
Disposal of a subsidiary, Sime Darby TMA Sdn Bhd, to TTM	–	25.0
b. Transactions with associates		
Sales of products and services to Tesco Stores (Malaysia) Sdn Bhd	**9.3**	7.3
Sales and services for parts to Energy Power Systems (Australia) Pty Ltd	**5.5**	–
Provision of services by Sitech Construction Systems Pty Ltd	**1.5**	2.7
Purchase of paints material from Sime Kansai Paints Sdn Bhd	**2.8**	2.2
c. Transactions between subsidiaries and their owners of non-controlling interests		
Sale of vehicles and parts by Jaguar Land Rover (M) Sdn Bhd to Sisma Auto Sdn Bhd	**49.6**	–
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	**122.6**	67.6
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	**14.0**	10.9
Contract assembly service provided by Inokom Corporation Sdn Bhd (ICSB) to Berjaya Corporation Berhad group	**38.7**	15.2

Amounts in RM million unless otherwise stated

A9. Significant Related Party Transactions (continued)

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

	Half-year ended 31 December 2014	2013
c. Transactions between subsidiaries and their owners of non-controlling interests (continued)		
Royalty payment to and procurement of cars and ancillary services by ICSB from Hyundai Motor Company and its related companies	**67.9**	123.7
Project management services rendered by Tunas Selatan Construction Sdn Bhd, the holding company of Tunas Selatan Pagoh Sdn Bhd to Sime Darby Property Selatan Sdn Bhd	**2.0**	–
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, a director of Sime Darby Berhad, is a partner	**–**	0.2
e. Transactions with Directors and their close family members		
Sales of properties and cars by the Group	**2.7**	1.1
Sales of properties by Battersea Project Phase 1 Company Limited, a joint venture	**–**	7.5
f. Transactions with key management personnel and their close family members		
Sales of properties and cars by the Group	**0.7**	0.3
Sales of properties by Battersea Project Phase 3 Residential Company Limited, a joint venture	**17.4**	–

g. Transactions with shareholders and Government

Permodalan Nasional Berhad (PNB) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 50.03% as at 31 December 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 RM23.7 million (2013: RM37.4 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

Save for the following, there was no material event subsequent to the end of the current quarter under review to 18 February 2015, being a date not earlier than 7 days from the date of issue of this quarterly report.

On 5 January 2015, the Company issued 147,051,477 new ordinary shares of RM0.50 each at the issue price of RM8.94 per share pursuant to the DRP (refer note A6).

Amounts in RM million unless otherwise stated

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

1. Establishment of new companies

   a) 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.

   b) On 23 December 2014, Sime Darby Commodities Europe BV (SDCE) was incorporated in The Netherlands. The entire issued share capital of SDCE of Euro100 was subscribed and held by Sime Darby Netherlands BV. The principal activities of SDCE are trading of crude palm oil and palm oil products and feedstock procurement.

2. Acquisition of subsidiaries

   a) On 11 September 2014, Sime-Morakot Holdings (Thailand) Limited and Sime Darby Plantation Europe Ltd completed the acquisition of 199,999,000 ordinary shares of 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 of RM81.2 million. IEC was incorporated in Thailand and is principally involved in the business of crushing, refining and distribution of edible oil.

   b) On 5 December 2014, North Shore Motor Holdings Limited completed the acquisition of the entire 3 ordinary shares and advances in Sodor Properties Limited (SPL) at a purchase consideration of NZD9 million (equivalent to RM24.7 million). SPL was incorporated in New Zealand and owns a piece of land in Auckland, New Zealand.

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

	Book value	**Fair value**
Property, plant and equipment	**29.1**	**102.5**
Intangible assets	**1.6**	**1.6**
Net current liabilities	**(7.7)**	**(7.7)**
Loans and borrowings	**(72.0)**	**(72.0)**
Net liabilities assumed	**(49.0)**	**24.4**
Purchase consideration		**105.6**
Less: Net debt assumed		**(81.2)**
Net cash outflow on acquisition of subsidiaries		**24.4**

3. Disposal of subsidiary and associate

   a) 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%.

   b) On 28 November 2014, Sime Darby China Oils And Fats Company Limited entered into an Equity Transfer Agreement (ETA) with Shandong Wanbao Agricultural Co Ltd to dispose 55% of its 100% equity interest in Rizhao Sime Darby Oils & Fats Co Ltd (Rizhao) for a total cash consideration of RMB85.3 million (equivalent to RM46.5 million). Following the completion of the disposal, the Group's interest in Rizhao has reduced to 45%.

      The disposal is subject to certain conditions precedent and is expected to be completed within 6 months from the date of execution of the ETA or such other date as agreed by the parties in writing.

Amounts in RM million unless otherwise stated

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

3. Disposal of subsidiary and associate (continued)

Details of the net assets and net cash inflow arising from the disposal of a subsidiary is as follows:

	Half-year ended 31 December 2014
Property, plant and equipment	**61.0**
Prepaid lease rentals	**26.9**
Deferred tax assets	**0.2**
Net current assets	**0.2**
Net assets disposed	**88.3**
Loss on disposal	**(3.2)**
Less: Exchange loss included in the loss on disposal	**(0.5)**
Proceeds from disposal, net of transaction costs	**84.6**
Less: Cash and cash equivalent in subsidiary disposed	**(3.9)**
Less: Fair value of retained portion of investment	**(38.1)**
Less: Balance consideration outstanding	**(46.5)**
Net cash outflow from disposal of a subsidiary during the period	**(3.9)**
Add: Proceeds from disposal of a subsidiary in previous year	**45.0**
Net cash inflow from disposal of subsidiaries, net of transaction costs	**41.1**

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 18 February 2015	**As at 30 June 2014**
Performance guarantees and advance payment guarantees to customers of the Group	**2,898.4**	2,848.2
Guarantees in respect of credit facilities granted to:		
- certain associates and a joint venture	**77.5**	44.8
- plasma stakeholders	**88.2**	61.5
	3,064.1	2,954.5

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 18 February 2015, 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 18 February 2015, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM346.0 million (30 June 2014: RM254.0 million).

b) Claims

	As at 18 February 2015	**As at 30 June 2014**
Claims pending against the Group	**10.0**	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

	Half-year ended 31 December		%
	2014	**2013**	**+/(-)**
Revenue	**20,866.4**	21,292.5	(2.0)
Segment results			
Plantation	**559.1**	762.1	(26.6)
Industrial	**316.2**	588.7	(46.3)
Motors	**248.2**	260.0	(4.5)
Property	**199.2**	137.7	44.7
Energy & Utilities	**69.5**	16.0	334.4
Others	**5.4**	24.1	(77.6)
	1,397.6	1,788.6	(21.9)
Exchange gain/(loss):			
Unrealised	**14.6**	–	
Realised	**(5.4)**	1.1	
Corporate expense and elimination	**(4.4)**	(33.5)	
Profit before interest and tax	**1,402.4**	1,756.2	(20.1)
Finance income	**90.8**	73.2	
Finance costs	**(225.6)**	(205.9)	
Profit before tax	**1,267.6**	1,623.5	(21.9)
Tax expense	**(276.2)**	(321.3)	
Profit from continuing operations	**991.4**	1,302.2	(23.9)
Profit from discontinued operations	–	73.6	
Profit for the period	**991.4**	1,375.8	(27.9)
Non-controlling interests	**(53.3)**	(68.5)	
Profit after tax and non-controlling interests	**938.1**	1,307.3	(28.2)

Group revenue for the half-year ended 31 December 2014 at RM20.87 billion was marginally lower by 2.0% compared to the corresponding period of the previous year. Profit before tax of the Group declined by 21.9% largely due to lower earnings from all business segments, except Property and Energy & Utilities.

Net earnings of the Group for the period at RM938.1 million was lower by 28.2% from RM1,307.3 million a year ago.

An analysis of the results of each segment is as follows:

a) Plantation

Contribution from Plantation Division declined by 26.6% attributable to lower average crude palm oil (CPO) price realised of RM2,154 per tonne against RM2,377 per tonne realised for the similar period a year ago and lower fresh fruit bunch (FFB) production by 6.4%. Both Malaysia and Indonesia registered lower FFB production by 8.7% and 2.0% respectively. The decline in FFB production in Malaysia was attributable largely to the change in cropping pattern driven by severe weather conditions. The overall oil extraction rate was similar to that of the previous year at 21.8%.

Midstream and downstream operations recorded a loss of RM9.3 million for the current period compared to a profit of RM48.2 million previously. The loss was attributable to the share of loss from Emery group which was affected by lower sales volume to Europe and Asia Pacific region due to uncompetitive market prices, restructuring cost incurred by Sime Darby Edible Products Ltd, the refinery operations in Singapore and higher losses in Unimills due to lower sales and margin.

B1. Review of Group Performance (continued)

b) Industrial

Industrial Division reported a lower profit of RM316.2 million, a decrease of 46.3% from the previous year. The lower results was largely due to the continuing weak mining sector in Australia resulting in lower equipment deliveries and lower margin from product support sales. Commodity prices continue to fall to near marginal production cost resulting in intense pressure on the product support business.

Operations in Malaysia and Singapore have also registered lower profit due to lower equipment and engine sales resulting from the slowdown in the construction, mining and shipyard sectors while operations in China/Hong Kong registered some improvements from better margin realisation from equipment deliveries.

c) Motors

Earnings from the Motors Division declined slightly by 4.5% compared to the previous year as operations in Malaysia and China/Hong Kong recorded lower results. Profit from Malaysia declined by 20.5% mainly due to subdued consumer sentiment. The drop in China contribution was mainly due to lower margins as a result of continued stiff competition in the luxury car segment.

The two newly acquired BMW operations in Australia and Vietnam performed well, contributing higher profits. New Zealand has also registered a higher profit attributable to increase in business activities from Truck operations.

d) Property

Property Division registered a 44.7% improvement in earnings compared to the previous year mainly due to higher contribution from Elmina East township, new townships in the Southern Region i.e. Chemara and Ainsdale, and the gain of RM55.5 million on the disposal of 9.9% equity interest in Eastern & Oriental Berhad. The division recorded higher share of loss from the Battersea Project, despite the strong sales achieved in all the launches largely due to the accounting policy adopted where sales will only be recognised upon completion of the development units.

e) Energy & Utilities

Energy & Utilities Division reported a higher profit of RM69.5 million compared to RM16.0 million the previous year due to higher throughput and higher average tariff rate achieved from the Weifang and Jining ports. Included in the results is a net gain of RM21.0 million recognised on the disposal of the wavebreaker in Weifang Port to a joint venture company.

f) Others

Contribution from Others decreased by 77.6% to RM5.4 million mainly due to lower contribution from insurance brokerage business and share of loss from Tesco Stores (Malaysia) Sdn Bhd of RM13.8 million attributable to strong competition and higher operating expenses incurred. However, this is mitigated by higher share of profit from the healthcare business.

Amounts in RM million unless otherwise stated

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

	Quarter ended		
	31 December 2014	**30 September 2014**	**% +/(-)**
Revenue	**10,742.0**	10,124.4	6.1
Segment results			
Plantation	**269.8**	289.3	(6.7)
Industrial	**126.1**	190.1	(33.7)
Motors	**138.2**	110.0	25.6
Property	**62.1**	137.1	(54.7)
Energy & Utilities	**47.8**	21.7	120.3
Others	**(2.9)**	8.3	(134.9)
	641.1	756.5	(15.3)
Exchange gain/(loss):			
Unrealised	**14.6**	–	
Realised	**(5.2)**	(0.2)	
Corporate expense and elimination	**6.9**	(11.3)	
Profit before interest and tax	**657.4**	745.0	(11.8)
Finance income	**45.0**	45.8	
Finance costs	**(109.7)**	(115.9)	
Profit before tax	**592.7**	674.9	(12.2)
Tax expense	**(127.9)**	(148.3)	
Profit from continuing operations	**464.8**	526.6	(11.7)
Non-controlling interests	**(27.4)**	(25.9)	
Profit after tax and non-controlling interests	**437.4**	500.7	(12.6)

For the second quarter ended 31 December 2014, as compared to those of the preceding quarter, the Group's revenue was higher by 6.1% while the pre-tax profit at RM592.7 million was 12.2% lower. Net earnings of the Group declined by 12.6% to RM437.4 million. The decrease was attributable to lower earnings from all divisions except Motors and Energy & Utilities.

a) Plantation

Profit from Plantation declined by 6.7% in the current quarter principally due to the lower average CPO price realised of RM2,123 per tonne against RM2,187 per tonne in the preceding quarter despite an increase in CPO sales volume of 4.3%. FFB production was also lower by 13.1% on the back of a decrease in the production in Malaysia and Indonesia by 14.0% and 11.4% respectively.

Midstream and downstream operations recorded a profit of RM9.6 million compared to a loss of RM18.9 million in the preceding quarter mainly attributable to higher sales volume on specialty products and lower share of loss from Emery group.

b) Industrial

Contribution from Industrial Division was lower by 33.7% largely due to lower profit recorded from all regions except Singapore. The lower profit from Australasia region was due to lower trading margin from product support and equipment businesses. Malaysia operations was affected by lower equipment deliveries to the construction, mining, marine and Electrical Power Generation sectors. Profit in China/Hong Kong declined slightly mainly due to foreign exchange loss despite the higher revenue from equipment deliveries and rental operations.

In Singapore, profit improved on the back of higher revenue from equipment and engine deliveries to the construction and marine shipyard sectors.

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

c) Motors

Motors Division registered a higher profit by 25.6% to RM138.2 million mainly attributable to the improved performance from all operations except Malaysia. The lower contribution from Malaysia was mainly due to the subdued consumer sentiment impacting especially our mass market segment and also the lower profit from Hertz car rental business.

The improved profit from China/Hong Kong, Australia and Vietnam was attributable to better performance from the BMW operations.

d) Property

Profit from Property for the current quarter decreased by 54.7% compared to the preceding quarter which included the gain on disposal of 9.9% equity interest in Eastern & Oriental Berhad of RM55.5 million. Excluding the gain, profit was lower by 23.9% due to the construction progress for newly launched phases in Bukit Jelutong township which were still in the early stage coupled with higher share of loss from the Battersea project.

e) Energy & Utilities

The results of Energy & Utilities increased by 120.3% due to higher profit contribution from port and water operations in China and the net gain of RM21.0 million on the disposal of the wavebreaker in Weifang Port to a joint venture. Excluding the gain, the operational results improved by 23.5% largely attributable to lower operating expenses from the water operations.

f) Others

Contribution from Other businesses decreased by RM11.2 million in the quarter under review due to share of loss from Tesco Stores (Malaysia) Sdn Bhd mitigated by higher share of profit from healthcare and insurance brokerage businesses.

B3. Prospects

The global economy continues to remain challenging with projected slower economic growth. The slump in oil prices, quantitative easing measures by the European Central Bank and the weakening of the ringgit have added further uncertainties in both the global and domestic markets.

The Plantation Division has been adversely affected by the weak CPO prices and lower FFB production due to changing weather pattern and tree stress. Prices continue to remain subdued due to favourable production of other edible oils and low crude oil prices. However, strong mandates for biodiesel consumption in both Malaysia and Indonesia continue to provide support to CPO prices. Plantation Division will continue to increase productivity in the upstream operations and strive for higher margins in the downstream operations through the increased production of more differentiated and specialty products. The acquisition of New Britain Palm Oil Ltd which is a strategic initiative to increase the Group's land bank and geographical footprint and the realisation of synergistic values, is expected to be completed in March 2015 and will contribute positively to the Division's results.

The lower coal prices have significantly affected the mining industry in Australia resulting in lower equipment deliveries, deferral of maintenance works and sharply lower rates for product support businesses for the Industrial Division. In addition, the slump in global oil prices is expected to negatively impact the power system and marine businesses as capital expenditure in deep water activities is expected to be curtailed. The Division continues to focus on better margin realisation from equipment deliveries and savings from cost control initiatives to remain competitive.

The Motors Division's recent expansion in the Asia Pacific region such as the BMW distributorship/dealership in Vietnam and Australia, the Kia distributorship in Taiwan and the expansion of its assembly capacity has given the Division the edge and resilience to weather the challenging market conditions. The new businesses have contributed positively to the Division's results and mitigated the effects of the competitive market conditions. The business continues to be affected by new government legislation, tightening of lending policies and strong competition from other brands. In addition, the Goods and Services Tax (GST) implementation on 1 April 2015 in Malaysia has caused the market to be more cautious due to uncertainties on its impact on pricing.

Generally, there is a slowdown in the property market in Malaysia due to uncertainties on the impact on cost and pricing on the impending GST implementation, further compounded by the stringent credit policies. Nevertheless, the Property Division's recent launches in the City of Elmina, Bandar Bukit Raja and Nilai Impian continued to receive strong take-up rates due to the resilient demand for landed properties in strategic locations with good infrastructure.

In China, despite the slower economic growth, the expansion of the container and general cargo handling capacity has enabled the port operations in both Weifang and Jining to achieve higher throughput and tariff rates. The on-going programme to accelerate the expansion of facilities in Weifang Port, such as the liquid terminal and logistic park through joint ventures with strategic partners augurs well for the future growth of the business in the region.

With rising uncertainties and challenges in the global market environment, barring any unforeseen circumstances, the Board expects the Group's performance for the financial year ending 30 June 2015 to be satisfactory, albeit lower than that of the previous financial year.

B4. Statement by Board of Directors on Internal Targets

The Group's key performance indicators (KPI) for the financial year ending 30 June 2015 as approved by the Board of Directors on 27 November 2014 and the achievement for the half-year ended 31 December 2014 are as follows:

	Actual Half-year ended 31 December 2014	**Target Year ending 30 June 2015**
Profit attributable to owners of the Company (RM million)	938.1	2,500
Return on average shareholders' equity (%)	3.3	8.5

For the half-year ended 31 December 2014, the profit attributable to ordinary equity holders and the return on average shareholders' equity achieved by the Group are approximately 37.5% and 38.8% respectively of its targets.

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

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

B6. Operating Profit and Finance Costs

	Quarter ended 31 December		**Half-year ended 31 December**	
	2014	**2013**	**2014**	**2013**
Included in operating profit are:				
Depreciation and amortisation	**(284.3)**	(276.8)	**(581.4)**	(577.7)
Amortisation of prepaid lease rentals	**(10.9)**	(12.9)	**(21.5)**	(25.3)
Reversal of impairment/(Impairment) of				
- property, plant and equipment	**1.5**	14.8	**(0.2)**	13.9
- receivables	**(2.4)**	16.3	**5.1**	18.7
- intangible assets and goodwill	**1.4**	–	**–**	–
- investment property	**(3.4)**	–	**(3.4)**	–
Write down of inventories (net)	**(46.6)**	(22.8)	**(58.9)**	(20.9)
Gain/(loss) on disposal of				
- a subsidiary	**(3.7)**	12.1	**(3.7)**	12.1
- an associate	**–**	(0.8)	**55.5**	(0.8)
- property, plant and equipment				
- land and buildings	**50.0**	0.9	**56.5**	44.9
- others	**5.3**	1.8	**6.1**	1.2
- unit trusts	*****	–	*****	–
- prepaid lease rentals	**0.1**	1.4	**0.1**	1.4
- investment properties	**–**	0.1	**8.9**	0.9
Net foreign exchange loss	**(57.4)**	(19.6)	**(138.0)**	(83.2)
Gain on cross currency swap contract	**91.6**	31.6	**176.1**	49.2
Gain/(loss) on forward foreign exchange contracts	**3.8**	11.2	**(0.4)**	(1.1)
Included in discontinued operations is:				
Depreciation and amortisation	**–**	(12.8)	–	(24.9)

* less than RM0.1 million

Amounts in RM million unless otherwise stated

B7. Tax Expense

	Quarter ended 31 December		Half-year ended 31 December	
	2014	**2013**	**2014**	**2013**
Continuing operations				
In respect of the current period:				
- current tax	**149.8**	219.5	**311.9**	414.7
- deferred tax	**4.7**	(3.7)	**28.1**	(1.3)
	154.5	215.8	**340.0**	413.4
In respect of prior years:				
- current tax	**18.0**	45.8	**(4.8)**	37.4
- deferred tax	**(44.6)**	(128.4)	**(59.0)**	(129.5)
	127.9	133.2	**276.2**	321.3
Discontinued operations	–	10.1	–	20.0
	127.9	143.3	**276.2**	341.3

The effective tax rates for the current quarter of 21.6% and half-year ended 31 December 2014 of 21.8% are lower than the Malaysian income tax rate of 25% due to over provision of tax in prior years.

B8. Status of Corporate Proposals

The corporate proposals announced but not completed as at 18 February 2015 are as follows:

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 of 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.

As at 6 February 2015, SDP has received a total acceptance of 63.26% of NBPOL voting shares. On 27 January 2015, SDP has obtained formal clearance from the EU Commission on the EU merger filing. The Offer period will remain open until 23 February 2015.

Amounts in RM million unless otherwise stated

B9. Group Borrowings

	As at 31 December 2014		
Long-term borrowings	**Secured**	**Unsecured**	**Total**
Term loans	**622.8**	**3,234.6**	**3,857.4**
Islamic Medium Term Notes	**–**	**1,700.0**	**1,700.0**
Sukuk	**–**	**2,787.0**	**2,787.0**
Syndicated Islamic financing	**304.4**	**–**	**304.4**
Islamic financing	**78.4**	**–**	**78.4**
	1,005.6	**7,721.6**	**8,727.2**
Short-term borrowings			
Bank overdrafts	**–**	**21.9**	**21.9**
Term loans due within one year	**57.1**	**503.3**	**560.4**
Sukuk due within one year	**–**	**31.5**	**31.5**
Islamic revolving financing	**–**	**60.0**	**60.0**
Revolving credits, trade facilities and other short-term borrowings	**6.1**	**2,022.3**	**2,028.4**
	63.2	**2,639.0**	**2,702.2**
Total borrowings	**1,068.8**	**10,360.6**	**11,429.4**

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	**4,027.5**	**873.8**	**4,901.3**
Australian dollar	**860.8**	**23.3**	**884.1**
Chinese renminbi	**11.8**	**805.7**	**817.5**
New Taiwan dollar	**–**	**32.0**	**32.0**
New Zealand dollar	**–**	**161.5**	**161.5**
Pacific franc	**36.6**	**2.7**	**39.3**
Thailand baht	**71.9**	**92.7**	**164.6**
United States dollar	**3,718.6**	**611.0**	**4,329.6**
Vietnamese dong	**–**	**99.5**	**99.5**
Total borrowings	**8,727.2**	**2,702.2**	**11,429.4**

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

Amounts in RM million unless otherwise stated

B10. Financial Instruments and Realised and Unrealised Profits or Losses

a) Derivatives

The Group uses forward foreign exchange contracts, interest rate swap contracts, currency swap contracts and commodity futures contracts to manage its exposure to various financial risks. The fair values of these derivatives as at 31 December 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	**2.7**	**51.5**	**(2.8)**	**(140.6)**	**(89.2)**
Interest rate swap contracts	**11.2**	**–**	**(17.2)**	**(6.8)**	**(12.8)**
Cross currency swap contract	**155.7**	**32.5**	**–**	**–**	**188.2**
Commodity futures contracts	**–**	**9.2**	**–**	**(7.6)**	**1.6**
	169.6	**93.2**	**(20.0)**	**(155.0)**	**87.8**

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 31 December 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	**10,529.4**	**(89.1)**
- 1 year to 2 years	**391.2**	**(0.1)**
	10,920.6	**(89.2)**

Amounts in RM million unless otherwise stated

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

a) Derivatives (continued)

Interest rate swap contracts

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

The outstanding interest rate swap contracts as at 31 December 2014 are as follows:

Interest Rate Swap	Notional Amount	Expiry Date	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 31 December 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	**233.3**	**(6.8)**
- 1 year to 3 years	**466.7**	**(3.7)**
- 3 years to 6 years	**1,092.9**	**(2.3)**
	1,792.9	**(12.8)**

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 December 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	**311.1**	**32.5**
- 1 year to 3 years	**622.2**	**97.8**
- 3 years to 6 years	**464.9**	**57.9**
	1,398.2	**188.2**

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

	Quantity (metric tonne)	Notional Amount	Fair Value Assets/ (Liabilities)
Purchase contracts	**70,024**	**161.0**	**(2.2)**
Sales contracts	**72,454**	**167.6**	**3.8**
			1.6

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 31 December 2014	As at 30 June 2014
Total retained profits of the Company and its subsidiaries		
- realised	**22,325.7**	23,724.6
- unrealised	**5,844.3**	5,627.9
	28,170.0	29,352.5
Total share of retained profits from joint ventures		
- realised	**(44.7)**	22.1
- unrealised	**19.4**	17.9
	(25.3)	40.0
Total share of retained profits from associates		
- realised	**331.1**	334.1
- unrealised	**(24.9)**	(0.4)
	306.2	333.7
Less: consolidation adjustments	**(11,378.1)**	(11,777.8)
Total retained profits of the Group	**17,072.8**	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 18 February 2015 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 judgment being recorded on the following terms (Consent Judgment):

i. Judgment 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 judgment 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 judgment 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 judgment 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 18 February 2015 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 judgment being recorded on the following terms (Consent Judgment):

i. Judgment 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 judgment 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 judgment 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 judgment 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 the First Suit. EMAS did not appeal against the Court's decision.

i. Proceedings at ADCCAC

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 18 February 2015 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 judgment, 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 ("Court of Appeal's Decision").

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.

On 25 December 2014, the Supreme Court dismissed EMAS's appeal against the Court of Appeal's Decision. SDE's counsel has advised that by virtue of the Supreme Court's decision, EMAS has effectively exhausted all its avenues in the Abu Dhabi courts in pursuing its claim against SDE.

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 required more time to prepare their reports, the Court adjourned the hearing to 12 March 2015.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 18 February 2015 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. On 20 November 2014, SDE paid the sum of USD12 million to SOC being full and final settlement of the claim. SOC has withdrawn the Notice of Arbitration on 21 November 2014.

On 5 December 2014, the tribunal declared the termination of the arbitration with immediate effect. Consequently, the arbitration proceedings have now come to an end.

f. Oil and Natural Gas Corporation Ltd (ONGC) Statement of Claim

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. SDE presented its detailed figures at the OEC meeting on 16 October 2014 and SOC submitted its figures at the meetings on 11 and 12 November 2014.

OEC issued its report on 2 December 2014 recommending USD12 million as the full and final settlement sum, of which USD6,731,740 was apportioned to SDE and USD5,268,260 to SOC. The proposed settlement sum is agreeable with SDE and is pending the acceptance of SOC.

B12. Dividend

An interim single tier dividend of 6.0 sen per share in respect of the financial year ending 30 June 2015, which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act 1967 has been declared and will be paid on 8 May 2015.The entitlement date for the dividend payment is 23 April 2015.

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

(i) shares deposited into the depositor's securities account before 12.30 pm on 21 April 2015 in respect of shares which are exempted from mandatory deposit;

(ii) shares transferred into the depositor's securities account before 4.00 pm on 23 April 2015 in respect of transfers; and

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

The interim single tier dividend declared for the previous corresponding period was 6.0 sen per share.

B13. Earnings Per Share

	Quarter ended 31 December		Half-year ended 31 December	
	2014	**2013**	**2014**	**2013**
Earnings per share attributable to owners of the Company are computed as follows:				
<u>Basic</u>				
Profit for the period				
- from continuing operations	**437.4**	785.9	**938.1**	1,247.6
- from discontinued operations	–	32.4	–	59.7
	437.4	818.3	**938.1**	1,307.3
Weighted average number of ordinary shares in issue (million)*	**6,064.1**	6,012.2	**6,064.1**	6,012.2
Earnings per share (sen)				
- from continuing operations	**7.21**	13.07	**15.47**	20.75
- from discontinued operations	–	0.54	–	0.99
	7.21	13.61	**15.47**	21.74
<u>Diluted</u>				
Profit for the period				
- from continuing operations **	**437.3**	785.7	**938.0**	1,247.4
- from discontinued operations	–	32.4	–	59.7
	437.3	818.1	**938.0**	1,307.1
Weighted average number of ordinary shares in issue (million)***	**6,073.8**	6,023.2	**6,074.6**	6,022.6
Earnings per share (sen)				
- from continuing operations	**7.20**	13.04	**15.44**	20.71
- from discontinued operations	–	0.54	–	0.99
	7.20	13.58	**15.44**	21.70

* comparatives restated for effect of 1st Dividend Reinvestment Plan.

** adjusted for the dilutive effect of long-term stock incentive plan of an associate of RM0.1 million (2013: RM0.2 million) for the quarter and half-year ended 31 December 2014.

*** adjusted for dilutive effect of the Dividend Reinvestment Plan.

By Order of the Board
Norzilah Megawati Abdul Rahman
Group Secretary

Kuala Lumpur
25 February 2015