QUARTERLY REPORT

On the consolidated results for the first quarter ended 30 September 2015

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 2015	Quarter ended 30 September 2014	% +/(-)
Revenue	A7	**10,173.1**	10,124.4	0.5
Operating expenses		**(9,836.5)**	(9,565.0)	
Other operating income		**133.9**	197.1	
Other gains/(losses)		**129.6**	(0.1)	
Operating profit	B6	**600.1**	756.4	(20.7)
Share of results of joint ventures		**15.5**	(26.9)	
Share of results of associates		**1.4**	15.5	
Profit before interest and tax	A7	**617.0**	745.0	(17.2)
Finance income		**32.9**	45.8	
Finance costs		**(178.9)**	(115.9)	
Profit before tax		**471.0**	674.9	(30.2)
Tax expense	B7	**(110.9)**	(148.3)	
Profit for the period		**360.1**	526.6	(31.6)
Attributable to owners of:				
- the Company		**328.4**	500.7	(34.4)
- non-controlling interests		**31.7**	25.9	22.4
Profit for the period		**360.1**	526.6	(31.6)
		Sen	Sen	
Earnings per share attributable to owners of the Company	B13			
- Basic		5.29	8.25	(35.9)
- Diluted		5.29	8.25	(35.9)

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 2015.

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 2015	Quarter ended 30 September 2014	% +/(-)
Profit for the period	**360.1**	526.6	(31.6)
Other comprehensive income/(loss)			
Items that will be reclassified subsequently to profit or loss:			
Currency translation differences:			
- subsidiaries	**1,083.2**	(142.8)	
Net changes in fair value of:			
- available-for-sale investments	**13.8**	(2.4)	
- cash flow hedges	**14.8**	61.0	
Share of other comprehensive income/(loss) of:			
- joint ventures	**142.4**	(26.9)	
- associates	**33.4**	(4.9)	
Tax expense	**(25.2)**	(20.0)	
	1,262.4	(136.0)	
Reclassified changes in fair value of cash flow hedges to:			
- profit or loss	**(95.8)**	(84.1)	
- inventories	**(31.3)**	(10.0)	
Reclassified to profit or loss currency translation differences on :			
- repayment of net investment	**(50.2)**	–	
- disposal of a subsidiary	**2.3**	–	
Tax expense	**40.2**	28.3	
	1,127.6	(201.8)	
Total comprehensive income for the period	**1,487.7**	324.8	358.0
Attributable to owners of:			
- the Company	**1,418.8**	293.9	382.7
- non-controlling interests	**68.9**	30.9	123.0
Total comprehensive income for the period	**1,487.7**	324.8	358.0

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 2015.

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 2015	Audited As at 30 June 2015
Non-current assets			
Property, plant and equipment		**17,749.7**	16,564.5
Biological assets		**6,386.0**	5,940.2
Prepaid lease rentals		**1,032.5**	923.8
Investment properties		**604.1**	571.8
Land held for property development		**701.1**	810.4
Joint ventures		**2,518.6**	2,237.7
Associates		**1,623.7**	1,582.2
Investments		**155.2**	140.1
Intangible assets		**4,518.7**	3,994.0
Deferred tax assets		**1,248.2**	1,139.2
Tax recoverable		**491.3**	478.6
Derivatives	B10(a)	**298.8**	214.8
Receivables		**463.2**	527.9
Amounts due from customers on construction contracts		**809.3**	651.2
		38,600.4	35,776.4
Current assets			
Inventories		**10,606.1**	9,660.7
Biological assets		**220.7**	142.0
Property development costs		**2,911.0**	2,604.6
Receivables		**6,590.5**	7,273.3
Accrued billings and others		**1,751.4**	1,630.7
Tax recoverable		**318.3**	310.7
Derivatives	B10(a)	**270.1**	79.9
Cash held under Housing Development Accounts		**598.7**	556.1
Bank balances, deposits and cash		**3,440.1**	3,644.9
		26,706.9	25,902.9
Non-current assets held for sale (see note below)		**7.0**	128.7
Total assets	A7	**65,314.3**	61,808.0
Equity			
Share capital		**3,105.6**	3,105.6
Reserves		**28,907.2**	27,481.0
Attributable to owners of the Company		**32,012.8**	30,586.6
Non-controlling interests		**945.8**	1,024.4
Total equity		**32,958.6**	31,611.0
Non-current liabilities			
Borrowings	B9	**13,586.6**	11,745.4
Finance lease obligation		**137.5**	139.2
Provisions		**16.0**	17.2
Retirement benefits		**179.4**	167.4
Deferred income		**438.6**	407.5
Deferred tax liabilities		**2,341.6**	2,116.5
Derivatives	B10(a)	**34.6**	19.0
		16,734.3	14,612.2
Current liabilities			
Payables		**8,567.4**	8,324.3
Progress billings and others		**129.0**	194.9
Borrowings	B9	**6,142.1**	6,317.6
Finance lease obligation		**6.7**	6.8
Provisions		**208.4**	215.4
Deferred income		**169.6**	158.8
Tax payable		**245.0**	222.5
Derivatives	B10(a)	**153.2**	61.1
		15,621.4	15,501.4
Liabilities associated with assets held for sale (see note below)		**–**	83.4
Total liabilities		**32,355.7**	30,197.0
Total equity and liabilities		**65,314.3**	61,808.0

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

	Unaudited As at 30 September 2015	**Audited As at 30 June 2015**
Net assets per share attributable to owners of the Company (RM)	**5.15**	4.92

Note:

Non-current assets held for sale

	Unaudited As at 30 September 2015	**Audited As at 30 June 2015**
Non-current assets		
Property, plant and equipment	**6.8**	8.2
Investment properties	**0.2**	0.2
Disposal groups	**–**	120.3
	7.0	128.7

Liabilities associated with assets held for sale

	Unaudited As at 30 September 2015	**Audited As at 30 June 2015**
Disposal groups	**–**	83.4

The disposal groups classified under non-current assets held for sale and liabilities associated with assets held for sale as at 30 June 2015, are in respect of Syarikat Malacca Straits Inn Sdn Bhd and Sime Darby Australia Limited group. As at 30 September 2015, the disposal groups ceased to be classified under non-current assets held for sale and liabilities associated with assets held for sale as it is not highly probable for the sale to be completed within one year from 30 September 2015.

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 2015.

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 2015													
At 1 July 2015	**3,105.6**	**1,795.6**	**37.0**	**67.0**	**6,881.9**	**68.0**	**(99.9)**	**47.6**	**634.4**	**18,049.4**	**30,586.6**	**1,024.4**	**31,611.0**
Total comprehensive (loss)/income for the period	–	–	–	–	–	–	**(97.9)**	**13.2**	**1,175.1**	**328.4**	**1,418.8**	**68.9**	**1,487.7**
Transfer between reserves	–	–	–	–	–	**0.2**	–	–	–	**(0.2)**	–	–	–
Performance-based employee share scheme	–	–	**8.5**	–	–	–	–	–	–	–	**8.5**	–	**8.5**
Share capital reserve of associate	–	–	–	–	**0.9**	–	–	–	–	–	**0.9**	–	**0.9**
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	–	**(2.0)**	**(2.0)**	**(0.5)**	**(2.5)**
Dividends paid	–	–	–	–	–	–	–	–	–	–	–	**(147.0)**	**(147.0)**
At 30 September 2015	**3,105.6**	**1,795.6**	**45.5**	**67.0**	**6,882.8**	**68.2**	**(197.8)**	**60.8**	**1,809.5**	**18,375.6**	**32,012.8**	**945.8**	**32,958.6**
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

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 2015.

SIME DARBY BERHAD
(Company No: 752404-U)

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

	Note	Quarter ended 30 September 2015	2014
Profit after tax		**360.1**	526.6
Adjustments for:			
Gain on disposal of a subsidiary and interest in an associate		**(8.2)**	(55.5)
Gain on disposal of properties		**(6.8)**	(15.4)
Share of results of joint ventures and associates		**(16.9)**	11.4
Finance income		**(32.9)**	(45.8)
Finance costs		**178.9**	115.9
Depreciation and amortisation		**315.3**	297.1
Amortisation of prepaid lease rentals		**11.4**	10.6
Tax expense		**110.9**	148.3
Other non-cash items		**(37.9)**	39.0
		873.9	1,032.2
Changes in working capital:			
Inventories and rental assets		**(234.2)**	(375.6)
Property development costs		**(175.6)**	(135.8)
Land held for property development		**(6.2)**	(0.4)
Trade and other receivables and prepayments		**379.6**	704.9
Trade and other payables and provisions		**(228.0)**	(566.2)
Cash generated from operations		**609.5**	659.1
Tax paid		**(139.1)**	(232.2)
Dividends received from an associate		**3.2**	–
Dividends from available-for-sale investments		**0.2**	0.6
Net cash from operating activities		**473.8**	427.5
Investing activities			
Finance income received		**14.9**	37.8
Purchase of property, plant and equipment		**(518.4)**	(350.2)
Purchase of a subsidiary		**–**	0.3
Purchase/subscription of shares in joint ventures and associates		**(175.7)**	(44.1)
Purchase of investment properties		**(0.4)**	(0.1)
Purchase of intangible assets		**(60.9)**	(51.5)
Cost incurred on biological assets		**(54.6)**	(40.3)
Payment for prepaid lease rental		**(42.2)**	(13.7)
Proceeds from sale of subsidiaries	A11.2	**115.2**	45.0
Proceeds from sale of a joint venture		**141.3**	–
Proceeds from sale of property, plant and equipment		**33.6**	17.8
Proceeds from sale of investment property		**–**	11.5
Proceeds from sale of interest in an associate		**–**	318.4
Others		**5.8**	(13.1)
Net cash used in investing activities		**(541.4)**	(82.2)

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

	Note	Quarter ended 30 September 2015	2014
Financing activities			
Purchase of additional interest in a subsidiary		**(2.5)**	–
Finance costs paid		**(183.7)**	(97.9)
Long-term borrowings raised		**684.4**	105.6
Repayment of long-term borrowings		**(96.6)**	–
Revolving credits, trade facilities and other short-term borrowings (net)		**(541.0)**	271.5
Dividends paid		**(147.0)**	(9.8)
Net cash (used in)/from financing activities		**(286.4)**	269.4
Net changes in cash and cash equivalents		**(354.0)**	614.7
Foreign exchange differences		**210.7**	13.7
Cash and cash equivalents at beginning of the period		**4,154.6**	4,802.2
Cash and cash equivalents at end of the period		**4,011.3**	5,430.6

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

	Note	2015	2014
Cash held under Housing Development Accounts		**598.7**	561.0
Bank balances, deposits and cash		**3,440.1**	4,999.6
Less:			
Bank overdrafts	B9	**(27.5)**	(130.0)
		4,011.3	5,430.6

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 2015.

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 2015.

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of Preparation

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 2015.

The Group has considered the new accounting pronouncements in the preparation of this interim financial report.

a) Accounting pronouncements under the FRS Framework that have yet to be adopted are set out below.

<u>Effective for annual periods beginning on or after 1 January 2016</u>

- 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

<u>Effective for annual periods beginning on or after 1 January 2018</u>

- FRS 9 – Financial Instruments

b) Malaysian Financial Reporting Standards Framework

In November 2011, the MASB issued the Malaysian Financial Reporting Standards Framework (MFRS Framework). MFRS Framework is a fully International Financial Reporting Standards (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). 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. TEs may defer adoption of the MFRS Framework in view of imminent changes which may change current accounting treatments for bearer plant and property development activities.

A1. Basis of Preparation (continued)

b) Malaysian Financial Reporting Standards Framework (continued)

On 2 September 2014, the MASB issued Agriculture: Bearer Plants (Amendments to MFRS 116 – Property, Plant and Equipment and Amendments to MFRS 141) and MFRS 15 – Revenue from Contracts with Customers, which shall apply to financial statements of annual periods beginning on or after 1 January 2016 and 1 January 2017 respectively. The effective date of MFRS 15 was subsequently deferred to annual periods beginning on or after 1 January 2018. The MASB further notifies that TEs are required to comply with MFRS Framework for annual period beginning on or after 1 January 2018.

The Group and the Company, being TEs, will continue to comply with FRS until the MFRS Framework is adopted, no later than from the financial period beginning on 1 July 2018.

The Group is in the process of assessing the impact of the new pronouncements and the amendments of MFRS 141 and MFRS 15 on the financial statements of the Group in the year of initial application.

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 was paid during the quarter ended 30 September 2015.

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.

	Plantation	Industrial	Motors	Property	Energy & Utilities	Others	Elimination/ Corporate expense	Total
Quarter ended 30 September 2015								
Segment revenue:								
External	**2,659.9**	**2,300.5**	**4,411.0**	**631.6**	**157.9**	**12.2**	**–**	**10,173.1**
Inter-segment	**0.1**	**14.0**	**6.7**	**41.9**	**11.4**	**0.7**	**(74.8)**	**–**
	2,660.0	**2,314.5**	**4,417.7**	**673.5**	**169.3**	**12.9**	**(74.8)**	**10,173.1**
Segment result:								
Operating profit	**291.3**	**60.0**	**82.7**	**103.3**	**1.3**	**5.4**	**56.1**	**600.1**
Share of results of joint ventures and associates	**20.7**	**(5.7)**	**2.5**	**(0.9)**	**(0.2)**	**0.5**	**–**	**16.9**
Profit before interest and tax	**312.0**	**54.3**	**85.2**	**102.4**	**1.1**	**5.9**	**56.1**	**617.0**
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
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
Segment result:								
Operating profit/(loss)	307.0	186.5	109.2	143.1	20.3	1.8	(11.5)	756.4
Share of results of joint ventures and associates	(17.7)	3.6	0.8	(6.0)	1.4	6.5	–	(11.4)
Profit/(loss) before interest and tax	289.3	190.1	110.0	137.1	21.7	8.3	(11.5)	745.0

Amounts in RM million unless otherwise stated

A7. Segment Information (continued)

	Plantation	Industrial	Motors	Property	Energy & Utilities	Others	Corporate	Total
As at 30 September 2015								
Segment assets:								
Operating assets	**26,358.5**	**10,265.6**	**10,142.5**	**8,711.7**	**2,750.2**	**134.9**	**743.8**	**59,107.2**
Joint ventures and associates	**723.3**	**215.6**	**97.9**	**2,246.0**	**221.3**	**638.2**	**–**	**4,142.3**
Non-current assets held for sale	**3.2**	**3.5**	**–**	**0.2**	**0.1**	**–**	**–**	**7.0**
	27,085.0	**10,484.7**	**10,240.4**	**10,957.9**	**2,971.6**	**773.1**	**743.8**	**63,256.5**
Tax assets								**2,057.8**
Total assets								**65,314.3**
As at 30 June 2015								
Segment assets:								
Operating assets	24,964.5	9,437.9	9,207.8	8,709.7	2,477.1	127.8	1,006.1	55,930.9
Joint ventures and associates	653.6	196.0	90.7	2,013.0	233.2	633.4	–	3,819.9
Non-current assets held for sale	4.6	3.5	–	120.5	0.1	–	–	128.7
	25,622.7	9,637.4	9,298.5	10,843.2	2,710.4	761.2	1,006.1	59,879.5
Tax assets								1,928.5
Total assets								61,808.0

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 2015	As at 30 June 2015
Property, plant and equipment		
- contracted	**669.1**	700.2
- not contracted	**1,720.2**	2,260.9
	2,389.3	2,961.1
Other capital expenditure		
- contracted	**144.9**	187.7
- not contracted	**180.8**	176.2
	2,715.0	3,325.0

A9. Significant Related Party Transactions

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

	Quarter ended 30 September 2015	2014
a) Transactions with joint ventures		
Tolling fees and sales to Emery Oleochemicals (M) Sdn Bhd and its related companies	**11.2**	9.0
Sales and services to Terberg Tractors Malaysia Sdn Bhd (TTMSB)	**0.1**	0.4
Purchase of terminal tractors, parts and engine from TTMSB	**0.4**	0.9
b) Transactions with associates		
Provision of services by Sitech Construction Systems Pty Ltd	**0.5**	0.9
Sale of products and services to Tesco Stores (Malaysia) Sdn Bhd	**2.7**	3.9
Purchase of paint materials from Sime Kansai Paints Sdn Bhd	**0.8**	2.1
Sales of parts and services to Energy Power Systems (Australia) Pty Ltd	**3.1**	2.5
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	**7.5**	59.1
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	**6.6**	4.5
Royalty payment to and procurement of cars, ancillary services by Inokom Corporation Sdn Bhd (ICSB) from Hyundai Motor Company and its related companies	**0.7**	47.7
Contract assembly service provided by ICSB to Berjaya Corporation Berhad group	**11.2**	24.8

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	
	2015	**2014**
c) Transactions between subsidiaries and their significant owners of non-controlling interests (continued)		
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	**0.7**	2.4
Sale of vehicles and parts by Jaguar Land Rover (M) Sdn Bhd to Sisma Auto Sdn Bhd	**20.0**	12.0
d) Transactions with firm in which a Director of the Company is a partner		
Provision of legal services by Azmi & Associates, a firm in which Dato' Azmi Mohd Ali is a partner	**0.1**	–
e) Transactions with key management personnel and their close family members		
Sales of properties and cars by the Group	**5.1**	0.7

f) Transactions with shareholders and Government

Permodalan Nasional Berhad (PNB) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 53.76% as at 30 September 2015 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 RM25.5 million (2014: RM11.7 million). Shareholders’ mandate was obtained for this recurrent related party transaction at the last annual general meeting on 13 November 2014.

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 18 November 2015, 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. Acquisition of non-controlling interests

   On 17 September 2015, Malaysia Land Development Company Berhad (MLDC) completed the Selective Capital Reduction and Repayment Exercise (SCR) for a total cash consideration of RM2.5 million. Following the SCR, the Group's interest in MLDC has increased from 50.7% to 100%.

2. Disposal of subsidiary

   On 10 August 2015, the Group completed the disposal of its 100% equity interest in East West Insurance Company for a total cash consideration of GBP1,672,000 (equivalent to approximately RM10.5 million). The disposal resulted in a gain of RM8.2 million.

	Quarter ended 30 September 2015
Net current assets disposed *	**–**
Gain on disposal	**8.2**
Less: Exchange loss included in the gain on disposal	**2.3**
Proceeds from disposal, net of transaction costs	**10.5**
Less: Balance consideration outstanding	**(9.4)**
Net cash inflow from disposal of subsidiary during the period	**1.1**
Net cash inflow from disposal of subsidiary during the period	**1.1**
Proceeds from disposal of subsidiaries in previous years	**114.1**
Net cash inflow from disposal of subsidiaries	**115.2**

* the net current assets were fully impaired

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 18 November 2015	**As at 30 June 2015**
Performance guarantees and advance payment guarantees to customers of the Group	**2,280.6**	2,250.6
Guarantees in respect of credit facilities granted to:		
- certain associates and a joint venture	**78.0**	69.5
- plasma stakeholders	**82.6**	79.2
	2,441.2	2,399.3

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 November 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 RM412.5 million (30 June 2015: RM366.0 million)

b) Claims

	As at 18 November 2015	**As at 30 June 2015**
Claims pending against the Group	**7.8**	8.4

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 2015	2014	% +/(-)
Revenue	**10,173.1**	10,124.4	0.5
Plantation	**312.0**	289.3	7.8
Industrial	**54.3**	190.1	(71.4)
Motors	**85.2**	110.0	(22.5)
Property	**102.4**	137.1	(25.3)
Energy & Utilities	**1.1**	21.7	(94.9)
Others	**5.9**	8.3	(28.9)
Segment results	**560.9**	756.5	(25.9)
Exchange (loss)/gain:			
Unrealised	**(32.4)**	–	
Realised	**100.3**	(0.2)	
Corporate expense and elimination	**(11.8)**	(11.3)	
Profit before interest and tax	**617.0**	745.0	(17.2)
Finance income	**32.9**	45.8	
Finance costs	**(178.9)**	(115.9)	
Profit before tax	**471.0**	674.9	(30.2)
Tax expense	**(110.9)**	(148.3)	
Profit for the period	**360.1**	526.6	(31.6)
Non-controlling interests	**(31.7)**	(25.9)	
Profit after tax and non-controlling interests	**328.4**	500.7	(34.4)

Group revenue for the first quarter ended 30 September 2015 was higher by 0.5% compared to the corresponding period of the previous year. Profit before tax of the Group at RM471.0 million was lower by 30.2% largely due to the lower earnings from all business segments, except Plantation. Net earnings for the period decreased by 34.4% to RM328.4 million from RM500.7 million a year ago.

a) Plantation

The Plantation division's performance improved by 7.8% compared to the similar period of the previous year mainly attributable to the contribution of RM49.7 million from the New Britain Palm Oil Limited group (NBPOL) which was acquired in March 2015 and also an exchange gain of RM45.4 million realised arising from translation of intercompany balances.

The average crude palm oil (CPO) price realised for the quarter was slightly lower at RM2,088 per tonne as compared to RM2,187 per tonne previously. Fresh fruit bunch (FFB) production for the division increased by 12.0% principally due to FFB production from NBPOL of 387,000 MT. FFB production in Indonesia declined by 11.9%, largely in the Kalimantan Selatan and Sulawesi regions which were severely affected by the prolonged dry spell, whilst FFB production in Malaysia increase by 1.4%.

Midstream and downstream operations recorded a profit of RM29.8 million for the quarter compared to a loss of RM18.9 million in the previous year. The profit was largely due to the Group's 50% share of the gain realised by the Emery group of RM21.0 million on its disposal of the oleochemical assets and business in Dusseldorf, Germany.

B1. Review of Group Performance (continued)

b) Industrial

Contribution from Industrial division dipped 71.4% to RM54.3 million as all regions recorded poorer performance. The Australasia operations which was the main contributor to the division, suffered badly from persistent low coal prices which had resulted in lower equipment deliveries and margin pressures in the product support business. The dismal performance was compounded by provision for aged equipment stock of RM12.0 million and the recognition of impairment of investment in an associate, Nova Power Pty Ltd of RM10.5 million.

Contribution from China/Hong Kong was affected by lower equipment deliveries as well as product support sales to the construction and mining sectors. In Malaysia and Singapore, lower revenue was recorded due to the lower equipment and engine deliveries. The drop in Ringgit Malaysia against the US Dollar has also lead to higher cost of imports, hence shrinking margins in the Malaysia operations.

c) Motors

The results from Motors division decreased by 22.5% to RM85.2 million due to lower contribution from Malaysia and New Zealand and the initial start up losses in Taiwan. Malaysia operations registered a sharp decline of 83.7% mainly due to the tight lending rules on hire purchase and the continued weakening of Ringgit Malaysia against major currencies resulting in more expensive import and erosion of margin. The lower results from New Zealand was attributable to lower contribution from Trucks operations.

The weak performance was partially mitigated by improved performance from Australia, Singapore, Vietnam and China.

d) Property

Property division recorded a lower profit of RM102.4 million compared to RM137.1 million in the corresponding period in the previous year largely attributable to the gain of RM55.5 million on the disposal of 9.9% equity interest in Eastern & Oriental Berhad in July 2014. Excluding the gain, the division's profit improved by 25.5% due to higher contribution from the construction works at Pagoh Education Hub and the development works at Nilai Impian and KL East Melawati.

e) Energy & Utilities

Profit from Energy & Utilities declined by RM20.6 million compared to similar period in the previous year due to unrealised exchange loss on provision for ONGC project which is denominated in US Dollar.

The China operations registered lower profits of RM16.5 million due to lower profit from the port operations as a result of the slowdown in economic activities in the region which resulted in stiff competition from neighbouring ports and other modes of transportation. Water operations registered higher profit due to lower operating costs.

f) Others

Contribution from Others declined by RM2.4 million due to the share of loss from Tesco Stores (Malaysia) Sdn Bhd of RM4.8 million as against a profit of RM5.5 million previously mainly attributable to lower sales achieved and higher operating expenses incurred.

g) Finance costs

The higher finance costs for the current quarter compared to last year was mainly due to the borrowings obtained to finance the acquisition of NBPOL.

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 2015	**30 June 2015**	**% +/(-)**
Revenue	**10,173.1**	12,864.2	(20.9)
Plantation	**312.0**	489.4	(36.2)
Industrial	**54.3**	125.8	(56.8)
Motors	**85.2**	142.4	(40.2)
Property	**102.4**	416.4	(75.4)
Energy & Utilities	**1.1**	37.3	(97.1)
Others	**5.9**	12.7	(53.5)
Segment results	**560.9**	1,224.0	(54.2)
Exchange (loss)/gain:			
Unrealised	**(32.4)**	38.7	
Realised	**100.3**	(50.1)	
Corporate expense and elimination	**(11.8)**	(17.6)	
Profit before interest and tax	**617.0**	1,195.0	(48.4)
Finance income	**32.9**	68.0	
Finance costs	**(178.9)**	(123.1)	
Profit before tax	**471.0**	1,139.9	(58.7)
Tax expense	**(110.9)**	(124.0)	
Profit for the period	**360.1**	1,015.9	(64.6)
Non-controlling interests	**(31.7)**	(27.2)	
Profit after tax and non-controlling interests	**328.4**	988.7	(66.8)

Group revenue and pre-tax profit for the first quarter ended 30 September 2015 declined by 20.9% and 58.7% respectively compared to the preceding quarter. Net earnings of the Group declined by 66.8% attributable to lower earnings from all divisions.

a) Plantation

Plantation profit dropped by 36.2% largely due to the lower average CPO price realised for the quarter of RM2,088 per tonne against RM2,242 per tonne in the preceding quarter and lower CPO sales volume of 12.9%. The lower average CPO price realised was mainly due to the levy of USD50 per tonne on CPO by the Indonesian government effective from 16 July 2015.

Group FFB production was lower by 2.4% with Malaysia and NBPOL registering lower production by 1.5% and 22.3% respectively, while Indonesia registered higher production by 9.0%. CPO inventory has increased to 130,599 MT as compared to 77,992 MT in the preceding quarter due to lower demand from traditional markets. However, the division has contracted delivery of CPO and refined products in October to December at higher prices.

Midstream and downstream operations recorded a marginally higher profit of RM29.8 million compared to a profit of RM25.4 million in the preceding quarter.

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 dropped by 56.8% against the preceding quarter due to lower profit from all regions. The mining sector in Australasia remains subdued due to the slump in the coal prices resulting in lower margin realisation from equipment and product support segments. Additionally, the results of Australasia were impacted by provision for aged equipment stock of RM12.0 million and the impairment of investment in Nova Power Pty Ltd of RM10.5 million.

In China/Hong Kong, the lower results were mainly due to weaker demand from the mining and construction sectors with contraction of the machine industry by about 40%. In Singapore, the lower results were mainly attributable to lower engine sales to the shipyard and marine sectors on deferment in taking deliveries by the customers.

c) Motors

Motors division registered a 40.2% drop in profit to RM85.2 million mainly attributable to dividend income of RM53.4 million included in the preceding quarter and the lower profit from all regions except China, Singapore and Vietnam. Malaysia operations recorded lower profit due to slow recovery in sales post GST, tight lending rules and higher cost of sales as a result of appreciation in US Dollar against Ringgit Malaysia. The improved results from China and Singapore were mainly due to strong performance by the BMW operations.

d) Property

Profit from Property for the current quarter declined by 75.4% compared to the preceding quarter largely due to the gain on disposal of 50% equity interest in Sime Darby Sunsuria Development Sdn Bhd of RM157.2 million in the preceding quarter. Excluding this gain, the Property division recorded lower profit by 60.5%. The division registered higher contribution from Nilai Impian and Pagoh Education Hub but lower results from Bandar Bukit Raja, Bukit Jelutong, Denai Alam and Elmina.

e) Energy & Utilities

Energy & Utilities recorded a profit of RM1.1 million compared to RM37.3 million in the preceding quarter mainly attributable to unrealised exchange loss of RM32.3 million on provision for ONGC project which is denominated in US Dollar.

The port operations in China registered a higher profit during the quarter due to the loss on disposal of dredgers amounting to RM24.1 million in the preceding quarter.

f) Others

Contribution from Other businesses declined by RM6.8 million in the quarter under review mainly due to a higher share of loss from Tesco Stores (Malaysia) Sdn Bhd of RM4.8 million, compared to RM0.4 million in the preceding quarter.

B3. Prospects

The global economic outlook in the near to medium term is expected to be fraught with challenges. Whilst a gradual pick-up in growth is seen in advanced economies, the slower economic growth in China, and the continued softening of crude oil and commodity prices and volatile foreign exchange rates have resulted in difficult business conditions in the markets where the Group operates.

Crude palm oil (CPO) prices are expected to remain at current levels of between RM2,250 to RM2,450 per tonne due to lower demand and high inventory levels in both Indonesia and Malaysia. The prolonged dry spell especially in the Kalimantan region is also expected to affect the production of fresh fruit bunches. The earnings of the Plantation division have been boosted by the contribution from the newly acquired New Britain Palm Oil Limited group (NBPOL) and the division will continue to focus on reaping the synergies from the acquisition. Efforts to achieve higher yields and oil extraction rates are being implemented by way of aggressive replanting programmes and improvements in agronomic practices.

The Industrial division continues to be weighed down by the prolonged slump in coal prices and the lower growth in China. The effect of the slowdown has resulted in lower equipment deliveries for the mining and construction sectors as major companies reduced their capital expenditure and deferred scheduled maintenance work. Demand for engines in the marine sector has also been impacted due to the fall in prices. To mitigate the adverse impact, the division instituted measures to proactively drive cost savings and rationalise the operations for higher productivity and efficiency.

In Malaysia, the Motors operations continue to be adversely impacted by the market conditions and stringent lending policies. Coupled with the weak Ringgit Malaysia against the US Dollar and other major currencies, the Motors division is hit by increased cost and compression of margins. The continued government austerity policy in China is still affecting demand for luxury brands of motor vehicles. However, the penetration of the division's operations into growing emerging markets like Vietnam will help mitigate the performance in Malaysia and China.

The Malaysian residential property market continues to remain soft due to cautious consumer sentiment and tight lending policies. Despite the challenging market conditions, the Property division's performance is expected to be resilient given the strategic location of its landbank which is within proximity to transportation hubs and new growth areas in the Greater Kuala Lumpur. The Group's sizeable landbank in the Malaysia Vision Valley Development under the 11th Malaysia Plan bodes well for future growth and sustainability of the division. On the Battersea Development Project, the development work for Phase 1 is on-track and is targeted for completion in financial year ending 2017 when the division will recognise its entire share of the profit for this phase.

The Ports operations in China under the Energy & Utilities division, have been affected by lower throughput due to intense competition from neighbouring ports and alternative lower land cost transportation following the slowdown in economic growth. Nevertheless, the master expansion plan for Weifang Port, consisting of the liquid terminal, expansion of the container facilities and an increase in the berthing capacity is on-track and targeted to be operational in financial year ending 2017, in readiness for the upswing of economic activities in the region.

Amid the difficult environment and expected lower growth in the regional economies, the Board expects the Group's performance for the financial year ending 30 June 2016 to be lower than that of the previous financial year.

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 2016 as follows :

	Target Year ending 30 June 2016
Profit attributable to owners of the Company (RM million)	2,000
Return on average shareholders' equity (%)	6.3

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	
	2015	**2014**
Included in operating profit are:		
Depreciation and amortisation	**(315.3)**	(297.1)
Amortisation of prepaid lease rentals	**(11.4)**	(10.6)
(Impairment)/reversal of impairment of		
- property, plant and equipment	**(1.1)**	(1.7)
- intangible assets and goodwill	**–**	(1.4)
- investment property	**(1.3)**	–
- receivables	**0.2**	7.5
Write down of inventories (net)	**(23.4)**	(12.3)
Gain/(loss) on disposal of		
- property, plant and equipment		
- land and buildings	**6.8**	6.5
- others	**(1.8)**	0.8
- investment properties	**–**	8.9
- a subsidiary	**8.2**	–
- interest in an associate	**–**	55.5
Net foreign exchange gain/(loss)	**36.9**	(80.3)
Gain on cross currency swap contract	**112.5**	84.5
Fair value loss on warrant in an associate	**(1.7)**	–
Loss on forward foreign exchange contracts	**(11.3)**	(4.6)
(Loss)/gain on commodity future contract	**(6.8)**	0.3

Amounts in RM million unless otherwise stated

B7. Tax Expense

	Quarter ended 30 September	
	2015	**2014**
In respect of the current period:		
- current tax	**132.4**	162.1
- deferred tax	**(7.7)**	23.4
	124.7	185.5
In respect of prior years:		
- current tax	**9.5**	(22.8)
- deferred tax	**(23.3)**	(14.4)
	110.9	148.3

The effective tax rate for the current quarter ended 30 September 2015 of 23.5% is lower than the Malaysian income tax rate of 24% mainly due to the overprovision of tax in prior years.

B8. Status of Corporate Proposals

There was no corporate proposal announced but not completed as at 18 November 2015.

Amounts in RM million unless otherwise stated

B9. Group Borrowings

	As at 30 September 2015		
	Secured	**Unsecured**	**Total**
Long-term borrowings			
Term loans	**630.2**	**4,925.8**	**5,556.0**
Islamic Medium Term Notes	**–**	**1,700.0**	**1,700.0**
Sukuk	**–**	**3,502.8**	**3,502.8**
Syndicated Islamic financing	**575.6**	**–**	**575.6**
Islamic financing	**78.8**	**243.5**	**322.3**
Revolving credits and other long-term borrowings	**–**	**1,929.9**	**1,929.9**
	1,284.6	**12,302.0**	**13,586.6**
Short-term borrowings			
Bank overdrafts	**–**	**27.5**	**27.5**
Term loans due within one year	**666.9**	**1,280.7**	**1,947.6**
Islamic Medium Term Notes due within one year	**–**	**27.1**	**27.1**
Sukuk due within one year	**–**	**16.1**	**16.1**
Islamic revolving financing	**–**	**1,150.0**	**1,150.0**
Revolving credits, trade facilities and other short-term borrowings	**357.1**	**2,616.7**	**2,973.8**
	1,024.0	**5,118.1**	**6,142.1**
Total borrowings	**2,308.6**	**17,420.1**	**19,728.7**

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	**4,247.6**	**2,769.2**	**7,016.8**
Australian dollar	**610.6**	**71.6**	**682.2**
Chinese renminbi	**–**	**539.8**	**539.8**
European Union Euro	**491.1**	**187.6**	**678.7**
Indonesian Rupiah	**–**	**360.8**	**360.8**
New Zealand dollar	**–**	**60.9**	**60.9**
Pacific franc	**39.7**	**3.2**	**42.9**
Papua New Guinea Kina	**87.8**	**15.5**	**103.3**
Thailand baht	**25.4**	**102.7**	**128.1**
Taiwan dollar	**–**	**45.0**	**45.0**
United States dollar	**8,084.4**	**1,899.6**	**9,984.0**
Vietnamese dong	**–**	**86.2**	**86.2**
Total borrowings	**13,586.6**	**6,142.1**	**19,728.7**

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, cross 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 2015 are as follows:

	Classification in Statement of Financial Position				
	Assets		Liabilities		
	Non-current	Current	Non-current	Current	Net Fair Value
Forward foreign exchange contracts	92.9	126.2	(6.4)	(73.3)	139.4
Interest rate swap contracts	12.0	0.3	(28.2)	(26.6)	(42.5)
Cross currency swap contract	193.9	93.0	-	-	286.9
Commodity futures contracts	-	50.6	-	(53.3)	(2.7)
	298.8	270.1	(34.6)	(153.2)	381.1

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 2015.

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 2015, 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	3,539.6	52.9
- 1 year to 2 years	527.3	86.5
	4,066.9	139.4

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, all plain vanilla, as at 30 September 2015 are as follows:

Effective period	**Notional amount**	**All-in swap rate per annum**
12 December 2012 to 12 December 2018	USD233.3 million	1.822% to 1.885%
25 September 2014 to 25 March 2019	AUD200.0 million	4.353% to 4.603%
11 June 2015 to 4 February 2022	USD350.0 million	2.85% to 2.99%
30 June 2015 to 17 December 2018	MYR252.0 million	3.938%

As at 30 September 2015, 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	**352.3**	**(26.3)**
- 1 year to 3 years	**1,336.4**	**(22.2)**
- 3 years to 6 years	**1,731.0**	**6.0**
	3,419.7	**(42.5)**

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 2015, 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	**389.7**	**93.0**
- 1 year to 3 years	**779.4**	**218.4**
- 3 years to 6 years	**192.7**	**(24.5)**
	1,361.8	**286.9**

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 2015 that are not held for the purpose of physical delivery are as follows:

	Quantity (metric tonne)	Notional Amount	Fair Value Assets
Purchase contracts	**155,357**	**384.5**	**(35.2)**
Sales contracts	**178,401**	**432.6**	**32.5**
			(2.7)

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 2015	As at 30 June 2015
Total retained profits of the Company and its subsidiaries		
- realised	**25,098.8**	25,940.1
- unrealised	**5,473.6**	5,135.8
	30,572.4	31,075.9
Total share of retained profits from joint ventures		
- realised	**(32.2)**	(95.6)
- unrealised	**(12.9)**	35.0
	(45.1)	(60.6)
Total share of retained profits from associates		
- realised	**318.2**	315.0
- unrealised	**(48.3)**	(46.5)
	269.9	268.5
Less: consolidation adjustments	**(12,421.6)**	(13,234.4)
Total retained profits of the Group	**18,375.6**	18,049.4

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 November 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, Sime Darby Engineering Sdn Bhd (SDE), 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, Dato' Mohamad Shukri Baharom, 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 RM93,320,755 and USD78,808,000 (equivalent to RM345,060,828) 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 against the Defendants 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 QP Project and the MOQ 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. As the legal action commenced by SDE in Doha against Qatar Petroleum in relation to outstanding invoices and costs overruns is still ongoing, and the outcome of this action will have a direct effect on the quantum of damages that will be assessed in respect of the QP Project, the Plaintiffs have applied and the Court has granted an extension of 1 year (from 13 June 2015) for the Plaintiffs to file the Notice of Appointment for assessment of damages.

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

On 24 December 2010, Sime Darby Berhad, Sime Engineering Sdn Bhd, Sime Darby Holdings Berhad 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, 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 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), (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 against the Defendants for the assessed amount with costs; and

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 18 November 2015 are as follows: (continued)

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

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. As the final accounts with Sarawak Hidro Sdn Bhd have yet to be finalised and therefore the Plaintiffs are not in a position to ascertain the full extent of the Plaintiffs' overall losses arising from the Bakun Project, the Plantiffs have applied and the Court granted an extension of 1 year (from 13 June 2015) for the Plaintiffs to file the Notice of Appointment for assessment of damages.

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 (Second Suit).

Following the dismissal of the Second Suit by the Supreme Court on 25 December 2014, on 24 May 2015 EMAS submitted an application to proceed with the arbitration proceedings before the ADCCAC.

On 7 June 2015, SDE filed its response and challenged the ADCCAC's jurisdiction on the ground that the Agency Agreement entered into between EMAS and SDE stipulated that any dispute shall be settled by reference to the Rules of Commercial Conciliation and Arbitration of the Dubai Chamber of Commerce and Industry (DIAC). ADCCAC has instructed EMAS to file its response to SDE's challenge by 24 June 2015. The matter is now pending the ADCCAC's further instructions.

ii. Proceedings at the Judicial Department of Abu Dhabi
On 31 March 2012, EMAS filed the Second Suit against SDE. 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 the earlier findings). On 18 May 2014, despite the objection of both SDE and EMAS to the court expert's supplemental report, the Court issued a judgment for the sum of AED41,046,086 (equivalent to RM48,937,196) against SDE.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 18 November 2015 are as follows: (continued)

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

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

On 24 May 2015, EMAS submitted an application to proceed with arbitration proceedings before the ADCCAC (refer (i) above).

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 (equivalent to RM1,212,309,685).

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. On 15 May 2014, a new panel of experts were appointed.

On 1 April 2015, the experts submitted their report and recommended that SDE be compensated the sum of QAR13,518,819 (equivalent to RM16,257,056) (Expert Report). On 14 April 2015, SDE and QP submitted their respective statements objecting to the Expert Report. On 5 May 2015, SDE submitted its closing submissions. The Court fixed the matter for decision on 16 June 2015.

On 16 June 2015, the Court directed the parties to submit additional documents in respect of the issues raised by the Court. On 1 July 2015, the parties submitted their closing submissions. The Court has directed the experts to submit their report and fixed the matter for hearing on 1 December 2015 .

e) 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 arose between the Consortium and ONGC and the Consortium has invoked the referral of the dispute to arbitration pursuant to the Contract. SDE's portion of the Consortium's claim is circa USD32.5 million.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 18 November 2015 are as follows: (continued)

e) Oil and Natural Gas Corporation Ltd (ONGC) (continued)

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

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 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 (equivalent to RM29,474,924) was apportioned to SDE and USD5,268,260 (equivalent to RM23,067,076) to SOC.

On 20 March 2015, the Consortium informed ONGC of its objection to the OEC's recommendation and sought a higher amount of compensation. On 19 April 2015, ONGC rejected the Consortium's request.

The Consortium is now preparing its case for arbitration in India and has appointed Indian counsels to represent the Consortium.

f) Malaysia Marine and Heavy Engineering (MMHE) Notice of Arbitration

Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE) and Sime Darby Engineering Sdn Bhd (SDE) entered into Sale and Purchase Agreement dated 25 August 2011 (SPA) for the disposal of SDE's oil and gas business to MMHE for a consideration of RM393.5 million and subsequently entered into Supplemental Agreement dated 30 March 2012 (SSPA) to vary certain terms and conditions of the SPA.

The SSPA provides, inter alia, that the fabrication of KBB Topsides Contract No. KPOC/COC/2009/015 for the Kebabangan Northern Hub Development (KPOC Project) between Kebabangan Petroleum Operating Company Sdn Bhd and SDE dated 20 September 2011 shall be novated by SDE to MMHE with effect from 31 March 2012 for a consideration of RM20.0 million.

Disputes relating to the KPOC Project has since arisen between MMHE and SDE.

On 17 March 2015, SDE received a Notice of Arbitration dated 16 March 2015 (Notice) from MMHE to refer the disputes to arbitration before the Regional Centre for Arbitration Kuala Lumpur (KLRCA) in accordance with the Rules of Arbitration of the KLRCA. The claim from MMHE as stated in the Notice is RM56,870,320.

SDE submitted its response to the Notice on 15 April 2015. KLRCA has confirmed the appointment of SDE's and MMHE's arbitrators and on 10 June 2015, the KLRCA informed the parties of the appointment of the Tribunal chairman.

On 4 August 2015, the Tribunal fixed the matter for hearing from 8 August 2016 to 19 August 2016.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 18 November 2015 are as follows: (continued)

g) Claim against PT Anzawara Satria

On 11 May 2006, PT Sajang Heulang (PT SHE) filed a legal action in the District Court of Kotabaru against PT Anzawara Satria (PT AS) claiming for the surrender of approximately 60 hectares of land forming part of Hak Guna Usaha (HGU) 35 belonging to PT SHE on which PT AS had carried out coal mining activities. On 5 December 2006, the District Court of Kotabaru ruled in favour of PT AS and declared that HGU 35 was defective and had no force of law and that PT AS had the right to conduct mining activities on the said land (District Court Kotabaru Decision). PT SHE appealed to the High Court of Kalimantan Selatan at Banjarmasin against the District Court Kotabaru Decision. On 4 December 2007, the High Court of Kalimantan Selatan at Banjarmasin upheld the District Court Kotabaru Decision (1st High Court Decision). On 12 February 2008, PT SHE appealed to the Supreme Court of Indonesia against the 1st High Court Decision. On 10 March 2011, the Supreme Court ruled in favour of PT AS and ordered PT SHE to surrender 2,000 hectares of land in Desa Bunati to PT AS (1st Judicial Review Decision).

Meanwhile, on 24 May 2006, PT AS claimed in the State Administration Court Banjarmasin for an order that the mining rights held by PT AS superseded the HGU 35 held by PT SHE and that the said HGU 35 measuring approximately 2,128 hectares was improperly issued to PT SHE. On 26 September 2006, the State Administration Court Banjarmasin ruled in favour of PT SHE and dismissed PT AS's claim (State Administration Court Banjarmasin Decision). PT AS appealed to the High Court of State Administration at Jakarta against the State Administration Court Banjarmasin Decision. On 19 February 2007, the High Court of State Administration at Jakarta ruled in favour of PT AS and nullified PT SHE's HGU 35 (2nd High Court Decision). On 9 December 2009, PT SHE appealed to the Supreme against the 2nd High Court Decision. On 26 October 2010, the Supreme Court declared PT SHE as the lawful owner of HGU 35 (2nd Judicial Review Decision).

On 7 November 2011, PT SHE filed judicial review proceedings (3rd Judicial Review) before the Supreme Court seeking a decision on the conflicting decisions comprised by the 1st and the 2nd Judicial Review Decisions. On 28 December 2012, the Supreme Court dismissed the 3rd Judicial Review on the ground that the application could not be determined by another judicial review decision.

On 27 March 2013, PT AS commenced execution of the 1st Judicial Review Decision and in carrying out the execution proceedings, felled oil palm trees and destroyed buildings and infrastructure, resulting in damage to approximately 1,500 hectares of land.

On 23 April 2014, PT SHE filed a claim at the District Court of Batu Licin against PT AS for the sum of IDR672,767,554,854 (approximately RM200,619,285) for loss and/or damage caused by PT AS in executing the 1st Judicial Review Decision.

On 20 January 2015, the District Court of Batu Licin decided in favour of PT SHE and awarded damages in the sum of IDR69,946,800,000 (approximately RM20,858,136) and written decision for the same was provided on 13 February 2015 (District Court Batu Licin Decision). On 29 January 2015, PT AS filed an appeal to the High Court of Kalimantan Selatan, Banjarmasin against the District Court Batu Licin Decision (PT AS Appeal). PT SHE filed its reply to the PT AS Appeal on 4 June 2015. The case is now pending the decision of the High Court of Kalimantan Selatan, Banjarmasin on PT AS Appeal.

B12. Dividend

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

The Board has recommended a final single tier dividend of 19.0 sen per share in respect of the financial year ended 30 June 2015 (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 23 November 2015.

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. The issue price and the entitlement date will be announced at a later date.

B13. Earnings Per Share

	Quarter ended 30 September	
	2015	**2014**
Earnings per share attributable to owners of the Company are computed as follows:		
Basic		
Profit for the period	**328.4**	500.7
Weighted average number of ordinary shares in issue (million)	**6,211.2**	6,069.8
Earnings per share (sen)	**5.29**	8.25
Diluted		
Profit for the period*	**328.3**	500.6
Weighted average number of ordinary shares in issue (million)	**6,211.2**	6,069.8
Earnings per share (sen)	**5.29**	8.25

* adjusted for the dilutive effect of long-term stock incentive plan of an associate of RM0.1 million (2014: RM0.1 million) for the quarter ended 30 September 2015.

By Order of the Board
Norzilah Megawati Abdul Rahman
Group Secretary

Kuala Lumpur
25 November 2015