QUARTERLY REPORT

On the consolidated results for the second quarter ended 31 December 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 31 December 2015	Quarter ended 31 December 2014	% +/(-)	Half-year ended 31 December 2015	Half-year ended 31 December 2014	% +/(-)
Revenue	A7	**11,828.9**	10,742.0	10.1	**22,002.0**	20,866.4	5.4
Operating expenses		**(11,398.3)**	(10,261.5)		**(21,234.8)**	(19,826.5)	
Other operating income		**146.2**	187.3		**280.1**	384.4	
Other (losses)/gains		**(55.0)**	37.8		**74.6**	37.7	
Operating profit	B6	**521.8**	705.6	(26.0)	**1,121.9**	1,462.0	(23.3)
Share of results of joint ventures		**14.5**	(38.6)		**30.0**	(65.5)	
Share of results of associates		**4.5**	(9.6)		**5.9**	5.9	
Profit before interest and tax	A7	**540.8**	657.4	(17.7)	**1,157.8**	1,402.4	(17.4)
Finance income		**38.1**	45.0		**71.0**	90.8	
Finance costs	B6	**(115.4)**	(109.7)		**(294.3)**	(225.6)	
Profit before tax		**463.5**	592.7	(21.8)	**934.5**	1,267.6	(26.3)
Tax expense	B7	**(139.6)**	(127.9)		**(250.5)**	(276.2)	
Profit for the period		**323.9**	464.8	(30.3)	**684.0**	991.4	(31.0)
Attributable to owners of:							
- the Company		**273.3**	437.4	(37.5)	**601.7**	938.1	(35.9)
- non-controlling interests		**50.6**	27.4	84.7	**82.3**	53.3	54.4
Profit for the period		**323.9**	464.8	(30.3)	**684.0**	991.4	(31.0)
					Sen		
Earnings per share attributable to owners of the Company	B13						
- Basic		**4.40**	7.21	(39.0)	**9.69**	15.46	(37.3)
- Diluted		**4.40**	7.20	(38.9)	**9.69**	15.45	(37.3)

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 31 December			Half-year ended 31 December		
	2015	**2014**	**% +/(-)**	**2015**	**2014**	**% +/(-)**
Profit for the period	**323.9**	464.8	(30.3)	**684.0**	991.4	(31.0)
Other comprehensive income/(loss)						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences:						
- subsidiaries	**(119.2)**	267.6		**964.0**	124.8	
Net changes in fair value of:						
- available-for-sale investments	**(0.1)**	(15.0)		**13.7**	(17.4)	
- cash flow hedges	**25.3**	11.0		**40.1**	72.0	
Share of other comprehensive (loss)/income of:						
- joint ventures	**(51.6)**	36.7		**90.8**	9.8	
- associates	**(0.1)**	1.6		**33.3**	(3.3)	
Tax expense	**2.6**	(21.4)		**(22.6)**	(41.4)	
	(143.1)	280.5		**1,119.3**	144.5	
Reclassified changes in fair value of cash flow hedges to:						
- profit or loss	**20.0**	(90.2)		**(75.8)**	(174.3)	
- inventories	**23.1**	(5.9)		**(8.2)**	(15.9)	
Reclassified to profit or loss currency translation differences on :						
- repayment of net investment	**(3.1)**	–		**(53.3)**	–	
- disposal of a subsidiary	**–**	0.5		**2.3**	0.5	
Tax expense	**(15.7)**	29.2		**24.5**	57.5	
	(118.8)	214.1		**1,008.8**	12.3	
Items that will not be reclassified subsequently to profit or loss:						
Share of other comprehensive income of joint venture	**2.2**	–		**2.2**	–	
	2.2	–		**2.2**	–	
Total comprehensive income for the period	**207.3**	678.9	(69.5)	**1,695.0**	1,003.7	68.9
Attributable to owners of:						
- the Company	**135.9**	635.1	(78.6)	**1,554.7**	929.0	67.4
- non-controlling interests	**71.4**	43.8	63.0	**140.3**	74.7	87.8
Total comprehensive income for the period	**207.3**	678.9	(69.5)	**1,695.0**	1,003.7	68.9

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 31 December 2015	Audited As at 30 June 2015
Non-current assets			
Property, plant and equipment		**17,878.6**	16,564.5
Biological assets		**6,572.0**	5,940.2
Prepaid lease rentals		**1,037.2**	923.8
Investment properties		**596.4**	571.8
Land held for property development		**817.2**	810.4
Joint ventures		**2,550.2**	2,237.7
Associates		**1,620.0**	1,582.2
Investments		**152.6**	140.1
Intangible assets		**4,503.2**	3,994.0
Deferred tax assets		**1,238.4**	1,139.2
Tax recoverable		**497.3**	478.6
Derivatives	B10(a)	**282.9**	214.8
Receivables		**494.5**	527.9
Amounts due from customers on construction contracts		**1,090.5**	651.2
		39,331.0	35,776.4
Current assets			
Inventories		**9,966.8**	9,660.7
Biological assets		**76.9**	142.0
Property development costs		**2,955.2**	2,604.6
Receivables		**7,275.4**	7,273.3
Accrued billings and others		**1,685.6**	1,630.7
Tax recoverable		**380.1**	310.7
Derivatives	B10(a)	**92.5**	79.9
Cash held under Housing Development Accounts		**518.0**	556.1
Bank balances, deposits and cash		**3,004.0**	3,644.9
		25,954.5	25,902.9
Non-current assets held for sale (see note below)		**5.8**	128.7
Total assets	A7	**65,291.3**	61,808.0
Equity			
Share capital		**3,105.6**	3,105.6
Reserves		**27,816.2**	27,481.0
Attributable to owners of the Company		**30,921.8**	30,586.6
Non-controlling interests		**996.8**	1,024.4
Total equity		**31,918.6**	31,611.0
Non-current liabilities			
Borrowings	B9	**12,276.6**	11,745.4
Finance lease obligation		**135.8**	139.2
Provisions		**11.5**	17.2
Retirement benefits		**191.9**	167.4
Deferred income		**418.1**	407.5
Deferred tax liabilities		**2,205.0**	2,116.5
Derivatives	B10(a)	**30.0**	19.0
		15,268.9	14,612.2
Current liabilities			
Payables		**8,559.1**	8,324.3
Progress billings and others		**409.8**	194.9
Borrowings	B9	**7,301.6**	6,317.6
Finance lease obligation		**6.5**	6.8
Provisions		**216.1**	215.4
Deferred income		**148.4**	158.8
Tax payable		**205.4**	222.5
Derivatives	B10(a)	**76.8**	61.1
Dividend payable		**1,180.1**	–
		18,103.8	15,501.4
Liabilities associated with assets held for sale (see note below)		**–**	83.4
Total liabilities		**33,372.7**	30,197.0
Total equity and liabilities		**65,291.3**	61,808.0

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

	Unaudited As at 31 December 2015	Audited As at 30 June 2015
Net assets per share attributable to owners of the Company (RM)	**4.98**	4.92

Note:

Non-current assets held for sale

Non-current assets		
Property, plant and equipment	**5.8**	8.2
Investment properties	**–**	0.2
Disposal groups	**–**	120.3
	5.8	128.7

Liabilities associated with assets held for sale

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. 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 the next twelve months.

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

Half-year ended 31 December 2015	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 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	**–**	**–**	**–**	**–**	**–**	**–**	**(40.5)**	**12.4**	**978.9**	**603.9**	**1,554.7**	**140.3**	**1,695.0**
Transfer between reserves	**–**	**–**	**–**	**–**	**(16.4)**	**1.4**	**–**	**–**	**–**	**15.0**	**–**	**–**	**–**
Performance-based employee share scheme	**–**	**–**	**(37.0)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(37.0)**	**–**	**(37.0)**
Share capital reserve of associate	**–**	**–**	**–**	**–**	**(0.4)**	**–**	**–**	**–**	**–**	**–**	**(0.4)**	**–**	**(0.4)**
Acquisition of non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2.0)**	**(2.0)**	**(0.5)**	**(2.5)**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(167.4)**	**(167.4)**
Dividend payable	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,180.1)**	**(1,180.1)**	**–**	**(1,180.1)**
At 31 December 2015	**3,105.6**	**1,795.6**	**–**[1]	**67.0**	**6,865.1**	**69.4**	**(140.4)**	**60.0**	**1,613.3**	**17,486.2**	**30,921.8**	**996.8**	**31,918.6**

Note:

1. The share grant reserve was fully reversed during the period as it is unlikely that the performance target for the First and Second grant will be achieved in the vesting years.

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 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 (loss)/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 capital reserve of associate	–	–	–	–	1.6	–	–	–	–	–	1.6	–	1.6
Issue of shares in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	0.1	0.1
Dividends paid	–	–	–	–	–	–	–	–	–	–	–	(26.8)	(26.8)
Dividend 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

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	Half-year ended 31 December 2015	2014
Profit after tax		**684.0**	991.4
Adjustments for:			
Gain on disposal of subsidiaries and an associate		**(8.2)**	(51.8)
Gain on disposal of properties		**(10.8)**	(65.5)
Share of results of joint ventures and associates		**(35.9)**	59.6
Finance income		**(71.0)**	(90.8)
Finance costs		**294.3**	225.6
Depreciation and amortisation		**671.4**	581.4
Amortisation of prepaid lease rentals		**23.6**	21.5
Tax expense		**250.5**	276.2
Other non-cash items		**(44.0)**	101.7
		1,753.9	2,049.3
Changes in working capital:			
Inventories and rental assets		**216.7**	(133.2)
Property development costs		**(309.8)**	(325.1)
Land held for property development		**(11.7)**	(129.1)
Trade and other receivables and prepayments		**(569.2)**	281.5
Trade and other payables and provisions		**(74.8)**	(384.5)
Cash generated from operations		**1,005.1**	1,358.9
Tax paid		**(352.4)**	(520.1)
Dividends received from associates		**9.6**	24.3
Dividends from investments		**1.3**	4.4
Net cash from operating activities		**663.6**	867.5
Investing activities			
Finance income received		**47.5**	78.1
Purchase of property, plant and equipment		**(1,020.9)**	(579.4)
Purchase of subsidiaries and business	A11.2	**–**	(24.4)
Purchase/subscription of shares in joint ventures and associates		**(230.4)**	(164.6)
Purchase of investment properties		**(0.6)**	(0.5)
Purchase of intangible assets		**(108.7)**	(121.8)
Purchase of investments		**–**	(55.6)
Cost incurred on biological assets		**(58.4)**	(90.1)
Payment for prepaid lease rental		**(43.4)**	(34.5)
Proceeds from sale of subsidiaries	A11.1	**124.6**	41.1
Proceeds from sale of a joint venture and associates		**141.3**	318.4
Proceeds from sale of investments		**–**	77.0
Proceeds from sale of property, plant and equipment		**47.0**	240.4
Proceeds from sale of investment property		**0.5**	11.5
Proceeds from sale of prepaid lease rental		**–**	1.0
Others		**7.5**	4.3
Net cash used in investing activities		**(1,094.0)**	(299.1)

SIME DARBY BERHAD
(Company No: 752404-U)

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

	Half-year ended 31 December	
	2015	**2014**
Financing activities		
Proceeds from shares issued to owner of non-controlling interest	**–**	0.1
Purchase of additional interest in subsidiaries	**(2.5)**	–
Finance costs paid	**(365.7)**	(257.2)
Long-term borrowings raised	**917.3**	548.9
Repayments of long-term borrowings	**(409.2)**	(964.7)
Revolving credits, trade facilities and other short-term borrowings (net)	**(434.7)**	298.4
Dividends paid	**(167.4)**	(26.8)
Net cash used in financing activities	**(462.2)**	(401.3)
Net changes in cash and cash equivalents	**(892.6)**	167.1
Foreign exchange differences	**211.6**	132.1
Cash and cash equivalents at beginning of the period	**4,154.6**	4,802.2
Cash and cash equivalents at end of the period	**3,473.6**	5,101.4

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

Cash held under Housing Development Accounts	**518.0**	509.3
Bank balances, deposits and cash	**3,004.0**	4,614.0
Less:		
Bank overdrafts (Note B9)	**(48.4)**	(21.9)
	3,473.6	5,101.4

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.

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

Effective for annual periods beginning on or after 1 January 2018

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

A5. Debt and Equity Securities

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

A6. Dividends Paid

The final single tier dividend of 19.0 sen per share for the financial year ended 30 June 2015 amounting to RM1,180.1 million and the renewal of the authority to allot and issue new ordinary shares of RM0.50 each in the Company (new Sime Darby shares) for the purpose of the implementation of the Dividend Reinvestment Plan were approved by the shareholders on 23 November 2015.

The final dividend was paid on 6 January 2016 and based on the election made by shareholders, it was paid by way of issuance of 115,914,252 new Sime Darby shares at the issue price of RM7.46 per share, amounting to RM864.7 million and the balance payable in cash amounting to RM315.4 million.

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 a Managing Director 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
Half-year ended 31 December 2015								
Segment revenue:								
External	**6,041.6**	**4,666.8**	**9,746.5**	**1,180.0**	**328.9**	**38.2**	**–**	**22,002.0**
Inter-segment	**0.1**	**25.9**	**13.9**	**88.4**	**12.0**	**4.8**	**(145.1)**	**–**
	6,041.7	**4,692.7**	**9,760.4**	**1,268.4**	**340.9**	**43.0**	**(145.1)**	**22,002.0**
Segment result:								
Operating profit	**435.9**	**124.3**	**225.8**	**175.6**	**40.5**	**10.8**	**109.0**	**1,121.9**
Share of results of joint ventures and associates	**24.5**	**(1.6)**	**5.3**	**11.4**	**2.2**	**(5.9)**	**–**	**35.9**
Profit before interest and tax	**460.4**	**122.7**	**231.1**	**187.0**	**42.7**	**4.9**	**109.0**	**1,157.8**
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
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
Segment result:								
Operating profit	582.7	310.4	244.8	232.0	80.5	6.8	4.8	1,462.0
Share of results of joint ventures and associates	(23.6)	5.8	3.4	(32.8)	(11.0)	(1.4)	–	(59.6)
Profit before interest and tax	559.1	316.2	248.2	199.2	69.5	5.4	4.8	1,402.4

Note:
Elimination/Corporate expense recorded a positive of RM109.0 million (2014: RM4.8 million) mainly attributable to net foreign exchange gain and reversal of provisions.

SIME DARBY BERHAD
(Company No: 752404-U)

Explanatory Notes on the Quarterly Report – 31 December 2015
Amounts in RM million unless otherwise stated

A7. Segment Information (continued)

	Plantation	Industrial	Motors	Property	Energy & Utilities	Others	Corporate	Total
As at 31 December 2015								
Segment assets:								
Operating assets	**26,418.5**	**10,344.3**	**10,272.9**	**8,720.6**	**2,679.4**	**193.2**	**370.6**	**58,999.5**
Joint ventures and associates	**725.3**	**222.7**	**98.8**	**2,243.7**	**243.4**	**636.3**	**–**	**4,170.2**
Non-current assets held for sale	**2.2**	**3.6**	**–**	**–**	**–**	**–**	**–**	**5.8**
	27,146.0	**10,570.6**	**10,371.7**	**10,964.3**	**2,922.8**	**829.5**	**370.6**	**63,175.5**
Tax assets								**2,115.8**
Total assets								**65,291.3**
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 31 December 2015	As at 30 June 2015
Property, plant and equipment		
- contracted	**809.4**	700.2
- not contracted	**1,509.1**	2,260.9
	2,318.5	2,961.1
Other capital expenditure		
- contracted	**211.6**	187.7
- not contracted	**99.2**	176.2
	2,629.3	3,325.0

A9. Significant Related Party Transactions

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

	Half-year ended 31 December 2015	2014
a. Transactions with joint ventures		
Tolling fees and sales to Emery Oleochemicals (M) Sdn Bhd and its related companies	**18.8**	21.7
Sales and services to Terberg Tractors Malaysia Sdn Bhd (TTM) and its subsidiary	**0.2**	1.4
Purchase of terminal tractors, parts and engines from TTM and its subsidiary	**0.4**	6.1
Disposal of property, plant and equipment to Weifang Port Services Co Ltd (WPS)	–	300.5
Channel usage fee payable to WPS	**2.9**	–
b. Transactions with associates		
Provision of services by Sitech Construction Systems Pty Ltd	**1.5**	1.5
Sales of products and services to Tesco Stores (Malaysia) Sdn Bhd	**5.5**	9.3
Purchase of paints material from Sime Kansai Paints Sdn Bhd	**1.9**	2.8
Sales and services for parts to Energy Power Systems (Australia) Pty Ltd	**5.0**	5.5
c. Transactions between subsidiaries and their 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	**179.1**	122.6
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	**15.2**	14.0
Royalty payment to and procurement of cars and ancillary services by Inokom Corporation Sdn Bhd (ICSB) from Hyundai Motor Company and its related companies	**12.9**	67.9
Contract assembly service provided by ICSB to Berjaya Corporation Berhad group	**15.4**	38.7

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 2015	2014
c. Transactions between subsidiaries and their owners of non-controlling interests (continued)		
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	**3.6**	2.0
Sale of vehicles and parts by Jaguar Land Rover (M) Sdn Bhd to Sisma Auto Sdn Bhd	**51.7**	49.6
d. Transactions with a 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, a director of Sime Darby Berhad, is a partner	**0.1**	–
e. Transactions with Directors and their close family members		
Sales of properties and cars by the Group	**–**	2.7
f. Transactions with key management personnel and their close family members		
Sales of properties and cars by the Group	**5.3**	0.7
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 53.85% as at 31 December 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 purchase of chemicals and fertilisers from Chemical Company of Malaysia Berhad group of RM56.4 million (2014 : RM23.7 million). These related party transactions were entered into in the ordinary course of business on normal trade terms and conditions.

Amounts in RM million unless otherwise stated

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

Save for the following, there was no material event subsequent to the end of the current quarter under review to 17 February 2016, being a date not earlier than 7 days from the date of issue of the quarterly report.

1. On 30 December 2015, Performance Motors Vietnam Joint Stock (PMV) was incorporated in Vietnam with the issued share capital of VND183 billion comprising of 18,314,721 ordinary shares of VND10,000 each held by Europe Automobiles Corporation Holdings Pte Ltd and Sime Singapore Limited in the proportion of 83% and 16% respectively. The principal activities of PMV are retail of motor vehicles and spare parts.

2. On 6 January 2016, the Company issued 115,914,252 new ordinary shares of RM0.50 each pursuant to the election made by shareholders under the Dividend Reinvestment Plan (See Note A6).

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

1. Establishment of new companies

   a) On 1 December 2015, Sime Darby Real Estate Management Pte Ltd (SDREM) was established in Singapore with the issued share capital of SGD2.00 held by Sime Darby Property Singapore Limited. The intended principal activity of SDREM is the provision of property management services.

   b) On 7 December 2015, Hastings Deering Property Services Pty Ltd (HDPS) was incorporated in Australia with the issued share capital of AUD2.00 held by Hastings Deering (Australia) Ltd. HDPS will be the leasing entity and the proposed effective lessee for HDAL's core industrial property assets.

2. Acquisition of non-controlling interests and subsidiary

   a) 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%.

   b) On 28 October 2015, Sime Darby Brunsfield Holding Sdn Bhd acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid up share capital of Superglade Sdn Bhd for a total cash consideration of RM2.00. The intended principal activity of Superglade is general trading, real property holding and investment holding.

3. 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.

	Half-year ended 31 December 2015
Net current assets disposed *	**–**
Gain on disposal	**8.2**
Less: Exchange loss included in the gain on disposal	**2.3**
Net cash inflow from disposal of subsidiary during the period	**10.5**
Net cash inflow from disposal of subsidiary during the period	**10.5**
Proceeds from disposal of subsidiaries in previous years	**114.1**
Net cash inflow from disposal of subsidiaries	**124.6**

* 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 17 February 2016	**As at 30 June 2015**
Performance guarantees and advance payment guarantees to customers of the Group	**2,259.1**	2,250.6
Guarantees in respect of credit facilities granted to:		
- certain associates and a joint venture	**71.9**	69.5
- plasma stakeholders	**73.7**	79.2
	2,404.7	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 17 February 2016, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM380.1 million (30 June 2015: RM366.0 million).

b) Claims

	As at 17 February 2016	**As at 30 June 2015**
Claims pending against the Group	**11.9**	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

	Half-year ended 31 December 2015	2014	% +/(-)
Revenue	**22,002.0**	20,866.4	5.4
Plantation	**460.4**	559.1	(17.7)
Industrial	**122.7**	316.2	(61.2)
Motors	**231.1**	248.2	(6.9)
Property	**187.0**	199.2	(6.1)
Energy & Utilities	**42.7**	69.5	(38.6)
Others	**4.9**	5.4	(9.3)
Segment results	**1,048.8**	1,397.6	(25.0)
Exchange (loss)/gain:			
Unrealised	**(41.0)**	14.6	
Realised	**75.7**	(5.4)	
Corporate expense and elimination	**74.3**	(4.4)	
Profit before interest and tax	**1,157.8**	1,402.4	(17.4)
Finance income	**71.0**	90.8	
Finance costs	**(294.3)**	(225.6)	
Profit before tax	**934.5**	1,267.6	(26.3)
Tax expense	**(250.5)**	(276.2)	
Profit for the period	**684.0**	991.4	(31.0)
Non-controlling interests	**(82.3)**	(53.3)	
Profit after tax and non-controlling interests	**601.7**	938.1	(35.9)

Group revenue for the half-year ended 31 December 2015 at RM22.0 billion increase by 5.4% compared to the corresponding period of the previous year. Profit before tax of the Group declined by 26.3% largely due to lower earnings from all business segments.

The Group's net earnings for the period at RM601.7 million was lower by 35.9% from RM938.1 million a year ago.

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

a) Plantation

Plantation division recorded a lower profit of RM460.4 million, a decline of 17.7% compared to similar period of the previous year. This was mainly attributable to the low crude palm oil (CPO) price realised and the effect of the USD50 per tonne export levy on CPO by the Indonesian government effective from 16 July 2015. The average CPO price realised for the Group was RM2,076 per tonne compared to RM2,154 per tonne the previous year. CPO price realised for Malaysia was RM2,169 per tonne whilst Indonesia was at RM1,839 per tonne.

Group fresh fruit bunch (FFB) production increased by 15.0% as a result of the FFB contribution from NBPOL of 749,000 MT. FFB production in Malaysia was lower by 1.3% whilst production in Indonesia was maintained. The Group oil extraction rate at 22.0% was slightly higher than that registered in the previous year of 21.8%.

.

B1. Review of Group Performance (continued)

a) Plantation (continued)

The impact of the lower CPO prices was partially mitigated by realised exchange gains on settlement of intercompany balances of RM50.7 million and higher profit posted by the midstream and downstream operations of RM101.5 million for the current period compared to a loss of RM1.0 million in the previous year. The profit was driven by higher sales and refinery utilisation, lower raw material cost and the Group's share of the gain on disposal of oleochemical assets and business in Dusseldorf, Germany by Emery group.

b) Industrial

Profit from Industrial division at RM122.7 million was a sharp decline by 61.2% from that of the previous year. This was mainly due to continued low coal prices which resulted in lower equipment deliveries and margin pressures in the product support business in the Australasia region. The result was further impacted by provision for aged equipment stock of RM16.0 million, impairment for the investment in an associate, Nova Power Pty Ltd, of RM10.5 million and further restructuring cost of RM14.5 million.

Poor performance was also registered in China/Hong Kong, Malaysia and Singapore resulting from the slowdown in the construction, mining, marine and oil & gas sectors. The weakening of Ringgit Malaysia against the US Dollar has also increased the cost of imports, resulting in lower margins.

c) Motors

Motors division's contribution declined slightly by 6.9% compared to the previous period mainly due to the startup losses incurred in Taiwan and lower profits from operations in Malaysia, Australia and New Zealand. In Malaysia, sales and profit suffered due to tight lending conditions and higher cost of imports following the weakening of Ringgit Malaysia against most major currencies. The smaller contributions from Australia and New Zealand were mainly due to lower performance by Peugeot and Trucks operations. This was partially mitigated by improved performance in Singapore, China, Vietnam and Thailand.

d) Property

Property division's profit declined marginally by 6.1% to RM187.0 million as the results for the previous year included the gain of RM55.5 million on the disposal of 9.9% equity interest in Eastern & Oriental Berhad. Excluding the gain, the division's profit improved by 30.1% attributable to higher contribution from the construction works at Pagoh Education Hub, the development works at Nilai Impian and KL East Melawati and lower share of loss in the Battersea project.

e) Energy & Utilities

Energy & Utilities division reported a lower profit of RM42.7 million compared to RM69.5 million previously mainly attributable to the recognition of a gain of RM21.0 million on the disposal of wavebreaker in Weifang Port to a joint venture in the previous year. The results for the current period include a provision for an unrealised exchange loss of RM14.9 million in respect of the ONGC project.

f) Others

Contribution from Others decreased by 9.3% mainly due to share of losses from Tesco Stores (Malaysia) Sdn Bhd of RM18.9 million as a result of lower sales achieved due to the current competitive market conditions but mitigated by higher share of profit from the healthcare operations.

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 2015	**30 September 2015**	**% +/(-)**
Revenue	**11,828.9**	10,173.1	16.3
Plantation	**148.4**	312.0	(52.4)
Industrial	**68.4**	54.3	26.0
Motors	**145.9**	85.2	71.2
Property	**84.6**	102.4	(17.4)
Energy & Utilities	**41.6**	1.1	3,681.8
Others	**(1.0)**	5.9	(116.9)
Segment results	**487.9**	560.9	(13.0)
Exchange gain/(loss):			
Unrealised	**(8.6)**	(32.4)	
Realised	**(24.6)**	100.3	
Corporate expense and elimination	**86.1**	(11.8)	
Profit before interest and tax	**540.8**	617.0	(12.4)
Finance income	**38.1**	32.9	
Finance costs	**(115.4)**	(178.9)	
Profit before tax	**463.5**	471.0	(1.6)
Tax expense	**(139.6)**	(110.9)	
Profit for the period	**323.9**	360.1	(10.1)
Non-controlling interests	**(50.6)**	(31.7)	
Profit after tax and non-controlling interests	**273.3**	328.4	(16.8)

Group revenue at RM11.8 billion was 16.3% higher than the preceding quarter. However, the pre-tax profit of RM463.5 million and net earnings of RM273.3 million were 1.6% and 16.8% respectively lower than those of the preceding quarter due to reduced contribution from Plantation and Property.

a) Plantation

Profit from Plantation declined by 52.4% in the current quarter principally due to the lower average CPO price realised of RM2,066 per tonne against RM2,088 per tonne in the preceding quarter. This was further compounded by lower FFB production by 8.0%, with Malaysia and Papua New Guinea registering lower FFB production by 19.0% and 6.5% respectively while Indonesia recorded an increase of 14.1%.

Midstream and downstream operations recorded a profit of RM68.5 million compared to a profit of RM33.0 million in the preceding quarter mainly attributable to higher profit from the Thailand and South African operations.

b) Industrial

Contribution from Industrial division improved by 26.0% to RM68.4 million for the quarter largely due to higher profit recorded in all regions. Despite the restructuring cost of RM14.5 million, Australasia region registered better results for the current quarter mainly due to the provision for aged equipment stock of RM12.0 million and impairment of investment in an associate of RM10.5 million in the preceding quarter. The performance in other regions have also improved largely due to the cost savings initiatives undertaken earlier and higher sales in Singapore.

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

c) Motors

Motors division's performance improved significantly by 71.2% to RM145.9 million due to higher profits recorded in all regions except China, Australia and Taiwan. China reported higher sales but lower profit margins due to market pressure, whilst Australia operations was affected by the weak performance of the Peugeot operations. The higher contribution from other regions were largely contributed by BMW operations.

d) Property

Profit from Property for the current quarter decreased by 17.4% compared to the preceding quarter due to lower development works in Bandar Bukit Raja coupled with lower unit sales in Denai Alam, Nilai Impian and KL East Melawati. The lower development profit was partially mitigated by higher contribution from the construction works at Pagoh Education Hub and lower share of losses in Battersea project.

e) Energy & Utilities

The results of Energy & Utilities was higher at RM41.6 million as compared to RM1.1 million in the preceding quarter largely due to the provision for an unrealised exchange loss of RM15.7 million in respect of the ONGC project in the previous quarter. Weifang Port achieved higher port throughput during the quarter.

f) Others

Other businesses suffered a loss of RM1.0 million compared to a profit of RM5.9 million in the preceding quarter due to higher share of losses from Tesco Stores (Malaysia) Sdn Bhd.

B3. Prospects

Global economic growth has been impacted by the continued slowdown of major emerging economies and the sharp fall in oil prices which are at multi-year lows. The risk is aggravated by the decline in global equity markets and volatile foreign exchange rates. The challenging operating environment is expected to persist in the markets where the Group operates.

The Group has initiated measures to enhance its financial flexibility to manage further volatility and take advantage of the expected recovery over the medium term. The Group has established a Perpetual Sukuk Programme of up to RM3.0 billion in nominal value, which was lodged with the Securities Commission of Malaysia on 29 January 2016. The proceeds raised from the issuances will be used for working capital purposes and to refinance debt obligations of the Group.

Crude palm oil (CPO) prices have steadily trended higher. Demand for biodiesel is expected to remain low due to the current low crude oil prices and the high supply of CPO from newly maturing palms as a result of the increase in planted hectarage in recent years. However, adverse weather conditions are expected to impact production in the near term. The earnings of the Plantation division are expected to be boosted by the contribution from New Britain Palm Oil Limited group (NBPOL), which is expected to enter its high crop season and also realising the synergy benefits. Continuous efforts are on-going to improve productivity and lower operating costs.

The contraction in the mining industry, following the plunge in mineral prices, is projected to have hit its lows though recovery may be slow and extended. Low oil prices have significantly affected demand for engines in the oil and gas and marine sectors. The Industrial division will continue to institute measures to downsize and rationalise its operations for cost savings, to partly mitigate the impact of the lower revenue across all regions where it operates.

In Malaysia, the Motors operations continue to be adversely impacted by the weak Ringgit, competitive market conditions and poor consumer sentiment, partly driven by more stringent bank lending policies on vehicle financing. The economic slowdown in China has affected demand for luxury brands of motor vehicles. The better performance in Singapore and Vietnam has helped to sustain the division’s profitability.

The Malaysian residential property market continues to remain subdued due to cautious consumer sentiment and tight lending policies. Nevertheless, domestic demand for landed properties in the affordable to medium-range in strategic locations remains resilient. The up-coming launches in Elmina West and Serenia City will benefit from the earlier successful launches of the townships. The Group’s sizeable landbank in the Malaysia Vision Valley Development and Byram estate in Penang augurs well for its future growth. The Battersea Development Project in London is progressing well and the hand-over for Phase 1 development is expected to commence in the last quarter of 2016, which would also see the Group recognising its maiden profit from this project.

The Ports operations in Weifang, China under the Energy & Utilities division, continue to be affected by the economic slowdown in the region and strong competition from neighbouring ports and alternative lower cost land transportation. However, the Division is on-track in its expansion plan to increase container handling capacity and diversify its range of facilities. The recent signing of the Shareholders Agreement with a subsidiary of Dragon Crown Group Holdings Limited, a company listed in the Hong Kong Stock Exchange, will expedite the construction and management of the integrated liquid terminal project.

Against the backdrop of slower economic growth and difficult operating environment, 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 Group's key performance indicators (KPI) for the financial year ending 30 June 2016 as approved by the Board of Directors on 26 November 2015 and the achievement for the half-year ended 31 December 2015 are as follows:

	Actual Half-year ended 31 December 2015	Target Year ending 30 June 2016
Profit attributable to owners of the Company (RM million)	601.7	2,000
Return on average shareholders' equity (%)	1.96	6.3

For the half-year ended 31 December 2015, the profit attributable to ordinary equity holders and the return on average shareholders' equity achieved by the Group are approximately 30.0% and 31.1% 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	
	2015	**2014**	**2015**	**2014**
Included in operating profit are:				
Depreciation and amortisation	**(356.1)**	(284.3)	**(671.4)**	(581.4)
Amortisation of prepaid lease rentals	**(12.2)**	(10.9)	**(23.6)**	(21.5)
Reversal of impairment/(Impairment) of				
- property, plant and equipment	**(0.6)**	1.5	**(1.7)**	(0.2)
- intangible assets and goodwill	**–**	1.4	–	–
- investment property	**–**	(3.4)	**(1.3)**	(3.4)
- receivables	**(2.0)**	(2.4)	**(1.8)**	5.1
Write down of inventories (net)	**(33.5)**	(46.6)	**(56.9)**	(58.9)
Gain/(loss) on disposal of				
- property, plant and equipment				
- land and buildings	**3.7**	50.0	**10.5**	56.5
- others	**(0.1)**	5.3	**(1.9)**	6.1
- prepaid lease rentals	**–**	0.1	**–**	0.1
- investment properties	**0.3**	–	**0.3**	8.9
- a subsidiary	**–**	(3.7)	**8.2**	(3.7)
- an associate	**–**	–	**–**	55.5
Net foreign exchange (loss)/gain	**(26.3)**	(57.7)	**10.6**	(138.0)
(Loss)/gain on cross currency swap contract	**(38.1)**	91.6	**74.4**	176.1
Fair value loss on warrant in an associate	**(1.7)**	–	**(3.4)**	–
(Loss)/gain on forward foreign exchange contracts	**(0.1)**	2.7	**(11.4)**	(1.9)
Gain on commodity future contract	**11.2**	1.2	**4.4**	1.5

Amounts in RM million unless otherwise stated

B7. Tax Expense

	Quarter ended 31 December		Half-year ended 31 December	
	2015	**2014**	**2015**	**2014**
Continuing operations				
In respect of the current period:				
- current tax	**129.3**	149.8	**261.7**	311.9
- deferred tax	**0.2**	4.7	**(7.5)**	28.1
	129.5	154.5	**254.2**	340.0
In respect of prior years:				
- current tax	**2.2**	18.0	**11.7**	(4.8)
- deferred tax	**7.9**	(44.6)	**(15.4)**	(59.0)
	139.6	127.9	**250.5**	276.2

The effective tax rates for the current quarter of 30.1% and half-year ended 31 December 2015 of 26.8% were higher than the Malaysian income tax rate of 24% mainly due to certain expenses being disallowed for tax purposes.

B8. Status of Corporate Proposals

The corporate proposals announced but not completed as at 17 February 2016 are as follows:

a) On 28 January 2016, Sime Darby Overseas (HK) Limited (SDOHK) and Weifang Sime Darby Port Co Ltd entered into an Equity Purchase Agreement (EPA) with Overseas Hong Kong Investment Limited (OHKIL) to dispose their equity interest of 49% and 1% respectively in Weifang Sime Darby Liquid Terminal Co Ltd (WSDLT) to OHKIL subject to the terms and conditions of the EPA (Proposed Transaction).

   The consideration for the Proposed Transaction is RMB60.85 million (equivalent to approximately RM39.15 million). The Proposed Transaction is expected to be completed within the first half of 2016 from the date of execution of the EPA or such other date as agreed by the parties in writing.

   Upon completion of the Proposed Transaction, SDOHK and OHKIL will hold 50% equity interest each in WSDLT which will be classified as a joint venture and ceased to be an indirect subsidiary of Sime Darby Berhad.

b) On 29 January 2016, Sime Darby Berhad has made a lodgment to the Securities Commission of Malaysia for the launch of a Perpetual Subordinated Sukuk Programme of up to RM3.0 billion in nominal value.

   The proceeds raised from issuance(s) of the Perpetual Sukuk will be utilised to finance the Group's working capital requirements and/or to refinance debt obligations of the Sime Darby Group.

   Maybank Investment Bank Berhad is the Principal Adviser/Lead Arranger/Lead Manager for the Sukuk Programme.

Amounts in RM million unless otherwise stated

B9. Group Borrowings

	As at 31 December 2015		
	Secured	**Unsecured**	**Total**
Long-term borrowings			
Term loans	**573.7**	**4,544.9**	**5,118.6**
Islamic Medium Term Notes	**–**	**700.0**	**700.0**
Sukuk	**–**	**3,441.2**	**3,441.2**
Syndicated Islamic financing	**705.4**	**–**	**705.4**
Islamic financing	**78.8**	**287.5**	**366.3**
Revolving credits and other long-term borrowings	**–**	**1,945.1**	**1,945.1**
	1,357.9	**10,918.7**	**12,276.6**
Short-term borrowings			
Bank overdrafts	**–**	**48.4**	**48.4**
Term loans due within one year	**691.1**	**1,277.9**	**1,969.0**
Islamic Medium Term Notes due within one year	**–**	**1,007.7**	**1,007.7**
Sukuk due within one year	**–**	**38.8**	**38.8**
Islamic revolving financing	**–**	**1,150.0**	**1,150.0**
Revolving credits, trade facilities and other short-term borrowings	**387.8**	**2,699.9**	**3,087.7**
	1,078.9	**6,222.7**	**7,301.6**
Total borrowings	**2,436.8**	**17,141.4**	**19,578.2**

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

	Long-term borrowings	**Short-term borrowings**	**Total**
Ringgit Malaysia	**3,328.8**	**3,799.2**	**7,128.0**
Australian dollar	**620.0**	**73.6**	**693.6**
Chinese renminbi	**–**	**378.8**	**378.8**
European Union Euro	**471.0**	**179.3**	**650.3**
Hong Kong dollar	**–**	**87.9**	**87.9**
Indonesian Rupiah	**–**	**380.7**	**380.7**
New Zealand dollar	**–**	**63.1**	**63.1**
Pacific franc	**37.4**	**3.1**	**40.5**
Papua New Guinea Kina	**–**	**119.6**	**119.6**
Singapore dollar	**–**	**15.5**	**15.5**
Taiwan dollar	**–**	**66.3**	**66.3**
Thailand baht	**68.2**	**113.0**	**181.2**
United States dollar	**7,751.2**	**1,946.5**	**9,697.7**
Vietnamese dong	**–**	**75.0**	**75.0**
Total borrowings	**12,276.6**	**7,301.6**	**19,578.2**

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 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	**99.4**	**20.2**	**(14.6)**	**(33.4)**	**71.6**
Interest rate swap contracts	**17.1**	**0.8**	**(15.4)**	**(20.6)**	**(18.1)**
Cross currency swap contract	**166.4**	**40.2**	**–**	**–**	**206.6**
Commodity futures contracts	**–**	**31.3**	**–**	**(22.8)**	**8.5**
	282.9	**92.5**	**(30.0)**	**(76.8)**	**268.6**

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the financial year ended 30 June 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 31 December 2015, the notional amount, fair value and maturity period of the forward foreign exchange contracts are as follows:

	Notional Amount	**Fair Value Assets/ (Liabilities)**
- less than 1 year	**1,276.4**	**(13.2)**
- 1 year to 2 years	**1,456.0**	**84.8**
	2,732.4	**71.6**

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 31 December 2015 are as follows:

Effective period	**Notional amount**	**All-in swap rate per annum**
12 December 2012 to 12 December 2018	USD199.9 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	MYR222.0 million	3.938%

As at 31 December 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	**347.1**	**(19.8)**
- 1 year to 3 years	**1,323.6**	**(7.0)**
- 3 years to 6 years	**1,712.1**	**8.7**
	3,382.8	**(18.1)**

Cross currency swap contract

The Group has entered into a cross currency swap contract to exchange the principal payments of a foreign currency denominated loan into another currency to reduce the Group's exposure from adverse fluctuations in the 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 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	**191.4**	**40.2**
- 1 year to 3 years	**765.7**	**188.2**
- 3 years to 6 years	**189.3**	**(21.8)**
	1,146.4	**206.6**

Amounts in RM million unless otherwise stated

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

a) Derivatives (continued)

Commodity futures contracts

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

The outstanding commodity futures contracts as at 31 December 2015 that are not held for the purpose of physical delivery are as follows:

	Quantity (metric tonne)	Notional Amount	Fair Value Assets/ (Liabilities)
Purchase contracts	**158,002**	**379.0**	**(14.0)**
Sales contracts	**163,688**	**401.9**	**22.5**
			8.5

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 2015	As at 30 June 2015
Total retained profits of the Company and its subsidiaries		
- realised	**24,038.4**	25,940.1
- unrealised	**5,566.2**	5,135.8
	29,604.6	31,075.9
Total share of retained profits from joint ventures		
- realised	**(69.5)**	(95.6)
- unrealised	**23.4**	35.0
	(46.1)	(60.6)
Total share of retained profits from associates		
- realised	**334.7**	315.0
- unrealised	**(61.7)**	(46.5)
	273.0	268.5
Less: consolidation adjustments	**(12,345.3)**	(13,234.4)
Total retained profits of the Group	**17,486.2**	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 17 February 2016 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 RM338,992,612) 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 17 February 2016 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.The Bakun Project closing accounts were approved by Malaysia-China Hydro Joint Venture and Sarawak Hidro Sdn Bhd and the closing certificate was issued on 16 November 2015. The Plaintiffs' counsel are currently reviewing the relevant documents and reports with a view to filing 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. On 24 January 2016, EMAS submitted a Request for Arbitration against SDE to DIAC (refer (iii) below).

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 RM48,075,228) against SDE.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 17 February 2016 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).

iii. Proceedings at DIAC
On 5 February 2016, SDE received a notice from DIAC that EMAS had submitted a Request for Arbitration (Request) against SDE which was filed on 24 January 2016. The amount claimed by EMAS as stated in the Request, namely AED41,046,086 is the same amount awarded by the Court against SDE on 18 May 2014, which decision was reversed by the Court of Appeal on 2 July 2014 and the Supreme Court on 25 December 2014. In accordance with the rules of DIAC ("Rules"), SDE has 30 days from the date of receipt of the Request (and subject to DIAC's consent, an extension of 14 days thereafter provided an indication as to the number of arbitrators and the choice of arbitrators have been provided) to submit its response to the Request. The Rules further provide that parties are required to pay an advance costs of the arbitration. SDE is currently working with its solicitors to prepare the said response.

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 RM1,190,635,195).

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 RM15,966,401) (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 directed the experts to submit their report and fixed the matter for hearing on 3 February 2016. On 3 February 2016, the experts submitted their report. The Court adjourned the hearing to 18 February 2016 for parties to submit their comments on the experts' report. SDE is deliberating with its lawyers on the next course of action.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 17 February 2016 are as follows: (continued)

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.

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 RM28,956,580) was apportioned to SDE and USD5,268,260 (equivalent to RM22,661,420) 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.

On 21 December 2015, the Consortium issued a notice to ONGC of its intention to proceed with arbitration.

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 17 February 2016 are as follows: (continued)

g) Claim against PT Anzawara Satria

On 11 May 2006, PT Sajang Heulang (PT SHE), a subsidiary of Sime Darby Plantation Sdn Bhd (PT SHE) filed 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 allegedly carried out illegal 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 Court 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 RM211,652,673) 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 on 13 February 2015 issued a written decision (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.

On 10 February 2016, the High Court of Kalimantan Selatan, Banjarmasin ruled in favour of PT AS on the ground that the same subject matter (claim for execution/compensation) and the same object matter (being 60 hectares of land in Desa Bunati) had been deliberated and decided by the High Courts and Supreme Courts. Thus, PT SHE is not entitled to bring the same action before the District Court of Batu Licin (3rd High Court Decision).

PT SHE has 14 days from 10 February 2016 to file its appeal to the Supreme Court against the 3rd High Court Decision, i.e. on or before 23 February 2016.

B12. Dividend

An interim single tier dividend of 6.0 sen per share in respect of the financial year ending 30 June 2016, 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 6 May 2016.The entitlement date for the dividend payment is 21 April 2016.

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 19 April 2016 in respect of shares which are exempted from mandatory deposit;

(ii) shares transferred into the depositor's securities account before 4.00 pm on 21 April 2016 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	
	2015	**2014**	**2015**	**2014**
Earnings per share attributable to owners of the Company are computed as follows:				
Basic				
Profit for the period	**273.3**	437.4	**601.7**	938.1
Weighted average number of ordinary shares in issue (million)**	**6,211.2**	6,069.8	**6,211.2**	6,069.8
Earnings per share (sen)	**4.40**	7.21	**9.69**	15.46
Diluted				
Profit for the period*	**273.3**	437.3	**601.7**	938.0
Weighted average number of ordinary shares in issue (million)**	**6,211.2**	6,069.8	**6,211.2**	6,069.8
Earnings per share (sen)	**4.40**	7.20	**9.69**	15.45

* adjusted for the dilutive effect of long-term stock incentive plan of an associate of RM0.1 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
23 February 2016