QUARTERLY REPORT

On the consolidated results for the third quarter ended 31 March 2016

The Directors are pleased to announce the following:

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

		Quarter ended 31 March			Three quarters ended 31 March		
	Note	**2016**	**2015 Restated**	**% +/(-)**	**2016**	**2015 Restated**	**% +/(-)**
Revenue	A7	**10,232.8**	9,997.8	2.4	**32,234.8**	30,864.2	4.4
Operating expenses		**(9,987.2)**	(9,571.1)		**(31,221.2)**	(29,301.6)	
Other operating income		**603.1**	188.7		**883.2**	573.1	
Other (losses)/gains		**(13.0)**	215.6		**61.6**	253.3	
Operating profit	B6	**835.7**	831.0	0.6	**1,958.4**	2,389.0	(18.0)
Share of results of joint ventures		**(0.8)**	(62.4)		**29.2**	(127.9)	
Share of results of associates		**21.2**	(53.9)		**27.1**	(48.0)	
Profit before interest and tax	A7	**856.1**	714.7	19.8	**2,014.7**	2,213.1	(9.0)
Finance income		**49.3**	37.5		**120.3**	128.3	
Finance costs	B6	**(113.7)**	(121.9)		**(408.0)**	(347.5)	
Profit before tax		**791.7**	630.3	25.6	**1,727.0**	1,993.9	(13.4)
Tax expense	B7	**(99.2)**	(174.0)		**(344.0)**	(473.1)	
Profit for the period		**692.5**	456.3	51.8	**1,383.0**	1,520.8	(9.1)
Attributable to owners of:							
- the Company		**663.5**	414.7	60.0	**1,271.7**	1,427.0	(10.9)
- perpetual sukuk		**2.7**	–		**2.7**	–	
- non-controlling interests		**26.3**	41.6	(36.8)	**108.6**	93.8	15.8
Profit for the period		**692.5**	456.3	51.8	**1,383.0**	1,520.8	(9.1)
Earnings per share attributable to owners of the Company	B13						
- Basic		**10.50**	6.68	57.2	20.35	23.33	(12.8)
- Diluted		**10.50**	6.68	57.2	20.35	23.33	(12.8)

Note: The comparatives have been restated following the change in accounting policy as described in Note A1(a).

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 March			Three quarters ended 31 March		
	2016	**2015 Restated**	**% +/(-)**	**2016**	**2015 Restated**	**% +/(-)**
Profit for the period	**692.5**	456.3	51.8	**1,383.0**	1,520.8	(9.1)
Other comprehensive (loss)/income						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences:						
- subsidiaries	**(800.0)**	30.0		**164.0**	154.8	
Net changes in fair value of:						
- available-for-sale investments	**(15.1)**	(15.2)		**(1.4)**	(32.6)	
- cash flow hedges	**14.1**	108.5		**54.2**	180.5	
Share of other comprehensive (loss)/income of:						
- joint ventures	**(142.7)**	10.8		**(51.9)**	20.6	
- associates	**(17.7)**	5.0		**15.6**	1.7	
Tax expense	**12.5**	(13.8)		**(10.1)**	(55.2)	
	(948.9)	125.3		**170.4**	269.8	
Reclassified changes in fair value of cash flow hedges to:						
- profit or loss	**58.3**	(46.3)		**(17.5)**	(220.6)	
- inventories	**17.2**	0.3		**9.0**	(15.6)	
Reclassified to profit or loss currency translation differences on:						
- repayment of net investment	**20.1**	(148.1)		**(33.2)**	(148.1)	
- disposal of a subsidiary	**(9.7)**	–		**(7.4)**	0.5	
Tax expense	**(21.7)**	15.4		**2.8**	72.9	
	(884.7)	(53.4)		**124.1**	(41.1)	
Items that will not be reclassified subsequently to profit or loss:						
Share of actuarial gains/(losses) on defined benefit pension plans of a joint venture	**3.2**	(20.9)		**5.4**	(20.9)	
Total other comprehensive (loss)/income for the period	**(881.5)**	(74.3)	(1,086.4)	**129.5**	(62.0)	308.9
Total comprehensive (loss)/income for the period	**(189.0)**	382.0	(149.5)	**1,512.5**	1,458.8	3.7
Attributable to owners of:						
- the Company	**(203.1)**	315.1	(164.5)	**1,358.1**	1,318.3	3.0
- perpetual sukuk	**2.7**	–		**2.7**	–	
- non-controlling interests	**11.4**	66.9	(83.0)	**151.7**	140.5	8.0
Total comprehensive (loss)/income for the period	**(189.0)**	382.0	(149.5)	**1,512.5**	1,458.8	3.7

Note: The comparatives have been restated following the change in accounting policy as described in Note A1(a).

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 March 2016	As at 30 June 2015 Restated	As at 1 July 2014 Restated
Non-current assets				
Property, plant and equipment	A1(a)	**23,899.4**	23,026.8	17,168.5
Biological assets	A1(a)	**1.1**	8.9	–
Prepaid lease rentals		**965.0**	923.8	868.8
Investment properties		**335.8**	571.8	656.2
Land held for property development		**855.1**	810.4	927.7
Joint ventures		**2,627.1**	2,237.7	1,590.3
Associates		**1,618.8**	1,582.2	1,521.0
Investments		**137.8**	140.1	171.6
Intangible assets		**4,294.7**	3,994.0	1,233.5
Deferred tax assets		**1,212.5**	1,139.2	988.6
Tax recoverable		**462.6**	478.6	396.5
Derivatives	B10(a)	**213.0**	214.8	68.2
Receivables		**469.8**	527.9	587.6
Amounts due from customers on construction contracts		**1,217.2**	651.2	260.4
		38,309.9	36,307.4	26,438.9
Current assets				
Inventories	A1(a)	**8,977.9**	9,702.1	9,510.9
Property development costs		**3,170.1**	2,604.6	1,917.2
Receivables		**7,367.7**	7,273.3	6,526.0
Accrued billings and others		**1,434.1**	1,630.7	1,284.3
Tax recoverable		**329.0**	310.7	215.4
Derivatives	B10(a)	**124.1**	79.9	43.0
Bank balances, deposits and cash		**3,389.5**	4,201.0	4,896.0
		24,792.4	25,802.3	24,392.8
Non-current assets held for sale		**69.6**	128.7	392.2
Total assets	A7	**63,171.9**	62,238.4	51,223.9
Equity				
Share capital		**3,163.5**	3,105.6	3,032.1
Reserves	A1(a)	**28,027.8**	27,462.5	25,420.7
Attributable to owners of the Company		**31,191.3**	30,568.1	28,452.8
Perpetual sukuk	A5(b)	**2,199.1**	–	–
Non-controlling interests	A1(a)	**961.5**	1,003.4	859.7
Total equity		**34,351.9**	31,571.5	29,312.5
Non-current liabilities				
Borrowings	B9	**11,511.9**	11,745.4	8,109.2
Finance lease obligation		**129.5**	139.2	145.9
Provisions		**14.6**	17.2	49.3
Retirement benefits		**194.3**	167.4	141.5
Deferred income		**393.9**	407.5	375.7
Deferred tax liabilities	A1(a)	**2,536.9**	2,586.4	933.9
Derivatives	B10(a)	**22.6**	19.0	2.4
		14,803.7	15,082.1	9,757.9
Current liabilities				
Payables		**7,767.6**	8,324.3	8,105.2
Progress billings and others		**70.8**	194.9	208.7
Borrowings	B9	**5,103.6**	6,317.6	3,065.6
Finance lease obligation		**6.4**	6.8	6.6
Provisions		**209.4**	215.4	283.4
Deferred income		**259.8**	158.8	102.2
Tax payable		**153.8**	222.5	267.9
Derivatives	B10(a)	**59.6**	61.1	29.7
Dividend payable		**379.6**	–	–
		14,010.6	15,501.4	12,069.3
Liabilities associated with assets held for sale		**5.7**	83.4	84.2
Total liabilities		**28,820.0**	30,666.9	21,911.4
Total equity and liabilities		**63,171.9**	62,238.4	51,223.9

SIME DARBY BERHAD
(Company No: 752404-U)
Unaudited Condensed Consolidated Statement of Financial Position (continued)
Amounts in RM million unless otherwise stated

	Unaudited As at 31 March 2016	**As at 30 June 2015 Restated**	**As at 1 July 2014 Restated**
Net assets per share attributable to owners of the Company (RM)	**4.93**	4.92	4.69

Note:

1. **Bank balances, deposits and cash**

Cash held under Housing Development Accounts	**515.3**	556.1	514.2
Bank balances, deposits and cash	**2,874.2**	3,644.9	4,381.8
	3,389.5	4,201.0	4,896.0

2. **Non-current assets held for sale**

Non-current assets			
Property, plant and equipment	**8.9**	8.2	–
Investment properties	–	0.2	2.5
Associate	–	–	262.9
Disposal groups	**60.7**	120.3	126.8
	69.6	128.7	392.2

Liabilities associated with assets held for sale

Disposal groups	**5.7**	83.4	84.2

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 31 March 2016, the disposal group is in respect of Sime Darby Property (Alexandra) Limited.

3. The consolidated statements of financial position as at 30 June 2015, and as at the beginning of the financial year ended 30 June 2015 were audited. The statements have been restated arising from the change in accounting policy as described in Note A1(a). The restated consolidated statements of financial position have yet to be audited.

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

Three quarters ended 31 March 2016	**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**	**Perpetual Sukuk**	**Non-controlling interests**	**Total equity**
At 1 July 2015, as previously stated	**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**
Effect of changes in accounting policy (see Note A1(a))	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(18.5)**	**(18.5)**	**–**	**(21.0)**	**(39.5)**
At 1 July 2015, as restated	**3,105.6**	**1,795.6**	**37.0**	**67.0**	**6,881.9**	**68.0**	**(99.9)**	**47.6**	**634.4**	**18,030.9**	**30,568.1**	**–**	**1,003.4**	**31,571.5**
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**40.1**	**(1.9)**	**42.8**	**1,277.1**	**1,358.1**	**2.7**	**151.7**	**1,512.5**
Transfer between reserves	**–**	**–**	**–**	**–**	**1.3**	**1.4**	**–**	**–**	**–**	**(2.7)**	**–**	**–**	**–**	**–**
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)**
Issuance of perpetual sukuk	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,200.0**	**–**	**2,200.0**
Dividends paid by way of:														
- issuance of shares [1]	**57.9**	**806.8**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(864.7)**	**–**	**–**	**–**	**–**
- cash	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(315.4)**	**(315.4)**	**–**	**(193.1)**	**(508.5)**
Dividend payable	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(379.6)**	**(379.6)**	**–**	**–**	**(379.6)**
Issuance expenses, net of tax	**–**	**(0.5)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.5)**	**(3.6)**	**–**	**(4.1)**
At 31 March 2016	**3,163.5**	**2,601.9**	**–[2]**	**67.0**	**6,882.8**	**69.4**	**(59.8)**	**45.7**	**677.2**	**17,743.6**	**31,191.3**	**2,199.1**	**961.5**	**34,351.9**

Note :
1. Pursuant to the Dividend Reinvestment Plan
2. 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.

SIME DARBY BERHAD
(Company No: 752404-U)

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

Three quarters ended 31 March 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 2014, as previously stated	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
Effect of changes in accounting policy (see Note A1(a))	–	–	–	–	–	–	–	–	–	(135.8)	(135.8)	(17.0)	(152.8)
At 1 July 2014, as restated	3,032.1	555.0	39.1	67.0	6,888.3	70.1	(39.5)	73.3	(45.2)	17,812.6	28,452.8	859.7	29,312.5
Total comprehensive (loss)/ income for the period	–	–	–	–	–	–	(38.0)	(37.3)	(12.5)	1,406.1	1,318.3	140.5	1,458.8
Transfer between reserves	–	–	–	–	(3.6)	(1.5)	–	–	–	5.1	–	–	–
Performance-based employee share scheme	–	–	50.9	–	–	–	–	–	–	–	50.9	–	50.9
Share capital reserve of associate	–	–	–	–	0.2	–	–	–	–	–	0.2	–	0.2
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	119.8	119.8
Issue of shares in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	0.1	0.1
Dividends paid by way of:													
- issuance of shares [1]	73.5	1,241.1	–	–	–	–	–	–	–	(1,314.6)	–	–	–
- cash	–	–	–	–	–	–	–	–	–	(504.6)	(504.6)	(35.9)	(540.5)
Dividends payable	–	–	–	–	–	–	–	–	–	(372.7)	(372.7)	–	(372.7)
Share issue expenses	–	(0.2)	–	–	–	–	–	–	–	–	(0.2)	–	(0.2)
At 31 March 2015	3,105.6	1,795.9	90.0	67.0	6,884.9	68.6	(77.5)	36.0	(57.7)	17,031.9	28,944.7	1,084.2	30,028.9

Note :
1. Pursuant to the Dividend Reinvestment Plan

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	Three quarters ended 31 March 2016	2015 Restated
Profit after tax		**1,383.0**	1,520.8
Adjustments for:			
Gain on disposal of subsidiaries, a joint venture, an associate and other investments		**(414.5)**	(51.8)
Gain on disposal of properties		**(12.4)**	(153.4)
Share of results of joint ventures and associates		**(56.3)**	175.9
Finance income		**(120.3)**	(128.3)
Finance costs		**408.0**	347.5
Depreciation and amortisation	A1(a)	**1,306.6**	977.4
Amortisation of prepaid lease rentals		**35.6**	31.6
Tax expense	A1(a)	**344.0**	473.1
Other non-cash items		**114.1**	(36.2)
		2,987.8	3,156.6
Changes in working capital:			
Inventories and rental assets		**697.6**	207.9
Property development costs		**(459.2)**	(295.7)
Land held for property development		**(59.6)**	(163.5)
Trade and other receivables and prepayments		**(182.8)**	114.6
Trade and other payables and provisions		**(863.5)**	(670.8)
Cash generated from operations		**2,120.3**	2,349.1
Tax paid		**(404.4)**	(658.8)
Dividends received from associates and invesments		**29.3**	28.7
Net cash from operating activities		**1,745.2**	1,719.0
Investing activities			
Finance income received		**64.0**	111.9
Purchase of property, plant and equipment	A1(a)	**(1,514.6)**	(1,272.2)
Purchase of subsidiaries	A11.2	–	(5,954.3)
Purchase/subscription of shares in joint ventures and associates		**(457.2)**	(271.1)
Purchase of investment properties		**(3.1)**	(0.7)
Purchase of intangible assets		**(141.5)**	(157.2)
Purchase of investments		–	(55.6)
Cost incurred on biological assets	A1(a)	–	–
Payment for prepaid lease rental		**(43.7)**	(47.3)
Proceeds from sale of subsidiaries	A11.3	**70.5**	41.1
Proceeds from sale of a joint venture and an associate		**141.3**	318.4
Proceeds from sale of investments		–	77.0
Proceeds from sale of property, plant and equipment		**71.4**	307.8
Proceeds from sale of investment property		**0.5**	151.0
Proceeds from sale of prepaid lease rental		–	1.0
Others		**(23.3)**	(8.3)
Net cash used in investing activities		**(1,835.7)**	(6,758.5)

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

	Three quarters ended 31 March 2016	2015 Restated
Financing activities		
Proceeds from shares issued to an owner of non-controlling interest	–	0.1
Proceeds from issuance of perpetual sukuk	**2,200.0**	–
Purchase of additional interest in subsidiaries	**(2.5)**	–
Share and perpetual sukuk issuance expenses	**(5.2)**	(0.2)
Finance costs paid	**(544.8)**	(404.6)
Long-term borrowings raised	**2,311.9**	3,632.2
Repayments of long-term borrowings	**(1,749.2)**	(1,264.5)
Revolving credits, trade facilities and other short-term borrowings (net)	**(2,518.1)**	2,774.0
Dividends paid	**(508.5)**	(540.5)
Net cash (used in)/from financing activities	**(816.4)**	4,196.5
Net changes in cash and cash equivalents	**(906.9)**	(843.0)
Foreign exchange differences	**110.8**	174.7
Cash and cash equivalents at beginning of the period	**4,154.6**	4,802.2
Cash and cash equivalents at end of the period	**3,358.5**	4,133.9
For the purpose of the Statement of Cash Flows, cash and cash equivalents comprised the following:		
Cash held under Housing Development Accounts	**515.3**	495.2
Bank balances, deposits and cash	**2,874.2**	3,671.4
Less:		
Bank overdrafts (Note B9)	**(31.0)**	(32.7)
	3,358.5	4,133.9

Note: The comparatives have been restated following the change in accounting policy as described in Note A1(a).

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.

Amounts in RM million unless otherwise stated

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 except as described below.

a) Change in accounting policy

With effect from the current financial year, the Group changed its accounting policy for bearer plants to be in line with the accounting requirements of FRS 116 – Property, Plant and Equipment.

In the past, the Group adopted the capital maintenance model on its bearer plants (previously termed as biological assets) whereby the expenditure on new planting was capitalised at cost and was not amortised. Replanting of same crops expenditure was charged to the profit or loss in the financial year in which the expenditure is incurred.

Under the revised accounting policy, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment. Expenditure on new planting and replanting of bearer plants are capitalised at cost and depreciated on a straight-line basis over the economic useful lives of 22 years for oil palm trees, 24 years for rubber trees and 5 years for growing cane from date of maturity or, the remaining period of the land lease, whichever is shorter. The bearer plants are assessed for indicator of impairment, and if indication exists, an impairment test is performed in accordance with FRS 136 – Impairment of Assets. The revised accounting policy will result in the financial statements reflecting more fairly the Group's financial position and financial performance. The carrying value of bearer plants will be more reflective of the cost incurred whilst the depreciation of the bearer plants over their useful lives reflects the consumption of the bearer plants' future economic benefits.

The new accounting policy is also more aligned with the underlying principle in the revised standard, Agriculture : Bearer Plants (Amendments to MFRS 116 – Property, Plant and Equipment and MFRS 141 - Agriculture) issued under the Malaysian Financial Reporting Standards Framework (MFRS Framework) (see Note A1(b)(ii)).

The effects of the change in the accounting policy on the comparative figures are as follows:

Condensed Consolidated Statement of Profit or Loss

	Quarter ended 31 March 2015			Three quarters ended 31 March 2015		
	Previously stated	Adjustments	Restated	Previously stated	Adjustments	Restated
Operating expenses	(9,606.2)	35.1	(9,571.1)	(29,432.7)	131.1	(29,301.6)
Operating profit	795.9	35.1	831.0	2,257.9	131.1	2,389.0
Profit before interest and tax	679.6	35.1	714.7	2,082.0	131.1	2,213.1
Profit before tax	595.2	35.1	630.3	1,862.8	131.1	1,993.9
Tax expense	(166.8)	(7.2)	(174.0)	(443.0)	(30.1)	(473.1)
Profit for the period	428.4	27.9	456.3	1,419.8	101.0	1,520.8

Amounts in RM million unless otherwise stated

A1. Basis of Preparation (continued)

a) Change in accounting policy (continued)

The effects of the change in the accounting policy on the comparative figures are as follows: (continued)

Condensed Consolidated Statement of Profit or Loss (continued)

	Quarter ended 31 March 2015			Three quarters ended 31 March 2015		
	Previously stated	Adjustments	Restated	Previously stated	Adjustments	Restated
Attributable to owners of:						
- the Company	386.0	28.7	414.7	1,324.1	102.9	1,427.0
- non-controlling interests	42.4	(0.8)	41.6	95.7	(1.9)	93.8
	428.4	27.9	456.3	1,419.8	101.0	1,520.8
Earnings per share:						
- Basic	6.22	0.46	6.68	21.65	1.68	23.33
- Diluted	6.22	0.46	6.68	21.64	1.69	23.33

Condensed Consolidated Statement of Financial Position

	As at 30 June 2015			As at 1 July 2014		
	Previously stated	Adjustments	Restated	Previously stated	Adjustments	Restated
Non-current assets						
Property, plant and equipment*	16,564.5	6,462.3	23,026.8	14,346.7	2,821.8	17,168.5
Biological assets*	5,940.2	(5,931.3)	8.9	2,534.1	(2,534.1)	–
Current assets						
Inventories*	9,802.7	(100.6)	9,702.1	9,510.9	–	9,510.9
Equity						
Retained profit	18,049.4	(18.5)	18,030.9	17,948.4	(135.8)	17,812.6
Non-controlling interest	1,024.4	(21.0)	1,003.4	876.7	(17.0)	859.7
Non-current liabilities						
Deferred tax liabilities	2,116.5	469.9	2,586.4	493.4	440.5	933.9

** The adjustments above include the reclassification of bearer plants formerly in biological assets and inventories to property, plant and equipment*

Condensed Consolidated Statement of Cash Flows

	Three quarters ended 31 March 2015		
	Previously stated	Adjustments	Restated
Profit after tax	1,419.8	101.0	1,520.8
Depreciation and amortisation	860.9	116.5	977.4
Tax expense	443.0	30.1	473.1
Net cash from operations	1,471.4	247.6	1,719.0
Investing activities			
Purchase of property, plant and equipment	(879.7)	(392.5)	(1,272.2)
Cost incurred on biological assets	(144.9)	144.9	–
Net cash used in investing activities	(6,510.9)	(247.6)	(6,758.5)
Net changes in cash and cash equivalents	(843.0)	–	(843.0)

A1. Basis of Preparation (continued)

b) New accounting pronouncements

No new accounting standards are required to be adopted in this financial period.

i) 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 2017

- FRS 107 – Statement of Cash Flows
- FRS 112 – Income Taxes

Effective for annual periods beginning on or after 1 January 2018

- FRS 9 – Financial Instruments

Meanwhile, on 31 December 2015, the Malaysian Accounting Standards Board (MASB) has deferred the effective date of Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to FRS 10 and FRS 128) to a date to be announced by the MASB.

ii) MFRS Framework

In November 2011, the MASB issued the 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.

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, being TE, 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 including 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

Save for the following, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review**.**

a) New Ordinary Shares

On 6 January 2016, the Company increased its issued and paid-up share capital from RM3,105,579,143 to RM3,163,536,269 via the issuance of 115,914,252 new ordinary shares of RM0.50 each for RM7.46 per share pursuant to the Dividend Reinvestment Plan (see Note A6). The new ordinary shares rank pari passu in all respect with the existing shares of the Company.

b) Perpetual Sukuk

On 24 March 2016, Sime Darby Berhad has made its first issuance of RM2.2 billion Sukuk Wakalah (Perpetual sukuk) pursuant to the Perpetual Subordinated Sukuk Programme of up to RM3.0 billion in nominal value. The Perpetual sukuk has a tenure of perpetual non-call 10 years at a profit rate of 5.65% per annum, payable semi-annually.

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 amounting to RM315.4 million in cash.

An interim single tier dividend of 6.0 sen per share for the financial year ending 30 June 2016 amounting to RM379.6 million was paid on 6 May 2016.

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
Three quarters ended 31 March 2016								
Segment revenue:								
External	**8,779.0**	**6,969.4**	**14,082.9**	**1,894.6**	**469.9**	**39.0**	–	**32,234.8**
Inter-segment	**24.8**	**37.4**	**20.8**	**121.8**	**17.2**	**5.8**	**(227.8)**	–
	8,803.8	**7,006.8**	**14,103.7**	**2,016.4**	**487.1**	**44.8**	**(227.8)**	**32,234.8**
Segment result:								
Operating profit	**537.0**	**197.7**	**296.0**	**740.3**	**70.3**	**10.2**	**106.9**	**1,958.4**
Share of results of joint ventures and associates	**16.1**	**(0.4)**	**9.4**	**30.8**	**(2.0)**	**2.4**	–	**56.3**
Profit before interest and tax	**553.1**	**197.3**	**305.4**	**771.1**	**68.3**	**12.6**	**106.9**	**2,014.7**
Three quarters ended 31 March 2015 (Restated)								
Segment revenue:								
External	6,849.5	7,516.3	13,800.3	2,092.4	550.6	55.1	–	30,864.2
Inter-segment	0.2	49.0	25.7	21.5	32.6	7.8	(136.8)	–
	6,849.7	7,565.3	13,826.0	2,113.9	583.2	62.9	(136.8)	30,864.2
Segment result:								
Operating profit	816.0	388.5	325.7	561.5	99.7	13.9	183.7	2,389.0
Share of results of joint ventures and associates	(26.2)	6.9	5.5	(88.5)	(11.2)	(62.4)	–	(175.9)
Profit before interest and tax	789.8	395.4	331.2	473.0	88.5	(48.5)	183.7	2,213.1

Note:
Elimination/Corporate expense recorded a positive of RM106.9 million (2015: RM183.7 million) mainly attributable to net foreign exchange gain and reversal of provisions.

Amounts in RM million unless otherwise stated

A7. Segment Information (continued)

	Plantation	Industrial	Motors	Property	Energy & Utilities	Others	Elimination/ Corporate expense	Total
As at 31 March 2016								
Segment assets:								
Operating assets	**25,331.6**	**9,501.0**	**8,886.2**	**9,557.5**	**2,550.9**	**128.5**	**896.6**	**56,852.3**
Joint ventures and associates	**715.7**	**210.8**	**99.3**	**2,340.9**	**239.1**	**640.1**	**–**	**4,245.9**
Non-current assets held for sale	**3.3**	**5.6**	**–**	**60.7**	**–**	**–**	**–**	**69.6**
	26,050.6	**9,717.4**	**8,985.5**	**11,959.1**	**2,790.0**	**768.6**	**896.6**	**61,167.8**
Tax assets								**2,004.1**
Total assets								**63,171.9**
As at 30 June 2015 (Restated)								
Segment assets:								
Operating assets	25,394.9	9,437.9	9,207.8	8,709.7	2,477.1	127.8	1,006.1	56,361.3
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
	26,053.1	9,637.4	9,298.5	10,843.2	2,710.4	761.2	1,006.1	60,309.9
Tax assets								1,928.5
Total assets								62,238.4

Amounts in RM million unless otherwise stated

A8. Capital Commitments

Authorised capital expenditure not provided for in the interim financial report is as follows:

	As at 31 March 2016	**As at 30 June 2015**
Property, plant and equipment		
- contracted	**898.5**	700.2
- not contracted	**1,367.4**	2,260.9
	2,265.9	2,961.1
Other capital expenditure		
- contracted	**207.2**	187.7
- not contracted	**51.3**	176.2
	2,524.4	3,325.0

A9. Significant Related Party Transactions

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

	Three quarters ended 31 March	
	2016	**2015**
a. Transactions with joint ventures		
Tolling fees and sales to Emery Oleochemicals (M) Sdn Bhd and its related companies	**36.3**	38.6
Sales and services to Terberg Tractors Malaysia Sdn Bhd (TTM) and its subsidiary	**1.5**	2.0
Purchase of terminal tractors, parts and engines from TTM and its subsidiary	**1.1**	9.2
Channel usage fee payable to Weifang Port Services Co. Ltd (WPS)	**4.7**	1.3
Disposal of property, plant and equipment to WPS	**–**	309.0
Sales of land to Sime Darby Sunsuria Development Sdn Bhd	**–**	241.8
b. Transactions with associates		
Provision of services by Sitech Construction Systems Pty Ltd	**2.1**	3.0
Sales of products and services to Tesco Stores (Malaysia) Sdn Bhd	**9.7**	14.3
Purchase of paints material from Sime Kansai Paints Sdn Bhd	**3.6**	4.7
Sales and services for parts to Energy Power Systems (Australia) Pty Ltd	**7.5**	8.2
Disposal of subsidiaries, Sime Darby Property (Dunearn) Limited and Sime Darby Property (Kilang) Limited to Aster Investment Holding Pte Ltd	**600.8**	–
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	**228.5**	220.3
Sale of Subang Avenue, an investment property by SDBH group to Subang Mall Property Sdn Bhd (SMPSB), companies in which Tan Sri Dato' Ir Gan and Encik Mohamad Hassan, are substantial shareholders	**–**	139.5

Amounts in RM million unless otherwise stated

A9. Significant Related Party Transactions (continued)

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

	Three quarters ended 31 March	
	2016	**2015**
c. Transactions between subsidiaries and their owners of non-controlling interests (continued)		
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	**19.8**	17.4
Royalty payment to and procurement of cars and ancillary services by Inokom Corporation Sdn Bhd (ICSB) from Hyundai Motor Company and its related companies	**36.0**	149.2
Contract assembly service provided by ICSB to Berjaya Corporation Berhad group	**34.5**	58.9
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	**6.0**	5.3
Sale of vehicles and parts by Jaguar Land Rover (M) Sdn Bhd to Sisma Auto Sdn Bhd	**74.7**	78.1
Sale of motor vehicles to the shareholder of Mahawangsa Holdings Sdn Bhd (Mahawangsa). Mahawangsa has equity interest in both Sime Darby Auto Performance Sdn Bhd and Sime Darby Auto Britannia Sdn Bhd	**–**	5.3
d. Transactions between subsidiary and company in which the subsidiary's director has equity interest		
Architectural services rendered to SDPS by Akitek Jururancang (M) Sdn Bhd, a company in which Tan Sri Dato' Sri Ar. Hj Esa, a director of SDPS has an equity interest	**2.2**	1.5
e. 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 (Dato' Azmi Mohd Ali has since retired from the Board of Directors on 1 March 2016)	**0.1**	–
f. Transactions with Directors and their close family members		
Sales of properties and cars by the Group	**–**	2.7
g. 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

A9. Significant Related Party Transactions (continued)

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

h. Transactions with shareholders and Government

Permodalan Nasional Berhad (PNB) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad (ASNB), together owns 54.39% as at 31 March 2016 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 purchase of chemicals and fertilisers from Chemical Company of Malaysia Berhad group of RM83.0 million (2015 : RM30.2 million). These related party transactions were entered into in the ordinary course of business on normal trade terms and conditions.

In addition, out of the RM2.2 billion Sukuk Wakalah issued by Sime Darby Berhad on 24 March 2016 (see Note A5(b)), funds managed by ASNB subscribed for RM560.0 million.

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

There were no material event subsequent to the end of the current quarter under review to 17 May 2016, being a date not earlier than 7 days from the date of issue of the quarterly report.

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

1. Establishment of new 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 (SDPSL). 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.

c) On 30 December 2015, Performance Motors Vietnam Joint Stock Company (PMV) was incorporated as a non-wholly owned subsidiary in Vietnam with 82.99% and 16.01% of the issued share capital of VND183.1 billion held by Europe Automobiles Corporation Holdings Pte Ltd and Sime Singapore Limited respectively. The principal activities of PMV are retail of motor vehicles and spare parts.

d) On 24 March 2016, Sime Darby Real Estate Investment Trust I (SDREIT I) (the Trust) was constituted by a Deed of Trust entered by SDREM (as Manager of the Trust) with Perpetual (Asia) Limited (PAL) (as Trustee of the Trust).

On 28 March 2016, Aster Investment Holding Pte Ltd (AIHPL) was incorporated in Singapore with the entire issued share capital of SGD1.00 held by PAL, as Trustee for the SDREIT I. The principal activities of AIHPL are property management and investment holding.

On 31 March 2016, SDPSL entered into a Joint Venture Agreement with Sedan Holding Ltd (SHL) and SDREM in its capacity as Manager of the Trust, to regulate the relationship of SDPSL and SHL as unit holders of the Trust. The equity interest in the Trust will be held by SDPSL and SHL in the proportion of 25% and 75% respectively.

Amounts in RM million unless otherwise stated

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

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 2016, 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 and real property and investment holding.

3. Disposal/deconsolidation of subsidiaries

a) 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.

b) On 31 March 2016, SDPSL entered into Share Sale Agreement (SSA) with AIHPL to dispose 20,000,000 ordinary shares of SGD1 each in Sime Darby Property (Dunearn) Limited and 1,000,000 ordinary shares of SGD1 each in Sime Darby Property (Kilang) Limited with purchase considerations of SGD184.0 million (approximately RM535.7 million) and SGD22.3 million (approximately RM65.1 million) respectively. Pursuant to the terms of the SSA, the Group has effectively lost control over these subsidiaries. The gain on deconsolidation of the two subsidiaries is RM406.3 million.

Details of net assets and net cash inflow arising from the disposal/deconsolidation of subsidiaries are as follows :

	Three Quarters ended 31 March 2016
Investment properties	**165.5**
Net current assets disposed	**(10.5)**
Deferred tax liabilities	**(3.7)**
Net assets disposed	**151.3**
Gain on disposal	**414.5**
Less : Net exchange gain included in the gain on disposal	**(7.4)**
Proceeds from disposal, net of transaction costs	**558.4**
Less: Cash and cash equivalent in subsidiaries disposed	**(1.2)**
Less: Balance consideration outstanding	**(600.8)**
Net cash outflow from disposal of subsidiaries during the period	**(43.6)**
Net cash outflow from disposal of subsidiaries during the period	**(43.6)**
Proceeds from disposal of subsidiaries in previous years	**114.1**
Net cash inflow from disposal of subsidiaries	**70.5**

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 May 2016	**As at 30 June 2015**
Performance guarantees and advance payment guarantees to customers of the Group	**2,233.5**	2,250.6
Guarantees in respect of credit facilities granted to:		
- certain associates and a joint venture	**70.7**	69.5
- plasma stakeholders	**65.6**	79.2
	2,369.8	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 May 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 RM244.0 million (30 June 2015: RM208.0 million).

b) Claims

	As at 17 May 2016	**As at 30 June 2015**
Claims pending against the Group	**7.9**	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

	Three quarters ended 31 March 2016	2015 Restated	% +/(-)
Revenue	**32,234.8**	30,864.2	4.4
Plantation	**553.1**	789.8	(30.0)
Industrial	**197.3**	395.4	(50.1)
Motors	**305.4**	331.2	(7.8)
Property	**771.1**	473.0	63.0
Energy & Utilities	**68.3**	88.5	(22.8)
Others	**12.6**	(48.5)	126.0
Segment results	**1,907.8**	2,029.4	(6.0)
Exchange (loss)/gain:			
Unrealised	**(46.9)**	2.7	
Realised	**97.0**	234.6	
Corporate expense and elimination	**56.8**	(53.6)	
Profit before interest and tax	**2,014.7**	2,213.1	(9.0)
Finance income	**120.3**	128.3	
Finance costs	**(408.0)**	(347.5)	
Profit before tax	**1,727.0**	1,993.9	(13.4)
Tax expense	**(344.0)**	(473.1)	
Profit for the period	**1,383.0**	1,520.8	(9.1)
Perpetual sukuk	**(2.7)**	–	
Non-controlling interests	**(108.6)**	(93.8)	
Profit attributable to owners of the Company	**1,271.7**	1,427.0	(10.9)

(Note : The financial results of the three quarters ended 31 March 2015 has been restated to effect the change of accounting policy for biological assets)

Group revenue for the three quarters ended 31 March 2016 increased by 4.4% as compared to the corresponding period of the previous year. Profit before tax of the Group was lower by 13.4% largely due to lower earnings from all business segments except for Property.

Net earnings of the Group for the period at RM1,271.7 million was lower by 10.9% against RM1,427.0 million a year ago.

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

a) Plantation

The Plantation division registered a lower profit by 30.0% to RM553.1 million primarily due to the lower contribution from the upstream operations as a result of the lower average crude palm oil (CPO) price realised of RM2,113 per tonne against RM2,171 per tonne the previous year. CPO price realised for Indonesia declined from RM2,108 per tonne a year ago to RM1,915 per tonne whilst Malaysia achieved a slightly higher price of RM2,209 per tonne compared to the previous year of RM2,206 per tonne. Lower CPO price realised by Indonesia was mainly attributable to the effect of the USD50 per tonne Indonesian export levy on CPO which caused a significant decline in the domestic prices.

The production of fresh fruit bunch (FFB) was higher by 11.5% principally due to FFB contribution from New Britain Palm Oil Limited of 1.16 million MT. FFB production in Malaysia and Indonesia experienced a decline of 4.7% and 1.5% respectively largely attributable to the unfavourable weather conditions last year (prolonged dry season and flooding) exacerbated by the effects of El-Nino and haze. The overall oil extraction rate increased from 21.8% in previous year to 22.0%.

B1. Review of Group Performance (continued)

a) Plantation (continued)

Midstream and downstream operations registered a significant improvement with a profit of RM148.2 million for the current period compared to RM25.3 million in the previous year. The huge increase in the sector's profit was mainly due to the 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 of RM21.0 million.

b) Industrial

Industrial division was badly affected by low coal prices, resulting in a decline in contribution of 50.1%. Australasia region experienced steep decline in equipment deliveries and margin pressures in the product support business as mining companies curb spending amid depressed coal prices. The result was further impacted by provision for aged equipment stock of RM35.6 million, impairment for the investment in an associate, Nova Power Pty Ltd, of RM10.5 million and restructuring cost of RM19.0 million.

All other regions also reported lower profit compared to previous year due to slowdown in the construction, mining, marine and oil & gas sectors. The weak Ringgit Malaysia against the US Dollar has also increased the cost of imports, hence shrinking margins in the Malaysian operation.

c) Motors

Contribution from Motors division reduced marginally by 7.8% compared to the previous year mainly due to lower contribution from Malaysia, Australia and New Zealand and the startup losses incurred in Taiwan. Malaysia operations registered a sharp decline of 78.9% due to the tight lending conditions and higher cost of imports as a consequence of weak Ringgit Malaysia against most major currencies. The decrease in Australia and New Zealand contributions were mainly due to lower profits by Peugeot and Trucks operations. The lower results were partially mitigated by improved performance from Singapore, China, Vietnam and Thailand.

d) Property

Property division's contribution increased significantly by 63.0% or RM298.1 million compared to the same period in previous year mainly due to a gain on deconsolidation of its two subsidiaries in Singapore of RM406.3 million and gain on compulsory land acquisition for the Damansara-Shah Alam Elevated Expressway and West Coast Expressway of RM138.7 million. The deconsolidation of the two Singapore subsidiaries for SGD206.3 million (equivalent to RM600.8 million) is part of the Group's asset monetisation exercise to unlock the value of its commercial properties.

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, the gain of RM55.2 million on the disposal of Subang Avenue and the gain of RM64.4 million on sale of land to Sime Darby Sunsuria Development Sdn Bhd. Excluding these gains, the division's profit reduced by 24.1% attributable to lower units sold and lower construction progress in several townships despite higher contribution from the construction works at Pagoh Education Hub and lower share of loss in the Battersea project.

e) Energy & Utilities

Energy & Utilities division reported a lower profit of RM68.3 million compared to RM88.5 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 China port operations continued experiencing slowdown in economic activities and stiff competition from alternative modes of transportation hence resulting in lower port throughput in Weifang, Longgong and Taiping ports while water operations registered higher profit due to lower operating costs.

f) Others

Contribution from Others increased by 126.0% mainly due to lower share of losses from Tesco Stores (Malaysia) Sdn Bhd (Tesco) of RM18.9 million against RM73.3 million in the previous year. In the previous year, Tesco provided RM352.2 million for impairment of property, plant and equipment and stocks. The loss in the current period was 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 March 2016	**31 December 2015 Restated**	**% +/(-)**
Revenue	**10,232.8**	11,828.9	(13.5)
Plantation	**91.9**	159.0	(42.2)
Industrial	**74.6**	68.4	9.1
Motors	**74.3**	145.9	(49.1)
Property	**584.1**	84.6	590.4
Energy & Utilities	**25.6**	41.6	(38.5)
Others	**7.7**	(1.0)	870.0
Segment results	**858.2**	498.5	72.2
Exchange (loss)/gain:			
Unrealised	**(5.9)**	(8.6)	
Realised	**21.3**	(24.6)	
Corporate expense and elimination	**(17.5)**	86.1	
Profit before interest and tax	**856.1**	551.4	55.3
Finance income	**49.3**	38.1	
Finance costs	**(113.7)**	(115.4)	
Profit before tax	**791.7**	474.1	67.0
Tax expense	**(99.2)**	(139.2)	
Profit for the period	**692.5**	334.9	106.8
Perpetual sukuk	**(2.7)**	–	
Non-controlling interests	**(26.3)**	(50.6)	
Profit attributable to owners of the Company	**663.5**	284.3	133.4

(Note : The financial results of quarter ended 31 December 2015 has been restated to effect the change of accounting policy for biological assets)

Group revenue for the quarter at RM10.2 billion was lower by 13.5% compared to the preceding quarter. The pre-tax profit of RM791.7 million and net earnings of RM663.5 million were 67.0% and 133.4% higher than those of the preceding quarter due to higher contribution from Industrial, Property and Others.

a) Plantation

Profit from Plantation declined by 42.2% in the current quarter mainly due to lower FFB production by 19.7% despite higher average CPO price realised of RM2,200 per tonne against RM2,066 per tonne in the preceding quarter. FFB production in Malaysia and Indonesia was lower by 19.6% and 33.5% respectively while Papua New Guinea region recorded an increase of 14.1%.

Lower profit was also registered by midstream and downstream operations of RM46.7 million compared to a profit of RM68.5 million in the preceding quarter mainly attributable to lower profit from the Thailand operations and share of loss incurred by Emery group.

b) Industrial

Contribution from Industrial division improved by 9.1% to RM74.6 million for the quarter largely due to higher profit recorded in Australasia and China. Australasia region registered better results for the current quarter mainly due to higher sales resulting from equipment deliveries to construction sector and lower restructuring cost of RM4.5 million compared to RM14.5 million in the preceding quarter. The improved performance in China was mainly due to provision on risk sharing losses in the previous quarter of RM13.7 million. In Malaysia and Singapore, weaker market conditions and lower profit realisation continued to affect the equipment deliveries and product support businesses.

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 declined significantly by 49.1% to RM74.3 million due to lower profits registered by all regions except Australia and New Zealand. Continued market pressure and subdued market sentiment has resulted in lower sales in Malaysia and other regions. Higher contributions from Australia and New Zealand was mainly due to improved result in Peugeot and Truck operations.

d) Property

Property division registered a RM499.5 million increase in profit for the current quarter, as compared to the preceding quarter, mainly due to the gain on deconsolidation of two subsidiaries in Singapore of RM406.3 million and gain on compulsory land acquisition for the Damansara-Shah Alam Elevated Expressway and West Coast Expressway of RM138.7 million, but lower contribution from the construction works at Pagoh Education Hub.

e) Energy & Utilities

The results of Energy & Utilities was lower at RM25.6 million as compared to RM41.6 million in the preceding quarter largely due to the recognition of government grant of RM18.5 million in the preceding quarter. Excluding this income, the China operations performance drop in the current quarter due to lower container throughput at Weifang Port but mitigated by an unrealised exchange gain of RM6.8 million in respect of the ONGC project .

f) Others

Other businesses contributed a higher profit of RM7.7 million compared to a loss of RM1.0 million in the preceding quarter as the Group discontinued the recognition of its share of further losses in Tesco. As of the preceding quarter, the accumulated share of losses in Tesco has zerorised the Group's cost of investment in Tesco.

B3. Prospects

Global financial markets have stabilised in the last several months whilst commodity prices have recovered slightly from the recent lows. However, the global economic outlook remains subdued as volatility and uncertainties still persist amidst lower growth in China and uncertainty of the UK exit from the EU. The operating environment is expected to remain challenging in the markets where the Group operates.

The Group has undertaken measures to further manage its gearing level and enhance its financial flexibility. The first issuance of RM2.2 billion under the RM3.0 billion Perpetual Sukuk Programme was completed on 24 March 2016. The proceeds raised from the issuance were used to pare down the Group's borrowings. In addition, the Group has also successfully completed the first tranche of its asset monetisation exercise with the completion of the disposals of two of its Singapore properties on 31 March 2016. Asset monetisation of certain other assets of the Group is on-going and the proceeds will be utilised to further reduce borrowings.

Crude palm oil (CPO) prices have trended higher from the lows in late 2015 mainly due to concern on supply as adverse weather conditions are expected to continue impacting the FFB production in the near to medium term. The Plantation division is making continuous efforts to improve productivity and lower operating costs. Having successfully decoded the oil palm genome, the division has commenced its first planting of Genome Select high yielding oil palms seeds which is expected to increase oil yields in the future.

The Industrial division continues to be impacted by the consolidation of the mining sector. In addition, continued low oil prices have significantly affected demand for engines in the oil and gas and marine sectors. To rationalise resources, the Group plans to merge the operations of the Energy & Utilities (Non-China) operations with the Industrial division's operations, effective 1 July 2016.

The Motors operations in Malaysia have been impacted by the weak domestic demand, stringent bank lending policies on vehicle financing and the weakening of the Ringgit Malaysia which has resulted in shrinkage of margins. Competitive market conditions and poor consumer sentiment have also affected operations in Hong Kong, Macau and Australia. The slowing economy in China continue to impact sales of luxury brands of motor vehicles. The strong performance in Singapore and Vietnam has helped to mitigate the impact of the sluggish performance in Malaysia and China sub region. Notwithstanding the market challenges, the Motors division is pursuing to grow its operations into new markets.

The Malaysian residential property market remains soft due to cautious consumer sentiment and tight lending conditions. Demand for landed properties in the affordable to medium-range in strategic locations remains resilient. The Group's recent launches of landed properties in the medium price range in Elmina West has been highly successful with favourable take up rates. The Group's sizeable landbank in the Malaysia Vision Valley Development augurs well for its future growth. On the international front, the UK real estate sector is facing increasing challenging times from macroeconomic and political factors. Prime London real estate markets are not spared from the bearish sentiment. Nevertheless, the Battersea Development Project in London is progressing well and the Group expects to recognise its maiden profit from this project in the financial year ending June 2017.

The Port operations in Weifang are affected by the economic slowdown in the region and strong competition from neighbouring ports and alternative lower cost land transportation. However, the Energy & Utilities China division is on-track in its expansion plan to increase the port's capacity and diversify its range of facilities.

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 three quarters ended 31 March 2016 are as follows:

	Actual Three quarters ended 31 March 2016	**Target Year ending 30 June 2016**
Profit attributable to owners of the Company (RM million)	**1,271.7**	2,000
Return on average shareholders' equity (%)	**4.1**	6.3

For the three quarters ended 31 March 2016, the profit attributable to ordinary equity holders and the return on average shareholders' equity achieved by the Group are approximately 63.6% and 65.1% 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 March		**Three quarters ended 31 March**	
	2016	**2015 Restated**	**2016**	**2015 Restated**
Included in operating profit are:				
Depreciation and amortisation	**(635.2)**	(329.9)	**(1,306.6)**	(977.4)
Amortisation of prepaid lease rentals	**(12.0)**	(10.1)	**(35.6)**	(31.6)
(Impairment)/reversal of impairment of				
- property, plant and equipment	**(0.4)**	0.5	**(2.1)**	0.3
- investment property	**–**	–	**(1.3)**	(3.4)
- receivables	**(38.1)**	(1.3)	**(39.9)**	3.8
Write down of inventories (net)	**(78.0)**	(37.4)	**(134.9)**	(96.3)
Gain/(loss) on disposal of				
- property, plant and equipment				
- land and buildings	**1.6**	32.7	**12.1**	89.2
- others	**1.2**	1.3	**(0.7)**	7.4
- prepaid lease rentals	**–**	–	**–**	0.1
- investment properties	**–**	55.2	**0.3**	64.1
- subsidiaries	**406.3**	–	**414.5**	(3.7)
- an associate	**–**	–	**–**	55.5
Net foreign exchange gain	**32.7**	197.0	**43.3**	59.0
(Loss)/gain on cross currency swap contract	**(43.5)**	49.5	**30.9**	225.6
Fair value gain/(loss) on warrant in an associate	**1.4**	–	**(2.0)**	–
Gain/(loss) on forward foreign exchange contracts	**1.6**	(32.6)	**(9.8)**	(34.5)
(Loss)/gain on commodity future contract	**(5.2)**	1.7	**(0.8)**	3.2

Amounts in RM million unless otherwise stated

B7. Tax Expense

	Quarter ended 31 March		Three quarters ended 31 March	
	2016	**2015**	**2016**	**2015**
In respect of the current period:				
- current tax	**95.0**	252.5	**350.7**	588.0
- deferred tax	**2.0**	17.3	**(5.2)**	44.7
	97.0	269.8	**345.5**	632.7
In respect of prior years:				
- current tax	**11.5**	(22.4)	**23.2**	(27.2)
- deferred tax	**(9.3)**	(73.4)	**(24.7)**	(132.4)
	99.2	174.0	**344.0**	473.1

The effective tax rates for the current quarter of 12.5% and for the three quarters ended 31 March 2016 of 19.9% were lower than the Malaysian income tax rate of 24% mainly due to the gain on disposal/deconsolidation of subsidiaries as disclosed in Notes A11.3 and B6, which is not subjected to tax.

B8. Status of Corporate Proposal

The corporate proposal announced but not completed as at 17 May 2016 is as follows:

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 by 30 June 2016 or such other date as agreed by the parties in writing.

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

Amounts in RM million unless otherwise stated

B9. Group Borrowings

	As at 31 March 2016		
	Secured	**Unsecured**	**Total**
Long-term borrowings			
Term loans	**558.6**	**4,588.7**	**5,147.3**
Islamic Medium Term Notes	**–**	**700.0**	**700.0**
Sukuk	**–**	**3,138.1**	**3,138.1**
Syndicated Islamic financing	**832.7**	**–**	**832.7**
Islamic financing	**128.8**	**250.0**	**378.8**
Revolving credits and other borrowings	**–**	**1,315.0**	**1,315.0**
	1,520.1	**9,991.8**	**11,511.9**
Short-term borrowings			
Bank overdrafts	**–**	**31.0**	**31.0**
Term loans due within one year	**47.2**	**992.9**	**1,040.1**
Islamic Medium Term Notes due within one year	**–**	**1,000.0**	**1,000.0**
Sukuk due within one year	**–**	**14.8**	**14.8**
Islamic commercial paper	**–**	**297.5**	**297.5**
Revolving credits, trade facilities and other short-term borrowings	**314.4**	**2,405.8**	**2,720.2**
	361.6	**4,742.0**	**5,103.6**
Total borrowings	**1,881.7**	**14,733.8**	**16,615.5**

The breakdown of borrowings between the principal and interest portion are as follows :

	As at 31 March 2016		
	Secured	**Unsecured**	**Total**
Borrowings			
- principal	**1,873.1**	**14,675.8**	**16,548.9**
- interest	**8.6**	**58.0**	**66.6**
Total borrowings	**1,881.7**	**14,733.8**	**16,615.5**

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

	Long-term borrowings	**Short-term borrowings**	**Total**
Ringgit Malaysia	**3,366.2**	**2,169.3**	**5,535.5**
Australian dollar	**–**	**331.6**	**331.6**
Chinese renminbi	**–**	**375.9**	**375.9**
European Union Euro	**445.7**	**180.7**	**626.4**
Hong Kong dollar	**–**	**51.7**	**51.7**
Indonesian Rupiah	**–**	**360.0**	**360.0**
New Zealand dollar	**–**	**102.8**	**102.8**
Pacific franc	**34.6**	**3.0**	**37.6**
Taiwan dollar	**–**	**72.8**	**72.8**
Thailand baht	**63.9**	**105.9**	**169.8**
United States dollar	**7,601.5**	**1,282.1**	**8,883.6**
Vietnamese dong	**–**	**67.8**	**67.8**
Total borrowings	**11,511.9**	**5,103.6**	**16,615.5**

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

Amounts in RM million unless otherwise stated

B10. Financial Instruments and Realised and Unrealised Profits or Losses

a) Derivatives

The Group uses forward foreign exchange contracts, interest rate swap contracts, cross currency swap contracts and commodity futures contracts to manage its exposure to various financial risks. The fair values of these derivatives as at 31 March 2016 are as follows:

	Classification in Statement of Financial Position				
	Assets		Liabilities		
	Non-current	Current	Non-current	Current	Net Fair Value
Forward foreign exchange contracts	**19.8**	**83.7**	**(3.3)**	**(34.4)**	**65.8**
Interest rate swap contracts	**1.0**	**–**	**(19.3)**	**(18.3)**	**(36.6)**
Cross currency swap contract	**192.2**	**30.2**	**–**	**–**	**222.4**
Commodity futures contracts	**–**	**10.2**	**–**	**(6.9)**	**3.3**
	213.0	**124.1**	**(22.6)**	**(59.6)**	**254.9**

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the financial year ended 30 June 2015.

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

Forward foreign exchange contracts

Forward foreign exchange contracts were entered into by subsidiaries in currencies other than their functional currency in order to manage exposure to fluctuations in foreign currency exchange rates on specific transactions.

The forward foreign currency contracts are stated at fair value, using the prevailing market rates. All changes in fair value of the forward foreign currency contracts are recognised in the other comprehensive income statement unless it does not meet the conditions for the application of hedge accounting, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

As at 31 March 2016, the notional amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	Notional Amount	Fair Value Assets/ (Liabilities)
- less than 1 year	**3,110.2**	**49.3**
- 1 year to 2 years	**329.9**	**16.5**
	3,440.1	**65.8**

Amounts in RM million unless otherwise stated

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

a) Derivatives (continued)

Interest rate swap contracts

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

The outstanding interest rate swap contracts, all plain vanilla, as at 31 March 2016 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	AUD80.0 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 March 2016, the notional amount, fair value and maturity tenor of the interest rate swap contracts are as follows:

	Notional Amount	**Fair Value Assets/ (Liabilities)**
- less than 1 year	**569.4**	**(18.3)**
- 1 year to 3 years	**1,138.6**	**(14.8)**
- 3 years to 6 years	**916.8**	**(3.5)**
	2,624.8	**(36.6)**

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 exchange rate. All changes in fair value during the period are recognised in the other comprehensive income statement unless it does not meet the conditions for the application of hedge accounting, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

As at 31 March 2016, the notional amount, fair value and maturity tenor of the cross currency swap contract are as follows:

	Notional Amount	**Fair Value Assets/ (Liabilities)**
- less than 1 year	**175.0**	**30.2**
- 1 year to 3 years	**699.8**	**151.8**
- 3 years to 6 years	**173.0**	**40.4**
	1,047.8	**222.4**

Amounts in RM million unless otherwise stated

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

a) Derivatives (continued)

Commodity futures contracts

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

The outstanding commodity futures contracts as at 31 March 2016 that are not held for the purpose of physical delivery are as follows:

	Quantity (metric tonne)	Notional Amount	Fair Value Assets/ (Liabilities)
Purchase contracts	**66,402**	**166.7**	**6.3**
Sales contracts	**51,032**	**143.8**	**(3.0)**
			3.3

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 March 2016	As at 30 June 2015 Restated
Total retained profits of the Company and its subsidiaries		
- realised	**25,576.5**	25,921.6
- unrealised	**4,677.6**	5,135.8
	30,254.1	31,057.4
Total share of retained profits from joint ventures		
- realised	**(76.6)**	(95.6)
- unrealised	**15.2**	35.0
	(61.4)	(60.6)
Total share of retained profits from associates		
- realised	**326.0**	315.0
- unrealised	**(36.3)**	(46.5)
	289.7	268.5
Less: consolidation adjustments	**(12,738.8)**	(13,234.4)
Total retained profits of the Group	**17,743.6**	18,030.9

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 May 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 RM309,833,652) 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 now be assessed by the Court. The Plaintiffs intend to file the Notice of Appointment for assessment of damages by 12 June 2016.

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 May 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 now be assessed by the Court. The Plaintiffs intend to file the Notice of Appointment for assessment of damages by 12 June 2016.

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 RM44,912,627) 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 May 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 of 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.

On 2 March 2016, SDE nominated its arbitrator and subsequently on 20 March 2016, SDE submitted its response to the Request. DIAC has requested for the payment of advance deposit for the total sum of AED1,194,000 ("Advance Deposit") before the matter can proceed. EMAS has duly paid the Advance Deposit to DIAC.

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 RM1,112,707,842).

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 RM14,921,396) (Expert Report). On 14 April 2015, SDE and QP submitted their respective statements objecting to the Expert Report.

On 16 June 2015, the Court directed the parties to submit additional documents in respect of the issues raised by the Court (Outstanding Issues) and directed the experts to review their report. On 3 February 2016, the experts submitted their report and recommended that SDE be compensated the sum of QAR12,879,243 (Expert 2nd Report). On 18 February 2016, the parties submitted their respective comments on the Expert 2nd Report. On 22 March 2016, the Court cross-examined the experts on the Outstanding Issues and adjourned the hearing to 19 May 2016 for the experts to submit their revised report.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 17 May 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 RM26,465,836) was apportioned to SDE and USD5,268,260 (equivalent to RM20,712,164) 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 2016, ONGC rejected the Consortium's request.

On 21 December 2015, the Consortium issued a notice to ONGC of its intention to proceed with arbitration. On 11 April 2016, the Consortium informed ONGC of its nomination of arbitrator. On 5 May 2016, ONGC nominated its arbitrator. On 11 May 2016, the tribunal chairman was jointly appointed by the 2 arbitrators.

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. On 31 March 2016, the Tribunal dismissed MMHE's application to require SDE to pay its share of the advance deposit of RM140,000.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 17 May 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 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 March 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 RM204,050,399) 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 RM21,214,864) 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).

On 22 February 2016, PT SHE filed an appeal to the Supreme Court against the 3rd High Court Decision. On 28 March 2016, PT Anzawara filed its reply to PT SHE's appeal.

B12. Dividend

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

B13. Earnings Per Share

	Quarter ended 31 March		**Three quarters ended 31 March**	
	2016	**2015 Restated**	**2016**	**2015 Restated**
Earnings per share attributable to owners of the Company are computed as follows:				
<u>Basic</u>				
Profit for the period	**663.5**	414.7	**1,271.7**	1,427.0
Weighted average number of ordinary shares in issue (million)**	**6,320.9**	6,207.7	**6,249.4**	6,117.0
Earnings per share (sen)	**10.50**	6.68	**20.35**	23.33
<u>Diluted</u>				
Profit for the period*	**663.5**	414.7	**1,271.7**	1,426.9
Weighted average number of ordinary shares in issue (million)**	**6,320.9**	6,207.7	**6,249.4**	6,117.0
Earnings per share (sen)	**10.50**	6.68	**20.35**	23.33

* adjusted for the dilutive effect of long-term stock incentive plan of an associate of RM0.1 million for the three quarters ended 31 March 2015.

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

By Order of the Board
Norzilah Megawati Abdul Rahman
Group Secretary

Kuala Lumpur
24 May 2016