QUARTERLY REPORT

On the consolidated results for the fourth quarter ended 30 June 2016

The Directors are pleased to announce the following:

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

	Note	Quarter ended 30 June 2016	Quarter ended 30 June 2015 Restated	% +/(-)	Year ended 30 June 2016	Year ended 30 June 2015 Restated	% +/(-)
Revenue	A7	**11,728.0**	12,864.5	(8.8)	**43,962.8**	43,728.7	0.5
Operating expenses		**(11,178.6)**	(12,163.1)		**(42,399.8)**	(41,464.7)	
Other operating income		**526.0**	415.2		**1,409.2**	988.3	
Other gains		**33.3**	36.1		**94.9**	289.4	
Operating profit	B6	**1,108.7**	1,152.7	(3.8)	**3,067.1**	3,541.7	(13.4)
Share of results of joint ventures		**(6.3)**	27.3		**22.9**	(100.6)	
Share of results of associates		**(1.6)**	26.6		**25.5**	(21.4)	
Profit before interest and tax	A7	**1,100.8**	1,206.6	(8.8)	**3,115.5**	3,419.7	(8.9)
Finance income		**33.9**	68.0		**154.2**	196.3	
Finance costs	B6	**(45.9)**	(123.1)		**(453.9)**	(470.6)	
Profit before tax		**1,088.8**	1,151.5	(5.4)	**2,815.8**	3,145.4	(10.5)
Tax credit/(expense)	B7	**128.4**	(123.4)		**(215.6)**	(596.5)	
Profit for the period		**1,217.2**	1,028.1	18.4	**2,600.2**	2,548.9	2.0
Attributable to owners of:							
- the Company		**1,137.1**	1,003.0	13.4	**2,408.8**	2,430.0	(0.9)
- perpetual sukuk		**31.0**	–		**33.7**	–	
- non-controlling interests		**49.1**	25.1	95.6	**157.7**	118.9	32.6
Profit for the period		**1,217.2**	1,028.1	18.4	**2,600.2**	2,548.9	2.0
		Sen	**Sen**		**Sen**	**Sen**	
Earnings per share attributable to owners of the Company	B13						
- Basic		**17.97**	16.14	11.3	38.43	39.57	(2.9)
- Diluted		**17.97**	16.14	11.3	38.42	39.56	(2.9)

Note: The comparatives have been restated following the change in accounting policy as described in Note A1(a). The profit for the period and profit attributable to owners of the Company, if prepared based on previous accounting policy, will be as follows:

	Quarter ended 30 June 2016	Quarter ended 30 June 2015	% +/(-)	Year ended 30 June 2016	Year ended 30 June 2015	% +/(-)
Profit for the period	**1,187.6**	1,015.9	16.9	**2,558.4**	2,435.7	5.0
Profit attributable to owners of the Company	**1,106.5**	988.7	11.9	**2,367.0**	2,312.8	2.3

The unaudited Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2015.

SIME DARBY BERHAD
(Company No: 752404-U)

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

	Quarter ended 30 June			Year ended 30 June		
	2016	**2015 Restated**	**% +/(-)**	**2016**	**2015 Restated**	**% +/(-)**
Profit for the period	**1,217.2**	1,028.1	18.4	**2,600.2**	2,548.9	2.0
Other comprehensive income/(loss)						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences:						
- subsidiaries	**308.5**	596.7		**472.5**	751.5	
Net changes in fair value of:						
- available-for-sale investments	**7.0**	10.5		**5.6**	(22.1)	
- cash flow hedges	**29.7**	13.9		**83.9**	194.4	
Share of other comprehensive (loss)/income of:						
- joint ventures	**(71.7)**	93.1		**(123.6)**	113.7	
- associates	**(2.2)**	16.5		**13.4**	18.2	
Tax expense	**(9.7)**	(11.5)		**(19.8)**	(66.7)	
	261.6	719.2		**432.0**	989.0	
Changes in fair value of cash flow hedges reclassified to:						
- profit or loss	**(34.8)**	(29.9)		**(52.3)**	(250.5)	
- inventories	**(1.5)**	(5.3)		**7.5**	(20.9)	
Currency translation differences reclassified to profit or loss on:						
- repayment of net investment	**(51.8)**	(3.4)		**(85.0)**	(151.5)	
- disposal of a subsidiary	**3.6**	–		**(3.8)**	0.5	
Tax expense	**8.8**	10.7		**11.6**	83.6	
	185.9	691.3		**310.0**	650.2	
Items that will not be reclassified subsequently to profit or loss:						
Actuarial gains/(losses) on defined benefit pension plans	**0.3**	(6.6)		**0.3**	(6.6)	
Share of actuarial (losses)/gains on defined benefit pension plans of a joint venture	**(2.2)**	–		**3.2**	(20.9)	
Tax credit	**0.1**	1.7		**0.1**	1.7	
	(1.8)	(4.9)		**3.6**	(25.8)	
Total other comprehensive income from continuing operations	**184.1**	686.4	(73.2)	**313.6**	624.4	(49.8)
Total comprehensive income for the period	**1,401.3**	1,714.5	(18.3)	**2,913.8**	3,173.3	(8.2)
Attributable to owners of:						
- the Company	**1,325.2**	1,679.7	(21.1)	**2,683.3**	2,998.0	(10.5)
- perpetual sukuk	**31.0**	–		**33.7**	–	
- non-controlling interests	**45.1**	34.8	29.6	**196.8**	175.3	12.3
Total comprehensive income for the period	**1,401.3**	1,714.5	(18.3)	**2,913.8**	3,173.3	(8.2)

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 30 June 2016	Restated As at 30 June 2015	Restated As at 1 July 2014
Non-current assets				
Property, plant and equipment	A1(a)	**24,464.6**	23,026.8	17,168.5
Biological assets	A1(a)	**45.0**	8.8	–
Prepaid lease rentals		**947.3**	923.8	868.8
Investment properties		**394.8**	571.8	656.2
Land held for property development		**695.1**	810.4	927.7
Joint ventures		**2,867.9**	2,237.7	1,590.3
Associates		**1,324.3**	1,582.2	1,521.0
Investments		**134.8**	140.1	171.6
Intangible assets		**4,336.6**	3,994.0	1,233.5
Deferred tax assets		**1,598.2**	1,139.2	988.6
Tax recoverable		**542.4**	478.6	396.5
Derivatives	B10(a)	**139.2**	214.8	68.2
Receivables		**572.0**	527.9	587.6
Amounts due from customers on construction contracts		**1,386.0**	651.2	260.4
		39,448.2	36,307.3	26,438.9
Current assets				
Inventories	A1(a)	**9,362.3**	9,702.2	9,510.9
Property development costs		**3,179.7**	2,604.6	1,917.2
Receivables		**6,638.8**	7,273.3	6,526.0
Accrued billings and others		**1,352.1**	1,630.7	1,284.3
Tax recoverable		**225.3**	310.7	215.4
Derivatives	B10(a)	**125.1**	79.9	43.0
Bank balances, deposits and cash		**3,520.9**	4,201.0	4,896.0
		24,404.2	25,802.4	24,392.8
Non-current assets held for sale		**307.0**	128.7	392.2
Total assets	A7	**64,159.4**	62,238.4	51,223.9
Equity				
Share capital		**3,163.5**	3,105.6	3,032.1
Reserves		**29,315.3**	27,462.5	25,420.8
Attributable to owners of the Company		**32,478.8**	30,568.1	28,452.9
Perpetual sukuk	A5(b)	**2,230.1**	–	–
Non-controlling interests	A1(a)	**935.7**	1,003.4	859.7
Total equity		**35,644.6**	31,571.5	29,312.6
Non-current liabilities				
Borrowings	B9	**11,412.2**	11,745.4	8,109.2
Finance lease obligation		**126.9**	139.2	145.9
Provisions		**268.5**	17.2	49.3
Retirement benefits		**215.9**	167.4	141.5
Deferred income		**420.9**	407.5	375.7
Deferred tax liabilities	A1(a)	**2,658.4**	2,586.4	933.8
Derivatives	B10(a)	**28.7**	19.0	2.4
		15,131.5	15,082.1	9,757.8
Current liabilities				
Payables		**8,001.4**	8,324.3	8,105.2
Progress billings and others		**196.3**	194.9	208.7
Borrowings	B9	**4,419.0**	6,317.6	3,065.6
Finance lease obligation		**8.4**	6.8	6.6
Provisions		**243.7**	215.4	283.4
Deferred income		**210.8**	158.8	102.2
Tax payable		**245.5**	222.5	267.9
Derivatives	B10(a)	**58.2**	61.1	29.7
		13,383.3	15,501.4	12,069.3
Liabilities associated with assets held for sale		**–**	83.4	84.2
Total liabilities		**28,514.8**	30,666.9	21,911.3
Total equity and liabilities		**64,159.4**	62,238.4	51,223.9

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

	Unaudited As at 30 June 2016	Restated As at 30 June 2015	Restated As at 1 July 2014
Net assets per share attributable to owners of the Company (RM)	**5.13**	4.92	4.69

Note:

1. Bank balances, deposits and cash

Cash held under Housing Development Accounts	**610.0**	556.1	514.2
Bank balances, deposits and cash	**2,910.9**	3,644.9	4,381.8
	3,520.9	4,201.0	4,896.0

2. Non-current assets held for sale

Non-current assets			
Property, plant and equipment	**7.0**	8.2	–
Investment properties	**13.0**	0.2	2.5
Associate	**278.0**	–	262.9
Investment	**9.0**	–	–
Disposal groups	**–**	120.3	126.8
	307.0	128.7	392.2

Liabilities associated with assets held for sale

Disposal groups	**–**	83.4	84.2

The associate and investment classified under non-current assets held for sale as at 30 June 2016 are in relation to the proposed disposal of a portion of the Group's investment in Eastern & Oriental Berhad of 125,978,324 ordinary stock units of RM1.00 each and 48,795,600 convertible warrants 2015/2019 (see Note B8).

The disposal groups classified under non-current assets held for sale and liabilities associated with assets held for sale as at 30 June 2015, are in respect of Syarikat Malacca Straits Inn Sdn Bhd and Sime Darby Australia Limited group. The disposal of Syarikat Malacca Straits Inn Sdn Bhd was completed on 21 June 2016. As at 30 June 2016, Sime Darby Australia Limited has been reclassified from non-current assets held for sale as the Group is reviewing the decision.

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. These statements have been restated following the change in accounting policy as described in Note A1(a). The restated consolidated statements of financial position have yet to be audited.

SIME DARBY BERHAD
(Company No: 752404-U)

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

Year ended 30 June 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 for the year	–	–	–	–	–	–	31.8	6.2	232.9	2,412.4	2,683.3	33.7	196.8	2,913.8
Transfer between reserves	–	–	–	–	–	1.7	–	–	–	(1.7)	–	–	–	–
Performance-based employee share scheme	–	–	(37.0)	–	–	–	–	–	–	–	(37.0)	–	–	(37.0)
Share of capital reserve of an associate	–	–	–	–	0.3	–	–	–	–	–	0.3	–	–	0.3
Transaction with non-controlling interest	–	–	–	–	(29.6)	–	–	–	–	(10.8)	(40.4)	–	(30.7)	(71.1)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(11.7)	(11.7)
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	–	–	–	–	–	–	–	–	–	(695.0)	(695.0)	–	(222.1)	(917.1)
Issuance expenses, net of tax	–	(0.5)	–	–	–	–	–	–	–	–	(0.5)	(3.6)	–	(4.1)
At 30 June 2016	3,163.5	2,601.9	–[2]	67.0	6,852.6	69.7	(68.1)	53.8	867.3	18,871.1	32,478.8	2,230.1	935.7	35,644.6

Note :
1. Pursuant to the Dividend Reinvestment Plan
2. The share grant reserve was fully reversed during the year 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

Year ended 30 June 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))	–	–	–	–	–	–	–	–	–	(135.7)	(135.7)	(17.0)	(152.7)
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)	17,812.7	28,452.9	859.7	29,312.6
Total comprehensive (loss)/ income for the year	–	–	–	–	–	–	(60.4)	(25.7)	679.6	2,404.5	2,998.0	175.3	3,173.3
Transfer between reserves	–	–	–	–	(3.5)	(2.1)	–	–	–	5.6	–	–	–
Performance-based employee share scheme	–	–	(2.1)	–	–	–	–	–	–	–	(2.1)	–	(2.1)
Share of capital reserve of an associate	–	–	–	–	(2.9)	–	–	–	–	–	(2.9)	–	(2.9)
Acquisition of non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	–	–	–	72.2	72.2
Transaction with non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	(7.2)	(7.2)
Dividends paid by way of:													
- issuance of shares [1]	73.5	1,241.1	–	–	–	–	–	–	–	(1,314.6)	–	–	–
- cash	–	–	–	–	–	–	–	–	–	(877.3)	(877.3)	(96.6)	(973.9)
Issuance expenses	–	(0.5)	–	–	–	–	–	–	–	–	(0.5)	–	(0.5)
At 30 June 2015	3,105.6	1,795.6	37.0[2]	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

Note :
1.Pursuant to the Dividend Reinvestment Plan
2.The share grant reserve comprised only the Second grant as it is unlikely that the performance target for the First grant will be achieved in the vesting year.

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	Year ended 30 June 2016	2015 Restated
Profit after tax		**2,600.2**	2,548.9
Adjustments for:			
Gain on disposal of subsidiaries, a joint venture, an associate and other investments		**(513.0)**	(209.0)
Gain on disposal of properties		**(65.0)**	(173.6)
Share of results of joint ventures and associates		**(48.4)**	122.0
Finance income		**(154.2)**	(196.3)
Finance costs		**453.9**	470.6
Depreciation and amortisation	A1(a)	**1,699.5**	1,418.7
Amortisation of prepaid lease rentals		**48.4**	43.7
Tax expense	A1(a)	**215.6**	596.5
Other non-cash items		**168.0**	(89.8)
		4,405.0	4,531.7
Changes in working capital:			
Inventories and rental assets		**794.1**	966.5
Property development costs		**(968.2)**	(575.2)
Land held for property development		**(9.5)**	(6.9)
Trade and other receivables and prepayments		**111.3**	(474.2)
Trade and other payables and provisions		**(124.7)**	(214.7)
Cash generated from operations		**4,208.0**	4,227.2
Tax paid		**(633.8)**	(957.6)
Dividends received from associates and investments		**130.5**	97.0
Net cash from operating activities		**3,704.7**	3,366.6
Investing activities			
Finance income received		**75.9**	160.1
Purchase of property, plant and equipment	A1(a)	**(2,376.8)**	(1,926.9)
Purchase of subsidiaries		**–**	(6,022.9)
Purchase/subscription of shares in joint ventures and associates		**(727.6)**	(415.3)
Purchase of investment properties		**(3.2)**	(2.3)
Purchase of intangible assets		**(181.9)**	(214.5)
Purchase of investments		**–**	(58.7)
Payment for prepaid lease rental		**(43.8)**	(49.9)
Proceeds from sale of subsidiaries	A11.3	**800.8**	41.1
Proceeds from sale of a joint venture and an associate		**189.8**	334.1
Proceeds from sale of investments		**1.5**	77.1
Proceeds from sale of property, plant and equipment		**190.1**	305.0
Proceeds from sale of investment property		**3.0**	154.3
Proceeds from sale of prepaid lease rental		**–**	1.0
Others		**(94.5)**	3.9
Net cash used in investing activities		**(2,166.7)**	(7,613.9)

SIME DARBY BERHAD
(Company No: 752404-U)

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

	Year ended 30 June 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	**(13.0)**	–
Capital repayment by a subsidiary to owners of non-controlling interest	–	(7.3)
Share and perpetual sukuk issuance expenses	**(5.2)**	(0.5)
Finance costs paid	**(717.0)**	(585.8)
Long-term borrowings raised	**2,296.4**	3,799.1
Repayments of long-term borrowings	**(2,368.6)**	(1,829.7)
Revolving credits, trade facilities and other short-term borrowings (net)	**(2,791.1)**	2,942.6
Dividends paid	**(917.1)**	(973.9)
Net cash (used in)/from financing activities	**(2,315.6)**	3,344.6
Net changes in cash and cash equivalents	**(777.6)**	(902.7)
Foreign exchange differences	**118.6**	255.1
Cash and cash equivalents at beginning of the year	**4,154.6**	4,802.2
Cash and cash equivalents at end of the year	**3,495.6**	4,154.6

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

	2016	2015 Restated
Cash held under Housing Development Accounts	**610.0**	556.1
Bank balances, deposits and cash	**2,910.9**	3,644.9
Less:		
Bank overdrafts (Note B9)	**(25.3)**	(46.4)
	3,495.6	4,154.6

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 was 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 will reflect 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 30 June 2015			Year ended 30 June 2015		
	Previously stated	Adjustments	Restated	Previously stated	Adjustments	Restated
Operating expenses	(12,174.7)	11.6	(12,163.1)	(41,607.4)	142.7	(41,464.7)
Operating profit	1,141.1	11.6	1,152.7	3,399.0	142.7	3,541.7
Profit before interest and tax	1,195.0	11.6	1,206.6	3,277.0	142.7	3,419.7
Profit before tax	1,139.9	11.6	1,151.5	3,002.7	142.7	3,145.4
Tax expense	(124.0)	0.6	(123.4)	(567.0)	(29.5)	(596.5)
Profit for the period	1,015.9	12.2	1,028.1	2,435.7	113.2	2,548.9

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 30 June 2015			Year ended 30 June 2015		
	Previously stated	Adjustments	Restated	Previously stated	Adjustments	Restated
Attributable to owners of:						
- the Company	988.7	14.3	1,003.0	2,312.8	117.2	2,430.0
- non-controlling interests	27.2	(2.1)	25.1	122.9	(4.0)	118.9
	1,015.9	12.2	1,028.1	2,435.7	113.2	2,548.9
Earnings per share:						
- Basic	15.92	0.22	16.14	37.68	1.89	39.57
- Diluted	15.91	0.23	16.14	37.67	1.89	39.56

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	(5,931.4)	8.8	2,534.1	(2,534.1)	–
Current assets						
Inventories*	9,802.7	(100.5)	9,702.2	9,510.9	–	9,510.9
Equity						
Retained profit	18,049.4	(18.5)	18,030.9	17,948.4	(135.7)	17,812.7
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	440.4	933.8

** 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

	Year ended 30 June 2015		
	Previously stated	Adjustments	Restated
Profit after tax	2,435.7	113.2	2,548.9
Depreciation and amortisation	1,216.0	202.7	1,418.7
Tax expense	567.0	29.5	596.5
Net cash from operations	3,021.2	345.4	3,366.6
Investing activities			
Purchase of property, plant and equipment	(1,344.2)	(582.7)	(1,926.9)
Cost incurred on biological assets	(237.3)	237.3	–
Net cash used in investing activities	(7,268.5)	(345.4)	(7,613.9)

A1. Basis of Preparation (continued)

b) New accounting pronouncements

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

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

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 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 a TE, will continue to comply with FRS until the MFRS Framework is adopted, no later than from the financial period beginning on 1 July 2018.

The Group is in the process of assessing the impact of the new pronouncements including MFRS 141, MFRS 15 and MFRS 16 - Leases on the financial statements of the Group in the year of initial application. MFRS 16 is issued by MASB on 15 April 2016 and is applicable to annual periods beginning on or after 1 January 2019.

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 year 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 year 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 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 ended 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
Year ended 30 June 2016								
Segment revenue:								
External	**11,876.5**	**9,617.5**	**18,924.4**	**2,864.9**	**629.2**	**50.3**	**–**	**43,962.8**
Inter-segment	**0.3**	**53.2**	**27.1**	**208.6**	**20.2**	**7.3**	**(316.7)**	**–**
	11,876.8	**9,670.7**	**18,951.5**	**3,073.5**	**649.4**	**57.6**	**(316.7)**	**43,962.8**
Segment result:								
Operating profit	**1,060.9**	**326.3**	**492.8**	**1,040.9**	**90.6**	**14.9**	**40.7**	**3,067.1**
Share of results of joint ventures and associates	**(8.5)**	**–**	**9.7**	**23.8**	**15.1**	**8.3**	**–**	**48.4**
Profit before interest and tax	**1,052.4**	**326.3**	**502.5**	**1,064.7**	**105.7**	**23.2**	**40.7**	**3,115.5**
Year ended 30 June 2015 (Restated)								
Segment revenue:								
External	10,268.6	10,558.2	18,646.3	3,455.0	729.7	70.9	–	43,728.7
Inter-segment	0.3	63.4	33.9	175.7	49.2	9.6	(332.1)	–
	10,268.9	10,621.6	18,680.2	3,630.7	778.9	80.5	(332.1)	43,728.7
Segment result:								
Operating profit	1,323.2	512.4	466.6	928.6	134.0	22.2	154.7	3,541.7
Share of results of joint ventures and associates	(32.4)	8.8	7.0	(39.2)	(8.2)	(58.0)	–	(122.0)
Profit before interest and tax	1,290.8	521.2	473.6	889.4	125.8	(35.8)	154.7	3,419.7

Note:
Elimination/Corporate expense recorded a positive of RM40.7 million (2015: RM154.7 million) mainly attributable to net foreign exchange gain and reversal of provisions.

SIME DARBY BERHAD
(Company No: 752404-U)

Explanatory Notes on the Quarterly Report – 30 June 2016
Amounts in RM million unless otherwise stated

A7. Segment Information (continued)

	Plantation	Industrial	Motors	Property	Energy & Utilities	Others	Elimination/ Corporate expense	Total
As at 30 June 2016								
Segment assets:								
Operating assets	**26,022.9**	**9,121.8**	**8,779.1**	**9,656.3**	**2,561.4**	**87.2**	**1,057.1**	**57,285.8**
Joint ventures and associates	**684.4**	**206.4**	**89.9**	**2,276.4**	**299.5**	**644.1**	**–**	**4,200.7**
Non-current assets held for sale	**3.8**	**3.2**	**13.0**	**–**	**–**	**287.0**	**–**	**307.0**
	26,711.1	**9,331.4**	**8,882.0**	**11,932.7**	**2,860.9**	**1,018.3**	**1,057.1**	**61,793.5**
Tax assets								**2,365.9**
Total assets								**64,159.4**
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 30 June 2016	As at 30 June 2015
Property, plant and equipment		
- contracted	**470.1**	700.2
- not contracted	**2,267.1**	2,314.3
	2,737.2	3,014.5
Other capital expenditure		
- contracted	**87.9**	187.7
- not contracted	**225.1**	122.8
	3,050.2	3,325.0

A9. Significant Related Party Transactions

Related party transactions conducted during the financial year ended 30 June are as follows:

	Year ended 30 June 2016	2015
a. Transactions with joint ventures		
Tolling fees and sales to Emery Oleochemicals (M) Sdn Bhd group	**51.3**	48.8
Sales of chemicals to Guangzhou Keylink Chemical Co Ltd	**3.3**	–
Sales and services to Terberg Tractors Malaysia Sdn Bhd (TTM) group	**2.1**	1.5
Purchase of terminal tractors, parts and engines from TTM group	**0.5**	14.1
Channel usage fee payable to Weifang Port Services Co Ltd (WPS)	**6.5**	2.7
Disposal of property, plant and equipment to WPS	–	315.0
Disposal of subsidiaries, Sime Darby Property (Dunearn) Limited and Sime Darby Property (Kilang) Limited to Aster Investment Holding Pte Ltd	**600.8**	–
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	**3.1**	3.8
Sales of products and services to Tesco Stores (Malaysia) Sdn Bhd	**13.1**	18.7
Purchase of paints material from Sime Kansai Paints Sdn Bhd	**4.6**	7.5
Sales and services for parts to Energy Power Systems (Australia) Pty Ltd	**9.3**	11.0
Sale of land to Eastern & Oriental Berhad Group	–	239.8
c. Transactions between subsidiaries and their owners of non-controlling interests		
Transactions between companies in which Tan Sri Dato' Ir Gan Thian Leong and Encik Mohamad Hassan Zakaria are substantial shareholders:		
- Turnkey works rendered by Brunsfield Engineering Sdn Bhd to Sime Darby Brunsfield Holding Sdn Bhd (SDBH) group	**378.4**	296.1
- Sale of an investment property by SDBH group to Subang Mall Property Sdn Bhd	–	139.5
- Sale of properties by SDBH group to Brunsfield OASIS Square Sdn Bhd	–	34.7

Amounts in RM million unless otherwise stated

A9. Significant Related Party Transactions (continued)

Related party transactions conducted during the financial year ended 30 June are as follows: (continued)

	Year ended 30 June	
	2016	**2015**
c. Transactions between subsidiaries and their owners of non-controlling interests (continued)		
Sale of vehicles and parts by Jaguar Land Rover (M) Sdn Bhd to Sisma Auto Sdn Bhd	**91.9**	109.6
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	**37.3**	29.2
Royalty payment to and procurement of cars and ancillary services by Inokom Corporation Sdn Bhd (ICSB) from Hyundai Motor Company and its related companies	**41.4**	226.4
Contract assembly service provided by ICSB to Berjaya Corporation Berhad group	**47.3**	85.7
Project management services rendered by Tunas Selatan Construction Sdn Bhd, the holding company of Tunas Selatan Pagoh Sdn Bhd	**9.3**	11.5
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	**0.9**	8.1
d. Transactions between subsidiary and company in which the subsidiary's director has equity interest		
Architectural services rendered to Sime Darby Property Selatan Sdn Bhd (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	**3.1**	2.9
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**	0.1
f. Transactions with Directors and their close family members		
Sales of properties and cars by the Group	**–**	3.7
g. Transactions with key management personnel and their close family members		
Sales of properties and cars by the Group	**9.0**	2.1
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 financial year ended 30 June 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 54.43% as at 30 June 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 RM121.6 million (2015 : RM87.3 million). These related party transactions were entered into in the ordinary course of business on normal trade terms and conditions.

In addition, the Group entered into the following financing and corporate transaction with government related entities during the financial year.

i) On 24 March 2016, funds managed by ASNB subscribed for RM560.0 million out of the RM 2.2 billion Sukuk Wakalah issued by Sime Darby Berhad (see Note A5(b)); and

ii) On 21 June 2016, PNB acquired the Group's interest in Syarikat Malacca Straits Inn Sdn Bhd for a total consideration of RM55.4 million (See Note A11.3(d)).

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 16 August 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 industrial property assets.

c) On 24 December 2015, Weifang Senda Container Service Provider Co Ltd (WSCSP) was incorporated in the People's Republic of China as a joint venture company between Sime Darby Overseas (HK) Limited and Dalian Port Container Development Co Ltd on a 50:50 basis. The principal activity of WSCSP is the operation of container services.

d) On 30 December 2015, Performance Motors Vietnam Joint Stock Company (PMV) was incorporated as a 90% 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.

e) On 24 March 2016, Sime Darby Real Estate Investment Trust 1 (SDREIT 1) (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).

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

1. Establishment of new companies (continued)

   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 1. 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.

2. Acquisition of subsidiary, joint ventures and non-controlling interests

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

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

   c) On 4 May 2016, Haynes Mechanical Pty Ltd increased its equity interest in TFP Engineering Pty Ltd from 70% to 95% for a total cash consideration of AUD3.5 million (equivalent to RM10.5 million).

   d) On 18 May 2016, Sime Darby Industrial Australia Pty Ltd acquired 2 ordinary shares of AUD1.00 each representing 50% equity interest in Mine Energy Solutions Pty Ltd (MES) for a total cash consideration of AUD2.00. The principal activity of MES is to provide a complete end to end energy solution to the mobile mining industry by way of bringing High Density Compressed Natural Gas to market.

   e) On 6 June 2016, Sime Darby Offshore Engineering Sdn Bhd (SDOE) acquired 51% equity interest in Sime Darby Gas Malaysia BioCNG Sdn Bhd (SDGM) for a total consideration of RM510,000. SDGM is a joint venture company set up by SDOE with Gas Malaysia Berhad to undertake Bio-Compressed Natural Gas project development from agricultural waste product.

3. Disposal of subsidiaries

   a) On 10 August 2015, the Sime Darby Far East (1991) Limited and Sime Darby London Limited completed the disposal of their entire 90.4% 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 its entire 100% equity interest in Sime Darby Property (Dunearn) Limited and Sime Darby Property (Kilang) Limited for cash consideration of SGD184.0 million (approximately RM535.7 million) and SGD22.3 million (approximately RM65.1 million) respectively. The gain on disposal of the two subsidiaries is RM447.1 million.

   c) On 23 May 2016, Sime Darby Overseas (HK) Limited (SDOHK) and Weifang Sime Darby Port Co Ltd completed the disposal of their equity interest of 49% and 1% respectively in Weifang Sime Darby Liquid Terminal Co Ltd (WSDLT) to Overseas Hong Kong Investment Limited for a total cash consideration of RMB60.85 million (equivalent to approximately RM39.2 million). Consequently, WSDLT ceased to be an indirect subsidiary of Sime Darby Berhad and is now classified as a joint venture.

   d) On 21 June 2016, Sime Darby Property Berhad disposed its entire 55% equity interest and 78.6% interest in redeemable preference shares in Syarikat Malacca Straits Inn Sdn Bhd to Permodalan Nasional Berhad for a total cash consideration of RM55.4 million. The disposal resulted in a gain of RM39.4 million.

Amounts in RM million unless otherwise stated

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

3. Disposal of subsidiaries (continued)

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

	Year ended 30 June 2016
Property, plant and equipment	**284.9**
Intangible assets	**0.1**
Prepaid lease rentals	**17.1**
Investment properties	**165.5**
Net current liabilities	**(239.8)**
Deferred tax assets	**5.9**
Non-controlling interest	**(11.7)**
Net assets disposed	**222.0**
Gain on disposal	**513.0**
Less: Net exchange gain included in the gain on disposal	**(3.8)**
Less: Fair value of retained portion of investment	**(39.2)**
Proceeds from disposal, net of transaction costs	**692.0**
Less: Cash and cash equivalent in subsidiaries disposed	**(5.3)**
Net cash inflow from disposal of subsidiaries during the year	**686.7**
Net cash inflow from disposal of subsidiaries during the year	**686.7**
Proceeds from disposal of subsidiaries in previous years	**114.1**
Net cash inflow from disposal of subsidiaries	**800.8**

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 16 August 2016	As at 30 June 2015
Performance guarantees and advance payment guarantees to customers of the Group	**2,245.4**	2,250.6
Guarantees in respect of credit facilities granted to:		
- certain associates and a joint venture	**72.3**	69.5
- plasma stakeholders	**62.0**	79.2
	2,379.7	2,399.3

In addition, the Group guarantees the payment from its customers under a risk sharing arrangement with a third party leasing company in connection with the sale of its equipment up to a pre-determined amount. As at 16 August 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 RM257.3 million (30 June 2015: RM208.0 million).

b) Claims

	As at 16 August 2016	As at 30 June 2015
Claims pending against the Group	**11.3**	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

	Year ended 30 June 2016	2015 Restated	% +/(-)
Revenue	**43,962.8**	43,728.7	0.5
Plantation	**1,052.4**	1,290.8	(18.5)
Industrial	**326.3**	521.2	(37.4)
Motors	**502.5**	473.6	6.1
Property	**1,064.7**	889.4	19.7
Energy & Utilities	**105.7**	125.8	(16.0)
Others	**23.2**	(35.8)	164.8
Segment results	**3,074.8**	3,265.0	(5.8)
Exchange (loss)/gain:			
Unrealised	**(32.0)**	41.4	
Realised	**58.1**	184.5	
Corporate expense and elimination	**14.6**	(71.2)	
Profit before interest and tax	**3,115.5**	3,419.7	(8.9)
Finance income	**154.2**	196.3	
Finance costs	**(453.9)**	(470.6)	
Profit before tax	**2,815.8**	3,145.4	(10.5)
Tax expense	**(215.6)**	(596.5)	
Profit for the year	**2,600.2**	2,548.9	2.0
Perpetual sukuk	**(33.7)**	–	
Non-controlling interests	**(157.7)**	(118.9)	
Profit attributable to owners of the Company	**2,408.8**	2,430.0	(0.9)

(Note : The results for the financial year ended 30 June 2015 has been restated to effect the change of accounting policy for bearer plants)

Group revenue for the financial year ended 30 June 2016 increased marginally by 0.5% as compared to the previous year. Profit before tax dropped by 10.5% largely due to lower earnings from all business segments except for Motors and Property.

Net earnings of the Group declined slightly by 0.9% to RM2,408.8 million compared to RM2,430.0 million a year ago. The small decline in net earnings was mainly due to the recognition of a special tax incentive in Indonesia of RM348.5 million.

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

a) Plantation

The Plantation division registered a reduction in profit of 18.5% to RM1,052.4 million primarily due to lower contribution from the upstream operations as a result of higher operating cost and lower fresh fruit bunch (FFB) production.

The average crude palm oil (CPO) price realised for the year of RM2,242 per MT was 2.2% higher than that achieved in the previous year of RM2,193 per MT. CPO prices realised in Malaysia, Indonesia and New Britain Palm Oil Limited (NBPOL) were RM2,321, RM2,019 and RM2,410 per MT, respectively. Indonesian CPO prices were affected by the USD50 per tonne export levy.

B1. Review of Group Performance (continued)

a) Plantation (continued)

Overall, Group FFB production was lower by 0.2% attributable to lower FFB production in Malaysia and Indonesia by 11.5% and 10.0% respectively whilst the operation in NBPOL recorded 1.62 million MT in its first full year of contribution post acquisition. The lower production in Malaysia and Indonesia was principally due to unfavourable weather conditions (prolonged dry season and flooding) and exacerbated by the effects of El-Nino. The overall oil extraction rate increased marginally from 21.7% in previous year to 21.9%.

Midstream and downstream operations recorded an improved performance with a profit of RM241.6 million compared to RM77.7 million the previous year. The better result 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's profit declined sharply by 37.4% to RM326.3 million as the Australasia region continues to experience decline in equipment deliveries and margin pressures in the product support business as mining companies continue to curtail spending amid depressed coal prices. This was compounded by provision for aged equipment stock of RM46.2 million (2015: RM14.8 million), impairment for the investment in an associate of RM10.7 million and restructuring cost of RM42.0 million (2015: RM28.1 million).

Operations in other regions also registered reduced profit compared to previous year due to slowdown in the construction, mining, marine and oil & gas sectors. In Malaysia, the weaker Ringgit Malaysia against the US Dollar has also increased the cost of imports, hence shrinking margins.

c) Motors

Motors division ended the year with a higher profit of RM502.5 million or an improvement of 6.1% from that of last year. Despite the lacklustre economic conditions, the division registered higher profit from China, Singapore, Thailand and Vietnam largely due to improved performance in BMW and Super Luxury car segments. Singapore operations also benefited from the increase in the number of certificate of entitlement (CoE) issued by the Government of Singapore.

Malaysia operations registered a steep decline of 57.1% due to the tight lending conditions and higher cost of imports as a consequence of weak Ringgit Malaysia against most major currencies.

d) Property

Property division's contribution surpassed the RM1 billion mark compared to last year of RM889.4 million. It was substantially attributable to one-off gains, including the disposal of two of its subsidiaries in Singapore of RM447.1 million, gain on disposal of Syarikat Malacca Straits Inn Sdn Bhd of RM39.4 million, gain on compulsory land acquisitions totaling RM145.4 million and gain on disposal of land in Semenyih of RM184.5 million. The disposal 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 of the previous year included the gain on the disposal of 50% equity interest in Sime Darby Sunsuria Development Sdn Bhd and the 9.9% equity interest in Eastern & Oriental Berhad of RM157.2 million and RM55.5 million, respectively.

The operating profit of the division was affected by the soft property market which resulted in lesser units sold and lower construction progress in several townships. However, higher contribution was recognised from the construction works at Pagoh Education Hub and also lower share of loss in the Battersea project.

Amounts in RM million unless otherwise stated

B1. Review of Group Performance (continued)

e) Energy & Utilities

Contribution from Energy & Utilities division decreased by RM20.1 million mainly attributable to the lower operating profit from Engineering Services and China port operations.

The general cargo throughput in Weifang and Jining ports were lower than last year due to slowdown in economic activities and stiff competition from alternative modes of transportation. The China water operations performed well during the financial year with higher profit by RM4.9 million due to higher throughput and average tariff.

f) Others

Other businesses reported a profit of RM23.2 million compared to a loss of RM35.8 million mainly due to the lower share of loss from an associate, Tesco Stores (Malaysia) Sdn Bhd of RM19.5 million against RM73.7 million in the previous year. Profit from the healthcare operations was higher by RM12.1 million as compared to the previous year.

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

	Quarter ended		
	30 June 2016	**31 Mar 2016**	**% +/(-)**
Revenue	**11,728.0**	10,232.8	14.6
Plantation	**499.3**	91.9	443.3
Industrial	**129.0**	74.6	72.9
Motors	**197.1**	74.3	165.3
Property	**293.6**	584.1	(49.7)
Energy & Utilities	**37.4**	25.6	46.1
Others	**10.6**	7.7	37.7
Segment results	**1,167.0**	858.2	36.0
Exchange (loss)/gain:			
Unrealised	**14.9**	(5.9)	
Realised	**(38.9)**	21.3	
Corporate expense and elimination	**(42.2)**	(17.5)	
Profit before interest and tax	**1,100.8**	856.1	28.6
Finance income	**33.9**	49.3	
Finance costs	**(45.9)**	(113.7)	
Profit before tax	**1,088.8**	791.7	37.5
Tax expense	**128.4**	(99.2)	
Profit for the period	**1,217.2**	692.5	75.8
Perpetual sukuk	**(31.0)**	(2.7)	
Non-controlling interests	**(49.1)**	(26.3)	
Profit attributable to owners of the Company	**1,137.1**	663.5	71.4

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

Group revenue for the quarter at RM11.7 billion was higher by 14.6% compared to the preceding quarter. The pre-tax profit of RM1,088.0 million and net earnings of RM1,137.1 million were 37.5% and 71.4% higher than those of the preceding quarter due to higher contribution from all segments except Property.

The higher net earnings is principally due to the tax credit of RM128.4 million arising from the recognition of a special tax incentive on fixed assets revaluation in Indonesia of RM348.5 million.

a) Plantation

Profit from Plantation increased by RM407.4 million (443.3%) in the current quarter mainly due to higher FFB production by 0.7% and higher average CPO price realised of RM2,636 per MT against RM2,200 per MT in the preceding quarter. FFB production in Malaysia and NBPOL were higher by 11.2% and 9.9% respectively whilst Indonesia declined by 24.3%.

Higher profit was also registered by midstream and downstream operations of RM77.2 million compared to RM63.7 million in the preceding quarter.

b) Industrial

Industrial division's contribution increased by 72.9% to RM129.0 million for the quarter largely due to better sales in all regions coupled with a gain on disposal of a property of RM10.0 million and cost savings on completion of projects mainly in China. The operations in Australia has improved, compared to the preceding quarter, with higher equipment deliveries to the construction sector and higher product support sales. Similarly, the sales have improved in Papua New Guinea following the increase in mining activities. China/Hong Kong operations also achieved better results due to delivery of engines deferred in preceding quarter.

c) Motors

Motors division's profit jumped by 165.3% or RM122.8 million due to higher profits in all regions except Taiwan and Thailand. Strong performance was registered by BMW in Australia, New Zealand, Vietnam, Hong Kong and China, Ford in Singapore, Trucks operations in New Zealand and the Super Luxury in China.

d) Property

Property division registered a profit of RM293.6 million, a decrease of 49.7%, mainly due to the recognition of gain on disposal of two subsidiaries in Singapore and the gain on compulsory land acquisitions in the preceding quarter. This was partially mitigated by the adjusted additional gain on disposal of the two subsidiaries of RM40.8 million, the gain on disposal of Syarikat Malacca Straits Inn Sdn Bhd of RM39.4 million and the gain on disposal of land in Semenyih of RM184.5 million during the current quarter. Excluding these gains, the division's operating profit was lower by 10.8% mainly due to lower contribution from property development operations.

e) Energy & Utilities

The results of Energy & Utilities was higher by RM11.8 million compared to the preceding quarter largely due to the gain on disposal of 50% equity interest in Weifang Sime Darby Liquid Terminal of RM18.3 million.

B3. Prospects

The global economy continues to be subdued and growth remains sluggish. The rising prices of commodities, however, offer some optimism that business conditions may be recovering. Nevertheless, the current volatile and uncertain environment will remain a challenge for the Group.

The Group will continue to take measures to reduce its gearing level and strengthen its financial flexibility. This includes the issuance of the Perpetual Sukuk in March 2016 and also other measures to enhance the Group's capital structure. The asset monetisation exercise planned for the Group's non-core Singapore properties has been completed. The monetisation plan for other assets, including the proposed sale and leaseback of the Group's industrial assets in Australia, is being implemented.

CPO prices are expected to improve on the back of falling inventory levels and the expected decline in production, a result of the prolonged drought during the year. The Plantation division continues to focus on improving productivity, particularly in genome research, agro-management practices and mechanisation across all its operations. These on-going efforts are expected to increase oil yields and lower operating costs in the future.

Weak coal prices have adversely affected the Industrial division. Low oil price has also affected demand for engines from the oil and gas industry. However, the continuing increase in coal production activity in Queensland is expected to lead to an upsurge in demand for our product support services. Infrastructure projects like the Pan-Borneo Highway and the West Coast Highway are expected to boost demand for construction machinery in Malaysia.

The Motor operations in Malaysia have been impacted by weak domestic demand and stringent bank lending policies on vehicle financing. However, the launch of new products is expected to mitigate this impact. The car replacement cycle peaks in Singapore and with the easing of vehicle lending restrictions and increased supply of Certificate of Entitlements, demand for new vehicles in Singapore is expected to be strong. With the weak economic outlook, demand for cars in our key markets of China and Australia is expected to be sluggish whilst demand is expected to remain robust in Vietnam and Thailand.

The Malaysian residential property market remains soft due to cautious consumer sentiment and tight lending conditions. However, the Group's recent launches of landed properties in Bandar Ainsdale and Elmina West have seen favourable take up rates. The Group's sizeable land bank in strategic locations augurs well for its future growth. In the United Kingdom, the property market has been affected by the uncertainty arising from the Brexit vote. The impact on the Group's Battersea Development Project is being closely monitored. Nevertheless, construction is progressing well and the Group is on track to recognise its maiden profit from this project in the financial year ending June 2017.

In this uncertain and difficult operating environment, the Board expects the Group's performance for the financial year ending 30 June 2017 to be satisfactory.

B4. Statement by Board of Directors on Internal Targets

The Group's key performance indicators (KPI) as approved by the Board of Directors on 26 November 2015 and the achievement for the financial year ended 30 June 2016 are as follows:

	Actual Year ended 30 June 2016	**Target Year ended 30 June 2016**
Profit attributable to owners of the Company (RM million)	**2,408.8**	2,000
Return on average shareholders' equity (%)	**7.6**	6.3

For the financial year ended 30 June 2016, the profit attributable to ordinary equity holders and the return on average shareholders' equity achieved by the Group are approximately 20.4% and 20.6% higher than the 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 30 June		**Year ended 30 June**	
	2016	**2015 Restated**	**2016**	**2015 Restated**
Included in operating profit are:				
Depreciation and amortisation	**(392.9)**	(441.3)	**(1,699.5)**	(1,418.7)
Amortisation of prepaid lease rentals	**(12.8)**	(12.1)	**(48.4)**	(43.7)
Reversal of impairment/(Impairment) of				
- property, plant and equipment	**(22.2)**	(15.3)	**(24.3)**	(15.0)
- prepaid lease rentals	**0.5**	1.4	**0.5**	1.4
- investment properties	–	(1.1)	**(1.3)**	(4.5)
- intangible assets	**3.5**	1.3	**3.5**	1.3
- receivables	**(20.1)**	(4.5)	**(60.0)**	(0.7)
Write down of inventories (net)	**(72.3)**	(23.6)	**(207.2)**	(119.9)
Gain/(loss) on disposal of				
- subsidiaries	**98.5**	–	**513.0**	(3.7)
- joint venture	–	157.2	–	157.2
-an associate	–	–	–	55.5
-property, plant and equipment				
- land and buildings	**50.3**	16.3	**62.4**	105.5
- others	**(1.7)**	(29.9)	**(2.4)**	(22.5)
-prepaid lease rental	–	(0.1)	–	–
-investment properties	**2.3**	4.0	**2.6**	68.1
Net foreign exchange (loss)/gain	**(59.2)**	(51.6)	**(15.9)**	7.4
Fair value (loss)/gain on warrant in an associate	**(1.0)**	12.0	**(3.0)**	12.0
Gain on cross currency swap contract	**15.8**	31.6	**46.7**	257.2
Gain on commodity future contract	**7.0**	0.6	**6.2**	3.8
Gain on forward foreign exchange contracts	**70.7**	43.5	**60.9**	9.0
Included in finance costs are:				
Gain on interest rate swap contracts	**3.6**	2.2	**13.1**	13.8
Loss on cross currency swap interest	**(19.1)**	(25.0)	**(73.5)**	(70.3)

Amounts in RM million unless otherwise stated

B7. Tax Expense

	Quarter ended 30 June		Year ended 30 June	
	2016	**2015 Restated**	**2016**	**2015 Restated**
In respect of the current year:				
- current tax	**288.5**	174.9	**639.2**	762.9
- deferred tax	**(351.4)**	19.1	**(356.6)**	63.8
	(62.9)	194.0	**282.6**	826.7
In respect of prior years:				
- current tax	**(3.3)**	(2.4)	**19.9**	(29.6)
- deferred tax	**(62.2)**	(68.2)	**(86.9)**	(200.6)
	(128.4)	123.4	**215.6**	596.5

The effective tax rates for the current quarter and for the financial year ended 30 June 2016 are low compared to the Malaysian income tax rate of 24% mainly due to the recognition of an Indonesian special tax incentive of RM348.5 million and the gain on disposal of subsidiaries as disclosed in Notes A11.3 and B6, which is not subjected to tax.

B8. Status of Corporate Proposals

The corporate proposals announced but not completed as at 16 August 2016 are as follows:

a) On 3 June 2016, Sime Darby Nominees Sendirian Berhad entered into a Share Sale Agreement (SSA) to dispose 125,978,324 ordinary stock units of RM1.00 each and all its 48,795,600 convertible warrants 2015/2019 in Eastern & Oriental Berhad (E&O), representing approximately 10% equity interest in E&O (excluding treasury stocks) to Paramount Spring Sdn Bhd (PSSB) for a total consideration of RM342.2 million or approximately RM2.60 per stock unit and RM0.30 for each convertible warrant 2015/2019 in E&O.

   The sale is expected to complete within 3 months or, upon PSSB's request, an extension of 1 month from the date of the SSA.

b) On 15 August 2016, Hastings Deering (Australia) Limited (HDAL) and Sime Darby Property Singapore Limited (SDPSL) entered into a Framework Agreement with Saizen Real Estate Investment Trust (Saizen REIT) (through Japan Residential Assets Manager Limited (JRAM), the Manager) for the proposed disposal of HDAL's industrial properties in Australia (the Properties) to Saizen REIT (Properties Disposal). Saizen REIT is listed in Singapore Exchange.

   Pursuant to the Framework Agreement, the consideration for the Properties shall be satisfied in cash and from receivables from the issuance of new Saizen REIT units to SDPSL. Saizen REIT will lease the Properties to HDAL.

   SDPSL has, on the same date, entered into a conditional share purchase agreement with Japan Regional Assets Manager Limited (JRAML) for the acquisition of JRAML's 80% interest in JRAM (JRAM Acquisition). The completion of the Properties Disposal and the JRAM Acquisition are inter-conditional.

   Following from the Framework Agreement, the parties shall commence negotiations and mutually agree on the terms of the definitive transaction agreements to be entered into between the parties in relation to the Properties Disposal by 30 September 2016.

Amounts in RM million unless otherwise stated

B9. Group Borrowings

	As at 30 June 2016		
	Secured	**Unsecured**	**Total**
Long-term borrowings			
Term loans	**484.8**	**4,366.4**	**4,851.2**
Islamic Medium Term Notes	–	**700.0**	**700.0**
Sukuk	–	**3,205.2**	**3,205.2**
Syndicated Islamic financing	**847.1**	–	**847.1**
Islamic financing	**127.3**	**300.0**	**427.3**
Revolving credits and other borrowings	–	**1,381.4**	**1,381.4**
	1,459.2	**9,953.0**	**11,412.2**
Short-term borrowings			
Bank overdrafts	–	**25.3**	**25.3**
Term loans due within one year	**43.0**	**882.0**	**925.0**
Islamic Medium Term Notes due within one year	–	**1,000.0**	**1,000.0**
Sukuk due within one year	–	**36.2**	**36.2**
Syndicated Islamic financing within one year	**22.4**	–	**22.4**
Islamic Bankers Acceptance	–	**72.0**	**72.0**
Revolving credits, trade facilities and other short-term borrowings	**290.9**	**2,047.2**	**2,388.1**
	356.3	**4,062.7**	**4,419.0**
Total borrowings	**1,815.5**	**14,015.7**	**15,831.2**

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

	As at 30 June 2016		
	Secured	**Unsecured**	**Total**
Borrowings			
- principal	**1,813.2**	**13,952.4**	**15,765.6**
- interest	**2.3**	**63.3**	**65.6**
Total borrowings	**1,815.5**	**14,015.7**	**15,831.2**

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

	Long-term borrowings	**Short-term borrowings**	**Total**
Ringgit Malaysia	**3,327.0**	**1,801.8**	**5,128.8**
Australian dollar	–	**31.0**	**31.0**
Chinese renminbi	–	**386.4**	**386.4**
European Union Euro	**446.3**	**184.5**	**630.8**
Hong Kong dollar	–	**17.6**	**17.6**
Indonesian Rupiah	–	**341.7**	**341.7**
New Zealand dollar	–	**45.0**	**45.0**
Pacific franc	**33.9**	**3.0**	**36.9**
Taiwan dollar	–	**28.1**	**28.1**
Thailand baht	**65.4**	**117.3**	**182.7**
United States dollar	**7,539.6**	**1,358.8**	**8,898.4**
Vietnamese dong	–	**103.8**	**103.8**
Total borrowings	**11,412.2**	**4,419.0**	**15,831.2**

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

Amounts in RM million unless otherwise stated

B10. Financial Instruments and Realised and Unrealised Profits or Losses

a) Derivatives

The Group uses forward foreign exchange contracts, interest rate swap contracts, cross currency swap contracts and commodity futures contracts to manage its exposure to various financial risks. The fair values of these derivatives as at 30 June 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	**4.6**	**32.7**	**(1.3)**	**(38.6)**	**(2.6)**
Interest rate swap contracts	**0.9**	**0.6**	**(27.4)**	**(13.5)**	**(39.4)**
Cross currency swap contract	**133.7**	**75.4**	**–**	**–**	**209.1**
Commodity futures contracts	**–**	**16.4**	**–**	**(6.1)**	**10.3**
	139.2	**125.1**	**(28.7)**	**(58.2)**	**177.4**

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

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

<u>Forward foreign exchange contracts</u>

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

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

As at 30 June 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	**3,522.5**	**(5.9)**
- 1 year to 2 years	**57.0**	**3.3**
	3,579.5	**(2.6)**

Amounts in RM million unless otherwise stated

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

a) Derivatives (continued)

Interest rate swap contracts

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

The outstanding interest rate swap contracts, all plain vanilla, as at 30 June 2016 are as follows:

Effective period	**Notional amount**	**All-in swap rate per annum**
12 December 2012 to 12 December 2018	USD166.5 million	1.822% to 1.885%
11 June 2015 to 4 February 2022	USD350.0 million	2.85% to 2.99%
30 June 2015 to 17 December 2018	MYR192.0 million	3.938%

As at 30 June 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	**340.0**	**(12.9)**
- 1 year to less than 3 years	**989.4**	**(20.7)**
- 3 years to 6 years	**936.2**	**(5.8)**
	2,265.6	**(39.4)**

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

As at 30 June 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	**357.3**	**75.4**
- 1 year to less than 3 years	**534.0**	**133.7**
	891.3	**209.1**

Amounts in RM million unless otherwise stated

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

a) Derivatives (continued)

Commodity futures contracts

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

The outstanding commodity futures contracts as at 30 June 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	**69,218**	**141.6**	**(5.3)**
Sales contracts	**67,741**	**180.0**	**15.6**
			10.3

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 30 June 2016	As at 30 June 2015 Restated
Total retained profits of the Company and its subsidiaries		
- realised	**26,254.6**	25,921.6
- unrealised	**5,188.1**	5,135.8
	31,442.7	31,057.4
Total share of retained profits from joint ventures		
- realised	**(74.1)**	(95.6)
- unrealised	**27.9**	35.0
	(46.2)	(60.6)
Total share of retained profits from associates		
- realised	**257.8**	315.0
- unrealised	**(29.9)**	(46.5)
	227.9	268.5
Less: consolidation adjustments	**(12,753.3)**	(13,234.4)
Total retained profits of the Group	**18,871.1**	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 16 August 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 RM316,394,418) 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 Defendants' liability (Consent Judgment) with damages to be assessed.

The Plaintiffs shall be permitted to enforce judgment against any of the Defendants 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 of final judgment, whichever is earlier.

The amount of damages will now be assessed by the Court. On 9 June 2016, the Plaintiffs filed a Notice of Application for directions to assess damages. The Court fixed the matter for case management on 23 August 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 Defendants' liability (Consent Judgment) with damages to be assessed.

The Plaintiffs shall be permitted to enforce judgment against any of the Defendants upon the Malaysia-China Hydro Joint Venture receiving 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 of final judgment, whichever is earlier.

The amount of damages will now be assessed by the Court. On 9 June 2016, the Plaintiffs filed a Notice of Application for directions to assess damages. The Court fixed the matter for case management on 23 August 2016.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 16 August 2016 are as follows: (continued)

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 the parties stipulated that any dispute shall be referred to the Rules of Commercial Conciliation and Arbitration of the Dubai Chamber of Commerce and Industry (DIAC). 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.

On 11 June 2013, the Court 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 18 May 2014, despite objection of the parties, the Court issued judgment for the sum of AED41,046,086 (equivalent to RM44,869,529) against SDE.

The parties 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 ("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. 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).

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 16 August 2016 are as follows: (continued)

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

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 and nominated its arbitrator. 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 on 20 March 2016, submitted its response to the Request. DIAC confirmed the appointment of the arbitrators and the tribunal chairman on 6 June 2016 and 26 June 2016, respectively. The tribunal chairman fixed the matter for preliminary meeting on 6 September 2016.

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 RM1,110,994,045).

On 15 May 2014, a panel of 3 experts were appointed to assist the Court.

On 1 April 2015, the experts submitted their report and recommended that SDE be compensated the sum of QAR13,518,819 (equivalent to RM14,898,414) (Expert Report). At the hearing on 14 April 2015, the parties submitted their objections to the Expert Report.

On 8 June 2016, the experts submitted their 2nd report and recommended that SDE be compensated the sum of QAR12,879,243 (Expert 2nd Report). At the hearing on 23 June 2016, the parties submitted their objections to the Expert 2nd Report. On 27 July 2016, the Court delivered its judgment and ordered QP to pay the sum of QAR12,879,243 to SDE, which is the same amount as stated in the Expert 2nd Report (Judgment). The parties have 60 days (i.e., by 26 September 2016) to appeal against the Judgment.

e) Oil and Natural Gas Corporation Ltd (ONGC) (O5WHP Project)

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.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 16 August 2016 are as follows: (continued)

e) Oil and Natural Gas Corporation Ltd (ONGC) (O5WHP Project) (continued)

The Consortium filed its Statement of Claim on 23 October 2013 while ONGC submitted its Statement of Defence on 9 January 2014. After a series of meetings held between March 2014 to October 2014, the OEC issued its recommendation.

The Consortium disagreed with the OEC's recommendation and issued a notice of arbitration. The Consortium and ONGC have nominated their respective arbitrators and on 11 May 2016, the tribunal chairman was jointly appointed by the 2 arbitrators.

On 29 July 2016, Swiber Holdings Ltd (SHL), the parent company of SOC, filed an application for judicial management for itself and SOC under section 227 of the Companies Act of Singapore (Judicial Management Application). KPMG Services Pte Ltd (KPMG) was appointed interim judicial managers and will essentially be running SHL and SOC from thereon. The Court fixed the Judicial Management Application for hearing on 6 October 2016 and it is expected that KPMG will be confirmed as judicial managers by the Court.

f) Oil and Natural Gas Corporation Ltd (ONGC) (B-193 Process Platform)

Sime Darby Engineering Sdn Bhd (SDE) and Swiber Offshore Construction Pte Ltd (SOC) entered into a Consortium Agreement dated 3 July 2010 (CA) to govern their relationship as a Consortium to undertake works relating to the B-193 Process Platform Project (PP Project) awarded by Oil and Natural Gas Corporation Ltd. of India (ONGC). A contract dated 3 July 2010 (Contract) was executed for a total contract price of USD618,376,022.

Disputes and differences relating to the PP Project have since arisen between the Consortium and ONGC. On 1 June 2016, the Consortium initiated arbitration proceedings against ONGC and nominated its arbitrator. SDE's portion of the Consortium's claim is circa USD76 million. The Consortium has nominated its arbitrator. ONGC had failed to submit its response to the Consortium's notice of arbitration and nominate its arbitrator within the prescribed time allocated (i.e., by 1 August 2016). On 29 July 2016, Swiber Holdings Ltd (SHL), the parent company of SOC, filed an application for judicial management for itself and SOC under section 227 of the Companies Act of Singapore (Judicial Management Application). KPMG Services Pte Ltd (KPMG) was appointed interim judicial managers and will essentially be running SHL and SOC from thereon. The Court fixed the Judicial Management Application for hearing on 6 October 2016 and it is expected that KPMG will be confirmed as judicial managers by the Court.

g) 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 the parties.

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. On 7 September 2015, MMHE submitted it Points of Claim for the sum of RM49,342,672.

KLRCA has confirmed the appointment of the parties' arbitrators and on 10 June 2015, the KLRCA informed the parties of the appointment of the Tribunal chairman. The matter has been fixed for hearing from 7 November 2016 to 18 November 2016.

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 16 August 2016 are as follows: (continued)

h) 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 RM205,395,934) 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 RM21,354,758) 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.

Amounts in RM million unless otherwise stated

B11. Material Litigation (continued)

Changes in material litigation since the date of the last audited annual statement of financial position up to 16 August 2016 are as follows: (continued)

i) New Britain Palm Oil Limited ("NBPOL") v. Masile Incorporated Land Group ("Masile"), NBPOL v. Rikau Incorporated Land Group ("Rikau") & NBPOL v. Meloks Incorporated Land Group ("Meloks")

On 30 August 2011 (which was prior to the acquisition of NBPOL by Sime Darby Plantation Sdn Bhd which was completed on 2 March 2015), NBPOL initiated three separate legal actions against the Masile, Rikau and Meloks (collectively, Defendants) in the National Court of Justice at Waigani, Papua New Guinea (Court). All three actions relate to the same cause of action in that the Defendants had defaulted in their obligations to surrender the Special Agricultural Business Leases (SABLs) to NBPOL for registration of the sub-leases despite having received benefits under the sub-lease agreements (SLAs), which include, rent paid by NBPOL for the customary land of 3,720 ha (Land), royalties for the oil palm fresh fruit bunches harvested from the Land and 31,250 ordinary shares in NBPOL issued to each of the Defendants. NBPOL sought orders for specific performance requiring the Defendants forthwith deliver to NBPOL the SABLs to enable the sub-leases to be registered in accordance with the Land Registration Act.

By an Amended Statement of Claim dated 3 November 2014, in addition to NBPOL's claim for specific performance for the Defendants to surrender their SABLs, in the alternative, NBPOL claimed compensation for costs incurred by NBPOL in developing the Land into an oil palm estate amounting to PGK30,707,750 (equivalent to RM38,938,962), compensation for appreciation of the value of the Land due to the development by NBPOL and compensation for 31,250 ordinary shares in NBPOL issued to each of the Defendants pursuant to the SLAs.

The Defendants in turn via their Defence and Cross-Claim filed on 23 April 2012, Amended Defence and Cross-Claim filed on 9 September 2012 and Further Amended Defence and Cross-Claim filed on 11 December 2014, cross-claimed amongst others, that the SLAs were unfair and inequitable agreements, and should be declared invalid, void and of no effect as well as damages for environmental damage and trespass to property by NBPOL.

Trial relating to the Meloks claim commenced from 18 July 2016 to 22 July 2016 and was adjourned to 1 November 2016 to 7 November 2016.

B12. Dividend

The Board has recommended a final single tier dividend of 21.0 sen per share in respect of the financial year ended 30 June 2016 (Final Dividend). The entitlement and payment dates for the Final Dividend will be announced later. The proposed Final Dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting (AGM).

Subject to the relevant regulatory approvals being obtained and shareholders' approval at the forthcoming AGM for 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 (DRP), the Board of Directors, in its absolute discretion, recommend that the shareholders of the Company be given an option pursuant to the DRP to reinvest their entire Final Dividend into new Sime Darby Shares at an issue price to be determined and announced at a later date.

The total net dividends for the year ended 30 June 2016 is 27.0 sen per share, comprising:

	Year ended 30 June 2016		Year ended 30 June 2015	
	Net Per share (sen)	Total net dividend	Net Per share (sen)	Total net dividend
Interim single tier dividend	**6.0**	**379.6**	6.0	372.7
Final single tier dividend	**21.0**	**1,328.7**	19.0	1,180.1
	27.0	**1,708.3**	25.0	1,552.8

SIME DARBY BERHAD
(Company No: 752404-U)

Explanatory Notes on the Quarterly Report – 30 June 2016
Amounts in RM million unless otherwise stated

B13. Earnings Per Share

	Quarter ended 30 June		Year ended 30 June	
	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	**1,137.1**	1,003.0	**2,408.8**	2,430.0
Weighted average number of ordinary shares in issue (million)**	**6,327.1**	6,214.0	**6,268.7**	6,141.2
Earnings per share (sen)	**17.97**	16.14	**38.43**	39.57
<u>Diluted</u>				
Profit for the period*	**1,137.1**	1,002.8	**2,408.7**	2,429.6
Weighted average number of ordinary shares in issue (million)**	**6,327.1**	6,214.0	**6,268.7**	6,141.2
Earnings per share (sen)	**17.97**	16.14	**38.42**	39.56

* adjusted for the dilutive effect of long-term stock incentive plan of an associate of Nil (2015: RM0.2 million) and RM0.1 million (2015: RM0.4 million) for the quarter and year ended 30 June 2016, respectively.

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

By Order of the Board
Norzilah Megawati Abdul Rahman
Group Secretary

Kuala Lumpur
23 August 2016