Developing Sustainable Futures

ANNUAL REPORT 2017

FROM STRENGTH TO STRENGTH

Sime Darby Berhad
(Company No. 752404-U)

COVER RATIONALE

This year, Sime Darby begins a new chapter. From a conglomerate with varied interests, it transforms into three pure-play entities, each focused on its core expertise. We are confident that the new structure, coupled with our experience built over a century, will help the three standalone companies grow from strength to strength.

ABOUT THIS REPORT

A focus on transparency and efficiency is central to Sime Darby's annual communication with shareholders. This commitment has been strengthened further with the adoption of the Integrated Reporting guidelines as well as Bursa Malaysia and Global Reporting Initiative standards in our annual report. Apart from financial and non-financial performance, and operational highlights, the Financial Year 2016/2017 report also provides an insight into the corporate restructuring exercise that will see the emergence of three pure-play entities and key strategies moving forward.

ABOUT SIME DARBY

Sime Darby is a diversified multinational and an important player in the Malaysian economy, with businesses in key growth sectors, namely, plantation, property, industrial equipment, motors and logistics, with operations in 25 countries and four territories.

Committed to developing a sustainable future, Sime Darby strives to maintain an equitable balance between increasing value for shareholders and responsible development. Sime Darby is one of the largest companies listed on Bursa Malaysia and has a market capitalisation of RM64.6 billion (USD15.4 billion) as at 30 June 2017.

OUR VISION

To be a leading multinational corporation delivering sustainable value to all stakeholders.

OUR MISSION

- We are committed to developing a winning portfolio of sustainable businesses.
- We subscribe to good corporate governance and high ethical values.
- We continuously strive to deliver superior financial returns through operational excellence and high performance standards.
- We provide an environment for our people to realise their full potential.

OUR VALUES

At Sime Darby, the core values that we uphold in our operations and businesses worldwide are Integrity, Respect & Responsibility, Excellence and Enterprise.

- **Integrity**
  Uphold a high level of personal and professional value in our business interactions and decisions.
- **Respect & Responsibility**
  Respect for the individuals we interact with and the environment that we operate in (internally and externally) and committing to being responsible in all our actions.
- **Excellence**
  Stretch the horizons of growth for ourselves and our business through our unwavering ambition to achieve outstanding personal and business results.
- **Enterprise**
  Seek and seize opportunities with speed and agility, challenging set boundaries.

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http://www.simedarby.com/investor-relations/annual-reports

CORPORATE INFORMATION

AS AT 13 SEPTEMBER 2017

BOARD OF DIRECTORS

Tan Sri Dato' Abdul Ghani Othman
Independent Non-Executive Chairman

Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah
Non-Independent Non-Executive Deputy Chairman

Tan Sri Samsudin Osman
Non-Independent Non-Executive Director

Tan Sri Datuk Dr Yusof Basiran
Independent Non-Executive Director

Bapak Muhammad Lutfi
Independent Non-Executive Director

Datuk Zaiton Mohd Hassan
Senior Independent Non-Executive Director

Datuk Wan Selamah Wan Sulaiman
Independent Non-Executive Director

Datuk Dr Mohd Daud Bakar
Non-Independent Non-Executive Director

Dato Sri Lim Haw Kuang
Independent Non-Executive Director

Dato' Rohana Tan Sri Mahmood
Independent Non-Executive Director

Encik Zainal Abidin Jamal
Non-Independent Non-Executive Director

Tan Sri Dato' Seri Mohd Bakke Salleh
Executive Director
(To retire upon conclusion of the 11th AGM on 20 November 2017)

PRESIDENT & GROUP CHIEF EXECUTIVE

Tan Sri Dato' Seri Mohd Bakke Salleh

SECRETARIES

Puan Norzilah Megawati Abdul Rahman
(LS 0009247)

Puan Mazlina Mohd Zain
(LS 0008287)

REGISTERED OFFICE

19th Floor, Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur, Malaysia

Telephone : +(603) 2691 4122
Facsimile : +(603) 2719 0044
Email : communications@simedarby.com
Website : www.simedarby.com

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
(Company No. 11324-H)

Office:
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
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59200 Kuala Lumpur, Malaysia

Telephone : +(603) 2783 9299
Facsimile : +(603) 2783 9222
Email : is.enquiry@my.tricorglobal.com

Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

AUDITORS

PricewaterhouseCoopers (AF 1146)
Chartered Accountants
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur, Malaysia

Telephone : +(603) 2173 1188
Facsimile : +(603) 2173 1288

FORM OF LEGAL ENTITY

Incorporated on 7 November 2006 as a private company limited by shares under the Companies Act, 1965 and deemed registered under the Companies Act, 2016. Converted into a public company limited by shares on 5 April 2007

STOCK EXCHANGE LISTING

Listed on the Main Market of Bursa Malaysia Securities Berhad since 30 November 2007

Stock Code : 4197
Stock Name : SIME

PLACE OF INCORPORATION AND DOMICILE

Malaysia

FROM STRENGTH TO STRENGTH

UNLEASHING GROWTH POTENTIAL

In the beginning of 2017, we embarked on a journey to unlock value for our shareholders via a pure-play exercise. The exercise involves the creation of three separate and independent listed entities on Bursa Malaysia with distinct businesses in Plantation, Property and Trading & Logistics.

Conglomerate Model

Currently, Sime Darby Berhad is a conglomerate comprising five distinct businesses in Plantation, Property, Industrial Equipment, Motors and Logistics. It also has an interest in a variety of smaller, but not less significant, enterprises.

Transition Process

1. Internal Restructuring

As part of the exercise, an internal restructuring of the Group's borrowings, and assets has been undertaken.

2. Distribution of Shares

Under the pure-play exercise, Sime Darby Berhad will undertake the distribution of its entire shareholding in Sime Darby Plantation Berhad and Sime Darby Property Berhad to entitled shareholders. Sime Darby Berhad will not hold any shares in Sime Darby Plantation Berhad and Sime Darby Property Berhad, post-listing.

3. Listing

Sime Darby Plantation Berhad and Sime Darby Property Berhad will be listed on the Main Market of Bursa Malaysia Securities Berhad.

The listings are expected to occur in the 4th Quarter of 2017.

Refer to the FAQs on our website for further details:

www.simedarby.com/investor-relations/faqs

Shareholders

100%

Sime Darby Berhad

- Industrial business
- Motors business
- Logistics business
- Others businesses (Healthcare, Tesco and Lockton)

100%

Sime Darby Plantation Berhad

- Upstream
- Downstream
- Others (R&D, renewables, agribusiness)

100%

Sime Darby Property Berhad

- Property development
- Property investment
- Leisure and hospitality

PURE PLAY

What is Pure-Play?

Why Pure-Play?

Who will Benefit from Pure-Play?

FROM STRENGTH TO STRENGTH

DELIVERING SUSTAINABLE VALUE

Under the pure-play strategy, each company will be able to boost performance in their individual businesses, thereby unlocking value for shareholders. They will have direct access to capital markets and funding options to pursue their individual objectives. Through their direct equity interests in the companies, shareholders will get a clearer insight into each entity's performance, giving them the opportunity to be a part of each company's growth.

Better focus on capital management and flexibility to pursue growth strategies

Rewards and wider investment choices for investors and shareholders

Enhanced investor awareness and better insight into business performance

PURE PLAY

Better focus on capital management and flexibility to pursue growth strategies

- The pure-play exercise opens the door to more capital management initiatives that are also more focused. These would include direct access to equity capital markets, funding flexibility and differentiated gearing levels.
- As standalone entities, they can focus on and pursue customised strategies such as dividend policies, growth strategies, innovation and investor relations strategies to achieve their respective objectives.
- Targeted outcome: Performance improvements and growth efforts will accelerate through clearer and more distinct strategic and business focus.

Rewards and wider investment choices for investors and shareholders

- The pure play exercise will reward existing shareholders by unlocking value in the plantation and property entities, providing them the opportunity to participate directly in the equity and growth of the plantation and property businesses.
- Targeted outcome: Shareholders will be able to manage and rebalance their portfolio in the three pure-play entities based on their investment preference and appetite. Over time, this will lead to the development of a more targeted shareholder base for each standalone company.

Enhanced investor awareness and better insight into business performance

- The pure-play exercise is expected to instill organisational focus and discipline through targeted management mandates and accountability, providing a clear and distinct platform for tailored strategies, performance management and capital management.
- Targeted outcome: Improved visibility on the financial performance of the separate businesses, facilitate better assessment by shareholders, investors and analysts, thus increasing the likelihood of achieving optimal market valuation.

COMMITMENT TO OUR STAKEHOLDERS

The pure-play exercise will create value for stakeholders. To ensure that they continue to be involved in the process, we hold regular engagement sessions to share updates, address concerns and to engage them on other material issues regarding the Group's business.

Stakeholder	Investors	Customers	Suppliers/ Business partners	Employees (current and potential)
Potential benefits of pure-play	Investors can unlock value and gain direct exposure to the Plantation and Property businesses to meet their individual investment preferences. They will also have a better insight into the business to help them analyse its performance.	With a clear and distinct business focus, this should accelerate performance improvement and decision making which will in turn enhance customer service.	The pure-play entities will have greater autonomy to pursue their individual growth strategies, improve the decision-making process and access to more flexible funding options. This will help to strengthen business relations with partners and suppliers.	Improved talent sourcing as well as better people management and development will enhance each entity's capabilities in executing business strategies. This will help to accelerate performance improvements and growth through clearer and more distinct strategic and business focus.
How we engage	• Roadshows and regional investor conferences • Group and one-on-one meetings • Websites • Public disclosures of information • Annual general meeting, quarterly results briefing sessions	• Tradeshows & exhibitions • Product launches • Direct engagements and surveys • Direct visits to sites & factories operated by the Group • Websites and digital applications	• Relationship building/ networking sessions • Vendor Development Programme	• Town halls, events and activities • Focus group discussions on targeted issues and engagement surveys

PURE PLAY

What is Pure-Play?

Why Pure-Play?

Who will Benefit from Pure-Play?

Communities

Each pure-play will continue to support and fund CSR efforts via the Sime Darby Foundation.

- Community engagement and outreach
- Community development programmes
- Strategic partnerships

Authorities/ Regulators

Dealings with the authorities and regulators will continue to remain strong and may improve with greater business focus. Each pure-play will be able to participate in government initiatives in their respective industries.

- Regular engagement, communication and dialogue
- Consultation on regulatory matters

Civil Society/ NGOs

Efforts to engage NGOs will continue notwithstanding the pure-play exercise.

- Industry roundtables
- Strategic partnerships
- Direct engagements

Others (Media, Academics, Industry Groups)

With better access to information on financial and operational matters, these stakeholders will be better able to assess the performance of each company for benchmarking, research and analysis. The pure-play entities will also be able to participate in industry associations independently.

- Stakeholder engagement surveys
- Periodic updates on corporate developments, key events and press releases
- Group and one-on-one Q&A sessions
- Websites

OUR STRATEGIC PRIORITIES

Each pure-play entity has its own strategies to pursue growth opportunities that will maximise value for shareholders.

Sime Darby Plantation Berhad

1. **Upstream**: Driving operational excellence towards Mission 25:25 by focusing on productivity, cost efficiency and leveraging on digitisation
2. **Downstream**: Serving our customers' evolving needs by becoming the preferred solutions provider focused on high-margin, high-value differentiated and sustainable products, with presence in key markets
3. **Integrated play**: Maximising returns across the palm oil value chain by leveraging on our integrated business model and sustainability credentials

Sime Darby Property Berhad

1. Building communities by focusing on our core strengths in township development and increasing our product diversification in integrated and niche urban developments, as well as industrial products.
2. Leveraging on key areas with high development potential and building a pipeline of land parcels with major infrastructure and good connectivity.
3. Optimise and grow portfolio of recurring income assets.
4. Expanding overseas by leveraging on the Battersea Power Station development as a launchpad for future projects in the UK and pursuing other growth opportunities through selective mergers and acquisitions.

Sime Darby Berhad

1. Continuing our cost optimisation and operational excellence strategies to improve asset efficiency and returns.
2. Focusing on value-added revenue streams such as after sales service and product support to improve returns.
3. Leveraging on our strong relationships with our principals to expand and diversify our operating footprint.
4. Making selective acquisitions in attractive markets to increase scale and market presence.
5. Streamlining our portfolio to redeploy capital to our core.

The New Sime Darby Berhad

To be the trusted distributor of premium brands in the industrial and automotive sectors

To be the leading automotive player in the Asia Pacific Region

Sime Darby Motors

To be a high performance distributor of Caterpillar products and related solutions that deliver sustainable shareholder value through enterprise and initiative

Sime Darby Industrial

To be a leading port operator & provider of logistics services in China

Sime Darby Logistics

The New Sime Darby Plantation Berhad

To be the leading global integrated palm oil player

The New Sime Darby Property Berhad

To be the No. 1 Property Developer in Malaysia

MANAGING OUR MATERIAL ISSUES

The material issues set out below have been identified from both internal and external sources. The pure-play topic is a key issue in this year's annual report following the announcement of the pure-play strategy in early 2017.

Material Issues	Description	Stakeholders with Interest
Pure-play Exercise	The creation of the three standalone listed entities will involve amongst others, the restructuring of debt, transfer of assets and redeployment of staff.	• Employees • Suppliers/ Business Partners • Customers • Investors / Lenders
Pure-play Strategy	The pure-play entities will be more focused on capital management and growth strategies, thus offering wider investment choices and better insights into business performance.	• Employees • Suppliers/ Business Partners • Customers • Investors / Lenders
Productivity and Efficiency Improvements	Under a challenging and uncertain business environment, the Group will have to focus on improving productivity and efficiency to enhance value creation. Some of the benefits from the pure-play strategy will come from productivity improvements arising from better business focus and talent/human resource sourcing.	• Employees • Customers • Investors • Suppliers/Business Partners
Safety and Health	Safeguarding the well-being and health of the Group's employees, contractors as well as members of the local communities where the Group operates is a priority. The Group is working towards its ultimate goal of Zero Harm.	• Employees • Suppliers/ Business Partners • Customers • Authorities/ Regulators • Communities
Environmental Impact	Stakeholders increasingly demand that organisations operate in a manner that minimises environmental impact. At Sime Darby, we believe that environmental conservation goes hand-in-hand with the long term sustainability of the business.	• Communities • NGOs • Customers • Authorities/ Regulators • Investors
Social Impact	Rising economic glabalisation has brought about many changes including a growing recognition that businesses have a key role to play in protecting and promoting human rights. At Sime Darby, we believe businesses have a responsibility to respect, support and uphold fundamental human rights.	• Customers • NGOs • Authorities/ Regulators • Communities • Investors / Lenders

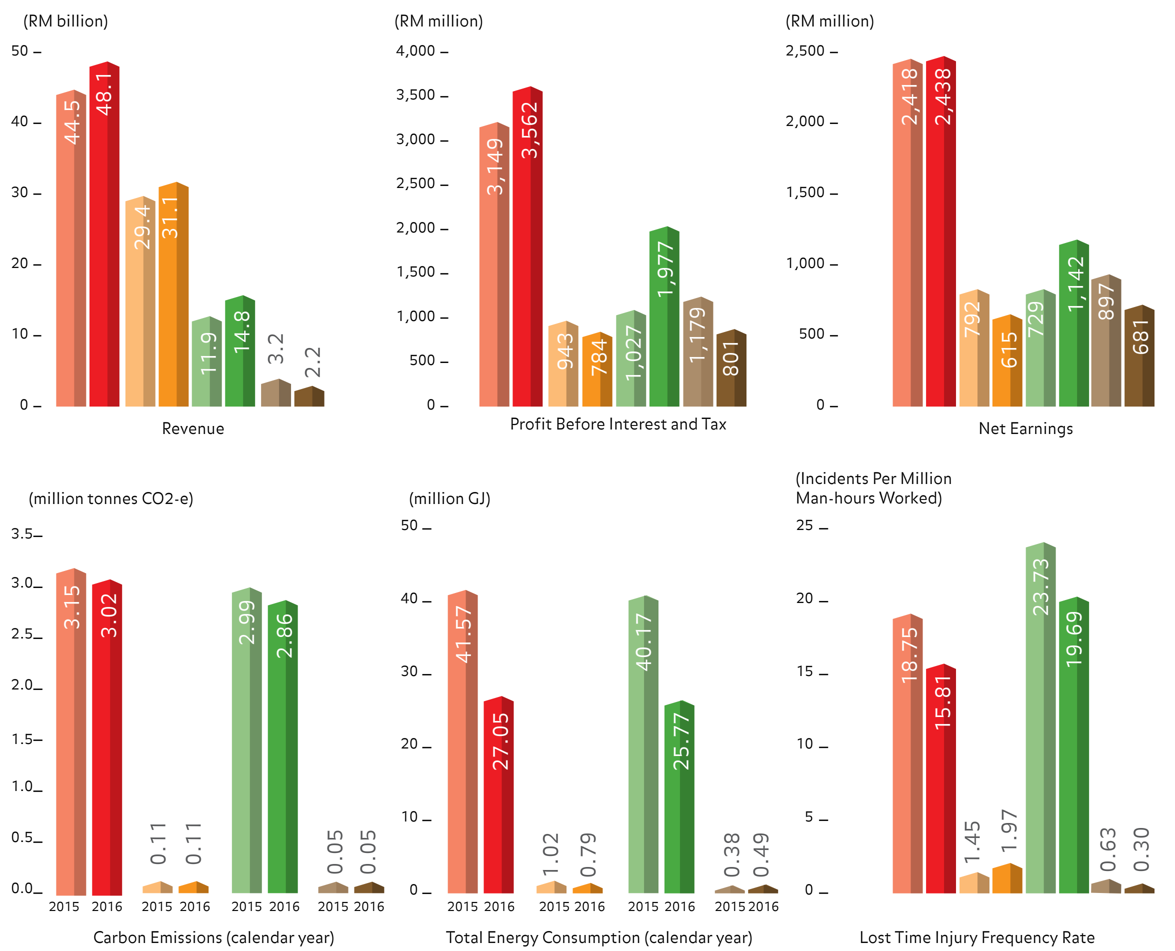
Risks	Mitigating Measures	Reference
• Failure to properly manage transition process may have an adverse effect on current projects and business operations. • Workforce restructuring may result in loss of key talent. • Adverse impact on skills sets, productivity and staff morale if people issues are not properly managed.	• Steering Committee and Project Management Office (PMO) established, supported by working groups to oversee and manage transition. • Workforce Transition programme established to ensure a smooth redeployment process.	Human resource management is discussed on pages 39 to 41
• Having robust strategies for each pure-play and for these strategies to be effectively communicated and executed is critical for the anticipated benefits of the pure-plays to materialise. • Upon listing, factors such as their individual financial strength and overall market conditions will have an impact on each pure-plays entity's credit profile and their ability to source for funding.	• Each pure-play has developed long-term strategies that will drive performance and facilitate maximum value creation. Structure and governance frameworks form part of these strategies. • Debt allocation has considered each pure-play entity's cash flow and funding requirements.	Pure-play strategy is discussed on pages 10 to 11
• Failure to innovate and improve efficiency could adversely affect financial returns and the ability to meet customers' and business partners requirements.	• The Group continually drives operational excellence along the value chain to achieve effective cost management, quality enhancement and timely delivery of products and services.	Operational excellence is discussed on pages 36 to 38
• Safety and health breaches may result in injuries to employees, sub-contractors and site visitors, increased costs, reputational damage, criminal prosecution and civil litigation.	• Across the Group, comprehensive safety and health policies and procedures have been developed and supplemented by regular safety training, dialogues and roadshows. • Improvement initiatives arising from external reviews have been introduced to strengthen safety and health culture and processes.	Safety and health is discussed on pages 42 to 43
• Increasing expectations from customers and investors may lead to loss of access to markets / customers / shareholders in the event environmental risks and issues are not managed well. • Reputational risks arising from real or perceived concerns around the state of the environment. • Demands by consumers and financiers for visibility and transparency of operations and its impact on the environment.	• Engage and communicate with key stakeholders such as customers, investors, legislators, local communities, NGOs, etc. • Systematic internal policies and operating procedures to help ensure necessary safeguards are put in place to mitigate and minimise potential risks to the environment. • Implement carbon reduction projects to mitigate emissions and monitoring of renewable energy usage.	Environmental peformance is discussed on pages 46 to 49
• Increasing expectations from customers and investors may lead to loss of access to markets / customers / shareholders in the event social risks and issues around human rights are not managed well. • Reputational risks arising from real or perceived concerns around issues such as human rights, labour standards and community rights.	• Engage and communicate with key stakeholders such as customers, investors, legislators, local communities, NGOs, etc. • Systematic internal policies and operating procedures to help ensure necessary safeguards are put in place to mitigate and minimise potential social risks. • Conduct impact assessments, studies and improvement programmes to enhance controls around mitigating salient human rights and social related risks.	Social performance is discussed on pages 43 to 45

GROUP HIGHLIGHTS

FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

Sime Darby Group: FY2016 / FY2017
Trading & Logistics: FY2016 / FY2017
Plantation: FY2016 / FY2017
Property: FY2016 / FY2017

*Figures for Carbon Emission and Energy Consumption are based on calendar year (January to December).



OPERATIONAL HIGHLIGHTS

Trading & Logistics

	FY2017	
Motors : Units Sold	83,974	FY2016 **83,060**
Industrial : Order book (RM billion)	1.2	FY2016 **1.5**
Logistics: Port throughput (million MT)	31.1	FY2016 **30.3**

Plantation

	FY2017	
FFB production (million MT)	9.8	FY2016 **9.6**
CPO extraction rate (%)	21.3	FY2016 **21.9**
FFB yield (MT/ha)	19.4	FY2016 **18.8**

Property

	FY2017	
Gross Sales Value (RM billion)	1.9	FY2016 **1.7**
Units sold	1,765	FY2016 **1,894**

GROUP OVERVIEW

Global Presence

- Trading & Logistics
- Plantation
- Property

Staff Strength

Trading & Logistics	20,233
Plantation	102,441
Property	1,682

As at 30 June 2017

CHAIRMAN'S MESSAGE

"We have established an ambitious and clear strategic direction to provide shareholders with world-class investments while contributing to sustainable growth. Our resilience, endurance and sustainability have ensured our existence for 107 years. Your Board is confident that Sime Darby is moving forward with a sense of determination towards solidifying our positions in the plantation, property, industrial equipment, motors and logistics sectors."

Tan Sri Dato' Abdul Ghani Othman
Chairman

Dear Valued Shareholders,
In today's fast-evolving business landscape, managing a corporation as diverse as Sime Darby Berhad presents unique challenges. Yes, we have come a long way. We have grown to be one of the largest conglomerates on the Main Board of Bursa Malaysia. We have also gained leadership in our chosen sectors. However, we believe that to stay ahead, to grow from strength to strength, we have to constantly review our position and adapt to change when we need to. I am pleased to say that we will be making that change.

We know that in order to achieve leadership and excellence, an organisation needs the right talent and to stay focused. In line with that, your Board of Directors has put in place a plan that will ensure that each and every one of our many businesses gets the attention it needs. The Company will be undertaking a restructuring plan that will see the creation of three companies in the sectors where we have been a key player, namely Plantation, Property and Trading & Logistics. This is a bold and compelling step but I believe you will agree that it is one that has to be taken.

We believe this is a timely move. Each unit, or pure-play entity, will now pursue its own aspirations with greater focus and agility while leveraging on potential growth opportunities in line with the Board's main priorities, which include maximising value for our shareholders. It will showcase the efficiency in each of our core businesses. In short, the Sime Darby Group will be in a class of its own.

Valued shareholders, in this fourth year of our journey in Integrated Reporting, we will recall the lessons learnt as well as the strategic milestones and achievements we have realised before our transformation into three iconic standalone businesses – Sime Darby Plantation Berhad, Sime Darby Property Berhad and the now leaner Sime Darby Berhad. This, I believe, will be adequately reflected in the theme of this year's report: "From Strength to Strength".

FINANCIAL PERFORMANCE

I must say that despite the many challenges, our performance in FY2017 was respectable. We benefited from the strengthening of the prices of palm oil and other commodities as the global economy recovered. Consumer sentiment in Malaysia remains weak and rising geopolitical tensions are adding to a sense of uncertainty. However, the rise in mortgage loan applications and approvals could signal a reversal in the property sales downtrend.

I am therefore pleased to present the Group's financial results for the year ended 30 June 2017. Sime Darby Berhad posted total Net Earnings from both the Group's Continuing and Discontinuing Operations of RM2.44 billion on the back of RM48.05 billion in Revenue. This represents an increase of

1% and 8% respectively over the previous year. Let me also draw your attention to other key areas in which we have performed well. We exceeded the Net Earnings FY2017 Key Performance Indicator (KPI) target of RM2.2 billion by 11%; and improved on the KPI target of 6.4% for Return on Average Shareholders' Equity (ROE) to 7%. Our strong balance sheet and disciplined capital management are key drivers in our success.

Please refer to the Group Financial Review on page 28 for a detailed discussion on our financial performance.

DIVIDEND

Given the operating landscape and our credible performance, the Board recommends the payment of a final dividend of 17.0 sen per share. Combined with the interim dividend of 6.0 sen, the full year dividend therefore amounts to 23.0 sen per share. This brings the total pay-out for the year under review to RM1.6 billion, or a net dividend pay-out ratio of 64%.

CORPORATE GOVERNANCE

We have announced the new Chairman and senior leadership for each of the three pure-plays on 28 July 2017. All three Boards will be helmed by individuals who have the required skills and experience to oversee large, complex organisations and are highly regarded for their integrity and business acumen. I would like to welcome Tan Sri Abdul Wahid Omar as the new Chairman of Sime Darby Property and Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah, the current Deputy Chairman, who will be succeeding me as the Chairman of Sime Darby Berhad. I will continue to serve as Chairman of Sime Darby Plantation Berhad.

The three pure-play Boards will be made up of existing Directors and new appointments, with each Director bringing in a unique set of experiences, skills and industry knowledge. We have placed great emphasis and attention on ensuring that the new Boards have the required diversity to reflect the varied nature of the pure-play's operations and to meet their evolving needs.

Read more about the Group's approach to governance in the Corporate Governance section on page 94.

CHAIRMAN'S MESSAGE

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group believes that identifying and managing risks is central to our strategic planning process while enhancing long-term shareholder value. Through a consistent Risk Management Framework, the Board ensures strategic risk mitigation plans are aligned with our key strategic goals of driving results, achieving innovation sufficiency and resource allocation, being a leader in sustainability as well as pursuing performance-driven transformation. This aligned approach that is further described in the Statement of Risk Management and Internal Controls, emphasises our commitment to provide greater certainty and confidence to our stakeholders.

The Group Compliance Office has completed a review of the current Code of Business Conduct and has proposed enhancements in line with relevant legislative, regulatory, ethical and business requirements. A revised Vendor Code of Business to guide our vendors when transacting with the Group has also been tabled. Upon the completion of the restructuring exercise, both documents are expected to be tabled to the respective boards for adoption in FY2017/2018. The Group remains dedicated towards maintaining the highest standards of governance across all listed entities.

For more information on the principal risks faced by the Group, please refer to the Strategy discussion in the respective Divisional Operation Reviews.

STAKEHOLDER ENGAGEMENT

Our robust and systematic engagements with stakeholders – comprising investors, policymakers, peers and non-governmental organisations, among others – underlines our ability to consistently deliver long-term value. We proactively participate in a wide range of thought leadership platforms to ensure we engage these stakeholders in defining how our industries move forward. Besides the financial and operational performance of the Group, our stakeholders are also interested in how we are performing around non-financial areas. Material areas of concern include Environmental and Social Performance as well as Sustainable Development. These material issues are elaborated in detail through the various committees of the Board, which are then taken into action by the Management.

For more information, please turn to pages 12 and 13 for the Material Issues section.

SUSTAINABILITY

During the year, we made significant strides in our commitment to sustainability when we launched our Responsible Agriculture Charter (RAC) in September 2016 and our Human Rights Charter a few months later. We have pledged to ensure responsible and sustainable agricultural development while committing to zero deforestation, the protection of Human Rights, Social Development and Corporate Integrity in our oil palm operations. In our Human Rights Charter, we have committed to respect, support and uphold fundamental human rights, as expressed in the Universal Declaration for Human Rights and the United Nations Guiding Principles (UNGP) on Business and Human Rights. At Sime Darby, this is reflected in our business core values, extending to all our employees, counter-parties and communities surrounding our operations. Moving forward, each pure-play entity will continue to adopt these commitments to ensure its execution in their respective operations.

OUR PEOPLE

At Sime Darby, our employees drive our success. From January, when we announced the restructuring plan, our employees have strived to deliver the same level of performance without compromise. I am confident they will rise to the challenges at the three new companies. I feel a sense of pride and wish to take this opportunity to express our sincere appreciation for their commendable efforts.

As we make the transition from conglomerate to pure-play, we have ensured that each company is equipped with the right capabilities. The reallocation of personnel has been achieved smoothly and 80% of those directly impacted by the exercise at the Group Head Office have been reassigned.

The foundation of Sime Darby's culture is grounded in its Core Values, and regardless of which industry or country they operate in, our people live these values. These values are embedded within the fabric of our Group, driving a culture of accountability, to drive and strive for results. I am certain this will continue to be our behavioral compass in the years ahead.

STRATEGY

As always we remain focused on creating value for you, our shareholders. For the next financial year, each core business has already identified key strategic themes that will support its aspirations. The Plantation business will focus on strengthening its best practices to drive operational excellence through yield improvement, cost reduction and growing the downstream sector of the business. The Property arm will concentrate on its core strength in township development, increase product diversification, undertake active landbank management and optimise recurring income assets.

Under the new, more focused Sime Darby Berhad, both the Motors and Industrial Divisions will ensure asset efficiency by maximising returns from respective core businesses, expanding after-sales services in all key geographies and focusing on leaner operations. The Board is assured that these businesses will be well positioned for further growth in their respective sectors globally and regionally.

THE NEXT ERA FOR SIME DARBY

These pure-plays bearing the Sime Darby brand name will continue the rich heritage of the 107 year old Malaysian icon. The new, more focused Sime Darby Berhad, a partner of premium brands in the industrial and automotive spaces within the Asia Pacific, will forge ahead to cement its leadership in the two sectors. The Logistics and Healthcare Divisions will continue to offer exciting opportunities in the future. Sime Darby Plantation Berhad aims to be the leading integrated global palm oil player and the global brand for plantation sustainability. Sime Darby Property Berhad, on the other hand is reshaping itself to be the number one property developer in Malaysia.

Without any doubt, the new financial year will be an exciting period of unlocking sustainable value and reinforcing the ambitions of each listed company. The Board will continue to provide its crucial support towards generating sustainable returns for our shareholders.

ACKNOWLEDGEMENT

Finally, I would like to express my appreciation to you, our shareholder, for your continued trust and support for the Group.

I would also like to thank my colleagues on the Main Board and Flagship Subsidiary Boards for their outstanding service during the year and for ensuring the smooth transition of Sime Darby into three standalone businesses. I am grateful to be given the opportunity to serve alongside them and for the value they have brought to the Board and the Sime Darby Group.

A special mention to the President & Group Chief Executive, Tan Sri Dato' Seri Mohd Bakke Salleh who served as an Executive Director on the Main Board. He will assume the position of Executive Deputy Chairman & Managing Director of Sime Darby Plantation Berhad and thus will not be seeking re-election at the Annual General Meeting this year. I thank him for bringing passion, insight and experience to the table and for his unwavering commitment in driving this organisation forward.

On behalf of my fellow directors, I congratulate Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah who will take over as Chairman of Sime Darby Berhad after the listing of its Plantation and Property Divisions.

Lastly, let me express my heartfelt gratitude to the Management team and all employees for their unparalleled commitment and excellent performance, particularly in this period of change. Today, we are where we are because of their sense of responsibility, dedication and pride in what they do. There is no doubt in my mind that moving forward the three teams will be able to better position the new entities for future, long-term growth.

Tan Sri Dato' Abdul Ghani Othman
Chairman

PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

"2017 was a year of change for Sime Darby, where our people showed strength and resilience. It is imperative that we sustain the momentum by ensuring the smooth transition from a conglomerate to three standalone entities and executing value creation initiatives."

Tan Sri Dato' Seri Mohd Bakke Salleh
President & Group Chief Executive

Dear Shareholders,

Volatility and uncertainty were a recurring theme in a challenging Financial Year 2016/2017 (FY2017). The positive impact from growth in China and sharp increases in employment in the European Union were negated by a slowdown in the United Kingdom as a result of the Brexit vote. For the Sime Darby Group's many businesses across the globe, demand remained weak on the back of fiscal consolidation and changes in government policies.

However, major commodities fared better. Crude palm oil (CPO) prices rose above RM3,000 per metric tonne in January and February this year, subsequently trading between RM2,600-RM2,800 per metric tonne as production recovered from the devastating impact of the El Nino drought. Coal prices have been on a rally on the back of a combination of supply constraints and improving outlook for global demand. On the other hand, stricter lending guidelines and high loan rejection rates kept consumer sentiment down in the Property and Motors segments.

Against this challenging backdrop, we have not only persevered but also exceeded expectations to deliver value to all stakeholders.

OUR STRATEGY

Key FY2017 Efforts and Achievements

For the year under review, the Group focused on driving operational efficiencies while maintaining capital discipline, to maximise long-term returns to shareholders.

In October 2016, institutional investors snapped up RM6.2 billion in stocks under a Private Placement exercise, making it Southeast Asia's biggest primary placement in almost three years. The strong support we received is a clear sign of the confidence the market has in the future of Sime Darby.

The Plantation Division launched its first large scale planting of Genome Select high yield oil palm in April 2016. A year later, Sime Darby Plantation became the first Malaysian company to win the coveted Edison Award in recognition for its ground-breaking initiative to develop oil palm with higher yields.

On 4 May 2017, Sime Darby Property, Kumpulan Wang Persaraan (KWAP) and Brunsfield Development Sdn. Bhd. signed a Memorandum of Understanding (MoU) to lead the development of a major new strategic development region, known as the Malaysia Vision Valley (MVV). MVV spans a total area of over 153,000 hectares, encompassing the districts of Seremban and Port Dickson in Negeri Sembilan.

Also in May 2017, the Motors Division sold its Peugeot, Citroen and DS distribution businesses in Australia and New Zealand. This is in line with its strategy to refocus on its retail car and commercial truck footprints in both countries. The Division now has

BMW, MINI, Ferrari and Porsche dealerships across Queensland and New South Wales in Australia. In New Zealand, it has Renault, Hino, Mack Trucks, UD Trucks and Volvo Trucks distributorships and dealerships as well as BMW, Volkswagen, Nissan, Audi, Ferrari and Porsche dealerships in Auckland, Palmerston and Manukau.

The Industrial Division's 50:50 joint venture with Intelligas for Mine Energy Solutions (MES) continues to bode well for the Group. MES has successfully developed and proven a breakthrough High Density Compressed Natural Gas (HDCNG™) dual-fuel mobile mining solution that can achieve up to 85% substitution of diesel with HDCNG™ for mine trucks, trains, ore haulage and power generation to deliver substantial, safe and sustainable fuel savings.

Our Logistics Division's unit Weifang Sime Darby Port Co Ltd (Weifang) and Northport (Malaysia) Bhd signed an MoU to facilitate the shipment of halal products between Malaysia and China. Weifang also signed a separate MoU with the Halal Industry Development Corporation to develop halal-compliant infrastructure and an industrial park at the port.

The Pure-Play Journey

On 26 January 2017, Sime Darby announced plans for the Plantation, Property and Trading & Logistics Divisions to become standalone businesses. This is the culmination of efforts to strengthen the Group's global footprint and strategically position its core businesses for growth. The decision to create three pure-play entities bearing the Sime Darby brand is based on two main factors: the three Divisions are ready for the move, and there is a desire to further unlock value for shareholders. We also recognise that investors now seek focus and prefer to invest directly in the sectors of their choice.

The Group's strategy to focus on its current five core sectors began several years ago. We exited the oil & gas business – at its peak – and the power sector when regulatory changes created uncertainty. At the same time, we acquired assets and set up key partnerships in our areas of focus to strengthen the Group's Divisions. Each Sime Darby business has organically grown to a level where it is able to chart its own course.

PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

As pure-plays, the three businesses will have the focus and agility to pursue their distinct strategies to fulfil their aspirations. They will be able to enhance their individual profiles as global champions, thereby maximising shareholder value. Furthermore, each entity will be able to benefit from accelerating growth through the equity markets. Corporate governance will improve and employees will benefit as the Group offers opportunities for personal development.

To achieve an optimal capital structure for the pure-play entities, Sime Darby has transferred certain assets, largely land, within the Group, restructured its borrowings and initiated the capitalisation of inter-company loans to reallocate group and inter-company borrowings. Positive assessments by international and local rating agencies have given us cause to be optimistic about market sentiment.

Internally, the Group is undertaking a restructuring exercise to settle inter-company loans, after which it will launch a share split to facilitate the subsequent share distribution exercise. Entitled shareholders will receive shares in both the Plantation and Property entities equal to their shareholding in Sime Darby Berhad. There is also a group-wide effort to recalibrate and reassign human resource capabilities based on the needs of each pure-play entity. Thirdly, short, medium and long-term strategies will be developed to help the three companies realise their full potential. The exercises are crucial to set the stage for each entity to pursue its value creation strategies.

The Group announced the new Chairman and Senior Leadership of the respective pure-play entities in July 2017 and in September 2017, the names of the respective Board members of the Plantation and Property pure-play entities were announced. All three companies will be helmed by individuals who have the required skills and experience to manage large, complex organisations and are highly regarded for their integrity and business acumen. We are confident that all three pure-play entities have the right leadership to take the respective companies forward in these challenging times while delivering consistent returns for all stakeholders.

The prospectuses of the Plantation and Property pure-play entities were submitted to the relevant authorities for approval in the second half of 2017. External engagements with the senior leadership, issuance of circulars, and the Extraordinary General Meeting (EGM) to seek shareholder approval for the listing will be carried out. Both Sime Darby Plantation and Sime Darby Property are on course for listing at the end of 2017.

Please refer to the pure-plays section on pages 4 to 11 of the Annual Report for further information on this journey.

Financial Year 2017/2018 (FY2018) Strategic Priorities

Moving into FY2018, the Motors and Industrial Divisions will anchor Sime Darby Berhad's future growth. They will focus on reinforcing its position as a trusted partner of premium brands in the industrial equipment and automotive spaces within the Asia-Pacific region. The conglomerate will continue to scale up and expand its portfolio of brands and geographical footprint, to enhance growth and returns. The Logistics Division will focus its efforts on completing its planned expansion projects and reform its cost structure in Weifang and Jining Ports. The Divisions will strive for operational excellence in order to optimise the Group's cost structure and strengthen resilience in down-cycles.

To rationalise its businesses, capital will be redeployed towards core segments. There will be strategic corporate exercises, joint ventures and adjacencies that have synergy with our core businesses.
Sime Darby Plantation is forging ahead to cement its positon as a leading integrated palm oil player. The world's largest producer of certified sustainable palm oil will maximise returns by boosting production and profitability. An accelerated replanting programme, use of superior planting materials to increase yields and driving innovation, mechanisation and automation will help to reduce reliance on manpower and overall cost. Other initiatives include executing best practices and improving water management and irrigation in its estates.

Sime Darby Property will leverage on its sizeable landbank in strategic growth areas. It will focus on its core strengths in township development and increase its exposure in integrated and niche urban developments. As part of the Division's initiative towards product diversification, areas in existing townships will be identified for development as industrial parks, as well as integrated Transit Oriented and Transit Adjacent development projects. Selected key assets under property investments will be retained to increase contribution from recurring income. The Division's involvement in the Battersea Power Station project will provide a unique opportunity to expand its overseas property development footprint.

Please refer to the Divisional Operations Review section on pages 52 to 93 of the Annual Report for further information.

Sustainability

At Sime Darby, sustainability covers the entire spectrum of responsibility from value creation and environmental management to the promotion of social equity.

Moving forward, all three entities will continue to uphold the principles of sustainable development and best business practices. We are committed to delivering sustainable returns without compromising our commitment to People, Planet and Prosperity.

People

The safety and health of our employees is of utmost importance. Regretfully, we have to report that there were eight fatalities in the last financial year. Although the number of fatalities has dropped year-on-year, we are still far short of our zero harm goal.

Nonetheless, there have been improvements, too. There was a 15% drop in Loss Time Injuries, thanks to various intervention programmes.

Please refer to the People section on pages 39 to 45 of the Annual Report for further information.

Planet

FY2017 proved to be a landmark year for progress in our "No Deforestation" commitments with the launch of our Responsible Agriculture Charter in September 2016. After the completion of the High Carbon Stock (HCS) study in December 2015, Sime Darby has been deeply involved in bringing convergence between the two different methodologies around HCS, namely the High Carbon Stock Approach and the High Carbon Stock Study. This culminated in a joint agreement among all stakeholders involved in the process for a Converged HCS Methodology in November 2016. With the convergence, stakeholders such as Sime Darby Plantation are now in agreement on how to move forward with regard to their respective "No Deforestation" commitments.

Please refer to the Environment section on pages 46 to 49 of the Annual Report for further information.

Prosperity

The period under review also marks the end of our five-year Business Management Strategy for Lean Six Sigma (LSS). While the target was for RM775 million in benefits over the five-year period, the programme yielded RM364 million in benefits in FY2017 alone, bringing total savings to RM967 million.

In May 2017, the Sime Darby Jomalina Refinery bagged the Silver Award and Best Environmental Project title at the 2017 ASQ International Team Excellence Award held in North Carolina, United States. The awards were for our success in reducing the use of chemicals and thus cost, for the wastewater treatment plant.

We will now extend the same efforts across the three pure-play entities to ensure that Operational Excellence continues to play a part in creating value for our stakeholders.

Please refer to the Operational Excellence section on pages 36 to 38 of the Annual Report for further information.

Outlook

While we saw some recovery in FY2017, the Group remains cautious about global markets in the year ahead. Several risk factors remain. These include rising geo-political tensions, increased protectionism, uncertainties around policies on trade and interest rates, and the volatility of commodity prices. The Group will work to mitigate these risks while it explores new opportunities for growth.

In Australia, we are seeing signs of renewed confidence in the coal mining sector. There has been an uptick in financing, employment and contractor jobs, albeit modestly.

In Malaysia, encouraging opportunities are up for grabs in the mining and quarrying industries. These include major infrastructure projects such as the Pan Borneo Highway and West Coast Highway, and huge development projects such as Sime Darby Property's 5,000-acre Elmina Township.

In Singapore, the oil & gas and marine businesses continue to face challenges. However, a stream of public sector projects such as the remaining contracts for the MRT line and new airport terminal, new public housing developments and reclamation projects are expected to provide some excitement for Tractors Singapore Ltd.

Although China's coal mining activities continue to be at low levels, it is balanced by the growing rental and used equipment segments in the mining sector, which will enable first movers such as China Engineers Limited (CEL) to sustain their performance.

PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

Softening consumer sentiment, a sluggish economy and the weak Ringgit will make FY2018 a challenging year for the Motors Division. In China and Hong Kong, a revision of the sales tax from 5% to 7.5%, combined with weak economic growth prospects, is likely to put pressure on sales. On the other hand, Singapore's decision to raise the Certificate of Entitlement (CoE) quota will likely drive vehicle sales. Modest growth is also expected in Australia and New Zealand, thanks to falling interest rates and tax cuts. Thailand will likely see a recovery after a four-year decline in sales.

An easing of China's economic growth and other challenges will have a negative impact on the ports and logistics sector. Nonetheless the Logistics Division is on track to raise its port's capacity and widen its range of facilities.

In the coming year, Sime Darby Plantation will face challenges that will have an impact on the prices of palm oil and other commodities. On the bright side, CPO prices have held steady between RM2,600 and RM2,800 per metric tonne, possibly thanks to low production and pick-up in demand. Exports to China, the European Union and the United States have also risen.

In Malaysia, there are minimal growth opportunities in the landed residential property segment and the secondary markets. Tightening of lending guidelines has led to a 35% drop in loan approvals from 2006 to 2016. As the demand for affordable housing increases, the Property Division will focus its efforts on the City of Elmina and Bandar Bukit Raja projects. Sime Darby Property is also building up its portfolio of office spaces, prime location malls and commercial real estate to diversify its income stream. The Malaysia Vision Valley Development is set to drive earnings until 2045. Overseas, Battersea Power Station's maiden profit was recognised in the second half of the period under review.

Acknowledgement

On behalf of the Management team, I would like to express our gratitude to the Board of Directors and shareholders for your confidence and support. I would also like to record my sincere thanks and appreciation to my colleagues in the Group Leadership team and fellow colleagues across the Group who have worked tirelessly through these challenging times. I am truly appreciative of their dedication and contributions. I am confident that each of the pure-play entities is well positioned to deliver growth, consistent returns and value to all our stakeholders.

Tan Sri Dato' Seri Mohd Bakke Salleh

President & Group Chief Executive

FROM STRENGTH TO STRENGTH

Our President and Group Chief Executive answers key questions related to pure-play

Q In the context of this pure-play exercise, what does "Unlocking Value" mean to shareholders?

A The proposed corporate restructuring is aimed at maximising value for shareholders who will eventually hold shares in the three pure-play entities, each positioned for growth in its respective sector, both regionally and globally.

Each pure-play entity – Plantation and Property – as well as the Divisions that now make up Sime Darby Berhad, namely Motors and Industrial, are leaders in their respective sectors.

As the entitled shareholders will be receiving shares in Sime Darby Plantation and Sime Darby Property, proportionate to their shareholdings in Sime Darby Berhad, they will be able to participate directly in the equity and growth of the listing entities, enabling them to balance their own portfolios, based on their financial profiles, investment and risk preferences.

Q What are the key risks and challenges facing the pure-play entities once they materialise?

A The pure-play entities will face macro challenges in an increasingly cautious and demanding market. External shocks will continue to affect commodity-driven businesses. It is likely that CPO price will find a new equilibrium following the strong rally after 2016's Super El Nino phenomenon. Commodity prices will continue to be affected by supply and demand factors, national policies and the weather.

If there are any *black swan* events, performance will be affected across the Group. While conglomerates are not immune to *black swan* events they are more resilient to shocks and are better positioned to diversify and manage risks. However, the scale and size of the pure-play entities will put them in a position to weather any challenges. Each of our businesses is focused, agile and has much potential to create value.

Q What are each of the pure-play entities' visions moving forward?

A Sime Darby Berhad is a trusted partner of premium brands in the industrial and automotive spaces within the Asia-Pacific. It aims to expand its reach even further and replicate best practices and systems across operating units.

The pure-play structure will help Sime Darby Plantation drive value creation further. It is well on its way to meet its aspirations as it implements plans to increase yields and oil extraction rates, improve mill utilisation rates and accelerate growth in key markets.

Sime Darby Property is aiming to become the No. 1 property developer in Malaysia by leveraging on its large land bank, long and successful track record of township development and its recognised brand. It is focusing on customer centricity and active land bank management while it has set new targets for greater contributions from asset management.

Management Discussion & Analysis:
Performance Review

GROUP FINANCIAL REVIEW

FINANCIAL REPORTING FRAMEWORK AND ACCOUNTING STANDARDS

We are pleased to report that the Group has elected for early adoption of the MFRS Framework for the financial year ended 30 June 2017 (FY2017). This is the first set of financial statements that is fully MFRS compliant. Pursuant to the early adoption, the Group has applied the following standards:

- MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards";
- MFRS 15 "Revenue from Contracts with Customers"; and
- MFRS 141 "Agriculture".

As provided for in MFRS 1, as a first time adopter of the framework, the Group can elect to apply the optional exemptions from full retrospective application. The Group has elected to apply the following optional exemptions and their impact on the financial statements are as follows:

- MFRS 3 "Business Combinations" – The Group has elected to apply MFRS 3 "Business Combinations" prospectively to business combinations that occurred after 1 July 2015 and business combinations that occurred prior to 1 July 2015 have not been restated. The Group has continued to deem the carrying amount of investment in each subsidiary, joint venture and associate to be the cost of the investment in the separate financial statements as at the date of the transition to MFRSs;
- Deemed cost exemption – The Group has elected to use the previous revaluation of certain plantation land and buildings as deemed cost as at the date of transition under MFRSs and accordingly, the revaluation reserve of RM67 million as at 1 July 2015 was reclassified to retained earnings;
- Exemption for cumulative translation differences – The Group has elected to reset exchange reserve to zero and hence, the exchange reserve of RM634 million as at 1 July 2015 was reclassified to retained earnings. In addition, the merger reserve of RM6,231 million and capital reserve of RM383 million were also reclassified to retained profit.

MFRS 15 – Under MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customers. The adjustment resulting from the adoption is largely the effect of changes to the timing of revenue recognition for the property development activities and club membership fees.

MFRS 141 – The adoption has resulted in the produce growing on bearer plants (biological assets) i.e. fresh fruit bunches (FFB) and growing cane, which were previously not recognised and livestock i.e. cattle which was previously stated at cost, to be measured at fair value less costs to sell.

Fair value of FFB is determined based on the present value of expected net cash flows from the biological assets. In determining the fair values, management has considered the oil content of all unripe FFB from the week of pollination to the week prior to harvest. As the oil content accrues exponentially in the two weeks prior to harvest, the FFB prior to two weeks before harvest are excluded in the valuation as the fair values are considered negligible. The impact of the adjustment is the recognition of the fair value of biological assets and the related tax effects.

For further details, please refer to Note 58 to the financial statements on First-time Adoption of MFRS Framework and Early Adoption of MFRS 15.

NEW COMPANIES ACT

During FY2017, the Companies Act 2016 (2016 Act) came into effect on 31 January 2017, replacing the Companies Act 1965. Under the 2016 Act the concept of par or nominal value of shares has been abolished and hence, the share premium, capital redemption reserve and authorised capital are no longer applicable. In accordance with Section 618(2) of the 2016 Act, the outstanding credit balance in the share premium account of RM5,899 million was transferred to share capital.

PURE-PLAY STRATEGY

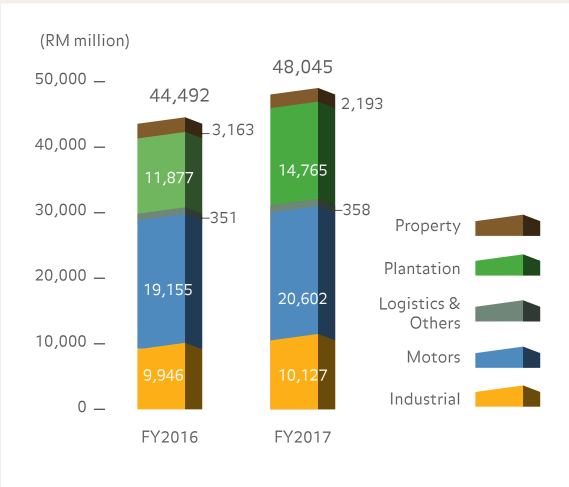
On 27 February 2017, the Board of Directors announced a proposal to create three standalone listed entities, namely Sime Darby Plantation Berhad (SD Plantation), Sime Darby Property Berhad (SD Property) and Sime Darby Berhad (SDB), which will be pure-plays in the plantation, property and trading and logistics businesses, respectively. This will be done through the distribution of the Company's entire shareholdings in SD Plantation and SD Property to shareholders of the Company.

Accordingly, we have presented the results of SD Plantation and SD Property as discontinuing operations in the consolidated financial statements. In accordance with provisions under MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the assets and liabilities of SD Plantation and SD Property have also been presented as held for sale.

REVIEW OF OPERATIONS

The economic environment of the markets where the Group operates has been challenging due to several factors. Among them are the soft albeit steadily improving commodity prices, weak consumer sentiment compounded by the strict lending conditions that have had a negative impact on our Motors and Property operations and, last but not least, the volatility of foreign currency exchange rates and expected increase in interest rates. Given the challenging market conditions, the Group has carried out appropriate assessments of the carrying value of its property, plant and equipment, intangible assets and goodwill in accordance with the requirements of MFRS 136 "Impairment of Assets". Where the recoverable amounts were lower than the carrying value, an impairment loss was recognised in the year.

Revenue



Trading & Logistics

Revenue rose 6% mainly due to the higher proceeds from the Motors operations as a result of higher sales of motor vehicles.

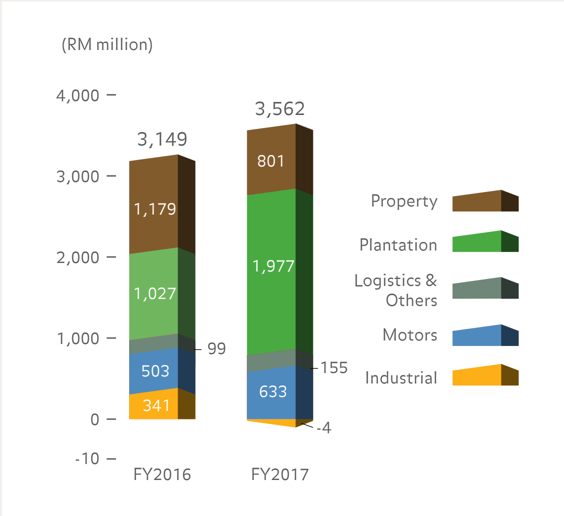
Plantation Division

The increased revenue was largely attributable to higher average crude palm oil (CPO) price realised of RM2,848 per MT (FY2016: RM2,242 per MT), higher average palm kernel price of RM2,469 per MT (FY2016: RM1,581 per MT) and a 1.7% increase in fresh fruit bunch (FFB) production to 9.78 million MT (FY2016: 9.62 million MT).

Property Division

Lower revenue registered largely due to the lower revenue recognised for the Pagoh Education Hub (RM51 million vs RM780 million), as the bulk of the revenue was already recognised prior to FY2017.

Profit before Interest & Tax (PBIT)



Trading & Logistics

The Motors Division registered a commendable performance for the financial year despite a very competitive market. The higher profit of RM633 million against RM503 million the previous year was largely due to higher contributions from BMW, Hyundai and the car rental business in Malaysia while in China, the higher profit was due to the strong demand for BMW and super luxury cars.

The results included an impairment for goodwill and provision for inventories of RM19 million and RM18 million respectively due to slower operations in Vietnam.

The Industrial Division's performance continued to be affected by the slowdown in the mining industry in Australia and the oil and gas and marine sectors in Singapore. This has resulted in lower engine deliveries and deferment of projects. In addition, the Division took an impairment hit of AUD67 million (RM214 million) on the Bucyrus goodwill and distribution rights and also a provision for onerous contractss of RM43 million, for the operations in Australasia. The Bucyrus goodwill and distribution rights, on acquisition in 2011, was allocated to the cash generating units within the Division which will benefit from the acquisition, namely the Industrial operations in Queensland in Australia, Papua New Guinea and New Caledonia.

Excluding the impairment, the profit at RM253 million was 25.8% lower than that registered for FY2016 of RM341 million.

Profit from the Logistics Division declined by RM39 million or 37.9% from last year due to the recognition of a RM19 million government grant and gain on disposal of 50% equity interest in Weifang Sime

GROUP FINANCIAL REVIEW

Darby Liquid Terminal Co Ltd of RM18 million in the previous year vis-à-vis a gain of RM10 million on the disposal of 50% equity interest in Weifang Sime Darby West Port Co Ltd in FY2017. Excluding the gains, contribution from operations declined by 18% due to the lower throughput of the Jining ports as a result of tighter environment controls by the authorities.

Plantation Division

The Plantation Division recorded a profit of RM1,977 million after accounting for an impairment of RM202 million in relation to the property, plant and equipment used in the Liberia operations due to its continued losses. This can largely be attributed to the lower projected earnings after the Ebola outbreak between March 2014 and April 2015 which affected performance. In addition, the Division also recognised its share of impairment of assets in the Emery Group, of RM39 million.

Profit before impairment jumped 116% from RM1,027 million in FY2016 to RM2,218 million. The strong performance was largely due to higher palm product prices.

Property Division

Profits from the Property Division dropped by 32%, from RM1,179 million to RM801 million, mainly due to lower profits recognised from the Pagoh Education Hub of RM6 million against RM225 million in FY2016. This was partially mitigated by our share of profit from the Battersea Power Station joint venture of RM140 million (FY2016 – Loss of RM21 million) following the commencement of handover for Phase 1 units.

The results included a gain from disposals totaling RM674 million. They comprise gains from the disposal of an equity interest in Sime Darby Property (Alexandra) Pte Ltd for RM131 million, Glengowrie land for RM411 million and share of gain on disposal of Sime Darby Centre for RM132 million. In FY2016, the total gains amounting to RM797 million consist of gains from the disposal of SD Property Dunearn and SD Property Kilang for RM447 million, Equatorial Malacca for RM39 million, Semenyih land for RM185 million and Serenia City land for RM126 million.

The results for FY2017 included a provision for writedown of inventories of RM149 million for aged and slow moving inventories.

Further explanation on each of the Divisions' financial performance is provided in the Divisional Operations Reviews from pages 52 to 93.

Finance Cost

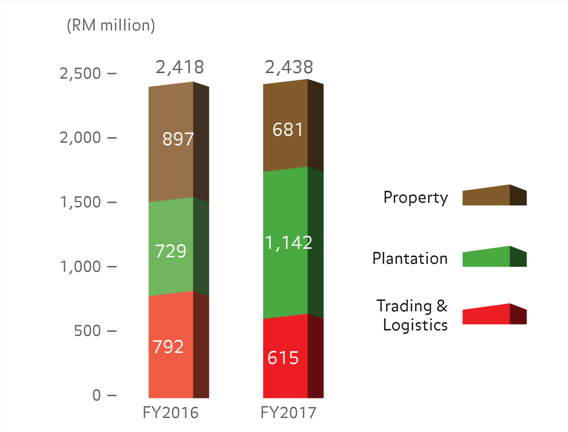
Total finance costs declined by 25% from RM454 million to RM341 million, mainly due to the repayment of borrowings from the proceeds of RM2.2 billion from the perpetual sukuk issued on 24 March 2016 and the shares placement of RM2.3 billion on 13 October 2016. The weighted average cost on borrowings remained at 3.4%.

Taxation

The effective tax rate of the profits from continuing operations of 22.1% was lower than the applicable tax rate of 22.6% mainly due to the gain on disposal of interest in Eastern & Oriental Berhad and dividend income not being subjected to tax.

The higher tax expense of discontinuing operations of RM537 million in FY2017 against RM59 million in FY2016 was mainly due to the higher PBIT of the Plantation Division and lower net tax benefit from the change in tax base in Indonesia of RM69 million in FY2017 against RM348 million in FY2016.

Net Earnings



The 0.8% increase in Net Earnings was mainly from the higher net earnings of the Plantation Division as a result of its higher PBIT.

Earnings per share at 36.7 sen was 4.7% lower compared with the 38.5 sen in FY2016 due to the higher weighted average number of shares in FY2017 of 6,639 million shares against 6,269 million shares in FY2016. The higher weighted average number of shares was due to the issue of 316.4 million shares pursuant to the Placement exercise and the 157.4 million shares issued pursuant to the Dividend Reinvestment Plan.

Return on Average Shareholders' Equity (ROE)

Although Net Earnings increased by 0.8%, ROE declined by 0.7 percentage point from 7.7% to 7.0% due to the higher average shareholders' funds following the issue of shares as explained above.

GROUP FINANCIAL POSITION

RM million	Plantation	Property	2017	2016
Non Current Assets	23,120	5,108	10,853	39,826
Other Assets excluding Bank & Cash balances	5,281	7,112	12,286	21,162
Bank & Cash balances	718	1,130	2,072	3,521
Assets Held for Distribution	29,119	13,350	42,469	-
Total Assets			**67,680**	**64,509**
Borrowings	7,778	2,082	3,194	15,833
Other Liabilities	4,920	2,510	6,647	13,086
Liabilities of Assets Held for Distribution	12,698	4,592	17,290	-
Total Liabilities			**27,131**	**28,919**
Share Capital			9,299	3,164
Reserves			28,044	29,231
Shareholders' Equity			**37,343**	**32,395**
Non Controlling Interests & Perpetual Sukuk			3,206	3,195
Total Equity			**40,549**	**35,590**
Total Equity and Liabilities			**67,680**	**64,509**

In accordance with the provisions in the Companies Act 2016, the share premium of RM5,899 million was reclassified to share capital in January 2017.

GROUP BORROWINGS POSITION

RM million	FY2017	FY2016
Total Borrowings	13,054	15,833
Cash (including cash under Housing Development Accounts)	3,920	3,521
Equity	40,549	35,590
Borrowings / Equity	32.2%	44.5%

Total Group borrowings declined by RM2,779 million, mainly due to the repayment of RM1,200 million from the proceeds of the share placement of RM2,357 million and the repurchase of USD628 million of the USD800 million sukuk outstanding, net of the debt raised by SD Plantation of USD430 million (see further explanation under Group Debt Allocation Exercise section). The remaining USD172 million was novated to SD Plantation.

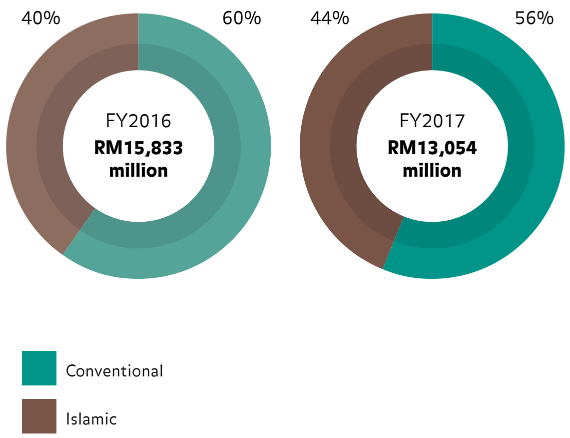
The Group's Debt/Equity ratio was 32.2% as at 30 June 2017, a significant improvement compared with the ratio of 44.5% as at 30 June 2016. On the whole, the Company retained its credit ratings at Baa1 (Review for Downgrade) by Moody's Investors Service, BBB+ (Ratings Watch Negative) by Fitch Ratings and AAA by the Malaysian Rating Corporation Berhad. The ratings were affected by the proposed pure-play restructuring.

During the year, the Group's debt maturity profile improved further with the repurchase of USD350 million of the USD400 million sukuk due in January 2018 and refinancing of USD330 million debt due in February 2018.

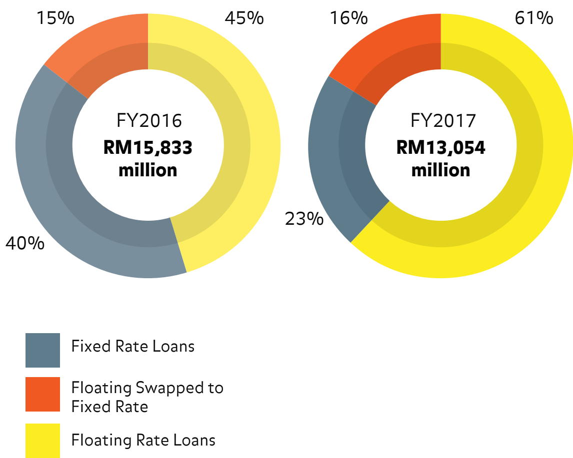
RM million	Short Term	<1 year	1-2 years	2-5 years	5-10 years	>10 Years
FY 2017	2,121	1,467	1,487	5,430	1,442	1,107
%	16.3	11.2	11.4	41.6	11.0	8.5
FY 2016	2,552	1,867	4,153	2,946	3,226	1,089
%	16.1	11.8	26.2	18.6	20.4	6.9

GROUP FINANCIAL REVIEW

ISLAMIC AND CONVENTIONAL FINANCING



FIXED AND FLOATING INTEREST RATE BORROWINGS



Islamic and Conventional Financing

The Group continues to support Islamic financing and as at 30 June 2017, approximately RM5.7 billion or 44% of the Group's total borrowings were issued in accordance with Islamic principles. Conventional debt as a percentage of Total Assets of the Group was about 11%, which is well below the threshold of 33% set by the Securities Commission to meet the criteria of a Shariah compliant counter on Bursa Malaysia.

Fixed and Floating Interest Rate Loans

The higher percentage of floating rate loans to fixed rate loans (including those swapped from floating rate) in FY2017 was mainly due to the buyback of the outstanding USD Sukuk (which was on a fixed rate) largely using the floating rate USD loan taken up at SD Plantation.

Group Debt Allocation Exercise

In preparation for the pure-play exercise, the Group's borrowings from the capital market and the Perpetual Sukuk issued by SDB were reallocated to the respective pure-play listed entities.

The re-allocation of the debts has taken into consideration various factors such as the original purpose for which the borrowings was raised, the cash flow generation of the different businesses, business profile, credit ratings and the funding requirements. The debt allocation exercise has been completed and are as follows:

- On 16 May 2017, the Company obtained the consent of the sukuk holders for SD Plantation to replace SDB as the obligor, seller and lessee in respect of both tranches of the sukuk. Of the total USD800 million outstanding, USD172 million was novated to SD Plantation and USD628 million was repurchased. The repurchase of the USD628 million sukuk was funded by a USD430 million debt raised by SD Plantation and the balance of USD198 million was from internal cash and banking facilities. Consequently, the USD1.5 billion multicurrency sukuk programme was novated to SD Plantation.

  The novation and buyback were completed on 23 May 2017.

  The sukuk was allocated to SD Plantation principally because borrowings were raised to fund the acquisition of New Britain Palm Oil Limited in March 2015 and the ability of SD Plantation to achieve a similar rating as SDB, prior to the proposed pure-play restructuring. SD Plantation was accorded a rating of Baa1 by Moody's Investors Service and BBB+ by Fitch Ratings.
- On 23 June 2017, the RM3 billion Perpetual Sukuk programme and the outstanding amount of RM2.2 billion were novated to SD Plantation.
- The Group completed the buyback of the RM700 million iMTN outstanding which was settled partly using internal cash and other banking facilities. The RM4.5 billion iMTN programme was novated to SD Property on 29 September 2017. The novation of the iMTN programme to SD Property was largely because it is a Ringgit facility and could meet the Division's future requirements.

Following the completion of the novations, the proforma borrowings position of the pure-plays as at 30 June 2017 is as follows:

RM million	SDB (Trading & Logistics)	SD Plantation	SD Property
Borrowings	3,194	7,774	2,065
Equity	16,101	16,301	9,911
Debt/Equity	19.8	47.7	20.8

The deleveraging actions undertaken in the past 2 financial years and the debt allocation exercise provides the pure-plays with the flexibility to undertake capital management initiatives that are best suited to their respective businesses.

GROUP CASH FLOW

RM million	Plantation	Property	Trading & Logistics	Group FY2017
Revenue	14,765	2,193	31,087	48,045
EBITDA	3,301	542	1,319	5,162
Operating cash flow	3,286	166	1,539	4,991
Capital expenditure and investments	(1,683)	(584)	(725)	(2,992)
Proceeds from disposals	99	297	550	946
Net interest received/(finance costs)	(491)	(207)	141	(557)
Free cash flow	**1,211**	**(328)**	**1,505**	**2,388**

RM million	Plantation	Property	Trading & Logistics	Group FY2016
Revenue	11,877	3,163	29,452	44,492
EBITDA	2,158	1,219	1,471	4,848
Operating cash flow	1,739	(121)	2,041	3,659
Capital expenditure and investments	(1,388)	(695)	(1,248)	(3,331)
Proceeds from disposals	75	841	226	1,142
Net interest received/(finance costs)	(508)	(206)	79	(635)
Free cash flow	**(82)**	**(181)**	**1,098**	**835**

Group Operating Cash Flow increased by 36%, from RM3,659 million to RM4,991 million mainly due to the higher profitability of the Plantation Division. The lower operating cash flow for continuing operations was mainly due to the large decline in heavy equipment inventories in FY2016. The drop in inventories was not repeated in FY2017 as a result of the recovery of orders and maintenance work from the mining industry.

Capital expenditure and investments in FY2017 include:

- Plantation - Cost of planting oil palm and rubber of RM949 million and acquisition of estates and an palm oil mill from Island & Peninsular for RM107 million.
- Property - Capital injection to the Battersea joint venture of RM365 million and construction of KL Gallery Mall in Taman Melawati of RM109 million.

Proceeds from disposals in FY2017 include:

- Property - RM222 million from the disposal of Sime Darby Property (Alexandra) and RM63 million from the redemption of preference shares of SD REIT 1.
- Trading & Logistics - RM323 million from the disposal of 10% equity interest and all the warrants in E&O and RM90 million for the final instalment payment for the disposal of 50% equity interest in Ramsay Sime Darby Healthcare that was completed in June 2013.

GROUP FINANCIAL REVIEW

VALUE DISTRIBUTION

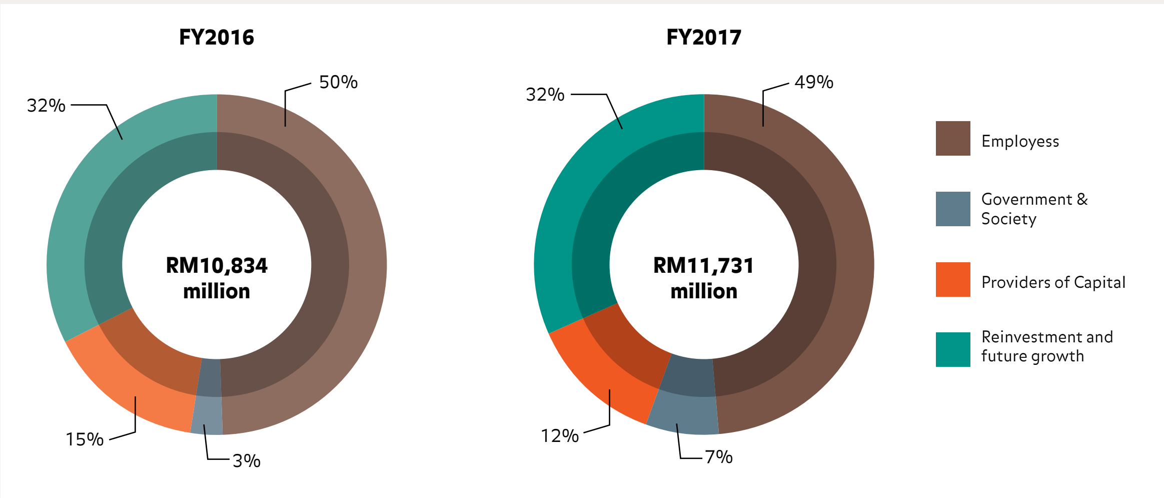
The value that Sime Darby creates for its stakeholders can either be in the form of financial returns or in non financial or intangible forms.

The Statement of Value Added illustrates how Sime Darby's performance supports the Group's ability to deliver financial value to its stakeholders.

The financial value in the statement is based on the Profit before Finance Costs, Corporate Social Responsibility (CSR) expenses, Tax, Depreciation & Amortisation and Staff Cost.

VALUE DISTRIBUTED (RM million)	FY2017	FY2016
Employees	**5,719**	**5,364**
Government & Society[1]	**816**	**340**
Providers of Capital		
Dividends	615	695
Finance costs[2]	612	738
Non-controlling interests	119	157
Perpetual	124	33
	1,470	**1,623**
Reinvestment and future growth	**3,726**	**3,507**
Total Distributed	**11,731**	**10,834**

Note: 1 Tax and CSR expenses
2 Gross finance costs



5-YEAR FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 30 JUNE (RM MILLION)	2013[1]	2014[1]	2015[1]	2016[2]	2017
FINANCIAL RESULTS					
Revenue*	32,070	30,163	30,005	29,452	31,087
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	2,648	2,308	1,852	1,471	1,319
Profit before interest and tax*	2,092	1,769	1,240	943	784
Profit before tax*	2,035	1,809	1,250	1,046	1,007
Profit after tax-continuing operations	1,789	1,560	1,042	864	795
Profit after tax-discontinued operations	2,181	2,112	1,507	1,744	1,886
Perpetual sukuk	-	-	-	(33)	(124)
Non-controlling interests	(131)	(170)	(119)	(157)	(119)
Profit attributable to owners of the Company	3,839	3,502	2,430	2,418	2,438
FINANCIAL POSITION					
Share capital	3,005	3,032	3,106	3,164	9,299
Reserves	23,806	25,421	27,463	29,231	28,044
Shareholders' equity	26,811	28,453	30,569	32,395	37,343
Perpetual sukuk	-	-	-	2,230	2,230
Non-controlling interests	866	860	1,003	965	976
Total equity	27,677	29,313	31,572	35,590	40,549
Borrowings	10,140	11,175	18,063	15,833	3,194
Liabilities associated with assets held for distribution	-	-	-	-	17,290
Other liabilities	10,726	10,736	12,603	13,086	6,647
Total equity and liabilities	**48,543**	**51,224**	**62,238**	**64,509**	**67,680**
Non-current assets	25,342	26,439	36,307	39,826	10,853
Current assets excluding Cash and Housing Development Accounts (HDA)	18,547	19,889	21,730	21,162	12,286
Assets held for distribution	-	-	-	-	42,469
Cash (including HDA)	4,654	4,896	4,201	3,521	2,072
Total assets	**48,543**	**51,224**	**62,238**	**64,509**	**67,680**
FINANCIAL RATIOS					
Operating margin (%)*	6.2	5.6	4.2	3.1	2.4
Return on average shareholders' equity (%)	14.7	12.7	8.2	7.7	7.0
Debt/Equity (%)[3]	36.6	38.1	57.2	44.5	32.2
Debt/EBITDA (times)[3]	1.7	2.0	3.6	3.3	2.5
SHARE INFORMATION					
Basic earnings per share (sen)	63.8	58.0	39.6	38.5	36.7
Net assets per share attributable to owners of the Company (RM)	4.5	4.7	4.9	5.1	5.5
Net dividend per share (sen)	34.0	36.0	25.0	27.0	23.0

Notes : 1 The comparatives have not been restated for the first-time adoption of the MFRS framework and adoption of MFRS 15 - Revenue from Contracts with Customers.

2 Restated following the first-time adoption of the MFRS Framework and early adoption of MFRS 15.

3 Debt includes borrowings under Liabilities associated with assets held for distribution. EBITDA includes EBITDA of discontinuing operations.

* The financial results have been restated to exclude discontinuing operations.

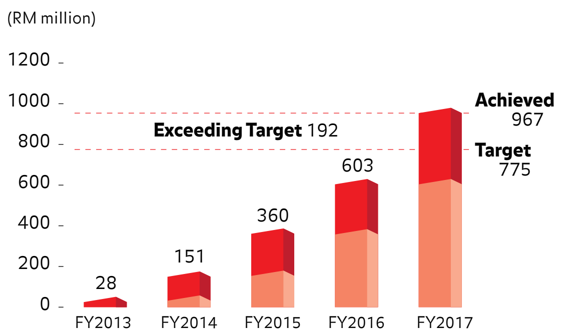
OPERATIONAL EXCELLENCE

The Sime Darby Group recognises that Operational Excellence is key to pursuing sustainability in such a way that it creates value for the organisation. The Lean Six Sigma (LSS) – a data-based approach to problem solving, value creation and waste elimination – is vital in enabling Sime Darby to deliver on this promise. LSS is a continuous improvement process. It addresses both simple and complex problems relating to production, services and administration.

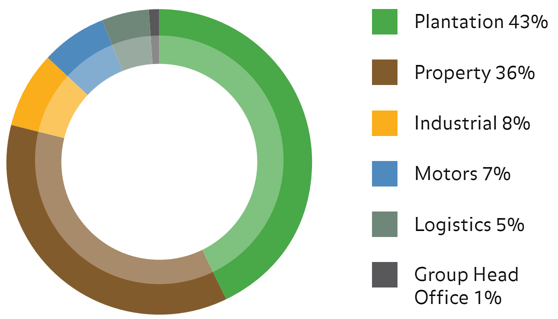
In FY2013, the Group embarked on a five-year Business Management Strategy that was to serve as a roadmap towards achieving RM775 million in LSS benefits (cost-savings or improved revenue generation derived from implementing LSS projects) across the Group. The Group's just-concluded financial year – FY2017 – is the fifth and final year of this journey.

In FY2017, LSS projects collectively yielded RM364 million* in benefits. Over the course of the five-year LSS Business Management Strategy period, the Group saw a total of RM967 million in cumulative Lean Six Sigma benefits – exceeding the target of RM775 million set in FY2013. This demonstrates how well the Operational Excellence and Continuous Improvement culture has been rolled out across the Group.

SIME DARBY GROUP CUMULATIVE BENEFITS

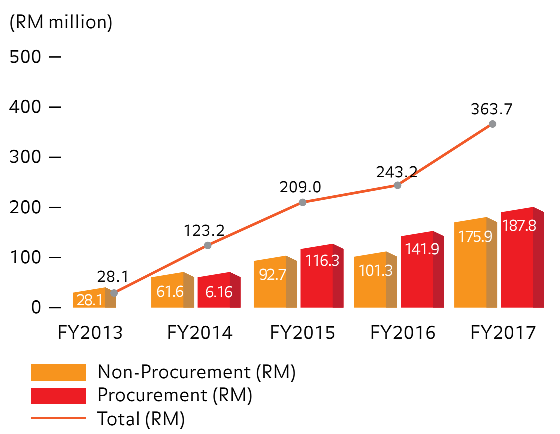


BREAKDOWN OF LEAN SIX SIGMA BENEFITS BY DIVISION



The Group recognises that there is a big potential for reducing or even eliminating costs in the procurement process across all our operations. This is clearly reflected in the savings recorded as a result of improvements in the procurement process. Just in FY2017, improvements in procurement-related processes yielded RM188 million in savings. This accounts for 52% of the Group's total LSS benefits. More significantly, these improvements have consistently delivered a significant portion of the Group's LSS benefits annually over the four years from FY2014.

YEAR ON YEAR PROCUREMENT BENEFITS VS GROUP BENEFITS (FY13-17)

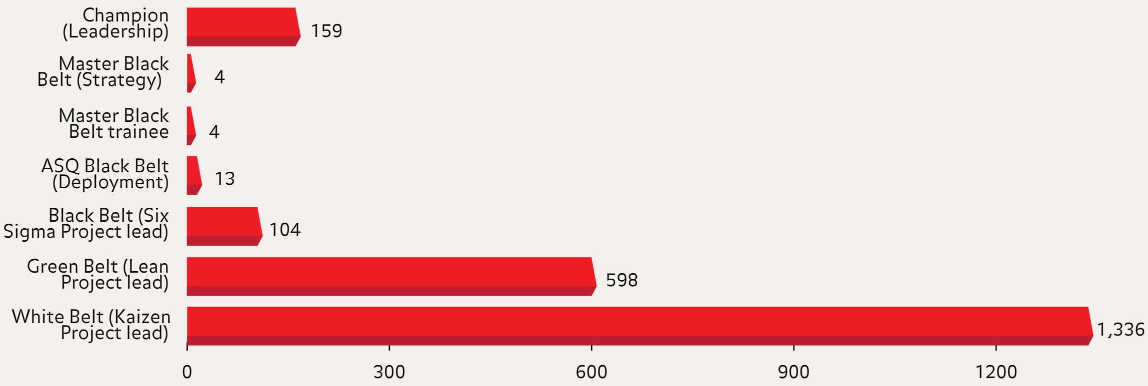


BUILDING LEAN SIX SIGMA CAPABILITIES

The competence and skills of the Group's employees are the main contributors to Operational Excellence. Each year, employees are selected to undergo internal training exercises to help them enhance their capabilities and build capacity. In the process, they also get the opportunity to be awarded external certification by the American Society for Quality (ASQ). The Group's LSS capacity building approach involves all levels of the organisation – from management to operations. In FY2017, 184 employees from across the Group were trained as Green Belt practitioners and another 16 received training to be Black Belt practitioners.

*This Sime Darby Group's LSS data has been independently audited. Read the independent assurance report on page 398.

NO. OF LSS PRACTITIONERS ACROSS SIME DARBY



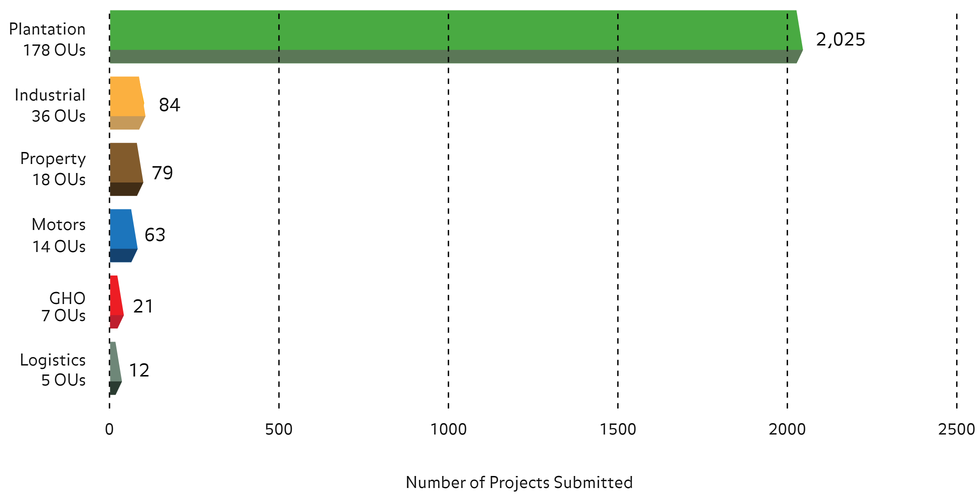
WAR ON WASTE 2.0

In December 2015, the Group launched its War on Waste (WOW) programme as an extension of the Lean Six Sigma Business Management Strategy. The main objective of the WOW programme is to build a culture and winning mindset of continuous improvement with regard to waste elimination through Kaizen (simple continuous improvement). Kaizen focuses on eight common types of waste – Defects, Over-Production, Waiting, Non-utilised Talent, Transportation, Inventory, Motion and Extra-processing.

Our indicator for measuring the culture change is the rate of participation of Operating Units (OU). From a baseline of 29% in FY2015 (WOW 1.0), we target to improve participation to 80% by FY2020 (WOW 5.0).

WOW 2.0 was launched in December 2016 and 258 out of 525 OUs (49%) across the Sime Darby Group participated. The programme recorded over 2,200 improvement projects with potential savings of RM190 million and 3.7 million hours to be realised within 12 months. Within just three months after the programme ended, RM80 million out of RM190 million (42%) in potential benefits have already been realised and reflected in the LSS Business Management Strategy performance for this Financial Year.

NUMBER OF PARTICIPATING OPERATING UNITS (OU) AND NUMBER OF PROJECTS SUBMITTED



OPERATIONAL EXCELLENCE

NATIONAL AND INTERNATIONAL ACCLAIM

Sime Darby was the sole Malaysian representative at the 2017 American Society of Quality (ASQ) International Team Excellence Award ceremony held in North Carolina, USA in May 2017. It won the Silver Award and was also awarded the Best Environmental Project title. The award was for a project to reduce the cost of chemicals for the wastewater treatment plant at the Plantation Division's Jomalina Refinery.

At the PNB Innovation & Quality Award ceremony in November 2016, Sime Darby emerged as the overall winner for the sixth consecutive year, this time thanks to its LSS improvement project at the Plantation Division's Chaah Estate. The project was for reducing the cost of cleaning loose fruits.

MOVING FORWARD INTO PURE-PLAY

Sime Darby has come to the end of its first Lean Six Sigma Business Management Strategy programme and has accumulated vast benefits over the five-year period. Nonetheless, Operational Excellence and the LSS will continue to drive the culture of Continuous Improvement at each pure-play entity. Going forward, each entity will have a solid base on which to build its own LSS Business Management Strategy in line with the needs of its own operations as well as to meet the targets that it will continue to set for itself.

PEOPLE

Sime Darby's commitment to developing a sustainable future goes beyond its responsibilities towards business and operations. We are aware that as a corporate citizen our interaction with our stakeholders demands mutual respect and shared responsibility. While the safety, wellbeing and development of our people is key, Sime Darby places equal importance on its relationship with other stakeholders and how it carries itself in society.

For the year under review, the Group prioritised key areas material to the organisation by continuing to strengthen its efforts in the areas relating to human capital management, occupational safety and health, as well as social performance and wellbeing.

HUMAN CAPITAL

The upcoming organisational shift from a single conglomerate into three pure-play entities will usher in significant changes for the Sime Darby Group. At the same time, it is essential that we minimise operational disruption to ensure a smooth transition.

Even as we make this transition, our people must remain steadfast in carrying out their responsibilities for the Group. As a team, we are only as resilient as the clarity of our shared vision and objectives, the strength of our leadership, the unity driven by our culture, and our collective commitment towards excellence. This has taken us through volatile market conditions and organisational changes in the past. We are confident that, managed right, this will also pave theway for a better future.

Driving Performance Through Organisational Strength

Centralised capabilities comprising strategic advisory, corporate governance and transactional services have always ensured that the Sime Darby Group consistently delivers value through economies of scale. Nonetheless, with the listing of the pure-play entities, steps have been taken to optimise these capabilities to safeguard the leadership positions of the standalone units in their respective industries. We understand that having the right people in the right places will pave the way to unparalleled organisational performance.

<u>Enhancing Pure-Play Capabilities</u>

The first step in strengthening the pure-plays' capabilities is to ensure that each organisation is equipped with the right competencies at the right capacity in order to function independently and to be able to create value through sustainable transformation and continuous operational excellence.

To meet these objectives, we embarked on a review of the organisational structures to assess each of the pure-play entity's strengths and needs. The skill sets essential for each entity formed a baseline of required capabilities. At the same time, candidates with relevant competencies were assessed and those with the "right fit" were selected for each company. Priority was given to our internal pool of talent from across the Group.

The chart below illustrates the scope of our initiative and the approach taken:

Functions that are impacted by the pure-play exercise can be clustered into 3 categories:

Dedicated Capabilities	Centralised Strategic Capabilities	Corporate/ Support Capabilities
Centralised functions that directly support the Divisions' operations	Centralised functions that provide strategic direction & advisory services	Functions that provide strategic and operational support to GHO

Capability reviews and workforce transition programmes were conducted in a structured manner and post transition priority areas are clearly outlined.

Pure Play People Transition				Post Transition
Assess DEMAND	Assess SUPPLY	Conduct MATCHING	Execute TRANSITION	
Capability required to drive pure play performance	Internal & external talents with the right capabilities	Compare Supply vs. Demand and allocate talents	Manage change experience and transition risks	

PEOPLE

Through this comprehensive evaluation exercise, we successfully reviewed 14 functions across all Divisions and strengthened their capabilities to establish readiness for pure-play.

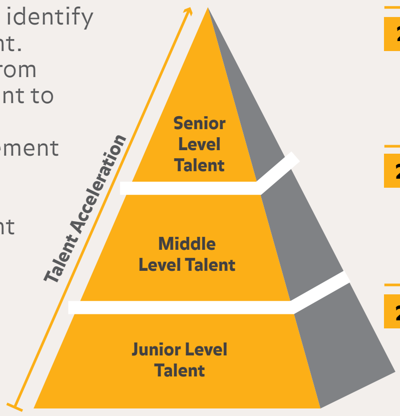
People Transition

To ensure the successful transition of the workforce to the respective pure-play entities, we balanced the needs of the Group with the interests of our employees. We also staggered the transition of employees to ensure continuity of operations at Group Head Office (GHO) while making certain that the pure-play entities receive the right support.

We further provided career transition support for employees affected by this exercise.

Performance Management as a Key Enabler for Value Creation

In a multi-industry operating environment as diverse as Sime Darby's, robust performance management is crucial. Continuous engagement with employees, for instance, through crowdsourcing for innovative ideas, have helped to identify areas for improvement. Feedback gathered from employees is important to strengthen the Performance Management Framework. For the period under review, areas for improvement include refining people management skills of our line managers and enhancing existing mobile application capacity for real-time performance feedback. The objective is to align goals through frequent dialogue while supporting individual talent development.



Moving forward, this will be the foundation on which the performance management systems of the three pure-play companies will be designed and will need to be geared towards driving greater value creation, operational excellence and cultural alignment. Clarity, transparency and equitable performance practices shall continue to be observed to ensure buy-in from employees.

Transformational Leadership

Succession Management

A key area of focus for the pure-play exercise is the leadership line-up for the three standalone entities. Steps have been taken to ensure that all three entities will have the right leadership to meet their individual strategic goals.

The Group Talent Council and the respective Divisional Talent Councils have continuously reviewed our succession management agenda. The Functional Talent Review was also introduced to build a pipeline of function-specific talent. Through these forums, we identified critical positions based on defined criteria and addressed the issue of succession for these positions. Of the critical positions identified this year, we have found one potential successor for 83% of the positions and two or more potential successors for 61% of those positions, in comparison with the previous year's ratio of 85% and 62% respectively. The slight decline in ratio was due to the tightening of our succession management process to ensure that development interventions were aligned to roles that are deemed critical for business continuity.

Leadership Development

At Sime Darby, we understand that talent management entails more than just identifying successors. We are also committed to attracting new talent and developing Sime Darby's future leaders.

2012 ALP 3

Accelerated Leaders' Programme for Senior Level Talent
Sharpen leadership skills to realise potential to assume top management roles

2016 ALP 2

Accelerated Leaders' Programme for Middle Level Talent
Strengthen skills to realise potential and preparation to take on senior leadership roles

2017 ALP 1

Accelerated Leaders' Programme for Junior Level Talent
Shape potential by providing a platform for skills building & opportunity to assume middle management roles

Since we launched the Accelerated Leaders' Programme (ALP) for senior level talent in 2012, and subsequently for middle level talent in 2016, we have opened opportunities to 105 senior and middle level talent to harness their leadership competencies. At the same time, we continue to hire and develop graduates under our Management Trainee Programme, with 109 management trainees carefully selected and developed since the programme was introduced in 2009. The success of the ALP for senior and middle level talent has convinced us that this agenda should be expanded to include aspiring leaders at the junior executive level.

In line with that, the ALP for junior level talent was introduced in November 2016. Under this programme, senior leaders actively took on coaching roles for junior executives to help them refine their career aspirations, navigate the intricacies of the corporate world and guide them in project delivery. Since its introduction, a total of 132 identified talent have benefitted from this initiative.

Culture Transformation As Change Catalyst

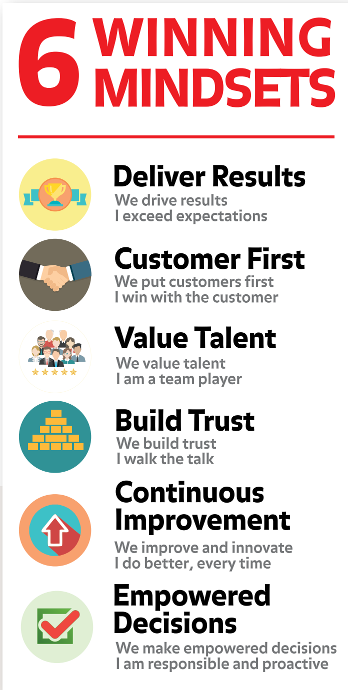
Efforts to build a culture of accountability continue to gain momentum under the Six Winning Mindsets (6 WM) initiative, introduced in 2016. To ensure behaviour is aligned with Sime Darby's interests, extensive efforts were made to integrate 6 WM values into the Human Resource value chain.

In January 2017, a 6 WM survey was conducted with the aim of establishing insights into how employees perceive and experience the 6WM in their work environment.

The Group achieved a score of 79.77%, indicating a high level of adoption and acceptance towards the 6 WM, particularly with behaviour indicators that are associated with Deliver Results, Empowered Decisions and Customer First.

Efforts to embed the winning mindsets within Divisions continued with Division-led programmes and activities.

1	Established the 6 WM	1. Outline mindsets that will promote a culture of accountability
2	Development of Winning Mindsets Dictionary	2. Provide clarity on the underlying behaviours that define the 6 WM
3	Embeding the 6 WM in HR Value Chain	3. Embed the 6 WM in Key HR processes to strengthen the 6 WM experience
4	6 WM Communication and Training	4. Continuous and consistent communication to elevate understanding
5	6 WM Survey	5. Measure how well the 6 WM have been embraced and adopted by employees



Employee Engagement

In our effort to build a performance driven culture, we have rolled-out the 6 WM to instil a culture of accountability in employees' daily pursuits towards delivering results. In doing so, we are mindful of the importance of employee engagement. An engaged workforce is more productive and is more likely to demonstrate discretionary effort to achieve the desired level of performance. Pursuant to the Global Employee Engagement Survey (GEES) that was completed last year, we took a deeper look into the key drivers of engagement and established action plans to elevate engagement levels. This was done through multiple focus group sessions across Divisions. As a result, various engagement programmes and events were rolled-out at Group and Divisional levels.

Through our employee engagement initiatives, we strive to reinforce a common sense of purpose, encourage transparency and address the diverse needs of our employees. For the current reporting year, we reached out to our employees through group-wide town hall sessions and leveraged upon our internal portal to deliver timely updates and address employees' enquiries. Sime Darby also recognises the importance of timely solicitation of employees' insights as this would enable us to keep up with their changing needs and design our engagement efforts for optimum impact and results. To this end, multiple pulse surveys on various subjects and events were conducted throughout the year.

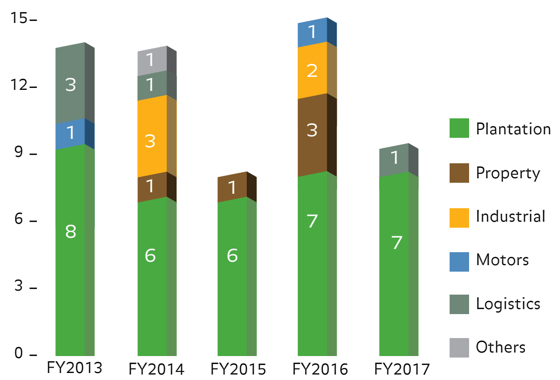
The highlight of the year was the celebration of Sime Darby's 106th anniversary through the Dawn Jam event which drew participation from all of our global operations.

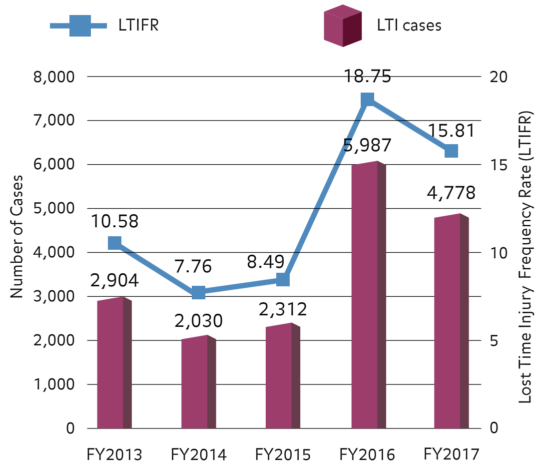
Moving Forward into Pure-Play

Looking ahead, the three entities will focus on driving results by aligning responsibilities across the organization and clarifying performance measures. In doing this, the culture of accountability will be the catalyst in driving performance and innovation. With strategic priorities in place, the pure-play entities will have a clearer view of the talent segments that deliver strategic and operational values throughout the business segments and geographies.

PEOPLE

OCCUPATIONAL SAFETY AND HEALTH





Sime Darby makes it a priority to safeguard the safety and health of our employees, contractors and the local communities wherever we operate. This is in line with our commitment to provide a safe work environment focusing on accident prevention and risk minimisation in conducting our businesses.

However, we regret to report that there were eight occupational fatalities in FY2017. These were primarily the result of unsafe acts and workplace conditions such as vehicle and machinery related accidents. Such statistics are unacceptable and the Group is determined to mitigate the risks through robust safety programmes and corrective actions to prevent similar incidents in the future.

For the year under review, the Group recorded a Lost Time Injury Frequency Rate (LTIFR) of 15.81 which is a 15.68% reduction from the previous year. This indicator reflects the number of incidents occurring for every million work hours. The Group reported a total of 4,778 Lost Time Injury (LTI) cases this year, out of which 98.05% were from the Plantation Division.

The Group also analyses Lost Work Days (LWD) and Lost Work Days Rate (LWDR). LWD indicate the number of lost days due to Lost Time Incidents excluding fatalities while LWDR indicates the Average Lost Day per Lost Time Incident.

Sime Darby Group Number of Lost Days per 1,000,000 hours worked

FY2013	FY2014	FY2015	FY2016	FY2017
49.11	41.43	38.91	83.17	78.19

A decreasing trend in the Severity Rate was noted due to a reduction in Total Lost Days from the Plantation Division, mainly from the Malaysian and Papua New Guinea operations.

NBPOL Safety Intervention Package

A significant reduction was observed at New Britain Palm Oil Limited (NBPOL), which saw a drop of 1,544 LTI cases from the previous financial year's 4,037 cases. This was attributable to the implementation of the NBPOL Safety Intervention Package, launched in April 2016, which focused on addressing identified site specific risks.

Key improvements introduced include better access to Personal Protective Equipment and first aid treatment, implementation of rehabilitation and return-to-work programmes, improvement of audits, continuous training and awareness raising. With the implementation of the pilot NBPOL Safety Intervention Package in West New Britain, the business unit recorded encouraging improvement in the LTIFR statistics from May 2016 to June 2017. The NBPOL Safety Intervention Package is now rolled out to other business units within NBPOL.

As full year data from the enhanced reporting system has yet to be completed, NBPOL's safety and health data is excluded from this years' independent assurance process, with the assurance provider offering pre-assurance on the data from NBPOL. Excluding the NBPOL data, the Group recorded an LTIFR of 9.09* and a Severity Rate of 72.57*.

*These Sime Darby Group safety and health data have been independently audited. Read the independent assurance report on page 398.

Moving Forward into the Pure-Play

Zero Harm will continue to be the ultimate goal of all three pure-play entities. In line with this, each entity will continue to drive the culture of safety and health. This can be done by focusing on programmes such as Life Saving Commitments and Felt Leadership, which provide leaders with practical tools and methods to engage with employees at all levels and encourage safety behaviours within the organisation. An enhanced and proactive Integrated Management System for safety and health will also be implemented to improve existing controls and accuracy of incident reporting.

SOCIAL PERFORMANCE

Given the impact our multi-faceted business operations have globally, we prioritise human rights issues that are most relevant to our organisation. We focus on locations where potential risks are highest and where we have the most leverage to influence and therefore make a difference.

This year, we launched the Human Rights Charter that articulates a commitment to strengthen our approach to promoting human rights, in line with the United Nations Guiding Principles (UNGP) on Business and Human Rights.

The Charter highlights nine identified salient human rights issues that are applicable across the Group. These are equal opportunity, freedom of association, eradicating exploitation, working conditions, safety and health, community rights, rights of children, rights of vulnerable people, and violence and sexual harassment. It also outlines the Group's due diligence approach, scope of persons within its sphere of influence, and responsibilities.

For the full Human Rights Charter please visit the Sime Darby Berhad website at www.simedarby.com

Eradicating All Forms Of Exploitation

Malaysia is home to approximately 2.1 million migrant workers and they risk being exploited through modern day slavery and human trafficking. Due to the nature of their respective sectors, our Plantation and Property Divisions are highly dependent on migrant labour, and have been the focus of efforts around conducting human rights impact assessments and improvement actions to mitigate risks. This year, we conducted a pilot human rights impact assessment for the Plantation operations in selected locations in Malaysia.

The assessments have helped us identify salient issues. This led to initiatives to improve our processes and procedures, and helped us to prioritise process enhancement in recruiting foreign workers and accessing documents in selected estates in Malaysia.

Although Sime Darby recruits its foreign workers directly, we continue to face the challenges and complexities of the systems and processes within the supply chain, both in Malaysia and the respective source countries. We have initiated dialogues with government agencies and other stakeholders to understand the processing and administrative costs behind the hiring and selection of workers in Indonesia. Outcomes of the discussions include, amongst others, greater accountability of agents and sub-agents, mutual agreements on reasonable costs and verification and monitoring mechanisms.

We have also reviewed foreign worker contracts to ensure that they enjoy the same rights and benefits as local workers. The contracts have been simplified and translated into the respective native languages. Materials used during recruitment and induction have been improved in terms of language and terms used, to provide better clarity and understanding of the jobs that candidates are about to undertake with Sime Darby.

In the Property sector, we carried out impact assessments in selected development projects to understand key issues and risk profiles within those locations. An on-going study with our main contractors has resulted in a review of our tendering process to incorporate human rights considerations into the terms and conditions of tender documents, contracts, Vendor Pre-Qualification documents, and monitoring processes.

Details on the Group's commitment and progress it has made to eradicate modern day slavery and human trafficking can be read in its UK Modern Slavery Act Statement on page 394.

Diversity And Inclusion

As at 30 June 2017, the Group had a total of 124,356 employees across the globe. The largest proportion of employees was in the Plantation sector, accounting for 82% of the total workforce. This is reflective of the nature of work which is heavily reliant on field work such as fruit picking, harvesting and spraying. Field workers make up a majority of the Plantation workforce (93,027 workers).

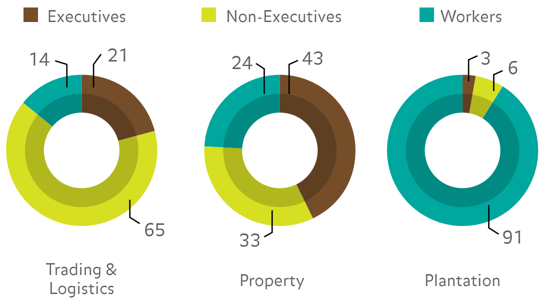
PEOPLE

Staff Strength

Plantation	Property	Trading & Logistics	Total number employees
102,441	1,682	20,233	124,356

In the Trading & Logistics businesses, workers and non-executives make up the overall majority. Meanwhile, Sime Darby Property employs mainly executives made up of professionals in property development.

STAFF STRENGTH BY EMPLOYEE CATEGORY (%)



Sime Darby celebrates a diverse workforce that brings value through varied skills, experiences and viewpoints, as well as providing flexibility in adapting to fluctuating market and customer demands. Through our equal opportunity and non-discrimination hiring policy, we aim to provide equal employment to all, regardless of gender, race, disability, nationality, religion or age.

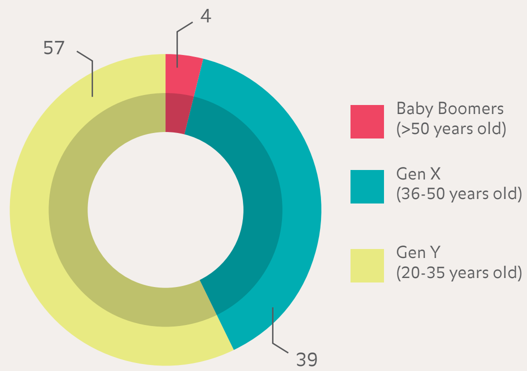
The gender-diverse workforce in Sime Darby Plantation is 20% female, whilst in Sime Darby Berhad's Trading & Logistics businesses, 26% of employees are female. This ratio is mainly attributed to industry practices and local restrictions. For instance, in the agricultural sector in Malaysia, employment of foreign wokers is restricted to male workers.

The gender ratio in the Property sector is slightly more balanced, with 42% female and 58% male employees. This reflects the overall ratio between male and female in the property development industry.

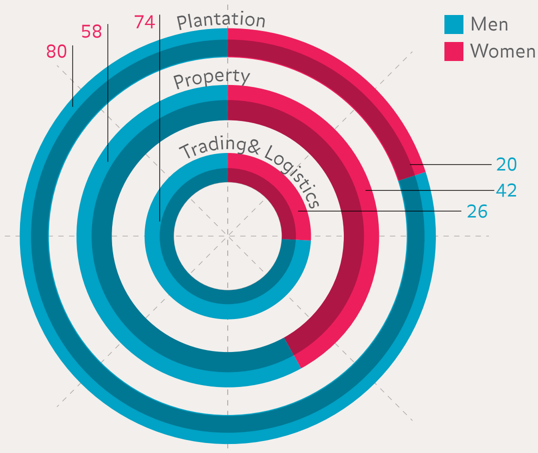
The Group also has a relatively young workforce, with less than 5% of our employees being more than 50 years old. Our Human Capital Management strategies take into consideration the retention of valuable talent and attraction of young leaders.

Moving forward, various diversity and inclusion initiatives will be developed at the new pure-play entities, targeting specific industry needs in an effort to enhance diversity within the workplace. These initiatives may range from network support to career development programmes aimed at providing different groups with an inclusive and equitable platform.

GENERATIONAL DIVERSITY (%)



GENDER DIVERSITY (%)



Collective Bargaining

Sime Darby respects the rights of workers to form and join organisations of their choosing as an integral part of our commitment on Freedom of Association. To ensure this, we maintain an open and constructive relationship by regularly engaging unions. The Collective Bargaining Agreements are periodically negotiated and reflect issues surrounding terms of work such as wages, working conditions, occupational safety and health matters as well as benefits, amongst others. A total of 78% of employees who are covered under the scope of these bargaining agreements enjoy the benefits under the Collective Bargaining Agreements in their respective industries and localities. This is reflective of union workers in the field as well as factory and plant workers who make up most of our workforce. To date, Sime Darby has successfully negotiated 48 collective agreements with national and in-house unions in the 11 countries we operate in.

Social Impact And Investment

Where Sime Darby has its operations, it also supports the socio-economic growth of the local community. It offers opportunities for employment to the local population and where possible, sources materials locally and supports the operations of smallholders. This is based on the principle that prosperity is achieved through mutual growth by including communities in our value chain.

For instance, Sime Darby Plantation works closely with smallholders in Indonesia, Papua New Guinea and Solomon Islands, supporting them in their efforts to gain Roundtable on Sustainable Palm Oil (RSPO) certification, increase production efficiency and increase capacity. Sime Darby Plantation also offers other support such as building schools, medical facilities and basic amenities such as clean water to meet the needs of the local community. In Malaysia, Sime Darby is collaborating with Wild Asia to help small growers in the Lower Kinabatangan area of Sabah to improve their yields and under the Wild Asia Group Scheme (WAGS).

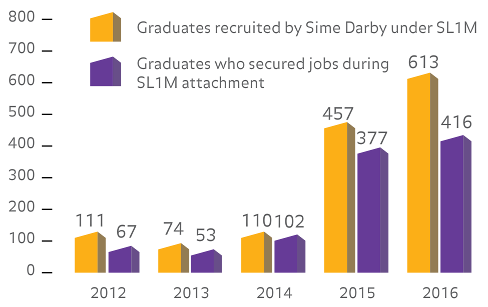
Please refer to our Divisional Operations Review on pages 52 to 93 for further updates.

Sime Darby Foundation, which undertakes the Group's philanthropic efforts, continues to provide financial support to the community through collaborative partnerships with local stakeholders to deliver sustainable value in education and environmental conservation. It also provides support to programmes that promote community & health, youth & sports as well as arts & culture. For more information on the Foundation's activities, visit its website at www.yayasansimedarby.com or peruse the progress report in the Sime Darby Foundation Annual Report 2017. Sime Darby Foundation will continue to act as the philanthropic arm of each of the pure-play entities.

Providing Opportunities to Graduates

We remain committed to providing development opportunities to graduates, under Skim Latihan 1Malaysia (SL1M), with the aim of enhancing their employability. In 2016, Sime Darby successfully trained and provided work exposure to 613 unemployed graduates.

FIVE-YEAR SL1M RECRUITMENT PROGRESS & EMPLOYABILITY ENHANCEMENT



Moving Forward into the Pure-Play

As the Group evolves into three independent entities, respect for fundamental human rights as articulated in the Human Rights Charter will continue to guide the three companies. Efforts to foster and support appropriate behaviours, beliefs and values will continue. In line with this, impact assessments and improvement programmes will be rolled out across more locations where we operate. Each pure-play entity will continuously identify and monitor human rights issues that are specific to their respective businesses. There will be efforts to develop specific due diligence processes and procedures that are appropriate for the needs of their operations and supply chains. Sime Darby will continue to ensure that the rights of employees and the local communities continue to be protected and respected, as we grow and expand our businesses.

ENVIRONMENT

At Sime Darby, we recognise that our many stakeholders have very high expectations of our commitment to environmental conservation. In line with that, minimising environmental degradation has become part and parcel of our overall sustainability goal. We believe that each and every one of our many business units has a responsibility to address and minimise its impact on the environment and thereby contribute towards minimising our impact on the climate.

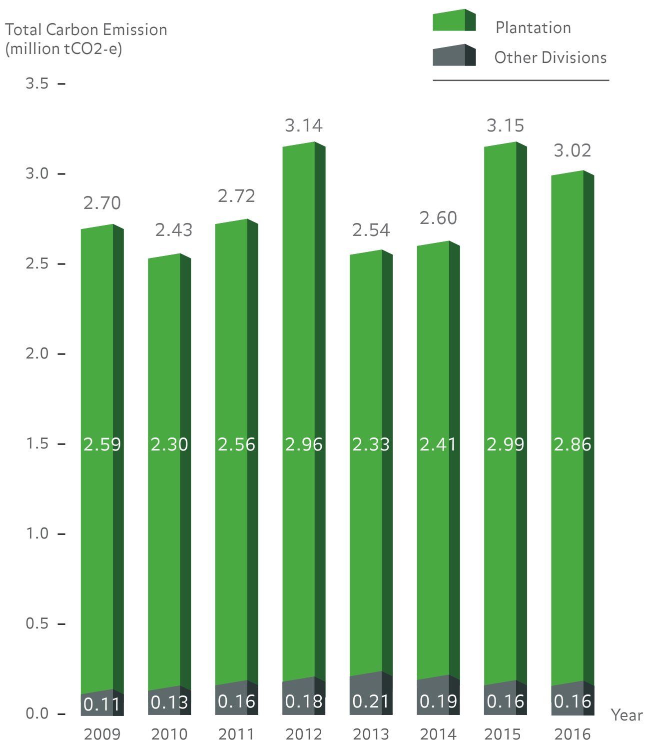
CARBON AND ENERGY

The Group has been monitoring its carbon inventory since 2009 in accordance with the Greenhouse Gas (GHG) Protocol. However, the data does not include emissions from land use conversion and carbon sequestration as the methodology governing this is still being studied. Once this data is included, the Group's total emissions may differ substantially and its carbon baseline will have to be restated. The Group plans to adopt the data in its calculations once the methodology has been finalised.

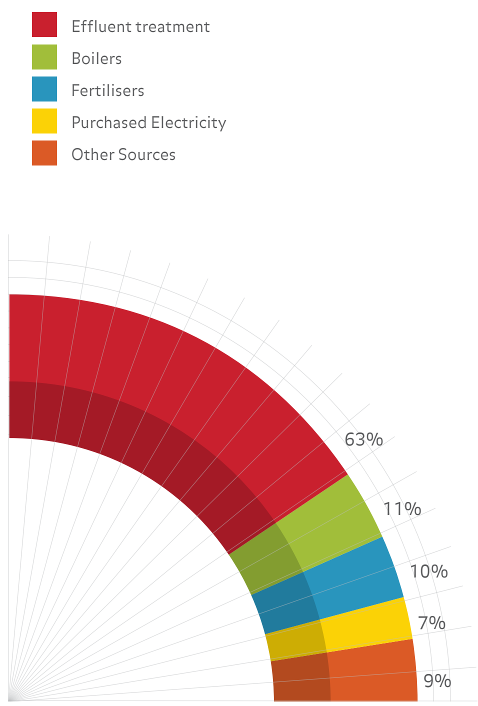
In 2016, the Group recorded emissions of 3.02 million tonnes (2.52 million tonnes* excluding NBPOL) of carbon dioxide equivalent (tCO2-e), an increase of 12% from 2009. This is mainly the result of the inclusion of operating units in Liberia, Papua New Guinea and Solomon Islands in 2015. Otherwise, the absolute emissions saw a drop of 9%. The single largest proportion (95%) of the Group's carbon emissions is contributed by the Plantation Division. Of that, the treatment of palm oil mill effluent (POME) accounts for the highest emissions at 63%. This is followed by boilers at mills and refineries (11%) and fertiliser at oil palm estates (10%).

While carbon emissions rose, energy consumption has dropped. The Group consumed 27.05 million gigajoules (GJ) of energy in 2016, down 34% from the previous year, mainly due to the reduction in usage for boilers owing to lower demand from the FFB process. Most of the energy used by boilers still comes from renewable sources such as biomass (palm kernel shell and fibre), which contributes to 80% of the Group's energy needs. It has been estimated that an additional 1.34 million tCO2-e would have been emitted if diesel had been used instead of biomass.

SIME DARBY GROUP TOTAL CARBON EMISSIONS



EMISSION SOURCES IN 2016 (%)



This Sime Darby Group carbon emissions data have been independently audited. Read the independent assurance report on page 398.

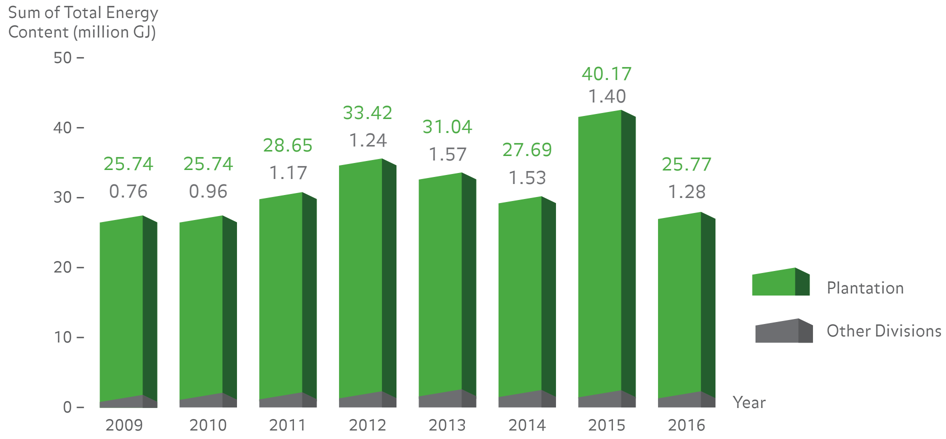
Sime Darby Group's Carbon Emission Performance

Division	Unit	Baseline Year	Baseline	Reduction Target by 2020	Reduction Target by 2020 (%)	2016 Performance
Plantation	tCO2-e/ mt CPO produced	2009	1.06	0.64	40%	1.20 (1.21* excluding NBPOL)
Property	tCO2-e/ 100 m2 built up area	Average 5 year(2011-2015)	1.64	1.56	5%	1.98*
	tCO2-e/ RM million revenue		23.02[1]	21.89	5%	21.95
Industrial	tCO2-e	2014	45,318	44,865	1%	39,999
Motors	tCO2-e/ vehicles assembled	2015	0.65	0.61	5%	0.56
	tCO2-e/ 10 vehicles serviced (throughput)	2015	0.32	0.31	5%	0.31
Logistics	tCO2-e/ 1000 port throughput	2014	0.80[1]	0.72[1]	10%	0.78

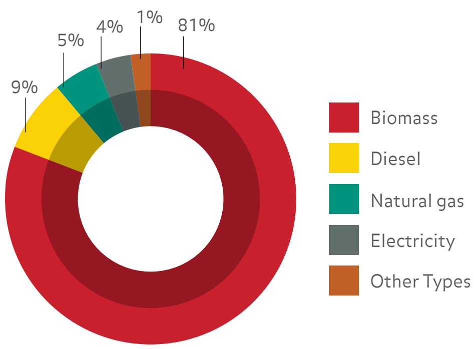
*These Sime Darby Group carbon emissions data have been independently audited. Read the independent assurance report on page 398.

Note: 1 Revised/corrected figures.

SIME DARBY GROUP ENERGY CONSUMPTION



BREAKDOWN OF ENERGY CONSUMPTION BY FUEL TYPE IN 2016 (%)



Initiatives to reduce carbon emissions have been implemented across the Group. Given the significantly high levels of emissions caused by POME treatment, the capture of methane or prevention of its emission are key efforts to achieve the Plantation Division's target to reduce emission by 40% by 2020. The Division continues to operate a methane capturing plant at the Tennamaram Oil Mill in Selangor. In addition, work on building methane capturing and biogas power plants at nine other mills in Malaysia and Indonesia is in progress. The plants will progressively become operational to meet our carbon reduction targets. In our oil palm estates across Malaysia, we use organic fertilisers produced by composting POME and empty fruit bunches (EFB). This is one of the better methods to prevent GHG emissions within the palm oil industry.

ENVIRONMENT

Moving Forward into Pure-Play

Going forward, each pure-play entity will continue to monitor and manage its own carbon emissions and energy usage to meet its respective reduction targets by 2020. Sime Darby Plantation will focus on strategies to reduce emissions from sources such as POME. At the Property and Trading & Logistics entities, steps will be taken to refine their respective carbon reduction strategies to come up with appropriate programmes to meet their targets.

HIGH CARBON STOCK

This has been a landmark year for the various stakeholders in moving forward their "No Deforestation" programmes. At the conclusion of the High Carbon Stock (HCS) Science Study in November 2015, participating stakeholders, including Sime Darby, began negotiations on a proposal to converge the HCS Science Study and HCS Approach (HCSA) methodologies. A year of intensive work later, the HCS Working Group announced in Bangkok that all stakeholders had agreed on a single coherent set of principles for the implementation of each company's commitment to "No Deforestation" in their operations and supply chains. Work on addressing the remaining issues continues.

The agreement outlines:

- Fundamental elements of the new methodology that protects HCS forests, High Conservation Value (HCV) areas and peatlands. These include issues such as forest stratification, decision-making on "young regenerating forests" within fragmented landscapes, the role of carbon and robust implementation of Free, Prior, Informed, Consent (FPIC) programmes and other social requirements;
- The rationale for the functional and institutional integration of HCS with the HCV Resource Network; and
- A roadmap for resolving outstanding issues through collaboration.

For further details of the HCS Convergence agreement, please visit the Sime Darby Plantation website at http://www.simedarbyplantation.com/media/press-release/agreement-on-unified-approach-to-implementing-no-deforestation-commitments

WATER AND WASTE

Water and waste have, collectively, been identified as material environmental issues that all Divisions have to address as part of the Group's commitment to protect the environment. This year, the Group has made progress in efforts to raise awareness and improve data collection for monitoring. In addition, it has initiated pilot projects in all Divisions.

The year started off with a workshop on water and waste for Divisional representatives. The event, held in August 2016, focused on:

i. Identifying opportunities to reduce water footprint and manage waste;

ii. Sharing water and waste management guidelines;

iii. Discussing options for water footprint reduction and waste management, and

iv. Pledging commitment to data provision and development of water footprint reduction and waste management initiatives.

Initiatives to monitor waste generation and reporting on the practice is a continuous process at the Sime Darby Group. This year, all Divisions successfully identified the various waste streams that are material to their individual operations. Waste reduction campaigns that have been implemented in all Divisions have led to significant cuts in waste generated. The Plantation Division conducted a waste management roadshow across Malaysia to improve the reporting process, raise awareness and encourage employees to embark on various waste reduction initiatives. The Motors Division is working with a vendor to consider initiatives to re-use and re-cycle scheduled wastes such as oil drums and diesel. "Beyond Bins" – an upcycling programme launched in Bandar Bukit Raja in collaboration with Biji-Biji Initiative, a Malaysian social enterprise – has been very successful. In addition, a training course on the newly revised environmental management system ISO14001:2015 was held for 30 participants from all Divisions.

"Beyond Bins" upcycling programme with residents of Bandar Bukit Raja

A rising demand among stakeholders for greater transparency in how environmental issues are addressed has increased the pressure on companies to better understand how water issues can destabilise, radically alter or even halt their business operations. This year, all Divisions have embarked on various initiatives to reduce water usage within their respective operations. For instance, the Plantation Division has initiated research and development (R&D) on water trenching practices to ensure there is continuous water supply for irrigation during dry spells. The Plantation and Property Divisions have also launched pilot projects to identify future hotspots in their Malaysian operations using the tools provided by the World Resources Institute.

A resident making lamps out of detergent bottles

Management Discussion & Analysis:
Operations Review

DIVISIONAL OPERATIONS REVIEW

SIME DARBY BERHAD

SIME DARBY INDUSTRIAL

Sime Darby Industrial

Sime Darby Motors

Sime Darby Logistic

ABOUT SIME DARBY INDUSTRIAL

Sime Darby Industrial, a leader in the heavy equipment business, sells and rents both new and used Caterpillar (CAT) equipment and provides after-sales service. The Division represents CAT and a range of allied brands, enabling it to offer a comprehensive range of heavy equipment products and services. It strives to add value to its customers' businesses through proactive engagement with all stakeholders.

VISION

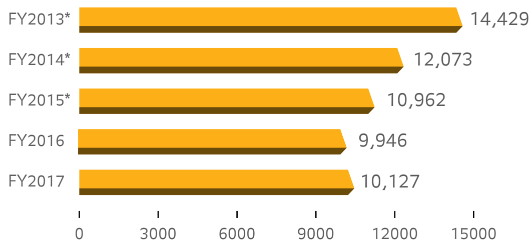
To be a high performance distributor of Caterpillar products and related solutions that deliver sustainable value to shareholders through enterprise and initiative.

PRESENCE

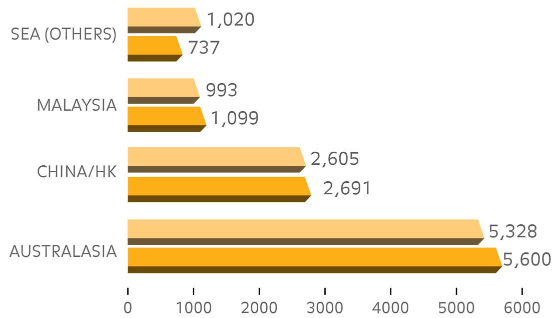
Australia, Brunei, China, Christmas Island, Hong Kong, Macau, Malaysia, Maldives, New Caledonia, Pakistan, Papua New Guinea, Philippines, Singapore, Solomon Islands, South Korea, Sri Lanka and Vietnam

KEY HIGHLIGHTS

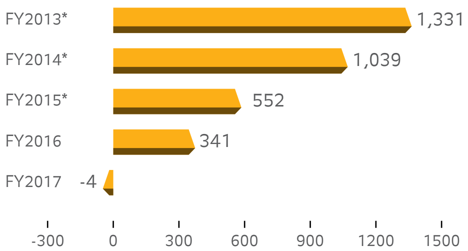
REVENUE (RM million)



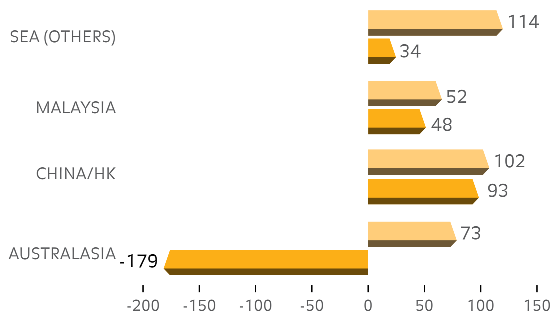
REVENUE BY REGION (RM million)



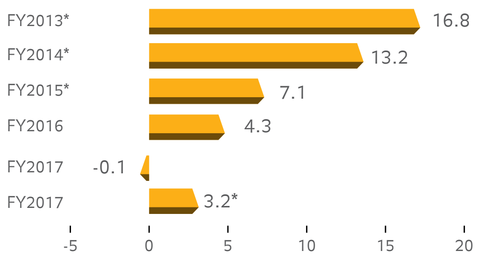
PBIT (RM million)



PBIT BY REGION (RM million)

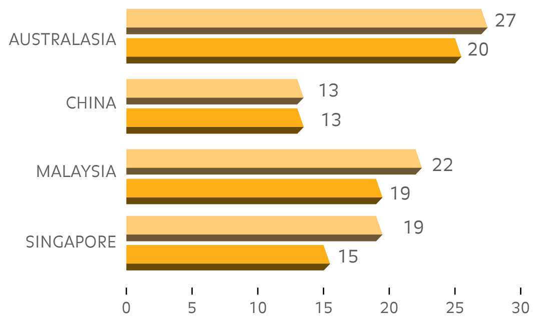


RETURN ON AVERAGE INVESTED CAPITAL (ROAIC) (%)

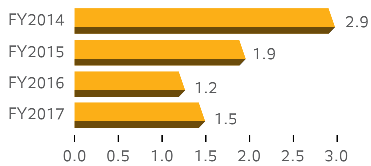


* Excluding impairments

PERCENTAGE OF INDUSTRY SALES BY REGION (PINS) (%)



DIVISION ORDER BOOK (RM billion)



*not restated for adoption of MFRS Framework and MFRS 15

DIVISIONAL OPERATIONS REVIEW

BUSINESS MODEL

Resources	Outputs / Outcomes
Financial Capital	Investor • Financial Return - ROAIC (Return on Avarage Invested Capital): 3.2% excluding impairments
Human Capital No of Employees:7,875 • World Class Training Centres	Employees • Acquire competencies and skills that raise job efficiency and effectiveness, resulting in higher productivity in the workplace
Intellectual property/processes: • Training programmes, Visible Felt Leadership including Switch On & Safety Essentials • Experience and knowledge in the heavy equipment industry • Highly skilled workforce operating in a safe environment	Customers • Assured of reliable products and services that meet stringent quality standards of our principals
A footprint of 109 branches across the Asia-Pacific	Customers • Delivering customer satisfaction Vendors • Gain enhanced brand value, resulting in long term partnerships - Gain greater confidence from partners - Attract additional associates

Caterpillar continues to lead the way in heavy equipment for mining and aggregates


With the customer in mind, the division provides a holistic range solutions to a the full spectrum of heavy equipment needs

OUR STRATEGY

Strategic Objectives	FY2017 Highlights	Priorities for FY2018
Be a world-class provider of Caterpillar and Allied solutions in the Asia-Pacific region	• Maintained strong PINS (Percentage of Industry Sales) in Australia, China, Malaysia and Singapore. China maintained its position at number two, while Australia and Malaysia remained joint number one. Singapore closed the year at number four in the market • Commendable financial performance – with total revenue rising by RM181 million to RM10,127 million compared with FY2016, despite shrinking markets	• Grow/sustain market leadership for sales and aftersales market solutions • Expand rental and (sale of) used equipment in Asia • Streamline the value chain by simplifying process & reducing excess inventories and rental fleet • Continue to inculcate the winning mindsets among employees
Diversify presence & expand portfolio of businesses in the Asia-Pacific	• Collaborated with Mine Energy Solutions • Partnered with ENGIE to develop solar and integrated facilities management services for the future • Set up New Perkins dealership	• Continue efforts to widen presence & expand portfolio of businesses in the Asia-Pacific region • Expand the range of Allied products • Collaborate on sustainability projects with other government linked companies (GLCs). • Offer clean energy solutions for customers
Ensure Operational Excellence as a way to improve profit margins	• Realised benefits of RM43.08 million in FY2017 through related savings in operations (Business Transformation Benefit Tracking, LSS and CPS Benefit Tracking and Procurement) • Reduction of carbon emissions in operations • Continued collaboration with Construction Industry Development Board (CIDB) to deliver Heavy Equipment Operator Certification • Continued to work with the Sime Darby Foundation for Sijil Kemahiran Malaysia (SKM) certification under CSR initiatives	• Achieving world-class performance on Caterpillar Production System / LSS / Procurement • Enable a Performance and Values-driven Culture • Relentless focus on No Harm and Life Saving Commitments • Deploy technology as a differentiator to enhance customer experience and loyalty • Leverage on technology to streamline business processes and reduce cost

DIVISIONAL OPERATIONS REVIEW

In pursuing its strategy, the Division is anticipated to encounter several challenges that may impact business performance. To mitigate these challenges, strategic initiatives identified in the Division's blueprint have been identified to prevent or reduce the adverse effects of such challenges, wherever possible. This is supplemented by a more explicit risk management process, institutionalised across the Division, to periodically identify, assess, evaluate and manage risks. Key issues and challenges known or anticipated to occur are highlighted in the following paragraphs.

A substantial portion of the Division's operating revenue is derived from activities in certain countries and market segments (mining and construction). Geo-political developments in such countries as well as the prospects of the aforementioned market segments will influence the Division's operational and financial performance.

Amidst the challenging economic conditions, market competition is anticipated to remain intense across the countries we operate in. Major Chinese and Japanese equipment manufacturers continue to build and expand their range of products and services at competitive prices. This could adversely affect margins.

To mitigate the above, the Division continues to take relevant steps to diversify its portfolio risk by winning customers in different business lines and market segments, thereby creating a consistent flow of income and alleviating any market volatility. Initiatives aimed at improving operational efficiency have been institutionalised and will continue to be driven across the Division to reduce our cost base, thereby enhancing our competitiveness. Moving forward, the Division intends to leverage on technology as a differentiator to enhance customer profit and loyalty.

The Division maintains consistent communication with its key principals and strives to continually achieve performance targets to ensure dealership continuity.

TTM continues to play a major role in the growth and development of the Division's Allied Solutions portfolio

REVIEW OF PERFORMANCE

Despite a market contraction, the Industrial Division closed the year with an increase in total revenue compared with the previous financial year. The decrease in Profit Before Interest & Tax (PBIT) for FY2017 is attributed mainly to lower margins across regions, lower engine sales from Asian dealerships and losses incurred by Energy Solutions operations mainly in Malaysia. The impairment for Bucyrus and onerous charges led to a decrease in the PBIT in Australasia despite an increase in its revenue in FY2017 compared with FY2016, thus affecting the overall PBIT for the Industrial Division.

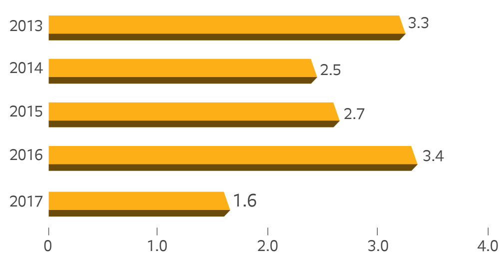
Region	Industry overview	FY2017 performance vs FY2016
Malaysia	Malaysia's economy grew 5.7% year-on-year in the first half of 2017, compared with 4.1% in the same period last year. The value of construction work remained solid at 11.2% in the second quarter of 2017, driven mainly by the civil engineering sub-sector. The mining and quarrying sectors recorded a growth of 0.2% in the second quarter of 2017 compared with the previous quarter, as crude oil and natural gas displayed slower growth. With this as a backdrop, the heavy equipment sector grew by 58% in volume, with the first half of 2017 growing 56% compared with the same period in 2016. (Source: Malaysian Institute of Economic Research; Bank Negara Malaysia, ERG Report)	The Malaysian operations achieved sound results despite the challenging economic situation, even though its PBIT decreased by 8% as compared to FY2016. Sime Darby Industrial had good success in selling their machines to new customers in mining and construction industries, as well as anchoring significant machine sales via close engagement with the contractors of Pan Borneo Highway Sarawak project and coal mining in Buroi. FY2017 displayed lower sales in the engines & Allied segments, which affected the business. However, Sime Darby Electropack Sdn Bhd's engine packaging business performed exceedingly well with profits exceeding budget by 77%, as they won various standby power deals. Terberg Tractors Malaysia Sdn Bhd, has successfully secured a second contract with PSA Singapore Terminals worth RM90 million. The local economy continues to be challenging as the Ringgit remains depressed against the US Dollar. To ensure long term sustainability of the operations, Malaysia continues with its cost cutting programmes.
Australasia	Investment in Australia's mining sector has declined significantly in the past four years following the mining "Supercycle". This slowdown in capital investment has contributed to overall reduction in demand for both new equipment and equipment re-building activity. Commodity export volumes have remained flat over this period. During the 2nd half of 2017, metallurgical coal prices rebounded significantly. Australia's total metallurgical coal production is estimated to have increased by 2% during this period, in spite of the impact of Cyclone Debbie on site operations for almost all of the 4th quarter. In 2017, the Australian construction sector continued to suffer from subdued investment in mining and related projects as well as continued reductions in government infrastructure expenditure. The industry did however see significant increases in residential building activity, as the building market continued to be buoyed by long-term low interest rates supported by government monetary policy. (Sources: Department of Industry, Innovation and Science; Housing Industry Association Limited; Atradius)	Overall, revenue for FY2017 rose RM272,000 over the previous financial year. Despite the stabilisation of coal prices, major mining customers continued to be cautious of cost and capital expenditures in order to remain sustainable and profitable. Excluding the Bucyrus impairment and onerous charges, the decrease in operational PBIT against the previous financial year was due to further provisional restructuring costs, higher costs incurred for new ERP (AX) stabilisation and loss of productivity associated with the impact from Cyclone Debbie. The impairment of the Bucyrus distribution rights and a provision for onerous contracts for the leasing of Bucyrus equipment, despite lowering FY2017's margin, was mitigated by higher margin realisation as well as the resumption of mining activities in Tabubil Mine. The impact of the impairment was also moderated by contributions from the parts and support business segment, which was driven by higher utilisation rates of miners' existing equipment.

DIVISIONAL OPERATIONS REVIEW

Region	Industry overview	FY2017 performance vs FY2016
China	China recorded a growth of 6.9% for the first two quarters of 2017, as industrial output and consumption picked up. Domestic coal production displayed a 5% year-on-year growth but China remains a net importer of coal. The mining sector nonetheless still maintains a larger share of the Chinese GDP in 2017 compared with the domestic infrastructure expansion, despite undergoing structural adjustment spearheaded by policymakers. China's HEX (Hydraulic Excavator) market has expanded by 110% compared to 2016. (Source: National Bureau of Statistics of China; China Dialogue; China Mining)	Revenue in China was up 3% over the previous financial year, largely due to much improved equipment deliveries and parts sales as the equipment market started to recover after four years of contraction. The improvement in the market has been driven by government spending in infrastructure and housing. Mining and power systems operations remained subdued as the lower oil prices continue to limit customer spending. China Engineers saw 79.7% YOY growth in machine units as well as YOY 15% grown on parts business. The product support business (mainly parts) segment performed better in 2017, on the back of improved market penetration, partly driven by promotional campaigns.
Singapore	The offshore sector's slowdown continued into 2017 despite the recovery of oil prices, due to the oversupply of rigs and support vessels. The slump in the sector has curtailed demand for oilfield and gas field equipment. Preliminary figures for total construction demand for 2017 was only 33% of the year's projected value of demand. The demand largely comes from the public sector with an increase in investment from the private sector. The construction sector faces continuing cost increase as the demand for environmentally sensitive construction rises. (Sources: Building and Construction Authority; Cobalt Recruitment; gov.sg)	Revenue decreased by 35% from the previous financial year, as customers cut spending on the back of cyclically low oil and gas prices. In this environment the market has contracted significantly and sales margins have been squeezed. The stronger US Dollar has also adversely affected margins. With the contraction of the oil and gas market the business has been focussing on the electrical power generation segment and has won several large deals, particularly for standby power stations that support data centres. Equipment sales, rental and product support benefited from our customers' involvement in the Changi Airport upgrade.

LOST TIME INJURY FREQUENCY RATE (Incident per million man-hours worked)

1.6



SAFETY & HEALTH PERFORMANCE

The Division remained focused on embedding the belief that all incidents are preventable. The values and beliefs, based on the Visible Felt Leadership Programme continued to be deployed to all regions. Along with the Felt Leadership Programme, the Life Saving Commitments have also been deployed and training programmes are under way to provide education and raise awareness of minimum requirements. The Life Saving Commitments are derived from the identified top 10 critical hazards in the business.

Reporting is now perceived as a positive activity rather than a negative activity, particularly leading indicator activity such as safety interactions and hazard reports.

Noggin OCA, a new incident management system, has been introduced to build a no harm workplace through a mobile friendly cloud-based incident reporting tool.

OUTLOOK & FUTURE FOCUS

Australasia

In the last six months metallurgical coal prices have strengthened and are expected to remain stable over the medium term. The cost rationalisation and productivity improvement strategies adopted over the past five years by mining companies have placed them in a stronger position to capitalise on improved operating margins. Customers have also begun to increase mining and pre-strip activities and are now performing previously deferred maintenance of major equipment. As market conditions continue to improve, greater focus is being placed not only on expanding existing mines but also on new project developments, and that will lead to new opportunities to sell equipment.

Australian construction activity is growing at the fastest pace seen in the past three years. In Queensland and the Northern Territory, robust residential housing development is driving activity in civil works programmes. The Non-Residential construction sector is also benefiting from a number of large road upgrade projects and the Tennant Creek to Mt Isa gas pipeline project.

China

The Chinese government ushered in 2017 with a targeted GDP growth rate of 6.5%, but it has since started to manage expectations by announcing that this is not a "Hard Target". Coal mining activities are expected to continue to be at relatively low levels despite some recent recoveries of prices, consistent with the policymakers' attempt to redirect its investment-led growth towards domestic consumption. This has resulted in very low volume of mining equipment and parts sales.

The outlook for infrastructure investment sentiment remains robust. The market is likely to begin a gradual pick-up by the end of the calendar year when most of its consolidation is expected to be completed. Despite that, China's HEX market in the first half of 2017 has been very encouraging, resulting in an all-time high sale in CEL's history.

Malaysia

The general outlook for the Malaysian market is positive on the back of government-led infrastructure development. There will be opportunities for the sale and rental of smaller CAT and allied equipment in the Klang Valley, driven by several mega-infrastructure projects. These include transportation infrastructure across Malaysia such as the East Coast Rail Link (ECRL) and Kulim International Airport. However, competition from low-cost Chinese manufacturers is likely to increase in the medium term and will maintain pressure on margins. Despite the generally encouraging outlook for the construction industry, the economy will continue to come under pressure as the Ringgit is expected to remain depressed against the US Dollar in the future.

Singapore

Demand for heavy equipment is expected to increase with continued public investment in infrastructure projects such as the remaining contracts for the Mass Rapid Transit (MRT) line, land redevelopment, Changi Airport Terminal 5, Tuas Mega Port and road expansion works. A recovery in the oil and gas market and associated services industries is likely to take several years. Utilisation and charter rates remain low and until idle assets return to service, meaningful equipment sales are not expected.

There is a positive outlook for the electric power segment as sales of standby generator sets for data centres continue to grow in Singapore. Product support business for oil rigs and offshore support vessels has recovered slightly and the accumulated customer demand for previously deferred discretionary maintenance should improve sales in this area of the business over the next two to three years.

DIVISIONAL OPERATIONS REVIEW

SIME DARBY BERHAD

SIME DARBY MOTORS

Sime Darby Industrial

Sime Darby Motors

Sime Darby Logistic

ABOUT SIME DARBY MOTORS

Sime Darby Motors, one of the leading automotive groups in the Asia-Pacific, represents several marques – from luxury brands such as BMW, Jaguar, Land Rover and Porsche to broad-appeal market brands that include Ford and Hyundai. We are actively involved in all facets of the automotive business – from importation and assembly to distribution, retail and rental.

VISION

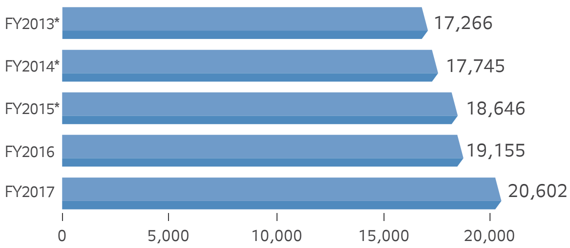
To be a leading player in the automotive sector in the Asia-Pacific region.

PRESENCE

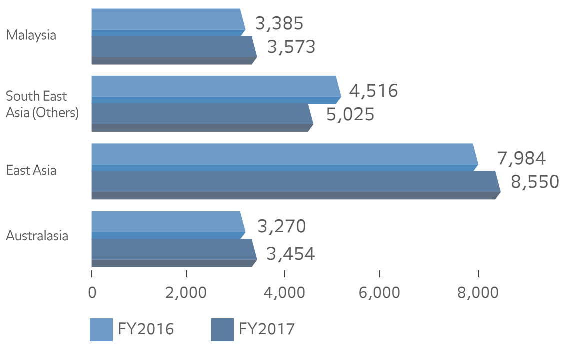
Australia, China, Hong Kong, Macau, Malaysia, New Zealand, Singapore, Taiwan, Thailand and Vietnam

KEY HIGHLIGHTS

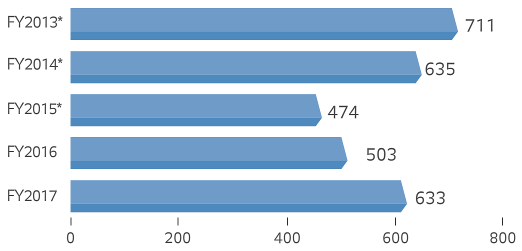
REVENUE (RM million)



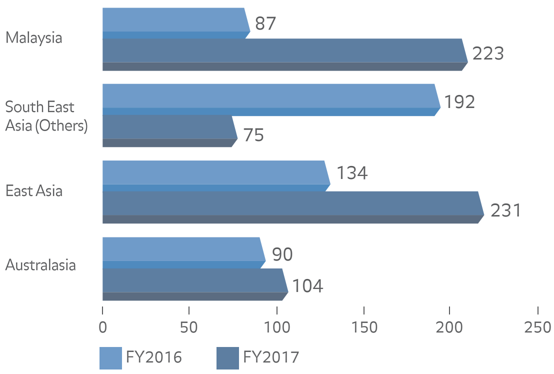
REVENUE BY REGION (RM million)



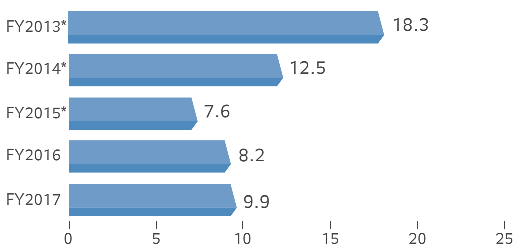
PROFIT BEFORE INTEREST & TAX (PBIT) (RM million)



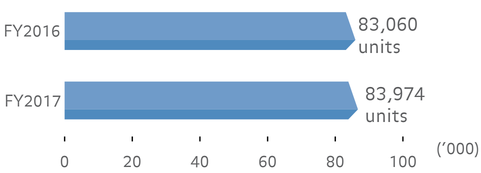
PBIT BY REGION (RM million)



RETURN ON AVERAGE INVESTED CAPITAL (ROAIC) (%)



UNIT SALES



*not restated for adoption of MFRS Framework and MFRS 15

DIVISIONAL OPERATIONS REVIEW

BUSINESS MODEL

Resources	Outputs / Outcomes
Financial Capital • from shareholders funds and lenders	ROAIC (Return On Average Invested Capital): 9.9%
Facilities • 125 retail and service outlets • Automotive assembly plant with a capacity for 25,000 vehicles per annum in a single shift	Involved in all aspects of the automotive value chain i.e. importation, assembly, distribution, retail and rental of vehicles.
Human Capital • 10,318 employees	Employees possess relevant skill sets and competencies to provide high customer satisfaction and build strong and positive relationships with manufacturers and relevant authorities.

OUR STRATEGY

Strategic objectives	FY2017 Highlights	Priorities for FY2018
Expansion in existing markets and into new growth markets	The Motors Division established five new facilities; one each in Australia (Porsche), Thailand (Mazda) and Malaysia (Porsche), and two in New Zealand (Ferrari and Truck Stops).	Set up more new dealerships through greenfield approach and M&A
Expansion of assembly capacity	More CKD models, especially BMW's Energy Efficient Vehicles ("EEV"), are being assembled at Inokom, Malaysia.	Continue to get more vehicle manufacturers to have their models assembled at Inokom, Malaysia
Expansion of used car business and after-sales service	Used car and after-sales PBIT rose by 9.4% in FY2017.	Continue pursuit of growth in these key profit contributors

Sime Darby Motors aspires to be the leading automotive player in the Asia Pacific Region. A key strategic theme is to meet the growing demand for automobiles in the Asia-Pacific region through organic and inorganic growth. To ensure sustainability of the operations, the Division continues to remain focused in pursuing strategic investment opportunities, expand its assembly plant as well as focusing on the after-sales service and used car business.

In order to remain competitive, the Division has introduced the Sime Darby Motors Retail Excellence Programme (SREP). This is aimed at strengthening the performance of our retail operations and foster network optimisation opportunities.

The pursuit of our strategy will come with several challenges which have to be mitigated and managed.

Sime Darby Motors operates in a number of countries around the globe. The performance of the business is vulnerable to changes in local goverment regulations and economic uncertainties. Any unfavourable changes can negatively affect the business operations. Countries such as China are restricting car sales to alleviate congestion in key cities, while in Singapore the government's stance on a car-lite nation will have an impact on the industry. Environmental and climate policies aimed at reducing carbon emissions are being introduced from time to time including more recently, calls to ban fossil fuel-powered vehicles altogether. The management team, together with our manufacturers, monitor these changes to introduce competitive products into growth segments.

Sime Darby Motors also operates in highly competitive markets. As part of the mitigation plan, diversification of our brand portfolio as well as entry into new markets remain a key strategy.

Loss of a key franchise is a high inherent risk to any trading business and we are no exception. Sime Darby Motors manages volume aspirations and relationships with our manufacturers.

Growth, revenue and earnings in Sime Darby Motors depend substantially on its management and operational teams' ability to effectively implement expansion plans and to complete future acquisitions. Hence, ensuring an experienced management and operational team on the ground is of high-priority.

REVIEW OF PERFORMANCE

The Motors Division recorded a PBIT of RM633 million for FY2017, a 26% increase from the previous financial year, mainly attributable to the excellent performance in Malaysia, New Zealand, China and Singapore. Hong Kong/Macau posted reduced earnings due to intense competition in the luxury segment while Australia and Vietnam recorded a lower contribution from its retail vehicle business. Despite the challenging conditions in most markets, the Division delivered credible results for the year.

Region	Industry overview	FY2017 performance vs FY2016
Malaysia	• The economic slowdown, weak consumer sentiments and stringent approvals for hire purchase loans have resulted in a 13.0% year-on-year decline in 2016 new vehicle sales to 580,124 units from 666,677 units in 2015, following six consecutive years of growth. The rising import cost resulting from the Ringgit's poor performance had also negatively affected industry players.	Despite a weak market and challenging trading conditions, profits for the Malaysian operations rebounded with stronger contributions from the assembly business and retail operations. The Porsche franchise expanded to the northern part of Peninsular Malaysia with the addition of the Porsche Centre Penang in March 2017.
Australia	• New vehicle sales rose on the back of low interest rates and tax cuts. Sales increased from 1,155 million units in 2015 to 1,178 million units in 2016. Consumers continue to favour sports utility vehicles (SUV) and light consumer vehicles (LCV).	Despite higher sales volume, the Australia operations reported lower profits due to pressure on margins. With the divestment of the Peugeot and Citroen (PSA) distribution businesses in June 2017, the operations will now focus on identified strategic projects and partners for growth. The retail growth strategy for Australia remains in focus with the launch of the Porsche Sydney dealership.
New Zealand	• New Zealand new vehicle sales soared to another record year, fuelled largely by low interest rates and an uptick in truck and SUV sales. Vehicle sales increased by 14.6% year-on-year from 95,097 units in 2015 to 102,644 units in 2016.	The New Zealand operations delivered a stellar performance from record sales of the trucking business across all brands. The retail business completed the new Ferrari showroom in Auckland despite facing challenging market conditions. As part of the strategy to sustain growth, work on the new state-of-the-art facility for the largest BMW dealership in Auckland has begun and it is slated for completion in 2018. As in Australia, the Division has divested its PSA distribution rights in New Zealand .
China	• Consumers rushed to buy super luxury cars near the end of 2016 to avoid paying an additional 10% luxury tax imposed in December (24.6 million units sold in 2015 vs 28.0 million in 2016)	The China operations continued to deliver strong results in tandem with the double-digit growth in the passenger car market. Nevertheless, competition remains keen, with pressure on margins.
Hong Kong and Macau	• Hong Kong: Muted economic growth and a cooling property market had weakened consumer sentiment, leading to an 18.2% year-on-year contraction of vehicle sales in 2016. (2015: 50,322 units vs 2016: 41,182 units) • Macau: Luxury car sales softened as a result of the slowdown in the gaming industry as well as China's tighter capital controls.	The Hong Kong and Macau operations reported lower profits, affected by the prolonged period of subdued consumer and corporate activity and unfavourable government policies. Additionally, the sharp decline in the gaming business dealt a heavy blow to the super luxury car segment in Macau. Action plans to spur sales, improve margins and manage costs are in place, including a refreshed management team.

DIVISIONAL OPERATIONS REVIEW

Region	Industry overview	FY2017 performance vs FY2016
Taiwan	• A strengthening economy, underpinned by a rise in business spending and private consumption, coupled with low inflation and stable interest rates, will continue to fuel growth in new vehicle sales. (2015: 262,593 units vs 2016: 262,346 units)	Three years since its inception, the Kia business made encouraging progress. Kia was one of the fastest growing brands in 2016 with sales volume and revenue growing by 54% and 71% respectively. The Division's Kia dealer network expanded to 15 3S outlets and eight 2S outlets across Taiwan. It was conferred the Marketing Excellence Award in the Asia Region by Kia Motor Corporation.
Singapore	• Vehicle sales registered a significant growth of 51.9% in 2016 (2015: 57,589 units vs 2016: 87,504 units), due to vehicle de-registration and replacements. However, the government's 'car lite' journey is expected to dampen vehicles sales in the medium to long term.	Singapore continues to deliver strong performance, benefiting from the increased COE quota despite facing intense competition in both the luxury and mass market segments. The timely launch of the new BMW 5 series and new X1 variant boosted the sales performance of the BMW operation, while the Mustang helped Ford chalk up better results during the year.
Thailand	• Vehicles sales grew 11.2% year-on-year – from 368,630 units in 1H2016 to 409,976 units in 1H2017. This marks a recovery from four years of decline, supported by an improvement in economic growth, a rise in private consumption and the expiry of the five-year lock-up period under the first-time car buyers' scheme.	Thailand's operations performed well during the year, underpinned by the gradual recovery in the economy, improved operational efficiencies and after-sales performance.
Vietnam	• Vehicle sales reached an all-time high, fuelled by the buoyant economy and a drop in import tariffs and tax cuts for small cars. Sales rose 24.3% to 304,427 units in 2016 from 244,914 in 2015, but the growth trajectory has since levelled off.	Operations have been disrupted since December 2016 due to an event that occurred prior to Sime Darby Motors acquiring the company in November 2013. Management has been providing full cooperation to the authorities. The Division is in the process of restructuring operations, including securing a new trading licence.

Hyundai Ioniq Hybrid. Driving Device.

Ford Ranger. Built Ford Tough.

SAFETY & HEALTH PERFORMANCE

Several initiatives such as continuous safety awareness and capacity building programmes coupled with greater emphasis on concerned reporting resulted in increased incidence reporting in 2017. This is viewed positively as it indicated greater safety awareness across the businesses.

Motors will focus on leading indicators such as the Concerned Positive Reporting to encourage identification of safety risks in order for any gaps to be addressed before actual occurrence.

Lost Time Injury Frequency Rate (Incidents per million manhours worked)				
FY2013	FY2014	FY2015	FY2016	FY2017
3.4	2.0	1.6	0.4	2.4*

Note: * Increase in 2017 due to the inclusion of additional reporting countries.

OUTLOOK & FUTURE FOCUS

The Motors Division forecasts a challenging year for its businesses. The operations in developing markets such as China and Thailand are expected to grow on the back of better economic growth, while other operations in mature markets such as Australia, New Zealand, Singapore, Hong Kong and Malaysia are dependent on the replacement cycle of passenger cars and new model launches.

The Division will continue to focus on pursuing strategic investment opportunities in existing and into new markets to grow its business base.

BMW 5 Series. The Business Athlete.

MINI Countryman - the biggest, most adventurous MINI yet.

Porsche Panamera. Courage changes everything

F-Pace – Above all, it's a Jaguar.

DIVISIONAL OPERATIONS REVIEW

SIME DARBY BERHAD

SIME DARBY LOGISTICS

Sime Darby Industrial
Sime Darby Motors
Sime Darby Logistic

ABOUT SIME DARBY LOGISTICS

The Logistics Division is the primary operator of Weifang Port in Shandong Province, China. It owns 23 berths capable of loading and discharging containers, dry bulk, break bulk, as well as general and liquid cargo. The Division also owns and operates 14 berths in three river ports located in Jining, Shandong Province, which provide stevedoring and storage services mainly for coal and coal-related products.

The port operating units also provide other value-added services comprising tallying and tugging; container-related services; processing services comprising washing and blending of metal ore and coal, and sorting and re-packing of other general cargo, and various storage and stack yard operation.

Besides the ports, the Division owns and operates two water treatment plants located in the Binhai Economic-Technological Development Area (BEDA) adjacent to Weifang Port and supplies clean water to residential, commercial and industrial users in BEDA.

VISION

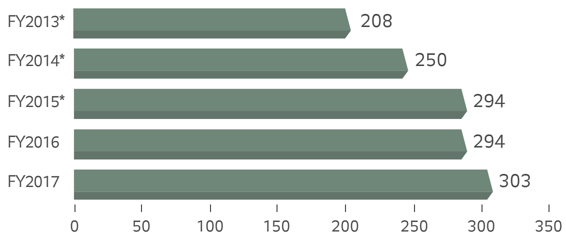
To be a leading port operator and provider of logistics services in China.

PRESENCE

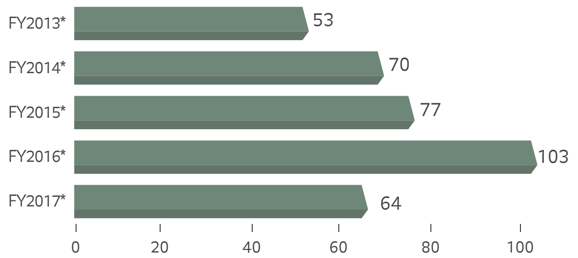
Shandong province, China

KEY HIGHLIGHTS

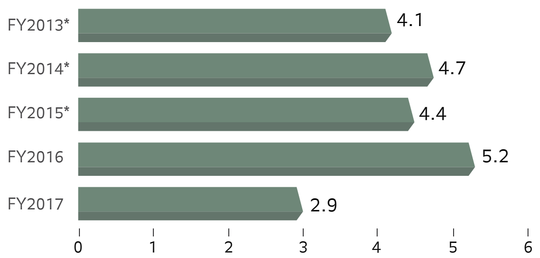
REVENUE (RM million)



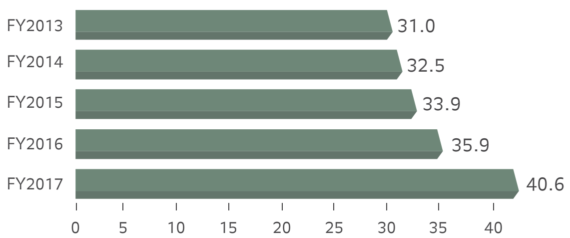
PROFIT BEFORE INTEREST AND TAX (RM million)



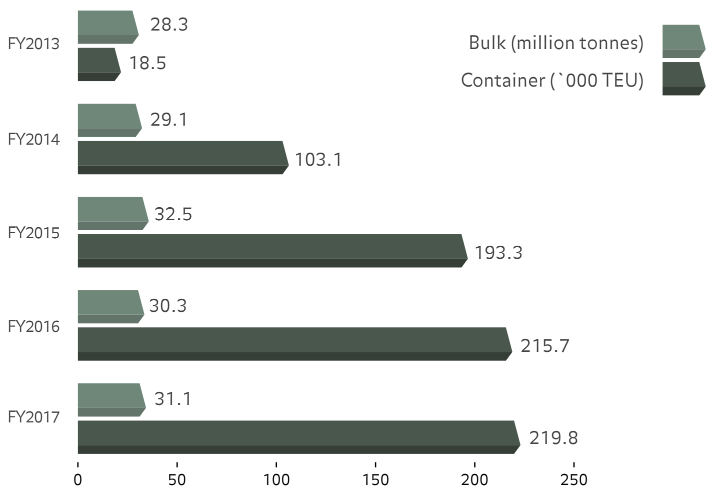
RETURN ON AVERAGE INVESTED CAPITAL (ROAIC) (%)



WATER VOLUME (million m3)



PORT THROUGHPUT (Including container operations) (million tonnes and TEU)



*not restated for adoption of MFRS Framework and MFRS 15

DIVISIONAL OPERATIONS REVIEW

BUSINESS MODEL

Resources	Outputs / Outcomes
Financial capital • Sime Darby Berhad and lenders	ROAIC (Return on Average Invested Capital): 2.9%
Facilities • Multi-purpose seaport with 23 berths able to handle vessels of sizes ranging from 3,000 to 50,000 deadweight tonnes (DWT) • Bulk/coal river ports with 14 berths • Water treatment plant with capacity for 51.1 million cubic metres per annum	Port-related services such as stevedoring and storage services as well as other ancillary services. Supply of treated water to BEDA
Human Capital • 1,022 employees based in Weifang and Jining	Dedicated and professional port and water treatment management and operations personnel working together to provide excellent services
Natural Capital • Water from Xiashan reservoir and Yellow River	
Social and Business Ties • Long term partnerships with key stakeholders and the local community where we operate.	Weifang Port contributes to the economic development of BEDA and provides cost effective port services for enterprises in the immediately hinterlands. The Jining Ports cluster contributes to the economic development of Jining and its surrounding areas while the environmentally friendly facilities keep the pollution index down.

Dry Bulk Terminal at Weifang Sime Darby General Terminal Co. Ltd.

Container Terminal at Weifang Sime Darby Port Co. Ltd.

OUR STRATEGY

Strategic objectives	FY2017 Highlights	Priorities for FY2018
Enhance capacity & capabilities and widen range of cargo at Weifang Port to maximise its full potential Build sufficient stack yards and warehouses to enhance its scope of service	Six new multipurpose and dry bulk berths commenced operations in February 2017. Two new liquid berths commenced operations in August 2017. Entered into a 50/50 joint venture with Shandong Chenming Paper Holdings Limited (one of the largest paper makers in China) in January 2017 to jointly develop and operate the multipurpose terminals. This is to lock in a significant share of the transhipment of woodchip (raw material for paper manufacturing). This project is scheduled to be completed for commencement of operations in 1H 2018.	Two additional liquid berths and tanks to be built by the Liquid Terminal JV to capitalise on the growing demand for petrochemicals in Shandong. The Division will continue to improve operations by modifying equipment, revamping key processes, increasing automation, and out-sourcing non-core operations. More effort will be made to grow value-added logistics services (including the provision of more warehousing and storage services, distribution, clearance and trading facilities) through various collaborations as well as sharing of knowledge and expertise.
Diversify types of cargo and develop logistical support at the Jining Ports	Work on the Jining Sime Darby Longgong Port (phase 2) has been delayed to 1Q 2018 due to late approval by the local authorities.	Jining Ports will strive to capture a bigger share of the non-coal cargo market and introduce value added services such as providing warehousing and mixing services.
Strengthen market share by expanding in tandem with demand and/or the Government's development plans	Laid approximately 9.5km of pipes to new areas and users, thus increasing total pipeline to 213km in FY2017.	Water unit plans to add another 8km of new pipes to service new growth areas in BEDA in FY2018.

DIVISIONAL OPERATIONS REVIEW

In pursuing our strategy, we may face several issues and challenges, which we aim to mitigate and manage as best we can. Our business is facing increased multi-faceted competition from rail transportation and other ports in Shandong, some of which are expanding in the fight for survival in a slowing economy. This situation will have an adverse impact on the financial returns and realisation of strategic objectives. In order to mitigate this challenge, we are undergoing an expansion of the port and logistics services to lock in existing and potential demand. We are also developing specialty logistics services to draw extraordinary and higher yielding cargo.

China's move to step up on pollution controls to protect the environment and reduce pollution will inadvertently increase compliance cost for the port. In response, we will strive to reduce our reliance on dirty cargo by securing more non-coal and high yielding cargo. We are also promoting efficient use of energy and reducing water consumption in our ports.The consolidation of port services in China is expected to accelerate in 2017 under the Chinese Government's efforts to prevent over development, reduce excessive competition and prevent duplication of provincial port resources. In response to the central government's direction several provinces have already rolled out their consolidation proposals targeted mainly at state-owned ports. But how this will unfold is still uncertain, and it will have implications on the strategy and operations of the Division. The management will monitor the development closely and take appropriate action.

REVIEW OF PERFORMANCE

The Logistics Division remained resilient despite a volatile macro-economic environment and weaker throughput during the year under review. PBIT (profit before interests and taxes) declined by 38% from RM103 million in FY2016 to RM64 million in FY2017. Excluding the gains on disposal of RM37 million in FY2016 and RM10 million in FY2017, the profit declined 18% from RM66 million to RM54 million. The RM10 million gain in FY2017 relates to the disposal of 50% equity interest in Weifang Sime Darby West Port Co Ltd to Shandong Chenming Paper Holdings Ltd. Official commencement of a 3 X 30,000 DWT dry bulk terminal in February 2017 enabled Weifang Port to handle bigger ships serving further end markets, marking a significant milestone for the facility.

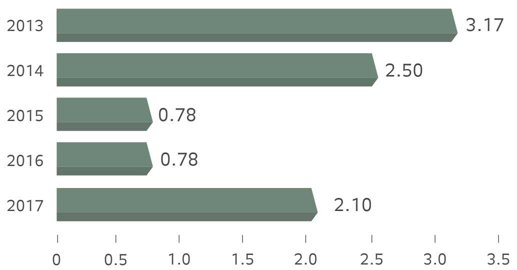
Region	Industry overview	FY2017 performance vs FY2016
Port	China's top container ports had a sluggish 1H of 2016 but volumes rebounded from July 2016 thanks to growth in domestic consumption and services that indirectly translated into increased demand for containerised cargo services. However, intense competition in container shipping kept tariffs down. Large China container ports ended with low single-digit throughput growth of ~3% in 2016, a far cry from the high single-digit and double-digit growth of the past. Bulk cargo sea ports and river coal ports, which saw declines or negligible growth in 2016, are expected to enjoy higher growth in 2017 due to increased public spending on infrastructure works that will translate into higher demand for raw materials.	Overall port revenue increased by about 6% thanks to the opening of bigger dry bulk berths and improvements in container throughput in 1H of 2017. This helped to partially offset the weaker cargo volume handled by the Jining Ports cluster. However, PBIT decreased due to lower Jining Port tariffs as a result of intense competition from neighbouring ports and higher operating expenses caused by the tighter environmental control by Jining authorities.
Water	Demand for quality water far outstrips supply in China. Its 13th five-year plan aims to tackle widespread pollution of water resources and improve water quality by imposing higher standards on discharging of wastewater. This will inevitably increase cost as processes are modified and facilities are upgraded to comply with more demanding regulations. On the flipside, the Chinese Government has implied that a potential water price increase (the average price is still low by international standards) is on the horizon. While this will narrow profit margins, it will augur well for water suppliers.	Higher demand from existing and new customers has helped to raise revenue. The rise in PBIT can be partly attributed to higher revenue and lower operating cost thanks to improved operational efficiency.

SAFETY & HEALTH PERFORMANCE

The Logistics Division maintained a clean safety record in FY2017. Nonetheless, it will continue to improve operational safety and promote best practices. Amongst the initiatives under consideration is a safety appraisal mechanism to evaluate workers' performance in terms of safety practices. The management has also introduced a two-tier mechanism to monitor contractors. This entails having the Production Department monitor contractors on a daily basis while ESH officers conduct spot checks at least once a month.

LOST TIME INJURY FREQUENCY RATE
(Incident per million man-hours worked)

2.10

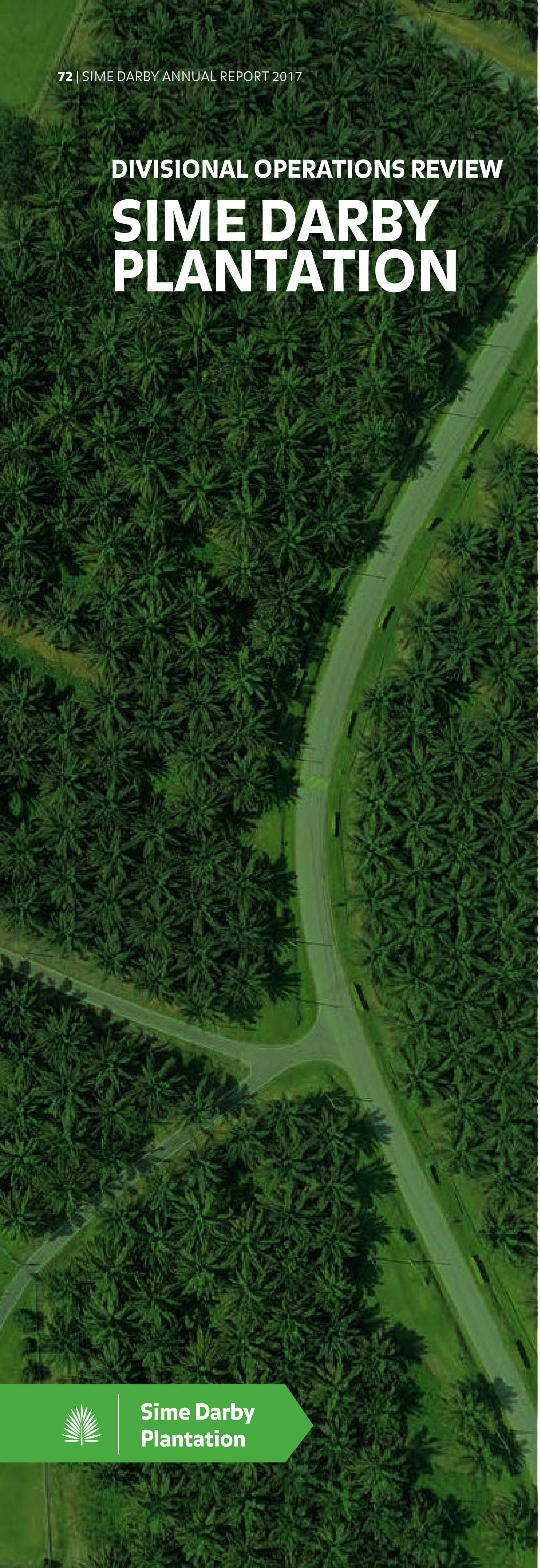


OUTLOOK & FUTURE FOCUS

While the global economy is expected to see moderate growth in 2017, China's economy will likely remain stable through 2017 and 2018, thanks partly to the impact of an earlier fiscal and monetary stimulus. Infrastructure investment is picking up on the back of regional development initiatives (including the Belt & Road and along the Beijing-Hebei-Tianjin Corridor). Despite these initiatives, port operators are expected to see only flat to marginal cargo growth as a result of the competition among an increasing number of ports as well as from other transportation modes.

The Division will continue to improve its capability and capacity by enhancing its logistics network and value-added services. This will not only serve to diversify its income but also improve its ability to expand its market share. The completion of a 35,000 DWT channel, a 6x30,000 DWT dry bulk and multipurpose port, and a 2x50,000 DWT liquid terminal will enhance the status of Weifang Port as a bigger regional port capable of handling larger ships.

Weifang Sime Darby Liquid Terminal Co. Ltd.



DIVISIONAL OPERATIONS REVIEW

SIME DARBY PLANTATION

ABOUT SIME DARBY PLANTATION

Sime Darby Plantation, the world's largest oil palm plantation company by planted area, accounted for about 4% of total global production of crude palm oil (CPO) in 2016. It has a strong focus on operational excellence, research, innovation and sustainability. As a globally integrated plantation company, Sime Darby Plantation is involved in the whole palm oil value chain – from upstream to downstream activities, R&D, renewables and agribusiness. It is also involved in rubber and sugarcane cultivation as well as cattle rearing.

Sime Darby Plantation operates and manages 251 estates and 72 palm oil mills in Malaysia, Indonesia, PNG, the Solomon Islands and Liberia. As at 30 June 2017, the Division has a total landbank of 989,452ha, of which 602,732 ha is planted with oil palm, 13,339ha with rubber, 5,613ha with sugarcane and about 8,956ha of land allocated for cattle rearing. This excludes over 91,000 ha of various Smallholders programmes developed and managed by the Division in Papua New Guinea, Solomon Islands, as well as in Indonesia.

Its downstream operations are spread across 16 countries. Its operating assets include 12 refineries (3,973,000 MT), 10 kernel crushing plants (KCP) (569,640 MT), one soya crushing plant (132,000 MT), one biodiesel plant (60,000 MT), 14 bulking installations (about 300,000 MT) and three oleo-chemical plants, through a joint venture with Emery (663,000 MT). The Division's upstream and downstream operations are supported by five Research & Development (R&D) Centres and three Innovation Centres globally.

Sime Darby Plantation is the world's largest producer of Certified Sustainable Palm Oil (CSPO), accounting for about 20% share of global production by capacity.

VISION

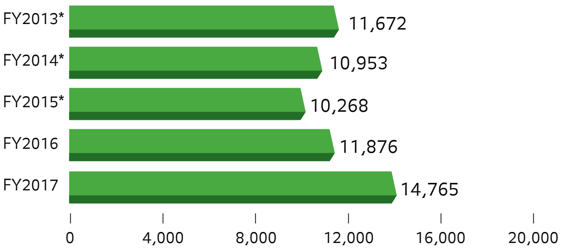
To be a leading integrated global plantation company.

PRESENCE

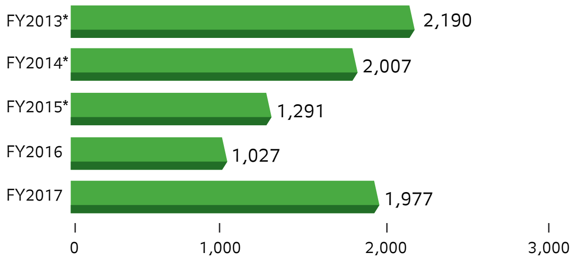
China, Germany, India, Indonesia, Liberia, Malaysia, Netherlands Papua New Guinea, Singapore, South Africa, South Korea, Solomon Islands, Thailand, United Kingdom, United States and Vietnam.

KEY HIGHLIGHTS

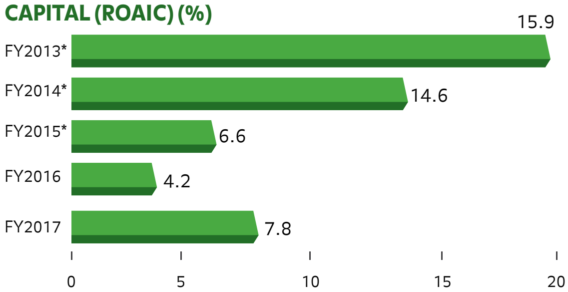
REVENUE (RM million)



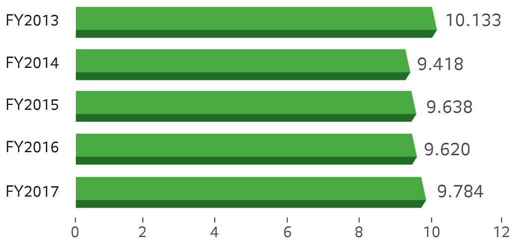
PROFIT BEFORE INTEREST AND TAX (PBIT) (RM million)



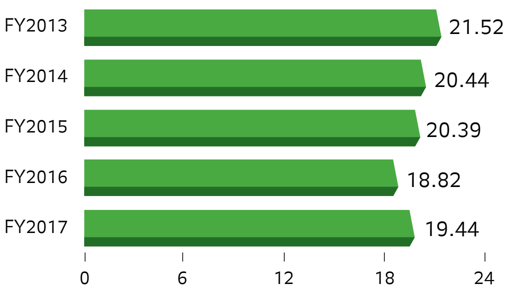
RETURN ON AVERAGE INVESTED CAPITAL (ROAIC) (%)



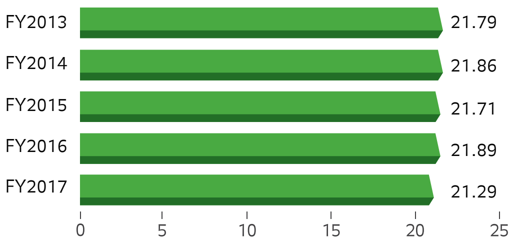
FRESH FRUIT BUNCH (FFB) PRODUCTION (million MT)



FFB YIELD (MT/ha)



OIL EXTRACTION RATE (OER) (%)



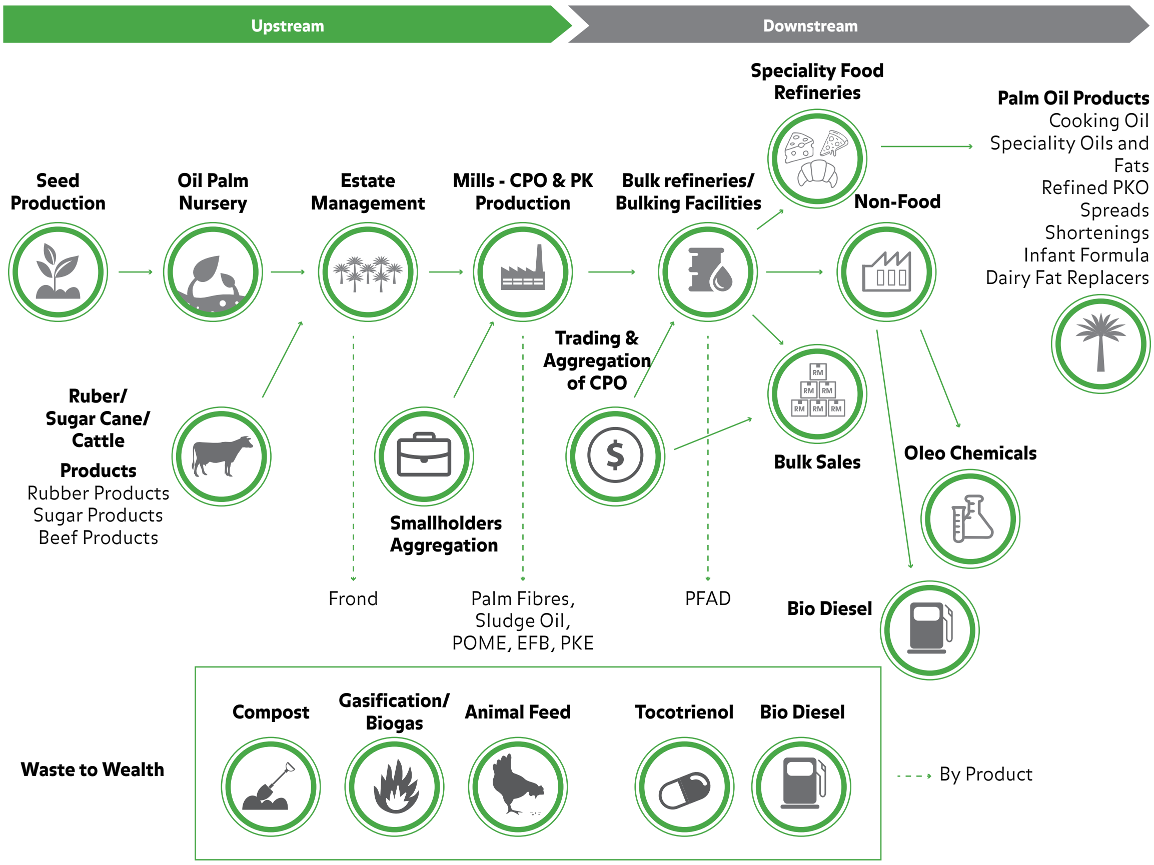
*not restated for adoption of MFRS Framework and MFRS 15

DIVISIONAL OPERATIONS REVIEW

KEY MANUFACTURING/ PRODUCTION PROCESSES

Sime Darby Plantation is a fully integrated palm oil company that is diversified within the palm oil industry to mitigate volatilities in segment margins. The Division also maximises value by de-commoditising its Crude Palm Oil (CPO) into high value differentiated products that can fetch higher margins. Similarly, it enhances its "Waste-to-Wealth" initiatives by converting co-products into applications such as animal nutrition and feed from palm kernel expeller as well as tocotrienols from palm fatty acid distillates.

The Division's Carey Island Kernel Crushing Plant houses a new system with patented technology to produce PURAFEX



Continuous improvements in automation and mechanisation of field operations will remain paramount in the Division's efforts as it moves towards becoming an Industry 4.0 plantation company

BUSINESS MODEL

Resources	Value Shared
Financial capital • Landbank spread across strategic geographical locations • Upstream and Downstream operations in 17 countries	• Investors • Financial returns ROAIC (Return On Average Invested Capital): 7.8%
Key Assets • 251 estates • 72 mills • 12 refineries, 10 KCPs • 14 bulking stations • 1 biodiesel plant • 3 oleochemical plants • 5 R&D centres • 3 innovation centres	• Local communities - Employment opportunities, smallholder schemes and community development projects for education, healthcare, food security, water and sanitation. - Development of sustainable palm oil industry balances economic needs and environment protection. • Variety of CSR programmes for local communities. • Customers - Preferred supplier of sustainable palm products, and quality food ingredients. - Value-added and differentiated products, customised to fit specific needs.
Industry experience, knowledge and expertise worldwide • Technologies, innovations, brand, patents, best practices and leading sustainability efforts	
Highly skilled and experienced workforce • 102,441 employees • Expertise and knowledge • More than 200 scientists/agronomists	Employees • Structured development programmes on technical and leadership competencies to build capabilities. • Enhanced quality of life from safe and conducive working and living environment.
Continuous engagement with stakeholders	All stakeholders • Positive ties with authorities and local communities to gain support for business development. • Support for industry's green initiatives e.g. biodiesel

DIVISIONAL OPERATIONS REVIEW

OUR STRATEGY

Strategic objectives	Progress Highlights	Priorities for 2018
Operational Excellence to Maximise CSPO Production	• Accelerated replanting with high yielding planting materials to improve age profile and yields. • Genome Select – World Class Recognition - First Malaysian company in Asean to win an Edison Award for Sustainability. - Completed 100ha commercial planting of Genome Select materials in Dusun Durian and Diamond Jubilee Estates in September 2016. This will be further scaled-up in the near future to 7,000ha per year. • Implementation of innovative irrigation and water collection systems result in better yields. • Completion of Upstream Operations restructuring exercise to initiate culture changes and a more entrepreneurial mind-set . • Expansion of mechanisation initiatives and identification of new innovative tools to improve productivity and efficiency. • Increased purchase of external crop to enhance milling utilisation and reduce cost.	• Ramp up preparation of Genome Select materials for replanting. • To rapidly scale best practices from model plantations to all estates and mills to ensure operational excellence and exceed RSPO requirements. - Scale up water management initiatives. - Expand mechanisation rollout in Indonesia, Papua New Guinea & Solomon Islands. - Increase production of Premium Quality Oil. • Enhance processes, new technologies and automation to improve oil extraction & food safety. • Digital technology to drive performance, responsiveness and decision-making - Expand data analytics capabilities to improve production.
Increase Global Palm Product Market Share	• Higher premiums from CSPO through increased focus on physical sale of CSPO. • Increased sale of differentiated products for better margins. • Premium Quality Oil production & sales fetching higher margins for refined products and fuelling competition in new segments. • Increased purchase of external oils to improve refinery utilisation. • Higher margins from trading for bulk refineries • Optimised supply chain to ensure seamless connectivity.	• Greater focus on high growth and high value segments. • Continuous efforts and focus on high margin differentiated products. • Develop strategic partnerships to grow customer base and market reach. • Improve supply chain into target markets and ensure Sustainable & Traceable supply chain. • Continuous efforts to increase purchase of external oils to improve refinery utilisation. • Intensify trading around the assets. • Improve logistics.
Opportunistic Landbank Expansion	• Brownfield expansion in Kluang & Batu Pahat, Johor for 799ha of oil palm plantation & 70MT/hr mill from I&P Group.	• Out-growers development. • Focus on planting on existing landbank.

The Division became the first ever Malaysian company in ASEAN to win an Edison Award for Sustainability.

The Division won the Silver Level and the Best Environmental Project awards at the ASQ International Team Excellence Award.

In pursuing its strategic objectives, the Division periodically identifies, evaluates and manages various risks that can occur and affect its business and operational performance. For FY2017, the Division has identified the following key challenges, and will continue to mitigate their impact through the risk management framework institutionalised across its operations:

(i) Global regulations, laws and geo-political developments

The Division is subject to the laws, regulations, policies, and the political and social environment of the countries where it operates and is therefore exposed to the risk of enforcement actions and investigations due to non-compliance. Changes in existing government policies and regulations such as land ownership as well as immigration and labour policies can also affect profitability, while tariffs, taxes and other import restrictions imposed by importing countries can affect the demand for CPO, palm products and rubber, and encourage the demand for substitutes. To manage these potential regulatory concerns, the Division regularly engages and communicates with respective governments, regulators and authorities. Sourcing of credible local partners to meet local ownership requirements, continuous lobbying through industry associations/ bodies as well as leveraging on government-to-government (G2G) relationships are some of the examples of the Division's mitigating strategies to manage its risks.

(ii) Fluctuations in the prices of raw material, CPO and palm product

Amidst challenging economic conditions, fluctuations in raw material, CPO and palm product prices have a vast impact on financial performance. Commodity price volatility correlates with a confluence of factors including global economic conditions, market dynamics (change in global supply and demand), inflationary pressure, environmental regulations and weather patterns, among others. The Division has taken steps to mitigate exposure to these risks by using derivative instruments in the ordinary course of business to hedge the risk of such adverse price fluctuations.

(iii) Adverse weather conditions

It is evident from the effects of the super El-Nino in 2015/2016 that the weather has had a strong impact on oil palm yields. To reduce the impact of adverse weather conditions, the Division has implemented various water management initiatives including the construction of drainage and irrigation systems as well as establishing certain agro-management standards to further mitigate the impact of future risks.

(iv) Dependence on physical labour and foreign workers

The plantation industry is labour intensive, a situation exacerbated by the difficulty in recruiting Malaysian workers. This has resulted in heavy dependence on foreign labour. To mitigate this situation, the Division has already initiated automation and mechanisation of certain field operations to insulate its operations against disruptions arising from worker shortage. Aside from Indonesia, recruitment initiatives have also been extended to several other countries such as Nepal, Bangladesh and Sri Lanka to diversify its workforce.

(v) Meeting the expectations of all stakeholders

As a leader in plantation sustainability, the Division realises that its business is sensitive to the negative perception against palm oil and seeks to mitigate any reputational risk by adhering to high sustainability standards. The Division's Responsible Agriculture Charter sets out key commitments to ensure that sustainability is embedded in the way its businesses operate. The Division has a firm stand against new planting on peat land, deforestation and any form of exploitation throughout its global operations. From strategy to on-ground efforts, the Division's activities are guided by the commitment to contribute to a better society, minimise environmental harm and deliver sustainable development.

With regard to human rights, the Group Human Rights Charter has been established and the Division has prepared a Modern Slavery and Human Trafficking Statement which has been reviewed and approved. Managing stakeholders is critical to the achievement of the Division's strategy and it will continue to collaborate with all stakeholders to encourage dialogue and seek continuous improvement in plantation sustainability.

DIVISIONAL OPERATIONS REVIEW

REVIEW OF PERFORMANCE

For the current financial year, the Plantation Division recorded a 92.5% jump in operating profit from RM1,027 million to RM1,977 million despite an impairment of assets in Liberia of RM202 million. The strong performance was largely due to higher average CPO price of RM2,848 per MT (FY2016: RM2,242 per MT), higher average palm kernel price of RM2,469 per MT (FY2016: RM1,581 per MT) and higher fresh fruit bunch (FFB) production of 1.7% at 9.78 million MT (FY2016: 9.62 million MT), as well as better cost management. CPO price performance in FY2017 was largely driven by reduced supply, the weakening Ringgit and increased biodiesel support as Malaysia moves towards B7 and B10, and Indonesia towards B20.

In addition, there have also been changes within the industry landscape in FY2017, namely:

Malaysia

- Compliance with the Malaysian Sustainable Palm Oil (MSPO) certification will be mandatory by the end of 2019.
- The government deferred the implementation of B7 and B10 biodiesel blends for the transport and industrial sectors.
- Removal of subsidies for bottled cooking oil (except for 1kg polybags) from November 2016 onwards, in line with the government's cooking oil rationalisation plan.
- Withdrawal of the US from the Trans-Pacific Partnership (TPP) trade deal.

Indonesia

- The government has approved a two-year extension to a moratorium on issuing new licences to use land designated as primary forest and peatland.

European Union

- European Food Safety Authority (EFSA) had falsely linked palm oil consumption to cancer, which had also affected Nutella (Ferrero Group).
- The European parliament in April 2017 voted to phase out unsustainable palm oil by 2020. The resolution endorsed a single Certified Sustainable Palm Oil (CSPO) plan for Europe-bound palm oil.

Oil Palm

Upstream Malaysia

Average yield rose marginally to 20.76 MT per hectare in FY2017 from 20.26 MT in FY2016 although OER dropped to 20.6% from 21.25% the year before. Total replanted area for FY2017 increased to 15,261ha compared to 13,000ha in FY2016, which is 5% of the total planted area.

The average first-year-after-maturity yield for FY2016/17 improved by 17% or 15 MT/ha – an early impact of the improved replanting materials and practices. Better results are expected in the future as more fields with the improved replanting materials mature from 2018 onwards.

Production of Premium Quality (PQ) and Superior Quality (SQ) oils for FY2017 increased by 47% to 58,300 MT and 40% to 27,300 MT, respectively. The target production of PQ Oil in FY2018 has been set at 120,000 MT.

Upstream Indonesia

In FY2017, average yield in Indonesia showed signs of recovery from the impact of El Nino, rising to 16.03 MT/ha, from 15.50 MT/ha in FY2016. However, OER dropped to 21.30% from 22.46%, caused mainly by lower-than-normal oil-to-bunch ratio, high hectarage of newly matured crop due to aggressive replanting and lingering effects of the El Nino on the oil-to-bunch ratio especially in the South Kalimantan region

In Indonesia, aggressive replanting continued in FY2017 to even out age profiles across planted areas. Altogether, 45% or 92,682ha of total planted area are aged above 19 years. High Density Planting will increase the yield further in the future. During FY2017, about 6% of the Division's planted area in Indonesia was replanted in accordance with the Group's replanting policy.

Upstream Papua New Guinea (PNG) and Solomon Islands (SI)

A strong recovery during the first half of FY2016 helped to raise average yield by 9.2% to 23.9 MT/ha in FY 2017 from 21.8 MT/ha in FY2016 for New Britain Palm Oil Limited's (NBPOL) upstream operations. The top five producing estates in PNG and SI achieved yields of 28.3 MT/ha to 31.2 MT/ha for FY2017.

OER rose to 23.1% from 22.7% thanks to improvements in operational efficiencies. The Mamba Oil Mill in Higaturu achieved OER of 25.3%, the highest in PNG and SI in FY2017, although the mill was not running at full capacity.

Work to integrate the upstream operations of the two territories into the Division's existing operations continues. A number of operational synergies and cost savings initiatives were implemented following the acquisition of the NBPOL Group in March 2015. These include savings on freight and fertiliser costs, supply chain efficiencies and the refinancing of NBPOL loans. To date, RM75.18 million of synergy benefits have been created, which is 98.6% of the target of RM76.22 million. A major IT project in PNG and SI is expected to deliver significant infrastructure enhancements and the harmonisation of local business systems with those utilised across the Division.

Upstream Liberia

The Division made an impairment of RM202 million in its Liberia operations. Planting began in 2011 but progress has been slower than expected because of factors like the Ebola outbreak from February 2014 to mid-2016, more stringent environmental requirements that have stalled expansion plans since 2014, as well as dry weather which has led to lower than projected yields. A moratorium on new clearing has been in place since September 2014 awaiting the results of a LiDAR Aerial Survey to determine the carbon density of the land in the Liberian concessions.

Total planted areas to date for FY2017 was 10,508ha comprising 10,401ha of oil palm and 107ha of rubber. During the year, an additional 71ha of oil palm area has been developed in vacant areas in the nurseries. FFB production rose to 27,038.20 MT from 9,264.75 MT in FY2016, while OER was also higher at 18.72% compared to 14.80% in the previous FY.

In July 2017, the Division obtained the ECOWAS certification in Nigeria, thus exempting its future CPO and PK exports to West African countries from any export and import duties.

Rubber

Average yield from rubber amounted to 7.7 million kg in FY2017. This worked out to an average of 1,845 kg/ha, down from 1,961 kg/ha in FY2016. Even so, it was still notably higher than in Indonesia (~1,080 kg/ha), Thailand (~1,800 kg/ha), Vietnam (~1,720 kg/ha) and Malaysia (~1,510 kg/ha).

A rise in average selling price from RM6.50 to RM8.70 per kg also helped to raise profit before replanting to RM26.4 million from RM12.6 million the year before. The profit per mature hectare before replanting also improved to RM6,327 from RM2,954 recorded in FY2016.

The conversion of oil palm to rubber is progressing well. In Malaysia, a total of 4,400ha previously under oil palm has been replanted with rubber, and another 1,290ha is scheduled for conversion by 30 June 2018. In Indonesia, 1,780ha of rubber has been planted to date.

Research & Development (R&D)

The Division's strategic and operational R&D is committed to developing, applying and transferring relevant knowledge, research findings and technologies to improve plantation yields, milling processes and customise downstream products. The Division aims to develop high yielding planting materials which will enable it to achieve superior oil yields from existing planted area.

In FY2017, the Division's R&D efforts yielded notable progress in the following areas:

(i) The completion of planting of the Genome Select high-yield oil palm over the first 100ha. New traits to further improve climate resistance and harvesting efficiency of the Genome Select variety have been identified. Commercial scale trials of short palms for better harvesting efficiency will be field planted in October 2017.

(ii) The upscaling of seed production is under way and another 500ha will be planted with the Genome Select seedlings by April 2018. The target is to meet all replanting needs in Malaysia by 2023. In addition, more than 15 million oil palm seeds have been sold globally. Improvements in seed processing technology helped to raise capacity during the current year.

(iii) The first commercial system to recover rubber from skim latex using membrane filtration, eliminating the use of sulphuric acid in the process, has been installed and commissioned at Batu Anam Latex Factory in Johor.

(iv) In Asia, 12 new products have been developed and launched through the Division's Innovation Centre (IC) in Malaysia. The IC has also provided extensive technical support and services to internal and external customers.

DIVISIONAL OPERATIONS REVIEW

For FY2018, the Division will continue to focus on the three key strategies of yield/productivity improvements, widening revenue streams and developing sustainable practices while pursuing innovative strategies. Further progress on the following initiatives can be expected:

(i) Sufficient supply of Genome Select seeds for 1,000ha per annum starting April 2018, and new mother palms for full replant by 2023.

(ii) The Division is also embarking on the research and production of new Dami seed progenies. These are seeds from high producing palm hybrids that can ensure high and consistent yield in the long-term. Over time, these hybrids are expected to deliver higher yields.

(iii) Final stage of evaluating an improved method of extracting palm oil, as well as a programme to recover oil wasted along the mill processes, are not only expected to generate additional value but also support the target of zero discharge from the oil mills.

(vi) Development of new products and improvement in the quality and sustainability of existing products will continue. The upscaling in the production of new types of superior quality palm oil using proprietary technologies to achieve higher functionality, longer shelf life and better health properties is currently under way.

Downstream

Buyers in major markets continue to see the Plantation Division as a preferred supplier. For bulk purchases, it sells its oil on both spot and forward basis to the domestic, destination and futures markets. Its major destination markets are India, China and Europe, which accounted for 1.11 million MT of the Division's export of bulk CPO.

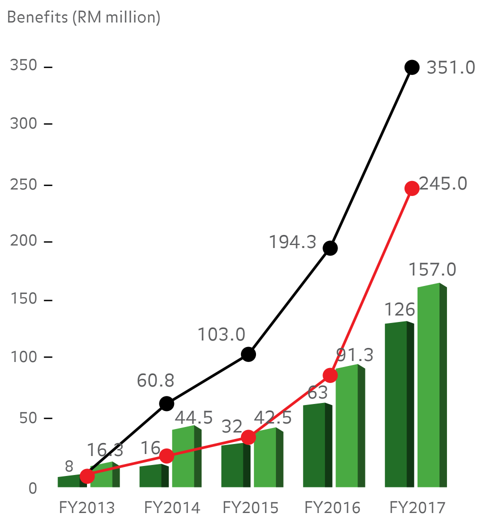
As part of the Division's business expansion into the animal feed business, it launched PURAFEX in May 2017, a superior quality animal feed ingredient made from Palm Kernel Expeller (PKE) – a co-product after palm kernels are crushed for the oil. The patented technology is a collaboration with Malaysian Palm Oil Board (MPOB).

Despite challenging market conditions, contribution from the midstream and downstream operations are expected to rise, thanks to increased production of differentiated products with higher margins and enhanced global supply chain operations connecting Sime Darby Plantation's entire value chain up to its destination markets.

SUSTAINABILITY PERFORMANCE

Driving Results through Operational Excellence

The Division's Lean Six Sigma Business Management Strategy launched in FY2013 yielded RM157.0 million in benefits in FY2017, surpassing its target of RM126 million for the year. This brings the total benefits to RM351 million, exceeding the cumulative target of RM245 million by 43.2%. This was made possible by the fact that all operating units collectively submitted 1,270 more projects in FY2017 compared with FY2016.



Post-restructuring, a five-year Operational Excellence blueprint will be developed for FY2018 – FY2022.

Leading in Sustainability

<u>Sustainable Palm Oil Certification</u>

As the world's largest producer of CSPO and a founding member of the Roundtable on Sustainable Palm Oil (RSPO), Sime Darby Plantation continues to support and uphold the RSPO 'Principles and Criteria for Sustainable Palm Oil Production'.

Apart from two oil palm estates and one palm oil mill in Johor that were acquired from I&P Group Sdn. Bhd. in April 2017, all 33 of the Division's Strategic Operating Units (SOUs) in Malaysia are RSPO certified, as are six SOUs in PNG and SI, and 22 of 23 SOUs in Indonesia. Our SOU in Liberia is due to be certified in 2018. The RSPO certified SOUs has a projected supply capacity of 2.46 million MT* of CSPO as of 30 June 2017. About 98% of our CPO production, totalling 2.43 million MT, is certified.

*This Sime Darby CSPO data has been independently audited. Read the independent assurance report on page 398.

Notwithstanding unresolved legacy claims by the Project Affected Communities against PT Mitra Austral Sejahtera (PT MAS) in West Kalimantan, Sime Darby Plantation remains committed to achieving 100% RSPO certification.

Additionally, all of the Division's downstream business units in Malaysia and Indonesia have also received the RSPO Supply Chain Certification.

- Indonesian Sustainable Palm Oil (ISPO) Certification

  As at FY2017, 83% of our SOUs in Indonesia have been certified. The remaining units have completed the audit process and are awaiting certification.

- Malaysian Sustainable Palm Oil (MSPO) Development

  SOU Labu has been MSPO certified since September 2015. For its Malaysia operations, the Division is committed to meet the mandatory requirement for all RSPO certified companies to be MSPO certified by the end of 2018.

Sustainability-Oriented Development

Sime Darby Plantation continued to intensify efforts to prevent forest fires and haze:

- In FY2017, Sime Darby joined the Free Fire Alliance, a voluntary multi-stakeholder group made up primarily of forestry and agricultural companies and civil society groups that focus on fire prevention through community engagement.
- The community-based programme has been extended to other areas in Riau and South Kalimantan in collaboration with University of Riau (UNRI) and University of Lambung Mangkurat (UNLAM).

In line with the launch of its Responsible Agriculture Charter (RAC) in September 2016, the Division has also developed a Responsible Sourcing Guideline (RSG) to guide its external sourcing decisions.

For FY2017, the Division continued to support its out-growers scheme in PNG and SI. This scheme has been RSPO certified since 2012. In the year under review, 17,322 smallholdings with 44,871ha of palm oil supplied 581,782 MT of FFB to the Division's mills. Smallholders have contributed to the Division's supply chain certification targets and as a result, the sustainability premium is shared in recognition of their efforts in meeting and maintaining the criteria for RSPO certification.

Various initiatives are also in place to improve production efficiency, increase capacity and provide support to the farmers. More information on smallholder programmes can be seen in the NBPOL Sustainability Report.

The Division's operations in Indonesia source about 695,000 MT of FFB from its smallholders' KKPA (Kredit Koperasi Primer Anggota/ Members' Primary Credit Co-operative) and Plasma schemes. Of the 46,370 ha of land developed for these schemes, about 29,000ha has been RSPO certified (up from 25,000ha in FY2016). Efforts are in place to win certification for the remaining estates under the Division's out-growers' scheme by 2018.

In the year under review, the Division, in collaboration with Wild Asia (WA), continued to assist small palm oil producers in Sabah, Malaysia to improve production and income as well as achieve certification for their FFB under the Wild Asia Group Scheme (WAGS).

These include small producers in the lower Kinabatangan area who each had less than 500ha of planted area as well as smallholders with plantations of 50ha and below.

As at the end of FY2017, the WAGS has managed to certify one smallholder (Kebun Bacho) and one small-grower (Golden Forefront) in the Sandakan Bay supply chain. For FY2018, the Division will be actively working on certification for other Sandakan Bay suppliers under the WAGS programme, while bringing already certified suppliers to its Sandakan Bay mill.

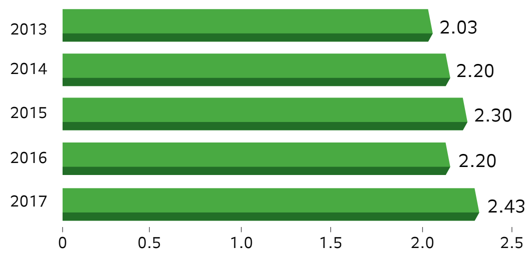
An ever growing population and increased life expectancy worldwide raising concerns over food security, safety and sustainability, palm oil will continue to be a major and essential part of global edible oil consumption in the years ahead.

DIVISIONAL OPERATIONS REVIEW

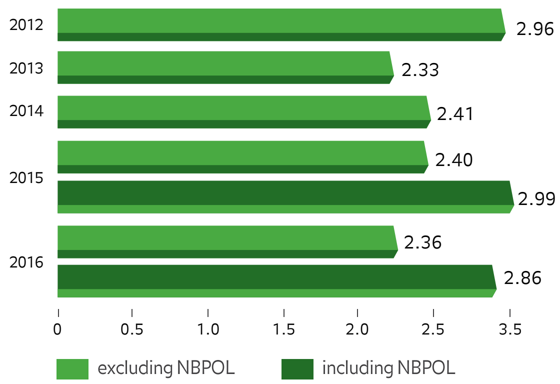
Carbon Reduction Strategy

Sime Darby Plantation, which has been reporting its greenhouse gas emissions annually, aims to reduce emissions intensity by 40% by 2020 from the 2009 baseline. Emissions from compost operations for FY2016 dropped to 92,861 tCO2-e due to plant upgrading works. The commissioning of five out of nine Biogas projects in Malaysia, two in PNG and another two plants in Indonesia generated further reductions of 53,737 tCO2-e, giving a total reduction of 146,598 tCO2-e for FY2016.

TOTAL CSPO PRODUCE (million MT)



CARBON EMISSIONS (million tCO2-e)



Safety and Health

The Division made notable reductions in Lost Time Incident to Frequency Rate (LTIFR) as it continued to ensure strict compliance with Standard Operating Procedures. Guided by the five-year strategy – Target 2020: RISE to ZERO HARM – the Division will continue to promote a culture of preventive action to all employees and ultimately meet the zero fatality target in its operations.

i. The Division's Fatality Rate (FAR) dropped from 4.3 cases per 100 million hours worked in FY2012 to 1.6 cases in FY2017, a 63% reduction over five years. Separately, NBPOL registered a 27% increase in the FAR from FY2016 to FY2017.

ii. The Division's LTIFR dropped from 16.9 cases per million hours worked in FY2012 to 11.7 cases in FY2017, a 30% reduction over five years. This excludes NBPOL which registered a 41% reduction in LTIFR in FY2017 compared with FY2016.

In FY2017, a number of key initiatives were implemented to promote a culture of harm prevention, self-regulation and accountability among employees to strengthen the Division's commitment to and performance in Safety and Health.

The use of Class 1B chemicals, which are classified as highly hazardous, has been eliminated from the Division's global operations. Two mills were also selected to participate in the pilot Systematic Occupational Health Enhancement Level Programme (SoHELP) organised by the Department of Occupational Safety and Health (DOSH). SoHELP, which will eventually be adopted by all our mills, is a programme initiated by DOSH Malaysia under the Malaysian OSH Master Plan 2020 (OSH MP20) targeting industries with significant occupational health and hygiene risks.

The Division also piloted an NBPOL Safety Intervention Package in West New Britain in April 2016 that focused on addressing identified site specific risks. Key improvements introduced include greater access to personal protective equipment and first aid treatment, implementation of rehabilitation and return-to-work programme, improvement of audits and continuous training and efforts to raise awareness.

The implementation of the package from May 2016 to June 2017 has helped the business unit record encouraging improvements. The package has now been rolled out to other business units within NBPOL. The NBPOL team also implemented an enhanced incident reporting system in September 2016 to improve the accuracy of reports. As full year data from the system has yet to be completed, NBPOL safety and health data is excluded from this years' independent assurance process. However, the assurance provider has given a pre-assurance on the data from NBPOL.

YB Datuk Seri Mah Siew Keong, Minister of Plantation Industry and Commodities, scans the barcode to view the genetic and yield data of a 12 month old Genome Select™ palm in Dusun Durian Estate, Selangor

OUTLOOK & FUTURE FOCUS

The demand for edible oils is expected to remain strong over the next five years with factors such as growing populations and increasing food consumption being the main drivers. Certain non-food applications of edible oils such as soap and detergents will also be critical in the growth of the edible oils sector. According to the United Nations Department of Economic and Social Affairs, the global population is expected to reach 8.5 billion by 2030 and 9.7 billion by 2050.

According to the US Department of Agriculture (USDA), out of all the edible oils consumed in 2016, approximately 147.0 million MT (80.5%) was for food production and 23.3 million MT (12.8%) for biofuel. Frost & Sullivan estimates that the global edible oils market is expected to grow from 182.2 million MT in 2016 to 212.1 million MT by 2022.

For palm oil, Frost & Sullivan estimates that global consumption will grow at approximately 4.6% CAGR between 2016 and 2022. The fastest growing markets for palm oil between 2017 and 2022 will likely be India at a CAGR of 5.5% followed by China at 2.7%, Indonesia at 2.5% and the EU at 2.1%. Overall, global palm oil consumption is estimated to reach 81.7 million MT by 2022.

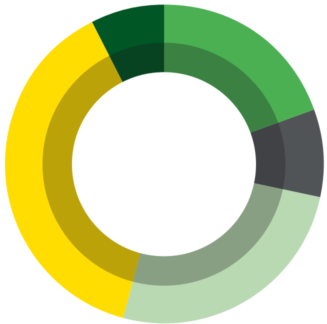
In 2016, the El-Nino drought resulted in a significant drop in productivity and thereby constrained CPO and CPKO production volumes. As a result of supply shortage, CPO price increased that year to USD795 per MT.

Based on World Bank forecasts, the price of CPO is expected to remain relatively stable over the next five to 10 years, between USD791 per MT in 2017 and USD763 per MT by 2025*.

In terms of sustainability, the sales of CSPO grew from 1.28 million MT to 5.63 million MT from 2010 to 2016, posting a CAGR of 28.0%. This strong growth in demand for CSPO is a direct consequence of the sustainability commitments of various fast moving consumer goods (FMCG) companies. According to RSPO, the volume of CSPO sale is estimated to reach 11.0 million MT by 2020.

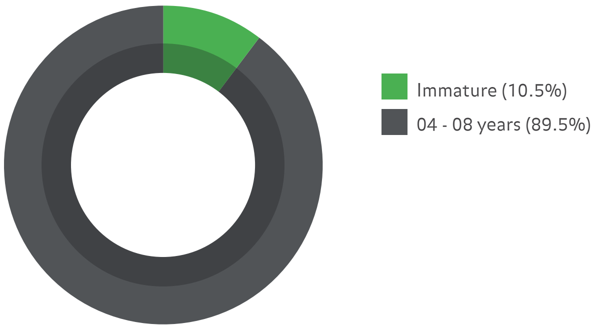
(*Source: Commodity Markets Outlook, January 2017, World Bank Group)

DIVISIONAL OPERATIONS REVIEW

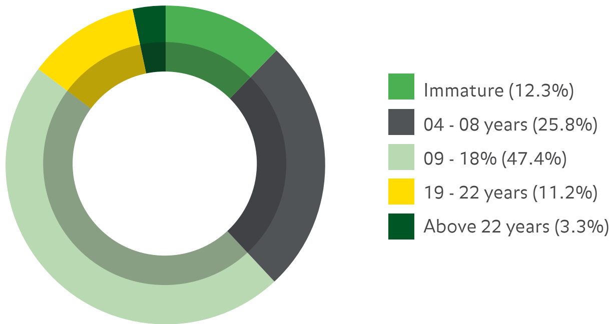


	FY 2015/ 2016				
	MALAYSIA	**INDONESIA**	**LIBERIA**	**PNG AND SOLOMON ISLANDS**	**TOTAL**
OIL PALM					
Crop Production - FFB (in MT)	5,256,834	2,745,212	2,665	1,615,795	9,620,506
FFB Processed - FFB (in MT)					
- Own	5,255,597	2,733,739	2,665	1,615,795	9,607,796
- Outside	316,528	699,972	-	531,212	1,547,712
- Total	5,572,125	3,433,711	2,665	2,147,007	11,155,508
Hectarage (in Hectares) as at end June					
Mature hectares	255,638	170,733	1,567	74,113	502,051
Immature hectares	49,749	32,742	8,844	9,868	101,203
Total planted hectares	305,387	203,475	10,411	83,981	603,254
FFB Yield per mature hectare (MT)	20.26	15.50	1.70	21.85	18.82
Mill production (in MT)					
- Palm Oil (CPO)	1,183,881	771,272	570	486,695	2,442,418
- Palm Kernel (PK)	279,574	161,952	-	126,704	568,230
CPO Extraction Rate (%)	21.25	22.46	21.39	22.67	21.89
PK Extraction Rate (%)	5.02	4.72	0.00	5.90	5.09
RUBBER					
Planted Area (hectares)	10,462	605	107	-	11,174
Rubber production ('000kg)	8,393	-	-	-	8,393
Yield per mature hectare (kg)	1,961	-	-	-	1,961
Average selling price (RM per kg)	6.49	-	-	-	6.49
Growing Cane					
Total Planted - Growing Cane					5,613
Grazing Pasture					
Total Planted - Grazing Pasture					8,956
TOTAL LANDBANK / Concession	348,364	283,604	220,000	136,631	988,599

LIBERIA



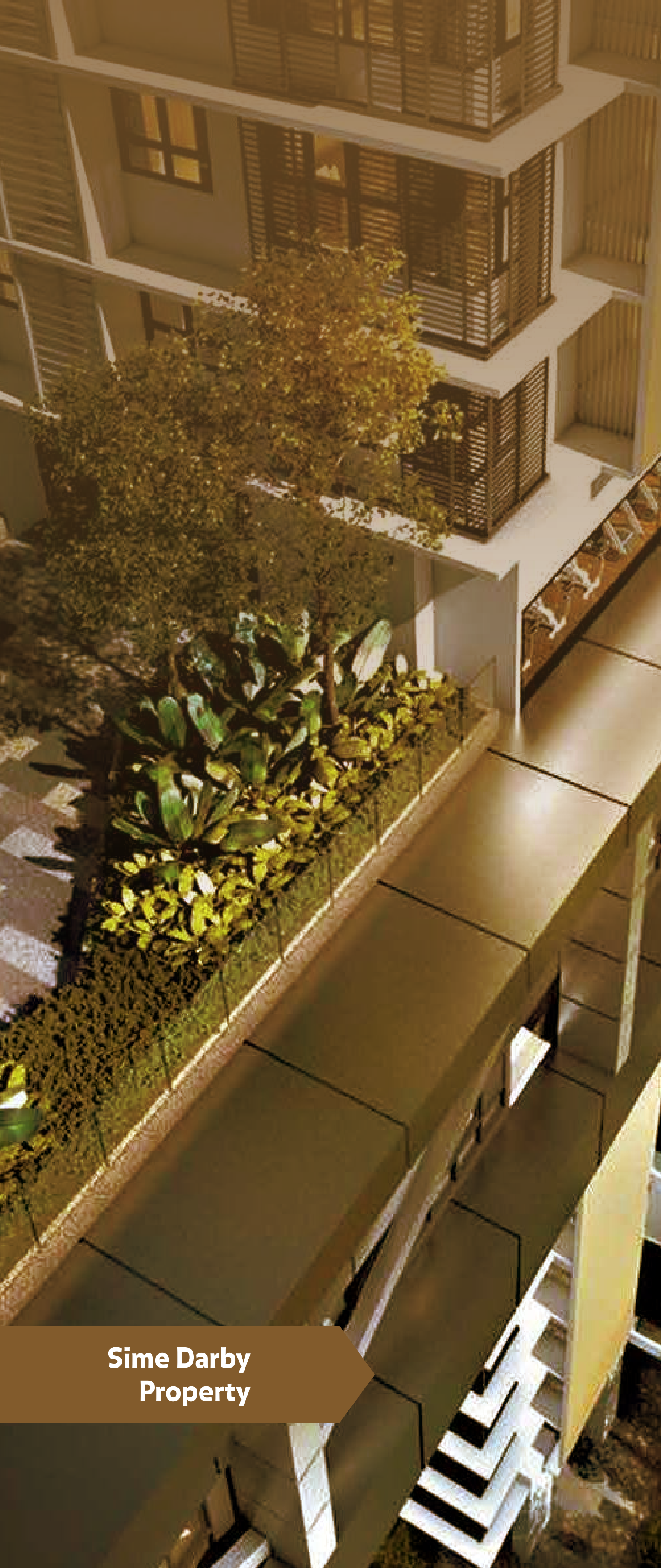
PNG AND SOLOMON ISLANDS



FY 2016/ 2017	MALAYSIA	INDONESIA	LIBERIA	PNG AND SOLOMON ISLANDS	TOTAL
OIL PALM					
Crop Production - FFB (in MT)	5,293,071	2,671,576	27,038	1,792,361	9,784,046
FFB Processed - FFB (in MT)					
- Own	5,293,068	2,669,115	27,038	1,792,361	9,781,582
- Outside	544,180	728,156	3,348	581,782	1,857,466
- Total	5,837,248	3,397,271	30,386	2,374,143	11,639,048
Hectarage (in Hectares) as at end June					
Mature hectares	254,703	162,480	9,305	75,607	502,095
Immature hectares	49,103	39,821	1,097	10,616	100,637
Total planted hectares	303,806	202,301	10,402	86,223	602,732
FFB Yield per mature hectare (MT)	20.76	16.03	4.04	23.88	19.44
Mill production (in MT)					
- Palm Oil (CPO)	1,200,041	723,724	5,691	548,526	2,477,982
- Palm Kernel (PK)	289,120T	158,810	181	136,048	584,159
CPO Extraction Rate (%)	20.56	21.30	18.73	23.10	21.29
PK Extraction Rate (%)	4.95	4.67	2.48	5.73	5.02
RUBBER					
Planted Area (hectares)	11,514	1,718	107	-	13,339
Rubber production ('000kg)	7,690	-	-	-	7,690
Yield per mature hectare (kg)	1,845	-	-	-	1,845
Average selling price (RM per kg)	8.66	-	-	-	8.66
Growing Cane					
Total Planted - Growing Cane				5,613	5,613
Grazing Pasture					
Total Planted - Grazing Pasture				8,956	8,956
TOTAL LANDBANK / Concession	344,783	283,376	220,000	141,293	989,452

DIVISIONAL OPERATIONS REVIEW

SIME DARBY PROPERTY



Sime Darby Property

ABOUT SIME DARBY PROPERTY

Sime Darby Property has a 45-year track record in developing residential, commercial, and industrial properties. We are also present in the United Kingdom through the Battersea Power Station (BPS) project in London. As at 30 June 2017, we own the largest landbank in Malaysia with 10,212 acres located within our 23 townships and another 6,726 acres strategically held for future projects. Our property development business is complemented by our property investment portfolio as well as leisure and hospitality activities. In property investment, we undertake leasing and management services for assets in Malaysia, Singapore and the United Kingdom, including the management of Melawati Mall in Selangor. Our leisure and hospitality arm manages assets that include the prestigious TPC Kuala Lumpur and Sime Darby Convention Centre in Kuala Lumpur and other assets in Australia, Singapore and Vietnam.

OUR VISION

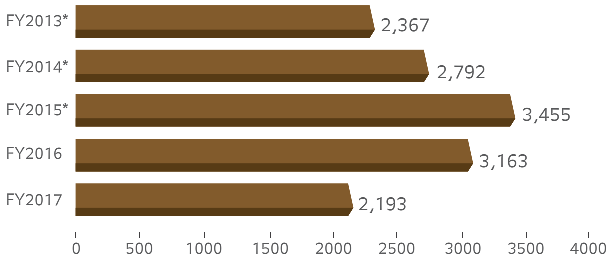
To be the No.1 Property Developer in Malaysia.

PRESENCE

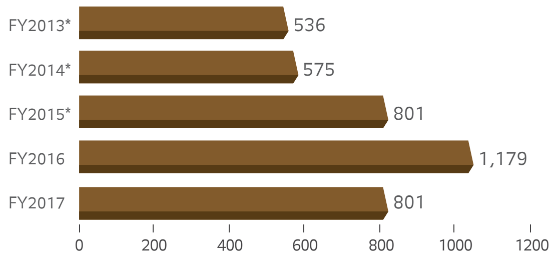
Malaysia, Australia, Singapore, Vietnam and United Kingdom.

KEY HIGHLIGHTS

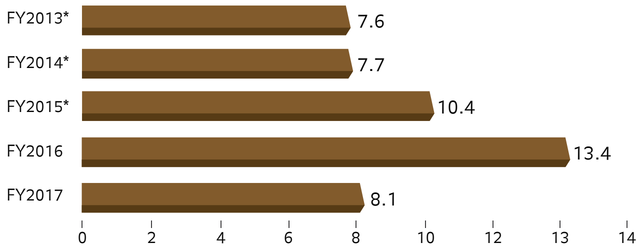
REVENUE (RM million)



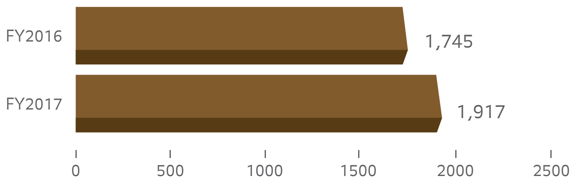
PROFIT BEFORE TAX PBIT (RM million)



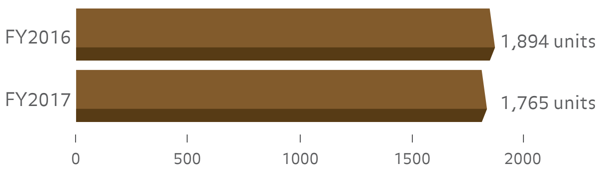
RETURN ON AVERAGE INVESTED CAPITAL (ROAIC) (%)



GROSS SALES VALUE (RM million)



UNITS SOLD



*not restated for adoption of MFRS Framework and MFRS 15

BUSINESS MODEL

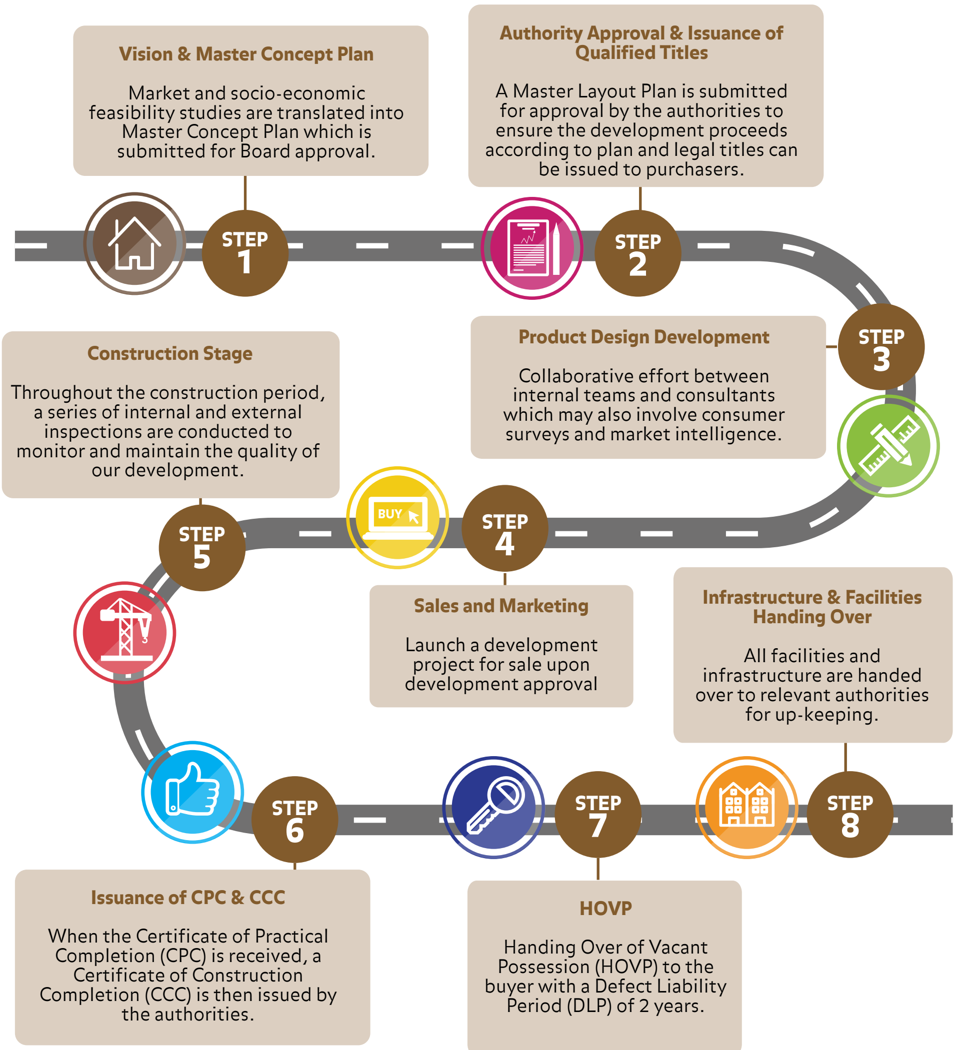
	Inputs / Resources as at 30 June 2017	Outcomes
	Financial • Capital employed: RM10,281 million	Strong financial returns through a diversified portfolio of sustainable businesses and product differentiation • ROAIC (Return on Average Invested Capital): 8.1% • 1,765 units sold in Malaysia in FY2017 • 321 units successfully delivered to buyers of Phase 1, Battersea Power Station
	Assets • Ongoing townships/developments: 23 • Asset under management: 2 million sq ft • Remaining developable land: 16,938 acres	
	Human Capital • Number of employees: 1,682	Highly experienced management team with in-depth industry knowledge • Engaged and skilled workforce with career development opportunities

DIVISIONAL OPERATIONS REVIEW

BUSINESS MODEL

	Inputs / Resources as at 30 June 2017	Outcomes
	Intellectual Capital • Our brand and corporate reputation • Processes and strategic priorities • Product development • Digital platforms	Leveraging on our core competencies to improve our market positioning • Delivery of homes and sustainable communities as a reliable and award winning developer. • Innovative product mix that caters to many market segments. • Catalytic developments that enhance brand positioning.
	Relationships Strong and effective relationships with key stakeholders	Ensuring our commitment towards the socio-economic development of the various localities we operate in • Organised regular engagement / communication sessions with the government/regulators/ authorities. • Engaging the community by launching various campaigns within our existing townships i.e. monthly workshops and development updates.

KEY PROPERTY DEVELOPMENT PROCESS



OUR STRATEGY

Strategic Objectives	FY2017 Progress Highlights	Priorities for 2018
Embrace Portfolio Focus & Discipline • Improve execution by focusing on the right products at the right price. • Divest low yield assets.	Embrace Portfolio Focus & Discipline • Improve execution by focusing on the right products at the right price. • Divest low yield assets.	Maximise investment returns by managing all developments and land bank as a single portfolio • Establish dynamic landbank management by disposing non-strategic lands and procure prime lands. • Explore equity investment & partnerships to build recurring income and secure development rights and expertise.
Enhance Operational, People and Financial Excellence • Drive operational excellence to achieve effective cost management, quality enhancement and timely delivery of products • To maintain average QLASSIC score of 81% • Deliver projects as planned • Enhance skillsets and competencies in project management & construction management • Enhance coaching capabilities to develop high performance culture	• Lean Six Sigma (LSS) Benefit of RM130.86 million • Achieved target for Average QLASSIC with score of 81%. • Phase 1 Circus West Sales Completion Notices for 321 of 860 units sold have been served with the balance to be completed by end of 2017. • In FY2017, 90 employees were awarded executive diplomas in Project Management, Facility Management and Property Investment & Asset Management by Universiti Teknologi MARA (UiTM) under a collaboration launched in 2011 as an effort to enhance and develop skills and competencies. • Continued transfer of knowledge and enhancing of internal capability through Battersea Power Station development.	Driving down business costs and passing down savings to our customers and shareholders • Achieve operational excellence in day-to-day development planning, project management and support functions. • Ensure financial excellence & optimum capital management to minimise funding cost and increase ROE. • Invest in people excellence through talent development and retention programme.
Embody Customer Centricity • To enhance Brand Value • Improve execution of market intelligence on the market movements to ensure our products fulfil the needs of consumer • To continue to champion a culture of innovation	• StarProperty.my Awards – Top Ranked Developers of the Year. • BCI Asia Awards – Top 10 Developers in Malaysia. • South East Asia Property Awards 2016 – Best Developer (South East Asia). • The Edge Malaysia Top Property Developers Awards.	Effectively meet customer needs and expectations • Target customer segments with highest value creation potential in each micro-market. • Leveraging customer analytics to embed customer insights throughout the entire value chain.
Enhance Development Vibrancy • Form development partnerships that will lead to more vibrant townships/ developments • Engage strategic partners for regional and international expansion	• Began discussions with KWAP and Brunsfield Development Sdn Bhd to explore opportunities for collaboration within MVV. • Collaborated with the Construction Research Institute of Malaysia (CREAM) to transform affordable homes through Divergent Dwelling Design (D3) concept.	Increase attractiveness and improve demand for our developments • Incorporate socio-economic master planning analysis through economic development strategy for our township/integrated developments. • Continuously evaluate opportunities for investment and growth to enlarge share of property development market in Malaysia. • Form partnerships and catalysts to ensure more vibrant townships.

DIVISIONAL OPERATIONS REVIEW

In pursuing the strategic objectives, the Property Division continuously identifies, assesses and manages various risks that may impact the business and operational performance. The Division will continue to mitigate its impact through the risk management framework implemented across the Division.

Amidst challenging economic conditions, competition within the property market is expected to remain intense given the number of developers in Malaysia and other countries where we also have a presence. The Division has taken steps to mitigate exposure to this risk by enhancing visibility and positioning through extensive branding efforts, close monitoring of the property market and competitors' strategies in order to fulfill market demand effectively. The Division focused on continuous improvement on quality and timely product delivery to manage market perception.

The Division's operations may also be affected by changes in government policies or regulations. This will require regular engagements with the relevant authorities to ensure that proposed / implemented regulatory changes are recognised, understood and observed. Close rapport with the authorities enables the Division to mitigate any adverse impact in an effective and timely manner.

The nature of partnerships and joint ventures (JV) are to help accelerate growth, raise productivity for higher profits, address capability issues, provide access to new markets and distribution networks, increase capacity and apportion risks and costs. However, the possibility of disputes with partners may result in undesirable outcomes. Through careful analysis of the potential partnership value, a clear outline of the objectives are addressed within the agreements as mitigation to preserve the Division's interests. Adequate control is exercised to ensure that plans are effectively executed and developed.

The Property Division conducts large scale developments and often in greenfield areas, requiring extensive capital outlay and exposure to long gestation periods. The ability to generate positive cash flow and maintain healthy debt levels will determine its capability to meet short and long term obligations. Inadequate liquidity and funding may undermine revenue, profit delivery and growth.

The Division continuously reviews funding requirements based on the analysis of returns from developments, supported by existing policies that guide investment and financing activities. Regular reviews of cash projections and funding plans ensure adequate credit facilities, while continuous efforts are in place to reduce debt through monetisation of assets and stock disposals.

Artist impression Harmoni 1 (Rumah Selangorku)

Artist impression of Elmina Valley at the City of Elmina

REVIEW OF PERFORMANCE

The Malaysian property sector experienced cautious growth in FY2017. The Division's property development segment recorded a Gross Sales Value of RM1,917 million with a total of 1,765 units sold.

Industry overview	FY2017 performance vs FY2016
The Malaysian property market is expected to remain weak in the short-term. Stricter lending policies, volatile macroeconomic conditions and weak consumer sentiments have continued to beset the property sector. In addition, cooling measures have curbed residential property transactions and sales performance. The value of loan applications declined from RM245,904 million in 2013 to RM207,205 million in 2016 and approval rates slid from 49.2% in 2013 to 42.3% in 2016. (Source: BNM) The value of residential property transactions in Malaysia declined at a compounded annual growth rate (CAGR) of 0.8% from RM67,762 million in 2012 to RM65,574 million in 2016. Similarly, the volume of property transactions decreased by a CAGR of 7.1% from 272,669 units in 2012 to 203,064 units in 2016. (Source: NAPIC) The market is expected to recover in the coming years, underpinned by solid socio-economic fundamentals such as a higher population and stable GDP growth rates of 4.5% to 5% from 2017 to 2021.	The Division recorded a profit before interest and tax of RM801 million in FY2017, down 32.1% from RM1,179 million in FY2016. This was due to lower gains from asset monetisation of RM542 million (RM797 million in 2016) and compulsory land acquisition of RM58 million (RM145 million in 2016). Results for FY2017 also included a provision for unsold stocks of RM149 million and a RM23 million cost to terminate the proposed acquisition of Saizen Real Estate Investment Trust. A profit of RM140 million was recognised from the Battersea project compared with a RM21 million loss in 2016 due to the ongoing handover of Phase 1 units. The Division also recorded a higher share of profits from Sime Darby Real Estate Investment Trust 1 (SD REIT) at a total of RM137 million, following the disposal of a property by the joint venture.

DIVISIONAL OPERATIONS REVIEW

Malaysia

The encouraging response to Phases 3 and 4 of Elmina Valley in the City of Elmina shows that despite challenging market conditions, demand remains strong for the right products in the right location and at the right price. Phase 3 recorded a take-up rate of close to 70% within two days of launch, while Phase 4 was fully sold as of June 2017.

Other residential launches include Santai in Bandar Ainsdale, Tiana and Viana in the City of Elmina, Persada and Casira 1 in Bandar Bukit Raja, Harmoni Vista 2 in Bandar Universiti Pagoh and Harmoni 1 (Rumah Selangorku) in Putra Heights.

The Division also introduced ALYA Kuala Lumpur, formerly known as Kuala Lumpur Golf & Country Club Resort (KLGCC Resort), as its new luxury lifestyle brand that can be replicated globally. It spans 360 acres and has a total estimated gross development value (GDV) of RM7.3 billion.

Among other highlights of FY2017 was the launch of Senada Residences, a development by Sime Darby Brunsfield comprising two residential towers and one office tower, located in ALYA Kuala Lumpur.

On the operations side, Turner International came on board as the project and construction management consultant for the design, quality and delivery of high-rise development projects namely Cantara Residences in Ara Damansara and Quarza Residence in KL East.

Most significant for FY2017 is the signing of a memorandum of understanding (MoU) between Sime Darby Property, Kumpulan Wang Persaraan (Diperbadankan) (KWAP) and Brunsfield Development Sdn. Bhd to collaborate on Malaysia Vision Valley (MVV), a project spread over an area of 378,000 acres. A public-private partnership with the Malaysian Government, MVV will be a key part of the 11th Malaysia Plan and the National Transformation Plan that will drive the country's growth and development for the next 30 years.

Sime Darby Property and the Construction Research Institute of Malaysia (CREAM) struck a deal to commercialise the Divergent Dwelling Design (D3) concept to improve affordable housing with new methods of design and construction.

To strengthen our commitment towards sustainability, a tree replanting programme was also established to replace every tree felled.

At City of Elmina, the Division has partnered with the Tropical Rainforest Conservation and Research Centre (TRCRC) and Landscape Malaysia (LM) on a long-term programme to plant at least 10,000 trees of endangered, rare and threatened species.

United Kingdom

While Brexit may put pressure on the London property market, it is not expected to erode the viability of the Battersea Power Station (BPS) project. The Division is confident that it will continue to generate interest in the longer term and London will remain a key investment destination.

The BPS project is financially strong and economically viable and excellent progress is being made in terms of residential sales and commercial leasing. In Circus West, where 867 new homes are located, the handing over of residential units has begun. Over 300 units have been delivered and residents began to move into their properties in June 2017.

The Power Station (Phase 2) project of which 90% of units have been taken up, will see 255 apartments above and within the former power generation facility, with designs and materials reflecting the spirit of the structure. There will be 524,000 sq ft of space for Grade A Offices, 394,000 sq ft for retail & F&B, a flexible events space with standing room for 2,000 people, a 59-key boutique Hotel, a three-screen cinema, and a six-acre riverfront park.

Apple will occupy about 500,000 sq ft of office space across six floors of the central Boiler House of the Power Station for their new London campus. This will make Apple the largest tenant inside the historically iconic building and account for about 40% of the total office space in the whole development. The tech company will house over a thousand employees who will relocate from locations around London and they are expected to move-in during 2021.

The Electric Boulevard (Phase 3), the main gateway to the entire development, will have 40 retail units and 10 cafes and restaurants. Apart from 1,218 new homes, there will be hospitality and high-end amenities. For phase 3A, 71% of the residential units have been sold.

Battersea Power Station remains focused on delivering affordable homes to the public. Construction of the first 386 affordable homes is expected to start later this year.

Battersea Power Station has won various awards, including the Developer of the Year accolade in the 2015 International Emirates Glass LEAF awards for setting the benchmark for the international architectural and design community.

OUTLOOK & FUTURE FOCUS

The Malaysian economy is expected to grow by 4 - 5% in 2017 and has shown signs of resilience with 5.8% growth in the second quarter of 2017 (Source: BNM). Although this is expected to have a positive effect on consumer sentiment, the overall market continues to remain soft and cautious.

To broaden its product diversification initiative, the Property Division intends to focus on strengthening its offerings by developing industrial products in areas that are strategically located in close proximity to ports and airports as well as integrated developments that leverage on transport hubs.

The Division believes in customer-centric initiatives and continuously engages its existing and potential customers. One of the Division's primary focus is to reach out to the younger generation of customers who are the early adopters of technology, by introducing them to the Sime Darby Property Mobile App for added convenience and a brand new experience of the Sime Darby Property brand through digital marketing.

As one of the largest property developers in the country, the Property Division has the capacity to undertake projects with longer development periods given its size and strong financial position. The Division has demonstrated resilience in weathering downturns in economic conditions and cyclical slowdowns in the Malaysian property market. Existing resources are expected to provide a strong development pipeline and contribute towards sustainable earnings over the next 15 to 20 years.

Corporate Governance

Structure of the Statement
The corporate governance practices set out on pages 94 to 149 and information incorporated by reference constitute the Statement on Corporate Governance. The reports of Board Committees are contained within the Statement.

STATEMENT ON CORPORATE GOVERNANCE

CHAIRMAN'S OVERVIEW

The Board attaches the highest priority to corporate governance and as a Board, we provide strong leadership in setting standards and values for our Company. The Board is responsible for the leadership, oversight, control, development and long-term success of the Group and also for instilling the appropriate culture, values and behaviour throughout the organisation.

Our Board acknowledges and takes cognisance of the new Malaysian Code on Corporate Governance (MCCG) 2017 which outlines practices to promote greater internalisation of corporate governance culture in companies. Application of the practices in the MCCG 2017 will be due for reporting in our Annual Report 2018 for the financial year ending 30 June 2018. However, some of the application of practices in the MCCG 2017 have been reported in this Annual Report 2017 as the Board believes in the Company taking a leadership position and becoming the agent of change in continuously raising the bar on governance standards and best practices. Strong and effective governance provide the necessary checks and balance, support better decision-making and accountability, and instil stakeholders' confidence and trust in the Company.

Our Board believes that our current Board composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to govern our Company effectively. As Chairman, I passionately believe in creating and delivering long term sustainable value to our stakeholders. Our governance processes, culture of integrity and openness, and a diversity of perspective continue to support the Board in delivering a sustainable and successful Sime Darby Group. Our Board Committees continue to play a vital role in supporting the Board. Our governance structure is shown on page 104. Each Board Committee chair has provided a report on the Committee's key focus areas and action plans during the year. You can read about this in the ensuing pages of this statement.

I am pleased to report that we are fully compliant with the Malaysian Code on Corporate Governance 2012.

TAN SRI DATO' ABDUL GHANI OTHMAN
Chairman

"Our governance processes, culture of integrity and openness, and a diversity of perspective continue to support the Board in delivering a sustainable and successful Sime Darby Group."

STRATEGY

The Board met in early 2017 to deliberate on the strategic options to unlock sustainable value of the businesses of the Sime Darby Group through the creation of pure play business groups. A holistic review of the businesses of the Sime Darby Group was undertaken. The corporate structure options presented by Management and the consultants were thoroughly explored and considered, through many Board meetings, sessions and dialogues with Management and the consultants.

The Board provided strong support for the creation of pure play business groups that will help to unlock the maximum value of the Sime Darby Group. The standalone and distinct pure play entities will have a cleaner structure with renewed focus and higher transparency. The markets have reacted positively in support of the Company's proposal.

STATEMENT OF CORPORATE GOVERNANCE

As a Board, we are cognisant of our critical role in governing and setting the strategic direction of the Company while providing valuable oversight and guidance to Management to navigate difficult and complex issues. We ensured that decisions taken are in the best interest of the Sime Darby Group and its stakeholders. Between our regular scheduled meetings during the year, we also held four special board meetings, i.e. two meetings in April 2017, and one each in January and July 2017 in order to facilitate regular oversight on the pure play strategy and to address matters that required our attention. The Board members and Management provided strong commitment to ensure that the pure play strategy was executed within the targeted timeline while ensuring that proper processes were instilled to uphold governance in the implementation of the proposal.

Together with Management, we will continue to explore and debate our strategic priorities, leveraging on our Board members' different experiences, skills and expertise to provide insights and refinements to the strategic process, always with a focus as to where the company wants to be and how to get there.

Board Effectiveness

We have carried out the annual board evaluation internally this year. The annual board evaluation will be periodically facilitated by an independent party.

An evaluation is meant to be a positive experience, an opportunity to look for ways in which the Board can lift its performance. We have identified things that we do well and identified areas where we can improve and these will form part of our key focus areas for FY2018. The resulting development themes that arose from the evaluation are discussed on page 120.

Composition, Diversity and Inclusiveness

The Board and I are committed to work towards greater diversity in the boardroom. In addition to gender, we will look to achieve diversity in age, nationalities and balance of skills, experience, knowledge and independence, so as to bring relevant perspectives to Board discussions. Currently, 25% of our Board members are women and the Board aspires to meet the Government's call of having 30% women representation on Boards by 2019.

Dialogue with Stakeholders

The Board recognises that regular communication fosters closer engagement with stakeholders. During the year, we have continued our work in promoting greater and more effective engagement with our institutional investors and analysts. The Board members and I have had effective and continuous engagement with our major shareholders during the year to discuss the strategic priorities of the Company and further strengthen our market position in order to generate sustainable value for all shareholders of the Company.

I have also met with our major shareholder both in my capacity as Chairman of Sime Darby and as Chairman of the Nomination & Remuneration Committee on the compositions of the Boards of the pure play entities.

There will be continuous engagement with the major shareholders on the transformation journey with the objective of maximising the value creation from the pure play business groups for the benefit of all shareholders of the Company.

Governance Improvement Work

During the year, the Group Secretary led the governance improvement work by recommending the revised Terms of Reference of the Board Committees, Board Charter, Board Composition Policy and Internal Guidelines on Related Party Transactions, and adoption of the revised Constitution of the Company in order to ensure that the new requirements of the Companies Act 2016, and the MCCG 2017 were embedded and complied with. The Group Secretary also actively engaged in the governance debate with the members of the Board in advocating the adoption of corporate governance best practices.

In recognition of its good disclosure and other corporate governance related conduct and practices, Sime Darby has been selected as one of the eligible listed issuers under the Bursa Malaysia Berhad's Green Lane Policy (GLP). The GLP was implemented to incentivise the top 30 listed companies based on their good standard of corporate governance conduct and disclosure practices by granting certain privileges including faster issuance of circulars to shareholders.

I am pleased to report that the Company has adopted many of the corporate governance practices under the MCCG 2017. You can read about this in the ensuing pages of this statement.

Culture and Values

In Sime Darby, it is the people who make the Company great. As a Board, we set the 'tone at the top' in terms of the Company's culture and values. The Board recognises the importance of adhering to Sime Darby's founding values during any transformational change.

In everything we do, in the decisions that we make, we uphold a culture of doing the right thing in the way we operate, locally and globally. We are governed by our Code of Business Conduct to ensure that we do the right things in the right way.

Reporting

This annual report marks the fourth year in our Integrated Reporting journey and I am pleased with the progress we are making to keep our annual report interesting and engaging and ensuring that key messages are clear, concise and easy to locate. I would like to thank the Chairmen and members of the Board Committees for their commitment and for devoting their time to our reporting.

In this corporate governance statement, we aim to provide an insight into the workings of the Board and its Committees over the last financial year and the Corporate Governance Framework. The Board is satisfied that all committees are working effectively to deliver strong oversight and governance over their respective areas of responsibility, and are reporting appropriately to the Board. I would like to thank my fellow Board members, and the Chairmen and members of the Board Committees for their exceptional support and commitment during the course of FY2017.

The year has not been without its challenges and I thank Management and our employees for their relentless efforts and innovative ideas to counter the challenges in the competitive operating environment. We must strive to maintain our leadership position going forward in every sector that we operate in to take forward the execution of our strategy, deliver on our priorities and generate the long-term sustainable value that will benefit the stakeholders and society at large.

The Annual General Meeting is a platform for meaningful engagement with our shareholders. The Board and I look forward to seeing you at the 2017 Annual General Meeting for an open and constructive discussion.

TAN SRI DATO' ABDUL GHANI OTHMAN

Chairman

BOARD OF DIRECTORS

Tan Sri Dato' Abdul Ghani Othman

Chairman, Independent Non-Executive Director

Malaysian, age 70 M

NRC

Date of Appointment: 1 July 2013

Areas of Expertise:

Public Administration and Economics.

Relevant Experience:

Began his career with the Faculty of Economics, University of Malaya and has held various positions in the Malaysian Government including Deputy Minister of Energy, Telecommunications and Post, Deputy Minister of Finance, Minister of Youth and Sports and Chief Minister of Johor. Former Chairman of Johor Corporation. Current member of the Board of Trustees of the World Islamic Economic Forum (WIEF) Foundation.

Directorship of other Listed Issuers/ Public Companies:

- Listed Issuers: None.
- Public Companies: Sime Darby Plantation Berhad (Chairman).

Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah

Deputy Chairman, Non-Independent Non-Executive Director

Malaysian, age 65 M

NRC RMC

Date of Appointment: 10 December 2012

Areas of Expertise:

Public Administration and Economics.

Relevant Experience:

Held various senior positions in Government, notably, the Secretary General of Treasury in the Ministry of Finance. Former Alternate Executive Director of World Bank Group, representing the South East Asia Group and former Executive Director of the Islamic Development Bank and Islamic Trade Finance Corporation. Former Chairman of Malaysia Airports Holdings Berhad. Presently a Director of the Sabah Economic Development and Investment Authority (SEDIA).

Directorship of other Listed Issuers/ Public Companies:

- Listed Issuers: None.
- Public Companies: Bank Pembangunan Malaysia Berhad (Chairman), Permodalan Nasional Berhad and RAM Holdings Berhad.

Tan Sri Samsudin Osman

Non-Independent Non-Executive Director

Malaysian, age 70 M

Date of Appointment: 19 December 2008

Areas of Expertise:

Public Administration and Fund Management.

Relevant Experience:

Held various senior positions in the Malaysian Government including Secretary General, Ministry of Home Affairs and Ministry of Domestic Trade and Consumer Affairs, and Chief Secretary to the Government of Malaysia. Former President of Perbadanan Putrajaya. Current Chairman of the Employees Provident Fund Board.

Directorship of other Listed Issuers/ Public Companies:

- Listed Issuers: BIMB Holdings Berhad (Chairman).
- Public Companies: None.

Gender

M Male

F Female

Committee membership

NRC Nomination & Remuneration Committee

GAC Governance & Audit Committee

RMC Risk Management Committee

SC Sustainability Committee

Chairman Member

Tan Sri Datuk Dr Yusof Basiran

Independent
Non-Executive Director

Malaysian, age 69 M

RMC SC

Date of Appointment: 16 November 2010

Areas of Expertise:

Plantation and Research & Development.

Relevant Experience:

Former Chief Executive Officer of the Malaysian Palm Oil Council and Director-General of the Malaysian Palm Oil Board and Palm Oil Research Institute of Malaysia. Past President of the Academy of Sciences Malaysia. Current Director of Bank Negara Malaysia. Senior Fellow of the Academy of Sciences Malaysia and Fellow of the Malaysian Oil Scientists' and Technologists' Association, the Incorporated Society of Planters and the Institute of Chemical Engineers.

Directorship of other Listed issuers/ Public Companies:

- Listed Issuers: CB Industrial Product Holding Berhad (Chairman).
- Public Companies: Sime Darby Plantation Berhad.

Muhammad Lutfi

Independent
Non-Executive Director

Indonesian, age 48 M

SC

Date of Appointment: 24 November 2015

Areas of Expertise:

Trading, Oil & Gas and Power Utilities.

Relevant Experience:

Former President Director and Chief Executive Officer of Mahaka Group of Companies. Former National Chairman of the Indonesia Young Entrepreneurs Association (HIPMI) and Chairman of the Indonesia Coordinating Board of Investment. Former Ambassador Extraordinary and Plenipotentiary to Japan and the Federated States of Micronesia and Minister of Trade of the Republic of Indonesia. Current President Commissioner of PT Medco Energi International Tbk.

Directorship of other Listed Issuers/ Public Companies:

- Listed Issuers: None.
- Public Companies: Sime Darby Plantation Berhad.

Datuk Zaiton Mohd Hassan

Senior Independent
Non-Executive Director

Malaysian, age 61 F

GAC NRC

Date of Appointment: 16 November 2010

(Appointed as Senior Independent Non-Executive Director of Sime Darby Berhad on 23 November 2015)

Areas of Expertise:

Banking and Finance.

Relevant Experience:

Has working experience in PricewaterhouseCoopers, Bank Pembangunan (M) Bhd and Bapema Corporation Sdn Bhd. Has served 12 years with Maybank in various senior positions including that of General Manager, Group Strategic Planning. Former President/Executive Director of Malaysian Rating Corporation Berhad. Current Chairman of the Private Pension Administrator Malaysia and Chief Executive Officer of the Malaysia Professional Accountancy Centre (MyPAC). Fellow and Council Member of the Association of Chartered Certified Accountants and member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, International Federation of Accountants (IFAC) Professional Accountants in Business (PAIB) Committee and Board of Governors of the Malaysian Institute of Corporate Governance.

Directorship of other Listed Issuers/ Public Companies:

- Listed Issuers: BIMB Holdings Berhad and Dolphin International Berhad (Chairman).
- Public Companies: Sime Darby Plantation Berhad and Bank Islam Malaysia Berhad.

BOARD OF DIRECTORS

Datuk Wan Selamah Wan Sulaiman

Independent
Non-Executive Director

Malaysian, age 62 F

GAC

Date of Appointment: 15 January 2016

Areas of Expertise:

Accounting & Finance.

Relevant Experience:

Has served the Ministry of Education and the Ministry of Defence. Has held various senior positions in the Accountant-General's Department, Ministry of Finance, including Director of the Information Technology Services Division and Director of the Central Operations and Agency Services Division. Former Accountant-General of Malaysia.

Directorship of other Listed Issuers/ Public Companies:

- Listed Issuers: None.
- Public Companies: Prasarana Malaysia Berhad.

Datuk Dr Mohd Daud Bakar

Non-Independent
Non-Executive Director

Malaysian, age 53 M

GAC

Date of Appointment: 1 June 2016

Areas of Expertise:

Shariah Advisory in Islamic Finance and Islamic Capital Market.

Relevant Experience:

Founder and Chairman of Amanie Group, Chairman of the Shariah Advisory Councils of Bank Negara Malaysia, the Securities Commission and the Labuan Financial Services Authority. Chairman of the Shari'ah Committee of the International Islamic Liquidity Management Corporation. Currently a Shariah Board member of numerous international financial institutions and banks as well as a member of the Permodalan Nasional Berhad Investment Committee.

Directorship of other Listed Issuers/ Public Companies:

- Listed Issuers: None.
- Public Companies: Sime Darby Property Berhad.

Dato Sri Lim Haw Kuang

Independent
Non-Executive Director

Malaysian, age 63 M

RMC NRC

Date of Appointment: 26 August 2010

Areas of Expertise:

Oil & Gas and Power & Water Utilities.

Relevant Experience:

Served 34 years with Shell in various senior positions including Executive Chairman of Shell Companies in China, Chairman of Shell Companies in Malaysia and Managing Director of Shell Malaysia Exploration & Production. Former President of the Business Council for Sustainable Development Malaysia and Director of BG Group Plc as well as ENN Energy Holdings Limited. Former International Council Member of the China Council for International Cooperation on Environment and Development. Currently, Director of Bank Negara Malaysia and ENN Group Co Limited.

Directorship of other Listed Issuers/ Public Companies:

- Listed Issuers: None.
- Public Companies: Ranhill Holdings Berhad.

Gender

M Male
F Female

Committee membership

NRC	Nomination & Remuneration Committee	GAC	Governance & Audit Committee
RMC	Risk Management Committee	SC	Sustainability Committee

Chairman Member

Dato' Rohana Tan Sri Mahmood

Independent
Non-Executive Director

Malaysian, age 63 F

SC GAC NRC

Date of Appointment: 24 June 2014

Areas of Expertise:

Economics and Fund Management.

Relevant Experience:

Former Assistant Secretary of the Planning Division of the Ministry of Foreign Affairs Malaysia. Presently, Chairman and Founder of RM Capital Partners & Associates Sdn Bhd and Chairman of the Advisory Council and Founding Member of the Kuala Lumpur Business Club. Member of the APEC Business Advisory Council, Global Council of the Asia Society, New York, and the Malaysian Committee of the Council for Security Cooperation in the Asia Pacific. Distinguished Fellow and Board member of the Institute of Strategic and International Studies Malaysia.

Directorship of other Listed Issuers/ Public Companies:

- Listed Issuers: AMMB Holdings Berhad and Paramount Corporation Berhad.
- Public Companies: AmInvestment Bank Berhad and Sime Darby Property Berhad.

Zainal Abidin Jamal

Non-Independent
Non-Executive Director

Malaysian, age 63 M

RMC

Date of Appointment: 1 March 2016

Areas of Expertise:

Legal, Business and Regulatory Affairs.

Relevant Experience:

Enrolled as an Advocate and Solicitor of the Supreme Court of Singapore and the High Court of Malaya. Served as a First Class Magistrate in Brunei Darussalam and was the Company Secretary of Harrisons Malaysian Plantations Berhad. Founder and Senior Partner of Zainal Abidin & Co.

Directorship of other Listed Issuers/ Public Companies:

- Listed Issuers: None.
- Public Companies: Maybank Islamic Berhad (Chairman), Etiqa Takaful Berhad, Lam Soon (M) Berhad and Sime Darby Plantation Berhad.

Tan Sri Dato' Seri Mohd Bakke Salleh

President & Group Chief Executive

Malaysian, age 63 M

Date of Appointment: 16 November 2010

Areas of Expertise:

Economics, Finance and Management.

Relevant Experience:

Former Group President & Chief Executive Officer (CEO) of Felda Global Ventures Holdings Berhad, Group Managing Director (MD) of Felda Holdings Berhad and Group MD and CEO of Lembaga Tabung Haji. Former Director, Property Division of Pengurusan Danaharta Nasional and MD of Federal Power Sdn Bhd, Syarikat Perumahan Pegawai Kerajaan Sdn Bhd and Electra House Sdn Bhd. Former Group General Manager of Island & Peninsular Group. Presently, Director of Malaysian Industry-Government Group for High Technology, an organisation under the Prime Minister's Department, and Council Member for the Northern Corridor Implementation Authority and Global Science & Innovation Advisory Council. Member of the Steering Committee of Malaysia Vision Valley, Majlis Produktiviti Negara and Majlis Bioekonomi Kebangsaan. Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants.

Directorship of other Listed Issuers/ Public Companies:

- Listed Issuers: Eastern & Oriental Berhad.
- Public Companies: Sime Darby Plantation Berhad and Yayasan Sime Darby.

Norzilah Megawati Abdul Rahman

Group Secretary
Malaysian, age 57

Date of Appointment:
29 September 2007

Relevant Experience:

Held various senior positions in Kumpulan Guthrie Berhad including Manager, Group Chief Executive's Office, Controller, Corporate Business Development and Monitoring, Director of Corporate Business Development and Human Resource and Head, Group Legal & Compliance. Has working experience in many areas, among others, investment analysis, money market trading, corporate secretarial and legal as well as a Manager in the Group Chief Executive's Office in Permodalan Nasional Berhad.

Qualifications:

- Degree in Law from the University of Malaya
- Admitted to the Malaysian Bar
- Licensed Company Secretary

Note: The full profile of the Group Secretary is available online in the Executive Leadership section at www.simedarby.com.

Additional Information

1. Save as disclosed below, none of the Directors has any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad:
   i. Tan Sri Samsudin Osman is a nominee Director of the Employees Provident Fund Board.
   ii. The nominee Directors of Permodalan Nasional Berhad are as follows:
      - Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah;
      - Datuk Dr Mohd Daud Bakar; and
      - Zainal Abidin Jamal.
2. Save as disclosed in the Statement on Corporate Governance on page 115 of this Annual Report, none of the Directors has any conflict of interest with Sime Darby Berhad.
3. Other than traffic offences, none of the Directors has any conviction for offences within the past five years nor public sanctions or penalties imposed by the relevant regulatory authorities during the financial year.
4. The details of Directors' attendance at Board Meetings held in the financial year ended 30 June 2017 are set out in the Statement on Corporate Governance on page 112 of this Annual Report.
5. The full profiles of the Directors are available online in the Board of Directors section at www.simedarby.com

EXECUTIVE LEADERSHIP

For the financial year ended 30 June 2017

The Executive Leadership Team is the executive platform on which the Group's senior leaders come together to communicate, review and deliberate on issues and actions of Group-wide significance, and support the President & Group Chief Executive in the performance of his duties.

FRONT ROW SEATED:

TAN SRI DATO' SERI MOHD BAKKE SALLEH
President & Group Chief Executive

DATUK TONG POH KEOW
Group Chief Financial Officer

FIRST ROW FROM LEFT:

LEELA BARROCK
Group Head, Communications

TIMOTHY LEE CHI TIM
Managing Director, Logistics Division

DATO' LAWRENCE LEE CHEOW HOCK
Managing Director, Motors Division

DATO' JAUHARI HAMIDI *
Managing Director, Property Division

DATUK FRANKI ANTHONY DASS
Chief Executive Officer, Plantation Division

CHOO SUIT MAE
Group General Counsel

NORZILAH MEGAWATI ABDUL RAHMAN
Group Secretary

BACK ROW FROM LEFT:

PHILIP KUNJAPPY
Group Chief Trading & Procurement Officer

GLENN CHARLES DALY
Group Head, Risk Management

SCOTT WILLIAM CAMERON
Managing Director, Industrial Division

JEFFRI SALIM DAVIDSON
Deputy Group Chief Financial Officer

DR SIMON LORD
Group Chief Sustainability Officer

ZUKIFLI ZAINAL ABIDIN
Group Chief Human Resources Officer

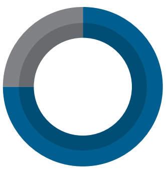
JOHN EDWARD ARKOSI, OBE
Group Head, Compliance & Corporate Assurance

HARI NAIR
Group Chief Strategy & Innovation Officer

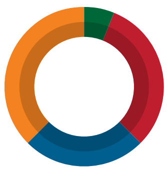
Additional Information

1. None of the Executive Leadership has any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad.
2. None of the Executive Leadership has any conflict of interest with Sime Darby Berhad.
3. Other than traffic offences, none of the Executive Leadership has any conviction for offences within the past five years nor public sanctions or penalties imposed by the relevant regulatory authorities during the financial year.
4. Directorships held by the Executive Leadership in public companies and listed issuers, other than companies within the Sime Darby Berhad Group, if any, are disclosed in the Executive Leadership section at www.simedarby.com.
5. The profiles of the Executive Leadership are available online in the Executive Leadership section at www.simedarby.com.

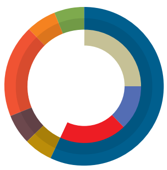
GENDER



AGE



NATIONALITIES/ETHNICITY



* Dato' Sri Amrin Awaluddin has been appointed as the Managing Director, Property Division with effect from 24 August 2017 in place of Dato' Jauhari Hamidi.

STATEMENT OF CORPORATE GOVERNANCE

CORPORATE GOVERNANCE FRAMEWORK

The Corporate Governance Framework of the Sime Darby Group has been designed with the following key aims:

- Promotion of transparency, accountability and a responsive attitude.
- Provision of operating autonomy to the various core business Divisions and Sime Darby Group companies in pursuit of business objectives while maintaining adequate checks and balance.
- Cultivation of ethical business conduct and desired behaviours based on the Group's core values and business principles, which are also set out in the Code of Business Conduct (COBC).

The Framework is the means by which the Board of Sime Darby delegates functions and authority to the Flagship Subsidiary Boards (FSB) of the respective Divisions and facilitates the delegation of day-to-day management to operating personnel.

Two-Tier Board Structure

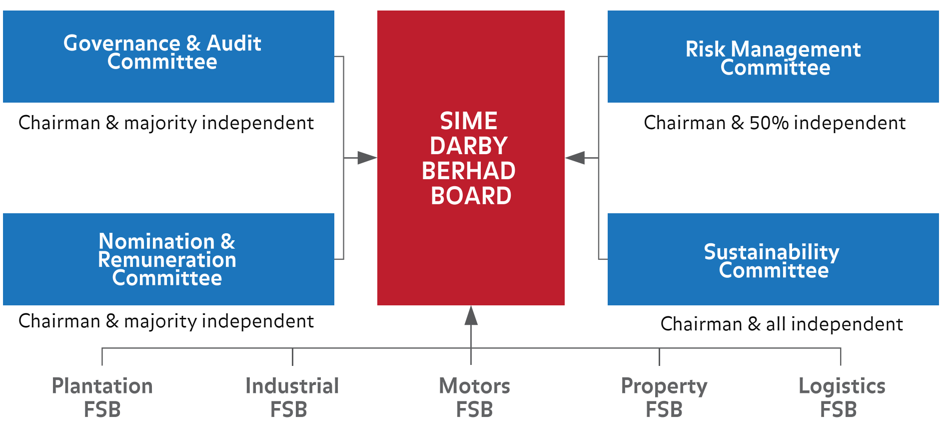
The hallmark of Sime Darby's Corporate Governance Framework is the two-tier board structure, headed by the Sime Darby Board, also known as the Main Board, and supported by Divisional FSBs. Each Divisional FSB is charged with operational oversight of its Division but remains subject to the direction and counsel of the Main Board, particularly on matters of strategy and policy. In addition, the Main Board has delegated certain responsibilities to Board Committees to assist in carrying out its functions and to ensure independent oversight of internal control and risk management.

The structure is modular and Divisional FSBs can be added or removed as and when businesses are acquired or disposed of. Terms of Reference (TOR) have been established to ensure the Divisional FSBs remain focused on all aspects of Divisional operations. This enables the Main Board to take a broader perspective, looking at enterprise issues such as strategy, risk management and governance.

Early this year, the Sime Darby Board announced a plan to create three standalone businesses which will be pure-plays in the Plantation, Property, and Trading & Logistics sectors with the aim of unlocking sustainable value for the Sime Darby Group. The Plantation and Property pure-plays are expected to be listed on Bursa Malaysia Securities Berhad while the Trading & Logistics businesses will remain under Sime Darby, which will retain its listed status.

Upon listing[1], Sime Darby Plantation Berhad and Sime Darby Property Berhad will cease to be Flagship Subsidiary Companies.

Two-Tier Board Structure



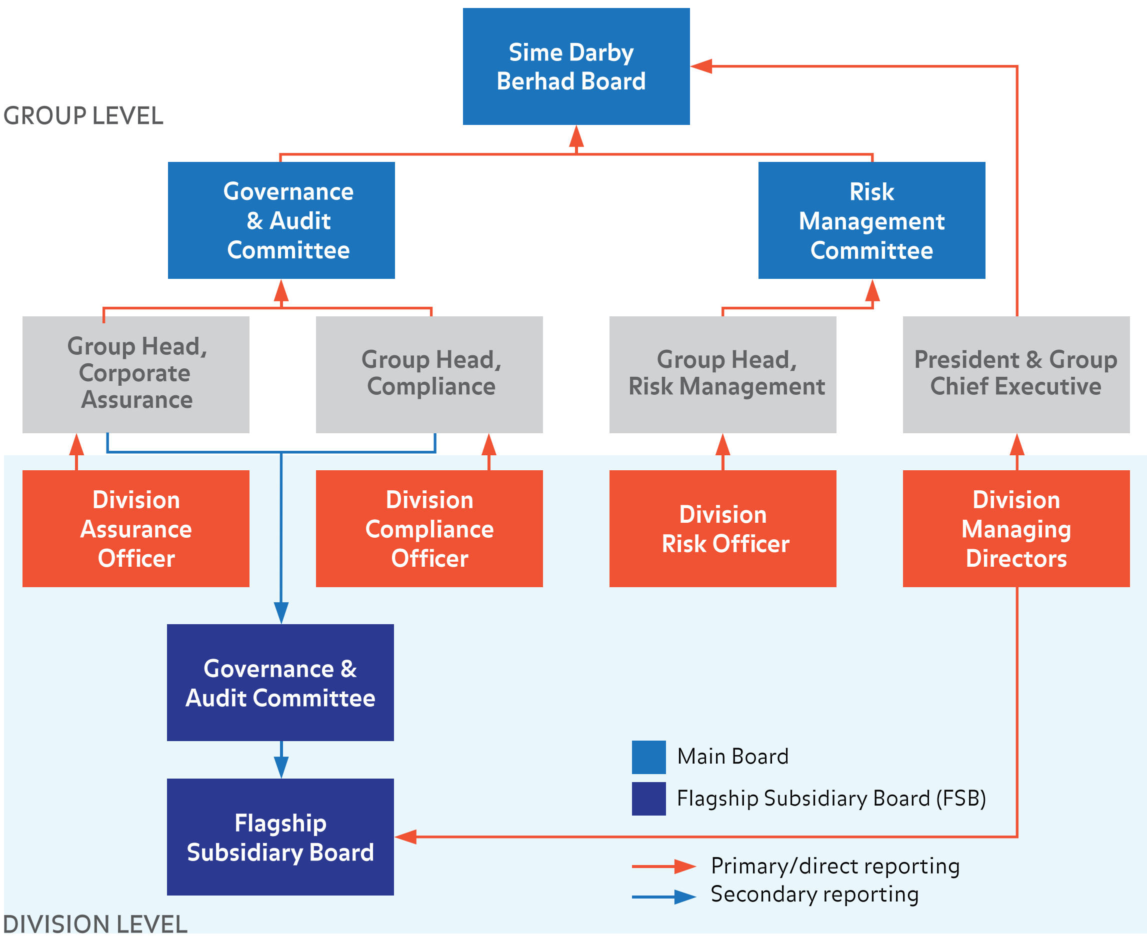
Note: 1 The listings of Sime Darby Plantation Berhad and Sime Darby Property Berhad are subject to shareholders' approval at the Extraordinary General Meeting of the Company to be held in November 2017.

Assurance, Compliance and Risk

The three key gatekeepers of good corporate governance in the Sime Darby Group are the Assurance, Compliance and Risk Management functions. Direct reporting lines to the Governance & Audit Committee and the Risk Management Committee enable these functions to operate with a high degree of impartiality and independence from the rest of the organisation, underscoring the Group's commitment to high standards of governance. The Group Secretary serves as a key advisor to the Board on matters of corporate governance.

Additional information on the Group's risk management and internal control systems can be found in the Statement on Risk Management and Internal Control on page 143.

Reporting Structure for Assurance, Compliance and Risk



Note: Group Head, Corporate Assurance, Group Head, Compliance and Group Head, Risk Management have administrative reporting lines to the President & Group Chief Executive.

STATEMENT OF CORPORATE GOVERNANCE

BOARD STRUCTURE AND ROLES

Board Charter

The Board Charter sets out the Board's strategic intent and outlines the roles and powers that the Board specifically reserves for itself and those which it delegates to Management and in so doing, also sets the tone of the various Board Committees and FSBs.

The Board Charter serves as a constitution for the Board and assists the Board in the assessment of its own performance. The Board Charter is reviewed periodically with the latest update being made in August 2017 to align the Board Charter with the Companies Act 2016 and the MCCG 2017.

Within the limits set by our Constitution, our Board is responsible for the governance and management of our Company and the Group. The Board Charter addresses the following pertinent matters:

- The purpose, review process and continuous education of the Board.
- The structure and composition of the Board.
- Authority of the Board, including the right to obtain advice, to have access to personnel of the Group and to convene meetings as required.
- The roles and responsibilities of the Board including the Board's oversight role and succession planning.
- The conduct of Board meetings.

The Board Charter is available online in the Corporate Governance section at www.simedarby.com

Roles and Responsibilities of the Board

The Main Board recognises its duty and privilege as the apex governing body of the Group. The Board is cognisant of the need to promote and protect the interests of shareholders and stakeholders of the Group. The Main Board also shoulders the ultimate responsibility of determining the direction of the Group, assisting in the fine-tuning of corporate strategies and ensuring effective execution of these strategies.

The key objectives of the Main Board are to:

- Oversee the conduct of the Group's business including the formulation of strategy and performance objectives, control and accountability systems, corporate governance framework, risk management practices and human capital management.
- Approve and monitor the progress of major capital expenditure, fund-raising, acquisitions and divestitures.
- Fulfil statutory and fiduciary responsibilities by monitoring the operational, financial and risk management processes of the Group.
- Set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to manage and monitor significant financial and non-financial risks.
- Ensure compliance with environment, safety and health legislation by understanding the operations being carried out by the employees as well as the hazards and risks associated with the Group's operations.
- Review the efficiency and quality of the Group's financial reporting process and systems of accounting and internal controls.
- Ascertain the independence of the external auditor and Group Corporate Assurance (GCA) function.
- Monitor compliance with established policies and procedures.
- Evaluate the performance of the Main Board, FSBs and the various Board Committees.

The Main Board sets the strategic direction and oversees that the conduct of the businesses of the Group is in compliance with the law and ethical values.

Overview of the Roles on the Board

Role	Key Responsibilities
Chairman	The Chairman of the Board presides over meetings of Directors and general meetings and is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.
President & Group Chief Executive (PGCE)	The PGCE assumes overall responsibilities for the execution of the Group's strategies in line with the Board's direction, oversees the operations of the Flagship Subsidiary Companies and drives the Group's businesses and performance towards achieving its vision and goals.
Senior Independent Non-Executive Director	The Senior Independent Non-Executive Director acts as a sounding board for the Chairman, an intermediary for other Directors when necessary, and the point of contact for shareholders and other stakeholders with concerns which have not been resolved or those deemed inappropriate to be communicated through the normal channels.
Non-Executive Director	Non-Executive Directors (both Independent and Non-Independent) monitor and supervise Management's conduct in running the business while bringing their external perspective and wisdom to bear on the decision making process.

Further descriptions of the duties/roles are available at the Governance section at www.simedarby.com

Relationship between the Chairman and PGCE

The Board supports the principle that separate individuals for the Chairman and Chief Executive Officer positions is beneficial to the effective functioning of the Board and facilitates a powerful check and balance mechanism.

There is a separation of roles and responsibilities of the Chairman and the PGCE as set out in the Board Charter. The Chairman leads the Board in setting the Group's key policies and direction, ensures effective operation of the Board and is the spokesperson for the Board. He principally ensures that the Board fulfils its obligations under the Board Charter and as required under the relevant legislations. The PGCE ensures effective implementation of the Board's policies, achieves strategic vision and performance targets, exercises high level of business judgement and manages the relationship with stakeholders and the interface with the public.

Board Committees

Four Board Committees are established to assist the Main Board in the discharge of its statutory and fiduciary responsibilities. The Board Committees and their roles are as follows:

Board Committee	Role
Governance & Audit Committee (GAC) Chairman: Datuk Zaiton Mohd Hassan	Oversees the Company's financial reporting process and practices, reviews the Group's business process and system of internal controls, ensures implementation of an effective ethics programme across the Group, monitors compliance with established policies and procedures and assess the suitability, objectivity and the independence of both external auditors and internal audit function. *Refer to report on page 122 for more details on key activities.*
Nomination & Remuneration Committee (NRC) Chairman: Tan Sri Dato' Abdul Ghani Othman	Manages the nomination and remuneration process of the Board, Board Committees, FSBs and pivotal management positions within the Sime Darby Group. Administers the Long Term Incentive Plan including any incentive plan (whether by way of a cash scheme or a share scheme) implemented or to be implemented by the Sime Darby Group. *Refer to report on page 130 for more details on key activities.*
Sustainability Committee (SC) Chairman: Dato' Rohana Tan Sri Mahmood	Assists and supports the Board in its responsibility in overseeing the Group's objectives, policies and practices pertaining to sustainability, more particularly the "People, Planet and Prosperity" elements covering environment, community relations and safety & health. *Refer to report on page 136 for more details on key activities.*
Risk Management Committee (RMC) Chairman: Dato Sri Lim Haw Kuang	Oversees the risk management framework and policies of the Sime Darby Group. The Committee supports the Board in fulfilling its responsibility in identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group. *Refer to report on page 141 for more details on key activities.*

STATEMENT OF CORPORATE GOVERNANCE

Flagship Subsidiary Boards

In view of the size of the Sime Darby Group, FSBs were established to exercise oversight over each core Division within the Group. Each FSB is structured to ensure a balanced composition, with members drawn from the Main Board, Senior Management and external industry experts. All nominations to Divisional FSBs are reviewed by the NRC.

In preparation for the pure-play, the Boards of Sime Darby Plantation Berhad and Sime Darby Property Berhad will comprise a majority of Independent Non-Executive Directors in compliance with the MCCG 2017. The new Sime Darby Berhad will comprise Industrial, Motors and Logistics Divisions. At present, the Industrial, Motors and Logistics FSBs consist of representatives of the Main Board to facilitate a clear and unambiguous line of oversight from the Board to the Divisions, representatives from Management and external parties. The external Directors who are subject matter experts form a valuable resource for strategic planning providing insight into trends and forecasts, creating a more conducive environment for informed decision making.

The role of the FSB is to oversee the operations of the respective Divisions, subject always to the counsel of the Main Board and in compliance with any policy and delegated authority limits set by the Main Board. Broadly, the FSB's key roles are to:

- Oversee the operations of the respective Divisions, which include but are not limited to overseeing their business strategy and performance, human capital management, corporate governance and risk management practices.
- Fulfil its statutory and fiduciary responsibilities of monitoring management and financial risk processes and accounting and financial reporting practices of the Division.
- Review the Division's business efficiency and the quality of the Division's accounting function, financial reporting processes and system of internal controls.
- Enhance the independence of both the external and internal audit functions by providing direction to and exercising oversight of, these functions.
- Ensure the implementation of an effective ethics programme across the Division and monitor compliance with established policies and procedures.

Each FSB has the discretion to establish its own Board Committee(s) to facilitate the discharge of its duties and responsibilities. The GAC of the FSBs of the Plantation and Property Divisions were established on 11 February 2011 and 29 February 2016, respectively. The GACs of the FSBs have oversight of the financial risk processes and accounting and financial reporting practices of their respective Division, consider the reports and recommendations by the internal and external auditors, and review the overall results of the companies within the Divisions.

The Sime Darby Board approved the establishment of the principal standing Board Committees of Sime Darby Plantation Berhad and Sime Darby Property Berhad to ensure continuous adherence to good corporate governance by the pure-play entities. The respective Board Committees will operate within their Terms of Reference upon the listing of Sime Darby Plantation Berhad and Sime Darby Property Berhad. The roles and functions to be played by these Committees are pivotal to the corporate governance framework of the pure-play entities.

Information on the composition of each FSB is available at the respective websites of the Divisions. The salient TOR of the FSB are available online in the Governance section at www.simedarby.com.

AUTHORITY AND DELEGATION

Authority of the Board

Every year the Board has a forward schedule and agenda of key items to consider. The Board reserves full decision making powers on the following matters:

- Group and Divisional strategy, corporate plans and annual budget.
- Acquisitions, disposals and transactions exceeding the authority limits of the FSBs.
- Changes to Heads of the Division/Managing Directors of Flagship Subsidiary Companies and Senior Management at Group Head Office.
- Changes in the key policies, procedures and delegated authority limits of the Group.

The Board, together with the FSBs, perform the following roles as set out by the MCCG 2012:

- Review and adopt a strategic plan for the Company.
- Oversee the conduct of the Company's business to ensure that the business is managed properly.
- Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures to manage these risks.
- Manage the succession planning process, including appointing, determining compensation of and where appropriate, replacing Senior Management.
- Oversee the development and implementation of a shareholders' communication policy for the Company.
- Review the adequacy and the integrity of the Company's internal control systems and management information systems.

The Board has been practicing some of the roles recommended under the MCCG 2017, as follows:

- Together with Senior Management, promote good corporate governance culture within the Sime Darby Group which reinforce ethical, prudent and professional behaviour.
- Review, challenge and decide on Management's proposals for the Sime Darby Group and monitor its implementation by Management.
- Ensure that the strategic plan for the Sime Darby Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.
- Understand the principal risks of the Sime Darby Group business and recognise that business decisions involve the taking of appropriate risks.
- Set the risk appetite within which Management is expected to operate in and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.
- Ensure the integrity of the Group's financial and non-financial reporting.

STATEMENT OF CORPORATE GOVERNANCE

Delegated Executive Authority

As the Board does not manage every aspect of the Group, the Executive Leadership team is given certain powers to execute transactions as defined and formalised in the Group Policies and Authorities, specifically the limits of authority. The Board, however, is aware that delegation does not absolve it from responsibility as the Directors remain responsible for the exercise of power by the delegatee as if such power had been exercised by the Directors themselves.

In terms of day-to-day management, the Company has established a number of high level committees as follows:

Management Committee	Role
Group Management Committee (GMC) (The GMC was renamed Group Leadership (GL) on 18 October 2016.) Chairman: President & Group Chief Executive	Has overall responsibility for management policies, day-to-day operations of the Group, the deployment and implementation of Board resolutions and oversees the achievement of objectives and results. The GL has no executive powers. Proposals by Management are discussed at the meeting where views are sought from members. The respective Managing Directors approve the proposals in accordance with the authority limits in the Group Policies and Authorities. The current members include the Group Chief Financial Officer, Managing Directors of the Divisions and Group Chiefs of Group Head Office. The Deputy Group Chief Financial Officer, Group Head, Compliance & Corporate Assurance, Group Head, Risk Management, Group General Counsel and Group Head, Communications attend the meetings of the GL as regular invitees. The Group Secretary acts as the Secretary to the meetings of the GL. The GL met a total of four times in the financial year.
Group Investment Committee Chairman: Group Chief Financial Officer	Reviews and recommends major investment and capital expenditure proposals for tabling to the relevant FSBs and/or the Main Board, in accordance with the Group Policies and Authorities. The Committee met 15 times in the financial year.
Group Tender Committee Chairman: President & Group Chief Executive or Group Chief Financial Officer	Review tenders valued at RM100 million and above before deliberation by the relevant FSB or the Main Board. The Committee has no mandate to approve the tenders that it reviews. The Committee met four times in the financial year.

Role of the Group Secretary

The Group Secretary is responsible for advising the Board on regulatory compliance matters and providing good information flow and comprehensive practical support to Directors, both as individuals and collectively, with particular emphasis on supporting the Non-Executive Directors in maintaining the highest standards of probity and corporate governance. All Directors have unrestricted access to the advice and services of the Group Secretary to facilitate the discharge of their duties.

The Group Secretary's position is subject to a fixed tenure. The renewal of the contract, together with the performance of the Group Secretary is tabled to the NRC and the Main Board for recommendation and approval respectively.

The profile of the Group Secretary, Puan Norzilah Megawati Abdul Rahman, can be found on page 102. Details on the role of the Group Secretary is available online in the Executive Leadership section at www.simedarby.com.

Code of Business Conduct and Compliance

Established in 2011, the Group's COBC serves as a central moral compass to guide the Group towards achieving the highest standards of behaviour in our business dealings. *For related compliance activities, please refer to page 129.*

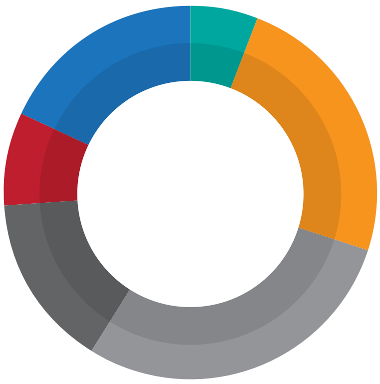
Details in relation to the whistleblowing channels available to external parties and stakeholders are available online in the Whistleblowing section at www.simedarby.com/about-us/whistleblowing

Contact details of the Senior Independent Director are available on page 149.

BOARD ACTIVITIES AND MEETINGS

Board Activities

In FY2017, the Board primarily focused on strategic matters, in particular, various matters concerning the pure-play exercise. An overview of the pure-play exercise is provided in the pure-play sections from pages 4 to 11. Significant time was also spent on financial, business performance and sustainability as well as assessing and deliberating the strategic direction of the pure-play entities, and new appointments to the Boards and Board Committees of the pure-play entities. Time spent on various broad agenda topics at Board meetings is as follows:



- Strategy and Pure Play Excercise (24%)
- Financial, Business Performance & Sustainability (29%)
- Governance, Assurance, Compliance and Risk Management (15%)
- Human Capital Management (8%)
- Board matters (18%)
- Others (6%)

In June of each year, the Board meets to set the tone for the Group's long-term corporate strategy blueprint and to discuss and challenge the Group's business strategy and plan, Group Budget and the Group Human Resources Blueprint. The meeting is attended by members of both the Board and Group Leadership to facilitate effective and detailed discussions.

Board Meetings and Attendance

In FY2017, the Main Board held 11 Board meetings, seven of which were scheduled and four unscheduled. The four unscheduled meetings were held to discuss, among others, the strategic direction and leadership of the pure-play exercise, and on the establishment of the Sime Darby Real Estate Investment Trust II in Singapore.

All Directors attended at least 50% of the Board Meetings held during the financial year, with the majority having full attendance, and have complied with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements) in terms of attendance. This reflects Board members' commitment and dedication in fulfilling their duties and responsibilities. Directors who were unable to attend a meeting were encouraged to give the Chairman their views and comments on matters to be discussed in advance.

The breakdown of Board, Board Committees and General Meetings held and Directors' attendance are set out below.

Board, Board Committee and General meetings held in FY2017

			GAC						GAC						GAC						GAC		
			NRC		GAC			AGM	NRC						NRC				NRC		NRC		
		BOD	SC	EGM	NRC			BOD	SC					NRC	SC			BOD	NRC		SC		NRC
		BOD	RMC	BOD	NRC			BOD	RMC			BOD		BOD	RMC			BOD	RMC	BOD	RMC	BOD	NRC
Jul '16		Aug '16		Sep '16		Oct '16		Nov '16		Dec'16		Jan '17		Feb '17		Mar '17		Apr '17		May '17		Jun '17	

Meetings:

- BOD – Board
- AGM – Annual General Meeting
- EGM – Extraordinary General Meeting
- Denotes unscheduled meeting

Board Committee Meetings:

- GAC – Governance & Audit Committee
- NRC – Nomination & Remuneration Committee
- SC – Sustainability Committee
- RMC – Risk Management Committee

Details of the key activities of each Board Committee are set out within the relevant Committee reports from pages 122 to 142.

STATEMENT OF CORPORATE GOVERNANCE

Directors' attendance at Board meetings and General Meetings

		Board Meetings			
Current Directors	**Designation/Independence**	**Attendance**	**%**	**EGM**	**AGM**
Tan Sri Dato' Abdul Ghani Othman	Chairman, Independent	11/11	100	1/1	1/1
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah	Deputy Chairman, Non-Independent	10/11	91	1/1	1/1
Tan Sri Samsudin Osman	Non-Independent	11/11	100	1/1	1/1
Tan Sri Datuk Dr Yusof Basiran*	Independent	10/11	91	1/1	1/1
Tan Sri Dato' Seri Mohd Bakke Salleh	Executive Director	11/11	100	1/1	1/1
Bapak Muhammad Lutfi*	Independent	10/11	91	1/1	1/1
Datuk Zaiton Mohd Hassan	Senior Independent	11/11	100	1/1	1/1
Datuk Wan Selamah Wan Sulaiman	Independent	9/11	82	0/1	1/1
Datuk Dr Mohd Daud Bakar	Non-Independent	10/11	91	1/1	1/1
Dato Sri Lim Haw Kuang	Independent	9/11	82	0/1	1/1
Dato' Rohana Tan Sri Mahmood	Independent	11/11	100	1/1	1/1
Zainal Abidin Jamal	Non-Independent	11/11	100	1/1	1/1
Former Director					
Ir Dr Muhamad Fuad Abdullah#	Independent	4/4	100	1/1	1/1

Notes: * Tan Sri Datuk Dr Yusof Basiran and Bapak Muhammad Lutfi were redesignated as Independent Non-Executive Directors on 24 August 2017.

Reflects the number of meetings held during the time the Director held office.

Details of attendance at Board Committee meetings are set out within the relevant Committee reports from pages 122 to 142. The attendance of the members at the respective FSB meetings is available online in the Governance section at www.simedarby.com.

BOARD EFFECTIVENESS

Balance and diversity

A Balanced Board

The Company continues to have a strong Board with qualified individuals and a good mix of technical and commercial experience with industry specific knowledge. The Directors collectively bring considerable knowledge, judgement and experience to the Board. The Non-Executive Directors come from broad industry and professional backgrounds, with varied experience and expertise aligned to the needs of the Group's businesses. The areas of expertise of each Director is provided from pages 98 to 102.

The Chairman of the Main Board is an Independent Non-Executive Director. A strong and able non-executive element is a key feature of the Board and all Board members, with the exception of the PGCE, are Non-Executive Directors.

The Company has met its target of having a majority of Independent Directors on its Board as seven out of the 12 Board members are independent in compliance with the MCCG 2017 and exceeding the minimum one-third (1/3) requirement as set out in the Listing Requirements. None of the Independent Directors have served on the Board for more than nine years. Details of the independence and objectivity assessments undertaken are provided on page 115.

Three of the Non-Independent Non-Executive Directors are Nominee Directors of Permodalan Nasional Berhad (PNB). Another Non-Independent Non-Executive Director, the Chairman of the Employees Provident Fund Board (EPF), represents EPF on the Main Board. PNB is the Investment Manager of Amanah Saham Bumiputera. AmanahRaya Trustees Berhad - Amanah Saham Bumiputera and EPF are major shareholders of the Company.

The Board is of the view that its size and composition are appropriate and commensurate with the complexity and scale of the Group's operations. The Board constantly identifies and assesses potential candidates who meet the priority expertise and diversity requirements for appointment to the Board. New appointments as Directors of Sime Darby and the Group are made based on clear selection criteria.

Biographies of the Directors, their independence status and details of the relevant skills and experience they each bring to the Board are set out from pages 98 to 102.

The selection criteria and recruitment process for Director appointments, and the Board's reasons for supporting the appointments and re-appointments of Directors are set out in the NRC Report from pages 130 to 135. An explanation of the main roles of the Board is set out on page 107.

Promoting diversity and inclusiveness

The Board continuously enhances its composition in line with evolving circumstances and the needs of the Group given its size, business diversity and geography. The Board Composition Policy and progress towards achieving the diversity targets were reviewed in April 2017. A subsequent revision to the Policy was made in July 2017 to align the Policy with the MCCG 2017.

The Board, through the updated Policy, aims to maintain at least two women Directors on the Board with the Board actively working towards the minimum of 30% women as members of the Board by 2019. The Board acknowledges the importance of Independent Directors, in particular those who are subject matter experts in the fields of business that the Group is involved, in order to support objective and independent deliberation, review and decision making.

Additional details on Sime Darby's diversity progress are provided in the NRC Report from pages 130 to 135. The salient features of the Board Composition Policy is available online in the Governance section at www.simedarby.com.

Overview of Board Diversity and Inclusiveness

as at 13 September 2017

Balance of independent and non-independent directors

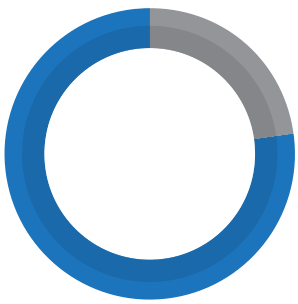
7 **Independent Directors**
Inclusive of Chairman

3 **Nominee Directors**
Permodalan Nasional Berhad

1 **Nominee Director**
Employees Provident Fund Board

1 **Executive Director**

GENDER DIVERSITY

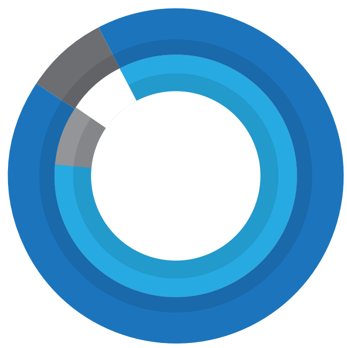


Male (75%)
Female (25%)

AGE DIVERSITY

70 years and above (17%)
65-69 years (17%)
61-64 years (41%)
60 years and below (25%)

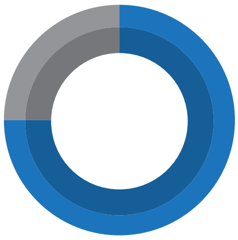
NATIONALITY/ETHNICITY DIVERSITY



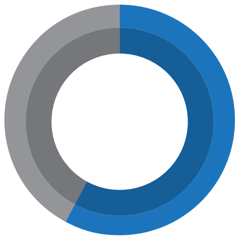
Malaysian (92%)
Malay (83%)
Chinese (9%)
Indonesian (8%)

STATEMENT OF CORPORATE GOVERNANCE

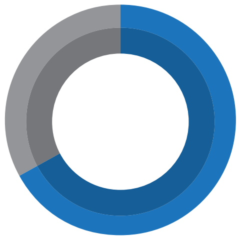
BOARD EXPERIENCE



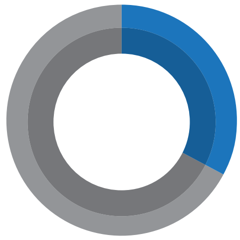
Banking and Fund Management (75%)



Accounting, Finance and Economics (58%)



Public Administration, Legal and Regulatory Affairs (67%)



Multinational and International (33%)

Note: Individual Directors may fall into one or more categories.

Length of service of non-executive directors

Director	Date of Appointment	Length of Service
Tan Sri Samsudin Osman	19 December 2008	8 years 8 months
Dato Sri Lim Haw Kuang	26 August 2010	7 years
Tan Sri Datuk Dr Yusof Basiran	16 November 2010	6 years 9 months
Tan Sri Dato' Seri Mohd Bakke Salleh	16 November 2010	6 years 9 months
Datuk Zaiton Mohd Hassan	16 November 2010	6 years 9 months
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah	10 December 2012	4 years 9 months
Tan Sri Dato' Abdul Ghani Othman	1 July 2013	4 years 2 months
Dato' Rohana Tan Sri Mahmood	24 June 2014	3 years 2 months
Bapak Muhammad Lutfi	24 November 2015	1 year 9 months
Datuk Wan Selamah Wan Sulaiman	15 January 2016	1 year 7 months
Encik Zainal Abidin Jamal	1 March 2016	1 year 6 months
Datuk Dr Mohd Daud Bakar	1 June 2016	1 year 3 months

<u>Fostering commitment</u>

Board meeting and agenda schedules for discussion at the next calendar year are made available in the first quarter of each financial year to allow for adequate preparation before meetings. The schedules include meetings of Board Committees and general meetings of shareholders and maps out the flow of key items of business to ensure that sufficient time is set aside for strategic discussions.

To ensure that there is sufficient time for the Board to discuss substantive matters, key agenda items requiring the Board's consideration are usually discussed at the beginning of Board meetings to allow for adequate time for thorough discussion.

In view of the size, complexity and operations of the Sime Darby Group spanning across 25 countries and four territories, Non-Executive Directors devote a substantial amount of time to the Group. Each Non-Executive Director is expected to commit approximately 45 days a year of his/her time to the Group. In FY2017, members of the Board and Board Committees dedicated a substantial amount of their time and effort to deliberate on pertinent matters on the pure-play exercise to ensure that the Company meets the targeted timelines for the listing of Sime Darby Plantation Berhad and Sime Darby Property Berhad.

Time spent by Directors include not only formal Board meetings but also commitments of the Board Committees and FSBs, off site programmes, discussions with Management, professional development and education and Company functions. This time commitment means that Board nomination goes through a rigorous selection process, through the NRC, to ensure Directors are able to commit their time as members of the Board, Board Committees and FSBs. In their acceptance letters as a Director on the Main Board, the Directors undertake to devote sufficient time to carry out their responsibilities as a Director of the Company.

In addition, the Board had, in November 2014, approved the protocol for members of the Main Board accepting directorships on the Boards of companies outside of the Sime Darby Group. The protocol requires members of the Sime Darby Board to discuss with the Chairman prior to their acceptance of any directorship in companies outside of the Sime Darby Group to ensure that the appointment is not in conflict with the Sime Darby Group's business and does not materially interfere with his/her performance as a Director on the Sime Darby Board.

Directors are required to declare their directorships and/or interests in other public and private companies upon appointment and on an annual basis. The Directors also notify the Company of any subsequent change in their directorships and/or interests in public and private companies. The Company will subsequently notify the other Directors upon receiving notice of such changes.

None of the Directors of the Company hold more than five directorships in public listed companies, in compliance with the Listing Requirements. Non-Executive Directors may be expected to relinquish other appointments to ensure that they can meet the time commitment required in the discharge of their roles and responsibilities.

Independence, objectivity and conflicts of interest

The Board is aware that tenure is not the absolute indicator of a Director's independence and objectivity. The test is whether the Director is able to exercise independent and objective judgement and act in the best interests of the Company. In this regard, the Board undertook the following during FY2017:

- Conducted independence assessments of all Independent Directors following the criteria guided by the definition of "independent director" as prescribed by the Listing Requirements, the MCCG 2012 and Corporate Governance Guide 2nd Edition. The assessment is performed annually, when a new interest or relationship develops and for Independent Non-Executive Directors seeking re-election at the AGM. More information on the annual independence assessment is provided in the NRC Report from pages 130 to 135.
- Independent Directors are required to submit a declaration of independence prior to appointment.

In instances where an Independent Non-Executive Director is to be retained beyond nine years, the Board must justify and seek annual shareholders' approval. The Board must seek annual shareholders' approval through a two-tier voting process if the Board continues to retain the Independent Director after the 12th year.

All Directors of the Company and its subsidiaries must avoid any situation which might give rise to a conflict between their personal interests and those of the Group. Prior to appointment, potential conflicts of interest are disclosed and assessed to ensure that there are no matters which would prevent that person from taking on the role.

Directors are responsible for notifying the Chairman and/or the Group Secretary as soon as they become aware of actual or potential conflict situations and declare the nature of their interest at the Board meeting as soon as practicable after the relevant facts have come to the Directors' knowledge.

If any potential conflict arises, the Board will consider each conflict situation separately on its particular facts and record the declarations made by the Director in the Board minutes and the authorisations granted by the Board, if any. Directors are not allowed to participate in discussions nor vote in respect of contracts that they are interested in, or be counted as part of the quorum at a meeting when considering a motion concerning any such contract. In the event a corporate proposal is required to be approved by shareholders, interested Directors will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions. This will be recorded in the minutes of the general meetings.

During FY2017, Encik Zainal Abidin Jamal continued to have pecuniary interest in respect of legal work undertaken by his firm, whereby the firm acts as solicitors for the following subsidiaries of Sime Darby:

(i) Four subsidiaries of Sime Darby Property Selatan Holdings Sdn Bhd for Concession Agreements in respect of the Pagoh Education Hub Project

(ii) Sime Darby Serenia Development Sdn Bhd in respect of the Sale and Purchase Agreement for the disposal of a parcel of freehold land measuring approximately 150 acres at Ampar Tenang Estate.

The above matters are handled by another partner of the firm and not by Encik Zainal Abidin Jamal.

Information and professional development

Information

Board materials and information (agenda, Board papers, minutes etc.) are, to the extent feasible, provided/made available five working days prior to each Board meeting so that Directors have sufficient time to read and understand the information and obtain further information, clarification or explanation, where necessary.

Except for sensitive/confidential papers, Board materials are disseminated electronically using a Board Meeting Management Solution which provides Directors with secured access to meeting papers globally. The solution is an initiative towards having paperless Board meetings and has made conference calls with Directors who are travelling more effective.

Board papers deemed urgent may be submitted to the Group Secretary for tabling at Board meetings, subject to the approval of both the Chairman and the PGCE. Meeting agendas are also sequenced in such a way taking into consideration the complexity of the proposals and whether they are items for approval or noting by the Board in order for Board meetings to be more effective and to enable in-depth deliberation of matters. Issues raised, deliberations and decisions including dissenting views made at Board meetings are recorded in the minutes.

STATEMENT OF CORPORATE GOVERNANCE

Managing Directors and/or Senior Management personnel may be required to make presentations on proposal papers and brief/update the Board on operational issues to further facilitate the Board's decision-making process.

All the Directors have direct access to the advice and services of the Group Secretary whether as the full Board or in their individual capacity, in the furtherance of their duties.

From time to time and where necessary, the Board may seek independent professional advice at the Company's/relevant subsidiary's expense. The services of independent professional advisors or experts are typically sought to confirm or dispel concerns raised by the Directors. The Board nevertheless affirms that reliance on an independent advisor or expert does not abrogate the Board's individual or collective responsibility for the final decision.

The protocol for the Board and Directors to seek independent professional advice is set out in the Directors' Manual.

Induction

On appointment, each new Director of the Main Board and FSBs will undergo an on-boarding exercise. This will expedite the familiarisation process for new Directors with the environment that the Group operates in, the business operations of the various Divisions including their range of products or services, the Group organisation structure and Management's roles and responsibilities. Management will also arrange for site visits to key operating units for new Directors. This is to give each new Director a visual perspective of the Group's operations. The site visits will include briefings from the Management of operational units to provide further depth and appreciation of the key drivers behind the Group's core businesses.

On-boarding sessions were arranged in FY2017 to provide the newly appointed Board of Directors of Sime Darby Plantation Berhad and Sime Darby Property Berhad with an overview of the relevant Division's business operations, strategies, financial performance and organisation and manpower structure. The sessions were conducted by the Senior Leaderships of the respective Divisions.

Professional Development

The Board is aware of the importance of continuing professional development for its Directors to ensure that they are equipped with the necessary skills and knowledge to meet the challenges of the Board. All the Directors have successfully completed the Mandatory Accreditation Programme (MAP).

Life-long learning, training programmes, conferences and seminars which are relevant to the Group's businesses to sustain active participation in Board deliberations are identified on an on-going basis and the Company allocates a dedicated training budget to support the continuous development of the Directors. In addition, each Director identifies the areas of training that he or she may require for further personal development as a Director or Board Committee member. The Group Secretary arranges for the Directors' attendance at these training programmes.

The Company also organises in-house education programmes by inviting experts to speak on specific topics of interest either during Board meetings, retreats or at separate sessions.

All Directors attended training programmes, conferences, seminars, courses and/or workshops during the financial year. A summary of selected in-house education programmes and external trainings attended by Directors during FY2017 is set out below.

Period	Topics
July - September 2016	2016 International Conference of Institute of Internal Auditors
	Effective Board Evaluation
	International Social Security Conference
	Private Equity Forum
	Khazanah Megatrends Forum
	Forum on Public Service Delivery
	Trans Pacific Partnership Agreement (TPPA)
	Accountability Executive Coaching
	Asia-Pacific Economic Cooperation (APEC) Business Advisory Council (ABAC) Meeting in China
	Financial Institutions Directors' Education (FIDE) Forum Directors Register: Identify the Right Board Talent
	FIDE Forum 3rd Distinguished Board Leadership : Effective Board Evaluation
	12th World Islamic Economic Forum
	Board Chairman Series Part 2 : Leadership Excellence from the Chair

Period	Topics
	Global Symposium on Innovative Financial Inclusion "Harnessing Innovation for Inclusive Finance" Etiqa Takaful Annual Risk Workshop Cyber Security Financial Technology
October - December 2016	Integrated Reporting Conference - Connecting the Dots Pilot Run Islamic Finance for Board of Directors Employees Provident Fund Investment Seminar The Malaysian Institute of Accountants (MIA) International Accountants Conference 2016 - Strengthening the Profession for a Sustainable Future Corporate Governance Breakfast Series with Directors: "Anti-Corruption & Integrity - Foundation of Corporate Sustainability" Capital Market Director Programme: • Module 1: Directors as Gatekeepers of Market Participants • Module 2A: Business Challenges and Regulatory Expectations - What Directors Need to Know (Equities & Futures Broking) • Module 2B: Business Challenges and Regulatory Expectations - What Directors Need to Know (Fund Management) APEC Business Advisory Council (ABAC) Meeting in Lima 2016 Compliance Training Programme - Anti-Money Laundering and Anti-Terrorism Financing Presentation on "Greening One Belt One Road"
January - March 2017	The Annual General Meeting - A Practical Insight and Managing Shareholders' Expectations Thought Leadership Session Sabah Ports Forum Airports Council International's 9th Annual Airport Economics & Finance Conference & Exhibition Special Lecture by Prof. Dwight H Perkins entitled "Understanding Malaysia's Growth Rate in Comparison with the Rest of East Asia" Invest ASEAN 2017: ASEAN Reset Materiality 2030 Workshop Capital Market Director Programme: • Module 3: Risk Oversight and Compliance - Action Plan for Board of Directors • Module 4: Current and Emerging Regulatory Issues in the Capital Market APEC Business Advisory Council (ABAC) 1 Meeting in Bangkok 8th Securities Commission Malaysia and Oxford Centre for Islamic Finance (SC-OCIS) Roundtable: "Creating Shared Values Through Risk Sharing"
April - June 2017	The New Companies Act 2016: A New Playbook for Directors Malaysian Institute of Accountants' 50th Anniversary Commemorative Lecture Development Financial Institution Programme Kuala Lumpur Business Club (KLBC) Diplomat Dialogue Series "The Changing Landscape of Business in Asia" APEC Cross Border e-Commerce Conference Bonds, Loans & Sukuk Middle East

Notes: The list of trainings are attended on an individual basis.

More detailed information on the Directors' Training and Continuous Education Programme is available online in the Board of Directors section at www.simedarby.com

STATEMENT OF CORPORATE GOVERNANCE

Directors' remuneration

The objective of the Company's policy on Directors' remuneration is to ensure that remuneration of Directors are reflective of the Group's demands, complexities and performance as a whole, as well as being able to attract and retain Directors of the right calibre and talent to drive the Company's long-term objectives.

The Directors' remuneration policy is reviewed regularly to ensure that the compensation of the Chairman and Directors of the Main Board and FSBs are aligned to at least around the 75th percentile and the 50th percentile of appropriate peer groups respectively. The remuneration of the Non-Executive Directors are reviewed once every three years. There has been no change to the remuneration framework for the Non-Executive Directors and members of the Board Committees of the Company since February 2014.

In preparation for the listings of Sime Darby Plantation Berhad and Sime Darby Property Berhad, the NRC of the Company, drawing on external consultant's advice, has recommended a new remuneration framework for the Boards and Board Committees of the pure-play entities to be implemented upon listing of the two companies. The new remuneration framework is aligned to the complexity and leadership position of the pure-play entities in the industries in which the entities are operating in and benchmarked against regional companies which are comparable to Sime Darby in terms of size and similar nature of business to ensure that the Board and Board Committees members are competitively remunerated.

The following are salient elements of the Directors' remuneration policy:

Non-Executive Directors	Executive Director
Fixed annual Director fees as members of the Board and Board Committees.	The NRC considers and recommends to the Board for approval the framework for the Executive Director's remuneration and the final remuneration package.
Level of remuneration reflects the level of responsibilities undertaken by the Non-Executive Director. The Company also reimburses reasonable expenses incurred by the Directors in the course of their duties.	Components of the remuneration are structured to link rewards to corporate and individual performance. Performance is measured against profits and other targets set in accordance with the Company's annual budget and plans.
The remuneration package comprises fees, benefits-in-kind and other emoluments.	

Remuneration for the Non-Executive Directors of the Board and as members of the Board Committees in the form of fees for FY2017 is as follows:

Board/Board Committee	Chairman (RM/Year)	Deputy Chairman (RM/Year)	Member (RM/Year)
Board	600,000	250,000	180,000 [1] 360,000 [2]
Governance & Audit Committee	40,000	Not Applicable	30,000
Nomination & Remuneration Committee	40,000		30,000
Sustainability Committee	40,000		30,000
Risk Management Committee	40,000		30,000

Notes: 1 Fee for Resident Director

2 Fee for Non-Resident Director

Details of Directors' remuneration (including benefits-in-kind) and the aggregate remuneration of Directors at the Group level, in respective bands of RM50,000 for FY2017 are as follows:

	Salary & Other Remuneration[2] (RM'000)	Directors' Fees & Other Remuneration[2] (RM'000)		Benefits-in-kind[3] (RM'000)	Total (RM'000)	Range of Remuneration (RM'000)[4]
		By Sime Darby	By the Subsidiaries			
Executive Director						
Tan Sri Dato' Seri Mohd Bakke Salleh	7,829	-	-	32	7,861	7,850 - 7,900
Non-Executive Directors						
Tan Sri Dato' Abdul Ghani Othman		640	300	92	1,032	1,000 - 1,050
Dato Sri Lim Haw Kuang		430	150	106	686	650 - 700
Datuk Zaiton Mohd Hassan		250	320	79	649	600 - 650
Muhammad Lutfi		390	152	32	574	550 - 600
Tan Sri Datuk Dr Yusof Basiran		213	273	51	537	
Dato' Rohana Tan Sri Mahmood		260	215	52	527	500 - 550
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah		310	150	45	505	
Zainal Abidin Jamal	N/A[1]	210	200	51	461	450 - 500
Datuk Wan Selamah Wan Sulaiman		210	100	125	435	400 - 450
Tan Sri Samsudin Osman		180	150	100	430	
Datuk Dr Mohd Daud Bakar		200	-	39	239	200 - 250
Ir Dr Muhamad Fuad Abdullah		82	34	27	143	100 - 150
Total for Non-Executive Directors		**3,375**	**2,044**	**799**	**6,218**	

Notes: 1 N/A - Not Applicable

2 Paid by the Sime Darby Group

3 Comprises company car, petrol claims, telecommunication devices/facilities, meeting allowances, club memberships, medical and insurance coverage and discounts on purchases of Group/companies products, where relevant.

4 The following successive range of remuneration bands of RM50,000 is not applicable:

RM100,000 and below

RM150,001 to RM200,000

RM250,001 to RM400,000

RM700,001 to RM1,000,000

RM1,050,001 to RM7,850,000

STATEMENT OF CORPORATE GOVERNANCE

A summary of the Executive Director's remuneration package comprises the following:

FIXED REMUNERATION		VARIABLE REMUNERATION		
Basic Salary + Benefits-in-kind Recommended by NRC (Consideration - performance, consumer price index, similar position in other companies)	+	**Short Term** Bonus scheme Recommended by NRC (Consideration - performance outcome of the Group and individual performance) Retirement provisions + **Long Term** Performance-Based Employee Share Scheme (PBESS)	=	TOTAL REMUNERATION

Board Evaluation

Board Evaluations are conducted annually to provide opportunities for increasing efficiency, maximising strengths and highlighting areas for improvement.

A comprehensive Board Effectiveness Assessment (BEA), Board Committee Assessments and Individual Directors' Evaluation was conducted in 2016, facilitated by an independent external facilitator. The BEA 2016 concluded with a Board Working Session in August 2016.

In view of the new line-up of the Sime Darby Board upon completion of the pure-play exercise, the Board decided that the BEA in 2017 be conducted internally through questionnaires. In addition to the areas of enhancement highlighted during the Board Working Session in 2016, the BEA 2017 further assessed effectiveness using the following criteria:

Evaluation	Assessment Criteria
Board Evaluation	Board structure, operations, roles and responsibilities and the Chairman's roles and responsibilities
Board Committees Evaluation	Board Committees' composition, relevant expertise, Board Committee Chairman's responsibilities, and support and communication to the Board
Director's Peer Evaluation	Individual Directors' qualification and experience, contribution, performance, calibre and personality

The Board Evaluation indicated that the Board has discharged its responsibilities well with good Board structure and operations. Out of the 5-point Likert scale, with 5 being the best possible rating, most assessment criteria under the Board Evaluation were rated either '4' or '5'. The Board was satisfied with the evaluation outcome. The Board identified key areas of enhancement and other areas where the Board could further solidify their strength.

The outcome of the evaluation of each Board Committee is provided in the respective Board Committee Report from pages 122 to 142. The feedback for the Director's Peer Evaluation is provided to the Chairman directly so that he can meet with each Director on an individual basis and engage in dialogues with the Director on his/her performance. The individual feedback form part of the Director's development plan for continued optimum contribution to the Company.

STAKEHOLDER ENGAGEMENT

Timely and Quality Disclosure

The Board is committed to ensuring that communications to the investing public regarding the business, operations and financial performance of the Group are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, filed with regulators in accordance with applicable legal and regulatory requirements.

The Board has developed and adopted, in the Group Policies and Authorities, a policy on Stakeholder Engagement stipulating the authorised channels and personnel through which/whom certain information of the Group shall be approved for disclosure to internal and external stakeholders. The Policy regulates the review and release of information to regulatory authorities, facilitating timely and accurate disclosure of the Company's affairs and includes internal and external corporate communications and investor relations activities.

The Annual Report 2017 has been prepared in accordance with the International <IR> Framework by the International Integrated Reporting Council and the Global Reporting Initiatives (GRI) Sustainability Reporting Guidelines to enhance reporting connectivity while providing stakeholders with a more holistic view of how the Company creates and sustains value.

To further enhance the level and quality of disclosure, the Board adopted the Group Corporate Disclosure Guidelines in August 2015. The Guidelines provide specific guidance on the disclosure of material information, maintenance of the confidentiality of information, dissemination of information and communications including that which is transmitted electronically.

Technology has also been utilised to increase the effectiveness and timeliness of information dissemination. The Company's website is a key communication channel for the Company to reach its shareholders, the Investment Community and the general public. Up-to-date information on Group activities, financial results and major strategic developments are provided on the website. The Company website further outlines the Company's values, Corporate Governance Framework, COBC, whistleblowing guidelines and various corporate governance initiatives.

The financial results, annual reports, announcements to Bursa Malaysia Securities Berhad, corporate presentations, sustainability initiatives and other information on the Company is available online at www.simedarby.com.

Engaging Shareholders

Annual General Meeting

The AGM is an opportunity for further shareholder engagement and for the Chairman to explain the Company's progress and, along with other members of the Board, to answer any question. All Directors attend, unless unforeseen circumstances or pressing commitments prevent them. Attendance of the Directors at the AGM 2016 is provided on page 112 and details of the AGM 2017 are set out on page 350.

The Company's AGM, scheduled in November of each year, is the primary platform for communication with the widest range of shareholders. Some of the measures to encourage greater shareholder attendance and participation include the following:

- Shareholders who are unable to attend are allowed to appoint a proxy/ies to attend and vote on their behalf. Shareholders may appoint any person to be their proxy without any restriction as to the qualification of such person.
- The venue of the AGM is at a central and easily accessible location.
- The Sime Darby website (www.simedarby.com) contains a number of references to and notices about the AGM.
- Members of the Board, Senior Management as well as the external auditors of the Company are present at the AGM to address any question or concern that shareholders may have.
- The PGCE presents the highlights of the Sime Darby Group's performance at AGMs and shareholders queries are answered and their views obtained.

All resolutions set out in the notices of general meetings will be voted by poll. Polling processes will be explained during the general meetings and will be conducted through electronic voting. Poll results are verified by appointed Scrutineers.

The summary of key matters discussed at the Company's general meetings in FY2016 is available online in the AGM/EGM section at www.simedarby.com.

Investor Relations

The Board recognises the importance of an effective communication channel between the Company, its shareholders and the general public. Pertinent matters that may affect stakeholders include strategic developments, financial results and material business matters affecting the Company and Group.

The Company has an Investor Relations Unit that facilitates communication between the Company and the Investment Community. Senior Management of the Company actively engages with the Investment Community and the Board is periodically briefed on these interactions and feedback from the Investment Community.

The Investor Relations Unit has an extensive programme that involves the holding of regular meetings, conference calls and site visits, all intended to keep the Investment Community abreast of the Company's strategic developments and financial performance. In addition, investment road shows and conferences are held to engage with shareholders and potential investors across the globe.

Every quarter, the Investor Relations Unit provides reports to the Board on shareholding details, investor relations activities, recommendations by analysts, comments from the Investment Community as well as commentary on share price information and company valuation. The Board also receives a report at each quarterly meeting on the shareholding structure, including any change to the holdings of substantial shareholders, of the Company.

The timely release of financial results on a quarterly basis provides the Investment Community with an up-to-date view of the Group's performance and operations. A press conference and an analysts' briefing are held concurrently with the release of the quarterly financial results to Bursa Malaysia Securities Berhad. The analysts' briefing sessions are also broadcast live via webcast to members of the Investment Community who are overseas or unable to participate in person. To widen the reach to stakeholders, summaries of the financial results are advertised in selected daily newspapers while copies of the full announcement can be supplied to shareholders and members of the public upon request.

The Investor Relations Unit also constantly engages the Investment Community on environmental, social and governance (ESG) matters while providing updates on the Group's sustainability strategies.

Shareholders are welcomed to raise queries by contacting the Company at any time throughout the year and need not wait for the AGM for such an opportunity. The contact information is available on page 149 and at the Contact Us section of the Company's website at www.simedarby.com.

Details of the Group's engagement with other stakeholders can be found on pages 8 to 9.

GOVERNANCE & AUDIT COMMITTEE REPORT

INTRODUCTION

The Audit Committee was established on 29 September 2007. With effect from 25 November 2010, the Committee was re-named the Governance & Audit Committee (GAC or the Committee), in order to accurately reflect the powers of oversight over governance matters delegated to the GAC.

CHAIRMAN'S OVERVIEW

The GAC primarily endeavours to assist the Board in fulfilling its statutory and fiduciary responsibilities by monitoring the Group's management of financial risk processes along with its accounting and financial reporting practices, reviewing the Group's business processes, ensuring the efficacy of the Group's system of internal controls, and in maintaining oversight of both external and internal audit functions on behalf of the Board.

As Chairman of the GAC, my role includes acting as the key contact between Committee members and Board members, as well as Senior Management, Group Corporate Assurance Department (GCAD) and Group Compliance Office (GCO), and the external auditors. I meet the Group Head, Compliance & Corporate Assurance on a regular basis in order to deliberate on matters arising from internal audit and investigations, to decide on the most effective way in enhancing Sime Darby's governance structure and practices.

The GAC plays an imperative role in cascading a culture of compliance, by making sure that an effective ethics programme is implemented across the Group, and that established policies and procedures are complied with.

DATUK ZAITON MOHD HASSAN
Chairman of the Governance & Audit Committee

DATUK ZAITON MOHD HASSAN
Chairman of the Governance & Audit Committee

"The GAC plays an imperative role in cascading a culture of compliance, by making sure that an effective ethics programme is implemented across the Group, and that established policies and procedures are complied with."

COMMITTEE EFFECTIVENESS

Composition and Attendance

Members*	Membership/ Designation	Appointment	Attendance at meetings	
Datuk Zaiton Mohd Hassan	Chairman/Senior Independent Non-Executive Director	16 November 2010	5/5	100%
Datuk Wan Selamah Wan Sulaiman	Member/Independent Non-Executive Director	1 March 2016	5/5	100%
Datuk Dr Mohd Daud Bakar	Member/Non-Independent Non-Executive Director	2 November 2016	3/3	100% #
Dato' Rohana Tan Sri Mahmood	Member/Independent Non-Executive Director	27 February 2017	1/1	100% #
Former Member	**Membership/ Designation**	**Retirement**	**Attendance at meetings**	
Ir Dr Muhamad Fuad Abdullah	Member/Independent Non-Executive Director	2 November 2016	2/2	100% #

Notes: * For the Members' profiles see pages 98 and 102.

Reflects the number of meetings held during the time the Directors held office.

The GAC has an independent GAC Chairman, who is not the Chairman of the Board. The GAC Chairman demonstrates the depth of skills and capabilities which ensures that the GAC meetings run efficiently and invites discussions from all members of the GAC on the agenda items. The GAC Chairman is responsible, among others, to plan and coordinate meetings, oversee the reporting to the Board, encourage open discussions during meetings, and develop and maintain active on-going dialogue with Management, GCAD, GCO and the external auditors.

The Chairman of the GAC, Datuk Zaiton Mohd Hassan, is a Fellow and Council Member of the Association of Chartered Certified Accountants (ACCA) and a member of the Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC), the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA). Datuk Wan Selamah Wan Sulaiman is a Fellow of the ACCA and a Member of the MIA. The GAC, therefore, meets the requirements of Paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements) which stipulates that at least one member of the GAC must be a qualified accountant.

Datuk Dr Mohd Daud Bakar is a world renowned expert in Islamic Finance with vast international exposure. Dato' Rohana Tan Sri Mahmood has expertise in economics and fund management with broad experience and knowledge in business matters.

Collectively, the GAC members are qualified individuals having the required skills and expertise to discharge the Committee's functions and duties.

The GAC's financial literacy and understanding of the financial reporting process have contributed to the GAC's discussions in upholding the integrity of the Company's financial reporting process and financial statements.

The President & Group Chief Executive (PGCE), Group Chief Financial Officer (GCFO), Group Head, Compliance & Corporate Assurance and Group Head, Risk Management are permanent invitees of the GAC and attend the GAC meetings to brief and provide clarification to the Committee on their areas of responsibility. Other members of Senior Management are also invited for specific agenda items to support detailed discussions during the Committee's meetings.

The external auditors also attend and brief the Committee on matters relating to external audit at five GAC meetings during the financial year and provide a high level review of the financial position of the Group at the meetings. Time was also set aside for the external auditors to have private discussions with the Committee in the absence of Management, except for the Group Secretary. During the financial year, four private sessions were held between the GAC and the external auditors.

The Group Head, Compliance & Corporate Assurance also met privately with the Committee at all quarterly meetings of the GAC during the financial year.

Annual Performance Assessment

The Board has conducted an annual review of the term of office and annual assessment of the composition, performance and effectiveness of the GAC based on the recommendation of the Nomination & Remuneration Committee (NRC).

GOVERNANCE & AUDIT COMMITTEE REPORT

The Board is satisfied that the GAC and its members have effectively discharged its duties in accordance with its Terms of Reference. The Board is of the view that the GAC has provided valuable recommendations to assist the Board in making informed decisions leading to effective and efficient Board meetings. The Board was also well informed of the GAC's deliberations on a timely basis. The Report by the GAC Chairman is a standing agenda item in the scheduled meetings of the Board.

Future Composition

In view of the pure-play exercise, the GAC's immediate focus is to ensure that there continues to be strict adherence to the current governance process, oversight of significant audit matters and the financial reporting process.

The Board, based on the recommendation of the NRC, has identified the new composition and members of the GAC and will work towards having the GAC composed solely of Independent Directors within two years from the completion of the pure-play exercise.

Functions and Roles of the Committee

The GAC is responsible for:

- Assisting the Board in fulfilling its statutory and fiduciary responsibilities of monitoring the Sime Darby Group of companies' management of financial risk processes and accounting and financial reporting practices.
- Reviewing the Sime Darby Group's business process, the quality of the Group accounting function, financial reporting and the system of internal controls.
- Enhancing the independence of both the external and internal audit functions by providing direction to and oversight of these functions on behalf of the Board.
- Assisting the Board in ensuring that an effective ethics programme is implemented across the Group, and monitors compliance with established policies and procedures.

The full terms of reference for the GAC is available online in the Governance section at www.simedarby.com.

OUR FOCUS AND ACTION PLAN

The GAC receives updates on key governance matters, audit initiatives and issues across the Group at each Committee meeting. Areas of the Committee's focus during the Financial Year include:

Significant initiatives/issues	Matters Considered	Outcome
The pure-play exercise	Transactions to be entered into between Sime Darby Berhad (SDB), Sime Darby Plantation Berhad (SD Plantation) and Sime Darby Property Berhad (SD Property) as part of the pure-play exercise in order to ensure continuity of business, post the pure-play exercise.	The GAC reviewed the related party transactions to ensure that they were in the best interest of the SDB Group; fair, reasonable and undertaken on SDB Group's normal commercial terms; and not detrimental to the interest of minority shareholders of SDB. Details of related party transactions arising from the pure-play exercise were disclosed in the prospectuses of SD Plantation and SD Property, and the Circular to Shareholders issued by SDB as the Promoter of the pure-play exercise. Related party transactions of a recurrent and operational nature will also be tabled to the shareholders of SD Plantation and SD Property at their respective annual general meetings in 2018.
	Status and proposed restructuring of inter-company loans and guarantees of an indirect wholly-owned subsidiary, including its impact on the accounts and tax.	The restructuring of inter-company loans and guarantees were completed within the timeline for the pure-play exercise.
	Advisor fees and scope of work in relation to the pure-play exercise.	The fees and scope of work of Advisors were reviewed to ensure that the engagements were made in the best interest of the SDB Group.
Ensured financial statements comply with applicable financial reporting standards	First time adoption of the Malaysian Financial Reporting Standards (MFRS) Framework and application of the following standards in the first MFRS compliant financial statements: - MFRS 1 "First-time adoption of MFRS; - MFRS 15 "Revenue from Contracts with Customers; and - MFRS 141 "Agriculture".	The GAC assessed the financial impact of the first-time adoption of the MFRS Framework, the early adoption of MFRS 15 and compliant to MFRS 141 on the Group's retained earnings and revenue transactions, respectively. The GAC also reviewed the impact on the net profit of the Group in FY2015 and FY2016, as the effects of the adoption are required to be applied retrospectively. The GAC reviewed and approved the accounting policies and the optional exemptions elected by the Group, as provided under MFRS 1. Please refer to Note 58 to the financial statements, on the First Time Adoption of MFRS Framework and Early Adoption of MFRS 15.

Significant initiatives/issues	Matters Considered	Outcome
Companies Act 2016 and release of the Malaysian Code on Corporate Governance (MCCG) 2017	Governance policies, processes and documents need to be updated to remain effective, robust and aligned with the Companies Act 2016 and MCCG 2017.	Relevant sections of the Group Policies & Authorities, Internal Guidelines on Related Party Transactions and the Terms of Reference of the GAC have been updated to align with the Companies Act 2016 and MCCG 2017. The updated Terms of Reference of the SDB GAC were adopted by the GACs of SD Plantation and SD Property. A summary of the salient points of the TOR of the GAC of SD Plantation and SD Property was included in their respective prospectuses. The updated Terms of Reference of the SDB GAC are available online in the Governance section at www.simedarby.com.
Significant Judgements and Issues	The GAC reviews and reports to the Board on significant matters including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed. Some of the key matters considered during the financial year include:	
	1. Recoverability of Bucyrus goodwill and distribution rights	
	Focus was given on the recoverability of the carrying value of the goodwill and distribution rights of Bucyrus within the Industrial segment, attributable to the prolonged downturn on the mining industry in Australia. In the computation, there are significant estimates involved and, which are highly sensitive to the key assumptions used in deriving the recoverable amounts of the cash generating units (CGU). The Fair Value less Costs to Sell (FVLCS) computation was prepared by Management for a five-year projection period, based on the five-year business plan for the respective CGUs as approved by the Board of Sime Darby Industrial Holdings Sdn Bhd.	The GAC reviewed the method and assumptions used in the FVLCS computation and found it to be appropriate and reasonable. In addition, the computation was supported by an updated Purchase Price Allocation exercise performed by an independent professional. The report was also noted by the Board of Sime Darby Industrial Holdings Sdn Bhd. Please refer to Note 4 (a) on Critical Accounting Estimates and Judgement in Applying Accounting Policies and Note 29 to the financial statements.
	2. Recoverability of property, plant and equipment in Sime Darby Plantation (Liberia) Inc (SDPL)	
	As part of the strategic review of SDPL and its continued losses, an impairment assessment was performed by Management to determine the recoverability of the estimated carrying value of the Group's property, plant and equipment in SDPL. The computation of the recoverable amount, performed by Management, was determined using the Value-in-Use (VIU) approach.	The GAC reviewed the VIU computation, in particular, the reasonableness of the critical assumptions adopted i.e. the projected yields, oil extraction rate and cost of production. The Chairman of the GAC and certain Board members of Sime Darby Plantation Berhad made a site visit to assess the field conditions. The VIU based on the discounted cash flow projections is highly dependent on the success and outcome of the ongoing irrigation project and the various cost control initiatives projected by Management. The GAC emphasised the importance of setting milestones to track the progress of the planted area and the yields achieved in order to ensure that targets are met. Two independent valuation reports were issued by an independent professional valuer in evaluating the fair value of the oil palm estates and the palm oil mill. Please refer to Note 4(a) in the Critical Accounting Estates and Judgment in Applying Accounting Policies and Notes 17 and 40 to the financial statements.
	3. Carrying value of unsold property inventories	
	Carrying value and estimated Net Realisable Value (NRV) of the inventories were reviewed.	Carrying values of inventories in excess of NRV were written down to NRV.

GOVERNANCE & AUDIT COMMITTEE REPORT

SUMMARY OF WORK OF THE GAC DURING THE FINANCIAL YEAR

1. Financial Reporting

(a) Review the unaudited quarterly financial results and the related press statement, among others, any change in accounting policies, significant matters highlighted, the going concern assumption, and compliance with accounting standards and regulatory requirements for recommendation to the Board for approval before release to Bursa Malaysia Securities Berhad (Bursa).

(b) Review the consolidated audited financial statements of the Company and the Group and ensuring that the statements comply with the Financial Reporting Standards, for recommendation to the Board for approval.

(c) Review the significant matters highlighted by the auditors in the financial statements and significant judgements made by Management.

(d) Review the impact of the early adoption of the MFRS Framework for recommendation to the Board for approval.

2. Internal and External Audit

(a) Review the external auditors' Group Audit Plan, which outlines the audit strategy and approach for the financial year ended 30 June 2017.

(b) Consider together with Management the global audit fees of the external auditors for recommendation to the Board for approval.

(c) Approve the GCAD's scope of work, audit plan and budget, which includes conducting regular risk based systematic audits at the Group and Division levels, to ensure that GCAD has the resources and financial budget to meet planned audit activities across the Group.

(d) Review the quality and results of the internal audit activity and its conformance to the International Standards for the Professional Practice of Internal Auditing through GCAD's Quality Assurance & Improvement Programme (QAIP) for FY2015/2016.

(e) Consider major findings, key significant external/internal audit matters and recommendations raised by the external auditors and GCAD and Management's response and follow-up actions thereto and report to the Board. Some of the key audit matters considered are provided on pages 124 to 125.

3. Related Party Transactions

(a) Review significant related party transactions entered into/to be entered into by the Company and the Group to ensure that the transactions were in the best interest of the Sime Darby Group; were fair, reasonable and on Sime Darby Group's normal commercial terms; and not detrimental to the interest of the minority shareholders of SDB.

(b) Review the processes and procedures on related party transactions/recurrent related party transactions to streamline with the Companies Act 2016 and the Listing Requirements, and to ensure that related parties are appropriately identified and that related party transactions are declared, approved and reported appropriately.

4. Governance

(a) Approve the GCO Annual Compliance Plan which includes their financial budget, planned compliance activities and programmes, and GCO's structure and staffing.

(b) Oversee and review the internal controls framework and governance policies, processes and documents including the Group Policies & Authorities and Terms of Reference of the GAC to be consistent with the Companies Act 2016 and the Listing Requirements, whistleblowing system process, localisation of the Notification & Reporting Framework for overseas operations, and the Group Finance Policies Manual and Group Treasury Policies Manual.

(c) Review the Procedure on Policy Instrument Management which provides an operational structure for the management and governance of policies, procedures, guidelines and other similar strategic/managerial documents within the Sime Darby Group for recommendation to the Board for approval.

(d) Review reports on violations of the Code of Business Conduct (COBC) and whistleblowing issues to ensure all reported violations are properly investigated and actions are taken in response to all concerns raised.

(e) Note the analysis of Corporate Governance Disclosure in the Annual Reports 2015-2016 issued by Bursa and reviewing the Corporate Governance Disclosure scores of SDB as evaluated by Bursa.

5. Other activities

(a) Review the Company's FY2016/2017 Headline Key Performance Indicators for recommendation to the Board for approval.

(b) Review the appointment of financial advisors for non-audit services.

(c) Review the Group's Global Trading & Marketing position on outstanding trades performed on Bursa Malaysia Derivatives Berhad, forward sales of crude palm oil, and crude palm oil and palm kernel expeller sales contracted.

(d) Review the Group IT Roadmap and Initiatives which comprises the IT Strategy, Risk and Security, key initiatives and budget.

(e) Review the minutes of meetings of the Boards of selected joint venture companies and the minutes of meetings of the GAC of the Flagship Subsidiary Boards (FSB) and subsidiary companies of the Group.

Continuous Professional Development

The GAC members attended continuous professional development programmes to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. The summary of relevant programmes attended during FY2017 is set out below.

Name	Continuous Professional Development Programme
Datuk Zaiton Mohd Hassan	• Integrated Reporting Conference - Connecting the Dots • Pilot Run Islamic Finance for Board of Directors • Malaysian Institute of Accountants' 50th Anniversary Commemorative Lecture • Development Financial Institution Programme • Companies Act 2016: A New Playbook for Directors
Datuk Wan Selamah Wan Sulaiman	• International Accountants Conference 2016 • International Internal Auditors Conference 2016 • Companies Act 2016: A New Playbook for Directors
Datuk Dr Mohd Daud Bakar	• Companies Act 2016: A New Playbook for Directors
Dato' Rohana Tan Sri Mahmood	• The Institute of Strategic and International Studies (ISIS) 20th Asia Pacific Roundtable • The Financial Institutions Directors' Education (FIDE) Forum Directors Register: Identify the Right Board Talent • Khazanah Megatrends Forum 2016 • Capital Market Directors Programme: - Module 1: Directors as Gatekeepers of Market Participants - Module 2A: Business Challenges & Regulatory Expectations- What Directors Need to Know (Equities & Futures Broking) - Module 2B: Business Challenges & Regulatory Expectations - What Directors Need to Know (Fund Management) - Module 3: Risk Oversight and Compliance - Action Plan for Board of Directors - Module 4: Current and Emerging Regulatory Issues in the Capital Market

Note: More information on the Directors' Training and Continuous Education Programme is provided from pages 116 to 117 and the complete list of trainings attended by individual Directors is available online in the Board of Directors section at www.simedarby.com.

GOVERNANCE & AUDIT COMMITTEE REPORT

INTERNAL AUDIT

Overview

The Group has an in-house internal audit function which is carried out by GCAD and is headed by Mr John Edward Arkosi, OBE, Fellow member of Certified Practising Accountants (FCPA). Mr Arkosi holds an accounting degree from Curtin University, Perth, Australia and is a FCPA Australia and a member of the Institute of Internal Auditors, Malaysia. Mr Arkosi has accumulated over 33 years experience in a wide range of industries and government linked entities including over 12 years in Papua New Guinea (PNG) - initially with PricewaterhouseCoopers before moving into commerce and industry assuming various senior and general management positions, audit and consultancy roles.

GCAD is organised as a centralised department with Divisional Corporate Assurance Departments with direct control and supervision for audit services across the Group. There are a total of 190 internal auditors, excluding Management Trainees and Interns, across the Group headed by Mr Arkosi and supported by Divisional Heads in Malaysia and regional offices in Australia, China and Indonesia.

GCAD is guided by its Group Corporate Assurance Charter which specifies that GCAD reports functionally to the GAC and administratively to the PGCE to allow an appropriate degree of independence from the operations of the Group. GCAD's principal responsibility is to undertake regular and systematic reviews of the internal control systems so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Company and the Group.

The GAC reviews, challenges and approves the GCAD audit plan (including its financial budget) annually with periodic reviews to ensure business alignment, risk assessment and audit methodology and ensure robustness in the audit planning process. The GAC also approves the appointment or termination of the Group Head, Corporate Assurance, Heads of GCAD Divisional Teams, and senior members of GCAD.

The Group Head, Corporate Assurance attends the meetings of the FSBs on a quarterly basis to brief the FSBs on audit results and significant matters raised in the detailed Group Corporate Assurance reports undertaken in the respective Divisions.

All internal audit functions during the financial year were conducted by GCAD. Nevertheless, where required, GCAD has engaged and co-sourced with external audit firms to complement audit coverage and/or subject matter experts in specific technical areas including forensic and legal advisory.

The Quality Assurance & Improvement Programme (QAIP) continues to be used to assess the quality of audit processes adopted. It is an ongoing and periodic assessment that covers key activities within GCAD's activities. The programme focuses on the efficiency and effectiveness of audit processes and appropriate recommendations and opportunities for improvements identified through internal and external assessments. Internal assessments are carried out in the form of quarterly internal team validations and peer reviews every three years once in line with the external assessment conducted by a qualified independent assessor. The results of the quarterly QAIP for FY2015/2016 was tabled and deliberated during the November 2016 GAC meeting whereas the results of the last external assessment was tabled to the GAC in November 2015.

During the financial year ended 30 June 2017, the total cost incurred for the internal audit function was RM28.5 million (FY2016: RM44.2 million) including RM90,000 (FY2016: RM494,000) external consultancy costs.

Activities

The attainment of the above objectives involves key activities undertaken by GCAD. The key activities undertaken as part of the assurance process includes, but are not limited to:

- Evaluating risk exposure relating to achievement of the Group's strategic objectives based on the approved Strategy Blueprint and mapping this against the Divisional Enterprise Risk Management Risk Register to ensure key risks are considered and deliberated with Divisional Management, external auditors and Group Risk Management on a periodic basis.
- Reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls particularly focusing on cost saving and averting opportunity cost as well as promoting effective control across the Group.
- Evaluating the systems established to ensure compliance with those laws, regulations, policies, plans and procedures which could have a significant impact on the Group and Divisions.
- Carrying out audits on areas such as information technology and environmental, safety and health as part of routine audit scope of work on the Group.
- Carrying out analysis to determine the efficiency of businesses carried out by the Group.

- Driving data analytics and continuous auditing/monitoring, thereby expanding GCAD's audit coverage which supports greater operational efficiency.
- Followed-up on the implementation of Management Action Plans to ensure that necessary actions have been taken/are being taken to remedy any significant gaps identified in governance, risk management and internal controls.

GROUP COMPLIANCE OFFICE

The GCO was established as an independent function with the objective to assist the Board, GAC and Management in coordinating compliance risk management activities, and to provide reasonable assurance to the Board and Management that the Group's operations and activities are conducted in line with all applicable legal and regulatory requirements, internal policies and procedures, COBC and standards of good practice applicable to the Group's operations. GCO's function, including its activities are guided by its Charter and the Group Policies and Authorities. GCO's role is executed via provision of oversight, coordination, consultation and validation of the Group's state of compliance.

Key Activities for financial year ended 30 June 2017:

- Review and proposed to the Board, enhancement to the Sime Darby's COBC. The review was part of the Group's continuous improvement process to ensure the COBC remained practical, relevant and aligned to current business environment. The proposed enhancement have taken into consideration changes to recent and relevant legislative, regulatory, ethical and business standards.
- Developed the Vendor Code of Business Conduct (Vendor COBC). The Group recognises that vendors of the Group form an integral part of a larger stakeholder community and would invariably affect the Group's corporate reputation. The Vendor COBC was developed to ensure that business activities conducted with the Group's vendors are governed by the Group's principles, standards and values, apart from the existing laws and regulations. The Vendor COBC aims to communicate the key obligations of vendors with clarity, emphasising expected standards and expectations that in turn will enhance the ability of the Group and its vendors to develop mutually beneficial relationships.
- Coordinated the Monitoring Audit, conducted and led by the Malaysian Anti-Corruption Commission (MACC). As the signatory to the Corporate Integrity Pledge, the Group underwent a monitoring audit which tests the Group's measures in implementing programmes or activities related to the prevention of corruption and unethical practices in its interaction and environment.

EXTERNAL AUDITORS

Audit Partner Rotation

The MIA has regulated that there should be mandatory rotation of the key audit partner for the audit of listed companies after a period of not more than five years. The audit partner rotating after such period should not resume audit engagement partner role for the audit client until two years have elapsed.

Currently, the external auditor rotates the audit partner responsible for the engagement every five years as the GAC is of the view that the main objective of audit partner rotation was to enhance actual and perceived auditor independence. The audit partner rotation for SDB took effect from FY2016/2017 and the new audit partner was formally introduced to the GAC at its meeting in August 2016.

To further strengthen the independence and objectivity of the GAC, and consistent with the MCCG 2017, the GAC TOR has been updated on 21 June 2017 whereby no former key audit partner shall be appointed as a member of the GAC before observing a cooling-off period of at least two years.

Suitability, Objectivity and Independence of the External Auditors

In recommending the suitability of the external auditors for re-appointment at the forthcoming Annual General Meeting of the Company, the GAC considered their suitability and independence, by assessing, among others, the adequacy of their experience and resources, their audit engagements, the number and experience of their engagement partners, the supervisory and professional staff assigned to the Sime Darby Group given the size and complexity of the Group.

During the financial year, the external auditors and Management have engaged in healthy debates on audit issues and assumptions to ensure check and balance in financial reporting.

This report is made in accordance with a resolution of the Board of Directors dated 27 September 2017.

NOMINATION & REMUNERATION COMMITTEE REPORT

INTRODUCTION

The Nomination Committee and the Remuneration Committee were established on 29 September 2007. Subsequently, on 16 November 2010, the Nomination and Remuneration Committees were merged to become the Nomination & Remuneration Committee (NRC). On 28 August 2014, the NRC assumed the functions of the Long Term Incentive Plan Committee so as to ensure a holistic remuneration framework for employees of the Group.

I am pleased to present the report of the NRC for the financial year ended 30 June 2017 (FY2017). During FY2017, the NRC undertook a number of activities as discussed in this report.

TAN SRI DATO' ABDUL GHANI OTHMAN

Chairman of the Nomination & Remuneration Committee

CHAIRMAN'S OVERVIEW

Reviewing Board Composition and Succession Plans

The NRC continued its work of reviewing the composition of the Board and overseeing the succession plans for Senior Leaderships. The NRC reviewed and identified suitable candidates for the Boards and Senior Leaderships of the pure-play companies, namely, Sime Darby Plantation Berhad, Sime Darby Property Berhad and also a leaner and more focused Sime Darby Berhad (SDB). The Committee worked to ensure that the right balance of skills, knowledge, breadth of experience and diversity are reflected in the Boards and Senior Leaderships of the three pure-plays.

"The Committee worked to ensure that the right balance of skills, knowledge, breadth of experience and diversity are reflected in the Boards and Senior Leaderships of the three pure-plays."

Recruitment Priorities

The process to identify and appoint new Directors is rigorous and transparent. Candidates are identified based on the required skills, experience and competencies for the role, as well as being a good fit for the Board. The aim is to secure a Board which achieves the right balance between challenge and teamwork, with fresh input and thinking, while maintaining cohesiveness. The NRC will regularly review membership of the Board and Board Committees to ensure that the members continue to have the requisite skills and experience to meet the challenges ahead. As an additional procedure for the appointments of Directors on the Board of SDB, the NRC seeks third party feedback on candidates that the Committee is considering for recommendation to the Board of SDB.

Diversity and Inclusiveness

The Board fully recognises and embraces the benefits of diversity at the Board level as it brings a broader and more rounded perspective to decision making.

The Board continues to have the goal of increasing women representation within its ranks. The NRC acknowledges that the Board is currently just below its Board Composition Policy on women representation on the Board at 25%. The NRC is committed to improving this position as soon as reasonably possible and aspires to meet the target of 30% women representation on the Board by 2019. Diversity, however, is not limited to gender. There are a variety of different aspects, including professional and industry experience, understanding of different geographical regions, ethnic background, as well as different perspectives and skills. The Board will have regard to gender but will remain focused on recruiting, on merit, the best candidate as a member of the Board. The Board Composition Policy was revised in July 2017 to align the Policy with the Malaysian Code on Corporate Governance 2017 (MCCG 2017).

Augmenting Board Effectiveness

The Board undertakes an evaluation process each year in order to assess how well the Board, its Committees and each Individual Director are performing. The aim is to continually enhance the Board's effectiveness and the Group's overall performance.

Remuneration of the Non-Executive Directors

The Company's remuneration principles for Directors are tailored to provide the remuneration framework needed to recruit, retain and motivate the right behaviour on the part of Directors and also to adequately compensate Directors for their time and effort to ensure the success of the Company.

In preparation for the listings of Sime Darby Plantation Berhad and Sime Darby Property Berhad, the Remuneration Framework of the pure-play companies was reviewed by the Board of SDB in August 2017. The Framework will take effect upon completion of the pure-play excercise.

TAN SRI DATO' ABDUL GHANI OTHMAN

Chairman of the Nomination & Remuneration Committee

COMPOSITION OF THE COMMITTEE

Members[1]	Membership/Designation	Appointment	Attendance	at meetings
Tan Sri Dato' Abdul Ghani Othman	Chairman/Independent Non-Executive Director	1 July 2013	11/11	100%
Datuk Zaiton Mohd Hassan	Member/Senior Independent Non-Executive Director	12 September 2014	11/11	100%
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah	Member/Non-Independent Non-Executive Director	31 July 2015	9/11	82%
Dato Sri Lim Haw Kuang	Member/Independent Non-Executive Director	23 November 2015	11/11	100%
Dato' Rohana Tan Sri Mahmood	Member/Independent Non-Executive Director	23 November 2015	10/11	91%

Note: 1 For the Members' profiles, see pages 98 to 102.

The NRC comprises Non-Executive Directors (NED) with a majority being Independent Directors. The Committee is chaired by the Chairman of the Board who is an Independent Non-Executive Director (INED) and includes a Senior INED as its member. The composition of the NRC complies with the requirements of both the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements) and the MCCG 2017.

Meetings of the NRC are attended by the President & Group Chief Executive (PGCE). Other members of Senior Management are invited to meetings of the NRC, when necessary, to support detailed discussions.

ROLES OF THE COMMITTEE

The Committee is established by the Board with the following primary objectives:

- To assist the Board in reviewing the appropriate size and balance of the Board, and reviewing the required mix of skills, experience and knowledge of the Directors. The NRC also ensures that there is sufficient succession planning and human capital development focus in the Sime Darby Group.
- To recommend to the Board the remuneration framework for the NEDs, Executive Directors, the PGCE, key pivotal positions and employees of the Group.

The Terms of Reference (TOR) of the NRC are available online in the Governance section at www.simedarby.com.

NOMINATION & REMUNERATION COMMITTEE REPORT

KEY ACTIVITIES

Activities during the financial year

During FY2017, the Committee's key activities included:

1. **Nomination Function**
   - Recommending and reviewing the Policy on Board Composition
   - Reviewing compliance of Board Committees with their respective TOR
   - Reviewing the Term of Office and performance of the Governance & Audit Committee
   - Reviewing the TORs of the Board Committees.
   - Recommending the disclosure of the Report on the NRC for the 2016 Annual Report
   - Evaluating and recommending suitable candidates for appointments to the Boards and Board Committees of SDB and Flagship Subsidiary Companies
   - Assessing and recommending the Boards and Board Committees composition for the pure-play companies
   - Monitoring the conduct of the Board Effectiveness Assessment (BEA) 2017
   - Assessing and recommending the Senior Leaderships for the pure-plays.
2. **Remuneration Function**
   - Recommending the remuneration framework for the NEDs on the Boards and Board Committees of the pure-play companies
   - Recommending the bonus payout for FY2015/2016
   - Recommending the bonus and salary increment proposals for Direct Reports to the PGCE for FY2015/2016 and FY2016/2017
   - Recommending the bonus and salary increment proposals for the PGCE for FY2015/2016 and FY2016/2017
   - Reviewing and recommending the renewal of fixed term contracts of some members of Senior Management
   - Recommending the salary increment proposal for employees of the Sime Darby Group for FY2017/2018
   - Recommending the implementation of Sime Darby Holdings Berhad's Mutual Separation Scheme
   - Recommending the proposed transfer and mutual separation of Direct Reports to PGCE.

The Committee's focus during FY2017 include:

Significant Initiative/ Issue	Matters Considered	Outcome
Strengthening Leadership for Pure-Plays	An NRC Interview Panel comprising NRC members was formed and tasked with interviewing candidates for appointments to the Boards of the pure-plays and for the positions of Chief Executive Officers and Chief Financial Officers of the pure-plays. An Independent Consultant was engaged to facilitate the sourcing of candidates. The Committee considered the compositions of the Boards, Board Committees and Senior Leaderships of the pure-plays based on the recommendations of the NRC Interview Panel.	The Board approved the composition of the Boards, Board Committees and Senior Leaderships of the pure-plays.

NOMINATION AND RECRUITMENT PROCESS

One of the NRC's key roles is to drive the recruitment process for new Directors. In considering candidates as potential Directors, the NRC takes into account the following criteria:

- Skills, knowledge, expertise and experience
- Time commitment, character, professionalism and integrity
- Perceived ability to work cohesively with other members of the Board
- Specialist knowledge or technical skills in line with the Group's strategy
- Diversity in age, gender and experience/ background
- Number of directorships in companies outside the Group.

For the pure-play exercise, potential candidates to the Boards of the pure-plays were identified and recommended by Board members, Management and Major Shareholders. In addition, an international search consultant was engaged to source suitable talents to be considered for appointments to the Boards and Senior Leaderships of the pure-plays. A pre-screening of candidates was undertaken by the Interview Panel prior to making a recommendation to the Board.

Prior to appointment, potential Directors are made aware of the time commitment expected from each of them in carrying out their roles as Director and/or Member of Board Committees including attendance at the Board, Board Committees and other meetings. Directors are required to confirm that they are able to devote sufficient time to their roles at the Company and at the Group taking into consideration the number of their listed company boards and other principal commitments. In accordance with the provisions of the Listing Requirements, none of the Directors should hold more than five directorships in listed issuers. All Directors of SDB comply with the restriction on directorship in listed companies.

In FY2017, the Board approved the appointments of new Members of the following Board Committees:

Board Committee	Director	Designation
Governance & Audit Committee	Dato' Rohana Tan Sri Mahmood (with effect from (w.e.f) 27 February 2017)	Member
Risk Management Committee	Tan Sri Datuk Dr Yusof Basiran (w.e.f 30 May 2017)	Member

Following the recommendation of the NRC, a new Member was appointed to the Board Committee of the following Flagship Subsidiary Board (FSB) in FY2017:

FSB	Board Committee of FSB	Director	Designation
Sime Darby Plantation Berhad	Tender Committee	Datuk Tong Poh Keow (w.e.f 26 October 2016)	Member

The Group Secretary ensures that all appointments follow the governance process and that all necessary information is obtained from the Directors, both for the Company's own records and for the purposes of meeting statutory obligations as well as obligations arising from the Listing Requirements.

RE-ELECTION OF DIRECTORS

The NRC ensures that the Directors retire and are re-elected in accordance with the relevant laws and regulations and the Company's Articles of Association (AA).

Pursuant to Article 99 of the Company's AA, at least one-third (1/3) of the Directors for the time being (excluding Directors seeking re-election pursuant to Article 104 of the Company's AA) shall retire from office at each Annual General Meeting (AGM). A Director retiring at a meeting shall retain office until the conclusion of the meeting. Article 100 of the Company's AA states that all Directors shall retire from office once at least in each three years. A retiring Director shall be eligible for re-election.

The Board recommends the re-election of the following Directors who will be retiring pursuant to Article 99 of the Company's AA at the forthcoming AGM and will be standing for re-election.

- **Tan Sri Samsudin Osman**

  Tan Sri Samsudin has extensive experience in policy development and implementation. As the Chairman of Sime Darby Industrial Holdings Sdn Bhd, Tan Sri Samsudin has led the Industrial Division in sustaining its market leadership in the heavy equipment business amidst dynamic and challenging market conditions.

- **Dato Sri Lim Haw Kuang**

  Dato Sri Lim possesses vast global experience in the oil & gas and power & water utilities industries. As the Chairman of the Risk Management Committee of SDB and the Logistics FSC, Dato Sri Lim has provided valuable input and contributed significantly to the robust discussion on investment proposals and corporate activities.

- **Dato' Rohana Tan Sri Mahmood**

  Dato' Rohana has broad business experience, knowledge and skills in economics and fund management. Her expertise and extensive network have brought added input during deliberations at meetings of the Board and Board Committees.

NOMINATION & REMUNERATION COMMITTEE REPORT

Tan Sri Dato' Seri Mohd Bakke Salleh will be the Executive Deputy Chairman and Managing Director of Sime Darby Plantation Berhad upon its listing.

In view thereof, Tan Sri Dato' Seri Mohd Bakke has informed the Board in writing of his intention to retire as an Executive Director of SDB and therefore will not be seeking re-election at the AGM. Tan Sri Dato' Seri Mohd Bakke will retain office until the conclusion of this AGM in accordance with Article 99 of the AA.

The Directors have met the Board's expectations of high performance based on the performance and contribution of each Director as assessed through the Board Effectiveness Evaluation 2017.

The Board is of the view that the Independent Directors have brought independent and objective judgment in Board deliberations and decisions.

TENURE AND ANNUAL ASSESSMENT OF THE INDEPENDENT DIRECTORS

In FY2017, the Board conducted the annual independence assessment on the following five Independent Directors:

- Tan Sri Dato' Abdul Ghani Othman
- Datuk Zaiton Mohd Hassan
- Datuk Wan Selamah Wan Sulaiman
- Dato Sri Lim Haw Kuang
- Dato' Rohana Tan Sri Mahmood.

None of the five Independent Directors have served on the Board for more than nine years.

Dato Sri Lim Haw Kuang and Dato' Rohana Tan Sri Mahmood being Independent Directors who are seeking re-election at the Eleventh AGM of the Company, have undergone the independence assessment. Based on the criteria applied by the Company, the Board is satisfied that Dato Sri Lim and Dato' Rohana have maintained their independence during FY2017. The Board is also satisfied that the other Independent Directors have maintained their independence in FY2017. Each of the Independent Directors has also provided his/her annual declaration or confirmation of independence for the FY2017.

Tan Sri Datuk Dr Yusof Basiran and Bapak Muhammad Lutfi have been redesignated to INEDs on 24 August 2017 ensuing compliance by SDB with MCCG 2017, whereby the Board comprises a majority of INEDs, ie seven INEDs out of 12 Directors.

BOARD COMPOSITION AND DIVERSITY

The Board Composition Policy was adopted by the Board in August 2015. The Policy was reviewed in July 2017 to align with the MCCG 2017. The Board's progress towards achieving targets set out in the Policy is as shown below.

1. **Gender Diversity**

   The Board will maintain at least two women Directors on the Board and will actively work towards having a minimum of 30% women as members of the Board by 2019.

2. **Age Diversity**

   The Board will work towards having a generationally-diverse Board so as to have a balance between maturity and experience.

   The age diversity of the Board can be found on page 113.

3. **Ethnic Diversity**

   The Board will work towards diversifying the ethnic composition of the Board as and when vacancies arise and suitable candidates are identified.

4. **Independence of Directors**

   Currently, seven Directors of SDB are Independent Directors. A Board comprising a majority of Independent Directors allows for more effective oversight of Management.

The NRC is responsible for the implementation of the Policy and for monitoring progress towards the achievement of the Board's objectives.

The salient features of the Policy are available online in the Governance section at www.simedarby.com.

BOARD EFFECTIVENESS ASSESSMENT

The BEA 2016 was facilitated by an external facilitator. In view of the new line-up of the Board upon completion of the pure-play exercise, the Board decided that the BEA in 2017 should be conducted internally through questionnaires. The questionnaires were based on the findings highlighted during the Board Working Session in 2016 and the Corporate Governance Guide – Towards Boardroom Excellence (2nd Edition) issued by Bursa Malaysia Berhad.

Detailed information on the BEA and the assessment criteria can be found on page 120.

BOARD REMUNERATION FRAMEWORK

There has been no change to the remuneration framework for the NEDs of the Company since February 2014.

A new remuneration framework facilitated by an external consultant was approved by the Board in August 2017. The Boards of the pure-play companies will adopt the new remuneration framework upon completion of the pure-play exercise.

A detailed disclosure on the remuneration of individual Directors of SDB on named basis is provided in the Statement on Corporate Governance from pages 118 to 119.

LONG TERM INCENTIVE PLAN

The Long Term Incentive Plan (LTIP) serves to attract, retain, motivate and reward eligible employees whose contributions are vital to the operations, continued growth and profitability of the Group. The Grants will be vested after fulfilment of certain performance conditions as determined by the NRC in its sole and absolute discretion.

There was no LTIP grant offer to the employees of the Sime Darby Group in FY2017. The NRC has, in August 2016, approved the non-vesting of the 1st LTIP grant offer of the Sime Darby Group.

SUSTAINABILITY COMMITTEE REPORT

INTRODUCTION

The Sustainability Committee was established on 28 August 2012 and has oversight responsibilities in relation to the Sime Darby Group's objectives, policies and practices pertaining to sustainability, more particularly around contributing to a better society, minimising environmental harm and delivering sustainable development.

CHAIRMAN'S OVERVIEW

The Sustainability Committee and I are committed to ensuring that the Group delivers on its sustainability purpose in terms of People, Planet and Prosperity. In the environment that the Group operates in today, businesses have to balance the expectations of a wide range of stakeholders while continuing to create value to shareholders.

Occupational Safety and Health has remained a top priority for the Committee this year. Many programmes and initiatives have been put in place by Management, which has led to improvements in the overall safety and health performance of the Group. Unfortunately, we have recorded eight fatalities this year, which is unacceptable, and we are relentless in our efforts to work with Management to achieve the Group's ultimate goal of Zero Harm.

The Sustainability Committee, in promoting performance culture, had in its meetings reviewed the Group's Operational Excellence and Continuous Improvement initiatives. This year marks the end of the five-year Lean Six Sigma Business Management Strategy started in FY2012, with the Group exceeding its RM775 million target with a total cumulated harvested benefits of RM967 million. The Group's Operational Excellence initiatives this year has continued to receive national and global acclaim with awards from the American Society of Quality and the PNB Quality Awards.

FY2017 has also been a key principle year in demonstrating the Group's commitment towards pursuing a leadership role in sustainability, with the release of the Responsible Agriculture Charter for the Plantation Division and the Human Rights Charter for the Group. These Charters, which have been approved by the Board, articulates how Sime Darby will operate responsibly in the Plantation sector and demonstrates the Group's commitment to respect human rights globally.

DATO' ROHANA TAN SRI MAHMOOD
Chairman of the Sustainability Committee

"There has been significant progress in the Group's sustainability journey this year and the Committee and I hope that, moving into the pure-plays, each entity will continue on their respective journeys to pursue sustainability in a way that creates value so as to become sustainability leaders in their respective sectors."

There has been significant progress in the Group's sustainability journey this year, and the Committee and I hope that, moving into the pure-plays, each entity will continue on their respective journeys to pursue sustainability in a way that creates value so as to become sustainability leaders in their respective sectors.

DATO' ROHANA TAN SRI MAHMOOD
Chairman of the Sustainability Committee

COMMITTEE EFFECTIVENESS

Composition and Attendance

Members*	Membership/Designation	Appointment	Attendance at meetings		
Dato' Rohana Tan Sri Mahmood	Chairman/Independent Non-Executive Director	28 August 2014	4/4	100%	
Tan Sri Datuk Dr Yusof Basiran	Member/Independent Non-Executive Director	28 August 2012	3/4	75%	^
Muhammad Lutfi	Member/Independent Non-Executive Director	24 November 2015	4/4	100%	^
Ex Officio Member	**Membership/Designation**	**Appointment**	**Attendance at meetings**		
Sir Jonathon Espie Porritt	Sustainability Advisor	10 May 2012	4/4	100%	
Former Member	**Membership/Designation**	**Retirement**	**Attendance at meetings**		
Ir Dr Muhamad Fuad Abdullah	Member/Independent Non-Executive Director	2 November 2016	2/2	100%	#

Notes: * For Members' profiles see pages 98 and 102.

^ Tan Sri Datuk Dr Yusof Basiran and Bapak Muhammad Lutfi have been redesignated as Independent Non-Executive Directors on 24 August 2017.

Reflects the number of meetings held during the time Ir Dr Muhamad Fuad Abdullah held office.

The Sustainability Committee is comprised solely of Independent Non-Executive Directors. The Committee is supported by Sir Jonathon Porritt, Sustainability Advisor. Sir Jonathon assists the Committee by identifying emerging sustainability trends and their implications to Sime Darby, assessing Sime Darby's progress towards achieving sustainable outcomes as defined by the Group Sustainability Principles, and providing advice on sustainability reporting, including assurance methods.

On 2 November 2016, Ir Dr Muhamad Fuad Abdullah retired from the Sime Darby Board at the conclusion of the Sime Darby Annual General Meeting 2016 and hence from the Sustainability Committee.

Meetings of the Committee are attended by the President & Group Chief Executive, Group Chief Sustainability Officer, together with other members of Senior Management.

Annual Performance Assessment

The Board performs an annual assessment of the Committee's effectiveness in carrying out its duties as set out in the Terms of Reference. The Board is satisfied that the Committee has effectively discharged its duties in accordance with its Terms of Reference.

The Board Effectiveness Assessment 2017 further highlighted that the Committee has a good composition and that the Committee has updated the Board on its deliberations on a timely basis.

ROLES OF THE COMMITTEE

The Committee is responsible for:

- Reviewing the effectiveness of the Sime Darby Group's strategies, policies, principles and practices relating to sustainability and operational excellence on a world-wide basis, including whether these strategies, policies, principles and practices promote the Group's sustainability agenda.
- Advising on the Group's Sustainability Reporting and providing oversight on independent audits and assurance reports.
- Steering the stakeholder dialogue process with regard to the strategic sustainability goals. This includes key concerns/allegations that are raised by stakeholders, evolving public sentiments and government regulations.

The Terms of Reference of the Committee is available online at the Governance section of www.simedarby.com.

SUSTAINABILITY COMMITTEE REPORT

OUR FOCUS AND ACTION PLAN

Activities during the Financial Year

The Committee receives updates on key sustainability initiatives and issues across the Group at each Committee meeting. Some of the Committee's areas of focus include:

Significant Initiatives/ Issues	Matters Considered	Outcome
Improving Occupational Safety and Health (OSH) Performance	The OSH performance of the Group continues to be a key area of concern due to the number of fatalities and major accidents across the Group. The OSH performance, which includes the review of lag indicators such as Lost Time Incidents and lead indicators such as Concerned Reporting, and key initiatives implemented by Management to improve the safety and health performance as well as promote a safety and health culture are debated extensively during each Sustainability Committee meeting.	OSH Performance continues to be an area of focus for the entire Group.
Intensifying Operational Excellence and Continuous Improvement Efforts	The five-year Lean Six Sigma Business Management Strategy developed in FY2012 came to its end in FY2017 with the Group exceeding its targets. The Committee deliberated in detail on the progress of reaching the targets and on how best to expand the footprint of the programme. Other key Operational Excellence initiatives, such as the War on Waste 2.0 that was rolled out this year following the success of the War on Waste 1.0 rolled out in the previous financial year, were also discussed in detail, with the objective of intensifying the efforts of the Group to eliminate waste throughout its operations.	The Group has exceeded its five-year target of RM775 million cumulative benefits and will look forward to further expanding the programme into the pure-play entities.
Managing Risks and Opportunities involving Sustainability in the Plantation Division	The sustainability efforts within the Plantation Division continue to be a focus of discussions during Committee meetings. This is due to the high expectations by stakeholders around responsible practices, and the sustainability risks associated with the Plantation industry in general. The Committee deliberated in detail on the material issues and initiatives being taken in the Plantation Division around areas such as High Carbon Stock, Certified Sustainable Palm Oil and Community Rights.	The Group continues to ensure that sustainability risks around material issues within the Plantation Division are effectively mitigated and stakeholder expectations are being met. The Group has launched its Responsible Agriculture Charter, which articulates the Group's commitments in the Plantation Division around Environmental, Social and Governance performance.
Enhancing Respect for Human Rights within the Organisation	Human Rights has emerged as an area of increased stakeholder interest and there has also been increased legislations being passed in countries where the Group operates, such as the UK Modern Slavery Act. The Committee has deliberated in detail on the initiatives under way to mitigate risks around Human Rights abuses and the Group's commitment around Business and Human Rights, and reviewed public disclosures around efforts to combat modern day slavery.	The Group has implemented several initiatives to mitigate risks around Human Rights abuses within its operations and released its Human Rights Charter which articulates the Group's commitment to respecting human rights in all areas of its operations.

The other work of the Committee in FY2017 principally fell into the following areas:

1. **Group Sustainability Key Initiatives**

   Reviewing the Group Sustainability Key Initiatives which tracks the progress of initiatives that contribute towards achieving Sime Darby's sustainability goals around Safety and Health, Operational Excellence, Environmental Performance, Social Performance, Reporting & Disclosure and Stakeholder Engagement.

2. **Social Performance**

   (a) Reviewing the Group's Human Rights Charter, which articulates the Group's commitment to respecting Human Rights throughout its operations, in line with the United Nations Guiding Principles on Business and Human Rights.

   (b) Reviewing the Sime Darby Slavery and Human Trafficking Statement, which discloses publicly the progress made by the Group in combating Modern Day Slavery within its operations.

3. **Operational Excellence**

   Monitoring the progress of the Group's five-year Lean Six Sigma Business Management Strategy and the report on the second War on Waste Campaign.

4. **Environmental Performance and Climate Change**

   Monitoring the progress and movement of the High Carbon Stock landscape within the plantation industry.

5. **Plantation Sustainability**

   (a) Reviewing reports on the Certified Sustainable Palm Oil marketing efforts that include updates on the sales of certified sustainable oils/products, global oil tender of key customers and engagements conducted with key customers.

   (b) Reviewing and monitoring highlights/ key issues from the Plantation Division including social issues in Indonesia and Liberia, and the Roundtable on Sustainable Palm Oil Compensation Plan.

6. **Sustainability Advisory Work Programme**

   Reviewing the Sustainability Advisory Work Programme that covers projects around the areas of climate risk in the Plantation Division and engagement with the Plantation Flagship Subsidiary Board.

7. **Reporting, Assurance and Governance Around Sustainability**

   (a) Reviewing the standalone Sustainability Reports for the Plantation and Property Divisions in 2016, which disclosed their respective initiatives and progress in achieving their sustainability goals.

   (b) Reviewing the independent third party limited assurance report on the annual verification of key sustainability indicators around Safety and Health, Lean Six Sigma benefits and Carbon Emissions to ensure the robustness of the data disclosed publicly around those areas.

GOVERNANCE IN ACTION

Sustainability Statement

In addition to providing financial information, the Board and Sustainability Committee acknowledge that reporting non-financial information, particularly on Sime Darby's management of environmental, social and economic issues, is equally important for stakeholders to have a better understanding of Sime Darby's overall performance.

Sime Darby has been preparing its Integrated Reports in accordance with the GRI Sustainability Reporting Guidelines. In doing so, we have also met the requirements laid down by Bursa Malaysia Securities Berhad on the preparation of a Sustainability Statement.

   (c) Reviewing the Report on the Sustainability Committee and other Sustainability Sections prior to their inclusion in the Company's Annual Report 2017.

   (d) Reviewing the report on compliance by the Committee with its Terms of Reference.

SUSTAINABILITY COMMITTEE REPORT

GOVERNANCE IN ACTION

Sustainability Commitments

The Board recognises that Sime Darby's sustainability purpose, which is to contribute to a better society, minimise environmental harm and deliver sustainable development is a key pillar in delivering on the Group's overall strategy. With the launch of the United Nation Sustainable Development Goals, there is also an increasing expectation by the Group's wide range of stakeholders on how the Group should be operating in a socially and environmentally responsible manner. The Group strives to achieve this by developing Roadmaps, Blueprints and Key Performance Indicators to ensure that Management upholds commitments made to our stakeholders.

To better articulate the commitments made around sustainability, and to meet stakeholder expectations, the Group has released its Responsible Agriculture Charter and Human Rights Charter in FY2016, which articulates the Group's commitment in operating in a responsible manner within the Plantation Division, and the Group's commitment to respect Human Rights throughout its global operations across all Divisions.

These Charters were reviewed and deliberated in detail by the Sustainability Committee and were approved by the Sime Darby Board. This demonstrates the commitment by the Board in implementing sustainability practices throughout the Group's operations and the importance of meeting, if not exceeding, the expectations of the Group's wide range of stakeholders. Having approved these charters, Management is committed to implementing the commitments on the ground, and being transparent in disclosing the progress of the implementation to the Group's stakeholders.

Priorities for FY2018

With the implementation of the pure-play exercise, each individual entity will need to continue to pursue sustainability in a way that creates value to their respective stakeholders. Each entity will need to identify their respective material issues, ensuring initiatives and programmes are in place to manage those issues, and being transparent in monitoring, reporting and verifying the progress and performance. Areas such as Occupational Safety and Health, Operational Excellence, Environmental Performance and Social Performance will continue to be imperative in their respective operations, and each pure-play entity will need to ensure that the commitments made by the Group will continue to be upheld and translated to on-the-ground practices moving forward.

RISK MANAGEMENT COMMITTEE REPORT

INTRODUCTION

The Risk Management Committee (RMC) was established on 29 September 2007 and is responsible for ensuring the implementation of appropriate systems to manage the overall risk exposures of the Sime Darby Berhad Group.

CHAIRMAN'S OVERVIEW

The RMC continues to assist the Main Board in discharging its primary responsibilities of identifying principal risks and key trends, and deliberation of strategic action plans to mitigate the impact of such risks.

During the year, the RMC undertook the following key activities:

- Reviewing and advising the Main Board on new major investment proposals and new market entries.
- Monitoring of principal risks including cash flows and gearing at the Group level based on approved risk appetite thresholds.
- Joint reviews with Divisional Managing Directors to assess Division-specific enterprise and project risk events, mitigation plans and its implementation status.

Where appropriate, the RMC also leverages the work of other Board committees such as the Sustainability Committee and Nomination & Remuneration Committee to assist with ensuring robust oversight of these particular risks.

DATO SRI LIM HAW KUANG

Chairman of the Risk Management Committee

ROLES OF THE COMMITTEE

The primary objective of the Committee is to assist the Board in the discharge of its statutory and fiduciary responsibilities by identifying significant risks and ensuring that the Group Risk Management Framework (RMF) includes the necessary policies and mechanisms to manage the overall risk exposures of the Group.

Specific duties of the Committee are as follows:

- Review the adequacy of the scope, functions, authority, competency and resources of the Group Risk Management (GRM) department.

DATO SRI LIM HAW KUANG

Chairman of the Risk Management Committee

"The Committee is focused on ensuring strategic risks are identified and providing oversight over the risk management framework of the Group."

- Provide oversight, direction and counsel to the risk management process, specifically to:
  - (i) ensure that appropriate risk management policies, guidelines and processes are implemented;
  - (ii) consider whether response strategies (and contingency plans) to manage or mitigate material risks are appropriate and effective given the nature of the identifiable risks; and
  - (iii) evaluate the risk profile and risk tolerance of the Group.
- Review investment proposals that are significant from a risk perspective and monitor the execution of risk mitigation strategies for such proposals. Follow up on post-investment risk mitigation strategies to ensure that the strategies are implemented subsequent to the Board's approval.

Detailed Terms of Reference for the Committee is available online in the Governance section at www.simedarby.com.

RISK MANAGEMENT COMMITTEE REPORT

COMMITTEE EFFECTIVENESS

Composition and Attendance

Members[1]	Membership/ Designation	Appointment	Attendance at meetings	
Dato Sri Lim Haw Kuang	Chairman/Independent Non-Executive Director	16 November 2010	5/5	100%
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah	Member/Non-Independent Non-Executive Director	8 November 2012	5/5	100%
Zainal Abidin Jamal	Member/Non-Independent Non-Executive Director	1 March 2016	5/5	100%
Tan Sri Datuk Dr Yusof Basiran[2]	Member/ Independent Non-Executive Director	30 May 2017	-	Newly appointed

Notes: 1 For the Members' profiles see pages from 98 to 101.

2 Tan Sri Datuk Dr Yusof Basiran was appointed as Member of the Risk Management Committee on 30 May 2017. No meeting was convened after Tan Sri's appointment. Tan Sri Yusof has been redesignated as Independent Non-Executive Director on 24 August 2017.

The RMC comprises Non-Executive Directors and is supported by the GRM Department in discharging its responsibilities. The RMC Chairman reports to the Board on key matters deliberated at the RMC meetings.

The Committee now comprises four members following the appointment of Tan Sri Datuk Dr Yusof Basiran as a member on 30 May 2017.

Meetings of the Committee are attended by the President & Group Chief Executive, Group Chief Financial Officer, Group Head – Risk Management and Group Head – Compliance & Corporate Assurance. In addition, other members of senior management are also invited to attend meetings as and when necessary to support detailed discussions.

Annual Performance Assessment

The Board performs an annual assessment of the Committee's effectiveness in carrying out its duties set out in the Terms of Reference. The Board is satisfied that the Committee has effectively discharged its duties in accordance with its Terms of Reference.

The Committee's Terms of Reference was revised on 21 June 2017 to align with the Companies Act 2016 and the Malaysian Code on Corporate Governance 2017.

The Board Effectiveness Assessment 2017 further commended that the Committee has the right composition, and sufficient, recent and relevant skills and expertise in assisting the Board for better decision-making.

GOVERNANCE IN ACTION

Sound Framework for Risk Management

The Board, together with the RMC, oversees to ensure that there is an appropriate RMF to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks and set the risk appetite within which the Board expects Management to operate. In addition to that, the Board and RMC are committed to safeguarding shareholders' investment and the Group's assets.

The RMC disclosed the features of the Group's risk management and internal control framework, and the adequacy and effectiveness of this framework in the Statement on Risk Management & Internal Control from pages 143 to 148.

In doing so, we have also met the requirements laid down by Bursa Malaysia Securities Berhad and applied the practices in the Malaysian Code on Corporate Governance on the preparation of the Statement on Risk Management & Internal Control.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is pleased to provide this statement on Risk Management and Internal Control which outlines the nature of risk management and internal control within the Sime Darby Group for the financial year under review.

Risk management and internal control are integrated into management processes and embedded in all day to day business activities of the Group.

RESPONSIBILITIES AND ACCOUNTABILITIES

A) The Main Board

The Group adopts a two-tier board structure, led by the SDB Board (also known as the Main Board) and supported by the Divisional FSBs. Each Divisional FSB is charged with operational oversight of its Division but remains subject to the direction and counsel of the Main Board.

The Main Board has delegated the Risk and Governance responsibilities to Board Committees which ensure independent oversight of internal control and risk management. Notwithstanding the delegated responsibilities, the Main Board acknowledges its overall responsibility in the establishment and oversight of the Group's risk management framework and internal control systems for the Group. The Main Board is cognisant of the fact that its role in providing risk oversight sets the tone and culture towards managing key risks that may impede the achievement of the Group's business objectives within an acceptable risk profile. The Main Board also recognises the fact that the internal control systems are designed to manage and minimise, rather than eliminate, occurrences of material misstatements or unforeseeable circumstances, fraud or losses.

- **Risk Management Committee**

  The Risk Management Committee ("RMC") assists the Main Board in ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group, which include identifying significant risks and ensuring that the Group Risk Management Framework includes all the necessary policies and mechanism to manage the overall risk exposure of the Group. Additionally, the RMC reviews the effectiveness of the Group Risk Management Framework, the results of risk assessments and recommend any policies and/or framework for the Main Board's approval.

  The responsibilities of the RMC are detailed on pages 141 to 142 of this annual report. The RMC is chaired by an Independent Non-Executive Director.

  In discharging its responsibilities, the RMC is assisted by the Group Risk Management Department.

- **Governance and Audit Committee**

  The main responsibility of the Governance and Audit Committee ("GAC") is to assist the Main Board in fulfilling its statutory and fiduciary responsibilities of monitoring the Group's management of financial risk processes, accounting and financial reporting practices. The GAC is also tasked to review the process, quality of the Group accounting function, financial reporting and the systems of internal controls, which include ensuring that an effective ethics programme is implemented across the Group. The GAC also monitors compliance of established policies and procedures. The TOR and GAC's activities in assessing the adequacy and effectiveness of internal control systems and their implementation within the Group are detailed on pages 126 to 128 of this annual report. The GAC is chaired by an Independent Non-Executive Director.

  In discharging its duties, GAC is supported and assisted by two functional units within the Group, i.e. the Group Compliance Office and the Group Corporate Assurance Department.

B) The Management

Management is responsible for implementing Board-approved frameworks, policies and procedures on risk management and internal control. Management acknowledges their responsibility to identify and evaluate the risks faced, and also acknowledges their responsibility to monitor the achievement of business goals and objectives within the risk appetite parameters approved by the Board.

Management's responsibility includes but is not limited to:

- Setting the right example (behaviour and actions), encourage, reinforce the importance of good business behaviours and apply the required rules and regulations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Recommending Group Policies for Main Board's approval and implementing and monitoring the effectiveness of approved policies and procedures to manage risk.
- Ensuring appropriate and timely corrective actions are undertaken to strengthen internal controls and minimise occurrence of non-compliance incidences.
- Keeping the Main Board appraised of new or emerging risk and/or controls issues on a timely basis and seeks guidance when required.

Management is expected to provide assurance to the Main Board (and the respective FSBs) that the Group's risk management and internal control systems are operating adequately and effectively based on the risk management framework adopted by the Group.

C) Group Compliance Office

The Group Compliance Office's (GCO) main role is to assist the Main Board, GAC and Management in coordinating compliance risk management activities (i.e. programmes or activities to identify, mitigate and educate Employees about the risks of non-compliance). This role is executed via oversight, coordination, consultation and validation of the Group's state of compliance.

In recognising the diverse nature and the challenges faced by the Group, GCO's programmes and activities are tailored to meet the specific needs and requirements of each of the Divisions and/or business units, focusing on emerging areas of compliance not addressed or covered by other assurance functions to minimise duplication of work yet remain within the scope and mandate provided by the GAC. The Group adopts good practices recommended by the Australian Standards 3806 -2006 "Compliance Programme" and International Standard 19600 "Compliance Management" in the design of its Compliance programmes.

GAC monitors the strategy and delivery of the compliance programmes via periodic progress reports submitted and reported by the Group Head, GCO. GAC also provides the necessary feedback to GCO continuously, including through the annual GAC survey conducted by GCO as part of its improvement efforts.

GCO's mandate and activities are detailed on pages 128 to 129 of this annual report.

D) Group Corporate Assurance Department

The Group Corporate Assurance Department (GCAD) which is an integral part of the Group's internal control systems, reports directly to the GAC. GCAD's primary role is to provide independent, reasonable and objective assurance in addition to consulting services designed to add value and improve efficiency of the operations within the Group. It assists the Group to achieve its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The annual audit plan, established on a risk-based approach, is reviewed and approved by the GAC annually. The audit plan is aligned with the Group's objectives and strategies as articulated in the Strategy Blueprint. GCAD conducts internal audit engagements accordingly. GCAD's audit practices conforms to the International Professional Practices Framework ("IPPF") published by the Institute of Internal Auditors Inc. in United States of America

GCAD conducts periodic assessment of emerging business risks and actively monitors and responds to adverse indicators and key risks. Adjustments are made to the audit coverage as required, including scope extension and/or undertaking special reviews with amendments to the Audit Plan reported to the appropriate FSB's and GAC periodically.

GCAD's mandate and activities are detailed on page 129 of this annual report.

E) Group Risk Management Department

The Group Risk Management (GRM) Department assists the Board and RMC in discharging their risk management responsibilities. GRM is structured to ensure that sufficient support is provided at both the Group Head Office (GHO) and Divisional levels. This structure reflects the types of key risks identified at the Group and Divisional levels in that some risks are Divisional specific and some are common across the Group requiring a coordinated approach.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

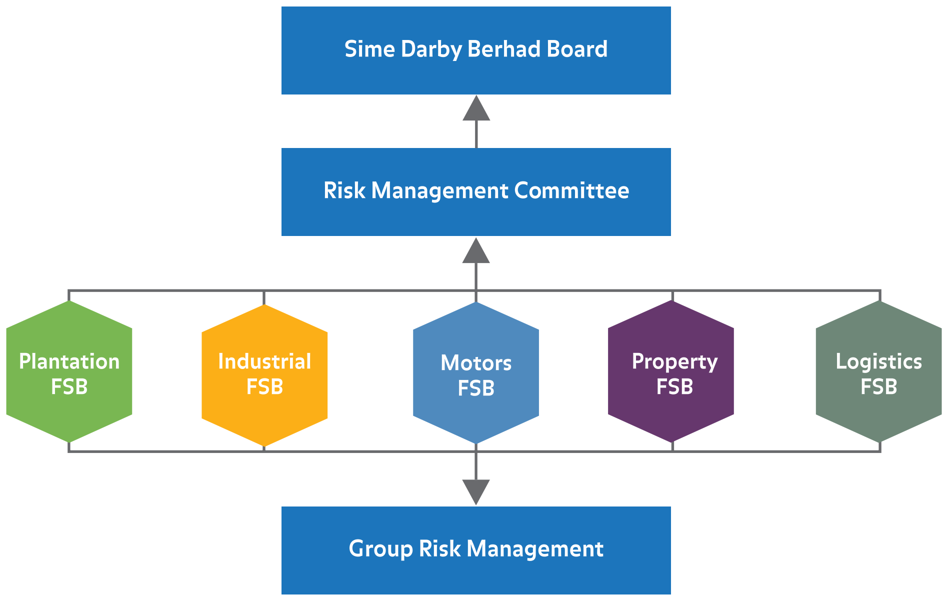
The Group has a risk management framework that is integrated into and where appropriate embedded into the day-to-day business activities and management decision making framework of the Group. The Group does not adopt any one risk management standard or guideline believing it is better to tailor the risk management framework to the specific circumstances of the Group. The Group practices are generally aligned with the principles of ISO 31000. It should be noted that these principles in themselves are broad and to be utilised only where considered appropriate.

Supporting this broader risk management framework is an internal control system that facilitates internal control design and operating effectiveness to manage key risks.

Key aspects of the Group's overall risk management and internal control framework are selectively outlined below, where they provide assurance the framework is adequate and effective for the purposes of this Statement.

Mandate and Commitment

The Main Board has approved via the RMC, the Group Risk Management Framework ("Framework") which encapsulates the governance arrangements as well as assigns responsibility to relevant levels of management and operations. The implementation of the Framework is ultimately the responsibility of the President & Group Chief Executive and members of the Sime Darby Group Leadership. Evidence of its implementation can be seen via appropriate risk management practices being integrated into relevant business processes which assist with decision making aimed at achieving the Group's objectives. It is supplemented by a more formal explicit risk management process. Refer to an overview of this process outlined in the diagram below:



Risk Owners	Functional Business Support	Monitoring
Accountability and responsibility for effective risk identification and management	Provide risk support, functional expertise and risk specific standards	Provide risk insight and monitoring to key business decisions
• Plantation • Industrial • Property • Motors • Logistics	• Finance • Human Resources • Information Technology • Procurement • Sustainability • Legal • Compliance	• Innovation • Communication • Risk Management

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

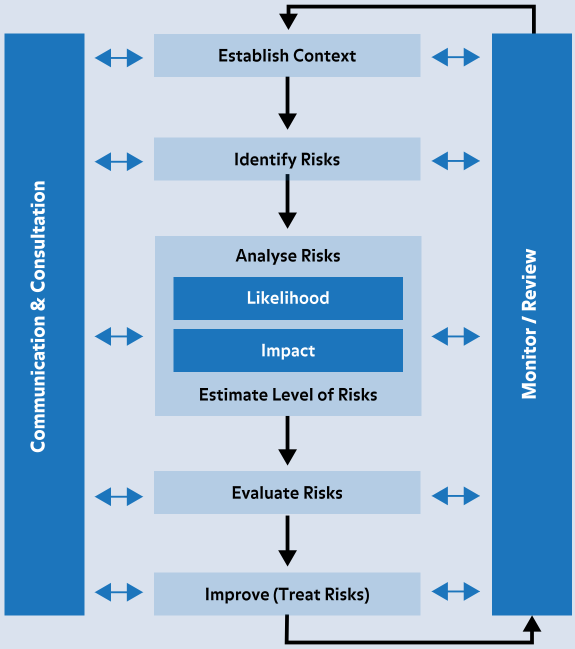
Integration of Risk Management and Internal Control

Integration of the formal risk management framework into the wider management framework occurs wherever practicable. The Group has embedded a number of risk assessment updating activities which are enabled by a risk management process outlined in ISO 31000 (refer to the tables below).

Risk Management Updating

Context	Timing	Management Involvement
Strategies/ Objectives	Annual Review	Top Down (as part of the Annual Strategic Updating process)
Business Unit/ Operating Unit/ Project	Quarterly Update	Bottom Up (as part of the periodic monthly management review process)
Major Projects (CAPEX/ Improvements/ Customer)	Monthly Review/ Adhoc Update	Project Team (as part of the routine project management review process)
Major Proposals (Investment/ Improvements/ Bids)	As Required	Proposal Team (as part of the project evaluation process)

Risk Management Process



As can be seen, a top-down review of enterprise level risks is conducted as part of the annual strategic planning update to ensure that the risk implications of any changes in strategy are identified, assessed and documented. This is supplemented by quarterly risk updates and regular reviews of projects along with assessments of investment proposals where required. The outcome of these reviews is the identification of some new risks and the reassessment of some others. It may also lead to the development of specific action plans. Where conditions significantly change during the year, this may necessitate changes to strategy and also the risk implications. Such activities clearly demonstrate that the Main Board and Senior Management perceive risk management as integral to strategic planning and managing the business.

In relation to internal controls, the Group has been implementing progressively across the Group's operations Control Self-Assessment (CSA), which allows management to conduct self-assessments on the adequacy and effectiveness of internal control systems in place. The results of the CSA will allow identification of high risk areas and identification of such areas enables GCAD to reduce audit resources on routine compliance work and focus it on high risk areas and business advisory reviews. During the financial year, the respective Divisions in the Group continue to identify new business functional areas to roll out CSA that uses a questionnaire approach. The roll out of CSA is coordinated and monitored by GCAD and supported by GCO. The results of the CSA process will be validated during GCAD audits and exceptions will be reported to the GAC.

Control Environment

The Main Board has put in place Group Policies and Authorities ("GPA") which act as a key pillar of the Group's governance framework as it is a tool by which the Main Board formally delegates functions and powers to the Flagship Subsidiary Boards and Management with specific oversight and supervisory functions. This enables the Main Board to facilitate a robust control environment encircling clear lines of responsibilities, accountability and authority limits that are aligned with the Group's business operations.

As the GPAs cover a wide range of areas, they also act as an ethical roadmap for the Group's diverse businesses to navigate the intricacies of global business practices and cultures. The GPAs are reviewed annually whereby any new GPAs and/or enhancement to the current GPAs shall be approved by the Main Board prior to implementation. The Divisions are expected to develop further delegated authorities with supporting policies and procedures based on the mandate and guidance provided by the GPAs. Among the key supporting policies and procedures developed are as listed below:

- **Core Values, Business Principles and Code of Business Conduct ("COBC")**

  The Group has clearly set out expected behaviors of Directors and employees of the Group in the Group's Core Values, Business Principles and COBC. An attestation programme is in place with the aim to confirm that each Director and employee has read and agreed to comply with the provisions of the COBC. The COBC is available in nine languages in recognition of the large geographical spread that the Group operates from, ensuring that it reaches far and wide to Group personnel where major local languages are represented to minimise translation error.

- **Integrity and Anti-Corruption**

  Sime Darby Group's COBC articulates expected behaviors of all employees in terms of dealing with internal and external stakeholders. Strict adherence is expected without compromise. It upholds the Group's Core Values, the first of which states INTEGRITY. Sime Darby Group was the first GLC to have signed the Corporate Integrity Pledge in 2011. The Group launched the Sime Darby Integrity Programme in 2015/2016 to strengthen the ring-fencing of the Group's ethics parameters.

- **Whistleblowing Policy**

  The Group has put in place a Whistleblowing Policy that provides clarity of oversight and responsibilities of the whistleblowing process, the reporting process, protection to whistleblowers and confidentiality afforded to the whistleblower. The primary aim of the Whistleblowing Policy and its supporting mechanism is to enable individuals to raise genuine concerns without fear of retaliation.

  The policy on whistleblowing as set out in the GPA is available in the Sime Darby Enterprise Portal. An overview of the Whistleblowing Policy is available on the Group's website.

- **Group Procurement Policies and Authorities ("GPPA")**

  The GPPA covers all type of purchases (capital expenditure/operating expenditure/ trade) made by all businesses in the countries in which the Group operates. The GPPA mainly states the key principles and procedures required in the procurement of goods and services within the Group. These key principles and procedures shall also serve as guidelines in establishing the detailed procurement procedures (Standard Operating Procedures - SOP) at all Divisions and operating units.

- **Vendor Letter Of Declaration ("VLOD")**

  VLOD was introduced as one of the initiatives to align the Group's expectation of the behaviors of our suppliers with the principles contained in the COBC. Amongst others, the VLOD is a document which captures vendor's formal affirmation to comply with the principles of the COBC, to not be involved with any offence of bribery, corruption or fraud; and to not be engaged in bribery, corruption or fraud with the Sime Dar by Group.

- **Risk Management Policy**

  The Group has a formal risk management policy that describes the risk management framework and supporting processes that have been approved by the RMC. It also has supporting policies, standards and/or guidelines to guide decision making. Wherever appropriate, risk management practices are integrated into operating policies, procedures and guidelines.

- **Business Continuity Management ("BCM")**

  To support the Group in being able to respond and recover from significant unexpected events, work continued on BCM to facilitate robust plans being available to protect the interests of all stakeholders.

- **Financial Budgets**

  The Group's Divisions/operating units prepare budgets on an annual basis. The budgets are reviewed by management prior to submission to the respective FSBs and Main Board for approval. The Sime Darby Group Leadership reviews the financial performance (actual against budget) and forecast for the financial year of the Divisions/operating units on a regular basis. In addition, the financial performance is reported to the Board on a monthly and quarterly basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Communication and Reporting

- **Reporting to Shareholders/Stakeholders**

  External stakeholder relations and communication is given a high priority in view of the types of risks faced by the Group. Specifically, sustainability issues require appropriate engagement with NGOs and other interested parties. The Group being a large government linked company in Malaysia, necessitates an effective external communications strategy to ensure the reputation of the Group is protected.

  The Group has established processes and procedures to ensure the Quarterly and Annual Accounts, which covers the company's performance, are submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") for release to shareholders and stakeholders, on a timely basis. All Quarterly Results are reviewed and approved by the Main Board prior to announcement.

  The Annual Reports of the Company that include the annual audited financial statements together with the auditors' and directors' reports are issued to the shareholders within the stipulated time prescribed under the Main Market Listing Requirement ("MMLR") of Bursa Securities.

- **Whistleblowing Mechanism/Channels**

  The whistleblowing mechanism/channels are managed to provide independence from Management. This is articulated in the Whistleblowing Policy (as stated in the GPA), where GCO can be contacted for reporting either through emails, letters, calls or fax.

  The Chairman of the GAC has oversight responsibility of all whistleblowing cases, from the receipt of the cases via the online system or otherwise, through to the closure of each investigation.

  On a quarterly basis, the GAC reviews the results of completed investigations. A summary of trending and analysis report is presented to the Board for notation.

MATERIAL JOINT VENTURES AND ASSOCIATES

The disclosures in this statement do not include the risk management and internal control practices of the Group's material Joint Ventures and Associates. The Group's interests in these entities are safeguarded through the appointment of members of the Group's Senior Management team to the Board of Directors and, in certain cases, the management or operational committees of these entities.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

For the financial year under review and up to the date of approval of this statement, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control to safeguard shareholders' investments and the Group's assets.

The Board has received reasonable assurance from the PGCE and Group Chief Financial Officer that the Group's risk management and internal control systems, in all material aspects, are operating adequately and effectively.

This statement is prepared in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers (Guidelines) issued on 31 December 2012, which is in line with the requirements of Paragraph 15.26 (b) of the MMLR of Bursa Securities and Principle B of the Malaysian Code on Corporate Governance 2017 issued by Securities Commission Malaysia.

This statement is made in accordance with a resolution of the Board dated 27 September 2017.

OTHER DISCLOSURES AND COMPLIANCE

Any query regarding the Sime Darby Group may be conveyed to the following persons:

NORZILAH MEGAWATI ABDUL RAHMAN
Group Secretary

Telephone	: +(6 03) 2691 4122 extension 2370
Facsimile	: +(6 03) 2719 0044
Email	: norzilah.megawati@simedarby.com

LEELA BARROCK
Group Head, Communications

Telephone	: +(6 03) 2691 4122 extension 2341
Facsimile	: +(6 03) 2698 0645
Email	: leela.barrock@simedarby.com

The Senior Independent Director of the Board to whom concerns relating to the Sime Darby Group may be conveyed by Directors, shareholders and other stakeholders, may be contacted at:

DATUK ZAITON MOHD HASSAN
Senior Independent Non-Executive Director

Telephone	: +(6 03) 2691 0948
Telephone (toll free)	: 1 800 88 8880 (Local) 800 8008 8000 (International)
Facsimile	: +(6 03) 2698 6629
Email	: seniordirector@simedarby.com

The Company's website is www.simedarby.com

Statement of Compliance

Pursuant to Paragraph 15.25 of the Listing Requirements, the Board is satisfied that the Company has applied the Principles of the Malaysian Code on Corporate Governance 2012 during the financial year under review, with due regard to the Recommendations supporting the Principles.

A checklist highlighting the compliance of this statement with the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 is set out on page 387.

This Statement is made in accordance with a resolution of the Board of Directors dated 27 September 2017.

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The Directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of the Sime Darby Berhad Group. As required by the Companies Act, 2016 (Act) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements for the financial year ended 30 June 2017, as presented on pages 167 to 348, have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act.

The Directors consider that in preparing the financial statements, the Group and the Company have used the appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors are satisfied that the information contained in the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance and cash flows for the financial year.

The Directors have responsibility for ensuring that proper accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group and the Company to enable the Directors to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 6 September 2017.

Board Approval of Financial Statements

The annual financial statements for the financial year ended 30 June 2017 are set out on pages 167 to 348. The preparation thereof was supervised by the Group Chief Financial Officer and approved by the Board of Directors on 6 September 2017.

Reports and Financial Statements

For the financial year ended 30 June 2017

DIRECTORS' REPORT

For the financial year ended 30 June 2017

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

Principal Activities

The Company is principally an investment holding company. The principal activities and details of the subsidiaries, joint ventures and associates are disclosed in Note 62 to the financial statements.

There has been no significant change in the principal activities of the Group and of the Company during the financial year, other than the discontinuing operations as disclosed in Note 17 to the financial statements.

Corporate Proposal

On 27 February 2017, the Board of Directors of the Company announced a proposal to create three standalone listed entities, namely Sime Darby Plantation Berhad, Sime Darby Property Berhad and Sime Darby Berhad, which will be pure-plays in the plantation, property and trading and logistics sectors on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities) with the aim of unlocking sustainable value. The final terms of the proposal approved by the Board of Directors on 24 August 2017 involve amongst others, the distribution of the Company's entire shareholdings in Sime Darby Plantation Berhad and Sime Darby Property Berhad to shareholders of the Company. Details of the proposal are described in Note 63 to the financial statements.

Upon the completion of the proposal, the Company will remain listed on the Main Market of Bursa Securities with the following businesses:

a. trading comprising motors and industrial;
b. logistics; and
c. other businesses comprising healthcare, insurance, retail and other investments.

The results of the plantation and property businesses to be distributed to shareholders of the Company have been presented as discontinuing operations in the financial statements of the Group. The completion of the proposal is subject to the approval of the Securities Commission, Bursa Securities and shareholders of the Company.

Financial Results

The results of the Group and of the Company for the financial year ended 30 June 2017 were as follows:

	Group RM million	Company RM million
Profit before tax	1,007	1,455
Taxation	(212)	1
Profit for the financial year from continuing operations	795	1,456
Profit for the financial year from discontinuing operations	1,886	–
Profit for the financial year	2,681	1,456
Profit for the financial year attributable to owners of:		
- the Company		
- from continuing operations	615	1,334
- from discontinuing operations	1,823	–
	2,438	1,334
- perpetual sukuk	124	122
- non-controlling interests	119	–
Profit for the financial year	2,681	1,456

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

DIRECTORS' REPORT

For the financial year ended 30 June 2017

Dividends

Since the end of the previous financial year, the Company had paid the following dividends:

	RM million
a. In respect of the financial year ended 30 June 2016, a final single tier dividend of 21.0 sen per share was paid on 15 December 2016; and	1,395
b. In respect of the financial year ended 30 June 2017, an interim single tier dividend of 6.0 sen per share was paid on 5 May 2017	408
	1,803

The final dividend for the financial year ended 30 June 2016 amounting to RM1,395 million was paid partly by way of the issuance of 157,413,239 new ordinary shares in the Company at the issue price of RM7.55 per share, amounting to RM1,188 million following the election made by shareholders of the Company under the Dividend Reinvestment Plan and the balance of RM207 million by way of cash.

The Board of Directors has recommended a final single tier dividend of 17 sen per ordinary share amounting to RM1,156 million for the financial year ended 30 June 2017.

Reserves and Provisions

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

Share Capital and Debentures

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM3,163,536,269 to RM3,400,419,688 comprising 6,800,839,377 ordinary shares of RM0.50 each, as follows:

Date of issue	Exercise	Number of ordinary shares of RM0.50 each	Issue price RM per share	Proceeds RM million
13 October 2016	Placement	316,353,600	7.45	2,357
15 December 2016	Dividend Reinvestment Plan	157,413,239	7.55	1,188
Total		473,766,839		3,545

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

The Companies Act 2016 (2016 Act) which came into effect from 31 January 2017 has repealed the Companies Act 1965. The 2016 Act has abolished the concept of par or nominal value of shares and hence, the share premium, capital redemption reserve and authorised capital are abolished. In accordance with section 618(2) of the 2016 Act, the amount standing to the credit of the share premium account has become part of the Company's share capital. There is no impact on the number of ordinary shares in issue of 6,800,839,377 or the entitlement of the holders of the Company's ordinary shares.

There were no issuances of debentures during the financial year.

Performance-Based Employee Share Scheme

The Company's Performance-Based Employee Share Scheme (PBESS) is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 8 November 2012 and was effected on 15 January 2013. Under the PBESS, ordinary shares in the Company are granted to eligible employees and executive directors of the Group. The PBESS is in force for a maximum period of ten (10) years from the effective date and is administered by the Nomination & Remuneration Committee (NRC).

The PBESS is based on 3-year cliff vesting and is subject to achievement of certain performance metrics. The salient features of the PBESS and the vesting conditions are disclosed in Note 42 to the financial statements.

Performance-Based Employee Share Scheme (continued)

The grants under the PBESS comprise the Group Performance Share (GPS), the Division Performance Share (DPS) and the General Employee Share (GES). The number of shares granted under the PBESS and the number of shares outstanding at the end of the financial year are as follows:

	GPS	DPS	GES
	'000	'000	'000
At 1 July 2016			
First grant – 7 October 2013	3,300	4,431	4,310
Second grant – 20 October 2014	3,393	4,572	4,811
	6,693	9,003	9,121
Movement during the financial year			
Forfeited	(233)	(317)	(455)
Lapsed	(3,300)	(4,431)	(4,310)
At 30 June 2017	3,160	4,255	4,356

The Group is reviewing the salient features of the Long Term Incentive Plan (LTIP). Accordingly, no new grant is made until such time the review is approved by the NRC.

In August 2016, the first grant lapsed as the vesting conditions which include performance targets were not met. Subsequent to the end of the financial year, on 23 August 2017, the NRC has approved the non-vesting of the second grant as the performance targets were not met.

Directors

The Directors who held office since the end of the previous financial year are as follows:

Tan Sri Dato' Abdul Ghani Othman (Chairman)
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah (Deputy Chairman)
Tan Sri Samsudin Osman
Tan Sri Datuk Dr Yusof Basiran
Tan Sri Dato' Seri Mohd Bakke Salleh
Muhammad Lutfi
Datuk Zaiton Mohd Hassan
Datuk Wan Selamah Wan Sulaiman
Datuk Dr Mohd Daud Bakar
Dato Sri Lim Haw Kuang
Dato' Rohana Tan Sri Mahmood
Zainal Abidin Jamal
Ir Dr Muhamad Fuad Abdullah (Retired on 2 November 2016)

Directors' Benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than those arising from the PBESS as disclosed in Directors' Interests in Shares.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Directors' remuneration in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 8 to the financial statements.

The Directors and officers of the Group and of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM861,906.

DIRECTORS' REPORT

For the financial year ended 30 June 2017

Directors' Interests in Shares

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares, or debentures of the Company are as follows:

			Number of ordinary shares granted under PBESS			
	Grant date	**Grant type**	**At 1 July 2016**	**Granted**	**Lapsed**	**At 30 June 2017**
Tan Sri Dato' Seri Mohd Bakke Salleh	7 October 2013	GPS	82,200	–	(82,200)	–
		DPS	65,300	–	(65,300)	–
	20 October 2014	GPS	82,200	–	–	82,200
		DPS	65,300	–	–	65,300
			295,000	–	(147,500)	147,500

The GPS and DPS granted to Tan Sri Dato' Seri Mohd Bakke Salleh will vest only upon fulfillment of vesting conditions which include achievement of service period and performance targets. Depending on the level of achievement of the performance targets as determined by the NRC, the total number of shares which will be vested may be lower or higher than the total number of shares granted and is subject to a limit of up to 3,000,000 shares over the duration of the PBESS.

The details of the shares granted under the PBESS and its vesting conditions are disclosed in Note 42 to the financial statements.

Statutory Information on the Financial Statements

a. Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

   i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the impairment for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate impairment had been made for doubtful debts; and

   ii. to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company, have been written down to an amount which the current assets might be expected so to realise.

b. At the date of this Report, the Directors are not aware of any circumstances:

   i. which would render the amount written off for bad debts or the amount of impairment for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

   ii. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

   iii. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

c. As at the date of this Report:

   i. there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liability of any other person; and

   ii. there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year other than those arising in the ordinary course of business.

d. At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in the Report or financial statements which would render any amount stated in the financial statements misleading.

Statutory Information on the Financial Statements (continued)

e. In the opinion of the Directors:

   i. no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

   ii. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this Report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made except for the proposed internal restructuring, distribution and listing as disclosed in Note 63 to the financial statements.

Immediate and Ultimate Holding Companies

The Directors regard Permodalan Nasional Berhad as the Group's immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

Auditors

The audit fees for services rendered by the auditors to the Group and the Company for the financial year ended 30 June 2017 are disclosed in Note 9 to the financial statements.

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 6 September 2017.

Tan Sri Dato' Abdul Ghani Othman
Chairman

Tan Sri Dato' Seri Mohd Bakke Salleh
Executive Director/
President & Group Chief Executive

Kuala Lumpur
6 September 2017

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Tan Sri Dato' Abdul Ghani Othman and Tan Sri Dato' Seri Mohd Bakke Salleh, two of the Directors of Sime Darby Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 167 to 348 are drawn up, in accordance with the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards and the provisions of the Companies Act, 2016, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of the financial performance of the Group and of the Company for the financial year ended on that date.

The supplementary information set out in Note 65 to the financial statements on page 349 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the Board of Directors dated 6 September 2017.

Tan Sri Dato' Abdul Ghani Othman
Chairman

Tan Sri Dato' Seri Mohd Bakke Salleh
Executive Director/
President & Group Chief Executive

Kuala Lumpur
6 September 2017

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, Datuk Tong Poh Keow, the officer primarily responsible for the financial management of Sime Darby Berhad, do solemnly and sincerely declare that the financial statements set out on pages 167 to 348 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Datuk Tong Poh Keow
(MIA 4625)
Group Chief Financial Officer

SUBSCRIBED AND SOLEMNLY DECLARED by the abovenamed Datuk Tong Poh Keow, at Kuala Lumpur, Malaysia on 6 September 2017.

Before me,

PESURUHJAYA SUMPAH
W661
TAN KIM CHOOI
MALAYSIA
16TH FLOOR, WISMA SIME DARBY
JALAN RAJA LAUT, 50350 KUALA LUMPUR

Tan Kim Chooi
Commissioner for Oaths (No. W661)
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIME DARBY BERHAD

(Incorporated in Malaysia)
(Company No. 752404 U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Sime Darby Berhad (the Company) and its subsidiaries (the Group) give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including significant accounting policies, as set out on pages 167 to 348.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (By-Laws) and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There is no key audit matter for the Company for the financial year. The key audit matters for the Group for the financial year are as described in the table below:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIME DARBY BERHAD
(Incorporated in Malaysia)
(Company No. 752404 U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Recoverability of property, plant and equipment in Sime Darby Plantation (Liberia) Inc (SDP Liberia)	
The carrying amount of the property, plant and equipment of SDP Liberia which is included in assets held for sale in Note 40(c) as at 30 June 2017 amounted to RM408 million. The property, plant and equipment consist of oil palm estates and a palm oil mill in Liberia. We focused on the recoverability of the carrying amount of property, plant and equipment in SDP Liberia within the Plantation segment due to the significant estimates involved in determining the key assumptions used in deriving the recoverable amount of the assets. i.e. crude palm oil (CPO) selling price, fresh fruit bunch (FFB) yields, average upkeep costs and discount rate. Management performed an assessment on the recoverability of the property, plant and equipment in SDP Liberia due to the losses suffered by SDP Liberia for the financial year ended 30 June 2017. Management's assessment of the recoverable amounts of the property, plant and equipment in SDP Liberia was determined using the fair value less costs to sell based on discounted cash flow model carried out by an external valuer, which was approved by the Directors of the Plantation Division. Based on management's assessment, an impairment loss of RM202 million was required on the oil palm estates in SDP Liberia within the discontinuing operations of the Group as at 30 June 2017, as stated in Note 21(e) to the financial statements. Refer to Notes 4(a), 21 and 40(c) to the financial statements.	We obtained and read the valuation report issued by the valuer appointed by the Group, focusing on the basis, method and key assumptions used by the valuer in determining the fair value less costs to sell of the oil palm estates and palm oil mill in SDP Liberia. We assessed the objectivity, capability and competency of the valuer by considering the valuer's professional background, reputation, experience in similar industries and held discussions with the valuer. We evaluated the reasonableness of the key assumptions used by the external valuer in the cash flow projections, i.e. CPO selling price, FFB yields and average upkeep costs. We compared the CPO selling price, FFB yields and average upkeep costs to historical results, forecasted commodity prices and industry data where appropriate. We involved our valuation experts to assess appropriateness of the valuation methodology used by the external valuer and the discount rate used in determining the recoverable amounts of the oil palm estates and palm oil mill. We assessed the appropriateness of sensitivity analysis performed by management, including the disclosures, on a reasonably possible change in the key assumptions and the corresponding effect on the respective recoverable amounts. Based on the above procedures performed, we did not note any exception to the Directors' assessment on the recoverability of property, plant and equipment in SDP Liberia as at 30 June 2017.
Recoverability of carrying amount of intangible assets in the Industrial operations in Australasia	
Intangible assets recognised on the Statement of Financial Position of the Group included Bucyrus distribution rights and goodwill of RM760 million and RM69 million respectively, which are allocated to the Industrial operations in Australasia.	We evaluated the reasonableness of the key assumptions used by management in the approved cash flow projections by comparing the revenue growth rate, PBIT growth rate, EBITDA growth rate and terminal growth rate to historical results and industry data where appropriate.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIME DARBY BERHAD

(Incorporated in Malaysia)
(Company No. 752404 U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Recoverability of carrying amount of intangible assets in the Industrial operations in Australasia (continued)	
We focused on the recoverability of the carrying amount of Bucyrus intangible assets within the Industrial segment due to the significant estimates involved in determining the key assumptions used in deriving the recoverable amounts of the cash-generating units (CGUs), i.e. revenue growth, profit before interest and tax (PBIT), earnings before interest, tax, depreciation and amortisation (EBITDA) growth rate, terminal growth rate and discount rate. Management performed impairment assessments of the CGUs using the fair value less costs to sell based on discounted cash flow model, which was approved by the Directors of the Industrial Division. Based on management's assessments, an impairment of RM214 million was required on the Bucyrus goodwill as at 30 June 2017, as stated in Note 4(a) to the financial statements. Refer to Notes 4(a) and 29 to the financial statements.	We assessed the reliability of management's forecast by comparing their previous years' forecasted results against past trends of actual results. Management has also updated the cash flow projections with the updated historical results and latest available market information. We involved our valuation experts to assess the discount rate used in determining the recoverable amounts of the CGUs. We assessed the appropriateness of sensitivity analysis performed by management, including the disclosures, on a reasonably possible change in the key assumptions and the corresponding effect on the respective recoverable amounts. Based on the above procedures performed, we did not note any exceptions to the Directors' assessment on the recoverability of carrying amount of intangible assets in the Industrial operations in Australasia as at 30 June 2017.
Recoverability of carrying amount of goodwill in New Britain Palm Oil Limited	
The intangible assets included in assets held for sale in Note 40(c) of the financial statements include goodwill of RM2,220 million which arose from the acquisition of New Britain Palm Oil Limited (NBPOL) group. The goodwill is allocated to the NBPOL and PT Minamas Gemilang (Minamas) CGUs as both CGUs are expected to benefit from the synergies of the business combination. We focused on the recoverability of the carrying amount of goodwill in NBPOL within the Plantation segment due to the significant estimates involved in determining the key assumptions used in deriving the recoverable amounts of the CGUs, i.e. projection period, FFB yields, CPO selling prices and the discount rate. Management performed impairment assessments of the CGUs in the Plantation segment based on value-in-use (VIU) determined using the discounted cash flow models, which was approved by the Directors of the Plantation Division.	We evaluated the reasonableness of the key assumptions used by management in the approved cash flow projections by comparing the FFB yields and CPO selling prices to historical results and industry data where appropriate. We assessed the reliability of management's forecast by comparing their previous years' forecasted results against past trends of actual results. Management has also updated the cash flow projections with the updated historical results and latest available market information. We involved our valuation experts to assess the discount rate used in determining the recoverable amounts of the respective CGUs. We assessed the appropriateness of sensitivity analysis performed by management, including the disclosures on a reasonably possible change in the key assumptions and the corresponding effect on the respective recoverable amounts.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Recoverability of carrying amount of goodwill in New Britain Palm Oil Limited (continued)	
Based on management's assessments, no impairment was required as the recoverable amount exceeded the carrying amount of goodwill in NBPOL as at 30 June 2017. Refer to Notes 4(a), 29 and 40(c) to the financial statements.	Based on the above procedures performed, we did not note any exceptions to the Directors' assessment on the recoverability of the carrying amount of goodwill in NBPOL as at 30 June 2017.
Revenue recognition – property development	
The Group recognises revenue from property development presented within the discontinuing operations using the stage of completion method. The stage of completion is measured using the output method, which is based on the level of completion of the physical proportion of contract work-to-date, certified by professional consultants. The Group recognised revenue from property development of RM2,049 million for the financial year ended 30 June 2017. Revenue recognised from property development has inherent risk as it involves judgement and estimates. We focused on this area because there is key judgment involved in determining the following: • Stage of completion; • Extent of property development costs incurred to-date; and • Estimated total property development costs. Refer Note 4(b) to the financial statements.	We identified and assessed key judgements inherent in the recognition of revenue and costs arising from property development. We have also agreed the stage of completion to internal or external quantity surveyors' certifications. We tested the operating effectiveness of the key controls in respect of the review and approval of project cost budgets to assess the reliability of these budgets and the determination of the extent of costs incurred to-date. We corroborated the certified stage of completion with the level of completion based on actual costs incurred to-date over the estimated total property development costs. We have also agreed, on a sample basis, costs incurred to supporting documentation; i.e. subcontractor claim certificates and invoices from vendors. We assessed the reasonableness of the estimated total property development costs of major projects by agreeing to supporting documentation i.e. approved budgets, letter of awards, contracts, quotations, correspondences, contracts and variation orders with sub-contractors. We assessed the appropriateness of the basis for allocation of common costs for property development projects, to respective phases and units under development. We agreed total budgeted revenue, on a sample basis, of material projects to supporting documentation i.e. sales and purchase agreements, construction contracts and signed variation orders. Based on the above procedures performed, we noted no material exceptions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIME DARBY BERHAD

(Incorporated in Malaysia)
(Company No. 752404 U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Realisability of deferred tax assets arising from unabsorbed tax losses	
As at 30 June 2017, the Group recognised deferred tax assets (DTA) of RM233 million arising from unabsorbed tax losses from certain subsidiaries within the Industrial segment in Australia. The tax losses have no expiry date. Management recognised the DTA on the basis that it is probable that future taxable profits will be available for the utilisation of the DTA. We focused on the realisability of the DTA as there is judgement involved in the assessment of whether the DTA will be utilised in future periods based on the taxable profit projection of these entities. Management determined the amount of DTA to be recognised based on the future taxable profit projections derived using the profit projection used in determining the recoverability of the carrying amount of intangible assets in the Industrial operations in Australasia, which were approved by the Directors of the Industrial Division. Refer to Notes 4(c) and 30 to the financial statements.	We reviewed the reasonableness of the key assumptions used by management in the profit projections, i.e. revenue growth, PBIT growth rate, EBITDA growth rate and terminal growth rate, which was also tested by us as part of the recoverability assessment on the Bucyrus intangible assets. We checked consistency of inputs and key assumptions used in the recoverability assessment on the Bucyrus intangible assets. We checked the reconciliation from the projected cash flow used in the recoverability assessment to the projected taxable profit. We assessed the timing of utilisation of the DTA based on the projected taxable profit using the tax rate in Australia. Based on the above procedures performed, we did not note any exceptions to the Directors' assessment on the realisability of DTA arising from unabsorbed tax losses from certain subsidiaries within the Industrial segment in Australia as at 30 June 2017.
Recoverability of tax recoverable in Indonesia	
As at 30 June 2017, the Minamas group in Indonesia within the Plantation segment recognised tax recoverable amounting to RM671 million, which is included in the assets held for sale in Note 40(c). The tax recoverable arose from overpayment of corporate income tax and tax examination results from the tax authority. During the financial year, the Group recognised impairment of RM10 million on the tax recoverable as management believes that the amount is not recoverable. We focused on the recoverability of the tax recoverable in Indonesia from the Minamas group due to the inherent uncertainties involved as the recoverability of the tax recoverable is dependent on the assessment by the Indonesian tax authorities, which may take significant time before the Group receives the tax refunds. Management's determination of the recoverability of the tax recoverable in Indonesia is based on prior experience with the tax authorities on tax examinations performed, which has been approved by the Directors of the Plantation Division. Refer to Notes 4(c) and 40(c) to the financial statements.	We evaluated management's assessment on the status of recoverability on each claim for tax refund from the Minamas group in Indonesia. We checked the income tax calculations and status of the open tax cases and involved the local tax specialist in evaluating management's assessment on the status of recoverability on each claim for tax refund. Based on the above procedures performed, we did not note any exceptions to the Directors' assessment on the recoverability of tax recoverable as at 30 June 2017.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIME DARBY BERHAD
(Incorporated in Malaysia)
(Company No. 752404 U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises Directors' Report, which we obtained prior to the date of this auditors' report, and the remaining Annual Report 2017 of Sime Darby Berhad, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIME DARBY BERHAD

(Incorporated in Malaysia)
(Company No. 752404 U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 62 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 65 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

1. As stated in Note 2 to the financial statements, Sime Darby Berhad adopted Malaysian Financial Reporting Standards on 1 July 2016 with a transition date of 1 July 2015. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 30 June 2016 and 1 July 2015, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year ended 30 June 2016 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2017, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2016 do not contain misstatements that materially affect the financial position as at 30 June 2017 and financial performance and cash flows for the financial year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

NURUL A'IN BINTI ABDUL LATIF
02910/02/2019 J
Chartered Accountant

Kuala Lumpur
6 September 2017

STATEMENTS OF PROFIT OR LOSS

For the financial year ended 30 June 2017
Amounts in RM million unless otherwise stated

	Note	Group 2017	Group 2016	Company 2017	Company 2016
Continuing operations					
Revenue	**6**	**31,087**	29,452	**1,400**	1,270
Operating expenses	**7**	**(30,885)**	(28,974)	**(57)**	(26)
Other operating income	**10**	**399**	470	**1**	5
Other gains and losses	**11**	**137**	(41)	**-**	(1)
Operating profit		**738**	907	**1,344**	1,248
Share of results of joint ventures	**12**	**47**	44	**-**	–
Share of results of associates	**13**	**(1)**	(8)	**-**	–
Profit before interest and tax		**784**	943	**1,344**	1,248
Finance income	**14**	**512**	532	**262**	215
Finance costs	**15**	**(289)**	(429)	**(151)**	(176)
Profit before tax		**1,007**	1,046	**1,455**	1,287
Taxation	**16**	**(212)**	(182)	**1**	–
Profit for the financial year from continuing operations		**795**	864	**1,456**	1,287
Discontinuing operations					
Profit for the financial year from discontinuing operations	**17**	**1,886**	1,744	**-**	–
Profit for the financial year		**2,681**	2,608	**1,456**	1,287
Profit for the financial year attributable to owners of:					
- the Company					
- from continuing operations		**615**	792	**1,334**	1,254
- from discontinuing operations		**1,823**	1,626	**-**	–
		2,438	2,418	**1,334**	1,254
- perpetual sukuk		**124**	33	**122**	33
- non-controlling interests		**119**	157	**-**	–
		2,681	2,608	**1,456**	1,287
		Sen	Sen		
Basic earnings per share attributable to owners of the Company:	**18**				
- from continuing operations		**9.3**	12.6		
- from discontinuing operations		**27.4**	25.9		
		36.7	38.5		

The notes on pages 178 to 348 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2017
Amounts in RM million unless otherwise stated

		Group		Company	
	Note	2017	2016	2017	2016
Profit for the financial year		**2,681**	2,608	**1,456**	1,287
Other comprehensive income/(loss)					
Continuing operations					
Items that will be reclassified subsequently to profit or loss					
Currency translation differences		**310**	345	**–**	–
Net change in fair value of cash flow hedges		**(12)**	109	**–**	–
Share of other comprehensive income/(loss) of:					
- joint ventures		**5**	(2)	**–**	–
- associates		**25**	11	**–**	–
Taxation		**2**	(25)	**–**	–
		330	438	**–**	–
Reclassified to profit or loss:					
- currency translation differences on:					
- repayment of net investments		**19**	(26)	**–**	–
- disposal of a subsidiary		**5**	–	**–**	–
- changes in fair value of cash flow hedges as adjustment to revenue and other gains and losses		**19**	(49)	**–**	–
Reclassification of changes in fair value of cash flow hedges to inventories		**7**	7	**–**	–
Taxation		**(6)**	12	**–**	–
		374	382	**–**	–
Items that will not be reclassified subsequently to profit or loss					
Actuarial loss on defined benefit pension plans		**(3)**	–	**–**	–
Share of other comprehensive loss of a joint venture		**–**	(3)	**–**	–
		(3)	(3)	**–**	–
Other comprehensive income from continuing operations		**371**	379	**–**	–
Discontinuing operations					
Other comprehensive income from discontinuing operations		**406**	57	**–**	–
Total other comprehensive income	**20**	**777**	436	**–**	–
Total comprehensive income for the financial year		**3,458**	3,044	**1,456**	1,287
Total comprehensive income for the financial year attributable to owners of:					
- the Company					
- from continuing operations		**957**	1,143	**1,334**	1,254
- from discontinuing operations		**2,209**	1,672	**–**	–
		3,166	2,815	**1,334**	1,254
- perpetual sukuk		**124**	33	**122**	33
- non-controlling interests		**168**	196	**–**	–
		3,458	3,044	**1,456**	1,287

The notes on pages 178 to 348 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2017
Amounts in RM million unless otherwise stated

Group	Note	30 June 2017	30 June 2016	1 July 2015
NON-CURRENT ASSETS				
Property, plant and equipment	**21**	**5,624**	24,456	23,027
Prepaid lease rentals	**22**	**359**	992	969
Investment properties	**23**	**317**	395	572
Biological assets	**24**	**-**	45	9
Land held for property development	**25**	**-**	695	810
Joint ventures	**12**	**1,131**	2,889	2,238
Associates	**13**	**652**	1,324	1,582
Investments	**28**	**100**	158	140
Intangible assets	**29**	**1,684**	4,544	4,194
Deferred tax assets	**30**	**611**	1,655	1,225
Tax recoverable	**31**	**160**	545	479
Derivative assets	**32**	**44**	139	215
Receivables	**33**	**166**	549	528
Contract assets	**34**	**-**	1,440	651
Pension assets	**49**	**5**	–	–
		10,853	39,826	36,639
CURRENT ASSETS				
Inventories	**35**	**7,103**	9,412	9,669
Biological assets	**24**	**-**	123	174
Property development costs	**36**	**-**	3,244	2,843
Receivables	**33**	**3,847**	6,523	7,273
Contract assets	**34**	**39**	370	460
Prepayments	**37**	**466**	819	689
Tax recoverable	**31**	**67**	239	311
Derivative assets	**32**	**97**	125	80
Cash held under Housing Development Accounts	**38**	**-**	610	556
Bank balances, deposits and cash	**39**	**2,072**	2,911	3,645
		13,691	24,376	25,700
Assets held for sale	**40**	**43,136**	307	128
TOTAL ASSETS		**67,680**	64,509	62,467

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2017 (continued)
Amounts in RM million unless otherwise stated

Group	Note	30 June 2017	30 June 2016	1 July 2015
EQUITY				
Share capital	**41**	**9,299**	3,164	3,106
Share premium		**–**	2,602	1,795
Reserves	**43**	**1,348**	623	321
Retained profits		**26,696**	26,006	25,157
ATTRIBUTABLE TO OWNERS OF THE COMPANY		**37,343**	32,395	30,379
Perpetual sukuk	**44**	**2,230**	2,230	–
Non-controlling interests	**45**	**976**	965	1,005
TOTAL EQUITY		**40,549**	35,590	31,384
NON-CURRENT LIABILITIES				
Borrowings	**46**	**1,246**	11,414	11,745
Finance lease obligation	**47**	**5**	127	139
Contract liabilities	**34**	**104**	372	341
Provisions	**48**	**37**	267	17
Retirement benefits	**49**	**–**	216	167
Government grants	**50**	**187**	186	203
Deferred tax liabilities	**30**	**338**	2,936	2,859
Derivative liabilities	**32**	**–**	29	19
		1,917	15,547	15,490
CURRENT LIABILITIES				
Payables	**51**	**4,348**	7,229	7,333
Contract liabilities	**34**	**1,319**	1,196	1,339
Borrowings	**46**	**1,948**	4,419	6,318
Finance lease obligation	**47**	**6**	8	7
Provisions	**48**	**170**	217	229
Tax payable		**122**	245	223
Derivative liabilities	**32**	**11**	58	61
		7,924	13,372	15,510
Liabilities associated with assets held for sale	**40**	**17,290**	–	83
TOTAL LIABILITIES		**27,131**	28,919	31,083
TOTAL EQUITY AND LIABILITIES		**67,680**	64,509	62,467

Company	Note	30 June 2017	30 June 2016	1 July 2015
NON-CURRENT ASSETS				
Subsidiaries	**26**	**3,621**	8,078	7,514
Amount due from a subsidiary	**27**	**700**	6,112	1,700
		4,321	14,190	9,214
CURRENT ASSETS				
Receivables	**33**	**–**	7	–
Amounts due from subsidiaries	**27**	**8,955**	7,007	9,245
Tax recoverable	**31**	**–**	1	1
Bank balances, deposits and cash	**39**	**200**	200	205
		9,155	7,215	9,451
Assets held for sale	**40**	**4,505**	–	–
TOTAL ASSETS		**17,981**	21,405	18,665
EQUITY				
Share capital	**41**	**9,299**	3,164	3,106
Share premium		**–**	2,602	1,795
Reserves	**43**	**–**	–	37
Retained profits		**7,965**	8,438	8,744
ATTRIBUTABLE TO OWNERS OF THE COMPANY		**17,264**	14,204	13,682
Perpetual sukuk	**44**	**–**	2,230	–
TOTAL EQUITY		**17,264**	16,434	13,682
NON-CURRENT LIABILITIES				
Borrowings	**46**	**700**	700	1,700
Amount due to a subsidiary	**27**	**–**	3,212	–
Deferred tax liabilities	**30**	**–**	1	2
		700	3,913	1,702
CURRENT LIABILITIES				
Payables	**51**	**16**	14	21
Amounts due to subsidiaries	**27**	**–**	36	3,052
Borrowings	**46**	**1**	1,008	208
		17	1,058	3,281
TOTAL LIABILITIES		**717**	4,971	4,983
TOTAL EQUITY AND LIABILITIES		**17,981**	21,405	18,665

The notes on pages 178 to 348 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2017
Amounts in RM million unless otherwise stated

Group 2017	Note	Share capital	Share premium	Reserves	Retained profits	Attributable to owners of the Company	Perpetual sukuk	Non-controlling interests	Total equity
At 1 July 2016		3,164	2,602	623	26,006	32,395	2,230	965	35,590
Profit for the financial year		-	-	-	2,438	2,438	124	119	2,681
Other comprehensive income for the financial year	20	-	-	725	3	728	-	49	777
Total comprehensive income for the financial year		-	-	725	2,441	3,166	124	168	3,458
Transfer from share premium	41	5,899	(5,899)	-	-	-	-	-	-
Transfer between reserves		-	-	(58)	58	-	-	-	-
Transactions with owners:									
- acquisition of non-controlling interests		-	-	58	(6)	52	-	(64)	(12)
- share placement	41	158	2,199	-	-	2,357	-	-	2,357
- issue of shares in a subsidiary		-	-	-	-	-	-	7	7
- dividends paid by way of:	19								
- issuance of shares pursuant to the Dividend Reinvestment Plan		78	1,110	-	(1,188)	-	-	-	-
- cash		-	-	-	(615)	(615)	-	(100)	(715)
- distribution		-	-	-	-	-	(124)	-	(124)
Share issue expenses		-	(12)	-	-	(12)	-	-	(12)
At 30 June 2017		9,299	-	1,348	26,696	37,343	2,230	976	40,549

Group 2016	Note	Share capital	Share premium	Reserves	Retained profits	Attributable to owners of the Company	Perpetual sukuk	Non-controlling interests	Total equity
At 1 July 2015		3,106	1,795	321	25,157	30,379	–	1,005	31,384
Profit for the financial year		–	–	–	2,418	2,418	33	157	2,608
Other comprehensive income for the financial year	20	–	–	394	3	397	–	39	436
Total comprehensive income for the financial year		–	–	394	2,421	2,815	33	196	3,044
Performance-based employee share scheme	42	–	–	(37)	–	(37)	–	–	(37)
Share of capital reserve of associates	13	–	–	2	–	2	–	–	2
Transfer between reserves		–	–	1	(1)	–	–	–	–
Transactions with owners:									
- acquisition of non-controlling interests		–	–	–	(11)	(11)	–	(2)	(13)
- disposal of subsidiaries		–	–	–	–	–	–	(12)	(12)
- put options adjustment	51	–	–	(58)	–	(58)	–	–	(58)
- issuance of perpetual sukuk (net of expenses and tax)		–	–	–	–	–	2,197	–	2,197
- dividends paid by way of:	19								
- issuance of shares pursuant to the Dividend Reinvestment Plan		58	807	–	(865)	–	–	–	–
- cash		–	–	–	(695)	(695)	–	(222)	(917)
At 30 June 2016		3,164	2,602	623	26,006	32,395	2,230	965	35,590

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2017 (continued)
Amounts in RM million unless otherwise stated

Company 2017	**Note**	**Share capital**	**Share premium**	**Reserves**	**Retained profits**	**Attributable to owners of the Company**	**Perpetual sukuk**	**Total equity**
At 1 July 2016		**3,164**	**2,602**	**–**	**8,438**	**14,204**	**2,230**	**16,434**
Profit for the financial year		**–**	**–**	**–**	**1,334**	**1,334**	**122**	**1,456**
Transfer from share premium	**41**	**5,899**	**(5,899)**	**–**	**–**	**–**	**–**	**–**
Transactions with owners:								
- share placement	**41**	**158**	**2,199**	**–**	**–**	**2,357**	**–**	**2,357**
- novation to a subsidiary		**–**	**–**	**–**	**(4)**	**(4)**	**(2,228)**	**(2,232)**
- dividends paid by way of:	**19**							
- issuance of shares pursuant to the Dividend Reinvestment Plan		**78**	**1,110**	**–**	**(1,188)**	**–**	**–**	**–**
- cash		**–**	**–**	**–**	**(615)**	**(615)**	**–**	**(615)**
- distribution		**–**	**–**	**–**	**–**	**–**	**(124)**	**(124)**
Share issue expenses		**–**	**(12)**	**–**	**–**	**(12)**	**–**	**(12)**
At 30 June 2017		**9,299**	**–**	**–**	**7,965**	**17,264**	**–**	**17,264**

2016	Note	Share capital	Share premium	Reserves	Retained profits	Attributable to owners of the Company	Perpetual sukuk	Total equity
At 1 July 2015		3,106	1,795	37	8,744	13,682	–	13,682
Profit for the financial year		–	–	–	1,254	1,254	33	1,287
Performance-based employee share scheme	42	–	–	(37)	–	(37)	–	(37)
Transactions with owners:								
- issuance of perpetual sukuk (net of expenses and tax)		–	–	–	–	–	2,197	2,197
- dividends paid by way of:	19							
- issuance of shares pursuant to the Dividend Reinvestment Plan		58	807	–	(865)	–	–	–
- cash		–	–	–	(695)	(695)	–	(695)
At 30 June 2016		3,164	2,602	–	8,438	14,204	2,230	16,434

An analysis of the movements in each category within reserves is disclosed in Note 43.

The notes on pages 178 to 348 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2017
Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2017	**2016**	**2017**	**2016**
Cash flow from operating activities					
Profit for the financial year		**795**	864	**1,456**	1,287
Adjustments for:					
- dividends from subsidiaries		**-**	–	**(1,400)**	(1,270)
- gain on disposal and investment income		**(209)**	(163)	**-**	–
- loss on disposal of property, plant and equipment		**13**	15	**-**	–
- reversal of impairment losses and bad debts		**(14)**	(44)	**-**	–
- depreciation, amortisation, impairment and write offs		**850**	649	**-**	3
- write-down of inventories (net)		**203**	208	**-**	–
- changes in fair value of derivatives and warrants		**20**	(98)	**-**	–
- unrealised foreign currencies exchange (gain)/loss		**(50)**	111	**-**	1
- realised foreign currencies exchange loss/(gain) transferred from equity		**19**	(26)	**-**	–
- share of results of joint ventures and associates		**(46)**	(36)	**-**	–
- finance income		**(512)**	(532)	**(262)**	(215)
- finance costs		**289**	429	**151**	176
- taxation		**212**	182	**(1)**	–
- other non-cash items		**7**	(14)	**-**	–
		1,577	1,545	**(56)**	(18)
Changes in working capital:					
- inventories and rental assets		**(120)**	701	**-**	–
- receivables and others		**416**	362	**7**	(43)
- payables and others		**(202)**	(462)	**2**	–
Cash generated from/(used in) operations		**1,671**	2,146	**(47)**	(61)
Tax (paid)/refund		**(289)**	(233)	**1**	–
Dividends received from:					
- subsidiaries		**-**	–	**1,400**	1,270
- joint venture		**1**	–	**-**	–
- associates		**32**	38	**-**	–
Income received from investments		**124**	90	**-**	–
Operating cash flow from continuing operations		**1,539**	2,041	**1,354**	1,209
Operating cash flow from discontinuing operations		**3,452**	1,618	**-**	–
Net cash from operating activities		**4,991**	3,659	**1,354**	1,209

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2017 (continued)
Amounts in RM million unless otherwise stated

		Group		Company	
	Note	**2017**	**2016**	**2017**	**2016**
Cash flow from investing activities					
Finance income received		**512**	527	**298**	168
Proceeds from sale of:					
- property, plant and equipment		**28**	112	**–**	–
- investment properties		**45**	–	**–**	–
- associate		**308**	–	**–**	–
- investments		**15**	–	**–**	–
Net cash inflow from disposal of subsidiaries	**53(a)**	**104**	114	**–**	–
Purchase of:					
- property, plant and equipment	**21**	**(394)**	(914)	**–**	–
- investment properties		**(3)**	–	**–**	–
- investments		**(58)**	–	**–**	–
- intangible assets		**(122)**	(143)	**–**	–
Payment for prepaid lease rentals		**(14)**	(43)	**–**	–
Acquisition and subscription of shares in joint ventures		**(105)**	(30)	**–**	–
Acquisition and subscription of shares in associates		**–**	(23)	**–**	–
Advances to subsidiaries		**–**	–	**(2,064)**	(2,512)
Others		**50**	(84)	**–**	–
Investing cash flow from/(used in) continuing operations		**366**	(484)	**(1,766)**	(2,344)
Investing cash flow used in discontinuing operations		**(1,813)**	(1,125)	**–**	–
Net cash used in investing activities		**(1,447)**	(1,609)	**(1,766)**	(2,344)

	Note	Group 2017	Group 2016	Company 2017	Company 2016
Cash flow from financing activities					
Proceeds from issuance of shares, net of expenses		**2,345**	–	**2,345**	–
Proceeds from shares issued to an owner of non-controlling interest		**7**	–	**-**	–
Proceeds from issuance of perpetual sukuk, net of expenses		**-**	2,196	**-**	2,196
Purchase of additional interest in subsidiaries		**(29)**	(11)	**-**	–
Finance costs paid		**(371)**	(448)	**(194)**	(171)
Long-term borrowings raised		**45**	227	**-**	–
Repayment of long-term borrowings		**(4,250)**	(1,114)	**(1,000)**	–
Revolving credits, trade facilities and other short-term borrowings (net)		**(437)**	(2,878)	**-**	(200)
Distribution to perpetual sukuk holders		**(124)**	–	**(124)**	–
Dividends paid		**(655)**	(740)	**(615)**	(695)
Financing cash flow (used in)/from continuing operations		**(3,469)**	(2,768)	**412**	1,130
Financing cash flow from/(used in) discontinuing operations		**169**	(32)	**-**	–
Net cash (used in)/from financing activities		**(3,300)**	(2,800)	**412**	1,130
Net increase/(decrease) in cash and cash equivalents		**244**	(750)	**-**	(5)
Foreign exchange differences		**102**	91	**-**	–
Cash and cash equivalents at beginning of the financial year		**3,496**	4,155	**200**	205
Cash and cash equivalents at end of the financial year [note (a)]		**3,842**	3,496	**200**	200
a. Cash and cash equivalents at end of the financial year:					
Cash held under Housing Development Accounts	**38**	**-**	610	**-**	–
Bank balances, deposits and cash	**39**	**2,072**	2,911	**200**	200
Bank overdrafts	**46**	**(78)**	(25)	**-**	–
Cash and cash equivalents from continuing operations		**1,994**	3,496	**200**	200
Cash and cash equivalents from discontinuing operations	**17**	**1,848**	–	**-**	–
		3,842	3,496	**200**	200

The notes on pages 178 to 348 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017
Amounts in RM million unless otherwise stated

1 General Information

a. Principal Activities

The Company is principally an investment holding company. The principal activities and details of the subsidiaries, joint ventures and associates are disclosed in Note 62.

There has been no significant change in the principal activities of the Group and of the Company during the financial year, other than the discontinuing operations as disclosed in Note 17.

b. Corporate Proposal

On 27 February 2017, the Board of Directors of the Company announced a proposal to create three standalone listed entities, namely Sime Darby Plantation Berhad, Sime Darby Property Berhad and Sime Darby Berhad, which will be pure-plays in the plantation, property and trading and logistics sectors on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities) with the aim of unlocking sustainable value. The final terms of the proposal approved by the Board of Directors on 24 August 2017 involve, amongst others, the distribution of the Company's entire shareholdings in Sime Darby Plantation Berhad and Sime Darby Property Berhad to shareholders of the Company. Details of the proposal are described in Note 63.

Upon the completion of the proposal, the Company will remain listed on the Main Market of Bursa Securities with the following businesses:

i. trading comprising motors and industrial;
ii. logistics; and
iii. other businesses comprising healthcare, insurance, retail and other investments.

The results of plantation and property businesses to be distributed to shareholders of the Company have been presented as discontinuing operations in the financial statements of the Group. The completion of the proposal is subject to the approval of the Securities Commission, Bursa Securities and shareholders of the Company.

2 Basis of Preparation

The financial statements of the Group and of the Company are prepared in accordance with the provisions of the Companies Act, 2016 and comply with the Malaysian Financial Reporting Standards (MFRS) and International Financial Reporting Standards (IFRS).

The financial statements of the Group and of the Company for the financial year ended 30 June 2017 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards and MFRS 141 – Agriculture. Subject to certain transition elections as disclosed in Note 58, the Group and the Company have consistently applied the same accounting policies in their opening MFRS statements of financial position as at 1 July 2015, being the transition date, and throughout all years presented, as if these policies had always been in effect. The impact of the transition to MFRS on the Group's and the Company's reported financial position, financial performance and cash flows, are disclosed in Note 58.

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies in Note 3.

The preparation of financial statements in conformity with MFRS, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group's and to the Company's financial statements are disclosed in Note 4.

During the financial year, the Group has considered the new accounting pronouncements in the preparation of the financial statements.

2 Basis of Preparation (continued)

a. Accounting pronouncement that has been early adopted in preparing these financial statements

The Group has early adopted MFRS 15 – Revenue from Contracts with Customers in the current financial year. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods and services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services. The impact of the adoption of MFRS 15 is shown in Note 58.

b. Accounting pronouncements that are not yet effective and have not been early adopted in preparing these financial statements

i. Interpretation and amendments that are effective on or after 1 July 2017, where their adoption is not expected to result in any significant changes to the Group's and Company's results or financial position.

- Disclosure Initiative (Amendments to MFRS 107)
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)
- Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)
- Applying MFRS 9 – Financial Instruments with MFRS 4 – Insurance Contracts (Amendments to MFRS 4)
- Annual Improvements to MFRSs 2014 – 2016 Cycle
- Transfer of Investment Property (Amendments to MFRS 140)
- IC Interpretation 22 – Foreign Currency Translations and Advance Consideration

ii. Standards where the Group is currently assessing and has yet to quantify the potential impact.

- MFRS 9 – Financial Instruments

  MFRS 9 replaces MFRS 139 – Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment and hedge accounting, and will be effective for annual reporting periods beginning or after 1 January 2018.

- MFRS 16 – Leases

  MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. MFRS 16 will be effective for annual reporting periods beginning on or after 1 January 2019.

- IC Interpretation 23 – Uncertainty over income tax treatments

  IC Interpretation 23 provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. If it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. The effect of uncertainty shall be measured using the method which best predicts the resolution of the uncertainty. IC Interpretation 23 will be effective for annual reporting periods beginning on or after 1 January 2019.

iii. The effective date for the following amendments has been deferred to a date to be determined by Malaysian Accounting Standards Board.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
Amounts in RM million unless otherwise stated

3 Significant Accounting Policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial years presented, unless otherwise stated.

a. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

i. Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the entity, has exposure to or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated using the acquisition method except for those subsidiaries acquired under common control. Under the acquisition method, subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date when control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange.

Contingent consideration is recorded at fair value as a component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition related costs are recognised as expenses when incurred.

Existing equity interests in the acquiree are re-measured to fair value at the date of business combination with any resulting gain or loss taken to the profit or loss.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair values, at the date of acquisition. The excess of the consideration and the fair value of previously held equity interests over the Group's share of the fair value of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. Any gain from bargain purchase is recognised directly in the profit or loss.

Intercompany transactions and balances are eliminated on consolidation, but unrealised losses arising therefrom are eliminated only to the extent of the cost of the asset that can be recovered, and the balance is recognised in the profit or loss as reduction in net realisable value or as impairment loss.

Non-controlling interests in the results and net assets of non-wholly owned subsidiaries are presented separately in the financial statements. Transactions with owners of non-controlling interests without a change in control are treated as equity transactions in the statement of changes in equity.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

ii. Business combinations under common control

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying amount of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to equity.

3 Significant Accounting Policies (continued)

a. Basis of consolidation (continued)

iii. Joint ventures
Joint ventures are separate vehicles in which the Group has rights to its net assets and where it's strategic, financial and operating decisions require unanimous consent of the Group and one or more parties sharing the control.

Joint ventures are accounted using the equity method. Equity method is a method of accounting whereby the investment is recorded at cost inclusive of goodwill and adjusted thereafter for the Group's share of the post-acquisition results and other changes in the net assets of the joint ventures based on their latest audited financial statements or management accounts. Where necessary, adjustments are made to the financial statements of joint ventures used by the Group in applying the equity method to ensure consistency of accounting policies with those of the Group.

After application of the equity method, the carrying amount of the joint ventures will be assessed for impairment. When the Group's share of losses in joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless the Group has incurred legal or constructive obligations in respect of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the assets transferred are recognised in the profit or loss.

When joint control ceases, the disposal proceeds and the fair value of any retained investment are compared to the carrying amount of the joint venture. The difference together with the cumulative exchange reserve that relate to the joint venture is recognised as gain or loss on disposal. In the case of partial disposal without losing joint control, the difference between the proceeds and the carrying amount disposed, and the proportionate exchange reserve is recognised as gain or loss on disposal.

iv. Associates
Associates are entities in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over those policies.

Investments in associates are accounted for using the equity method, similar to Note 3(a)(iii) above.

b. Foreign currencies

i. Presentation and functional currencies
Ringgit Malaysia is the presentation currency of the Group and of the Company. Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operations have different functional currencies.

ii. Transactions and balances
Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising therefrom and on settlement are recognised in the profit or loss.

Foreign exchange differences arising from the translation of a monetary item designated as hedge of net investment in a foreign operation is recognised in other comprehensive income in the consolidated financial statements until the net investment is disposed.

iii. Translation of foreign currency financial statements
For consolidation purposes, foreign operations' results are translated into the Group's presentation currency at average exchange rates for the financial year whilst the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at exchange rates ruling at the end of the reporting period. The resulting translation differences are recognised in other comprehensive income and accumulated in exchange reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
Amounts in RM million unless otherwise stated

3 Significant Accounting Policies (continued)

b. Foreign currencies (continued)

iii. Translation of foreign currency financial statements (continued)
Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income and reclassified from equity to profit or loss upon repayment or disposal of the relevant entity.

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

c. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of an asset. The carrying amount of the replaced part is derecognised and all repairs and maintenance costs are charged to the profit or loss.

Freehold land is not depreciated as it has indefinite life. The cost of plantation expenditures on new planting and replanting of bearer plants and assets in the course of construction are shown as capital work in progress. Depreciation commences when the bearer plants mature or when the assets are ready for use. Other property, plant and equipment are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives.

The principal annual depreciation rates are:

Leasehold land	over the lease period ranging from 30 to 999 years
Buildings	2% to 25%, or over the lease term if shorter
Bearer plants	
- Oil palm	22 years, or over the lease term if shorter
- Rubber	24 years, or over the lease term if shorter
- Growing cane	5 years, or over the lease term if shorter
Plant and machinery	2% to 33.3%
Rental assets	10% to 33.3%
Vehicles, equipment and fixtures	5% to 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

Rental assets will be transferred to inventories at their carrying amounts when they cease to be rented and are held for sale.

d. Prepaid lease rentals

Prepaid lease rentals represent payment for rights to use land over a predetermined period that is accounted for as an operating lease and is stated at cost less amount amortised and accumulated impairment losses.

The prepaid lease rentals are amortised on a straight-line basis over the lease period ranging from 9 to 71 years.

e. Investment properties

Investment properties are land and buildings held for rental income and/or capital appreciation which are not substantially occupied or intended to be occupied for use by, or in the operations of the Group.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land and buildings under construction are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives.

3 Significant Accounting Policies (continued)

e. Investment properties (continued)

The principal annual depreciation rates are:

Leasehold land	over the lease period ranging from 50 to 99 years
Buildings	2% to 5%, or over the lease term if shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

f. Biological assets

Biological assets comprised cattle livestock and produce growing on bearer plants. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets for bearer plants that are expected to be harvested and for livestock that are expected to be sold or used for production on a date not more than 12 months after the reporting date. The balance are classified as non-current.

g. Land held for property development

Land held for property development consists of cost of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Land held for property development is carried at cost less accumulated impairment losses, if any.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

h. Investments in subsidiaries

Investments in subsidiaries and contribution to subsidiaries are recorded at costs less accumulated impairment losses, if any, in the Company's financial statements.

Contributions to subsidiaries are amounts which the Company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in the subsidiaries.

i. Intangible assets

i. <u>Goodwill</u>
Goodwill represents the excess of the consideration and the fair value of previously held interests over the Group's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill on acquisition of joint ventures and associates is included as part of the cost of investments in joint ventures and associates. Such goodwill is tested for impairment as part of the overall net investment in each joint venture and associate.

ii. <u>Distribution and dealership rights</u>
Distribution and dealership rights with no predetermined service period are stated at cost less accumulated impairment losses, if any, and are not amortised.

iii. <u>Smallholder relationship</u>
Smallholder relationship assets arose on the acquisition of subsidiaries. These assets are shown at fair value on acquisition of subsidiaries and subsequently subject to amortisation over 45 years, commencing from 1 January 2015. The smallholder relationship assets are tested for impairment whenever indication of impairment exists.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
Amounts in RM million unless otherwise stated

3 Significant Accounting Policies (continued)

i. Intangible assets (continued)

iv. Other intangible assets

Other intangible assets include computer software, trademarks and development costs. Research costs are charged to the profit or loss in the financial year in which the expenditure is incurred whilst development costs which fulfill commercial and technical feasibility criteria are capitalised at cost.

These intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line basis over their estimated useful lives and commences from the date of commercial production of the product to which the development costs relate or when the intangible assets are ready for use.

The annual amortisation rates are:

Computer software	10% to 33.3%
Trademarks	5% to 20%
Development costs	over the period of the expected benefit, not exceeding a period of 5 years

j. Assets held for sale

Non-current assets or groups of assets are classified as "held for sale" if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Similarly, liabilities directly associated with the disposal groups are also presented separately from other liabilities in the statement of financial position.

Depreciation ceases when an asset is classified as an asset held for sale. Assets held for sale are stated at the lower of carrying amount and fair value less cost to sell.

k. Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined on a weighted average basis except for the following:

Heavy equipment, motor vehicles and completed development units	Specific identification basis
Replacement parts	First in first out basis

The cost of raw materials, consumable stores, replacement parts and trading inventories represents cost of purchase plus incidental costs, and in the case of other inventories, includes design costs, cost of materials, direct labour, other direct costs and related production overheads based on normal operating capacity. Cost of palm oil products and sugar stocks includes fair value attributed to agriculture produce. Net realisable value is the estimated selling price in the ordinary course of business, less cost to completion and selling expenses.

l. Property development costs

Property development costs include the cost of land, related development costs and direct building costs less cumulative amounts recognised as expense in profit or loss. Property development costs recognised in the profit or loss are determined by reference to whether the control of the assets may transfer over time or at a point of time. When it is probable that the development costs will exceed total development revenue, the expected loss is recognised as a provision for foreseeable losses.

3 Significant Accounting Policies (continued)

m. Financial assets

The Group's financial assets are classified into four categories and the accounting policies for each of these categories are as follows:

i. Financial assets at fair value through profit or loss
Quoted warrants and non-hedging derivative assets are financial assets held for trading, and are classified as fair value through profit or loss. These financial assets are measured at fair value. Any gain or loss arising from changes in fair value and transaction costs are recognised in profit or loss.

ii. Loans and receivables
Receivables, amounts due from subsidiaries, cash held under Housing Development Account and bank balances, deposits and cash are financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are classified as loans and receivables. These financial assets are recorded at fair value plus transaction costs and thereafter, they are measured at amortised cost using the effective interest method less accumulated impairment losses.

iii. Available-for-sale financial assets
Investments other than quoted warrants are financial assets that are designated as available for sale or are not classified in any of the two preceding categories. These financial assets are recorded initially at fair value plus transaction costs and thereafter, they are measured at fair value. Except for impairment, foreign exchange differences on translation of monetary available-for-sale financial assets such as debt instruments, interest calculated using the effective interest method and dividends which are recognised in profit or loss, any gain or loss arising from changes in fair value are recognised in other comprehensive income. On derecognition, the cumulative gain or loss is reclassified from available-for-sale reserve to profit or loss.

iv. Derivatives and hedging activities
The accounting policy for derivatives used for hedging activities is disclosed in Note 3(n).

Financial assets are classified as current assets for those having maturity dates of not more than 12 months after the end of the reporting period, and the balance is classified as non-current. For available-for-sale financial assets, the classification is based on expected date of realisation of the assets.

Regular way purchase or sale of a financial asset is recognised on the settlement date i.e. the date that an asset is delivered to or by the Group. A contract that requires or permits net settlement of the change in the value of the contract is not a regular way contract. Such contract is accounted for as a derivative in the period between the trade date and the settlement date.

n. Derivatives and hedging activities

Derivatives are measured at fair value. A derivative that is neither designated nor an effective hedging instrument is categorised under fair value through profit or loss and changes in its fair value are recognised in profit or loss. In the case of a derivative that qualifies for cash flow hedge and borrowings that are used as hedge instruments against net investments, the effective portion of changes in the derivative's fair value and the exchange differences arising from the translation of the borrowings are recognised in other comprehensive income.

The gain or loss is removed from equity and included in profit or loss in the same period or periods during which the hedged item affects profit or loss. In the case of a hedge of a forecast transaction which results in the recognition of a non-financial asset or a non-financial liability, the gain or loss is removed from equity and included in the carrying amount of the asset or liability. The gain or loss is also removed from equity and included in profit or loss when a derivative expires, no longer meets the criteria for hedge accounting, or the forecasted transaction is no longer expected to occur.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivatives are classified as current asset or current liability for those having maturity dates of no more than 12 months after the end of the reporting period, and the balance is classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
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3 Significant Accounting Policies (continued)

o. Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include the club membership fees, downpayments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

p. Impairment

Goodwill and other intangible assets that have an indefinite useful life or are not yet available for use are tested for impairment. Other non-financial assets are assessed for indication of impairment. If an indication exists, an impairment test is performed. In the case of financial assets, investment in subsidiaries and interest in joint ventures and associates, they are assessed for objective evidence of impairment.

This exercise is performed annually and whenever events or circumstances occur indicating that impairment may exist.

The recognition and measurement of impairment are as follows:

i. <u>Non-financial assets</u>
An impairment loss is recognised for the amount by which the carrying amount of the non-financial asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. Impairment loss on non-financial assets is charged to profit or loss.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

ii. <u>Subsidiaries, joint ventures and associates</u>
An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

iii. <u>Loans and receivables</u>
Loans and receivables are assessed individually and thereafter collectively for objective evidence of impairment. If evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment not been recognised previously.

3 Significant Accounting Policies (continued)

p. Impairment (continued)

The recognition and measurement of impairment are as follows: (continued)

iv. Available-for-sale financial assets
A significant or prolonged decline in the fair value of the available-for-sale financial assets below its cost indicates that the assets are impaired. If such evidence exists, the decline in fair value together with the cumulative loss recognised in other comprehensive income, if any, is taken to profit or loss. An impairment loss recognised for equity instrument is not reversed through profit or loss. Reversal of impairment losses through profit or loss is made only if the financial asset is a debt instrument and the increase in fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

q. Share capital, perpetual sukuk and put option

i. Share capital
Proceeds from ordinary shares issued are accounted for as share capital in equity. Cost directly attributable to the issuance of new shares are deducted from equity.

Dividends to owners of the Company and non-controlling interests are recognised in the statement of changes in equity in the period in which they are declared.

ii. Perpetual sukuk
Perpetual sukuk is classified as equity instruments as there is no contractual obligation to redeem the instrument. Cost directly attributable to the issuance of the instrument, net of tax, are treated as a deduction from the proceeds.

Perpetual sukuk holders' entitlement is accounted for as an appropriation in the profit or loss and distribution is recognised in the statement of changes in equity in the period in which it is declared.

iii. Put option over non-controlling interest
Put option over non-controlling interest is accounted for as financial liability and is initially recognised at fair value within payables with a corresponding charge directly to equity. The cost of writing such put option, determined as the excess of the fair value of the option over any consideration received, is recognised as a financing cost. Subsequently, the liability is measured at amortised cost, using the effective interest rate method. The charge arising is recorded as a financing cost. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

r. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, where the outflow of resources is probable and can be reliably estimated. Provisions are measured at the present value of the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

The present obligation to develop affordable housing is recognised as a provision and form part of the property development costs on other housing.

s. Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Grants are carried in statement of financial position and allocated to profit or loss over the useful lives of the related assets or over the period of the operating expenditure to which the grants are intended to compensate.

t. Employee costs

i. Short-term employee benefits
Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
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3 Significant Accounting Policies (continued)

t. Employee costs (continued)

ii. Defined contribution pension plans

A defined contribution pension plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has various defined contribution pension plans in accordance with local conditions and practices in the countries in which it operates. The Group's contributions to defined contribution pension plans are charged to profit or loss in the financial year in which they relate.

iii. Defined benefit pension plans

A defined benefit pension plan is a pension plan that is not a defined contribution pension plan. Typically defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group has various defined benefit pension plans, some of which are funded by payments from the relevant Group companies in various countries. The Group's defined benefit pension plans are determined based on a periodic actuarial valuation by external consultants where the amount of the benefits that eligible employees have earned in return for their services in the current and prior years are estimated.

The liabilities in respect of the defined benefit pension plans are the present values of the defined benefit obligations at the end of the reporting period, adjusted for actuarial gains and losses and past service costs, and reduced by the fair value of the plan assets. The defined benefit obligations, calculated using the Projected Unit Credit Method, are determined by independent actuaries, considering the estimated future cash outflows.

Actuarial gains or losses arising from market adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

iv. Termination benefits

Termination benefits are payable whenever an employee's employment is terminated in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of a proposal to encourage voluntary redundancy.

v. Share-based compensation

The Company operates an equity-settled, share-based compensation plan for the Group's employees. Employee services received in exchange for the grant of the Company's shares are recognised as an expense in the profit or loss over the vesting period of the grant, with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted.

Non-market vesting conditions are included in the assumptions to arrive at the number of shares that are expected to vest. At the end of the reporting period, the Group and the Company revise its estimates of the number of shares that are expected to vest. The impact of the revision of original estimates, if any, is recognised in the profit or loss, with a corresponding adjustment to equity.

The fair value of shares granted to employees of subsidiaries are recharged by the Company to the subsidiaries.

3 Significant Accounting Policies (continued)

u. Financial liabilities

The Group's financial liabilities are classified into four categories and the accounting policies for each of these categories are as follows:

i. Financial liabilities at fair value through profit or loss
Non-hedging derivatives are held for trading and are classified as fair value through profit or loss. These financial liabilities are measured at fair value. Any gain or loss arising from changes in fair value and transaction costs are recognised in profit or loss.

ii. Financial guarantee contracts
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are recognised initially at fair value plus transaction costs and thereafter, at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amounts initially recognised less cumulative amortisation recognised.

iii. Derivatives and hedging activities
The accounting policy for derivatives used for hedging activities is disclosed in Note 3(n).

iv. Other financial liabilities
Payables, amounts due to subsidiaries, borrowings and finance lease liabilities are recognised initially at fair value plus transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss.

Financial liabilities are classified as current liabilities for those having maturity dates of not more than 12 months after the end of the reporting period, and the balance is classified as non-current.

v. Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and cash held under Housing Development Accounts, net of bank overdrafts.

w. Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Performance obligations by segment are as follows:

i. Industrial
Industrial segment revenue consists of sale and installation of equipment, sale of parts, provision of after-sales services and engineering services.

(a) Sale and installation of equipment and parts

Revenue from sale of equipment and after-sales maintenance are recognised respectively in the period in which the customer accepts the delivery of the goods and services rendered.

Contracts that bundle the sale of equipment, after-sales maintenance, provision of parts credit and extended warranty are recognised as four distinct performance obligations for revenue recognition purposes. Revenue from sale of equipment and after-sales maintenance are recognised respectively in the period in which the customer accepts the delivery of the goods and services rendered. Parts credit represents prepaid amounts for equipment parts which customers will redeem in the future. Credit is given together with the sale of machine based on negotiated terms with the customer. Revenue from parts credit are recognised upon utilisation of credit for parts exchange.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
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3 Significant Accounting Policies (continued)

w. Revenue recognition (continued)

Performance obligations by segment are as follows: (continued)

i. Industrial (continued)

(a) Sale and installation of equipment and parts (continued)

Contracts that bundle the sale and installation of generator sets are recognised as a single performance obligation as the installation includes a significant integration service. Revenue is recognised progressively based on the percentage of completion determined by reference to the completion of a physical proportion of contract work to-date.

(b) Extended warranty programme

The Group operates an extended warranty programme where customers are given an additional 12 months warranty in addition to standard warranty. Revenue for the extended warranty is recognised in the period in which the warranty services are rendered. No element of financing is deemed present as the sales are made on the normal credit terms. Obligation to repair or replace faulty products under standard warranty terms is recognised as a provision.

(c) Construction of equipment

Contracts for construction of equipment comprise multiple deliverables which include a significant integration service and are therefore recognised as a single performance obligation. Revenue are recognised progressively based on the percentage of completion determined by reference to the completion of a physical proportion of contract work to-date.

(d) Sale and operating leaseback arrangements

Sales of equipment arising from sale and operating leaseback arrangements are recognised when the Group transfers control of the equipment to the customer, being when the customer accepts delivery of the equipment. If it is clear that the sale and operating leaseback transaction is established at fair value, the Group recognises any profit or loss immediately. If the sale price is below fair value, the Group recognises immediately any profit or loss except when the loss is compensated for by future lease payments at below market price, in which case the Group defers and amortises the loss in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the Group defers the excess over fair value and amortises the excess over the period for which the asset is expected to be used.

(e) Engineering services

Construction contracts involving engineering services comprise multiple deliverables which are highly integrated, and are therefore recognised as a single performance obligation. Revenue are recognised progressively based on the percentage of completion determined by reference to the completion of a physical proportion of contract work to-date.

ii. Motors

The Group is the authorised distributor of vehicles and parts and also operates a network of dealerships selling vehicles and parts. Motors segment revenue consists of sales of vehicles and parts, after-sales services, assembly of vehicles and handling and commission income.

(a) Sale of vehicles and parts

Revenue from sale of vehicles and parts is recognised when the Group sells the vehicle to customers and control of the vehicle and parts has transferred, being when the vehicles and parts are delivered to the customer. The retail sale of parts normally occurs during performance of after-sales services. Therefore, revenue from sale of parts is presented within performance of after-sales services.

3 Significant Accounting Policies (continued)

w. Revenue recognition (continued)

Performance obligations by segment are as follows: (continued)

ii. Motors (continued)

(a) Sale of vehicles and parts (continued)

The vehicles and parts are often sold with volume based discounts and incentives based on aggregate sales over an agreed period. Accumulated experience is used to estimate and provide for the discounts and incentives, using expected value or most likely methods depending on the type of discounts and incentives. Revenue is recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for the expected discounts and incentives payable to customers in relation to sales made until the end of the reporting period.

Consistent with market practice, the Group collects deposit from customers for sale of vehicle. A contract liability is recognised for the customer deposits as the Group has an obligation to transfer vehicle to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon sale of vehicle to the customer.

No element of financing is deemed present as the sales are made with a credit term of 30 to 60 days, which is consistent with market practice. The Group's obligation to provide warranty for the vehicles and parts under the standard warranty terms is recognised as a provision (see Note 48).

(b) After-sales services

The Group provides after-sales services or routine vehicle maintenance services within and/or outside of the warranty period in relation to the vehicle brands that the Group sells. The performance of maintenance services is often accompanied with the sale of parts. Revenue from after-sales services are recognised over the period of performance of services to customers.

The sale of vehicle to customer may be bundled together with extended warranties and/or free services. The extended warranty provides assurance to the customer that the vehicle parts comply with agree-upon specifications beyond the general standard warranty period. The extended warranties and free services are separate performance obligations and the transaction price is allocated to the service obligations based on its relative standalone selling prices. The extended warranties and free services are deferred and recognised over the period covered by the extended warranties and when the free services are performed respectively.

There is no significant financing component in the sale of extended warranties and/or free services as the sales are made on the normal credit terms not exceeding 12 months. Where consideration is collected from customers in advance of services being performed, a contract liability is recognised. The contract liability would be recognised as revenue when the related services are rendered.

(c) Assembly of vehicles

The Group manufactures and assembles light commercial and passenger vehicles, and are contract assemblers of motor vehicles. Revenue arising from the assembly of vehicles is either recognised upon completion of the assembly service or over the period when assembly services are rendered based on the contractual terms with the customers.

Revenue is recognised for certain assembly customers when control of vehicles has transferred, being when the vehicles are delivered to the customer, the customer has full discretion over the channel and price to sell the vehicle and there is no unfulfilled obligation that could affect the customers' acceptance of the vehicles. Delivery occurs when the vehicles have been accepted by the customers upon completion of the assembly service.

Revenue from these services is recognised based on the fixed price specified in the contract and the variable expenses recoverable from the customers, based on the aggregate service provided over an agreed period. Accumulated experience is used to estimate and provide for the variable expenses recoverable, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. There is no significant financing component in the revenue arising from assembly of vehicles as the sales are made on the normal credit terms not exceeding 12 months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
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3 Significant Accounting Policies (continued)

w. Revenue recognition (continued)

Performance obligations by segment are as follows: (continued)

ii. Motors (continued)

(c) Assembly of vehicles (continued)

Revenue is recognised over the assembly period for certain assembly customers if the vehicles being assembled do not have any alternative use and when the Group is able to enforce payment for performance completed to date during the assembly period.

Revenue is recognised based on the actual costs incurred at the end of the reporting period plus a proportion of the expected profit margin with the customer. This method represents a faithful depiction of the service as the actual costs incurred represents the percentage of service rendered.

Estimates of revenues or expected profit margin are revised if circumstances change. Any resulting increases or decreases in estimated revenues are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. The Group's obligation to provide warranty for the vehicles under the standard warranty terms is recognised as a provision.

(d) Handling and commission income

Revenue arising from rendering services, handling income and commission income are recognised when the relevant services are completed.

iii. Logistics
Logistics segment revenue consist of port and water charges.

(a) Revenue from terminal handling and related services

Revenue from providing services is recognised in the period in which the services are rendered. The price of handling contracts is usually define as fixed charge rate per tonnage/container boxes, hence revenue is recognised based on the actual tonnages/number of boxes handled multiplied by the contracted charge rates. Some handling contracts include multiple deliverables, such as the cargo storage services. Generally, the storage service is charged by fixed price per day and has no inter-relationship with the handling charges. It is therefore accounted for as a separate performance obligation and revenue is recognised based on the unit price multiplied by days of storage.

(b) Revenue from supply of industrial water

Revenue is recognised when control of the water has transferred, being when the water is delivered to the site of customers. The price of the water is based on relevant government approved tariff rate during the period. The volume is based on the actual usage volume as recorded in the meter installed at the customers' site. There is no discount or return obligation attached with the water supply contracts.

iv. Other revenue
Revenue from other sources are recognised as follows:

(a) interest income is recognised on an accrual basis using the effective interest method;

(b) dividend income is recognised when the right to receive payment is established; and

(c) rental income is recognised on a straight-line basis over the tenure of the lease.

v. Plantation
The Group's revenue from Plantation segment is derived mainly from its upstream and downstream operations. In the upstream operations, the Group sells agricultural produce such as crude palm oil (CPO), beef, sugar, fresh fruit bunches (FFB), palm kernel (PK) and rubber. In the downstream operations, revenue is derived from sale of refined oil related products and provision of freight and tolling services.

3 Significant Accounting Policies (continued)

w. Revenue recognition (continued)

Performance obligations by segment are as follows: (continued)

v. Plantation (continued)

(a) Sale of agricultural produce and refined palm oil related products

Revenue from sales of agricultural produce and refined palm oil related products is recognised net of discount and taxes at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer; or upon delivery of the goods on board vessels or tankers for onward delivery to the customer.

Contracts where control of goods transfer to the customer upon delivery of the goods on board vessels or tankers are often bundled with freight services. In such contracts, sale of goods and provision of freight are accounted for as separate performance obligations as the customer can benefit from the sale of goods and shipping services on its own or with the use of other resources. The transaction price is allocated to each performance obligation based on the standalone selling prices of the goods and services.

There is no element of financing present as the Group's sale of goods are either on cash terms (immediate payments or advance payments not exceeding 30 days); or on credit terms of up to 30 days. The Group's obligation to provide quality claims against off-spec goods under the Group's standard contractual terms is recognised as a provision.

(b) Rendering of services – Provision of freight, tolling and other services

Revenue from provision of freight is recognised in the period in which services are rendered. In cases where customers pay for the bundled contract in advance to the rendering of the freight services, a deferred income is recognised.

Revenue from the provision of tolling services is recognised in the period in which the manufacturing activities are performed. There is no element of financing present as the sales is made with credit terms of up to 30 days.

vi. Property

Property revenue consists of sales of development properties, revenue from concession arrangement and club membership fees.

(a) Property development

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
Amounts in RM million unless otherwise stated

3 Significant Accounting Policies (continued)

w. Revenue recognition (continued)

Performance obligations by segment are as follows: (continued)

vi. Property (continued)

(a) Property development (continued)

The Group recognises revenue over time using the output method, which is based on the level of completion of the physical proportion of contract work to-date, certified by professional consultants.

The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan. The purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group. The Group has the right to payment for performance completed to date. The Group is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been delivered to the purchasers, being when the properties have been delivered to the purchasers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

(b) Revenue for concession arrangement

Under the Concession Agreement, the Group is engaged to construct the facilities and infrastructure, supply teaching equipment and provide asset management services, which are separate performance obligations. The fair value of revenue, which is based on fixed price under the agreement have been allocated based on relative standalone selling price of the considerations for each of the separate performance obligations. The Group recognised construction revenue over time as the project being constructed has no alternative use to the Group and the Group has an enforceable right to the payment for the performance completed to date. The stage of completion is measured using the output method, which is based on the level of completion of the physical proportion of contract work to-date, certified by professional consultants.

Revenue from the supply of teaching equipment is recognised when the control of the asset is transferred to the customer when:

- the Group has delivered and transferred the physical possession of the asset and has a present right to payment for the asset; and
- the customer has accepted the assets after the assets have been tested and commissioned and the customer has significant risks and rewards of ownership of the asset.

(c) Revenue for club membership fees

The Group provides club membership. Club membership fees are received upfront and recognised on a straight line basis over the tenure of the memberships offered.

Revenue of Plantation and Property are classified under discontinuing operations as the businesses are held for distribution to shareholders of the Company (see Note 17).

x. Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals on operating leases are charged to the profit or loss on a straight-line basis over the lease term.

3 Significant Accounting Policies (continued)

y. Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. The assets are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments at the inception of the respective leases. The corresponding liabilities are classified as finance lease obligation.

Lease payments are allocated between the finance charges and finance lease obligation. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining finance lease obligation.

z. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of those assets until the assets are substantially ready for their intended use or sale.

aa. Taxation

Deferred tax is recognised on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements including those arising from business combination. Deferred tax is not recognised on goodwill and those arising from initial recognition of an asset or liability which at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Taxation comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

The current income tax charge is the expected income taxes payable in respect of the taxable profit for the financial year and is measured using the applicable tax rates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

ab. Commodity future and forward contracts

Commodity contracts are entered into to manage exposure to adverse movements in vegetable oil prices. Certain contracts are entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's expected purchase, sale or usage requirements. Accordingly, such contracts are deemed not to be financial instruments. Gains or losses arising from these contracts are deferred and included in the measurement of the purchase or sale transactions only upon the recognition of the anticipated transactions.

Contracts entered other than for the purpose of the receipt or delivery of physical commodity are treated as derivatives.

ac. Contingent liabilities

The Group does not recognise contingent liabilities but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events whose crystallisation will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that is not recognised because it cannot be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
Amounts in RM million unless otherwise stated

3 Significant Accounting Policies (continued)

ad. Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to management for the allocation of resources and assessment of its performance. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. They are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group companies within a single segment. Intragroup transactions which in substance represent reallocation of non-current assets from a segment to another segment are also eliminated. Inter-segment pricing is based on similar terms as those available to external parties.

ae. Fair value estimation

Fair values shown in the financial statements are categorised into three different levels to increase consistency and comparability in fair value measurements. The levels of hierarchy are based on the input used to measure the fair value of an asset or a liability. The hierarchy based on highest to the lowest priority is as follows:

Level 1	–	quoted prices in active markets for identical assets or liabilities
Level 2	–	valuation inputs (other than Level 1 input) that are observable for the asset or liability, either directly or indirectly
Level 3	–	valuation inputs that are not based on observable market data

4 Critical Accounting Estimates and Judgment in Applying Accounting Policies

The preparation of financial statements in conforming to MFRS requires the use of certain critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgment in the process of applying the Group's accounting policies. Estimates and assumptions are based on the Directors' best knowledge of current events. Such estimates and judgment could change from period to period and have a material impact on the results, financial position, cash flows and other disclosures.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

a. Impairment of non-financial assets

The Group assesses whether there is any indication that non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

During the financial year, impairments of non-financial assets totalling RM246 million in continuing operations and RM217 million in discontinuing operations were charged to profit or loss. The impairments for continuing operations were mainly attributed to the impairment of Industrial's goodwill in relation to Bucyrus of RM214 million and impairment of goodwill in relation to Motors BMW and MINI operations in Vietnam of RM19 million (see Note 29). The impairment for discontinuing operations was mainly attributed to the impairment on Plantation's property, plant and equipment in Liberia of RM202 million (see Note 21).

4 Critical Accounting Estimates and Judgment in Applying Accounting Policies (continued)

b. Revenue recognition from property development projects

Revenue is recognised when or as the control of the asset is transferred to our customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress, based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgment is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the development based on actual costs incurred to-date over the estimated total property development costs. The total estimated costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgments, management relies on past experience and the work of specialists.

The Group recognised revenue from property development projects of RM2,049 million (2016: RM2,335 million) for the financial year ended 30 June 2017.

c. Taxation

The Group has recognised certain tax recoverable for which the Group believes that there is a reasonable basis for recognition. Where the final tax outcome of this matter is different from the amount that was initially recorded, such difference may cause a material adjustment to the carrying amount of the tax recoverable balance recorded in the period in which such determination is made.

As at 30 June 2017, the Group recognised tax recoverable from the Plantation's Minamas group in Indonesia of RM671 million (2016: RM471 million, 1 July 2015: RM380 million) which arose from overpayment of corporate income tax and tax estimation results from the tax authority. The realisation of this tax recoverable is dependent on the assessment by the Indonesian tax authorities which may take significant time before the Group receives the tax refunds. During the financial year, the Group recognised an impairment of RM10 million on this tax recoverable for the amounts which are not recoverable.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences or unutilised tax losses and tax credits can be utilised. This involves judgment regarding future taxable profits of a particular entity in which the deferred tax asset has been recognised.

As at 30 June 2017, the Group recognised deferred tax assets of RM233 million (2016: RM156 million, 1 July 2015: RM78 million) arising from unabsorbed tax losses from certain subsidiaries within Industrial Division in Australia for which there are no expiry dates. The Group has assessed that these entities have probable future taxable profits for the utilisation of these deferred tax assets based on taxable profit projection of the entities, which is dependent on the profit projection for distribution rights of Bucyrus.

d. Classification of the disposal group as discontinuing operations and assets held for sale

As disclosed in Note 17, the Company proposed to create three standalone listed entities, namely Sime Darby Plantation Berhad (SD Plantation), Sime Darby Property Berhad (SD Property) and Sime Darby Berhad. The final terms of the proposal approved by the Board of Directors on 24 August 2017 involve, amongst others, the distribution of the Company's entire shareholdings in SD Plantation and SD Property to shareholders of the Company. Upon completion of the proposed distribution, the Company will cease to be the shareholder of SD Plantation and SD Property.

Significant judgment is required in determining the appropriateness of the classification of SD Plantation and SD Property as discontinuing operations. The Directors have assessed and concluded that the proposed distribution meets the discontinuing operations requirements of MFRS 5-Non-current Assets Held for Sale and Discontinued Operations, after having considered the progress and the status of the proposal as well as the outcome of regular engagements with the related stakeholders including the relevant regulators. The proposal is expected to be completed by end of 2017.

Accordingly, the Group has presented the results of SD Plantation and SD Property as discontinuing operations in the consolidated financial statements. The assets and liabilities of SD Plantation and SD Property have also been presented as held for sale in accordance with MFRS 5.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
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5 Financial Risk and Capital Management Policies

a. Financial Risk Management

The Group's operations expose it to a variety of financial risks, including foreign exchange risk, price risk, interest rate risk, credit risk and liquidity and cash flow risk. The Group's overall financial risk management policies seek to manage and minimise the potential adverse effects of these risks on the financial performance of the Group.

The Group's exposure to these financial risks are managed through risk reviews, internal control systems, insurance/takaful programs and adherence to Group Policies and Authorities which are implemented on a group-wide basis. The Board regularly reviews these risks and approves the policies covering the management of these risks.

The Group uses derivative financial instruments, principally interest rate swaps, cross currency swaps, forward foreign exchange contracts, commodity futures contracts and foreign currency options as appropriate to hedge the Group's exposure to financial risk. Derivative financial instruments are not held for speculative purposes.

Whilst all derivatives entered into provide economic hedges to the Group, certain derivatives do not qualify for the application of hedge accounting under the specific rules in MFRS 139. Where there are open positions, these are managed in accordance with Group policies. The notional amounts and fair values of derivative financial instruments as at 30 June are disclosed in Note 32.

i. Foreign exchange risk

The Group's foreign exchange risk refers to adverse exchange rate movements on foreign currency positions originating from trade receivables and payables, deposits and borrowings denominated in foreign currencies and from retained profits in overseas subsidiaries where the functional currencies are not in Ringgit Malaysia.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollar, British pound, European Union euro, Australian dollar and Indonesian rupiah. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and investments in foreign operations.

The Group applies natural hedging, to the extent possible, by selling and purchasing in the same currency. Net exposure on foreign currency receivables and payables are hedged via forward foreign exchange contracts including hedging on cash flows generated from anticipated transactions denominated in foreign currencies.

The Group funds its investments in the currency of its investments to the extent possible, so as to provide a natural hedge against the foreign exchange translation risk relating to the net investment in foreign operations.

The Group's Centralised Treasury function monitors the Group's exposure to foreign currency risk and aims to maximise foreign currency netting within the Group whilst managing the cost of hedging effectively.

Details of the Group's foreign currency exposure and the currency profile of monetary financial assets and financial liabilities are disclosed in Note 57(a).

ii. Price risk

The Group is directly exposed to commodity price risk due to fluctuations in crude palm oil futures prices. Indirectly, the Group is also exposed to mineral price risk such as coal, as fluctuation or downturn in mineral prices would affect the demand for mining equipment and parts and services offered by the Industrial Division.

The Group enters into commodity futures contracts to minimise exposure to adverse movements in crude palm oil prices. Certain contracts are entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's expected purchase, sale or usage requirements.

Contracts that are not held for the purpose of physical delivery are accounted for as derivatives and are disclosed in Note 32(d).

5 Financial Risk and Capital Management Policies (continued)

a. Financial Risk Management (continued)

iii. Interest rate risk

The Group's interest rate risk arises from its borrowings and deposits placed with financial institutions. The Group manages its interest rate risks on deposits by placement on varying maturities. The Group manages its interest rate risk on its long-term borrowings by targeting a mix of fixed and floating rate debt by using derivatives such as interest rate swaps.

As at 30 June 2017, the Group's percentage of fixed rate borrowings, both before and after taking into account the interest rate swap contracts, to the total borrowings are 23.1% (2016: 40.3%, 1 July 2015: 29.4%) and 40.3% (2016: 54.6%, 1 July 2015: 44.7%) respectively. Details of the percentages of fixed rate borrowings over total borrowings are disclosed in Note 57(b).

iv. Credit risk

Financial assets that are primarily exposed to credit risks are receivables, cash and bank balances, marketable securities and financial instruments used in hedging activities.

Credit risk arises on sales made on credit terms, derivatives with positive fair value, deposits with banks, guarantees and performance guarantees given on behalf of others and risk sharing arrangement.

The Group seeks to control credit risk by dealing with counterparties with appropriate credit histories and deposit with banks and financial institutions with good credit ratings. Third party agencies' ratings are considered, if available. In addition, customers' most recent financial statements, payment history and other relevant information are considered in the determination of credit risk.

Counterparties are assessed at least annually and more frequently when information on significant changes in their financial position becomes known.

Credit terms and limits are set based on these assessments. Where appropriate, guarantees or securities are obtained to limit credit risk. Sales to trade customers are usually suspended when earlier amounts are overdue exceeding 180 days.

The risk sharing arrangement is with a third party leasing company which is a member of our principal vendor, in connection with the sale of its equipment. Details of the arrangement and the total outstanding risk sharing amount are disclosed in Notes 48 and 59(a). An amount of RM18 million (2016: RM17 million, 1 July 2015: RM22 million) has been provided for based on a percentage of risk sharing ratio over the total outstanding lease portfolio.

Details of the credit risk of the Group's trade receivables are disclosed in Note 57(c). The highest percentage of concentration of net trade receivables as at 30 June 2017 was 16.6% in Industrial segment in Australasia. In 2016, highest percentage of concentration of net trade receivables was 14.4% (1 July 2015: 17.6%) in the Property segment in Malaysia.

v. Liquidity and cash flow risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting financial obligations when it falls due.

The Group maintains a prudent borrowing policy which is aimed towards maintaining sufficient cash for all cash flow requirements, managing debt and investment portfolio within the relevant time buckets to maturity, obtaining a diverse range of funding sources, and keeping an adequate amount of credit facilities to provide ample liquidity cushion.

The Group companies performed quarterly twelve month rolling cash flow projections to ensure that requirements are identified as early as possible and the Group has sufficient cash to meet operational needs. Such projections take into consideration the Group's financing plans and is also used for monitoring of covenant compliance and credit metrics.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
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5 Financial Risk and Capital Management Policies (continued)

a. Financial Risk Management (continued)

v. Liquidity and cash flow risk (continued)

The Group's Centralised Treasury function manages all strategic funding requirements and invests surplus cash in highly liquid investment instruments such as interest bearing current account, time deposits, money market deposits and unit trust investment under money market funds.

The Group assesses various funding options when there is a need for financing, including monitoring funding options available in the capital markets. The Group has an existing RM4.5 billion Islamic Medium Term Notes and Islamic Commercial Papers Programme, the USD1.5 billion Multi-Currency Sukuk Programme and a RM3.0 billion Perpetual Subordinated Sukuk Programme which it can tap upon at an appropriate time.

As at 30 June 2017, the Group has total cash and cash equivalents of RM3,842 million (2016: RM3,496 million, 1 July 2015: RM4,155 million) which include cash in hand, deposits held at call with banks and cash held under Housing Development Accounts, net of bank overdrafts.

The Group believes that its contractual obligations, including those disclosed in commitments and contingencies in Notes 57(d) and 59 respectively, can be met from existing cash and investments, operating cash flows, credit lines available and other financing that the Group reasonably expect to be able to secure should the need arises.

b. Capital Management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and maximise shareholders' value. The Group is committed towards optimising its capital structure and ensuring competitive cost of capital. Implementation of optimal capital structure includes balancing between debt and equity by putting in place appropriate dividend and financing policies which influence the level of debt and equity.

The key considerations in this regard are to maintain ready access to capital markets and to preserve the Group's ability to repay and service debt obligations over time.

i. Rating by External Rating Agencies

The Company is rated by both local and international rating agencies:

Rating Agency	Rating
Fitch Ratings	BBB+
Moody's Investors Service	Baa1
Malaysian Rating Corporation Berhad	AAA

During the financial year, Fitch Ratings and Moody's Investors Service have placed the ratings of the Company on 'Rating Watch Negative' and 'Review for Downgrade', respectively following the announcement of the corporate proposal disclosed in Note 17.

5 Financial Risk and Capital Management Policies (continued)

b. Capital Management (continued)

ii. Gearing ratios

The Group uses its gearing ratio to assess the appropriateness of its debt level by monitoring the gearing ratio against the Group's target ratio. The ratio is calculated as Total Debt divided by Total Equity. The Group's gearing ratio is as follows:

	30 June 2017	30 June 2016	1 July 2015
Borrowings	**3,191**	15,768	18,018
Interest payable	**3**	65	45
Borrowings and interest payable included in liabilities associated with assets held for sale [Note 40]	**9,860**	–	–
Total Debt	**13,054**	15,833	18,063
Debt/Equity ratio	**0.32**	0.44	0.58

The debt/equity ratio of the Group has decreased from 0.44 as at 30 June 2016 to 0.32 as at 30 June 2017 mainly due to the repayment of borrowings from the RM2.3 billion proceeds from the share placement made during the financial year.

iii. Externally imposed financial covenants and capital structure

The Group maintains a debt to equity ratio that complies with debt covenants and regulatory requirements in countries where the Group operates. This includes minimum capital requirements and the requirement to maintain legal reserves which are non-distributable. The Group is in compliance with the financial convenants of its borrowings as at the reporting date.

6 Revenue

Revenue comprise the following:

	Group		Company	
	2017	**2016**	**2017**	**2016**
Revenue from contracts with customers	**30,657**	28,961	**–**	–
Revenue from other sources				
- rental income	**430**	491	**–**	–
- dividend income from subsidiaries	**–**	–	**1,400**	1,270
	31,087	29,452	**1,400**	1,270

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
Amounts in RM million unless otherwise stated

6 Revenue (continued)

Disaggregation of the Group's revenue from contracts with customers:

2017	Industrial	Motors	Logistics	Others	Total
Major goods and services					
Sales of equipment	5,321	–	–	–	5,321
Sales of vehicles	–	17,326	–	–	17,326
Provision of after-sales services	4,388	2,790	–	–	7,178
Engineering services	206	–	–	–	206
Port charges	–	–	243	–	243
Water charges	–	–	60	–	60
Insurance broking	–	–	–	45	45
Commission, handling fees and others	–	275	–	3	278
	9,915	20,391	303	48	30,657
Geographical market					
Malaysia	1,077	3,470	–	34	4,581
Singapore	644	3,490	–	9	4,143
Other countries in South East Asia	76	1,490	–	2	1,568
China[1]	2,685	8,549	303	3	11,540
Australasia[2]	5,397	3,392	–	–	8,789
Others	36	–	–	–	36
	9,915	20,391	303	48	30,657
Timing of revenue recognition					
- at a point in time	8,035	17,585	–	46	25,666
- over time	1,880	2,806	303	2	4,991
	9,915	20,391	303	48	30,657

6 Revenue (continued)

Disaggregation of the Group's revenue from contracts with customers: (continued)

2016	Industrial	Motors	Logistics	Others	Total
Major goods and services					
Sales of equipment	5,339	–	–	–	5,339
Sales of vehicles	–	16,137	–	–	16,137
Provision of after-sales services	4,178	2,573	–	–	6,751
Engineering services	160	–	–	–	160
Port charges	–	–	240	–	240
Water charges	–	–	53	–	53
Insurance broking	–	–	–	48	48
Commission, handling fees and others	–	231	–	2	233
	9,677	18,941	293	50	28,961
Geographical market					
Malaysia	953	3,288	–	33	4,274
Singapore	949	2,952	–	13	3,914
Other countries in South East Asia	62	1,509	–	1	1,572
China[1]	2,613	7,987	293	3	10,896
Australasia[2]	5,066	3,204	–	–	8,270
Others	34	1	–	–	35
	9,677	18,941	293	50	28,961
Timing of revenue recognition					
- at a point in time	8,409	16,344	–	50	24,803
- over time	1,268	2,597	293	–	4,158
	9,677	18,941	293	50	28,961

1 China consists of China, Hong Kong, Macau and Taiwan

2 Australasia consists of Australia, New Caledonia, New Zealand, Papua New Guinea and Solomon Islands

Revenue from contracts with customer includes RM860 million (2016: RM966 million) that was included in contract liabilities at the beginning of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
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7 Operating Expenses

	Group		Company	
	2017	**2016**	**2017**	**2016**
Direct costs				
Changes in inventories of finished goods and work in progress	**606**	1,411	**–**	–
Finished goods, work in progress and other direct overheads	**25,330**	22,719	**–**	–
Raw materials and consumables	**117**	188	**–**	–
Construction contract costs	**144**	119	**–**	–
Provision of warranties and guarantees	**30**	57	**–**	–
	26,227	24,494	**–**	–
Employee costs				
Salaries, allowances, overtime and bonus	**2,175**	2,250	**1**	1
Defined benefit pension plans [Note 49]	**–**	2	**–**	–
Defined contribution pension plans	**244**	228	**–**	–
Performance-based employee share scheme	**–**	(18)	**–**	–
Termination benefits	**13**	66	**–**	–
Training, insurance and other benefits	**418**	463	**–**	–
Directors' remuneration [Note 8]	**13**	13	**3**	3
	2,863	3,004	**4**	4
Depreciation, amortisation, impairment and write offs				
Amortisation of prepaid lease rentals	**12**	10	**–**	–
Amortisation of intangible assets	**35**	18	**–**	–
Depreciation:				
- property, plant and equipment	**531**	532	**–**	–
- investment properties	**3**	4	**–**	–
Impairment of:				
- property, plant and equipment	**10**	5	**–**	–
- prepaid lease rentals	**2**	–	**–**	–
- a subsidiary	**–**	–	**–**	3
- investment	**9**	2	**–**	–
- intangible assets	**234**	–	**–**	–
- receivables	**11**	74	**–**	–
Write offs of property, plant and equipment	**3**	4	**–**	–
	850	649	**–**	3

7 Operating Expenses (continued)

	Group 2017	Group 2016	Company 2017	Company 2016
Leases				
Hire of plant and machinery and rental of vehicles from:				
- a subsidiary	**-**	–	**3**	2
- others	**321**	332	**-**	–
Operating lease payments for land and buildings	**246**	225	**-**	–
	567	557	**3**	2
General expenses				
Auditors' remuneration [Note 9]	**21**	18	**2**	1
Management fee charged by a subsidiary	**-**	–	**11**	9
Loss on disposal of property, plant and equipment	**13**	15	**-**	–
Other costs	**344**	237	**37**	7
	378	270	**50**	17
	30,885	28,974	**57**	26

8 Directors' Remuneration

	Group 2017	Group 2016	Company 2017	Company 2016
Executive Director				
Salaries, allowances and bonus	**7**	6	**-**	–
Defined contribution pension plans	**1**	1	**-**	–
Performance-based employee share scheme	**-**	–[1]	**-**	–
	8	7	**-**	–
Non-Executive Directors				
Fees	**5**	6	**3**	3
	13	13	**3**	3

[1] reversal of RM0.4 million

During the previous financial year, the Group reversed the cost of the second grant of the PBESS awarded on 20 October 2014 of RM0.4 million following the review of the probability of achievement of the targets, in particular, the performance targets. Details of the shares granted under the PBESS and its vesting conditions are disclosed in Note 42.

Estimated monetary value of benefits of the Executive Director amounted to RM32,200 (2016: RM32,200) for the Group. Estimated monetary value of benefits of Non-executive Directors amounted to RM0.8 million (2016: RM0.6 million) for the Group and the Company.

During the financial year, the Group sold properties and cars to the Directors and their close family members for RM0.6 million (2016: Nil).

Other than as disclosed above, there were no compensation to directors for loss of office, no loans, quasi-loans and other dealings in favour of directors and no material contracts subsisting as at 30 June 2017 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors.

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For the financial year ended 30 June 2017 (continued)
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9 Auditors' Remuneration

	Group		Company	
	2017	**2016**	**2017**	**2016**
Fees for statutory audits				
PricewaterhouseCoopers Malaysia	**3**	4	**1**	1
Member firms of PricewaterhouseCoopers International Limited	**15**	12	**–**	–
	18	16	**1**	1
Fees for assurance related services				
PricewaterhouseCoopers Malaysia	**1**	1	**1**	–
Member firms of PricewaterhouseCoopers International Limited	**1**	–	**–**	–
	2	1	**1**	–
Fees for non-audit services				
Member firms of PricewaterhouseCoopers International Limited	**1**	1	**–**	–
	1	1	**–**	–
	21	18	**2**	1

Fees for statutory audits, assurance related services and non-audit services provided by the Company's auditors and its member firms to discontinuing operations amounted to RM13 million (2016: RM12 million), RM4 million (2016: RM0.3 million) and RM4 million (2016: RM2 million), respectively.

Non-audit services provided by the Company's auditors and its member firms comprise tax related services and other advisory services.

The Governance & Audit Committee reviews on a quarterly basis, the engagement of the external auditors for non-audit services. Non-audit services can be offered by the external auditors if there are efficiency and value added benefits to the Group, without compromising auditor independence.

10 Other Operating Income

	Group		Company	
	2017	**2016**	**2017**	**2016**
Gain on disposal and investment income				
Gain on disposal of:				
- property, plant and equipment	**10**	40	**–**	–
- investment properties	**30**	–	**–**	–
- subsidiaries [Note 53]	**10**	33	**–**	–
- equity interest in an associate	**30**	–	**–**	–
- investment	**5**	–	**–**	–
Income from investments in unquoted shares (gross)	**124**	90	**–**	–
	209	163	**–**	–
Reversal of impairment losses and bad debts				
Reversal of impairment losses of:				
- prepaid lease rental	**–**	1	**–**	–
- intangible assets	**1**	3	**–**	–
- receivables	**13**	39	**–**	–
Bad debts recovered	**–**	1	**–**	–
	14	44	**–**	–
Miscellaneous income				
Hire of plant and machinery	**16**	6	**–**	–
Rental income from land and buildings	**18**	14	**–**	–
Directors' fees and other income from subsidiaries	**–**	–	**1**	5
Forfeitures, recoveries and other miscellaneous income	**142**	243	**–**	–
	176	263	**1**	5
	399	470	**1**	5

11 Other Gains and Losses

	Group		Company	
	2017	**2016**	**2017**	**2016**
Net foreign currency exchange gain/(loss):				
- realised	**107**	(28)	**–**	–
- unrealised	**50**	(111)	**–**	(1)
Fair value (loss)/gain:				
- foreign currency exchange contracts	**(1)**	(1)	**–**	–
- cross currency swap	**(19)**	47	**–**	–
- quoted warrants	**–**	(3)	**–**	–
Gain on ineffective portion of cash flow hedges for foreign currency exchange contracts	**–**	55	**–**	–
	137	(41)	**–**	(1)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
Amounts in RM million unless otherwise stated

12 Joint Ventures – Group

The Group's interest in joint ventures as at 30 June, their respective principal activities and countries of incorporation are disclosed in Note 62.

The Group's interest in joint ventures are as follows:

	2017			2016		
	Material joint venture	**Others**	**Total**	**Material joint ventures**	**Others**	**Total**
Share of results	**36**	**11**	**47**	27	17	44
Share of other comprehensive income/(loss)	**6**	**(1)**	**5**	–	(5)	(5)
Share of total comprehensive income	**42**	**10**	**52**	27	12	39
Unquoted shares, at costs	**595**	**435**	**1,030**	2,283	446	2,729
Share of post-acquisition reserves	**87**	**40**	**127**	146	50	196
Loan to a joint venture	**-**	**-**	**-**	–	29	29
Unrealised profit on transactions with joint ventures	**-**	**(17)**	**(17)**	–	(56)	(56)
Impairment losses	**-**	**(9)**	**(9)**	–	(9)	(9)
	682	**449**	**1,131**	2,429	460	2,889

1 July 2015	**Material joint ventures**	**Others**	**Total**
Unquoted shares, at costs	1,887	359	2,246
Share of post-acquisition reserves	58	(9)	49
Loan to a joint venture	–	6	6
Unrealised profit on transactions with joint ventures	–	(57)	(57)
Impairment losses	–	(6)	(6)
	1,945	293	2,238

a. Material joint ventures

In the opinion of the Directors, the joint venture that is material to the Group is Ramsay Sime Darby Health Care Sdn Bhd group (RSDH).

RSDH was formed following the merger of Sime Darby Healthcare Sdn Bhd and Affinity Health Care Holdings Pty Ltd, a subsidiary of Ramsay Health Care Ltd, to build a quality portfolio of hospitals throughout Asia. The principle activities of RSDH are management of hospitals and provision of related healthcare services.

Material joint ventures in the previous financial year, namely Emery Oleochemicals (M) Sdn Bhd group (Emery) and Battersea Project Holding Company Limited group (Battersea), are now classified under assets held for sale pursuant to the corporate proposal disclosed in Note 17.

12 Joint Ventures – Group (continued)

a. Material joint ventures (continued)

Summarised financial information
The summarised statements of comprehensive income of the material joint venture are as follows:

	2017	2016
Revenue	**846**	801
Depreciation and amortisation	**(62)**	(53)
Interest income	**1**	1
Interest expense	**(7)**	(11)
Profit before tax	**87**	66
Taxation	**(12)**	(10)
Profit for the financial year	**75**	56
Non-controlling interests	**(2)**	(2)
Profit attributable to joint venturers	**73**	54
Other comprehensive income	**12**	–
Total comprehensive income	**85**	54
Share of results	**36**	27
Share of other comprehensive income	**6**	–
Share of total comprehensive income	**42**	27

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
Amounts in RM million unless otherwise stated

12 Joint Ventures – Group (continued)

a. Material joint ventures (continued)

Summarised financial information (continued)
The summarised statements of financial position of the material joint ventures are as follows:

	2017	2016		
	RSDH	**Emery**	**RSDH**	**Battersea**
Non-current assets	**1,220**	1,115	1,184	2,032
Current assets				
Cash and cash equivalents	**28**	227	37	878
Other current assets	**118**	1,003	111	5,947
	146	1,230	148	6,825
Non-current liabilities				
Financial liabilities	**(65)**	(10)	(113)	(3,747)
Other non-current liabilities	**(54)**	–	(49)	–
	(119)	(10)	(162)	(3,747)
Current liabilities				
Financial liabilities	**–**	(842)	–	(2)
Other current liabilities	**(133)**	(483)	(143)	(1,825)
	(133)	(1,325)	(143)	(1,827)
Non-controlling interests	**(13)**	(57)	(11)	–
Net assets	**1,101**	953	1,016	3,283

12 Joint Ventures – Group (continued)

a. Material joint ventures (continued)

Summarised financial information (continued)
The summarised statements of financial position of the material joint ventures are as follows: (continued)

1 July 2015	Emery	RSDH	Battersea
Non-current assets	1,138	1,157	1,395
Current assets			
Cash and cash equivalents	126	41	863
Other current assets	1,076	128	4,059
	1,202	169	4,922
Non-current liabilities			
Financial liabilities	(10)	(146)	(2,612)
Other non-current liabilities	–	(47)	–
	(10)	(193)	(2,612)
Current liabilities			
Financial liabilities	(881)	–	(1)
Other current liabilities	(545)	(163)	(1,432)
	(1,426)	(163)	(1,433)
Non-controlling interests	(57)	(8)	–
Net assets	847	962	2,272

The summarised statements of financial position reflects the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures as well as post-acquisition changes to the fair value adjustment at acquisition date.

The most recent available financial statements of the joint ventures are used in applying equity method of accounting with appropriate adjustments made for significant transactions occurring between that date and 30 June.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
Amounts in RM million unless otherwise stated

12 Joint Ventures – Group (continued)

a. Material joint ventures (continued)

Reconciliation
Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material joint ventures are as follows:

	2017		**2016**		
	RSDH	**Emery**	**RSDH**	**Battersea**	**Total**
Net assets					
At 1 July	**1,016**	847	962	2,272	4,081
Total comprehensive income/(loss)	**85**	106	54	(425)	(265)
Capital injection	**–**	–	–	1,436	1,436
At 30 June	**1,101**	953	1,016	3,283	5,252
Group's interest (%)	**50.0**	50.0	50.0	40.0	
Interest in joint ventures	**550**	476	508	1,313	2,297
Goodwill	**132**	–	132	–	132
Carrying amount at end of the financial year	**682**	476	640	1,313	2,429

1 July 2015	**Emery**	**RSDH**	**Battersea**	**Total**
Net assets	847	962	2,272	4,081
Group's interest (%)	50.0	50.0	40.0	
Interest in joint ventures	423	481	909	1,813
Goodwill	–	132	–	132
Carrying amount	423	613	909	1,945

b. Commitments and contingent liabilities

There are no commitment nor contingent liabilities relating to the Group's interest in the joint ventures.

13 Associates – Group

The Group's interest in the associates as at 30 June, their respective principal activities and countries of incorporation are disclosed in Note 62.

The Group's interest in associates are as follows:

	2017			2016		
	Material associates	**Others**	**Total**	**Material associates**	**Others**	**Total**
Share of results	**4**	**(5)**	**(1)**	(20)	12	(8)
Share of other comprehensive income	**–**	**25**	**25**	–	11	11
Share of total comprehensive income/(loss)	**4**	**20**	**24**	(20)	23	3
Share of capital reserve	**–**	**–**	**–**	2	–	2
Quoted shares in Malaysia, at costs	**292**	**–**	**292**	292	–	292
Unquoted shares, at costs	**77**	**203**	**280**	562	318	880
Share of post-acquisition reserves	**(26)**	**135**	**109**	151	142	293
Loan to an associate	**–**	**–**	**–**	–	8	8
Unrealised profit on transactions with associates	**(8)**	**(2)**	**(10)**	(130)	(1)	(131)
Impairment losses	**–**	**(19)**	**(19)**	–	(18)	(18)
	335	**317**	**652**	875	449	1,324

1 July 2015	**Material associates**	**Others**	**Total**
Quoted shares in Malaysia, at costs	554	–	554
Unquoted shares, at costs	562	296	858
Share of post-acquisition reserves	150	164	314
Loan to an associate	–	7	7
Unrealised profit on transactions with associates	(143)	(1)	(144)
Impairment losses	–	(7)	(7)
	1,123	459	1,582

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
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13 Associates – Group (continued)

a. Material associates

In the opinion of the Directors, the associates that are material to the Group are as follows:

Name of associate	Description
Eastern & Oriental Berhad group (E&O)	E&O is listed on the Main Market of Bursa Malaysia Securities Berhad. The stake in E&O enables the Group to extend its presence in the property development and hospitality sectors, beyond the Greater Kuala Lumpur, specifically in Penang and Johor.
Tesco Stores (Malaysia) Sdn Bhd (Tesco)	Tesco was established on 28 November 2001 as a result of a strategic alliance between Tesco PLC and the Group. Tesco has over sixty (60) hypermarkets and convenience stores in Malaysia. The investment enables the Group to establish its footprint into the consumer retail business in Malaysia.

Material associates included in the previous financial year, namely Seriemas Development Sdn Bhd group (Seriemas) and Shaw Brothers (M) Sdn Bhd (Shaw Brothers), are now classified under assets held for sale pursuant to the corporate proposal disclosed in Note 17.

Summarised financial information
The summarised statements of comprehensive income of and dividends received from the material associates are as follows:

	2017		**2016**	
	E&O	**Tesco**	**E&O**	**Tesco**
Revenue	**705**	**4,430**	422	4,494
Depreciation and amortisation	**(19)**	**(203)**	(20)	(203)
Interest income	**9**	**1**	11	–
Interest expense	**(51)**	**(171)**	(50)	(179)
Profit/(loss) before tax	**95**	**(56)**	6	(275)
Taxation	**(34)**	**(64)**	(4)	37
Profit/(loss) for the financial year	**61**	**(120)**	2	(238)
Non-controlling interests	**(4)**	**–**	(2)	–
Profit/(loss) attributable to owners of associates	**57**	**(120)**	–	(238)
Other comprehensive loss	**(2)**	**–**	–	–
Total comprehensive income/(loss)	**55**	**(120)**	–	(238)
Share of results				
- current year	**7**	**–**	–	(20)
- dilution	**(3)**	**–**	–	–
Share of total comprehensive income/(loss)	**4**	**–**	–	(20)
Share of capital reserve	**–**	**–**	–	2
Dividends received	**6**	**–**	8	–

13 Associates – Group (continued)

a. Material associates (continued)

Summarised financial information (continued)
The summarised statements of financial position of the material associates are as follows:

	2017		2016			
	E&O	**Tesco**	**E&O**	**Tesco**	**Seriemas**	**Shaw Brothers**
Non-current assets	**3,236**	**3,432**	3,171	3,464	497	306
Current assets						
Cash and cash equivalents	**414**	**73**	247	76	108	55
Other current assets	**1,431**	**466**	1,439	546	498	2
	1,845	**539**	1,686	622	606	57
Non-current liabilities						
Financial liabilities	**(1,251)**	**(1,109)**	(1,340)	(3,031)	(4)	–
Other non-current liabilities	**(370)**	**(101)**	(397)	(103)	–	–
	(1,621)	**(1,210)**	(1,737)	(3,134)	(4)	–
Current liabilities						
Financial liabilities	**(282)**	**(1,722)**	(178)	(159)	–	–
Other current liabilities	**(242)**	**(1,031)**	(156)	(965)	(73)	(12)
	(524)	**(2,753)**	(334)	(1,124)	(73)	(12)
Preference shares	**–**	**(300)**	–	–	–	–
Non-controlling interests	**(53)**	**–**	(49)	–	2	–
Net assets/(liabilities)	**2,883**	**(292)**	2,737	(172)	1,028	351

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
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13 Associates – Group (continued)

a. Material associates (continued)

Summarised financial information (continued)
The summarised statements of financial position of the material associates are as follows: (continued)

1 July 2015	**E&O**	**Tesco**	**Seriemas**	**Shaw Brothers**
Non-current assets	2,481	3,664	452	271
Current assets				
Cash and cash equivalents	200	59	92	67
Other current assets	1,520	646	470	1
	1,720	705	562	68
Non-current liabilities				
Financial liabilities	(710)	(2,836)	(4)	–
Other non-current liabilities	(82)	(277)	–	–
	(792)	(3,113)	(4)	–
Current liabilities				
Financial liabilities	(453)	(226)	(1)	–
Other current liabilities	(174)	(970)	(61)	(11)
	(627)	(1,196)	(62)	(11)
Non-controlling interests	(47)	–	2	–
Net assets	2,735	60	950	328

The summarised statements of financial position reflects the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates as well as post-acquisition changes to the fair value adjustment at acquisition date.

The most recent available financial statements of the associates are used in applying equity method of accounting with appropriate adjustments made for significant transactions occurring between that date and 30 June.

13 Associates – Group (continued)

a. Material associates (continued)

Reconciliation

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material associates are as follows:

2017	E&O	Tesco	Total
Net assets/(liabilities)			
At 1 July 2016	**2,737**	**(172)**	**2,565**
Total comprehensive income/(loss)	**55**	**(120)**	**(65)**
Dividend paid	**(25)**	**–**	**(25)**
Reserves movement	**1**	**–**	**1**
Capital injection	**115**	**–**	**115**
At 30 June 2017	**2,883**	**(292)**	**2,591**
Group's interest (%)	**11.6**	**30.0**	
Interest in associates	**332**	**(88)**	**244**
Goodwill	**3**	**–**	**3**
Unrecognised share of losses	**–**	**88**	**88**
Carrying amount at end of the financial year	**335**	**–**	**335**

2016	E&O	Tesco	Seriemas	Shaw Brothers	Total
Net assets/(liabilities)					
At 1 July 2015	2,735	60	950	328	4,073
Total comprehensive (loss)/income	–	(238)	78	28	(132)
Dividend paid	–	–	–	(5)	(5)
Reserves movement	2	6	–	–	8
At 30 June 2016	2,737	(172)	1,028	351	3,944
Group's interest (%)	12.2	30.0	40.0	36.0	
Interest in associates	334	(52)	411	127	820
Goodwill	3	–	–	–	3
Unrecognised share of losses	–	52	–	–	52
Carrying amount at end of the financial year	337	–	411	127	875

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For the financial year ended 30 June 2017 (continued)
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13 Associates – Group (continued)

a. Material associates (continued)

Reconciliation (continued)
Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material associates are as follows: (continued)

1 July 2015	E&O	Tesco	Seriemas	Shaw Brothers	Total
Net assets	2,735	60	950	328	4,073
Group's interest (%)	22.0	30.0	40.0	36.0	
Interest in associates	602	18	380	118	1,118
Goodwill	5	–	–	–	5
Carrying amount	607	18	380	118	1,123

The market value of the Group's interest in E&O as at 30 June 2017 was RM260 million (2016: RM254 million, 1 July 2015: RM456 million), which is approximately RM75 million below its carrying amount. The recoverable amount is higher than the carrying amount based on the value-in-use calculation undertaken by management.

b. Commitments and contingent liabilities

There are no commitment nor contingent liabilities relating to the Group's interest in the associates.

14 Finance Income

	Group		Company	
	2017	2016	**2017**	2016
Interest income from:				
- subsidiaries	**–**	–	**251**	203
- discontinuing operations	**465**	485	**–**	–
- banks and other financial institutions	**30**	28	**5**	–
- financial guarantees in respect of credit facilities granted to certain subsidiaries	**–**	–	**6**	12
- other interest income	**16**	11	**–**	–
	511	524	**262**	215
Accretion of discount on receivables	**1**	8	**–**	–
	512	532	**262**	215

15 Finance Costs

	Group 2017	Group 2016	Company 2017	Company 2016
Interest expense paid to:				
- banks and other financial institutions	**143**	192	**–**	3
- a subsidiary	**–**	–	**103**	89
Net change in fair value of interest rate swap contracts	**–**	(11)	**–**	–
Cross currency swap interest	**19**	53	**–**	–
Financial guarantees in respect of credit facilities granted to a subsidiary	**–**	–	**–**	4
	162	234	**103**	96
Islamic financing distribution payment:				
- Sukuk	**96**	90	**–**	–
- Medium Term Notes	**47**	80	**48**	80
- other facilities	**15**	53	**–**	–
	158	223	**48**	80
Total finance costs	**320**	457	**151**	176
Interest capitalised in:				
- property, plant and equipment	**(20)**	(16)	**–**	–
- intangible assets	**(11)**	(12)	**–**	–
Net finance costs	**289**	429	**151**	176

16 Taxation

	Group 2017	Group 2016	Company 2017	Company 2016
Income tax:				
In respect of current year				
- Malaysian income tax	**43**	59	**–**	1
- foreign income tax	**192**	196	**–**	–
In respect of prior years				
- Malaysian income tax	**9**	1	**–**	–
- foreign income tax	**9**	1	**–**	–
Total income tax	**253**	257	**–**	1
Deferred tax:				
- origination and reversal of temporary differences	**(33)**	(59)	**(1)**	(1)
- effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	**(8)**	(16)	**–**	–
Total deferred tax	**(41)**	(75)	**(1)**	(1)
Total tax expense/(credit)	**212**	182	**(1)**	–

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For the financial year ended 30 June 2017 (continued)
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16 Taxation (continued)

Tax reconciliation
Reconciliation from tax at applicable tax rate to tax expense/(credit) is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
Profit before tax	**1,007**	1,046	**1,455**	1,287
Less: Share of results of joint ventures	**(47)**	(44)	**–**	–
Share of results of associates	**1**	8	**–**	–
	961	1,010	**1,455**	1,287
Applicable tax	**217**	205	**349**	309
Withholding tax on foreign income	**21**	28	**–**	–
Effects of tax incentives and non-taxable income:				
- single tier dividends	**(30)**	(22)	**(336)**	(305)
- gains on disposal of subsidiaries	**–**	(4)	**–**	–
- gains on disposal of partial interest in an associate and warrant	**(8)**	–	**–**	–
- tax incentives and other income	**(101)**	(135)	**(1)**	(3)
Effects of non-deductible expenses:				
- depreciation and amortisation on non-qualifying assets and other expenses	**128**	125	**16**	8
Perpetual sukuk distribution and expenses	**(29)**	(9)	**(29)**	(9)
Deferred tax assets not recognised in respect of current year's tax losses	**4**	8	**–**	–
Under provision in prior years	**18**	2	**–**	–
Effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	**(8)**	(16)	**–**	–
Tax expense/(credit) for the financial year	**212**	182	**(1)**	–
Applicable tax rate (%)	**22.6**	20.3	**24.0**	24.0
Effective tax rate (%)	**22.1**	18.0	**–**	–

The Group's applicable tax rate increased from 20.3% to 22.6% due to changes in the proportion of income contributed by subsidiaries which are subjected to different statutory income tax rate.

17 Discontinuing Operations - Group

As disclosed in Note 1(b), the Company proposed to create three standalone listed entities, namely Sime Darby Plantation Berhad, Sime Darby Property Berhad and Sime Darby Berhad, in the plantation, property and trading & logistics sectors, respectively on the Main Market of Bursa Securities with the aim of unlocking sustainable value. Details of the proposal are described in Note 63 on material events after the reporting period.

The results of the Plantation and Property businesses to be distributed to shareholders of the Company, have been presented as discontinuing operations in the financial statements of the Group.

The completion of the proposal is subject to the approval of the Securities Commission, Bursa Securities and shareholders of the Company.

a. Analysis of the results of the discontinuing operations is as follows:

	2017	2016
Statements of Profit or Loss		
Revenue	**16,958**	15,040
Operating expenses	**(14,914)**	(13,602)
Other operating income	**390**	704
Other gains	**112**	51
Operating profit	**2,546**	2,193
Share of results of joint ventures	**202**	(21)
Share of results of associates	**30**	34
Profit before interest and tax	**2,778**	2,206
Finance income	**163**	107
Finance costs	**(518)**	(510)
Profit before tax	**2,423**	1,803
Taxation	**(537)**	(59)
Profit for the financial year	**1,886**	1,744
Profit for the financial year attributable to owners of:		
- the Company	**1,823**	1,626
- perpetual sukuk	**2**	–
- non-controlling interests	**61**	118
	1,886	1,744
Statements of Comprehensive Income		
Profit for the financial year	**1,886**	1,744
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss		
Currency translation differences	**316**	190
Net change in fair value of:		
- investments	**(4)**	6
- cash flow hedges	**39**	(25)
Share of other comprehensive income/(loss) of:		
- joint ventures	**63**	(122)
- associates	**3**	–
Taxation	**(7)**	5
	410	54

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For the financial year ended 30 June 2017 (continued)
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17 Discontinuing Operations - Group (continued)

a. Analysis of the results of the discontinuing operations is as follows: (continued)

	2017	2016
Statements of Comprehensive Income (continued)		
Reclassified to profit or loss:		
- currency translation differences on:		
- repayment of net investments	**10**	–
- disposal of a subsidiary	**(7)**	–
- changes in fair value of cash flow hedges as adjustment to revenue and other gains and losses	**(14)**	(3)
- changes in fair value of investments	**2**	–
	401	51
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains on defined benefit pension plans	**17**	–
Share of other comprehensive income of a joint venture	**(8)**	6
Taxation	**(4)**	–
	5	6
Total other comprehensive income	**406**	57
Total comprehensive income for the financial year	**2,292**	1,801
Total comprehensive income for the financial year attributable to owners of:		
- the Company	**2,209**	1,672
- perpetual sukuk	**2**	–
- non-controlling interests	**81**	129
	2,292	1,801

b. Analysis of the cash flows of the discontinuing operations is as follows:

	2017	2016
Statements of Cash Flows		
Net cash from operating activities	**3,452**	1,618
Net cash used in investing activities	**(1,813)**	(1,125)
Net cash from/(used in) financing activities	**169**	(32)
Repayment to continuing operations	**(1,548)**	(898)
Net increase/(decrease) in cash and cash equivalents	**260**	(437)
Foreign exchange differences	**40**	37
Cash and cash equivalents at beginning of the financial year	**1,548**	1,948
Cash and cash equivalents at end of the financial year	**1,848**	1,548

18 Earnings Per Share - Group

Basic earnings per share attributable to owners of the Company are computed as follows:

	2017	2016
Profit for the financial year		
- continuing operations	**615**	792
- discontinuing operations	**1,823**	1,626
	2,438	2,418
Weighted average number of ordinary shares in issue (million)	**6,639**	6,269
Earnings per share (sen)		
- continuing operations	**9.3**	12.6
- discontinuing operations	**27.4**	25.9
	36.7	38.5

The diluted earnings per share of the Group is similar to the basic earnings per share as the Group does not have any material potential dilutive ordinary shares in issue.

19 Dividends

	Group/Company	
	2017	**2016**
Final single tier dividend of 21.0 sen per share (2016: 19.0 sen per share) for the financial year ended 30 June 2016 paid on 15 December 2016	**1,395**	1,180
Interim single tier dividend of 6.0 sen per share (2016: 6.0 sen per share) for the financial year ended 30 June 2017 paid on 5 May 2017	**408**	380
	1,803	1,560
Dividends paid by way of:		
- issuance of shares pursuant to the Dividend Reinvestment Plan	**1,188**	865
- cash	**615**	695
	1,803	1,560

In respect of the final dividend for the financial year ended 30 June 2016, of the total final dividend paid of RM1,395 million, RM1,188 million was satisfied by the issuance of 157,413,239 new ordinary shares in the Company pursuant to the Dividend Reinvestment Plan while the balance of RM207 million was paid in cash (see Note 41).

The Board of Directors has recommended a final single tier dividend of 17 sen per ordinary share amounting to RM1,156 million for the financial year ended 30 June 2017.

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For the financial year ended 30 June 2017 (continued)
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20 Other Comprehensive Income/(Loss) – Group

Other comprehensive income/(loss) and the tax effects are analysed as follows:

2017	**Hedging reserve**	**Available-for-sale reserve**
Currency translation differences	**–**	**–**
Net change in fair value of cash flow hedges	**(12)**	**–**
Reclassified to profit or loss:		
- currency translation differences:		
- on repayment of net investments	**–**	**–**
- on disposal of subsidiaries	**–**	**–**
- changes in fair value of cash flow hedges as adjustment to:		
- revenue	**(1)**	**–**
- other gains and losses	**20**	**–**
Reclassification of changes in fair value of cash flow hedges to inventories	**7**	**–**
Actuarial gains on defined benefit pension plans	**–**	**–**
Share of other comprehensive income of:		
- joint ventures	**1**	**–**
- associates	**–**	**–**
Other comprehensive income/(loss) before tax	**15**	**–**
Taxation	**(4)**	**–**
Continuing operations	**11**	**–**
Discontinuing operations	**18**	**(6)**
Total other comprehensive income/(loss) after tax	**29**	**(6)**
2016		
Currency translation differences	–	–
Net change in fair value of cash flow hedges	109	–
Reclassified to profit or loss:		
- currency translation differences:		
- on repayment of net investments	–	–
- changes in fair value of cash flow hedges as adjustment to:		
- revenue	(4)	–
- other gains and losses	(45)	–
Reclassification of changes in fair value of cash flow hedges to inventories	7	–
Share of other comprehensive income/(loss) of:		
- joint ventures	1	–
- associates	–	–
Other comprehensive income/(loss) before tax	68	–
Taxation	(13)	–
Continuing operations	55	–
Discontinuing operations	(23)	6
Total other comprehensive income after tax	32	6

Exchange reserve	Retained profits	Non-controlling interests	Total	Tax effects	Net of tax
280	**–**	**30**	**310**	**–**	**310**
–	**–**	**–**	**(12)**	**2**	**(10)**
19	**–**	**–**	**19**	**–**	**19**
5	**–**	**–**	**5**	**–**	**5**
–	**–**	**–**	**(1)**	**–**	**(1)**
–	**–**	**–**	**20**	**(4)**	**16**
–	**–**	**–**	**7**	**(2)**	**5**
–	**(2)**	**(1)**	**(3)**	**–**	**(3)**
4	**–**	**–**	**5**	**–**	**5**
25	**–**	**–**	**25**	**–**	**25**
333	**(2)**	**29**	**375**	**(4)**	**371**
–	**–**	**–**	**(4)**		
333	**(2)**	**29**	**371**		
369	**5**	**20**	**406**		
702	**3**	**49**	**777**		
317	–	28	345	–	345
–	–	–	109	(25)	84
(26)	–	–	(26)	–	(26)
–	–	–	(4)	–	(4)
–	–	–	(45)	14	(31)
–	–	–	7	(2)	5
(3)	(3)	–	(5)	–	(5)
11	–	–	11	–	11
299	(3)	28	392	(13)	379
–	–	–	(13)		
299	(3)	28	379		
57	6	11	57		
356	3	39	436		

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21 Property, Plant and Equipment – Group

2017	**Freehold land**	**Leasehold land**	**Buildings**
At 1 July 2016	**2,867**	**1,903**	**6,352**
Acquisition of businesses [Note 52]	**69**	**–**	**8**
Disposal of subsidiaries [Note 53(a)]	**–**	**–**	**–**
Additions	**–**	**26**	**117**
Disposals	**(9)**	**(16)**	**(13)**
Write offs	**–**	**–**	**(9)**
Impairment losses	**–**	**(6)**	**(18)**
Reversal of impairment losses	**–**	**9**	**9**
Reclassification	**–**	**(34)**	**385**
Depreciation	**–**	**(34)**	**(345)**
Exchange differences	**13**	**53**	**154**
Transferred from/(to):			
- investment properties [Note 23]	**(2)**	**–**	**–**
- property development costs [Note 36]	**–**	**–**	**–**
- inventories	**–**	**–**	**–**
- assets held for sale	**(2,497)**	**(1,497)**	**(4,303)**
At 30 June 2017	**441**	**404**	**2,337**
Cost	**441**	**458**	**3,183**
Accumulated depreciation	**–**	**(49)**	**(807)**
Accumulated impairment losses	**–**	**(5)**	**(39)**
Carrying amount at end of the financial year	**441**	**404**	**2,337**
2016			
At 1 July 2015	2,847	1,826	6,136
Disposal of subsidiaries	–	–	–
Additions	–	94	201
Disposals	(1)	–	(6)
Write offs	–	–	(2)
Impairment losses	–	(9)	(9)
Reclassification	–	–	285
Depreciation	–	(65)	(397)
Exchange differences	15	57	140
Transferred from/(to):			
- investment properties [Note 23]	–	–	–
- land held for property development [Note 25]	(4)	–	–
- inventories	–	–	–
- assets held for sale	10	–	4
At 30 June 2016	2,867	1,903	6,352
Cost	2,869	2,374	8,660
Accumulated depreciation	–	(440)	(2,257)
Accumulated impairment losses	(2)	(31)	(51)
Carrying amount at end of the financial year	2,867	1,903	6,352
1 July 2015			
Cost	2,848	2,270	8,110
Accumulated depreciation	–	(421)	(1,912)
Accumulated impairment losses	(1)	(23)	(62)
Carrying amount	2,847	1,826	6,136

Bearer plants	Plant and machinery	Rental assets	Vehicles, equipment and fixtures	Capital work in progress	Total
4,932	**3,033**	**852**	**1,054**	**3,463**	**24,456**
7	**17**	**–**	**1**	**2**	**104**
–	**(16)**	**–**	**–**	**(161)**	**(177)**
–	**141**	**522**	**63**	**1,762**	**2,631**
(6)	**(44)**	**–**	**(23)**	**(2)**	**(113)**
(64)	**(4)**	**(1)**	**(4)**	**(3)**	**(85)**
(192)	**–**	**(5)**	**–**	**–**	**(221)**
–	**–**	**–**	**–**	**–**	**18**
927	**133**	**(54)**	**104**	**(1,461)**	**–**
(504)	**(398)**	**(201)**	**(283)**	**–**	**(1,765)**
46	**76**	**87**	**37**	**113**	**579**
–	**–**	**–**	**–**	**–**	**(2)**
–	**–**	**–**	**–**	**60**	**60**
–	**–**	**(254)**	**(5)**	**28**	**(231)**
(5,146)	**(2,404)**	**–**	**(450)**	**(3,333)**	**(19,630)**
–	**534**	**946**	**494**	**468**	**5,624**
–	**1,188**	**1,371**	**1,509**	**468**	**8,618**
–	**(644)**	**(422)**	**(1,007)**	**–**	**(2,929)**
–	**(10)**	**(3)**	**(8)**	**–**	**(65)**
–	**534**	**946**	**494**	**468**	**5,624**
4,661	2,854	750	1,153	2,800	23,027
–	–	–	–	(200)	(200)
–	228	568	128	1,739	2,958
(13)	(25)	–	(24)	(11)	(80)
(24)	(1)	(1)	(3)	–	(31)
–	–	(5)	(1)	–	(24)
416	236	–	44	(981)	–
(383)	(335)	(189)	(298)	–	(1,667)
275	76	8	51	119	741
–	–	–	–	(3)	(3)
–	–	–	–	–	(4)
–	–	(279)	2	–	(277)
–	–	–	2	–	16
4,932	3,033	852	1,054	3,463	24,456
6,778	5,666	1,291	3,145	3,474	34,257
(1,843)	(2,598)	(429)	(2,083)	–	(9,650)
(3)	(35)	(10)	(8)	(11)	(151)
4,932	3,033	852	1,054	3,463	24,456
6,119	5,244	1,188	3,013	2,811	31,603
(1,455)	(2,278)	(430)	(1,854)	–	(8,350)
(3)	(112)	(8)	(6)	(11)	(226)
4,661	2,854	750	1,153	2,800	23,027

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For the financial year ended 30 June 2017 (continued)
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21 Property, Plant and Equipment – Group (continued)

a. Bearer plants

Bearer plants comprised oil palm, rubber trees and growing cane. Immature bearer plants are capitalised in capital work in progress.

	Mature	
2017	**Oil palm**	**Rubber trees**
At 1 July 2016	**4,822**	**33**
Acquisition of businesses [Note 52]	**7**	**–**
Additions	**–**	**–**
Disposals	**(6)**	**–**
Write offs	**(64)**	**–**
Impairment losses	**(192)**	**–**
Reclassification	**927**	**–**
Depreciation	**(464)**	**(1)**
Exchange differences	**52**	**–**
Transferred from/(to):		
- inventories	**–**	**–**
- assets held for sale	**(5,082)**	**(32)**
At 30 June 2017	**–**	**–**
2016		
At 1 July 2015	4,555	13
Additions	–	–
Disposals	(13)	–
Write offs	(24)	–
Reclassification	392	24
Depreciation	(354)	(5)
Exchange differences	266	1
At 30 June 2016	4,822	33
Cost	6,625	45
Accumulated depreciation	(1,800)	(12)
Accumulated impairment losses	(3)	–
Carrying amount at end of the financial year	4,822	33
1 July 2015		
Cost	5,996	22
Accumulated depreciation	(1,438)	(9)
Accumulated impairment losses	(3)	–
Carrying amount	4,555	13

Growing cane	Total	Immature: Oil palm	Immature: Rubber trees	Immature: Total	Total bearer plants
77	**4,932**	**2,175**	**96**	**2,271**	**7,203**
–	**7**	**2**	**–**	**2**	**9**
–	**–**	**861**	**79**	**940**	**940**
–	**(6)**	**(2)**	**–**	**(2)**	**(8)**
–	**(64)**	**(2)**	**–**	**(2)**	**(66)**
–	**(192)**	**–**	**–**	**–**	**(192)**
–	**927**	**(927)**	**–**	**(927)**	**–**
(39)	**(504)**	**–**	**–**	**–**	**(504)**
(6)	**46**	**15**	**–**	**15**	**61**
–	**–**	**24**	**4**	**28**	**28**
(32)	**(5,146)**	**(2,146)**	**(179)**	**(2,325)**	**(7,471)**
–	**–**	**–**	**–**	**–**	**–**
93	4,661	1,720	81	1,801	6,462
–	–	821	39	860	860
–	(13)	–	–	–	(13)
–	(24)	–	–	–	(24)
–	416	(392)	(24)	(416)	–
(24)	(383)	–	–	–	(383)
8	275	26	–	26	301
77	4,932	2,175	96	2,271	7,203
108	6,778	2,175	96	2,271	9,049
(31)	(1,843)	–	–	–	(1,843)
–	(3)	–	–	–	(3)
77	4,932	2,175	96	2,271	7,203
101	6,119	1,720	81	1,801	7,920
(8)	(1,455)	–	–	–	(1,455)
–	(3)	–	–	–	(3)
93	4,661	1,720	81	1,801	6,462

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For the financial year ended 30 June 2017 (continued)
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21 Property, Plant and Equipment – Group (continued)

b. Capital work in progress

Included in additions to the capital work in progress are depreciation and interest expense capitalised of RM25 million (2016: RM36 million) and RM74 million (2016: RM93 million), respectively.

c. Underlying assets for Islamic financing

Certain plantation land and bearer plants of the Group are used as underlying assets (Sukuk Assets) for the perpetual sukuk issued in March 2016 and Sukuk issued in January 2013 which are based on the Shariah Principle of Ijarah (see Notes 44 and 46(d) respectively). The structure does not represent collaterisation and there is no transfer of registered title of the Sukuk Assets.

The carrying amount of the Sukuk Assets as at 30 June 2017 amounted to RM406 million (2016: RM936 million, 1 July 2015: RM774 million). Sukuk Assets for the financing were pared down following the repurchase of USD628 million (equivalent to RM2.7 billion) Sukuk in May 2017 (see Note 46(d)). The Sukuk Assets and Sukuk are now classified under assets held for sale and liabilities associated with assets held for sale pursuant to the corporate proposal disclosed in Note 17.

d. Assets pledged as security

Property, plant and equipment with a total carrying amount of RM128 million (2016: RM289 million, 1 July 2015: RM3,872 million) were pledged as security for borrowings (see Note 46). Included in plant and machinery is an amount of RM11 million (2016: RM120 million, 1 July 2015: RM137 million) acquired under finance lease (see Note 47).

e. Impairment losses

During the financial year, the Group carried out a review of the recoverable amount of its property, plant and equipment. The review led to the recognition of a net impairment of RM221 million, which includes RM202 million due to the impairment of the property, plant and equipment in the Plantation segment in Liberia to its fair value less costs to sell.

The Group carried out an assessment to determine the recoverability of the property, plant and equipment in Liberia following continued losses incurred by Sime Darby Plantation (Liberia) Inc.

The recoverable amount of property, plant and equipment in Liberia, comprising the oil palm estates and palm oil mill were valued separately as two cash-generating units (CGUs) by an independent professional valuer. The recoverable amounts of these CGUs were determined based on the higher of fair value less cost to sell and value-in-use.

An impairment loss of RM202 million was recognised on the oil palm estates in Liberia as the carrying amount of the oil palm estates' property, plant and equipment exceeded its fair value less cost to sell. Estimates of fair values on the oil palm estates as determined by the professional valuer were based on the income approach and are within Level 3 in the fair value hierarchy.

No impairment was required on the palm oil mill as the fair value less cost to sell exceeded its carrying amount.

The impact arising from key assumptions used are as follows:

Key assumptions	Base	Sensitivity	Additional impairment
Crude Palm Oil (CPO) price	USD750 per metric tonne (MT)	Lower by 5%	52
Fresh Fruit Bunches (FFB) yields	7 – 23 MT per hectare (ha)	Lower by 1 MT per ha	48
Average upkeep costs	USD688 per ha	Higher by 10%	17
Discount rate	12% per annum	Higher by 1%	25

21 Property, Plant and Equipment – Group (continued)

f. Reconciliation to the cash flow

Reconciliation to the cash flow for purchase of property, plant and equipment is as follows:

	2017	2016
Additions for the financial year	**2,631**	2,958
Add/(less):		
Payment made for previous year's additions	**132**	113
Additions to rental assets, included as changes in working capital in the statements of cash flows	**(522)**	(568)
Interest expense categorised in capital work in progress	**(74)**	(93)
Depreciation capitalised	**(25)**	(36)
Amounts not yet due for payment	**(96)**	(106)
Total cash payments during the financial year	**2,046**	2,268
Total cash payments during the financial year by:		
- continuing operations	**394**	914
- discontinuing operations	**1,652**	1,354
	2,046	2,268

22 Prepaid Lease Rentals – Group

The prepaid lease rentals are payments for rights in respect of the following:

	2017 Long leasehold land	2017 Short leasehold land	2017 Total	2016 Long leasehold land	2016 Short leasehold land	2016 Total
At 1 July	**2**	**990**	**992**	2	967	969
Disposal of subsidiaries [Note 53(a)]	**–**	**(13)**	**(13)**	–	(17)	(17)
Additions	**–**	**15**	**15**	–	43	43
Impairment losses	**–**	**(2)**	**(2)**	–	–	–
Reversal of impairment losses	**–**	**–**	**–**	–	1	1
Amortisation	**–**	**(53)**	**(53)**	–	(48)	(48)
Exchange differences	**–**	**48**	**48**	–	44	44
Transferred to assets held for sale	**–**	**(628)**	**(628)**	–	–	–
At 30 June	**2**	**357**	**359**	2	990	992
Cost	**6**	**441**	**447**	6	1,698	1,704
Accumulated amortisation	**(4)**	**(82)**	**(86)**	(4)	(707)	(711)
Accumulated impairment losses	**–**	**(2)**	**(2)**	–	(1)	(1)
Carrying amount at end of the financial year	**2**	**357**	**359**	2	990	992

1 July 2015	Long leasehold land	Short leasehold land	Total
Cost	6	1,627	1,633
Accumulated amortisation	(4)	(659)	(663)
Accumulated impairment losses	–	(1)	(1)
Carrying amount	2	967	969

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23 Investment Properties – Group

2017	Freehold land	Long leasehold land	Short leasehold land	Buildings	Capital work in progress	Total
At 1 July 2016	**33**	**39**	**22**	**301**	**–**	**395**
Disposal of subsidiaries [Note 53(a)]	**–**	**–**	**(22)**	**(38)**	**–**	**(60)**
Additions	**–**	**–**	**–**	**29**	**83**	**112**
Disposals	**–**	**–**	**–**	**(2)**	**–**	**(2)**
Impairment losses	**–**	**–**	**–**	**(5)**	**–**	**(5)**
Reversal of impairment	**–**	**–**	**–**	**8**	**–**	**8**
Depreciation	**–**	**(1)**	**–**	**(8)**	**–**	**(9)**
Exchange differences	**1**	**–**	**–**	**5**	**–**	**6**
Transferred from/(to):						
- property, plant and equipment [Note 21]	**2**	**–**	**–**	**–**	**–**	**2**
- land held for property development [Note 25]	**2**	**–**	**–**	**–**	**–**	**2**
- inventories	**–**	**–**	**–**	**61**	**–**	**61**
- property development costs [Note 36]	**16**	**–**	**–**	**–**	**261**	**277**
- assets held for sale	**(52)**	**(9)**	**–**	**(247)**	**(162)**	**(470)**
At 30 June 2017	**2**	**29**	**–**	**104**	**182**	**317**
Cost	**2**	**38**	**–**	**139**	**182**	**361**
Accumulated depreciation	**–**	**(9)**	**–**	**(31)**	**–**	**(40)**
Accumulated impairment losses	**–**	**–**	**–**	**(4)**	**–**	**(4)**
Carrying amount at end of the financial year	**2**	**29**	**–**	**104**	**182**	**317**

23 Investment Properties – Group (continued)

2016	Freehold land	Long leasehold land	Short leasehold land	Buildings	Total
At 1 July 2015	89	53	31	399	572
Disposal of subsidiaries	(68)	(14)	(4)	(80)	(166)
Additions	–	–	–	1	1
Impairment losses	–	–	–	(1)	(1)
Depreciation	–	(1)	(1)	(14)	(16)
Exchange differences	4	1	2	–	7
Transferred from/(to):					
- property, plant and equipment [Note 21]	–	–	–	3	3
- property development costs [Note 36]	8	–	–	–	8
- assets held for sale	–	–	(6)	(7)	(13)
At 30 June 2016	33	39	22	301	395
Cost	33	53	36	430	552
Accumulated depreciation	–	(11)	(14)	(103)	(128)
Accumulated impairment losses	–	(3)	–	(26)	(29)
Carrying amount at end of the financial year	33	39	22	301	395
1 July 2015					
Cost	89	66	50	625	830
Accumulated depreciation	–	(10)	(19)	(200)	(229)
Accumulated impairment losses	–	(3)	–	(26)	(29)
Carrying amount	89	53	31	399	572

The fair value of investment properties as at 30 June 2017 was RM421 million (2016: RM863 million, 1 July 2015: RM1,485 million). The fair value was arrived at after taking into consideration the valuation performed by external professional firms of surveyors and valuers. The fair value is categorised as Level 2 in the fair value hierarchy as the valuation, which was performed using comparable and investment basis, was based on observable valuation inputs.

As at 30 June 2017, investment properties pledged as security for borrowings are classified under liability held for sale pursuant to the corporate proposal disclosed in Note 17. Investment properties with a total carrying amount of RM157 million in 2016 (1 July 2015: RM152 million) were pledged as security for borrowings.

Rental income generated from and direct operating expenses incurred on income generating investment properties are as follows:

	2017	2016
Rental income	**9**	7
Direct operating expenses	**(1)**	–

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For the financial year ended 30 June 2017 (continued)
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24 Biological Assets – Group

2017	Fresh fruit bunches	Growing cane	Livestock	Total
At 1 July 2016	**60**	**55**	**53**	**168**
Changes in fair value	**92**	**51**	**(1)**	**142**
Exchange differences	**–**	**4**	**4**	**8**
Transferred to:				
- inventories	**(61)**	**(58)**	**–**	**(119)**
- assets held for sale	**(91)**	**(52)**	**(56)**	**(199)**
At 30 June 2017	**–**	**–**	**–**	**–**
2016				
At 1 July 2015	89	44	50	183
Additions	–	–	23	23
Changes in fair value	60	56	(4)	112
Disposals	–	–	(19)	(19)
Exchange differences	1	3	3	7
Transferred to inventories	(90)	(48)	–	(138)
At 30 June 2016	60	55	53	168

The biological assets are subject to the following maturity period:

	30 June 2017	30 June 2016	1 July 2015
Non-current			
Due later than one year	**–**	45	9
Current			
Due no later than one year	**–**	123	174
	–	168	183

During the financial year, the Group harvested approximately 9,784,046 metric tonnes (MT) (2016: 9,620,506 MT) of fresh fruit bunches (FFB), 269,200 MT (2016: 238,158 MT) of canes and 1,923 tonnes (2016: 1,875 tonnes) of beef.

As at 30 June 2017, the unharvested FFB, canes and cattle used in the fair value were 385,688 MT (2016: 292,661 MT), 233,344 MT (2016: 265,808 MT) and 24,803 heads (2016: 26,014 heads), respectively.

Management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, FFB more than 2 weeks before harvesting are excluded from the valuation as their fair values are considered negligible. The fair value of FFB is calculated based on income approach which considers the net present value of all directly attributable net cashflows including imputed contributory asset charges.

Growing canes represent the standing canes prior to harvest. The value of growing canes depends on the age, sucrose content and condition. The anticipated canes to harvest is based on management's historical records, current planting statistics and production forecast.

24 Biological Assets – Group (continued)

Cattle are generally fed for 120 days prior to beef production. Fair values of the livestock are based on the Group's assessment of the age, average weights and market values of the livestock.

The fair value measurement of the Group's biological assets are categorised within Level 3 of the fair value hierarchy with the exception of livestock which are on Level 2 as the inputs used are observable indirectly. If the selling price of the FFB, canes and cattle changes by 10%, profit or loss of the Group would have increased or decreased by approximately RM21 million (2016: RM16 million), RM7 million (2016: RM10 million) and RM6 million (2016: RM5 million), respectively.

25 Land Held for Property Development – Group

	2017	2016
At 1 July	**695**	810
Incidental costs incurred	**4**	10
Transferred from/(to):		
- property, plant and equipment [Note 21]	**–**	4
- investment properties [Note 23]	**(2)**	–
- property development costs [Note 36]	**–**	(129)
- assets held for sale	**(697)**	–
At 30 June	**–**	695

Land held for property development of a subsidiary with carrying amount of RM22 million in 2016 and as at 1 July 2015 was pledged as security for borrowings.

26 Subsidiaries – Company

The Company's equity interest in the subsidiaries, their respective principal activities and countries of incorporation are disclosed in Note 62.

	30 June 2017	30 June 2016	1 July 2015
Unquoted shares at cost	**2,734**	5,695	5,128
Accumulated impairment	**–**	(3)	–
Contributions to subsidiaries	**887**	2,386	2,386
	3,621	8,078	7,514

During the financial year, the Company increased its investment in Sime Darby Property Berhad (SD Property) by subscribing to new preference shares of SD Property for a total consideration of RM365 million (2016: RM567 million).

Contributions to subsidiaries are amounts which the Company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in the subsidiaries.

As at 30 June 2017, the cost of investment in Sime Darby Plantation Berhad and SD Property are classified under assets held for sale pursuant to the corporate proposal disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
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27 Amounts Due from/(to) Subsidiaries – Company

	30 June 2017	30 June 2016	1 July 2015
Amounts due from subsidiaries			
Non-current			
- interest bearing	**700**	6,112	1,700
Current			
- interest bearing	**–**	1,000	3,227
- non-interest bearing	**8,955**	6,007	6,018
	8,955	7,007	9,245
	9,655	13,119	10,945
Amounts due to subsidiaries			
Non-current			
- interest bearing	**–**	3,212	–
Current			
- interest bearing	**–**	–	3,027
- non-interest bearing	**–**	36	25
	–	36	3,052
	–	3,248	3,052

Interest rates per annum on interest bearing amounts:

	%	%	%
Amounts due from subsidiaries			
- non-current	**4.19**	2.05 - 5.65	4.19 - 4.75
- current	**–**	4.75	2.05 - 3.77
Amounts due to subsidiaries			
- non-current	**–**	2.05 - 3.29	–
- current	**–**	–	2.05 - 3.29

The amounts due from/(to) subsidiaries are unsecured.

The amounts due from subsidiaries classified under non-current are not expected to be recalled within the next twelve months whilst the amounts due to subsidiaries are not due to be settled within the next twelve months. The amounts classified under current are repayable on demand.

28 Investments – Group

2017	**Quoted shares**	**Quoted warrants**	**Unquoted shares**	**Unquoted debenture**	**Others**	**Total**
At 1 July 2016	**27**	**–**	**104**	**4**	**23**	**158**
Additions	**–**	**–**	**–**	**–**	**58**	**58**
Disposals	**(13)**	**–**	**–**	**–**	**–**	**(13)**
Impairment losses	**–**	**–**	**–**	**–**	**(9)**	**(9)**
Net change in fair value charged to other comprehensive income	**(4)**	**–**	**–**	**–**	**–**	**(4)**
Exchange differences	**–**	**–**	**2**	**–**	**3**	**5**
Transferred to assets held for sale	**(10)**	**–**	**(85)**	**–**	**–**	**(95)**
At 30 June 2017	**–**	**–**	**21**	**4**	**75**	**100**
2016						
At 1 July 2015	31	12	93	4	–	140
Additions	–	–	–	–	25	25
Impairment losses	–	–	–	–	(2)	(2)
Net change in fair value (charged)/ credited to:						
- profit or loss	–	(3)	–	–	–	(3)
- other comprehensive income	(4)	–	10	–	–	6
Transferred to assets held for sale	–	(9)	–	–	–	(9)
Exchange differences	–	–	1	–	–	1
At 30 June 2016	27	–	104	4	23	158

The unquoted debenture carries a coupon rate of 3.75% per annum and matures on 30 June 2020 at its nominal value of RM4 million.

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For the financial year ended 30 June 2017 (continued)
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29 Intangible Assets – Group

		Acquired	
2017	**Goodwill**	**Distribution/ dealership rights**	**Smallholder relationship**
At 1 July 2016	**2,396**	**870**	**590**
Acquisition of businesses [Note 52]	**3**	**–**	**–**
Additions	**–**	**–**	**–**
Write offs	**–**	**–**	**–**
Impairment losses	**(203)**	**(31)**	**–**
Reversal of impairment losses	**–**	**–**	**–**
Amortisation	**–**	**–**	**(16)**
Exchange differences	**172**	**82**	**44**
Transferred to assets held for sale	**(2,232)**	**–**	**(618)**
At 30 June 2017	**136**	**921**	**–**
Cost	**338**	**952**	**–**
Accumulated amortisation	**–**	**–**	**–**
Accumulated impairment losses	**(202)**	**(31)**	**–**
Carrying amount at end of the financial year	**136**	**921**	**–**
2016			
At 1 July 2015	2,270	845	568
Additions	–	–	–
Disposals	–	–	–
Reversal of impairment losses	–	–	–
Amortisation	–	–	(17)
Exchange differences	126	25	39
At 30 June 2016	2,396	870	590
Cost	2,397	870	607
Accumulated amortisation	–	–	(17)
Accumulated impairment losses	(1)	–	–
Carrying amount at end of the financial year	2,396	870	590
1 July 2015			
Cost	2,271	845	568
Accumulated amortisation	–	–	–
Accumulated impairment losses	(1)	–	–
Carrying amount	2,270	845	568

			Internally generated		
Computer software	**Trademarks and others**	**Total**	**Computer software**	**Development costs**	**Total intangible assets**
48	**84**	**3,988**	**470**	**86**	**4,544**
–	**–**	**3**	**–**	**–**	**3**
28	**12**	**40**	**82**	**11**	**133**
–	**(2)**	**(2)**	**–**	**–**	**(2)**
–	**–**	**(234)**	**–**	**–**	**(234)**
–	**1**	**1**	**–**	**–**	**1**
(29)	**(10)**	**(55)**	**(16)**	**(5)**	**(76)**
11	**6**	**315**	**45**	**–**	**360**
(37)	**(69)**	**(2,956)**	**–**	**(89)**	**(3,045)**
21	**22**	**1,100**	**581**	**3**	**1,684**
84	**62**	**1,436**	**597**	**21**	**2,054**
(62)	**(36)**	**(98)**	**(16)**	**(15)**	**(129)**
(1)	**(4)**	**(238)**	**–**	**(3)**	**(241)**
21	**22**	**1,100**	**581**	**3**	**1,684**
61	84	3,828	312	54	4,194
10	5	15	149	32	196
(1)	–	(1)	–	–	(1)
–	3	3	–	–	3
(24)	(10)	(51)	–	(2)	(53)
2	2	194	9	2	205
48	84	3,988	470	86	4,544
228	155	4,257	470	105	4,832
(171)	(66)	(254)	–	(13)	(267)
(9)	(5)	(15)	–	(6)	(21)
48	84	3,988	470	86	4,544
218	145	4,047	313	74	4,434
(148)	(53)	(201)	(1)	(14)	(216)
(9)	(8)	(18)	–	(6)	(24)
61	84	3,828	312	54	4,194

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For the financial year ended 30 June 2017 (continued)
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29 Intangible Assets – Group (continued)

a. Intangible assets under development

Included in additions to intangible assets is interest expense capitalised of RM11 million (2016: RM15 million).

b. Material intangible assets

In the opinion of the Directors, intangible assets and their carrying amounts which are material to the Group are as follows:

			Carrying amount		
Segment	**Investment**	**Intangible asset**	**30 June 2017**	**30 June 2016**	**1 July 2015**
Plantation	New Britain Palm Oil Limited (NBPOL) group	Goodwill	**–**[1]	2,074	1,959
		Smallholder relationship	**–**[1]	590	568
Industrial	Bucyrus business	Goodwill	**69**	207	200
		Distribution rights	**760**	720	701
	Business Transformation Process (BTP) system	Computer software	**581**	467	310
Motors	Australia	Goodwill	**26**	24	23
		Distribution/dealership rights	**100**	92	90
	Vietnam	Goodwill	**–**	18	17
		Distribution/dealership rights	**61**	58	54

[1] As at 30 June 2017, the goodwill and smallholder relationship within the Plantation segment are classified under assets held for sale pursuant to the corporate proposal disclosed in Note17.

NBPOL goodwill
The goodwill which arose from the acquisition of NBPOL group in March 2015 largely represents the significant synergies and economies of scale expected from combining the operations of the Group and the entities acquired by way of expansion into upstream and downstream plantation sector, combined research and development facilities and new growth opportunities in Papua New Guinea.

Smallholder relationship
The smallholder relationship asset is attributable to the purchase of controlling interests in NBPOL group. This asset reflects the relationship between the Group and the smallholders who cultivate and harvest fresh fruit bunches on land owned by the smallholders for sale to the Group. It is recognised initially at fair value and thereafter amortised over the remaining life of the underlying assets.

Goodwill and distribution/dealership rights
The goodwill and the rights to distribute Bucyrus products in the Northern Territory and Queensland in Australia, Papua New Guinea and New Caledonia (Australasia) were acquired by Industrial Division in December 2011. The acquisition also conferred to all of the Industrial Division's dealerships in other territories, the rights to sell and service the Bucyrus product line.

The goodwill and distribution/dealership rights for the Motors segment are in respect of the BMW and MINI distribution rights in Vietnam and BMW, MINI and the Lamborghini dealership rights in Brisbane, Australia.

Computer software
The internally generated computer software is in relation to the BTP system which was developed for the Industrial Division and has been rolled out to all its dealerships in the different regions. The BTP system replaced the Enterprise Resource Planning systems previously utilised.

29 Intangible Assets – Group (continued)

c. Intangible assets with indefinite useful lives

Goodwill and distribution and dealership rights are intangible assets with indefinite useful lives. These assets are not amortised as they are not confined to a predetermined service period and they are expected to contribute to net cash inflows indefinitely, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level.

NBPOL goodwill
For purpose of impairment testing, the goodwill was allocated to CGU within the Group, namely NBPOL CGU of USD367 million (equivalent to RM1,576 million) and Minamas CGU of USD150 million (equivalent to RM644 million). The key assumptions used are as follows:

	30 June 2017	**30 June 2016**
NBPOL CGU		
Methodology	**A 39-year cash flow, based on the average remaining lease period**	A 40-year cash flow, based on the average remaining lease period
Fresh fruit bunch (FFB) yields, metric tonne (MT) per hectare	**23 – 32**	24 – 32
Crude palm oil (CPO) selling price, per MT	**USD710 – USD947**	USD660 – USD845
Discount rate (%) per annum	**8.4**	9.7
Minamas CGU		
Methodology	**A 47-year cash flow, based on the average remaining lease period**	A 48-year cash flow, based on the average remaining lease period
FFB yields, MT per hectare	**19 – 33**	19 – 33
CPO selling price, per MT	**USD617 – USD718**	USD704 – USD800
Discount rate (%) per annum	**9.5**	10.0

Based on management's assessment, no impairment charge is required on NBPOL goodwill as the recoverable amount calculated based on value-in-use (VIU) exceeded the carrying amount of the goodwill of NBPOL and Minamas Group CGU by a significant margin. Management believes that there are no reasonable possible change in any key assumption that would cause the carrying amounts of the CGUs to materially exceed the recoverable amounts.

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29 Intangible Assets – Group (continued)

c. Intangible assets with indefinite useful lives (continued)

Bucyrus goodwill and distribution rights
For purpose of impairment testing, the Bucyrus goodwill and distribution rights were allocated to CGUs within the Group which will benefit from the acquisition, namely the Industrial operations in Australasia. The recoverable amount of the CGUs was determined based on the CGUs' fair value less costs to sell (FVLCTS), using the five year budget projection for the Industrial operations in Australasia. The key assumptions used are as follows:

	30 June 2017	**30 June 2016**	**1 July 2015**
Discount rates (%) per annum	**9.0 – 15.3**	9.0 – 13.3	8.8 – 13.3
Forecast growth rates (%):			
- revenue	**(3)–>39**	(16)–>57	(7)–>32
- earning before interest, tax, depreciation and amortisation (EBITDA)	**(5)–>59**	(9)–>100	(49)–>100
- profit before interest and tax (PBIT)	**17–>100**	(18)–>100	(57)–>100
- terminal	**0.3 – 4.5**	0.3 – 4.5	0.3 – 4.5

During the financial year, an impairment of RM214 million was recognised for the shortfall of recoverable amount against the net asset position for the CGUs following the prolonged downturn in the mining industry in Australia.

The Group has performed sensitivity analysis based on the following key assumptions and the impact on CGUs' FVLCTS are as follows:

Key assumptions	Sensitivity	FVLCTS is lower by
Discount rate	Higher by 100 basis points	718
Long term growth rate	Lower by 10%	418

Australia and Vietnam Motors goodwill and distribution/dealership rights
For purpose of impairment testing, the goodwill and distribution/dealership rights were allocated to CGU within the Group which will benefit from the acquisitions, namely the Motors operations in Australia and Vietnam.

As at 30 June 2017, the Group has performed impairment testing on the goodwill and dealership rights allocated to the Motors operations in Australia. The key assumptions used are as follows:

	30 June 2017
Discount rates (%) per annum	**12.0**
Forecast growth rates (%):	
- year 1 to 5	**4.0 – 11.0**
- terminal	**2.5**

Based on management's assessment, no impairment charge is required on goodwill and dealership rights for the Motors' operations in Australia. Management believes that there are no reasonable possible change in any key assumption that would cause the carrying amounts of the CGU to materially exceed the recoverable amounts.

29 Intangible Assets – Group (continued)

c. Intangible assets with indefinite useful lives (continued)

Australia and Vietnam Motors goodwill and distribution/dealership rights (continued)
As at 30 June 2017, the Group has performed impairment testing on the goodwill and distribution rights allocated to the Motors operations in Vietnam. The recoverable amount of the CGU in Vietnam was determined based on the assumption that the Group continues to act as the distributors of BMW and MINI vehicles in Vietnam. The key assumptions used are as follows:

	30 June 2017
Discount rates (%) per annum	**10.7**
Forecast revenue growth rates (%):	
- year 1 to 5	**17.0 – 25.0**
- terminal	**6.5**
5 years budgeted earnings before interest, tax, depreciation and amortisation (EBITDA)	**(35) – 44**

Arising from the impairment testing on the goodwill and distribution rights for the Motors' operations in Vietnam, an impairment of RM19 million was recognised in the profit or loss during the financial year for the short-fall of recoverable amount against the net asset position for the CGU at the time of assessment as a result of ongoing assessment of the business.

The Group has performed sensitivity analysis for Vietnam based on the following key assumptions and the impact on CGU's VIU are as follows:

Key assumptions	Sensitivity	VIU is lower by
Discount rate	Higher by 200 basis points	194
5 years budgeted EBITDA	Lower by 10%	230

d. Intangible assets with finite useful lives

Intangible assets with finite useful lives are amortised over their useful lives. The amortisation charge for the financial year of RM76 million (2016: RM53 million) was recorded in profit or loss.

30 Deferred Tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

		Group			Company	
	30 June 2017	30 June 2016	1 July 2015	30 June 2017	30 June 2016	1 July 2015
Deferred tax assets	**611**	1,655	1,225	**-**	–	–
Deferred tax liabilities	**(338)**	(2,936)	(2,859)	**-**	(1)	(2)
	273	(1,281)	(1,634)	**-**	(1)	(2)
Tax losses for which the tax effects have not been recognised in the financial statements	**959**	1,763	1,320	**-**	–	–

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For the financial year ended 30 June 2017 (continued)
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30 Deferred Tax (continued)

The components and movements of the Group's deferred tax assets and liabilities are as follows:

2017	**Property, plant and equipment**	**Intangible assets**
At 1 July 2016	**(1,798)**	**(479)**
Credited/(charged) to profit or loss		
- origination and reversal of temporary differences	**58**	**3**
- effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	**(46)**	**–**
- effects of change in tax base applicable to unrealised profit following changes to the land use	**–**	**–**
- effects of change in tax base following changes to the tax revaluation	**71**	**–**
- effects of changes in tax rates	**–**	**–**
Charged to other comprehensive income	**–**	**–**
Exchange differences	**(41)**	**(21)**
Transferred to assets held for sale	**1,909**	**156**
At 30 June 2017	**153**	**(341)**

2016		
At 1 July 2015	(2,115)	(472)
Disposal of subsidiaries	–	–
Credited/(charged) to profit or loss		
- origination and reversal of temporary differences	6	–
- effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	–	–
- effects of change in tax base applicable to unrealised profit following changes to the land use	–	–
- effects of change in tax base following changes to the tax revaluation	349	–
Charged to other comprehensive income	–	–
Exchange differences	(38)	(7)
At 30 June 2016	(1,798)	(479)

Prepaid lease rentals	Property development	Impairment and provisions	Tax losses and unabsorbed capital allowances	Others	Total
(158)	**366**	**418**	**380**	**(10)**	**(1,281)**
–	**(16)**	**18**	**(24)**	**23**	**62**
(35)	**–**	**94**	**1**	**61**	**75**
–	**2**	**–**	**–**	**–**	**2**
–	**–**	**–**	**–**	**–**	**71**
–	**–**	**–**	**(8)**	**–**	**(8)**
–	**–**	**(4)**	**–**	**(11)**	**(15)**
(32)	**–**	**19**	**8**	**(15)**	**(82)**
225	**(352)**	**(388)**	**(91)**	**(10)**	**1,449**
–	**–**	**157**	**266**	**38**	**273**
(157)	367	375	242	126	(1,634)
–	–	–	–	3	3
–	(52)	(39)	133	(67)	(19)
9	–	83	7	(63)	36
–	51	–	–	–	51
–	–	–	–	–	349
–	–	–	–	(8)	(8)
(10)	–	(1)	(2)	(1)	(59)
(158)	366	418	380	(10)	(1,281)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
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30 Deferred Tax (continued)

Deferred tax is not recognised on the unremitted earnings of overseas subsidiaries and joint ventures where the Group is able to control the timing of the remittance and it is probable that there will be no remittance in the foreseeable future. If these earnings were remitted, tax of RM194 million (2016: RM640 million, 1 July 2015: RM504 million) would be payable.

The movements of the Company's deferred tax liabilities are as follows:

	2017	**2016**
At 1 July	**(1)**	(2)
Credited to profit or loss		
- origination and reversal of temporary differences	**1**	1
At 30 June	**–**	(1)

The deferred tax arose from temporary differences on payables.

31 Tax Recoverable

	Group			**Company**		
	30 June 2017	**30 June 2016**	**1 July 2015**	**30 June 2017**	**30 June 2016**	**1 July 2015**
Non-current	**160**	545	479	**–**	–	–
Current	**67**	239	311	**–**	1	1
	227	784	790	**–**	1	1

The non-current tax recoverable includes additional tax assessments paid and withholding taxes, which would normally take more than a year to resolve with the relevant tax authorities. These taxes are recognised as recoverable as the Group has reasonable grounds to believe that the additional tax assessments were wrongly issued and the withholding taxes will be refunded once the Group complies with the claim procedure and documentation requirements.

32 Derivative Assets/Liabilities – Group

The Group's derivative assets and liabilities are as follows:

	2017 Derivative assets	2017 Derivative liabilities	2017 Net	2016 Derivative assets	2016 Derivative liabilities	2016 Net
Non-current						
Non-hedging derivatives:						
- forward foreign exchange contracts [note (a)]	**-**	**-**	**-**	4	–	4
Cash flow hedges:						
- forward foreign exchange contracts [note (a)]	**-**	**-**	**-**	–	(1)	(1)
- interest rate swap contracts [note (b)]	**1**	**-**	**1**	1	(28)	(27)
- cross currency swap contract [note (c)]	**43**	**-**	**43**	134	–	134
	44	**-**	**44**	139	(29)	110
Current						
Non-hedging derivatives:						
- forward foreign exchange contracts [note (a)]	**10**	**-**	**10**	–	(8)	(8)
- commodity futures contracts [note (d)]	**-**	**-**	**-**	16	(6)	10
Cash flow hedges:						
- forward foreign exchange contracts [note (a)]	**5**	**(11)**	**(6)**	33	(31)	2
- interest rate swap contracts [note (b)]	**2**	**-**	**2**	1	(13)	(12)
- cross currency swap contract [note (c)]	**80**	**-**	**80**	75	–	75
	97	**(11)**	**86**	125	(58)	67
Total	**141**	**(11)**	**130**	264	(87)	177

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32 Derivative Assets/Liabilities – Group (continued)

The Group's derivative assets and liabilities are as follows: (continued)

1 July 2015	Derivative assets	Derivative liabilities	Net
Non-current			
Non-hedging derivatives:			
- forward foreign exchange contracts [note (a)]	15	(3)	12
Cash flow hedges:			
- forward foreign exchange contracts [note (a)]	1	(3)	(2)
- interest rate swap contracts [note (b)]	14	(13)	1
- cross currency swap contract [note (c)]	185	–	185
	215	(19)	196
Current			
Non-hedging derivatives:			
- forward foreign exchange contracts [note (a)]	3	(27)	(24)
- commodity futures contracts [note (d)]	13	(9)	4
Cash flow hedges:			
- forward foreign exchange contracts [note (a)]	8	(8)	–
- interest rate swap contracts [note (b)]	–	(17)	(17)
- cross currency swap contract [note (c)]	56	–	56
	80	(61)	19
Total	295	(80)	215

These derivatives are entered into to hedge foreign currency, interest rate and price risks as described in Note 5. Whilst all derivatives entered provide economic hedges to the Group, non-hedging derivatives are instruments that do not qualify for the application of hedge accounting under the specific rules in MFRS 139.

32 Derivative Assets/Liabilities – Group (continued)

a. Forward foreign exchange contracts

Forward foreign exchange contracts have been entered into with the following notional amounts and maturities:

	30 June 2017 Maturities			30 June 2016 Maturities		
	Less than 1 year	**1 year to 3 years**	**Total**	**Less than 1 year**	**1 year to 3 years**	**Total**
Forward contracts used to hedge anticipated sales denominated in:						
- United States dollar	**55**	**–**	**55**	64	–	64
- other currencies	**59**	**–**	**59**	30	–	30
	114	**–**	**114**	94	–	94
Forward contracts used to hedge receivables denominated in:						
- United States dollar	**12**	**–**	**12**	158	10	168
- European Union euro	**17**	**–**	**17**	89	–	89[1]
- Australian dollar	**195**	**–**	**195**[1]	178	–	178[1]
- other currencies	**16**	**–**	**16**	6	–	6
	240	**–**	**240**	431	10	441
Forward contracts used to hedge anticipated purchases denominated in:						
- United States dollar	**330**	**2**	**332**	251	–	251
- European Union euro	**217**	**–**	**217**	613	47	660
- Australian dollar	**113**	**–**	**113**	56	–	56
- other currencies	**81**	**–**	**81**	112	–	112
	741	**2**	**743**	1,032	47	1,079
Forward contracts used to hedge payables denominated in:						
- United States dollar	**120**	**–**	**120**	144	–	144
- European Union euro	**70**	**–**	**70**	67	–	67
- other currencies	**13**	**–**	**13**	14	–	14
	203	**–**	**203**	225	–	225
Total notional amount	**1,298**	**2**	**1,300**	1,782	57	1,839
Net fair value assets/(liabilities)	**4**	**–**	**4**	(6)	3	(3)

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32 Derivative Assets/Liabilities – Group (continued)

a. Forward foreign exchange contracts (continued)

Forward foreign exchange contracts have been entered into with the following notional amounts and maturities: (continued)

1 July 2015	Maturities: Less than 1 year	Maturities: 1 year to 3 years	Total
Forward contracts used to hedge:			
- anticipated sales	323	28	351
- receivables	696	–	696[1]
- anticipated purchases	1,101	599	1,700
- payables	202	–	202
	2,322	627	2,949
Net fair value (liabilities)/assets	(24)	10	(14)

[1] included are contracts totaling RM195 million (2016: RM178 million, 1 July 2015: RM172 million) and Nil (2016: RM63 million, 1 July 2015: Nil) denominated in Australian dollar and European Union euro respectively, used to hedge against short term inter-company receivables.

b. Interest rate swap contracts

The Group has entered into interest rate swap contracts for certain long-term borrowings to reduce the Group's exposure from volatility in interest rates. The interest rate swap contracts, all plain vanilla, are as follows:

Effective period	Range of weighted average rate per annum	Original currency	Notional amount in original currency: 30 June 2017	30 June 2016	1 July 2015
12 December 2012 to 12 December 2018	1.822% to 1.885%	USD	**100**	167	233
25 September 2014 to 25 March 2019	4.353% to 4.603%	AUD	**-**	–	200
11 June 2015 to 4 February 2022	2.85% to 2.99%	USD	**-**	350	275
30 June 2015 to 17 December 2018	3.938%	RM	**120**	192	252

The notional amount, fair value and maturity periods of the interest rate swap contracts are as follows:

	Notional amount: 30 June 2017	30 June 2016	1 July 2015	Fair value assets/(liabilities): 30 June 2017	30 June 2016	1 July 2015
Maturity periods:						
- due no later than one year	**366**	340	313	**2**	(12)	(17)
- due later than one year and no later than three years	**183**	990	1,018	**1**	(21)	(13)
- due later than three years and no later than seven years	**-**	936	1,425	**-**	(6)	14
	549	2,266	2,756	**3**	(39)	(16)

32 Derivative Assets/Liabilities – Group (continued)

b. Interest rate swap contracts (continued)

As at 30 June 2017, the fair value liabilities of RM1 million arising from interest rate swap contracts for the effective period from 11 June 2015 to 4 February 2022 are classified under liabilities associated with assets held for sale pursuant to the corporate proposal disclosed in Note 17.

c. Cross currency swap contract

The Group has entered into a cross currency swap contract to exchange the principal payments of a USD133 million (2016: USD222 million, 1 July 2015: USD311 million) loan into AUD, the functional currency of the subsidiary, to reduce the Group's exposure from adverse fluctuations in foreign currency.

	Notional amount			**Fair value assets/(liabilities)**		
	30 June 2017	**30 June 2016**	**1 July 2015**	**30 June 2017**	**30 June 2016**	**1 July 2015**
Maturity periods:						
- due no later than one year	**382**	357	337	**80**	75	56
- due later than one year and no later than three years	**189**	534	674	**43**	134	145
- due later than three years and no later than five years	**–**	–	166	**–**	–	40
	571	891	1,177	**123**	209	241

d. Commodity futures contracts

The outstanding commodity futures contracts that were not held for the purpose of physical delivery, all maturing in less than 1 year, are as follows:

	30 June 2016			**1 July 2015**		
	Quantity (metric tonne)	**Notional amount**	**Fair value assets/ (liabilities)**	**Quantity (metric tonne)**	**Notional amount**	**Fair value assets/ (liabilities)**
Purchase contracts denominated in:						
- Ringgit Malaysia	57,300	142	(4)	34,150	75	3
- United States dollar	11,918	33	(1)	107,888	265	(6)
	69,218	175	(5)	142,038	340	(3)
Sales contracts denominated in:						
- Ringgit Malaysia	62,000	163	14	22,120	83	–
- United States dollar	5,569	16	1	94,631	238	7
- European Union euro	172	1	–	–	–	–
	67,741	180	15	116,751	321	7
Total	136,959	355	10	258,789	661	4

As at 30 June 2017, the fair value assets of RM42 million and fair value liabilities of RM8 million arising from outstanding commodity futures contracts with an aggregate nominal value of RM914 million are classified under assets held for sale and liabilities associated with assets held for sale pursuant to the corporate proposal disclosed in Note 17.

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33 Receivables

	Group 30 June 2017	Group 30 June 2016	Group 1 July 2015	Company 30 June 2017	Company 30 June 2016	Company 1 July 2015
Non-current						
Trade receivables [note (a)]	**38**	58	70	**–**	–	–
Redeemable loan stocks [note (a)]	**–**	304	284	**–**	–	–
Amount due from a joint venture [note (a)]	**111**	61	–	**–**	–	–
Advances for plasma plantation projects [note (b)]	**–**	111	84	**–**	–	–
Other receivables [note (a)]	**17**	35	106	**–**	–	–
	166	569	544	**–**	–	–
Accumulated impairment losses:						
- advances for plasma plantation projects	**–**	(20)	(16)	**–**	–	–
	166	549	528	**–**	–	–
Current						
Trade receivables	**2,436**	4,481	5,481	**–**	–	–
Amounts due from joint ventures	**29**	185	60	**–**	–	–
Amounts due from associates	**13**	40	22	**–**	–	–
Other receivables:						
- on deferred payment terms [note (a)]	**3**	98	88	**–**	–	–
- indirect taxes recoverable	**166**	504	380	**–**	–	–
- rebates from principals	**301**	387	326	**–**	–	–
- proceeds from disposal of:						
- a subsidiary	**–**	–	47	**–**	–	–
- a joint venture	**–**	–	161	**–**	–	–
- property, plant and equipment	**–**	52	84	**–**	–	–
- warranty claims, advances and others	**961**	737	642	**–**	7	–
Deposits	**110**	298	194	**–**	–	–
	4,019	6,782	7,485	**–**	7	–
Accumulated impairment losses:						
- trade receivables	**(89)**	(143)	(105)	**–**	–	–
- other receivables	**(83)**	(116)	(107)	**–**	–	–
	3,847	6,523	7,273	**–**	7	–
Total receivables	**4,013**	7,072	7,801	**–**	7	–

33 Receivables (continued)

a. Receivables on deferred payment terms

Analysis of receivables on deferred payment terms are as follows:

Group 2017	Trade receivables	Redeemable loan stocks	Amount due from joint ventures	Other receivables	Total
Nominal value					
At 1 July 2016	124	500	61	133	818
Arising from disposal of a subsidiary [Note 53(a)]	–	–	48	–	48
Addition	30	–	–	–	30
Received	(39)	–	–	(98)	(137)
Exchange differences	2	–	2	4	8
Transferred to assets held for sale	(37)	(500)	–	(19)	(556)
At 30 June 2017	80	–	111	20	211
Discount					
At 1 July 2016	(6)	(196)	–	–	(202)
Accretion credited to profit or loss	2	21	–	–	23
Transferred to assets held for sale	(1)	175	–	–	174
At 30 June 2017	(5)	–	–	–	(5)
Carrying amount at end of the financial year	75	–	111	20	206

The receivables on deferred payment terms are subject to the following maturity periods:

	Trade receivables	Redeemable loan stocks	Amount due from joint ventures	Other receivables	Total
Non-current					
Due later than one year	38	–	111	17	166
Current					
Due no later than one year	37	–	–	3	40
	75	–	111	20	206

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33 Receivables (continued)

a. Receivables on deferred payment terms (continued)

Analysis of receivables on deferred payment terms are as follows: (continued)

Group 2016	Trade receivables	Redeemable loan stocks	Amount due from a joint venture	Other receivables	Total
Nominal value					
At 1 July 2015	134	500	–	199	833
Arising from disposal of a subsidiary	–	–	63	–	63
Addition	47	–	–	23	70
Received	(58)	–	–	(88)	(146)
Exchange differences	1	–	(2)	(1)	(2)
At 30 June 2016	124	500	61	133	818
Discount					
At 1 July 2015	(7)	(216)	–	(5)	(228)
Addition	(4)	–	–	(1)	(5)
Accretion credited to profit or loss	5	20	–	6	31
At 30 June 2016	(6)	(196)	–	–	(202)
Carrying amount at end of the financial year	118	304	61	133	616

The receivables on deferred payment terms are subject to the following maturity periods:

	Trade receivables	Redeemable loan stocks	Amount due from a joint venture	Other receivables	Total
Non-current					
Due later than one year	58	304	61	35	458
Current					
Due no later than one year	60	–	–	98	158
	118	304	61	133	616

i. Trade receivables
Non-current trade receivables represents the outstanding from equipment sold to Industrial Division's customers under deferred payment terms. The discount rates ranges from 9.0% to 11.8% (2016: 8.3% to 11.6%, 1 July 2015: 8.5% to 13.0%) per annum.

33 Receivables (continued)

a. Receivables on deferred payment terms (continued)

ii. Redeemable loan stocks (unsecured)
The redeemable loan stocks arose from the disposal of Guthrie Corridor Expressway Sdn Bhd (now known as Prolintas Expressway Sdn Bhd) (GCESB) in 2007 to a subsidiary of Permodalan Nasional Berhad. In accordance with the Sale and Purchase of Shares Agreement, the settlement of the intercompany balance due from GCESB would be partially by cash and the balance through issuance of RM500 million non-transferable zero coupon Redeemable Loan Stocks (RLS) of GCESB.

On inception, the RLS was discounted to take into account the time value of money based on the discounted cash flow projections method. The discount rate used was 7.0% per annum which represents GCESB's effective cost of borrowings then.

Unless redeemed early, either wholly or partially, at the fair value to be agreed by the Group and GCESB, the RLS shall be redeemed at 100% of its nominal value in cash as follows:

	Redemption date	Nominal value
1st tranche	1 July 2022	256
2nd tranche	1 July 2023	50
3rd tranche	1 July 2024	50
4th tranche	1 July 2025	50
5th tranche	1 July 2026	50
6th tranche	1 July 2027	44
		500

As at 30 June 2017, the RLS is classified under assets held for sale pursuant to the corporate proposal disclosed in Note 17.

iii. Amount due from joint ventures
The amount due from joint ventures, Weifang Sime Darby Liquid Terminal Co Ltd and Weifang Sime Darby West Port Co Ltd are unsecured. The amount comprises:

	30 June 2017	30 June 2016	1 July 2015
Interest bearing loan at 6.4% (2016: 6.4%) per annum and repayable on 10 February 2019	**38**	37	–
Interest bearing loan at 6.0% (2016: 6.0%) per annum and repayable over two equal instalments on 11 December 2019 and 19 July 2020	**25**	24	–
Interest bearing loan at 6.0% per annum and repayable over three instalments on 24 November 2019, 21 October 2019 and 24 January 2021	**48**	–	–
	111	61	–

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33 Receivables (continued)

a. Receivables on deferred payment terms (continued)

iv. Other receivables
Other receivables include the following:

	30 June 2017	30 June 2016	1 July 2015
Amount due from a local authority in China under a construction agreement bearing interest at 4.8% (2016: 2.4%, 1 July 2015: 3.3%) per annum			
- due later than one year	**12**	15	21
- due no later than one year	**3**	7	20
Present value of the deferred payment consideration on disposal of Sime Darby Healthcare Sdn Bhd in June 2013, discounted at 6.9% per annum. The instalment received during the financial year amounted to RM90 million (2016: RM68 million, 1 July 2015: RM45 million) [Note 53(a)]	**-**	90	152
Convertible notes receivable in an associate bearing interest at 8% per annum and to be repaid by January 2018	**-**	17	–

As at 30 June 2017, the convertible notes are classified under assets held for sale pursuant to the corporate proposal disclosed in Note 17.

b. Advances for plasma plantation projects

	2017	2016
At 1 July	**111**	84
Additions	**8**	23
Recovered on handover	**(18)**	(3)
Exchange differences	**5**	7
Transferred to assets held for sale	**(106)**	–
At 30 June	**-**	111

In Indonesia, oil palm plantation owners/operators are required to participate in selected programmes to develop plantations for smallholders (herein referred to as plasma farmers). The Group is involved in "Perusahaan Inti Rakyat Transmigrasi" and "Kredit Koperasi Primer untuk Anggotanya" which require the Group to serve as a contractor for developing the plantations, train and develop the plasma farmers, and purchase the fresh fruit bunches harvested by the plasma farmers at prices determined by the Indonesian Government.

The advances made by the Group in the form of plasma plantation development costs are recoverable from the plasma farmers upon the completion and handover of the plasma plantation projects to plasma farmers. These advances are to be recovered either directly from plasma farmers or through bank loans obtained by plasma farmers. Impairment losses are made when the estimated amount recoverable is less than the outstanding advances.

c. Receivables pledged as security

Receivables with a total carrying amount of RM173 million in 2016 and Nil as at 1 July 2015 were pledged as security for borrowings.

33 Receivables (continued)

d. Ageing analysis of receivables

Ageing analysis of receivables categorised into impaired and not impaired are as follows:

	Group			Company		
	30 June 2017	**30 June 2016**	**1 July 2015**	**30 June 2017**	**30 June 2016**	**1 July 2015**
Not impaired:						
- not past due	**2,843**	4,594	5,567	**-**	7	–
- past due by						
1 to 30 days	**500**	1,192	1,174	**-**	–	–
31 to 60 days	**247**	332	307	**-**	–	–
61 to 90 days	**101**	184	186	**-**	–	–
91 to 180 days	**71**	192	147	**-**	–	–
more than 181 days	**157**	417	313	**-**	–	–
Impaired	**266**	440	335	**-**	–	–
Gross receivables	**4,185**	7,351	8,029	**-**	7	–

The receivables that are neither past due nor individually impaired are creditworthy debtors with good payment records with the Group. More than 67.9% (2016: 62.5%, 1 July 2015: 69.3%) of the Group's gross receivables are from this group of customers. Receivables that are past due but not individually impaired relate to a number of independent customers for whom there is no recent history of default.

The receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties, have defaulted on payments and/or have disputes on the billings. Of the total amount due from these debtors of RM266 million (2016: RM440 million, 1 July 2015: RM335 million), an impairment of RM124 million (2016: RM193 million, 1 July 2015: RM166 million) has been made while the balance is expected to be recovered through the debt recovery process.

Movements of impairment charge of the Group are as follows:

	2017	**2016**
At 1 July	**279**	228
Write offs	**(16)**	(12)
Impairment losses	**49**	101
Reversal of impairment losses	**(14)**	(41)
Exchange differences	**5**	3
Transferred to assets held for sale	**(131)**	–
At 30 June	**172**	279
Impairment arising from:		
- individual assessment	**124**	193
- collective assessment	**48**	86
Carrying amount at end of the financial year	**172**	279

The Group's credit risk management objectives, policy and the exposures are described in Note 5.

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34 Contract Assets and Liabilities – Group

	30 June 2017	30 June 2016	1 July 2015
Contract assets			
Non-current			
Construction contracts [note (a)]	**–**	1,440	651
Current			
Construction contracts [note (a)]	**39**	51	54
Property development contracts [note (a)]	**–**	319	406
	39	370	460
	39	1,810	1,111
Contract liabilities			
Non-current			
Deferred income:			
- maintenance income and extended warranties	**104**	105	75
- club membership fees	**–**	267	266
	104	372	341
Current			
Construction contracts [note (a)]	**299**	288	278
Deferred income:			
- maintenance income and extended warranties	**331**	209	157
- club membership fees	**–**	2	2
- customer deposits	**657**	662	819
- incentives payable to customers	**32**	31	78
Property development contracts [note (a)]	**–**	4	5
	1,319	1,196	1,339
	1,423	1,568	1,680

a. Construction contracts and property development contracts

The construction contracts and property development contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings for housing development contracts are governed by the relevant regulations. All other milestone billings are structured and/or negotiated with customers to reflect the physical completion of the contracts. The only exception is the contract to design and construct the Pagoh Education Hub (PEH) which is undertaken on concession basis under the concept of "Build-Transfer-Lease-Maintain".

Under the Concession Agreements entered on 7 November 2012, the Group will undertake the construction works for Government of Malaysia (GoM), Universiti Tun Hussein Onn Malaysia (UTHM), International Islamic University Malaysia (IIUM) and Universiti Teknologi Malaysia (UTM) over a period of three years, together with the supply of teaching equipment. Upon completion of the construction works on 2 May 2017, the campuses were handed over and leased to GoM, UTHM, IIUM and UTM for a period of twenty (20) years. During the lease period, the Group will maintain the facilities and infrastructures of the campuses.

34 Contract Assets and Liabilities – Group (continued)

a. Construction contracts and property development contracts (continued)

In consideration for the construction works and the maintenance of the facilities, the Group will receive Availability Charges and Asset Management Services Charges over the lease period. Cost of teaching equipment will be received over the first five years of the lease period. The consideration is allocated by reference to the relative fair values of the construction works, asset management services and costs of teaching equipment, taking into account the deferred payment arrangement.

PEH is pledged as security for borrowings and as at 30 June 2017, the carrying amount of PEH and the borrowings are classified under assets held for sale and liabilities associated with assets held for sale pursuant to the corporate proposal disclosed in Note 17.

b. Significant changes

There were no significant changes in the contract assets and liabilities during the financial year except for the reclassification of PEH balances, the property development contracts balances and the club membership fees to assets held for sale and liabilities associated with assets held for sale pursuant to the corporate proposal disclosed in Note 17.

c. Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date, are as follows:

	2018	**2019**	**Total**
Deferred income	988	104	1,092
Construction contracts	16	5	21
	1,004	109	1,113

35 Inventories – Group

	30 June 2017	**30 June 2016**	**1 July 2015**
Produce stocks			
- palm oil products	**-**	355	362
- rubber	**-**	5	5
- sugar	**-**	24	33
Raw material and consumable stores	**60**	843	755
Work in progress	**384**	392	382
Finished goods	**-**	78	73
Completed development units	**-**	873	315
Trading inventories			
- heavy equipment	**1,661**	1,707	2,252
- motor vehicles	**3,084**	3,460	3,816
- spare parts	**1,892**	1,619	1,644
- commodities and others	**22**	56	32
	7,103	9,412	9,669

Inventories where the net realisable value is expected to be below the carrying amount were written down. During the financial year, the Group wrote down an amount of RM203 million (2016: RM220 million) and reversed Nil (2016: RM12 million) previously written down in continuing operations. The Group has also wrote down an amount of RM149 million of completed development units in discontinuing operations. The carrying amount of trading inventories stated at net realisable value was RM2,714 million (2016: RM2,487 million, 1 July 2015: RM1,443 million).

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36 Property Development Costs – Group

	2017	2016
Land and development costs		
At 1 July	**6,524**	7,026
Development costs incurred during the financial year	**1,839**	2,163
Completed development units transferred to inventories	**(265)**	(653)
Completed development units and land sold	**(918)**	(2,137)
Exchange differences	**15**	4
Transferred from/(to):		
- property, plant and equipment [Note 21]	**(60)**	–
- investment properties [Note 23]	**(277)**	(8)
- land held for property development [Note 25]	**–**	129
- assets held for sale	**(6,858)**	–
At 30 June	**–**	6,524
Less: Costs recognised in profit or loss		
At 1 July	**(3,280)**	(4,183)
Recognised during the financial year	**(921)**	(1,233)
Completed development units and land sold	**918**	2,137
Exchange differences	**(3)**	(1)
Transferred to assets held for sale	**3,286**	–
At 30 June	**–**	(3,280)
Total property development costs	**–**	3,244

Property development costs are analysed as follows:

	2017	2016
Land at cost	**–**	335
Development costs	**–**	6,189
Costs recognised in profit or loss	**–**	(3,280)
	–	3,244

Included in development costs incurred during the financial year is interest expense of RM166 million (2016: RM136 million).

As at 30 June 2017, property development costs are classified under assets held for sale pursuant to the corporate proposal disclosed in Note 17. Property development projects with a total carrying amount of RM182 million in 2016 (1 July 2015: RM22 million) were pledged as security for borrowings.

37 Prepayments – Group

	30 June 2017	30 June 2016	1 July 2015
Prepaid to suppliers	**273**	564	481
Other prepayments	**193**	255	208
	466	819	689

38 Cash Held under Housing Development Accounts – Group

The Group's cash held under the Housing Development Accounts represents receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Developers (Control and Licensing) Amendment Act 2002. The amount is held at call in demand deposits placed with banks and is available only to the subsidiaries involved in the property development activities.

As at 30 June 2017, Housing Development Accounts balances are classified under assets held for sale pursuant to the corporate proposal disclosed in Note 17. The weighted average effective interest rate of cash held under Housing Development Accounts in 2016 and as at 1 July 2015 were 2% per annum.

39 Bank Balances, Deposits and Cash

	Group			Company		
	30 June 2017	30 June 2016	1 July 2015	30 June 2017	30 June 2016	1 July 2015
Deposits						
- Islamic	**612**	408	364	**200**	200	205
- conventional	**378**	746	1,220	**–**	–	–
	990	1,154	1,584	**200**	200	205
Cash at bank and in hand	**1,082**	1,757	2,061	**–**	–	–
Total bank balances, deposits and cash	**2,072**	2,911	3,645	**200**	200	205
Effective profit/interest rates per annum on deposits with licensed banks/financial institutions						
	%	**%**	**%**	**%**	**%**	**%**
- Islamic	**3.21**	3.39	3.25	**3.22**	3.55	3.35
- conventional	**1.16**	2.33	3.90	**–**	–	–

Included in bank balances, deposits and cash are funds of Yayasan Sime Darby of RM5 million (2016: RM2 million, 1 July 2015: RM26 million). These funds are set aside for educational, environmental conservation and sustainability projects and related activities for the benefit of the community.

Deposits with licensed banks of certain subsidiaries with carrying amount of RM82 million in 2016 (1 July 2015: RM100 million) were pledged as security for borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
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40 Assets Held for Sale and Liabilities Associated with Assets Held for Sale

	Group 30 June 2017	Group 30 June 2016	Group 1 July 2015	Company 30 June 2017
Assets held for sale				
- property, plant and equipment [note (a)]	**667**	7	8	**–**
- investment property	**–**	13	–	**–**
- subsidiaries	**–**	–	–	**4,505**
- associate [note (b)]	**–**	278	–	**–**
- investment [note (b)]	**–**	9	–	**–**
- disposal groups [note (c)]	**42,469**	–	120	**–**
	43,136	307	128	**4,505**
Liabilities associated with assets held for sale				
- disposal groups [note (c)]	**(17,290)**	–	(83)	**–**
Net assets held for sale	**25,846**	307	45	**4,505**

a. Property, plant and equipment

During the financial year, the Group classified certain properties from freehold land and buildings in Australia under assets held for sale.

b. Associate and investment

The associate and investment held for sale in the financial year ended 30 June 2016 were the Group's interest in quoted shares and quoted warrants in Eastern & Oriental Berhad. The disposals were completed on 29 September 2016.

40 Assets Held for Sale and Liabilities Associated with Assets Held for Sale (continued)

c. Disposal groups

The disposal groups classified under assets held for sale and liabilities associated with assets held for sale as at 30 June 2017 are in respect of Sime Darby Plantation Berhad (SD Plantation) and Sime Darby Property Berhad (SD Property). SD Plantation and SD Property are held for distribution to owners of the Company and their results and cash flows are presented as discontinuing operations (see Note 17).

The assets and the associated liabilities held for distribution as at 30 June 2017 are as follows:

	SD Plantation	SD Property	Total
Assets held for sale			
Property, plant and equipment	18,089	915	19,004
Prepaid lease rentals	628	–	628
Investment properties	15	455	470
Land held for property development	–	697	697
Joint ventures	480	1,926	2,406
Associates	129	449	578
Investments	49	46	95
Intangible assets	3,039	6	3,045
Deferred tax assets	691	614	1,305
Inventories	1,470	797	2,267
Biological assets	199	–	199
Property development costs	–	3,572	3,572
Receivables	2,444	956	3,400
Contract assets	–	1,740	1,740
Prepayments	378	12	390
Tax recoverable	729	35	764
Derivative assets	61	–	61
Cash held under Housing Development Accounts	–	582	582
Bank balances, deposits and cash	718	548	1,266
	29,119	13,350	42,469
Liabilities associated with assets held for sale			
Borrowings	7,778	2,082	9,860
Finance lease obligation	53	–	53
Deferred tax liabilities	2,596	158	2,754
Payables	1,698	1,764	3,462
Contract liabilities	35	373	408
Tax payable	268	39	307
Derivative liabilities	26	–	26
Other liabilities	244	176	420
	12,698	4,592	17,290

Included in the above are property, plant and equipment, investment properties, land held for property development, property development costs, receivables and contract assets with a total carrying amount of RM502 million pledged as security for certain borrowings classified under liabilities associated with assets held for sale.

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Amounts in RM million unless otherwise stated

41 Share Capital

	Group/Company			
	Number of shares (million)		Share capital	
	2017	**2016**	**2017**	**2016**
Authorised:				
At 1 July and 30 June				
Ordinary shares	–	8,000	–	4,000
Series A redeemable convertible preference shares	–	7,000	–	70
Series B redeemable convertible preference shares	–	25	–	2
			–	4,072
Issued and fully paid up:				
Ordinary shares				
At 1 July	**6,327**	6,211	**3,164**	3,106
Issued during the financial year	**474**	116	**236**	58
Transfer from share premium	–	–	**5,899**	–
At 30 June	**6,801**	6,327	**9,299**	3,164

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM3,163,536,269 to RM3,400,419,688 comprising 6,800,839,377 ordinary shares of RM0.50 each, as follows:

Date of issue	**Exercise**	**Number of ordinary shares of RM0.50 each**	**Issue price RM per share**	**Proceeds RM million**
13 October 2016	Placement	316,353,600	7.45	2,357
15 December 2016	Dividend Reinvestment Plan (DRP)	157,413,239	7.55	1,188
Total		473,766,839		3,545

41 Share Capital (continued)

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company. Premium arising from the issuance of new ordinary shares under the Placement and DRP of RM2,199 million and RM1,110 million respectively, net of cost directly attributable to the issuances of RM12 million, had been credited to the share premium account.

As at 30 June 2017, the utilisation of the proceeds raised from the Placement is as follows:

Purpose	Proposed utilisation	Actual utilisation	Amount yet to be utilised	Estimated time frame for the full utilisation
Repayment of borrowings	1,200	1,200	–	
Capital expenditure for the plantation, motors and property businesses	950	717	233	Within 12 months from 14 October 2016, being the date of listing of the shares
Working capital	195	195	–	
Placement expenses	12	12	–	
	2,357	2,124	233	

The Companies Act 2016 (2016 Act) which came into effect from 31 January 2017 has repealed the Companies Act 1965. The 2016 Act has abolished the concept of par or nominal value of shares and hence, the share premium, capital redemption reserve and authorised capital are abolished. In accordance with section 618(2) of the 2016 Act, the amount standing to the credit of the share premium account has become part of the Company's share capital. There is no impact on the number of ordinary shares in issue of 6,800,839,377 or the entitlement of the holders of the Company's ordinary shares.

42 Performance-Based Employee Share Scheme

The Company's Performance-Based Employee Share Scheme (PBESS) is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 8 November 2012 and was effected on 15 January 2013. Under the PBESS, ordinary shares in the Company (Sime Darby Shares) are granted to eligible employees and executive directors of the Group.

The grants under the PBESS comprise the Group Performance Share (GPS), the Division Performance Share (DPS) and the General Employee Share (GES).

The salient features of the PBESS are as follows:

a. Eligible employees are those executives (including executive directors) of the Group (other than dormant subsidiaries) who have attained the age of 18 years; entered into a full-time or fixed-term contract of employment with and is on the payroll of a company within the Group; have not served notice of resignation or received notice of termination on the date of the offer; whose service/employment have been confirmed in writing; and have fulfilled other eligibility criteria which has been determined by the Nomination & Remuneration Committee (NRC) at its sole and absolute discretion from time to time.

b. The total number of Sime Darby Shares to be allocated to an employee shall not be more than 10% of the Sime Darby Shares made available under the PBESS if the employee either singly or collectively through persons connected with the said employee, holds 20% or more of the Company's issued and paid up share capital.

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For the financial year ended 30 June 2017 (continued)
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42 Performance-Based Employee Share Scheme (continued)

The salient features of the PBESS are as follows: (continued)

c. The maximum number of Sime Darby Shares to be allotted and issued under the PBESS shall not be more than in aggregate 10% of the issued and paid-up ordinary share capital of the Company at any point in time during the duration of the PBESS.

d. The PBESS shall be in force for a period of 10 years commencing from the effective date of implementation.

e. The new Sime Darby Shares to be allotted and issued pursuant to the PBESS shall, upon allotment and issuance, rank pari passu in all respects with the then existing issued Sime Darby Shares and shall be entitled to any rights, dividends, allotments and/or distributions attached thereto and/or which may be declared, made or paid to the Company's shareholders, provided that the relevant allotment date of such new shares is before the record date (as defined in the PBESS By-Laws) for any right, allotment or distribution.

f. If the NRC so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the duration of the PBESS, such corresponding alterations (if any) may be made in the number of unvested Sime Darby Shares and/or the method and/or manner in the vesting of the Sime Darby Shares comprised in a grant.

   The shares granted will be vested only upon fulfilment of vesting conditions which include achievement of service period and performance targets as follows:

Vesting conditions	Type of grant		
	GPS	**DPS**	**GES**
Performance metrics	Group Long Term Incentive Plan (LTIP) scorecard (financial targets) and absolute and relative total shareholders' return of Sime Darby Berhad	Division/Group LTIP scorecard (financial and strategic targets)	Division/Group LTIP scorecard (financial and strategic targets)
Vesting period	First grant - over a 3-year period from the commencement date of 1 July 2013, with retest till 30 June 2018 only for GPS Second grant - over a 3-year period from the commencement date of 1 July 2014, with retest till 30 June 2019 only for GPS		

Depending on the level of achievement of the performance targets as determined by the NRC, the total number of shares which will vest may be lower or higher than the total number of shares granted.

42 Performance-Based Employee Share Scheme (continued)

The movements in the number of Sime Darby Shares granted under the PBESS to the Group's and the Company's eligible employees are as follows:

Group	Fair value at grant date (RM)	At 1 July 2016 '000	Granted '000	Forfeited '000	Lapsed '000	At 30 June 2017 '000
				Number of ordinary shares		
First grant						
GPS	7.74	3,300	–	–	(3,300)	–
DPS	8.58	4,431	–	–	(4,431)	–
GES	8.58	4,310	–	–	(4,310)	–
Second grant						
GPS	7.24	3,393	–	(233)	–	3,160
DPS	8.18	4,572	–	(317)	–	4,255
GES	8.18	4,811	–	(455)	–	4,356
Company						
First grant						
GES	8.58	2	–	–	(2)	–
Second grant						
GES	8.18	2	–	–	–	2

The Group is reviewing the salient features of the LTIP. Accordingly, further grants of PBESS have been deferred until such time the review is approved by the NRC.

The first grant awarded on 7 October 2013 has reached the end of the performance period on 30 June 2016. In August 2016, the NRC has approved the non-vesting of the first grant as the performance conditions were not met. The second grant awarded on 20 October 2014 has also reached the end of the performance period on 30 June 2017 and the NRC has on 23 August 2017 approved the non-vesting as the performance conditions were not met.

The fair value of the Sime Darby Shares granted is determined using Monte Carlo Simulation model, taking into account the terms and conditions under which the shares were granted.

The significant inputs in the model for the second grant are as follows:

	GPS	DPS	GES
Closing market price at grant date (RM)	9.16	9.16	9.16
Expected volatility (%)	11.60	11.60	11.60
Expected dividend yield (%)	3.79	3.79	3.79
Risk free rate (%)	3.51 - 3.64	3.51	3.51

The expected dividend yield used was based on historical data and future estimates, which may not necessarily be the actual outcome. Volatility is measured over a 3-year period on a daily basis to increase the credibility of assumptions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
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43 Reserves

The nature of each of the Group's reserves is as follows:

Nature	Description
Share grant reserve	Arising from the Performance-Based Employee Share Scheme of the Company, as disclosed in Note 42
Capital reserve	Arising from non-distributable reserves
Legal reserve	Arising from statutory requirements of countries where the Group operates
Hedging reserve	Arising from changes in fair value of derivatives under cash flow hedge
Available-for-sale reserve	Arising from changes in fair value of available-for-sale investments
Exchange reserve	Arising from exchange differences on retranslation of the net investments in foreign operations

Group 2017	**Share grant reserve**	**Capital reserve**	**Legal reserve**	**Hedging Reserve**	**Available-for-sale reserve**	**Exchange reserve**	**Total**
At 1 July 2016	**–**	**212**	**69**	**(68)**	**54**	**356**	**623**
Other comprehensive income [Note 20]	**–**	**–**	**–**	**29**	**(6)**	**702**	**725**
Transfer (to)/from retained profits	**–**	**(63)**	**5**	**–**	**–**	**–**	**(58)**
Transactions with owners:							
- acquisition of non-controlling interests	**–**	**58**	**–**	**–**	**–**	**–**	**58**
At 30 June 2017	**–**	**207**	**74**	**(39)**	**48**	**1,058**	**1,348**
2016							
At 1 July 2015	37	268	68	(100)	48	–	321
Other comprehensive income [Note 20]	–	–	–	32	6	356	394
Performance-based employee share scheme	(37)	–	–	–	–	–	(37)
Share of capital reserve of associates	–	2	–	–	–	–	2
Transfer from retained profits	–	–	1	–	–	–	1
Transactions with owners:							
- put options adjustment	–	(58)	–	–	–	–	(58)
At 30 June 2016	–	212	69	(68)	54	356	623

Company 2016	**Share grant reserve**
At 1 July 2015	37
Performance-based employee share scheme	(37)
At 30 June 2016	–

44 Perpetual Sukuk

On 24 March 2016, the Company made its first issuance of RM2.2 billion nominal value of Perpetual Subordinated Sukuk (perpetual sukuk) pursuant to the RM3.0 billion Perpetual Subordinated Sukuk Programme. On 23 June 2017, the perpetual sukuk was novated from Sime Darby Berhad to Sime Darby Plantation Berhad (SD Plantation) following the consent obtained at the Extraordinary General Meeting of the perpetual sukuk holders held on 16 June 2017.

The perpetual sukuk is accounted as equity as there is no contractual obligation to redeem the instrument. The Programme is rated AA_{IS} by the Malaysian Rating Corporation Berhad.

The salient features of the perpetual sukuk are as follows:

a. Unsecured and is issued under the Islamic principle of Wakalah Bi Al-Istithmar ("Sukuk Wakalah") where SD Plantation manages a Wakalah portfolio on behalf of the perpetual sukuk holders. The Wakalah portfolio comprises a combination of investments in Ijarah assets and Commodity Murabahah.

b. Carries an initial fixed periodic distribution rate of 5.65% per annum payable on a semi-annual basis in arrears. The periodic distribution rate will be reset on 24 March 2026 to the then prevailing 10–year Malaysian Government Securities (MGS) benchmark rate plus 1.75% (Initial Spread) and 1.00% (Step-Up Margin) and at every 10 year thereafter.

c. No fixed redemption date but SD Plantation as the issuer has the option to redeem at the end of the tenth year from the date of issue and on each subsequent semi-annual periodic distribution date.

d. The expected periodic distribution amount may be deferred by SD Plantation to perpetuity. As long as any deferred periodic distribution is not made in full due to the profit distribution deferral, no discretionary dividend distribution or other payment can be declared by SD Plantation in respect of any of its ordinary shares.

e. SD Plantation also has the option to redeem the perpetual sukuk under the following circumstances:

   i. Accounting Event – if the perpetual sukuk is or will no longer be recorded as equity as a result of changes to accounting standards;

   ii. Tax Event – if SD Plantation is or will become obliged to pay additional amount due to changes in tax laws or regulations;

   iii. Tax Deductibility Event – if distribution made would not be fully deductible for income tax purposes as a result of changes in tax laws or regulations or changes to official interpretation or pronouncement that provides for a position with respect to such laws or regulations; and

   iv. Rating Event – if the equity credit is lower than initially assigned to the perpetual sukuk as a result of changes in equity credit criteria, guidelines or methodology of rating agency.

f. The perpetual sukuk holders do not have any voting rights in SD Plantation and ranked in priority to holders of ordinary shares, but subordinated to the claims of present and future creditors of SD Plantation.

45 Non-Controlling Interests – Group

In the opinion of the Directors, the Group has no non-controlling interests which are material as at 30 June 2017, as the subsidiaries of the Group that have non-controlling interests which are material to the Group are now classified under assets held for sale and liabilities associated with assets held for sale pursuant to the corporate proposal disclosed in Note 17.

Subsidiaries with non-controlling interests which are material to the Group in the previous financial year are as follows:

Name of subsidiary	Place of business
PT Indotruba Tengah (Indotruba)	Indonesia
PT Kartika Inti Perkasa group (KIP)	Indonesia
Sime Darby Property Selatan Sdn Bhd group (SDPS)	Malaysia
Sime Darby Brunsfield Holding Sdn Bhd group (SDBH)	Malaysia
Wangsa Mujur Sdn Bhd group (Wangsa)	Malaysia

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45 Non-Controlling Interests – Group (continued)

The profit, comprehensive income and net assets attributable to owners of non-controlling interests are as follows:

	2017	2016		
	Total	Material non-controlling interests	Others	Total
Profit for the financial year	**119**	128	29	157
Other comprehensive income	**49**	23	16	39
Total comprehensive income	**168**	151	45	196
Net assets	**976**	434	531	965

The net assets attributable to owners of non-controlling interests as at 1 July 2015 are as follows:

	Material non-controlling interests	Others	Total
Net assets	455	550	1,005

Summarised financial information
The summarised statements of comprehensive income of and dividends paid by each subsidiary that has non-controlling interests that are material to the Group are as follows:

2016	Indotruba	KIP	SDPS	SDBH	Wangsa	Total
Revenue	15	218	780	245	85	1,343
Profit for the financial year	35	53	202	8	16	314
Other comprehensive income	30	18	–	3	–	51
Total comprehensive income	65	71	202	11	16	365
Attributable to owners of non-controlling interests:						
- profit for the financial year	18	21	81	3	5[1]	128
- other comprehensive income	15	7	–	1	–	23
- total comprehensive income	33	28	81	4	5	151
Dividends paid to owners of non-controlling interests	163	8	–	–	1	172

45 Non-Controlling Interests – Group (continued)

Summarised financial information (continued)
The summarised statements of financial position of each subsidiary that has non-controlling interests that are material to the Group are as follows:

2016	Indotruba	KIP	SDPS	SDBH	Wangsa	Total
Non-current assets	104	153	1,503	312	210	2,282
Current assets	84	269	221	812	100	1,486
Non-current liabilities	(5)	(8)	(973)	(436)	(27)	(1,449)
Current liabilities	(6)	(151)	(347)	(718)	(12)	(1,234)
Net assets/(liabilities)	177	263	404	(30)	271	1,085
Proportion of equity held by owners of non-controlling interests (%)	50.0	40.0	40.0	40.0	27.5	
Non-controlling interests	88	105	162	(3)	82[1]	434
1 July 2015						
Non-current assets	66	90	664	312	202	1,334
Current assets	384	301	151	590	92	1,518
Non-current liabilities	(4)	(7)	(517)	(787)	(24)	(1,339)
Current liabilities	(9)	(170)	(96)	(156)	(14)	(445)
Net assets/(liabilities)	437	214	202	(41)	256	1,068
Proportion of equity held by owners of non-controlling interests (%)	50.0	40.0	40.0	40.0	27.5	
Non-controlling interests	218	86	81	(8)	78[1]	455

[1] including the non-controlling interests in Chartquest Sdn Bhd, an 84.3% owned subsidiary of Wangsa Mujur Sdn Bhd

There are no significant restrictions on the ability of these subsidiaries to distribute cash dividends to the Group.

The amounts presented in the summarised financial statements are before inter-company eliminations.

The summarised statements of cash flows of each subsidiary that has non-controlling interests that are material to the Group are as follows:

2016	Indotruba	KIP	SDPS	SDBH	Wangsa	Total
Net cash from/(used in) operating activities	–	35	(305)	8	75	(187)
Net cash (used in)/from investing activities	(3)	(11)	4	(4)	(17)	(31)
Net cash (used in)/from financing activities	(326)	(63)	353	11	(2)	(27)
Net change in cash and cash equivalents	(329)	(39)	52	15	56	(245)
Cash and cash equivalents at beginning of the financial year	353	43	122	39	39	596
Foreign exchange differences	24	3	–	–	–	27
Cash and cash equivalents at end of the financial year	48	7	174	54	95	378

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46 Borrowings

	Group 30 June 2017	Group 30 June 2016	Group 1 July 2015	Company 30 June 2017	Company 30 June 2016	Company 1 July 2015
Non-current						
Secured						
Term loans [note (a)]	**43**	435	592	**–**	–	–
Syndicated Islamic financing [note (b)]	**–**	847	471	**–**	–	–
Islamic financing	**–**	177	79	**–**	–	–
Unsecured						
Term loans [note (a)]	**231**	4,368	4,520	**–**	–	–
Islamic Medium Term Notes [note (c)]	**700**	700	1,700	**700**	700	1,700
Sukuk [note (d)]	**–**	3,205	3,018	**–**	–	–
Islamic financing	**272**	300	123	**–**	–	–
Revolving credits and others [note (e)]	**–**	1,382	1,242	**–**	–	–
	1,246	11,414	11,745	**700**	700	1,700
Current						
Secured						
Term loans [note (a)]	**12**	43	585	**–**	–	–
Syndicated Islamic financing [note (b)]	**–**	22	–	**–**	–	–
Revolving credits and others	**–**	291	193	**–**	–	–
Unsecured						
Bank overdrafts	**78**	25	46	**–**	–	–
Term loans [note (a)]	**461**	815	595	**–**	–	–
Islamic Medium Term Notes [note (c)]	**1**	1,008	8	**1**	1,008	8
Sukuk [note (d)]	**–**	36	26	**–**	–	–
Islamic financing	**31**	72	1,900	**–**	–	–
Revolving credits and others	**1,365**	2,107	2,965	**–**	–	200
	1,948	4,419	6,318	**1**	1,008	208
Total borrowings	**3,194**	15,833	18,063	**701**	1,708	1,908

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

	Group 30 June 2017	Group 30 June 2016	Group 1 July 2015	Company 30 June 2017	Company 30 June 2016	Company 1 July 2015
Borrowings						
- principal	**3,191**	15,768	18,018	**700**	1,700	1,900
- interest	**3**	65	45	**1**	8	8
Total borrowings	**3,194**	15,833	18,063	**701**	1,708	1,908

46 Borrowings (continued)

a. Term loans

The term loans include the following:

Group			30 June 2017	30 June 2016	1 July 2015
Secured	**Security**	**Repayment Terms**			
Ringgit loans	Certain property, plant and equipment, an investment property and property under development	Ranging from 7 – 10 years from respective first drawdown dates, fully repayable by April 2024	-[1]	417	439
Nil (1 July 2015: USD145 million)	Certain property, plant and equipment and biological assets	Fully repaid in February 2016	-	–	550
Nil (1 July 2015: PGK87 million)			-	–	121
Unsecured	**Repayment Terms**				
Ringgit loans	Repayment commencing 36 months from their respective first drawdown dates, fully repayable by January 2020		-[1]	986	1,150
	Repayment commencing 36 months from their respective first drawdown dates, fully repayable by December 2018		**120**	193	252
USD500 million (2016: USD500 million,1 July 2015: USD500 million)	Repayment commencing 36 months from the drawdown date of 17 February 2015, fully repayable by February 2022		-[1]	1,989	1,873
USD133 million (2016: USD222 million, 1 July 2015: USD311 million)	Repayment commencing 36 months from the drawdown date of 12 December 2011, fully repayable by December 2018		**571**	891	1,177
USD48 million (2016: USD153 million, 1 July 2015: Nil)	Repayment commencing 3 months from the drawdown date of 29 February 2016, fully repayable by November 2018		-[1]	615	–
EUR100 million (2016: EUR100 million, 1 July 2015: Nil)	Bullet repayment in August 2030		-[1]	458	–
Nil (1 July 2015: AUD200 million)	Fully repaid in June 2016		-	–	581

[1] As at 30 June 2017, the term loans are classified under liabilities associated with assets held for sale pursuant to the corporate proposal disclosed in Note 17.

b. Syndicated Islamic financing – secured

The syndicated Islamic financing consist of four facilities with a facility limit of RM896 million. The facilities are repayable over 24 semi-annual instalments commencing no later than 36 months from their respective first drawdown dates. During the financial year, the Group had drawndown an additional RM26 million (2016: RM399 million, 1 July 2015: RM284 million) from the facilities.

The syndicated Islamic financing are secured by fixed and floating charges over all present and future assets of certain subsidiaries, including the legal assignments of the rights, titles, interest and benefits in the Pagoh Education Hub project. As at 30 June 2017, the syndicated Islamic financing are classified under liabilities associated with assets held for sale.

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46 Borrowings (continued)

c. Islamic Medium Term Notes and Islamic Commercial Papers

On 24 September 2009, the Company had established an Islamic Medium Term Note (IMTN) Programme of RM4,500 million and an Islamic Commercial Paper (ICP)/IMTN Programme of RM500 million with a combined limit of RM4,500 million. The IMTN Programme and ICP/IMTN Programme are for tenures of 20 years and 7 years, respectively. The IMTN Programme and the ICP/IMTN Programme are structured under the Shariah Principle of Musyarakah.

Details of the IMTNs outstanding as at 30 June 2017 are as follows:

Date of issuance	**Tenure** (months)	**Nominal value**	**Periodic distribution rate** (per annum)	**Maturity date**
11 December 2012	120	300	3.98%	9 December 2022
11 December 2012	180	400	4.35%	10 December 2027
		700		

The IMTNs are rated AAA_{IS} by Malaysian Rating Corporation Berhad and are listed on the Main Market of Bursa Malaysia Securities Berhad under an Exempt Regime. The IMTNs outstanding as at 30 June 2017 have been fully repaid on 23 August 2017.

d. Sukuk

On 11 January 2013, the Group had established a Multi-Currency Sukuk Programme (Sukuk Programme) with a programme limit of USD1,500 million (or its equivalent in other currencies). The Sukuk Programme is structured under the Shariah Principle of Ijarah, which is a sale and leaseback arrangement. Sime Darby Global Berhad, a wholly owned subsidiary of the Company, is the issuer of the sukuk.

On 18 April 2017, the Company invited eligible sukukholders to tender for purchase of the outstanding sukuk by the Company and to consent to the substitution of Sime Darby Plantation Berhad (SD Plantation) in place of Sime Darby Berhad (SDB) in its capacities as Obligor, Seller and Lessee in respect of both tranches of the sukuk (hereinafter referred to as "the consent solicitation").

On 16 May 2017, the sukukholders agreed to the consent solicitation and for the substitution of SD Plantation to replace SDB. The sukuk tendered under the offer for purchase were as follows:

Date of issuance	**Periodic distribution rate** (per annum)	**Maturity date**	**Nominal value** (USD'000)	**Tendered and accepted for repurchase** (USD'000)	**Balance** (USD'000)
29 January 2013	2.053%	29 January 2018	400,000	350,370	49,630
29 January 2013	3.290%	29 January 2023	400,000	277,499	122,501
			800,000	627,869	172,131

Settlement for the purchase consideration, including accrued periodic distribution, totaling USD636 million (equivalent to RM2,739 million) was made on 23 May 2017, and concurrently, the novation of the sukuk programme and its outstanding balance of USD172 million from SDB to SD Plantation becomes effective. As at 30 June 2017, the sukuk is classified under liabilities associated with assets held for sale.

e. Revolving credits and others

The revolving credits and others include a revolving credit facility of USD330 million which was fully repaid on 19 June 2017 and has been refinanced during the financial year with a 3 year loan facility, expiring in June 2020. As at 30 June 2017, the revolving credit is classified under liabilities associated with assets held for sale.

46 Borrowings (continued)

f. Other information on borrowings

i. Islamic financing
The average effective distribution rates per annum are as follows:

	Group			Company		
	30 June 2017	30 June 2016	1 July 2015	30 June 2017	30 June 2016	1 July 2015
	%	%	%	%	%	%
Islamic Medium Term Notes	**4.19**	4.52	4.52	**4.19**	4.52	4.52
Sukuk	**2.93**	2.75	2.75	**-**	–	–
Syndicated Islamic financing	**-**	7.00	7.00	**-**	–	–
Islamic financing	**4.16**	4.24	3.84	**-**	–	–

ii. Conventional financing
The average effective interest rates per annum are as follows:

	Group			Company		
	30 June 2017	30 June 2016	1 July 2015	30 June 2017	30 June 2016	1 July 2015
	%	%	%	%	%	%
Term loans:						
- before interest rate swaps	**4.77**	3.00	3.04	**-**	–	–
- after interest rate swaps	**4.76**	3.07	3.22	**-**	–	–
Bank overdrafts	**4.14**	3.76	4.73	**-**	–	–
Other borrowings	**2.75**	3.31	3.40	**-**	–	3.77

The Group's term loans that are subject to contractual interest rates repricing within 1 year amounted to RM4,253 million (2016: RM5,166 million, 1 July 2015: RM6,191 million).

iii. Secured financing
As at 30 June 2017, borrowings amounting to RM55 million are secured by property, plant and equipment. Borrowings as at 30 June 2016 of RM1,815 million (1 July 2015: RM1,920 million) are secured by fixed and floating charges over the assets of the Group.

The carrying amounts of assets that the Group has pledged as collateral for the borrowings are as follows:

	30 June 2017	30 June 2016	1 July 2015
Property, plant and equipment [Note 21]	**128**	289	3,872
Investment properties [Note 23]	**-**	157	152
Land held for property development [Note 25]	**-**	22	22
Contract assets [Note 34]	**-**	1,440	651
Other assets	**-**	437	122
	128	2,345	4,819

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47 Finance Lease Obligation – Group

	30 June 2017	30 June 2016	1 July 2015
Gross finance lease liabilities – minimum lease payments			
- due no later than one year	**4**	13	12
- due later than one year and no later than five years	**8**	49	47
- due later than five years	**–**	110	132
	12	172	191
Future finance charges	**(1)**	(37)	(45)
Present value of finance lease liabilities	**11**	135	146

The present value of finance lease liabilities is analysed as follows:

	30 June 2017	30 June 2016	1 July 2015
Non-current			
Due later than one year and no later than five years	**5**	33	30
Due later than five years	**–**	94	109
	5	127	139
Current			
Due no later than one year	**6**	8	7
	11	135	146

The finance lease obligations are subject to fixed interest rates of 3.8% to 5.9% (2016 and 1 July 2015: 3.7% to 4.5%) per annum and are secured on plant and machinery with a total net book value of RM11 million (2016: RM120 million, 1 July 2015: RM137 million) (See Note 21).

48 Provisions – Group

2017	**Warranties**	**Risk sharing**	**Development cost**	**Onerous contracts and others**	**Total**
At 1 July 2016	**200**	**17**	**254**	**13**	**484**
Additions	**36**	**30**	**–**	**80**	**146**
Amounts unutilised	**(47)**	**(20)**	**–**	**(13)**	**(80)**
(Credited)/charged to profit or loss	**(11)**	**10**	**–**	**67**	**66**
Recognised in property development costs	**–**	**–**	**(118)**	**–**	**(118)**
Utilised	**(47)**	**(10)**	**–**	**–**	**(57)**
Exchange differences	**13**	**1**	**–**	**–**	**14**
Transferred to liabilities associated with assets held for sale	**(8)**	**–**	**(136)**	**(38)**	**(182)**
At 30 June 2017	**147**	**18**	**–**	**42**	**207**

48 Provisions – Group (continued)

2016	Warranties	Risk sharing	Development cost	Onerous contracts and others	Total
At 1 July 2015	211	22	–	13	246
Additions	84	20	–	–	104
Amounts unutilised	(32)	(11)	–	–	(43)
Charged to profit or loss	52	9	–	–	61
Recognised in property development costs	–	–	254	–	254
Utilised	(68)	(14)	–	–	(82)
Exchange differences	5	–	–	–	5
At 30 June 2016	200	17	254	13	484

The provisions are subject to the following maturity periods:

	30 June 2017	30 June 2016	1 July 2015
Non-current			
Due later than one year	**37**	267	17
Current			
Due no later than one year	**170**	217	229
	207	484	246

a. Warranties

Provision is recognised on warranties provided for the sales of machinery, vehicles and other products that are not covered by manufacturers' warranties. The provision was estimated based on historical claims experience, as well as recent trends which are indicative of future claims.

b. Risk sharing

Provision is recognised for possible future losses arising from customer defaults pursuant to the risk sharing arrangements entered into by the Group with Caterpillar (China) Financial Leasing Co Ltd.

c. Development cost

Provision is recognised for the estimated shortfall between the cost and the gross development value for the construction of affordable housing. The corresponding asset is recognised as common cost in property development costs and the cost of constructing the other components of the development. Affordable housing is a prerequisite to the approval by the authorities to develop associated housing units comprised within the layout plan, of the project.

d. Onerous contracts and others

Onerous contracts and others include provision for non-cancellable lease commitments in which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received under those contracts.

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49 Retirement Benefits – Group

	30 June 2017	30 June 2016	1 July 2015
Present value of funded obligations	**37**	541	484
Fair value of plan assets	**(43)**	(381)	(368)
	(6)	160	116
Present value of unfunded obligations	**1**	56	51
Net (pension assets)/liabilities	**(5)**	216	167

The amounts recognised in the profit or loss are as follows:

	2017	2016
Current service cost	**1**	2
Interest cost	**–**	1
Expected return on plan assets	**(1)**	(1)
	–	2

Total return on plan assets are as follows:

	2017	2016
Expected return on plan assets	**1**	1
Actuarial gains/(loss) on plan assets	**5**	(2)
	6	(1)

Movements in retirement benefits are as follows:

	2017			2016		
	Present value of obligations	Fair value of plan assets	Net	Present value of obligations	Fair value of plan assets	Net
At 1 July	**597**	**(381)**	**216**	535	(368)	167
Charge/(credited) for the financial year	**52**	**(7)**	**45**	49	(1)	48
Contributions paid	**–**	**–**	**–**	–	(1)	(1)
Benefits paid – funded obligations	**(69)**	**46**	**(23)**	(7)	7	–
Benefits paid – unfunded obligations	**–**	**–**	**–**	(7)	–	(7)
Actuarial losses/(gains)	**30**	**(44)**	**(14)**	(2)	2	–
Transferred to liabilities associated with assets held for sale	**(616)**	**378**	**(238)**	–	–	–
Exchange differences	**44**	**(35)**	**9**	29	(20)	9
At 30 June	**38**	**(43)**	**(5)**	597	(381)	216

Principal actuarial assumptions used at 30 June are as follows:

	2017 %	2016 %
Discount rate	**0.95 – 8.3**	1.05 – 8.3
Expected return on plan assets	**2.5 – 8.0**	2.5 – 8.0
Expected rate of salary increases	**1.5 – 8.2**	1.5 – 8.2

50 Government Grants – Group

Government grants were received in relation to the construction of the port infrastructure and other facilities.

During the financial year, government grant of RM5 million (2016: RM23 million) has been amortised to profit or loss.

51 Payables

	Group			Company		
	30 June 2017	**30 June 2016**	**1 July 2015**	**30 June 2017**	**30 June 2016**	**1 July 2015**
Trade payables	**2,621**	4,562	4,471	**–**	–	–
Accruals						
- indirect taxes payable	**118**	158	328	**–**	–	–
- others [note (a)]	**1,534**	2,411	2,494	**13**	5	5
Amounts due to joint ventures	**25**	39	40	**–**	–	–
Put options over non-controlling interests [note (b)]	**50**	58	–	**–**	–	–
Financial guarantees [note (c)]	**–**	1	–	**3**	9	16
	4,348	7,229	7,333	**16**	14	21

a. Accruals

Included in accruals are amounts payable for the purchase of property, plant and equipment of RM61 million (2016: RM140 million, 1 July 2015: RM101 million). As at 1 July 2015, it also included amount payable for the acquisition of additional interest in an associate of RM34 million.

b. Put options over non-controlling interests

The put options represent the present value of put options granted to owners of non-controlling interests as provided in the Shareholders' Agreements on the acquisitions of the Motors distribution/dealership rights in Vietnam and Australia (2016: Singapore, Vietnam and Australia).

c. Financial guarantees

The fair value of financial guarantees is determined as the estimated amount that would be payable to a third party for assuming the obligations based on current market rate available for similar instruments. The financial guarantees are in respect of the following:

	Group			Company		
	30 June 2017	**30 June 2016**	**1 July 2015**	**30 June 2017**	**30 June 2016**	**1 July 2015**
Guarantees in respect of credit facilities granted to:						
- certain subsidiaries	**–**	–	–	**691**	1,083	3,029
- joint ventures	**118**	28	7	**–**	–	–
- associates	**58**	62	63	**–**	–	–
- plasma stakeholders	**–**	62	79	**–**	–	–
	176	152	149	**691**	1,083	3,029

52 Acquisitions

On 31 March 2017, Sime Darby Plantation Berhad acquired the assets and businesses of Yong Peng Realty Sdn Bhd (YPR) and Perusahaan Minyak Sawit Bintang Sendirian Berhad (PMSB) for a total cash consideration of RM107 million. YPR and PMSB are subsidiaries of Yayasan Pelaburan Bumiputra.

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52 Acquisitions (continued)

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

Net asset acquired – property, plant and equipment	**104**
Goodwill	**3**
Purchase consideration	**107**

As at 30 June 2017, net asset acquired and goodwill recognised on acquisition of businesses are classified under assets held for sale pursuant to the corporate proposal disclosed in Note 17.

53 Disposals

a. Disposal of subsidiaries

Subsidiaries disposed by the Group during the financial year ended 30 June 2017 are as follows:

Name of subsidiary	Disposal consideration	Group's effective interest disposed (%)	Effective disposal date
Property			
Sime Darby Property (Alexandra) Private Limited (SDPA)[1]	SDG83 million (equivalent to RM249 million)	100.0	29 September 2016
Logistics			
Weifang Sime Darby West Port Co Ltd (WSDWP)[2]	RMB39 million (equivalent to RM25 million)	50.0	6 April 2017

[1] SDPA was disposed to Aster Investment Holding Pte Ltd, a subsidiary of Sime Darby Real Estate Investment Trust 1, a joint venture of Sime Darby Property Singapore Limited.

[2] Following the completion of the disposal, the Group's interest in WSDWP has reduced from 99.9% to 50.0%. The remaining interest is accounted for as a joint venture and is recognised initially at fair value.

Details of the assets, liabilities and net cash inflow arising from the disposal of the subsidiaries by the Group during the financial year ended 30 June 2017 are as follows:

	Continuing operations	Discontinuing operations	Total
Property, plant and equipment [Note 21]	177	–	177
Prepaid lease rentals [Note 22]	13	–	13
Investment properties [Note 23]	–	60	60
Net current (liabilities)/assets	(110)	10	(100)
Net assets disposed	80	70	150
Gain on disposal of subsidiaries	10	131	141
Less: Net exchange loss/(gain) included in the gain on disposal	5	(7)	(2)
Retained as joint venture	(22)	–	(22)
Amount due from joint venture [Note 33(a)]	(48)	–	(48)
Unpaid transaction cost	–	29	29
Proceeds from disposal, net of transaction costs	25	223	248
Less: Cash and cash equivalent in subsidiaries disposed	(11)	(8)	(19)
Net cash inflow from disposal of subsidiaries during the financial year	14	215	229
Proceeds from disposal of a subsidiary in previous years [Note 33(a)(iv)]	90	–	90
Net cash inflow on disposal of subsidiaries	104	215	319

53 Disposals (continued)

b. Disposal of partial interest in an associate

On 29 September 2016, Sime Darby Nominees Sendirian Berhad (SD Nominees) disposed 125,978,324 ordinary stock units and 48,795,600 convertible warrants 2015/2019 in Eastern & Oriental Berhad (E&O) to Paramount Spring Sdn Bhd for a total cash consideration of RM323 million, representing RM2.45 per stock unit and RM0.30 for each convertible warrant. Following the completion of the disposal, the equity interest held by SD Nominees in E&O has reduced from 22.0% to 12.15% (excluding treasury stocks). The remaining interest is accounted for as an associate to the Group.

54 Segment Information - Group

With effect from 1 July 2016, the Group has reorganised its Energy & Utilities segment. The trading and engineering services have been merged into the Industrial Division and the Group's port and water management operations in China have been renamed "Logistics". Following from the above, the principal activities of the Group are divided into five segments namely, Plantation, Industrial, Motors, Property and Logistics.

The business units offer different products and services, and are each headed by a Managing Director. The President and Group Chief Executive reviews the internal management reports on a monthly basis and conducts performance dialogues with the business units on a regular basis.

Segments comprise:

Plantation	Production of crude palm oil, palm kernel, rubber, sugar cane, cattle and beef products and refining of palm oil related products
Industrial	Sales, rental and servicing of heavy equipment and engineering services
Motors	Assembly and distribution of vehicles and the provision of after-sale services
Property	Development of residential, commercial and industrial properties and management and provision of golf and other recreational facilities and services
Logistics	Management of port facilities and treatment and distribution of treated water
Others	Healthcare, insurance broking and other general investments

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

On 27 February 2017, the Board of Directors of the Company announced a proposal to create three standalone listed entities which will be pure-plays in the plantation, property and trading and logistics sectors on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities) with the aim of unlocking sustainable value.

Following from the proposal, the results of the plantation and property businesses to be distributed to shareholders of the Company, have been presented as discontinuing operations in the financial statements of the Group.

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54 Segment Information – Group (continued)

a. Segment results

	Continuing operations		
2017	**Industrial**	**Motors**	**Logistics**
Segment revenue:			
External	10,127	20,602	303
Inter-segment	70	24	–
	10,197	20,626	303
Segment expenses:			
Operating expenses	(10,291)	(20,211)	(257)
Other operating income	80	208	20
Other gains/(losses)	7	6	(4)
	(10,204)	(19,997)	(241)
Segment results:			
Operating (loss)/profit	(7)	629	62
Share of results of joint ventures and associates	3	4	2
(Loss)/profit before interest and tax	(4)	633	64
Included in operating profit/(loss) are:			
Depreciation and amortisation	(245)	(245)	(69)
Impairment losses:			
- property, plant and equipment	(10)	–	–
- intangible assets	(214)	(20)	–
- receivables	(6)	(3)	–
- others	(9)	(2)	–
Reversal of impairment losses:			
- property, plant and equipment	–	–	–
- receivables	10	1	–
- others	–	–	–
Gain on disposal of subsidiaries	–	–	10
Other non-cash items	(53)	(123)	(5)

				Discontinuing operations			
	Others	Corporate and elimination	Total	Plantation	Property	Total	Total
	55	–	31,087	14,765	2,193	16,958	48,045
	131	(225)	–	–	–	–	–
	186	(225)	31,087	14,765	2,193	16,958	48,045
	(148)	22	(30,885)	(13,001)	(1,913)	(14,914)	(45,799)
	2	89	399	184	206	390	789
	1	127	137	112	–	112	249
	(145)	238	(30,349)	(12,705)	(1,707)	(14,412)	(44,761)
	41	13	738	2,060	486	2,546	3,284
	37	–	46	(83)	315	232	278
	78	13	784	1,977	801	2,778	3,562
	(9)	(13)	(581)	(1,241)	(56)	(1,297)	(1,878)
	–	–	(10)	(209)	(2)	(211)	(221)
	–	–	(234)	–	–	–	(234)
	–	(2)	(11)	(23)	(15)	(38)	(49)
	–	–	(11)	–	(5)	(5)	(16)
	–	–	–	–	18	18	18
	–	2	13	–	1	1	14
	–	1	1	–	8	8	9
	–	–	10	–	131	131	141
	31	10	(140)	50	(183)	(133)	(273)

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54 Segment Information – Group (continued)

a. Segment results (continued)

2016	Industrial	Continuing operations Motors	Logistics
Segment revenue:			
External	9,946	19,155	294
Inter-segment	62	27	–
	10,008	19,182	294
Segment expenses:			
Operating expenses	(9,801)	(18,883)	(223)
Other operating income	194	199	38
Other gains/(losses)	(63)	(5)	(7)
	(9,670)	(18,689)	(192)
Segment results:			
Operating profit	338	493	102
Share of results of joint ventures and associates	3	10	1
Profit before interest and tax	341	503	103
Included in the share of results of joint ventures and associates is the impairment of an associate	(11)	–	–
Included in operating profit/(loss) are:			
Depreciation and amortisation	(231)	(249)	(67)
Impairment losses:			
- property, plant and equipment	(5)	–	–
- receivables	(58)	(7)	–
- others	(2)	–	–
Reversal of impairment losses:			
- receivables	38	–	1
- others	–	1	–
Gain on disposal of subsidiaries	–	–	25
Other non-cash items	(78)	(104)	(4)

			Discontinuing operations			
Others	Corporate and elimination	Total	Plantation	Property	Total	Total
57	–	29,452	11,877	3,163	15,040	44,492
127	(216)	–	–	–	–	–
184	(216)	29,452	11,877	3,163	15,040	44,492
(171)	104	(28,974)	(11,070)	(2,532)	(13,602)	(42,576)
4	35	470	177	527	704	1,174
(13)	47	(41)	51	–	51	10
(180)	186	(28,545)	(10,842)	(2,005)	(12,847)	(41,392)
4	(30)	907	1,035	1,158	2,193	3,100
22	–	36	(8)	21	13	49
26	(30)	943	1,027	1,179	2,206	3,149
–	–	(11)	–	–	–	(11)
(10)	(7)	(564)	(1,123)	(61)	(1,184)	(1,748)
–	–	(5)	–	(19)	(19)	(24)
(2)	(7)	(74)	(10)	(17)	(27)	(101)
–	–	(2)	–	(1)	(1)	(3)
–	–	39	–	2	2	41
3	–	4	–	–	–	4
–	8	33	–	476	476	509
(10)	37	(159)	50	10	60	(99)

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54 Segment Information – Group (continued)

b. Segment assets and liabilities and additions to non-current assets

	Continuing operations		
2017	**Industrial**	**Motors**	**Logistics**
Segment assets			
Operating assets	**9,480**	**8,836**	**2,212**
Joint ventures and associates	**264**	**87**	**414**
Assets held for sale	**667**	**–**	**–**
	10,411	**8,923**	**2,626**
Segment liabilities			
Liabilities	**2,322**	**3,097**	**332**
Liabilities associated with assets held for sale	**–**	**–**	**–**
	2,322	**3,097**	**332**
Additions to non-current assets are as follows:			
Capital expenditure	**574**	**291**	**145**
Additions to interest in joint ventures and associates	**4**	**–**	**127**
	578	**291**	**272**
2016			
Segment assets			
Operating assets	9,555	8,746	2,228
Joint ventures and associates	261	90	286
Assets held for sale	3	13	–
	9,819	8,849	2,514
Segment liabilities			
Liabilities	1,991	3,094	413
Additions to non-current assets are as follows:			
Capital expenditure	652	655	363
Additions to interest in joint ventures and associates	20	–	25
	672	655	388
1 July 2015			
Segment assets			
Operating assets	9,928	9,208	2,109
Joint ventures and associates	244	91	200
Assets held for sale	3	–	–
	10,175	9,299	2,309
Segment liabilities			
Liabilities	2,285	2,868	411
Liabilities associated with assets held for sale	–	–	–
	2,285	2,868	411

			Discontinuing operations			
Others	Corporate and elimination	Total	Plantation	Property	Total	Total
148	**1,247**	**21,923**	**26,930**	**8,449**	**35,379**	**57,302**
1,018	**–**	**1,783**	**609**	**2,375**	**2,984**	**4,767**
–	**–**	**667**	**160**	**1,877**	**2,037**	**2,704**
1,166	**1,247**	**24,373**	**27,699**	**12,701**	**40,400**	**64,773**
347	**78**	**6,176**	**1,987**	**1,925**	**3,912**	**10,088**
–	**–**	**–**	**15**	**389**	**404**	**404**
347	**78**	**6,176**	**2,002**	**2,314**	**4,316**	**10,492**
–	**8**	**1,018**	**1,684**	**193**	**1,877**	**2,895**
–	**–**	**131**	**1**	**394**	**395**	**526**
–	**8**	**1,149**	**1,685**	**587**	**2,272**	**3,421**
181	1,144	21,854	26,095	9,601	35,696	57,550
962	–	1,599	683	1,931	2,614	4,213
287	–	303	4	–	4	307
1,430	1,144	23,756	26,782	11,532	38,314	62,070
369	40	5,907	1,689	2,174	3,863	9,770
–	12	1,682	1,487	62	1,549	3,231
–	–	45	9	648	657	702
–	12	1,727	1,496	710	2,206	3,933
235	985	22,465	25,528	8,511	34,039	56,504
1,226	–	1,761	653	1,406	2,059	3,820
–	–	3	5	120	125	128
1,461	985	24,229	26,186	10,037	36,223	60,452
439	138	6,141	1,861	1,707	3,568	9,709
–	–	–	–	83	83	83
439	138	6,141	1,861	1,790	3,651	9,792

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54 Segment Information – Group (continued)

b. Segment assets and liabilities and additions to non-current assets (continued)

Capital expenditure consists of the following:

2017	Continuing operations	Discontinuing operations	Total
Property, plant and equipment	**899**	**1,732**	**2,631**
Prepaid lease rentals	**14**	**1**	**15**
Investment properties	**3**	**109**	**112**
Land held for property development	**–**	**4**	**4**
Intangible assets other than goodwill	**102**	**31**	**133**
	1,018	**1,877**	**2,895**

2016			
Property, plant and equipment	1,485	1,473	2,958
Prepaid lease rentals	43	–	43
Investment properties	–	1	1
Biological assets	–	23	23
Land held for property development	–	10	10
Intangible assets other than goodwill	154	42	196
	1,682	1,549	3,231

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

	Assets			Liabilities		
	30 June 2017	30 June 2016	1 July 2015	30 June 2017	30 June 2016	1 July 2015
Segment total	**64,773**	62,070	60,452	**10,492**	9,770	9,792
Tax assets/liabilities	**838**	2,439	2,015	**460**	3,181	3,082
Borrowings	**–**	–	–	**3,194**	15,833	18,063
Finance lease obligation	**–**	–	–	**11**	135	146
Discontinuing operations	**2,069**	–	–	**12,974**	–	–
	67,680	64,509	62,467	**27,131**	28,919	31,083

c. Segment by geography

Revenue by location of customers are analysed as follows:

	2017	2016
Malaysia	**4,686**	4,377
Singapore	**4,193**	3,968
Other countries in South East Asia	**1,571**	1,576
China[1]	**11,541**	10,898
Australasia[2]	**9,060**	8,598
Other countries	**36**	35
	31,087	29,452

54 Segment Information – Group (continued)

c. Segment by geography (continued)

Revenue and non-current assets, other than financial instruments and tax assets, by location of the Group's operations are analysed as follows:

	Revenue		Non-current assets		
	2017	**2016**	**30 June 2017**	**30 June 2016**	**1 July 2015**
Malaysia	**4,714**	4,421	**2,650**	16,807	15,750
Indonesia	**–**	–	**–**	3,247	2,860
Singapore	**4,223**	3,988	**616**	843	959
Other countries in South East Asia	**1,548**	1,560	**208**	507	487
China[1]	**11,547**	10,884	**3,229**	3,252	2,757
Australasia[2]	**9,055**	8,599	**3,051**	9,830	9,282
Europe	**–**	–	**–**	1,650	1,420
Other countries	**–**	–	**18**	644	537
	31,087	29,452	**9,772**	36,780	34,052

[1] China consists of China, Hong Kong, Macau and Taiwan

[2] Australasia consists of Australia, New Caledonia, New Zealand, Papua New Guinea and Solomon Islands

Reconciliation of non-current assets, other than financial instruments and tax assets to the total non-current assets are as follows:

	30 June 2017	**30 June 2016**	**1 July 2015**
Non-current assets other than financial instruments and tax assets	**9,772**	36,780	34,052
Investments	**100**	158	140
Deferred tax assets	**611**	1,655	1,225
Tax recoverable	**160**	545	479
Derivative assets	**44**	139	215
Receivables	**166**	549	528
	10,853	39,826	36,639

The Group's operations are diverse in terms of the range of products and services it offers and the geographical coverage. There is no single customer that contributed 10% or more to the Group's revenue.

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55 Related Parties

Significant related party transactions and balances other than as disclosed in Notes 6, 7, 8, 10, 14, 15, 26, 27, 33 and 51 are as follows:

Group	2017	2016
a. Transactions with joint ventures		
Tolling fees and sales to Emery Oleochemicals (M) Sdn Bhd group	**33**	51
Disposal of subsidiaries to Aster Investment Holding Pte Ltd, a subsidiary of Sime Darby Real Estate Investment Trust 1:		
- Sime Darby Property (Alexandra) Private Limited	**249**	–
- Sime Darby Property (Dunearn) Private Limited and Sime Darby Property (Kilang) Private Limited	**–**	601
b. Transactions with associate		
Sale of products and services to Tesco Stores (Malaysia) Sdn Bhd	**15**	13
c. Transactions between subsidiaries and their significant owners of non-controlling interests		
Turnkey works rendered to Sime Darby Brunsfield Holding Sdn Bhd (SDBH) group by Brunsfield Engineering Sdn Bhd (BESB). Tan Sri Dato' Ir Gan Thian Leong and Encik Mohamad Hassan Zakaria are substantial shareholders in both SDBH and BESB	**265**	378
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	**38**	37
Sale of vehicles and parts by Jaguar Land Rover (M) Sdn Bhd to Sisma Auto Sdn Bhd	**60**	92
Royalty payment to and procurement of cars and ancillary services by Inokom Corporation Sdn Bhd (ICSB) from Hyundai Motor Company and its related companies	**14**	41
Contract assembly service provided by ICSB to Mazda Malaysia Sdn Bhd	**52**	47
d. Transactions with key management personnel and their close family members		
Sale of properties and cars	**2**	9

	Group		Company	
	2017	**2016**	**2017**	**2016**
e. Remuneration of Directors and key management personnel				
Salaries, fees and other emoluments	**42**	49	**4**	3
Defined contribution pension plan	**3**	3	**–**	–
Performance-based employee share scheme	**–**	(2)	**–**	–
Estimated monetary value of benefits by way of usage of the Group's and Company's assets	**1**	1	**1**	1

55 Related Parties (continued)

Significant related party transactions and balances other than as disclosed in Notes 6, 7, 8, 10, 14, 15, 26, 27, 33 and 51 are as follows: (continued)

f. Performance-based employee share scheme (PBESS)

The movement in the number of ordinary shares of the Company granted under the PBESS to the Executive Director and key management personnel of the Group is as follows:

		Number of ordinary shares				
	Fair value at grant date (RM)	**At 1 July 2016 '000**	**Granted '000**	**Forfeited '000**	**Lapsed '000**	**At 30 June 2017 '000**
First grant						
GPS	7.74	418	–	–	(418)	–
DPS	8.58	383	–	–	(383)	–
Second grant						
GPS	7.24	399	–	–	–	399
DPS	8.18	369	–	–	–	369

g. Transactions with shareholders and Government

As at 30 June 2017, Permodalan Nasional Berhad (PNB) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad (ASNB), together owns 51.87% (2016: 54.4%, 1 July 2015: 53.4%) of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra (YPB). The Group regards YPB as the ultimate holding company. 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 of the Company.

Transactions entered into during the financial year with government-related entities include the sales and purchases of goods and services. These related party transactions were entered into in the ordinary course of business.

In addition, the Group entered into the following transactions with YPB group during the financial year:

i. PNB and funds managed by ASNB subscribed for 60,706,000 new ordinary shares of the Company at RM7.45 per share pursuant to the shares placement undertaken by the Company on 13 October 2016;

ii. On 31 March 2017 and 29 June 2017, The Glengowrie Rubber Company Sdn Berhad disposed freehold land in Glengowrie Estate measuring approximately 805 acres to Petaling Garden Sdn Bhd, a subsidiary of YPB, for a total cash consideration of RM421 million;

iii. On 4 April 2017, Sime Darby Plantation Berhad acquired the asset of Yong Peng Realty Sdn Bhd (YPR) and Perusahaan Minyak Sawit Bintang Sendirian Berhad (PMSB) for a total cash consideration of RM107 million. YPR and PMSB are subsidiaries of YPB; and

iv. On 29 June 2017, Sime Darby Builders Sdn Bhd entered into a Sale & Purchase Agreement for the proposed disposal of freehold land in New Lunderston Estate measuring approximately 297.51 acres to PNB Development Sdn Bhd, a subsidiary of PNB, for a total cash consideration of RM86 million. This transaction is yet to complete as at 30 June 2017.

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55 Related Parties (continued)

Significant related party transactions and balances other than as disclosed in Notes 6, 7, 8, 10, 14, 15, 26, 27, 33 and 51 are as follows: (continued)

h. Outstanding balances with related parties

The significant outstanding balances between the Group and related parties are as follows:

		30 June 2017	30 June 2016	1 July 2015
i.	**Continuing operations**			
	Amounts due from/(to) joint ventures and associates			
	Eastern & Oriental Berhad group	**-**	–	176
	Malaysia - China Hydro Joint Venture	**(23)**	(23)	(34)
	Weifang Sime Darby Liquid Terminal Co Ltd	**83**	149	–
	Weifang Sime Darby West Port Co Ltd	**56**	–	–
ii.	**Discontinuing operations**			
	Amounts due from joint ventures and associates			
	Guangzhou Keylink Chemicals Co Ltd	**22**	29	23
	Seriemas Development Sdn Bhd	**-**	22	22
	Sime Darby CapitaLand (Melawati Mall) Sdn Bhd	**56**	38	33
	Sime Darby Sunrise Development Sdn Bhd	**115**	70	75
	Amounts due to owner of non-controlling interests of SDBH			
	Brunsfield Metropolitan Sdn Bhd	**234**	149	147
	Brunsfield Engineering Sdn Bhd	**25**	90	62
	Amount (nominal value) due from YPB group			
	Prolintas Expressway Sdn Bhd	**500**	500	500

As at 30 June 2017, the amounts due from joint ventures, associates and YPB group are included in assets held for sale whilst the amount due to owner of non-controlling interests of SDBH are included in liabilities associated with assets held for sale.

All outstanding balances are unsecured and repayable in accordance with agreed terms.

Other than as disclosed above, there were no material contracts subsisting as at 30 June 2017 or if not then subsisting, entered into since the end of the financial year by the Company or its subsidiaries which involved the interests of substantial shareholders.

56 Financial Instruments

a. Financial instruments measured at fair value

The measurement and categorisation of the financial instruments carried at fair value are as follows:

Investments
Quoted market prices in active markets are considered Level 1. If such quoted market prices are not available, fair value are determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category. It is classified into the Level 3 category if significant unobservable inputs are used.

The fair value of investments of the Group was determined based on unobservable inputs.

Derivatives
The fair values of derivative are determined using quoted price of identical instruments from an active market, if available (Level 1). If quoted prices are not available, price quoted for similar instruments, appropriately adjusted, or present value techniques, based on available market observable inputs are used, including foreign exchange spot and forward rates, interest rate curves and prices of the underlying commodities. The fair values obtained using price quotes for similar instruments or valuation techniques represent a Level 2 input unless significant unobservable inputs are used, which would result in Level 3 valuation methods.

Specific valuation techniques used by the Group to value derivatives include the following:

i. fair value of forward foreign exchange contracts and commodity futures contracts are calculated using observable forward exchange rates and commodity price, respectively, at the end of the reporting period, with the resulting value discounted back to present value; and

ii. fair value of cross currency swap contract and interest rate swap contracts are calculated as the present value of the estimated future cash flows based on observable yield curves.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
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56 Financial Instruments (continued)

a. Financial instruments measured at fair value (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June into three different levels as defined above:

Group 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Investments	**–**	**5**	**95**	**100**
Derivative assets				
- forward foreign exchange contracts	**–**	**15**	**–**	**15**
- interest rate swap contracts	**–**	**3**	**–**	**3**
- cross currency swap contract	**–**	**123**	**–**	**123**
	–	**146**	**95**	**241**
Financial assets included in assets held for sale	**11**	**83**	**62**	**156**
	11	**229**	**157**	**397**
Financial liabilities				
Derivative liabilities				
- forward foreign exchange contracts	**–**	**11**	**–**	**11**
Financial liabilities included in liabilities associated with assets held for sale	**–**	**26**	**–**	**26**
	–	**37**	**–**	**37**
2016				
Financial assets				
Investments	27	26	105	158
Derivative assets				
- forward foreign exchange contracts	–	37	–	37
- interest rate swap contracts	–	2	–	2
- cross currency swap contract	–	209	–	209
- commodity futures contracts	–	16	–	16
	27	290	105	422
Financial liabilities				
Derivative liabilities				
- forward foreign exchange contracts	–	40	–	40
- interest rate swap contracts	–	41	–	41
- commodity futures contracts	–	6	–	6
	–	87	–	87

56 Financial Instruments (continued)

a. Financial instruments measured at fair value (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June into three different levels as defined above: (continued)

Group 1 July 2015	Level 1	Level 2	Level 3	Total
Financial assets				
Investments	43	24	73	140
Derivative assets				
- forward foreign exchange contracts	–	27	–	27
- interest rate swap contracts	–	14	–	14
- cross currency swap contract	–	241	–	241
- commodity futures contracts	–	13	–	13
	43	319	73	435
Financial liabilities				
Derivative liabilities				
- forward foreign exchange contracts	–	41	–	41
- interest rate swap contracts	–	30	–	30
- commodity futures contracts	–	9	–	9
	–	80	–	80

The investments categorised as Level 3 in the fair value hierarchy are non-traded equity investments which are valued at their recoverable amounts. There is no transfer between levels of the fair value hierarchy during the financial year.

The Company does not have any financial assets and liabilities measured at fair value as at 30 June 2017 (2016 and 1 July 2015: Nil).

b. Financial instruments measured at amortised cost

The carrying amounts and fair values of long-term financial assets and liabilities measured at amortised cost as at 30 June are as follows:

	Group		Company	
2017	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Amount due from a subsidiary	**-**	**-**	**700**	**700**
Receivables				
- trade and other receivables	**95**	**95**	**-**	**-**
- amount due from a joint venture	**111**	**111**	**-**	**-**
Financial liabilities				
Amount due to a subsidiary	**-**	**-**	**-**	**-**
Borrowings				
- Islamic Medium Term Notes	**701**	**678**	**701**	**678**
- term loans and others	**1,019**	**1,019**	**-**	**-**

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For the financial year ended 30 June 2017 (continued)
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56 Financial Instruments (continued)

b. Financial instruments measured at amortised cost (continued)

The carrying amounts and fair values of long-term financial assets and liabilities measured at amortised cost as at 30 June are as follows: (continued)

	Group		Company	
2016	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Amount due from a subsidiary	–	–	6,112	6,112
Receivables				
- trade and other receivables	251	251	–	–
- amount due from a joint venture	61	61	–	–
- advances for plasma plantation projects	91	91	–	–
- redeemable loan stocks	304	282	–	–
Financial liabilities				
Amount due to a subsidiary	–	–	3,212	3,212
Borrowings				
- Islamic Medium Term Notes	1,708	1,687	1,708	1,687
- Sukuk	3,241	3,222	–	–
- term loans and others	8,389	8,389	–	–
1 July 2015				
Financial assets				
Amount due from a subsidiary	–	–	1,700	1,700
Receivables				
- trade and other receivables	321	321	–	–
- advances for plasma plantation projects	68	68	–	–
- redeemable loan stocks	284	221	–	–
Financial liabilities				
Borrowings				
- Islamic Medium Term Notes	1,708	1,700	1,708	1,700
- Sukuk	3,044	3,000	–	–
- term loans and others	8,207	8,207	–	–

The fair values of the Group's long-term financial instruments are categorised as Level 2 in the fair value hierarchy as they are estimated by discounting the future contractual cash flows at the current market rate available for similar instruments.

57 Financial Risk Management

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, price risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The policy on financial risk management is described in Note 5.

Details of each financial risk are as follows:

a. Foreign exchange risk

Currency profile of monetary financial assets and financial liabilities are as follows:

	Denominated in other than functional currencies							
Group 2017	**United States dollar**	**Australian dollar**	**Chinese renminbi**	**European Union euro**	**Singapore dollar**	**Others**	**Denominated in functional currencies**	**Total**
Investment (debt instrument)	**–**	**–**	**–**	**–**	**–**	**–**	**4**	**4**
Receivables (net)	**169**	**17**	**134**	**28**	**7**	**96**	**3,562**	**4,013**
Bank balances, deposits and cash	**186**	**26**	**3**	**6**	**3**	**8**	**1,840**	**2,072**
Borrowings	**(1,134)**	**–**	**–**	**–**	**–**	**–**	**(2,060)**	**(3,194)**
Finance lease obligation	**–**	**–**	**–**	**–**	**–**	**–**	**(11)**	**(11)**
Payables	**(176)**	**(4)**	**(2)**	**(77)**	**(4)**	**(34)**	**(4,051)**	**(4,348)**
	(955)	**39**	**135**	**(43)**	**6**	**70**	**(716)**	**(1,464)**
Financial instruments included in:								
- assets held for sale	**416**	**–**	**18**	**11**	**–**	**165**	**4,638**	**5,248**
- liabilities associated with assets held for sale	**(5,803)**	**(5)**	**–**	**(3)**	**–**	**(127)**	**(7,437)**	**(13,375)**
	(6,342)	**34**	**153**	**(35)**	**6**	**108**	**(3,515)**	**(9,591)**
2016								
Investment (debt instrument)	–	–	–	–	–	–	4	4
Receivables (net)	593	1	83	24	7	272	6,092	7,072
Cash held under Housing Development Accounts	–	–	–	–	–	–	610	610
Bank balances, deposits and cash	622	7	16	19	50	74	2,123	2,911
Borrowings	(4,917)	–	(42)	–	–	–	(10,874)	(15,833)
Finance lease obligation	–	–	–	–	–	–	(135)	(135)
Payables	(407)	(3)	(1)	(69)	(6)	(308)	(6,435)	(7,229)
	(4,109)	5	56	(26)	51	38	(8,615)	(12,600)
1 July 2015								
Investment (debt instrument)	–	–	–	–	–	–	4	4
Receivables (net)	958	4	23	45	10	260	6,501	7,801
Cash held under Housing Development Accounts	–	–	–	–	–	–	556	556
Bank balances, deposits and cash	448	15	12	50	6	150	2,964	3,645
Borrowings	(4,868)	–	–	–	–	(121)	(13,074)	(18,063)
Finance lease obligation	–	–	–	–	–	–	(146)	(146)
Payables	(467)	(7)	(2)	(28)	(10)	(105)	(6,714)	(7,333)
	(3,929)	12	33	67	6	184	(9,909)	(13,536)

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57 Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

a. Foreign exchange risk (continued)

Currency profile of monetary financial assets and financial liabilities are as follows: (continued)

	Denominated in		
Company 2017	**United States dollar**	**Functional currency**	**Total**
Amounts due from subsidiaries	**–**	**9,655**	**9,655**
Receivables (net)	**–**	**–**	**–**
Bank balances, deposits and cash	**–**	**200**	**200**
Borrowings	**–**	**(701)**	**(701)**
Amounts due to subsidiaries	**–**	**–**	**–**
Payables	**(3)**	**(13)**	**(16)**
	(3)	**9,141**	**9,138**
2016			
Amounts due from subsidiaries	3,248	9,871	13,119
Receivables (net)	–	7	7
Bank balances, deposits and cash	–	200	200
Borrowings	–	(1,708)	(1,708)
Amounts due to subsidiaries	(3,248)	–	(3,248)
Payables	(8)	(6)	(14)
	(8)	8,364	8,356
1 July 2015			
Amounts due from subsidiaries	3,061	7,884	10,945
Bank balances, deposits and cash	–	205	205
Borrowings	–	(1,908)	(1,908)
Amounts due to subsidiaries	(3,052)	–	(3,052)
Payables	(22)	1	(21)
	(13)	6,182	6,169

57 Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

a. Foreign exchange risk (continued)

The percentages of receivables and payables denominated in currency other than functional currency covered by forward foreign exchange contracts are as follows:

	Group			Company		
	30 June 2017	**30 June 2016**	**1 July 2015**	**30 June 2017**	**30 June 2016**	**1 July 2015**
Monetary items denominated in currency other than functional currency						
- amounts due from a subsidiary	**–**	–	–	**–**	3,248	3,061
- receivables	**451**	980	1,300	**–**	–	–
- amounts due to subsidiaries	**–**	–	–	**–**	3,248	3,052
- payables	**297**	794	619	**3**	8	22
Forward foreign exchange contracts						
- receivables	**45**	200	524	**–**	–	–
- payables	**203**	225	202	**–**	–	–
Percentage covered (%)						
- receivables	**10.0**	20.4	40.3	**–**	–	–
- payables	**68.4**	28.3	32.6	**–**	–	–

Included in assets held for sale and liabilities associated with assets held for sale as at 30 June 2017 are receivables and payables denominated in currency other than functional currency of RM521 million and RM199 million. The nominal value of forward foreign exchange contracts entered by the discontinuing operations to hedge the receivables and payables amounted to RM372 million and RM4 million, representing a coverage of 71.4% and 2.0%, respectively.

The Company's receivables and payables above are denominated in USD. There is minimal foreign currency risk due to the natural hedge between the receivables and payables, therefore no forward foreign exchange contract has been entered into.

As at 30 June 2017, the unhedged exposure to the Group from holding financial assets and liabilities other than in the functional currency amounted to RM19 million (2016: RM262 million, 1 July 2015: RM343 million).

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57 Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

a. Foreign exchange risk (continued)

The following table illustrates the effect of changes in exchange rate on the translation of foreign currency monetary items against the functional currency at 30 June, both before and after taking into account the hedge instruments. The Group has considered recent volatility in exchange rates and has concluded that a 10% (2016: 10%) movement in rates is a reasonably possible assumption. If the major currencies strengthened by that percentage at 30 June, the Group's profit before tax will improve/(decline) by:

					Impact on profit before tax	
Group 2017	**Strengthened by**	**Net monetary items**	**Hedged**	**Open position**	**Before hedge**	**After hedge**
Major currency						
Continuing operations						
United States dollar	**10%**	**(955)**	**679**	**(276)**	**(96)**	**(28)**
Chinese renminbi	**10%**	**135**	**(15)**	**120**	**14**	**12**
European Union euro	**10%**	**(43)**	**53**	**10**	**(4)**	**1**
Discontinuing operations						
United States dollar	**10%**	**(5,387)**	**5,047**	**(340)**	**(539)**	**(34)**
2016						
Major currency						
United States dollar	10%	(4,109)	4,199	90	(411)	9
Chinese renminbi	10%	56	–	56	6	6
European Union euro	10%	(26)	41	15	(3)	1

Included in the net monetary items are foreign currency denominated bank balances, deposits and cash and borrowings. The Group does not hedge these items except for term loans amounting to USD133 million (2016: USD222 million, 1 July 2015: USD311 million) (see Note 32(c)).

In addition, term loan and revolving credit of USD1,260 million (equivalent to RM5,405 million) (2016: USD830 million (equivalent to RM3,332 million)) are used to hedge a net investment in foreign operation. The term loan and revolving credit of the discontinuing operations are included in liabilities associated with assets held for sale as at 30 June 2017. The effect of changes in exchange rate will be adjusted to other comprehensive income.

57 Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

b. Interest rate risk

The percentages of fixed rate borrowings, both before and after taking into account the interest rate swap (IRS) contracts, to the total borrowings are as follows:

	Group			Company		
	30 June 2017	**30 June 2016**	**1 July 2015**	**30 June 2017**	**30 June 2016**	**1 July 2015**
Total borrowings	**3,194**	15,833	18,063	**701**	1,708	1,908
Fixed rate borrowings	**739**	6,373	5,319	**701**	1,708	1,708
Floating rate borrowings (swapped to fixed)	**549**	2,266	2,756	**-**	–	–
Total fixed rate borrowings after swap	**1,288**	8,639	8,075	**701**	1,708	1,708
Percentage of fixed rate borrowings over total borrowings:						
- before swap (%)	**23.1**	40.3	29.4	**100.0**	100.0	89.5
- after swap (%)	**40.3**	54.6	44.7	**100.0**	100.0	89.5

As at 30 June 2017, the fixed rate borrowings of the discontinuing operations both before and after taking into account the interest rate swap contract are RM2,289 million and RM3,792 million, respectively, representing 23.2% and 38.5% of the total borrowings of RM9,860 million included in liabilities associated with assets held for sale.

As at 30 June 2017, the Group's and the Company's floating rate borrowings stood at RM2,455 million (2016: RM9,460 million, 1 July 2015: RM12,744 million) and Nil (2016: Nil, 1 July 2015: RM200 million) respectively. The following table demonstrates the effect of changes in interest rate of floating rate borrowings, both before and after taking into account the IRS contracts mentioned in the preceding paragraph. If the interest rate increased by 1% in the following currencies of borrowings, the Group's and Company's profit before tax and other comprehensive income will be higher/(lower) by:

	Group		Company	
2017	**Before IRS**	**After IRS**	**Before IRS**	**After IRS**
Profit before tax				
- Continuing operations	**(25)**	**(19)**	**-**	**-**
- Discontinuing operations	**(76)**	**(61)**	**-**	**-**
Other comprehensive income				
- Continuing operations	**-**	**4**	**-**	**-**
2016				
Profit before tax	(95)	(67)	–	–
Other comprehensive income	–	10	–	–

A 1% decrease in interest rate would have an equal but opposite effect.

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For the financial year ended 30 June 2017 (continued)
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57 Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

c. Credit risk

The maximum exposure and collateral and credit enhancements are as follows:

	Group			Company		
	30 June 2017	**30 June 2016**	**1 July 2015**	**30 June 2017**	**30 June 2016**	**1 July 2015**
Maximum exposure						
Amounts due from subsidiaries	**-**	–	–	**9,655**	13,119	10,945
Receivables	**4,185**	7,351	8,029	**-**	7	–
Derivative assets	**141**	264	295	**-**	–	–
Cash held under Housing Development Accounts	**-**	610	556	**-**	–	–
Bank balances, deposits and cash	**2,072**	2,911	3,645	**200**	200	205
Guarantees in respect of credit facilities granted to:						
- certain subsidiaries	**-**	–	–	**691**	1,083	3,029
- a joint venture, associates and others	**176**	152	149	**-**	–	–
Risk sharing arrangement	**226**	258	208	**-**	–	–
Credit risk of continuing operations	**6,800**	11,546	12,882	**10,546**	14,409	14,179
Credit risk of discontinuing operations	**5,536**	–	–	**-**	–	–
	12,336	11,546	12,882	**10,546**	14,409	14,179
Collateral and credit enhancement						
Receivables	**816**	756	1,712	**-**	–	–

57 Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

c. Credit risk (continued)

The credit risks concentration profile of the Group's net trade receivables analysed by country where the Group operates and by reportable segment are as follows:

	Continuing operations					Discontinuing operations			
2017	**Industrial**	**Motors**	**Logistics**	**Others**	**Total**	**Plantation**	**Property**	**Total**	**Total**
Malaysia	**232**	**322**	**–**	**22**	**576**	**713**	**531**	**1,244**	**1,820**
Indonesia	**–**	**–**	**–**	**–**	**–**	**9**	**–**	**9**	**9**
Singapore	**111**	**110**	**–**	**1**	**222**	**8**	**1**	**9**	**231**
Other countries in South East Asia	**18**	**39**	**–**	**–**	**57**	**158**	**–**	**158**	**215**
China[1]	**368**	**121**	**41**	**1**	**531**	**–**	**–**	**–**	**531**
Australasia[2]	**745**	**254**	**–**	**–**	**999**	**236**	**–**	**236**	**1,235**
Europe	**–**	**–**	**–**	**–**	**–**	**351**	**–**	**351**	**351**
Other countries	**–**	**–**	**–**	**–**	**–**	**97**	**–**	**97**	**97**
	1,474	**846**	**41**	**24**	**2,385**	**1,572**	**532**	**2,104**	**4,489**
2016									
Malaysia	260	346	–	33	639	529	634	1,163	1,802
Indonesia	–	–	–	–	–	15	–	15	15
Singapore	197	71	–	3	271	15	1	16	287
Other countries in South East Asia	16	46	–	–	62	118	–	118	180
China[1]	397	111	45	–	553	–	–	–	553
Australasia[2]	633	200	–	–	833	193	–	193	1,026
Europe	–	–	–	–	–	406	–	406	406
Other countries	–	–	–	–	–	127	–	127	127
	1,503	774	45	36	2,358	1,403	635	2,038	4,396
1 July 2015									
Malaysia	239	677	–	40	956	885	956	1,841	2,797
Indonesia	–	–	–	–	–	8	–	8	8
Singapore	298	68	–	4	370	17	1	18	388
Other countries in South East Asia	19	27	–	–	46	127	–	127	173
China[1]	322	120	52	16	510	–	–	–	510
Australasia[2]	620	212	–	–	832	373	–	373	1,205
Europe	–	–	–	–	–	247	–	247	247
Other countries	–	–	–	–	–	118	–	118	118
	1,498	1,104	52	60	2,714	1,775	957	2,732	5,446

The Company has no significant concentration of credit risks except for loans to its subsidiaries where risk of default has been assessed to be low.

[1] China consists of China, Hong Kong, Macau and Taiwan
[2] Australasia consists of Australia, New Caledonia, New Zealand, Papua New Guinea and Solomon Islands

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For the financial year ended 30 June 2017 (continued)
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57 Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

d. Liquidity and cash flow risk

The undiscounted contractual cash flows of the financial liabilities are as follows:

Group 2017	**On demand or within 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Above 5 years**	**Total contractual cash flows**	**Total carrying amount**
Borrowings						
- principal	**1,944**	**302**	**188**	**757**	**3,191**	**3,191**
- interest	**100**	**45**	**114**	**128**	**387**	**3**
Finance lease obligation	**4**	**8**	**–**	**–**	**12**	**11**
Payables	**4,348**	**–**	**–**	**–**	**4,348**	**4,348**
Financial guarantee contracts	**45**	**9**	**122**	**–**	**176**	**–**
	6,441	**364**	**424**	**885**	**8,114**	**7,553**
Financial liabilities included in liabilities associated with assets held for sale	**5,400**	**1,461**	**5,716**	**2,052**	**14,629**	**13,375**
	11,841	**1,825**	**6,140**	**2,937**	**22,743**	**20,928**
2016						
Borrowings						
- principal	4,354	4,153	2,946	4,315	15,768	15,768
- interest	460	319	613	575	1,967	65
Finance lease obligation	13	13	36	110	172	135
Payables	7,228	–	–	–	7,228	7,228
Financial guarantee contracts	62	33	44	13	152	1
Derivative liabilities						
- interest rate swap contracts	13	13	17	1	44	39
	12,130	4,531	3,656	5,014	25,331	23,236
1 July 2015						
Borrowings						
- principal	6,273	1,868	6,160	3,717	18,018	18,018
- interest	499	358	605	368	1,830	45
Finance lease obligation	12	12	36	131	191	146
Payables	7,333	–	–	–	7,333	7,333
Financial guarantee contracts	55	25	55	14	149	–
Derivative liabilities						
- interest rate swap contracts	11	11	2	(3)	21	16
	14,183	2,274	6,858	4,227	27,542	25,558

57 Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

d. Liquidity and cash flow risk (continued)

The undiscounted contractual cash flows of the financial liabilities are as follows: (continued)

Company 2017	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total contractual cash flows	Total carrying amount
Borrowings						
- principal	**–**	**–**	**–**	**700**	**700**	**700**
- interest	**29**	**29**	**88**	**102**	**248**	**1**
Payables	**13**	**–**	**–**	**–**	**13**	**13**
Financial guarantee contracts	**460**	**231**	**–**	**–**	**691**	**3**
	502	**260**	**88**	**802**	**1,652**	**717**
2016						
Borrowings						
- principal	1,000	–	–	700	1,700	1,700
- interest	53	30	88	130	301	8
Amounts due to subsidiaries						
- principal	–	1,606	–	1,606	3,212	3,212
- interest	86	72	158	84	400	36
Payables	5	–	–	–	5	5
Financial guarantee contracts	429	435	219	–	1,083	9
	1,573	2,143	465	2,520	6,701	4,970
1 July 2015						
Borrowings						
- principal	200	1,000	–	700	1,900	1,900
- interest	78	53	88	160	379	8
Amounts due to subsidiaries	3,052	–	–	–	3,052	3,052
Payables	5	–	–	–	5	5
Financial guarantee contracts	1,997	409	623	–	3,029	16
	5,332	1,462	711	860	8,365	4,981

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
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58 First-time Adoption of MFRS Framework and Early Adoption of MFRS 15

a. Transition from Financial Reporting Standards Framework (FRS) to MFRS

The financial statements of the Group and of the Company for the financial year ended 30 June 2017 are the first sets of the financial statements prepared in accordance with MFRSs.

The Company, in its consolidated financial statements, measured the assets and liabilities of subsidiaries at the same carrying amounts as in the financial statements of those subsidiaries that have adopted the MFRS framework or IFRS earlier than the Company, after adjusting for consolidation adjustments. During the financial year, certain subsidiaries which have adopted the IFRS earlier than the Company changed its accounting policy on deferred tax liabilities on indefinite useful life intangible assets in light of the IFRIC agenda decision. The change in accounting policy has been applied retrospectively and has resulted in additional goodwill and deferred tax liabilities by RM200 million and RM207 million at 1 July 2015 and 30 June 2016, respectively. The Group has reflected these impacts in its consolidated financial statements accordingly.

As provided in MFRS 1, first-time adoption of MFRS can elect optional exemptions from full retrospective application of MFRSs. The Group has elected to apply MFRS 3 – Business Combinations prospectively from the date FRS 3 – Business Combinations was adopted and to deem the carrying amount of investment in each subsidiary, joint venture and associate to be the cost of the investment in the separate financial statements as at the date of transition to MFRSs. The optional exemptions elected by the Group that have an impact on the reported financial positions prepared in accordance with FRSs are disclosed in Note 58(a)(i), (ii) and (iii).

The accounting policies set out in Note 3 and the following optional exemptions elected by the Group have been applied in the opening MFRS statement of financial position as at 1 July 2015 and throughout all periods presented in the financial statements.

Except for a reclassification of merger reserve of RM5,725 million to retained profit as at 1 July 2015, the transition to MFRSs does not impact the financial statements of the Company. The effect of the Group's transition to MFRSs are as follows:

i. Property, plant and equipment – Deemed cost exemption
   Under FRS, valuation adjustments on certain plantation land and building were incorporated into the financial statements. The Group have elected to use the previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM67 million as at 1 July 2015 was reclassified to retained earnings.

ii. Exemption for cumulative translation differences
   The Group have elected to reset the exchange reserve to zero. The exchange reserve of RM634 million as at 1 July 2015 was reclassified to retained earnings.

iii. Effects of MFRS 141
   Prior to the adoption of MFRS 141 and Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141), produce growing on bearer plants were not recognised and livestock were stated at cost. Following the adoption, these biological assets are measured at fair value less costs to sell. Changes in fair value less costs to sell are recognised in profit or loss.

b. Early Adoption of MFRS 15

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

In applying MFRS 15 retrospectively, the Group applied the following practical expedients:

i. for completed contracts, contracts that begin and end within the same annual reporting period were not restated;

ii. for completed contracts that have variable consideration, rather than estimating variable consideration amounts in the comparative reporting periods, transaction price at the date the contract was completed was used; and

iii. for all reporting period presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the revenue is expected to be recognised are not disclosed.

58 First-time Adoption of MFRS Framework and Early Adoption of MFRS 15 (continued)

c. Reconciliation of profit or loss

Group 30 June 2016	Note	Previously stated under FRSs	Effects of transition to MFRSs	Effects of MFRS 15	Restated under MFRSs
Revenue	(iii)	29,221	–	231	29,452
Operating expenses		(28,974)	–	–	(28,974)
Other operating income	(iii)	695	6	(231)	470
Other losses	(i)	(20)	(21)	–	(41)
Operating profit		922	(15)	–	907
Share of results of joint ventures		44	–	–	44
Share of results of associates		(8)	–	–	(8)
Profit before interest and tax		958	(15)	–	943
Finance income		532	–	–	532
Finance costs		(429)	–	–	(429)
Profit before tax		1,061	(15)	–	1,046
Taxation		(182)	–	–	(182)
Profit for the financial year from continuing operations		879	(15)	–	864
Profit for the financial year from discontinuing operations	(ii) & (iii)	1,721	(70)	93	1,744
Profit for the financial year		2,600	(85)	93	2,608
Profit for the financial year attributable to owners of:					
- the Company					
- from continuing operations		807	(15)	–	792
- from discontinuing operations		1,602	(69)	93	1,626
		2,409	(84)	93	2,418
- perpetual sukuk		33	–	–	33
- non-controlling interests		158	(1)	–	157
		2,600	(85)	93	2,608
Basic earnings per share attributable to owners of the Company:					
- from continuing operations		12.9			12.6
- from discontinuing operations		25.5			25.9
		38.4			38.5

Notes:

i. The operating profit prepared under FRSs included the net exchange gains recycled from exchange reserve following the repayment of foreign currencies denominated net investment and the disposal of foreign subsidiaries. The MFRS adjustments to the operating profit of RM15 million are in relation to the portion of exchange gains which arose prior to 1 July 2015, where the amount has been reset to zero upon the adoption of MFRSs.

ii. The profit for the financial year from discontinuing operations prepared under FRSs included a net exchange gain of RM52 million recycled from exchange reserve. The MFRS adjustments comprise the elimination of the portion of exchange gains which arose prior to 1 July 2015 of RM52 million, and the recognition of the changes in the fair value of biological assets, net of tax, of RM18 million in accordance with the requirement of MFRS 141.

iii. The MFRS 15 adjustments are mainly due to:
   - the reclassification of other income of RM231 million to revenue; and
   - the effect of changes to the timing of revenue recognition for the property development activities and club membership fees included in profit from discontinuing operations of RM93 million.

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For the financial year ended 30 June 2017 (continued)
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58 First-time Adoption of MFRS Framework and Early Adoption of MFRS 15 (continued)

d. Reconciliation of comprehensive income

Group 30 June 2016	Previously stated under FRSs	Effects of transition to MFRSs	Effects of MFRS 15	Restated under MFRSs
Profit for the financial year	2,600	(85)	93	2,608
Other comprehensive income/(loss)				
Items that will be reclassified subsequently to profit or loss				
Currency translation differences	345	–	–	345
Net change in fair value of investment and cash flow hedges	109	–	–	109
Share of other comprehensive income of joint ventures and associates	9	–	–	9
Taxation	(25)	–	–	(25)
	438	–	–	438
Reclassified to profit or loss:				
- currency translation differences on:				
- repayment of net investments	(47)	21	–	(26)
- disposal of a subsidiary	6	(6)	–	–
- changes in fair value of cash flow hedges	(49)	–	–	(49)
Reclassification of changes in fair value of cash flow hedges to inventories	7	–	–	7
Taxation	12	–	–	12
	367	15	–	382
Items that will not be reclassified subsequently to profit or loss				
Share of other comprehensive loss of a joint venture	(3)	–	–	(3)
Other comprehensive income from continuing operations	364	15	–	379
Other comprehensive income from discontinuing operations	10	47	–	57
Total other comprehensive income	374	62	–	436
Total comprehensive income for the financial year	2,974	(23)	93	3,044

58 First-time Adoption of MFRS Framework and Early Adoption of MFRS 15 (continued)

d. Reconciliation of comprehensive income (continued)

Group **30 June 2016**	**Previously stated under FRSs**	**Effects of transition to MFRSs**	**Effects of MFRS 15**	**Restated under MFRSs**
Total comprehensive income for the financial year attributable to owners of:				
- the Company				
- from continuing operations	1,143	–	–	1,143
- from discontinuing operations	1,601	(22)	93	1,672
	2,744	(22)	93	2,815
- perpetual sukuk	33	–	–	33
- non-controlling interests	197	(1)	–	196
	2,974	(23)	93	3,044

e. Reconciliation of financial position and equity

Group **1 July 2015**	**Previously stated under FRSs**	**Effects of transition to MFRSs**	**Effects of MFRS 15**	**Restated under MFRSs**
Non-current assets				
Intangible assets	3,994	200	–	4,194
Deferred tax assets	1,139	–	86	1,225
Contract assets	–	–	651	651
Amounts due from customer on construction contracts	651	–	(651)	–
Other non-current assets	30,569	–	–	30,569
	36,353	200	86	36,639
Current assets				
Inventories	9,661	–	8	9,669
Biological assets	41	133	–	174
Property development costs	2,604	–	239	2,843
Contract assets	–	–	460	460
Accrued billings and others	1,586	–	(1,586)	–
Prepayments	–	–	689	689
Other current assets	11,865	–	–	11,865
	25,757	133	(190)	25,700
Assets held for sale	128	–	–	128
Total assets	62,238	333	(104)	62,467

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For the financial year ended 30 June 2017 (continued)
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58 First-time Adoption of MFRS Framework and Early Adoption of MFRS 15 (continued)

e. Reconciliation of financial position and equity (continued)

Group 1 July 2015	Previously stated under FRSs	Effects of transition to MFRSs	Effects of MFRS 15	Restated under MFRSs
Equity				
Share capital	3,106	–	–	3,106
Share premium	1,795	–	–	1,795
Revaluation reserve	67	(67)	–	–
Capital reserve	6,882	(6,614)		268
Exchange reserve	634	(634)	–	–
Other reserves	53	–	–	53
Retained profit	18,031	7,411	(285)	25,157
Attributable to owners of the Company	30,568	96	(285)	30,379
Non-controlling interests	1,003	2	–	1,005
	31,571	98	(285)	31,384
Non-current liabilities				
Contract liabilities	–	–	341	341
Deferred income	408	–	(408)	–
Government grant	–	–	203	203
Deferred tax liabilities	2,587	235	37	2,859
Other non-current liabilities	12,087	–	–	12,087
	15,082	235	173	15,490
Current liabilities				
Payables	8,347	–	(1,014)	7,333
Contract liabilities	–	–	1,339	1,339
Progress billings and others	172	–	(172)	–
Deferred income	159	–	(159)	–
Provisions	215	–	14	229
Other current liabilities	6,609	–	–	6,609
	15,502	–	8	15,510
Liabilities associated with assets held for sale	83	–	–	83
Total equity and liabilities	62,238	333	(104)	62,467

58 First-time Adoption of MFRS Framework and Early Adoption of MFRS 15 (continued)

e. Reconciliation of financial position and equity (continued)

Group 30 June 2016	**Previously stated under FRSs**	**Effects of transition to MFRSs**	**Effects of MFRS 15**	**Restated under MFRSs**
Non-current assets				
Intangible assets	4,337	207	–	4,544
Deferred tax assets	1,598	–	57	1,655
Contract assets	–	–	1,440	1,440
Amounts due from customer on construction contracts	1,440	–	(1,440)	–
Other non-current assets	32,187	–	–	32,187
	39,562	207	57	39,826
Current assets				
Inventories	9,397	–	15	9,412
Biological assets	17	106	–	123
Property development costs	3,180	–	64	3,244
Contract assets	–	–	370	370
Accrued billings and others	1,338	–	(1,338)	–
Prepayments	–	–	819	819
Other current assets	10,408	–	–	10,408
	24,340	106	(70)	24,376
Assets held for sale	307	–	–	307
Total assets	64,209	313	(13)	64,509
Equity				
Share capital	3,164	–	–	3,164
Share premium	2,602	–	–	2,602
Revaluation reserve	67	(67)	–	–
Capital reserve	6,826	(6,614)	–	212
Exchange reserve	928	(572)	–	356
Other reserves	55	–	–	55
Retained profit	18,871	7,327	(192)	26,006
Attributable to owners of the Company	32,513	74	(192)	32,395
Perpetual sukuk	2,230	–	–	2,230
Non-controlling interests	964	1	–	965
	35,707	75	(192)	35,590

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58 First-time Adoption of MFRS Framework and Early Adoption of MFRS 15 (continued)

e. Reconciliation of financial position and equity (continued)

Group 30 June 2016	Previously stated under FRSs	Effects of transition to MFRSs	Effects of MFRS 15	Restated under MFRSs
Non-current liabilities				
Contract liabilities	–	–	372	372
Deferred income	421	–	(421)	–
Government grants	–	–	186	186
Deferred tax liabilities	2,658	238	40	2,936
Other non-current liabilities	12,053	–	–	12,053
	15,132	238	177	15,547
Current liabilities				
Payables	8,039	–	(810)	7,229
Contract liabilities	–	–	1,196	1,196
Progress billings and others	186	–	(186)	–
Deferred income	211	–	(211)	–
Provisions	204	–	13	217
Other current liabilities	4,730	–	–	4,730
	13,370	–	2	13,372
Total equity and liabilities	64,209	313	(13)	64,509

Notes:

i. The MFRS adjustments comprised:

- the transfer of the revaluation reserve and exchange reserve to retained profit following the election made by the Group to use the previous revaluation as deemed cost and to reset the exchange reserve as at 1 July 2015 to zero;
- the reclassification of merger reserve and capital reserve of RM6,231 million and RM383 million to retained profit;
- the adjustment to intangible assets and deferred tax liabilities to the same carrying amounts as those subsidiaries that have adopted the MFRS framework or IFRS earlier than the Company, after adjusting for consolidation adjustments; and
- the recognition of the fair value of biological assets of RM106 million as at 30 June 2016 (1 July 2015: RM133 million) in accordance with the requirement of MFRS 141, and the related tax effects of RM31 million (1 July 2015: RM35 million).

ii. The MFRS 15 adjustments are mainly due to:

- the effect of changes to the timing of revenue recognition for property development activities and club membership fees;
- the reclassification of the excess of revenue earned over the billings on construction and property development contracts to contract assets; and
- the reclassification of excess of billings over revenue earned on construction and property development contracts, deferred income and customers deposit to contract liabilities.

58 First-time Adoption of MFRS Framework and Early Adoption of MFRS 15 (continued)

f. Reconciliation of cash flows

Group 30 June 2016	Previously stated under FRSs	Effects of transition to MFRSs	Effects of MFRS 15	Restated under MFRSs
Cash flow from operating activities				
Profit for the financial year	879	(15)	–	864
Adjustment for non-cash items	666	15	–	681
	1,545	–	–	1,545
Changes in working capital	601	–	–	601
Cash generated from operations	2,146	–	–	2,146
Tax paid	(233)	–	–	(233)
Dividend received from associates	38	–	–	38
Income received from investments	90	–	–	90
Operating cash flow from continuing operations	2,041	–	–	2,041
Operating cash flow from discontinuing operations	1,618	–	–	1,618
Net cash from operating activities	3,659	–	–	3,659
Net cash used in investing activities	(1,609)	–	–	(1,609)
Net cash used in financing activities	(2,800)	–	–	(2,800)
Net decrease in cash and cash equivalents	(750)	–	–	(750)
Foreign exchange differences	91	–	–	91
Cash and cash equivalents at beginning of the financial year	4,155	–	–	4,155
Cash and cash equivalents at end of the financial year	3,496	–	–	3,496

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59 Contingent Liabilities and Commitments

Contingent liabilities and commitments are as follows:

a. Guarantees

In the ordinary course of business, the Group may obtain 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 would only arise in the event the Group fails to fulfill its contractual obligations.

The Company has also provided performance guarantees to customers of certain subsidiaries to secure performance under contracts or in lieu of retention withheld on contracts.

The outstanding guarantees as at 30 June are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
Performance and advance payment guarantees to customers of:				
- subsidiaries	**–**	–	**1,582**	1,582
- the Group	**2,362**	2,234	**–**	–
Guarantees in respect of credit facilities granted to:				
- certain associates and a joint venture	**176**	62	**–**	–
	2,538	2,296	**1,582**	1,582
Outstanding guarantees for discontinuing operations	**96**	90	**–**	–
	2,634	2,386	**1,582**	1,582

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 30 June 2017, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM226 million (2016: RM258 million, 1 July 2015: RM208 million).

b. Claims

As at 30 June 2017, claims not taken up in the statement of financial position are as follows:

Group	**30 June 2017**	**30 June 2016**	**1 July 2015**
Continuing operations	**14**	6	3
Discontinuing operations	**16**	5	5
	30	11	8

These claims include disputed amounts for the supply of goods and services.

There were no claims against the Company as at 30 June 2017 (2016 and 1 July 2015: Nil).

59 Contingent Liabilities and Commitments (continued)

Contingent liabilities and commitments are as follows: (continued)

c. Capital commitments

Authorised capital expenditure not provided for in the financial statements:

Group 2017	Continuing operations	Discontinuing operations	Total
Property, plant and equipment			
- contracted	**229**	**295**	**524**
- not contracted	**837**	**975**	**1,812**
	1,066	**1,270**	**2,336**
Other capital expenditure			
- contracted	**42**	**291**	**333**
- not contracted	**39**	**–**	**39**
	1,147	**1,561**	**2,708**
2016			
Property, plant and equipment			
- contracted	300	204	504
- not contracted	827	1,469	2,296
	1,127	1,673	2,800
Other capital expenditure			
- contracted	10	76	86
- not contracted	128	–	128
	1,265	1,749	3,014

In addition, pursuant to the Subscription and Shareholders' Agreement, which is reiterated through Letters of Undertaking issued by the shareholders of Battersea Project Holding Company Limited (Battersea) to Battersea, the shareholders are committed to subscribe for shares in Battersea in proportion to their respective shareholdings when a capital call is made for the purpose of ensuring Battersea and its subsidiaries are able to meet their respective funding obligations. Sime Darby Property Berhad's portion of the commitment as at 30 June 2017 is up to GBP294 million (equivalent to RM1,615 million) (2016: GBP360 million, equivalent to RM1,940 million).

The Company does not have any capital commitment as at 30 June 2017 (2016: Nil).

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For the financial year ended 30 June 2017 (continued)
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59 Contingent Liabilities and Commitments (continued)

Contingent liabilities and commitments are as follows: (continued)

d. Leases

The future minimum lease payments under non-cancellable operating leases are as follows:

Group 2017	Continuing operations	Discontinuing operations	Total
Due no later than one year	**423**	**15**	**438**
Due later than one year but not later than five years	**832**	**44**	**876**
Due later than five years	**338**	**131**	**469**
	1,593	**190**	**1,783**
2016			
Due no later than one year	307	7	314
Due later than one year but not later than five years	609	25	634
Due later than five years	358	178	536
	1,274	210	1,484

The Company does not have any non-cancellable operating lease as at 30 June 2017 (2016: Nil).

e. Plasma Plantation

The Group is committed to develop a total of 56,293 (30 June 2016: 56,099, 1 July 2015: 55,560) hectares of oil palm plantation for plasma farmers in Indonesia. A total of 46,329 (30 June 2016: 45,801, 1 July 2015: 43,713) hectares have been developed of which about 36,684 (30 June 2016: 36,408, 1 July 2015: 35,712) hectares have been handed over to plasma farmers.

60 Material Litigation

The material litigations outstanding 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 and four subsidiaries (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 QP Project, the MOQ Project and the project relating to the construction of a derrick lay barge known as the Marine Project. The aggregate amount claimed was RM93 million and USD79 million (equivalent to approximately RM338 million) 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 with damages to be assessed by the Court. The Plaintiffs shall be permitted to enforce judgment upon recovering all claims from the projects and proceeds from the sale of the derrick lay barge, or after the expiry of 3 years from the date of final judgment, whichever is earlier.

The Plaintiffs have filed a Notice of Application for directions to assess damages and the Defendants have filed a Notice of Application for a stay of proceedings. The application for a stay of the proceedings has been fixed for case management on 15 September 2017.

60 Material Litigation (continued)

The material litigations outstanding are as follows: (continued)

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

On 24 December 2010, Sime Darby Berhad and three subsidiaries (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 Project and in respect of the Receipt, Discharge and Indemnity Agreement dated 12 January 2010 given to DMS. The aggregate amount claimed was RM91 million 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 with damages to be assessed by the Court. The Plaintiffs shall be permitted to enforce judgment 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 Plaintiffs have filed a Notice of Application for directions to assess damages and the Defendants have filed a Notice of Application for a stay of proceedings. The application for a stay of the proceedings has been fixed for case management on 15 September 2017.

c. Emirates International Energy Services (EMAS)

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 million comprising (a) a payment of USD128 million for commissions; and (b) a payment of USD50 million as "morale compensation".

SDE filed its Statement of Defence and Counter Claim for the sum of AED100 million (equivalent to approximately RM117 million) on 14 August 2011 with a request for the matter to be referred to arbitration. On 22 August 2011, the Court dismissed the First Suit.

i. <u>Proceedings at the Judicial Department of Abu Dhabi</u>
On 31 March 2012, EMAS filed the Second Suit against SDE at the Judicial Department of Abu Dhabi for USD178 million based on the same facts and grounds as the First Suit.

On 18 May 2014, the Court issued judgment for the sum of AED41 million (equivalent to approximately RM48 million) against SDE.

The judgment was subsequently reversed by the Court of Appeal on 2 July 2014 and by the Supreme Court on 25 December 2014. 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.

ii. <u>Proceedings at Dubai Chamber of Commerce and Industry (DIAC)</u>
On 24 January 2016, EMAS submitted a Request for Arbitration against SDE to DIAC. The amount claimed by EMAS is AED41 million (equivalent to approximately RM48 million). The tribunal set the proceeding schedule and tentatively fixed the matter for hearing from 15 to 20 January 2018.

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 QP for the sum of QAR1 billion (equivalent to approximately RM1 billion). 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.

On 21 July 2016, the Court delivered its judgment and ordered QP to pay QAR13 million (equivalent to approximately RM15 million) to SDE (Judgment).

On 24 August 2016, SDE filed enforcement proceedings against QP to enforce the Judgment. QP and SDE appealed to the Court of Appeal against the Judgment on 6 September 2016 and 25 September 2016, respectively. On 5 January 2017, the Court allowed QP's application for stay of the enforcement proceedings pending disposal of the parties' appeal.

The Court has fixed the parties' appeal for hearing and decision on 30 October 2017.

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For the financial year ended 30 June 2017 (continued)
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60 Material Litigation (continued)

The material litigations outstanding are as follows: (continued)

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

Sime Darby Engineering Sdn Bhd (SDE) and Swiber Offshore Construction Pte Ltd (SOC) (the Consortium) was awarded the 05 Wellhead Platform Project (05WHP Project) by ONGC on 26 February 2010 for a total contract price of USD189 million.

Disputes have arisen between the Consortium and ONGC and the parties have subsequently referred the dispute to an Outside Expert Committee (OEC). SDE's portion of the Consortium's claim is circa USD33 million.

On 2 December 2014, the OEC recommended payment of USD12 million in full and final settlement in favour of the Consortium (OEC Recommendation), of which USD7 million (equivalent to approximately RM29 million) was apportioned to SDE. On 20 March 2015, the Consortium sought a higher amount of compensation which was rejected by ONGC.

On 21 December 2015, the Consortium notified ONGC of its intention to proceed with arbitration. On 13 July 2016, the tribunal set the proceedings schedule and the next procedural meeting was fixed for 17 December 2016.

On 5 October 2016, ONGC confirmed its willingness to reconsider the OEC Recommendation and have initiated its internal process for approval of a settlement. The Consortium is awaiting further confirmation from ONGC.

The procedural meeting on 17 December 2016 has been adjourned pending the outcome of settlement by the parties.

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) (the Consortium) was awarded the B-193 Process Platform Project (PP Project) by ONGC. A contract dated 3 July 2010 (Contract) was executed for a total contract price of USD618 million.

Disputes have arisen between the Consortium and ONGC and on 1 June 2016, the Consortium initiated arbitration proceedings against ONGC. SDE's portion of the Consortium's claim is circa USD76 million.

On 2 September 2016, the Consortium agreed to refer the dispute to an Outside Expert Committee (OEC) and sought ONGC's agreement to the same. The Consortium is awaiting ONGC's response.

The arbitration tribunal commenced the hearing from 21 to 25 August 2017, which proceedings were then adjourned to 30 October 2017 to 2 November 2017. Oral closing submission is fixed on 2 to 5 January 2018.

g. Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE) Notice of Arbitration

MMHE and Sime Darby Engineering Sdn Bhd (SDE) entered into a 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 RM394 million and a 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 million.

On 16 March 2015, MMHE referred the disputes relating to the KPOC Project to arbitration before the Regional Centre for Arbitration Kuala Lumpur. The claim from MMHE is RM57 million but was subsequently revised to RM34 million on 1 November 2016.

Hearing was concluded on 24 March 2017. The parties submitted their respective written submissions on 26 May 2017 and oral submissions on 4 August 2017. The tribunal will fix a date for decision.

60 Material Litigation (continued)

The material litigations outstanding are as follows: (continued)

h. Claim against PT Anzawara Satria

On 11 May 2006, PT Sajang Heulang (PT SHE) filed legal action in the District Court of Kotabaru against PT Anzawara Satria (PT AS) claiming for the surrender of approximately 60 hectares of land forming part of Hak Guna Usaha (HGU) 35 belonging to PT SHE on which PT AS had allegedly carried out illegal coal mining activities.

The District Court of Kotabaru, the High Court of Kalimantan Selatan at Banjarmasin and subsequently the Supreme Court of Indonesia, on 10 March 2011, 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. The State Administration Court Banjarmasin ruled in favour of PT SHE and dismissed PT AS's claim. PT AS appealed to the High Court of State Administration at Jakarta against the said decision. The High Court ruled in favour of PT AS and nullified PT SHE's HGU 35. PT SHE appealed to the Supreme Court and 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 but the application was dismissed by the Supreme Court on the ground that the application could not be determined by another judicial review decision.

On 27 March 2013, PT AS in carrying out execution proceedings of the 1st Judicial Review Decision, 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 IDR673 billion (approximately RM217 million).

On 20 January 2015, the District Court of Batu Licin decided in favour of PT SHE and awarded damages in the sum of IDR70 billion (approximately RM23 million). On 29 January 2015, PT AS appealed 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 appealed to the Supreme Court against the 3rd High Court Decision. The parties are awaiting the Supreme Court's decision.

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 (prior to the acquisition of NBPOL by Sime Darby Plantation Berhad on 2 March 2015), NBPOL initiated three separate legal actions against 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 hectares (Land), royalties for the 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 PGK31 million (equivalent to RM42 million), 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.

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60 Material Litigation (continued)

The material litigations outstanding 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) (continued)

On 11 December 2014, the Defendants 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 was concluded on 2 November 2016. The Court will fix a date for decision.

j. PT Mulia Agro Persada (PT MAP) and PT Palma Sejahtera (PT PS) v. PT Minamas Gemilang (PT MGG), PT Anugerah Sumbermakmur (PT ASM) and PT Indotruba Tengah (PT ITH)

PT MGG, PT ASM and PT ITH are involved in a lawsuit brought by PT MAP and PT PS, for unlawful act of non-fulfilment of rights of PT MAP as a shareholder in PT ITH. PT MGG and PT ASM are shareholders of PT ITH, each holding 25% equity interest.

PT MAP purchased 50% equity interest in PT ITH in December 2008, from Yayasan Kartika Eka Paksi (YKEP). The purchase was funded by PT PS. Dispute on the ownership of the 50% equity interest have arisen between PT MAP and YKEP. On 31 May 2016, the Supreme Court had issued a decision that invalidated and nullified the transfer of the ordinary shares of PT ITH from YKEP to PT MAP (Judicial Review Decision).

Despite the Judicial Review Decision, PT MAP and PT PS has filed a lawsuit seeking compensation from 11 defendants, individually or jointly and severally, including PT ITH, PT MGG and PT ASM in the form of:

i. material damages (direct loss) in the amount of IDR247 billion (equivalent to RM79 million) with 3% interest of IDR137 billion (equivalent to RM44 million) per month, until the payment is made to PT MAP and PT PS;
ii. fine (dwangsom) in the amount of IDR250 billion (equivalent to RM80 million); and
iii. immaterial damages (indirect loss) in the amount of IDR500 billion (equivalent to RM160 million).

The South Jakarta District Court and Jakarta High Court have rejected PT MAP and PT PS's lawsuit by referring to Judicial Review Decision. In response, PT MAP and PT PS filed an appeal to the Supreme Court. As at the reporting date, the Supreme Court has yet to make a decision.

61 Holding Companies

The Directors regard Permodalan Nasional Berhad as the Group's immediate holding company and Yayasan Pelaburan Bumiputra as the ultimate holding company. Both companies are incorporated in Malaysia.

62 List of Subsidiaries, Joint Ventures and Associates

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows:

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Plantation – Subsidiaries					
Chartquest Sdn Bhd	Malaysia	61.1	61.1	1	Cultivation of oil palm
Chermang Development (Malaya) Sdn Bhd	Malaysia	83.9	83.9	1	)
Consolidated Plantations Berhad	Malaysia	100.0	100.0	1	) Investment holding
Golden Hope Overseas Sdn Bhd	Malaysia	100.0	100.0	1	)
Guthrie Industries Malaysia Sendirian Berhad	Malaysia	100.0	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Guthrie International Investments (L) Limited	Malaysia	100.0	100.0	1	)
Kumpulan Jelei Sendirian Berhad	Malaysia	100.0	100.0	1	) Investment holding
Mostyn Palm Processing Sdn Bhd	Malaysia	100.0	100.0	1	)
Sanguine (Malaysia) Sdn Bhd	Malaysia	100.0	100.0	1	Cultivation of oil palm
Sime Darby Agri-Bio Sdn Bhd	Malaysia	100.0	100.0	1	Manufacturing of rat baits and trading of agricultural related products
Sime Darby Austral Holdings Berhad	Malaysia	100.0	100.0	1	Investment holding
Sime Darby Austral Sdn Bhd	Malaysia	60.0	60.0	1	Processing of palm oil and palm kernel
Sime Darby Biodiesel Sdn Bhd	Malaysia	100.0	100.0	1	Production and sale of biodiesel and related products
Sime Darby Biotech Laboratories Sdn Bhd	Malaysia	100.0	100.0	1	Provision of oil palm tissue culture services
Sime Darby Consulting Sdn Bhd	Malaysia	100.0	100.0	1	Investment holding
Sime Darby Foods & Beverages Marketing Sdn Bhd	Malaysia	100.0	100.0	1	Distribution and marketing of cooking oil, tocotrienols, guava juices and palm related products
Sime Darby Futures Trading Sdn Bhd	Malaysia	100.0	100.0	1	Trading of crude palm oil and palm oil products and sub-marketing agent of refined products
Sime Darby Global Berhad	Malaysia	100.0	100.0	1	Special purpose vehicle for the issue of securities programme
Sime Darby Global Trading (Labuan) Limited	Malaysia	100.0	–	1	Trading of commodity
Sime Darby Kempas Sdn Bhd	Malaysia	100.0	100.0	1	Processing of edible oil and related products
Sime Darby Latex Sdn Bhd	Malaysia	100.0	100.0	1	Investment property holding

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For the financial year ended 30 June 2017 (continued)
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62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	Group's effective interest (%) 2016	Auditors	Principal activities
Plantation – Subsidiaries (continued)					
Sime Darby Plantation (Sabah) Sdn Bhd	Malaysia	100.0	100.0	1	) Cultivation of oil palm and processing of palm oil and palm kernel
Sime Darby Plantation (Sarawak) Sdn Bhd	Malaysia	100.0	100.0	1	)
Sime Darby Plantation Berhad	Malaysia	100.0	100.0	1	Cultivation and processing of palm oil, palm kernel, rubber and other palm oil and rubber related products and investment holding
Sime Darby Plantation Childcare Centre Sdn Bhd	Malaysia	100.0	100.0	1	Childcare services to employees
Sime Darby Plantation Intellectual Property Sdn Bhd	Malaysia	100.0	100.0	1	Registered holder of commercial patents, trademarks, copyrights, trade security and Intellectual Property rights
Sime Darby Plantation IT Sdn Bhd (formerly known as Sime Darby Jomalina Sdn Bhd)	Malaysia	100.0	100.0	1	Provision of information technology related services
Sime Darby Plantation Thailand Sdn Bhd	Malaysia	100.0	100.0	1	Investment holding
Sime Darby Research Sdn Bhd	Malaysia	100.0	100.0	1	Research and development services on tropical agriculture
Sime Darby Seeds & Agricultural Services Sdn Bhd	Malaysia	100.0	100.0	1	Agricultural research and advisory services and production of oil palm seeds and seedlings
Sime Darby Technology Centre Sdn Bhd	Malaysia	100.0	100.0	1	Research and development services on biotechnology and agriculture
The China Engineers (Malaysia) Sdn Bhd	Malaysia	100.0	100.0	1	) Cultivation of oil palm and processing of palm oil and palm kernel
Wangsa Mujur Sdn Bhd	Malaysia	72.5	72.5	1	)
PT Aneka Intipersada	Indonesia	100.0	100.0	2	)
PT Aneka Sawit Lestari	Indonesia	100.0	100.0	2	Production of oil palm planting materials
PT Anugerah Sumbermakmur	Indonesia	100.0	100.0	2	) Investment holding
PT Asricipta Indah	Indonesia	90.0	90.0	2	)

62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors		Principal activities
Plantation – Subsidiaries (continued)						
PT Bahari Gembira Ria	Indonesia	99.0	99.0	2	)	
PT Bersama Sejahtera Sakti	Indonesia	91.1	91.1	2	)	Cultivation of oil palm and processing of palm oil and palm kernel
PT Bhumireksa Nusasejati	Indonesia	100.0	100.0	2	)	
PT Bina Sains Cemerlang	Indonesia	100.0	100.0	2	)	
PT Budidaya Agro Lestari	Indonesia	100.0	100.0	2		Cultivation of oil palm
PT Golden Hope Nusantara	Indonesia	100.0	100.0	2		Processing of palm oil products
PT Guthrie Pecconina Indonesia	Indonesia	100.0	100.0	2		Cultivation of oil palm and processing of palm oil and palm kernel
PT Indo Sukses Lestari Makmur	Indonesia	95.0	95.0	2		Cultivation of rubber
PT Indotruba Tengah	Indonesia	50.0	50.0	2		Cultivation of oil palm and processing of palm oil and palm kernel
PT Kartika Inti Perkasa	Indonesia	60.0	60.0	2		Investment holding
PT Kridatama Lancar	Indonesia	100.0	100.0	2	)	Cultivation of oil palm and processing of palm oil and palm kernel
PT Ladangrumpun Suburabadi	Indonesia	100.0	100.0	2	)	
PT Laguna Mandiri	Indonesia	88.6	88.6	2		Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
PT Lahan Tani Sakti	Indonesia	100.0	100.0	2	)	Cultivation of oil palm and processing of palm oil and palm kernel
PT Langgeng Muaramakmur	Indonesia	100.0	100.0	2	)	
PT Minamas Gemilang	Indonesia	100.0	100.0	2		Investment holding
PT Mitra Austral Sejahtera	Indonesia	65.0	65.0	2		Cultivation of oil palm and processing of palm oil and palm kernel
PT Muda Perkasa Sakti	Indonesia	100.0	100.0	2		Investment holding
PT Padang Palma Permai	Indonesia	100.0	100.0	2	)	Cultivation of oil palm and processing of palm oil and palm kernel
PT Paripurna Swakarsa	Indonesia	100.0	100.0	2	)	
PT Perkasa Subur Sakti	Indonesia	100.0	100.0	2		Processing of palm oil and palm kernel
PT Perusahaan Perkebunan Industri dan Niaga Sri Kuala	Indonesia	100.0	100.0	2		Cultivation of oil palm
PT Sajang Heulang	Indonesia	100.0	100.0	2	)	Cultivation of oil palm and processing of palm oil and palm kernel
PT Sandika Natapalma	Indonesia	100.0	100.0	2	)	
PT Sime Agri Bio	Indonesia	100.0	100.0	2		Trading of agricultural related products

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For the financial year ended 30 June 2017 (continued)
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62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors		Principal activities
Plantation – Subsidiaries (continued)						
PT Sime Indo Agro	Indonesia	100.0	100.0	2		Cultivation of oil palm and processing of palm oil and palm kernel
PT Sritijaya Abaditama	Indonesia	60.0	60.0	2		Investment holding
PT Swadaya Andika	Indonesia	100.0	100.0	2	)	Cultivation of oil palm and processing of palm oil and palm kernel
PT Tamaco Graha Krida	Indonesia	90.0	90.0	2	))	
PT Teguh Sempurna	Indonesia	100.0	100.0	2		Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
PT Timbang Deli Indonesia	Indonesia	48.9	48.9	2		Production of oil palm seeds and cultivation of rubber
PT Tunggal Mitra Plantations	Indonesia	60.0	60.0	2		Cultivation of oil palm and processing of palm oil and palm kernel
New Britain Plantation Services Pte Ltd	Singapore	100.0	100.0	2		Investment holding and management of oil palm plantation and seed production
Sime Darby Edible Products Limited	Singapore	100.0	100.0	2		Marketing of edible oils and related products
Sime Darby Plantation Europe Ltd	Singapore	100.0	100.0	2	)	
Sime Darby Plantation Investment (Liberia) Private Limited	Singapore	100.0	100.0	2	))	Investment holding
Ultra Oleum Pte Ltd	Singapore	100.0	100.0	2	)	
Verdant Bioscience Pte Ltd	Singapore	52.0	52.0	2		Agriculture science and research
Sime Darby China Oils & Fats Company Limited	Hong Kong	100.0	100.0	2	))	
Sime Darby Hong Kong Nominees Limited	Hong Kong	100.0	100.0	2	))	
Sime Darby International Investments Limited	Cayman Islands	100.0	100.0	4	))	Investment holding
Sime Darby Plantation Holdings (Asia Pacific)	Cayman Islands	100.0	100.0	4	))	
Sime Darby Plantation Holdings (Cayman Islands)	Cayman Islands	100.0	100.0	4	))	
Sime Darby Edible Products India Private Limited	India	100.0	100.0	2		Market support services
Sime Darby Plantation (Liberia) Inc	Liberia	100.0	100.0	3		Cultivation of oil palm and rubber

62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Plantation – Subsidiaries (continued)					
Golden Hope Overseas Capital	Mauritius	100.0	100.0	2	) Investment holding
Mulligan International BV	Netherlands	100.0	100.0	2	)
Sime Darby Netherlands BV	Netherlands	100.0	100.0	2	)
Sime Darby Unimills BV	Netherlands	100.0	100.0	2	Processing of edible oil and related products
Kula Palm Oil Limited	Papua New Guinea	100.0	100.0	2	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
New Britain Palm Oil Limited	Papua New Guinea	100.0	100.0	2	Investment holding, cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
Poliamba Limited	Papua New Guinea	100.0	100.0	2	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
Ramu Agri-Industries Limited	Papua New Guinea	100.0	100.0	2	Cultivation of oil palm and sugar cane, processing of palm oil, palm kernel oil, sugar and ethanol, cattle rearing and processing of beef
Guadalcanal Plains Palm Oil Limited	Solomon Island	80.0	80.0	3	Cultivation of oil palm and processing of palm oil, palm kernel and palm kernel oil
Sime Darby Hudson And Knight (Proprietary) Limited	South Africa	100.0	100.0	3	Processing of edible oil and related products
Industrial Enterprises Co Ltd	Thailand	99.9	99.9	2	Processing of soya bean oil and related products
Morakot Industries Public Company Limited	Thailand	99.9	99.9	2	Processing of edible oil and related products and marketing
Sime-Morakot Holdings (Thailand) Limited	Thailand	100.0	100.0	2	) Investment holding
The China Engineers (Thailand) Limited	Thailand	99.9	99.9	2	)
New Britain Oils Limited	United Kingdom	100.0	100.0	2	) Processing of edible oil and related products
Golden Hope-Nha Be Edible Oils Co Ltd	Vietnam	51.0	51.0	2	)

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For the financial year ended 30 June 2017 (continued)
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62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Plantation – Joint ventures					
Emery Oleochemicals (M) Sdn Bhd group	Malaysia	50.0	50.0	3	Production of oleochemicals and derivatives
Emery Specialty Chemicals Sdn Bhd group	Malaysia	50.0	50.0	3	Investment holding
Mybiomass Sdn Bhd	Malaysia	30.0	30.0	3	Develop high value green chemicals bio-refinery
Sime Darby TNBES Renewable Energy Sdn Bhd	Malaysia	51.0+	51.0+	1	Production of renewable energy using palm oil effluents
Guangzhou Keylink Chemicals Co Ltd	China	49.0	43.5	3	Manufacturing of surface active agents
Rizhao Sime Darby Oils & Fats Co Ltd	China	45.0	45.0	2	Storage of palm oil related products
Plantation – Associates					
Barlow Bulking Sdn Bhd	Malaysia	32.0	32.0	3	Bulking and marketing facilities for edible oil producers and millers
Nescaya Maluri Sdn Bhd	Malaysia	40.0	40.0	3	Investment holding and quarry licensing
Muang Mai Guthrie Public Co Ltd	Thailand	49.0	49.0	3	Processing of rubber
Thai Eastern Trat Co Ltd	Thailand	40.0	40.0	2	Processing of palm oil and palm kernel
Verdezyne Inc	United States of America	36.0	36.4	3	Production of drop-in alternatives to petroleum-derived chemicals from palm-based products and by-products
Industrial – Subsidiaries					
Chubb Malaysia Sendirian Berhad	Malaysia	100.0	100.0	1	Marketing, installation, rental and servicing of security products
Mecomb Malaysia Sdn Berhad	Malaysia	100.0	100.0	1	Marketing and installation of advanced electronic and electro-mechanical equipment, instruments and systems integration
Shandong Equipment Malaysia Sdn Bhd	Malaysia	100.0	100.0	1	Sales and service support for Shandong Engineering machinery
Sime Darby Electropack Sdn Bhd	Malaysia	100.0	100.0	1	Manufacturing and assembly of generators, agricultural and industrial machinery
Sime Darby Industrial Academy Sdn Bhd	Malaysia	100.0	100.0	1	Training services

62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Industrial – Subsidiaries (continued)					
Sime Darby Industrial Holdings Sdn Bhd	Malaysia	100.0	100.0	1	Investment holding
Sime Darby Industrial Power Sdn Bhd	Malaysia	91.2	91.2	1	Sale of generators, agricultural and industrial machinery
Sime Darby Industrial Power Systems Sdn Bhd	Malaysia	100.0	100.0	1	Assembly and packaging of generators
Sime Darby Industrial Sdn Bhd	Malaysia	100.0	100.0	1	Sale, rental and assembly of Caterpillar equipment and spare parts and service support
Sime Darby Joy Industries Sdn Bhd	Malaysia	55.0	55.0	1	Designing and manufacturing of heat exchangers, radiators, process equipment modules, filters and separators
Sime Darby Offshore Engineering Sdn Bhd	Malaysia	100.0	100.0	1	Systems integration and marketing of products and service provider primarily for oil & gas/ petrochemical industry and biogas value chain
Sime Darby TMR Sdn Bhd	Malaysia	100.0	100.0	1	Reconditioning of used equipment and machinery
Sime Kubota Sdn Bhd	Malaysia	90.0	90.0	1	Assembly and distribution of Kubota agricultural machinery and other machinery and equipment
Sime Surveillance Sdn Bhd	Malaysia	100.0	100.0	1	Security services
Site Technology Asia Pacific Sdn Bhd	Malaysia	100.0	100.0	1	Supplying Global Positioning System (GPS)/digital work site positioning and machine control for heavy and highway construction applications under SITECH brand
Tractors Material Handling Sdn Bhd	Malaysia	100.0	100.0	1	Sale of lift trucks and spare parts, and the rental and servicing of other material handling equipment
Tractors Petroleum Services Sdn Bhd	Singapore	100.0	100.0	1	Supply, repair and maintenance of Caterpillar engines and other equipment for the oil and gas industry, refurbishment of gas turbines and the sale and installation of pressure vessels

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For the financial year ended 30 June 2017 (continued)
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62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	Group's effective interest (%) 2016	Auditors	Principal activities
Industrial – Subsidiaries (continued)					
Mecomb Singapore Limited	Singapore	100.0	100.0	2	Manufacture and installation of industrial equipment and the import and sale of technical, nautical and scientific instruments and mechanical, electrical and electronic equipment
Sime Darby Eastern Investments Private Limited	Singapore	100.0	100.0	2	Investment holding
Sime Darby Eastern Limited	Singapore	100.0	100.0	2	Investment holding
Sime Darby Energy Pte Ltd	Singapore	100.0	100.0	2	Investment holding
Sime Darby Industrial Singapore Pte Ltd	Singapore	100.0	100.0	2	Investment holding
Tractors Singapore Limited	Singapore	100.0	100.0	2	Sale, rental and assembly of Caterpillar equipment and spare parts and service support
Foshan Sime Darby Elco Power Equipment Ltd	China	100.0	100.0	2	Wholesale of diesel generators and spare parts
Guangzhou Sime Darby SITECH Dealers Co Ltd	China	100.0	100.0	3	Sale, hire and servicing of survey equipment
Sime Darby CEL Machinery (Guangdong) Co Ltd	China	100.0	100.0	2	Sale of Caterpillar equipment and spare parts and service support
Sime Darby CEL Machinery (Guangxi) Co Ltd	China	100.0	100.0	2	Technical development and consultation on machinery engineering and international business consultation
Sime Darby CEL Machinery (Hunan) Co Ltd	China	100.0	100.0	2	Sale of Caterpillar equipment and spare parts and service support
Sime Darby CEL Machinery (Jiangxi) Co Ltd	China	100.0	100.0	2	Sale of Caterpillar equipment and spare parts and service support
Sime Darby CEL Machinery (Xinjiang) Co Ltd	China	100.0	100.0	2	Sale of Caterpillar equipment and spare parts and service support
Sime Darby Joy (Shanghai) Co Ltd	China	55.0	55.0	2	Supply of process equipment and heat exchangers
Xiamen Sime Darby CEL Machinery Co Ltd	China	100.0	100.0	2	Investment holding
Sime Darby CEL (South China) Limited	Hong Kong	100.0	100.0	2	Investment holding
Sime Darby Elco Power Systems Limited	Hong Kong	100.0	100.0	2	Distribution of Perkins engine products and spare parts and after-sales services
The China Engineers Limited	Hong Kong	100.0	100.0	2	Sale of and after-sales support for Caterpillar equipment

62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Industrial – Subsidiaries (continued)					
AC Haynes Investments Pty Ltd	Australia	100.0	100.0	2	Crane hire
Austchrome Pty Ltd	Australia	100.0	100.0	2	Chroming and hydraulic repairs
DG Nominees Pty Ltd	Australia	100.0	100.0	2	Auto glass supplier / installer
Hastings Deering (Australia) Limited	Australia	100.0	100.0	2	Sale, rental and servicing for Caterpillar products, hardchroming and hydraulic repair
Hastings Deering Property Services Pty Ltd	Australia	100.0	100.0	2	Leasing of properties
Haynes Mechanical Pty Ltd	Australia	100.0	100.0	2	Labour hire/contracting, sale of mining machinery parts, service and repair and crane hire
Sime Darby Allied Operations Pty Ltd	Australia	100.0	–	5	Investment holding
Sime Darby Industrial Australia Pty Ltd	Australia	100.0	100.0	2	Investment holding
TFP Engineering Pty Ltd	Australia	95.0	95.0	2	Sale of mining machinery, service and labour hire
Sime Darby Industrial (B) Sdn Bhd	Brunei	70.0	70.0	3	Assembly, marketing and distribution of agricultural and industrial equipment
CICA Limited	Channel Islands	100.0	100.0	3	Supply of industrial equipment and after-sales services
Caltrac SAS	New Caledonia	100.0	100.0	2	Sale of Caterpillar equipment and spare parts and service support
SCI Sime Darby Invest NC	New Caledonia	100.0	100.0	2	Property investment
Hastings Deering (PNG) Limited	Papua New Guinea	100.0	100.0	2	Sale of Caterpillar equipment and spare parts and service support
Hastings Deering (Solomon Islands) Limited	Solomon Islands	100.0	100.0	3	Sale of Caterpillar equipment and spare parts and service support
Sime Darby Elco Power Korea Limited	South Korea	100.0	–	2	Sales, assembly, import and export, lease and maintenance of, and provision of technology services for engines and power systems
Mecomb (Thailand) Limited	Thailand	100.0	100.0	2	Sale of electrical and mechanical equipment components and instruments
Pakka Jack International Holdings Inc	United States of America	100.0	–	5	Investment holding

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For the financial year ended 30 June 2017 (continued)
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62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Industrial – Subsidiaries (continued)					
Pakka Jack International Holdings LLC	United States of America	100.0	–	5	Sale of patented hydraulic jacking system and maintenance of slew bearings in electric rope and hydraulic mining shovels
CICA Vietnam Company Limited	Vietnam	100.0	100.0	2	Consultancy and services for installation, operation, repair and maintenance of industrial machines
Industrial – Joint ventures					
Sime Darby Gas Malaysia BioCNG Sdn Bhd	Malaysia	51.0	51.0	1	Sale and supply of bio-compressed natural gas
Terberg Tractors Malaysia Sdn Bhd group	Malaysia	50.0	50.0	1	Marketing, distributing and servicing of Terberg terminal tractors
Wilpena Pty Ltd	Australia	50.0	50.0	4	Sale of Caterpillar equipment and spare parts and service support
Mine Energy Solutions Pty Ltd	Australia	50.0	50.0	2	Service provider for end-to-end energy solution to the mobile mining industry
Industrial – Associates					
APac Energy Rental Pte Ltd	Singapore	30.0	30.0	3	Rental of generator sets
Chubb Singapore Private Limited group	Singapore	30.0	30.0	2	Marketing of security and fire protection products and services
FG Wilson Asia Pte Ltd	Singapore	50.0	50.0	2	Sale and servicing of diesel generator sets
Energy Power Systems Australia Pty Ltd	Australia	20.0	20.0	2	Distribution and rental of Caterpillar engine and associated products
Nova Power Pty Ltd	Australia	38.9	38.9	2	Sale of low emission power to support electricity distribution
Sitech Construction Systems Pty Ltd	Australia	30.6	30.6	2	Sale and servicing of Trimble Technology construction products
Ultimate Positioning Group Pty Ltd	Australia	29.4	29.4	2	Sale, hire and servicing of Trimble surveying equipment

62 **List of Subsidiaries, Joint Ventures and Associates (continued)**

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Motors – Subsidiaries					
Auto Bavaria M Performance Sdn Bhd	Malaysia	100.0	–	1	Marketing, selling and after-sales servicing of motor vehicles and related spare parts
Auto Bavaria Sdn Bhd	Malaysia	100.0	100.0	1	) Investment holding
Ford Malaysia Sdn Bhd	Malaysia	51.0	51.0	1	)
Hyundai-Sime Darby Motors Sdn Bhd	Malaysia	100.0	100.0	1	Sales and distribution of passenger and light commercial vehicles and spare parts
Inokom Corporation Sdn Bhd	Malaysia	53.5	53.5	1	Manufacture and assembly of light commercial and passenger vehicles, and contract assembly of motor vehicles
Jaguar Land Rover (Malaysia) Sdn Bhd	Malaysia	60.0	60.0	1	Importation and distribution of motor vehicles and spare parts
Sime Darby Auto Bavaria Sdn Bhd	Malaysia	100.0	100.0	1	Management services, retail of motor vehicles, spare parts and accessories, after-sales services and assembler of motor vehicles
Sime Darby Auto Britannia Sdn Bhd	Malaysia	75.0	75.0	1	Motor vehicles dealership
Sime Darby Auto ConneXion Sdn Bhd	Malaysia	100.0	100.0	1	Distribution and retail of motor vehicles and spare parts and after-sales services
Sime Darby Auto Engineering Sdn Bhd (formerly known as Sime Darby System Integrators Sdn Bhd)	Malaysia	100.0	99.9	1	Holder of license for manufacturing and assembling of engines for motor vehicles
Sime Darby Auto Hyundai Sdn Bhd	Malaysia	51.0	51.0	1	Sale of motor vehicles and spare parts and after-sales services
Sime Darby Auto Imports Sdn Bhd	Malaysia	100.0	100.0	1	Importation of motor vehicles and spare parts
Sime Darby Auto Performance Sdn Bhd	Malaysia	70.0	70.0	1	Distribution and retail of motor vehicles, spare parts and accessories and after-sales services
Sime Darby Auto Selection Sdn Bhd	Malaysia	100.0	100.0	1	Sales of used motor vehicles and spare parts
Sime Darby Hyundai Integrated Sdn Bhd	Malaysia	51.0	51.0	1	Distribution of motor vehicles
Sime Darby Hyundai Sdn Bhd	Malaysia	51.0	51.0	1	Investment holding and importation of motor vehicles

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For the financial year ended 30 June 2017 (continued)
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62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Motors – Subsidiaries (continued)					
Sime Darby Motors Overseas Holdings Sdn Bhd (formerly known as Sime Darby Motor Group (Taiwan) Sdn Bhd)	Malaysia	100.0	100.0	1	Investment holding
Sime Darby Motors Sdn Bhd	Malaysia	100.0	100.0	1	Investment holding
Sime Darby Rent-A-Car Sdn Bhd	Malaysia	100.0	100.0	1	Vehicle rental
Europe Automobiles Corporation Holdings Pte Ltd	Singapore	100.0	89.2	2	Investment holding
Performance Motors Limited	Singapore	100.0	100.0	2	Motor vehicles dealership
Performance Munich Autos Pte Ltd	Singapore	100.0	–	2	Distribution and retail of motor vehicles
Performance Premium Selection Limited	Singapore	60.0	60.0	2	Retailer, wholesaler and exporter of used cars
Sime Darby Motor Holdings Limited	Singapore	100.0	100.0	2	Investment holding and management and auxiliary services
Sime Darby Services Private Limited	Singapore	100.0	100.0	2	Vehicle rental
Sime Darby Singapore Limited	Singapore	100.0	100.0	2	Investment holding
Sime Singapore Limited	Singapore	100.0	100.0	2	Investment holding
Vantage Automotive Limited	Singapore	100.0	100.0	2	Motor vehicles dealership
Changsha Bow Yue Vehicle Services Co Ltd	China	100.0	100.0	2	Retail of motor vehicles and spare parts and after-sales services
Chengdu Bow Yue Used Cars Centre Co Ltd	China	100.0	100.0	2	Retail of used cars and related services
Chengdu Bow Yue Vehicle Co Ltd	China	100.0	100.0	2	Retail of motor vehicles and spare parts and after-sales services and investment holding
Chongqing Bow Chuang Motor Sales & Services Co Ltd	China	100.0	100.0	2	Retail of motor vehicles and spare parts and after-sales services
Guangdong Deda Bow Ma Motor Service Co Ltd	China	65.0	65.0	2	Retail of spare parts and after-sales services
Guangzhou Bow Yue Vehicle Trading Co Ltd	China	100.0	100.0	2	Retail of motor vehicles and spare parts
Hainan Bow Yue Vehicles Trading and Services Ltd	China	100.0	100.0	3	Retail of motor vehicles and spare parts and after-sales services
Hangzhou Sime Darby Motors Sales and Services Co Ltd	China	60.0	60.0	2	Retail of motor vehicles and spare parts and after-sales services
Hangzhou Sime Darby Trading Co Ltd	China	60.0	60.0	2	Retail of motor vehicles and spare parts and after-sales services
Nanjing Sime Darby Motors Sales & Services Co Ltd	China	60.0	60.0	2	Retail of motor vehicles and spare parts and after-sales services

62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Motors – Subsidiaries (continued)					
Shanghai Sime Darby Motor Commerce Co Ltd	China	60.0	60.0	2	Retail of motor vehicles and investment holding
Shanghai Sime Darby Motor Sales and Services Co Ltd	China	60.0	60.0	2	Retail of motor vehicles and spare parts and after-sales services
Shantou Bow Yue Dehong Motors Services Co Ltd	China	60.0	60.0	2	Retail of spare parts and after-sales services for motor vehicles
Shantou Bow Yue Vehicle Trading Co Ltd	China	100.0	100.0	2	) Retail of motor vehicles and spare parts
Shenzhen Bow Chuang Vehicle Trading Co Ltd	China	100.0	100.0	2	)
Shenzhen Sime Darby Motor Enterprises Co Ltd	China	100.0	100.0	2	Retail of spare parts and after-sales services for motor vehicles
Yunnan Bow Yue Vehicle Trading Co Ltd	China	65.0	65.0	3	) Retail of motor vehicles and spare parts and after-sales services
Yunnan Dekai Bow Ma Motors Technology & Service Co Ltd	China	65.0	65.0	3	)
BMW Concessionaires (HK) Limited	Hong Kong	100.0	100.0	2	Distribution and retail of motor vehicles, after-sales services and investment holding
Bow Ma Motors (South China) Limited	Hong Kong	100.0	100.0	2	Investment holding
Goodwood Motors Limited	Hong Kong	100.0	100.0	2	) Distribution and retail of motor vehicles
Island Motors Limited	Hong Kong	100.0	100.0	2	)
Marksworth Limited	Hong Kong	100.0	100.0	2	Investment holding
Sime Darby Hongkong Finance Limited	Hong Kong	100.0	100.0	2	Provision of intra-group financial services
Sime Darby Managing Agency (Hong Kong) Limited	Hong Kong	100.0	100.0	2	Insurance agency
Sime Darby Motor Group (HK) Limited	Hong Kong	100.0	100.0	2	) Investment holding
Sime Darby Motor Group (PRC) Limited	Hong Kong	100.0	100.0	2	)
Sime Darby Motor Services Limited	Hong Kong	100.0	100.0	2	Distribution and retail of motor vehicles and spare parts, after-sales services, management services and property investment
Sime Winner Holdings Limited	Hong Kong	60.0	60.0	2	Investment holding
Universal Automobile Company Limited	Hong Kong	100.0	100.0	2	) Distribution and retail of motor vehicles
Universal Cars Limited	Hong Kong	100.0	100.0	2	)

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For the financial year ended 30 June 2017 (continued)
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62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Motors – Subsidiaries (continued)					
Wallace Harper Motors Company Limited	Hong Kong	100.0	100.0	2	Car leasing
BMW Concessionaires (Macau) Limited	Macau	100.0	100.0	2	) Retail of motor vehicles and spare parts and after-sales services
Harper Engineering (Macau) Limited	Macau	100.0	100.0	2	)
Brisbane BMW Bodyshop Pty Ltd	Australia	70.0	70.0	2	Retail of spare parts, panels and accessories
Brisbane BMW Unit Trust	Australia	70.0	70.0	2	) Motor vehicle dealerships
LMM Holdings Pty Ltd	Australia	70.0	70.0	2	)
Sime Darby Automobiles Pty Ltd	Australia	100.0	100.0	2	Distribution of motor vehicles
Sime Darby Fleet Services Pty Ltd	Australia	100.0	100.0	2	Vehicle rental and related mechanical services
Sime Darby Motors Group (Australia) Pty Limited	Australia	100.0	100.0	2	Provision of management services and investment holding
Sime Darby Motors Retail Australia Pty Limited	Australia	100.0	100.0	2	Retail of motor vehicles and after-sales services
Sime Darby Motors Wholesale Australia Pty Limited	Australia	100.0	100.0	2	Distribution of motor vehicles
Continental Car Services Limited	New Zealand	100.0	100.0	2	Retail of new and used passenger cars and light commercial vehicles, spare parts and accessories and related services
Hino Distributors NZ Limited	New Zealand	100.0	100.0	2	Distribution and retail of trucks
Infinity Automotive Limited	New Zealand	100.0	100.0	2	Retail of new and used passenger cars and light commercial vehicles, spare parts and accessories and related services
Motor Truck Distributors (NZ) Limited	New Zealand	100.0	100.0	2	Distribution and retail of trucks and buses
North Shore Motor Holdings Limited	New Zealand	100.0	100.0	2	Retail of new and used passenger cars, spare parts and accessories and related services
Sime Darby Automobiles NZ Limited	New Zealand	100.0	100.0	2	Distribution of motor vehicles and spare parts
Sime Darby Commercial (NZ) Limited	New Zealand	100.0	100.0	2	) Investment holding
Sime Darby Motor Group (NZ) Limited	New Zealand	100.0	100.0	2	)
Truck Stops (NZ) Limited	New Zealand	100.0	100.0	2	Retail of spare parts and services for trucks
UD Truck Distributors (NZ) Limited	New Zealand	100.0	100.0	2	Distribution and retail of trucks, spare parts and accessories and related services

62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	Group's effective interest (%) 2016	Auditors	Principal activities
Motors – Subsidiaries (continued)					
Performance Motors (Thailand) Limited	Thailand	100.0	100.0	2	Motor vehicles dealership
Sime Darby Auto Services Limited	Thailand	100.0	100.0	2	License holder of body and paint facility
Sime Darby (Thailand) Limited	Thailand	100.0	100.0	2	Investment holding and provision of management and auxiliary services
Sime Darby Mazda (Thailand) Limited	Thailand	100.0	100.0	2	) Motor vehicles dealership
Sime Darby Vantage (Thailand) Limited	Thailand	100.0	100.0	2	)
Viking Motors Limited	Thailand	100.0	100.0	2	Leasing of properties
Sime Darby Auto Kia Co Ltd	Taiwan	100.0	100.0	2	Wholesale and retail of vehicles, spare parts and accessories and after-sales services
Sime Darby Kia Taiwan Co Ltd	Taiwan	100.0	100.0	2	Manufacture and sales of vehicles, spare parts and accessories and repairs and maintenance of vehicles and other automotive services
Europe Automobiles Corporation	Vietnam	100.0	90.0	2	Import and distribution of vehicles and spare parts
Performance Motors Vietnam Joint Stock Company	Vietnam	99.0	90.0	2	Retail of vehicles and spare parts and after-sales services
Motors – Associates					
BMW Malaysia Sdn Bhd	Malaysia	49.0*	49.0*	3	Sale and distribution of motor vehicles and motorcycles
Sime Kansai Paints Sdn Bhd	Malaysia	40.0	40.0	3	Manufacturing, selling and marketing of automotive and industrial paints
Munich Automobiles Pte Ltd	Singapore	40.0	40.0	3	Sale and distribution of motor vehicles and after-sales services
BMW Financial Services Hong Kong Limited	Hong Kong	49.0	49.0	3	Provision of financing and hire purchase facilities

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62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	Group's effective interest (%) 2016	Auditors		Principal activities
Property – Subsidiaries						
Genting View Resort Development Sdn Bhd	Malaysia	60.0	60.0	1		Property development and provision of management services
Golfhome Development Sdn Bhd	Malaysia	100.0	100.0	1	)	Property investment and property development
Golftek Development Sdn Bhd	Malaysia	100.0	100.0	1	)	
Harvard Golf Resort (Jerai) Berhad	Malaysia	99.0	99.0	1		Provision of golfing and sporting services
Harvard Hotel (Jerai) Sdn Bhd	Malaysia	100.0	100.0	1		Operation of a hotel
Impian Golf Resort Berhad	Malaysia	100.0	100.0	1		Provision of golfing and sporting services
Ironwood Development Sdn Bhd	Malaysia	100.0	100.0	1		Property investment and property development
Kuala Lumpur Golf & Country Club Berhad	Malaysia	100.0	100.0	1		Provision of golfing and sporting services and property development
Malaysia Land Development Company Berhad	Malaysia	100.0	100.0	1		Property investment, management and investment holding
Sime Darby Ainsdale Development Sdn Bhd	Malaysia	100.0	100.0	1		Property development
Sime Darby Ampar Tenang Sdn Bhd	Malaysia	100.0	100.0	1		Property investment
Sime Darby Ara Damansara Development Sdn Bhd	Malaysia	100.0	100.0	1		Property investment and property development
Sime Darby Augsburg (M) Sdn Bhd	Malaysia	100.0	100.0	1		Property development
Sime Darby Brunsfield Damansara Sdn Bhd	Malaysia	60.0	60.0	1		Property investment and property development and construction
Sime Darby Brunsfield Holding Sdn Bhd	Malaysia	60.0	60.0	1		Property development and investment holding
Sime Darby Brunsfield Kenny Hills Sdn Bhd	Malaysia	60.0	60.0	1		Property development
Sime Darby Brunsfield Motorworld Sdn Bhd	Malaysia	60.0	60.0	1		Investment holding
Sime Darby Brunsfield Properties Holding Sdn Bhd	Malaysia	60.0	60.0	1		Property investment
Sime Darby Brunsfield Resort Sdn Bhd	Malaysia	60.0	60.0	1		Property development
Sime Darby Builders Sdn Bhd	Malaysia	100.0	100.0	1		Property development and construction
Sime Darby Building Management Services Sdn Bhd	Malaysia	100.0	100.0	1		Property management

62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Property – Subsidiaries (continued)					
Sime Darby Chemara Sdn Berhad	Malaysia	100.0	100.0	1	)
Sime Darby Constant Skyline Sdn Bhd	Malaysia	100.0	100.0	1	) Property development
Sime Darby Elmina Development Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and property development
Sime Darby GVR Management Sdn Bhd	Malaysia	100.0	100.0	1	Resort management
Sime Darby Johor Development Sdn Bhd	Malaysia	100.0	100.0	1	)
Sime Darby KLGCC Development Sdn Bhd	Malaysia	100.0	100.0	1	) Property development
Sime Darby Kulai Development Sdn Bhd	Malaysia	100.0	100.0	1	)
Sime Darby Landscaping Sdn Bhd	Malaysia	100.0	100.0	1	) Property investment and property development
Sime Darby Lukut Development Sdn Bhd	Malaysia	100.0	100.0	1	)
Sime Darby Melawati Development Sdn Bhd	Malaysia	100.0	100.0	1	Property investment, property development and property management
Sime Darby Nilai Utama Sdn Bhd	Malaysia	70.0	70.0	1	Property development
Sime Darby Pagoh Development Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and property development
Sime Darby Paralimni Sdn Bhd	Malaysia	100.0	100.0	1	Property development
Sime Darby Properties (Sabah) Sdn Bhd	Malaysia	100.0	100.0	1	Property development and investment holding
Sime Darby Properties (Selangor) Sdn Bhd	Malaysia	100.0	100.0	1	Property development
Sime Darby Properties Builders Sdn Bhd	Malaysia	100.0	100.0	1	Construction
Sime Darby Properties Realty Sdn Bhd	Malaysia	100.0	100.0	1	Property development and management
Sime Darby Property (Bukit Selarong) Sdn Bhd	Malaysia	100.0	100.0	1	)
Sime Darby Property (Bukit Tunku) Sdn Bhd	Malaysia	100.0	100.0	1	) Property development
Sime Darby Property (Klang) Sdn Bhd	Malaysia	100.0	100.0	1	)
Sime Darby Property (Lembah Acob) Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and property development
Sime Darby Property (Nilai) Sdn Bhd	Malaysia	100.0	100.0	1	Property investment, property development and property management
Sime Darby Property (Subang) Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and property development

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For the financial year ended 30 June 2017 (continued)
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62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Property – Subsidiaries (continued)					
Sime Darby Property (Sungai Kapar) Sdn Bhd	Malaysia	100.0	100.0	1	Investment holding, property investment and property development
Sime Darby Property (Utara) Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and property development
Sime Darby Property Berhad	Malaysia	100.0	100.0	1	Investment holding, property development and provision of management services
Sime Darby Property Holdings Sdn Bhd	Malaysia	100.0	100.0	1	) Property investment and property management
Sime Darby Property Management Sdn Bhd	Malaysia	100.0	100.0	1	)
Sime Darby Property Selatan Dua Sdn Bhd	Malaysia	60.0	60.0	1	) Construction and asset management services under concession arrangement
Sime Darby Property Selatan Empat Sdn Bhd	Malaysia	60.0	60.0	1	)
Sime Darby Property Selatan Satu Sdn Bhd	Malaysia	60.0	60.0	1	)
Sime Darby Property Selatan Sdn Bhd	Malaysia	60.0	60.0	1	Investment holding and construction
Sime Darby Property Selatan Tiga Sdn Bhd	Malaysia	60.0	60.0	1	Construction and asset management services under concession arrangement
Sime Darby Serenia Development Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and property development
Sime Darby Sungai Kantan Development Sdn Bhd	Malaysia	100.0	100.0	1	Property development and management
Sime Darby Urus Harta Sdn Bhd	Malaysia	100.0	100.0	1	Property management
Sime Darby USJ Development Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and property development
Sime Healthcare Sdn Bhd	Malaysia	100.0	100.0	1	Property investment
Sime Wood Industries Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and property management
Stableford Development Sdn Bhd	Malaysia	100.0	100.0	1	Property investment, property development and operation of a convention centre
Superglade Sdn Bhd	Malaysia	60.0	60.0	1	Project development services
Syarikat Perumahan Guthrie Sdn Bhd	Malaysia	100.0	100.0	1	Property development
The Glengowrie Rubber Company Sdn Berhad	Malaysia	93.4	93.4	1	Property investment and property development
Wisma Sime Darby Sdn Berhad	Malaysia	100.0	100.0	1	Property investment, property management and related services

62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Property – Subsidiaries (continued)					
Darby Park (Management) Pte Ltd	Singapore	100.0	100.0	2	Property investment, management of service apartments and investment holding
Darby Park (Singapore) Pte Ltd	Singapore	100.0	100.0	2	Property investment and management of service residences
Sime Darby Property (Alexandra) Private Limited	Singapore	–	100.0	2	Property investment and property management
Sime Darby Property (Vietnam) Pte Ltd	Singapore	100.0	100.0	2	Investment holding and management of service residences
Sime Darby Property Singapore Limited	Singapore	100.0	100.0	2	Investment holding and property management
Sime Darby Real Estate Management Pte Ltd	Singapore	100.0	100.0	2	Property management
Sime Darby Property (Hong Kong) Limited	Hong Kong	100.0	100.0	2	Investment holding
OCI Management Pty Ltd	Australia	60.0	60.0	2	Security and landcare services
Sime Darby Australia Limited	Australia	100.0	100.0	2	Investment holding and management of service apartments
Sime Darby Hotels Pty Ltd	Australia	100.0	100.0	2	Operation of service apartments
Sime Darby Investments Pty Limited	Australia	100.0	100.0	2	Investment holding
Sime Darby Resorts Pty Ltd	Australia	100.0	100.0	2	Management of a resort
Sime Darby Serenity Cove Pty Ltd	Australia	60.0	60.0	2	Property development
Key Access Holdings Limited	British Virgin Islands	100.0	100.0	4	) Investment holding
Sime Darby Brunsfield Australia Pte Ltd	British Virgin Islands	60.0	60.0	4	) Investment holding
Vibernum Limited	Guernsey	100.0	100.0	2	) Property investment
Sime Darby London Limited	United Kingdom	100.0	100.0	2	) Property investment
Darby Park (Vietnam) Limited	Vietnam	65.0	65.0	2	Operation of service residences

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For the financial year ended 30 June 2017 (continued)
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62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Property – Joint ventures					
PJ Midtown Development Sdn Bhd	Malaysia	30.0	30.0	1	Property development
Sime Darby CapitaLand (Melawati Mall) Sdn Bhd	Malaysia	50.0	50.0	3	Property investment
Sime Darby Sunrise Development Sdn Bhd	Malaysia	50.0	50.0	1	Property development
Sime Darby Real Estate Investment Trust 1	Singapore	25.0	25.0	3	Real estate investment
Battersea Project Holding Company Limited group	Jersey	40.0	40.0	2	Property investment and property development
Battersea Power Station Development Company Limited	United Kingdom	40.0	40.0	2	Property development and management services
Battersea Power Station Estates Limited	United Kingdom	40.0	40.0	2	Property sales services
Property – Associates					
Kuantan Pahang Holding Sdn Bhd group	Malaysia	30.0	30.0	1	Investment holding and property development
Mostyn Development Sdn Bhd	Malaysia	30.0	30.0	3	Property development
Seriemas Development Sdn Bhd group	Malaysia	40.0	40.0	3	Property development and provision of related consultancy services
Shaw Brothers (M) Sdn Bhd	Malaysia	36.0	36.0	3	Investment holding, property investment and provision of management services
Logistics – Subsidiaries					
Sime Darby Logistics Sdn Bhd (formerly known as Sime Darby Utilities Sdn Bhd)	Malaysia	100.0	100.0	1	Investment holding
Jining Sime Darby Longgong Port Co Ltd	China	70.0	70.0	2	) Operation of port
Jining Sime Darby Port Co Ltd	China	70.0	70.0	2	)
Jining Sime Darby Taiping Port Co Ltd	China	70.0	70.0	2	Operation of port and warehousing
Weifang Sime Darby General Terminal Co Ltd	China	99.9	99.9	2	) Operation of port
Weifang Sime Darby Port Co Ltd	China	99.0	99.0	2	)
Weifang Sime Darby Water Management Co Ltd	China	100.0	100.0	2	Treatment and supply of water
Weifang Wei Gang Tugboat Services Co Ltd	China	99.5	99.5	3	Tugboat pilot services and related services
Sime Darby Overseas (HK) Limited	Hong Kong	100.0	100.0	2	Investment holding

62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Logistics – Joint ventures					
Weifang Port Services Co Ltd group	China	36.6	36.6	3	Construction, management and maintenance of sea channel, anchorage and port infrastructure
Weifang Senda Container Service Provider Co Ltd	China	50.0	50.0	3	Operation of container services
Weifang Sime Darby Liquid Terminal Co Ltd	China	50.0	50.0	2	Operation of liquid terminal and storage services
Weifang Sime Darby West Port Co Ltd	China	50.0	99.9	2	Operation of port
Logistics – Associate					
Weifang Ocean Shipping Tally Co Ltd	China	39.6	39.6	3	Shipping tally services for cargoes and containers
Others – Subsidiaries					
Kumpulan Sime Darby Berhad	Malaysia	100.0	100.0	1	Property investment
Sime Darby Allied Products Berhad	Malaysia	100.0	100.0	1	)
					) Investment holding
Sime Darby Energy Sdn Bhd	Malaysia	100.0	100.0	1	)
Sime Darby Engineering Sdn Bhd	Malaysia	100.0	100.0	1	Engineering, procurement, construction, installation, hook-up and commissioning services relating to oil and gas industry
Sime Darby Global Services Centre Sdn Bhd	Malaysia	100.0	100.0	1	Provision of support services to group companies
Sime Darby Holdings Berhad	Malaysia	100.0	100.0	1	Investment holding, property investment and provision of management services to group companies
Sime Darby Holiday Homes Sdn Bhd	Malaysia	100.0	100.0	1	Property management services and childcare services to employees
Sime Darby Insurance Pte Ltd	Malaysia	100.0	100.0	1	Onshore and offshore captive insurer
Sime Darby Lockton Insurance Brokers Sdn Bhd	Malaysia	60.0	60.0	1	Insurance and reinsurance brokers, insurance advisory and consultancy services
Sime Darby Malaysia Berhad	Malaysia	100.0	100.0	1	Holding of trademarks

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For the financial year ended 30 June 2017 (continued)
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62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors	Principal activities
Others – Subsidiaries (continued)					
Sime Darby Nominees Sendirian Berhad	Malaysia	100.0	100.0	1	)
Sime Darby Ventures Sdn Bhd	Malaysia	100.0	100.0	1	) Investment holding
Sime Darby Water Resources Sdn Bhd	Malaysia	100.0	100.0	1	)
Yayasan Sime Darby	Malaysia	@	@	1	Administration of scholarship awards and educational loans, undertake sports, environmental conservation and sustainability projects
Sime Darby Eastern International Limited	Singapore	100.0	100.0	2	Investment holding
Sime Darby Insurance Brokers (Singapore) Pte Ltd	Singapore	100.0	100.0	2	Insurance brokers
Sime Darby Far East (1991) Limited	Hong Kong	100.0	100.0	2	) Investment holding
Sime Darby Hong Kong Limited	Hong Kong	100.0	100.0	2	)
Sime Darby Insurance Brokers (Hong Kong) Limited	Hong Kong	100.0	100.0	2	Insurance brokers
Sime Darby Investments (BVI) Limited	British Virgin Islands	100.0	100.0	4	Investment holding and holding of trademarks
Others – Joint ventures					
Malaysia–China Hydro Joint Venture	Malaysia	48.9	48.9	1	Engineering, procurement and construction work
Ramsay Sime Darby Health Care Sdn Bhd group	Malaysia	50.0	50.0	1	Operation of healthcare facilities and related healthcare services
Others – Associates					
Eastern & Oriental Berhad group	Malaysia	11.6	22.0	3	Investment holding, hotel ownership and management, property investment and development
Tesco Stores (Malaysia) Sdn Bhd	Malaysia	30.0	30.0	3	Operation of hypermarkets
Union Sime Darby (Thailand) Ltd	Thailand	49.0	49.0	2	Insurance brokers

62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint venture and associates which are dormant/inactive as at 30 June 2017 are as follows:

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors
Plantation – Subsidiaries				
Derawan Sdn Bhd	Malaysia	100.0	100.0	1
Kumpulan Jerai Sendirian Berhad	Malaysia	100.0	100.0	1
Kumpulan Linggi Sendirian Berhad	Malaysia	100.0	100.0	1
Kumpulan Sua Betong Sendirian Berhad	Malaysia	100.0	100.0	1
Kumpulan Tebong Sendirian Berhad	Malaysia	100.0	100.0	1
Kumpulan Temiang Sendirian Berhad	Malaysia	100.0	100.0	1
Sahua Enterprise Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Beverages Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Bukit Talang Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Oils & Fats Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Plantation (Peninsular) Sdn Bhd	Malaysia	100.0	100.0	1
PT Guthrie Abdinusa Industri	Indonesia	70.0	70.0	2
PT Sime Darby Commodities Trading	Indonesia	100.0	100.0	2
Kwang Joo Seng (Malaysia) Private Limited	Singapore	100.0	100.0	2
Dongguan Sime Darby Sinograin Oils and Fats Co Ltd	China	65.0	65.0	2
Dami Australia Pty Ltd	Australia	100.0	100.0	2
Golden Hope–Nhabe (Cambodia) Import & Export Co Ltd	Cambodia	51.0	51.0	4
Sime Darby CleanerG BV	Netherlands	100.0	100.0	2
Sime Darby Oils Europe BV (formerly known as Sime Darby Commodities Europe BV)	Netherlands	100.0	100.0	2
Trolak Estates Limited	Scotland	100.0	100.0	3
Sime Darby Edible Products Tanzania Limited	Tanzania	100.0	100.0	4
Dusun Durian Plantations Limited	United Kingdom	100.0	100.0	3
Kinta Kellas Rubber Estates Plc	United Kingdom	100.0	100.0	3
Malaysian Estates Plc	United Kingdom	100.0	100.0	3
The Kuala Selangor Rubber Plc	United Kingdom	100.0	100.0	3
The London Asiatic Rubber and Produce Company Limited	United Kingdom	100.0	100.0	3
The Pataling Rubber Estates Limited	United Kingdom	100.0	100.0	3
The Straits Plantations Limited	United Kingdom	100.0	100.0	3
The Sungei Bahru Rubber Estates Plc	United Kingdom	100.0	100.0	3
Industrial – Subsidiaries				
Associated Tractors Sendirian Berhad	Malaysia	100.0	100.0	1
Tractors Machinery International Pte Ltd	Singapore	100.0	100.0	2
Sime Darby SEM Dealer (Fujian) Ltd	China	100.0	100.0	2
Sime Darby Yangon Limited	Myanmar	100.0	100.0	3

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For the financial year ended 30 June 2017 (continued)
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62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint venture and associates which are dormant/inactive as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors
Motors – Subsidiaries				
Associated Motor Industries Malaysia Sdn Bhd	Malaysia	51.0	51.0	1
Hyundai-Sime Darby Berhad	Malaysia	99.9	99.9	1
Hainan Bow Yue Vehicle Trading Co Ltd	China	100.0	100.0	3
Tianjin Sime Winner Motors Trading Co Ltd	China	60.0	60.0	3
AutoFrance China Limited	Hong Kong	100.0	100.0	2
Sime Darby Management Services Limited	Hong Kong	100.0	100.0	2
Sime Darby Prestige Motors Company Limited	Hong Kong	100.0	100.0	2
SimeWinner Nissan Autocrafts Limited	Hong Kong	60.0	60.0	2
Universal Cars (Importers) Limited	Hong Kong	100.0	100.0	2
Wallace Harper & Company Limited	Hong Kong	100.0	100.0	2
Warwick Motors Limited	Hong Kong	100.0	100.0	2
Sime Darby Hong Kong Group Company Limited	Bermuda	100.0	100.0	3
Continental Cars Limited	New Zealand	100.0	100.0	2
Property – Subsidiaries				
MVV Holdings Sdn Bhd	Malaysia	100.0	–	1
Sime Darby Brunsfield Property Sdn Bhd	Malaysia	70.0	70.0	1
Sime Darby Property (USJ) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Putra Heights Development Sdn Bhd	Malaysia	100.0	100.0	1
Robt Bradford & Co Ltd	United Kingdom	100.0	100.0	2
Robt Bradford Hobbs Savill Ltd	United Kingdom	98.6	98.6	2
Property – Joint ventures				
Sime Darby Brunsfield Properties Australia Pty Ltd	Australia	50.0	50.0	4
Sime Darby Brunsfield International Limited	British Virgin Islands	50.0	50.0	4
Logistics – Subsidiaries				
Jining Sime Darby Guozhuang Port Co Ltd	China	70.0	70.0	2
Weifang Wei Gang Dredging Project Co Ltd	China	99.5	99.5	3

62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint venture and associates which are dormant/inactive as at 30 June 2017 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors
Others – Subsidiaries				
Golden Hope Plantations Berhad	Malaysia	100.0	100.0	1
Highlands & Lowlands Berhad	Malaysia	100.0	100.0	1
Kumpulan Guthrie Berhad	Malaysia	100.0	100.0	1
Sime Darby Marine Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Water Resources (Perak) Sdn Bhd	Malaysia	75.0	75.0	1
Sime Engineering Sdn Bhd	Malaysia	100.0	100.0	1
Sime UEP Properties Berhad	Malaysia	100.0	100.0	1
Sime Darby (China) Enterprise Management Co Ltd	China	100.0	100.0	2
Sime Darby Marine (Hong Kong) Private Limited	Hong Kong	100.0	100.0	2
Others – Associate				
Sime Darby Almana WLL	Qatar	49.0	49.0	4

Subsidiaries placed under members' voluntary liquidation/deregistered during the financial year are as follows:

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors
Plantation – Subsidiaries				
Eminent Platform Sdn Bhd	Malaysia	–	100.0	1
Nature Ambience Sdn Bhd	Malaysia	–	100.0	1
Sime Darby Bioganic Sdn Bhd	Malaysia	–	100.0	1
Sime Darby Julau Plantation Sdn Bhd	Malaysia	–	100.0	1
Vertical Drive Sdn Bhd	Malaysia	–	100.0	1
New Britain Nominees Ltd	Papua New Guinea	^	100.0	2
New Britain Tankers Limited	Papua New Guinea	^	100.0	2
Plantation Contracting Services Ltd	Papua New Guinea	^	100.0	2
Vitroplant Orangerie Bay Ltd	Papua New Guinea	^	100.0	2
Motors – Subsidiaries				
Sime Darby Motor Service Centre Limited	Hong Kong	–	100.0	2
ERF Man and Western Star (NZ) Limited	New Zealand	#	100.0	2
Palmerston North Motors Wholesale Limited	New Zealand	#	100.0	2

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For the financial year ended 30 June 2017 (continued)
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62 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries placed under members' voluntary liquidation/deregistered during the financial year are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%) 2017	2016	Auditors
Property – Subsidiaries				
Sime Darby Properties Harta Sdn Bhd	Malaysia	–	100.0	1
Sapphire Australian Industrial Asset Investment Holding Pte Ltd	Singapore	–	–	4
Sapphire Industrial Asset Investment Holding Pte Ltd	Singapore	–	–	4
Sime Darby Property (Amston) Pte Ltd	Singapore	–	100.0	2
Sime Darby Asset Management (Australia) Pty Ltd	Australia	–	–	4
Others – Subsidiary				
Sime Darby Technologies Holdings Pte Ltd	Malaysia	–	100.0	1

Notes:
1 - audited by PricewaterhouseCoopers, Malaysia
2 - audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers, Malaysia
3 - audited by firms other than member firms of PricewaterhouseCoopers International Limited
4 - no legal requirement to appoint auditors
5 - appointment of auditors to be finalised in the next financial year for newly incorporated subsidiaries
+ - notwithstanding the Group holds more than 50% equity interest in Sime Darby TNBES Renewable Energy Sdn Bhd, the investment is classified as joint venture (and not subsidiary) as significant decisions require unanimous consent from all its shareholders
* - notwithstanding the Group holds more than 20% equity interest in BMW Malaysia Sdn Bhd, the investment is classified as available-for-sale investment (and not associate) due to the Group's restricted influence pursuant to the shareholders' agreement
@ - Yayasan Sime Darby is a company without share capital, limited by guarantee
^ - Amalgamated into New Britain Palm Oil Limited pursuant to the Companies Act, 1997 of Papua New Guinea
# - Amalgamated into Sime Darby Commercial (NZ) Limited pursuant to the Companies Act, 1993 of New Zealand

63 Material Events After the Reporting Period

Material events after the reporting period are as follows:

a. Proposed internal restructuring, distribution and listing (Proposal)

On 27 February 2017, the Board of Directors proposed to create three standalone listed entities which will be pure-plays in the plantation, property and trading and logistics sectors on the Main Market of Bursa Malaysia Securities Berhad. On 24 August 2017, the Board of Directors approved the final terms of the Proposal and the details are as follows:

1. Proposed Internal Restructuring

The Proposed Internal Restructuring involves the following:

1.1 Restructuring of the borrowings of the Group

On 23 August 2017, the Company has completed the early redemption of the outstanding Islamic Medium Term Notes (IMTN) of RM700 million. The Company propose to novate its RM4.5 billion IMTN Programme to Sime Darby Property Berhad (SD Property).

1.2 Transfer of assets within the Group

Kumpulan Sime Darby Bhd (KSDB), a wholly-owned subsidiary of the Company and SD Property have entered into separate sale and purchase agreements with SD Plantation on 7 June 2017 and 9 June 2017 to acquire 8,793 acres and 1,944 acres of the land located in Labu, Seremban for a purchase consideration of RM2.5 billion and RM713 million, respectively. The land are earmarked for the Malaysia Vision Valley project (MVV Land).

The acquisition by KSDB was completed on 30 June 2017 whilst the acquisition by SD Property is expected to be completed by the 4th quarter of 2017.

Pending the commencement of development on the MVV Land, SD Plantation will manage the estates on the MVV Land via tenancy agreements with KSDB and SD Property respectively.

1.3 Redemption of redeemable preference shares (RPS)

It is also proposed for SD Property to redeem all the 1,405,496,300 RPS held by Sime Darby Berhad for RM1,405.5 million (Proposed RPS Redemption) to be satisfied via the issuance of 1,405,496,300 new ordinary shares in SD Property at an issue price of RM1.00 each.

The Proposed RPS Redemption will be effected before the Proposed Distribution.

1.4 Settlement of non-trade related inter-company balances (Proposed Settlement)

The net inter-company non-trade related amount owing by SD Plantation and SD Property to the Sime Darby Group will be settled inter alia through a proposed capitalisation before the implementation of the Proposed Share Split. After the Proposed Capitalisation, SD Property shares will increase to 6,800,839,377 ordinary shares (SD Property Shares).

1.5 Proposed Share Split

Upon completion of the proposed capitalisation, the issued share capital of SD Plantation is proposed to be subdivided into 6,800,839,377 ordinary shares (SD Plantation Shares) such that it will have the same number of issued shares as the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017 (continued)
Amounts in RM million unless otherwise stated

63 Material Events After the Reporting Period (continued)

Material events after the reporting period are as follows: (continued)

a. Proposed internal restructuring, distribution and listing (Proposal) (continued)

2. Proposed Distribution

   Following the completion of the Proposed Internal Restructuring, the Company will distribute the Company's entire shareholdings in SD Plantation and SD Property on the basis of 1 SD Plantation Share and 1 SD Property Share for every 1 Sime Darby share, out of distributable reserves, to the shareholders of the Company whose names appear in the Company's Record of Depositors on an entitlement date to be determined by the Board after the receipt of all relevant approvals (Entitlement Date) (Entitled Shareholders).

   Upon completion of the Proposed Distribution, the Company will cease to be the shareholder of SD Plantation and SD Property and the Entitled Shareholders will hold directly such number of SD Plantation Shares and SD Property Shares in the same proportion as their shareholdings in Sime Darby Berhad as at the Entitlement Date.

3. Proposed Listing

   Following the Proposed Distribution, SD Plantation and SD Property will seek admission into the Official List of Bursa Securities and the listing of and quotation for their entire enlarged issued share capital on the Main Market of Bursa Securities.

Upon completion of the proposal, there will be 3 separate and independent listed entities with distinct businesses with SD Plantation and SD Property undertaking the current plantation and property businesses, while Sime Darby will undertake the trading comprising motors and industrial, logistics, and other businesses comprising of healthcare, insurance and other investments.

b. Disposal of 40% equity interest in Seriemas Development Sdn Bhd

On 31 July 2017, Sime Darby Property Berhad entered into a Share Sale Agreement (SSA) with PNB Development Sdn Bhd for the disposal of its entire 40% equity interest in Seriemas Development Sdn Bhd for a total cash consideration of RM625 million. The disposal is expected to complete within 3 months from the date of the SSA.

c. Disposal of property, plant and equipment

On 31 July 2017, the Group entered into a sales agreement to dispose three properties in Australia for a total consideration of AUD106 million (equivalent to RM348 million). The disposal was completed on 4 August 2017. Following the completion of the disposal, the Group will lease back the properties over a twenty years initial lease period with a total initial lease commitment of AUD185 million (equivalent to RM609 million).

64 Approval of Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 6 September 2017.

SUPPLEMENTARY INFORMATION

65 Supplementary Information

The breakdowns of realised and unrealised retained profits of the Group and of the Company as at 30 June 2017 as set out below have been prepared pursuant to the directive issued by Bursa Malaysia Securities Berhad and have been prepared in accordance with the Guidance on Special Matter No. 1 (GSM1), Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2017	**2016**	**2017**	**2016**
Total retained profits of the Company and its subsidiaries				
- realised	**31,663**	31,980	**7,968**	8,434
- unrealised	**5,305**	5,108	**(3)**	4
	36,968	37,088	**7,965**	8,438
Total share of retained profits from joint ventures				
- realised	**195**	(74)	**-**	–
- unrealised	**(1)**	28	**-**	–
	194	(46)	**-**	–
Total share of retained profits from associates				
- realised	**125**	266	**-**	–
- unrealised	**(14)**	(30)	**-**	–
	111	236	**-**	–
Less: consolidation adjustments	**(10,577)**	(11,272)	**-**	–
Total retained profits	**26,696**	26,006	**7,965**	8,438

In arriving at the unrealised profits, the following which are deemed in the GSM1 as unrealised, are included:

a. credits or charges relating to the recognition of deferred tax;
b. cumulative net gains (but not net losses) from the remeasurement of assets or liabilities at fair value through profit or loss;
c. provision of liabilities in respect of present obligations where resources are only consumed upon settlement of the obligation; and
d. translation gains or losses of monetary items denominated in a currency other than the functional currency.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting (AGM) of Sime Darby Berhad (Sime Darby or Company) will be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Monday, 20 November 2017 at 10.00 a.m. for the following businesses:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and the Auditors thereon.
Refer to Explanatory Note 1

2. To declare a final single tier dividend of 17.0 sen per ordinary share for the financial year ended 30 June 2017. **(Resolution 1)**
Refer to Explanatory Note 2

3. To approve the payment of Directors' remuneration to the Non-Executive Directors as disclosed in the Audited Financial Statements for the financial year ended 30 June 2017. **(Resolution 2)**
Refer to Explanatory Note 3

4. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors based on the remuneration structure as disclosed in Explanatory Note 4 for the period from 1 July 2017 until the next AGM of the Company to be held in 2018. **(Resolution 3)**
Refer to Explanatory Note 4

5. To re-elect the following Directors who retire pursuant to Article 99 of the Articles of Association of the Company and who being eligible, offer themselves for re-election:

(i) Tan Sri Samsudin Osman **(Resolution 4)**
(ii) Dato Sri Lim Haw Kuang **(Resolution 5)**
(iii) Dato' Rohana Tan Sri Mahmood **(Resolution 6)**
Refer to Explanatory Note 5

6. To appoint Messrs PricewaterhouseCoopers as Auditors of the Company for the financial year ending 30 June 2018 and to authorise the Directors to determine their remuneration. **(Resolution 7)**
Refer to Explanatory Note 6

AS SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following Special Resolution:

Proposed Adoption of the New Constitution of the Company

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 24 October 2017 accompanying the Company's Annual Report 2017 for the financial year ended 30 June 2017 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." **(Resolution 8)**
Refer to Explanatory Note 7

8. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 2016 and the Articles of Association of the Company.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Eleventh Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 56 of the Articles of Association of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 7 November 2017. Only a depositor whose name appears on the Record of Depositors as at 7 November 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Notice of Book Closure and Notice of Dividend Entitlement and Payment

NOTICE IS ALSO HEREBY GIVEN THAT a final single tier dividend of 17.0 sen per ordinary share in respect of the financial year ended 30 June 2017 (Dividend) under Resolution 1, if approved by the shareholders at the Eleventh Annual General Meeting of the Company, will be paid on 20 December 2017 to shareholders whose names appear in the Record of Depositors as at the close of business on 6 December 2017.

A Depositor shall qualify for entitlement to the Dividend only in respect of:

(i) shares deposited into the depositor's securities account before 12.30 p.m. on 4 December 2017 in respect of shares which are exempted from mandatory deposit;

(ii) shares transferred into the depositor's securities account before 4.00 p.m. on 6 December 2017 in respect of transfers; and

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

By Order of the Board

Norzilah Megawati Abdul Rahman (LS0009247)
Mazlina Mohd Zain (LS0008287)
Company Secretaries

Kuala Lumpur, Malaysia
24 October 2017

NOTES:

Proxy and/or Authorised Representative

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend, participate, speak and vote at the Meeting on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may, but need not, be a Member of the Company.

2. A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person.

3. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the Eleventh Annual General Meeting (AGM) of the Company shall be put to vote by way of a poll.

4. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.

NOTICE OF ANNUAL GENERAL MEETING

5. Where a Member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.

6. The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised. Any alteration to the instrument appointing a proxy must be initialled.

7. The Form of Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia before 12.00 p.m. on 19 November 2017 or not less than 24 hours before the time appointed for the taking of the poll at the Eleventh AGM, whichever is the later.

Explanatory Notes

1. Audited Financial Statements for the Financial Year Ended 30 June 2017

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 (CA 2016) for discussion only. The Audited Financial Statements do not require shareholders' approval and as such, will not be put forward for voting to be formally approved by the shareholders.

2. Resolution 1 - Declaration of a Final Single Tier Dividend

With reference to Section 131 of CA 2016, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. On 24 August 2017, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 20 December 2017 in accordance with the requirements under Sections 132(2) and (3) of CA 2016.

3. Resolution 2 - Payment of Directors' Remuneration to the Non-Executive Directors for the Financial Year Ended 30 June 2017

In 2014, a review of the Non-Executive Directors' (NED) remuneration was conducted by an external consultant to ascertain the competitiveness of the Directors' remuneration having regard to various internal factors such as internal operational dynamics and complexities, and external challenges such as changes in competitor activity and new market segments. The following remuneration structure has been adopted since 2014:

Board/Board Committee	Chairman (RM/Year)	Deputy Chairman (RM/Year)	Member (RM/Year)
Board	600,000	250,000	180,000[1] 360,000[2]
Board Committees	40,000	Not Applicable	30,000

Notes:
[1] Fee for Resident Director
[2] Fee for Non-Resident Director

The Board has, at its meeting held in September 2017, approved for the Directors' fees to remain unchanged for the financial year ended 30 June 2017 in accordance with the remuneration structure as set out above.

The main benefit accorded to the NEDs of the Company is company cars. Other key benefit items provided to the NEDs of the Company include petrol claims, telecommunication devices/facilities, meeting allowances, club memberships, medical and insurance coverage and discounts on purchases of Group/companies products.

Article 79(1) of the Articles of Association of the Company (AA) provides that the remuneration of the NEDs shall be determined by the Company by an ordinary resolution at a general meeting.

Please refer to page 205 of the Notes to the Financial Statements for the amount of Directors' Remuneration at the Sime Darby and the Group levels, to be approved at this Eleventh Annual General Meeting (AGM) comprising fees and benefits amounting to RM6.2 million. The remuneration of each Director is set out in the Statement on Corporate Governance on page 119 of the Company's Annual Report 2017.

4. Resolution 3 - Payment of Directors' Remuneration (excluding Directors' fees) to the Non-Executive Directors for the period from 1 July 2017 until the next AGM of the Company to be held in 2018

Pursuant to Section 230 of CA 2016 which came into force on 31 January 2017, any fees and benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The Company is seeking shareholders' approval on the benefits/emoluments payable to the NEDs for the period commencing 1 July 2017 until the next AGM to be held in 2018 in accordance with the remuneration (excluding Directors' fees) structure set out below, as and when incurred:

Description	Company	Amount
Meeting allowance	• Sime Darby Unimills B.V. • Sime Darby Hudson & Knight (Proprietary) Limited • PT Minamas Gemilang/PT Anugerah Sumbermakmur (i) Board of Commissioners (BOC) (ii) BOC Committee	€800 per meeting ZAR800 per meeting RM1,000 per day RM1,000 per day
Discount on purchase of Group/Company products by NEDs on terms not more favourable than those given to the public/employees.		
Other Benefits	• Company car, petrol and driver for Non-Executive Chairman • Company car and petrol for NEDs • Telecommunication devices/facilities, club memberships, medical and insurance coverage.	

5. Resolutions 4 to 6 - Re-election of Directors Pursuant to Article 99 of the AA

Article 99 of the AA expressly states that at every AGM, at least one-third (1/3) of the Directors for the time being shall retire from office at each annual general meeting. A Director retiring at a meeting shall retain office until the conclusion of the meeting. In addition, Article 100 of the AA states that all Directors shall retire from office at least once every three (3) years. A retiring Director shall be eligible for re-election.

Tan Sri Samsudin Osman, Dato Sri Lim Haw Kuang and Dato' Rohana Tan Sri Mahmood being eligible, have offered themselves for re-election at the Eleventh AGM pursuant to Article 100 of the AA.

The Board recommends the re-election of the Directors standing for re-election. Key contributions of the Directors seeking re-election are provided in the Nomination & Remuneration Committee (NRC) Report on pages 130 to 135 of the Company's Annual Report 2017. All Directors standing for re-election have abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant NRC and Board meetings and will continue to abstain from deliberations and decisions on their own eligibility to stand for re-election at this AGM.

Tan Sri Dato' Seri Mohd Bakke Salleh has informed the Board in writing of his intention to retire as an Executive Director and therefore will not be seeking re-election at the AGM. Hence, he will retain office until the conclusion of this AGM in accordance with Article 99 of the AA.

NOTICE OF ANNUAL GENERAL MEETING

The Board has conducted an assessment of the independence of the Independent NEDs seeking re-election at this AGM, namely Dato Sri Lim Haw Kuang and Dato' Rohana Tan Sri Mahmood based on the criteria set by the Company and guided by the definition of "Independent Director" as prescribed by the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities), the Malaysian Code on Corporate Governance 2012 and Corporate Governance Guide 2nd Edition. The Board is satisfied that Dato Sri Lim Haw Kuang and Dato' Rohana Tan Sri Mahmood and the other Independent Directors have maintained their independence in the financial year ended 30 June 2017.

6. Resolution 7 - Re-appointment of Auditors

The Governance & Audit Committee (GAC) at its meeting held on 18 September 2017 undertook the annual assessment of the suitability and effectiveness of the external audit process, and the performance, suitability and independence of the external auditors, PricewaterhouseCoopers (PwC). The following factors were taken into consideration:

(i) Dissemination of information about policies and processes for maintaining independence, objectivity and the monitoring of PwC's compliance with professional ethical standards;

(ii) Communication of audit strategy and current development in relation to accounting and auditing standards relevant to the Group's financial statements and the potential impact on the audit;

(iii) Timeliness and quality of communication with regard to significant audit, accounting, related risks and control weaknesses and recommendations as well as effective use of meetings with the GAC without management presence;

(iv) Competency in the coordination of resources and technical knowledge, and expertise in managing its engagement; and

(v) Reasonableness of the audit fees charged.

The GAC was satisfied with the suitability of PwC based on the quality of audit, performance, competency and sufficiency of resources that the external audit team had provided to the Sime Darby Group as prescribed under Paragraph 15.21 of the MMLR.

The Board at its meeting held on 27 September 2017 approved the GAC's recommendation that shareholders' approval be sought at the Eleventh AGM on the appointment of PwC as external auditors of the Company for the financial year ending 30 June 2018, under Resolution 7. The present external auditors, PwC, have indicated their willingness to continue their services for the next financial year.

Explanatory Notes on Special Business

7. Resolution 8 - Proposed Adoption of the New Constitution of the Company

The proposed Resolution 8, if passed, will bring the Company's Constitution in line with the enforcement of CA 2016 and will enhance administrative efficiency. The proposed new Constitution is set out in the Circular to Shareholders dated 24 October 2017 accompanying the Company's Annual Report 2017.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The profile of the Directors who are standing for re-election (as per Resolutions 4 to 6 as stated above) at the Eleventh Annual General Meeting of Sime Darby Berhad are set out in the "Profile of Directors" section on pages 98 to 102 of the Company's Annual Report 2017.

The details of any interest in securities held by the said Directors are set out in the "Directors' Report" section on page156 of the Company's Annual Report 2017.

ANALYSIS OF SHAREHOLDINGS

As at 13 September 2017

Share Capital and Number of Issued Shares	:	RM3,400,419,688.50 comprising 6,800,839,377 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share in the case of a poll and one vote per person on a show of hands

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	2,637	9.71	70,635	0.00
100 to 1,000	6,297	23.19	3,830,652	0.06
1,001 to 10,000	13,187	48.57	43,488,615	0.64
10,001 to 100,000	3,809	14.03	106,207,846	1.56
100,001 to less than 5% of issued capital	1,215	4.48	2,420,715,697	35.59
5% and above of issued capital	4	0.02	4,226,525,932	62.15
Total	**27,149**	**100.00**	**6,800,839,377**	**100.00**

Classification of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Individuals	21,642	79.71	138,703,971	2.04
Banks/Finance Companies	107	0.39	4,189,218,374	61.60
Investment Trusts/Foundations/ Charities	21	0.08	556,956	0.01
Industrial and Commercial Companies	621	2.29	94,109,921	1.38
Government Agencies/Institutions	6	0.02	4,094,952	0.06
Nominees	4,750	17.50	2,374,049,928	34.91
Others	2	0.01	105,275	0.00
Total	**27,149**	**100.00**	**6,800,839,377**	**100.00**

Directors' Direct and Indirect Interests in the Company and its Related Corporations

Save as disclosed in the Directors' Report of the Financial Statements as set out on page 156, none of the Directors of the Company has any interest, direct or indirect, in shares in the Company or in shares, debentures or participatory interest made available by a related corporation.

ANALYSIS OF SHAREHOLDINGS

30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

No	Name of Shareholder	No. of Shares Held	% of Issued Capital
1	AmanahRaya Trustees Berhad Qualifier: Amanah Saham Bumiputera	2,792,970,675	41.07
2	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board	659,933,310	9.70
3	Permodalan Nasional Berhad	408,397,392	6.00
4	Kumpulan Wang Persaraan (Diperbadankan)	365,224,555	5.37
5	AmanahRaya Trustees Berhad Qualifier: Amanah Saham Wawasan 2020	124,000,000	1.82
6	AmanahRaya Trustees Berhad Qualifier: Amanah Saham Malaysia	105,123,800	1.55
7	Cartaban Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for State Street Bank & Trust Company (West CLT OD67)	71,824,801	1.06
8	Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	64,297,549	0.95
9	HSBC Nominees (Asing) Sdn Bhd Qualifier: BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	61,801,713	0.91
10	ValueCAP Sdn Bhd	60,000,000	0.88
11	Cartaban Nominees (Tempatan) Sdn Bhd Qualifier: PAMB for Prulink Equity Fund	51,441,427	0.76
12	Maybank Securities Nominees (Tempatan) Sdn Bhd Qualifier: Malayan Banking Berhad for Lembaga Kemajuan Tanah Persekutuan (FELDA)	47,000,000	0.69
13	HSBC Nominees (Asing) Sdn Bhd Qualifier: JPMCB NA for Vanguard Total International Stock Index Fund	46,096,957	0.68
14	AmanahRaya Trustees Berhad Qualifier: AS 1Malaysia	42,303,437	0.62
15	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board (NOMURA)	40,462,700	0.59
16	AmanahRaya Trustees Berhad Qualifier: Amanah Saham Bumiputera 2	40,314,100	0.59

30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS (CONTINUED)

No	Name of Shareholder	No. of Shares Held	% of Issued Capital
17	AMSEC Nominees (Tempatan) Sdn Bhd Qualifier: MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	37,543,103	0.55
18	Cartaban Nominees (Asing) Sdn Bhd Qualifier: GIC Private Limited for Government of Singapore (C)	36,288,941	0.53
19	Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	36,272,700	0.53
20	AmanahRaya Trustees Berhad Qualifier: Amanah Saham Didik	35,350,000	0.52
21	AmanahRaya Trustees Berhad Qualifier: Public Islamic Dividend Fund	34,183,763	0.50
22	Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	33,346,216	0.49
23	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Exempt AN for AIA Bhd	31,043,705	0.46
24	AmanahRaya Trustees Berhad Qualifier: Public Islamic Select Enterprises Fund	26,380,004	0.39
25	Maybank Securities Nominees (Tempatan) Sdn Bhd Qualifier: Malayan Banking Berhad for Lembaga Kemajuan Tanah Persekutuan (FELDA 2)	25,000,000	0.37
26	AmanahRaya Trustees Berhad Qualifier: Public Ittikal Sequel Fund	23,956,987	0.35
27	HSBC Nominees (Asing) Sdn Bhd Qualifier: JPMCB NA for JPMorgan Asean Fund (BK EastAsia TST)	19,512,414	0.29
28	Citigroup Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for Citibank New York (Norges Bank 14)	18,437,392	0.27
29	AmanahRaya Trustees Berhad Qualifier: Public Islamic Equity Fund	18,055,029	0.27
30	Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	17,550,102	0.26
	Total	**5,374,112,772**	**79.02**

ANALYSIS OF SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No	Name of Substantial Shareholder	No. of Shares Held (Direct Interest)	% of Issued Capital	No. of Shares Held (Indirect/Deemed Interest)	% of Issued Capital
1	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	2,790,525,275	41.03	-	-
2	Employees Provident Fund Board	665,783,410	9.79	84,562,421	1.24
3	Permodalan Nasional Berhad	410,897,392	6.04	-	-
4	Yayasan Pelaburan Bumiputra[1]	-	-	410,897,392	6.04
5	Kumpulan Wang Persaraan (Diperbadankan)	364,986,555	5.37	27,322,918	0.40

Note:
[1] Deemed interest by virtue of its interest in Permodalan Nasional Berhad pursuant to Section 8(4) of the Companies Act, 2016.

ADDITIONAL COMPLIANCE INFORMATION

Information pertaining to Sime Darby Berhad (Sime Darby or Company) and Group for the financial year under review is as follows:

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

At the Extraordinary General Meeting of the Company held on 30 September 2016, the shareholders approved the placement of new ordinary shares in the Company of up to 5% of the existing issued and paid-up share capital of the Company (Placement). The Placement was completed on 14 October 2016 following the listing and quotation of 316,353,600 ordinary shares of Sime Darby on the Main Market of Bursa Malaysia Securities Berhad on 14 October 2016.

As at 30 June 2017, the utilisation of the proceeds raised from the Placement is as follows:

Purpose	Proposed Utilisation (RM million)	Actual Utilisation (RM million)	Amount yet to be Utilised (RM million)	Estimated Timeframe for Full Utilisation
Repayment of borrowings	1,200	1,200	-	-
Capital expenditure for the plantation, motors and property businesses	950	717	233	Within 12 months from 14 October 2016, being the date of listing of the shares
Working capital	195	195	-	-
Placement expenses	12	12	-	-
	2,357	2,124	233	

AUDIT AND NON-AUDIT FEES

(i) The amount of audit fees paid or payable to the external auditors, Messrs PricewaterhouseCoopers (PwC), for services rendered to the Group and the Company for the financial year ended 30 June 2017 amounted to RM31 million and RM1 million, respectively.

(ii) The amount of non-audit fees paid or payable to the external auditors, PwC, and their affiliated companies for services rendered to the Group and the Company for the financial year ended 30 June 2017 amounted to RM11 million and RM1 million, respectively.

MATERIAL CONTRACTS INVOLVING INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

The material contracts entered into by the Company and its subsidiaries involving Directors' and Major Shareholders' interests since the end of the previous financial year are as follows:

1. Acquisition of the Assets of Yong Peng Realty Sdn Bhd and Perusahaan Minyak Sawit Bintang Sendirian Berhad

   Sime Darby Plantation Berhad (SD Plantation), a wholly-owned subsidiary of Sime Darby, has on 5 October 2016, entered into the following agreements with the following parties:

   (i) Business Asset Purchase Agreement with Yong Peng Realty Sdn Bhd (YPR) for the acquisition of two (2) estates known as Talisman Estate and Lian Seng Estate comprising 198 parcels of lands measuring approximately 768.5 hectares (including buildings thereon which includes the workers' quarters) together with mobile equipment and vehicles, free from all encumbrances and with full legal and beneficial title and with all rights attaching thereto, for a cash consideration of RM77.6 million (YPR Assets).

ADDITIONAL COMPLIANCE INFORMATION

The details of the Talisman Estate and Lian Seng Estate are as follows:

	Talisman Estate	Lian Seng Estate
Registered owner	YPR	
Location	Mukim of Niyor, in the District of Kluang, Johor	Mukim of Chaah, District of Batu Pahat, Johor
Tenure of land	Freehold	
Description and existing use of land	Oil palm plantation	
Title area (hectares)	434.6	333.9
Planted area (hectares)	427.1	325.5
Matured area (hectares) [1]	187.9	325.5
Production of fresh fruit bunch:		
- Year 2013 (Metric Tonnes)	8,108.8	7,650.6
- Year 2014 (Metric Tonnes)	6,084.7	6,913.0
- Year 2015 (Metric Tonnes)	5,168.3	5,952.4

Note:
[1] *Matured area includes trees aged between 3 to 25 years old.*

(ii) Business Asset Purchase Agreement with Perusahaan Minyak Sawit Bintang Sendirian Berhad (PMSB) for the acquisition of a palm oil mill known as Bintang Palm Oil Mill, workers' quarters and ancillary buildings built on four (4) parcels of lands measuring approximately 8.1063 hectares as well as machinery and equipment, and mobile equipment and vehicles, free from all encumbrances and with full legal and beneficial title and with all rights attaching thereto, for a cash consideration of RM29.09 million (PMSB Assets).

(The acquisitions of YPR Assets and PMSB Assets are collectively referred to as the "Acquisitions")

YPR is an indirect wholly-owned subsidiary of I&P Group Sdn Berhad (I&P). The principal activities of YPR are cultivating and marketing of oil palm fruits.

PMSB is an indirect wholly-owned subsidiary of I&P. The principal activity of PMSB is processing of palm oil.

I&P is a 54.99%-owned subsidiary of Permodalan Nasional Berhad (PNB). AmanahRaya Trustees Berhad – Amanah Saham Bumiputera (ASB) holds 45.00% interest in I&P. I&P is an investment holding company.

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby holding 6.239% equity interest in Sime Darby as at 30 September 2016. In addition, PNB is also a major shareholder and holding company of I&P. Accordingly, PNB is deemed interested in the Acquisitions.

ASB is a major shareholder and also the largest shareholder of Sime Darby, holding 42.552% equity interest in Sime Darby as at 30 September 2016. In addition, ASB is also a major shareholder of I&P. Accordingly, ASB is deemed interested in the Acquisitions.

Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah is a Non-Independent Non-Executive Director and the Deputy Chairman of Sime Darby. He is a Director of PNB and representative of PNB on the Board of Sime Darby. As at the date of the transaction, Tan Sri Datuk Dr Yusof Basiran, Bapak Muhammad Lutfi, Datuk Dr Mohd Daud Bakar and Encik Zainal Abidin Jamal are Non-Independent Non-Executive Directors of Sime Darby and representatives of PNB on the Board of Sime Darby.

As such, Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah, Tan Sri Datuk Dr Yusof Basiran, Bapak Muhammad Lutfi, Datuk Dr Mohd Daud Bakar and Encik Zainal Abidin Jamal are deemed interested in the Acquisitions and have abstained and will continue to abstain from deliberating and voting on the Acquisitions at the relevant meetings of the Board of Sime Darby.

2. Disposal of Freehold Land in Glengowrie Estate measuring approximately 805 acres

The Glengowrie Rubber Company Sdn Berhad (GRC), an indirect subsidiary of Sime Darby, has on 5 October 2016, entered into Sale and Purchase Agreements with Petaling Garden Sdn Bhd (PGSB) for the following:

(i) Disposal of approximately 403 acres of land owned by GRC (Parcel A) to PGSB for a cash consideration of RM209,427,332.40; and

(ii) Disposal of approximately 402 acres of land owned by GRC (Parcel B) to PGSB for a cash consideration of RM219,414,333.60.

(collectively referred to as the "Disposal")

(Parcel A and Parcel B are collectively referred to as the "Glengowrie Land")

Sime Darby holds an effective 93.3% indirect equity interest in GRC, as follows:

(i) GRC is a 78.7%-owned subsidiary of Sime Darby Property Berhad, which is in turn, a wholly-owned subsidiary of Sime Darby; and

(ii) Sime Darby Plantation Berhad, a wholly-owned subsidiary of Sime Darby, holds an effective 14.6% indirect equity interest in GRC via its 83.9% equity interest in Chermang Development (Malaya) Sdn Bhd (CDM). CDM holds 17.4% equity interest in GRC.

The principal activity of GRC is property investment and property development. GRC is the legal and beneficial owner of the Glengowrie Land and a separate Lot 938, also located at Mukim Beranang, District of Hulu Langat, Selangor Darul Ehsan.

PGSB is a wholly-owned subsidiary of I&P Group Sdn Berhad (I&P). The principal activities of PGSB are property development and investment holding. I&P is a 54.99%-owned subsidiary of Permodalan Nasional Berhad (PNB). AmanahRaya Trustees Berhad – Amanah Saham Bumiputera (ASB) holds 45.00% equity interest in I&P. I&P is an investment holding company.

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby holding 6.239% equity interest in Sime Darby as at 30 September 2016. In addition, PNB is also a major shareholder and holding company of I&P. Accordingly, PNB is deemed interested in the Disposal.

ASB is a major shareholder and also the largest shareholder of Sime Darby holding 42.552% equity interest in Sime Darby as at 30 September 2016. In addition, ASB is also a major shareholder of I&P. Accordingly, ASB is deemed interested in the Disposal.

Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah is a Non-Independent Non-Executive Director and the Deputy Chairman of Sime Darby. He is a Director of PNB and representative of PNB on the Board of Sime Darby. As at the date of the transaction, Tan Sri Datuk Dr Yusof Basiran, Bapak Muhammad Lutfi, Datuk Dr Mohd Daud Bakar and Encik Zainal Abidin Jamal are Non-Independent Non-Executive Directors of Sime Darby and representatives of PNB on the Board of Sime Darby.

As such, Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah, Tan Sri Datuk Dr Yusof Basiran, Bapak Muhammad Lutfi, Datuk Dr Mohd Daud Bakar and Encik Zainal Abidin Jamal are deemed interested in the Disposal and have abstained and will continue to abstain from deliberating and voting on the Disposal at the relevant meetings of the Board of Sime Darby.

3. Disposal of Freehold Land in New Lunderston Estate

Sime Darby Builders Sdn Bhd (SDBSB), an indirect wholly-owned subsidiary of Sime Darby, has on 29 June 2017, entered into a Sale and Purchase Agreement with PNB Development Sdn Berhad (PNBD) for the disposal of approximately 297.51 acres of land (Land) by SDBSB to PNBD for a cash consideration of RM85,533,000 (Disposal).

SDBSB is a wholly-owned subsidiary of Sime Darby Property Berhad, which is in turn, a wholly-owned subsidiary of Sime Darby. The principal activities of SDBSB are property development and construction. SDBSB is the beneficial owner of the Land.

ADDITIONAL COMPLIANCE INFORMATION

PNBD is a wholly-owned subsidiary of Permodalan Nasional Berhad (PNB). The principal activity of PNBD is investment holding.

PNB is a person connected with AmanahRaya Trustees Berhad – Amanah Saham Bumiputera (ASB) and is a substantial shareholder of Sime Darby holding 6.057% equity interest in Sime Darby as at 23 June 2017. In addition, PNB holds 100% equity interest in PNBD. Accordingly, PNB is deemed interested in the Disposal.

ASB is a major shareholder and also the largest shareholder of Sime Darby holding 40.870% equity interest in Sime Darby as at 23 June 2017. Accordingly, ASB is deemed interested in the Disposal.

Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah is a Non-Independent Non-Executive Director and the Deputy Chairman of Sime Darby. He is a Director of PNB and representative of PNB on the Board of Sime Darby. As at the date of the transaction, Tan Sri Datuk Dr Yusof Basiran, Bapak Muhammad Lutfi, Datuk Dr Mohd Daud Bakar and Encik Zainal Abidin Jamal are Non-Independent Non-Executive Directors of Sime Darby and representatives of PNB on the Board of Sime Darby.

As such, Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah, Tan Sri Datuk Dr Yusof Basiran, Bapak Muhammad Lutfi, Datuk Dr Mohd Daud Bakar and Encik Zainal Abidin Jamal are deemed interested in the Disposal and have abstained and will continue to abstain from deliberating and voting pertaining to the Disposal at the relevant meetings of the Board of Sime Darby.

CONTRACTS RELATING TO LOANS

There were no contracts relating to loans by the Company involving interests of Directors and Major Shareholders during the financial year ended 30 June 2017.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Tenth Annual General Meeting (AGM) held on 2 November 2016, Sime Darby obtained a general mandate from its shareholders for recurrent related party transactions of a revenue or trading nature, to be entered into by its subsidiaries (RRPT Mandate).

The RRPT Mandate is valid until the conclusion of the forthcoming Eleventh AGM of the Company to be held on 20 November 2017.

The Company will not be seeking a renewal of the RRPT Mandate at the forthcoming Eleventh AGM of the Company.

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the recurrent related party transactions of a revenue or trading nature entered into during the financial year ended 30 June 2017 by the subsidiaries of Sime Darby are as follows:

Company	Transacting Party	Nature of Transaction	Related Party	Value of Transaction (RM million)
Sime Darby Brunsfield Damansara Sdn Bhd and Sime Darby Brunsfield Resort Sdn Bhd (Subsidiaries of Sime Darby Brunsfield Holding Sdn Bhd (SDBH)	Brunsfield Engineering Sdn Bhd (BESB)	Building contract for the design and build as well as certain service provider components of SDBH's property development projects (Oasis Corporate Park, Oasis AutoNexus, Oasis Rio, ALYA Senada, ALYA Parcel A & B, Oasis Ky'la, and Oasis Tower)	Interested Directors and Major Shareholders Tan Sri Dato' Dr Ir Gan Thian Leong[(1)] Encik Mohamad Hassan Zakaria[(2)] (Alternate to Tan Sri Dato' Dr Ir Gan Thian Leong) Person Connected with Interested Director Mr Gan Tien Chie[(3)]	265
Superglade Sdn Bhd (Subsidiary of SDBH)	BESB	Consultancy services for the Malaysia Vision Valley project	Interested Directors and Major Shareholders Tan Sri Dato' Dr Ir Gan Thian Leong[(1)] Encik Mohamad Hassan Zakaria[(2)] (Alternate to Tan Sri Dato' Dr Ir Gan Thian Leong) Person Connected with Interested Director Mr Gan Tien Chie[(3)]	0

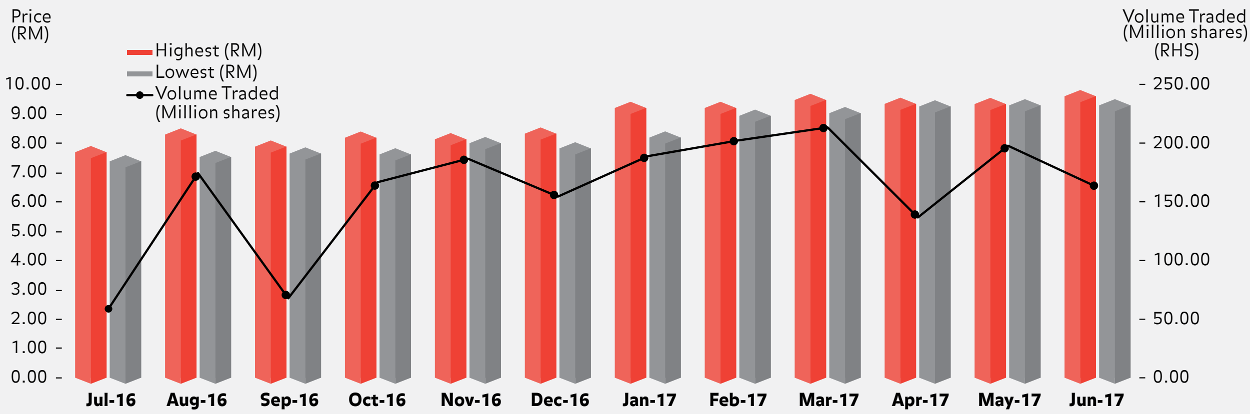
Notes:

(1) Tan Sri Dato' Dr Ir Gan Thian Leong is a Director and an indirect Major Shareholder of SDBH, holding an effective interest of 19.2% in SDBH by virtue of his effective interest of 48% shareholding in Brunsfield Metropolitan Sdn Bhd (BMSB), a Major Shareholder of SDBH pursuant to Section 8 of the Companies Act, 2016 (CA 2016). He also holds an effective interest of 43.2% in BESB.

(2) Encik Mohamad Hassan Zakaria is an Alternate Director to Tan Sri Dato' Dr Ir Gan Thian Leong and an indirect Major Shareholder of SDBH, holding an effective interest of 20.8% in SDBH by virtue of his effective interest of 52% shareholding in BMSB, a Major Shareholder of SDBH pursuant to Section 8 of CA 2016. He also holds an effective interest of 41.6% in BESB.

(3) Mr Gan Tien Chie is a Director of SDBH and its group of companies. He is a person connected (brother) with Tan Sri Dato' Dr Ir Gan Thian Leong, who has an effective interest of 19.2% in SDBH.

SHARE PRICE MOVEMENT & FINANCIAL CALENDAR



	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Highest (RM)	7.68	8.26	7.90	8.19	8.31	8.15	9.23	9.21	9.50	9.34	9.34	9.62
Lowest (RM)	7.41	7.51	7.65	7.61	7.85	8.03	8.19	8.94	9.04	9.25	9.30	9.32
Volume Traded (Million shares)	58.47	174.70	68.19	166.83	187.39	154.68	188.67	202.73	214.12	137.29	197.93	162.57

FINANCIAL CALENDAR
For the Financial Year ended 30 June 2017

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS

1st Quarter ended 30 September 2016	:	25 November 2016
2nd Quarter ended 31 December 2016	:	27 February 2017
3rd Quarter ended 31 March 2017	:	31 May 2017
4th Quarter ended 30 June 2017	:	25 August 2017

DIVIDENDS

Interim Single Tier Dividend of 6.0 sen Per Ordinary Share

Announcement of the Notice of Entitlement and Payment	:	27 February 2017
Date of Entitlement	:	21 April 2017
Date of Payment	:	5 May 2017

Final Single Tier Dividend of 17.0 sen Per Ordinary Share

Announcement of the Notice of Entitlement and Payment	:	23 October 2017
Date of Entitlement	:	6 December 2017
Date of Payment	:	20 December 2017

11th ANNUAL GENERAL MEETING

Notice Date	:	24 October 2017
Meeting Date	:	20 November 2017

PROPERTIES OF THE GROUP

As at 30 June 2017

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)+	Description	Net book value (RM million)
PLANTATION PROPERTIES UPSTREAM						
Malaysia						
Kedah Darul Aman						
Anak Kulim, Bukit Hijau, Bukit Selarong, Jentayu, Padang Buluh, Somme, Sungai Dingin	Freehold	18,893	1978-2006	13	Oil palm and rubber estates and a palm oil mill	406
Bukit Hijau	Leasehold expiring 2068	9	2006	–	Rubber estate	^
Perak Darul Ridzuan						
Bagan Datoh, Bikam, Chersoneese, Cluny, Elphil, Flemington, Holyrood, Kalumpong, Kamuning, Kinta Kellas, Sabrang, Selaba, Seri Intan, Sogomana, Sungei Samak, Sungei Wangi, Tali Ayer	Freehold	37,241	1978-2001	9-25	Oil palm and rubber estates and 5 palm oil mills	896
Chersonese, Cluny, Kalumpong, Kamuning, Kinta Kellas, Sogomana, Sungai Samak, Tali Ayer	Leasehold expiring 2035 -2897	5,446	1978-1987	–	Oil palm estates	66
Pahang Darul Makmur						
Bukit Puteri, Chenor, Jabor, Jentar, Kerdau, Mentakab, Sungai Mai	Freehold	9,339	1985-2006	22	Oil palm estates and 2 palm oil mills	275
Bukit Puteri, Chenor, Kerdau, Sungai Mai	Leasehold expiring 2057 -2086	10,621	1985-1992	12-22	Oil palm estates and a palm oil mill	99
Selangor Darul Ehsan						
Banting, Bestari Jaya, Bukit Cheraka, Bukit Kerayong, Bukit Lagong, Bukit Rajah, Bukit Rotan, Bukit Talang, Dusun Durian, East Carey Island, Elmina, Sabak Bernam, Sepang, Sungai Buloh, Teluk Panglima Garang, Tennamaram, West Carey Island	Freehold	36,306	1978-2017	1-27	Oil palm estates, 4 palm oil mills, biodiesel and kernel crushing plants, rat bait factory, laboratories, research centres, warehouse and a training centre	1,070
East Carey Island, Port Klang, Tennamaram	Leasehold expiring 2018-2083	299	1978-2010	42	Oil palm estates and a bulking plant	4

PROPERTIES OF THE GROUP

As at 30 June 2017 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
PLANTATION PROPERTIES (continued) **UPSTREAM (continued)**						
Malaysia (continued)						
Negeri Sembilan Darul Khusus						
Bradwall, Bukit Pelandok, Bukit Pilah, Kok Foh, Labu, Muar River, New Labu, P.D. Lukut, Pertang, Rantau, Salak, Sengkang, Siliau, Sungai Gemas, Sungai Sabaling, St Helier, Sua Betong, Sungai Bharu, Tampin Linggi, Tanah Merah	Freehold	36,868	1978-2009	6-21	Oil palm and rubber estates, 4 palm oil mills and a research laboratory	724
Kok Foh, Sungai Bharu	Leasehold expiring 2034- 2072	149	1982-1993	–	Oil palm estates	1
Melaka						
Bukit Asahan, Diamond Jubilee, Kempas, Kemuning, Serkam	Freehold	14,996	1978-2011	11-19	Oil palm estates and 2 palm oil mills	242
	Leasehold expiring 2025-2071	470	1982-1992	–	Oil palm estates	3
Johor Darul Takzim						
Batu Anam, Bintang, Bukit Badak, Bukit Benut, Bukit Paloh, Cenas, CEP Nyior, CEP Renggam, Cha'ah, Gunung Mas, Hadapan, Kempas Klebang, Kulai, Lambak, Lanadron, Layang, Muar River, New Pagoh, North Labis, Pagoh, Pekan, Pengkalan Bukit, Sembrong, Seri Pulai, Sungai Senarut, Sungai Simpang Kiri, Tangkah, Tun Dr. Ismail, Ulu Remis, Welch, Yong Peng	Freehold	54,455	1978-2017	1-22	Oil palm and rubber estates, 5 palm oil mills, a research centre and 2 rubber factories	1,363
Cenas, CEP Nyior, Cha'ah, Lanadron, Layang, Muar River, Pekan, Sembrong, Sungai Senarut, Sungai Simpang Kiri, Ulu Remis	Leasehold expiring 2020-2918	18,616	1978-2012	21-26	Oil palm estates and 2 palm oil mills	186

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)+	Description	Net book value (RM million)
PLANTATION PROPERTIES (continued) UPSTREAM (continued)						
Malaysia (continued)						
Sabah						
Binuang, Giram, Imam, Jeleta Bumi, Kunak, Melalap, Merotai, Mostyn, Sandakan Bay, Sapong, Segaliud, Sentosa, Sungang, Table, Tiger, Tigowis, Tingkayu, Tun Tan Siew Sin, Tunku	Leasehold expiring 2038-2940	53,796	1978-1983	11-32	Oil palm estates, 5 palm oil mills, a bulking plant and a research centre	1,249
Sarawak						
Bayu, Belian, Chartquest, Damai, Derawan, Dulang, Kelida, Lavang, Paroh, Pekaka, Rajawali, Rasan, Ruai, Sahua, Samudera, Semarak, Takau	Leasehold expiring 2048-2082	47,279	1990-2004	15-23	Oil palm estates and 4 palm oil mills	607
Plantation Properties - Upstream Malaysia		344,783				7,191
Indonesia						
Kalimantan - West						
Awatan, Beturus, East, Karya Palma, Kelampai, Lembiru, Pelanjau, Sei Mawang, Sungai Putih, West	Leasehold expiring 2030	53,749	2001-2013	7-16	Oil palm estates, 3 palm oil mills and a bulking plant	181
Kalimantan - Central						
Baras Danum, Batang Garing,Hatan Tiring, Kawan Batu, Kuala Kuayan, Pemantang, Sapiri, Sekunyir, Seruyan, Sukamandang	Leasehold expiring 2017-2034	39,116	2001-2008	10-21	Oil palm estates, 3 palm oil mills, a bulking plant and a kernel crushing plant	348
Kalimantan - South						
Angsana, Bakau, Bebunga, Betung, Binturung, Gunung Aru, Gunung Kemasan, Gunung Sari, Lanting, Laut Timur, Matalok, Mustika, Pantai Bonati, Pantai Timur, Pondok Labu, Rampa, Randi, Rantau, Sangkoh, Sekayu, Selabak, Sesulung, Sungai Cengal	Leasehold expiring 2032-2046	86,924	2001-2016	1-22	Oil palm estates, 8 palm oil mills, 4 bulking plants and a kernel crushing plant	1,010

PROPERTIES OF THE GROUP

As at 30 June 2017 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
PLANTATION PROPERTIES (continued) **UPSTREAM (continued)**						
Indonesia (continued)						
Sulawesi - Central						
Ungkaya	Leasehold expiring 2024	4,712	2001-2011	6-23	Oil palm estate, a palm oil mill and a bulking plant	63
Sumatera - Jambi						
Panjang	Leasehold expiring 2038	4,000	2001-2007	10	Oil palm estate and a palm oil mill	31
Sumatera - South						
Bumi Ayu, Bukit Pinang, Karang Ringin, Mangun Jaya, Napal, Pelangi, Rantau Panjang, Sungai Jernih, Sungai Pinang	Leasehold expiring 2033-2072	21,175	2001-2002	15-17	Oil palm estates and 2 palm oil mills	298
Bangka Belitung	Leasehold expiring 2072	10,045	2012	–	Rubber estates	17
Sumatera - East Aceh						
Batang Ara, Blang Simpo 1 & 2, Tamiang	Leasehold expiring 2022-2037	8,820	2001-2008	20-35	Oil palm estates and a palm oil mill	133
Sumatera - Riau						
Alur Damai, Aneka Persada, Desa Sedinginan, Mandah, Menggala 1 – 3, Nusa Lestari, Nusa Persada, Pinang Sebatang, Rotan Semelur, Teluk Bakau, Teluk Siak	Leasehold expiring 2031-2036	54,835	2001-2015	4-22	Oil palm estates, 5 palm oil mills and a research centre	768
Sumatera – North						
Deli Serdang	Leasehold expiring 2023	972	2015	–	Rubber estate, oil palm nursery and office building	21
Plantation Properties - Upstream Indonesia		284,348				2,870
Liberia						
Bomi, Bong 1 & 2, Grand Cape Mount, Gbarpolu, Lofa	Leasehold expiring 2072	220,000	2009	4-7	Oil palm and rubber estates	317

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)+	Description	Net book value (RM million)
PLANTATION PROPERTIES (continued) **UPSTREAM (continued)**						
Papua New Guinea						
West New Britain, Morobe, Oro, Milne Bay, New Ireland	Leasehold expiring 2019-2108	132,017	2015	1-45	Oil palm estates, a sugar cane plantation, grazing pastures, a refinery, 2 biogas plants, a sugar factory, 11 palm oil mills, 5 kernel crushing plants and 2 abattoirs	4,060
Solomon Islands						
Guadalcanal	Leasehold expiring 2043-2062	8,304	2015	2-12	Oil palm estates, a palm oil mill and a kernel crushing plant	289
Plantation Properties - Upstream		989,452				14,727
DOWNSTREAM AND OTHERS						
Malaysia						
Selangor Darul Ehsan						
East Carey Island, North Port Edible Oil Refinery Complex, Teluk Panglima Garang	Freehold	2	2012	–	Vacant land	22
	Leasehold expiring 2076-2105	12	2006-2017	7-9	Refineries and office building	132
Johor Darul Takzim						
Pasir Gudang	Leasehold expiring 2035-2043	6	1974-1985	42	Refinery	9
Sarawak						
Kawasan Perindustrian Kidurong, Bintulu	Leasehold expiring 2072	14	2004	4-10	Refinery and a kernel crushing plant	28
Plantation Properties - Downstream and Others Malaysia		34				191

PROPERTIES OF THE GROUP

As at 30 June 2017 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
PLANTATION PROPERTIES (continued) DOWNSTREAM AND OTHERS (continued)						
Overseas						
Indonesia						
Desa Sei Taib, Kecamatan Pulau Laut, Kalimantan	Leasehold expiring 2044	32	2014	3-4	Refinery	102
Singapore						
Boon Lay Road	Leasehold expiring 2029	3	1970	45	Warehouse and office building	4
Thailand						
Sukhumvit Road, Bangkok	Freehold	–	1986-2011	10-29	Refinery, office building and vacant land	6
Poochaosamingprai Road, Samut Prakan	Freehold	5	1986	10-29	Refinery	45
Yok Krabat-Laksi Road, Samut Sakhon	Freehold	6	1986	–	Vacant land	8
Tiwanon Road, Nonthaburi	Freehold	13	2014	32-37	Crushing and refining plant and office building	88
Vietnam						
Ho Chi Minh City	Freehold	3	1992	25	Refinery	2
The Netherlands						
Lindtsedijk, Zwijndrecht	Freehold	11	2002	4-86	Refinery, biodiesel plant and a research centre	162
South Africa						
Boksburg	Leasehold expiring 2017	1	2004	6	Refinery	^
United Kingdom						
Liverpool	Leasehold expiring 2034	3	2015	3-8	Refinery and office building	45
Plantation Properties - Downstream and Others Overseas		77				462
Plantation Properties - Downstream and Others		111				653

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)+	Description	Net book value (RM million)
PLANTATION PROPERTIES (continued)						
DOWNSTREAM AND OTHERS (continued)						
GENERAL						
Malaysia						
Selangor Darul Ehsan						
Plantation Tower, Oasis, Ara Damansara	Freehold	2	2012	5	Office complex	195
Indonesia						
The Plaza Office Tower Lt 36, Jakarta	Leasehold expiring 2033	–	2004-2008	5-12	3 floors of a 45-storey office building	11
Plantation Properties - General		2				206
Total Plantation Properties		**989,565**				**15,586**

+The age of building is in respect of the office building, mill and plant

PROPERTIES OF THE GROUP

As at 30 June 2017 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
INDUSTRIAL PROPERTIES						
Malaysia						
Perak Darul Ridzuan						
Jalan Lahat, Bukit Merah, Ipoh	Leasehold expiring 2036-2056	3	1982-1996	37	Single storey office building, factory, warehouse and workshop	1
Pahang Darul Makmur						
Semambu Industrial Estate, Kuantan	Leasehold expiring 2041	3	1982	37	2 blocks of single-storey office building with detached factory, warehouse and workshop	3
Selangor Darul Ehsan						
Jalan 225, Petaling Jaya	Leasehold expiring 2080	*	1983	35	Industrial land and building	1
Kompleks Kejuruteraan, Jalan Puchong, Taman Perindustrian Puchong Utama, Puchong	Freehold	14	1993	19	Land, 5-storey commercial office, training centre, warehouse and workshop	58
Johor Darul Takzim						
Jalan Skudai, Johor Bahru	Leasehold 2024	*	2014	4	2-storey office building, warehouse and workshop	^
Sabah						
Jalan Labuk, Sandakan, Tuaran Road, Kota Kinabalu	Leasehold expiring 2025-2888	2	1982	37	2-storey office building, training centres, warehouse and workshop	1
Sarawak						
Jalan Piasau, Miri, Kidurong Light Industrial Estate, Bintulu, Lorong Then Kung Suk, Sibu	Leasehold expiring 2028-2060	4	1982-1986	17-37	Office buildings detached with factory, warehouse and workshop	6
Industrial Properties - Malaysia		26				70

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
INDUSTRIAL PROPERTIES (continued)						
Overseas						
Singapore						
Benoi Sector	Leasehold expiring 2032	7	2004	46	3-storey office building, warehouse and workshop	23
Jurong Pier	Leasehold expiring 2025	2	1978	9	Workshop and office	3
Brunei						
Beribi Industrial Estate, Bandar Seri Begawan	Leasehold expiring 2019	*	2003	14	Office, service centre and warehouse	^
China						
Changsha Economic Technological Development Area, Changsha, Hunan	Leasehold expiring 2063	2	2013-2016	1	Industrial land, 2-storey office building, warehouse and workshop	26
Ji Mei District, Xiamen, Fujian	Leasehold expiring 2062	1	2012-2015	3	Land, 3-storey office buildings, warehouse and workshop	17
Nanchang, Jiang Xi	Leasehold expiring 2059	1	2009-2011	6	3-storey office building, warehouse and workshop	7
Nanning, Guangxi	Leasehold expiring 2064	3	2014	–	Industrial land	8
Shunde, Foshan, Guangdong	Leasehold expiring 2045	2	1996-2011	6-20	Land, 2 blocks of 4-storey and 2-storey buildings, warehouse and workshops	12
Yifu Garden, Dongguan, Guangdong	Leasehold expiring 2072	–	2014	4	Staff quarters	^
Urumqi, Xinjiang	Leasehold expiring 2060	4	2010-2012	5	Land held for office building, warehouse and workshop	30
Hong Kong						
Yuen Long Industrial Estate, Yuen Long District	Leasehold expiring 2047	2	1993-1995	–	Land for 2-storey office building, warehouse and workshop	8

PROPERTIES OF THE GROUP

As at 30 June 2017 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
INDUSTRIAL PROPERTIES (continued)						
Overseas (continued)						
Australia						
Northern Territory						
Alice Springs Facility and Darwin Facility	Freehold	8	1992-2011	13-50	Single-storey office building, warehouse and workshops	29
Gove Facility, Traeger Close	Leasehold expiring 2053	6	2006	11	Single-storey commercial office, warehouse and workshop	^
Queensland						
Archerfield Facility, Kerry Road, Archerfield, Bellrick Street, Beaudesert Road, Acacia Ridge, Brisbane	Freehold	22	1992-2012	2-71	Single-storey and 2-storey commercial office, warehouses and workshops	251
Boundary Road, Richlands, Brisbane	Freehold	1	2010	7	Land, 2 blocks of 2-storey and single-storey office buildings, warehouse and workshop	19
Bowhill Road, Willawong, Brisbane	Freehold	21	2012-2014	–	Industrial land	129
Cairns Facility, Kenny Street, Comport St, Portsmith, Cairns	Freehold	1	1992-2008	37	Single-storey commercial office, warehouse and workshop	18
	Perpetual lease	*				
Emerald Facility, Archer Drive, Alstonia Drive, Buckland Street	Freehold	13	1992-2013	3-43	Single-storey commercial office, workshops and staff hostels	12
Mackay Facility, Farrellys Lane, Connors Road, Broadsound Road, Commercial Avenue, Mackay	Perpetual lease	3	1992-2013	2-35	2-storey commercial office, training facilities, warehouses and workshops	425
	Freehold	43				
	Leasehold expiring 2017-2018	*				
Mt Isa Facility, Kolongo Crescent Kalkadoon, Mt Isa	Freehold	5	1992-2011	39	Single-storey commercial office, warehouse and workshop	28

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
INDUSTRIAL PROPERTIES (continued)						
Overseas (continued)						
Australia (continued)						
Queensland (continued)						
Rockhampton Facility, Port Curtis Road, Richardson Road, Rockhampton	Freehold	35	1992	2-43	13 blocks of single-storey commercial office, warehouse, workshop and training facility	130
Toowoomba Facility, Carrington Road, Torrington	Freehold	5	1992-2012	2-45	Single-storey commercial offices, warehouse and workshop	59
Townsville Facility, Corner Woolcock Street and Blakey Street, Garbutt, Townsville	Freehold	2	1992	43	2-storey commercial offices, warehouse and workshop	29
New Caledonia						
Canala, Kouaoua	Freehold	2	2000-2004	23	Commercial office, warehouse, workshop and residential dwelling	^
Lot 1 & 2 Lotissement ZICO II, Paita	Freehold	2	2010	–	Land, office building, warehouse and workshop	82
Paagoumene, Koumac	Freehold	*	2012	6	Warehouse and workshop	^
Rue Gervolino, Nepoui	Leasehold expiring 2017-2019	*	2005-2007	9-11	Commercial office, warehouse and workshop	^
Papua New Guinea						
Port Moresby Facility, Spring Garden Road, Moresby, Lae Facility, Corner Milford Street & Malaita Street, Lae, Tabubil Facility, Batch Street	Perpetual lease Leasehold expiring 2018-2094	* 18	1992-2017	21-65	Land, 2-storey and single-storey office buildings, sales service and parts facility and staff hostels	27
Solomon Islands						
Honiara Facility, Guadalcanal Island, Panatina Village, Honiara	Leasehold expiring 2091	3	1992	33	Office, industrial building, warehouse and 2-storey staff hostels	^
Industrial Properties - Overseas		214				1,372
Total Industrial Properties		**240**				**1,442**

PROPERTIES OF THE GROUP

As at 30 June 2017 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
MOTORS PROPERTIES						
Malaysia						
Kedah Darul Aman						
Padang Meha, Kulim	Freehold	78	2004	20	Assembly plant	84
Selangor Darul Ehsan						
Autocity, Ara Damansara	Freehold	9	2014-2015	–	Office building and showroom under construction	487
Temasya Industrial Park, Shah Alam	Freehold	*	2004-2006	14-16	3-storey office building and showroom, 3-storey semi detached light industrial office building and showroom	15
Bandar Bukit Raja, Kapar, Klang	Freehold	4	2008	–	Vacant land	7
Kuala Lumpur						
193 - 195, Jalan Klang Lama	Leasehold expiring 2026	*	2015	3	2-storey office building, showroom and workshop	7
362, Jalan Tun Razak	Freehold	*	2010	10	4-storey 4S service centre and workshop	49
Sabah						
Sedco Industrial Estate, Jalan Limau Manis, Off Jalan Lintas, Kota Kinabalu	Leasehold expiring 2034	2	2003	14	Single-storey showroom and service centre	2
Motors Properties - Malaysia		93				651
Overseas						
Singapore						
Alexandra Road	Leasehold expiring 2047-2057	9	2002-2005	9-11	6-storey 4S showroom, service centre and workshop	239
Kampung Arang Road	Leasehold expiring 2034	*	1982	48	2-storey service centre and workshop	12

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
MOTORS PROPERTIES (continued)						
Overseas (continued)						
Singapore (continued)						
Ubi Road 4	Leasehold expiring 2020	*	1997	25	4-storey 3S showrooms, offices, pre-delivery inspection centre, workshop and rent to external tenants	9
Thailand						
Anusawaree, Charan Sanit Wong Road, Charoen Nakhon Road, Ladkrabang Road Minburi, Paknam, Paradise Road, Phetkasem Road, Saphansoong, Srinakarin Road, Suksawat Road	Freehold Leasehold expiring 2018-2034	* 9	2002-2016	1-17	3S showroom, workshops and offices	71
China						
Jinkai Avenue, Beibu New District	Leasehold expiring 2031	2	2016	2	5-storey 5S centre	45
Yingbin Road, Panyu, Daguang Nan Road, Tianhe, Guangzhou	Leasehold expiring 2020-2032	3	1999-2015	2-19	2-storey and single-storey 4S centre	25
Hai Yu Zhong Xian Road, Nanhai Road, Haikou District, Hainan	Leasehold expiring 2059-2070	2	2000 - 2004	11-22	2-storey 4S centre	13
Tianshan Road, Shantou, Guangdong	Leasehold expiring 2022	*	2002	13	2-storey 4S centre	3
Shen Nan Road, Yue Liang Wan Road, Nanshan District, Shenzhen	Leasehold expiring 2042	1	1994-2004	13-22	2-storey and 8-storey 4S centre	14
Hongqiao land, East 3rd Ring, Yunnan	Leasehold expiring 2027	2	2010	7	3-storey 4S centre	15
Jinke Nan Road, Jin Niu District, Chengdu, Sichuan	Leasehold expiring 2052	1	2008-2011	6-9	7-storey 4S showrooms, service centres and workshops	80
West of Houzishi Bridge, Yue Lu District, Changsha	Leasehold expiring 2028	1	2011	6	2-storey 4S centre	14

PROPERTIES OF THE GROUP

As at 30 June 2017 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
MOTORS PROPERTIES (continued)						
Overseas (continued)						
Hong Kong and Macau						
2 - 4 Floor, Kailey Industrial Centre, Fung Yip Street, Chai Wan	Leasehold expiring 2047	–	1989	26	3-floors of a 20-storey office building and service centre	6
Matauwei Road, Tokwawan, Kowloon	Leasehold expiring 2035	*	1978	54	11-storey service centre, showroom and petrol filling station	20
Castle Peak Road, Tsuen Wan, New Territory	Leasehold expiring 2047	*	1972	45	6-storey 4S service centre	7
No. 51 North, Fanling, New Territories	Leasehold expiring 2047	*	2015	–	Development of single-storey 3S service centre	231
3 & 4 Floor, Topsail Plaza, 11 On Sum Street, Shatin	Leasehold expiring 2047	–	1992	22	2-floors of a 16-storey office building and service centre	60
3719D, 3719E, 3719F6, 3719I & 3723F, Yuen Long District	Leasehold expiring 2047	4	1984	111	4 separate plots of land for pre-delivery inspection/ commercial repair/ storage	1
120-158 Rua dos Pescadores, Macau	Leasehold expiring 2016	*	1977	41	5-storey building with showroom and service centre	^
Australia						
Church Street, Granville, New South Wales	Freehold	*	2015	18	Single storey office, showroom and workshop	63
Littlefield St, Fortitude Valley, Monier Road, Queensland	Freehold Leasehold expiring 2018	3 *	2008 - 2014	9-37	Single-storey and two-storey offices, showrooms and workshops	199
Orkney Road, Karratha, Western Australia	Freehold	*	2007	33	Single-storey office and workshop	2

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
MOTORS PROPERTIES (continued)						
Overseas (continued)						
New Zealand						
Great South Road, Manukau Road, Maranui, Avenue, Silverfield Street, Stanway Place, Lincoln Road, Auckland	Freehold Leasehold expiring 2017-2029	3 13	1998-2017	1-56	Central parts warehouse, workshop and warranty processing centre	30
Malden Street, Palmerston, North	Freehold	3	2005	14-48	Central parts warehouse, workshop and office	19
Wairau Road, Wairau Valley	Freehold	1	2014	–	Land held for development of single-storey 3S service centre	28
Vietnam						
Tan Phu Ward, Duc Giang Ward	Leasehold expiring 2021-2027	*	2013	4-9	3-storey office, showroom, warehouse and workshop	17
Motors Properties - Overseas		57				1,223
Total Motors Properties		**150**				**1,874**

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PROPERTIES OF THE GROUP

As at 30 June 2017 (continued)

Location	Tenure	Remaining land area (Hectares)	Year of acquisition	Net book value (RM million)
LAND HELD FOR PROPERTY DEVELOPMENT				
Malaysia				
Kedah Darul Aman				
Jerai, Bukit Selarong, Taman Sg. Dingin	Freehold	446	2007	40
Selangor Darul Ehsan				
Bandar Bukit Raja, Kapar, Klang	Freehold	977	2008	49
Bukit Lagong and Lagong Mas, Rawang	Freehold	629	2008	37
Bukit Subang 1, Shah Alam	Freehold	*	2008	14
Elmina Estate, Sungai Buloh	Freehold	1,171	1985	26
Glengowrie, Jalan Acob, New Lunderston and Semenyih Estate	Freehold	219	1995	13
Melawati Development, Hulu Kelang	Freehold	17	1978	19
Putra Heights, Subang Jaya	Freehold	17	1992	26
Sungai Kapar Indah, Klang	Freehold	4	1985	3
Subang Jaya City Centre, Subang Jaya	Freehold	10	1964-2013	49
Serenia City, Sepang	Freehold	297	2008	2
Kuala Lumpur				
KLGCC, Bukit Kiara	Leasehold expiring 2111	15	1991	340
Negeri Sembilan Darul Khusus				
Hamilton, New Labu, and Sungai Sekah, Nilai	Freehold	224	1995	20
Labu, Rasah, Sua Betong, Taman Sengkang	Freehold	223	1995-2012	33
Nilai Impian / Utama, Nilai	Freehold	99	1992	7
Bukit Pelandok, Dengkil	Freehold	*	2008	4
Johor Darul Takzim				
Lanadron Estate, Muar	Leasehold expiring 2111	1,156	1994-2015	13
Taman Pasir Putih, Pasir Gudang	Freehold	10	1984	2
Sabah				
Imam and Mostyn Estate, Tawau	Leasehold expiring 2050-2058	16	2006	^
Total Development Properties		**5,530**		**697**

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
INVESTMENT AND HOSPITALITY PROPERTIES						
Malaysia						
Kedah Darul Aman						
Harvard Golf & Country Club and Hotel, Bedong	Freehold	1,583	1984-2012	19-21	Golf course, club house and hotel	23
Pulau Pinang						
Penang House	Freehold	1	2007	96	2 units of holiday bungalow	2
Reef Apartment, Batu Ferringhi	Freehold	–	1989	28	2 units of apartment	^
Pahang Darul Makmur						
Genting View Resort, Genting Highlands	Freehold	–	1999	26	Apartment	^
Frasers' Hill / Cameron Highlands	Leasehold expiring 2026-2082	2	1982	31-88	Holiday bungalows	1
Selangor Darul Ehsan						
Ara Damansara, Petaling Jaya	Freehold	7	2012	1	4 blocks of 11-storey office building and carpark	243
Block F and G Oasis, Ara Damansara, Petaling Jaya	Freehold	1	2012	6	2 blocks of 10- storey office building and 2-storey carpark	230
Bayuemas Oval and Akademi Tunku Jaafar, Kota Bayuemas	Freehold	6	2007	10-13	Cricket club and lawn bowl	39
Elmina East, Sungai Buloh	Freehold	3	2015	3	Sales gallery	13
Impian Golf & Country Club, Kajang	Freehold	60	2007-2009	22	18-hole golf course and resort	56
Jalan Astaka, Shah Alam	Freehold	*	2005	12	3 units of shoplot	^
Jalan Tandang, Petaling Jaya	Leasehold expiring 2065-2066	15	1985-1994	24-54	Industrial land and building	51
Melawati Development, Hulu Klang	Freehold	*	1978	4	Sales gallery	1
Oasis Gallery, Ara Damansara	Freehold	2	2007	10	Sales gallery	5
Sime Darby Pavillion, Shah Alam	Freehold	*	1998	9	3-storey office building	15
Saujana Impian, Kajang	Freehold	*	2015	3	Sales office and sales gallery	^
Tropika Paradise, Subang Jaya	Freehold	–	2012	17	Apartments	^

PROPERTIES OF THE GROUP

As at 30 June 2017 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
INVESTMENT AND HOSPITALITY PROPERTIES (continued)						
Malaysia (continued)						
Selangor Darul Ehsan (continued)						
Taman Subang Ria	Leasehold expiring 2087	29	2007	–	Recreation park	^
Wisma LJT, Pusat Bandar Melawati	Freehold	*	2007	10	Carpark building	6
Wisma Zuellig, Jalan Bersatu, Petaling Jaya	Leasehold expiring 2059	1	2000	24	Office building	15
Kuala Lumpur						
Kuala Lumpur Golf & Country Club, Bukit Kiara	Leasehold expiring 2111	114	1991-2009	5-24	Two 18-hole golf courses and clubhouse	256
KL East, Melawati	Freehold	*	2015	1-3	Vacant land, sales gallery, service apartments and mall	192
Serini, Taman Melawati	Leasehold expiring 2020	*	2015	3	Sales gallery	1
Sime Darby Convention Centre, Bukit Kiara	Leasehold expiring 2090-2111	4	2006	12	Convention centre	92
Wisma Guthrie, Jalan Gelenggang Damansara Heights	Freehold	*	1973	44	4-storey office building	12
Negeri Sembilan Darul Khusus						
Ampar Tenang	Freehold	349	2008	–	Agriculture	3
Labu	Freehold	–	2012	4	Sales gallery	2
New Labu	Freehold	3,558	1978-1991	–	Investment	2
Planters' Haven Clubhouse	Freehold	*	2008	10	Club house	11
Port Dickson	Freehold	3	2007	23-59	Holiday bungalows	2
	Leasehold expiring 2072	*				
Rasah, Seremban	Leasehold expiring 2066	3	1995	–	Vacant land	^
Johor						
Lanadron Estate, Muar	Leasehold expiring 2111	*	2015	2	Sales gallery	5
Taman Pasir Putih	Freehold	*	2014	5	Sales gallery	1

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
INVESTMENT AND HOSPITALITY PROPERTIES (continued)						
Malaysia (continued)						
Sabah						
Marina Court, Kota Kinabalu	Freehold	–	2006	11	Apartment	1
Investment and Hospitality Properties - Malaysia		5,741				1,280
Overseas						
Singapore						
Darby Park Executive Suites, Orange Grove Road	Leasehold expiring 2092	*	1992-1993	24	75 units of apartment	80
The Orion, Orange Grove Road	Freehold	–	2008	9	2 units of apartment	10
Vietnam						
Rangdong Orange Court, Le Quy Don, Vung Tau	Leasehold expiring 2030	*	1995	20	69 units of service apartment	8
United Kingdom						
Dundee Street, Edinburgh	Freehold	–	2010	22	4-storey office building	45
St Johns Wood Court, Wynnstay Gardens	Leasehold expiring 2109-2966	–	1996-2009	98-109	Apartment	2
Battersea, London	Leasehold	–	2017	1	3 units of apartment	27
Australia						
Darby Park Serviced Residences, Margaret River, Western Australia	Freehold	1	2003	13	8 units of service apartment	3
Darby Park Serviced Residences, Subiaco, Western Australia	Freehold	*	2001	23	Service apartment	1
Karri Valley Resort, Vasse Highway, Pemberton, Western Australia	Freehold	116	2000	30	Chalet and lakeside residential units	11
Serenity Shores, Queensland	Freehold	*	2009	7	Residential properties	^
Investment and Hospitality Properties - Overseas		117				187
Total Investment and Hospitality Properties		**5,858**				**1,467**

PROPERTIES OF THE GROUP

As at 30 June 2017 (continued)

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
LOGISTICS PROPERTIES						
China						
Jining City, Shandong	Leasehold expiring 2019-2064	83	2009-2017	1-8	Ports, warehouse and office	298
1 Binhai Economic Development Zone, Shandong	Leasehold expiring 2035-2066	236	2005-2017	1-15	Reservoir, water treatment plant and office building	326
Weifang City, Shandong	Leasehold expiring 2055	–	2005-2008	13	6 units of apartment	2
Yangzi Town, Weifang Port, Shandong	Leasehold expiring 2055-2065	494	2005-2017	1-12	Port, warehouse and office	792
Total Logistics Properties		**813**				**1,418**
TOTAL GROUP PROPERTIES		**1,002,156**				**22,484**

*Less than one hectare
^Less than RM1 million

NOTICE TO SHAREHOLDERS UNDER THE PERSONAL DATA PROTECTION ACT 2010

Sime Darby Berhad ("SDB" or "we" or "us" or "our") strives to protect your personal data in accordance with the Personal Data Protection Act 2010 ("the Act"). The Act was enacted to regulate the processing of personal data. To comply with the Act, we are required to manage the personal data that we collect from you relating to your shareholding in SDB.

The purposes for which your personal data may be used are, but not limited to:

- Internal record keeping including but not limited to the registration and management of your shareholding in SDB
- To provide services to you
- To communicate with you as a shareholder of SDB
- To better understand your needs as our shareholder
- For security and fraud prevention purposes
- For the purposes of statistical analysis of data
- For marketing activities
- For the purposes of our corporate governance
- To send you event invitations based on selected events
- To comply with any legal, statutory and/or regulatory requirements
- For the purposes of inclusion in media engagements and/or any relevant or related events
- For the purposes of us preparing guest invitations, registration and/or sign-ups for our events
- For the purposes of printed and on-line publications

(collectively, "the Purposes").

Your personal data is or will be collected from information provided by you, including but not limited to, postal, facsimile, telephone, and e-mail communications with or from you, and information provided by third parties, including but not limited to, Bursa Malaysia Berhad and any other stock exchange, and your stockbrokers and remisiers.

You may be required to supply us with your name, NRIC No., correspondence address, telephone number, facsimile number, and email address.

If you fail to supply us with such personal data, we may not be able to process and/or disclose your personal data for any of the Purposes.

Please be informed that your personal data may be disclosed, disseminated and/or transferred to companies within the Sime Darby Group (including the holding company, subsidiaries, related and affiliated companies, both local and international), whether present or future (collectively, "the Group") or to any third party organisations or persons for the purpose of fulfilling our obligations to you in respect of the Purposes and all such other purposes that are related to the Purposes and also in providing integrated services, maintaining and storing records including but not limited to the share registrar(s) appointed by us to manage the registration of shareholders.

The processing, disclosure, dissemination and/or transfer of your personal data by us and/or the Group and/or third party organisations or persons may result in your personal data being transferred outside of Malaysia.

To this end, we are committed to ensuring the confidentiality, protection, security and accuracy of your personal data made available to us. It is your obligation to ensure that all personal data submitted to us and retained by us are accurate, not misleading, updated and complete in all aspects. For the avoidance of doubt, we and/or the Group and/or our or their employees or authorised officers or agents will not be responsible for any personal data submitted by you to us that is inaccurate, misleading, not up to date and incomplete.

Further, we may request your assistance to procure the consent of third parties whose personal data is made available by you to us and you hereby agree to use your best endeavours to do so.

You may at any time after the submission of your personal data to us, request for information relating to your personal data by contacting our share registrar Tricor Investor & Issuing House Services Sdn Bhd if you wish to enquire about any aspects of share registration matters:

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur.

Attention	:	Ms Lim Lay Kiow, Senior Manager
Tel	:	03-2783 9299
e-mail	:	lay.kiow.lim@my.tricorglobal.com

In addition, you may request for access to your personal data by contacting your broker or alternatively Tricor Investor & Issuing House Services Sdn Bhd as shown above if:

- you require access to and/or wish to make corrections to your personal data subject to compliance of such request for access or correction not being refused under the provisions of the Act and/or existing laws; or
- you wish to enquire about your personal data.

Any personal data retained by us shall be destroyed and/or deleted from our records and system in accordance with our retention policy in the event such data is no longer required for the said Purposes.

In the event of any inconsistency between the English version and the Bahasa Malaysia version of this Notice, the English version shall prevail over the Bahasa Malaysia version.

We trust that you will consent to the processing of your personal data and that you declare that you have read, understood and accepted the statements and terms herein.

NOTIS KEPADA PEMEGANG SAHAM DI BAWAH AKTA PERLINDUNGAN DATA PERIBADI 2010

Sime Darby Berhad ("SDB" atau "kami") bermatlamat untuk melindungi data peribadi anda selaras dengan Akta Perlindungan Data Peribadi 2010 ("Akta"). Akta tersebut diperbuat untuk mengawal selia pemprosesan data peribadi. Bagi mematuhi Akta tersebut, kami dikehendaki untuk menguruskan data peribadi yang kami kumpulkan daripada anda berkenaan dengan pegangan saham anda di SDB.

Tujuan penggunaan data peribadi anda adalah untuk, tetapi tidak terhad kepada:

- Penyimpanan rekod dalaman termasuk tetapi tidak terhad kepada pendaftaran dan pengurusan pegangan saham anda di SDB
- Untuk memberikan perkhidmatan kepada anda
- Untuk berkomunikasi dengan anda sebagai pemegang saham SDB
- Untuk lebih memahami keperluan anda sebagai pemegang saham kami
- Bagi maksud-maksud keselamatan dan pencegahan penipuan
- Bagi maksud analisis statistik data
- Untuk aktiviti pemasaran
- Bagi maksud tadbir urus korporat kami
- Untuk menghantar jemputan acara berdasarkan acara-acara terpilih
- Untuk mematuhi apa-apa kehendak di sisi undang-undang, statut, dan peraturan
- Bagi maksud penyertaan dalam penglibatan media dan/atau apa-apa acara relevan atau berkaitan
- Bagi maksud kami menyediakan jemputan tetamu, pendaftaran dan/atau kemasukan untuk acara-acara kami
- Bagi maksud penerbitan bercetak dan penerbitan dalam talian kami

(secara kolektif, "Tujuan-Tujuan tersebut").

Data peribadi anda sedang atau akan dikumpul daripada maklumat yang diberikan oleh anda, termasuk tetapi tidak terhad kepada, komunikasi-komunikasi pos, faksimili, telefon, dan e-mel dengan atau daripada anda, dan maklumat yang diberikan oleh pihak ketiga, termasuk tetapi tidak terhad kepada, Bursa Malaysia Berhad dan apa-apa bursa saham lain, dan broker saham dan remisier anda.

Anda mungkin diperlukan untuk memberikan kepada kami nama, No. KP Baru, alamat surat-menyurat, nombor telefon, nombor faksimili, dan alamat emel anda.

Jika anda gagal untuk memberikan kami data peribadi tersebut, kami mungkin tidak dapat memproses dan/atau menzahirkan data peribadi anda bagi mana-mana Tujuan-Tujuan tersebut.

Sila maklum bahawa data peribadi anda boleh dizahirkan, disebarkan dan/atau dipindahkan kepada syarikat-syarikat di dalam Kumpulan Sime Darby (termasuk syarikat induk, anak-anak syarikat, syarikat-syarikat berkaitan dan bersekutu tempatan dan antarabangsa), samada pada masa kini atau masa hadapan (secara kolektif, "Kumpulan"), atau kepada mana-mana organisasi atau individu pihak ketiga bagi maksud memenuhi tanggungjawab kami kepada anda berkenaan dengan Tujuan-Tujuan tersebut dan bagi semua maksud lain yang berkaitan dengan Tujuan-Tujuan tersebut dan juga untuk memberikan perkhidmatan-perkhidmatan bersepadu, menyelenggara dan menyimpan rekod-rekod termasuk tetapi tidak terhad kepada pendaftar saham atau pendaftar-pendaftar saham yang dilantik oleh kami untuk menguruskan pendaftaran pemegang saham.

Pemprosesan, penzahiran, penyebaran dan/atau pemindahan data peribadi anda oleh kami dan/atau Kumpulan dan/atau organisasi atau individu pihak ketiga mungkin mengakibatkan data peribadi anda dipindah ke luar Malaysia.

Untuk tujuan ini, kami komited dalam memastikan penyulitan, perlindungan, keselamatan dan ketepatan data peribadi anda yang diberikan kepada kami. Adalah tanggungjawab anda untuk memastikan bahawa semua data peribadi yang diberikan kepada kami dan disimpan oleh kami adalah tepat, tidak mengelirukan, terkini dan lengkap dalam semua aspek. Bagi mengelakkan keraguan, kami dan/atau Kumpulan dan/atau pekerja atau pegawai yang diberi kuasa atau ejen kami tidak akan bertanggungjawab untuk apa-apa data peribadi yang diberikan oleh anda kepada kami yang tidak tepat, mengelirukan, bukan terkini dan tidak lengkap.

Selanjutnya, kami boleh meminta bantuan anda untuk memperolehi persetujuan pihak ketiga yang data peribadinya telah diberikan oleh anda kepada kami dan anda dengan ini bersetuju untuk menggunakan usaha terbaik anda untuk berbuat demikian.

Anda boleh pada bila-bila masa selepas penyerahan data peribadi anda kepada kami, meminta untuk mengakses data peribadi anda dengan menghubungi pendaftar saham kami Tricor Investor & Issuing House Services Sdn Bhd jika anda ingin membuat sebarang pertanyaan berkenaan dengan aspek-aspek pendaftaran saham:

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur.

Untuk perhatian : Cik Lim Lay Kiow, Pengurus Kanan
No.Tel : 03-2783 9299
e-mel : lay.kiow.lim@my.tricorglobal.com

Anda juga boleh membuat permintaan untuk mengakses data peribadi anda dengan menghubungi broker anda atau secara alternatif Tricor Investor & Issuing House Services Sdn Bhd seperti yang tersebut di atas jika:

- anda memerlukan akses kepada dan/atau ingin membuat pembetulan kepada data peribadi anda, tertakluk kepada pematuhan permintaan untuk akses atau pembetulan itu tidak ditolak di bawah peruntukan Akta tersebut dan/atau undang-undang yang sedia ada; atau
- anda ingin membuat pertanyaan mengenai data peribadi anda.

Apa-apa data peribadi yang dikekalkan oleh kami akan dimusnahkan dan/atau dipadamkan daripada rekod dan sistem kami megikut polisi penyimpanan kami sekiranya data tersebut tidak lagi diperlukan bagi Tujuan-Tujuan tersebut.

Sekiranya terdapat apa-apa konflik antara versi Bahasa Inggeris and versi Bahasa Malaysia dalam Notis ini, versi Bahasa Inggeris akan mengatasi versi Bahasa Malaysia.

Kami percaya bahawa anda akan bersetuju kepada pemprosesan data peribadi anda dan anda mengakui bahawa anda telah membaca, memahami dan menerima pernyataan-pernyataan dan terma-terma dalam sini.

COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012

The table below sets out the compliance of Sime Darby Berhad with the Malaysian Code on Corporate Governance 2012 in respect of FY2017.

Principle/Recommendation		Status of Compliance	Remark(s)	Page
Principle 1 - Establish Clear Roles and Responsibilities				
1.1	The Board should establish clear functions reserved for the Board and those delegated to management	Complied		108-110
1.2	The Board should establish clear roles and responsibilities in discharging its fiduciary and leadership functions	Complied		106-109
1.3	The Board should formalise ethical standards through a code of conduct and ensure its compliance	Complied		110
1.4	The Board should ensure that the Company's strategies promote sustainability	Complied		10, 136-140
1.5	The Board should have procedures to allow its members access to information and advice	Complied		115-116
1.6	The Board should ensure it is supported by a suitably qualified and competent company secretary	Complied		110
1.7	The Board should formalise, periodically review and make public its Board Charter	Complied		106
Principle 2 - Strengthen Composition				
2.1	The Board should establish a Nominating Committee which should comprise exclusively of non-executive directors, a majority of whom must be independent	Complied		107, 130-131
2.2	The Nominating Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors	Complied		120, 132-133, 135
2.3	The Board should establish formal and transparent remuneration policies and procedures to attract and retain Directors	Complied		118-120, 135
Principle 3 - Reinforce Independence				
3.1	The Board should undertake an assessment of its Independent Directors annually	Complied		115, 134
3.2	The tenure of an Independent Director should not exceed a cumulative term of 9 years. Upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non- Independent Director	Complied		112, 114-115

COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012

Principle/Recommendation		Status of Compliance	Remark(s)	Page
Principle 3 - Reinforce Independence				
3.3	The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than 9 years	Not Applicable	None of the Independent Directors has served on the Board for more than nine (9) years.	112, 114
3.4	The positions of Chairman and Chief Executive Officer should be held by different individuals, and the Chairman must be a Non-Executive member of the Board	Complied	Different individuals hold the positions of Chairman of the Board and President & Group Chief Executive. The Chairman of the Board is an Independent Non-Executive Director.	98, 101, 107
3.5	The Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director	Not Applicable	The Chairman of the Board is an Independent Non-Executive Director.	98, 112-113
Principle 4 - Foster Commitment				
4.1	The Board should set out expectations on time commitment for its members and protocols for accepting new directorships	Complied		114-115
4.2	The Board should ensure its members have access to appropriate continuing education programmes	Complied		116-117
Principle 5 - Uphold Integrity in Financial Reporting				
5.1	The Audit Committee should ensure financial statements comply with applicable financial reporting standards	Complied		124, 126
5.2	The Audit Committee should have policies and procedures to assess the suitability and independence of External Auditors	Complied		129
Principle 6 - Recognise and Manage Risks				
6.1	The Board should establish a sound framework to manage risks	Complied		105, 141-148
6.2	The Board should establish an internal audit function which reports directly to the Audit Committee	Complied		105, 128-129
Principle 7 - Ensure Timely and High Quality Disclosure				
7.1	The Board should ensure the Company has appropriate corporate disclosure policies and procedures	Complied		120-121
7.2	The Board should encourage the Company to leverage on information technology for effective dissemination of information	Complied		120-121

Principle/Recommendation		Status of Compliance	Remark(s)	Page
Principle 8 - Strengthen Relationship between Company and Shareholders				
8.1	The Board should take reasonable steps to encourage shareholder participation at general meetings	Complied		121
8.2	The Board should encourage poll voting	Complied	The voting at general meeting is conducted on a poll. Poll Administrator and Independent Scrutineers are appointed to conduct the polling process and verify the results of the poll respectively.	121
8.3	The Board should promote effective communication and proactive engagements with shareholders	Complied		121

UNITED NATIONS GLOBAL COMPACT (UNGC) COMMUNICATION ON PROGRESS

Sime Darby Annual Report 2017 describes the Group's performance against the UNGC's Ten Principles for this financial year (1 July 2016 – 30 June 2017). The following table details the relevant report sections to support each Principle.

Core Value	Principle		Relevant Sections	Page References
Human Rights	Principle 1:	Businesses should respect the protection of internationally proclaimed human rights; and	People: Social Performance	39
	Principle 2:	Make sure that they are not complicit in human rights abuses.	Sime Darby Slavery and Human Trafficking Statement	394
Labour	Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	People: Social Performance	39
	Principle 4:	the elimination of all forms of forced and compulsory labour;	Sime Darby Slavery and Human Trafficking Statement	394
	Principle 5:	the effective abolition of child labour; and		
	Principle 6:	the elimination of discrimination in respect of employment and occupation.		
Environment	Principle 7:	Businesses should support a precautionary approach to environmental challenges;	Environment	46
	Principle 8:	undertake initiatives to promote greater environmental responsibility; and	Division Operational Review	52
	Principle 9:	encourage the development and diffusion of environmentally friendly technologies.		
Anti-Corruption	Principle 10:	Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance	95
			Code of Business Conduct and Compliance	110
			Statement on Risk Management and Internal Control	143

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

Sime Darby Berhad Annual Report 2017 has been prepared in accordance with the GRI Sustainability Reporting Guidelines (Version at Core level). The following summary table details the location of specific disclosures throughout the report. It also includes additional supporting commentary and reasons for the omission of data, where relevant. For further details, please visit www.simedarby.com.

General Standard Disclosure	Location of Disclosure (page number)	External Assurance
Strategy & Analysis		
G4-1, 2	– Chairman's Message (16) – President's and Group Chief Executive's Review (20) – Our Strategic Priorities (10)	
Organisation Profile		
G4-3, 5, 6, 7, 8, 9	– Corporate Information (3) – Group Highlights (14) – Group Overview (15) – Our Strategic Priorities (10) – Divisional Operational Reviews (52-93)	
G4-10,11	– Corporate Information (3) – Divisional Operational Reviews (52-93)	
G4-12	– Divisional Operational Reviews (52-93)	
G4-14	– Managing Our Material Issues (12) – Statement of Risk and Internal Controls (143)	
G4-15, 16	– Plantation Division Review (72) – Sustainability Committee Review (136) – UNGC Communication on Progress (390)	
Identified Material Aspects and Boundaries		
G4-17	– Group Financial Review (28) – Financial Statements (153)	YES
G4-18, 19, 20, 21	– Managing Our Material Issues (12)	
G4-23	– Group Overview (15)	
Stakeholder Engagement		
G4-24,25,26,27	– Managing Our Material Issues (12)	
Report Profile		
G4-28	– Fiscal Year (1 July 2016 to 30 June 2017), unless stated otherwise	

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

General Standard Disclosure	Location of Disclosure (page number)	External Assurance
Report Profile (continued)		
G4-29	– Sime Darby Group's most recent report was its 2016 Annual Report which was launched in November 2016 – Sime Darby Plantation and Property published their standalone sustainability reports in 2016 as well	
G4-30	– Annual	
G4-31	– Corporate Information (3)	
G4-32	– Sime Darby has reported in accordance to GRI G4 at a Core Level. The "In Accordance" rating is demonstrated by this GRI Content Index	
G4-33	– Independent Auditor's Report and Independent Assurance Report	
Governance		
G4-34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55 Structure & Composition, and roles in – Strategy Setting, – Performance Evaluation, – Risk Management, – Sustainability Reporting, – Evaluation of Economic, Social and Environmental Performance, – Remuneration and Incentives	– Statement on Corporate Governance (95) – Report on the Governance and Audit Committee (122) – Report on the Nomination and Remuneration Committee (130) – Report on the Sustainability Committee (136) – Report on the Risk Management Committee (141) – Statement on Risk Management and Internal Control (143)	
Ethics and Integrity		
G4-56, 57, 58 The organisations values, policies and mechanisms in place around ethics and integrity	– Statement on Corporate Governance (95) – Code of Business Conduct and Compliance (110)	

General Standard Disclosure	Location of Disclosure (page number)	External Assurance
Economic		
Economic Performance and Market Presence (G4-DMA, G4-EC1, G4-EC3)	– Group Financial Review (28) – Financial Statements (153)	YES
Environmental		
Energy (G4-DMA, G4 EN3)	– Carbon and Energy (46)	
Biodiversity (G4-DMA, G4- EN11, G4-EN12, EN13)	– Water, Waste and Biodiversity (48)	
Emissions (G4-DMA, G4-EN15, G4-EN16, G4-EN18, G4-EN19)	– Carbon and Energy (46)	YES
Labour Practices and Decent Work		
Occupational Health and Safety (G4-DMA, G4-LA6, G4-LA7)	– Occupational Safety and Health (42)	YES
Human Rights		
Freedom of Association and Collective Bargaining, Child Labor, Forced Labor and Indigenous Rights (G4-DMA, G4-HR4, G4-HR5, G4-HR6)	– Social Performance (43) – Sime Darby Slavery and Human Trafficking Statement (394)	
Society		
Local Communities (G4-DMA, G4-SO1, SO2)	– Social Impact and Investment (45) Note: All of Sime Darby Plantation estates have community plans in place. The Property Division provides ongoing engagement at its existing townships and developments.	

SIME DARBY MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

This statement is published in accordance with the Modern Slavery Act 2015 of the United Kingdom (Section 54). It outlines our progress since 2016 and the steps taken by Sime Darby Berhad during the financial year ended 30 June 2017 to ensure that slavery and human trafficking are not taking place in our business or our supply chains.

OUR ORGANISATION, STRUCTURE AND SUPPLY CHAIN

Sime Darby Berhad is a diversified multinational company with operations in 25 countries and four territories with over 120,000 employees. We are a key player in some of the economies where we operate, with businesses in growth sectors, namely, plantation, industrial equipment, motors, property and logistics.

We are:

- The world's largest producer of Certified Sustainable Palm Oil and a fully integrated player in the palm oil value chain. Our involvement ranges from upstream operations comprising oil palm, rubber and sugarcane cultivation, harvesting, plantation management and milling, to downstream businesses such as the production, trading and marketing of oils and fats products, oleochemicals, palm oil-based biodiesel as well as other palm oil derivatives and renewables.

- An integrated property developer involved in property development, property investment and assets management, hospitality and leisure.

- One of the world's largest Caterpillar dealers. We offer a comprehensive variety of equipment and services, from sales of new machines and engines to used equipment for rental.

- A major player in the Asia-Pacific automotive industry, involved in assembly, distribution and retail businesses.

- Involved in ports and logistics and water management in Shandong, Eastern China, with operations in Weifang and Jining.

On 26 January 2017, the Board of Directors of Sime Darby Berhad announced a proposal[1] to create three independent businesses which will be pure plays in the Plantation, Property, and Trading and Logistics sectors. Both the Plantation and Property businesses are targeted to be listed on Bursa Malaysia by end of November 2017 while Sime Darby Berhad will continue to focus on its trading and logistics businesses.

Further details of our company can be found in our 2017 Annual Integrated Report.

OUR APPROACH, POLICIES, PROCEDURES AND GOVERNANCE

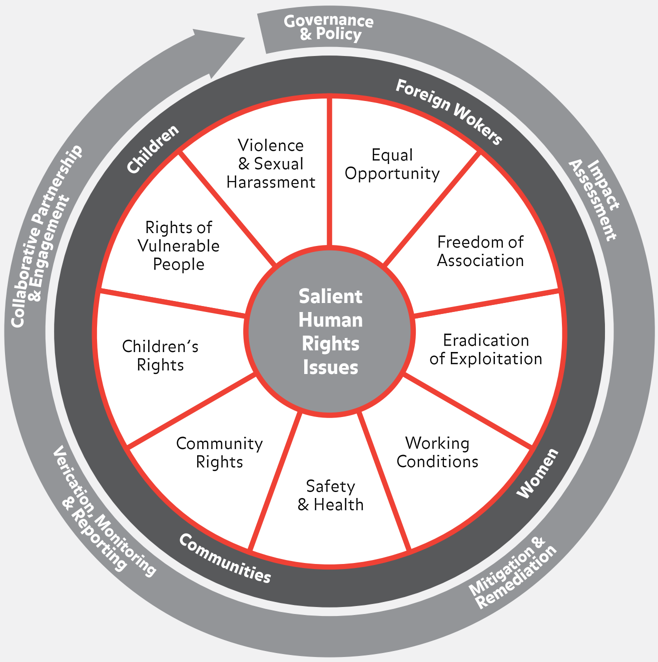

Figure 1: Sime Darby Berhad's Human Rights Approach for the Group, Salient Issues & Key Stakeholders

We are committed to ensuring that modern slavery and human trafficking have no place in our business operations. We approach this by ensuring appropriate decision-making occurs in relation to modern day slavery and human trafficking. We do this by integrating consideration of human rights issues, including slavery and human trafficking, into relevant business processes to support such decision-making via our policies, procedures and guidelines. We conduct assessments to identify gaps and potential risks within our operations and supply chains, develop mitigation plans, and provide remedial action to be taken in instances where our businesses do not meet our aspiration on human rights, including modern slavery and human trafficking. We embed the responsibility to respect human rights, which includes preventing modern day slavery and human trafficking, into our culture to foster and support appropriate behaviours, beliefs and values.

[1] The press release relating to Sime Darby Berhad's corporate proposal can be found at http://www.simedarby.com/media/press-release/sime-darby-announces-restructuring-plan.

Policies: Sime Darby Berhad's Human Rights Charter

In 2017, the Board of Sime Darby Berhad made a formal commitment to endeavour to eradicate any form of exploitation of workers including modern slavery and human trafficking through our Human Rights Charter ('Charter')[1]. The Charter articulates the Group's commitments in providing equal opportunities, respecting freedom of association, eradicating exploitation, ensuring favourable working conditions, enhancing safety and health, respecting community rights, protecting the rights of children and vulnerable people, and eliminating violence and sexual harassment.

The Group Human Rights Task Force, which was established in 2015, monitors and verifies the progress of human rights initiatives within the Group. At the Divisional and operational levels, each of the Plantation Human Rights Task Force and the Property Human Rights Task Force oversees the implementation of business and human rights commitment at its Division and reports back to the Group Human Rights Task Force. In total, 25 meetings have been conducted to-date to discuss human rights matters by the respective Task Forces.

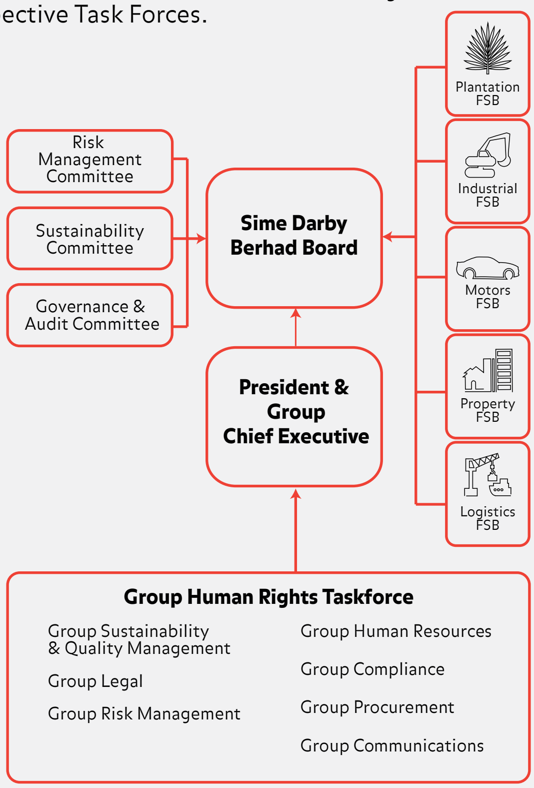

Figure 2: The overall governance structure on human rights in the Sime Darby Berhad

Note: Representatives from Sime Darby Foundation and Divisional Human Rights Task Forces also attend the Group Human Rights Task Force meetings.

Policies: Code of Business Conduct (COBC) & Vendor COBC – Ensuring Supply Chain Integrity

This year, we began a review of our Code of Business Conduct (COBC) which would incorporate the responsibility to respect fundamental human rights. A Vendor COBC has been developed to outline the standards of behaviour required by Sime Darby Berhad on our vendors which includes expectation to uphold human rights. The Vendor COBC applies to all our suppliers, consultants, agents, contractors and goods/service providers who have direct dealings with the Group. All vendors will be required to declare their compliance to the Vendor COBC through the Sime Darby Berhad Vendor Integrity Pledge which includes a declaration to eradicate all forms of exploitation, including but not limited to modern day slavery and human trafficking. Through the Group Procurement Policies and Authorities, vendors undergo a due diligence process and periodical performance evaluation to ensure compliance against their contractual obligations related to human rights, among others.

It is likely that the new boards of the pure play entities will consider and review the COBC, the Sime Darby Berhad Vendor Integrity Pledge as well as the newly developed Vendor COBC and if thought fit, may adopt and implement the same in due course.

It is expected that the respective pure play entities would develop specific diligence processes and procedures which are appropriate to the needs of their operations and supply chains.

IMPACT ASSESSMENT AND MITIGATION PLANS

As a global conglomerate, one of our challenges is to identify and understand human rights impact on our diversified workforce within a multifaceted business environment spanning over 25 countries and four territories.

Our approach is to prioritise our implementation efforts based on risk assessments, following which, we have chosen to focus on operations where salient human rights risks exist and have the most severe impacts.

In 2016, a human rights impact assessment was conducted in Malaysia on our Plantation and Property operations, as well as a country review on key labour issues in Indonesia in the Plantation upstream sector. With respect to our initial assessment in Malaysia, the focus was on the risk to vulnerable groups such as the migrant workforce, women and children[2] who may be impacted by our operations.

The impact assessment on our Plantation operations was conducted in collaboration with an external expert, SHIFT. The aim of the assessment was to identify implementation gaps between the UN Guiding Principles on Business and Human Rights and our current business practices. As part of the business learning programme with SHIFT, an assessment methodology is being developed to support the integration

[1] The Sime Darby Human Rights Charter can be found at Sime Darby Website at http://www.simedarby.com/sustainability/reports-and-resources/reports-and-resources.

[2] We seek to uphold the rights of children, particularly in the areas where we operate. Our Child Protection Policy outlines the need to maintain a child- safe environment within our organisation and operations. The Policy is available at http://www.simedarby.com/upload/sd_cpp_policy.pdf.

SIME DARBY MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

of human rights into our management practices. Part of this programme also includes capacity-building to empower our operations to effectively translate principles into practice.

Through this assessment, we learnt that, amongst others, recruitment practices relating to foreign workers may be vulnerable to the risk of modern day slavery.

Action Taken:
Understanding Recruitment Practices in the Plantation Upstream[1] Operations in Malaysia

Sime Darby Plantation recruits workers directly and no recruitment fees are charged by the company. However, we acknowledge that we may not have complete oversight and control over the entire recruitment and selection process. Through our engagement with our main recruitment service providers in our plantation upstream operations, one of the issues which has been highlighted is recruitment fees which are borne by workers in some countries of origin. This year, we have prioritised remedial action in relation to the recruitment of foreign workers in the upstream operations in Malaysia.

We understand that sub-recruitment service providers in certain jurisdictions may impose recruitment/processing fees on potential workers. There are many considerations and underlying implications of the costs imposed by such sub-recruitment service providers. The complexity of local procedures, source country geographical landscapes and socio-economic conditions result in heavy reliance on sub-recruitment service providers, both from the worker's perspective and the hiring company's. We cannot resolve these issues alone. Concerted efforts with industry peers and local stakeholders will be required to overcome some of these complexities.

In the interim, using our current leverage with recruitment service providers[2], we have included measures to control and manage recruitment costs imposed by sub-recruitment service providers. The new service contract to be entered with the recruitment service providers will include a clause on their commitment to ensure that an agreed threshold amount is imposed on workers as processing fees. This will ensure greater accountability by the recruitment service providers. Monitoring and management procedures are currently being developed to ensure the recruitment service providers adhere to appropriate standards and procedures.

To ensure workers have a clear understanding of the job type, remuneration, terms and conditions prior to accepting jobs in our plantations in Malaysia, a review has been conducted on our recruitment materials to provide better clarity on the rights and responsibilities of workers. This includes using user-friendly terms in local languages. Furthermore, all foreign workers' contracts have been translated into their respective native languages.

Action Taken:
Pilot Project on Safe-keeping of Passports in the Plantation Upstream Operations in Malaysia

In order to fulfil the spirit of the Modern Slavery Act to eradicate forced labour, we have piloted a project in our estates in Malaysia for our foreign workers to have better access to their own passports. This effort will study the feasibility and practicality of workers keeping their own passports as opposed to giving consent to the estate management for document safe-keeping. We have piloted this project in 6 estates in Malaysia which covers more than 1,200 foreign workers. Based on the initial engagement with the foreign workers, only 10% of them stated their preference to keep their own passport and the rest have stated their preference for estate management to safe-keep their passport. The pilot project is expected to be completed by end 2017.

Action Taken:
Working with our Contractors in our Property Development Business in Malaysia

In the property development sector, the construction supply chain is complex and multi-layered. This year, our Property Division is focused on analysing the complexity of the supply chains to have better oversight of our contractors and their sub-contractors. Engagement and dialogue sessions with our main contractors and joint venture partners were carried out to raise awareness on human rights issues and to help identify potential risk areas in the business and supply chains.

We initiated a pilot study with two of our main contractors this year to obtain an overview of the current practices in the recruitment and management of workers by our main contractors and their sub-contractors in Sime Darby Property's projects in Malaysia. The aim is to collaboratively develop feasible steps to prevent human rights impacts as a direct or indirect result of Sime Darby Property's projects and its supply chains. The study is on-going and expected to be completed by the end of this year.

In addition, tendering processes to select contractors/vendors in the Property Division are also currently under review with the aim of integrating appropriate contractual language on the prevention of modern day slavery and forced labour. This review includes, but is not limited to, the incorporation of appropriate terms and conditions in tender documents, contracts, Vendor Pre-Qualification documents, and monitoring processes.

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1 Our Plantation upstream operations consist predominantly of oil palm cultivation, harvesting and milling. Our Malaysia upstream operations encompass 126 oil palm estates and 34 mills where fresh fruit bunches (FFB) from our estates are delivered to our mills to be processed into crude palm oil (CPO).

2 Recruitment service providers refer to third parties who are involved in the recruitment and hiring process.

MONITORING, DISCLOSURE AND REPORTING

As part of our business practice, we conduct periodical internal audits of our business operations. We also intend to integrate human rights issues as audit areas in our internal audit programmes.

Our Whistleblowing Channel is also used to monitor human rights grievances across the Sime Darby Berhad Group. This Channel can be accessed via email, electronic format, fax or telephone. It provides employees, counterparts, business partners and individuals with a secure avenue to report any wrongdoing or breach of the COBC, which will be extended to include human rights-related violations. As part of the continuous improvements to our processes, we will review and enhance existing operational-level grievance mechanisms to ensure that any human rights violations will be monitored and addressed effectively.

CAPACITY BUILDING AND STAKEHOLDER ENGAGEMENT

Our internal awareness training has extended to functions working on the ground such as estate management and property township management teams.

Between July 2016 and June 2017, more than 870 Estate Managers, Assistant Estate Managers and Heads of Townships were engaged on the implementation and rationalisation of business and human rights within their operations. At the Procurement Leadership Council meeting held in April 2017, procurement managers from all Divisions were briefed on human rights issues, including slavery and human trafficking within the Group's supply chains.

This year, we have also contacted a wider group, including external stakeholders such as our contractors, recruitment service providers and joint venture business partners to engage in constructive dialogue and work towards overcoming common human rights challenges. Additionally, we also encourage our business partners to take steps to apply best practices in their operations with regard to human rights.

We continue to build value through our engagement with relevant external stakeholders such as our customers, NGOs and our industry peers. This is carried out through strategic partnerships with organisations such as SHIFT, multi-stakeholder projects with international agencies such as the United Nations Children's Fund (UNICEF), the United Nations High Commissioner for Refugees (UNHCR), the International Labour Organisation (ILO) and knowledge- sharing platforms such as the Global Business Initiative on Human Rights. We strive to work together with our industry peers to address difficult human rights issues that challenge us.

We are committed to strengthen our engagement with stakeholders to ensure continuous improvement and to promote best practices in our own operations and extended supply and value chains.

BOARD APPROVAL

The Board of Directors of each of Sime Darby Berhad and New Britain Oils Limited have endorsed this statement of commitment at their respective board meetings.

Tan Sri Dato' Seri Mohd Bakke Salleh,
President & Group Chief Executive,
on behalf of Sime Darby Berhad

David Mather, Director,
on behalf of New Britain Oils Ltd

INDEPENDENT ASSURANCE REPORT

To Management of Sime Darby Holdings Berhad (2017)
We have been engaged by Sime Darby Holdings Berhad to perform an independent limited assurance engagement on selected Sustainability Information (hereon after referred to as "Selected Information" comprising the information set out in the Subject Matter) as reported by Sime Darby Berhad ("Sime Darby") in its Annual Report for financial year 2017 ("Sime Darby Annual Report 2017").

Management's Responsibility

Management of Sime Darby is responsible for the preparation of the Selected Information included in the Sime Darby Annual Report 2017 in accordance with Sime Darby's internal sustainability reporting guidelines and procedures.

This responsibility includes the selection and application of appropriate methods to prepare the Selected Information reported in the Sime Darby Annual Report 2017 as well as the design, implementation and maintenance of processes relevant for the preparation. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Sime Darby which are reasonable in the circumstances.

Our Responsibility

Our responsibility is to provide a conclusion on the Subject Matter based on our limited assurance engagement performed in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements, and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

The accuracy of the Selected Information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data.

Our assurance report should therefore be read in connection with Sime Darby's sustainability reporting guidelines and procedures on the reporting of its sustainability performance.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Subject Matter

The following information collectively known as Selected Information on which we provide limited assurance consists of:

- The management and reporting processes with respect to the preparation of the following six (6) Selected Information reported and marked with asterisks (*) in Sime Darby Annual Report 2017, which excludes the sustainability data for New Britain Palm Oil Limited's Selected Information:

    1. Carbon & Energy – Total Carbon Emissions in tonnes of carbon dioxide (CO_2) equivalent (tCO_{2-e}) for the calendar year 2016;
    2. Carbon & Energy – Carbon Emissions Intensities for the calendar year 2016;
    3. Tonnes of Roundtable on Sustainability Palm Oil (RSPO) certified sustainable palm oil production capacity as of 30 June 2017;
    4. Total Monetary Savings in respect of projects identified for Lean Six Sigma for the financial year ended 30 June 2017;
    5. Health & Safety – Number of Lost Time Injury (LTI) cases and Lost Time Injury Frequency Rate (LTIFR) for the financial year ended 30 June 2017; and
    6. Health & Safety – Severity Rate (SR) for the financial year ended 30 June 2017.

Criteria

Sime Darby's internal sustainability reporting guidelines and procedures by which the Selected Information is gathered, collated and aggregated internally.

INDEPENDENT ASSURANCE REPORT

Sime Darby's internal sustainability reporting guidelines and procedures by which the Selected Information is gathered, collated and aggregated internally.

Main Assurance Procedures

Our work, which involved no independent examination of any of the underlying financial information, included the following procedures:

- Inquiries of personnel responsible for the Selected Information reported in Sime Darby Annual Report 2017 regarding the processes to prepare the said report and the underlying controls over those processes;
- Inquiries of personnel responsible for the data collection at the corporate, division and operation unit level for the Selected Information;
- Inspection on a sample basis of internal documents, contracts, reports, data capture forms and invoices to support the Selected Information for accuracy including observation of management's controls over the processes;
- Inquiries of personnel on the collation and reporting of the Selected Information at the corporate, division and operation unit level; and
- Checking the formulas, proxies and default values used in the Selected Information against Sime Darby's sustainability reporting guidelines and procedures.

Independence and Quality Control

We have complied with the relevant independent requirements and other ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on our limited assurance engagement, in all material aspects, nothing has come to our attention that causes us to believe that the Selected Information in the Subject Matter has not been fairly stated in accordance with Sime Darby's internal sustainability reporting guidelines.

Restriction on use

This report, including our conclusions, has been prepared solely for the Board of Directors of Sime Darby Holdings Berhad in accordance with the agreement between us, in connection with the performance of an independent limited assurance on the Selected Information in the Subject Matter as reported by Sime Darby in its Sime Darby Annual Report 2017. Accordingly, this report should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the Sime Darby Annual Report 2017 and to be disclosed online at www.simedarby.com, in respect to the 2017 financial year, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. As a result, we will not accept any liability or assume responsibility to any other party to whom our report is shown or into whose hands it may come. Any reliance on this report by any third party is entirely at its own risk.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

Kuala Lumpur
6 October 2017

SIME DARBY BERHAD (Company No. 752404-U)
(Incorporated in Malaysia)

FORM OF PROXY

Number of ordinary shares held	CDS Account No.
	- -

I/We ....
(FULL NAME OF SHAREHOLDER AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Passport/Company No. ....) of ....
(ADDRESS)

....
(ADDRESS)

Tel. No. .... being a member/members of SIME DARBY BERHAD hereby appoint

.... (NRIC/Passport No. ....)
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

of ....
(ADDRESS)

*and/or .... (NRIC/Passport No. ....)
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

of ....
(ADDRESS)

**or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of Sime Darby Berhad (SDB or the Company) to be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia, on Monday, 20 November 2017 at 10.00 a.m. and at any adjournment thereof.

No.	Agenda			
1.	To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and the Auditors thereon			
Ordinary Business		**Resolution**	**For**	**Against**
2.	To declare a final single tier dividend for the financial year ended 30 June 2017	1		
3.	To approve the payment of Directors' remuneration to the Non-Executive Directors for the financial year ended 30 June 2017	2		
4.	To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors for the period from 1 July 2017 until the next Annual General Meeting of the Company to be held in 2018	3		
5.(i)	To re-elect Tan Sri Samsudin Osman who retires in accordance with Article 99 of the Articles of Association of the Company	4		
5.(ii)	To re-elect Dato Sri Lim Haw Kuang who retires in accordance with Article 99 of the Articles of Association of the Company	5		
5.(iii)	To re-elect Dato' Rohana Tan Sri Mahmood who retires in accordance with Article 99 of the Articles of Association of the Company	6		
6.	To appoint PricewaterhouseCoopers as Auditors of the Company for the financial year ending 30 June 2018 and to authorise the Directors to determine their remuneration	7		
Special Business				
7.	To approve the Adoption of the New Constitution of the Company	8		

My/Our proxy is to vote on the resolutions as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain from voting as he/she thinks fit.

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies must be indicated below:	
	Percentage (%)
First proxy	
Second proxy	

IMPORTANT: Disclosure of Shareholder's and Proxy's Personal Data

Please refer to the Notice to Shareholders under the Personal Data Protection Act 2010 (PDPA Notice) in the Annual Report concerning the Company's collection of your personal data for the purpose of the Company's General Meeting(s).

You hereby declare that you have read, understood and accepted the statements and terms contained in the PDPA Notice.

In disclosing the proxy's personal data, you as a shareholder, warrant that proxy(ies) has/have given his/her/their explicit consent for his/her/their personal data being disclosed and processed in accordance with the Notice to Proxies under the Personal Data Protection Act 2010 attached.

Dated this .... day of 2017

....
Signature/Common Seal of Member(s)

* Please delete as applicable.

** If you do not wish to appoint the Chairman of the Meeting as your proxy/one of your proxies, please strike out the words "or failing him/her, the Chairman of the Meeting" and insert the name(s) of the proxy(ies) you wish to appoint in the blank space(s) provided.

Notes:

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend, participate, speak and vote at the Meeting on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may, but need not, be a Member of the Company.

2. A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person.

3. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the Eleventh Annual General Meeting (AGM) of the Company shall be put to vote by way of a poll.

4. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.

5. Where a Member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.

6. The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised. Any alteration to the instrument appointing a proxy must be initialled.

7. The Form of Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia before 12.00 p.m. on 19 November 2017 or not less than 24 hours before the time appointed for the taking of the poll at the Eleventh AGM, whichever is the later.

8. Only Members registered in the Record of Depositors as at 7 November 2017 shall be eligible to attend, speak and vote at the Eleventh AGM or appoint proxy(ies) to attend, speak and/or vote on their behalf.

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Affix Postage Stamp

THE SHARE REGISTRAR

SIME DARBY BERHAD (752404-U)
c/o Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Fold Here

NOTICE TO PROXIES UNDER THE PERSONAL DATA PROTECTION ACT 2010

Sime Darby Berhad ("SDB" or "we" or "us" or "our") strives to protect your personal data in accordance with the Personal Data Protection Act 2010 ("the Act"). The Act was enacted to regulate the processing of personal data. To comply with the Act, we are required to manage the personal data that we collect from you relating to your acting as a proxy for a shareholder in SDB.

The purposes for which your personal data may be used are, but not limited to:

- Internal record keeping including but not limited to the registration of attendance at the general meeting(s)
- To communicate with you as a proxy for a shareholder of SDB
- For security and fraud prevention purposes
- For the purposes of statistical analysis of data
- For the purposes of our corporate governance
- To comply with any legal, statutory and/or regulatory requirements

(collectively, "the Purposes").

Your personal data is or will be collected from information provided by you, including but not limited to, postal, facsimile, telephone, and e-mail communications with or from you, and information provided by third parties, including but not limited to, Bursa Malaysia Berhad and any other stock exchange, and your stockbrokers and remisiers.

You may be required to supply us with your name, NRIC No. and correspondence address.

If you fail to supply us with such personal data, we may not be able to process and/or disclose your personal data for any of the Purposes.

Please be informed that your personal data may be disclosed, disseminated and/or transferred to companies within the Sime Darby Group (including the holding company, subsidiaries, related and affiliated companies, both local and international), whether present or future (collectively, "the Group") or to any third party organisations or persons for the purpose of fulfilling our obligations to you in respect of the Purposes and all such other purposes that are related to the Purposes and also in providing integrated services, maintaining and storing records including but not limited to the share registrar(s) appointed by us to manage the registration of shareholders.

The processing, disclosure, dissemination and/or transfer of your personal data by us and/or the Group and/or third party organisations or persons may result in your personal data being transferred outside of Malaysia.

To this end, we are committed to ensuring the confidentiality, protection, security and accuracy of your personal data made available to us. It is your obligation to ensure that all personal data submitted to us and retained by us are accurate, not misleading, updated and complete in all aspects. For the avoidance of doubt, we and/or the Group and/or our or their employees or authorised officers or agents will not be responsible for any personal data submitted by you to us that is inaccurate, misleading, not up to date and incomplete.

Further, we may request your assistance to procure the consent of third parties whose personal data is made available by you to us and you hereby agree to use your best endeavours to do so.

You may at any time after the submission of your personal data to us, request for access to your personal data from Tricor Investor & Issuing House Services Sdn Bhd if:

- you require access to and/or wish to make corrections to your personal data subject to compliance of such request for access or correction not being refused under the provisions of the Act and/or existing laws; or
- you wish to enquire about your personal data.

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur.

Attention	:	Ms Lim Lay Kiow, Senior Manager
Tel	:	03-2783 9299
e-mail	:	lay.kiow.lim@my.tricorglobal.com

Any personal data retained by us shall be destroyed and/or deleted from our records and system in accordance with our retention policy in the event such data is no longer required for the said Purposes.

In the event of any inconsistency between the English version and the Bahasa Malaysia version of this Notice, the English version shall prevail over the Bahasa Malaysia version.

We trust that you will consent to the processing of your personal data and that you declare that you have read, understood and accepted the statements and terms herein.

NOTIS KEPADA PROKSI DI BAWAH AKTA PERLINDUNGAN DATA PERIBADI 2010

Sime Darby Berhad ("SDB" atau "kami") bermatlamat untuk melindungi data peribadi anda selaras dengan Akta Perlindungan Data Peribadi 2010 ("Akta"). Akta tersebut diperbuat untuk mengawal selia pemprosesan data peribadi. Bagi mematuhi Akta tersebut, kami dikehendaki untuk menguruskan data peribadi yang kami kumpulkan daripada anda berkenaan dengan perwakilan anda sebagai proksi untuk pemegang saham SDB.

Tujuan penggunaan data peribadi anda adalah untuk, tetapi tidak terhad kepada:

- Penyimpanan rekod dalaman termasuk tetapi tidak terhad kepada pendaftaran kehadiran di mesyuarat (-mesyuarat) agung
- Untuk berkomunikasi dengan anda sebagai proksi untuk pemegang saham SDB
- Bagi maksud-maksud keselamatan dan pencegahan penipuan
- Bagi maksud analisis statistik data
- Bagi maksud tadbir urus korporat kami
- Untuk mematuhi apa-apa kehendak di sisi undang-undang, statut, dan/atau peraturan

(secara kolektif, "Tujuan-Tujuan tersebut").

Data peribadi anda sedang atau akan dikumpul daripada maklumat yang diberikan oleh anda, termasuk tetapi tidak terhad kepada, komunikasi-komunikasi pos, faksimili, telefon, dan e-mel dengan atau daripada anda, dan maklumat yang diberikan oleh pihak ketiga, termasuk tetapi tidak terhad kepada, Bursa Malaysia Berhad dan apa-apa bursa saham lain, dan broker saham dan remisier anda.

Anda mungkin diperlukan untuk memberikan kepada kami nama, No. KP Baru dan alamat surat-menyurat.

Jika anda gagal untuk memberikan kami data peribadi tersebut, kami mungkin tidak dapat memproses dan/atau menzahirkan data peribadi anda bagi mana-mana Tujuan-Tujuan tersebut.

Sila maklum bahawa data peribadi anda boleh dizahirkan, disebarkan dan/atau dipindahkan kepada syarikat-syarikat di dalam Kumpulan Sime Darby (termasuk syarikat induk, anak-anak syarikat, syarikat-syarikat berkaitan dan bersekutu tempatan dan antarabangsa), samada pada masa kini atau masa hadapan (secara kolektif, "Kumpulan"), atau kepada mana-mana organisasi atau individu pihak ketiga bagi maksud memenuhi tanggungjawab kami kepada anda berkenaan dengan Tujuan-Tujuan tersebut dan bagi semua maksud lain yang berkaitan dengan Tujuan-Tujuan tersebut dan juga untuk memberikan perkhidmatan-perkhidmatan bersepadu, menyelenggara dan menyimpan rekod-rekod termasuk tetapi tidak terhad kepada pendaftar saham atau pendaftar-pendaftar saham yang dilantik oleh kami untuk menguruskan pendaftaran pemegang saham.

Pemprosesan, penzahiran, penyebaran dan/atau pemindahan data peribadi anda oleh kami dan/atau Kumpulan dan/atau organisasi atau individu pihak ketiga mungkin mengakibatkan data peribadi anda dipindah ke luar Malaysia.

Untuk tujuan ini, kami komited dalam memastikan penyulitan, perlindungan, keselamatan dan ketepatan data peribadi anda yang diberikan kepada kami. Adalah tanggungjawab anda untuk memastikan bahawa semua data peribadi yang diberikan kepada kami dan disimpan oleh kami adalah tepat, tidak mengelirukan, terkini dan lengkap dalam semua aspek. Bagi mengelakkan keraguan, kami dan/atau Kumpulan dan/atau pekerja atau pegawai yang diberi kuasa atau ejen kami tidak akan bertanggungjawab untuk apa-apa data peribadi yang diberikan oleh anda kepada kami yang tidak tepat, mengelirukan, bukan terkini dan tidak lengkap.

Selanjutnya, kami boleh meminta bantuan anda untuk memperolehi persetujuan pihak ketiga yang data peribadinya telah diberikan oleh anda kepada kami dan anda dengan ini bersetuju untuk menggunakan usaha terbaik anda untuk berbuat demikian.

Anda boleh pada bila-bila masa selepas penyerahan data peribadi anda kepada kami, meminta untuk mengakses data peribadi anda daripada Tricor Investor & Issuing House Services Sdn Bhd jika:

- anda memerlukan akses kepada dan/atau ingin membuat pembetulan kepada data peribadi anda, tertakluk kepada pematuhan permintaan untuk akses atau pembetulan itu tidak ditolak di bawah peruntukan Akta tersebut dan/atau undang-undang yang sedia ada; atau
- anda ingin membuat pertanyaan mengenai data peribadi anda.

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur.

Untuk perhatian : Cik Lim Lay Kiow, Pengurus Kanan
No.Tel : 03-2783 9299
e-mel : lay.kiow.lim@my.tricorglobal.com

Apa-apa data peribadi yang dikekalkan oleh kami akan dimusnahkan dan/atau dipadamkan daripada rekod dan sistem kami mengikut polisi penyimpanan kami sekiranya data tersebut tidak lagi diperlukan bagi Tujuan-Tujuan tersebut.

Sekiranya terdapat apa-apa konflik antara versi Bahasa Inggeris and versi Bahasa Malaysia dalam Notis ini, versi Bahasa Inggeris akan mengatasi versi Bahasa Malaysia.

Kami percaya bahawa anda akan bersetuju kepada pemprosesan data peribadi anda dan anda mengakui bahawa anda telah membaca, memahami dan menerima pernyataan-pernyataan dan terma-terma di sini.