



**Sime Darby Berhad**

(41759-M)



2007  
Annual Report



## The Sime Darby Group

Sime Darby Berhad is Malaysia's leading multinational and one of Southeast Asia's largest conglomerates. Founded in 1910, the Company has grown from a single company offering a single product and service in one country into a strong and dynamic international Group with a comprehensive range of business activities carried out by more than 30,000 employees in over 300 companies in more than 20 countries. Known for its financial and management capabilities, Sime Darby is listed on the Main Board of Bursa Malaysia Securities Berhad with a market capitalisation of RM24 billion as at 29th June 2007.

Today, in addition to plantations, its original core business activity, Sime Darby is also a major player in the motor vehicle, heavy equipment, property, and energy & utilities industries. While the core businesses are located in Malaysia, the People's Republic of China (including Hong Kong SAR and Macau SAR), Singapore and Australia, the Group also operates in Negara Brunei Darussalam, Indonesia, Thailand, Vietnam, the Philippines, United Kingdom, New Zealand, the Solomon Islands, Papua New Guinea and New Caledonia.

### **SIME DARBY BERHAD – COVER RATIONALE**

The tree is a universal symbol of strength and growth. It represents Sime Darby Berhad's commitment to progress, steadily reaching out to greater heights. The clean lines of the tree's design signify the Group's precision in its management and operational strategies. On each branch, we see some leaves in modest quantity. This is a reflection of the Group's courage and optimism in approaching new opportunities. Big or small, there is always a possibility to achieve great success. The clean background indicates the Group's transparency to its customers and shareholders. Beneath the branch we see a picture representing the Group's end promise to customer, shareholder and employee – with Sime Darby Berhad, the future is clear.

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## Notice to Shareholders

Dear Shareholders

This Annual Report is issued without the Notice of Annual General Meeting.

Following the Sale of Business Agreement entered into between Synergy Drive Berhad and our Company on 24th January 2007 for the proposed disposal of the entire businesses and undertakings including the assets and liabilities of our Company to Synergy Drive Berhad ("Disposal"), our Company proposed to carry out a capital repayment upon completion of the Disposal, to return all the Disposal Consideration to the shareholders.

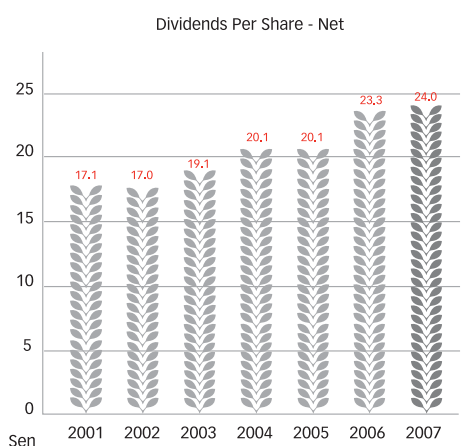
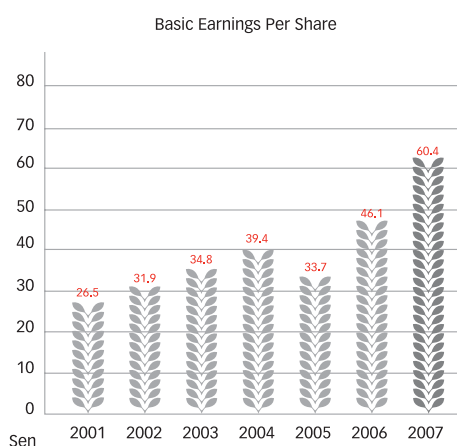
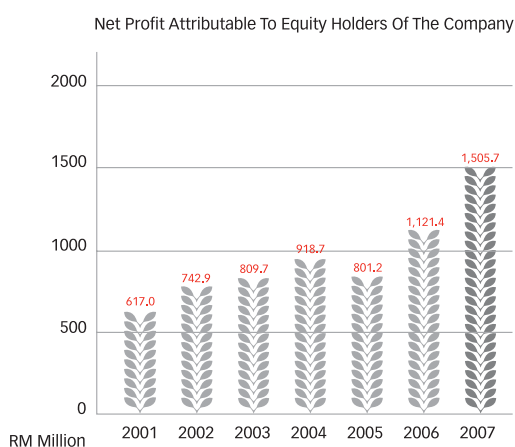
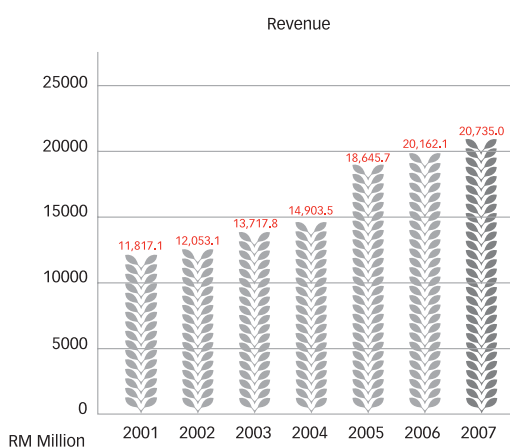
By the time this Annual Report is dispatched to Shareholders, the Sime Darby Berhad shares will be suspended from trading and the Capital Repayment to Shareholders of the consideration arising under the Disposal will be in progress.

Consequently, a public Annual General Meeting of the Company will not be held.

For Shareholders' information, Bursa Malaysia Securities Berhad had on 10th September 2007 approved the issuance of the Sime Darby Berhad's Annual Report based on information not earlier than 6 weeks from the date of dispatch of this Annual Report.

Nancy Yeoh Poh Yew  
Group Secretary

Kuala Lumpur  
24th October 2007



RM Million	2007	2006	2005	2004	2003	2002	2001
Revenue	<b>20,735.0</b>	20,162.1	18,645.7	14,903.5	13,717.8	12,053.1	11,817.1
Profit before taxation	<b>2,086.0</b>	1,634.1	1,364.8	1,343.6	1,284.1	1,148.1	1,130.5
Net profit attributable to equity holders of the Company	<b>1,505.7</b>	1,121.4	801.2	918.7	809.7	742.9	617.0
Shareholders' funds	<b>10,130.1</b>	8,805.1	8,005.1	8,424.7	7,969.2	7,442.1	6,771.9
<b>Sen Per Share</b>							
Basic Earnings Per Share	<b>60.4</b>	46.1	33.7	39.4	34.8	31.9	26.5
Dividend Per Share - Net	<b>24.0</b>	23.3	20.1	20.1	19.1	17.0	17.1

New FRS adopted:

The Group adopted FRS 3 in accounting for business combinations where the sale and purchase agreement date is on or after 1st January 2006, and FRS 136 and FRS 138 in accounting for goodwill and intangible assets arising therefrom. All other applicable FRS were adopted during financial year ended 30th June 2007 and the figures in financial year ended 30th June 2006 were restated accordingly.

No restatement were made to those figures prior to financial year ended 30th June 2006.

## BOARD OF DIRECTORS

Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid  
P.M.N., S.P.M.P., D.G.S.M., S.S.M.T., S.P.N.S., S.P.D.K., S.S.S.A., D.P.C.M., S.I.M.P., P.N.B.S., S.P.M.T., J.M.N., S.M.P.,  
P.J.K.  
(Non-Independent Non-Executive Chairman)

Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya  
P.S.M., S.S.D.K., D.S.D.K., J.M.N., J.S.D.  
(Independent Non-Executive Deputy Chairman)

Michael Wong Pakshong @ Michael Pakshong  
(Independent Non-Executive Director)

Datuk Khatijah binti Ahmad  
P.J.N.  
(Independent Non-Executive Director)

Tan Sri Abu Talib bin Othman  
P.M.N., P.S.M., S.I.M.P., S.S.S.A., D.G.S.M., D.P.M.S., D.M.P.N., D.C.S.M., J.S.M., K.M.N., P.P.T.  
(Non-Independent Non-Executive Director)

Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali  
P.S.M.  
(Non-Independent Non-Executive Director)

Tan Sri Datuk Dr. Ahmad Tajuddin bin Ali  
P.S.M., P.J.N., S.I.M.P., D.P.C.M., D.P.M.P., J.M.N., A.M.N.  
(Non-Independent Non-Executive Director)

Dato' Mohamed bin Sulaiman  
D.I.M.P, D.P.M.S., S.A.P.  
(Independent Non-Executive Director)

Datuk Seri Panglima Sheng Len Tao  
S.P.D.K., J.S.M.  
(Independent Non-Executive Director)

Raja Datuk Arshad bin Raja Tun Uda  
P.J.N., D.S.S.A.  
(Independent Non-Executive Director)

Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid  
S.P.T.J., D.S.D.K.  
(Group Chief Executive)

## SECRETARY

Yeoh Poh Yew, Nancy (Group Secretary)

## AUDITORS

PricewaterhouseCoopers

## REGISTERED OFFICE

21st Floor, Wisma Sime Darby,  
Jalan Raja Laut,  
50350 Kuala Lumpur, Malaysia.  
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Telefax: 603-2382 1075  
Web Site: <http://www.simedarby.com>  
E-Mail: [enquiries@simedarby.com](mailto:enquiries@simedarby.com)

## SHARE REGISTRAR

Epsilon Registration Services Sdn. Bhd. (Company No. 629261-T)  
G-01, Ground Floor, Plaza Permata  
Jalan Kampar  
Off Jalan Tun Razak  
50400 Kuala Lumpur, Malaysia  
Telephone: 603-4047 3999  
Telefax: 603-4042 6358

**TAN SRI DATO' SERI (DR.) AHMAD SARJI BIN ABDUL HAMID**

YBhg. Tan Sri Dato' Seri (Dr.) Ahmad Sarji, 69, a Malaysian, is a Non-Independent Non-Executive Director and the Chairman of Sime Darby Berhad. He was appointed to the Board on 4th August 1998. He holds a Master in Public Administration from Harvard University, Bachelor of Arts (Honours) from University of Malaya and Diploma in Public Administration from the Institute of Social Studies, The Hague. He was conferred the Honorary Degrees of Doctor of Science (Management) from Universiti Utara Malaysia, Doctor of Letters from Universiti Malaysia Sarawak and Doctor of Business Administration from Nottingham-Trent University, United Kingdom. From 1990 to 1996, Tan Sri Ahmad Sarji was the Chief Secretary to the Government of Malaysia.

Tan Sri Ahmad Sarji is currently the Chairman of Permodalan Nasional Berhad, Golden Hope Plantations Berhad, Austral Enterprises Berhad, NCB Holdings Berhad, Kontena Nasional Berhad, Petaling Garden Berhad, Amanah Saham Nasional Berhad, Pelaburan Hartanah Nasional Berhad and Amanah Mutal Berhad. He is also a member of the Board of Trustees of Yayasan Pelaburan Bumiputra and Director of several other private limited companies. Tan Sri Ahmad Sarji chairs the Nomination Committee of the Board and was the Chairman of the Executive Committee of the Board before it was dissolved during the year. He does not have any family relationship with any director and/or major shareholder of Sime Darby Berhad, nor any personal interest in any business arrangement involving the Company. He attended all of the fourteen Board Meetings held in the year ended 30th June 2007.

**TUNKU TAN SRI DATO' SERI AHMAD BIN TUNKU YAHAYA**

YM Tunku Tan Sri Dato' Seri Ahmad, 78, a Malaysian, is an Independent Non-Executive Director and the Deputy Chairman of Sime Darby Berhad. He was appointed to the Board on 4th January 1979. Tunku Tan Sri Dato' Seri Ahmad obtained his Bachelor of Economics (Honours) from the University of Bristol and is a Fellow of the Association of Chartered Certified Accountants, United Kingdom. He started his career with Dunlop Estates Berhad in 1959 before moving on to join DMIB Berhad in 1962 and becoming Managing Director from 1973 until 1978. In 1979, he left to join Sime Darby Berhad. He was a director of Bank Negara Malaysia for 28 years before retiring in 1995.

Tunku Tan Sri Dato' Seri Ahmad is currently the Chairman of Tractors Malaysia Holdings Berhad, icapital.biz Berhad and KLCC Property Holdings Berhad. Other Malaysian public companies in which he is a director are Kuala Lumpur City Centre Development Berhad and Kuala Lumpur City Park Berhad. Tunku Tan Sri Dato' Seri Ahmad is a member of the Nomination Committee and chairs the ESOS Committee and the Audit & Accounts Committee of the Board. He was also a member of the Executive Committee of the Board before it was dissolved during the year. He does not have any family relationship with any director and/or major shareholder of Sime Darby Berhad, nor any personal interest in any business arrangement involving the Company. He attended thirteen out of the fourteen Board Meetings held in the year ended 30th June 2007.

**MICHAEL WONG PAKSHONG @ MICHAEL PAKSHONG**

Mr. Wong, 76, a Singaporean, is an Independent Non-Executive Director. He was appointed to the Board on 15th April 1981. Mr. Wong is a Chartered Accountant and was formerly the Managing Director of the Monetary Authority of Singapore. Other Malaysian public companies in which he is a director are Great Eastern Life Assurance (Malaysia) Berhad and Overseas Assurance Corporation (Malaysia) Bhd. Mr Wong is a member of the Nomination Committee of the Board. He does not have any family relationship with any director and/or major shareholder of Sime Darby Berhad, nor any personal interest in any business arrangement involving the Company. He attended eleven out of the fourteen Board Meetings held in the year ended 30th June 2007.

**DATUK KHATIJAH BINTI AHMAD**

YBhg. Datuk Khatijah, 67, a Malaysian, is an Independent Non-Executive Director. She was appointed to the Board on 13th September 1997. Datuk Khatijah holds a Degree in Economics (Honours) from the London School of Economics and Political Science, University of London.

She is the Chairman of the KAF group of companies, a financial services group which she founded in 1973. Other Malaysian public companies in which she is a director are KAF Investment Bank Berhad, KAF-Seagroatt & Campbell Berhad and Sime UEP Properties Berhad. Datuk Khatijah is a member of the Audit & Accounts Committee, the Remuneration Committee, the ESOS Committee and chairs the Risk Management Committee of the Board. She was also a member of the Executive Committee of the Board before it was dissolved during the year. She does not have any family relationship with any director and/or major shareholder of Sime Darby Berhad, nor any personal interest in any business arrangement involving the Company. She attended twelve out of the fourteen Board Meetings held in the year ended 30th June 2007.

**TAN SRI ABU TALIB BIN OTHMAN**

YBhg. Tan Sri Abu Talib, 68, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 16th November 1998. Tan Sri Abu Talib qualified as a Barrister-at-law from Lincoln's Inn, United Kingdom and has served in various capacities in the Judicial and Legal service of the Government of Malaysia, including as Attorney-General of Malaysia from 1980 to his retirement in October 1993.

Tan Sri Abu Talib is currently the Chairman of British American Tobacco (Malaysia) Berhad, IGB Corporation Berhad, MUI Continental Insurance Berhad and CYL Corporation Berhad. He is also a director of Alliance Unit Trust Management Berhad, Alliance Capital Asset Management Sdn Bhd and several other private limited companies. Tan Sri Abu Talib is a member of the Remuneration Committee and the Risk Management Committee of the Board. He was also a member of the Executive Committee of the Board before it was dissolved during the year. He does not have any family relationship with any director and/or major shareholder of Sime Darby Berhad, nor any personal interest in any business arrangement involving the Company. He attended thirteen out of the fourteen Board Meetings held in the year ended 30th June 2007.

**RAJA TAN SRI MUHAMMAD ALIAS BIN RAJA MUHAMMAD ALI**

YM Raja Tan Sri Muhammad Alias, 75, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 16th November 1998. He graduated with a Bachelor of Arts (Honours) from University Malaya, Singapore and holds a Certificate in Public Administration from the Royal Institute of Public Administration, London. Raja Tan Sri Muhammad Alias has served in various capacities while in the Malaysian Government service including, as District Officer, Principal Assistant Secretary with the Ministry of Defence, State Development Officer, Pahang with the Ministry of National & Rural Development and Director General of the Federal Land Development Authority (Felda). He was the Group Chairman of Felda until his retirement in June 2001.

He is currently the Chairman of Highlands & Lowlands Berhad. Other Malaysian public companies in which he is a director are Kuala Lumpur Kepong Berhad, Batu Kawan Berhad and Kumpulan Guthrie Berhad. Raja Tan Sri Muhammad Alias is a member of the Audit & Accounts Committee, the Risk Management Committee and chairs the Remuneration Committee of the Board. He does not have any family relationship with any director and/or major shareholder of Sime Darby Berhad, nor any personal interest in any business arrangement involving the Company. He attended all of the fourteen Board Meetings held in the year ended 30th June 2007.



**TAN SRI DATUK DR. AHMAD TAJUDDIN BIN ALI**

YBhg. Tan Sri Datuk Dr. Ahmad Tajuddin, 59, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 22nd June 2001. He holds a Bachelor of Science (Engineering) First Class Honours from King's College, University of London, a Ph.D in Nuclear Engineering from Queen Mary's College, University of London and was conferred the Doctor of Science from Universiti Putra Malaysia. Tan Sri Datuk Dr. Ahmad Tajuddin was formerly the Director-General of Standards and Industrial Research Institute of Malaysia (SIRIM) and the Executive Chairman of Tenaga Nasional Berhad. He is a registered Professional Engineer with the Board of Engineers Malaysia, a Fellow of the Institute of Engineers Malaysia and a Founding Fellow of the Malaysian Academy of Science.

Tan Sri Datuk Dr. Ahmad Tajuddin is currently the Chairman of Sime Engineering Services Berhad, Malaysian Oxygen Berhad, UEM Group Berhad, UEM World Berhad and Opus International Group plc. He is also a director of Bangi Golf Berhad and several other private limited companies. Tan Sri Datuk Dr. Ahmad Tajuddin is a member of the Audit & Accounts Committee and the Remuneration Committee of the Board. He was also a member of the Executive Committee of the Board before it was dissolved during the year. He does not have any family relationship with any director and/or major shareholder of Sime Darby Berhad, nor any personal interest in any business arrangement involving the Company. He attended all of the fourteen Board Meetings held in the year ended 30th June 2007.

**DATO' MOHAMED BIN SULAIMAN**

YBhg. Dato' Mohamed, 69, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 26th October 2005. Dato' Mohamed is a Certified Public Accountant, Australia, and an associate member of the Institute of Chartered Secretaries & Administrators and the Malaysian Institute of Certified Public Accountants. He joined Sime Darby Berhad in 1982 as Finance Director of the Plantations Division. He served as Managing Director of Sime UEP Properties Berhad from 1985 to 1990 before returning to Consolidated Plantations Berhad as Managing Director. Dato' Mohamed retired from Sime Darby Berhad in 1993.

He is currently the Executive Chairman of Redmax Sdn Bhd, a Class A Bumiputra construction company engaged in flood mitigation projects. Dato' Mohamed is a member of the Audit & Accounts Committee, Risk Management Committee and the ESOS Committee of the Board. He does not have any family relationship with any director and/or major shareholder of Sime Darby Berhad, nor any personal interest in any business arrangement involving the Company. He attended twelve out of the fourteen Board Meetings held in the year ended 30th June 2007.

**DATUK SERI PANGLIMA SHENG LEN TAO**

YBhg. Datuk Seri Panglima Sheng, 61, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 1st March 2006. Datuk Seri Panglima Sheng is a Chartered Accountant and holds a First Class Honours Degree in Economics and Honorary Doctor of Law Degree (LLD (Hon)) from the University of Bristol, United Kingdom.

Datuk Seri Panglima Sheng started his career at Bank Negara Malaysia, where between 1976 to 1989, he has held various positions including Chief Economist and Assistant Governor in charge of Bank and Insurance Regulations. He was seconded to the World Bank, Washington, DC, as Senior Manager, Financial Markets and Payments Systems, Financial Sector Development Department from 1989 to 1993. He became the Deputy Chief Executive of the Hong Kong Monetary Authority from 1993 to 1998, responsible for the Reserves

Management and External Departments. From October 1998 to September 2005, Datuk Seri Panglima Sheng was the Chairman of the Hong Kong Securities and Futures Commission. In March 2006, he was appointed as a member of the Governing Council for the International Centre for Education in Islamic Finance (INCEIF) and a member of the Board of the Qatar Financial Centre Regulatory Authority. Datuk Seri Panglima Sheng is currently Chief Adviser and Convenor of the International Council of the China Banking Regulatory Commission.

He does not have any family relationship with any director and/or major shareholder of Sime Darby Berhad, nor any personal interest in any business arrangement involving the Company. He attended eleven out of the fourteen Board Meetings held in the year ended 30th June 2007.

#### **RAJA DATUK ARSHAD BIN RAJA TUN UDA**

YM Raja Datuk Arshad bin Raja Tun Uda, 60, a Malaysian, is an Independent Non-Executive Director of Sime Darby Berhad. He was appointed to the Board on 1st July 2007. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He is also a member of the Malaysian Institute of Certified Public Accountants and served on its Council for 24 years, 3 years as President.

Raja Datuk Arshad was the former Executive Chairman and Senior Partner of PricewaterhouseCoopers Malaysia, having served in that position for 18 years. He is presently a Director of Khazanah Nasional Berhad and Chairman of Binariang GSM Sdn Bhd. He is also the Deputy Chairman of the Merger Integration Committee of Synergy Drive Berhad overseeing the merger of Sime Darby Berhad, Kumpulan Guthrie Berhad and Golden Hope Plantation Berhad. He does not have any family relationship with any director and/or major shareholder of Sime Darby Berhad, nor any personal interest in any business arrangement involving the Company.

#### **DATO' SERI AHMAD ZUBAIR @ AHMAD ZUBIR BIN HAJI MURSHID**

YBhg. Dato' Seri Ahmad Zubir, 50, a Malaysian, is a Non-Independent Executive Director and the Group Chief Executive of Sime Darby Berhad. He was appointed to the Board on 13th June 2004. Dato' Seri Ahmad Zubir holds a Degree in Industrial Engineering from the University of Wales. He has held many senior positions in the Sime Darby Berhad Group since joining the Group in 1981.

Prior to his current appointment as the Group Chief Executive, he was the Managing Director of Continental Sime Tyre PJ Sdn Bhd (formerly known as DMIB Berhad) and the Divisional Director of Sime Darby Berhad's Heavy Equipment/Power and Allied Products Group. Dato' Seri Ahmad Zubir is a member of the ESOS Committee and the Risk Management Committee of the Board. He was also a member of the Executive Committee of the Board before it was dissolved during the year. He does not have any family relationship with any director and/or major shareholder of Sime Darby Berhad, nor any personal interest in any business arrangement involving the Company. He attended all of the fourteen Board Meetings held in the year ended 30th June 2007.

The Board of Directors of Sime Darby Berhad is pleased to present the report of the Audit & Accounts Committee of the Board for the year ended 30th June 2007.

The Audit & Accounts Committee was established by a resolution of the Board on 12th October 1981.

### Composition and Attendance

The Audit & Accounts Committee during the year comprised the Directors listed below. During the year ended 30th June 2007, the Committee met four (4) times on 28th August 2006, 27th November 2006, 27th February 2007 and 29th May 2007.

Members	Status of directorship	Attendance of meetings
Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya (Chairman of the Committee)	Independent Non-Executive Director and a Certified Accountant	4 out of 4
Tan Sri Datuk Dr. Ahmad Tajuddin bin Ali	Non-Independent Non-Executive Director	4 out of 4
Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali	Non-Independent Non-Executive Director	4 out of 4
Datuk Khatijah binti Ahmad	Independent Non-Executive Director	4 out of 4
Dato' Mohamed bin Sulaiman	Independent Non-Executive Director and a Certified Public Accountant	3 out of 4

### Terms of Reference

In performing their duties and discharging their responsibilities, the Audit & Accounts Committee is guided by the Terms of Reference of the Committee as follows:-

#### Membership

The Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, a majority of whom shall be independent Directors and at least one of whom shall be a member of the Malaysian Institute of Accountants or fulfills such other requirements as prescribed in Chapter 15.10 of the Listing Requirements of Bursa Malaysia Securities Berhad. The Chairman of the Committee shall be an independent non-executive Director appointed by the Board.

#### Meetings and Minutes

Meetings shall be held not less than four (4) times a year and the Group Chief Executive, Group Chief Financial Officer, Group Head - Corporate Assurance and a representative of the external auditors shall normally be invited to attend the meetings. Other members of the Board may attend the meetings upon the invitation of the Committee. At least once a year, the Committee shall meet the external auditors without any executive present except the Group Secretary. The quorum shall be two (2) members, a majority of whom must be independent Directors. Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. The Chairman of the Committee shall report on each meeting to the Board. The Secretary to the Committee shall be the Group Secretary.

#### Authority

The Committee is authorised by the Board:-

- i. to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group;
- ii. to have the resources in order to perform its duties as set out in its terms of reference;
- iii. to have full and unrestricted access to information pertaining to the Group and the Company;
- iv. to have direct communication channels with the internal and external auditors;

- v. to obtain external legal or other independent professional advice as necessary; and
- vi. to convene meetings with external auditors, without the attendance of any executive except the Group Secretary, whenever deemed necessary.

The Committee shall report to the Board of Directors on matters considered and its recommendations thereon, pertaining to the Group and the Company.

#### Responsibility

Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad, the Committee has the responsibility to promptly report such matter to Bursa Malaysia Securities Berhad.

#### Review of the Composition of the Committee

The term of office and performance of the Committee and each of the members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

#### Duties

The duties of the Committee are:-

- a. to consider the appointment, resignation and dismissal of external auditors and the audit fees;
- b. to review the nature and scope of the audit with Group Corporate Assurance Department ("GCAD") and the external auditors before the audit commences;
- c. to review the quarterly and annual financial statements of the Group and the Company focusing on the matters set out below, and thereafter to submit them to the Board:-
  - any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - compliance with accounting standards and regulatory requirements.
- d. to discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss;
- e. to review the audit reports prepared by GCAD and the external auditors, the major findings and management's responses thereto;
- f. to review the adequacy of the scope, functions and resources of the GCAD and whether it has the necessary authority to carry out its work;
- g. to consider the reports, major findings and management's response thereto on any internal investigations carried out by GCAD;
- h. to review any appraisal or assessment of the performance of executives in GCAD;
- i. to approve any appointment or termination of senior executives in GCAD;
- j. to be informed of any resignation of executives in GCAD and to provide the resigning executive an opportunity to submit his/her reason for resignation;
- k. to review the evaluation of the systems of internal control with GCAD;
- l. to review the assistance given by the Group's and the Company's employees to the executives in GCAD;
- m. to review related party transactions entered into by the Group and the Company to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures with regards to such transactions are sufficient;
- n. to verify allocation of options pursuant to the employees' share option scheme is in compliance with the criteria for allocation of options under the scheme; and
- o. any such other functions as may be agreed to by the Committee and the Board.

**Summary of Activities of the Committee during the Year**

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the year ended 30th June 2007 in the discharge of its functions and duties:-

- a. review of the audit plans and scope for the year for the Group and the Company prepared by GCAD and the external auditors;
- b. review of the audit reports for the Group and the Company prepared by GCAD and the external auditors and consideration of the major findings by the auditors and management's responses thereto;
- c. review of the quarterly and annual reports of the Group and the Company prior to submission to the Board of Directors for consideration and approval;
- d. review of the environmental, safety and health reports for the Group and the Company prepared by GCAD and consideration of their major findings and management's responses thereto;
- e. review of the related party transactions entered into by the Group and the Company and the disclosure of such transactions in the annual report of the Company;
- f. recommend to the Board the proposed dividend for the Company;
- g. commissioning of special reviews on specific areas of operations;
- h. review of the minutes of meetings of the audit committees of public listed and other major subsidiary companies in the Group;
- i. meeting with the external auditors without any executives present except the Group Secretary;
- j. review of the tax status of the companies in the Group;
- k. review of the fees of the external auditors;
- l. approval of the appointment and review performance appraisal of audit staff; and
- m. review of the Report of the Audit & Accounts Committee, Statement on Internal Control and Statement on Corporate Governance prior to their inclusion in the Company's Annual Report.

**Internal and Management Audit Functions and Activities**

The Group has an internal audit function which is carried out by the GCAD. Its principal activity is to undertake regular and systematic reviews of the systems of controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group and the Company. GCAD has been organised as a centralised department with direct control and supervision for the audit and business analysis functions across the Group. GCAD is also responsible for the conduct of regular and systematic reviews of environmental, safety and health issues in the Group and the Company. The attainment of such objectives involves the following activities being carried out by GCAD:-

- a. reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Group and the Company at reasonable cost;
- b. ascertaining the extent of compliance with established policies, procedures and statutory requirements;
- c. ascertaining the extent to which the Group's and the Company's assets are accounted for and safeguarded from losses of all kinds;
- d. appraising the reliability and usefulness of information developed within the Group and the Company for management;
- e. recommending improvements to the existing systems of controls;
- f. carrying out audit work in liaison with the external auditors to maximise the use of resources and for effective coverage of audit risks;
- g. carrying out investigations and special reviews requested by management and/or the Audit & Accounts Committee of the Company;
- h. carrying out environmental, safety and health audits on the Group and the Company;
- i. identifying opportunities to improve the operations of and processes in the Group and the Company; and
- j. carrying out analyses to determine the efficiency of businesses carried out by the Group.

This report is made in accordance with a resolution of the Board of Directors dated 28th August 2007.

## 1. The Code

The Malaysian Code on Corporate Governance ("Code") sets out principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework.

The Board of Directors of Sime Darby Berhad ("Sime Darby" or "the Company") is supportive of the adoption of principles and best practices as enshrined in the Code throughout the Sime Darby Group. It is recognised that the adoption of the highest standards of governance is imperative for the protection and enhancement of stakeholders' value and the performance of the Group.

The Board is pleased to present the following report on the application of principles and compliance with best practices as set out in the Code throughout the year ended 30th June 2007.

## 2. The Board of Directors

The Board has the ultimate and overall responsibility for corporate governance, strategic direction and overseeing the investments of the Company. The Board meets on a scheduled basis at least eleven (11) times a year. When the need arises, Special Board Meetings are also convened. Among the topics for deliberation are the financial statements and results of the Company and its subsidiaries, operational activities, strategic and corporate initiatives as well as matters specifically reserved for the Board's decision. Reports by Board Committees are also presented and discussed at the Board Meetings.

Senior management staff or external advisors may be invited to attend the Board Meetings to advise the Board and to furnish the Directors with information and clarification needed on relevant items on the agenda to enable them to arrive at a considered decision.

During the year ended 30th June 2007, there were ten (10) Board Meetings and four (4) Special Board Meetings. The following are the details of attendance of each Director in respect of meetings held:-

Members	No. of meetings attended	Percentage
Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid (Chairman)	14 out of 14	100
Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya (Deputy Chairman)	13 out of 14	93
Michael Wong Pakshong @ Michael Pakshong	11 out of 14	79
Datuk Khatijah binti Ahmad	12 out of 14	86
Tan Sri Abu Talib bin Othman	13 out of 14	93
Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali	14 out of 14	100
Tan Sri Datuk Dr. Ahmad Tajuddin bin Ali	14 out of 14	100
Dato' Mohamed bin Sulaiman	12 out of 14	86
Datuk Seri Panglima Sheng Len Tao	11 out of 14	79
Raja Datuk Arshad bin Raja Tun Uda (appointed on 1st July 2007)	N/A	N/A
Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid	14 out of 14	100

## 3. Board Balance

The Board as at the date of this statement consists of eleven (11) members. Ten (10) are non-executive Directors (including the Chairman) and one (1) is an executive Director. Six (6) of the eleven (11) Directors are independent as defined under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities Listing Requirements"). The independent Directors are:-

- (i) Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya
- (ii) Michael Wong Pakshong @ Michael Pakshong
- (iii) Datuk Khatijah binti Ahmad
- (iv) Dato' Mohamed bin Sulaiman
- (v) Datuk Seri Panglima Sheng Len Tao
- (vi) Raja Datuk Arshad bin Raja Tun Uda

There is optimum board balance and compliance with the independent directors criteria set out under the Bursa Securities Listing Requirements. Together, the Directors with their wide experiences in both the public and private sectors and diverse academic backgrounds provide a collective range of skills, expertise and experience which is vital for the successful direction of the Group. A brief profile of each Director is presented on pages 5 to 8.

There is a distinct and clear division of responsibility between the Chairman and the Group Chief Executive to ensure that there is a balance of power and authority. The roles of the Chairman and the Group Chief Executive are separated and clearly defined. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Group Chief Executive has overall responsibilities over the operating units, organisational effectiveness and implementation of Board policies and decisions. The presence of independent non-executive Directors fulfils a pivotal role in corporate accountability. Although all the Directors have equal responsibility for the Group's operations, the role of these independent non-executive Directors is particularly important as they provide unbiased and independent views, advice and judgement to take account of the interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts business.

#### 4. Supply of Information

Prior to Board Meetings, all Directors receive the agenda and a set of Board papers containing information relevant to the matters to be deliberated at the meetings. These are issued in sufficient time to enable the Directors to obtain further information or research, where necessary, in order to be properly prepared before the meeting. The Board papers include, among others, the following:-

- (i) quarterly financial report and a report on the Group's cash and borrowings position;
- (ii) minutes of meetings of the Group Management Committee;
- (iii) minutes of meetings of all Committees of the Board;
- (iv) quarterly risk management updates;
- (v) annual business plan; and
- (vi) shareholding structure and composition of the Company.

In addition, there is a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and annual budgets, acquisitions and disposals of undertakings and properties of a substantial value, major investments and financial decisions, and changes to the management and control structure within the Group, including key policies and procedures and delegated authority limits.

All the Directors have direct access to the advice and services of the Group Secretary whether as a full board or in their individual capacities, in the furtherance of their duties. The Directors are regularly updated on new statutory as well as regulatory requirements relating to the duties and responsibilities of Directors. Directors whether acting as a full board or in their individual capacities may obtain independent professional advice in the furtherance of their duties, at the Company's expense.

#### 5. Board Committees

To assist the Board in discharging its duties, various Board Committees were established. The functions and terms of references of the Board Committees are clearly defined and, where applicable, comply with the recommendations of the Code.

##### a. Executive Committee

The Executive Committee was delegated with such powers to ensure the smooth and effective running of the Company until its dissolution on 20th November 2006. The Executive Committee met once from 1st July 2006 to 20th November 2006. The members of the Executive Committee during the year, and their attendance at the meeting, were as follows:-

Members	No. of meetings attended	Percentage
Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid (Chairman)	1 out of 1	100
Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya	1 out of 1	100
Datuk Khatijah binti Ahmad	1 out of 1	100
Tan Sri Abu Talib bin Othman	0 out of 1	0
Tan Sri Datuk Dr. Ahmad Tajuddin bin Ali	1 out of 1	100
Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid	1 out of 1	100

##### b. Audit & Accounts Committee

The Audit & Accounts Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the external auditors. Its principal function is to assist the Board in maintaining a sound system of internal control. The Committee has full access to the auditors both internal and external who, in turn, have access at all times to the Chairman of the Committee. The

Committee meets with the external auditors without any executive present except for the Group Secretary, at least once a year.

In line with good corporate governance practice, the executive Director is not a member of the Audit & Accounts Committee.

The Report of the Audit & Accounts Committee is presented on pages 9 to 11 and the duties of the Audit & Accounts Committee are included therein.

#### c. Remuneration Committee

The Remuneration Committee is responsible for developing the Group's remuneration policy and determining the remuneration packages of executive employees of the Sime Darby Group, including those of its public listed subsidiaries. The Committee recommends to the respective Boards of Sime Darby and its subsidiaries, the remuneration to be paid to each non-executive Director for his services as a member of the Board as well as Committees of the Board.

The Remuneration Committee is made up entirely of non-executive Directors. During the year ended 30th June 2007, two (2) meetings were held and the attendance of the members at the meetings, were as follows:-

Members	No. of meetings attended	Percentage
Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali (Chairman)	2 out of 2	100
Datuk Khatijah binti Ahmad	2 out of 2	100
Tan Sri Abu Talib bin Othman	2 out of 2	100
Tan Sri Datuk Dr. Ahmad Tajuddin bin Ali	2 out of 2	100

The duties of the Remuneration Committee are:-

- (i) Subject to item (ii) below:-
  - to review and approve the compensation and benefits package for executives of the Sime Darby Group;
  - to review and approve the salary scales for executives of the Sime Darby Group; and
  - to review and approve the annual bonus and salary increment for executives of the Sime Darby Group.
- (ii) to review and recommend to the Board the compensation and benefits package and the terms and conditions of service of executives in Grade 8 and above of the Sime Darby Group including the Group Chief Executive and Group Chief Financial Officer of Sime Darby Berhad;
- (iii) to review and approve the compensation and benefits package and the terms and conditions of service of the Group Secretary, Group Head of Corporate Assurance, Group Head of Shared Services, Group Head of Strategic Planning and Group Head of Human Resource;
- (iv) to review and recommend to the respective Boards the remuneration for non-executive Directors of the public listed companies and any other companies in the Sime Darby Group as the Committee deems fit;
- (v) to review and approve the extension of service and the compensation and benefits package of executives in the Sime Darby Group who have reached the age of retirement, and
- (vi) any such other functions as may be delegated by the Board from time to time.

#### d. Nomination Committee

The Nomination Committee has been charged with identifying and recommending new nominees to the Boards as well as committees of the Boards of Sime Darby and its public listed subsidiaries and major subsidiaries. However, all decisions on appointments are made by the respective Boards after considering the recommendations of the Committee.

During the year ended 30th June 2007, two (2) meetings were held. The members of the Nomination Committee during the year, all of whom are non-executive Directors and two-thirds of them are independent, and their attendance at the meetings, were as follows:-

Members	No. of meetings attended	Percentage
Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid (Chairman)	2 out of 2	100
Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya	2 out of 2	100
Michael Wong Pakshong @ Michael Pakshong	2 out of 2	100



Other duties and responsibilities of the Nomination Committee include:-

- (i) to assess the effectiveness of the Board of Directors, the committees of the Board and each individual Director of Sime Darby and its subsidiary companies;
- (ii) to consider and recommend measures to upgrade the effectiveness of the Board and committees of the Board of Sime Darby and its subsidiary companies;
- (iii) to annually review the required mix of skills and experience and other qualities, including core competencies, which non-executive Directors should bring to the Board;
- (iv) to consider and recommend a policy regarding the period of service of executive and non-executive Directors;
- (v) to consider and recommend solutions on issues of conflict of interest affecting Directors; and
- (vi) to evaluate and determine the training needs of Directors.

#### e. ESOS Committee

The ESOS Committee was established to administer the Sime Darby Employees' Share Option Scheme in accordance with the Bye-Laws approved by the shareholders of the Company. The present ESOS Scheme (ESOS 2001/2008) was implemented on 10th December 2001 and is governed by the Bye-Laws that were approved by the shareholders on 6th November 2001. During the year ended 30th June 2007, no meetings were held. The members of the ESOS Committee during the year were as follows:-

Members
Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya (Chairman)
Datuk Khatijah binti Ahmad
Dato' Mohamed bin Sulaiman
Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid

#### f. Risk Management Committee

The Risk Management Committee was established with the primary responsibility of ensuring the effective functioning of the integrated risk management function within the Sime Darby Group. The Committee meets at least once every quarter and as and when required to review specific matters.

During the year ended 30th June 2007, five (5) meetings were held. The members of the Risk Management Committee during the year, of whom the Chairman is an independent non-executive Director, and their attendance at the meetings, were as follows:-

Members	No. of meetings attended	Percentage
Datuk Khatijah binti Ahmad (Chairman)	5 out of 5	100
Tan Sri Abu Talib bin Othman	3 out of 5	60
Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali	5 out of 5	100
Dato' Mohamed bin Sulaiman	4 out of 5	80
Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid	5 out of 5	100

The duties of the Risk Management Committee are:-

- (i) to provide oversight, direction and counsel to the risk management process;
- (ii) to establish risk management guidelines;
- (iii) to evaluate the structure for the Group risk management, risk management processes and support system;
- (iv) to consider the quarterly report on risks, major findings and management responses thereto on material issues, changing environments and required changes in risk management programmes;
- (v) to carry out risk evaluation on:-
  - all capital expenditure proposals by the Company and its subsidiaries exceeding a certain limit,
  - any business ventures into new areas of business and any investment outside of Malaysia, and
  - any transaction which carries exceptional terms, conditions or obligations including contingent obligations;
- (vi) to review and approve action and contingency plans developed to mitigate key risks; and
- (vii) to advise the Board on risk related issues and recommend strategies, policies and risk tolerance for Board approval.

## 6. Management of Operations

The Board has also established the Management Committee and Consultative Committees to assist in the running of the businesses of the Group.

The Management Committee under the chairmanship of the Group Chief Executive comprising the Group Chief Financial Officer, Group Secretary and all Divisional Directors, shares overall responsibility for the management policies, day-to-day operations of the Group, the deployment and implementation of Board resolutions and achievement of objectives and results.

The Consultative Committees are established to assist the Board in the oversight of the respective Divisions. They comprise the relevant management executives involved in the management of the companies within that Division and certain non-executive Directors identified by the Board based on the recommendation by the Nomination Committee. The duties of the Consultative Committees include:-

- (i) to contribute to corporate strategy development of the Division;
- (ii) to review the conduct and performance of the Division's businesses and the performance of the Division;
- (iii) to identify principal risks and to ensure the implementation of appropriate systems to manage these risks and to achieve a proper balance between risks accepted and potential returns to shareholders;
- (iv) to review the adequacy and the integrity of the internal control systems and management information systems of the companies in the Division including systems for compliance with applicable laws, regulations, rules, directives and guidelines and to ensure that there is a satisfactory framework of reporting on internal financial controls and regulatory compliance;
- (v) to review audit reports prepared by Group Corporate Assurance Department ("GCAD") and the external auditors with respect to the companies (other than the public listed companies) within the Division; and
- (vi) to adhere to and to apply the principles of good corporate governance and best practices.

## 7. Appointments to the Board and Re-election of Directors

There is in place a formal and transparent procedure for the appointment of new Directors to the Board. The proposed appointment of new member(s) of the Board as well as the proposed re-appointment or re-election of Directors seeking reappointment or re-election at the Annual General Meeting, are recommended by the Nomination Committee to the Board for their approval. The Board makes the final decision on appointment.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting after their appointment. Directors over seventy (70) years of age are required to submit themselves for re-appointment by shareholders annually in accordance with Section 129(6) of the Companies Act, 1965. In accordance with the Articles of Association, at least one-third of the remaining Directors are required to submit themselves for re-election by rotation at each Annual General Meeting.

For new Directors, there is a familiarisation programme in place, including visits to the Group's businesses and meetings with senior management as appropriate, to facilitate their understanding of the Group's businesses.

The Group Secretary ensures that all appointments are properly made, 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 Bursa Securities Listing Requirements or other regulatory requirements. The Board periodically examines the effectiveness of its present size in discharging its duties.

## 8. Directors' Remuneration

The objective of the Company's policy on Directors' remuneration is to attract and retain the Directors of the calibre needed to run the Group successfully. In the case of the executive Director, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. Performance is measured against profits and other targets set from the Company's annual budget and plans, and from returns provided to shareholders. In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive Director concerned.

The Remuneration Committee recommends to the Board the framework of the executive Director's remuneration and the remuneration package for the executive Director. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of the executive Director.

The annual remuneration payable to the non-executive Directors has been fixed by the shareholders of the Company at the 28th Annual General Meeting held on 7th November 2006 at an amount not exceeding, in aggregate, RM1,500,000. The determination of the fees of each non-executive Director is made by the Board as a whole. The Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors.

The remuneration package comprises the following elements:-

**(i) Fees and Meeting Allowances**

The fees payable to each of the non-executive Directors is determined by the Board as authorised by the shareholders of the Company. All non-executive Directors are paid meeting allowances as determined by the Board to reimburse them for expenses incurred for attendance at Board meetings.

**(ii) Basic Salary**

The basic salary for the executive Director is recommended by the Remuneration Committee, taking into account the performance of the individual, the consumer price index and information from independent sources on the rates of salary for similar positions in other comparable companies. The salary is reviewed annually.

**(iii) Bonus Scheme**

The Group operates a bonus scheme for all employees, including the executive Director. The criteria for the scheme are dependent on various performance measures of the Group, together with an assessment of their performance during the period. Bonus payable to the executive Director is reviewed and endorsed by the Remuneration Committee before approval by the Board.

**(iv) Benefits-in-kind**

Other customary benefits (such as private medical care, car, etc.) are made available as appropriate.

**(v) Retirement Arrangements**

The Company contributes 16% of the executive Director's monthly salary to the Employees Provident Fund.

**(vi) Service Contract**

The Group Chief Executive has a two-year service contract with the Company with effect from June 2007. The notice period for termination of his employment is three (3) months on either side.

**(vii) Directors' Share Options**

The movement in Directors' share options during the year ended 30th June 2007 is set out on page 55.

The aggregate remuneration of the Directors of the Company categorised into the appropriate components are as follows:-

	Group RM'000	Company RM'000
<b>Executive Director</b>		
Salary and other remuneration	1,898	1,898
Benefits-in-kind	113	113
<b>Non-Executive Directors</b>		
Fees	1,351	1,261
Other remuneration	93	84
Benefits-in-kind	31	31

The aggregate remuneration of Directors of the Company for the financial year ended 30th June 2007, in respective bands of RM50,000 are as follows:-

Range of Remuneration	Number of Directors
<b>Executive Director</b>	
RM2,000,000 to RM2,050,000	1
<b>Non-Executive Directors</b>	
RM100,001 to RM150,000	4
RM150,001 to RM200,000	4
RM200,001 to RM250,000	1

### 9. Directors' Training

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. They also continued to attend other education programmes and seminars to keep abreast with developments in the market place.

The Company has on an ongoing basis identified conferences and seminars which will be beneficial to the Directors. The Company also organises in-house training programmes locally and regionally, facilitated by industry experts, for Directors of listed companies in the Group and senior management.

During the year ended 30th June 2007, the Sime Darby Board, the Directors of the Group's public listed subsidiaries, members of the Management Committee and other senior executives of the Company attended training programmes pertaining to among others, the following:

- Investment Climate, Common Practices & Norms and Corporate Governance in China
- Driving Companies to meet Challenges of a Global World
- Strategic Human Capital Development and Talent Management
- Oil and Gas Industry.

### 10. Investor Relations and Shareholders Communication

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. The Company has an Investor Relations Unit which provides a platform for two-way communication between the Company and the shareholders and investors. In addition to various announcements made during the year, the timely release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations. A press conference and an analysts' briefing is held after the quarterly financial results are released to Bursa Malaysia Securities Berhad. Summaries of the financial results are advertised in daily newspapers and copies of the full announcement are supplied to shareholders and members of the public upon request.

The Company has been using the Annual General Meeting, usually held in October/November each year, as a means of communicating with shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board as well as the external auditors of the Company are present to answer questions raised at the meeting. Shareholders are welcome to raise queries by contacting the Company at any time throughout the year and not just at the Annual General Meeting.

There has always been a reasonable turnout at the Company's Annual General Meeting and about 750 shareholders attended the meeting held in 2006.

In addition, shareholders can obtain up-to-date information on the Group's various activities by accessing its website at [www.simedarby.com](http://www.simedarby.com). Press releases and the latest quarterly results announcements of the Company can also be found on this site.

Any queries or concerns regarding the Sime Darby Group may be conveyed to the following persons:-

- i. Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya, Senior Independent Director  
Telephone number : 603-2691 4122 extension 2266  
Facsimile number : 603-2711 0139
- ii. Yeoh Poh Yew, Nancy, Group Secretary  
Telephone number : 603-2691 4122 extension 2268  
Facsimile number : 603-2382 1075
- iii. Mohamad Hishammudin bin Hamdan, Group Head-Strategy  
Telephone number : 603-2691 4122 extension 2112  
Facsimile number : 603-2713 5935

### 11. Financial Reporting

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's financial position and prospects.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. All accounting standards which the Board considers to be applicable have been followed, subject to any explanations for material departures disclosed in the notes to the financial statements.

#### 12. Internal Control

The Code requires the Board to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Group's inherent system of internal control is designed to provide reasonable assurance but not absolute assurance against the risk of material errors, fraud or losses occurring.

The Statement on Internal Control which provides an overview of the state of internal control is set out on pages 20 and 21. The internal audit function of the Group which rests with the Group Corporate Assurance Department is described in the Report of the Audit & Accounts Committee on pages 9 to 11.

#### 13. Relationship with the Auditors

Through the Audit & Accounts Committee, the Board has established transparent and appropriate relationships with the Group's auditors, both external and internal.

The non-audit fees charged by PricewaterhouseCoopers, the external auditors during the year ended 30th June 2007 amounted to RM3.3 million (2006: RM4.3 million).

#### 14. Corporate Social Responsibility ("CRS")

During this financial year, the Group has been actively integrating Corporate Social Responsibility (CSR) initiatives as part of the way we conduct our business operations. We are working towards making CSR an integral component of all future strategies to enable the Group to contribute towards society in ways that will create value for shareholders. Within the Group, our CSR initiatives are anchored on two pillars – the environment and education,

Preservation of the environment is and has always been an important policy of the Group. As signatories to the Roundtable on Sustainable Palm Oil ("RSPO"), the Group acknowledges the importance of promoting sustainable agricultural practices in accordance with the Principles and Criteria provided by the RSPO.

In August 2006, the Group signed a Memorandum of Understanding with Wild Asia Sdn Bhd to jointly conduct a biodiversity and social impact assessment in selected oil palm plantations in Malaysia and Indonesia. The Group is committed to conducting its business in a more environmentally-sound and socially-conscious manner and the assessment will provide the management with an understanding of the biodiversity and social issues related to oil palm cultivation and management.

During the year under review, the Group adopted Heritage Park, a 400-acre area in the forests of Slim River, Perak, where we aim to create a gene bank of 3,000 types of trees found in the Peninsula. The Group will fund the cultivation of seedlings and replanting activities at this Park. Within the next 15 years, the Group hopes to cultivate five million trees in catchment areas in Batang Padang, Perak.

In the area of education, the Group is an active participant of the PINTAR (Promoting Intelligence, Nurturing Talents and Advocating Responsibility) programme. The Group has adopted three schools in Penang and has conducted several programmes with these schools. The Group is confident that by supporting PINTAR we will be able to foster educational excellence particularly in rural areas and over the next year, we will be involved in 15 more schools.

#### 15. Conclusion

Sime Darby has been in compliance with the Code during the financial year under review save for the disclosure of details of the remuneration of each Director. The Company complies with the disclosure requirements under the Bursa Securities Listing Requirements i.e. disclosure of Directors' Remuneration by applicable bands of RM50,000. The Board is of the view that the transparency and accountability aspects of Corporate Governance as applicable to Directors' Remuneration are appropriately served by the band disclosure made on page 17.

This statement is made in accordance with a resolution of the Board of Directors dated 28th August 2007.

## Responsibility

The Board of Directors acknowledges responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity. The system of internal control designed to safeguard shareholders' investment and the Group's assets, by its nature can only manage rather than eliminate the risk of failure to achieve business objectives, and inherently can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established procedures to implement in full the recommendations of the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" for the Company and its subsidiaries. These procedures are intended to provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, excluding associates and joint ventures which have not been dealt with as part of the Group. The procedures, which were in place during the financial year ended 30th June 2007, are subject to regular review by the Board of Directors.

For the financial year under review, the Board is satisfied that the system of internal control was generally satisfactory. Where exceptions were noted, they were not material in the context of this report and corrective actions have been taken.

## Risk Management

### Risk policy

Risk management is regarded by the Board of Directors to be an integral part of the business operations. Management is responsible for creating a risk-aware culture and for building the necessary knowledge for risk management. They also have the responsibility for managing risks and internal control associated with the operations and ensuring compliance with applicable laws and regulations.

The main underlying principles of the Group's policy are:

- Informed risk management is an essential element of the Group's business strategy
- Effective risk management provides greater assurance that the Group's vision and strategy will be achieved without surprises
- Each Division (and each business unit therein) is expressly responsible for managing the risks associated with its business and investment objectives
- All material risks are to be identified, analysed, treated, monitored and reported.

The formulation of the policy and risk management framework that includes the strategy, culture, people and technology is the responsibility of the Group Chief Executive and members of the Management Committee.

### Risk reporting

The Group's risk management framework provides for regular review and reporting. The reports include an assessment of the degree of risk, an evaluation of the effectiveness of the controls in place and the requirements for further controls. The key elements of the process are:

- Presentation of a summary of significant risks to the Board of Directors on a quarterly basis
- Reporting of significant risks by subsidiaries in their annual management plan
- Reporting of significant risks by Divisions to Sime Darby Berhad on a quarterly basis
- Review and discussion of key risks during the management meetings of the business units
- Review and discussion of key risks for each significant investment considered by the Risk Management Committee.

### Control structure and environment

The Board of Directors is committed to maintain a strong control structure and environment for the proper conduct of the Group's business operations. The key elements are:

#### Operating structure with clearly defined lines of responsibility and delegated authority

The operating structure includes defined delegation of responsibilities to the committees of the Board, the management of Group Head Office and the operating units.

#### Independence of the Audit & Accounts Committee

The Audit & Accounts Committee comprises non-executive members of the Board, with the majority being independent directors. The Committee has full access to both internal and external auditors and it meets with the external auditors without any executive present, except for the Group Secretary, at least once a year.

#### Written policies and procedures on the limits of delegated authority

The limits of delegated authority are clearly defined and set out in the Group Policies and Authorities ("GPA") and the Divisional/Operating Unit Standard Operating Procedures. These policies and procedures are reviewed regularly and updated when necessary.

#### Corporate values

Corporate values, which emphasise ethical behaviour, are set out in the GPA.

#### Comprehensive information system

This information system includes preparation and submission of annual management plans, budgets and other information to the Board of Directors. Budgets prepared by operating units are regularly updated and explanation of variances is incorporated in the monthly management reports. The Sime Darby Management Committee comprising the Group Chief Executive, the Group Chief Financial Officer and all Divisional Directors review the performance and results of operating units on a monthly basis.

#### Employee competency

Emphasis is placed on the quality and abilities of employees with continuing education, training and development being actively encouraged through a wide variety of schemes and programmes.

#### Corporate Assurance

The Group Corporate Assurance Department's ("GCAD") role includes business analyses and internal audit. The GCAD which reports directly to the Audit & Accounts Committee, conducts business reviews and analyses, reviews on systems of control and the effectiveness of the processes that management has in place to identify, manage and report risks. The GCAD is adequately staffed by employees who are qualified to carry out their work.

#### Board Risk Management Committee

To demonstrate the Group's commitment to risk management, a Board Risk Management Committee was established on 24th August 2004 and a Group Chief Risk Officer was appointed in January 2005. The Group Chief Risk Officer reports to the Group Chief Executive and has reporting responsibilities to the Board Risk Management Committee. During the year, the Group Chief Risk Officer conducted Risk Management Workshops with key business divisions/units of the Group.

#### **Monitoring and review of the effectiveness of the system of internal control**

The processes adopted to monitor and review the effectiveness of the system of internal control are:

- regular confirmation by the chief executive officer and chief financial officer of the respective operating units on the effectiveness of the system of internal control, highlighting any weaknesses and changes in risk profile. The same confirmation is provided by the Group Chief Executive and Group Chief Financial Officer to the Board annually.
- Control Self-Assessment ("CSA") is continuously carried out during the year by selected operating units using the questionnaire approach. The focus of the CSA is to ascertain level of compliance to procedures.
- periodic examination of business processes and the state of internal control including control over quality, environmental, safety and health issues by the GCAD. Reports on the reviews carried out by the GCAD CA function are submitted on a regular basis to the management and the Audit & Accounts Committee.

The monitoring, review and reporting arrangements in place give reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error or deliberate circumvention of control procedures by employees and others.

This statement is made in accordance with a resolution of the Board of Directors dated 28th August 2007.

## Statement On Director's Responsibility

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the year and the results of the Group and the Company for the year. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the Malaysian Accounting Standards Board approved accounting standards in Malaysia for Entities Other Than Private Entities and the provisions of the Act.

The Directors consider that in preparing the financial statements for the year ended 30th June 2007 set out on pages 58 to 139, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and enable them 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 and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 28th August 2007.





## Chairman's Statement

On behalf of the Board of Directors ("Board") of Sime Darby Berhad ("Sime Darby"), it is my pleasure to present the Annual Report, incorporating the Financial Statements of the Group and the Company for the year ended 30th June 2007.

### **Changes to the Board of Directors**

The Group welcomes YM Raja Datuk Arshad bin Raja Tun Uda, who was appointed as an Independent and Non Executive member of the Board on 1st July 2007. The Board will benefit from his skills and knowledge.

## Financial Highlights

ANALYSIS OF NET PROFIT				
(Amounts in RM million)	2007	%	2006	%
Operating profits				
Plantations	<b>310.5</b>	<b>20.1</b>	249.9	14.7
Property	<b>220.5</b>	<b>14.2</b>	224.7	13.2
Heavy Equipment	<b>659.8</b>	<b>42.6</b>	566.8	33.2
Motor Vehicles	<b>63.1</b>	<b>4.1</b>	358.2	21.0
Energy & Utilities	<b>249.5</b>	<b>16.1</b>	283.6	16.6
General Trading, Services and Others	<b>45.4</b>	<b>2.9</b>	22.8	1.3
	<b>1,548.8</b>	<b>100.0</b>	1,706.0	100.0
Unusual items	<b>567.0</b>		(7.8)	
Unallocated corporate expenses	<b>(61.7)</b>		(31.8)	
Investment and interest income	<b>170.3</b>		89.5	
Finance costs	<b>(138.4)</b>		(121.8)	
Profit before taxation	<b>2,086.0</b>		1,634.1	
Taxation	<b>(488.6)</b>		(429.9)	
Profit after taxation	<b>1,597.4</b>		1,204.2	
Minority interests	<b>(91.7)</b>		(82.8)	
Group net profit for the year	<b>1,505.7</b>		1,121.4	

The Group is pleased to report a net profit for the year of RM1.5 billion, a substantial increase of 34% over the previous year. Profit before tax increased in tandem to RM2.1 billion, an increase of 28% over the previous year. These figures are record figures for the Group. This record profit is largely attributable to rising crude palm oil ("CPO") prices and continued growth in demand for heavy equipment as well as profits recognised from the disposal of non-core assets including Jaya Holdings and SimeLease.

Crude palm oil prices averaged RM1,720 per metric tonne for the full year (2006 : RM1,407 per metric tonne).

The Heavy Equipment Division continued to benefit from the sustained demand for products and services in the mining, logging and oil and gas sectors, mainly in Australia.

The Motor Vehicle Division's results were adversely affected by the weak Malaysian car market which necessitated stock write downs.

The Property Division's profits remained at similar levels to the previous financial year.

The Energy and Utilities Division's lower profit was mainly due to lower contribution from associates following the disposal of a 29.3% equity stake in Jaya Holdings Limited in November 2006.

The improvement in the Group's net profit translates into a return on average shareholders' funds of 15.9%, a significant improvement from the previous year of 13.3%.

## Financial Position

The Group started the year with a net debt position of RM0.4 billion and ended with a healthy net cash position of RM1.5 billion, resulting from improved profits and proceeds received from the disposal of non-core assets.

### Dividends

The Board is pleased to declare a second interim dividend of 25.2 sen gross per share, bringing the total gross dividend for the year to 30.2 sen per share. This represents a net dividend of 24.0 sen, which is the maximum permitted net dividend allowed under the Sale of Business Agreement signed with Synergy Drive Berhad.

### Major Corporate Activities

A summary of the Group's major corporate activities during the year is set out below:-

#### Acquisitions

- On 31st July 2006, Sime Darby Eastern Limited acquired the entire equity interest in Sime O & M (Thailand) Co Ltd (formerly known as Fortum Energy Solutions (Thailand) Company Limited) ("Sime O & M") for a total cash consideration of Euro 1.125 million. The principal activity of Sime O & M is the provision of operation and maintenance services to power plants in Thailand, including Laem Chabang Power Company Limited.

#### Disposals

- On 24th July 2006, Sime Malaysia Region Berhad, Sime Darby Nominees Sendirian Berhad and SD Holdings Berhad completed the disposal of all their respective equity interests in Century Automotive Products Sdn Bhd totaling 99.64% for RM19.6 million.
- On 1st November 2006, Sime Darby Eastern Limited completed the disposal of its 29.3% equity interest in Jaya Holdings Limited for S\$301.1 million.
- On 14th February 2007, Sime Malaysia Region Berhad completed the disposal of its 51% equity interest in Sime Conoco Energy Sdn Bhd for USD0.5 million.
- On 13th April 2007, SD Holdings Berhad and Sime Darby Nominees Sendirian Berhad completed the disposal of the entire equity interest in SimeLease (Malaysia) Sdn Bhd for RM107.0 million net of inter-company dividend.
- On 27th April 2007, Sime Darby Singapore Limited completed the disposal of its 75% equity interest in PT Guru Indonesia for USD1.1 million.
- On 16th June 2007, Sime Malaysia Region Berhad completed the disposal of its 80% equity interest in Sime Inax Sdn Bhd for RM24.0 million.

### Our People

In my Statement two years ago, I stated the policy of the Group regarding the rationalisation of its business activities and aiming for synergistic growth through vertical and horizontal integration. Since then, the Group has substantially completed its disposal of non-core assets. With the merger with Golden Hope Plantations and Kumpulan Guthrie, the Plantations and the Property Divisions will be greatly expanded and poised for further growth.

The Group continues to place emphasis on succession planning and career development as we recognise that talent management is critical to our long term survival. Throughout the year, we have introduced a variety of programmes that focus on maximising leadership effectiveness and potential. The contribution of the management and other levels of employees have contributed significantly to the Group's profits.

The Group will continue to promote a performance culture driven by excellence.

#### **Corporate Social Responsibility ("CSR")**

The Group continued with its CSR initiatives in education and environmental preservation. These initiatives include the school adoption and plant-a-tree programmes.

#### **Prospects**

By now, you will be aware that our prospects are inextricably bound to the new Synergy Drive.

This new entity will benefit from a greatly enlarged plantations division and property development arm. With 560,000ha of plantation land in Malaysia and Indonesia, the group will be responsible for nearly eight per cent of global CPO output thereby achieving the distinction of the world's largest listed palm oil plantation company by CPO production.

Synergy Drive will also be the largest property developer in Malaysia in terms of land bank.

#### **Acknowledgements**

I wish to thank my fellow Board members for their service to the Group and on behalf of the Board, I would like to thank all shareholders and employees, past and present, for their loyalty and dedication throughout the highs and lows of our corporate history. We would also like to extend our heartfelt thanks to our principals, partners and associates for their unwavering support that has transformed our Group into what it is today.

It has been our honour and privilege to have served as your Board and we have but one request – that you pledge your continued support and loyalty to the incoming Board of Directors of Synergy Drive.

Ahead as one.



Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid

Chairman

28th August 2007



## Group Chief Executive's Message

I am pleased to report that the solid hard work put in over the past three years is paying off handsomely for the Sime Darby Group. For the first time in its history, the Group reported a record pre-tax profit exceeding RM2 billion, for the financial year ended 30th June 2007.

This translated to a net profit of RM1.5 billion, which is an increase of 34% over the RM1.1 billion achieved in the previous financial year. The improvement in the Group's net profit represents a return on average shareholders' funds ("ROSF") of 15.9%, a significant improvement from the previous year of 13.3%.

In addition, the Group surpassed its KPIs for FY2008, one year ahead of time. The KPIs for FY2008 were a net profit of RM1.4 billion and a ROSF of 15.0%. This strong performance is the result of our disciplined management leadership approach in executing the business strategies that we conceptualised three years ago – a renewed focus on our core businesses and the disposal of non-core businesses. It is also due to the winning combination of the Group's ability to anticipate the global environment and future trends and the ability to make change happen faster.

Sime Darby's net profit for the financial year ended 30th June 2007 was achieved on the back of revenue of RM20.7 billion, a 3% increase over the previous year.

Both the Heavy Equipment and Plantations Divisions reported solid growth in profit before unusual items, interests and taxes ("PBUIIT"). The Heavy Equipment Division posted 16% growth in PBUIIT due to sustained demand in the mining, logging and oil and gas sectors while the Plantations Division reported a 24% increase on the back of higher crude palm oil ("CPO") prices.

What is clear is that none of this would have been possible without our people, who serve the Sime Darby Group with great pride and commitment. It is through their full engagement and passion that the Group has been able to achieve such stellar performance. We believe that only by continuing to nurture our talent, our human capital, that we will be able to sustain our business results in the long term, and to achieve our aspiration of becoming an employer of choice and a world-class talent-producing corporation.

To this end, we have introduced a wide-range of programmes with the ultimate objective of enabling us to attract, retain and motivate our high-potential and best talent. As we are a global company, our aim is to groom leaders with a global mindset by providing opportunities for international assignments. We are also taking advantage of technology to enhance the efficiency of our human talent management processes such as via our e-learning programmes.

We have received the necessary approvals from our shareholders and relevant authorities to accept Synergy Drive Berhad's offer to merge the Sime Darby Group, with Golden Hope Plantations and Kumpulan Guthrie. We are now working towards finalising the transaction and the listing of Synergy Drive on the Main Board of Bursa Malaysia by December 2007. We would like to thank the Board, our shareholders and the relevant authorities for supporting this transaction. We are optimistic that this merger will create greater shareholder value, via capital appreciation and improving dividends.

Synergy Drive's strategy is in line with that of Sime Darby's - focusing on and growing the five core businesses (plantations, property, heavy equipment, motor vehicles and energy and utilities) and being a global corporation. As such, we are well positioned to contribute to the growth of the merged entity and advance Synergy Drive's global aspirations.

The outlook for Synergy Drive's Plantations Division will continue to be robust as we foresee the price of CPO remaining high. We will be able to maximise returns in this Division as the merger provides us access to both upstream and selected downstream activities. The enlarged Plantations Division will harness the potential synergies by leveraging on its size, tapping into the diverse skills, expertise and experience of its employees, and by adopting best practices in plantations management.

Synergy Drive's Property Division will also be energised and be transformed into Malaysia's leading community and lifestyle developer through fostering strategic partnerships across the value chain. The other core businesses comprising heavy equipment, motor vehicles and energy and utilities will also benefit significantly from this merger.

Upon completion of the merger, Synergy Drive will embark on a three-phase roadmap. During the first phase, expected to cover 2007 and 2008, a platform for the new organisation will be established to ensure a seamless integration of the core businesses involved.

In the second phase, between 2008 and 2009, the focus will be on the transformation of the Plantations and Property Divisions to capture the targeted synergies for delivering operational excellence.

In the third phase, scheduled for 2010, it is expected that the plantations and property development businesses of the enlarged group would be fully integrated and positioned to embark on the identified priority areas of growth and opportunities. New growth opportunities will be explored while the existing business operations will continue to be reviewed and enhanced to fulfil their potential.

During these phases, our continuous commitment to sustainable development will be further strengthened. The mission is to make Synergy Drive among the world's best companies in adopting sustainable practices to co-exist with the environment.



Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid  
Group Chief Executive  
28th August 2007

## PLANTATIONS

### Plantations

The Plantations Division recorded higher profits compared to the previous financial year due to higher market price for crude palm oil ("CPO"). The average selling price of CPO for the financial year ended 30th June 2007 was RM1,720 per metric tonne ("pmt") compared to RM1,407 pmt in the previous year.

The plantations operations experienced a challenging period in the financial year due to two major factors. Firstly, the floods in Johor and Sabah during the year had adversely affected crop harvesting and

evacuation from the estates which led to deterioration of the quality of fruit received at the mills. As a result, CPO production was lower compared to the previous financial year and further amplified the CPO shortage experienced nationwide.

Secondly, production costs at the estates have increased due to the earlier increase in diesel cost which resulted in higher costs for transporting fresh fruit bunches ("FFB") to the mills and transporting CPO to buyers. In addition, unplanned repair expenses were incurred to rectify roads, bridges, buildings and other facilities in the aftermath of the floods.



Plantations Statistics (including Kalimantan)	2006/07	2005/06
Planted Hectareage - Oil Palm (in Hectares)	80,046	80,163
Fresh Fruit Bunches ("FFB") Production (in MT)		
Own Crop	1,658,495	1,624,097
Deduct: Crop Sold Unprocessed	(117,400)	(73,493)
Outside Purchases	290,473	300,359
Total FFB Processed	1,831,568	1,850,963
FFB Yield (in MT per Hectare)	22.5	22.5
Average Selling Price (in RM per MT)		
CPO	1,720	1,407
Palm kernel	925	953
FFB	375	293
Sales Volume (in MT)		
CPO	366,091	368,379
Palm kernel	99,226	99,810
FFB	117,400	73,493
Oil Extraction Rate (in %)	19.7	19.7
Palm Kernel Extraction Rate (in %)	5.4	5.4





There has been an increasing demand globally for the implementation of the Hazards Analysis Critical Control Point ("HACCP") principles to improve food safety. In the plantations industry, the implementation has largely been confined to the refineries. However, Sime Plantations Sdn. Bhd. ("SPSB") has taken a step further to incorporate HACCP into the palm oil mill process as CPO and palm kernel, both produced by the mills, are raw materials for food production. In this respect, 20 executives from multiple operational areas within SPSB, underwent a six-day food safety training programme in HACCP conducted by SGS Malaysia as part of the initiative aimed at implementing an internationally recognised food safety programme in a structured and well-coordinated manner along the entire food chain.

#### Oils & Fats

During the financial year, Morakot Industries Public Company Limited ("Morakot") consolidated its expansion programme which was completed in November 2005. It had resulted in an increase in the market coverage which now includes Southern China and the other surrounding countries with a corresponding increase in the volume compared to the previous years.

In an effort to become a major player in the edible oils and fats industry in the region, Morakot is continuing

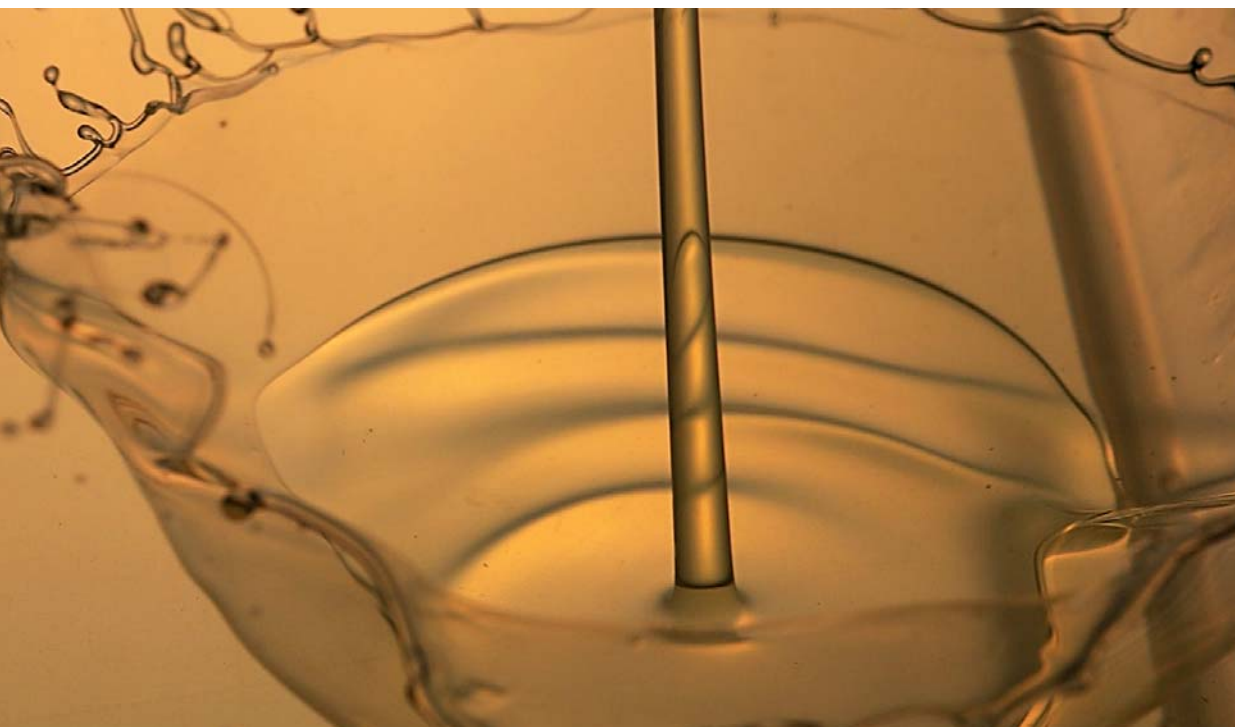
with the second stage of its expansion programme with the construction of an 800 tonne per day refinery currently under way and targeted to be completed in December 2007.

Kempas Edible Oil Sendirian Berhad ("KEO") is a leading refiner and manufacturer of specialty fats and vegetable oils for the food industries worldwide. KEO has embarked on a RM14 million expansion project during the year to double its specialty fats production capacity and it was fully operational in June 2007.

#### Agri-Foods

Sime Darby Edible Products Limited ("SDEPL") launched a range of premium 'ready-to-cook' Peranakan sauces under the Sunbeam brand. With the tag line "I feel good!", the introduction of these sauces marked the beginning of SDEPL's foray into the food distribution business.

Operating from its farm in Seremban, Sime Aerogreen Technology Sdn. Bhd. ("SAT") continues to produce and sell premium temperate vegetables such as Golden Butterhead, Lollo Rossa, Batavia, Romaine and a range of other sub-tropical vegetables under the brand name Sime Fresh. SAT is currently conducting trials to cultivate other premium crops and capitalising on the Sime Fresh brand name to introduce new varieties to the market.



## PROPERTY

### Development

#### Malaysia

Putra Heights, Sime UEP Properties Berhad's ("Sime UEP") third township in the Klang Valley which was launched in 1999, continued to gain popularity as one of the most sought-after suburbs. During the year under review, six new phases were launched, consisting of double-storey link homes and super-link homes. In March 2007, Sime UEP began work on the Putra Heights Interchange which will provide another access route to the township by connecting it to the ELITE highway. The interchange is expected to be completed by the end of 2008.

Sime UEP also concluded the sale of 9.2 acres of vacant industrial land in Taman Perindustrian UEP Subang Jaya and handed over two phases of double-storey linkhomes. At the same time, neighbouring Pinggiran USJ witnessed the launch of 20' x 60' double-storey linkhomes.

During the year under review, development of Bandar Bukit Raja progressed smoothly with the Group concentrating on Stage I, which focuses on residential properties. To promote sales further in Bandar Bukit Raja, a new sales gallery, which showcases four fully-furnished houses, was opened.

The Ara Damansara township, developed by Sime Pilmoor Development Sdn. Bhd. and project managed by Sime UEP, has over the years established itself as one of the premier choice locations in the Klang Valley. The township's value and appeal increased with the opening of the Ara Underpass along the Sultan Abdul Aziz Shah Airport Road which gives direct access to the main entrance of the township. During the year, the premier Ara Hill development was launched and sales have been encouraging.

During the year, Sime UEP Brunnsfield Properties Sdn. Bhd. launched Subang Avenue, a mixed residential-commercial development in SS 16, Subang Jaya. It is designed to provide sophisticated and contemporary



living with urban conveniences readily available without having to leave the comforts of home. The launch saw tremendous market response and sales of units have been good.

#### Singapore

The launch of Balmoral Hills, an exclusive freehold residential development set on high ground at Balmoral Park in prime District 10 was very well received. The project is scheduled for completion by end 2007.

Orion, an iconic 27-storey luxurious boutique freehold residential development, also located in District 10, is scheduled for completion in the first quarter of 2008.

As at end of June 2007, a total of 41 units have been sold at an average price of S\$1,470 per square foot.

#### China

The Richmond Park Project, a high end residential and commercial development in Beijing, China is jointly being developed with ING Real Estate and Hong

Kong's Nanfung Group. The first phase comprising exclusive high rise apartments has been completed and handed over to the purchasers during the year. Other phases are being developed and continue to generate strong buying interests.

#### Australia

During the year under review, together with the Brunfield Group, we concluded the acquisition of the remaining development land within Oyster Cove, an exclusive residential development on Queensland's popular Gold Coast. This project comprises high end waterfront resort bungalows and commercial units, and development is in progress.

#### Asset Management

##### Malaysia

The Group manages a mix of commercial high-rise office buildings, industrial complexes and land banks leased to companies within the Group. Of these, net lettable commercial office space comprises over 1 million square feet.



Premier office buildings, Wisma Consplant 1 and 2 in Subang Jaya enjoyed 97% and 95% occupancy respectively while Wisma Sime Darby, Kuala Lumpur, which is managed on behalf of the State Government of Sabah, achieved 99% occupancy. The Group has embarked on a refurbishment programme for the older office buildings to enhance the value of the properties.

Shaw Brothers (M) Sdn. Bhd. which is involved principally in property management and investment maintained its profit level during the year.

#### Singapore

Sime Properties Singapore achieved close to 100% occupancy at Sime Darby Centre and Performance Centre during the year. The upgrading of the façade at Sime Darby Centre was completed at the end of 2006. Sime Darby Enterprise Centre, another of Sime Properties Singapore's investments along Jalan Bukit Merah, achieved 100% occupancy since its opening in April 2007.

#### Indonesia

The Cilandak Commercial Estate, situated in Jakarta and managed by an associate company, PT Bhumyamca Sekawan, continued its good performance with an average occupancy rate of above 95%. The Estate has a total of over 77,000 square meters of office, warehouse and workshop space for lease.

#### United Kingdom

Sime Darby London was successful in tenancing a sizeable industrial property in Bognor Regis. This property was partly disposed of to a UK property investment fund during the financial year. This part-disposal contributed to the profits of the Property Division.

#### Hospitality

##### Malaysia

PNB Darby Park continued to perform well, both in terms of occupancy and average room rate, despite additional supply of rooms in the market. The newly-opened Sime Darby Convention Centre ("SDCC") has



started to gain popularity as a venue for seminars and social events. China Treasures and Halia, the two restaurants in SDCC, have also enjoyed favourable reviews and patronage.

The Kuala Lumpur Golf & Country Club ("KLGCC") is a proprietary club located strategically in the hilltop setting of Bukit Kiara and consists of two 18-hole courses, namely the par-71 East Course, which is fully floodlit for night golfing, and the par-72 West Course. The clubhouse has approximately 150,000 square feet of covered facilities, including a three-tier 78-bay fully automated golf driving range. In February 2007, KLGCC embarked on an extensive upgrade of the golf course and the clubhouse facilities, which will provide top quality facilities, products and services to members, guests and visitors alike once completed in May 2009.

#### Singapore

Darby Park Executive Suites also continued to boast high occupancy. For the financial year under review, occupancy achieved was 97% as compared to 92%

the year before. Average room rate achieved was also higher by 16% compared to the previous year. Fuelled by a buoyant economy, high occupancy and rates are expected to continue into the next year.

#### Australia

Quest Subiaco, Quest Margaret River and Karri Valley Resort also performed better than the year before. The mining industry boom has ensured high occupancy and average room rates at Quest Subiaco, which ended the year with 93% occupancy. For Quest Margaret River, occupancy improved by 17% and the Karri Valley Resort maintained its occupancy rate but improved on its average room rate by 7% as a result of better yield management.



## HEAVY EQUIPMENT

### Malaysia

The financial year ended 30th June 2007 was another encouraging year for the Heavy Equipment Division. The traditional logging sector saw continued demand for timber products from China and Japan resulting in high plywood and log prices which spurred demand for excavators and skidders.

Government spending on infrastructure projects has begun to rise, fuelling an increase in demand from the construction sector.

High oil prices have led to an increase in oil and gas exploration and production activities resulting in increased demand for the Group's engines and generator sets.

Parts and service sales recorded another year of steady performance due to sustained activity in the logging sector. The introduction of long term maintenance agreements has largely been well received by our customers and has contributed to the increased parts and service revenue.

Demand from the agricultural sector, in particular from East Malaysia, provided growth opportunities for our Case New Holland and Kubota tractors this year.

Tractors Manufacturing & Assembly Sdn. Bhd. in Pasir Gudang, Johor, benefited from the higher levels of activity in the ports sector in the region, which resulted in increased demand for locally fabricated Terberg-branded terminal tractors. Improved collaboration with principals to lower costs resulted in more products like the Caterpillar 527 and CS533 compactor machines being locally assembled.

Sales of Terberg terminal tractors have been very encouraging with increased orders from Vietnam, India, the Philippines, Australia, New Zealand, Thailand and Singapore.

The Oil and Gas Division, in a joint-venture with Sime Engineering Sdn. Bhd. has substantially completed the Kuantan and Segamat Gas Compressor Stations for Petronas Gas. The Division has also extended its collaboration with General Electric ("GE") and has been appointed the exclusive distributor for GE products in Malaysia including its turbine and pipeline inspection services.



### Vietnam

The Group commenced its Vietnam operation through a subsidiary, CICA Ltd., which markets, sells and services Renault Trucks, Atlas Copco drilling solutions, Ingersoll Rand compressors, Terberg terminal tractors and other industrial products in the country.

### China (including Hong Kong SAR and Macau SAR)

The Group, through its wholly owned subsidiary, The China Engineers Ltd., is the exclusive dealer for all Caterpillar products in the provinces of Guangdong, Fujian, Jiangxi, Guangxi, Hunan, Hainan and Xinjiang in China as well as Hong Kong and Macau.

Sales of hydraulic excavators have increased significantly, fuelled by robust economic growth and substantial government infrastructural spending, complemented by promotion campaigns and innovative financing packages with Caterpillar China Finance Ltd.

High oil prices and demand from shipyards resulted in stronger demand for engines and generator sets.

The parts and service business enjoyed a stable year. The established relationship with the Hong Kong

Government and sanitary landfill operators saw steady business in the repair and maintenance of equipment.

During the year, significant investment was made to increase the number of branches and to upgrade sales and service capabilities in China to take advantage of growing demand for our products and services.

### Singapore

Tractors Singapore Limited ("TSL") continued to report better overall performance for the year under review supported by the strong economic growth both domestically and regionally.

The buoyant marine and oil & gas markets contributed greatly to TSL's strong engines sales growth in the marine/petroleum market. TSL's Product Support department also benefited from the higher demand for repairs from this market sector. TSL participated in the Asian Shipping/Work Boat 2007 Exhibition to reinforce our strong presence in this region.

The announcement of the latest IR ("Integrated Resort") project launched by the Singapore Government provided the necessary impetus to boost



the weak domestic construction market in 2005. This had benefited TSL in our New Machines sales. In early 2007, riding on the strong demand for machines, TSL successfully launched the new Caterpillar D Series Hydraulic Excavator packaged with the ValuePlus\$ that features an attractive service and financing package for the buyers of 320/330 hydraulic excavators.

TSL has continued to make significant in-roads in Maldives. We are gaining market share in the generator sets market for resorts and machine sales for the construction market. We have appointed a new sub-dealer to strengthen our presence in Maldives.

FG Wilson Asia Pte. Ltd., an associate of TSL, also reported a better than budgeted turnover for the financial year riding on the continuing buoyant economy of the region.

#### Australia

The Australian operations accounted for the majority of Hastings Deering's growth on the back of a very strong coal sector. Australia's strong economy has also created significant opportunity in the construction sector which is also growing rapidly to

accelerate the completion of lagging infrastructure.

Rental of Caterpillar and related equipment was another feature of a successful year. In support of a strongly growing construction sector the rental fleet grew by approximately 30% while retaining excellent utilisation.

Development of branch facilities has continued with the construction of facility extensions now underway at several locations. This investment will ensure that customers continue to enjoy the same standards of service and support that they have traditionally come to expect. There has also been significant investment in human capital development. During the year, the Hastings Deering Institute of Training was recognised as a Registered Training Authority by the Queensland Government. It now has the authority to confer its own government recognised apprenticeship qualification. During the year, international ISO accreditation was achieved in the areas of Safety and Environmental Management.

Austchrome Pty. Ltd., a subsidiary that specialises in the repair and reclamation of hydraulic components, had a difficult year due to skills shortages and





associated delays. However, the outlook for this business continues to be positive.

#### Papua New Guinea

Operations in Papua New Guinea principally revolve around the support of mining operations at Ok Tedi, Porgera and Lihir Island. Following the pattern in recent years, 2007 reflected a steady year with acceptable financial returns.

#### Solomon Islands

Business opportunity in Solomon Islands comprises mainly the support of the logging industry. Acceptable financial returns have now been restored following an earlier period of civil strife.

#### New Caledonia

The New Caledonian economy is based primarily on nickel mining and processing which has enjoyed continuing record prices over the last three years. Caltrac achieved another strong result year as customers took the opportunity to upgrade and expand their mining fleets.

#### Philippines

For the year under review, Sime Darby Industries, Inc. ("SDII") reported a slight improvement in revenue

despite weak industry performance mainly due to limited private initiatives in agriculture and new investments. However, it showed significant increase in gross profit margins due to better margin sales to corporate accounts and to some degree, local currency appreciation that favoured cost of importation.

SDII's agriculture tractor distribution remains a top revenue contributor. New Holland has been the market leader in unit sales for three consecutive years, while the Terberg terminal tractor has emerged as the market leader in its segment.

Diesel-type small engine models which were tested and certified to meet stringent quality standards were introduced during the year. A dealership agreement was also formalised for distribution of Wix brand filters from the US.



### MOTOR VEHICLES

The past 12 months have been a very challenging period for the Group Motor Division as a whole. The Division experienced lower turnover and profitability compared to the year before due to numerous factors. These factors which include increase in fuel prices, Government policies and softening of domestic economy in certain countries have continued to negatively affect the motor industry in general.

Nevertheless, the Division has continued to strive for excellence in quality and service in the year under review and building for the longer term. The strong commitment by the Group has been reflected in various awards won locally and internationally during the year.

#### Malaysia

The motor industry in Malaysia post the National Automotive Policy saw a tough period with the deceleration of demand for motor vehicles, intense competition, free fall in second hand car prices and curtailment of loans for vehicle purchases by financial institutions. In this difficult environment, the Group

has taken steps to reorganise its operations in anticipation of improved market conditions.

The Hyundai Group continued to expand its products and introduced the locally assembled Getz 1.4 in October 2006. Another milestone for the Group was the launch of the Inokom HD5000 in March 2007. The launch signalled the Group's first venture into the mid-range commercial vehicle market. The completely built-up unit Santa Fe (4 wheel drive) vehicle was introduced in July 2007 as a prelude to local assembly of the product.

Auto Bavaria has, against the trend in the general industry, recorded double digit growth in its Sales and Aftersales departments, strengthening its position as the main BMW, Mini and Motorrad service and retail organisation in Malaysia. The systematic upgrade of its nationwide network has progressed with the completion of all major branches in the Klang Valley and Penang.

Land Rover performed better in the year under review as compared to last year. The luxury sport utility vehicle models – Discovery 3, Range Rover Sports and



the updated flagship Range Rover contributed positively to the company's sales and profit upturn. The performance of Ford Malaysia was adversely affected by intense competition to reduce inventory in the market. In April 2007, the all new Ford Ranger TDCi was launched which is expected to bring about a change in fortunes. During the year, it also expanded its Quality Care Customer Satisfaction initiatives in the retail organisation to enhance customer's ownership experience.

#### Singapore

Performance Motors achieved leadership in the premium segment in Singapore for the second consecutive year in 2006. Delivery of 545 units of vehicles to the International Monetary Fund conference was made in September 2006. The majority of these vehicles were BMW 7 series which represented the largest single order for this model in BMW's history.

Performance Premium Selection, our used car venture, reported strong sales exceeding the 2,600 unit mark

and reported improved earnings over the previous year. Its unique showroom at Sime Darby Centre provides customers with the variety, quality and assurance that one would only gets with an authorised used vehicle BMW Dealership.

Vantage Automotive faced a challenging year with the Ford franchise. Its performance was affected by the stronger Euro dollar. Despite similar challenges, the Peugeot marque was able to maintain its niche market and its cabriolets were among the best selling in Singapore.

#### China (including Hong Kong SAR and Macau SAR)

The economies of the two Special Administrative Regions continued to enjoy strong economic growth fuelled largely by the significant economic growth in China. Macau's economy was further boosted by the rapid expansion of its gaming industry.

The reorganisation of the mid-range brands in the previous year under a multi-franchise group is a successful strategy resulting in further improvement



in profitability. Work has commenced to renovate our building in Kowloon to create a multi-franchise flagship facility. This is another effective cost management strategy to combat the rising rental rates in Hong Kong.

BMW was privileged to be selected as the official limousine provider for the Hong Kong International Telecommunications Union Conference, which was its first world conference to be held outside Geneva. The new X5 and 3 series Cabrio were successfully launched during the year. The world's largest single Rolls-Royce fleet order was delivered to the renowned Peninsula Hotel of Hong Kong. These 14 units of the prestigious and super luxurious extended wheel base model of the Rolls Royce Phantom have now become a landmark in Hong Kong.

Since China's ascension to the World Trade Organisation in 2001, the automotive industry has experienced phenomenal growth. China is the second largest passenger car market and the third largest

vehicle producer in the world. Its unit sales and production increased by over 25% in year 2006. The growing affluence of consumers has created a continuing demand for luxury vehicles.

The Group continued to pursue a strategy to position itself as a tier one BMW retailer in China. Additional BMW 4S dealership sites have commenced operation, mainly in the southern part of China. Retail unit sales have improved despite severe competition in the market as new motor dealerships are emerging rapidly. The Rolls Royce franchise was successfully re-launched in Shanghai with a new showroom opened in the up market Xintiandi district.

#### Australia

Sime Darby Automobiles recorded another record year of sales growth and profits, trading as the sole importer and distributor for Peugeot in Australia. Since 2001, Sime Darby has trebled annual sales and revitalised the Peugeot dealer network in Australia.



South Perth Investments achieved strong sales and profit growth driven by the high demand for rental vehicles from the Australian mining companies to support the continuing boom in the Iron Ore and Coal mining sectors in Australia.

#### Thailand

Thailand's local automobile sales remained weak in the year under review. Political uncertainty remains the major concern. A combination of these factors has resulted in poorer performance by the marques being represented by Sime Darby in Thailand.

#### New Zealand

The New Zealand Group faced challenges in both the passenger car and truck markets in the year under review. In the passenger car market, a significant oversupply of stock from both manufacturers of new vehicles and used imports saw lower margins. On the truck side, new units and parts sales both declined as operators, uncertain of the economy, held off capital purchases and non essential maintenance. Both

markets contributed to a decline in earnings from the previous year. Nevertheless, we maintained our 25% market share of passenger cars for most of the marques represented and 30% of the trucks market share.



## ENERGY & UTILITIES

### Oil & Gas

During the year, high oil prices and increasing consumption in China and India resulted in growing demand for offshore oil & gas facilities.

The strong positive outlook benefited Sime Darby Engineering ("SDE"), Sime Engineering and Sime Darby Offshore Engineering especially in respect of offshore Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC") activities.

The financial year under review was also a record breaking year for SDE as it continued to increase its presence in the international scene with the award of an EPCIC contract valued at RM2.2 billion by Maersk Oil Qatar. SDE also secured two additional projects from Petronas Carigali and Talisman Malaysia.

Work on the Pasir Gudang yard development which was initiated during the previous financial year to increase the annual fabrication capacity from 35,000 MT to about 45,000 MT, has been making good progress. To-date, the north wharf and south wharf and the additional workshops for pipe mill fabrication have been completed as planned. With the higher capacity, SDE will have an increased capability to undertake more domestic as well as international projects.

### Engineering

The Malaysia-China Hydro Joint Venture, the design and build contractor for the main civil works of the

power generating structure for the Bakun Hydroelectric Project ("BHEP"), continues to work on the Concrete Faced Rockfill Dam. When completed, the BHEP will have a generating capacity of 2,400 MW.

### Systems Integration, Trading and Services

During the year under review, Mecomb Malaysia secured an order to provide industrial fans, blowers and filter presses for the Bakun Dam Powerhouse. It also secured a contract for the supply, installation and maintenance of a car parking system for the residential units and offices owned by Sime UEP in Subang Jaya.

A contract to supply tunnel fans to the Mass Rapid Transit project in Singapore for Stages 4 and 5 was awarded to Mecomb Singapore. It also successfully packaged its proprietary solutions for an intelligent car park management system for the prestigious VivoCity shopping mall in Singapore. This led to a second project at Raffles City in Singapore, which included the implementation of the latest non-ducted ventilation system consisting of mini-jet fans.

Mecomb Singapore has also seen marked growth in project sales in the life science, pharmaceutical and biotechnology industry. To strengthen itself in this industry, the company recently tied-up with an autoclave manufacturer and was appointed by its life science business partner as the single solution provider for a leading pharmaceutical company.

### Security Products and Services

During the year, Chubb Malaysia's electronic security systems reported higher sales compared to the previous year, due to an increase in domestic demand



from high-end residential projects and the financial sector. Focusing on the growing Middle East market, Chubb Malaysia's export sales have also shown a significant improvement especially for safes and vault doors.

#### Calibration and Measurement Services

Sime-SIRIM Technologies ("SST") reported higher turnover and profit compared to previous years, contributed by new service contracts, higher repeat orders and additional new activities. Sales to the telecommunication, oil & gas and defence sectors have further improved. Nevertheless, slow development in certain sectors such as the automotive and education sectors have impeded SST's business growth.

#### Power Generation

Both Port Dickson Power's and Laem Chabang Power's power plants have been operating efficiently, and continue to maintain their excellent plant availability. During the year, Sime LCP Power in Thailand undertook an expansion project for another 50MW of generation capacity at the Laem Chabang industrial estate. The project is expected to be completed by October 2008.

In July 2006, the Sime Darby Group acquired the entire equity interest in Fortum Energy Solutions (Thailand), an operation and maintenance operator of power plants. The company's name was changed to Sime O&M (Thailand) to reflect the new ownership. The

acquisition is in line with the Sime Darby Group's objective to operate its own power plants.

#### Utilities

Weifang Sime Darby Port which services cities in the Shandong Province in China, reported significant improvement in its financial performance due to higher productivity, utilisation of the newly constructed 3 x 3,000 tonnes port berths, and the commencement of a 24-hour working operation.

Weifang Sime Darby Water has been granted a 50-year concession for the sale of treated water for industrial use in the coastal area north of the Weifang district in the Shandong Province. The improved performance of the company during the year was attributed to higher productivity and an increase in water tariff rates with effect from December 2006.

Zibo Sime Darby Chemicals, which was incorporated on 16th January 2007, is involved in the manufacturing and marketing of poly-aluminium chloride for water treatment. It supplies mainly to Weifang Sime Darby Water and intends to increase its production to cater for external sales.



## GENERAL TRADING, SERVICES & OTHERS

### Aerospace

Asian Composites Manufacturing Sdn. Bhd., an associated company involved in aircraft composite components manufacturing, reported increased profitability as a result of higher factory capacity utilisation due to the buoyant commercial aircraft market.

### Bedding

The Bedding Group reported lower profitability for the year due to the initial losses of the newly start-up operations in Indonesia, United Arab Emirates and Hong Kong. Nevertheless, the Bedding Group continued its strong charge into the East and West Asian markets during the year, opening up new distribution channels to establish the Dunlopillo brand in the markets.

### Consumer Products

Tesco Stores (Malaysia) Sdn. Bhd., a joint venture with Tesco Plc in which the Group owns 30%, reported improved performance for the year on the back of a higher number of stores opened. The company had

during the year acquired the Makro chain of stores, bringing the total number of stores opened to 19 hypermarkets and two express stores nationwide.

### Healthcare

Subang Jaya Medical Centre Sdn. Bhd. and its subsidiary, Megah Medical Specialists Group Sdn. Bhd. ("Healthcare Group"), continued to enjoy steady business performance and strong client loyalty with improved revenue and profitability. The Healthcare Group will continue to expand its current offerings and upgrade its facilities in order to maintain its track record of successes and achievements spanning over 20 years of operation.

### Industrial Products

Sime Kansai Paints Sdn. Bhd., a joint venture with Kansai Paint Co. Ltd. of Japan in which the Group owns 40%, reported reduced profitability for the year due to lower demand from the automotive car manufacturers.

In line with the Sime Darby Group's focus on core businesses, Sime Inax Sdn. Bhd. was divested during the year.





### Insurance Broking

The Insurance Broking group managed to maintain its profitability for the year despite the softening of the market and keen competition.

### Logistics

KN Sime Integrated Logistics Sdn. Bhd., an associate company involved in warehousing and logistics, turned around to report a profit for the year.

### Packaging

The Packaging group continued to operate in an adverse operating environment characterised by severe competition, high paper prices and higher fuel costs. The packaging operation in Indonesia was divested during the year, and the Group has entered into agreements with the Thai Containers Group to dispose of the packaging operations in Malaysia (Subang Jaya) and Singapore.

### Travel

The Travel division proved to be resilient with satisfactory performance for the year despite the increased competition and challenges dogging the industry.



## 17 October

Tractors Malaysia (1982) Sdn. Bhd. and its subsidiary, Tractors Manufacturing and Assembly Sdn. Bhd. ("TMA"), entered into a Trademark License Agreement with Caterpillar Paving Products Inc of USA to locally manufacture the Caterpillar CS533 vibratory soil compactor at the TMA plant in Pasir Gudang, Johor.

## 17 November

The Bedding Group introduced Dunlopillo i-Rock, the first ever mattress complete with a built-in sound system, targeted at the younger generation. The innovative "Music Bed" continues Dunlopillo's efforts to expand into new market segments.



## 29 November

The Hyundai Group's Inokom Getz 1.4 continued to live up to its impressive track record by winning the Small Car Category of the NST-AmBank Group Car of the Year Awards 2006 while the Inokom Matrix was the vehicle with the least complaints by its owners in the MPV/Van category as confirmed by the 2006 Malaysia Initial Quality Study (IQS) conducted by JD POWER Asia Pacific.

## 14 December

Goodwood Motors Limited delivered 14 units of the new Rolls-Royce Phantom to the Peninsula Hong Kong, one of the most prestigious hotels on the island. It was the single largest order of the Rolls-Royce Phantom on record.



## 19 December

The Asian Composites Manufacturing Sdn. Bhd. plant in Bukit Kayu Hitam, Kedah received a special guest when the Sultan of Kedah, DYMM Tuanku Haji Abdul Halim Mu'adzam Shah Ibni Almarhum Sultan Badlishah visited the facility to have a first hand look at its operations and business activities.



## 15 January

Tractors Malaysia (1982) Sdn. Bhd. officially launched the upgraded Caterpillar 330 D-Series Excavator and conducted a two-month long road show to demonstrate the machines' capabilities to customers in major towns in Peninsular and East Malaysia.

## 30 January

Sime Darby Lockton Insurance Brokers Sdn. Bhd. ("SDL"), (formerly known as Sime Alexander Forbes Insurance Brokers Sdn. Bhd.), was renamed following the acquisition of the Group's joint venture partner in SDL, Alexander Forbes International Risk Services by Lockton, Inc of the USA. Lockton, Inc's global presence and expertise will provide SDL opportunities to become a world-class insurance broker.



**6 February**

Subang Jaya Medical Centre Sdn. Bhd. ("SJMC") participated in the National Occupational Safety and Health (OSH) Award 2006 organised by the National Council of Occupational Safety and Health and emerged as a winner in the Private Business Category.

**12 April**

Sime Darby Engineering Sdn. Bhd. celebrated its outstanding safety performance of 18 million man hours without LTI ("Lost Time Incident") with a Health, Safety and Environmental Day to acknowledge the contribution of its employees, clients and subcontractors.

**15 April**

Ara Damansara, Sime UEP Properties Bhd's premier township development, was selected to launch the Selangor State Government's *1 Rumah, 1 Pokok* campaign. The initiative is aimed at promoting a greener living environment beyond modern facilities and amenities for the comfort and convenience of the residents.

**20 April- 29 April**

The Sime Darby Group participated in the annual Minggu Saham Amanah Malaysia 2007 road show exhibition aimed at educating the public on the importance of smart investments. Held in Kuantan, Pahang this week-long exhibition showcased the Group's strength and core businesses.

**26 April**

Sime Plantations Sdn. Bhd. entered into a Collective Agreement with National Union of Plantation Workers to standardise its practices in terms of work method and the earnings of the different categories of workers.

**8 May**

Sime UEP Properties Bhd reached new heights when it received the Gold Award for most trusted property developer in The Reader's Digest Trusted Brand Awards 2007. The award is given to local and international brands with voting done by readers of the Reader's Digest magazine.

**10 May**

Sime Plantations Sdn. Bhd. and BioX Carbon, Europe's largest supplier of sustainable biofuel for the renewable energy sector, entered into an agreement to develop the United Nations-recognised Clean Development Mechanism (CDM) to reduce greenhouse gas emissions at its palm oil mills.



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1,078.9  
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- 10  
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718.9

Sen

29.7  
29.6

# Reports And Financial Statements

For The Year Ended 30th June 2007



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The Directors present their Report together with the audited financial statements of the Group and of the Company for the year ended 30th June 2007.

#### PRINCIPAL ACTIVITIES AND TRADING RESULTS

The principal activities of the Group are plantations, property, heavy equipment, motor vehicle, energy and utilities, and general trading and services.

The Company is a limited liability company, incorporated and domiciled in Malaysia. The Company is principally an investment holding company. It also engages in trading and marketing of commodities and provides management services to its subsidiary companies.

There has been no significant change in the principal activities of the Group and of the Company during the year. An analysis of the results for the year is shown in Note 42 on the financial statements.

#### FINANCIAL RESULTS

The audited financial statements for the year ended 30th June 2007 submitted with this Report show:-

	Group RM million	Company RM million
Profit after taxation	1,597.4	89.9
Minority interests	(91.7)	–
Net profit for the year attributable to shareholders	1,505.7	89.9

#### DIVIDENDS

The dividends paid and proposed by the Company since 30th June 2006 were as follows:-

	RM million
In respect of the year ended 30th June 2006	
Final dividend of 24.78 sen gross per share, comprising 15.78 sen per share less Malaysian tax at 27%, 5.0 sen per share Malaysian tax exempt and 4.0 sen per share less Singapore tax at 20%, paid on 15th December 2006	<u>487.8</u>
In respect of the year ended 30th June 2007	
Interim dividend of 5.0 sen gross per share less Malaysian tax at 27%, paid on 18th May 2007	<u>91.8</u>

On 28th August 2007, the Directors declared the payment of a second interim dividend of 25.2 sen gross per share, comprising 13.7 sen per share less Malaysian tax at 27%, 5.0 sen per share Malaysian tax exempt and 6.5 sen per share less Singapore tax at 18%, which will be paid on 26th October 2007. The entitlement date for the dividend payment is 28th September 2007.

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 26th September 2007 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 28th September 2007 in respect of transfers; and
- (iii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The declared second interim dividend and the first interim dividend paid on 18th May 2007 amount to a total distribution of 30.2 sen gross per share for the year.

#### RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the year are shown respectively in the financial statements.

#### SHARE CAPITAL

During the year, the issued and paid-up share capital of the Company was increased from 2,465,520,674 ordinary shares of RM0.50 each to 2,522,028,674 ordinary shares of RM0.50 each by the issue of 3,151,000 new ordinary shares at RM4.90 per share, 2,957,000 new ordinary shares at RM5.08 per share, 210,000 new ordinary shares at RM5.09 per share, 10,332,000 new ordinary shares at RM5.47 per share, 30,525,000 new ordinary shares at

RM5.41 per share and 9,333,000 new ordinary shares at RM5.28 per share, for cash pursuant to the exercise of options under the Sime Darby Employees' Share Option Scheme.

There was no change in the authorised capital of the Company during the year.

The shareholders of the Company had, at the Annual General Meeting held on 7th November 2006, granted a mandate for the Company to purchase, upon such terms and conditions as the Directors may deem fit, up to ten per centum (10%) of the issued and paid-up capital of the Company. The mandate will expire at the conclusion of the forthcoming Annual General Meeting. The Company has not made any purchase of Sime Darby Berhad shares during the year.

#### **SIME DARBY EMPLOYEES' SHARE OPTION SCHEME**

During the year, no new options were granted pursuant to the Sime Darby Employees' Share Option Scheme ("the Scheme").

#### **AMERICAN DEPOSITORY RECEIPTS**

A Sponsored Level 1 American Depository Receipts ("ADR") Programme for shares of the Company ("ADR Programme") was registered with the Securities and Exchange Commission of the United States of America on 27th August 1999.

Under the ADR Programme, a maximum of 20 million ordinary shares of the Company, representing approximately 0.81% of its total issued and paid-up capital, will be traded in ADRs in the United States of America, in the ratio of 1 (one) share to 1 (one) ADR. The Company's trading symbol on the over-the-counter market in the United States of America is SIDGY and its CUSIP number is 828617 308.

The Depository Bank for the ADR Programme is The Bank of New York and the sole Custodian of the Company's shares for the ADR Programme is Malayan Banking Berhad, Kuala Lumpur.

As at 28th August 2007, there were 31,528 shares of the Company deposited with Malayan Banking Berhad for the ADR Programme and there were 31,528 ADRs outstanding.

The Company had, on 22nd August 2007, issued a notice of termination of the ADR Programme to The Bank of New York. The termination will take effect on 22nd September 2007.

#### **CHANGES IN GROUP ASSETS**

The following significant acquisitions and disposals were made during the year:-

1. On 14th July 2006, Sime Darby Brunfield Holding Sdn. Bhd. subscribed for the entire equity interest in Sime Darby Brunfield Australia Pte. Ltd. ("SDB Australia"). SDB Australia holds 70% equity interest in Oyster Cove International Pty. Ltd ("OCI"). OCI will be principally involved in property development.
2. On 24th July 2006, Sime Malaysia Region Berhad, Sime Darby Nominees Sendirian Berhad and SD Holdings Berhad completed the disposal of all their respective equity interests in Century Automotive Products Sdn. Bhd. totaling 99.64% for RM19.6 million.
3. On 25th July 2006, Sime Darby Motors (Nissan China) Holdings Limited completed the disposal of its 90% equity interest in Yunnan Sime Winner Motor Services Co., Limited for RMB5.5 million.
4. On 31st July 2006, Sime Darby Eastern Limited acquired the entire equity interest in Sime O & M (Thailand) Co. Ltd. (formerly known as Fortum Energy Solutions (Thailand) Company Limited) ("Sime O & M") for a total cash consideration of Euro 1.125 million. The principal activity of Sime O & M is the provision of operation and maintenance services to power plants in Thailand, including Laem Chabang Power Company Limited.
5. On 31st August 2006, BMW Concessionaires (HK) Limited acquired the entire registered capital of Yunnan Bow Yue Vehicle Trading Company Limited ("YBYVT") for RMB10.0 million. The principal activities of YBYVT are the retailing of branded automobiles and related spare parts, and the provision of after-sales services and management consulting services on automobile sales.
6. On 13th September 2006, Sime Darby Motors Sdn. Bhd. completed the compulsory acquisition of all the remaining shares held by the minority shareholders of Hyundai-Sime Darby Berhad ("HSD") for a total consideration of approximately RM3 million, in conjunction with the voluntary withdrawal of HSD from the Official List of Bursa Malaysia Securities Berhad pursuant to Paragraph 16.04 of the Listing Requirements of Bursa Securities.

7. On 19th October 2006, Sime Consulting Sdn. Bhd. entered into a Joint Venture Agreement with Golden Hope Plantations Berhad, Permodalan Nasional Berhad, Kumpulan Guthrie Berhad and PNB Enterprise Sdn. Bhd. ("PNBE") to regulate the equity participation and the conduct and affairs of PNBE. Each joint venture party holds 25% equity participation in PNBE. The principal activity of PNBE is animal husbandry including the rearing of sheep, goats, cattle and other livestock.
8. On 30th October 2006, Shanghai Xin Biao Xian Motor Commerce Company Limited ("SXBX") was incorporated as a wholly-owned subsidiary of Sime Darby Motor Group (HK) Limited. The principal activities of SXBX will be the retailing of automobiles manufactured by Rolls-Royce Motor Cars Limited.
9. On 1st November 2006, Sime Darby Eastern Limited completed the disposal of its 29.3% equity interest in Jaya Holdings Limited for S\$301.1 million.
10. On 25th November 2006, Sime Darby Hong Kong Limited acquired an additional 15% equity interest each in Weifang Sime Darby Port Co. Ltd. and Weifang Sime Darby Water Co. Ltd. for USD15 million and USD5 million, respectively.
11. On 16th January 2007, Zibo Sime Darby Chemicals Co. Ltd ("Zibo Sime Darby") was incorporated in the People's Republic of China as a 51% owned subsidiary of Sime Darby Hong Kong Limited. The principal activity of Zibo Sime Darby is the production and sale of polyaluminium chloride, a water treatment chemical.
12. On 18th January 2007, Marksworth Limited acquired 4% and 5% equity interest in Weifang Sime Darby Port Co. Ltd and Weifang Sime Darby Water Co. Ltd. for USD5 million and USD2 million, respectively.
13. On 14th February 2007, Sime Malaysia Region Berhad completed the disposal of its 51% equity interest in Sime Conoco Energy Sdn. Bhd. for USD0.5 million.
14. On 13th April 2007, SD Holdings Berhad and Sime Darby Nominees Sendirian Berhad completed the disposal of their respective equity interests in SimeLease (Malaysia) Sdn. Bhd. totaling 100% for RM107 million net of inter-company dividend.
15. On 27th April 2007, Sime Darby Singapore Limited completed the disposal of its 75% equity interest in PT Guru Indonesia for USD1.1 million.
16. On 16th June 2007, Sime Malaysia Region Berhad completed the disposal of its entire 80% equity interest in Sime Inax Sdn Bhd for RM24.0 million.

#### **DIRECTORS**

The Directors who have held office during the period since the date of the last Report are as follows:-

Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid (Chairman)  
 Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya (Deputy Chairman)  
 Michael Wong Pakshong @ Michael Pakshong  
 Datuk Khatijah binti Ahmad  
 Tan Sri Abu Talib bin Othman  
 Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali  
 Tan Sri Datuk Dr. Ahmad Tajuddin bin Ali  
 Dato' Mohamed bin Sulaiman  
 Datuk Seri Panglima Sheng Len Tao  
 Raja Datuk Arshad Raja Tun Uda (appointed on 1st July 2007)  
 Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid (Group Chief Executive)

YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya, Mr. Michael Wong Pakshong @ Michael Pakshong and YM Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali, being over seventy years of age, retire in accordance with Section 129 of the Companies Act, 1965. YM Tunku Tan Sri Dato' Seri Ahmad and YM Raja Tan Sri Muhammad Alias offer themselves for re-appointment in accordance with Section 129(6) of the Act to hold office until the conclusion of the next Annual General Meeting of the Company. Mr Wong will not be offering himself for re-appointment.

YM Raja Datuk Arshad Raja Tun Uda, who was appointed on 1st July 2007, retires in accordance with the Articles of Association of the Company, and being eligible, offers himself for election.



The Directors retiring by rotation this year are YBhg Tan Sri Datuk Dr. Ahmad Tajuddin bin Ali and YBhg Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid who being eligible, offer themselves for re-election.

Other than YBhg Dato' Seri Ahmad Zubair, none of the Directors retiring and offering themselves for re-appointment, election or re-election, has a contract of service with the Company.

#### DIRECTORS' BENEFITS

During and at the end of the 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.

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Director's remuneration and benefits-in-kind in Note 2 on 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 is a member, or with a company in which he has a substantial financial interest.

#### DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares or options over shares in the Company during the year covered by the financial statements were as follows:-

<b>Number of ordinary shares of RM0.50 each</b>				
<u>Sime Darby Berhad</u>	<u>At 1st July 2006</u>	<u>Acquired</u>	<u>Disposed</u>	<u>At 30th June 2007</u>
Michael Wong Pakshong @ Michael Pakshong	65,000	–	–	65,000
Datuk Khatijah binti Ahmad	10,000	–	–	10,000
Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid	–	248,000	(108,000)	140,000
<b>Options over ordinary shares of RM0.50 each</b>				
<u>Sime Darby Berhad</u>	<u>At 1st July 2006</u>	<u>Granted</u>	<u>Exercised</u>	<u>At 30th June 2007</u>
Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid	302,000	–	(248,000)	54,000

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in, or participatory interests made available by, subsidiaries of the Company during the year covered by the financial statements were as follows:-

<b>Number of ordinary shares of RM0.50 each</b>				
<u>Sime Engineering Services Berhad</u>	<u>At 1st July 2006</u>	<u>Acquired</u>	<u>Disposed</u>	<u>At 30th June 2007</u>
Michael Wong Pakshong @ Michael Pakshong	10,000	–	–	10,000

#### Kuala Lumpur Golf & Country Club Berhad

##### Participatory interest

Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid  
 Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya  
 Datuk Khatijah binti Ahmad  
 Tan Sri Abu Talib bin Othman  
 Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali  
 Tan Sri Datuk Dr. Ahmad Tajuddin bin Ali

##### **Type of membership**

Honorary  
 Honorary  
 Honorary  
 Honorary  
 Honorary  
 Honorary

No other Director in office at the end of the year held any shares in the Company or shares in, debentures of or participatory interest made available by its subsidiaries during the year.

**STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS**

(a) Before the Income Statement and Balance Sheet of the Group and of the Company were made out, 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 making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, have been written down to amounts which they might be expected to so 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 the allowance 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 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 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.

(e) 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 year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

**OTHER STATUTORY INFORMATION**

In the opinion of the Directors:-

- (a) the results of the operations of the Group and of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in Note 4 on the financial statements; and
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the 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 year in which this Report is made except as disclosed in Note 46 on the financial statements.

**AUDITORS**

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors  
dated 28th August 2007



Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid  
Chairman



Kuala Lumpur  
28th August 2007

Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid  
Group Chief Executive

The principal accounting policies of the Group and of the Company are summarised below:

## 1 Basis of preparation

The financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and under the historical cost convention except as disclosed in this summary of principal accounting policies.

The financial statements comply with the Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB"), in Malaysia for Entities other than Private Entities including the new and revised accounting standards as disclosed in Note 2 below.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3 below.

## 2 New and revised accounting standards

During the financial year ended 30th June 2006, the Group and the Company adopted FRS 3 - Business Combinations in accounting for business combinations where the sale and purchase agreement date is on or after 1st January 2006, and FRS 136 - Impairment of Assets and FRS 138 - Intangible Assets in accounting for goodwill and intangible assets arising therefrom. The new FRS, amendment to published standards and IC interpretations to existing standards shown below are effective for financial year ended 30th June 2007.

- |                         |  |
|-------------------------|--|
| • FRS 1                 | - First-time Adoption of Financial Reporting Standards   |
| • FRS 2                 | - Share-based Payment  |
| • FRS 5                 | - Non-current Assets Held for Sale and Discontinued Operations   |
| • FRS 101               | - Presentation of Financial Statements   |
| • FRS 102               | - Inventories  |
| • FRS 108               | - Accounting Policies, Changes in Accounting Estimates and Errors  |
| • FRS 110               | - Events after the Balance Sheet Date  |
| • FRS 116               | - Property, Plant and Equipment  |
| • FRS 121               | - The Effects of Changes in Foreign Exchange Rates   |
| • FRS 127               | - Consolidated and Separate Financial Statements   |
| • FRS 128               | - Investments in Associates  |
| • FRS 131               | - Interests in Joint Ventures  |
| • FRS 132               | - Financial Instruments: Disclosure and Presentation   |
| • FRS 133               | - Earnings Per Share   |
| • FRS 140               | - Investment Property  |
| • Amendments to FRS 119 | - Employees Benefits - Actuarial Gains and Losses, Group Plans and Disclosures (in relation to the "asset ceiling" test) |
| • IC Interpretation 107 | - Introduction of the Euro   |
| • IC Interpretation 110 | - Government Assistance – No Specific Relation to Operating Activities   |
| • IC Interpretation 112 | - Consolidation – Special Purpose Entities   |
| • IC Interpretation 113 | - Jointly Controlled Entities – Non-Monetary Contributions by Venturers  |
| • IC Interpretation 115 | - Operating Leases – Incentives  |
| • IC Interpretation 121 | - Income Taxes – Recovery of Revalued Non-Depreciable Assets   |
| • IC Interpretation 125 | - Income Taxes – Changes in the Tax Status of an Entity or its Shareholders  |
| • IC Interpretation 127 | - Evaluating the Substance of Transactions Involving the Legal Form of a Lease   |
| • IC Interpretation 129 | - Disclosure – Service Concession Arrangements   |
| • IC Interpretation 131 | - Revenue – Barter Transactions Involving Advertising Services   |
| • IC Interpretation 132 | - Intangible Assets – Web Site Costs   |

## 2 New and revised accounting standards (continued)

FRS 1 and IC Interpretation 107, 113 and 131 are not relevant to the Group and the Company. All FRS require retrospective application except FRS 2 and 5 and certain aspects of FRS 116, 121 and 140 which require prospective application or application in accordance with their respective transitional provisions.

The Group and the Company have also adopted the following FRS with effect from 1st July 2006 although these standards only require application with effect from the financial period commencing on or after 1st October 2006:

- FRS 117 - Leases
- FRS 124 - Related Party Disclosures

In addition, the Group and the Company have adopted the Amendment to FRS 121 issued by MASB on 15th February 2007.

The adoption of FRS 121 resulted in lower profit for the year by RM0.1 million and a prior year adjustment, while the other FRS and Interpretations had largely affected the presentation and disclosure in the financial statements. The principal impact of adopting these FRS and Interpretations are as follows:

### (a) FRS 2 - Share-based Payment

FRS 2 requires recognition of share-based payment transactions including the value of share options in the financial statements. There was no financial impact following the prospective application of FRS 2 with effect from 1st July 2006.

### (b) FRS 5 - Non-current Assets Held for Sale and Discontinued Operations

With the adoption of FRS 5, a non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets or disposal groups are stated at the lower of their carrying amount and fair value less costs to sell.

### (c) FRS 101 - Presentation of Financial Statements

FRS 101 requires changes to presentation and disclosure of new classes of assets:

- Minority interests are now presented within total equity in the consolidated balance sheet, and as an allocation of the net profit or loss for the period in the consolidated income statement. Movements in minority interests are shown in the consolidated statement of changes in equity.
- Share of results of associates and jointly controlled entities is now presented net of tax in the consolidated income statement.
- Total recognised income and expenses for the period are now explicitly shown in the consolidated statement of changes in equity.
- Investment properties and biological assets previously classified under property, plant and equipment are now shown as separate classes of assets.

Pending the issuance of accounting standards on recognition and measurement of biological assets, the Group continues to use the "capital maintenance" method in the recording of these assets. The capital maintenance method involves capitalising new planting cost without amortisation while replanting costs are charged to the income statement in the period the expenditure is incurred. The capitalised costs will be amortised to the income statement only if the land on which the trees are planted is on a lease term. The amortisation is on a straight-line basis over the economic useful lives of the trees commencing upon maturity of the trees of the last planting cycle.

### (d) FRS 117 - Leases

FRS 117 requires leasehold land to be treated as an operating lease and the transitional provision allows the unamortised carrying amounts of previously revalued leasehold land to be retained as surrogated carrying amounts. Therefore, instead of capitalising the payments made for the leasehold land and the revaluation adjustments in 1978 as property, plant and equipment, the carrying amounts of all long and short leasehold land are now reclassified as prepaid lease rentals.

The prepaid lease rentals are amortised on a straight-line basis over the lease period, which is similar to the depreciation policy when they were treated as property, plant and equipment.

## 2 New and revised accounting standards (continued)

### (e) FRS 121 - The Effects of Changes in Foreign Exchange Rates

- (i) Functional currency is the currency of the primary economic environment in which the entity operates and may differ from local currency. Previously, translation of subsidiary's financial statements for consolidation purposes is made only when the subsidiary's local currency differs from the currency used by the parent. FRS 121 now requires the financial statements of each subsidiary to be measured in functional currency of the subsidiary, and on consolidation, all monetary and non-monetary items of the subsidiary are translated to the parent's presentation currency. Exchange differences arising therefrom are taken directly to exchange reserves. This requirement does not affect the results of the corresponding period as all subsidiaries' functional currencies were same as their local currencies during the said period.
- (ii) Previously, the Group translated foreign currency transactions and monetary items at contracted rates if those amounts are hedged by forward foreign exchange contracts. FRS 121 prescribes exchange rates at date of transactions to be used in translating foreign currency transactions and exchange rates as at balance sheet date for translation of monetary items. This change in policy has resulted in changes to the opening reserves and results reported in the corresponding period.

### (f) FRS 140 - Investment Property

The Group's land and buildings held for rental income or capital appreciation are now classified as investment properties instead of property, plant and equipment. Investment properties are stated at cost and amortised on a straight-line basis to write down the cost of each building to their residual values over their estimated useful lives, which is similar to the depreciation policy when they were treated as property, plant and equipment.

There is no impact to the Company's comparative figures following the adoption of the new and revised accounting standards. The impact of the above on the Group's comparative figures is shown in Note 45 on the financial statements.

As at the date of authorisation of the financial statements, the Group and the Company have not adopted the following FRS, amendment to published standards and IC Interpretations, which have effective dates as follows:

	Effective for financial periods beginning on or after
• Amendments to FRS 119 - Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures (in relation to option of an alternative recognition approach for actuarial gains and losses)	1st January 2007
• FRS 6 - Exploration for and Evaluation of Mineral Resources	1st January 2007
• FRS 107 - Cash Flow Statements	1st July 2007
• FRS 111 - Construction Contracts	1st July 2007
• FRS 112 - Income Taxes	1st July 2007
• FRS 118 - Revenue	1st July 2007
• FRS 120 - Accounting for Government Grant and Disclosure of Government Assistance	1st July 2007
• FRS 134 - Interim Financial Reporting	1st July 2007
• FRS 137 - Provisions, Contingent Liabilities and Contingent Assets	1st July 2007
• FRS 139 - Financial Instruments – Recognition and Measurement	effective date deferred
• IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities	1st July 2007
• IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments	1st July 2007
• IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1st July 2007
• IC Interpretation 6 - Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1st July 2007
• IC Interpretation 7 - Applying the Restatement Approach under FRS 129 – Financial Reporting in Hyperinflationary Economies	1st July 2007
• IC Interpretation 8 - Scope of FRS 2	1st July 2007

FRS 6 and IC Interpretation 2, 5, 6 and 7 are not relevant to the Group and the Company. The adoption of the other FRS and IC Interpretations except for FRS 139, in financial year ending 30th June 2008 are not expected to have any significant effects on the financial statements of the Group and the Company. FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when effective. The Group has not disclosed the impact of FRS 139 on the financial results as allowed by the accounting standard.

### 3 Judgement in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. 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) Provisions for warranties

Provision has been recognised for warranties provided for the Group's products that are not covered by manufacturer's warranties. This provision has been estimated based on historical claims experience, as well as recent trends that might suggest that historical claims experience may vary from future claims. Factors that could impact the amount of future claims include the quality of products supplied by manufacturers and the costs of parts and labour.

#### (b) Inventories write down

Inventories write down is provided based on their net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less cost to completion and selling expenses.

#### (c) Construction contracts and property development projects

The Group recognises contract and property development revenue based on percentage of completion method. The stage of completion is measured by reference to the costs incurred to date to the estimated total cost or the completion of a physical proportion of work to-date. Significant judgement is required in determining the stage of completion, the extent of the costs incurred, the estimated total revenue (for contracts other than fixed contracts) and costs, as well as their recoverability. Total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, the Group relies on past experience and work of specialists.

### 4 Basis of consolidation

#### (a) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the year. Subsidiaries are entities in which the Group has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the purchase method of accounting. The financial statements of subsidiaries are included in the consolidated financial statements from the date of their acquisition or up to the date of their disposal. On acquisition, identifiable assets, liabilities and contingent liabilities of the subsidiaries are measured at their fair value. Adjustments are made to the financial statements of subsidiaries, where necessary, to ensure consistency of their accounting policies with those of the Group.

The portion of profit or loss and net assets in subsidiaries that are not held by the Group are shown as minority interests. Minority share of net liabilities is only up to its limit of obligation in the case when the minority has a binding obligation to, and is able to, make good the losses.

All intercompany transactions and balances are eliminated on consolidation. Unrealised losses on transactions with and between Group companies are eliminated on consolidation to the extent of the cost of the asset that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the asset transferred are recognised in the consolidated income statement.

The Group applies a policy of treating transactions with minority shareholders as transactions with equity owners of the Group. For purchases of additional interests from minority shareholders, the difference between considerations paid and the minority interests acquired is adjusted to equity.

**4 Basis of consolidation (continued)****(b) 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 in the consolidated financial statements using the equity method of accounting. The consolidated income statement and consolidated statement of changes in equity include the Group's share of profits less losses of associates based on the management accounts of the companies concerned. In the consolidated balance sheet, the Group's interest in associates is recorded at cost inclusive of goodwill and adjusted thereafter for accumulated impairment loss and the post acquisition change in the Group's share of net assets of the associates.

Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, or reaches the limit of the obligations in the case when the Group has incurred obligations or guaranteed obligations in respect of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. 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 asset transferred are recognised in the consolidated income statement.

**(c) Jointly controlled entities**

Jointly controlled entities are corporations, partnerships or other entities over which there is a contractually agreed sharing of control by the Group with one or more parties. The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting.

Equity accounting involves recognising in the consolidated income statement and consolidated statement of changes in equity, the Group's share of profits less losses of jointly controlled entities based on the latest audited or management accounts of the companies concerned. The Group's investments in jointly controlled entities are carried in the consolidated balance sheet at an amount that reflects its share of the net assets of the jointly controlled entities. The Group's investment in jointly controlled entities includes goodwill identified on acquisition, net of any accumulated impairment loss.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. 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 asset transferred are recognised in the consolidated income statement.

**(d) Goodwill**

Goodwill/(negative goodwill) represents the excess/(deficit) of cost of acquisition plus costs directly attributable to the acquisition over the Group's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill on acquisition of subsidiaries is recognised as an asset while negative goodwill is credited to the income statement in the year of acquisition. Goodwill on acquisition of associates and jointly controlled entities is included as part of cost of investments in associates and jointly controlled entities and negative goodwill is credited to income statement in the year of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.



## 5 Currency translation

### (a) Functional and presentation currency

Financial statements of subsidiaries, associates and jointly controlled entities are prepared using the functional currency ie. the currency of the primary economic environment in which the entity operates. The Group's and the Company's financial statements are presented in Ringgit Malaysia (RM).

### (b) Transactions and balances

Foreign currency transactions and monetary items are accounted for at exchange rates prevailing at the transaction dates and at the balance sheet date, respectively. Exchange differences arising from the translation and settlement of foreign currency monetary items are included in the income statement.

### (c) Translation of foreign currency financial statements

For consolidation purposes, entities' income statements prepared in foreign currencies are translated into Ringgit Malaysia at average exchange rates for the year while their balance sheets, including goodwill and fair value adjustments attributable to those entities on consolidation, are translated into Ringgit Malaysia at exchange rates ruling at the balance sheet date. All resulting translation differences are taken to reserves. 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. Exchange differences arising therefrom are also taken directly to reserve. On disposal of the foreign entity or return of investment, the related cumulative translation differences are recognised in the income statement as part of the gain or loss on disposal or return of investment.

### (d) The principal exchange rates used for each respective unit of foreign currency

	Year end rates		Average rates	
	2007	2006	2007	2006
	RM	RM	RM	RM
Australian dollar	<b>2.92</b>	2.69	<b>2.79</b>	2.79
Chinese renminbi	<b>0.46</b>	0.46	<b>0.46</b>	0.46
Euro	<b>4.67</b>	4.63	<b>4.64</b>	4.54
100 Japanese yen	<b>2.82</b>	3.16	<b>3.01</b>	3.26
Hong Kong dollar	<b>0.44</b>	0.48	<b>0.46</b>	0.48
Pound sterling	<b>6.93</b>	6.70	<b>6.87</b>	6.63
New Zealand dollar	<b>2.65</b>	2.20	<b>2.43</b>	2.49
Qatar riyal	<b>0.95</b>	1.01	<b>0.98</b>	1.01
Singapore dollar	<b>2.26</b>	2.31	<b>2.30</b>	2.27
Thai baht	<b>0.11</b>	0.10	<b>0.10</b>	0.09
United States dollar	<b>3.47</b>	3.69	<b>3.56</b>	3.73

## 6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. In 1978, valuation adjustments on Malaysian plantation land and buildings were incorporated into the financial statements. During the implementation of the previous accounting standard on property, plant and equipment, MASB Standard No. 15, in 1998, the Group had applied the transitional provision which allows the Group to continue carrying those land and buildings in the financial statements on the basis of their previous revaluation. Other than depreciation and impairment adjustments, there is no later valuation recorded on those land and buildings.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

## 6 Property, plant and equipment (continued)

Surpluses arising on revaluation are credited to a revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in the carrying amount is charged to the income statement. On the disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained profits.

Freehold land is not depreciated. Assets in the course of construction are shown as capital work in progress. Depreciation on these assets commences when they are ready for use. Other property, plant and equipment are depreciated on a straight line basis to write down the cost or valuation of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Buildings	2% to 5%
Plant and machinery	4% to 33 1/3%
Vehicles, equipment and fixtures	5% to 33 1/3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

Interest incurred on external borrowings related to assets under construction is capitalised until the assets are ready for their intended use.

## 7 Investment property

Investment properties are land and buildings held for rental income and/or capital appreciation which are not substantially occupied for use by, or in the operations of the Group. Property that is being constructed for future use as investment property is classified under property, plant and equipment until construction is completed, at which time the property becomes investment property.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated and buildings are depreciated on a straight-line basis to write down the cost of each building to their residual values over their estimated useful lives. The principal annual depreciation rates are between 2% and 5%.

The residual values and useful lives are reviewed, and adjusted if appropriate, annually.

## 8 Biological assets

New planting expenditure incurred on land clearing and upkeep of trees to maturity is capitalised at cost as biological assets and is not amortised. Replanting expenditure is charged to the income statement in the year in which the expenditure is incurred.

However, the capitalised costs will be amortised to the income statement if the land on which the trees are planted is on a lease term. The amortisation is on a straight-line basis over the economic useful lives of the trees commencing upon maturity of the trees of the last planting cycle.

## 9 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 classified as non-current asset and carried at cost less accumulated impairment losses, if any.

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.

## 10 Investments

The Company's investments in subsidiaries and associates are shown at cost less accumulated impairment losses. Quoted and unquoted investments and marketable securities are stated at cost (adjusted for amortisation of premium or accretion of discounts to maturity, where appropriate) less accumulated impairment losses. Cost directly attributable to an acquisition, is included as part of the cost of investment.

Market value is calculated by reference to quoted selling prices at the close of business on the balance sheet date.

**11 Intangible assets**

Research expenditure relating to agricultural studies is charged to the income statement in the year in which the expenditure is incurred.

Trademarks with indefinite useful lives are capitalised at cost and subject to annual impairment review. Development costs and expenditure on acquired rights and trademarks with a finite useful life are capitalised at cost and amortised using the straight line basis over their contractual periods or estimated useful lives, whichever is shorter.

The principal annual amortisation rates are:

Development costs	20%
Assets usage rights	5%
Trademarks	5%

Intangible assets are also tested for impairment when indication of impairment exists.

**12 Prepaid lease rentals**

Payment for rights to use land and buildings over a predetermined period is classified as prepaid lease rentals and is stated at cost less amount amortised and accumulated impairment losses. In 1978, valuation adjustments on Malaysian plantation land were incorporated into the financial statements. The Group has applied the transitional provision in FRS 117 - Leases which allows the unamortised carrying amounts of previously revalued land to be retained as surrogated carrying amounts of the prepaid lease rentals. On disposal or at the end of the lease of revalued prepaid lease rentals, amounts in revaluation reserve relating to those assets are transferred to retained profits.

The prepaid lease rentals are amortised on a straight-line basis over the lease period ranging from 30 to 999 years.

**13 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost includes, where relevant, an appropriate proportion of overheads. The inventories are 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.

Net realisable value is the estimate of the selling price in the ordinary course of business, less cost to completion and selling expenses.

**14 Property development costs**

The cost of land under development, related development costs common to whole projects and direct building costs less amounts recognised as expense in the income statement are carried in the balance sheet as property development costs. Revenue and expense recognised in the income statement is determined by reference to the stage of completion of the development activity in respect of the development units sold. Any expected loss on development projects, is recognised as an expense immediately.

At each balance sheet date, the cumulative revenue recognised and progress billings made for each development unit sold are compared. Where the revenue recognised exceeds the billings to the purchaser, the net amount is shown as accrued billings, under trade and other receivables. Where the billings to purchaser exceed revenue recognised, the net amount is shown as progress billings, under trade and other payables.

**15 Finance lease, trade and other receivables**

When assets are sold under a finance lease, the present value of the lease payments is recognised as receivables. The difference between the gross receivables and the present value of the receivables is recognised as unearned finance income.

Trade and other receivables are carried at anticipated realisable value. Specific allowances are made for debts which have been identified as bad or doubtful. In addition, estimates are made for doubtful debts based on a review of all outstanding amounts at year end.

**16 Construction contracts**

Contract costs include the costs attributable to a contract for the period from the date of securing the contract to the final completion of the contract.

When the outcome of the contract can be estimated reliably, the percentage of completion method is used to determine the appropriate amount of revenue and costs to be recognised in a given period. The percentage of completion is determined by reference to the proportion of costs incurred to date to the total estimated costs or the completion of a physical proportion of contract work to-date. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probably recoverable. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

At each balance sheet date, the cumulative costs incurred, profits or losses recognised and progress billings made for each contract work are compared. Where costs incurred and recognised profits/(losses) exceed progress billings, the net amount is shown as amount due from customers on construction contracts, under trade and other receivables. Where progress billings exceed costs incurred and recognised profits/(losses), the net amount is shown as amount due to customers on construction contracts, under trade and other payables.

**17 Non-current assets held for sale**

Non-current assets or groups of assets are classified as 'held for sale' when all the following criteria are met:

- a decision has been made to sell,
- the assets are available for sale immediately,
- the assets are being actively marketed, and
- a sale has been or is expected to be concluded within twelve months of the balance sheet date.

Immediately before they are classified as held for sale, the measurement of the assets and associated liabilities is brought up to date in accordance with their respective accounting policies.

Depreciation ceases when an asset is classified as non-current assets held for sale. Non-current assets held for sale are stated at the lower of book value and fair value less disposal costs.

**18 Impairment of assets**

At each balance sheet date, the Group assesses whether there is any indication that an asset may be impaired. If such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation reserve. Any subsequent increase in recoverable amount of the asset, other than goodwill, is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve.

Irrespective of whether there is any indication of impairment, the Group also tests intangible assets with an indefinite useful life, intangible assets not yet available for use and goodwill acquired in a business combination for impairment annually.

**19 Share capital**

Proceeds from ordinary shares issued are accounted for as equity, with the nominal value of the shares being separately disclosed as share capital. Costs incurred directly attributable to the issuance of shares are accounted for as a deduction from equity.

Dividends to shareholders are recognised in equity in the period in which they are declared.

**20 Borrowings**

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently stated at amortised cost, using the effective interest rate method.

**21 Trade and other payables**

Trade and other payables are stated at cost.

**22 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, where it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

**(a) Maintenance and warranty**

The Group recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on past history of the level of repairs and replacements.

**(b) Property development**

Cost provisions for property development are recognised based on commitments made on enhancements to infrastructure facilities of township developments.

**23 Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, investment in money market instruments and demand deposits, net of bank overdrafts. In the balance sheet, bank overdrafts are included in short term borrowings.

**24 Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the "liability method", on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in reserve, in which case the deferred tax is also recognised directly in reserve.

**25 Income recognition**

Revenue is recognised at the fair value of the consideration received or receivable upon delivery of goods or performance of services, net of discounts, allowances and indirect taxes. Revenue from property development is recognised by reference to the stage of completion of the development activity in respect of development units sold. Revenue from construction contracts is recognised on the percentage of completion method by reference to the proportion of costs incurred to date to the total estimated costs or the completion of a physical proportion of contract work to-date. Revenue for the Group is stated after eliminating sales within the Group.

Other revenues and income earned by the Group are recognised on the following bases:

- (a) Finance charges from leasing and hire purchase financing** - recognised on an accrual basis over the period of the leasing and hire purchase contracts using the "sum-of-digits" method.
- (b) Rental income** - recognised over the contractual period in accordance with the substance of the tenancies.
- (c) Interest income** - recognised as it accrues.
- (d) Dividend income** - recognised when the right to receive payment is established. In this respect it is Group policy to recognise interim dividends from a subsidiary when they are declared and final dividends when they are approved by shareholders in general meeting.

**26 Employee benefits****(a) 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 associated services are rendered by employees of the Group.

**(b) Defined contribution plans**

The Group has various defined contribution plans in accordance with local conditions and practices in the countries in which it operates. The Group's contributions to defined contribution plans are charged to the income statement in the year in which they relate.

**(c) Termination benefits**

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy 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. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

**(d) Equity compensation benefits**

Details of the Group's Employees' Share Option Scheme are set out in Note 29 on the financial statements. The fair value of the employee services received in exchange for the grant of the share option is recognised as an expense in the income statement over the vesting periods of the grant with a corresponding increase in equity. When the share options are exercised, the proceeds received net of any transaction costs, are credited to share capital and share premium.

**27 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 income statement on a straight line basis over the lease term.

**28 Financial instruments**

Financial instruments include investments, receivables, share capital, borrowings, payables, cash and cash equivalents, derivatives and financial guarantee contracts.

**(a) Financial instruments recognised on the balance sheet**

The recognition method adopted for the financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

**(b) Financial instruments not recognised on the balance sheet**

The Group is a party to financial instruments which comprise forward foreign exchange contracts, interest rate and currency swap contracts and financial guarantee contracts. These instruments are not recognised in the financial statements on inception.

Forward foreign exchange contracts

The Group enters into forward foreign exchange contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. All exchange gains and losses relating to hedge instruments are recognised in the income statement in the same period the forward foreign exchange contract is settled.

Interest rate and currency swap contracts

Interest rate and currency swap, collar and cap contracts are designed to protect the Group from movements in interest rates. The notional principal of these contracts are recorded off balance sheet. Any differential to be paid or received on an interest rate and currency swap contract is recognised as a component of interest income or expense over the period of the contract. Gains and losses on early termination of interest rate and currency swap contracts or on repayment of the borrowing are taken to the income statement.

Financial guarantee contracts

Financial guarantee contracts that require the Group to make specific payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due are disclosed as contingent liabilities. These guarantees are recorded in the balance sheet only when the outflow of resources has become probable.

**29 Contingent liabilities**

Contingent liabilities are disclosed in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by 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 cannot be recognised because it cannot be measured reliably.

**30 Segment reporting**

Information on the Group's different types of businesses and its operations in different geographical areas that are subject to differing rates of profitability, opportunities for growth, future prospects and risks are presented in segment information.

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. Segment revenue, expense, assets and liabilities 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.

## Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2007	2006 (restated)	2007	2006
Revenue	1	20,735.0	20,162.1	268.3	796.4
Operating expenses	2	(19,768.8)	(18,838.5)	(162.0)	(92.2)
Other operating income	3	1,017.9	260.2	9.4	5.8
Operating profit		1,984.1	1,583.8	115.7	710.0
Share of results of jointly controlled entities		1.7	1.5	-	-
Share of results of associates		68.3	81.1	-	-
Profit before interest		2,054.1	1,666.4	115.7	710.0
Investment and interest income	5	170.3	89.5	63.7	32.7
Finance costs		(138.4)	(121.8)	(43.4)	(33.3)
Profit before taxation		2,086.0	1,634.1	136.0	709.4
Taxation	6	(488.6)	(429.9)	(46.1)	(199.6)
Net profit for the year		1,597.4	1,204.2	89.9	509.8
Attributable to:					
Ordinary equity holders of the Company		1,505.7	1,121.4	89.9	509.8
Minority shareholders		91.7	82.8	-	-
Net profit for the year		1,597.4	1,204.2	89.9	509.8
		Sen	Sen		
Earnings per share	7				
- Basic		60.4	46.1		
- Diluted		60.4	46.0		

The accounting policies set out on pages 58 to 69 and the notes on pages 74 to 139 form an integral part of these financial statements.



Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2007	2006 (restated)	2007	2006
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	9	3,880.0	3,542.3	15.5	15.5
Investment properties	10	153.0	184.6	-	-
Biological assets	11	260.9	255.7	-	-
Land held for property development	12	318.9	228.6	-	-
Investment in subsidiaries	13	-	-	5,973.8	6,146.4
Interests in jointly controlled entities	14	7.7	1.1	-	-
Investment in associates	15	264.1	545.2	1.8	1.8
Investments	16	344.7	348.4	192.1	194.5
Goodwill on consolidation	17	3.9	3.0	-	-
Intangible assets	18	67.9	68.5	-	-
Prepaid lease rentals	19	570.6	650.6	-	-
Deferred tax assets	20	361.3	364.2	3.8	2.3
Finance lease receivables	21	-	454.1	-	-
		<b>6,233.0</b>	<b>6,646.3</b>	<b>6,187.0</b>	<b>6,360.5</b>
<b>CURRENT ASSETS</b>					
Inventories	22	3,858.3	3,381.3	2.9	2.5
Property development costs	23	889.1	787.3	-	-
Trade and other receivables	24	3,476.4	3,209.8	16.1	11.8
Prepayment		109.9	120.6	0.5	0.2
Tax recoverable		69.8	134.9	4.8	-
Cash held under Housing Development Accounts	26	278.1	280.2	-	-
Bank balances, deposits and cash	27	4,440.5	2,932.2	290.0	285.7
		<b>13,122.1</b>	<b>10,846.3</b>	<b>314.3</b>	<b>300.2</b>
Non-current assets held for sale	28	200.7	46.8	-	-
<b>TOTAL ASSETS</b>		<b>19,555.8</b>	<b>17,539.4</b>	<b>6,501.3</b>	<b>6,660.7</b>
<b>EQUITY</b>					
Share capital	29	1,261.0	1,232.8	1,261.0	1,232.8
Reserves	30	8,869.1	7,572.3	4,170.5	4,386.0
<b>TOTAL EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>		<b>10,130.1</b>	<b>8,805.1</b>	<b>5,431.5</b>	<b>5,618.8</b>
Minority interests		993.3	990.5	-	-
<b>TOTAL EQUITY</b>		<b>11,123.4</b>	<b>9,795.6</b>	<b>5,431.5</b>	<b>5,618.8</b>
<b>NON-CURRENT LIABILITIES</b>					
Loans and financing	31	1,463.6	2,083.2	1,000.0	1,000.0
Deferred tax liabilities	20	205.2	234.8	-	-
		<b>1,668.8</b>	<b>2,318.0</b>	<b>1,000.0</b>	<b>1,000.0</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	33	4,727.5	3,794.6	69.8	40.1
Provisions	34	187.0	130.1	-	-
Short term borrowings	31	1,456.5	1,256.6	-	-
Current taxation		213.9	244.5	-	1.8
		<b>6,584.9</b>	<b>5,425.8</b>	<b>69.8</b>	<b>41.9</b>
Liabilities directly associated with non-current assets held for sale	28	178.7	-	-	-
<b>TOTAL LIABILITIES</b>		<b>8,432.4</b>	<b>7,743.8</b>	<b>1,069.8</b>	<b>1,041.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,555.8</b>	<b>17,539.4</b>	<b>6,501.3</b>	<b>6,660.7</b>
		<b>Sen</b>	Sen		
NET ASSETS PER SHARE	7	<b>402</b>	357		

The accounting policies set out on pages 58 to 69 and the notes on pages 74 to 139 form an integral part of these financial statements.

# Statements Of Changes In Equity

For The Year Ended 30th June 2007

Amounts in RM million unless otherwise stated

	Group					Company		
	Share capital	Reserves	Total equity attributable to ordinary equity holders of the Company	Minority Interest	Total Equity	Share capital	Reserves	Total Equity
<b>2007</b>								
At 1st July								
As previously stated	1,232.8	7,571.0	8,803.8	990.2	9,794.0	1,232.8	4,386.0	5,618.8
FRS adjustments (see note 45)	-	1.3	1.3	0.3	1.6	-	-	-
As restated	1,232.8	7,572.3	8,805.1	990.5	9,795.6	1,232.8	4,386.0	5,618.8
Currency translation differences arising from translation of								
- subsidiaries	-	175.7	175.7	(2.4)	173.3	-	-	-
- associates	-	(4.1)	(4.1)	-	(4.1)	-	-	-
Share of reserves of associates	-	0.6	0.6	-	0.6	-	-	-
Effect of dilution of interest in an associate	-	1.3	1.3	-	1.3	-	-	-
Net gains/(losses) not recognised in income statement	-	173.5	173.5	(2.4)	171.1	-	-	-
Net profit for the year	-	1,505.7	1,505.7	91.7	1,597.4	-	89.9	89.9
Total income for the year	-	1,679.2	1,679.2	89.3	1,768.5	-	89.9	89.9
Acquisition of additional interest from minority shareholders	-	(77.0)	(77.0)	(19.4)	(96.4)	-	-	-
Disposal of subsidiaries	-	-	-	(5.3)	(5.3)	-	-	-
Liquidation of a subsidiary	-	-	-	(9.8)	(9.8)	-	-	-
Issue of shares	28.2	274.2	302.4	9.5	311.9	28.2	274.2	302.4
Dividends	-	(579.6)	(579.6)	(61.5)	(641.1)	-	(579.6)	(579.6)
At 30th June	1,261.0	8,869.1	10,130.1	993.3	11,123.4	1,261.0	4,170.5	5,431.5
<b>2006</b>								
At 1st July								
As previously stated	1,195.1	6,810.0	8,005.1	1,179.1	9,184.2	1,195.1	3,980.3	5,175.4
FRS adjustments	-	0.5	0.5	-	0.5	-	-	-
As restated	1,195.1	6,810.5	8,005.6	1,179.1	9,184.7	1,195.1	3,980.3	5,175.4
Currency translation differences arising from translation of								
- subsidiaries	-	(75.0)	(75.0)	(0.5)	(75.5)	-	-	-
- associates	-	0.1	0.1	-	0.1	-	-	-
Share of reserves of associates	-	(0.9)	(0.9)	-	(0.9)	-	-	-
Effect of dilution of interest in associates	-	4.1	4.1	-	4.1	-	-	-
Goodwill written off	-	(56.6)	(56.6)	-	(56.6)	-	-	-
Net losses not recognised in income statement	-	(128.3)	(128.3)	(0.5)	(128.8)	-	-	-
Net profit for the year	-	1,121.4	1,121.4	82.8	1,204.2	-	509.8	509.8
Total income for the year	-	993.1	993.1	82.3	1,075.4	-	509.8	509.8
Acquisition of additional interest from minority shareholders	-	(127.2)	(127.2)	(200.4)	(327.6)	-	-	-
Acquisition of subsidiaries	-	-	-	17.9	17.9	-	-	-
Disposal of subsidiaries	-	-	-	(13.8)	(13.8)	-	-	-
Issue of shares	37.7	382.4	420.1	1.4	421.5	37.7	382.4	420.1
Dividends	-	(486.5)	(486.5)	(76.0)	(562.5)	-	(486.5)	(486.5)
At 30th June	1,232.8	7,572.3	8,805.1	990.5	9,795.6	1,232.8	4,386.0	5,618.8

An analysis of the movements in each category within reserves is set out in Note 30.

The accounting policies set out on pages 58 to 69 and the notes on pages 74 to 139 form an integral part of these financial statements.

# Cash Flow Statements

For The Year Ended 30th June 2007

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Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2007	2006 (restated)	2007	2006
Profit after taxation		<b>1,597.4</b>	1,204.2	<b>89.9</b>	509.8
Adjustments for :					
Dividends from subsidiaries and associates		–	–	<b>(187.1)</b>	(716.6)
Unusual items	<b>4</b>	<b>(567.0)</b>	7.8	<b>(0.9)</b>	–
Share of profits less losses of jointly controlled entities and associates		<b>(70.0)</b>	(82.6)	–	–
Investment income		<b>(32.6)</b>	(10.8)	<b>(12.2)</b>	(3.7)
Interest income		<b>(137.7)</b>	(78.7)	<b>(51.5)</b>	(29.0)
Finance costs		<b>138.4</b>	121.8	<b>43.4</b>	33.3
Depreciation and amortisation		<b>402.7</b>	366.3	<b>5.1</b>	5.1
Amortisation of prepaid lease rentals		<b>12.6</b>	9.8	–	–
Taxation		<b>488.6</b>	429.9	<b>46.1</b>	199.6
Other non-cash items	<b>36</b>	<b>96.1</b>	(25.0)	<b>(1.3)</b>	0.9
		<b>1,928.5</b>	1,942.7	<b>(68.5)</b>	(0.6)
Changes in working capital:					
Inventories		<b>(496.2)</b>	(153.4)	<b>(0.4)</b>	(0.6)
Property development costs		<b>(59.7)</b>	43.8	–	–
Trade and other receivables and prepayments		<b>(732.0)</b>	(445.3)	<b>(3.4)</b>	8.1
Cash held under Housing Development Accounts		<b>2.1</b>	129.5	–	–
Trade and other payables and provisions		<b>1,491.3</b>	30.3	<b>29.7</b>	10.8
<b>Cash generated from/(used in) operations</b>		<b>2,134.0</b>	1,547.6	<b>(42.6)</b>	17.7
Tax paid		<b>(472.2)</b>	(455.2)	<b>(4.2)</b>	(5.5)
Dividends from subsidiaries		–	–	<b>133.0</b>	510.1
Dividends from associates		<b>21.7</b>	67.4	<b>4.1</b>	8.1
<b>Net cash inflow from operating activities</b>		<b>1,683.5</b>	1,159.8	<b>90.3</b>	530.4
<b>Net cash inflow/(outflow) from investing activities</b>	<b>37</b>	<b>365.6</b>	(581.5)	<b>234.6</b>	(566.6)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>38</b>	<b>(507.4)</b>	194.6	<b>(320.6)</b>	159.4
<b>Net increase in cash and cash equivalents</b>		<b>1,541.7</b>	772.9	<b>4.3</b>	123.2
Foreign exchange differences		<b>(39.3)</b>	(5.9)	–	–
Cash and cash equivalents at beginning of the year		<b>2,920.4</b>	2,153.4	<b>285.7</b>	162.5
<b>Cash and cash equivalents at end of the year</b>	<b>39</b>	<b>4,422.8</b>	2,920.4	<b>290.0</b>	285.7

The accounting policies set out on pages 58 to 69 and the notes on pages 74 to 139 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

Amounts in RM million unless otherwise stated

### INCOME STATEMENTS

#### 1 REVENUE

Revenue for the Group represents sales of goods, performance of services, rental income, income from construction contracts and property development earned outside the Group, net of discounts, allowances and indirect taxes.

Revenue for the Company represents sales of goods, performance of services and income from shares held in subsidiaries and associates.

	Group		Company	
	2007	2006	2007	2006
<b>Analysis of revenue</b>				
Sales of goods	<b>15,463.2</b>	15,390.8	<b>34.8</b>	26.1
Performance of services	<b>2,914.6</b>	2,979.4	<b>46.4</b>	53.7
Rental income	<b>24.5</b>	16.3	–	–
Construction contracts	<b>1,671.8</b>	1,137.9	–	–
Property development	<b>660.9</b>	637.7	–	–
Income from shares held in subsidiaries				
- Quoted	–	–	<b>49.8</b>	43.4
- Unquoted	–	–	<b>132.5</b>	665.1
Income from shares held in associates				
- Unquoted	–	–	<b>4.8</b>	8.1
	<b>20,735.0</b>	20,162.1	<b>268.3</b>	796.4

#### 2 OPERATING EXPENSES

	Group		Company	
	2007	2006	2007	2006
Changes in inventories of finished goods and work in progress	<b>(42.0)</b>	(20.1)	–	–
Finished goods and work in progress purchased	<b>12,355.3</b>	12,541.3	<b>25.3</b>	16.4
Raw materials and consumables used	<b>1,618.6</b>	1,506.0	<b>2.9</b>	3.0
Employee benefits	<b>1,753.5</b>	1,472.2	<b>52.9</b>	36.2
Depreciation				
- property, plant and equipment	<b>395.6</b>	360.9	<b>5.1</b>	5.1
- investment properties	<b>1.8</b>	1.1	–	–
- biological assets	<b>1.0</b>	0.4	–	–
Amortisation of prepaid lease rentals	<b>12.6</b>	9.8	–	–
Amortisation of intangible assets	<b>4.3</b>	3.9	–	–
Construction contract costs	<b>1,574.5</b>	915.9	–	–
Property development costs	<b>406.2</b>	453.4	–	–
Other operating expenses	<b>1,687.4</b>	1,593.7	<b>75.8</b>	31.5
	<b>19,768.8</b>	18,838.5	<b>162.0</b>	92.2

	Group		Company	
	2007	2006	2007	2006
<b>Employee benefits</b>				
Employee benefits included in income statement	<b>1,753.5</b>	1,472.2	<b>52.9</b>	36.2
Employee benefits included in construction contracts	<b>70.5</b>	45.1	–	–
	<b>1,824.0</b>	1,517.3	<b>52.9</b>	36.2
Number of persons employed, at the end of the year	<b>30,050</b>	28,770	<b>399</b>	321
Employee benefits include:				
Defined contribution plans	<b>111.0</b>	95.0	<b>4.7</b>	3.2
Termination benefits	<b>1.2</b>	3.9	–	–

**2 OPERATING EXPENSES (continued)**

	Group		Company	
	2007	2006	2007	2006
<b>Depreciation on property, plant and equipment</b>				
Depreciation included in income statement	<b>395.6</b>	360.9	<b>5.1</b>	5.1
Depreciation included in construction contracts	<b>7.7</b>	4.5	-	-
	<b>403.3</b>	365.4	<b>5.1</b>	5.1
	Group		Company	
	2007	2006	2007	2006
<b>Other operating expenses include:</b>				
Auditors' remuneration				
Fees for statutory audits				
- current year	<b>10.4</b>	9.7	<b>0.4</b>	0.4
- under provision in prior year	<b>0.1</b>	0.1	-	-
Fees for other services	<b>3.3</b>	4.3	<b>0.2</b>	2.1
Directors' remuneration				
- fees	<b>1.4</b>	1.2	<b>1.3</b>	1.0
- other emoluments	<b>2.0</b>	1.3	<b>2.0</b>	1.3
Hire of plant and machinery	<b>8.3</b>	12.9	<b>0.5</b>	0.4
Operating lease payments for land and buildings to				
- subsidiaries	-	-	<b>4.6</b>	3.9
- companies external to the Group	<b>135.7</b>	120.9	<b>0.1</b>	0.1
Replanting expenditure	<b>12.1</b>	16.5	-	-
Research expenditure	<b>5.0</b>	5.6	-	-
Allowance for doubtful debts	<b>41.1</b>	55.9	-	-
Foreign currencies exchange loss	<b>41.6</b>	18.7	<b>0.5</b>	1.3
Allowance for loan to subsidiaries doubtful of recovery	-	-	<b>0.3</b>	0.1
Loss on disposal of				
- machinery, equipment and vehicles	<b>4.7</b>	-	-	-
- subsidiaries	<b>1.7</b>	8.6	-	-
- associates	-	4.0	-	-
Impairment of				
- property, plant and equipment	<b>25.9</b>	10.6	-	-
- associate	<b>17.0</b>	20.9	-	-
- investments	<b>0.2</b>	1.0	-	-
- goodwill	<b>3.0</b>	-	-	-
- prepaid lease rentals	<b>3.5</b>	-	-	-
Property, plant and equipment written off	<b>12.9</b>	6.7	-	-

The estimated monetary value of benefits provided to Directors of the Company during the year by way of usage of the Group's and Company's assets and other benefits amounted to RM0.1 million (2006 : RM0.2 million).

**3 OTHER OPERATING INCOME**

	Group		Company	
	2007	2006	2007	2006
Other operating income includes:				
Foreign currencies exchange gain	<b>68.1</b>	21.3	-	0.1
Rental income from land and buildings	<b>31.2</b>	35.3	-	-
Surplus on disposal of				
- machinery, equipment and vehicles	<b>16.5</b>	28.0	<b>0.8</b>	0.3
- properties	<b>85.4</b>	1.2	-	-
- investment properties	<b>3.9</b>	12.9	-	-
- subsidiaries	<b>72.3</b>	7.7	-	-
- associates	<b>433.4</b>	5.3	-	-
- investments	<b>1.6</b>	3.0	<b>0.9</b>	-
- prepaid lease rentals	<b>3.6</b>	1.1	-	-
Reversal of impairment of				
- property, plant and equipment	<b>24.7</b>	3.8	-	-
- investments	<b>0.5</b>	-	-	-
Writeback of allowance for doubtful debts	<b>26.8</b>	60.2	-	-

#### 4 UNUSUAL ITEMS

The following income and allowances are classified as unusual items for the purpose of disclosure of segment results in Note 42.

	Group		Company	
	2007	2006	2007	2006
Net surplus/(deficit) on disposal of				
- properties	85.4	1.2	-	-
- investment properties	3.9	12.9	-	-
- subsidiaries	70.6	(0.9)	-	-
- associates	433.4	1.3	-	-
- investments	1.6	3.0	0.9	-
- prepaid lease rentals	3.6	1.1	-	-
Impairment of				
- property, plant and equipment	(25.9)	(10.6)	-	-
- associates	(17.0)	(20.9)	-	-
- investments	(0.2)	(1.0)	-	-
- goodwill	(3.0)	-	-	-
- prepaid lease rentals	(3.5)	-	-	-
Reversal of impairment of				
- property, plant and equipment	24.7	3.8	-	-
- investments	0.5	-	-	-
Provision for reorganisation expenses and others	(7.1)	2.3	-	-
	<b>567.0</b>	<b>(7.8)</b>	<b>0.9</b>	<b>-</b>

#### 5 INVESTMENT AND INTEREST INCOME

	Group		Company	
	2007	2006	2007	2006
Income from marketable securities	-	0.7	-	-
Income from shares (gross):				
- Quoted outside Malaysia	0.2	0.1	0.2	0.1
- Unquoted	32.4	10.0	12.0	3.6
Total investment income	<b>32.6</b>	<b>10.8</b>	<b>12.2</b>	<b>3.7</b>
Interest income from:				
- Subsidiaries	-	-	23.4	14.1
- Banks and other financial institutions	137.7	78.7	28.1	14.9
Total interest income	<b>137.7</b>	<b>78.7</b>	<b>51.5</b>	<b>29.0</b>
Total investment and interest income	<b>170.3</b>	<b>89.5</b>	<b>63.7</b>	<b>32.7</b>

#### 6 TAXATION

	Group		Company	
	2007	2006	2007	2006
Current taxation:				
In respect of current year:				
- Malaysian income tax	206.8	206.0	47.7	199.6
- Foreign income tax	224.1	233.7	0.7	1.2
In respect of prior year:				
- Malaysian income tax	(7.5)	(4.6)	(0.8)	-
- Foreign income tax	90.7	(9.0)	-	-
Deferred taxation:				
Origination and reversal of temporary differences	(30.1)	14.5	(1.5)	(1.2)
Changes in tax rates and exemption of Malaysian Real Property Gains Tax	2.7	-	-	-
Writedown/reversal of write down	1.9	(10.7)	-	-
	<b>488.6</b>	<b>429.9</b>	<b>46.1</b>	<b>199.6</b>

## 6 TAXATION (continued)

### Tax reconciliation

The main factors that resulted in the tax expense being different from the applicable tax are analysed as follows:

	Group		Company	
	2007	2006	2007	2006
Profit before taxation	<b>2,086.0</b>	1,634.1	<b>136.0</b>	709.4
Less :				
Share of results of jointly controlled entities	<b>1.7</b>	1.5	–	–
Share of results of associates	<b>68.3</b>	81.1	–	–
Profit before taxation before equity accounting	<b>2,016.0</b>	1,551.5	<b>136.0</b>	709.4
Applicable tax	<b>483.5</b>	436.3	<b>36.7</b>	198.6
Withholding tax on foreign income	<b>7.4</b>	3.4	<b>0.7</b>	1.2
Effect of income not subject to tax				
- surplus on disposal of associates	<b>(77.6)</b>	(0.4)	–	–
- others	<b>(117.3)</b>	(81.2)	<b>(2.2)</b>	(4.1)
Effect of expenses not deductible for tax purposes	<b>41.7</b>	74.8	<b>11.9</b>	3.7
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	<b>(6.1)</b>	(1.6)	–	–
Under/(over) provision in prior years	<b>83.2</b>	(13.6)	<b>(0.8)</b>	–
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	<b>49.3</b>	36.5	–	–
Changes in tax rates and exemption of Malaysian Real Property Gains Tax	<b>2.7</b>	–	–	–
Others	<b>21.8</b>	(24.3)	<b>(0.2)</b>	0.2
Tax expense for the year	<b>488.6</b>	429.9	<b>46.1</b>	199.6
Applicable tax rate (%), ie. applicable tax over profit before taxation before equity accounting	<b>24.0</b>	28.1	<b>27.0</b>	28.0
Effective tax rate (%), ie. tax expense for the year over profit before taxation before equity accounting	<b>24.2</b>	27.7	<b>33.9</b>	28.1

The applicable tax of the Company is the product of the profit before taxation before equity accounting multiplied by the domestic tax rate of the Company. The applicable tax of the Group is derived from the consolidation of all Group companies' applicable tax based on their respective domestic tax rates.

The decrease in the Company's applicable tax rate was due to the reduction in the Malaysian statutory income tax rate from 28% to 27%. The decrease in the Group's applicable tax rate was mainly due to the reduction in the Malaysian statutory income tax rate, the reduction in the Singapore statutory income tax rate from 20% to 18% and the higher proportion of income derived from Singapore. The higher income from Singapore was mainly due to the surplus on disposal of an associate.

**7 EARNINGS AND NET ASSETS PER SHARE - GROUP****(a) Basic earnings per share**

Basic earnings per share is computed as follows:

	<b>2007</b>	2006
Earnings	<b>1,505.7</b>	1,121.4
Weighted average number of shares in issue (million)	<b>2,491.5</b>	2,431.4
<b>Basic earnings per share (sen per share)</b>	<b>60.4</b>	46.1

**(b) Diluted earnings per share**

The diluted earnings per share is computed as follows:

	<b>2007</b>	2006
Earnings	<b>1,505.7</b>	1,121.4
Dilutive effects of outstanding employees' share options of an associate	-	(0.2)
Dilutive effects of outstanding warrants of a subsidiary not held by the Group	-	(0.3)
<b>Diluted earnings</b>	<b>1,505.7</b>	1,120.9
	<b>Million</b>	
Weighted average number of shares in issue	<b>2,491.5</b>	2,431.4
Adjustment for outstanding employees' share options issued by the Company	<b>1.5</b>	7.6
<b>Adjusted weighted average number of shares</b>	<b>2,493.0</b>	2,439.0
<b>Diluted earnings per share (sen per share)</b>	<b>60.4</b>	46.0

**(c) Net assets per share**

The net assets per share is calculated by dividing the Group's net assets of RM10,130.1 million (2006 : RM8,805.1 million) by the 2,522.0 million (2006 : 2,465.5 million) number of shares of the Company in issue at year end.

**8 DIVIDENDS**

	<b>2007</b>	2006
Final dividend for the year ended 30th June 2006: Paid on 15th December 2006 - 15.78 sen gross per share less Malaysian tax at 27% and 5.0 sen per share Malaysian tax exempt and 4.0 sen per share less Singapore tax at 20% (2006 : 16.0 sen per share less Malaysian tax at 28%, and 5.0 sen per share Malaysian tax exempt)	<b>487.8</b>	397.9
Interim dividend for the year ended 30th June 2007: Paid on 18th May 2007 - 5.0 sen gross per share less Malaysian tax at 27% (2006 : 5.0 sen gross per share less Malaysian tax at 28%)	<b>91.8</b>	88.6
	<b>579.6</b>	486.5

On 28th August 2007, a second interim gross dividend in respect of the year ended 30th June 2007 of 25.2 sen per share, comprising 13.7 sen per share less Malaysian tax at 27%, 5.0 sen per share Malaysian tax exempt and 6.5 sen per share less Singapore tax at 18% has been declared. These financial statements do not reflect this second interim dividend which will be accounted for in the year ending 30th June 2008.



**BALANCE SHEET****9 PROPERTY, PLANT AND EQUIPMENT**

<b>Group</b>	<b>Freehold land</b>	<b>Leasehold land</b>	<b>Buildings</b>	<b>Plant and machinery</b>	<b>Vehicles, equipment and fixtures</b>	<b>Capital work in progress</b>	<b>Total</b>
<b>2007</b>							
Net book value							
At 1st July							
As previously stated	<b>1,028.3</b>	<b>744.3</b>	<b>1,293.9</b>	<b>820.5</b>	<b>663.7</b>	<b>104.9</b>	<b>4,655.6</b>
FRS adjustments (see Note 45)	<b>(274.8)</b>	<b>(744.3)</b>	<b>(94.2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,113.3)</b>
As restated	<b>753.5</b>	<b>-</b>	<b>1,199.7</b>	<b>820.5</b>	<b>663.7</b>	<b>104.9</b>	<b>3,542.3</b>
Acquisition of subsidiaries	-	-	-	-	0.2	-	0.2
Disposal of subsidiaries	-	-	(8.6)	(4.9)	(2.8)	-	(16.3)
Additions	3.2	-	107.6	141.2	533.6	188.4	974.0
Disposals	(3.2)	-	(1.8)	(11.6)	(218.9)	-	(235.5)
Write offs	-	-	(9.5)	(1.0)	(2.4)	-	(12.9)
Impairment losses	-	-	(11.8)	(12.1)	(1.9)	(0.1)	(25.9)
Reversal of impairment losses	0.3	-	24.3	0.1	-	-	24.7
Transfer to investment properties	-	-	-	-	-	(15.2)	(15.2)
Transfer to land held for property development	(35.1)	-	-	-	-	-	(35.1)
Transfer to prepaid lease rentals	-	-	-	-	-	(4.3)	(4.3)
Transfer to non-current assets held for sale	-	-	(12.5)	(7.4)	(3.0)	-	(22.9)
Reclassification	-	-	(13.8)	(12.6)	79.9	(53.5)	-
Depreciation	-	-	(63.8)	(119.6)	(219.9)	-	(403.3)
Exchange differences	10.6	-	16.3	36.7	38.5	8.1	110.2
At 30th June	<b>729.3</b>	<b>-</b>	<b>1,226.1</b>	<b>829.3</b>	<b>867.0</b>	<b>228.3</b>	<b>3,880.0</b>
Cost	479.2	-	1,692.1	1,887.9	1,698.0	235.1	5,992.3
Valuation	253.1	-	140.1	-	-	-	393.2
Accumulated depreciation	-	-	(572.6)	(1,039.8)	(828.5)	-	(2,440.9)
Accumulated impairment losses	(3.0)	-	(33.5)	(18.8)	(2.5)	(6.8)	(64.6)
Net book value at end of year	<b>729.3</b>	<b>-</b>	<b>1,226.1</b>	<b>829.3</b>	<b>867.0</b>	<b>228.3</b>	<b>3,880.0</b>
<b>2006</b>							
Net book value							
At 1st July							
As previously stated	1,034.7	684.3	1,190.7	825.3	523.6	138.2	4,396.8
FRS adjustments	(261.2)	(684.3)	(97.5)	-	-	-	(1,043.0)
As restated	773.5	-	1,093.2	825.3	523.6	138.2	3,353.8
Acquisition of subsidiaries	-	-	20.3	28.8	2.8	4.2	56.1
Disposal of subsidiaries	(5.0)	-	(12.7)	(9.1)	(1.7)	(3.2)	(31.7)
Additions	5.9	-	87.6	59.5	439.7	106.1	698.8
Disposals	(2.8)	-	(20.3)	(8.9)	(95.9)	(1.6)	(129.5)
Write offs	-	-	-	(3.5)	(3.2)	-	(6.7)
Impairment losses	(3.3)	-	(3.4)	(3.8)	(0.1)	-	(10.6)
Reversal of impairment losses	-	-	-	3.8	-	-	3.8
Transfer from prepaid lease rentals	-	-	-	-	-	3.3	3.3
Transfer to non-current assets held for sale	(12.9)	-	-	-	-	-	(12.9)
Reclassification	1.8	-	108.6	33.2	2.1	(145.7)	-
Depreciation	-	-	(61.1)	(110.2)	(194.1)	-	(365.4)
Exchange differences	(3.7)	-	(12.5)	5.4	(9.5)	3.6	(16.7)
At 30th June	<b>753.5</b>	<b>-</b>	<b>1,199.7</b>	<b>820.5</b>	<b>663.7</b>	<b>104.9</b>	<b>3,542.3</b>
Cost	503.4	-	1,683.7	1,863.2	1,388.7	110.8	5,549.8
Valuation	253.1	-	140.1	-	-	-	393.2
Accumulated depreciation	-	-	(569.1)	(1,036.5)	(724.5)	-	(2,330.1)
Accumulated impairment losses	(3.0)	-	(55.0)	(6.2)	(0.5)	(5.9)	(70.6)
Net book value at end of year	<b>753.5</b>	<b>-</b>	<b>1,199.7</b>	<b>820.5</b>	<b>663.7</b>	<b>104.9</b>	<b>3,542.3</b>

Included in capital work in progress incurred during the year is interest expense amounting to RM1.9 million (2006: RM3.6 million).

## 9 PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment of certain subsidiaries with net book value of RM93.6 million (2006 : RM176.9 million) were charged to banks as security for borrowings (see Note 31).

The land and buildings stated at valuation were valued in 1978 based on valuations by professional firms of surveyors and valuers. The valuations were performed on a continuing agricultural use basis. No disclosure is made on the carrying amount of these land and buildings using the historical cost convention due to absence of the historical records and as permitted by the previous accounting standard on property, plant and equipment, FRS 116, in 2000.

### Company

<b>Vehicles, equipment and fixtures</b>	<b>2007</b>	<b>2006</b>
Net book value		
At 1st July	<b>15.5</b>	13.0
Additions	<b>5.5</b>	8.9
Disposals	<b>(0.4)</b>	(1.3)
Depreciation	<b>(5.1)</b>	(5.1)
<b>At 30th June</b>	<b>15.5</b>	15.5
Cost	<b>38.1</b>	35.9
Accumulated depreciation	<b>(22.6)</b>	(20.4)
<b>Net book value at end of year</b>	<b>15.5</b>	15.5

## 10 INVESTMENT PROPERTIES - GROUP

<b>2007</b>	<b>Freehold land</b>	<b>Buildings</b>	<b>Total</b>
Net book value			
At 1st July, as restated (see Note 45)	<b>90.8</b>	<b>93.8</b>	<b>184.6</b>
Additions	-	<b>1.2</b>	<b>1.2</b>
Disposals	<b>(11.3)</b>	<b>(28.2)</b>	<b>(39.5)</b>
Transfer from property, plant and equipment	-	<b>15.2</b>	<b>15.2</b>
Transfer to non-current assets held for sale	<b>(2.0)</b>	-	<b>(2.0)</b>
Depreciation	-	<b>(1.8)</b>	<b>(1.8)</b>
Exchange differences	<b>0.2</b>	<b>(4.9)</b>	<b>(4.7)</b>
<b>At 30th June</b>	<b>77.7</b>	<b>75.3</b>	<b>153.0</b>
Cost	<b>90.4</b>	<b>85.8</b>	<b>176.2</b>
Accumulated depreciation	-	<b>(8.5)</b>	<b>(8.5)</b>
Accumulated impairment losses	<b>(12.7)</b>	<b>(2.0)</b>	<b>(14.7)</b>
<b>Net book value at end of year</b>	<b>77.7</b>	<b>75.3</b>	<b>153.0</b>
2006			
Net book value			
At 1st July, as restated	94.2	97.1	191.3
Additions	1.9	0.3	2.2
Disposals	(5.3)	(2.8)	(8.1)
Depreciation	-	(1.1)	(1.1)
Exchange differences	-	0.3	0.3
<b>At 30th June</b>	<b>90.8</b>	<b>93.8</b>	<b>184.6</b>
Cost	103.9	111.4	215.3
Accumulated depreciation	-	(12.9)	(12.9)
Accumulated impairment losses	(13.1)	(4.7)	(17.8)
<b>Net book value at end of year</b>	<b>90.8</b>	<b>93.8</b>	<b>184.6</b>

The fair value of investment properties as at 30th June 2007 was RM367.0 million. The fair value was arrived at after taking into consideration the valuation performed in 2007 by external professional firms of surveyors and valuers. The valuation was performed using comparable and investment basis based on current prices in an active market for all properties.

**10 INVESTMENT PROPERTIES – GROUP (continued)**

Rental income generated from and direct operating expenses incurred on investment properties are as follows:

	<b>2007</b>	2006
Rental income		
Direct operating expenses incurred on	<b>24.5</b>	16.3
- income generating properties	<b>(6.2)</b>	(3.8)
- non-income generating properties	–	(0.2)
	<b>–</b>	<b>–</b>

**11 BIOLOGICAL ASSETS - GROUP**

	<b>2007</b>	2006
Net book value		
At 1st July, as restated (see Note 45)	<b>255.7</b>	248.3
Additions	<b>7.4</b>	4.3
Amortisation	<b>(1.0)</b>	(0.4)
Exchange differences	<b>(1.2)</b>	3.5
At 30th June	<b>260.9</b>	255.7

Biological assets represent oil palm trees. The harvested fruits which were unsold as at the balance sheet date are shown as produce stocks under inventories.

**12 LAND HELD FOR PROPERTY DEVELOPMENT - GROUP**

	<b>2007</b>	2006
At 1st July		
As previously stated	<b>262.5</b>	309.6
FRS adjustments (see Note 45)	<b>(33.9)</b>	–
As restated	<b>228.6</b>	309.6
Additions	<b>3.3</b>	22.4
Transfer from property, plant and equipment	<b>35.1</b>	–
Transfer from prepaid lease rentals	<b>62.7</b>	–
Transfer to property development costs	–	(67.5)
Transfer to non-current assets held for sale	<b>(0.2)</b>	(33.9)
Write down	<b>(10.3)</b>	–
Exchange differences	<b>(0.3)</b>	(2.0)
At 30th June	<b>318.9</b>	228.6

The land held for property development is analysed as follows:

	<b>2007</b>	2006
Freehold land at cost	<b>64.1</b>	28.3
Long leasehold land at cost	<b>254.8</b>	200.3
At 30th June	<b>318.9</b>	228.6

**13 INVESTMENT IN SUBSIDIARIES - COMPANY**

	2007		2006	
	Carrying amount	Market value	Carrying amount	Market Value
Shares at cost:				
Quoted in Malaysia	646.3	2,044.6	646.3	1,141.0
Unquoted	3,057.2		2,459.2	
	<b>3,703.5</b>		<b>3,105.5</b>	
Amounts owing by subsidiaries	2,927.9		3,275.8	
Allowance for doubtful debts	(67.8)		(67.5)	
Amounts owing to subsidiaries	(589.8)		(167.4)	
	<b>5,973.8</b>		<b>6,146.4</b>	

The amounts owing by/to subsidiaries are unsecured and not expected to be recalled within the next twelve months. Except for RM371.1 million (2006 : RM603.2 million) owing by subsidiaries which bear interest at rates ranging from 4.0% to 12.0% per annum (2006: 3.1% to 12.0% per annum), all outstanding balances are interest free.

The Group's equity interest in the subsidiaries, their respective principal activities and countries of incorporation are shown in Note 47.

**14 INTERESTS IN JOINTLY CONTROLLED ENTITIES - GROUP**

The Group's interest in the assets and liabilities, revenue and expenses of jointly controlled entities was as follows:

	2007	2006
Current assets	181.6	177.6
Current liabilities	(173.9)	(176.5)
Net assets	<b>7.7</b>	<b>1.1</b>
Revenue	185.3	159.6
Expenses	(184.0)	(158.1)
Interest income	0.4	–
	<b>1.7</b>	<b>1.5</b>
Share of capital commitments	–	–
Share of contingent liabilities	–	–

The Group's interest in the jointly controlled entities, their respective principal activities and countries of incorporation are shown in Note 47.

**15 INVESTMENT IN ASSOCIATES**

	Group		Company	
	2007	2006	2007	2006
Quoted shares outside Malaysia	–	507.0	–	–
Unquoted shares	236.0	393.3	1.8	1.8
Share of post acquisition reserves	47.4	26.0	–	–
Goodwill written off	–	(336.4)	–	–
Impairment losses	(19.3)	(44.7)	–	–
	<b>264.1</b>	<b>545.2</b>	<b>1.8</b>	<b>1.8</b>
Market value of quoted associates	–	690.4	–	–
Share of contingent liabilities	–	–	–	–

**15 INVESTMENT IN ASSOCIATES (continued)**

Supplementary information of the equity accounted associates' financials :

	<b>Group</b>	
	<b>2007</b>	2006
Results		
Revenue	<b>3,389.5</b>	3,740.6
Net profit for the year	<b>198.6</b>	263.8
Share of results of associates	<b>68.3</b>	81.1
Effect of dilution of interest in associates	<b>(0.5)</b>	0.5
Movements in reserves		
Share premium	<b>6.2</b>	12.4
Capital reserves	<b>(1.2)</b>	-
Exchange reserves	<b>3.3</b>	(3.2)
Share of movements in reserves of associates	<b>0.6</b>	(0.9)
Effect of dilution of interest in associates	<b>1.8</b>	3.6
Financial position		
Total assets	<b>3,394.2</b>	4,137.2
Total liabilities	<b>(2,651.3)</b>	(2,346.4)
Net assets	<b>742.9</b>	1,790.8
Share of net assets of associates	<b>282.5</b>	589.9
Goodwill	<b>0.9</b>	-
Impairment losses	<b>(19.3)</b>	(44.7)
	<b>264.1</b>	545.2

The Group's equity interest in the associates, their respective principal activities and countries of incorporation are shown in Note 47.

## 16 INVESTMENTS

	Group		Company	
	2007	2006	2007	2006
<b>At cost</b>				
Quoted				
In Malaysia	6.6	12.6	0.1	6.1
Outside Malaysia	0.5	0.5	0.4	0.4
Unquoted shares				
In Malaysia	308.3	307.8	191.6	191.6
Outside Malaysia	34.7	37.0	–	–
	<b>350.1</b>	<b>357.9</b>	<b>192.1</b>	<b>198.1</b>
<b>Accumulated impairment losses</b>				
Quoted shares in Malaysia	(5.4)	(9.5)	–	(3.6)
<b>Carrying amount</b>	<b>344.7</b>	<b>348.4</b>	<b>192.1</b>	<b>194.5</b>

	2007		2006	
	Carrying amount	Market value	Carrying amount	Market value
<b>Group</b>				
Quoted shares				
In Malaysia	1.2	1.2	3.1	4.0
Outside Malaysia	0.5	6.2	0.5	2.1
	<b>1.7</b>	<b>7.4</b>	<b>3.6</b>	<b>6.1</b>
Unquoted shares				
In Malaysia	308.3		307.8	
Outside Malaysia	34.7		37.0	
	<b>344.7</b>		<b>348.4</b>	
<b>Company</b>				
Quoted shares				
In Malaysia	0.1	0.1	2.5	3.3
Outside Malaysia	0.4	5.7	0.4	2.1
	<b>0.5</b>	<b>5.8</b>	<b>2.9</b>	<b>5.4</b>
Unquoted shares in Malaysia	191.6		191.6	
	<b>192.1</b>		<b>194.5</b>	

## 17 GOODWILL ON CONSOLIDATION – GROUP

	2007	2006
Net book value		
At 1st July	3.0	–
Acquisition of a subsidiary	3.5	3.0
Impairment losses	(3.0)	–
Exchange differences	0.4	–
At 30th June	<b>3.9</b>	<b>3.0</b>
Cost	6.9	3.0
Accumulated impairment losses	(3.0)	–
Net book value	<b>3.9</b>	<b>3.0</b>

## 18 INTANGIBLE ASSETS - GROUP

2007	Acquired			Internally generated	Total
	Trademarks	Assets usage rights	Total	Development costs	
Net book value					
At 1st July	63.0	2.6	65.6	2.9	68.5
Additions					
- internal development	-	-	-	5.0	5.0
Amortisation	(1.6)	(0.2)	(1.8)	(2.5)	(4.3)
Exchange differences	(1.7)	0.4	(1.3)	-	(1.3)
At 30th June	59.7	2.8	62.5	5.4	67.9
Cost	66.8	3.9	70.7	10.8	81.5
Accumulated amortisation	(7.1)	(1.1)	(8.2)	(5.4)	(13.6)
Net book value at end of year	59.7	2.8	62.5	5.4	67.9
2006					
Net book value					
At 1st July	65.5	2.7	68.2	4.4	72.6
Additions					
- internal development	-	-	-	0.5	0.5
Amortisation	(1.7)	(0.2)	(1.9)	(2.0)	(3.9)
Exchange differences	(0.8)	0.1	(0.7)	-	(0.7)
At 30th June	63.0	2.6	65.6	2.9	68.5
Cost	68.5	3.4	71.9	5.8	77.7
Accumulated amortisation	(5.5)	(0.8)	(6.3)	(2.9)	(9.2)
Net book value at end of year	63.0	2.6	65.6	2.9	68.5

Trademarks with net book value of RM35.3 million (2006 : RM35.3 million) were acquired for an indefinite period. These trademarks are not amortised as it is expected to contribute to net cash inflows indefinitely. These trademarks are tested for impairment annually and whenever indication of impairment exists. No impairment indicators existed during the financial year and hence there was no impairment charge.

**19 PREPAID LEASE RENTALS - GROUP**

The prepaid lease rentals are subject to the following maturity periods :

	2007	2006
<b>Non Current</b>		
Later than 1 year	<b>570.6</b>	650.6
<b>Current</b>		
Not later than 1 year, included in prepayment under current assets	<b>11.3</b>	9.5
	<b>581.9</b>	660.1

The prepaid lease rentals were payments for rights to use the following :

	Long leasehold land	Short leasehold land	Buildings	Total
<b>2007</b>				
Net book value				
At 1st July, as restated (see Note 45)	<b>436.0</b>	<b>223.7</b>	<b>0.4</b>	<b>660.1</b>
Additions	<b>0.2</b>	<b>2.7</b>	–	<b>2.9</b>
Disposals	<b>(0.2)</b>	–	–	<b>(0.2)</b>
Impairment losses	–	<b>(3.5)</b>	–	<b>(3.5)</b>
Transfer from property, plant and equipment	<b>4.3</b>	–	–	<b>4.3</b>
Transfer to land held for property development	<b>(62.7)</b>	–	–	<b>(62.7)</b>
Reclassification	<b>(36.7)</b>	<b>36.7</b>	–	–
Amortisation	<b>(4.2)</b>	<b>(8.4)</b>	–	<b>(12.6)</b>
Exchange differences	<b>(2.2)</b>	<b>(4.2)</b>	–	<b>(6.4)</b>
At 30th June	<b>334.5</b>	<b>247.0</b>	<b>0.4</b>	<b>581.9</b>
<b>2006</b>				
Net book value				
At 1st July, as restated	397.7	205.3	0.4	603.4
Acquisition of subsidiaries	48.5	–	–	48.5
Disposal of subsidiaries	(0.4)	(9.4)	–	(9.8)
Additions	0.3	32.6	–	32.9
Disposals	–	(0.4)	–	(0.4)
Transfer to property, plant and equipment	(3.3)	–	–	(3.3)
Reclassification	(1.0)	1.0	–	–
Amortisation	(6.2)	(3.6)	–	(9.8)
Exchange differences	0.4	(1.8)	–	(1.4)
At 30th June	436.0	223.7	0.4	660.1

Prepaid lease rentals of certain subsidiaries with net book value of RM36.3 million (2006 : nil) were charged to banks as security for borrowings (see Note 31).

Included in the prepaid lease rentals for the long leasehold land and the short leasehold land were revalued rentals of RM42.1 million and RM5.8 million, respectively. The revaluation was carried out in 1978.



**20 DEFERRED TAX**

The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
Deferred tax assets	<b>361.3</b>	364.2	<b>3.8</b>	2.3
Deferred tax liabilities	<b>(205.2)</b>	(234.8)	<b>-</b>	-
	<b>156.1</b>	129.4	<b>3.8</b>	2.3
Tax losses for which the tax effects have not been recognised in the financial statements	<b>773.8</b>	728.5	<b>-</b>	-

The components and movements of deferred tax liabilities and assets during the year comprised the following:

<b>Group</b>	<b>Provisions and allowance for doubtful debts</b>	<b>Property development</b>	<b>Property, plant and equipment</b>	<b>Tax losses and unabsorbed capital allowance</b>	<b>Others</b>	<b>Total</b>
<b>2007</b>						
At 1st July						
As previously stated	<b>121.8</b>	<b>114.5</b>	<b>(151.0)</b>	<b>19.9</b>	<b>24.9</b>	<b>130.1</b>
FRS adjustment (see note 45)	-	-	-	-	<b>(0.7)</b>	<b>(0.7)</b>
As restated	<b>121.8</b>	<b>114.5</b>	<b>(151.0)</b>	<b>19.9</b>	<b>24.2</b>	<b>129.4</b>
Credited/(charged) to income statement						
- origination and reversal of temporary differences	<b>25.7</b>	<b>(5.9)</b>	<b>(3.5)</b>	<b>33.7</b>	<b>(19.9)</b>	<b>30.1</b>
- changes in tax rates and exemption of Malaysian Real Property Gains Tax	<b>(2.2)</b>	<b>(9.9)</b>	<b>12.2</b>	<b>(0.3)</b>	<b>(2.5)</b>	<b>(2.7)</b>
- write down/reversal of write down	<b>0.3</b>	<b>(0.2)</b>	<b>(5.6)</b>	<b>3.4</b>	<b>0.2</b>	<b>(1.9)</b>
Disposal of subsidiaries	<b>(3.4)</b>	-	-	-	<b>0.1</b>	<b>(3.3)</b>
Transfer to non-current assets held for sale	<b>(0.2)</b>	-	-	-	-	<b>(0.2)</b>
Exchange differences	<b>2.6</b>	<b>0.2</b>	<b>(4.4)</b>	<b>(0.6)</b>	<b>6.9</b>	<b>4.7</b>
At 30th June	<b>144.6</b>	<b>98.7</b>	<b>(152.3)</b>	<b>56.1</b>	<b>9.0</b>	<b>156.1</b>

**20 DEFERRED TAX (continued)**

2006	Provisions and allowance for doubtful debts	Property development	Property, plant and equipment	Tax losses and unabsorbed capital allowance	Others	Total
At 1st July						
As previously stated	121.1	122.7	(164.4)	27.7	27.9	135.0
FRS adjustment	-	-	-	-	(0.2)	(0.2)
As restated	121.1	122.7	(164.4)	27.7	27.7	134.8
Credited/(charged) to income statement						
- origination and reversal of temporary differences	3.1	(8.1)	9.5	(12.4)	(6.6)	(14.5)
- write down/reversal of write down	0.5	(0.1)	2.1	2.5	5.7	10.7
Acquisition of subsidiaries	-	-	(0.7)	-	-	(0.7)
Disposal of subsidiaries	(1.8)	-	2.6	-	1.2	2.0
Exchange differences	(1.1)	-	(0.1)	2.1	(3.8)	(2.9)
At 30th June	121.8	114.5	(151.0)	19.9	24.2	129.4

Company	2007			2006		
	Property, plant and equipment	Others	Total	Property, plant and equipment	Others	Total
At 1st July	(0.2)	2.5	2.3	(0.4)	1.5	1.1
Credited to income statement						
- origination and reversal of temporary differences	0.2	1.3	1.5	0.2	1.0	1.2
At 30th June	-	3.8	3.8	(0.2)	2.5	2.3

**21 FINANCE LEASE RECEIVABLES - GROUP**

The finance lease receivables are subject to following maturity periods:

	2007	2006
<b>Non Current</b>		
Later than 1 year and not later than 5 years	–	428.2
Later than 5 years	–	25.9
	–	454.1
<b>Current</b>		
Not later than 1 year, included in trade and other receivables under current assets	–	287.8
	–	741.9

The finance lease receivables are analysed as follows:

	2007	2006
Gross investments in finance lease:		
Not later than 1 year	–	333.0
Later than 1 year and not later than 5 years	–	474.0
Later than 5 years	–	27.7
		834.7
Unearned finance income	–	(74.5)
Allowance for doubtful debts	–	(18.3)
Net investments in finance lease	–	741.9

The effective interest rates applicable on net investments in finance lease for 30th June 2006 ranged from 4.68% to 16.70%.

**22 INVENTORIES**

	Group		Company	
	2007	2006	2007	2006
Produce stocks	<b>29.8</b>	24.1	–	–
Trading inventories:				
- Heavy equipment	<b>1,921.2</b>	1,443.1	–	–
- Motor vehicles	<b>1,446.2</b>	1,462.5	–	–
- Commodities and others	<b>221.2</b>	230.5	–	–
Completed development units	<b>79.2</b>	88.1	–	–
Materials and consumable stores	<b>160.7</b>	133.0	<b>2.9</b>	2.5
	<b>3,858.3</b>	3,381.3	<b>2.9</b>	2.5

The carrying value of trading inventories included RM293.6 million (2006 : RM284.7 million) stated at net realisable values.

Inventories of a subsidiary with carrying value of RM266.6 million (2006 : RM284.7 million) are pledged as security for borrowings (see Note 31).

Inventories where the net realisable value are expected to be below the carrying value are written down. The amount written down during the year was RM69.2 million (2006 : RM4.9 million) for the Group and RM nil (2006 : nil) for the Company.

**23 PROPERTY DEVELOPMENT COSTS - GROUP**

	2007	2006
<b>Development costs</b>		
At 1st July	2,092.0	1,980.3
Land acquired	66.0	–
Development costs incurred during the year	463.7	409.6
Transfer from land held for property development	–	67.5
Completed development units transferred to inventories	(20.6)	(3.3)
Completed development units and land sold	(367.1)	(364.5)
Exchange differences	(3.0)	2.4
At 30th June	2,231.0	2,092.0
<b>Costs recognised in income statement</b>		
At 1st July	(1,304.7)	(1,214.9)
Recognised during the year	(406.2)	(453.4)
Completed development units and land sold	367.1	364.5
Exchange differences	1.9	(0.9)
At 30th June	(1,341.9)	(1,304.7)
At 30th June	889.1	787.3

Development costs is analysed as follows:

	2007	2006
Freehold land at cost	310.6	260.4
Development costs	1,920.4	1,831.6
Costs recognised in income statement	(1,341.9)	(1,304.7)
At 30th June	889.1	787.3

A property development project of a subsidiary with net book value of RM42.4 million (2006 : RM62.8 million) is charged to a bank as security for borrowings (see Note 31).

**24 TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2007	2006	2007	2006
Trade receivables less allowance for doubtful debts of RM257.1 million (2006 : RM308.1 million) for the Group and nil balance (2006 : RM0.1 million) for the Company	2,155.3	2,045.6	6.6	6.1
Accrued billings	179.4	73.0	–	–
Amounts due from customers on construction contracts (see Note 25)	509.8	372.5	–	–
Amounts due from associates	34.7	39.4	–	–
Amounts due from jointly controlled entities	–	4.1	–	–
Other receivables less allowance for doubtful debts of RM37.2 million (2006 : RM6.9 million) for the Group and nil balance (2006 : RM0.1 million) for the Company	559.6	340.0	7.7	4.2
Deposits	37.6	47.4	1.8	1.5
Net investments in finance lease after deducting unearned finance income of nil balance (2006 : RM38.1 million) and allowance for doubtful debts of nil balance (2006 : RM7.1 million)	–	287.8	–	–
	3,476.4	3,209.8	16.1	11.8

Credit terms of trade receivables and amounts due from customers ranged from 7 to 365 days (2006 : 7 to 180 days).

The Group has no significant concentrations of credit risk.

**25 CONSTRUCTION CONTRACTS – GROUP**

	2007	2006
Aggregate costs incurred	<b>3,158.4</b>	2,421.8
Recognised profits less losses to date	<b>237.8</b>	200.9
	<b>3,396.2</b>	2,622.7
Progress billings	<b>(3,028.4)</b>	(2,293.3)
	<b>367.8</b>	329.4
Represented by :		
Amounts due from customers (see Note 24)	<b>509.8</b>	372.5
Amounts due to customers (see Note 33)	<b>(142.0)</b>	(43.1)
	<b>367.8</b>	329.4
Retention on contracts	<b>4.5</b>	2.1
Included in construction contract costs incurred during the year were :		
Depreciation	<b>7.7</b>	4.5
Hire of plant and machinery	<b>25.1</b>	36.1
Staff costs	<b>70.5</b>	45.1

**26 CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNTS**

Cash held under the Housing Development Accounts represents monies received from purchasers of residential properties less payments or withdrawals in accordance with Malaysian Housing Developers (Control and Licensing) Act 1966, and Singapore Housing Developers (Control and Licensing) Act (Cap 130). The amounts are held at call with banks.

**27 BANK BALANCES, DEPOSITS AND CASH**

	Group		Company	
	2007	2006	2007	2006
Deposits with licensed banks	<b>3,608.8</b>	1,878.8	<b>230.8</b>	277.6
Deposits with finance companies	<b>72.8</b>	41.8	<b>50.5</b>	–
Deposits with other corporations	<b>86.8</b>	241.6	–	–
Cash at bank and in hand	<b>672.1</b>	770.0	<b>8.7</b>	8.1
	<b>4,440.5</b>	2,932.2	<b>290.0</b>	285.7
Effective interest rates were as follows:				
	2007 %	2006 %	2007 %	2006 %
Deposits with licensed banks	<b>0.50 – 8.81</b>	0.50 – 7.23	<b>2.91 – 3.55</b>	3.53 – 3.55
Deposits with finance companies	<b>2.65 – 3.48</b>	3.47 – 3.50	<b>3.40 – 3.55</b>	–
Deposits with other corporations	<b>3.30 – 3.49</b>	2.95 – 3.48	–	–
Cash at bank	<b>0.00 – 5.79</b>	0.00 – 5.25	–	–

Deposits of the Group and Company have maturity periods ranging from on call basis to 1 year. Cash at bank are deposits held at call with banks.

**28 NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE NON-CURRENT ASSETS HELD FOR SALE - GROUP**

	2007	2006
<b>Non-current assets held for sale</b>		
Disposal groups :		
- investment in associates	4.7	-
- other non-current assets	23.1	-
- current assets	170.7	-
	<hr/>	
Other assets :	198.5	-
- property, plant and equipment	-	12.9
- investment properties	2.0	-
- land held for property development	0.2	33.9
	<hr/>	
	<b>200.7</b>	<b>46.8</b>

The movements during the year relating to non-current assets held for sale were as follows:

	2007	2006
Net book value		
At 1st July as restated	46.8	-
Disposals	(47.6)	-
Transfer from property, plant and equipment	22.9	12.9
Transfer from investment properties	2.0	-
Transfer from land held for property development	0.2	33.9
Transfer from other assets	175.6	-
Exchange differences	0.8	-
	<hr/>	
At 30th June	<b>200.7</b>	<b>46.8</b>

	2007	2006
<b>Liabilities directly associated with non-current assets held for sale</b>		
Disposal groups :		
- non-current liabilities	2.7	-
- current liabilities	176.0	-
	<hr/>	
	<b>178.7</b>	<b>-</b>

The movements during the year relating to liabilities directly associated with non-current assets held for sale were as follows :

	2007	2006
Net book value		
At 1st July	-	-
Transfer from liabilities	178.7	-
	<hr/>	
At 30th June	<b>178.7</b>	<b>-</b>

The gains on disposal of non-current assets held for sale during the year have been included in the income statement as surplus on disposal of properties.

The above non-current assets and the associated liabilities are expected to be sold within the next financial year. The progress of major disposal of non-current assets and the associated liabilities were as follows :

- (a) On 25th May 2007, Sime Darby Singapore Limited and Orchard Nominees Private Limited entered into a Sale and Purchase Agreement with Thai Containers Group Company Limited ("TCG") for the disposal of their entire equity interest in the issued and paid up share capital of Sime Rengo Packaging Singapore Limited to TCG. The completion of the disposal is conditional upon, amongst others, the approval of regulatory authorities.
- (b) During the year, the Group has earmarked Westminster Travel Limited for disposal. Subsequent to the balance sheet date, Sime Travel Holdings Limited entered into a Share Purchase Agreement with Wealthy Aim Investments Limited ("WAIL") and SBI E2-Capital Limited (as a guarantor for WAIL) for the disposal of its entire equity interest in Westminster Travel Limited. The completion of the disposal is conditional upon, amongst others, the approvals of the Registrar of Travel Agents and the Trade Industries Council of Hong Kong.

**29 SHARE CAPITAL**

	<b>2007</b>	2006
<b>Authorised:</b>		
3,000.0 million (2006 : 3,000.0 million) ordinary shares of RM0.50 each	<b>1,500.0</b>	1,500.0
<b>Issued and fully paid:</b>		
At 1st July – 2,465.5 million (2006 : 2,390.2 million) ordinary shares of RM0.50 each	<b>1,232.8</b>	1,195.1
56.5 million (2006 : 34.2 million) new shares issued pursuant to the exercise of options under the Sime Darby Employees' Share Option Scheme	<b>28.2</b>	17.1
41.1 million new shares issued under the terms of the privatisation of a subsidiary	–	20.6
At 30th June – 2,522.0 million (2006 : 2,465.5 million) ordinary shares of RM0.50 each	<b>1,261.0</b>	1,232.8

**(a) Employees' Share Option Scheme**

The Company implemented an Employees' Share Option Scheme ("Scheme") which came into effect on 10th December 2001 for a period of five (5) years to 9th December 2006 but may be renewed for another five (5) years or such longer period as allowed under the Companies Act, 1965. The Scheme is governed by the Bye-Laws which were approved by the shareholders on 6th November 2001.

The main features of the Scheme are as follows:

- Eligible employees are, in the case of Malaysian citizens, full time employees of the Company or of an eligible subsidiary, who have been in the service of the Group for at least one (1) continuous year including employees serving a fixed term contract of employment, the duration of which (including any period of employment that they have already served) should be at least three (3) years and in the case of non-Malaysian citizens, full time executives of the Company or an eligible subsidiary, who have been in the service of the Group for at least three (3) continuous years.
- The options granted may be exercised at any time before the expiry of the Scheme in full or in such lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares.
- The price at which grantees are entitled to subscribe for shares under the Scheme is the weighted average market price of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the respective dates of offer of the options, with a discount of not more than 10% (or such other higher percentage as may be allowed by the Securities Commission, Bursa Malaysia Securities Berhad and/or other relevant authorities).
- The grantees have no right to participate, by virtue of these options, in any share issue of any other company within the Group.
- Options granted under the Scheme carry no dividend or voting rights. Upon exercise of the options, the shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

The Board of Directors had, on 30th May 2006, approved the extension of the Scheme for another two (2) years upon its expiry on 9th December 2006. However, no new options would be granted during the extended period.

**(b) Issuance of shares under the terms of the privatisation of a subsidiary**

In the previous financial year, 41,139,600 new ordinary shares of RM0.50 each were issued under the terms of the privatisation of Tractors Malaysia Holdings Berhad.

**29 SHARE CAPITAL (continued)**

The movements during the year in the number of share options over the ordinary shares of the Company were as follows :

Date granted	Exercise price RM/shar	Number of share options				At 30th June '000
		At 1st July '000	Granted '000	Exercised '000	Extended/ (Lapsed) '000	
<b>2007</b>						
28th February 2002	4.90	4,569	–	(3,151)	(179)	1,239
12th May 2002	5.09	326	–	(210)	(4)	112
6th June 2003	5.08	3,432	–	(2,957)	23	498
28th May 2004	5.47	11,642	–	(10,332)	(341)	969
20th May 2005	5.28	10,032	–	(9,333)	33	732
26th June 2006	5.41	32,011	–	(30,525)	(38)	1,448
		<b>62,012</b>	<b>–</b>	<b>(56,508)</b>	<b>(506)</b>	<b>4,998</b>
Weighted average exercise prices		<b>5.34</b>	<b>–</b>	<b>5.35</b>	<b>5.29</b>	<b>5.24</b>
<b>2006</b>						
28th February 2002	4.90	10,272	–	(5,525)	(178)	4,569
12th May 2002	5.09	831	–	(442)	(63)	326
6th June 2003	5.08	8,356	–	(4,795)	(129)	3,432
28th May 2004	5.47	18,801	–	(6,514)	(645)	11,642
20th May 2005	5.28	27,449	–	(16,878)	(539)	10,032
26th June 2006	5.41	–	32,011	–	–	32,011
		<b>65,709</b>	<b>32,011</b>	<b>(34,154)</b>	<b>(1,554)</b>	<b>62,012</b>
Weighted average exercise prices		<b>5.25</b>	<b>5.41</b>	<b>5.22</b>	<b>5.29</b>	<b>5.34</b>

Share options are vested on the date granted. All outstanding options as at 30th June 2007 have a remaining contractual life of 1.5 years.

Details of share options exercised during the year were as follows:

Date exercised	Weighted average share price at date of exercise RM/share	Exercise price RM/share	Number of share options exercised '000	Consideration Received
<b>2007</b>				
July – September 2006	5.83	4.90	240	1.2
	5.98	5.09	21	0.1
	5.91	5.08	126	0.6
	5.94	5.47	61	0.3
	5.94	5.28	238	1.3
	5.97	5.41	354	1.9



**29 SHARE CAPITAL (continued)**

Details of share options exercised during the year were as follows: (continued)

<b>Date exercised</b>	<b>Weighted average share price at date of exercise RM/share</b>	<b>Exercise price RM/share</b>	<b>Number of share options exercised '000</b>	<b>Consideration Received</b>
<b>2007</b>				
October – December 2006	6.62	4.90	889	4.4
	6.59	5.09	64	0.3
	6.71	5.08	1,007	5.1
	6.84	5.47	4,114	22.5
	6.76	5.28	4,275	22.6
	6.72	5.41	16,765	90.7
January – March 2007	7.96	4.90	924	4.6
	7.87	5.09	79	0.4
	7.90	5.08	1,003	5.1
	7.87	5.47	4,067	22.2
	7.85	5.28	2,959	15.6
	7.84	5.41	10,183	55.1
April – June 2007	9.68	4.90	1,098	5.4
	9.52	5.09	46	0.2
	9.45	5.08	821	4.2
	9.58	5.47	2,090	11.4
	9.55	5.28	1,861	9.8
	9.56	5.41	3,223	17.4
			<u>56,508</u>	<u>302.4</u>
Less : Par value of ordinary shares				<u>(28.2)</u>
Share premium				<u>274.2</u>
<b>2006</b>				
July – September 2005	6.10	4.90	1,870	9.2
	6.11	5.09	213	1.1
	6.12	5.08	1,223	6.2
	6.12	5.47	829	4.5
	6.13	5.28	5,850	30.9
October – December 2005	6.18	4.90	2,256	11.1
	6.18	5.09	111	0.6
	6.18	5.08	2,446	12.4
	6.18	5.47	3,273	17.9
	6.18	5.28	7,681	40.6
January – March 2006	6.16	4.90	989	4.9
	6.16	5.09	96	0.5
	6.16	5.08	711	3.6
	6.16	5.47	1,427	7.8
	6.16	5.28	2,324	12.3
April – June 2006	5.93	4.90	410	2.0
	6.07	5.09	22	0.1
	6.05	5.08	415	2.1
	6.03	5.47	985	5.4
	6.03	5.28	1,023	5.4
			<u>34,154</u>	<u>178.6</u>
Less : Par value of ordinary shares				<u>(17.1)</u>
Share premium				<u>161.5</u>

## 30 RESERVES

Group 2007	Non – distributable			Exchange reserves	Distributable	Total
	Share premium	Revaluation reserves	Capital reserves		Retained profits	
At 1st July						
As previously stated	3,053.3	72.2	215.4	673.4	3,556.7	7,571.0
FRS adjustments (see Note 45)	-	-	-	-	1.3	1.3
As restated	3,053.3	72.2	215.4	673.4	3,558.0	7,572.3
Currency translation differences arising from translation of						
- subsidiaries	-	-	-	175.7	-	175.7
- associates	-	-	-	(4.1)	-	(4.1)
Share of reserves of associates	-	-	(0.3)	0.9	-	0.6
Effect of dilution of interest in an associate	-	-	1.8	-	(0.5)	1.3
Transfer between reserves	-	-	(7.6)	-	7.6	-
Net gains/(losses) not recognised in income statement	-	-	(6.1)	172.5	7.1	173.5
Net profit for the year	-	-	-	-	1,505.7	1,505.7
Total income/(expense) for the year	-	-	(6.1)	172.5	1,512.8	1,679.2
Acquisition of additional interest from minority shareholders	-	-	-	-	(77.0)	(77.0)
Issue of shares	274.2	-	-	-	-	274.2
Dividends	-	-	-	-	(579.6)	(579.6)
At 30th June	3,327.5	72.2	209.3	845.9	4,414.2	8,869.1
2006						
At 1st July						
As previously stated	2,670.9	72.2	211.8	749.2	3,105.9	6,810.0
FRS adjustments	-	-	-	-	0.5	0.5
As restated	2,670.9	72.2	211.8	749.2	3,106.4	6,810.5
Currency translation differences arising from translation of						
- subsidiaries	-	-	-	(75.0)	-	(75.0)
- associates	-	-	-	0.1	-	0.1
Share of reserves of associates	-	-	-	(0.9)	-	(0.9)
Effect of dilution of interest in associates	-	-	3.6	-	0.5	4.1
Goodwill written off	-	-	-	-	(56.6)	(56.6)
Net gains/(losses) not recognised in income statement	-	-	3.6	(75.8)	(56.1)	(128.3)
Net profit for the year	-	-	-	-	1,121.4	1,121.4
Total income/(expense) for the year	-	-	3.6	(75.8)	1,065.3	993.1
Acquisition of additional interest from minority shareholders	-	-	-	-	(127.2)	(127.2)
Issue of shares	382.4	-	-	-	-	382.4
Dividends	-	-	-	-	(486.5)	(486.5)
At 30th June	3,053.3	72.2	215.4	673.4	3,558.0	7,572.3

**30 RESERVES (continued)**

Company 2007	Non - Distributable		Distributable	Total
	Share premium	Capital reserves	Retained profits	
At 1st July	3,053.3	314.8	1,017.9	4,386.0
Transfers between reserves	–	(0.9)	0.9	–
Net profit for the year	–	–	89.9	89.9
Issue of shares	274.2	–	–	274.2
Dividends	–	–	(579.6)	(579.6)
At 30th June	3,327.5	313.9	529.1	4,170.5
2006				
At 1st July	2,670.9	315.0	994.4	3,980.3
Transfers between reserves	–	(0.2)	0.2	–
Net profit for the year	–	–	509.8	509.8
Issue of shares	382.4	–	–	382.4
Dividends	–	–	(486.5)	(486.5)
At 30th June	3,053.3	314.8	1,017.9	4,386.0

The Group's revaluation reserves relate mainly to a revaluation made in 1978 of the land and buildings of the Group's plantations in Malaysia. Capital reserves represent mainly the retained profits capitalised by subsidiaries.

There are sufficient Malaysian and Singapore tax credits available to frank approximately RM2,408.7 million (2006 : RM3,129.2 million) and RM646.9 million (2006 : RM761.5 million) of the retained profits of the Group and the Company respectively if paid out as dividends. In addition, the Group and the Company have tax exempt accounts available to frank tax exempt dividends amounting to approximately RM377.8 million (2006 : RM553.4 million) and RM72.2 million (2006 : RM480.5 million) for the Group and the Company respectively.

**31 LOANS AND FINANCING**

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Non Current</b>				
Term loans – secured	<b>64.4</b>	77.2	–	–
Term loans – unsecured	<b>399.2</b>	1,006.0	–	–
Al Murabahah Medium Term Notes – unsecured (see Note 32)	<b>1,000.0</b>	1,000.0	<b>1,000.0</b>	1,000.0
	<b>1,463.6</b>	2,083.2	<b>1,000.0</b>	1,000.0
<b>Current</b>				
Bank overdrafts				
- unsecured (see Note 39)	<b>17.7</b>	11.8	–	–
Portion of term loans due within one year				
- secured	<b>86.6</b>	52.0	–	–
- unsecured	<b>783.9</b>	20.9	–	–
Other short term borrowings				
- secured	<b>62.4</b>	38.9	–	–
- unsecured	<b>505.9</b>	1,133.0	–	–
	<b>1,456.5</b>	1,256.6	–	–
	<b>2,920.1</b>	3,339.8	<b>1,000.0</b>	1,000.0

Included in unsecured term loans is an amount of RM37.4 million (2006 : RM37.4 million) in respect of the 12% cumulative subordinated unconvertible redeemable unsecured loan stocks issued by one of the Group's subsidiaries in Malaysia. The repayment of the loan stocks is subordinated to all unsecured facilities of the subsidiary. The loan stocks are redeemable at par at any date determined by the subsidiary's Board up to 31st December 2023.

The secured term loans and other short term borrowings are secured by fixed and floating charges over property, plant and equipment, a property development project and other assets of certain subsidiaries.

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
The average effective interest rates/profit margin are as follows:	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Term loans:				
- before interest rate swaps	<b>6.16</b>	5.98	–	–
- after interest rate swaps	<b>6.07</b>	4.34	–	–
Al Murabahah Medium Term Notes	<b>4.34</b>	4.34	<b>4.34</b>	4.34
Bank overdrafts	<b>4.50</b>	8.23	–	–
Other short term borrowings	<b>4.74</b>	4.90	–	–

The term loans and Al Murabahah Medium Term Notes are subject to the following maturity periods:

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Not later than 1 year	<b>870.5</b>	72.9	–	–
Later than 1 year but not later than 2 years	<b>272.7</b>	770.4	–	–
Later than 2 years but not later than 5 years	<b>1,153.5</b>	1,229.8	<b>1,000.0</b>	1,000.0
Later than 5 years	<b>37.4</b>	83.0	–	–
	<b>2,334.1</b>	2,156.1	<b>1,000.0</b>	1,000.0

Conventional term loans that are subject to contractual interest rates repricing within 1 year amounted to RM314.2 million (2006 : RM1,064.4 million).

**32 AL MURABAHAH MEDIUM TERM NOTES - UNSECURED**

The Company has issued RM500 million 7 years and RM500 million 4 years Al Murabahah Medium Term Notes under the RM1,500 million Al Murabahah Commercial Paper ('MCP') and Medium Term Notes ('MMTN') Programme ('Programme') at par with a profit rate of 4.38% and 4.30% per annum, respectively.

Salient features of the Programme are as follows:

- Total outstanding nominal value of the MCP and MMTN (collectively known as 'Notes') shall not exceed RM1,500 million subject to a sub-limit of RM500 million for the MCP.
- The tenure of the Programme is up to seven years from date of the first issuance of any Notes under the Programme.
- MCP has a maturity of 12 months or below and is mandatorily redeemed at nominal value on maturity date. The profit for the MCP is payable on maturity of the MCP.
- MMTN has a maturity of 1 year but not more than 7 years and on condition that the MMTN mature prior to the expiry of the tenure of the Programme. The MMTN are mandatorily redeemed at nominal value on maturity date. The profit for the MMTN is payable either in fixed amounts at the end of each profit period or on maturity of the MMTN.

**33 TRADE AND OTHER PAYABLES**

	Group		Company	
	2007	2006	2007	2006
Trade payables	2,438.7	1,809.0	1.5	0.7
Accruals	2,127.6	1,931.7	68.3	39.4
Progress billings	16.9	6.3	-	-
Amounts due to customers on construction contracts (see Note 25)	142.0	43.1	-	-
Amounts due to associates	0.5	0.4	-	-
Amounts due to jointly controlled entities	1.8	4.1	-	-
	<b>4,727.5</b>	<b>3,794.6</b>	<b>69.8</b>	<b>40.1</b>

Credit terms of trade payables and amounts due to customers ranged from 7 to 120 days (2006 : 7 to 180 days).

**34 PROVISIONS - GROUP**

2007	Maintenance and warranty	Property development	Others	Total
At 1st July	122.6	7.5	-	130.1
Additions	157.6	-	-	157.6
Unused amounts reversed	(18.4)	-	-	(18.4)
Charged to income statement	139.2	-	-	139.2
Utilised	(84.2)	-	-	(84.2)
Exchange differences	1.9	-	-	1.9
At 30th June	179.5	7.5	-	187.0
2006				
At 1st July	122.6	7.5	0.5	130.6
Additions	136.7	-	-	136.7
Unused amounts reversed	(48.2)	-	(0.5)	(48.7)
Charged/(writeback) to income statement	88.5	-	(0.5)	88.0
Utilised	(85.1)	-	-	(85.1)
Exchange differences	(3.4)	-	-	(3.4)
At 30th June	122.6	7.5	-	130.1

**35 CONTINGENT LIABILITIES AND COMMITMENTS**

	Group		Company	
	2007	2006	2007	2006
<b>Unsecured contingencies:</b>				
Trade and performance guarantees	2,300.1	1,712.1	241.5	41.5
Claims pending against subsidiaries	22.8	63.7	–	–
Guarantees and contingencies relating to the borrowings of subsidiaries	–	–	868.0	857.6
	<b>2,322.9</b>	<b>1,775.8</b>	<b>1,109.5</b>	<b>899.1</b>
<b>Authorised capital expenditure not provided for in the financial statements:</b>				
<b>Property, plant and equipment</b>				
- contracted	435.4	171.3	–	0.3
- not contracted	1,025.0	204.1	–	–
	<b>1,460.4</b>	<b>375.4</b>	<b>–</b>	<b>0.3</b>
<b>Rights to use land</b>				
- not contracted	285.9	–	–	–
	<b>1,746.3</b>	<b>375.4</b>	<b>–</b>	<b>0.3</b>
<b>Commitments under non-cancellable operating leases:</b>				
Expiring not later than 1 year	131.0	92.9	0.2	0.2
Expiring later than 1 year but not later than 5 years	153.9	161.2	0.4	0.6
Expiring later than 5 years	181.1	198.4	–	–
	<b>466.0</b>	<b>452.5</b>	<b>0.6</b>	<b>0.8</b>

- (a) Berkeley Sdn. Bhd. ("BSB") commenced a legal suit against Consolidated Plantations Berhad ("CPB") for breach of a sale and purchase agreement and seeks damages amounting to RM54 million (or alternatively RM34 million) on the basis that CPB had failed to deliver a subdivided title in respect of 85 acres of land purchased by BSB.

BSB's claim for damages was dismissed with costs by the High Court on 9th March 2002 and BSB had appealed to the Court of Appeal on 27th March 2002. The appeal was heard on 7th May 2007 and was adjourned to 8th January 2008.

- (b) Certain minority shareholders of Sime Bank Berhad ("Sime Bank") had taken legal action against Sime Darby Berhad ("SDB") for failing to make a general offer to the rest of the shareholders when 60.35% of the equity of Sime Bank was acquired. On 31st March 2003, the High Court had decided in favour of the minority shareholders. These legal proceedings have since been resolved amicably, and the assessment of damages proceedings have been struck out. The appeals lodged by SDB against the High Court's decision of 31st March 2003 are in the process of being withdrawn. The proceedings of a similar nature against SDB commenced by two other former shareholders of Sime Bank have also been resolved amicably and the proceedings have been discontinued.

- (c) Sime Bank had granted a financial facility to Teras Cemerlang Sdn. Bhd. ("TCSB"). Sime Bank sued TCSB for failing to repay the said facility. TCSB filed a counterclaim against Sime Bank, Sime Securities Sdn. Bhd. ("SS"), SDB and Shafiq Sit Abdullah ("SSA"), alleging that SDB is vicariously liable for the transactions allegedly carried out by SSA in the dealings between SS and TCSB.

SDB filed an application to strike out TCSB's counter claim against it. On 9th October 2002, TCSB filed an application to the Court to stay the application to strike out and it was granted a stay. SDB filed an appeal against the stay. No hearing date has been fixed.

SDB is appealing against the Senior Assistant Registrar's decision not to strike out TCSB's counterclaim. The matter has now been fixed for further mention on 14th September 2007.

**CASH FLOW STATEMENTS****36 OTHER NON-CASH ITEMS**

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Other non cash items include:				
Write off of inventories	<b>69.2</b>	4.9	–	–
Allowance for doubtful debts	<b>41.1</b>	55.9	<b>0.3</b>	0.1
Writeback of allowance for doubtful debts	<b>(26.8)</b>	(60.2)	–	–
Property, plant and equipment written off	<b>12.9</b>	6.7	–	–
Net surplus on disposal of machinery, equipment and vehicles	<b>(11.8)</b>	(28.0)	<b>(0.8)</b>	(0.3)
Others	<b>11.5</b>	(4.3)	<b>(0.8)</b>	1.1
	<b>96.1</b>	<b>(25.0)</b>	<b>(1.3)</b>	<b>0.9</b>

**37 NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES**

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Interest income received	<b>135.2</b>	77.7	<b>50.3</b>	28.6
Investment income received	<b>24.5</b>	13.1	<b>12.2</b>	3.7
Purchase of investments	<b>(0.2)</b>	(7.4)	–	–
Increase/(decrease) in amounts owing by subsidiaries	–	–	<b>771.1</b>	(513.4)
Purchase of subsidiaries (see Note 40(a))	<b>(4.0)</b>	(135.8)	–	–
Purchase of additional shares in existing subsidiaries (see Note 40(b))	<b>(96.4)</b>	(86.1)	<b>(598.0)</b>	(78.2)
Purchase of associates	<b>(11.3)</b>	(18.5)	–	–
Purchase of a jointly controlled entity	–	(0.5)	–	–
Capital repayment by associates	–	41.4	–	–
Purchase of property, plant and equipment	<b>(974.0)</b>	(698.8)	<b>(5.5)</b>	(8.9)
Purchase of investment properties	<b>(1.2)</b>	(2.2)	–	–
Purchase of prepaid lease rentals	<b>(2.9)</b>	(32.9)	–	–
Cost incurred on biological assets	<b>(7.4)</b>	(4.3)	–	–
Purchase of/cost incurred on land held for property development	<b>(69.3)</b>	(22.4)	–	–
Purchase of intangible asset	<b>(5.0)</b>	(0.5)	–	–
Proceeds from sale of investments	<b>4.2</b>	29.6	<b>3.3</b>	–
Proceeds from sale of subsidiaries (see Note 41)	<b>183.5</b>	27.4	–	–
Proceeds from sale of associates	<b>748.5</b>	57.5	–	–
Proceeds from sale of property, plant and equipment	<b>283.2</b>	158.7	<b>1.2</b>	1.6
Proceeds from sale of investment properties	<b>43.4</b>	21.0	–	–
Proceeds from sale of land held for property development	<b>97.1</b>	–	–	–
Proceeds from sale of prepaid lease rentals	<b>3.8</b>	1.5	–	–
Proceeds from liquidation of a subsidiary	<b>13.9</b>	–	–	–
	<b>365.6</b>	<b>(581.5)</b>	<b>234.6</b>	<b>(566.6)</b>

**38 NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES**

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
Finance costs paid	<b>(139.6)</b>	(124.8)	<b>(43.4)</b>	(32.7)
Proceeds from shares issued by Sime Darby Berhad	<b>302.4</b>	178.6	<b>302.4</b>	178.6
Proceeds from shares issued to minority shareholders of subsidiaries	<b>9.5</b>	1.4	–	–
Net borrowings (repaid)/raised	<b>(38.6)</b>	701.9	–	500.0
Dividends paid to shareholders of Sime Darby Berhad	<b>(579.6)</b>	(486.5)	<b>(579.6)</b>	(486.5)
Dividends paid to minority shareholders of subsidiaries	<b>(61.5)</b>	(76.0)	–	–
	<b>(507.4)</b>	194.6	<b>(320.6)</b>	159.4

**39 CASH AND CASH EQUIVALENTS**

For the purpose of the cash flow statements, cash and cash equivalents at year end comprised the following:

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
Bank balances, deposits and cash (see Note 27)	<b>4,440.5</b>	2,932.2	<b>290.0</b>	285.7
Bank overdrafts – unsecured (see Note 31)	<b>(17.7)</b>	(11.8)	–	–
	<b>4,422.8</b>	2,920.4	<b>290.0</b>	285.7



**40 ACQUISITION AND INCORPORATION OF SUBSIDIARIES - GROUP****(a) Acquisition of subsidiaries**

Subsidiaries acquired during the year ended 30th June 2007 were as follows:

<b>Name of subsidiaries acquired</b>	<b>Purchase consideration</b>	<b>Group's effective interest (%)</b>	<b>Effective acquisition date</b>
Dunlopillo (Hong Kong) Limited	RM0.5	100.0	4th July 2006
Sime Darby Resort Sdn Bhd	RM2	100.0	11th July 2006
Sime O&M (Thailand) Co. Ltd (formerly known as Fortum Energy Solutions (Thailand) Company Ltd)	5.5	100.0	31st July 2006
Sime Darby Brunsfield Resources Sdn Bhd	RM2	60.0	10th August 2006
Sime Darby Brunsfield Property Management Sdn Bhd	RM2	60.0	10th August 2006
Sime Darby Brunsfield Properties Holding Sdn Bhd	RM2	60.0	10th August 2006
Sime Darby Brunsfield Damansara Sdn Bhd	RM2	60.0	10th August 2006
Sime Darby Brunsfield Resort Sdn Bhd	RM2	60.0	10th August 2006
Sime Darby Brunsfield Kenny Hills Sdn Bhd	RM2	60.0	10th August 2006
Sime Darby Brunsfield Darby Hills Sdn Bhd	RM2	60.0	10th August 2006
Sime Darby Brunsfield Motorworld Sdn Bhd	RM2	60.0	10th August 2006
Sime Darby Brunsfield Taipan City Sdn Bhd	RM2	60.0	10th August 2006
Yunnan Bow Yue Vehicle Trading Company Ltd	4.7	100.0	31st August 2006
Sime Darby Catering Services Sdn Bhd	RM2	100.0	21st March 2007
Sime Darby Overseas (HK) Limited	RM1	100.0	27th March 2007
Sime Darby Brunsfield Project Management Sdn Bhd	RM2	60.0	28th March 2007
Sime Darby Nautical Sdn Bhd (formerly known as Macten Engineering Sdn Bhd)	RM2	100.0	24th May 2007
Sime Darby EcoSystems Sdn Bhd (formerly known as Gem Streams Sdn Bhd)	RM2	100.0	1st June 2007
Sime Darby Brunsfield Holdings Limited (formerly known as Sime Darby Brunsfield China Pte Ltd)	RM23	52.0	28th June 2007

Details of the assets, liabilities and net cash outflow arising from the acquisition of subsidiaries were as follows:

	<b>Carrying value 2007</b>	<b>Fair value 2007</b>	Carrying value 2006	Fair value 2006
Property, plant and equipment	<b>0.2</b>	<b>0.2</b>	56.1	56.1
Prepaid lease rentals	-	-	44.6	48.5
Deferred taxation	-	-	-	(0.7)
Cash and cash equivalents	<b>1.5</b>	<b>1.5</b>	5.6	5.6
Other net current assets/(liabilities)	<b>5.0</b>	<b>5.0</b>	(9.8)	(9.8)
Net assets	<b>6.7</b>	<b>6.7</b>	96.5	99.7
Minority interests	-	-	(17.9)	(17.9)
Net assets acquired	<b>6.7</b>	<b>6.7</b>	<b>78.6</b>	81.8
Goodwill written off to retained profits		-		56.6
Goodwill retained in balance sheet		<b>3.5</b>		3.0
Cost of acquisition including direct costs related to the acquisition		<b>10.2</b>		141.4
Less: Cash and cash equivalents of subsidiaries acquired		<b>(6.2)</b>		(5.6)
Net cash outflow on acquisition of subsidiaries (see Note 37)		<b>4.0</b>		<b>135.8</b>

The net profit of the acquired subsidiaries included in the consolidated income statement amounted to RM2.9 million.

If the acquisitions were effected at beginning of the period, the Group's revenue and net profit would have been RM20,749.9 million and RM1,597.9 million respectively.

**40 ACQUISITION AND INCORPORATION OF SUBSIDIARIES – GROUP (continued)****(b) Acquisition of additional interest in existing subsidiaries**

The additional interests acquired were as follows:

<b><u>Name of subsidiaries</u></b>	<b><u>Purchase consideration</u></b>	<b><u>Group's additional effective interest (%)</u></b>	<b><u>Effective acquisition date</u></b>
Hyundai Sime Darby Berhad	3.0	0.4	13th September 2006
Weifang Sime Darby Port Co. Ltd	51.8 17.4	15.0 4.0	25th November 2006 18th January 2007
Weifang Sime Darby Water Co. Ltd	17.3 6.9	15.0 5.0	25th November 2006 18th January 2007

The minority interests acquired and the net cash outflow arising from the acquisition of additional interest in existing subsidiaries were as follows:

	<b>2007</b>	2006
Minority interest acquired	<b>19.4</b>	200.4
Goodwill written off to retained profits	<b>77.0</b>	127.2
	<hr/> <b>96.4</b>	<hr/> 327.6
Costs of acquisition including direct costs related to the acquisition	<b>96.4</b>	327.6
Less: Shares issued as consideration (see Note 29(b))	–	(241.5)
	<hr/> <b>96.4</b>	<hr/> 86.1
Net cash outflow on acquisition (see Note 37)	<b>96.4</b>	86.1

**(c) Incorporation of subsidiaries**

The subsidiaries incorporated during the year ended 30th June 2007 were as follows:

<b><u>Name of subsidiaries</u></b>	<b><u>Group's effective interest (%)</u></b>	<b><u>Incorporation date</u></b>
Sime Darby Brunfield Australia Pte. Ltd	60.0	14th July 2006
Oyster Cove International Pty Ltd	42.0	14th July 2006
Sime Darby Regent Motors Limited	100.0	8th August 2006
Xinjiang Sime Darby Property Co. Ltd	100.0	26th October 2006
Shanghai Xin Biao Xian Motor Commerce Company Limited	100.0	30th October 2006
Zibo Sime Darby Chemicals Co. Ltd	51.0	16th January 2007
Xinjiang Sime Darby Heavy Equipment Co. Ltd	100.0	5th March 2007
OCI Management Pty Ltd	42.0	28th March 2007
Oyster Cove Properties Pty Ltd	42.0	7th June 2007
Macau CEL Machinery Company Limited	100.0	21st June 2007

**41 DISPOSAL OF SUBSIDIARIES - GROUP**

Subsidiaries disposed during the year ended 30th June 2007 were as follows:

<b>Name of subsidiaries</b>	<b>Group's effective interest disposed (%)</b>	<b>Effective disposal date</b>
Century Automotive Products Sdn Bhd	99.6	24th July 2006
Yunnan Sime Winner Motor Services Co. Limited	90.0	25th July 2006
Sime Conoco Energy Sdn Bhd	51.0	14th February 2007
SimeLease (Malaysia) Sdn Bhd	100.0	13th April 2007
PT Guru Indonesia	75.0	27th April 2007
Sime Inax Sdn. Bhd.	80.0	16th June 2007

Details of the assets, liabilities and net cash inflow arising from the disposal of subsidiaries were as follows:

	<b>2007</b>	2006
Property, plant and equipment	<b>16.3</b>	31.7
Prepaid lease rentals	-	9.8
Deferred taxation	<b>3.3</b>	(2.0)
Cash and cash equivalents	<b>34.4</b>	5.6
Other net current assets	<b>98.6</b>	2.6
Minority interests	<b>(5.3)</b>	(13.8)
Net assets disposed	<b>147.3</b>	33.9
Gain/(loss) on disposal of subsidiaries	<b>70.6</b>	(0.9)
Proceeds from disposal of subsidiaries	<b>217.9</b>	33.0
Less : Cash and cash equivalents of subsidiaries disposed	<b>(34.4)</b>	(5.6)
Net cash inflow on disposal of subsidiaries (see Note 37)	<b>183.5</b>	27.4

**42 SEGMENT INFORMATION – GROUP (continued)****Primary reporting format - business segments**

The main business segments of the Group comprise the following :

- Plantations – Palm oil refining and fractionation, and oil palm cultivation.
- Property – Property development, management and investment, and provision of golf and other recreational services
- Heavy equipment – Sales and servicing of heavy equipment
- Motor vehicles – Assembly and distribution of vehicles, provision of after-sale services, and hire purchase and lease financing.
- Energy and utilities – Engineering design and fabrication, system integration, power generation, treatment and supply of treated water, and ownership and management of port facilities.
- General trading, services and others – Aircraft composites components manufacturing, bedding operations, marketing of consumer and industrial products, provision of healthcare services, and insurance broking.

Transactions between segments are carried out on an arm's length basis. The effects of such intersegment transactions are eliminated on consolidation.

<b>2007</b>	<b>Plantations</b>	<b>Property</b>	<b>Heavy equipment</b>	<b>Motor vehicles</b>	<b>Energy and utilities</b>	<b>General trading, services and others</b>	<b>Elimination</b>	<b>Group</b>
<b>Revenue</b>								
External revenue	1,706.1	874.5	6,669.5	7,017.5	2,300.5	2,166.9	–	20,735.0
Intersegment revenue	–	35.5	10.4	3.2	15.1	50.5	(114.7)	–
Total revenue	<b>1,706.1</b>	<b>910.0</b>	<b>6,679.9</b>	<b>7,020.7</b>	<b>2,315.6</b>	<b>2,217.4</b>	<b>(114.7)</b>	<b>20,735.0</b>
<b>Results</b>								
Segment results before unusual items	310.6	204.5	647.9	63.2	221.5	31.1	–	1,478.8
Unusual items	1.5	109.7	(3.5)	45.9	433.3	(19.9)	–	567.0
Segment results	<b>312.1</b>	<b>314.2</b>	<b>644.4</b>	<b>109.1</b>	<b>654.8</b>	<b>11.2</b>	<b>–</b>	<b>2,045.8</b>
Associates and jointly controlled entities	<b>(0.1)</b>	<b>16.0</b>	<b>11.9</b>	<b>(0.1)</b>	<b>28.0</b>	<b>14.3</b>	<b>–</b>	<b>70.0</b>
Profit before interest								2,115.8
Unallocated costs								(61.7)
Investment and interest income								170.3
Finance costs								(138.4)
Profit before taxation								2,086.0
Taxation								(488.6)
Net profit for the year								<b>1,597.4</b>

**42 SEGMENT INFORMATION – GROUP (continued)****Primary reporting format - business segments (continued)**

<b>2007</b>	<b>Plantations</b>	<b>Property</b>	<b>Heavy equipment</b>	<b>Motor vehicles</b>	<b>Energy and utilities</b>	<b>General trading, services and others</b>	<b>Elimination</b>	<b>Group</b>
<b>Balance sheet</b>								
Segment assets	<b>1,504.3</b>	<b>2,605.9</b>	<b>3,760.7</b>	<b>3,287.3</b>	<b>2,052.5</b>	<b>487.2</b>	<b>(109.0)</b>	<b>13,588.9</b>
Associates and jointly controlled Entities	<b>1.9</b>	<b>116.3</b>	<b>46.7</b>	<b>41.3</b>	<b>15.5</b>	<b>50.1</b>	<b>-</b>	<b>271.8</b>
Non-current assets held for sale	<b>-</b>	<b>2.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>198.5</b>	<b>-</b>	<b>200.7</b>
Tax assets								<b>431.1</b>
Other assets								<b>5,063.3</b>
Total assets								<b>19,555.8</b>
Segment liabilities	<b>189.0</b>	<b>606.3</b>	<b>1,422.6</b>	<b>1,347.7</b>	<b>1,161.4</b>	<b>296.5</b>	<b>(109.0)</b>	<b>4,914.5</b>
Liabilities directly associated with non-current assets classified as held for sale	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178.7</b>	<b>-</b>	<b>178.7</b>
Tax liabilities								<b>419.1</b>
Other liabilities								<b>2,920.1</b>
Total liabilities								<b>8,432.4</b>
<b>Other information</b>								
Capital expenditure	<b>89.3</b>	<b>39.1</b>	<b>474.4</b>	<b>171.5</b>	<b>166.9</b>	<b>49.3</b>	<b>-</b>	<b>990.5</b>
Depreciation and amortisation	<b>40.8</b>	<b>35.7</b>	<b>142.3</b>	<b>95.2</b>	<b>77.7</b>	<b>31.3</b>	<b>-</b>	<b>423.0</b>
Impairment losses	<b>0.2</b>	<b>-</b>	<b>4.2</b>	<b>19.1</b>	<b>-</b>	<b>26.1</b>	<b>-</b>	<b>49.6</b>
Reversal of impairment losses	<b>0.4</b>	<b>24.3</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25.2</b>
Non-cash expenses	<b>1.5</b>	<b>18.5</b>	<b>26.8</b>	<b>68.9</b>	<b>9.6</b>	<b>4.3</b>	<b>-</b>	<b>129.6</b>

**42 SEGMENT INFORMATION – GROUP (continued)****Primary reporting format - business segments (continued)**

2006	Plantations	Property	Heavy equipment	Motor vehicles	Energy and utilities	General trading, services and others	Elimination	Group
Revenue								
External revenue	1,475.9	786.3	5,558.5	8,287.7	1,736.9	2,316.8	–	20,162.1
Intersegment revenue	0.7	22.0	13.7	11.3	9.4	48.9	(106.0)	–
Total revenue	<u>1,476.6</u>	<u>808.3</u>	<u>5,572.2</u>	<u>8,299.0</u>	<u>1,746.3</u>	<u>2,365.7</u>	<u>(106.0)</u>	<u>20,162.1</u>
Results								
Segment results before unusual items	248.5	207.7	556.6	357.2	217.8	35.6	–	1,623.4
Unusual items	10.6	(1.6)	1.1	3.7	(17.4)	(4.2)	–	(7.8)
Segment results	<u>259.1</u>	<u>206.1</u>	<u>557.7</u>	<u>360.9</u>	<u>200.4</u>	<u>31.4</u>	<u>–</u>	<u>1,615.6</u>
Associates and jointly controlled entities	1.4	17.0	10.2	1.0	65.8	(12.8)	–	82.6
Profit before interest								1,698.2
Unallocated costs								(31.8)
Investment and interest income								89.5
Finance costs								(121.8)
Profit before taxation								1,634.1
Taxation								(429.9)
Net profit for the year								<u>1,204.2</u>
Balance sheet								
Segment assets	1,400.6	2,327.0	3,027.8	3,592.8	1,667.4	1,082.8	(212.0)	12,886.4
Associates and jointly controlled Entities	–	109.1	40.1	43.2	297.9	56.0	–	546.3
Non-current assets held for sale	–	46.8	–	–	–	–	–	46.8
Tax assets								499.1
Other assets								3,560.8
Total assets								<u>17,539.4</u>
Segment liabilities	155.7	583.8	1,092.7	1,115.1	647.4	542.0	(212.0)	3,924.7
Tax liabilities								479.3
Other liabilities								3,339.8
Total liabilities								<u>7,743.8</u>
Other information								
Capital expenditure	64.0	39.9	332.0	235.3	38.7	28.8	–	738.7
Depreciation and amortisation	41.8	18.9	119.6	86.7	68.8	44.8	–	380.6
Impairment losses	–	3.7	1.0	3.4	24.4	–	–	32.5
Reversal of impairment losses	3.8	–	–	–	–	–	–	3.8
Non-cash expenses	1.8	0.7	17.0	34.5	10.8	30.1	–	94.9

**42 SEGMENT INFORMATION – GROUP (continued)****Secondary reporting format – geographical segments**

	<b>External revenue</b>		<b>Segment assets</b>		<b>Capital expenditure</b>	
	<b>2007</b>	2006	<b>2007</b>	2006	<b>2007</b>	2006
Malaysia	<b>6,223.2</b>	6,242.8	<b>6,767.6</b>	7,077.0	<b>298.7</b>	198.0
Singapore	<b>2,790.8</b>	2,845.4	<b>1,494.1</b>	1,372.0	<b>59.9</b>	91.3
China	<b>3,692.2</b>	4,269.7	<b>1,268.0</b>	1,235.0	<b>81.0</b>	41.0
Australia	<b>4,841.6</b>	4,071.0	<b>2,468.5</b>	1,916.8	<b>437.0</b>	329.6
Other countries	<b>3,187.2</b>	2,733.2	<b>1,590.7</b>	1,285.6	<b>113.9</b>	78.8
	<b>20,735.0</b>	20,162.1	<b>13,588.9</b>	12,886.4	<b>990.5</b>	738.7
Investment in jointly controlled entities/associates			<b>271.8</b>	546.3		
Non-current assets held for sale			<b>200.7</b>	46.8		
Tax assets			<b>431.1</b>	499.1		
Other assets			<b>5,063.3</b>	3,560.8		
Total assets			<b>19,555.8</b>	17,539.4		

Revenue was analysed by the country in which the customers were located. Segment assets and capital expenditure were classified on the basis of the location of the assets.

**Segment results**

	<b>2007</b>	2006
Malaysia	<b>637.4</b>	668.4
Singapore	<b>603.0</b>	228.5
China	<b>166.3</b>	151.5
Australia	<b>471.3</b>	408.3
Other countries	<b>176.1</b>	209.7
Profit before interest	<b>2,054.1</b>	1,666.4
Investment and interest income	<b>170.3</b>	89.5
Finance costs	<b>(138.4)</b>	(121.8)
Profit before taxation	<b>2,086.0</b>	1,634.1
Taxation	<b>(488.6)</b>	(429.9)
Net profit for the year	<b>1,597.4</b>	1,204.2

**43 DISCLOSURE OF SIGNIFICANT RELATED PARTY TRANSACTIONS**

In accordance with Section 4.1.5 of Practice Note No. 12/2001 issued by Bursa Malaysia Securities Berhad, the details of recurrent related party transactions conducted during the year ended 30th June 2007 pursuant to the shareholders' mandate and announcements made were as follows:-

Subsidiaries of the Company	Transacting party	Nature of transaction	Related party and nature of relationship	2007	2006
Sime Rengo Packaging (Malaysia) Sdn. Bhd. ("SRPM")	Rengo Co. Ltd.	Procurement of management and technical advice by SRPM from Rengo Co. Ltd. and purchase of raw materials	Rengo Co. Ltd., substantial shareholder of SRPM	<b>2.6</b>	4.4
Sime Kubota Sdn. Bhd. ("SK")	Kubota Corporation	Purchase of agricultural tractors, engines and parts by SK from Kubota Corporation	Kubota Corporation, substantial shareholder of SK	<b>21.3</b>	9.5
Syarikat Malacca Straits Inn Sdn. Bhd. ("SMSI")	Hotel Equatorial Management Sdn. Bhd. ("HEM")	Procurement of hotel operation management and technical advice by SMSI from HEM	Hotel Equatorial (M) Sdn. Bhd. which is the holding company of HEM, is a substantial shareholder of SMSI	<b>1.4</b>	1.1
Sime Rengo Packaging Singapore Limited ("SRPS")	Rengo Co. Ltd.	Purchase of goods by SRPS from Rengo Co. Ltd.	Rengo Co. Ltd, a substantial shareholder of SRPS	<b>4.8</b>	4.7
Inokom Corporation Sdn. Bhd. ("ICSB")	Hyundai Motor Company ("HMC")	Royalty payment and procurement of Completely Knocked-Down ("CKD") packs, Completely Built-Up ("CBU") cars and ancillary services by ICSB from HMC	HMC , a substantial shareholder of ICSB	<b>120.4</b>	637.8
	Hyundai Motor India Ltd, ("HMIL")	Procurement of CKD motor vehicle components by ICSB from HMIL	HMC which is the holding company of HMIL, is a substantial shareholder of ICSB	<b>2.8</b>	35.5
Ford Malaysia Sdn. Bhd. ("FMSB")	Ford Motor Company and its subsidiaries ("FMC group")	Procurement of motor vehicles and their components, accounting and ancillary services by FMSB from FMC group	Ford Motor Company, a substantial shareholder of FMSB	<b>105.3</b>	156.2
Otofin Sdn. Bhd. ("OSB")	Kartika Gemilang Sdn. Bhd. ("KGSB"), Otofin Power (Johor) Sdn. Bhd. ("OPJ") and Maresqsue Sdn. Bhd. ("MSB")	Purchase of products and services by OSB from OPJ and MSB Rental of premises by OSB from KGSB	Mr. Toh Hong Hooi, a director and shareholder of OSB, KGSB, and OPJ. He also has indirect interests in MSB	<b>0.7</b> <b>0.6</b>	0.5 0.6



**43 DISCLOSURE OF SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)**

Other significant related party transactions were as follows:

	Group		Company	
	2007	2006	2007	2006
<b>(a) Transactions with subsidiaries</b>				
Commission and management fees income, and sales of goods	–	–	<b>55.7</b>	42.8
<b>(b) Transactions with associates</b>				
Forwarding services rendered by KN Sime Logistics Sdn. Bhd	<b>3.4</b>	11.8	–	–
Insurance services rendered by Union Sime Darby (Thailand) Limited	<b>1.6</b>	2.5	–	–
Progress billings for properties under construction acquired from Artesian Investments Pte. Ltd.	<b>1.6</b>	6.0	–	–
Provision of marine equipment and services to subsidiaries of Jaya Holdings Limited	<b>1.5</b>	46.2	–	–
Provision of IT services to Sime Kansai Paints Sdn. Bhd.	<b>0.2</b>	0.2	–	–
Purchase of product and services from Chubb Singapore Ltd	<b>0.1</b>	–	–	–
Rental income from :				
- FG Wilson Pte Ltd	<b>0.3</b>	0.3	–	–
- KN Sime Logistics Sdn Bhd	<b>0.9</b>	0.9	–	–
<b>(c) Transactions with subsidiaries' minority shareholders</b>				
Sales of goods and performance of services to Gunnebo Holdings APS and its related companies	<b>15.7</b>	13.9	–	–
Payment to SIRIM Berhad for non-exclusive right to use of the word "SIRIM" in the name of a subsidiary	–	1.0	–	–
<b>(d) Remuneration of key management personnel</b>				
Salary	<b>5.2</b>	4.2	<b>1.7</b>	1.5
Bonus	<b>2.3</b>	1.7	<b>1.0</b>	0.7
Allowances	<b>0.4</b>	–	–	–
Retirement gratuity	<b>0.4</b>	–	<b>0.4</b>	–
Defined contribution plans	<b>0.7</b>	0.5	<b>0.3</b>	0.2
Estimated monetary value of benefits by way of usage of the Group's and Company's assets	<b>0.5</b>	0.4	<b>0.3</b>	0.2

During the financial year ended 30th June 2006, a total of 408,000 share options were granted to the key management personnel of the Group. There were no new share options granted to the key management personnel during the financial year ended 30th June 2007.

There were no material contracts subsisting as at 30th June 2007 or if not then subsisting, entered into since the end of the previous year by the Company or its subsidiaries which involved the interests of Directors or substantial shareholders.

**43 DISCLOSURE OF SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)**

The outstanding balances with subsidiaries were shown in Note 13 and the significant outstanding balances with other related parties as at 30th June 2007 were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
<b>(a) Amount owing by/(to) following associates</b>				
KN Sime Logistics Sdn. Bhd.	<b>1.6</b>	1.9	–	–
Artesian Investments Pte. Ltd.	<b>32.6</b>	36.5	–	–
<b>(b) Amount owing by/(to) following subsidiaries' minority shareholders</b>				
Rengo Co. Ltd	<b>(0.6)</b>	(1.8)	–	–
Kubota Corporation	<b>(2.1)</b>	(1.0)	–	–
Gunnebo Holdings APS and its related companies	<b>2.9</b>	2.2	–	–
Ford Motor Company and its related companies	<b>(4.6)</b>	(5.2)	–	–

All outstanding balances are unsecured and repayable within normal credit periods.

**44 FINANCIAL INSTRUMENTS****(a) Financial risk management objectives and policies**

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, and liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to Group's financial risk management policies. The Board regularly reviews these risks and approves the policies covering the management of these risks. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures. It does not trade in financial instruments.

Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by subsidiaries in currencies other than their functional currency. These companies enter into forward foreign exchange contracts to limit their exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure which arises from certain of the Group's borrowings is managed through the use of fixed and floating debt and derivative financial instruments. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

Credit risk

Credit risk arises when derivative instruments are used or sales made on deferred credit terms. The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risk by setting appropriate credit history. Furthermore, sales to customers are usually suspended when earlier amounts are overdue by more than 180 days. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and for the Company were represented by the carrying amount of each financial asset and in respect of derivative financial instruments, the maximum exposure were disclosed in Note 44 (e).

**44 FINANCIAL INSTRUMENTS (continued)****(a) Financial risk management objectives and policies (continued)**

Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

**(b) Fair value estimation for disclosure purposes**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate the value:

Short term financial instruments

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

Investments

The fair values of some investments are estimated based on quoted market prices for those or similar investments. For other investments for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive cost. Therefore, such investments are valued at cost subject to review for impairment.

Long-term financial instruments

The fair value of the Group's long term financial instruments is estimated by discounting the future contractual cash flows at the current market rate available to the Group for similar instruments.

Derivative financial instruments

The fair value of interest rate and currency swaps is calculated at the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

**44 FINANCIAL INSTRUMENTS (continued)****(c) Currencies profile of major financial assets and financial liabilities:****Group****Denominated in other than functional currencies**

<b>2007</b>	<b>United States dollar</b>	<b>Australian dollar</b>	<b>Euro</b>	<b>Qatar riyal</b>	<b>New Zealand dollar</b>	<b>Singapore dollar</b>	<b>Others</b>	<b>Denominated in functional currencies</b>	<b>Total</b>
Investments	–	–	–	–	–	<b>0.4</b>	–	<b>344.3</b>	<b>344.7</b>
Trade receivables	<b>353.2</b>	<b>2.0</b>	<b>12.8</b>	<b>74.8</b>	<b>1.7</b>	<b>45.7</b>	<b>11.1</b>	<b>1,654.0</b>	<b>2,155.3</b>
Cash held under Housing Development Accounts	–	–	–	–	–	–	–	<b>278.1</b>	<b>278.1</b>
Bank balances, deposits and cash	<b>435.7</b>	<b>191.1</b>	<b>17.6</b>	<b>6.1</b>	<b>37.3</b>	<b>40.5</b>	<b>16.7</b>	<b>3,695.5</b>	<b>4,440.5</b>
Trade payables	<b>(106.8)</b>	<b>(1.2)</b>	<b>(31.4)</b>	<b>(0.2)</b>	<b>(0.4)</b>	<b>(19.7)</b>	<b>(40.3)</b>	<b>(2,238.7)</b>	<b>(2,438.7)</b>
Non-current borrowings	<b>(60.1)</b>	–	–	–	–	–	–	<b>(1,403.5)</b>	<b>(1,463.6)</b>
Current borrowings	<b>(699.1)</b>	–	–	–	–	–	–	<b>(757.4)</b>	<b>(1,456.5)</b>
	<b>(77.1)</b>	<b>191.9</b>	<b>(1.0)</b>	<b>80.7</b>	<b>38.6</b>	<b>66.9</b>	<b>(12.5)</b>	<b>1,572.3</b>	<b>1,859.8</b>
<b>2006</b>									
Investments	–	–	–	–	–	0.4	–	348.0	348.4
Finance lease receivables	–	–	–	–	–	–	–	741.9	741.9
Trade receivables	162.3	–	5.2	94.3	129.7	29.2	35.3	1,589.6	2,045.6
Cash held under Housing Development Accounts	–	–	–	–	–	–	–	280.2	280.2
Bank balances, deposits and cash	172.2	64.1	1.4	–	25.5	33.4	27.4	2,608.2	2,932.2
Trade payables	(184.7)	(2.1)	(62.0)	(2.4)	–	(21.9)	(169.2)	(1,366.7)	(1,809.0)
Non-current borrowings	(795.2)	–	–	–	–	–	–	(1,288.0)	(2,083.2)
Current borrowings	(22.4)	–	–	–	–	–	(1.3)	(1,232.9)	(1,256.6)
	<b>(667.8)</b>	<b>62.0</b>	<b>(55.4)</b>	<b>91.9</b>	<b>155.2</b>	<b>41.1</b>	<b>(107.8)</b>	<b>1,680.3</b>	<b>1,199.5</b>

The financial assets and financial liabilities of the Company are denominated mainly in Ringgit Malaysia, the functional currency of the Company.

**44 FINANCIAL INSTRUMENTS (continued)****(d) Off balance sheet financial instruments**

## (i) Forward foreign exchange contracts

The Group operates internationally and is exposed to currency risk as a result of the foreign currency transactions entered into by companies in currencies other than their functional currency. The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

As at balance sheet date, the Group had entered into forward foreign exchange contracts with the following notional amounts and maturities:

Group	Maturities		Total
	Within 1 year	1 year or more	
<b>2007</b>			
Forward contracts used to hedge receivables			
- Euro	1.7	–	1.7
- Japanese yen	8.6	–	8.6
- Qatar riyal	152.0	–	152.0
- United States dollar	780.9	748.3	1,529.2
- Others	3.9	–	3.9
	<b>947.1</b>	<b>748.3</b>	<b>1,695.4</b>
Forward contracts used to hedge anticipated purchases			
- Euro	5.5	0.1	5.6
- Japanese yen	0.9	–	0.9
- Pound sterling	1.1	–	1.1
- Singapore dollar	0.6	–	0.6
- United States dollar	112.9	19.7	132.6
- Others	1.4	–	1.4
	<b>122.4</b>	<b>19.8</b>	<b>142.2</b>
Forward contracts used to hedge payables			
- Australian dollar	23.7	–	23.7
- Euro	247.0	2.9	249.9
- Japanese yen	78.2	–	78.2
- Pound sterling	39.9	–	39.9
- Singapore dollar	44.0	–	44.0
- United States dollar	327.9	–	327.9
- Others	5.1	–	5.1
	<b>765.8</b>	<b>2.9</b>	<b>768.7</b>
	<b>1,835.3</b>	<b>771.0</b>	<b>2,606.3</b>

**44 FINANCIAL INSTRUMENTS (continued)****(d) Off balance sheet financial instruments (continued)**

## (i) Forward foreign exchange contracts (continued)

	Maturities		Total
	Within 1 year	1 year or more	
2006			
Forward contracts used to hedge receivables			
- Euro	31.1	–	31.1
- Japanese yen	8.1	–	8.1
- Qatar riyal	407.9	–	407.9
- United States dollar	504.3	5.7	510.0
	<u>951.4</u>	<u>5.7</u>	<u>957.1</u>
Forward contracts used to hedge anticipated purchases			
- Euro	70.7	7.5	78.2
- Japanese yen	2.8	–	2.8
- Pound sterling	19.6	–	19.6
- Singapore dollar	0.9	–	0.9
- United States dollar	154.6	4.3	158.9
- Others	6.2	–	6.2
	<u>254.8</u>	<u>11.8</u>	<u>266.6</u>
Forward contracts used to hedge payables			
- Australian dollar	19.8	–	19.8
- Euro	241.8	–	241.8
- Japanese yen	83.9	–	83.9
- Pound sterling	8.4	–	8.4
- Singapore dollar	18.9	–	18.9
- United States dollar	309.2	–	309.2
- Others	0.1	–	0.1
	<u>682.1</u>	<u>–</u>	<u>682.1</u>
	<u>1,888.3</u>	<u>17.5</u>	<u>1,905.8</u>
<b>Company</b>			
<b>2007</b>			
Forward contracts used to hedge anticipated purchases			
- United States dollar	<u>5.5</u>	<u>–</u>	<u>5.5</u>
2006			
Forward contracts used to hedge anticipated purchases			
- United States dollar	<u>5.8</u>	<u>–</u>	<u>5.8</u>

**44 FINANCIAL INSTRUMENTS (continued)****(d) Off balance sheet financial instruments (continued)**

## (ii) Interest rate swaps

Interest rate swap and currency swap contracts were entered into by subsidiaries which entitled them to receive interest at floating rates on notional principal amounts and obliges them to pay interest at fixed rates on the same amounts. The differences between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts are exchanged at periodic intervals.

The terms and notional principal amounts of the outstanding interest rate swap and cross currency interest rate swap contracts of the Group at the balance sheet date, which are denominated in United States dollars and Thai Baht were as follows:

	<b>2007</b>	2006
Not later than 1 year	<b>743.1</b>	80.0
Later than 1 and not later than 5 years	<b>52.0</b>	917.1
Later than 5 years	–	36.1
	<b>795.1</b>	1,033.2

## (iii) Credit risk

The Group has no significant concentrations of credit risk and market risk in relation to the above off balance sheet financial instruments.

**44 FINANCIAL INSTRUMENTS (continued)****(e) Fair value**

The carrying amounts of financial assets and liabilities of the Group and Company at the balance sheet date approximated their fair values except for the following:

	Note	Group Carrying amount	Fair value	Company Carrying amount	Fair Value
<b>Financial assets</b>					
<b>2007</b>					
Investment in subsidiaries	13	–	–	646.3	2,044.6
- Quoted shares		–	–	3,057.2	*
- Unquoted shares		–	–	2,270.3	**
Net amounts due from subsidiaries	13	–	–	1.8	*
Investment in associates – unquoted shares	15	n/a	n/a		
Investments	16				
- Quoted shares		1.7	7.4	0.5	5.8
- Unquoted shares		343.0	***	191.6	***
<hr/>					
<b>2006</b>					
Investment in subsidiaries	13	–	–	646.3	1,141.0
- Quoted shares		–	–	2,459.2	*
- Unquoted shares		–	–	3,040.9	**
Net amounts due from subsidiaries	13	–	–	1.8	*
Investment in associates – unquoted shares	15	n/a	n/a		
Investments	16				
- Quoted shares		3.6	6.1	2.9	5.4
- Unquoted shares		344.8	***	191.6	***
Non-current net investment in finance leases	21	454.1	*	–	–
<hr/>					
<b>Financial liabilities</b>					
<b>2007</b>					
Term loans	31	1,296.7	1,296.7	–	–
Unconvertible redeemable unsecured loan stocks	31	37.4	*	–	–
Al Murabahah Medium Term Notes	31	1,000.0	1,013.5	1,000.0	1,013.5
<hr/>					
<b>2006</b>					
Term loans	31	1,118.7	1,118.7	–	–
Unconvertible redeemable unsecured loan stocks	31	37.4	*	–	–
Al Murabahah Medium Term Notes	31	1,000.0	986.8	1,000.0	986.8
<hr/>					

n/a – Not applicable

- \* It is not practicable within the constraints of timeliness and costs to estimate the fair value of the Group's and Company's non-current net investment in finance leases, unquoted shares and unconvertible redeemable unsecured loan stocks.
- \*\* It is not practicable to estimate the fair value of amounts due from subsidiaries due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.
- \*\*\* It is not practicable to estimate the fair value of the Group's unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.



**44 FINANCIAL INSTRUMENTS (continued)****(e) Fair value (continued)**

The nominal/notional amount and net fair value of financial instruments not recognised in the balance sheet of the Group as at the end of the year were as follows:

	Note	Group		Company	
		Nominal/ notional amount	Net fair value	Nominal/ notional amount	Net fair Value
<b>2007</b>					
Contingent liabilities	<b>35</b>	<b>2,322.9</b>	<b>****</b>	<b>1,109.5</b>	<b>****</b>
Forward foreign exchange contracts	<b>44(d)(i)</b>	<b>2,606.3</b>	<b>49.9</b>	<b>5.5</b>	<b>-</b>
Interest rate swaps	<b>44(d)(ii)</b>	<b>795.1</b>	<b>7.9</b>	<b>-</b>	<b>-</b>
<hr/>					
		Group		Company	
		Nominal/ notional amount	Net fair value	Nominal/ notional amount	Net fair Value
<b>2006</b>					
Contingent liabilities		1,775.8	****	899.1	****
Forward foreign exchange contracts		1,905.8	6.9	5.8	-
Interest rate swaps		1,033.2	28.1	-	-

\*\*\*\* It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

**45 COMPARATIVE FIGURES - GROUP**

As stated in Note 2 of the principal accounting policies, the Group's comparative figures have been restated to conform to the new presentation and policies following the adoption of the new and revised accounting standards as follows:

**(a) Income statement reflecting effect of FRS**

	As previously stated	FRS 101	FRS 121	As restated
Revenue	20,162.1	–	–	20,162.1
Operating expenses	(18,838.5)	–	–	(18,838.5)
Other operating income	258.6	–	1.6	260.2
Operating profit	1,582.2	–	1.6	1,583.8
Share of results of jointly controlled entities	1.5	–	–	1.5
Share of results of associates	90.8	(9.7)	–	81.1
Profit before interest	1,674.5	(9.7)	1.6	1,666.4
Investment and interest income	89.5	–	–	89.5
Finance costs	(121.8)	–	–	(121.8)
Profit before taxation	1,642.2	(9.7)	1.6	1,634.1
Taxation	(439.1)	9.7	(0.5)	(429.9)
Net profit for the year	1,203.1	–	1.1	1,204.2
Attributable to:				
Ordinary equity holders of the Company	1,120.6	–	0.8	1,121.4
Minority shareholders	82.5	–	0.3	82.8
Net profit for the year	1,203.1	–	1.1	1,204.2
Basic EPS	46.1	–	–	46.1
Diluted EPS	46.0	–	–	46.0

## 45 COMPARATIVE FIGURES - GROUP (continued)

## (b) Balance sheets reflecting effect of FRS

	As previously stated	FRS 5	FRS 101	FRS 117	FRS 121	As restated
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	4,655.6	(12.9)	(440.3)	(660.1)	–	3,542.3
Investment properties	–	–	184.6	–	–	184.6
Biological assets	–	–	255.7	–	–	255.7
Land held for property development	262.5	(33.9)	–	–	–	228.6
Interests in jointly controlled entities	1.1	–	–	–	–	1.1
Investments in associates	545.2	–	–	–	–	545.2
Investments	348.4	–	–	–	–	348.4
Goodwill on consolidation	3.0	–	–	–	–	3.0
Intangible assets	68.5	–	–	–	–	68.5
Prepaid lease rentals	–	–	–	650.6	–	650.6
Deferred tax assets	364.9	–	–	–	(0.7)	364.2
Finance lease receivables	454.1	–	–	–	–	454.1
	6,703.3	(46.8)	–	(9.5)	(0.7)	6,646.3
<b>CURRENT ASSETS</b>						
Inventories	3,381.3	–	–	–	–	3,381.3
Property development costs	787.3	–	–	–	–	787.3
Trade and other receivables	3,207.5	–	–	–	2.3	3,209.8
Prepayment	111.1	–	–	9.5	–	120.6
Tax recoverable	134.9	–	–	–	–	134.9
Cash held under Housing Development Accounts	280.2	–	–	–	–	280.2
Bank balances, deposits and cash	2,932.2	–	–	–	–	2,932.2
	10,834.5	–	–	9.5	2.3	10,846.3
Non-current assets held for sale	–	46.8	–	–	–	46.8
<b>TOTAL ASSETS</b>	<b>17,537.8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1.6</b>	<b>17,539.4</b>
Share capital	1,232.8	–	–	–	–	1,232.8
Reserves	7,571.0	–	–	–	1.3	7,572.3
<b>TOTAL EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	<b>8,803.8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1.3</b>	<b>8,805.1</b>
Minority interests	990.2	–	–	–	0.3	990.5
<b>TOTAL EQUITY</b>	<b>9,794.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1.6</b>	<b>9,795.6</b>
<b>NON-CURRENT LIABILITIES</b>						
Loans and financing	2,083.2	–	–	–	–	2,083.2
Deferred tax liabilities	234.8	–	–	–	–	234.8
	2,318.0	–	–	–	–	2,318.0
<b>CURRENT LIABILITIES</b>						
Trade and other payables	3,794.6	–	–	–	–	3,794.6
Provisions	130.1	–	–	–	–	130.1
Short term borrowings	1,256.6	–	–	–	–	1,256.6
Current taxation	244.5	–	–	–	–	244.5
	5,425.8	–	–	–	–	5,425.8
<b>TOTAL LIABILITIES</b>	<b>7,743.8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7,743.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,537.8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1.6</b>	<b>17,539.4</b>

## 45 COMPARATIVE FIGURES - GROUP (continued)

## (c) Cash flow reflecting effect of FRS

	As previously stated	FRS impact	As restated
Net profit for the year	1,203.1	1.1	1,204.2
Adjustments for :			
Unusual items	7.8	–	7.8
Share of profits less losses of jointly controlled entities and associates	(92.3)	9.7	(82.6)
Investment income	(10.8)	–	(10.8)
Interest income	(78.7)	–	(78.7)
Finance costs	121.8	–	121.8
Depreciation and amortisation	376.1	(9.8)	366.3
Amortisation of prepaid lease rentals	–	9.8	9.8
Taxation	439.1	(9.2)	429.9
Other non-cash items	(25.0)	–	(25.0)
	1,941.1	1.6	1,942.7
Changes in working capital:			
Inventories	(153.4)	–	(153.4)
Property development costs	43.8	–	43.8
Trade and other receivables and prepayment	(443.7)	(1.6)	(445.3)
Cash held under Housing Development Accounts	129.5	–	129.5
Trade and other payables and provisions	30.3	–	30.3
<b>Cash generated from operations</b>	1,547.6	–	1,547.6
Tax paid	(455.2)	–	(455.2)
Dividends from associates	67.4	–	67.4
<b>Net cash inflow from operating activities</b>	1,159.8	–	1,159.8
<b>Net cash outflow from investing activities (see below)</b>	(581.5)	–	(581.5)
<b>Net cash inflow from financing activities</b>	194.6	–	194.6
<b>Net increase in cash and cash equivalents</b>	772.9	–	772.9
Foreign exchange differences	(5.9)	–	(5.9)
Cash and cash equivalents at beginning of the year	2,153.4	–	2,153.4
<b>Cash and cash equivalents at end of the year</b>	2,920.4	–	2,920.4

Net cash outflow from investing activities reflecting effect of FRS

	As previously stated	FRS impact	As restated
Purchase of property, plant and equipment	(738.2)	39.4	(698.8)
Purchase of investment properties	–	(2.2)	(2.2)
Purchase of prepaid lease rentals	–	(32.9)	(32.9)
Cost incurred on biological assets	–	(4.3)	(4.3)
Proceeds from sale of property, plant and equipment	181.2	(22.5)	158.7
Proceeds from sale of investment properties	–	21.0	21.0
Proceeds from sale of prepaid lease rentals	–	1.5	1.5

#### 46 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

##### Corporate proposals completed after 30th June 2007

On 9th July 2007, Sime Darby Hong Kong Limited acquired the remaining 30% equity interest in Westminster Travel Limited ("WTL") for HK\$ 86.9 million pursuant to the exercise of a put option by the minority shareholder of WTL.

##### Corporate proposals announced but not completed as at 28th August 2007

- (a) On 27th November 2006, Sime Darby Berhad ("SDB") received an offer from Synergy Drive Berhad ("Synergy Drive") to acquire the entire business and undertaking of the Company, including its assets and liabilities at a consideration equivalent to RM6.46 per ordinary share of RM0.50 each, to be satisfied by the issuance of an equivalent value of Series A Redeemable Convertible Preference Shares ("RCPS A") of Synergy Drive at an issue price of RM5.25 per share ("Proposed Disposal").

On 21st December 2006, the Board of SDB accepted the offer from Synergy Drive.

SDB proposes to carry out a Proposed Capital Repayment upon completion of the Proposed Disposal to return all the RCPS A received or receivable by SDB to the shareholders of SDB. Simultaneously with the Proposed Capital Repayment, the Company will undertake the Proposed Share Issue of 2 new ordinary shares of RM0.50 each or such number of new SDB shares at par value in order for Synergy Drive to maintain not less than 90% shareholding interest in SDB.

The approvals to carry out the Proposed Disposal, Proposed Capital Repayment and Proposed Share Issue were obtained from the SC and SC (on behalf of the Foreign Investment Committee) on 16th July 2007 and the shareholders of SDB, at an Extraordinary General Meeting held on 17th August 2007. The proposals are pending the approval of the following :

- (i) Confirmation of the High Court of Malaya;
  - (ii) Lenders of SDB (where applicable); and
  - (iii) Any other authorities or parties, if required.
- (b) On 25th May 2007, Sime Darby Singapore Limited ("SDSL") and Orchard Nominees Private Limited entered into a Sale and Purchase Agreement with Thai Containers Group Company Limited ("TCG") for the disposal of their entire interest in the issued and paid-up share capital of Sime Rengo Packaging Singapore Limited to TCG. The completion of the disposal is conditional upon, amongst others, the approval of regulatory authorities.
- (c) On 9th August 2007, Sime Travel Holdings Limited entered into a Share Purchase Agreement with Wealthy Aim Investments Limited ("WAIL") and SBI E2-Capital Limited (as guarantor for WAIL) for the disposal of its entire equity interest in Westminster Travel Limited ("WTL") to WAIL for a total cash consideration of HK\$ 161.0 million. The completion of the disposal is conditional upon, amongst others, the approvals of the Registrar of Travel Agents and the Trade Industry Council of Hong Kong.

**47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007**

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
<b>PLANTATIONS</b>					
Consolidated Plantations Berhad	Investment holding	Malaysia	100.0	100.0	1
Kempas Edible Oil Sendirian Berhad	Palm oil refining and fractionation; and manufacturing and marketing of specialty and end user fats	Malaysia	100.0	100.0	1
Kwang Joo Seng (Malaysia) Private Limited	Royalty income from company's trade marks and rental income	Singapore	100.0	100.0	2
Morakot Industries Public Company Limited	Manufacture and marketing of cooking oil	Thailand	99.9	99.9	3
PNB Enterprise Sdn Bhd	Cattle rearing business	Malaysia	^25.0	-	3
PT Sime Indo Agro	Oil palm cultivation	Indonesia	100.0	100.0	2
Sime Darby Americas Limited	Investment holding	United States of America	100.0	100.0	2
Sime Darby Edible Products Limited	Refining, manufacturing and marketing of edible oils and palm oil related products and surfactant	Singapore	100.0	100.0	2
Sime Darby Futures Trading Sdn Bhd	Commodity trading	Malaysia	100.0	100.0	1
Sime Darby Technology Centre Sdn Bhd	Research and development	Malaysia	100.0	100.0	1
Sime Farms Sdn Bhd	Agriculture related business	Malaysia	100.0	100.0	1
Sime-Morakot Holdings (Thailand) Limited	Investment holding	Thailand	100.0	100.0	3
Sime Plantations Sdn Bhd	Oil palm cultivation and palm oil production	Malaysia	100.0	100.0	1
The China Engineers (Thailand) Limited	Investment holding	Thailand	99.9	99.9	3
<b>PROPERTY</b>					
Alexandra Properties Limited	Property management and investment	Singapore	100.0	100.0	2
Alor Setia Sdn Bhd	Property investment holding	Malaysia	100.0	100.0	1
Amston Properties Private Limited	Investment holding and property investment	Singapore	100.0	100.0	2
Aquila Development Private Limited	Property development and investment	Singapore	100.0	100.0	2
Artesian Investments Pte Ltd	Property development and investment	Singapore	^49.0	^49.0	2
Bluefields Investments Pte Ltd	Property development and investment	Singapore	^49.0	^49.0	2
Brunfield Embassyview Sdn Bhd	Property and project management	Malaysia	^30.0	^30.0	3
Caring Skyline Sdn Bhd	Property development and management	Malaysia	100.0	100.0	1
China Property Development (Holdings) Limited	Investment holding	Cayman Islands	^30.4	^30.4	3
Citrus Grove Properties Private Limited	Property investment and management of service residences	Singapore	100.0	100.0	2
Constant Skyline Sdn Bhd	Property development and management	Malaysia	100.0	100.0	1
CPB Properties Sdn Bhd	Property management and related activities	Malaysia	100.0	100.0	1
Dunearn Properties Limited	Property management and investment	Singapore	100.0	100.0	2
Ecopuri Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Golfhome Development Sdn Bhd	Property investment	Malaysia	100.0	100.0	1

**47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007**

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Golftek Development Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Green East Prime Ventures, Inc	Property realty and land ownership	Philippines	63.2	63.2	3
Ironwood Development Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Kuala Lumpur Golf & Country Club Berhad	Provision of golfing, sporting and other recreational activities and services as well as property development	Malaysia	100.0	100.0	1
Lengkap Teratai Sdn Bhd	Property investment and development	Malaysia	51.2	51.2	1
Malaysian Ice Berhad	Property investment	Malaysia	100.0	100.0	1
North Road Properties Sendirian Berhad	Property investment	Malaysia	100.0	100.0	1
Oyster Cove International Pty Ltd	Property development	Australia	42.0	-	2
Oyster Cove Properties Pty Ltd	Property Investment	Australia	42.0	-	2
OCI Management Pty Ltd	Provision of security and landcare services	Australia	42.0	-	2
Pinar Baiduri Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Prominent Acres Sdn Bhd	Property investment, development and plantation	Malaysia	75.6	75.6	1
PT Bhumyamca Sekawan	Light industrial and commercial property investment and management	Indonesia	^49.0	^49.0	2
Puri Bahagia Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Rangdong Orange Court Limited	Property investment and management of service residences	Vietnam	65.0	65.0	2
R&W Management Sdn Bhd	General insurance and trading	Malaysia	51.2	51.2	1
Shaw Brothers (M) Sdn Bhd	Property and investment holding	Malaysia	^18.4	^18.4	1
Siltown Realty Philippines, Inc	Investment holding	Philippines	^39.5	^39.5	3
Silvertown Property Development Corporation	Leasing of properties	Philippines	98.7	98.7	3
Sime Allied Properties Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Australia Limited	Investment holding, service apartment operations and management	Australia	100.0	100.0	2
Sime Darby Brunfield Australia Pte Ltd	Property development	British Virgin Islands	60.0	-	2
Sime Darby Brunfield Damansara Sdn Bhd	Property development	Malaysia	60.0	-	1
Sime Darby Brunfield Darby Hills Sdn Bhd	Property development	Malaysia	60.0	-	1
Sime Darby Brunfield Holdings Limited (formerly known as Sime Darby Brunfield China Pte Ltd)	Investment holding	Hong Kong	100.0	-	4
Sime Darby Brunfield Holding Sdn Bhd	Property development and investment holding	Malaysia	60.0	60.0	1
Sime Darby Brunfield Kenny Hills Sdn Bhd	Property development	Malaysia	60.0	-	1
Sime Darby Brunfield Motorworld Sdn Bhd	Property development	Malaysia	60.0	-	1
Sime Darby Brunfield Project Management Sdn Bhd	Project management services	Malaysia	60.0	-	1

**47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007**

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Sime Darby Brunfield Properties Holding Sdn Bhd	Investment holding	Malaysia	60.0	-	1
Sime Darby Brunfield Property Management Sdn Bhd	Property management services	Malaysia	60.0	-	1
Sime Darby Brunfield Resort Sdn Bhd	Property development and investment	Malaysia	60.0	-	1
Sime Darby Brunfield Resources Sdn Bhd	Property development and investment holding	Malaysia	60.0	-	1
Sime Darby Brunfield Taipan City Sdn Bhd	Property development	Malaysia	60.0	-	1
Sime Darby General Trading Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Hotels Pty Ltd	Operations of service apartments	Australia	100.0	100.0	2
Sime Darby Industrial Properties Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Land Sdn Bhd	Property development and management, project management, property investment and plantations business	Malaysia	100.0	100.0	1
Sime Darby London Limited	Investment holding	United Kingdom	100.0	100.0	2
Sime Darby Malaysia Berhad	Investment holding and holding of trademarks	Malaysia	100.0	100.0	1
Sime Darby Pilipinas, Inc	Distribution and servicing of Ford New Holland and Fiat agricultural machinery, Kamol agricultural equipment, general trading and leasing	Philippines	98.7	98.7	3
Sime Darby Property Development Sdn Berhad	Property investment	Malaysia	100.0	100.0	1
Sime Darby Resorts Pty Ltd	Management of a resort	Australia	100.0	100.0	2
Sime Darby Resort Sdn Bhd	Property development	Malaysia	100.0	-	1
Sime Darby Singapore Limited	Investment holding and property management	Singapore	100.0	100.0	2
Sime Darby Urus Harta Berhad	Property services and management	Malaysia	100.0	100.0	1
Sime Footwear (Melaka) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Hartanah Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Management Services Limited	Property management services	United Kingdom	100.0	100.0	2
Sime Pilmoor Development Sdn Bhd	Property investment and development	Malaysia	100.0	100.0	1
Sime Properties (Vietnam) Private Limited	Investment holding and management of serviced residences	Singapore	100.0	100.0	2
Sime Properties International Private Limited	Property investment and management of serviced apartments	Singapore	75.6	75.6	2
Sime Property Holdings Sendirian Berhad	Property investment	Malaysia	100.0	100.0	1
Sime UEP Brunfield Properties Sdn Bhd	Property development and investment	Malaysia	50.5	50.5	1
Sime UEP Building Management Services Sdn Bhd	Property management	Malaysia	51.2	51.2	1
Sime UEP Centre Sdn Bhd	Property investment and development	Malaysia	75.6	75.6	1
Sime UEP Development Sdn Bhd	Property investment, construction and development	Malaysia	51.2	51.2	1
Sime UEP Executive Suites Sdn Bhd	Property investment and management	Malaysia	65.8	65.8	1



**47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007**

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Sime UEP Heights Sdn Bhd	Property investment and development	Malaysia	51.2	51.2	1
Sime UEP Homes Sdn Bhd	Property investment and development	Malaysia	51.2	51.2	1
Sime UEP Industrial Park Sdn Bhd	Property investment and development	Malaysia	51.2	51.2	1
Sime UEP (Johor) Sdn Bhd	Property investment and development	Malaysia	51.2	51.2	1
Sime UEP Lembah Acob Sdn Bhd	Property investment and plantation	Malaysia	51.2	51.2	1
Sime UEP Properties Berhad *	Investment holding and management	Malaysia	51.2	51.2	1
Sime Way Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Wood Industries Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Singapore Properties Limited	Property investment and development	Singapore	100.0	100.0	2
Solarvest Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Stableford Development Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sungei Way Development Berhad	Property investment	Malaysia	51.2	51.2	1
Syarikat Malacca Straits Inn Sdn Bhd	Hotel ownership	Malaysia	55.0	55.0	1
UEP Construction Sdn Bhd	Property investment	Malaysia	51.2	51.2	1
Wisma Sime Darby Sdn Berhad	Property management and related services	Malaysia	100.0	100.0	1
<b>HEAVY EQUIPMENT</b>					
Austchrome Pty Ltd	Chroming and hydraulic repairs	Australia	100.0	100.0	2
Caltrac SAS	Sales of equipment and spare parts and service support for Caterpillar business	New Caledonia	100.0	100.0	2
Caterpillar Financial Services Malaysia Sdn Bhd	Hire purchase and leasing finance in support of sales of equipment	Malaysia	^40.0	^40.0	1
CICA Limited	Distribution, sales and maintenance of trucks, drilling equipment and compressors	Channel Islands	70.0	70.0	2
CICA Vietnam Limited	Provision of consultancy and services in connection with installation, operation, repair and maintenance of industrial machines, equipment and engine vehicles	Vietnam	70.0	-	2
Columbia Chrome (Malaysia) Sdn Bhd	Manufacturing, re-manufacturing, repair and servicing of engine products, electroplating and chroming activities	Malaysia	100.0	100.0	1
Energy Power Systems Australia Pty Ltd	Sale of Caterpillar engines	Australia	^20.0	^20.0	2
FG Wilson Asia Pte Ltd	Sale and servicing of diesel generator sets	Singapore	^50.0	^50.0	2
Foshan Shunde CEL Machinery Company Limited	Selling of Caterpillar heavy construction equipment, electricity generator sets, engines and spare parts; provision of maintenance service; equipment rental; project co-ordination and engineering for installation of mechanical and electrical equipments	China	100.0	100.0	2
Hastings Deering (Australia) Ltd	Sales of equipment and spare parts and service support for Caterpillar business	Australia	100.0	100.0	2
Hastings Deering (PNG) Limited	Sales of equipment and spare parts and service support for Caterpillar business	Papua New Guinea	100.0	100.0	2
Hastings Deering (Solomon Islands) Limited	Sales of equipment and spare parts and service support for Caterpillar business	Solomon Islands	100.0	100.0	2
Kiong Yu Realty Sdn Bhd	Property holding	Malaysia	100.0	100.0	1

## 47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Macau CEL Machinery Company Limited	Sales of engineering machinery, electricity generating sets, engines and related parts, provision of after-sales and rental services of the said products, organising construction projects and provision of installation services for electrical and mechanical equipment	Macau	100.0	-	4
Otofin Sdn Bhd	Sale and marketing of generators, agricultural and industrial machinery	Malaysia	75.0	75.0	1
Otofin Industries Sdn Bhd	Manufacturing and assembly of generators, agricultural and industrial machinery	Malaysia	75.0	75.0	1
Sime Darby Industries, Inc	General trading	Philippines	98.7	98.7	3
Sime Kubota Sdn Bhd	Assembly and distribution of Kubota range of agricultural machinery and other machinery and equipment	Malaysia	90.0	90.0	1
Terberg Tractors Malaysia Sdn Bhd	Marketing, distributing, selling and servicing Terberg terminal tractors	Malaysia	*50.0	*50.0	1
The China Engineers (BVI) Limited	Investment holding	British Virgin Islands	100.0	100.0	2
The China Engineers, Limited	Selling of Caterpillar heavy construction equipment, electricity generator sets, engines and spare parts; provision of maintenance service; equipment rental; project co-ordination and engineering for installation of mechanical and electrical equipments	Hong Kong	100.0	100.0	2
The China Engineers (South China) Limited	Investment holding	Hong Kong	100.0	100.0	2
TMA-Joy Industries Asia Pacific Sdn Bhd	Designing and manufacturing of heat exchangers, radiators, process equipment modules, filters and separators	Malaysia	55.0	55.0	1
Tractors (B) Sdn Bhd	Assembly, marketing and distribution of agricultural and industrial equipment	Brunei	70.0	70.0	2
Tractors Machinery International Pte Ltd	Sale & service of new and used earth moving construction and related heavy equipment and spare parts	Singapore	100.0	100.0	2
Tractors Malaysia Enterprise Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Tractors Malaysia (1982) Sdn Bhd	Sale of equipment, spare parts and service support for Caterpillar business, distribution of forklifts, other material handling equipment and industrial cleaners, and supply and installation of Kawasaki co-generation systems	Malaysia	100.0	100.0	1
Tractors Malaysia Holdings Berhad	Investment holding and provision of management and ancillary services	Malaysia	100.0	100.0	1
Tractors Malaysia (Hong Kong) Limited	Investment holding	Hong Kong	100.0	100.0	2
Tractors Malaysia Motor Holdings Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Tractors Malaysia Power Systems Sdn Bhd	Packaging of Caterpillar generator sets	Malaysia	100.0	100.0	1
Tractors Malaysia Rebuild Sdn Bhd	Reconditioning of used equipment and machinery	Malaysia	100.0	100.0	1
Tractors Malaysia Training and Development Centre Sdn Bhd	Provision of training	Malaysia	100.0	100.0	1
Tractors Manufacturing & Assembly Sdn Bhd	Manufacturing and assembly of tractor implements and tractor parts and other products	Malaysia	100.0	100.0	1

**47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007**

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Tractors Material Handling Sdn Bhd	Sale and distribution of lift trucks and spare parts, and the rental and servicing of other material handling equipment	Malaysia	100.0	100.0	1
Tractors Petroleum Services Sdn Bhd	Supply, repair and maintenance of Caterpillar engines and other equipment for the oil and gas industry	Malaysia	100.0	100.0	1
Tractors Singapore Holdings Pte Ltd	Investment holding	Singapore	100.0	100.0	2
Tractors Singapore Limited	Sale, rental, service & assembly of earthmoving and construction equipment and related heavy equipment and spare parts	Singapore	100.0	100.0	2
Xiamen CEL Heavy Equipment Company Limited	Selling of Caterpillar heavy construction equipment, electricity generator sets, engines and spare parts; provision of maintenance service; equipment rental; project co-ordination and engineering for installation of mechanical and electrical equipment	China	100.0	100.0	2
Xiamen Sime Darby CEL Machinery Co Ltd	Selling of Caterpillar heavy construction equipment, electricity generator sets, engines and spare parts; provision of maintenance service; equipment rental; project co-ordination and engineering for installation of mechanical and electrical equipment	China	100.0	100.0	2
Xinjiang Sime Darby Heavy Equipment Co Ltd	Production, display and sales of heavy equipment; provision of after-sale services	China	100.0	-	4
<b>MOTOR VEHICLES</b>					
Associated Motor Industries Malaysia Sdn Bhd	Assembly of motor vehicles	Malaysia	51.0	51.0	1
Auto Bavaria Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Auto Technology Engineering Company Limited	Distribution for Denso Diesel injection pump and provision of after sales services	Hong Kong	100.0	100.0	2
AutoFrance China Limited	Distribution and dealership of Peugeot motor vehicles	Hong Kong	100.0	100.0	2
AutoFrance Hong Kong Limited	Distributor and dealer of Peugeot motor vehicles	Hong Kong	100.0	100.0	2
Bluewater Marine Limited	Investment holding	British Virgin Islands	100.0	100.0	4
BMW Concessionaires (HK) Limited	Distributor and dealer for BMW motor vehicles, provision of after-sale maintenance services and investment holding	Hong Kong	100.0	100.0	2
BMW Concessionaires (Macau) Limited	Agent for sales, service and parts for BMW motor vehicles	Macau	100.0	100.0	2
BMW Malaysia Sdn Bhd	Sale and distribution of motor vehicles and motorcycles; and lease of tooling equipment	Malaysia	*149.0	*149.0	3
Bow Ma Motors (South China) Ltd	Investment holding	Hong Kong	100.0	100.0	2
CEC Finance Limited	Hire purchase and lease financing	Hong Kong	^49.0	^49.0	3
Continental Car Services Limited	Motor dealership	New Zealand	100.0	100.0	2
Ford Malaysia Sdn Bhd	Import and distribution of Ford motor vehicles and spare parts	Malaysia	51.0	51.0	1
Goodwood Motors Limited	Distributor and dealer of Rolls-Royce motor vehicles	Hong Kong	100.0	100.0	2

## 47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Guangdong Deda Bow Ma Motor Service Co Ltd	Repair, maintenance and inspection of motor vehicles and motorcycles; purchase of motor vehicle and motorcycle spare parts and accessories; consultancy services for technical inquiries and repair of motor vehicles and motorcycles; repair skills for motor vehicle and motorcycle maintenance and repair; exhibition of new motor vehicles and new motorcycles (which vehicles shall not be directly imported and sold by the company)	China	65.0	65.0	2
Hainan Bao Yue Automobiles Trading Co Ltd	Sales of motor vehicles (including small car), sales of brand sedan, sales of motorcycles and parts, provision of after-sales services and consultancy services	China	100.0	100.0	2
Hainan Dejie Motors Limited	Provision of after-sales services for vehicles; selling spare parts of vehicles; display vehicles and motorcycles at the business premises; provide training for vehicle technicians and relevant consultation, management and other services	China	100.0	100.0	2
Harper Engineering (Macau) Limited	Motor vehicles sales and aftersales services	Macau	100.0	100.0	2
Hino Distributors NZ Limited	Sale of new heavy Hino trucks and used heavy trucks of all makes and models	New Zealand	100.0	100.0	2
Hyundai-Sime Darby Berhad	Investment holding and provision of management services	Malaysia	100.0	99.6	1
Hyundai-Sime Darby Motors Sdn Bhd	Sales and distribution of passenger and light commercial vehicles, provision of after sales services and selling and distribution of spare parts for its products range	Malaysia	100.0	99.6	1
Hyumal Motor Sdn Bhd	Investment holding, importation and distribution of certain Hyundai vehicles	Malaysia	51.0	51.0	1
Hyumal Trading Sdn Bhd	Sales of certain Hyundai and Inokom vehicles, provision of after sales services and related spare parts	Malaysia	51.0	51.0	1
Infinity Automotive Limited	Retailing of new and used passenger cars and light commercial vehicles, spare parts and accessories and the provision of related services	New Zealand	100.0	100.0	2
Island Motors Limited	Distributor and dealer of Suzuki motor vehicles	Hong Kong	100.0	100.0	2
Inokom Corporation Sdn Bhd	Manufacture and assembly of light commercial and passenger vehicles, and contract assembly of motor vehicles	Malaysia	53.5	53.5	1
Land Rover (Malaysia) Sdn Bhd	Import and distribution of Land Rover motor vehicles and spare parts	Malaysia	60.0	60.0	1
Motor Truck Distributors (NZ) Limited	Sale of new heavy Mack and Renault trucks and used heavy trucks of all makes and models	New Zealand	100.0	100.0	2
Neville Motors Limited	Retailing of new and used passenger cars and light commercial vehicles, spare parts and accessories and the provision of related services	New Zealand	100.0	100.0	2
North Shore Motor Holdings Limited	Motor vehicle dealer	New Zealand	100.0	100.0	2
Oriental-Hyundai Sdn Bhd	Distribution of motor vehicles	Malaysia	^20.4	^20.4	3
Parts Link Trading Company Limited	Wholesaler of motor vehicles parts and accessories	Hong Kong	100.0	100.0	2
Performance Motors Limited	Motor dealership	Singapore	100.0	100.0	2
Performance Motors (Thailand) Limited	Motor dealership	Thailand	100.0	100.0	3

**47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007**

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Performance Premium Selection Limited	Retailer, wholesaler and exporter of used car	Singapore	60.0	60.0	2
Perry's Automotive Group (North Shore) Limited	Wholesaling and retailing of new and used passenger cars and light commercial vehicles, spare parts and accessories and the provision of related services	New Zealand	100.0	100.0	2
SDHK Group Company Limited	Investment holding	Bermuda	100.0	100.0	2
Shanghai SimeWinner Automobile Trading Company Limited	Motor vehicles distributor and dealer	China	60.0	60.0	2
Shanghai Xin Biao Xian Motor Commerce Company Limited	Sales of imported Rolls-Royce Motor Cars, which is the general distributor of Rolls-Royce Motor Cars in China under the authorisation of BMW China Automotive Trading Co Ltd	China	100.0	-	4
Shenzhen Bow Chuang Vehicle Trading Company Limited	Retail of brand automobiles manufactured by BMW Brilliance Automotive Ltd and related spare parts, provision of after-sales services and provision of management consultancy services on automobile sales	China	100.0	100.0	2
Shenzhen Sime Darby Motor Enterprises Co Ltd	Motor vehicles maintenance and repair; inspection and testing of motor vehicles; consultancy services	China	70.0	70.0	2
SimeCredit (Malaysia) Sdn Bhd	Hire purchase financing	Malaysia	-	100.0	1
Sime Darby Auto Imports Sdn Bhd	Importer of BMW and MINI vehicles	Malaysia	100.0	100.0	1
Sime Darby Auto Italia Sdn Bhd	Distribution of Alfa Romeo vehicles and spare parts and provision of after sales service	Malaysia	100.0	100.0	1
Sime Darby Automobiles Malaysia Sdn Bhd (formerly known as Ford Concessionaires Sdn Bhd)	Retail of motor vehicles and spare parts and provision of after sales services	Malaysia	100.0	100.0	1
Sime Darby Automobiles NZ Limited	Motor distribution	New Zealand	100.0	100.0	2
Sime Darby Automobiles Pty Ltd	Import, distribution, wholesale and sale of Peugeot motor vehicles and parts in Australia	Australia	100.0	100.0	2
Sime Darby Management Services Limited	Provision of intra-group management services and property holding	Hong Kong	100.0	100.0	2
Sime Darby Mazda (Thailand) Limited	Motor dealership	Thailand	100.0	100.0	3
Sime Darby Mitsu (Thailand) Limited	Retail sale and service of Mitsubishi motor vehicles	Thailand	100.0	100.0	3
Sime Darby Motor Division Sdn Bhd	Provision of management services and retail of BMW and MINI vehicles	Malaysia	100.0	100.0	1
Sime Darby Motor Group (Australia) Pty Limited	Investment holding	Australia	100.0	100.0	2
Sime Darby Motor Group (HK) Limited	Investment holding	Hong Kong	100.0	100.0	2
Sime Darby Motor Group (NZ) Limited	Investment holding	New Zealand	100.0	100.0	2
Sime Darby Motor Group (PRC) Limited	Investment holding	Hong Kong	100.0	100.0	2
Sime Darby Motor Group (Singapore) Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Motor Holdings Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Motors Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Motor Services Limited	Distribution of Ford motor vehicles and provision of after sales services for motor vehicles	Hong Kong	100.0	100.0	2

**47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007**

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Sime Darby Motors (Nissan China) Holdings Limited	Investment holding	Hong Kong	100.0	100.0	2
Sime Darby Regent Motors Limited	Motor dealership	Thailand	100.0	-	3
Sime Darby Rent-A-Car Sdn Bhd	Vehicle rental	Malaysia	100.0	100.0	1
Sime Darby Services Private Limited	Vehicle rental	Singapore	100.0	100.0	2
SimeLease (Malaysia) Sdn Bhd	Lease financing	Malaysia	-	100.0	1
Sime Winner Holdings Limited	Investment holding and motor vehicles distributor and dealer	Hong Kong	60.0	60.0	2
Sime Singapore Limited	Investment holding and the provision of management and ancillary services	Singapore	100.0	100.0	2
SimeWinner Nissan Autocrafts Limited	Investment holding and motor vehicles distributor and dealer	Hong Kong	60.0	60.0	2
South Perth Investments Pty Ltd	Vehicle rental and related mechanical services	Australia	100.0	100.0	2
Truck Stops (NZ) Limited	Provision of spare parts and services for medium and heavy trucks and repair and servicing of trucks trailers	New Zealand	100.0	100.0	2
UD Truck Distributors (NZ) Limited	Nissan diesel truck distributor and retailer	New Zealand	100.0	100.0	2
Uniparts Limited	Sale of motor vehicle spare parts	Hong Kong	100.0	100.0	2
Universal Cars (Importers) Limited	Distribution and dealership of Mitsubishi motor vehicles	Hong Kong	100.0	100.0	2
Universal Cars Limited	Distribution and dealership of Mitsubishi motor vehicles	Hong Kong	100.0	100.0	2
Vermont International Limited	Investment holding	Hong Kong	60.0	60.0	2
Vantage Automotive Limited	Motor dealership	Singapore	100.0	100.0	2
Viking Motors Limited	Dealer for Volvo motor vehicles	Thailand	100.0	100.0	3
Wallace Harper & Company, Limited	Investment holding	Hong Kong	100.0	100.0	2
Warwick Motors Limited	Distribution and dealer for Land Rover motor vehicles	Hong Kong	100.0	100.0	2
Yunnan Bow Yue Vehicle Trading Company Limited	Retailing of branded automobiles manufactured by BMW Brilliance Automotives Ltd and related spare parts, and the provision of after-sales services and management consulting services on automobiles sales	China	100.0	-	2
Yunnan Dekai Bow Ma Motors Technology & Service Co Ltd	To provide maintenance repairing, upkeeping; to display vehicles and motorcycles at its business premises and to provide consultation and management services	China	65.0	65.0	2
Yunnan Sime Winner Motor Services Co, Limited	Operation of motor vehicle service centres	China	-	90.0	2
<b>ENERGY &amp; UTILITIES</b>					
Airia Jaya Marine (S) Pte Ltd	Shipowning, shipchartering and shipmanagement	Singapore	-	^29.4	3
Batamindo Carriers Pte Ltd	Ship and boat chartering services	Singapore	-	^10.3	3
Chubb Malaysia Sendirian Berhad	Manufacture, marketing, installation and servicing of security products	Malaysia	49.0	49.0	1
Chubb Singapore Private Limited	Marketing of security and fire protection products and services	Singapore	^30.0	^30.0	2

**47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007**

<b>Name of Company</b>	<b>Principal activities</b>	<b>Country of incorporation/ Principal place of Business</b>	<b>Group's effective interest (%)</b>		<b>Auditors</b>
			<b>2007</b>	<b>2006</b>	
Chubb-Special Fire Hazards Protection Pte Ltd	Provision of fire protection and alarm systems and services	Singapore	^30.0	^30.0	2
DMS Jaya Marine W.L.L.	Shipowning and shipchartering	Qatar	-	^14.4	3
JanaUrus PDP Sdn Bhd	Provision of operating and maintenance services for an independent power producer	Malaysia	100.0	100.0	1
Java Marine Lines Pte Ltd	Shipowning and shipchartering	Singapore	-	^29.4	3
Jaya Century Pte Ltd	Shipowning and shipchartering	Singapore	-	^29.4	3
Jaya Container Lines Pte Ltd	Shipowning and shipchartering	Singapore	-	^26.4	3
Jaya DMS Marine Pte Ltd	Shipowning and shipchartering	Singapore	-	^14.7	3
Jaya Holdings Limited #	Investment holding	Singapore	-	^29.4	3
Jaya International Transport Pte Ltd	Shipowning and shipchartering	Singapore	-	^29.4	3
Jaya Offshore Pte Ltd	Shipchartering and shipmanagement	Singapore	-	^29.4	3
Jaya Shipbuilding and Engineering Private Limited	Ownership of shipyard and the building and repairing of ships	Singapore	-	^29.4	3
Jaya-TDS Shipping Ltd	Shipowning and shipchartering	Mauritius	-	^14.7	3
Malaysia - China Hydro Joint Venture	Engineering, procurement and construction work	Malaysia	+25.0	+25.0	1
Malaysian Oriental Holdings Berhad	Investment holding	Malaysia	70.0	70.0	1
Mecomb Malaysia Sdn Berhad	Sales and services of industrial, mechanical, electrical and instrumentation products, computer products and systems and design and consultancy of air-conditioning systems	Malaysia	70.0	70.0	1
Mecomb Singapore Limited	Manufacture and installation of industrial equipment and the import and sale of technical and scientific instruments, mechanical, electrical and electric equipment and components	Singapore	70.0	70.0	2
Mecomb (Thailand) Limited	Sale of industrial, mechanical, electrical and electronic products	Thailand	100.0	70.0	2
Pesida Equipment Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Port Dickson Power Berhad	Independent power producer	Malaysia	75.0	75.0	1
PT Sime Darby Offshore Engineering	Importation, distribution and leasing of engineering products	Indonesia	70.0	70.0	2
PT Jaya Asiatic Shipyard	Ownership of shipyard and the building and repairing of ships	Indonesia	-	^27.9	3
Sanergy Jaya Marine Pte Ltd	Shipowning, shipchartering and ship management	Singapore	-	^14.7	3
Sime Darby Brunfield Engineering Sdn Bhd	Procurement, design and execution of engineering contracts	Malaysia	60.0	60.0	1
Sime Darby Energy & Utilities Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Engineering Sdn Bhd	Engineering, fabrication and construction relating to the oil and gas industry	Malaysia	79.0	79.0	1
Sime Darby Offshore Engineering Sdn Bhd	Operations and maintenance, products and systems integration, hook-up and commissioning, plant modification and minor fabrication works	Malaysia	70.0	70.0	1
Sime Darby Oil & Gas Sdn Bhd	Investment holding	Malaysia	70.0	70.0	1
Sime Darby Overseas (HK) Limited	Investment holding	Hong Kong	100.0	-	4

## 47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Sime Darby Petroleum Sdn Bhd	Oil and gas exploration	Malaysia	100.0	100.0	1
Sime Darby Systems Sdn Bhd	Investment holding	Malaysia	70.0	70.0	1
Sime Darby Water Resources Sdn Bhd <i>(formerly known as MarketLink (M) Sdn Bhd)</i>	Investment holding	Malaysia	100.0	100.0	1
Sime Engineering - SembCorp Malaysia Joint Venture	Engineering, procurement and construction for the Janamanjung Project	Malaysia	*35.0	*35.0	1
Sime Engineering Sdn Bhd	Provision of engineering project and management services to the petroleum industry, power plant and infrastructure works	Malaysia	70.0	70.0	1
Sime Engineering Sdn Bhd - Edwards & Sons Joint Venture	Procurement and construction work	Malaysia	*35.7	*35.7	1
Sime Engineering Services Bhd *	Investment holding	Malaysia	70.0	70.0	1
Sime - Lum Chang Joint Venture	Engineering, procurement and construction work	Malaysia	*35.0	*35.0	1
Sime O&M (Thailand) Co Ltd <i>(formerly known as Fortum Energy Solutions (Thailand) Company Ltd)</i>	Provision of operation and maintenance services to power plants in Thailand	Thailand	100.0	-	3
Sime Overseas Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Surveillance Sdn Bhd	Provision of security services	Malaysia	100.0	100.0	1
Sime-SIRIM Technologies Sdn Bhd	Provision of calibration, measurement and related services	Malaysia	35.0	35.0	1
Sime Technologies Holdings Pte Ltd	Investment holding	Labuan	70.0	70.0	4
The China Water Company Limited	Infrastructure project development	Cayman Islands	-	^33.3	2
The China Water Company (Shenyang) Limited	Investment holding	British Virgin Islands	^33.0	-	4
Weifang Sime Darby Investment and Management Co Ltd	Investment holding and provision of management services	China	51.0	51.0	4
Weifang Sime Darby Port Co Ltd	Ownership and management of port facilities	China	99.0	80.0	4
Weifang Sime Darby Water Co Ltd	Treatment and supply of treated water to industrial customers	China	100.0	80.0	4
Zibo Sime Darby Chemicals Co Ltd	Production and sale of polyaluminium chloride	China	51.0	-	4
<b>GENERAL TRADING, SERVICES &amp; OTHERS</b>					
Asian Composites Manufacturing Sdn Bhd	Manufacture of composite parts of aircraft	Malaysia	^33.3	^25.0	1
Cellulose Par Coatings Company Limited	Investment holding, manufacturing and trading of paints and chemical products	Hong Kong	^40.0	^40.0	2
Cellulose PAR Coatings (Wuxi) Company Limited	Manufacturing and trading of paints and chemical products	China	^40.0	^40.0	3
Century Automotive Products Sdn Bhd	Sale of automotive products	Malaysia	-	99.6	1
Continental Sime Tyre Sdn Bhd	Investment holding	Malaysia	^230.0	^230.0	3
Dunlopillo Holdings Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Dunlopillo (Hong Kong) Limited	Distribution of mattresses and related bedding products	Hong Kong	100.0	-	2
Dunlopillo (Malaysia) Sdn Bhd	Manufacturing and distribution of mattresses and related bedding products	Malaysia	100.0	100.0	1



**47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007**

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Dunlopillo (Middle East) FZE	Distribution of mattresses and related bedding products	United Arab Emirates	100.0	100.0	4
Dunlopillo (Shenzhen) Limited	Manufacturing and distribution of mattresses and related bedding products	China	100.0	100.0	2
Dunlopillo (Singapore) Pte Ltd	Distribution of tyres, mattresses and related bedding products and that of investment holding	Singapore	100.0	100.0	2
Dunlopillo (Vietnam) Limited	Manufacturing and distribution of mattresses and related bedding products	Vietnam	100.0	100.0	2
Hogg Robinson Westminster Hong Kong Limited ( <i>formerly known as Business Travel International Westminster (Hong Kong) Limited</i> )	Provision of corporate travel management services	Hong Kong	^34.3	^34.3	2
Jecking Tours & Travel Limited	Travel and tour agency	Hong Kong	70.0	70.0	2
KN Sime Logistics Sdn Bhd	Provision of transportation, freight forwarding and warehousing and distribution services	Malaysia	^50.0	50.0	3
Marsman - Westminster Travel, Inc	Tour and travel agency	Philippines	^35.0	^35.0	3
Megah Medical Specialists Group Sdn Bhd	Operating a medical daycare feeder centre and provision of medical, health care and other related ancillary services.	Malaysia	^100.0	^100.0	1
Orchard Nominees Private Limited	Holding investments as a nominee	Singapore	100.0	100.0	2
PAR Resources (Holdings) Limited	Investment holding and provision of management service	Hong Kong	100.0	100.0	2
PT Sime Dunlopillo Indonesia	Distribution of mattresses and related bedding products	Indonesia	70.0	70.0	2
PT Guru Indonesia	Manufacture of corrugated boxes	Indonesia	-	75.0	3
Robt. Bradford & Co Ltd	Investment holding and insurance broking	United Kingdom	100.0	100.0	2
Robt. Bradford Hobbs Savill Ltd	Insurance broking	United Kingdom	98.9	100.0	2
SD Far East (1991) Limited	Investment holding	Hong Kong	100.0	100.0	2
SD Holdings Berhad	Investment holding	Malaysia	100.0	100.0	1
Sime Aerogreen Technology Sdn Bhd	Production and marketing of aeroponic vegetables	Malaysia	100.0	100.0	1
Sime Conoco Energy Sdn Bhd	Investment holding	Malaysia	-	51.0	1
Sime Darby Eastern International Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Eastern Investments Private Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Eastern Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Financial Services Holdings Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Hong Kong Limited	Investment holding	Hong Kong	100.0	100.0	2
Sime Darby Hongkong Finance Limited	Provision of intra-group financial services and investment holding	Hong Kong	100.0	100.0	2
Sime Darby Hong Kong Nominees Limited	Holding investments as a nominee	Hong Kong	100.0	100.0	2
Sime Darby Insurance Pte Ltd	Offshore captive insurer	Malaysia	100.0	100.0	1
Sime Darby Investments Pty Limited	Investment holding	Australia	100.0	100.0	2

## 47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Sime Darby Lockton Insurance Brokers Sdn Bhd ( <i>formerly known as Sime Alexander Forbes Insurance Brokers Sdn Bhd</i> )	Insurance and reinsurance brokers and consultants	Malaysia	60.0	60.0	1
Sime Darby Management Services (Singapore) Pte Ltd ( <i>formerly known as Sime Darby Information Service Pte Ltd</i> )	Provision of audit, human resources, information technology, legal, corporate secretarial and accounting services	Singapore	100.0	100.0	2
Sime Darby Nominees Limited	Holding investments as a nominee	United Kingdom	100.0	100.0	2
Sime Darby Nominees Sendirian Berhad	Holding investments as a nominee	Malaysia	100.0	100.0	1
Sime Darby Pension Scheme Trustees Ltd	Trustees to Pension Scheme	United Kingdom	100.0	100.0	2
Sime Darby Travel Sdn Bhd	Travel agency	Malaysia	100.0	100.0	1
Sime Healthcare Staff Agency Sdn Bhd	Operation of employment agency	Malaysia	100.0	100.0	1
Sime Holidays Sdn Bhd	Travel and tour agency	Malaysia	100.0	100.0	1
Sime Inax Sdn Bhd	Manufacture and marketing of sanitary wares	Malaysia	-	80.0	1
Sime Insurance Brokers (HK) Limited	Insurance brokers and consultants	Hong Kong	100.0	100.0	2
Sime Insurance Brokers (Singapore) Pte Ltd	Insurance brokers and consultants	Singapore	100.0	100.0	2
Sime Investments (Mauritius) Limited	Provision of financing	Mauritius	100.0	100.0	3
Sime Kansai Paints Sdn Bhd	Manufacture, sales and marketing of automotive and industrial paints	Malaysia	^40.0	^40.0	3
Sime Link Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Malaysia Region Berhad	Investment holding	Malaysia	100.0	100.0	1
Sime Managing Agency Limited	To act as an insurance agent	Hong Kong	100.0	100.0	2
Sime NET Technologies Sdn Bhd	Provider of information technology services	Malaysia	100.0	100.0	1
Sime Rengo Packaging (M) Sdn Bhd	Manufacture and sale of corrugated fibre board cartons and boxes	Malaysia	70.0	70.0	1
Sime Rengo Packaging Singapore Limited	Manufacture and marketing of corrugated paper boxes and other paper products	Singapore	66.6	66.6	2
Sime Singapore Investments Limited	Investment holding	Singapore	100.0	100.0	2
Sime Solution Centre Sdn Bhd	Provision of accounting and other backroom processing services	Malaysia	100.0	100.0	1
Sime Travel Holdings Limited	Investment holding	Hong Kong	100.0	100.0	2
Sime Travel (Singapore) Private Limited	Travel agency	Singapore	70.0	70.0	2
SimeWest Holdings Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
SJMC Training & Educational Services Sdn Bhd	Organising educational programmes and provision of education	Malaysia	100.0	100.0	1
Subang Jaya Medical Centre Sdn Bhd	Management of a hospital and provision of related healthcare facilities	Malaysia	100.0	100.0	1
Tahan Enterprise Sdn Berhad	Investment holding	Malaysia	100.0	100.0	1
The China Engineers (Malaysia) Sdn Bhd	General trading, distribution of building supplies and technical products and installation of long run roofing sheets	Malaysia	100.0	100.0	1
Tesco Stores (Malaysia) Sdn Bhd	Operator of retail outlets	Malaysia	^30.0	^30.0	1

**47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007**

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Union Sime Darby (Thailand) Ltd	Insurance and reinsurance brokers and consultants	Thailand	^49.0	^49.0	2
Westminster Travel Limited	Travel agency	Hong Kong	70.0	70.0	2
Westminster Travel Limited (Taiwan)	Travel agency	Taiwan	70.0	70.0	2
Wincastle Travel (HK) Limited	Travel agency	Hong Kong	52.5	52.5	2

**INACTIVE COMPANIES - ALL DIVISIONS**

Agri-Bio Corporation Sdn Bhd		Malaysia	100.0	100.0	1
Asia Power Systems Corporation		British Virgin Islands	-	^14.7	3
Associated Tractors Sdn Bhd		Malaysia	100.0	100.0	1
ATSB (B) Sdn Bhd		Brunei	100.0	100.0	2
Avidat Sdn Bhd		Malaysia	100.0	100.0	1
Bacini Cycles Pty Ltd		Australia	100.0	100.0	2
Balui Hydro Sdn Bhd		Malaysia	70.0	70.0	1
Barat Estates Sendirian Berhad		Malaysia	100.0	100.0	1
Beijing Sime Darby Consulting Services Company Limited		China	100.0	100.0	2
Calm Approach Investment, Ltd		British Virgin Islands	-	^5.9	3
Century Batteries Sales (Malaysia) Sdn Bhd		Malaysia	-	99.6	1
Continental Cars Limited		New Zealand	100.0	100.0	2
Crescent Shipping Pte Ltd		Singapore	-	^29.4	3
East West Insurance Company Limited		United Kingdom	79.2	79.2	3
Edible Products Limited		Singapore	100.0	100.0	2
Epic Products Berhad		Malaysia	100.0	100.0	1
ERF Man and Western Star (NZ) Limited		New Zealand	100.0	100.0	2
Grand Seaway Ferries Inc		Philippines	-	^5.9	3
Guangzhou Sime Darby Motor Enterprises Ltd		China	-	100.0	2
Guangzhou SimeWinner Motor Services Limited		China	-	60.0	2
Guangzhou Wallace Harper Motor Services Limited		China	-	100.0	2
Guardfire (Malaysia) Sdn Bhd		Malaysia	^30.0	^30.0	1
Hainan Sime Darby Motor Service Enterprises Company Limited		China	100.0	100.0	2
Hyundai-Sime Darby Engine Manufacturing Sdn Bhd (formerly known as Sime Logistics Sdn Bhd)		Malaysia	100.0	100.0	1
Independent Water Supplier Sdn Bhd		Malaysia	^48.0	-	4
Malaysia-China Hydro Sdn Bhd		Malaysia	70.0	70.0	1
Mortlock Distributors Pty Ltd		Australia	100.0	100.0	2
Motion Smith Machinery (Shanghai) Co. Ltd		China	70.0	70.0	2
Palmerston North Motors Wholesale Limited		New Zealand	100.0	100.0	2
Puchong Quarry Sdn Bhd		Malaysia	85.4	85.4	1

**47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007**

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
PB Packaging Systems (Singapore) Pte Ltd		Singapore	66.6	66.6	2
Scandinavian Truck & Bus Sdn Bhd		Malaysia	100.0	100.0	1
Selatan Estates Sendirian Berhad		Malaysia	100.0	100.0	1
Sharikat Hadapan Berhad		Malaysia	100.0	100.0	1
Sime Aerogreen Research Sdn Bhd		Malaysia	100.0	100.0	1
Sime Bow Motors (Guangzhou Free Trade Zone) Limited		China	-	100.0	2
Sime Coatings Sdn Bhd		Malaysia	100.0	100.0	1
Sime Consulting Sdn Bhd		Malaysia	100.0	100.0	1
Sime Cycle Australia Pty Ltd		Australia	100.0	100.0	2
Sime Darby Biofuels Sdn Bhd <i>(formerly known as Servitel Development Sdn Bhd)</i>		Malaysia	100.0	100.0	1
Sime Darby Catering Services Sdn Bhd		Malaysia	100.0	-	1
Sime Darby Corporation (Africa) Sdn Bhd		Malaysia	100.0	100.0	1
Sime Darby EcoSystems Sdn Bhd <i>(formerly known as Gem Streams Sdn Bhd)</i>		Malaysia	100.0	-	4
Sime Darby Land (Johor) Sdn Bhd		Malaysia	100.0	100.0	1
Sime Darby Marine Sdn Bhd		Malaysia	70.0	70.0	1
Sime Darby Motor Service Centre Limited		Hong Kong	100.0	100.0	2
Sime Darby Nautical Sdn Bhd <i>(formerly known as Macten Engineering Sdn Bhd)</i>		Malaysia	100.0	-	4
Sime Darby Power Sdn Bhd		Malaysia	100.0	100.0	1
Sime Darby Services Limited		Hong Kong	100.0	100.0	2
Sime Darby Yangon Limited		Myanmar	100.0	100.0	3
Sime Energy Holdings Pte Ltd		Singapore	100.0	100.0	2
Sime Grove Apartments Pte Ltd		Singapore	100.0	100.0	2
Sime Health Limited		United States of America	100.0	100.0	2
Sime Healthcare Sdn Bhd		Malaysia	100.0	100.0	1
Sime Insurance Services Sdn Bhd		Brunei	100.0	100.0	2
Sime Latex Products Sdn Bhd		Malaysia	100.0	100.0	1
Sime LCP Power Company Limited		Thailand	100.0	100.0	3
Sime Power Pte Ltd		Singapore	100.0	100.0	2
Sime Technology (Beijing) Company Limited		China	100.0	100.0	2
Sime Technology Ventures Sdn Bhd		Malaysia	100.0	100.0	1
Special Brand Sdn Bhd		Malaysia	100.0	100.0	1
SRIB (Far East) Pte Ltd		Singapore	100.0	100.0	2
Steelform Industries (Malaysia) Sdn Bhd		Malaysia	100.0	100.0	1
Surfactants (Malaysia) Sendirian Berhad		Malaysia	100.0	100.0	1
Tengah Estates Sendirian Berhad		Malaysia	100.0	100.0	1

**47 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2007**

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Tennamaram Biomass Sdn Bhd		Malaysia	<sup>+</sup> 70.0	<sup>+</sup> 70.0	1
Tianjin Dong Hui Technical Services Company Limited		China	60.0	60.0	2
Tianjin Sime Winner Motors Trading Co Ltd		China	60.0	60.0	2
TMB Niaga Sdn Bhd		Malaysia	60.0	60.0	1
Tractors All Parts Sdn Bhd		Malaysia	100.0	100.0	1
Tractors Auto Components Sdn Bhd		Malaysia	100.0	100.0	1
Tractors Malaysia Engineering Sdn Bhd		Malaysia	100.0	100.0	1
Trans-Port Shipping Pte Ltd		Singapore	-	<sup>^</sup> 8.2	3
Universal Cars China Limited		Hong Kong	100.0	100.0	2
Universal Cars Holdings Limited		Hong Kong	45.0	45.0	2
Wuxi PAR Resources Coatings and Chemicals Company Limited		China	100.0	100.0	2
Xiamen Xiangyu Sime Darby CEL Machinery Trading Co Ltd		China	100.0	100.0	2
Xinet Pte Ltd		Singapore	-	<sup>^</sup> 29.4	3
Xinjiang Sime Darby Property Co Ltd		China	100.0	-	4
Yaala Pembangunan Sdn Bhd		Malaysia	100.0	100.0	1
Zhuhai Jaya Shipbuilding Co. Ltd		China	-	<sup>^</sup> 20.5	3

**Notes:**

<sup>^</sup> Associates of Sime Darby

<sup>01</sup> Auto Bavaria Sdn Bhd, which is a subsidiary of Sime Darby, has a 49% equity interest in BMW Malaysia Sdn Bhd. Notwithstanding this, the investment in BMW Malaysia Sdn Bhd has been classified as an investment (and not as an associated company) in view of the fact that Auto Bavaria Sdn Bhd is entitled to receive an aggregate guaranteed dividend for the first 5 years.

<sup>02</sup> Continental Sime Tyre Sdn Bhd group has been classified as an investment in the financial statements following the dilution of Sime Darby's equity interest in the company from 49% to 30% in view of an arrangement that Sime Darby is entitled to receive an annual guaranteed dividend.

<sup>\*</sup> Jointly-controlled entity

<sup>#</sup> listed on a stock exchange

1. Subsidiaries and associates which are audited by PricewaterhouseCoopers, Malaysia
2. Subsidiaries and associates which are audited by overseas firms associated with PricewaterhouseCoopers, Malaysia
3. Subsidiaries and associates which are audited by firms not associated with PricewaterhouseCoopers, Malaysia
4. Subsidiaries and associates which have not appointed auditors.

**48. Approval of Financial Statements**

The Financial Statements have been approved for issue in accordance with a resolution of the Board of Directors on 28th August 2007.

# Statement

## By Directors And Statutory Declaration

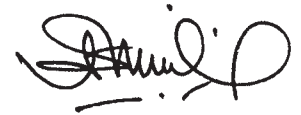
### STATEMENT BY DIRECTORS

We, Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid and Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid, 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 58 to 139 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30th June 2007 and of the results of the Group and of the Company and the cash flows of the Group and of the Company for the year ended on that date, in accordance with the Malaysian Accounting Standards Board approved accounting standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 28th August 2007



Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid  
Chairman



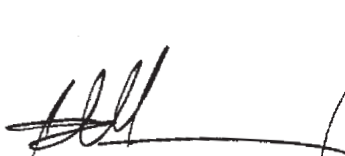

Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid  
Group Chief Executive

Kuala Lumpur  
28th August 2007

### STATUTORY DECLARATION

I, Dato' Sekhar Krishnan, 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 58 to 139 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.

SUBSCRIBED AND SOLEMNLY DECLARED by the abovenamed Dato' Sekhar Krishnan, at Kuala Lumpur, Malaysia on 28th August 2007.

K. Mariasoosay  
Commissioner for Oaths (No. W344)  
Kuala Lumpur



Dato' Sekhar Krishnan  
(MIA 2337)  
Group Chief Financial Officer

**K. MARIASOOSAY**  
PESURUHJAYA SUMPAH  
TINGKAT 3, WISMA YAKIN  
JALAN MASJID INDIA  
50100 KUALA LUMPUR



**PricewaterhouseCoopers**  
**(AF 1146)**  
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#### REPORT OF THE AUDITORS TO THE MEMBERS OF SIME DARBY BERHAD (COMPANY NO. 41759-M)

1. We have audited the financial statements set out on pages 58 to 139. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.
2. We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion:
  - (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB approved accounting standards in Malaysia for Entities Other than Private Entities so as to give a true and fair view of:
    - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
    - (ii) the state of affairs of the Group and of the Company as at 30th June 2007 and of the results and cash flows of the Group and of the Company for the financial year ended on that date; and
  - (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
4. The names of the subsidiary companies of which we have not acted as auditors are indicated in Note 47 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.
5. We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
6. The auditors' report on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection 3 of Section 174 of the Act.



PricewaterhouseCoopers  
(No. AF-1146)  
Chartered Accountants



Dato' Ahmad Johan bin Mohammad Raslan  
(No. 1867/09/08 (J))  
Partner of the firm

Kuala Lumpur  
28th August 2007

## LIST OF TOP 10 PROPERTIES IN TERMS OF HIGHEST NET BOOK VALUE

LOCATION	TENURE	AREA	AGE OF BUILDING	DESCRIPTION	YEAR OF EXPIRY	NET BOOK VALUE RM '000
<b>Malaysia</b>						
Bukit Kiara, Kuala Lumpur	Leasehold	227 hectares	15	Golf and country club	2051	150,009
Bukit Kiara, Kuala Lumpur	Leasehold	269 hectares	n/a	Land held for development	2087	254,752
Bukit Rajah Estate, Klang Selangor	Freehold	2,089 hectares	n/a	Land held for development	-	199,964
Kompleks Kejuruteraan Puchong, Selangor	Freehold	136,461 sq metres	9	Office, workshop and warehouse	-	83,068
Lot 159 & 160, Jalan Parameswara, Melaka	Leasehold	10,155 sq metres	9	Commercial land and building	2080	94,052
Pilmoor Estate Batu Tiga, Selangor	Freehold	90 hectares	n/a	Land held for development	-	111,439
Subang Jaya, Bukit Lanchong and Seafield Estate	Freehold	194 hectares	n/a	Land held for development	-	205,047
Tun Tan Siew Sin/Sentosa Estate, Sandakan	Leasehold	6,689 hectares	n/a	Oil Palm Estate	2888	83,279
<b>Singapore</b>						
Sime Darby Centre, Dunearn Road	Freehold	13,089 sq metres	24	Commercial, warehouse and industrial building	-	133,079
305 Alexandra Road	Leasehold	6,931 sq metres	n/a	Motor workshop, showroom, office and storage	2057	92,108



Sime Darby's size, business diversity and geographical spread make it necessary to strike a balance between independent corporate autonomy and Group direction and control. This vital balance is achieved by the application of basic management principles coupled with hard work, sound planning and a management structure developed to suit the Group's immediate and long-term objectives.

While the management team forms the operational base of each division within the Group, the divisional directors form the nucleus of the Group management team, which in effect manages the operations of the Group. The continuity of operational management control and information flows up from the subsidiary company operations to the Group Management Committee and back down again to the subsidiary companies.

#### **Members of the Sime Darby Management Team**

- **Dato' Seri Ahmad Zubir bin Haji Murshid**  
Group Chief Executive of Sime Darby Berhad
- **Dato' Sekhar Krishnan**  
Group Chief Financial Officer of Sime Darby Berhad
- **Nancy Yeoh Poh Yew**  
Group Secretary and Group Tax Controller of Sime Darby Berhad
- **Dato' Azhar bin Abdul Hamid**  
Managing Director of Sime Plantations Sdn. Bhd. and Divisional Director of the Group's Plantations division
- **Jauhari bin Hamidi**  
Managing Director of Sime UEP Properties Berhad and Divisional Director of the Group's Property division
- **Lawrence Lee**  
Divisional Director of the Group's Motor Vehicle division
- **Dato' Mohamad Shukri bin Baharom**  
Managing Director of Sime Engineering Services Berhad and Divisional Director of the Group's Energy & Utilities division
- **Scott Cameron**  
Managing Director of Hastings Deering (Australia) Limited and Divisional Director of the Group's Heavy Equipment Division

**Class of Shares** : Ordinary shares of RM0.50 each

**Voting Rights** : One vote per ordinary share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	819	3.62	26,743	0.00
100 to 1,000	6,322	27.91	4,917,773	0.19
1,001 to 10,000	11,237	49.60	44,974,460	1.78
10,001 to 100,000	3,483	15.38	100,445,953	3.98
100,001 to less than 5% of issued capital	789	3.48	986,749,398	39.10
5% and above of issued capital	3	0.01	1,386,872,347	54.95
<b>Total</b>	<b>22,653</b>	<b>100.00</b>	<b>2,523,986,674</b>	<b>100.00</b>

Classification of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Individuals	14,916	65.84	92,928,264	3.68
Bank/Finance Companies	45	0.20	626,418,926	24.82
Investment Trusts/Foundation/Charities	9	0.04	289,847	0.01
Other Types of Companies	657	2.90	48,775,446	1.93
Government Agencies/Institutions	11	0.05	4,916,613	0.20
Nominee Companies	7,015	30.97	1,750,657,578	69.36
<b>Total</b>	<b>22,653</b>	<b>100.00</b>	<b>2,523,986,674</b>	<b>100.00</b>

#### Directors' Interests as per the Register of Directors' Shareholdings

Name of Director	No. of Shares Held	% of Issued Capital
<b>In the Company</b>		
<u>Ordinary shares of RM0.50 each</u>		
Michael Wong Pakshong @ Michael Pakshong	65,000	*
Datuk Khatijah binti Ahmad	10,000	*
Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid	194,000	*
<b>In Subsidiary Companies</b>		
<b>Sime Engineering Services Berhad</b>		
<u>Ordinary shares of RM0.50 each</u>		
Michael Wong Pakshong @ Michael Pakshong	10,000	*
<b>Kuala Lumpur Golf &amp; Country Club Berhad</b>		
<u>Participatory interest</u>		
Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid		Honorary
Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya		Honorary
Tan Sri Abu Talib bin Othman		Honorary
Tan Sri Datuk Dr. Ahmad Tajuddin bin Ali		Honorary
Datuk Khatijah binti Ahmad		Honorary
Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali		Honorary
* less than 0.01%		

Save as disclosed above, none of the other Directors of the Company has any interest, direct or indirect, in shares in the Company or shares in, debentures of or participatory interest made available by, a related corporation.

## 30 Largest Shareholders as per the Register of Members and the Record of Depositors

	Name of Shareholder	No. of Shares Held	% of Issued Capital
1	Amanah Raya Nominees (Tempatan) Sdn Bhd for Skim Amanah Saham Bumiputera	818,995,732	32.45
2	Employees Provident Fund Board	371,127,715	14.70
3	Permodalan Nasional Berhad	196,748,900	7.80
4	Cartaban Nominees (Asing) Sdn Bhd for SSBT Fund GB01 for Harbor International Fund	50,500,000	2.00
5	Valuecap Sdn Bhd	40,390,100	1.60
6	Citigroup Nominees (Asing) Sdn Bhd for EXEMPT AN for Mellon Bank	32,099,109	1.27
7	Malaysia Nominees (Tempatan) Sendirian Berhad for Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	32,000,000	1.27
8	CIMB Group Nominees (Tempatan) Sdn Bhd for Pledged Securities Account for Anglo-Oriental (Annuities) Sdn Bhd (201 JTRK)	26,648,000	1.06
9	HSBC Nominees (Asing) Sdn Bhd for EXEMPT AN for Morgan Stanley & Co. Incorporated	22,612,502	0.90
10	HSBC Nominees (Asing) Sdn Bhd for EXEMPT AN for Morgan Stanley & Co. International Plc	19,877,000	0.79
11	Amanah Raya Nominees (Tempatan) Sdn Bhd for Amanah Saham Didik	17,803,500	0.71
12	Cartaban Nominees (Asing) Sdn Bhd for Investors Bank and Trust Company for Ishares, Inc.	16,027,200	0.64
13	SBB Nominees (Tempatan) Sdn Bhd for Employees Provident Fund Board	15,000,000	0.59
14	Kumpulan Wang Persaraan	12,674,300	0.50
15	HSBC Nominees (Asing) Sdn Bhd for EXEMPT AN for JPMorgan Chase Bank, National Association (U.K.)	11,892,698	0.47
16	Amanah Raya Nominees (Tempatan) Sdn Bhd for Amanah Saham Wawasan 2020	11,594,700	0.46
17	Amanah Raya Nominees (Tempatan) Sdn Bhd for Amanah Saham Malaysia	11,370,200	0.45
18	Cartaban Nominees (Asing) Sdn Bhd for Government of Singapore Investment Corporation Pte Ltd for Government of Singapore	10,994,949	0.44
19	HSBC Nominees (Asing) Sdn Bhd for BBH and Co. Boston for Vanguard Emerging Markets Stock Indexfund	10,253,700	0.41
20	HSBC Nominees (Asing) Sdn Bhd for EXEMPT AN for JPMorgan Chase Bank, National Association (U.A.E.)	9,610,127	0.38
21	HSBC Nominees (Asing) Sdn Bhd for EXEMPT AN for JPMorgan Chase Bank, National Association (U.S.A.)	8,715,230	0.35
22	Cartaban Nominees (Asing) Sdn Bhd for Investors Bank and Trust Company for Harding Loevner Funds Inc (Emer Mkts Port)	8,713,000	0.35
23	HSBC Nominees (Tempatan) Sdn Bhd for Nomura Asset Management Malaysia for Employees Provident Fund	8,460,900	0.34
24	HSBC Nominees (Tempatan) Sdn Bhd for TNTC for United Nations Joint Staff Pension Fund	8,000,000	0.32
25	HSBC Nominees (Asing) Sdn Bhd for BBH (Lux) SCA for Fidelity Funds Malaysia	7,797,600	0.31
26	HSBC Nominees (Asing) Sdn Bhd for TNTC for Saudi Arabian Monetary Agency	7,683,000	0.30
27	Cartaban Nominees (Asing) Sdn Bhd for EXEMPT AN for RBC Dexia Investor Services Trust (Clients Account)	7,609,625	0.30
28	Mayban Nominees (Tempatan) Sdn Bhd for Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)	7,315,800	0.29
29	Citigroup Nominees (Tempatan) for EXEMPT AN for Prudential Assurance Malaysia Berhad	7,280,500	0.29
30	Citigroup Nominees (Tempatan) for ING Insurance Berhad (Inv-IL-Fund)	7,237,300	0.29
	Total	1,817,033,387	71.99

## Substantial Shareholders as per the Register of Substantial Shareholders

Name of Substantial Shareholder	No. of Shares Held or Beneficially Interested in	% of Issued Capital
Amanah Raya Nominees (Tempatan) Sdn Bhd for Skim Amanah Saham Bumiputera	818,995,732	32.45
Employees Provident Fund Board	405,669,015	16.07
Permodalan Nasional Berhad	196,748,900	7.80
Yayasan Pelaburan Bumiputra, indirect interest held through Permodalan Nasional Berhad	196,748,900	7.80

## Financial Calendar

### Results

First quarter	- announced	27th November 2006
Second quarter	- announced	28th February 2007
Third quarter	- announced	31st May 2007
Fourth quarter	- announced	28th August 2007

### Dividends

First Interim	- record date	20th April 2007
	- paid	18th May 2007
Second Interim	- record date	28th September 2007
	- payable	26th October 2007

## Stock Exchange Listing

Bursa Malaysia Securities Berhad

Trading Name : SIME

Stock Code : 4197

## Share Prices On Bursa Malaysia Securities Berhad

	Calendar Year					Six Months to 30th June
	2002	2003	2004	2005	2006	2007
Highest – RM	5.60	5.45	6.20	6.65	7.70	<b>10.80</b>
Lowest – RM	4.72	4.78	4.98	5.30	5.30	<b>7.00</b>

## Share Prices And Trading Volumes On Bursa Malaysia Securities Berhad

