



Developing  
Sustainable Futures

## **A WORLD OF INFINITE POSSIBILITIES**

Annual Report 2012



# Cover Rationale

The world was a different place in 1910 when the pioneering spirit of an Englishman and two Scotsmen led to the founding of Sime Darby. In Malacca, they planted the seeds of what is today a diversified multinational with operations in more than 20 countries, employing more than 100,000 people. Over the years, we have reaped the benefits the good times have brought and we have persevered through the tough ones. We have emerged stronger across our core businesses, seizing opportunities as they come our way. The world today may present challenges that some see as hurdles but for us it remains a world of infinite possibilities.

## ABOUT SIME DARBY

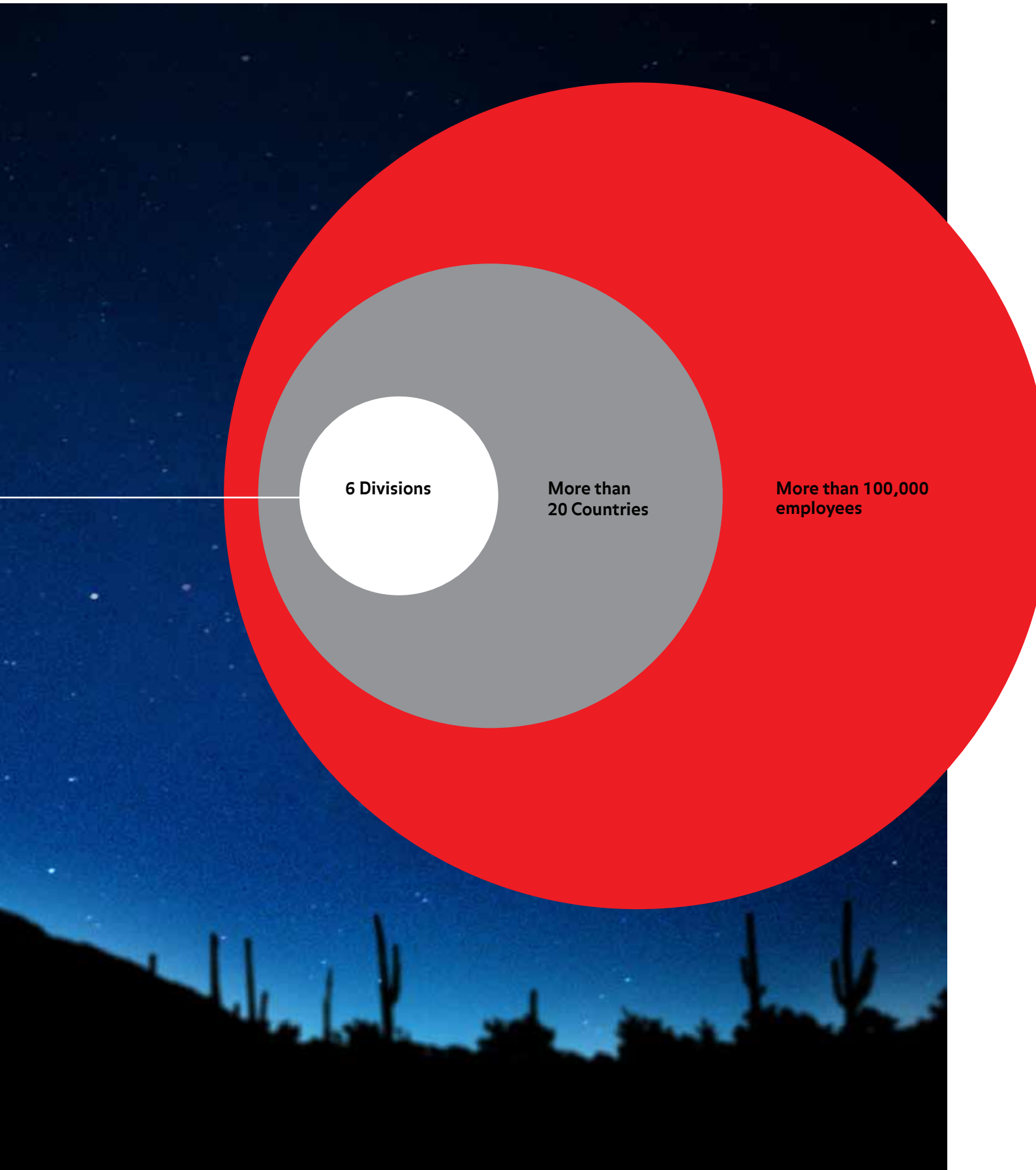
Sime Darby is a Malaysia-based diversified multinational involved in key growth sectors, namely, plantation, property, motors, industrial equipment, energy & utilities and healthcare. Founded in 1910, its business divisions seek to create positive benefits in the economy, environment and society where it has a presence.

Sime Darby is committed to building a sustainable future for all its stakeholders. It is one of the largest companies on Bursa Malaysia with a market capitalisation of RM59.4 billion (USD18.6 billion) as at 30 June 2012.

[www.simedarby.com](http://www.simedarby.com)

# The Sime Darby Universe





**6 Divisions**

**More than  
20 Countries**

**More than 100,000  
employees**

# OUR VISION, MISSION AND VALUES

## **Vision**

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

## **Mission**

Sime Darby is committed to developing a winning portfolio of sustainable businesses

We subscribe to good corporate governance and high ethical values

We continuously strive to deliver superior financial returns through operational excellence and high performance standards

We provide the environment for our people to realise their full potential

## **Our Values**

### Integrity

Uphold high levels of personal and professional values in all our business interactions and decisions

### Respect and Responsibility

Respect for the individuals we interact with and the environments that we operate in (internally and externally) and commitment to being responsible in all our actions

### Excellence

Stretch the horizons of growth for ourselves, our businesses and our people through our unwavering ambition to achieve outstanding personal and business results

### Enterprise

Seek and seize opportunities with speed and agility, challenging set boundaries

# CONTENTS

8	Notice of Annual General Meeting	89	Operations Review
12	Five-Year Financial Summary	89	Plantation
18	Highlights of Financial Performance	106	Property
20	Statement of Value Added	117	Industrial
22	Share Price Movement & Financial Calendar	122	Motors
24	Group Structure	127	Energy & Utilities
27	Corporate Information	133	Healthcare
30	Profile of Directors	138	Other Businesses
36	Management Team Profile	139	Corporate Social Responsibility
42	Report on the Governance & Audit Committee	150	Corporate Diary
50	Statement on Corporate Governance	158	Statement on Directors' Responsibility
74	Statement on Internal Control	159	Reports & Financial Statements
78	Chairman's Message	312	Analysis of Shareholdings
84	President & Group Chief Executive's Review	315	Additional Compliance Information
		318	Global Business Presence
		320	Properties of the Group
		339	Form of Proxy

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Sixth Annual General Meeting of Sime Darby Berhad will be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia, on Thursday, 8 November 2012 at 10.00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2012 together with the Reports of the Directors and the Auditors thereon. (Resolution 1)
2. To declare a final single tier dividend of 25 sen per ordinary share for the financial year ended 30 June 2012. (Resolution 2)
3. To approve the annual remuneration for the Non-Executive Directors as disclosed in the Audited Financial Statements for the financial year ended 30 June 2012. (Resolution 3)
4. To re-appoint Tun Musa Hitam as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965. (Resolution 4)
5. To re-appoint Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965. (Resolution 5)
6. To re-elect the following Directors who retire by rotation in accordance with Article 99 of the Articles of Association of the Company and who have offered themselves for re-election:
  - i. Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo (Resolution 6)
  - ii. Dato Sri Lim Haw Kuang (Resolution 7)
  - iii. Dato' Sreesanthan Eliathamby (Resolution 8)
7. To re-appoint PricewaterhouseCoopers as Auditors of the Company for the financial year ending 30 June 2013, and to authorise the Directors to fix their remuneration. (Resolution 9)

## AS SPECIAL BUSINESS

8. To consider and, if thought fit, pass the following Ordinary Resolutions:
  - i. **Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

"THAT, subject always to the Companies Act, 1965 (Act), the Articles of Association of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Act, to allot and issue shares in the Company to any person other than a Director or major shareholder of the Company or person connected with any Director or major shareholder of the Company, at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the issued and paid-up share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 10)



# Notice of Annual General Meeting

## ii. **Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT, subject always to the Companies Act, 1965 (Act), the Articles of Association of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental/regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of the Related Parties as specified in Section 2.4, Part A of the Circular to Shareholders dated 16 October 2012, provided that such arrangements and/or transactions are:

- i. recurrent transactions of a revenue or trading nature;
- ii. necessary for the day-to-day operations;
- iii. carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- iv. not detrimental to the minority shareholders of the Company

(the Mandate);

AND THAT the Mandate, shall continue in force until:

- i. the conclusion of the next Annual General Meeting (AGM) of the Company following this AGM, at which time the Mandate will lapse, unless by an ordinary resolution passed at that meeting, the Mandate is renewed; or
- ii. the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act, (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
- iii. the Mandate is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is the earliest;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate."

(Resolution 11)

9. To consider and, if thought fit, pass the following Special Resolutions:

### i. **Proposed Amendments to the Memorandum of Association of the Company**

"THAT the deletions, alterations, modifications, variations and additions to the Memorandum of Association of the Company as specified in Section 2.1, Part B of the Circular to Shareholders dated 16 October 2012 be and are hereby approved."

(Special Resolution 1)

### ii. **Proposed Amendments to the Articles of Association of the Company**

"THAT the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as specified in Section 2.2, Part B of the Circular to Shareholders dated 16 October 2012 be and are hereby approved."

(Special Resolution 2)

10. To transact any other business for which due notice shall have been given in accordance with the Articles of Association of the Company and the Companies Act, 1965.

## Notice of Annual General Meeting

### DATE OF ENTITLEMENT AND PAYMENT OF A FINAL SINGLE TIER DIVIDEND

NOTICE HAS BEEN GIVEN ON 29 August 2012 that subject to the approval of Members at the Annual General Meeting to be held on 8 November 2012, a final single tier dividend of 25 sen per ordinary share for the financial year ended 30 June 2012 will be paid on 14 December 2012 to depositors whose names appear in the Record of Depositors on 30 November 2012.

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 28 November 2012 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 30 November 2012 in respect of transfers; and
- iii. shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board



Norzilah Megawati Abdul Rahman  
(LS 0009247)  
Group Secretary

Kuala Lumpur, Malaysia  
16 October 2012

### Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy need not be a Member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, he may appoint not more than two (2) proxies in respect of each Securities Account he holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Where a Member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
4. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. The signature of any joint holder is sufficient.
5. The Form of Proxy must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Form of Proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised by the corporation.
6. The Form of Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time fixed for the meeting or any adjournment thereof.
7. Only members registered in the Record of Depositors as at 30 October 2012 shall be eligible to attend, speak and vote at the Annual General Meeting or appoint proxy(ies) to attend, speak and/or vote on their behalf.

# Notice of Annual General Meeting

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### 1. Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Resolution 10, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the issued and paid-up share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The approval is a new mandate and is sought to provide flexibility and avoid any delay arising from and cost in convening a general meeting to obtain approval of the shareholders for such issuance of shares. The authorisation, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for working capital and/or funding of strategic development of the Group.

### 2. Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolution 11, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interests of the Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business on terms not more favourable than those generally available to the public and are not detrimental to the minority shareholders of the Company.

### 3. Proposed Amendments to the Memorandum of Association of the Company

The proposed amendments to the Memorandum of Association of the Company will facilitate the establishment of a Performance-Based Employee Share Scheme.

### 4. Proposed Amendments to the Articles of Association of the Company

The proposed amendments to the Articles of Association of the Company are in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, prevailing laws, guidelines or requirements of the relevant authorities and will enhance clarity and administrative efficiency of the Company.

## STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

1. The Directors who are standing for re-appointment under Section 129(6) of the Companies Act, 1965, are:
  - i. Tun Musa Hitam
  - ii. Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin
2. The Directors who are retiring pursuant to Article 99 of the Articles of Association of the Company and seeking re-election are:
  - i. Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo
  - ii. Dato Sri Lim Haw Kuang
  - iii. Dato' Sreesanthan Eliathamby

The profiles of the above Directors are set out in the section entitled "Profile of Directors" on pages 30 to 35. Their shareholdings in the Company are set out in the section entitled "Analysis of Shareholdings" on pages 312 to 314.

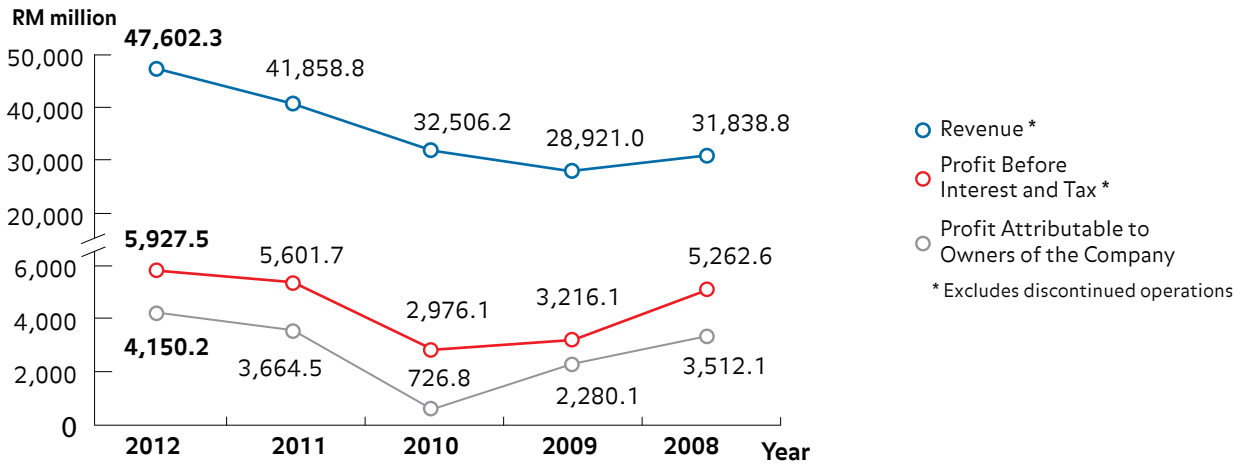
## Five-Year Financial Summary

Year Ended 30 June (RM million)	2012	2011	2010	2009	2008
<b>Results</b>					
Revenue	<b>47,602.3</b>	41,858.8	32,506.2	28,921.0	31,838.8
Profit before tax	<b>5,720.8</b>	5,449.2	2,818.6	3,128.9	5,217.8
Tax expense	<b>(1,308.2)</b>	(1,602.7)	(905.5)	(669.1)	(1,400.1)
Profit from continuing operations	<b>4,412.6</b>	3,846.5	1,913.1	2,459.8	3,817.7
(Loss)/profit from discontinued operations	<b>(66.2)</b>	1.4	(1,058.3)	(119.0)	(65.2)
Profit for the year	<b>4,346.4</b>	3,847.9	854.8	2,340.8	3,752.5
Non-controlling interests	<b>(196.2)</b>	(183.4)	(128.0)	(60.7)	(240.4)
<b>Profit attributable to owners of the Company</b>	<b>4,150.2</b>	3,664.5	726.8	2,280.1	3,512.1
<b>Equity and liabilities</b>					
Share capital	<b>3,004.7</b>	3,004.7	3,004.7	3,004.7	3,004.7
Reserves	<b>23,011.4</b>	21,025.6	17,445.4	18,380.1	18,663.9
Shareholders' equity	<b>26,016.1</b>	24,030.3	20,450.1	21,384.8	21,668.6
Non-controlling interests	<b>873.8</b>	787.2	680.8	621.0	536.3
Total equity	<b>26,889.9</b>	24,817.5	21,130.9	22,005.8	22,204.9
Non-current liabilities	<b>4,912.6</b>	4,857.7	5,106.4	2,826.8	4,460.3
Current liabilities	<b>16,348.7</b>	13,168.7	11,340.3	10,607.3	9,307.5
Liabilities associated with assets held for sale	<b>-</b>	22.3	-	-	-
<b>Total equity and liabilities</b>	<b>48,151.2</b>	42,866.2	37,577.6	35,439.9	35,972.7
<b>Assets</b>					
Property, plant and equipment	<b>14,003.7</b>	12,656.1	12,245.7	10,730.7	9,774.8
Biological assets	<b>2,417.1</b>	2,429.7	2,417.5	2,323.3	2,245.0
Prepaid lease rentals	<b>1,115.9</b>	1,044.1	1,152.6	1,111.5	1,064.0
Investment properties	<b>374.8</b>	407.2	435.6	361.1	242.1
Land held for property development	<b>835.2</b>	893.7	674.1	605.2	624.0
Jointly controlled entities	<b>284.1</b>	295.5	215.9	530.9	2.1
Associates	<b>1,492.4</b>	685.8	625.5	607.1	1,109.0
Investments	<b>111.8</b>	125.5	155.1	220.0	316.8
Other non-current assets	<b>2,461.3</b>	1,093.6	1,037.3	932.5	1,044.7
Current assets	<b>25,012.7</b>	22,449.0	18,607.8	17,959.1	19,529.6
Non-current assets held for sale	<b>42.2</b>	786.0	10.5	58.5	20.6
<b>Total assets</b>	<b>48,151.2</b>	42,866.2	37,577.6	35,439.9	35,972.7
<b>Financial statistics</b>					
Basic earnings per share (sen)	<b>69.06</b>	60.98	12.09	37.94	59.63
Gross dividend per share (sen)	<b>35.00</b>	30.00	10.00	20.30	49.00
Net dividend per share (sen)	<b>35.00</b>	30.00	10.00	19.00	38.20
Dividend cover (times)	<b>1.97</b>	2.03	1.21	2.00	1.56
Net assets per share attributable to owners of the Company (RM)	<b>4.33</b>	4.00	3.40	3.56	3.61
Return on average shareholders' equity (%)	<b>16.59</b>	16.48	3.47	10.59	18.00
Debt to equity ratio (times)	<b>0.36</b>	0.28	0.36	0.25	0.22

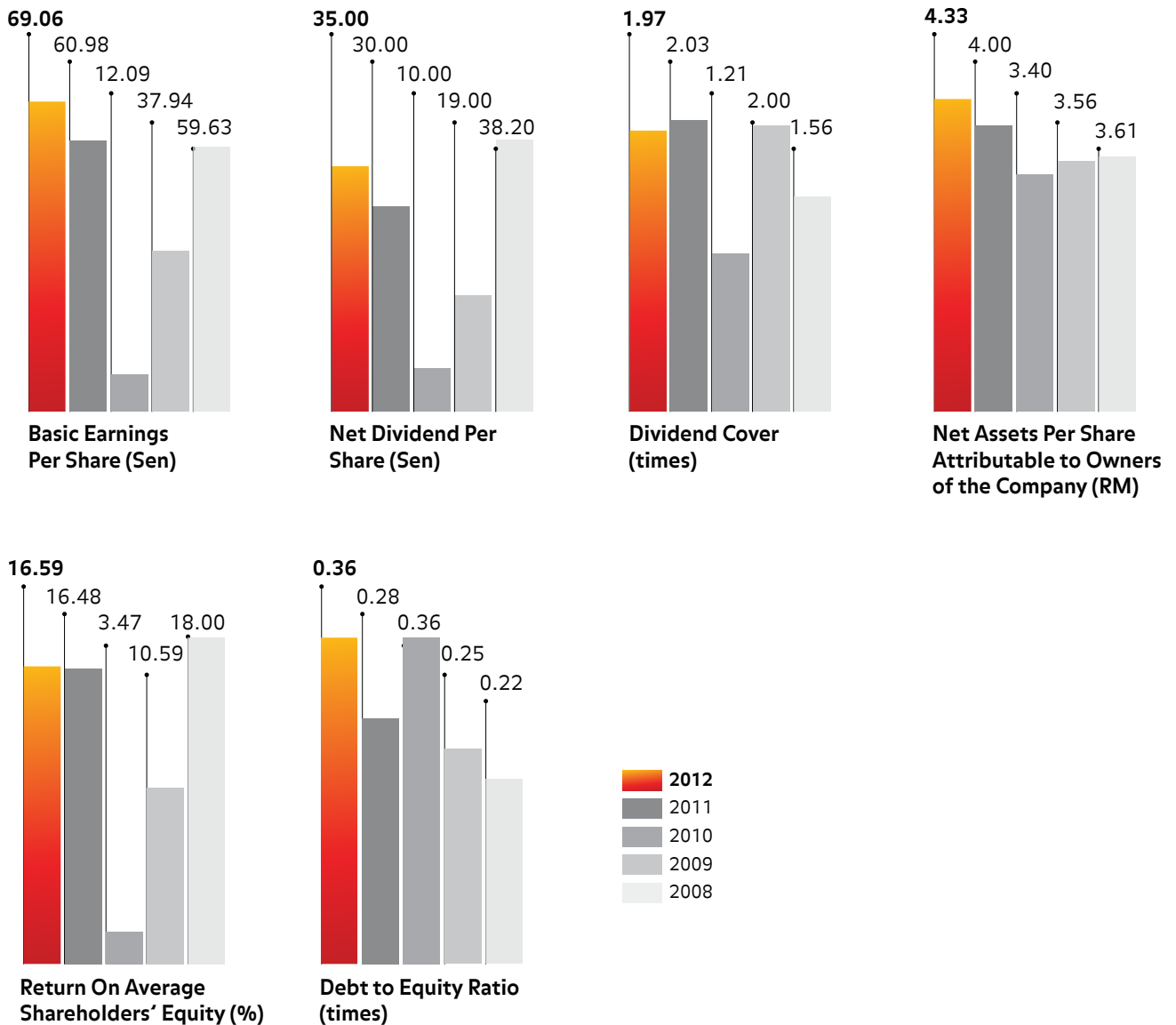
Financial instruments have been recognised and measured in accordance with FRS 139 since FY2011. Figures in prior years were not adjusted.

# Five-Year Financial Summary

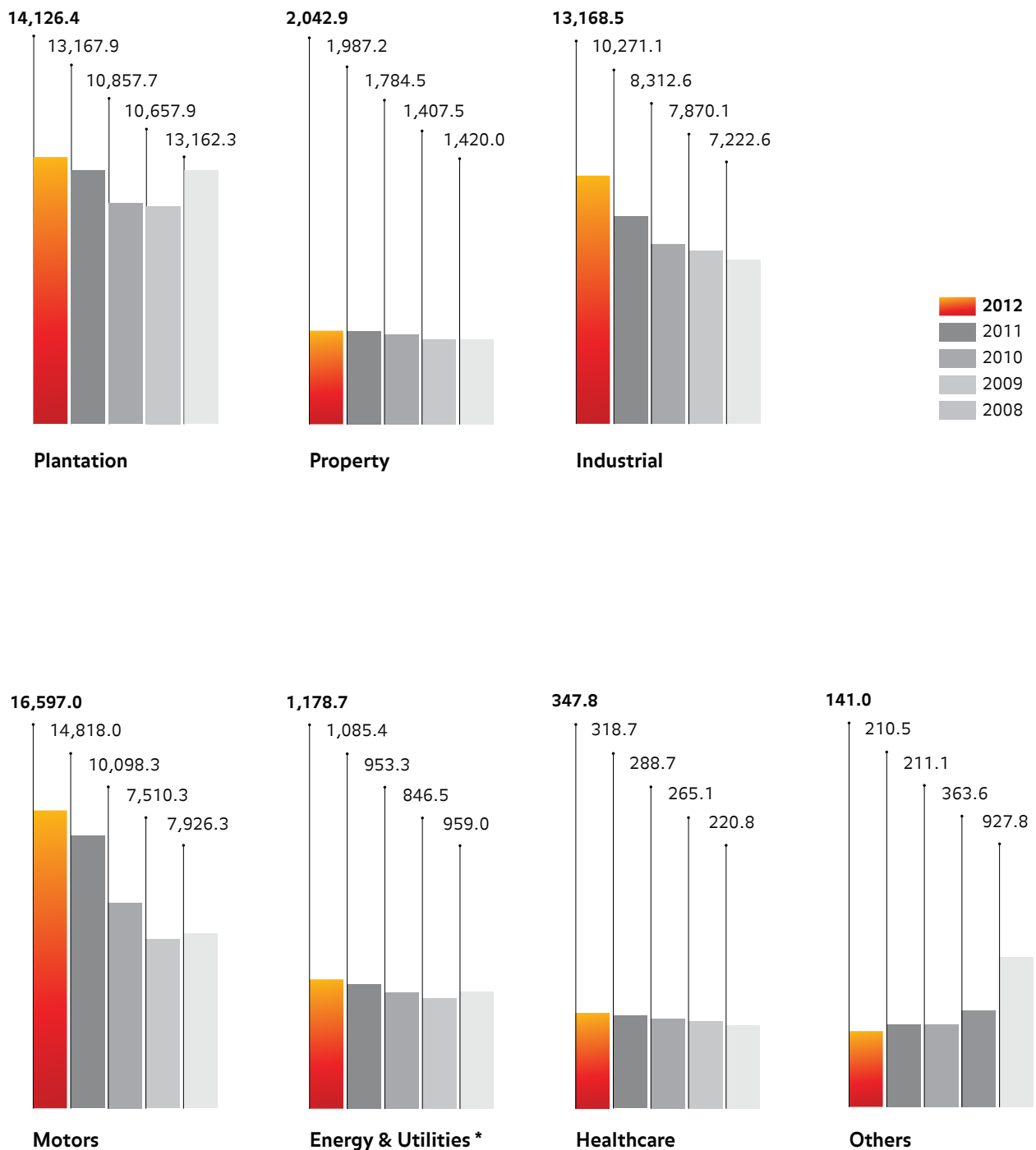
## GROUP PERFORMANCE



## KEY FINANCIAL STATISTICS



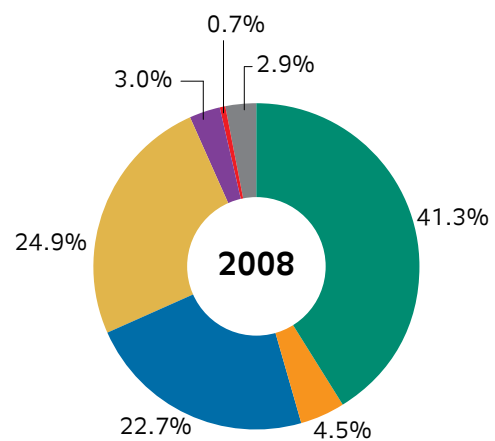
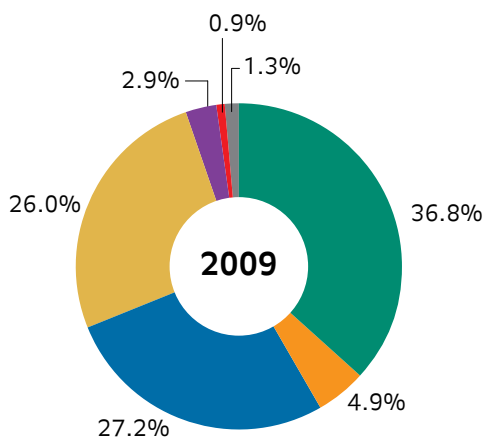
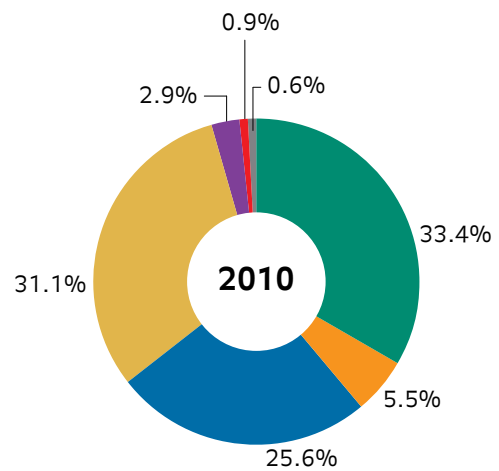
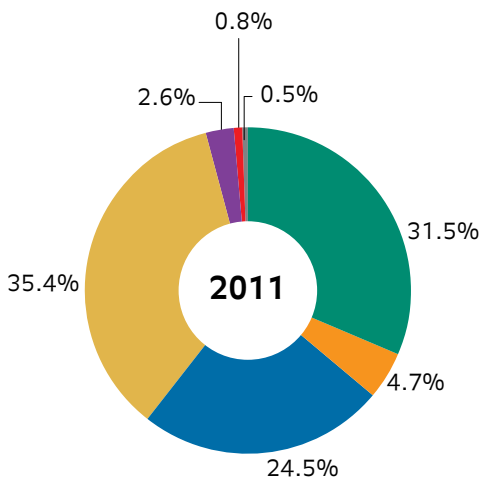
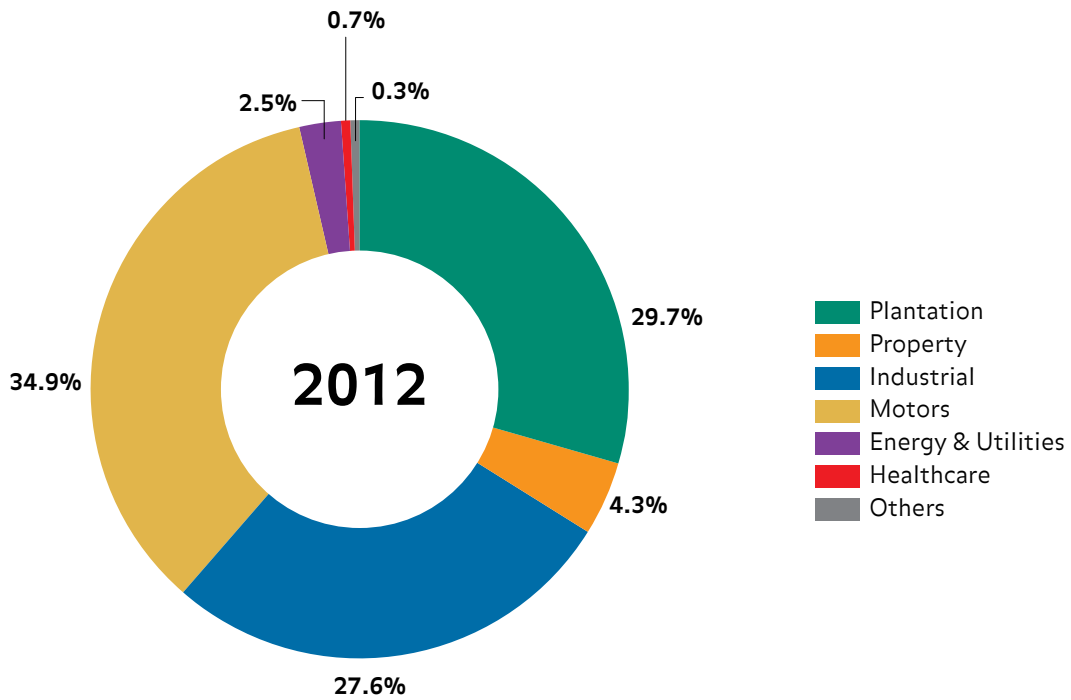
## Five-Year Financial Summary

SEGMENT REVENUE  
(RM million)

\* Excludes discontinued operations

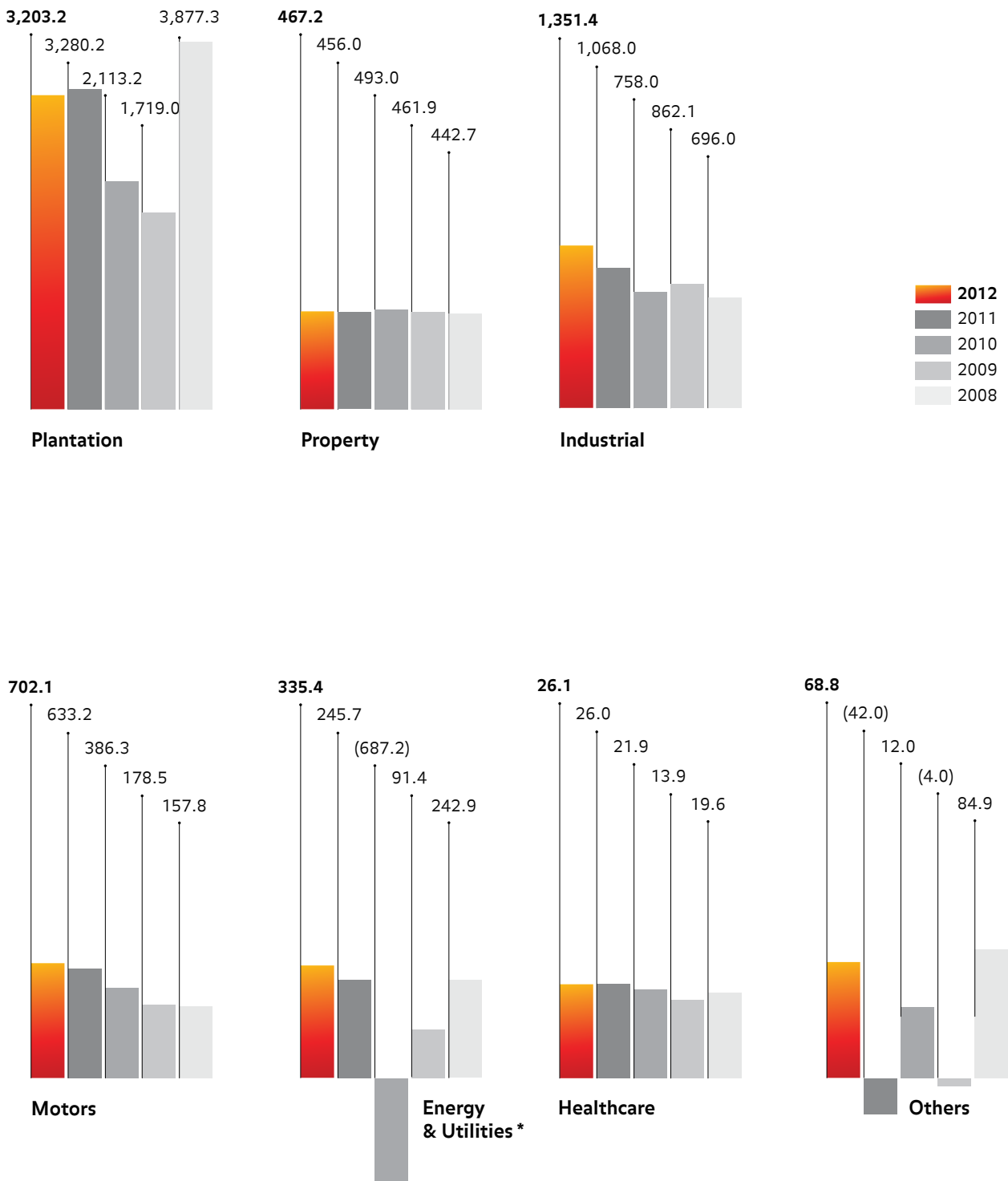
# Five-Year Financial Summary

## CONTRIBUTION TO REVENUE BY SEGMENT



# Five-Year Financial Summary

## SEGMENT RESULTS (RM million)

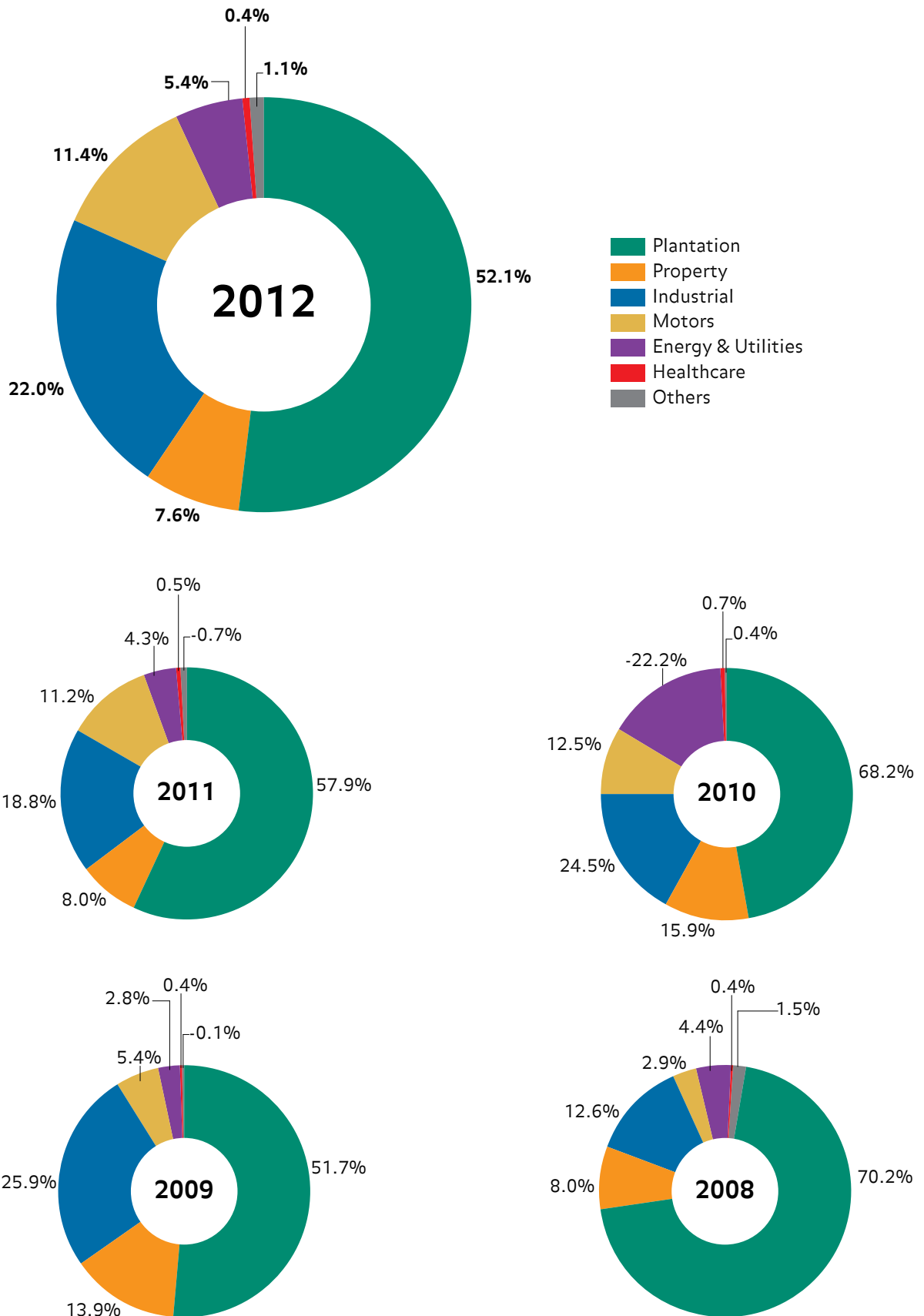


\* Excludes discontinued operations



# Five-Year Financial Summary

## CONTRIBUTION TO RESULTS BY SEGMENT



# Highlights of Financial Performance

For the financial year ended 30 June 2012

## REVENUE

RM47.6 billion ▲ 13.7%

RM million	2012	2011	% +/-
Plantation	14,126.4	13,167.9	7.3
Property	2,042.9	1,987.2	2.8
Industrial	13,168.5	10,271.1	28.2
Motors	16,597.0	14,818.0	12.0
Energy & Utilities*	1,178.7	1,085.4	8.6
Healthcare	347.8	318.7	9.1
Others	141.0	210.5	(33.0)
<b>Total</b>	<b>47,602.3</b>	<b>41,858.8</b>	<b>13.7</b>

All divisions reported higher revenue for the year under review.

Plantation, Industrial and Motors were the top contributors to Group revenue, contributing 29.7%, 27.7% and 34.9% respectively to Group revenue. The 3 divisions contributed a total of 92.2% (2011: 91.4%) to total Group revenue.

## PROFIT BEFORE INTEREST AND TAX

RM5.9 billion ▲ 5.8%

RM million	2012	2011	% +/-
Plantation	3,203.2	3,280.2	(2.3)
Property	467.2	456.0	2.5
Industrial	1,351.4	1,068.0	26.5
Motors	702.1	633.2	10.9
Energy & Utilities*	335.4	245.7	36.5
Healthcare	26.1	26.0	0.4
Others	68.8	(42.0)	263.8
Corporate expenses and elimination	(226.7)	(65.4)	(246.6)
<b>Total</b>	<b>5,927.5</b>	<b>5,601.7</b>	<b>5.8</b>

Profit before interest and tax increased by 5.8% compared to 2011. All business segments registered improved earnings except for Plantation which declined marginally by 2.3%.

**Plantation** - contribution was affected by the lower fresh fruit bunch (FFB) production by 3.4% in spite of the 0.6% higher average crude palm oil (CPO) price realised and 1.7% higher oil extraction rate (OER).

**Property** - earnings improved by 2.5% attributable to the higher completion of property development works in the various townships including Bandar Bukit Raja and Denai Alam.

**Industrial** - reported higher profit from all regions except China/Hong Kong. All regions experienced robust demand from the mining and construction sectors, while China/Hong Kong was affected by the local government policy of credit tightening.

**Motors** - better results was due to the strong demand in Malaysia, Singapore and New Zealand despite the weaker sales from China.

**Energy & Utilities** - higher profit was largely due to the recognition of RM99.4 million in deferred revenue from the Malaysian power plant and the higher contribution from port operations in China due to the higher cargo handling throughput at Weifang Port.

## KEY PERFORMANCE DRIVERS

Plantation			
Average CPO price realised	RM2,925 per MT	▲	0.6%
FFB production	9.8 million MT	▼	-3.4%
OER	21.8%	▲	1.7%
Property			
Take-up rate within 3 months of products launched			
- First half financial year	48%		
- Second half financial year	83%		

\* Excludes discontinued operations

## Highlights of Financial Performance

## KEY PERFORMANCE DRIVERS (continued)

<b>Industrial</b>			
Machine PINS	9.9% to 31.2%	▲	4.0%
<b>Motors</b>			
Number of motor vehicles sold	81,050	▲	6.2%
<b>Energy &amp; Utilities</b>			
Power plant capacity	600MW		
Port throughput	26.2 million tonnes	▲	14.9%
<b>Healthcare</b>			
Average daily census	293	▲	5.4%

**Healthcare** - results remained the same as 2011 as the improved results of Sime Darby Subang Jaya Medical Centre (RM38.5 million) was moderated by the start-up costs of the newly opened Ara Damansara Hospital.

**Other businesses** - profit was attributable to the contribution from Tesco, insurance brokerage business and a gain of RM29.7 million from the disposal of an investment as against the impairment of an investment of RM54.3 million in 2011.

**Corporate expenses and elimination** increased due to foreign exchange loss of RM17.1 million (2011: foreign exchange gain of RM50.8 million) and the higher allocation for Corporate Social Responsibility activities and higher operating expenses.

## CAPITAL EXPENDITURE AND ACQUISITIONS (CAPEX)

RM4.7 billion ▲ 68.2%

## Major Capital Investment

**Plantation** - capex of RM1.1 billion which included new planting of 3,350 hectares of oil palm in Liberia, a 660,000 MT refinery and fractionation facilities in Northport and a 150,000 MT kernel crushing plant in Pulau Carey which were completed during the year and the construction of a 825,000 MT refinery in Pulau Laut, Kalimantan which is expected to be completed in 2013.

**Property** - capex of RM828.8 million which included the acquisition of a 30% equity interest in Eastern & Oriental Berhad in September 2011.

**Industrial** - capex of RM2.2 billion which included the acquisition of the Bucyrus distribution rights and assets for RM1.2 billion in December 2011 and purchase of rental assets of RM656.9 million.

**Motors** - capex of RM383.3 million which included major showrooms in China, Macau, Hong Kong and Malaysia.

**Energy & Utilities** - capex of RM93.8 million which included the construction of the 3x20,000 tonne berths in Weifang which is expected to be completed in 2013.

**Healthcare** - capex of RM73.4 million which included the new hospital in Ara Damansara.

## CASH AND BORROWINGS (NET)

(RM4.7 billion) ▼ -206.1%

Cash and bank balances at RM5.1 billion.

Borrowings at RM9.8 billion.

Debt to Equity ratio at 0.36 times.

Net Debt to Equity ratio at 0.17 times.

## DIVIDENDS

Paid/proposed of RM2.1 billion  
(35.0 sen per share) ▲ 16.7%

Payout ratio of 50.7%.

Dividend yield of 3.5% on RM9.89 (closing price on 29 June 2012).

## SHAREHOLDERS' EQUITY

RM26.0 billion ▲ 8.3%

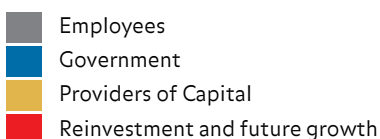
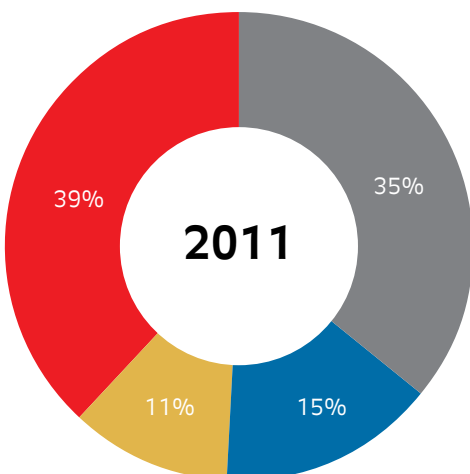
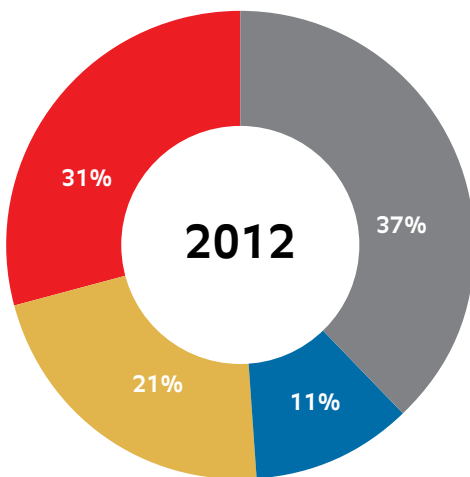
Net Assets per share increased from RM4.00 per share to RM4.33 per share.

# Statement of Value Added

For the financial year ended 30 June 2012

Amounts in RM million unless otherwise stated

## Value Distributed



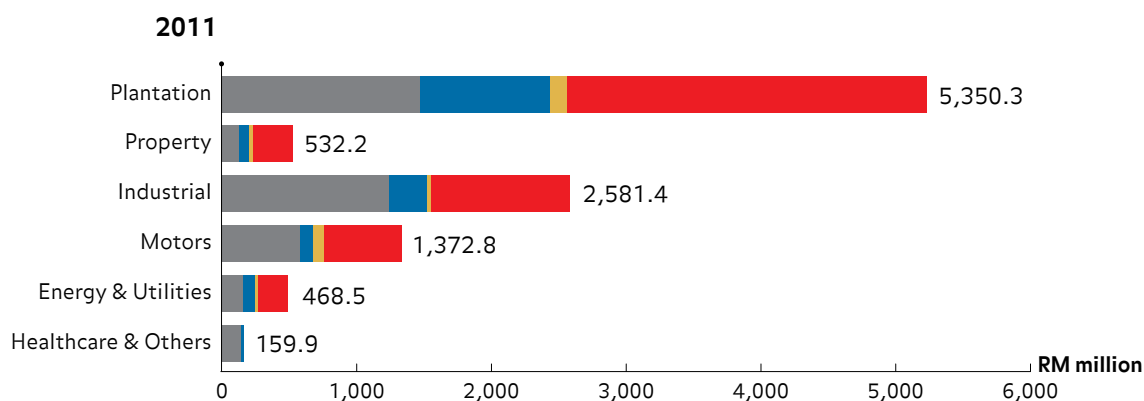
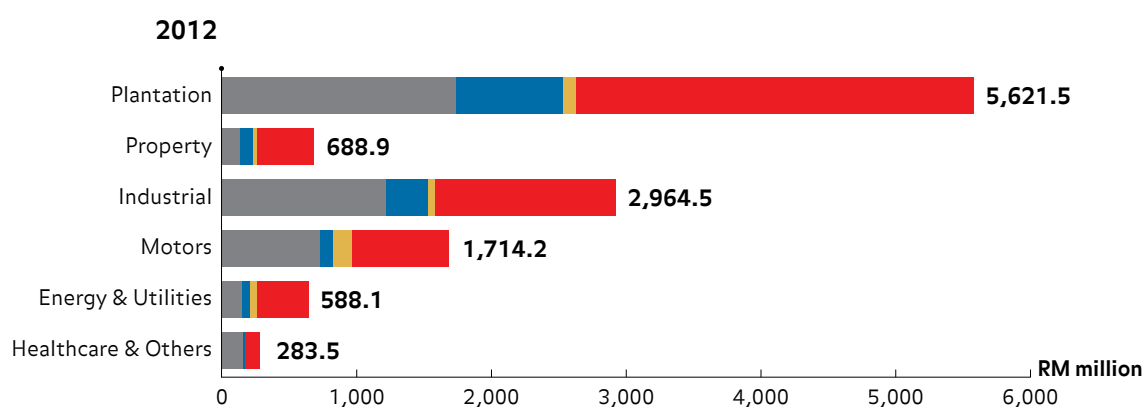
The above excludes discontinued operations

	2012	2011
<b>VALUE ADDED</b>		
Revenue	47,602.3	41,858.8
Operating expenses	(37,368.8)	(32,233.4)
Other operating income	1,330.0	984.0
Share of results of jointly controlled entities and associates	114.6	118.4
Finance income	178.8	155.3
<b>Total Value Added</b>	<b>11,856.9</b>	<b>10,883.1</b>
Reconciliation:		
Profit for the year	4,412.6	3,846.5
Add: Depreciation and amortisation	1,207.0	1,065.7
Finance costs	385.5	307.8
Staff costs	4,347.4	3,877.0
Corporate tax	1,308.2	1,602.7
Non-controlling interests	196.2	183.4
<b>Total Value Added</b>	<b>11,856.9</b>	<b>10,883.1</b>
<b>VALUE DISTRIBUTED</b>		
<b>Employees</b>		
Staff costs	4,347.4	3,877.0
<b>Government</b>		
Corporate tax	1,308.2	1,602.7
<b>Providers of Capital</b>		
Dividends	1,923.1	661.0
Finance costs	385.5	307.8
Non-controlling interests	196.2	183.4
<b>Reinvestment and future growth</b>		
Depreciation and amortisation	1,207.0	1,065.7
Retained earnings	2,489.5	3,185.5
<b>Total Value Distributed</b>	<b>11,856.9</b>	<b>10,883.1</b>

## Statement of Value Added

	2012		2011	
<b>Value Added by Segment</b>				
Plantation	5,621.5	47.4%	5,350.3	49.2%
Property	688.9	5.8%	532.2	4.9%
Industrial	2,964.5	25.0%	2,581.4	23.7%
Motors	1,714.2	14.4%	1,372.8	12.6%
Energy & Utilities	588.1	5.0%	468.5	4.3%
Healthcare	177.0	1.5%	155.9	1.5%
Others	106.5	0.9%	4.0	-
Corporate expenses and elimination	(3.8)	-	418.0	3.8%
<b>Total Value Added</b>	<b>11,856.9</b>	<b>100.0%</b>	<b>10,883.1</b>	<b>100.0%</b>

## Value Distributed by Segment



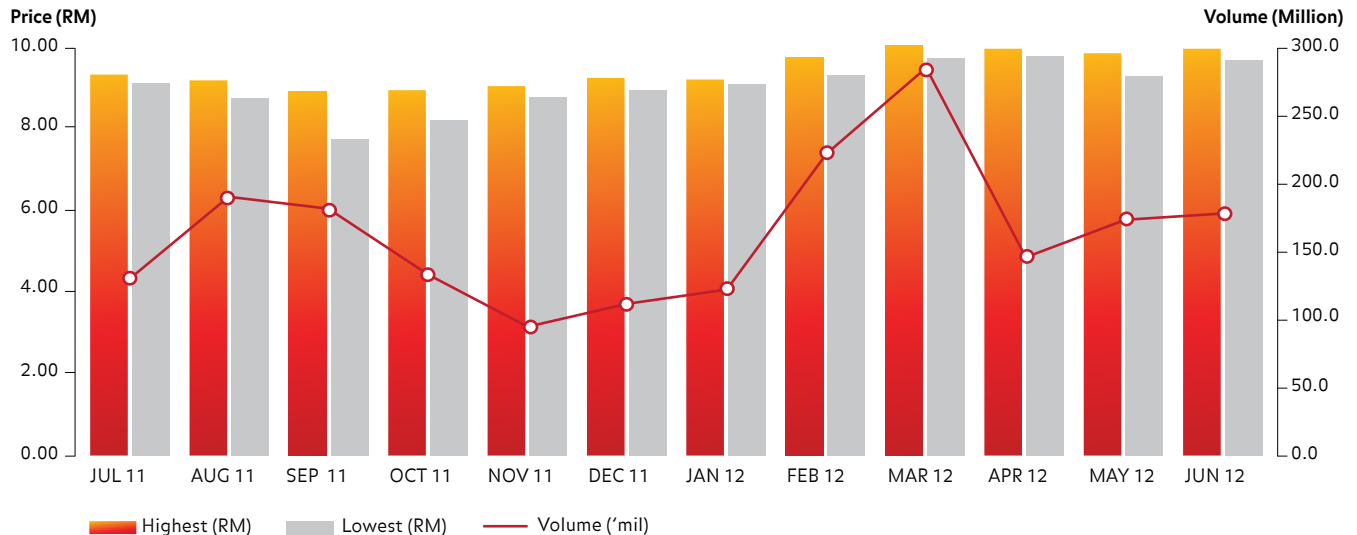
Employees
  Government
  Providers of Capital
  Dividend, reinvestment and future growth

The above excludes discontinued operations

# Share Price Movement & Financial Calendar

## Share Performance 2011/2012

Share prices for the twelve (12) months on the Main Market of Bursa Malaysia Securities Berhad to 30 June 2012



	Jul 2011	Aug 2011	Sep 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012
<b>Highest (RM)</b>	9.28	9.14	8.87	8.90	9.00	9.20	9.16	9.70	10.00	9.91	9.80	9.91
<b>Lowest (RM)</b>	9.08	8.70	7.70	8.18	8.73	8.90	9.06	9.28	9.69	9.72	9.24	9.63
<b>Volume (Million)</b>	132.4	192.7	184.0	135.9	97.7	114.5	124.9	224.2	287.0	148.5	175.9	180.6

Stock Exchange Listing : Bursa Malaysia Securities Berhad

Trading Name : SIME

Stock Code : 4197

## Dividends

	Notice Date	Entitlement Date	Payment Date
<b>Interim</b>	29 February 2012	25 April 2012	11 May 2012
<b>Final</b>	29 August 2012	30 November 2012	14 December 2012

## Financial Calendar

### Announcement of Unaudited Consolidated Results

First quarter : 25 November 2011

Second quarter : 29 February 2012

Third quarter : 30 May 2012

Fourth quarter : 29 August 2012

### Annual General Meeting

Notice Date : 16 October 2012

Meeting Date : 8 November 2012

# SUSTAINABLE DEVELOPMENT

Sime Darby is a growing global diversified conglomerate with an understanding of emerging markets and the evolving needs of developing societies.

Sime Darby recognises the importance of balancing economic performance with social responsibility. Committed to the goal of developing a sustainable future, Sime Darby strives to create value for all its stakeholders. Corporate citizenship at Sime Darby means maintaining an equitable balance between increasing value for our shareholders and being responsible to society and the environment.

For Sime Darby, Corporate Social Responsibility (CSR) is part of a wider corporate commitment to sustainability.

This goal and commitment are constantly being developed and achieved through its CSR initiatives Group-wide and through its own foundation, Yayasan Sime Darby.

Sime Darby recognises the immense opportunities ahead. Guided by our vision and systematic approach to growth and development, we are building our tomorrows, today.



# Group Structure



**100%**  
**Sime Darby**  
**Plantation Sdn Bhd**

- Upstream and Downstream Plantation Activities
- Agribusiness and Foods
- Research and Development



**100%**  
**Sime Darby**  
**Property Berhad**

- Property Development
- Property Investment



**100%**  
**Sime Darby**  
**Industrial Holdings Sdn Bhd**

- Caterpillar Dealership
- Allied Products Group







**100%**  
**Sime Darby**  
**Motors Sdn Bhd**

- Import
- Assembly
- Distribution
- Retail



**100%**  
**Sime Darby**  
**Energy Sdn Bhd**

**100%**  
**Sime Darby**  
**Utilities Sdn Bhd**

- Power
- Engineering Services
- Ports & Logistics
- Water Management



**100%**  
**Sime Darby**  
**Healthcare Sdn Bhd**

- Secondary and Tertiary Care Hospitals
- Specialist Outpatient & Day-Care Medical Facilities
- Nursing & Health Sciences College





# Corporate Information

As at 16 October 2012

## BOARD OF DIRECTORS

### Tun Musa Hitam

(Independent Non-Executive Chairman)

### Tan Sri Dato' Sri Hamad Kama Piah Che Othman

(Non-Independent Non-Executive Deputy Chairman)

### Tan Sri Samsudin Osman

(Non-Independent Non-Executive Director)

### Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin

(Non-Independent Non-Executive Director)

### Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo

(Independent Non-Executive Director)

### Tan Sri Datuk Dr Yusof Basiran

(Non-Independent Non-Executive Director)

### Dato Sri Lim Haw Kuang

(Independent Non-Executive Director)

### Dato' Henry Sackville Barlow

(Senior Independent Non-Executive Director)

### Dato' Azmi Mohd Ali

(Non-Independent Non-Executive Director)

### Dato' Sreesanthan Eliathamby

(Independent Non-Executive Director)

### Puan Zaiton Mohd Hassan

(Non-Independent Non-Executive Director)

### Dato' Mohd Bakke Salleh

(Executive Director)

## PRESIDENT & GROUP CHIEF EXECUTIVE

### Dato' Mohd Bakke Salleh

## SECRETARY

### Puan Norzilah Megawati Abdul Rahman

(LS 0009247)

## REGISTERED OFFICE

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

Telephone : +(603) 2691 4122  
Facsimile : +(603) 2382 1075  
Email : enquiries@simedarby.com  
Website : www.simedarby.com

## SHARE REGISTRAR

Tricor Investor Services Sdn Bhd  
(Company No. 118401-V)  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur, Malaysia

Telephone : +(603) 2264 3883  
Facsimile : +(603) 2282 1886

## AUDITORS

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

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

## FORM OF LEGAL ENTITY

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

## STOCK EXCHANGE LISTING

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

Stock Code : 4197  
Stock Name: SIME

## PLACE OF INCORPORATION AND DOMICILE

Malaysia

# Board of Directors



**Standing (from left):**

Puan Norzilah Megawati Abdul Rahman (Group Secretary)  
Dato' Henry Sackville Barlow  
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin  
Tan Sri Datuk Dr Yusof Basiran  
Dato Sri Lim Haw Kuang  
Dato' Mohd Bakke Salleh  
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo  
Dato' Azmi Mohd Ali

**Seated (from left):**

Tan Sri Samsudin Osman  
Tun Musa Hitam (Chairman)  
Tan Sri Dato' Sri Hamad Kama Piah Che Othman  
Puan Zaiton Mohd Hassan



# Profile of Directors

## Tun Musa Hitam

(Chairman, Independent Non-Executive Director)

- Chairman of Nomination & Remuneration Committee

Tun Musa Hitam, 78, a Malaysian, is an Independent Non-Executive Director and the Chairman of the Board of Sime Darby Berhad. He was appointed to the Board on 29 September 2007.

Tun Musa obtained his Bachelor of Arts degree from the University of Malaya and Masters degree in International Relations from the University of Sussex, United Kingdom. He has had several honours bestowed upon him including Honorary Doctorates from the University of Sussex, Universiti Malaysia Sabah, University of Malaya and Universiti Teknologi MARA, and fellowships from the Malaysian Institute of Management and the Centre for International Affairs, Harvard University.

Tun Musa is also currently the Chairman of Lion Industries Corporation Berhad and United Malayan Land Berhad, both of which are listed on the Main Market of Bursa Malaysia Securities Berhad, Yayasan Sime Darby, the CIMB Group's International Advisory Panel and the World Islamic Economic Forum. He is a member of the International Advisory Board Rotterdam and a member of the Advisory Board of the Malaysian "Journal of Diplomacy and Foreign Relations". He is also a member of the Advisory Panel of Iskandar Regional Development Authority.

Tun Musa held a number of key positions, including Chairman of Federal Land Development Authority (FELDA), Kumpulan Guthrie Berhad and Joint-Chairman of the Malaysia-China Business Council. Tun Musa has held positions in government including Deputy Minister of Trade and Industry, Minister of Primary Industries and Minister of Education, before becoming Malaysia's fifth Deputy Prime Minister and Minister of Home Affairs from 1981 to 1986.

Between 1990 and 1991, he was Malaysia's Special Envoy to the United Nations and also led the Malaysian delegation to the United Nations Commission on Human Rights from 1993 to 1998 and was elected Chairman of the 52nd Session of the Commission in 1995. From 1995 to 2002, he was the Prime Minister's Special Envoy to the Commonwealth Ministerial Action Group. In 2005, he was Joint-Chairman of the Eminent Persons Group to chart out the Association of South East Asian Nations (ASEAN)/China's next 15 years' programme and was appointed as Chairman of the Eminent Persons Group to draft the ASEAN Charter.

## Tan Sri Dato' Sri Hamad Kama Piah Che Othman

**(Deputy Chairman, Non-Independent Non-Executive Director)**

- Member of Nomination & Remuneration Committee

Tan Sri Dato' Sri Hamad Kama Piah Che Othman, 61, a Malaysian, is a Non-Independent Non-Executive Director and the Deputy Chairman of Sime Darby Berhad. He was appointed to the Board on 16 November 2010.

Tan Sri Hamad Kama Piah holds a Diploma in Statistics from Universiti Teknologi MARA, a Masters degree in Philosophy from Swansea University, United Kingdom and a Capital Markets Services Representative License. He was conferred the Honorary Doctorate in Business Administration from Universiti Tenaga Nasional, Malaysia. He is a Senior Fellow of the Financial Services Institute of Australasia, a Certified Financial Planner of the Financial Planning Association of Malaysia and a Registered Financial Planner of the Malaysian Financial Planning Council.

Tan Sri Hamad Kama Piah is currently the President & Group Chief Executive of Permodalan Nasional Berhad (PNB) and a director of Amanah Saham Nasional Berhad, Pelaburan Hartanah Nasional Berhad, Amanah Mutual Berhad, Chemical Company of Malaysia Berhad, Sime Darby Property Berhad and several other private limited companies. He is also a director of Yayasan Karyawan, Professional Golf of Malaysia and Securities Industry Dispute Resolution Centre (SIDREC).

His career spans over 30 years in the fields of investment and unit trust management. He undertook various responsibilities in various facets of investment management and corporate finance in PNB including as portfolio manager and head of corporate restructuring.

## Tan Sri Samsudin Osman

**(Non-Independent Non-Executive Director)**

- Chairman of Tender Committee

Tan Sri Samsudin Osman, 65, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 19 December 2008.

Tan Sri Samsudin holds a Bachelor of Arts (Honours) degree and a Diploma in Public Administration from University of Malaya, and a Masters in Public Administration from Pennsylvania State University, USA.

Tan Sri Samsudin is at present the Chairman of the Employees Provident Fund (EPF) Board, EPF Investment Panel, Universiti Utara Malaysia and BIMB Holdings Berhad. Tan Sri Samsudin was appointed the Pro Chancellor of Universiti Malaysia Terengganu on 1 February 2010.

Tan Sri Samsudin was the President of Perbadanan Putrajaya from 2004 to July 2012 and Chief Secretary to the Malaysian Government from 2001 to 2006. He was also the Secretary General for two (2) ministries, the Ministry of Domestic Trade and Consumer Affairs (1994) and the Ministry of Home Affairs (1996).

## Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin

**(Non-Independent Non-Executive Director)**

- Member of Tender Committee

Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin, 72, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 14 September 2007.

Tan Sri Wan Mohd Zahid holds a Bachelor of Arts (Honours) degree from University of Malaya, a Masters degree from Stanford University, Palo Alto, California and a PhD from University of California, Berkeley. He underwent a course in business management under the Advanced Management Programme at Harvard Business School. He started his career as a teacher, moving up to principal level and eventually held various positions in the Ministry of Education. His last post prior to retirement was as Director-General of Education.

Tan Sri Wan Mohd Zahid is currently the Chairman of Universiti Teknologi MARA, Management and Science University and FEC Cables (M) Sdn Bhd. He is also a Director of Amanah Saham Nasional Berhad, Perbadanan Usahawan Nasional Berhad, SP Setia Berhad, Yayasan Sime Darby and Amanah Mutual Berhad. He was formerly the Chairman of Berger International Ltd based in Singapore, and Deputy Chairman of International Bank Malaysia Berhad.

## Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo

### (Independent Non-Executive Director)

- Chairman of Risk Management Committee
- Member of Governance & Audit Committee
- Member of Nomination & Remuneration Committee
- Member of Litigation Committee
- Member of Sustainability Committee

Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo, 67, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 26 August 2010.

Tan Sri Hamid graduated from the University of Canterbury, New Zealand with a Bachelor and a Master of Arts in Economics. He also holds a Postgraduate Diploma in Teaching from Christchurch Teachers' College New Zealand and a Postgraduate Certificate in Business Studies from Harvard Institute of Development Studies, USA. He was honoured with a PhD (in Commerce) by Lincoln University, New Zealand. He is also a recipient of an Excellence Award from the American Association of Conservation Biology.

Tan Sri Hamid has served in both the private and public sectors. He was an Administration Manager of Malaysia LNG Sdn Bhd for over three years while on secondment from the State Planning Unit, Sarawak. He was appointed the first General Manager of Land Custody and Development Authority, Sarawak and moved on to become Permanent Secretary of the Ministry of Resource Planning and State Secretary of Sarawak until his retirement from the civil service in August 2000.

Tan Sri Hamid currently sits on the Boards of several companies including Sapura Resources Bhd, Superlon Holdings Berhad, Permodalan Sarawak Berhad, Sarawak Consolidated Industries Berhad, Zecon Berhad, SapuraKencana Petroleum Berhad and Sime Darby Property Berhad. He is also a Board member of the Institute Integrity Malaysia and a member of the Advisory Committee of the Malaysian Anti-Corruption Commission and a member of The National Water Services Commission.

Tan Sri Hamid is actively involved in charitable activities as a member of Lembaga Amanah Kebajikan Masjid Negeri Sarawak, Chairman of Yayasan Kemajuan Insan Sarawak and Sarawak State Library Management Board.

## Tan Sri Datuk Dr Yusof Basiran

### (Non-Independent Non-Executive Director)

- Member of Risk Management Committee
- Member of Litigation Committee
- Member of Sustainability Committee

Tan Sri Datuk Dr Yusof Basiran, 64, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 16 November 2010.

Tan Sri Yusof holds a Bachelor in Chemical Engineering degree from the University of Canterbury, New Zealand, a Post-Graduate degree in Rubber Technology (ANCRT) in the United Kingdom and a Masters degree in Engineering specialising in Industrial Management (M.E.) and also Business Administration (MBA) from the Catholic University of Leuven, Belgium. Tan Sri Yusof completed his Doctorate with a PhD in Applied Economics & Management Science from the University of Stirling, Scotland in 1986.

Prior to joining the Palm Oil Research Institute of Malaysia (PORIM) in 1979, Tan Sri Yusof held the position of Rubber Technologist/Techno-Economist with the Rubber Research Institute (RRI)/Malaysian Rubber Research Development Board (MRRDB). He was later appointed as the Director-General of PORIM in 1992 and held the position for eight years until April 2000 before assuming the role of Director-General of Malaysia Palm Oil Board (MPOB), a merged organisation between PORIM and Palm Oil Registration and Licensing Authority (PORLA) from 1 May 2000 to 18 January 2006.

Tan Sri Yusof is currently the Chief Executive Officer of the Malaysian Palm Oil Council (MPOC) and the Chairman of TH Plantations Berhad and CB Industrial Product Holding Berhad.

Apart from holding distinguished corporate positions, Tan Sri Yusof is also involved in other organisations, among others, a fellow member and past President of the Academy Sciences Malaysia (ASM) and fellow member of the Malaysia Scientific Association (MSA), the Malaysian Oil Scientists' and Technologists' Association (MOSTA) and the Incorporated Society of Planters.



## Dato Sri Lim Haw Kuang

### (Independent Non-Executive Director)

- Member of Risk Management Committee

Dato Sri Lim Haw Kuang, 58, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 26 August 2010.

Dato Sri Lim holds a Bachelor of Science (Computing Science) from Imperial College, University of London. He also holds a Master of Business Administration from IMD Switzerland (formerly International Management Institute, Geneva).

Dato Sri Lim was appointed Executive Chairman of Shell Companies in China in September 2005. Dato Sri Lim joined Shell in Malaysia in 1978 and has since served in various capacities in IT, Finance, Natural Gas, Exploration and Production, Oil Products and Corporate Head Offices in different Shell operations. Before taking up his current position, Dato Sri Lim was Vice President, Strategy for Shell International in London (2004-2005). Among his earlier roles, he has been President, Oil Products for Asia Pacific and Middle East (Singapore 2002-2004), Chairman, Shell Malaysia (Kuala Lumpur 1999-2002), Managing Director, Shell Malaysia Exploration and Production (1997-2002), Senior Corporate Adviser, Asia Pacific, Shell International (London 1996-1997), and Business Development Manager for Former Soviet Union and Sakhalin, Shell International Gas (London 1994-1996).

Dato Sri Lim has been appointed by the Chinese Government as a member of the China Council for International Cooperation in Environment and Development. He is currently a Special Adviser to the President and Executive Committee of World Business Council for Sustainable Development, a global coalition of some 200 multinational corporations. Dato Sri Lim is a Board Director of the China Business Council for Sustainable Development, and the Honorary President of the Business Council for Sustainable Development in Malaysia, and has been awarded state honours by the Malaysian Government and the Great Wall Friendship award by the Beijing Municipal Government.

## Dato' Henry Sackville Barlow

### (Senior Independent Non-Executive Director)

- Chairman of Governance & Audit Committee
- Chairman of Sustainability Committee
- Member of Nomination & Remuneration Committee
- Member of Tender Committee

Dato' Henry Sackville Barlow, 68, a British national, is the Senior Independent Non-Executive Director. He was appointed to the Board on 29 September 2007.

Dato' Barlow was educated at Eton College and obtained his Bachelor and Master of Arts degrees from the University of Cambridge, United Kingdom. He is also a Fellow of the Institute of Chartered Accountants in England and Wales.

Dato' Barlow is currently a Director of HSBC Bank Malaysia Berhad and The International and Commonwealth University of Malaysia Berhad. He is also a member of the Board of Trustees of Badan Warisan Malaysia and director of several other private limited companies. Dato' Barlow was appointed the Senior Independent Non-Executive Director of Sime Darby Berhad on 16 November 2010.

Dato' Barlow has over 35 years of experience in the plantation industry and was formerly the Finance Director of Barlow Boustead Estates Agency Sdn Berhad and Joint Managing Director of Highlands & Lowlands Berhad. He is also a former Council Member of the Incorporated Society of Planters and Honorary Secretary of the Heritage Trust of Malaysia. Dato' Barlow is currently the Honorary Treasurer of the Malaysian Branch of the Royal Asiatic Society. He was appointed Trustee of the Merdeka Award Trust in 2012.

## Profile of Directors

### Dato' Azmi Mohd Ali

#### (Non-Independent Non-Executive Director)

- Chairman of Litigation Committee
- Member of Risk Management Committee

Dato' Azmi Mohd Ali, 52, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 16 November 2010.

Dato' Azmi holds a law degree from the University of Malaya and a Master of Laws (LL.M.) in United States of America & Global Business Law for University of Suffolk, Boston. He is also an Adjunct Professor of Law at the International Islamic University of Malaysia's Law Faculty.

Dato Azmi, a corporate and commercial lawyer with 27 years of experience, is the Senior Partner of Azmi & Associates, a leading corporate and commercial law firm, since year 2000. The firm now has close to 60 lawyers. Prior to this, he was a Partner in Hisham, Sobri and Kadir from 1995 to 2000. Dato' Azmi started his career in Petroliam Nasional Berhad (PETRONAS) in 1984 and left PETRONAS' employment as Head of Gas/New Ventures, Upstream Legal Department in 1990 to work in the law firm of T. Tharu & Associates from 1990 to 1995.

Dato' Azmi currently sits on the Boards of Pernec Corporation Berhad, Chemical Company of Malaysia Berhad, Perbadanan Nasional Berhad, Premier Sovereign Trustee Berhad and Cliq Energy Berhad.

### Dato' Sreesanthan Eliathamby

#### (Independent Non-Executive Director)

- Member of Governance & Audit Committee
- Member of Litigation Committee

Dato' Sreesanthan Eliathamby, 51, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 26 August 2010.

Dato' Sreesanthan holds a law degree from the University of Malaya and a post-graduate degree in law from the University of Oxford, United Kingdom.

Dato' Sreesanthan is an Advocate & Solicitor and a Partner with the legal firm of Kadir, Andri & Partners. He was formerly a Legal Assistant and later a Partner with the legal firm of Zain & Co and Zul Rafique & Partners.

Dato' Sreesanthan is a member of the Listing Committee of Bursa Malaysia Berhad and the Disciplinary Committee of the Advocates & Solicitors' Disciplinary Board. He was a former member of the Investment Committee of Amanah Saham Wawasan 2020 Fund managed by Permodalan Nasional Berhad. He currently sits on the Boards of Scomi Group Berhad, Guinness Anchor Berhad and Sime Darby Property Berhad.

### Zaiton Mohd Hassan

#### (Non-Independent Non-Executive Director)

- Member of Governance & Audit Committee
- Member of Litigation Committee

Puan Zaiton Mohd Hassan, 56, a Malaysian, is a Non-Independent Non-Executive Director. She was appointed to the Board on 16 November 2010.

Puan Zaiton is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a member of the Malaysian Institute of Certified Public Accountants.

Puan Zaiton is currently the Chairman of the Private Pension Administrator Malaysia. She is also a director of BIMB Holdings Berhad, Malaysian Industrial Development Finance Berhad, Credit Guarantee Corporation Malaysia Berhad, Bank Islam Malaysia Berhad and Yayasan Masjid Cina and a director of several other private limited companies.

Puan Zaiton started her career in PricewaterhouseCoopers as an audit trainee in 1976 and later joined Bank Pembangunan (M) Bhd as a Project Officer. Subsequently, she was seconded to Bapema Corporation Sdn Bhd as a Fund Manager. Puan Zaiton is the former President/ Executive Director of Malaysian Rating Corporation Berhad (MARC) until September 2004 when she left to set up her own financial advisory firm, Capital Intelligence Advisors Sdn Bhd. Prior to her appointment in MARC, she had served 12 years with Malayan Banking Berhad in various senior positions including that of General Manager, Group Strategic Planning which she held until her resignation in 1996.

## Dato' Mohd Bakke Salleh

### (President & Group Chief Executive)

Dato' Mohd Bakke Salleh, 58, a Malaysian, is the President & Group Chief Executive of Sime Darby Berhad. He was appointed to the Board on 16 November 2010.

Dato' Mohd Bakke holds a Bachelor of Science (Economics) degree from the London School of Economics, United Kingdom. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants.

Dato' Mohd Bakke was appointed the President & Group Chief Executive of Sime Darby Berhad on 27 November 2010. He also sits on the Boards of Eastern & Oriental Berhad, Sime Darby Property Berhad and Yayasan Sime Darby. Prior to that, he was the Acting President & Group Chief Executive of Sime Darby Berhad. Dato' Mohd Bakke was the Group President & Chief Executive Officer of Felda Global Ventures Holdings Berhad (formerly known as Felda Global Ventures Holdings Sdn Bhd) and had also served as the Group Managing Director of Felda Holdings Berhad, Group Managing Director and Chief Executive Officer of Lembaga Tabung Haji and a Director, Property Division of Pengurusan Danaharta Nasional Berhad.

Dato' Mohd Bakke had also previously worked with several subsidiaries within the Permodalan Nasional Berhad Group. He was the Managing Director of Federal Power Sdn Bhd (a manufacturer of power cables), Managing Director of Syarikat Perumahan Pegawai Kerajaan Sdn Bhd (a property developer) and Group General Manager of Island & Peninsular Group (a property developer and plantation company).

### Additional Information

1. Save as disclosed below, none of the Directors has any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad, nor has any personal interest in any business arrangement involving the Company:
  - i. Tan Sri Samsudin Osman is a nominee Director of the Employees Provident Fund Board.
  - ii. Tan Sri Dato' Sri Hamad Kama Piah Che Othman, Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin, Tan Sri Datuk Dr Yusof Basiran, Dato' Azmi Mohd Ali and Puan Zaiton Mohd Hassan are nominee Directors of Permodalan Nasional Berhad.
2. None of the Directors has any conflict of interest with Sime Darby Berhad or been convicted for offences within the past 10 years other than traffic offences, if any.
3. The details of Directors' attendance at Board Meetings held in the financial year ended 30 June 2012 are set out in the Statement on Corporate Governance on pages 53 to 54 of this Annual Report.
4. Dato' Sreesanthan Eliathamby has taken leave of absence from the Board of Sime Darby Berhad, subsidiaries of Sime Darby Berhad and all committees of the Sime Darby Berhad Group on 25 July 2012. In view thereof, Dato' Azmi Mohd Ali was appointed the Chairman of the Litigation Committee with effect from 28 August 2012.

# Management Team Profile



**Dato' Abd Wahab Maskan**

61, Malaysian, Group Chief Operating Officer of Sime Darby Berhad and Managing Director, Sime Darby Property Berhad

Dato' Abd Wahab was appointed the Group Chief Operating Officer on 24 June 2008. He was formerly the Group Chief Executive of Kumpulan Guthrie Berhad and Golden Hope Plantations Berhad respectively. He has held various management and Board positions in companies in Malaysia, Europe and Asia, covering plantation, property, engineering and construction and manufacturing. Dato' Abd Wahab was also appointed as Managing Director, Sime Darby Property Berhad on 1 June 2011.

Dato' Abd Wahab holds a Bachelor of Science degree in Estate Management from the University of Reading, United Kingdom and is a Fellow of both the Royal Institution of Chartered Surveyors (England and United Kingdom), a Fellow of the Institution of Surveyors (Malaysia), a Fellow of the Incorporated Society of Planters and a Fellow of the Malaysian Institute of Management.



**Tong Poh Keow**

57, Malaysian, Group Chief Financial Officer

Madam Tong was the Chief Financial Officer of the Plantation Division of Sime Darby Berhad prior to her present appointment in June 2008. She was formerly Head of Group Finance and Administration, and Chief Finance Officer of Kumpulan Guthrie Berhad (KGB). She joined the KGB Group in 1983 as an Accountant-cum-Assistant Company Secretary for Highlands & Lowlands Berhad before becoming General Manager, Accounting and Financial Reporting and then Group General Manager, Finance (Group Accounting and Financial Reporting).

Madam Tong is a member of the Malaysian Institute of Accountants, a member of the Institute of Chartered Secretaries and Administrators United Kingdom and a Fellow of the Association of Chartered Certified Accountants, United Kingdom.

## Management Team Profile



**Alan Hamzah Sendut**

52, Malaysian, Executive Vice President – Group Strategy & Business Development

Encik Alan Hamzah was appointed the Executive Vice President – Group Strategy & Business Development on 16 September 2010. He oversees the Corporate Finance, Value Management & Investor Relations, Corporate Strategy, Merger & Acquisition and Special Projects departments.

Encik Alan Hamzah began his career with Pricewaterhouse, London and had worked with several multinational companies in Malaysia before joining Kumpulan Sime Darby Berhad (KSDB) in 1996. He has held various senior financial positions within the KSDB Group, amongst them, Finance Director of Tractors Malaysia Holdings Berhad and Finance Director of Consolidated Plantations Berhad. He was the Global Operations Manager, Payment Services for BHP Billiton Malaysia prior to his present appointment.

Encik Alan Hamzah holds a Bachelor of Science (Hons) degree in Accountancy and Computer Science from the University of Wales, United Kingdom. He is a Chartered Accountant (Institute of Chartered Accountants in England and Wales) by profession and is a member of the Malaysian Institute of Accountants.



**Philip Kunjappy**

55, Malaysian, Executive Vice President – Group Corporate Services

Mr Kunjappy was appointed Executive Vice President of Group Corporate Services on 1 October 2010. He is responsible for managing the legal, procurement as well as the commodity trading and marketing activities, and the non-core business operations of the Group.

Mr Kunjappy began his career with Attlee, Edge & Lambert in Birmingham, United Kingdom and subsequently joined Pricewaterhouse, Kuala Lumpur in 1983. He also served as Finance Manager in Kuala Lumpur Kepong Bhd, Finance Director in Island & Peninsular Bhd and Senior Executive Director, Oil & Fats Subsidiaries in Felda Holdings Bhd prior to joining the Sime Darby Berhad Group on 1 October 2010.

Mr Kunjappy is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and Malaysian Institute of Taxation.

## Management Team Profile



**Zulkifli Zainal Abidin**

51, Malaysian, Executive Vice President – Group Human Resources

Encik Zulkifli began his career with Sime Darby Berhad in 1989 as Head of Human Resource, Malaysia Region until 1997. In 1999, he joined Negara Properties (M) Berhad as Senior Manager, Human Resource & Administration. He joined Golden Hope Plantations Berhad (Property Division) as Acting Deputy General Manager Human Resource in 2002 and was confirmed as the Deputy General Manager Human Resource in 2003. A year later he was transferred to Golden Hope Plantations (Head Office) as Deputy General Manager, Human Resources and was promoted to General Manager the same year.

Encik Zulkifli was appointed as Head of Human Resource, Plantation & Agri-business Division after the merger of Golden Hope Plantations Berhad, Kumpulan Guthrie Berhad and Sime Darby Berhad in November 2007. He was subsequently promoted as Group Head, Group Human Resources in October 2009 prior to his present appointment as Executive Vice President - Group Human Resources on 1 July 2011.

Encik Zulkifli holds a Masters in International Affairs as well as a Bachelor in Business Administration from Ohio University, USA. He has also attended the Harvard Senior Management Development Programme.



**Franki Anthony Dass**

56, Malaysian, Executive Vice President – Plantation Division

Mr Dass started his career in Kumpulan Guthrie Berhad in 1980 as an Assistant Manager and has over 20 years of plantation experience. After various postings across Malaysia, Mr Dass assumed the post of General Manager of PT Minamas Gemilang in Indonesia in 2002. He subsequently became the Chief Operating Officer of PT Minamas Gemilang in 2004, before becoming its Chief Executive Officer in 2007. He was appointed as Acting Executive Vice President – Plantation Division in May 2010 prior to his present appointment as Executive Vice President – Plantation Division on 1 December 2010.

Mr Dass holds a Bachelor of Science degree majoring in Agriculture from Universiti Pertanian Malaysia and has completed various management and MBA programmes with the Malaysian Institute of Management and the Asian Institute of Management.



**Dato' Lawrence Lee Cheow Hock**

58, Singaporean, Executive Vice President – Motors Division

Dato' Lawrence Lee was the Divisional Director of Kumpulan Sime Darby Berhad (KSDB)'s Motors Division before he assumed his present position. He was also the Managing Director of the subsidiaries within the Hyundai Group of KSDB's Motors Division and had previously managed KSDB's Motors Division in Singapore, Australia, New Zealand and the People's Republic of China, including Hong Kong and Macau.

Dato' Lawrence Lee is an Accountant by profession and a Fellow of the Institute of Chartered Accountants in England and Wales.

## Management Team Profile



**Dato' Ir Jauhari Hamidi**

53, Malaysian, Executive Vice President – Energy & Utilities Division – Non-China

Dato' Ir Jauhari Hamidi was the Director of the Special Projects portfolio prior to his present appointment on 1 August 2010. He was also formerly the Executive Vice President for the Utilities Division and Managing Director of Sime UEP Properties Bhd. Dato' Ir Jauhari has served in various capacities since joining the Group 29 years ago.

Dato' Ir Jauhari is a Registered Professional Engineer with the Board of Engineers Malaysia and a corporate member of the Institute of Engineers Malaysia. He has undergone the Harvard Business School's Senior Management Development Programme. Dato' Ir Jauhari holds a Bachelor of Science (Hons) degree in Civil and Structural Engineering from University College Cardiff, Wales, United Kingdom.



**Scott William Cameron**

54, Australian, Executive Vice President – Industrial Division

Mr Cameron began his career with Pricewaterhouse in Brisbane, Sydney and New York before joining Hastings Deering (Australia) Limited as the Finance Director in June 1992. He was formerly the Managing Director of the Hastings Deering Group of Caterpillar Dealerships which covers Queensland, Northern Territory, Papua New Guinea and Solomon Islands prior to his present appointment.

Mr Cameron holds a degree in Commerce from the University of Queensland, Australia and is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors. He has also attended the Harvard Business School's Advanced Management Programme in Boston.



**Timothy Lee Chi Tim**

47, Chinese (HKSAR) and Canadian, Executive Vice President – Energy & Utilities - China

Mr Lee was appointed Executive Vice President – Energy & Utilities - China on 15 December 2011. He manages the Ports & Logistics and Water Management business units located in Weifang and Jining within the Shandong province in China.

Mr Lee has over 19 years of operational experience in the ports and container terminal management industry in Hong Kong, one of the world's busiest ports. Prior to joining Sime Darby, he held the position of Operations Manager – Hong Kong Business Unit for Modern Terminals Limited, the second largest port operator in Hong Kong. Mr Lee was formerly the Chairman of the Sea Cargo Customer Liaison Group in 2010, a committee organised by the Hong Kong Customs & Excise Department to gather industry expertise to improve port competitiveness.

Mr Lee holds a Bachelor of Science degree from the Simon Fraser University in British Columbia, Canada.

## Management Team Profile



**Raja Azlan Shah Raja Azwa**

41, Malaysian, Managing Director of Healthcare Division

Raja Azlan Shah was the Group Head – Strategy & Business Development before he assumed his present position on 16 September 2010. He joined the Kumpulan Sime Darby Berhad Group in May 2005 as the Group Head of Corporate Finance. Prior to joining the Group, he was with the Corporate Finance Department of CIMB Investment Bank since 1999. He began his career in 1993 as an Auditor with Arthur Andersen & Co.

Raja Azlan Shah holds a degree in Accounting and Financial Management from the University of Sheffield, United Kingdom. He is a member of the Malaysian Institute of Certified Public Accountants.



**Glenn Charles Daly**

49, Australian, Group Head – Risk Management

Mr Daly was appointed Group Head of Risk Management on 1 March 2011. He has over 25 years of work experience in the Asia Pacific region whereby he spent several years working in the professional services industry specialising in risk management and internal audit. He was a Director at Deloitte, Brisbane in Australia, a Partner with Ernst & Young in Singapore and a Principal with Ernst & Young in Sydney, Australia prior to his present appointment.

Mr Daly provided services to a range of clients in the mining, manufacturing, engineering, oil & gas, logistics, property, telecommunications, agribusiness and the public sectors.

Mr Daly has financial management experience having worked previously for the Departments of Defence and Finance, as Financial Controller of an engineering facility at Australian Defence Industries (ADI) and as a Manager of Internal Audit in ADI's corporate headquarters.

Mr Daly holds a Bachelor of Business Studies from the Monash University in Melbourne and is a member of CPA Australia.



## Management Team Profile



**John Edward Arkosi, OBE**

56, Australian, Group Head of Group Compliance and Group Corporate Assurance

Mr Arkosi was appointed Group Head of Group Compliance and Group Corporate Assurance on 1 February 2011 and 1 July 2012 respectively. Prior to his present appointments to Group Head Office, Mr Arkosi was the Vice President of Group Corporate Assurance (GCA) for the Motors and Industrial Divisions and in the 12 months leading up to the merger of Kumpulan Sime Darby Berhad, Kumpulan Guthrie Berhad and Golden Hope Plantations Berhad in 2007, he also assumed the role of Head, GCA Sime Darby Plantations.

Prior to his Malaysia-based appointments, Mr Arkosi was the Regional Audit Manager for Australia, New Zealand and the Pacific operations for Kumpulan Sime Darby Berhad based in Brisbane, Australia. Mr Arkosi spent over 12 years in Papua New Guinea (PNG) with Coopers & Lybrand (now known as PricewaterhouseCoopers) in audit and advisory, following which he held several other senior employment and consultancy roles. Whilst in PNG, Mr Arkosi was awarded the Order of the British Empire (OBE) by Her Majesty the Queen for services to business and the community in the 1997 Queen's Birthday Honors.

Mr Arkosi holds an accounting degree from Curtin University, Australia. He is a Certified Practising Accountant (CPA) since 1985 and is a member of CPA Australia and the Institute of Internal Auditors, Australia and Malaysia.



**Norzilah Megawati Abdul Rahman**

52, Malaysian, Group Secretary

Puan Norzilah Megawati was the Head, Group Legal & Compliance of Kumpulan Guthrie Berhad (KGB) prior to her present appointment on 29 September 2007. She joined KGB in 1994 as Manager, Group Chief Executive's Office and was subsequently promoted to Controller, Corporate Business Development and Monitoring, and thereafter appointed as Director of Corporate Business Development and Human Resource. She has also served as an Executive in many areas, amongst them investment analysis, money market trading, corporate secretarial and legal as well as a Manager in the Group Chief Executive's Office in Permodalan Nasional Berhad.

Puan Norzilah holds a degree in Law from the University of Malaya, Kuala Lumpur and is a licensed Company Secretary.

# Report on the Governance & Audit Committee

The Board of Directors of Sime Darby Berhad (SDB or the Company) is pleased to present the report on the Governance & Audit Committee (GAC or the Committee) of the Board for the financial year ended 30 June 2012.

The Committee was established on 29 September 2007 in line with Bursa Malaysia Securities Berhad's Main Market Listing Requirements (Listing Requirements). With effect from 25 November 2010, the Committee was renamed as the GAC in order to reflect more accurately the powers delegated to the Committee with regard to oversight over governance matters.

## Composition and Attendance

The GAC during the financial year comprised three (3) Independent and one (1) Non-Independent Directors. The Chairman of the GAC, Dato' Henry Sackville Barlow, is a Fellow of the Institute of Chartered Accountants in England and Wales while Puan Zaiton Mohd Hassan is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Certified Public Accountants. The GAC, therefore, meets the requirements of paragraph 15.09(1)(c) of the Listing Requirements which stipulates that at least one (1) member of the GAC must be a qualified accountant. Dato' Barlow was appointed as the GAC Chairman on 29 September 2011 following the resignation of Tan Sri Sheng Len Tao as a Director of SDB and the GAC Chairman on the same day.

The GAC Chairman reports to the Board on principal matters deliberated at GAC meetings. Minutes of each meeting are circulated to the Board at the most practicable next Board meeting.

The GAC had eight (8) meetings during the financial year ended 30 June 2012.

The members of the GAC and the record of their attendance are as follows:

Member	No. of Meetings Attended
Dato' Henry Sackville Barlow (Chairman/Senior Independent Non-Executive Director) (Appointed as Chairman on 29 September 2011)	8 out of 8
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo (Member/Independent Non-Executive Director) (Appointed as Member on 29 September 2011)	6 out of 6*

Member	No. of Meetings Attended
Dato' Sreesanthan Eliathamby (Member/Independent Non-Executive Director)	7 out of 8
Puan Zaiton Mohd Hassan (Member/Non-Independent Non-Executive Director)	8 out of 8
Tan Sri Sheng Len Tao (Chairman/Independent Non-Executive Director) (Resigned as Chairman on 29 September 2011)	1 out of 2*

\* Reflects the number of meetings held during the time the Director held office

During the financial year ended 30 June 2012, the President & Group Chief Executive (PGCE), Group Chief Operating Officer, Group Chief Financial Officer and Group Head of Group Compliance and Acting Head of Group Corporate Assurance attended the GAC meetings for the purpose of briefing the Committee on their areas of responsibility. The external auditors briefed the Committee on matters relating to the external audit at six (6) GAC meetings during the financial year. In addition, the external auditors also provided a high level review of the financial position of the Group at the quarterly meetings of the GAC. Time was also set aside for the external auditors to have private discussions with the Committee in the absence of Management. Three (3) separate sessions were held between the GAC and the external auditors. The Group Head of Group Compliance and Acting Head of Group Corporate Assurance met with the Committee on a private basis at each quarterly meeting since November 2011.

# Report on the Governance & Audit Committee

## Terms of Reference

### 1. Purpose

- 1.1 The GAC is established as a committee of the SDB Board of Directors (the Board) with the following primary objectives:
- i. To assist the Board in fulfilling its statutory and fiduciary responsibilities of monitoring the SDB Group of companies (Group) management of financial risk processes, and accounting and financial reporting practices.
  - ii. To review the Group's business process, the quality of the Group accounting function, financial reporting and the system of internal controls.
  - iii. To enhance the independence of both the external and internal audit functions by providing direction to and oversight of these functions on behalf of the Board.
  - iv. To assist the Board in ensuring that an effective ethics programme is implemented across the Group, and monitor compliance with established policies and procedures.

### 2. Composition and Appointment

- 2.1 The GAC shall be appointed by the Board from amongst their number and shall consist of not less than four (4) members. All members of the GAC shall be non-executive Directors, a majority of whom shall be independent Directors.
- 2.2 All members of the GAC shall be financially literate and have the ability:
- 2.2.1 To read and understand financial statements, including a company's balance sheet, income statement and cash flow statement;
  - 2.2.2 To analyse financial statements and ask pertinent questions about the company's operations against internal controls and risk factors; and
  - 2.2.3 To understand and interpret the application of approved accounting standards.

- 2.3 At least one member of the GAC shall be a member of the Malaysian Institute of Accountants or shall fulfil such other requirements as prescribed in the Listing Requirements.
- 2.4 No alternate Director shall be appointed as a member of the GAC.
- 2.5 The Chairman of the GAC shall be an independent non-executive Director appointed by the Board.
- 2.6 Members of the GAC may relinquish their membership in the GAC with prior written notice to the Group Secretary. If a member of the GAC resigns or for any reason ceases to be a member of the GAC resulting in non-compliance with the Listing Requirements, then the Board shall, within three (3) months of that event, appoint such number of new members as may be required.
- 2.7 Reappointment of GAC members shall be subject to a review of the term of office and performance of the GAC and each of its members by the Board to determine whether the GAC and its members have carried out their duties in accordance with their terms of reference.

### 3. Authority

- 3.1 The GAC is authorised by the Board to:
- 3.1.1 Investigate any activity within its terms of reference and shall have direct communication channels with Group Corporate Assurance Department (GCAD) and Group Compliance Office (GCO), Group Chief Financial Officer, Divisional Chief Financial Officers, and external auditors.
  - 3.1.2 Have the resources in order to perform its duties as set out in its terms of reference.
  - 3.1.3 Have full and unrestricted access to information pertaining to the Company and the Group, their records, properties and personnel.
  - 3.1.4 Obtain external legal or other independent professional advice as necessary.
  - 3.1.5 Convene meetings with the external auditor, GCAD and GCO or both without the

## Report on the Governance & Audit Committee

attendance of any executive, and if appropriate, the Group Secretary, whenever deemed necessary.

- 3.1.6 Have immediate access to reports on fraud or irregularities from GCAD and GCO.
- 3.1.7 Authorise an investigation where there is possible fraud, illegal acts or suspected violation of the code of conduct involving senior management or members of the Board.

The GAC shall report to the Board on matters considered and its recommendations thereon, pertaining to the Group.

### 4. Functions and Duties

The main functions and duties of the GAC shall include the review of the following areas and report of the same to the Board:

- 4.1 Financial Reporting and Performance Oversight
- 4.1.1 The GAC shall review the quarterly and annual financial statements of SDB and the Group with Management and external auditors focusing on the matters set out below, prior to approval by the Board:
- Any change in accounting policies and practices, and its implementation;
  - Significant adjustments arising from the audit;
  - The going concern assumption; and
  - Compliance with accounting standards and regulatory requirements.
- 4.1.2 The GAC shall review with the external auditors the audited financial statements for the purpose of approval prior to presentation to the Board for adoption, for the following:
- Whether the auditor's report contained any qualifications which must be properly discussed and acted upon;
  - Whether there is any significant changes and adjustments in

the presentation of financial statements;

- Whether it is in compliance with laws and accounting standards;
- Whether there is any material fluctuations in balances;
- Whether there is any significant variations in audit scope and approach; and
- Whether there are any significant commitments or contingent liabilities.

4.1.3 The GAC shall discuss problems and issues arising from the interim and final external audits, and any matters the external auditors may wish to discuss in the absence of Management, where necessary.

4.1.4 The GAC shall provide the Board with assurance on the quality and reliability of financial information used by the Board and of the financial information issued publicly by SDB and the Group.

4.1.5 The GAC shall regularly review individual Division financial results and performance, and shall discuss such results with the Management, as necessary.

4.2 Oversight of GCAD and GCO, and Controls Environment

4.2.1 The GAC shall perform the following in relation to internal controls:

- Oversee the internal controls framework to ensure operational effectiveness and adequate protection of SDB's and the Group's assets from misappropriation.
- Review, challenge and approve the GCAD and GCO audit plan, risk assessment and audit methodology and ensure robustness in the audit planning process.
- Review the adequacy of the internal audit scope, audit programmes, functions and resources of GCAD and GCO, and ensure it

# Report on the Governance & Audit Committee

is able to undertake its activities independently and objectively, and that it has the necessary authority to carry out its work.

- Review the internal audit reports prepared by GCAD and GCO, discuss major findings and Management's response, and ensure appropriate action is taken on the recommendations of GCAD and GCO.

4.2.2 The GAC shall approve the appointment or termination of Heads of GCAD and GCO, and senior members of GCAD and GCO. The GAC shall be informed of any resignation of the Heads of GCAD and GCO and members of GCAD and GCO and provide them an opportunity to submit his/her reason for resignation.

4.2.3 The GAC shall assess the performance of the Heads of GCAD and GCO, and review the assessment of the performance of other members of GCAD and GCO.

4.2.4 The GAC shall review the results of validation performed by GCAD and GCO on Controls Self Assessment (CSA) sign-offs by Management.

#### 4.3 Governance Oversight

4.3.1 The GAC shall be assisted by a compliance function to drive the ethics programme across the Group, including ensuring that the Code of Business Conduct (COBC) and 'whistleblower programme' is implemented across the Group, and complied with.

4.3.2 The GAC shall review and endorse the ethics programme for the Board's approval and monitor the progress of implementation.

4.3.3 The GAC shall assess the effectiveness of the ethics programme and the ethical climate of the entire organisation, and recommend to the Board necessary changes to the COBC.

4.3.4 The GAC shall review reports on violations of the COBC and whistle-blowing issues, as well as breaches involving pivotal positions.

#### 4.4 Dealings with External Auditors

4.4.1 The GAC shall recommend to the Board, the appointment of the external auditor and the audit fee, and any resignation or dismissal of the external auditor.

4.4.2 The GAC shall discuss the following with the external auditor:

- The nature and scope of audit;
- The audit plan;
- Co-ordination of audit where more than one audit firm is involved;
- Evaluation of the system of internal controls;
- Effectiveness of management information system including any suggestions for improvement and Management's response;
- The audit reports; and
- Any assistance given by SDB's and the Group's employees to the auditors.

#### 4.5 Related Party Transactions

4.5.1 The GAC shall review related party transactions entered into by SDB and the Group to ensure that:

- Transactions are in the best interest of the Group;
- Transactions are fair, reasonable and undertaken on the Group's normal commercial terms;
- Internal control procedures with regards to such transactions are sufficient and review any conflict of interest situations; and
- Transaction is not detrimental to the interest of minority shareholders.

## Report on the Governance & Audit Committee

### 4.6 Audit Committee Report

4.6.1 Prepare an audit committee report at the end of the financial year pursuant to the Listing Requirements.

### 4.7 Employee Share Options Scheme

4.7.1 The GAC shall oversee the administration of any Employee Share Options Scheme (ESOS) and options granted under it, subject to the by-laws governing ESOS. The GAC shall review and consider the transactions, agreements, deeds, documents or arrangements as may be required in connection with the administration of the ESOS.

4.7.2 The GAC shall set the rules and regulations, or impose such terms and conditions, or delegate part of its power, as may be required in connection with the administration of the ESOS. This includes verifying the criteria for the allocation of options and ensuring the same is disclosed to its employees at the end of each financial year as required by the Listing Requirements. The GAC shall also ensure that a statement verifying such allocation is included in the annual report.

### 4.8 Other Matters

4.8.1 The GAC shall ensure that proper processes and procedures are in place to comply with all laws, regulations and rules established by all relevant regulatory bodies and which could have a significant impact on the Group's financial statements.

4.8.2 The GAC shall undertake any such other functions as may be determined by the Board from time to time.

## 5. Meetings

### 5.1 Frequency

5.1.1 The GAC shall meet at least quarterly in a financial year. Additional meetings shall be scheduled as considered necessary by the Chairman of the GAC.

5.1.2 The Heads of GCAD and GCO shall attend meetings of the GAC as a permanent invitee unless otherwise decided by the Chairman. The PGCE, Group Chief Financial Officer, and a representative of the external auditors shall normally be invited to attend the meetings.

5.1.3 Other members of the Board may attend the meetings upon the invitation of the GAC. Division Executive Vice Presidents (EVP) may be invited to the meetings where necessary.

5.1.4 At least twice a year, the GAC shall meet with the external auditors without the presence of any executive members.

### 5.2 Notice and Agenda

5.2.1 The notice of GAC meetings shall be circulated at least 5 days before each meeting.

5.2.2 The agenda for each meeting including relevant documents and information requested by the GAC shall be circulated before each meeting to the GAC members, the external auditors and all those who are required to attend the meeting.

5.2.3 The GAC meeting agendas shall be the responsibility of the Chairman with input from the members.

5.2.4 The Chairman may also invite other members of Management and other persons to participate in this process, if necessary.

### 5.3 Quorum

The quorum for a meeting of the GAC shall be three (3) members, with the majority of members present being independent directors. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.

### 5.4 Voting

All resolutions of the GAC shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman of the GAC shall have a second or casting vote.

# Report on the Governance & Audit Committee

## 5.5 Meeting Minutes

- 5.5.1 The minutes of the meeting shall be action oriented, and record the deliberations and decisions of the GAC. Minutes shall include compiled Board instructions as Matters Arising for discussion at each GAC meeting to ensure proper follow through.
- 5.5.2 Copies of the draft minutes shall be distributed to GAC members within 10 days from the meeting. The minutes shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.
- 5.5.3 Copies of minutes of each meeting shall be distributed to all members of the Board, GAC, PGCE, Group Chief Financial Officer and Heads of GCAD and GCO to ensure proper key actions are acted upon.
- 5.5.4 The GAC, through its Chairman, shall update the Board on the activities undertaken by the GAC at each Board meeting.
- 5.5.5 The Heads of GCAD and GCO and relevant members of management shall be provided with the minutes and Matters Arising for follow up on key actions required.

## 5.6 Meeting Mode

A meeting shall normally be conducted face-to-face to enable effective discussion. However, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the GAC.

## 5.7 Secretary

The Secretary to the GAC shall be the Group Secretary or a person recommended by the Group Secretary and approved by the Board.

## Summary of Activities of the GAC during the Financial Year

The activities undertaken by the GAC during the financial year ended 30 June 2012 were as follows:

### i. Financial Reporting

- Review of the quarterly unaudited financial results announcements prior to submission to the Board of Directors for consideration and approval.
- Review of the audited financial statements of the Company and the Group prior to submission to the Board of Directors for consideration and approval.
- Review of the Report on the GAC, Statement on Internal Control and Statement on Corporate Governance prior to their inclusion in the Company's Annual Report.
- Review of the Group Financial and Foreign Currency Exposures.
- Review of the Group's major capital expenditure.
- Review of the implications of the International Financial Reporting Standards convergence to the SDB Group.

### ii. Internal and External Audit

- Review of the external auditors' and GCAD's scope of work and audit plans for the financial year.
- Set the Key Performance Indicators (KPI) and review the performance of the Group Head of Group Compliance and Acting Head of Group Corporate Assurance and GCAD.
- Review of the reports prepared by GCAD and the external auditors and consideration of the major findings by the auditors including Management's responses and follow-up actions thereto.
- Review of the fees of the external auditors.
- Consider the cases investigated by GCAD arising from the Whistleblowing Policy.
- Met with the external auditors/Group Head of Group Compliance and Acting Head of Group Corporate Assurance without any executive present except for the Group Secretary.
- Review of the report on audit matters of the Flagship Subsidiary Companies.
- Consider the progress report on GCAD's Quality Assurance Review.
- Review the processes and procedures of Board proceedings.
- Review of the minutes of meetings of the Audit Committees of major subsidiary companies in the Group.

## Report on the Governance & Audit Committee

### iii. Related Party Transaction

- Review of the significant related party transactions entered into/to be entered into by the Company and the Group and the disclosure of such transactions in the Annual Report of the Company and in the Circular to Shareholders.
- Review of the Circular to Shareholders with regard to shareholders' mandate in respect of recurrent related party transactions of a revenue or trading nature for the Board's approval.
- Review of the updated internal guidelines and procedures on related party transactions.

### iv. Other activities

- Recommendation to the Board on the proposed dividend to be paid by the Company.
- Commissioning of special reviews on specific areas of operations.
- Review of the Charter and Manual of GCAD.
- Review of the report on the activities of the GCO.
- Review of the Directors' Handbook and Directors' Manual.
- Review of the revised Group Policies and Authorities (GPA) including the COBC.
- Review of the Charter and set the KPI of the GCO.
- Review of the Group IT Policy.
- Consider the policy on the referral of cases to the Malaysian Anti-Corruption Commission and other authorities.
- Review of the governance structure of the Group.
- Review of outstanding consultancy and other contracts of the Divisions.
- Review of the report on the Group's Commodities Trading and Marketing position.

- ii. Developing, initiating, maintaining, and revising policies and procedures for the general operation of the compliance programme and its related activities.
- iii. Monitoring, and as necessary, coordinating compliance activities of other departments to remain abreast of the status of all compliance activities and to identify trends.
- iv. Identifying potential areas of compliance vulnerability and risk; developing/implementing corrective action plans for resolution of problematic issues; and providing general guidance on how to avoid or deal with similar situations in the future.
- v. Instituting and maintaining an effective compliance communication programme for the Group.
- vi. Establishing and/or supervising appropriate compliance checks and controls through such initiatives as Control Self-Assessment.
- vii. Collaborating with other departments (e.g. Group Risk Management, GCAD, Group Human Resource, etc.) to direct compliance issues to appropriate existing channels for investigation and resolution; and consulting with Group Legal as needed to resolve difficult legal compliance issues.
- viii. Establishing and providing direction and management of the whistleblowing function.
- ix. Responding to alleged violations of rules, regulations, policies, procedures, and the COBC by evaluating or recommending the initiation of investigative procedures as appropriate and ensuring uniform handling and resolution of such violations.
- x. Developing and periodically reviewing and updating the GPA and the COBC to ensure continuing relevance in providing guidance to Directors, Management and Employees.

### Group Compliance Office

The Group Compliance Office (GCO) was established in February 2011 as an independent and objective function to assist the Board, GAC and Management in coordinating compliance risk management activities, and to provide reasonable assurance to the Board and Management that the Group's operations and activities are conducted in line with all regulatory requirements, internal policies and procedures and standards of good business practice.

The functions of GCO are as follows:

- i. Coordinating with Management to identify, assess and formulate mitigating measures for the compliance risks associated with the Group's current and proposed future business activities, including new products, new business relationships and any extension of operations or network on an international level.

The GCO reports functionally to the GAC and administratively to the PGCE. The GCO shall have full and unrestricted access to the PGCE, Chairman of the Board, GAC members and if necessary, the Board members.

The GAC shall, on a bi-annual basis, assess whether the purpose, authority and responsibility of GCO continues to be adequate to enable GCO to accomplish its objective and the results of assessment shall be communicated to the Board.

The activities undertaken by the GCO during the financial year ended 30 June 2012 include:

- The revision of the GPA.
- The implementation of the COBC.



## Report on the Governance & Audit Committee

### Internal Audit Functions and Activities

The Group has an in-house internal audit function which is carried out by GCAD. The GCAD reports direct to the GAC and its principal responsibility is to undertake regular and systematic reviews of the systems of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Company and the Group.

GCAD has been organised as a centralised department with divisional Corporate Assurance Departments that have 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 Company and the Group.

The attainment of the above objectives involves the following activities being carried out by GCAD:

- i. Reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Company and the Group at reasonable cost.
- ii. Ascertaining the extent of compliance with established policies, procedures and statutory requirements.
- iii. Ascertaining the extent to which the Company's and the Group's assets are accounted for and safeguarded from losses of all kinds.
- iv. Appraising the reliability and usefulness of information developed within the Company and the Group for Management.
- v. Recommending improvements to the existing systems of controls.
- vi. Carrying out audit work in liaison with the external auditors to maximise the use of resources and for effective coverage of audit risks.
- vii. Carrying out investigations and special reviews requested by Management and/or the GAC.
- viii. Carrying out environmental, safety and health audits on the Company and the Group.
- ix. Identifying opportunities to improve the operations of and processes in the Company and the Group.
- x. Carrying out analyses to determine the efficiency of businesses carried out by the Group.

All internal audit functions during the financial year were conducted by GCAD. There were no areas of the internal audit functions which were outsourced. During the financial year, the total cost incurred for the internal audit function is RM39 million (2011:RM32 million).

This report is made in accordance with a resolution of the Board of Directors dated 20 September 2012.

# Statement on Corporate Governance

## Sime Darby Berhad Group's Corporate Governance Framework

The Sime Darby Berhad (SDB) Group has adopted a governance framework based on the following principles, which is primarily implemented through its internal governance structure and Group Policies and Authorities:

- i. To promote greater transparency, accountability and responsiveness;
- ii. To balance the operating autonomy of the various Divisions and group companies with appropriate checks and balances and performance benchmarks; and
- iii. To cultivate ethical business conduct and instill desired behaviours based on the Group's espoused core values and business principles as set out in the Code of Business Conduct.

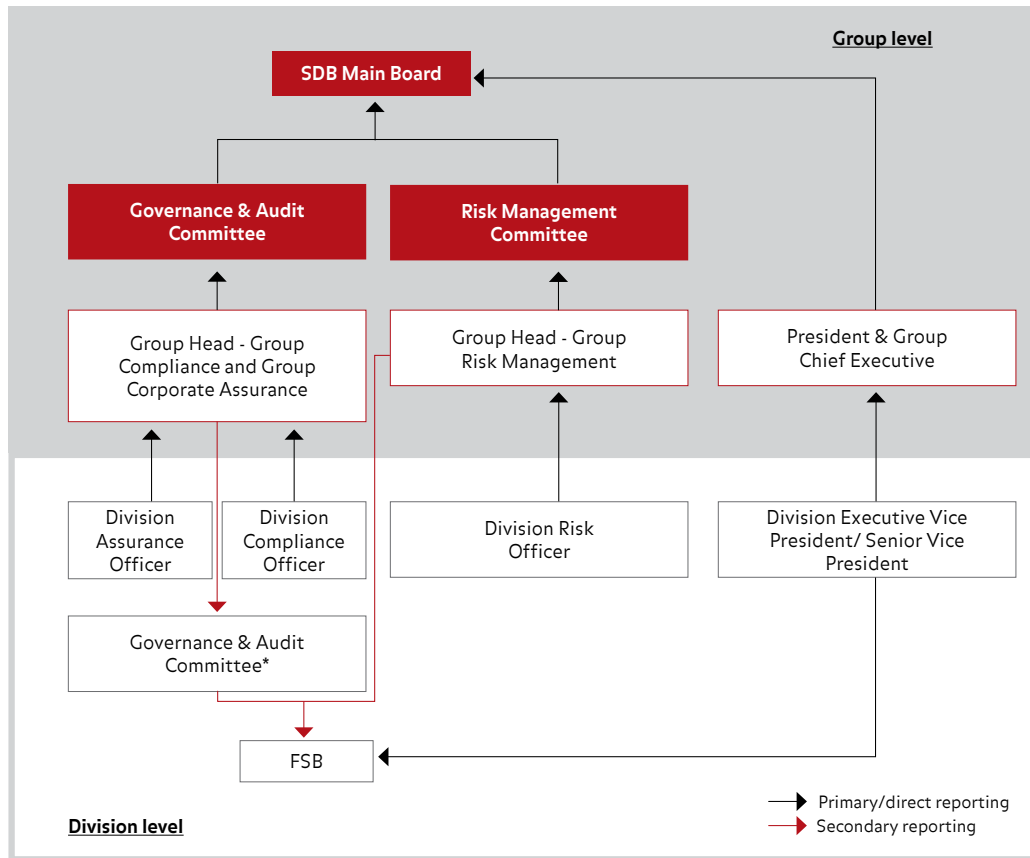
The SDB Group's corporate governance framework has been designed not just from the perspective of internal stakeholders, but also to reflect the baseline requirements of Malaysian market regulators and external stakeholders to be in line with the following requirements and recommendations of good practices:

- i. Bursa Malaysia Securities Berhad's (Bursa Securities) Main Market Listing Requirements (MMLR);
- ii. Green Book on Enhancing Board Effectiveness by the Putrajaya Committee on Government-Linked Companies (GLC) High Performance (Green Book);
- iii. Corporate Governance Guide: Towards Boardroom Excellence (CG Guide) issued by Bursa Malaysia Berhad;
- iv. Corporate Governance Blueprint by Securities Commission; and
- v. Malaysian Code on Corporate Governance (Revised 2007) (MCCG 2007).

Assurance, compliance and risk are key control levers in the governance framework. The Group's governance framework is a tool through which the Board of SDB (Board) formally delegates functions and powers to the Flagship Subsidiary Boards (FSB) of the respective Divisions and day-to-day operations to senior management. The Board empowers Management to achieve business objectives within the boundaries of business ethics and high standards of good governance. The direct reporting lines to the Governance & Audit Committee and the Risk Management Committee enable these functions to operate with a high degree of impartiality and independence from the rest of the organisation. This underscores the Group's commitment to ensure the integrity of its governance framework.

# Statement on Corporate Governance

The reporting structure of the Group's assurance, compliance and risk functions is as illustrated below:



**Note:**

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

\*Applicable only to Plantation Division

The SDB Group is committed to respecting and adhering to the "laws of the land" in the countries and territories in which it operates and is committed to upholding high standards of integrity and accountability in order to foster stakeholder confidence and create enduring shareholders' value. The SDB Code of Business Conduct (COBC) which was introduced and implemented on 1 December 2011 provides guidance on the standards of behaviour expected of all Directors and employees of the SDB Group. Counterparts are also expected to comply with the COBC when representing the Group while Business Partners are encouraged to adopt similar principles and standards of behaviour. Where there is a conflict between the COBC, Group Policies and Authorities (GPA) and regulatory and legislative provisions, the stricter provisions shall apply. However, if the local custom or practice conflicts with the COBC, the provisions of the COBC must be complied. Above all else, sound judgement in making the right decisions must be exercised.

## The Board of Directors

### 1. Duties and Responsibilities of the Board

The Board sits at the apex of the SDB Group, and by virtue of that position, shapes the Group's direction. The Board is the pivotal pillar of the Group's corporate governance practices and oversees Management and the FSB in serving and protecting the long-term interests of stakeholders of the Company. To discharge this duty effectively, each SDB Board member:

- i. Monitors the effectiveness of the management team, to satisfy himself/herself that the Group's affairs are being properly managed;
- ii. Devotes as much time as is needed on Group business, including attending Board and Board Committee meetings, dedicating sufficient preparation time for Board and Board Committee meetings;
- iii. Devotes a reasonable degree of interaction with the executive management team including visiting operational sites so as to have a more intimate understanding of the Group's businesses; and
- iv. Equips himself/herself with a basic level of financial literacy and an understanding of his/her legal duties.

## Statement on Corporate Governance

Each of the FSB is charged with oversight of a core business division (Division) of the Group. The FSB were set-up to provide the right level of dedicated oversight by having members of the FSB focused on the core business of the Division. Each FSB has up to three (3) representatives from the Board to ensure clear and unambiguous oversight from the Board to the Divisions. Similarly, Group Management representation on each FSB will enable a reasonable degree of supervision and control. The role of the FSB is to oversee the operations of the respective Divisions, subject always to the direction and counsel of the Board and compliance with any policies and delegated authority limits set by the Board.

The Board reserves full decision making powers to lead and control the Company on the following matters:

- i. Division strategy, plans and budget;
- ii. Acquisitions and disposals and transactions exceeding the authority limits delegated by the Board to the FSB;
- iii. Changes to senior Division Management; and
- iv. Changes to key policies, procedures and delegated authority limits.

Besides carrying out its statutory responsibilities, the Board's principal functions and responsibilities are as follows:

- i. Reviewing and adopting a strategic plan for the Company;
- ii. Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- iii. Identifying the principal risks and ensuring the implementation of appropriate systems to manage these risks;
- iv. Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- v. Developing and implementing an investor relations programme or shareholders' communications policy for the Company; and
- vi. Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The CG Guide issued by Bursa Malaysia Berhad serves as a guide in formulating the SDB Directors' Handbook. The Directors' Handbook, which includes among others, the SDB Board Charter, and the roles and responsibilities of the Board, FSB and Board Committees as well as their authority limits, was adopted by the Board as a guide to the SDB Board and FSB.

### 2. Board Balance and Independence

The Board endeavours to balance the needs for professional knowledge, business expertise and varied industry knowledge to increase the effectiveness of the Board. On-going efforts are also taken to maintain an appropriate gender representation on the Board. The size and composition of the Board is appropriate and commensurate with the complexity and scale of the Group's operations. The current number of Board members is also conducive for efficient deliberations at Board meetings and effective conduct of Board decision making.

The SDB Board consists of twelve (12) members, comprising eleven (11) Non-Executive Directors including the Chairman; and the Executive Director who is the President & Group Chief Executive (PGCE). Five (5) of the Directors are independent, in compliance with the minimum one-third (1/3) requirement as set out in the MCGG 2007 and MMLR. The independent Directors are:

- i. Tun Musa Hitam (Chairman)
- ii. Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo
- iii. Dato Sri Lim Haw Kuang
- iv. Dato' Henry Sackville Barlow
- v. Dato' Sreesanthan Eliathamby.

Tan Sri Dato' Sri Hamad Kama Piah Che Othman, Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin, Tan Sri Datuk Dr Yusof Basiran, Dato' Azmi Mohd Ali and Puan Zaiton Mohd Hassan, the Non-Independent Non-Executive Directors, are the nominee Directors of Permodalan Nasional Berhad (PNB), a major shareholder of SDB. Tan Sri Samsudin Osman, a Non-Independent Non-Executive Director, is a nominee Director of the Employees Provident Fund Board, a major shareholder of SDB.

The composition of the Board is in compliance with the independent Directors criteria set out in the MMLR and all independent Directors have served less than nine years.

The presence of independent non-executive Directors fulfils a pivotal role in corporate accountability. Although all the Directors have equal responsibility at the Board level, the roles of these independent non-executive Directors are 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 that of minority shareholders, employees, customers, suppliers and the many communities within which the Group conducts its business.

The Board places great importance on the balance of its independent Directors since they serve as an essential source of impartial and professional guidance to protect the interest of the shareholders.

Dato' Henry Sackville Barlow has been appointed as the Senior Independent Director of the Board, to whom concerns relating to the Group may be conveyed by shareholders and other stakeholders. The Senior Independent Director may be contacted at:

# Statement on Corporate Governance

Telephone number : +(603) 2691 0948  
 Telephone (toll free): 1 800 88 8880 (Local)/  
 800 8008 8000 (International)  
 Facsimile number : +(603) 2698 6629  
 Email address : [henry.s.barlow@simedarby.com](mailto:henry.s.barlow@simedarby.com)

The Board members comprise high calibre individuals who are professionals in their respective fields. Together, the Directors with their wide range of competencies, capabilities, technical skills and relevant business experience add value in governing the strategic direction of the Group and ensuring that the Group continues to be a competitive leader within its diverse industry segments with a strong reputation. A brief profile of each Director is presented on pages 30 to 35 of the Annual Report.

The responsibility for governing, guiding and monitoring the entire performance of the Group rests entirely on the Board. Except for matters reserved for shareholders, the Board is the ultimate decision maker.

There is a distinct and clear division of responsibility between the Chairman and the PGCE to ensure that there is a balance of power and authority. The roles of the Chairman and the PGCE are separate and clearly defined. The Chairman is responsible for ensuring Board effectiveness and conduct. The four key roles of the Chairman of SDB are:

- i. Building a high performance Board by:
  - a. Taking a leading role in creating an effective corporate governance system;
  - b. Arranging evaluation of the Board's performance; and
  - c. Ensuring that succession planning is considered on an on-going basis.
- ii. Managing Board meetings to ensure robust decision making by:
  - a. Ensuring the provision of accurate, timely and clear information to all Directors; and
  - b. Managing Boardroom dynamics, moderating discussions and personality clashes.
- iii. Managing the Board - Management interface by:
  - a. Acting as the conduit between Management and the Board;
  - b. Developing a positive relationship with the PGCE, acting as a confidant and advisor; and
  - c. Facilitating the selection and appointment of a successor to the PGCE.
- iv. Being the public face by:
  - a. Acting as a spokesperson for the Board; and
  - b. Representing SDB at the Shareholders' Meeting and on other occasions when actions are taken or statements are made in the name of the Company and the Group.

The Chairman has never assumed an executive position in the Company.

The PGCE's primary role as a Director is to add value to the Board's decision making process through his technical expertise and knowledge of the business and the industries that the Group operates in. The PGCE has overall responsibilities over the operating units, organisational effectiveness and implementation of Board policies and decisions. By virtue of his position as a Board member, he also acts as the primary conduit between the Board and the Group's Management team.

### 3. Board Meetings

The Board meets on a scheduled basis at least four (4) times a year. When the need arises, Special Meetings are also held to specifically consider other issues arising. 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 and FSB are also presented and discussed at the Board meetings.

Senior management and/or external advisors may be invited to attend 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 an informed decision.

During the financial year ended 30 June 2012, eight (8) Board meetings were held to consider and deliberate various issues. All Directors attended more than 50% of the Board Meetings held during the financial year and have complied with the requirements under the MMLR.

The details of attendance of each Director who was in office during the financial year ended 30 June 2012 were as follows:

Director	Date of Appointment	No. of Meetings Attended	%
Tun Musa Hitam (Chairman)	29.09.2007	8 out of 8	100
Tan Sri Dato' Sri Hamad Kama Piah Che Othman (Deputy Chairman)	16.11.2010	6 out of 8	75
Tan Sri Samsudin Osman	19.12.2008	8 out of 8	100
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	14.09.2007	8 out of 8	100
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	26.08.2010	8 out of 8	100
Tan Sri Datuk Dr Yusof Basiran	16.11.2010	7 out of 8	88

## Statement on Corporate Governance

Director	Date of Appointment	No. of Meetings Attended	%
Dato Sri Lim Haw Kuang	26.08.2010	7 out of 8	88
Dato' Henry Sackville Barlow	29.09.2007	8 out of 8	100
Dato' Azmi Mohd Ali	16.11.2010	8 out of 8	100
Dato' Sreesanthan Eliathamby	26.08.2010	7 out of 8	88
Puan Zaiton Mohd Hassan	16.11.2010	6 out of 8	75
Dato' Mohd Bakke Salleh	16.11.2010	8 out of 8	100
Tan Sri Sheng Len Tao <sup>^</sup>	14.09.2007	0 out of 2*	-

\* Reflects the number of meetings scheduled during the time the Director held office

<sup>^</sup> Resigned on 29 September 2011

#### 4. Supply of Information

The Board annual meeting calendar is prepared and circulated to all the Directors during the first quarter of each financial year. The calendar provides the scheduled dates for meetings of the Board, Board Committees and Shareholders. The agenda for each Board Meeting is determined by the Chairman with assistance from the Group Secretary and in consultation with the PGCE.

Prior to Board meetings, all Directors are furnished with the agenda and the relevant Board papers containing information on the matters to be deliberated at the meetings. These are issued in sufficient time to enable the Directors to obtain further information, clarification or explanation, where necessary, in order to be properly prepared and adequately apprised before the meeting. However, papers that are deemed urgent may still be submitted to the Group Secretary to be tabled to the Board at the Board Meeting, subject to the approval of the Chairman and the PGCE.

The Board papers presented at the quarterly scheduled meetings include, among others, the following:

- i. minutes of previous Board meeting(s);
- ii. minutes of meetings of all Committees of the Board;
- iii. minutes of meetings of the FSB and Group Management Committee;
- iv. report on Matters Arising;
- v. quarterly financial report and a report on the Group's cash and borrowings position;
- vi. report on operations; and
- vii. shareholding structure 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.

Presentations and briefings by external consultants and legal advisors are also held at Board meetings to assist the Directors to deliberate and decide on relevant issues. Members of senior management of the Group are invited to attend Board meetings to provide additional insight and professional views, advice and explanations on specific items in the agenda. Where necessary, Management briefs the Board members individually before certain matters are discussed at the Board meeting.

From time to time, the Board may seek independent professional advice, where necessary, for the proper discharge of their duties and at the Company/relevant subsidiary's expense. Heads of operations are required to make presentations on proposal papers and brief/update the Board on operational issues to enable the Board to discharge their duties effectively.

Minutes of Board meetings are circulated to all Directors prior to confirmation at Board meetings. The Board member may request further clarification or raise comments on the minutes prior to confirmation of the minutes as correct records of the proceedings of the Board.

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

#### 5. Board Effectiveness Assessment

Performance evaluation of the Board provides an effective avenue to assess not only the Board's performance but also brings to light improvement areas and remedial actions on the Board's administration and process. A formal evaluation of the Board's effectiveness was conducted during the financial year ended 30 June 2012.

The Company has adopted the Board Effectiveness Assessment (BEA) methodology which is a key ingredient of a robust governance framework and is in alignment with the best practices of the Green Book. The BEA methodology includes, among others:

- i. A Board Governance Comparative Analysis focusing on SDB's Board and Board Committee composition, criteria for selection and appointment of directors vis-à-vis leading global regulatory requirements and leading & comparable local and multi-national organisations.
- ii. Director & Key Management Interviews involving Directors and key senior management. The objective is to obtain views on the effectiveness of the Board from senior management through their direct interaction with the Board.
- iii. Benchmarking against the regulatory requirements and leading practices.

## Statement on Corporate Governance

The Nomination & Remuneration Committee was entrusted by the Board with the responsibility of carrying out the annual BEA with an external consultant being engaged to facilitate the evaluation process to ensure objectivity, and that the process remains robust and thorough.

### 6. Board Committees

The Board is assisted in its oversight function by Board Committees. The Board has the following Committees which operate within their respective Terms of Reference that clearly define their respective functions and responsibilities:

#### a. Governance & Audit Committee

The Governance & Audit Committee (GAC) reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures that 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 GAC has full access to the auditors both internal and external who, in turn, have access at all times to the Chairman of the GAC. Three (3) separate sessions were held by the GAC with the external auditors without any executive present except for the Group Secretary during the financial year under review. The Group Head of Group Compliance and Group Corporate Assurance meets with the GAC on private basis at each quarterly meeting since November 2011.

In line with good corporate governance practice, the Executive Director is not a member of the GAC.

The report on the GAC is presented on pages 42 to 49 and the duties of the GAC are included therein.

#### b. Nomination & Remuneration Committee

The Nomination & Remuneration Committee (NRC) manages the nomination and remuneration process for the Board and pivotal management positions within the Group in addition to reviewing the remuneration policies and framework for the Group's employees. The primary objectives of the NRC include the following:

- i. To assist the Board in reviewing on an annual basis the appropriate size and balance of the Board, including appropriateness of non-executive participation;
- ii. To review the required mix of skills, experience, knowledge and responsibilities of the Directors of the Board;
- iii. To recommend members for appointments to the Board and Board Committees and to ensure appropriate assessment of Directors on an ongoing basis;
- iv. To ensure there is sufficient succession planning and human capital development focus in the Group;
- v. To recommend to the Board the remuneration framework for the Non-Executive Directors including the Non-Executive Chairman;
- vi. To set the policy and remuneration framework, and to make recommendations to the Board on all elements of remuneration, terms of employment, reward structure and fringe benefits for Executive Directors, the PGCE and key pivotal positions; and
- vii. To set the policy and remuneration framework for employees of SDB and the Group.

The NRC is made up of a majority of independent Directors and all of them are non-executive Directors. The members of the NRC and their attendance at meetings during the financial year ended 30 June 2012 were as follows:

Member	No. of Meetings Attended	%
Tun Musa Hitam (Chairman)	4 out of 4	100
Tan Sri Dato' Sri Hamad Kama Piah Che Othman	3 out of 4	75
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	4 out of 4	100
Dato' Henry Sackville Barlow	4 out of 4	100

The salient Terms of Reference of the NRC are as follows:

#### 1. Composition and Appointment

- 1.1 Members of the NRC shall be appointed by the Board from amongst their number and shall consist of not less than four (4) members, all of whom shall be non-executives, and a majority of whom shall be independent. No alternate Director shall be appointed as a member of the NRC.
- 1.2 The Chairman of the NRC shall be an independent non-executive Director appointed by the Board.
- 1.3 Members of the NRC may relinquish their membership in the NRC with prior written notice to the Group Secretary. In the event of any vacancies arising in the NRC resulting in the number of members of the NRC falling below four (4), the vacancy shall be filled within three (3) months of it arising.
- 1.4 Reappointment of NRC members shall be subject to a review of the term of office and performance of the NRC and each of its members by the Board to determine whether the NRC and its members have carried out their duties in accordance with their terms of reference.

## Statement on Corporate Governance

### 2. Authority

- 2.1 The NRC shall have full and unrestricted access to Group Human Resources, including without limitation, its information, records, properties and personnel.
- 2.2 The NRC shall be authorised to obtain independent professional advice and expertise to perform its duties, or obtain the assistance of Management where necessary.
- 2.3 The NRC shall provide its recommendations to the Board for its consideration and approval.

### 3. Functions and Duties

The main functions and duties of the NRC shall include, but are not limited to:

#### NRC Functions and Duties

- 3.1 The NRC shall annually review and recommend to the Board the required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors shall bring to the Board to ensure that they are in line with SDB's and the Group's requirements.
- 3.2 The NRC shall consider and recommend to the Board the selection criteria for new appointment as Directors of SDB and the Group which may include:
  - Required skills, knowledge, expertise and experience;
  - Ability to work cohesively with other members of the Board;
  - Specialist knowledge or technical skills in line with the Group's strategy;
  - Diversity in age, gender and experience/background; and
  - Number of directorships in companies outside the Group.
- 3.3 The NRC shall consider and recommend suitable persons for appointment as Directors of SDB, its Group and members of the Board Committees.
- 3.4 The NRC shall consider the need to appoint a Senior Independent Non-Executive Director, and if deemed appropriate, recommend to the Board for approval. In considering the candidate for the position of a Senior Independent Non-Executive Director, the NRC shall assess the required

knowledge and other qualities necessary for the effective discharge of his/her responsibilities.

- 3.5 The NRC shall consider and recommend to the Board the appropriate size of the Board and ensure that every Director, including the Executive Directors, shall be subject to retirement at least once every three (3) years. The NRC shall also ensure that Directors above the age of 70 submit themselves for re-election on an annual basis. A retiring Director shall be eligible for re-election.
- 3.6 The NRC shall consider and recommend any policy regarding the period of service of Non-Executive Directors, and the term of office of Board Committee members, including Chairmen of Board Committees.
- 3.7 The NRC shall recommend suitable orientation and training programmes to continuously train and equip the new and existing Directors, and ensure a statement is made by the Board in the Annual Report of SDB, containing a brief description on the type of training attended by Directors during the financial year.
- 3.8 The NRC shall assist the Board in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and each Board Committee, as well as the contribution of each individual Director of SDB, including the PGCE. Results of evaluation shall be documented.
- 3.9 The NRC shall ensure that appropriate actions are taken based on the results of the annual assessments, to continuously enhance the Board's overall performance.
- 3.10 The NRC shall ensure periodic reviews of the term of office, and terms of reference of all Board Committees, assisted by the Group Secretary.
- 3.11 The NRC shall review and recommend to the Board the appointment, evaluation, resignation, disciplinary actions and termination of the PGCE position.
- 3.12 The NRC shall review and if deemed appropriate, endorse for the Board's approval, the recommendations of the PGCE on the appointment, evaluation, promotion, resignation, disciplinary actions and termination of the key pivotal positions of SDB and the Group.



## Statement on Corporate Governance

In the case of Group Chief Operating Officer (GCOO) and Group Chief Financial Officer (GCFO) positions, the NRC shall interview the candidate(s) as part of the review process. The NRC reserves the right to interview any pivotal position candidate recommended by the PGCE.

- 3.13 The PGCE shall assist the NRC in ensuring that an appropriate succession planning framework and human capital development programme is in place for the position of the PGCE and key pivotal positions, and be appraised of the progress of the programme on a regular basis, and at least once a year.
- 3.14 The NRC shall review and recommend to the Board, the policy and remuneration framework for Non-Executive Directors of SDB and the Group, drawing on external consultants' advice as necessary.
- 3.15 The NRC shall review and if deemed appropriate, endorse for the Board's approval, the annual bonus and salary increment framework for SDB and the Group, as recommended by the PGCE, including the total quantum of payment.
- 3.16 The NRC shall review and recommend to the Board the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of the PGCE position.
- 3.17 The NRC shall review and if deemed appropriate, endorse for the Board's approval, the recommendations of the PGCE on the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of the key pivotal positions.
- 3.18 The NRC shall review and recommend the extension of service, and compensation and benefits packages of Executives in Grade 11 in the SDB Group, and other key pivotal positions, who have reached the age of retirement.

During the financial year ended 30 June 2012, the key activities of the NRC were as follows:

- i. Review and recommend for implementation the BEA of the Board and Board Committees;
- ii. Review and recommend the Total Compensation Review and implementation for the SDB Group;

- iii. Review and recommend the establishment and implementation of a Long-Term Incentive Plan to eligible employees and Executive Director(s) of the SDB Group; and
- iv. Review and recommend to the Board the key performance indicators and scorecard of the PGCE.

#### c. Risk Management Committee

The Risk Management Committee (RMC) has been delegated by the Board to assume the following functions:

- i. To oversee the risk management activities of the SDB Group. The RMC supports the Board in fulfilling its responsibility for identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the SDB Group;
- ii. To review and recommend the SDB Group risk management policies and strategies for the Board's approval. This includes reviewing major investment business cases and assessing the key associated risks, including funding options and costs, and investment returns prior to the Board's approval; and
- iii. To monitor the implementation of post-spend transactions in accordance with established thresholds in the approved Group Limits of Authority, which includes capital expenditure, acquisitions and project-based operational costs.

The members of the RMC and their attendance at meetings during the financial year ended 30 June 2012 were as follows:

Member	No. of Meetings Attended	%
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo (Chairman)	9 out of 9	100
Tan Sri Datuk Dr Yusof Basiran	8 out of 9	89
Dato Sri Lim Haw Kuang	8 out of 9	89
Dato' Azmi Mohd Ali	9 out of 9	100

The salient Terms of Reference of the RMC are as follows:

#### 1. Composition and Appointment

- 1.1 The RMC members shall be appointed by the Board from amongst their number and shall consist of not less than four (4) members. The Chairman of the RMC shall be an independent, non-executive Director appointed by the Board. No alternate Director shall be appointed as a member of the RMC.

## Statement on Corporate Governance

- 1.2 The RMC members shall have a mixture of expertise and experience, including sufficient understanding of the industries in which the Group operates.
- 1.3 Members of the RMC may relinquish their membership in the RMC with prior written notice to the Group Secretary. In the event of any vacancies arising in the RMC resulting in the number of members of the RMC falling below four (4), the vacancy shall be filled within three (3) months of it arising.
- 1.4 Reappointment of RMC members shall be subject to a review of the term of office and performance of the RMC and each of its members by the Board to determine whether the RMC and its members have carried out their duties in accordance with their terms of reference.

### 2. Authority

- 2.1 The RMC is authorised by the Board to have direct communication channels with and unrestricted access to Group Risk Management (GRM), including without limitation, its information, records, reports, properties and personnel.
- 2.2 The Head of GRM is accountable to the RMC and shall have direct access to the Chairman of the RMC, if necessary. The RMC has the authority to instruct the GRM to perform duties as necessary to support the RMC in discharging its functions and duties.
- 2.3 The RMC shall have the authority to obtain external legal or other independent professional advice as necessary.
- 2.4 The RMC is not authorised to implement its recommendations on behalf of the Board but shall make recommendations to the Board on risk related matters for its consideration and implementation.

### 3. Functions and Duties

The main functions and duties of the RMC shall include, but are not limited to:

- 3.1 Provide oversight, direction and counsel to the Group risk management process which includes:
  - 3.1.1 Monitoring the Group and Divisional level risk exposures and management of the significant risks identified.

- 3.1.2 Evaluating new risks identified by GRM.

- 3.1.3 Reviewing the Group Risk Profile and ensuring that significant risks are being responded to appropriately.

- 3.1.4 Reviewing the status of the implementation of management action plans in mitigating significant risks identified.

- 3.2 Establish Group risk management guidelines and policies and ensure implementation of the objectives outlined in the policies and compliance with them.

- 3.3 Recommend for the Board's approval the Group risk management policies, strategies and risk tolerance levels, and any proposed changes thereto.

- 3.4 Evaluate the effectiveness of the GRM structure, risk management processes and support system to identify, assess, monitor and manage the Group's key risks.

- 3.5 Review all major investment and project business cases in accordance to established thresholds in the approved Group Limits of Authority, focusing on the following:

- 3.5.1 Evaluating the risks associated to funding options and costs, and investment returns and making its recommendation to the Board for approval of the investment or project.

- 3.5.2 Advising the Board on potential risk response strategies that need to be adopted in relation to a decision to proceed with the investment or project.

- 3.5.3 Monitoring the execution/operationalisation of investments or projects and highlighting key risks to the Board as relevant.

- 3.5.4 Reviewing the effectiveness of risk mitigating actions post approval for major investments and projects based on GRM assessments, and reporting the same to the Board.

## Statement on Corporate Governance

- 3.5.5 Reviewing actual financial and operational performance of investments or projects against projected returns (i.e. return on investment, implementation timelines), and reporting the same to the Board.
- 3.5.6 Review investment proposals considered significant including:
- New lines of business (defined as businesses outside existing sectors, expansion across industry value chains within current sectors and new franchises); or
  - New territories and countries (defined as expansion of existing businesses into new markets/territories).

**d. Litigation Committee**

The Litigation Committee of the Board was established on 18 March 2011 to take all necessary actions with regard to the matters pertaining to the Civil Suits instituted by the SDB Group in relation to certain projects of the Energy & Utilities Division and to deal with the authorities in relation to the projects.

The members of the Litigation Committee and their attendance at the meetings during the financial year ended 30 June 2012 were as follows:

Member	No. of Meetings Attended	%
Dato' Sreesanthan Eliathamby (Chairman)	5 out of 5	100
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	4 out of 5	80
Tan Sri Datuk Dr Yusof Basiran	1 out of 5	20
Dato' Azmi Mohd Ali	5 out of 5	100
Puan Zaiton Mohd Hassan	3 out of 5	60

The salient Terms of Reference of the Litigation Committee are as follows:

**1. Duties**

The duties of the Litigation Committee (Committee) are:

- To consider and review the progress and instruct the lawyers representing SDB in respect of the Civil Suits commenced by SDB and its subsidiaries against Dato' Seri Ahmad

- Zubir Murshid, Dato' Mohamed Shukri bin Baharom, Abdul Rahim bin Ismail, Abdul Kadir Alias and Mohd Zaki bin Othman; and to deal with in a manner deemed fit by the Committee, any ancillary matters in relation to, in connection with or affected by the Civil Suits, including but not limited to any Third Party proceedings initiated by any of the Defendants and any other proceedings or legal action arising out of or in connection with the same or similar circumstances;
- To deal with and make all necessary decisions in relation to or in connection with any request, investigation, inquiry, examination and/or review by any regulatory authorities including but not limited to the Securities Commission, Bursa Malaysia Securities Berhad, Malaysian Anti-Corruption Commission, Companies Commission of Malaysia and the police in relation to or arising from any of the MOQ, QP, Marine or Bakun Projects (E&U Projects) which are the subject matter of the O&G Suit and the Bakun Suit, respectively, or any other proceedings or legal action arising out of or in connection with the same or similar circumstances;
  - To monitor and review the projects undertaken/ transactions entered into by the Group which are the subject of a high level review conducted by PricewaterhouseCoopers (PwC Review Projects) and to determine the next course of action in relation to the PwC Review Projects;
  - To make recommendations on the foregoing to the Board;
  - To give effect to the intentions and instructions of the Board in respect of the Civil Suits and any of the PwC Review Projects; and
  - To undertake such other duties as may be agreed to by the Committee and the Board in respect of the Civil Suits and any of the PwC Review Projects.

**2. Authority**

The Committee is authorised by the Board:

- To investigate any activity within its terms of reference.
- To have full and unrestricted access to information, records, properties and employees of the Group and other individuals or groups (within or outside the country) connected in one way or another with the E&U Projects and/or the PwC Review Projects.

## Statement on Corporate Governance

- iii. To convene meetings without the attendance of any executive, and if appropriate the Secretary, whenever deemed necessary.
- iv. To obtain independent professional advice and expertise as may be necessary to perform its duties, and in this respect to approve the mandate and the fees.
- v. To have the resources to perform its duties as set out in its terms of reference.

### 3. Membership

Members of the Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members.

Dato' Sreesanthan Eliathamby has taken leave of absence from the Board of SDB, subsidiaries of SDB and all committees of the SDB Group on 25 July 2012.

In view thereof, Dato' Azmi Mohd Ali has been appointed the Chairman of the Litigation Committee with effect from 28 August 2012.

#### e. Tender Committee

The Tender Committee was established with the responsibility of overseeing the process of awarding significant contracts by the SDB Group. Meetings of the Tender Committee are held as and when required. One (1) meeting was held during the financial year ended 30 June 2012.

The members of the Tender Committee during the financial year ended 30 June 2012 were as follows:

Member	No. of Meetings Attended	%
Tan Sri Samsudin Osman (Chairman)	1 out of 1	100
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	1 out of 1	100
Dato' Henry Sackville Barlow	1 out of 1	100

A revision to the Terms of Reference of the Tender Committee was approved by the Board of SDB at its meeting held on 24 November 2011. The salient Terms of Reference of the Tender Committee are as follows:

#### 1. Composition and Appointment

- i. The Tender Committee members shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, all of whom shall be non-executives. No alternate Director shall be appointed as a member of the Tender Committee.

- ii. The Tender Committee members shall have a mixture of expertise and experience, including sufficient understanding of the industries in which the SDB Group operates.
- iii. Members of the Tender Committee may relinquish their membership in the Tender Committee with prior written notice to the Group Secretary. In the event of any vacancies arising in the Tender Committee resulting in the number of members of the Tender Committee falling below three (3), the vacancy shall be filled within three (3) months of it arising.
- iv. Reappointment of Tender Committee members shall be subject to a review of the term of office and performance of the Tender Committee and each of its members by the Board to determine whether the Tender Committee and its members have carried out their duties in accordance with their terms of reference.

#### 2. Authority

- i. The Tender Committee has the authority to review procurement proposals and interact with Management for further information and clarification before deliberating and authorising the flotation of tenders.
- ii. The authority of the Tender Committee to review, deliberate, approve and award tenders are outlined as follows:
  - a. The Tender Committee has full authority to review, deliberate, approve and award tenders that are within the threshold of the Tender Committee as set out in the Group Policies and Authorities (GPA) and the Group Procurement Policies and Authorities (GPPA).
  - b. The Tender Committee shall review tenders and provide recommendations to the Board for approval of tenders exceeding the threshold of the Tender Committee as set out in the GPA and GPPA.
- iii. The Tender Committee has the authority to review, verify and request additional information which is relevant to the offer being discussed. The Tender Committee shall challenge recommendations made by Management where necessary in order to ensure tender awards are based on merit. Qualitative factors and competitive pricing shall be considered where practical and feasible.

## Statement on Corporate Governance

- iv. The Tender Committee has the authority to reject any proposed offer if it is found that the GPA and GPPA have not been adhered to or if the tender process has not been complied with.
- v. The Tender Committee has the authority to approve the nullification of any tenders which have been called or offered if the said tenders are not relevant or no longer required.

### 3. Functions and Duties

The functions and duties of the Tender Committee shall include, but are not limited to:

- i. Ensuring transparency and efficiency in the decision making process for tenders.
- ii. Ensuring that procurement policies and procedures in relation to tenders as set out in the GPA and GPPA are adhered to before making any approvals or recommendations.
- iii. Considering, approving and/or recommending all tender proposals based on the approved limits of authority delegated to it by the Board, and ensuring that the best interests of the Group are met and protected at all times.
- iv. Discussing with the relevant Divisions and Management in conducting a feasibility study on a project before an invitation to tender is announced.
- v. Reviewing and ensuring that the tender evaluation criteria are comprehensive and allow for maximum competition amongst the vendors.
- vi. Ensuring that a robust Bumiputera Vendor Development Programme is in place and that the objectives of the programme are achieved through the monitoring of the performance and track records of the companies under this programme.
- vii. Reviewing the adequacy of the Tender Evaluation Report which incorporates both the technical and commercial evaluation based on established criteria.
- viii. Deliberating the Tender Evaluation Report and authorising actions as appropriate:
  - a. Authorising price re-negotiation benchmarking against the lowest bidder or market rate.
  - b. Awarding to the vendor other than the one recommended and supported with reason(s).

- c. Approving specification change and authorising Management to proceed with new tender or to resubmit quotation on changes only or to renegotiate.
- d. Keeping in view or cancelling the tender with supporting reason(s)/ justification(s).
- ix. Participating in the negotiation and/or site visits if such actions will assist in the decision making.
- x. For tenders above the threshold of the Tender Committee, the Tender Committee shall, upon reviewing and deliberating the Tender Evaluation Report, recommend appropriate actions to the Board for its approval.

### f. Sustainability Committee

On 28 August 2012, the Sustainability Committee was established to assist the Board in fulfilling its oversight responsibilities in relation to the SDB Group's objectives, policies and practices pertaining to sustainability, more particularly People, Planet and Profits.

The members of the Sustainability Committee are as follows:

- i. Dato' Henry Sackville Barlow (Chairman);
- ii. Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo; and
- iii. Tan Sri Datuk Dr Yusof Basiran.

The Terms of Reference of the Sustainability Committee will be submitted to the Board for review and endorsement.

### 7. Management of Operations

The Group Management Committee (GMC), Group Sustainability Committee (GSC), Group Transformation Committee (GTC), Group Investment Committee (GIC), Group Operations Meeting (GOM) (formerly known as Group Operations Committee) and Group Tender Committee have been established to assist in the running of the businesses of the Group.

The GMC under the chairmanship of the PGCE and comprising the Group Chief Operating Officer (GCOO), Group Chief Financial Officer (GCFO) and Executive Vice Presidents (EVP) of the Divisions and Group Head Office, has the overall responsibility for management policies, the day-to-day operations of the Group, the deployment and implementation of Board resolutions and the achievement of objectives and results. The Group Head of Group Compliance and Group Corporate Assurance and Group Head of Group Risk Management attend the meetings of the GMC as invitees. The GMC meets on a bi-monthly basis and when deemed necessary. During the financial year ended 30 June 2012, the GMC had met six (6) times.

## Statement on Corporate Governance

The GSC which oversees sustainability operations within the Group, is chaired by the GCOO and comprise Heads of Sustainability & Quality Management from the core business divisions, and representatives from Group Head Office departments. Group Sustainability & Quality Management holds the post of Secretariat and submits progress reports to the SDB Board and Risk Management Committee. The GSC defines Group sustainability policies, standards and procedures, reviews and monitors business sustainability practices and targets, tracks global sustainability trends and incorporates new developments into the Group sustainability management framework, and addresses sustainability risks, communications and stakeholders management. The GSC meets on a quarterly basis and when deemed necessary. During the financial year ended 30 June 2012, the GSC had met nine (9) times.

The GTC was established to prepare and recommend the strategic and operational transformation plan for the Group and review the performance of the Group's transformation initiatives against set key performance indicators (KPI) and timelines. These transformation initiatives are focused solely on driving continuous improvement and efficiencies in operations to achieve the full potential of the Group. The members of the GTC are EVPs of the Divisions, GCFO and EVPs from Group Head Office. The GTC is chaired by the GCOO as delegated by the PGCE.

The GIC which is chaired by the GCOO, consists of the GCFO, EVP of Group Strategy & Business Development, Group Head of Group Risk Management and Group General Counsel. The GIC reviews and recommends for approval major investment decisions to the PGCE and the relevant Flagship Subsidiary Boards and/or the SDB Board.

The GOM under the chairmanship of the GCOO is a platform to oversee the operations of the Group, which includes reviewing and overseeing the operational KPI and operational risk issues of the Divisions in the Group.

The Group Tender Committee was established with a mandate to review tenders valued at RM100 million and above prior to deliberation by the relevant FSB, SDB Board Tender Committee or the SDB Board. It has no mandate to approve the tenders that it reviews. The members of the Group Tender Committee are PGCE/GCOO (as Chairman), GCFO, EVP of Group Strategy & Business Development, EVP of Group Corporate Services, Head of Group Procurement and Divisional EVP (or Senior Vice President where a Division is headed by one).

### 8. Appointments to the Board and Re-Election of Directors

There is in place a formal and transparent procedure for the appointment of Directors to the Board. The proposed appointment of member(s) of the Board as well as the proposed re-appointment or re-election of Directors seeking re-appointment or re-election at the Annual General Meeting (AGM) are recommended by the

NRC to the Board for its approval. The Board makes the final decision on appointments.

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 AGM 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 Company's Articles of Association, at least one-third (1/3) of the remaining Directors are required to retire by rotation at each AGM and all Directors shall retire from office once at least in every three (3) years. A retiring Director is eligible for re-election.

Management under the direction of the PGCE, is responsible for conducting on-boarding exercises or familiarisation programmes for new Directors of the Board and FSB, 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 MMLR or other regulatory requirements. The Board periodically examines the effectiveness of its present size in discharging its duties.

### 9. Directors' Remuneration

The objective of the Company's policy on Directors' remuneration is to attract and retain Directors of the calibre needed to direct 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 non-executive Director concerned. The Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors.

The Company is also cognisant of the compensation philosophy advocated by the Green Book which suggests that GLC Boards should regularly review the compensation of their Chairman and Directors and align them to the 50th percentile of an appropriate peer group.

The NRC 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 remuneration package for non-executive Directors comprises the following elements:

## Statement on Corporate Governance

**i. Fees**

The fees payable to each of the non-executive Director are determined by the Board as authorised by the shareholders of the Company at the AGM.

**ii. Benefits-in-Kind and Emoluments**

Non-executive Directors are given a per diem allowance whilst representing the Group within Malaysia or overseas. They also receive other benefits such as a company car and mobile phone.

The Executive Director is not entitled to fees nor entitled to receive any meeting allowances for the Board and Board Committee meetings that he attends. The Executive Director's remuneration package comprises the following:

**i. Basic Salary**

The basic salary for the Executive Director was recommended by the NRC, 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.

**ii. Bonus Scheme**

The Group operates a bonus scheme for employees, including the Executive Director. The criteria for the scheme are dependent on various performance measures of the Group, together with an assessment of individual performance during the period. Bonus payable to the Executive Director is based on the recommendation of the NRC.

**iii. Benefits-in-Kind**

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

**iv. Retirement Arrangements**

The Company contributed sixteen (16) percent of the Executive Director's monthly salary to the Employees Provident Fund.

Details of non-executive Directors' fees and remuneration of the Board and Board Committees are as follows:

Board/ Committee	Chairman (RM/year)	Deputy Chairman (RM/year)	Member (RM/year)
Board	400,000	250,000	180,000 <sup>1</sup> 360,000 <sup>2</sup>
Nomination & Remuneration Committee	40,000	-	30,000
Governance & Audit Committee	40,000	-	30,000
Risk Management Committee	40,000	-	30,000
Tender Committee	40,000	-	30,000
Litigation Committee	40,000	-	30,000

<sup>1</sup> Fee for Resident Director

<sup>2</sup> Fee for Non-Resident Director

Details of Directors' Remuneration (including Benefits-in-Kind) of Board members for the financial year ended 30 June 2012 are as follows:

	Salary & Other Remuneration* (RM'000)	Directors' Fees & Other Remuneration (RM'000)		Benefits- In-Kind (RM'000)	Total (RM'000)
		By SDB	By the Group		
<b>Executive Director</b>					
Dato' Mohd Bakke Salleh	5,197	-	-	41	5,238
<b>Non-Executive Directors</b>					
Tun Musa Hitam	-	496	787	35	822
Tan Sri Dato' Sri Hamad Kama Piah Che Othman	-	280 <sup>+</sup>	430 <sup>+</sup>	28	458
Tan Sri Samsudin Osman	-	220	370	28	398
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	-	246	496	28	524
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	-	310	476	28	504
Tan Sri Datuk Dr Yusof Basiran	-	240	496	28	524
Dato Sri Lim Haw Kuang	-	390	690	60	750
Dato' Henry Sackville Barlow	-	280	542	27	569
Dato' Azmi Mohd Ali	-	240	440	28	468
Dato' Sreesanthan Eliathamby	-	250	450	28	478
Puan Zaiton Mohd Hassan	-	240	440	28	468
Tan Sri Sheng Len Tao <sup>^</sup>	-	-	-	4	4

\* Paid by the SDB Group

<sup>+</sup> Payable to PNB

<sup>^</sup> Resigned on 29 September 2011

## Statement on Corporate Governance

### 10. Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities. The Board recognises the importance of Directors being kept abreast of industry development and trends as well as ensures the appointment of individuals of sufficient calibre, knowledge and experience to fulfill the duties of a Director appropriately. Induction programmes were arranged for newly appointed Directors to facilitate their understanding of the operations of the Group.

The Company has on an ongoing basis identified conferences and seminars which will be beneficial to the Directors. The Company provides a dedicated training budget for Directors' continuing development. Relevant training (internal or external) programmes are arranged by the Company for the Directors.

The development and training programmes attended by the Directors as well as their participation as speakers at local and international conventions on topics relevant to their roles during the financial year ended 30 June 2012 are set out on pages 70 to 73 of the Annual Report.

### Board of Flagship Subsidiary Companies

Each of the FSB is charged with oversight of a core business division (Division) of the Group. The FSB were set-up to provide the right level of dedicated oversight by having members of the FSB focused on the core business of the respective Divisions.

Each FSB has representatives from the SDB Board to ensure clear and unambiguous oversight from the SDB Board on the Divisions. Similarly, Group Management representation on each FSB will enable a reasonable degree of supervision and control.

The members of each FSB during the financial year ended 30 June 2012 and their attendance at the meetings were as follows:

PLANTATION Sime Darby Plantation Sdn Bhd	Date of Appointment	No. of Meetings Attended	%
Tun Musa Hitam (Chairman)	31.12.2010	6 out of 6	100
Tan Sri Datuk Dr Yusof Basiran	31.12.2010	5 out of 6	83
Dato' Henry Sackville Barlow	31.12.2010	6 out of 6	100
Dato' Mohd Bakke Salleh	30.12.2010	6 out of 6	100
Dato' Abd Wahab Maskan	30.12.2010	6 out of 6	100
Mr Franki Anthony Dass	30.12.2010	6 out of 6	100
Encik Rosely Kusip	31.12.2010	6 out of 6	100
Dato' Che Abdullah @ Rashidi Che Omar	31.12.2010	5 out of 6	83

Subject always to the direction and counsel of the SDB Board and compliance with any policies and delegated authority limits set by the SDB Board, the roles of the FSB are:

- i. To oversee the operations of the respective Division, which includes but is not limited to overseeing their business strategy and performance, human capital management, corporate governance and risk management practices;
- ii. To fulfil its statutory and fiduciary responsibilities of monitoring the management and financial risk processes, and accounting and financial reporting practices of the Division;
- iii. To review the Division's business efficiency and the quality of the Division's accounting function, financial reporting and system of internal controls;
- iv. To enhance the independence of both the external and internal audit functions by providing direction to and oversight of these functions; and
- v. To ensure that an effective ethics programme is implemented across the Division, and to monitor compliance with established policies and procedures.

The FSB may establish their own Board Committees to assist them in fulfilling their duties and responsibilities. The FSB of the Plantation Division has established its own Governance & Audit Committee to assist, amongst others, in monitoring the financial risk processes and accounting and financial reporting practices, considering the reports and recommendations by the internal and external auditors and reviewing the overall results of the companies in the Division.



## Statement on Corporate Governance

<b>PROPERTY</b> <b>Sime Darby Property Berhad</b>	<b>Date of Appointment</b>	<b>No. of Meetings Attended</b>	<b>%</b>
Tan Sri Dato' Sri Hamad Kama Piah Che Othman (Chairman)	31.12.2010	7 out of 7	100
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	31.12.2010	6 out of 7	86
Dato' Sreesanthan Eliathamby	31.12.2010	7 out of 7	100
Dato' Mohd Bakke Salleh	30.12.2010	7 out of 7	100
Dato' Abd Wahab Maskan	30.12.2010	7 out of 7	100
Tengku Datuk Seri Ahmad Shah Al-Haj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Al-Haj	31.12.2010	7 out of 7	100
Dato' Johan Ariffin	31.12.2010	7 out of 7	100
Mr Vasantha Kumar Tharmalingam	31.12.2010	7 out of 7	100

<b>INDUSTRIAL</b> <b>Sime Darby Industrial Holdings Sdn Bhd</b>	<b>Date of Appointment</b>	<b>No. of Meetings Attended</b>	<b>%</b>
Tan Sri Samsudin Osman (Chairman)	18.01.2011	6 out of 6	100
Dato' Azmi Mohd Ali	30.12.2010	6 out of 6	100
Dato' Mohd Bakke Salleh	30.12.2010	6 out of 6	100
Madam Tong Poh Keow	30.12.2010	6 out of 6	100
Mr Scott William Cameron	24.01.2011	6 out of 6	100
Mr James Chapman Sheed	30.12.2010	6 out of 6	100
Dato' Ahmad Pardas Senin	30.12.2010	6 out of 6	100
Dato' Sri Abdul Hamidy Abdul Hafiz	30.12.2010	6 out of 6	100

<b>MOTORS</b> <b>Sime Darby Motors Sdn Bhd</b>	<b>Date of Appointment</b>	<b>No. of Meetings Attended</b>	<b>%</b>
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin (Chairman)	31.12.2010	6 out of 6	100
Tan Sri Datuk Dr Yusof Basiran	31.12.2010	6 out of 6	100
Puan Zaiton Mohd Hassan	31.12.2010	6 out of 6	100
Dato' Mohd Bakke Salleh	30.12.2010	6 out of 6	100
Madam Tong Poh Keow	30.12.2010	6 out of 6	100
Dato' Lawrence Lee Cheow Hock	04.08.2006	6 out of 6	100
Dato' Karownikaran @ Karunikaran Ramasamy	31.12.2010	6 out of 6	100
Dato' Sri Abdul Hamidy Abdul Hafiz	31.12.2010	6 out of 6	100
Datuk Syed Abu Bakar Syed Mohsin Almohdzar	11.02.2011	6 out of 6	100

<b>ENERGY &amp; UTILITIES (CHINA)</b> <b>Sime Darby Utilities Sdn Bhd</b>	<b>Date of Appointment/ Resignation</b>	<b>No. of Meetings Attended</b>	<b>%</b>
Dato Sri Lim Haw Kuang (Chairman)	31.12.2010	5 out of 5	100
Dato' Azmi Mohd Ali	31.12.2010	5 out of 5	100
Puan Zaiton Mohd Hassan	31.12.2010	5 out of 5	100
Dato' Mohd Bakke Salleh	26.10.2010	5 out of 5	100
Madam Tong Poh Keow	31.12.2010	5 out of 5	100
Mr Timothy Lee Chi Tim	07.05.2012	1 out of 1*	100
Mr Chong Kwea Seng	31.12.2010 /07.05.2012	5 out of 5	100
Mr William Wang	25.01.2011	5 out of 5	100
Encik Mohamad Abdul Halim Ahmad	16.02.2011	5 out of 5	100
Datuk Elias Md Kadir Baba	21.04.2011	4 out of 5	80

\* Reflects the number of meetings scheduled during the time the Director held office

## Statement on Corporate Governance

<b>ENERGY &amp; UTILITIES (NON-CHINA) Sime Darby Energy Sdn Bhd</b>	<b>Date of Appointment</b>	<b>No. of Meetings Attended</b>	<b>%</b>
Dato Sri Lim Haw Kuang	31.12.2010	13 out of 13	100
Dato' Sreesanthan Eliathamby	31.12.2010	12 out of 13	92
Dato' Mohd Bakke Salleh	31.12.2010	13 out of 13	100
Madam Tong Poh Keow	31.12.2010	13 out of 13	100
Dato' Ir Jauhari Hamidi	20.08.2010	13 out of 13	100
Tan Sri Rastam Mohd Isa	31.12.2010	9 out of 13	69
Dato' Ahmad Pardas Senin	31.12.2010	11 out of 13	85

<b>HEALTHCARE Sime Darby Healthcare Sdn Bhd</b>	<b>Date of Appointment</b>	<b>No. of Meetings Attended</b>	<b>%</b>
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin (Chairman)	31.12.2010	6 out of 6	100
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	31.12.2010	6 out of 6	100
Dato' Henry Sackville Barlow	31.12.2010	6 out of 6	100
Dato' Mohd Bakke Salleh	31.12.2010	6 out of 6	100
Dato' Abd Wahab Maskan	31.12.2010	5 out of 6	83
Raja Azlan Shah Raja Azwa	07.09.2010	6 out of 6	100
Tengku Datuk Seri Ahmad Shah Al-Haj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Al-Haj	31.12.2010	6 out of 6	100
Datuk Mohd Radzif Mohd Yunus	01.03.2011	4 out of 6	67
Dato' Dr Jacob Thomas	15.10.2008	4 out of 6	67

The salient Terms of Reference of the FSB are as follows:

### 1. Composition and Appointment

- i. The recommendation of the NRC and the endorsement of the Board of SDB (Main Board) are required before any appointment is tabled to the respective FSB for approval. The FSB shall consist of up to ten (10) members including those as stated below:
  - a. At least three (3) Main Board representatives excluding the PGCE;
  - b. PGCE;
  - c. EVP of the Division;
  - d. One (1) Group Head Office representative; and
  - e. Three (3) Independent Directors.
- ii. All members of the FSB shall have the relevant knowledge and skills, functional or management experience and the right mindset to effectively contribute to the FSB.
- iii. No alternate shall be appointed by a member of the FSB.
- iv. The Chairman of the respective FSB shall be any one (1) of the Main Board representatives, as determined by the Main Board.

- v. Members of the FSB may relinquish their membership with prior written notice to the Secretary. If a member of the FSB resigns or for any reason ceases to be a member of the FSB resulting in non-compliance with these Terms of Reference (TOR), then the respective FSB shall, within three (3) months of that event, appoint such number of new members as may be required.

- vi. Re-appointment of FSB members shall be subject to a review of the term of office and performance of the FSB and each of its members by the Main Board to determine whether the FSB and its members have carried out their duties in accordance with these TOR.

### 2. Authority

The FSB is authorised:

- i. To investigate any activity within these TOR and shall have direct communication channels with the Group Head - Group Corporate Assurance (GCA), Group Head of Compliance, Group Head of Group Risk Management, Divisional Chief Financial Officer, and the external auditors;

## Statement on Corporate Governance

- ii. To have the resources in order to perform its duties as set out in these TOR;
- iii. To have direct communication channels and access to the Secretary and full and unrestricted access to information pertaining to the Division and its records, properties and personnel;
- iv. To obtain external legal or other independent professional advice as necessary;
- v. To convene meetings with the external auditors and/or Group Head – GCA, Group Head of Compliance, Group Head of Group Risk Management, without the attendance of any executive, and if appropriate, the Secretary, whenever deemed necessary;
- vi. To have immediate access to reports on fraud or irregularities from GCA, Group Compliance Office or Group Risk Management Department; and
- vii. To authorise an investigation where there is possible fraud, illegal acts or suspected violation of the code of conduct involving senior management or members of the FSB.

The FSB shall report to the Main Board on matters considered and its recommendations and/or approvals thereon, pertaining to the Division.

### 3. Functions and Duties

The FSB has the following responsibilities, subject always to the direction and counsel of the Main Board:

- i. To contribute and approve the Division's business strategy development and oversee the implementation of such strategies;
- ii. To review and approve the quarterly and annual financial statements of the Division and in relation to the same, review reports and consider recommendations by the external auditors;
- iii. To keep track and monitor cashflow on a quarterly basis;
- iv. To oversee and ensure the development of operating policies suited to the nature of the Division's business;
- v. To oversee human capital management processes, including succession planning;
- vi. To ensure implementation and compliance of appropriate risk management and internal control practices and in relation to the same, review reports and consider recommendations by both the internal and external auditors;

- vii. To ensure effectiveness of any board committees and review reports and consider recommendations by the same;
- viii. To ensure adherence to all Group policies, procedures, directives and limits of authority; and
- ix. To ensure adequate support for the implementation of Group initiatives and programmes.

### 4. Reserved Matters

The following are Reserved Matters, for which the approval of the Main Board shall also be required:

- i. Divisional strategy, corporate plans and annual budgets;
- ii. Acquisitions and disposals of undertakings and properties, and transactions in the amounts set out in the Limits of Authority. This applies to:
  - a. both capital and revenue items;
  - b. related party transactions; and
  - c. both usual and project related transactions.
- iii. Major investments, divestments, mergers, joint ventures, and financial decisions;
- iv. Changes to Management including the removal of those in key pivotal positions and control structure within the Division; and
- v. Changes in the key policies and procedures and delegated authority limits.

### 5. Other Matters

The FSB shall:

- i. Ensure that proper processes and procedures are in place to comply with all laws, regulations and rules established by all relevant regulatory bodies and which could have a significant impact on the Group's financial statements.
- ii. Undertake any such functions as may be determined by the Main Board from time to time.

### 6. Meetings

- i. The FSB shall meet at least four (4) times in a financial year. Additional meetings shall be scheduled as considered necessary by the Chairman of the FSB.
- ii. Other members of the Main Board and Management may attend the meetings upon the invitation of the Chairman of the FSB.

## Statement on Corporate Governance

- iii. The notice of the Board meeting shall be issued at least seven (7) days before each meeting.
- iv. The agenda for each meeting including relevant documents and information requested by the FSB shall be issued before each meeting to the Board members and all those who are required to attend the meeting.
- v. The Board meeting agenda shall be the responsibility of the Chairman with input from the members.
- vi. The Chairman may also invite other members of Management and other persons to participate in this process, if necessary.
- vii. The quorum for a meeting of the FSB shall be three (3) members, comprising at least one (1) Main Board representative (excluding the PGCE) and either the PGCE or the EVP.
- viii. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.
- ix. All resolutions of the FSB shall be adopted by a simple majority vote of all members present, each member having one (1) vote. In case of equality of votes, the Chairman of the FSB shall have a second or casting vote.
- x. The minutes of the meeting shall be action oriented, and record the deliberations and decisions of the FSB. Minutes shall include compiled board instructions as Matters Arising for discussion at each Board meeting to ensure proper follow through.
- xi. Minutes shall be distributed to the Board members and shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.
- xii. Copies of minutes of each meeting shall be distributed to all members of the respective FSB and the Main Board to ensure proper key actions are acted upon.
- xiii. The respective FSB, through the Chairman, shall update the Main Board on the activities undertaken by the FSB at each meeting.
- xiv. A meeting shall normally be conducted face-to-face to enable effective discussion. However, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the FSB.

### Investor Relations and Shareholders' Communication

The Board recognises the importance of an effective communication channel between the Board, shareholders and the general public.

The Board acknowledges the need for shareholders, investors, research analysts and other stakeholders (Investment Community), both in Malaysia and internationally, to be timely informed of strategic developments, financial results and 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 Investment Community. The senior management of the Company is actively involved in the engagement with the Investment Community and the Board is periodically briefed on the interactions and feedback from the Investment Community.

The Investor Relations Unit carries out extensive Investor Relations engagement programmes. Regular meetings, conference calls and site visits are scheduled to keep the Investment Community abreast of the Company's strategic developments and financial performances. Investment roadshows and conferences are held to engage with shareholders and potential investors across the globe. The timely release of financial results on a quarterly basis provides the Investment Community with an overview of the Group's performance and operations. A press conference and an analysts' briefing coincide with the release of quarterly financial results to Bursa Securities. 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 also uses the Annual General Meeting (AGM), scheduled annually in November, 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 welcomed to raise queries by contacting the Company at any time throughout the year and not just at the AGM.

In addition, the Investment Community can obtain up-to-date information on the Group's various activities by accessing its website at [www.simedarby.com](http://www.simedarby.com). Financial results, annual reports, Bursa Securities announcements, corporate presentations and other information of the Company can also be found on this site.

# Statement on Corporate Governance

Any query regarding the SDB Group may be conveyed to the following persons:

**Norzilah Megawati Abdul Rahman**  
**Group Secretary**

Telephone number :+(603) 2691 4122 extension 2370  
Facsimile number :+(603) 2382 1075  
Email address :[norzilah.megawati@simedarby.com](mailto:norzilah.megawati@simedarby.com)

**Alan Hamzah Sendut**  
**Executive Vice President**  
**Group Strategy & Business Development**

Telephone number :+(603) 2691 4122 extension 2246  
Facsimile number :+(603) 2713 5935  
Email address :[alan.hamzah@simedarby.com](mailto:alan.hamzah@simedarby.com)

## Accountability and Audit

### 1. Financial Reporting

The Board ensures that shareholders are provided a balanced and understandable assessment of the Group's financial position and prospects through the issuance of annual financial statements, quarterly financial reports as well as other corporate announcements on significant development affecting the Group in accordance with the MMLR. The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates. All accounting standards which the Board considers to be applicable have been adopted, subject to any explanation for material departures disclosed in the notes to the financial statements.

The financial statements are reviewed by the GAC at its meetings, in the presence of the external and internal auditors, before being presented to the Board for approval.

### 2. Internal Control

The Company continues to maintain and review its internal control procedures to ensure 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 Board acknowledge their responsibility for the Group's system of internal control covering financial, operational and compliance as well as risk management, and for reviewing the adequacy and integrity of the system.

The Statement on Internal Control which provides an overview of the state of internal control is set out on pages 74 to 77. The internal audit function of the Group which rests with the GCAD is described in the Report on the GAC on pages 42 to 49.

### 3. Whistleblowing Policy

To reinforce the culture of good business ethics and governance across the Group, a whistleblowing policy was introduced which provides employees with accessible avenue to report in good faith any suspected wrongdoing which includes suspected fraud, misappropriation of assets, sexual harassment, criminal breach of trust, corruption, questionable or improper accounting, misuse of confidential information and acts or omissions which are deemed to be against the interest of the Company and any member of the Group, breaches of laws, regulations or public policies, breaches of any Group policies and the Code of Business Conduct and deliberate concealment of any of the said matters. This policy addresses the Group's commitment to integrity and ethical behaviour by helping to foster and maintain an environment where employees can act appropriately without fear of retaliation.

### 4. Relationship with the Auditors

Through the GAC, the Board has established transparent and appropriate relationship with the Group's auditors, both external and internal. The role of the GAC in relation to the Auditors is set out in the Report on the GAC on pages 42 to 49 of this Annual Report.

The non-audit fees charged by external auditors during the financial year ended 30 June 2012 amounted to RM8.1 million (2011: RM6.3 million).

### 5. Related Party Transactions

The Group has established appropriate procedures to ensure that the Company complies with the MMLR relating to related party transactions. All significant related party transactions are reviewed by the GAC on a quarterly basis.

The shareholders' mandate in respect of existing and new recurrent related party transactions (if applicable) is obtained at the AGM of the Company on a yearly basis. Details of the recurrent related party transactions entered into by the Group during the financial year ended 30 June 2012 are set out in the Additional Compliance Information on pages 317 to 319 of this Annual Report.

## Compliance Statement

The Board is satisfied that the Company has complied with the principles and best practices of the MCCG 2007 during the financial year under review. Moving forward, the Board will also adopt the principles and recommendations of the Malaysian Code on Corporate Governance 2012.

This statement is made in accordance with a resolution of the Board of Directors dated 20 September 2012.

## Statement on Corporate Governance

## Training Programmes Attended By Directors For The Financial Year Ended 30 June 2012

Director	Title of Seminar/Workshop/Course	Presenter/Organiser	Date
Tun Musa Hitam	Luncheon Talk on Environment Issues	Tun Jeanne Abdullah	12 July 2011
	Sime Darby Developing Sustainable Futures Lecture Series - The True Costs of Terrorism: Can We Deal With It?	Mr Shaukat Aziz, Former Prime Minister of Pakistan	21 July 2011
	4 <sup>th</sup> WIEF-UiTM Global Discourse on Nanotechnology - Nanotechnology: Engineering for a Better Future	World Islamic Economic Forum Foundation, University Teknologi MARA (UiTM) and The Statistical, Economic & Social Research and Training Centre for Islamic Countries, Turkey	14 October 2011
	International Palm Oil Congress 2011 - New Research Development In Oil & Gas Sector	Malaysian Palm Oil Board	15 November 2011
	Key Future Sustainability Trends	Mr Jonathon Porritt	21 November 2011
	The Edge Roundtable on Public-Private Partnerships - Is It Working In Malaysia?	The Edge	9 December 2011
	Sime Darby Berhad Board Retreat - My Five Journeys	Mr Mechai Viravaidya, Chairman of Mechai Viravaidya Foundation	7 January 2012
	Competition Act 2010 - Plantation	Rahmat Lim & Partners	14 February 2012
	1 <sup>st</sup> WIEF Web Reach Internet Marketing Workshop Closing Ceremony	World Islamic Economic Forum Foundation	17 February 2012
	Economist CEO Lunch	Economist	10 May 2012
	The 3 <sup>rd</sup> Royal Selangor Club Luncheon Talk	Royal Selangor Club	21 May 2012
	Premier Executive Talk - Bicara Minda Ke Arah Inovasi	Setiausaha Kerajaan Negeri Johor	31 May 2012
	7 <sup>th</sup> International Planters Conference 2012 - The Future Direction of the Plantation Business	The Incorporated Society of Planters	25 June 2012
Tan Sri Dato' Sri Hamad Kama Piah Che Othman	Sime Darby Developing Sustainable Futures Lecture Series - The True Costs of Terrorism: Can We Deal With It?	Mr Shaukat Aziz, Former Prime Minister of Pakistan	21 July 2011
	Senior Management Programme - Whistleblowing Policy: Issues Implementation & Best Practices	PNB Investment Institute Sdn Berhad	7 September 2011
	Sime Darby Berhad Board Retreat - My Five Journeys	Mr Mechai Viravaidya, Chairman of Mechai Viravaidya Foundation	7 January 2012
	Senior Management Presentation for Business Continuity Management Project	Permodalan Nasional Berhad	23 February 2012
	Competition Act 2010 - Property	Rahmat Lim & Partners	9 February 2012
	Directors and Senior Executives Compensation	Malaysian Institute of Corporate Governance/Towers Watson	24 February 2012
	Senior Management Series: Global Issues Influencing the Capital Market Outlook	PNB Investment Institute Sdn Berhad	10 May 2012

## Statement on Corporate Governance

Director	Title of Seminar/Workshop/Course	Presenter/Organiser	Date
	Senior Management Series: Data Protection Act 2010	PNB Investment Institute Sdn Berhad	25 May 2012
	Senior Management Series: Behavioral Finance (Neuroscience), Business Strategy & The Market	PNB Investment Institute Sdn Berhad	5 June 2012
Tan Sri Samsudin Osman	Director's Duties Conference 2011 -Regulatory Updates Governance and Current Issues	ARAM Global Sdn Bhd	19 July 2011
	Sime Darby Developing Sustainable Futures Lecture Series - The True Costs of Terrorism: Can We Deal With It?	Mr Shaukat Aziz, Former Prime Minister of Pakistan	21 July 2011
	Governance Programme: Assessing The Risk and Control Environment	Busatra Sdn Bhd	22 August 2011
	Scrutinising Financial Statement Fraud and Detection of Red Flags for Directors and Officers of PLCs and Government Regulatory Agencies Workshop	Malaysian Institute of Corporate Governance	31 October 2011
	EPF Corporate Governance Programme	Bank Negara Malaysia	29 November 2011
	Sime Darby Berhad Board Retreat - My Five Journeys	Mr Mechai Viravaidya, Chairman of Mechai Viravaidya Foundation	7 January 2012
	Competition Act 2010 - Industrial	Rahmat Lim & Partners	30 January 2012
	Building High Performance Directors	The Malaysian Directors Academy	4 - 7 June 2012
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	Sime Darby Developing Sustainable Futures Lecture Series - The True Costs of Terrorism: Can We Deal With It?	Mr Shaukat Aziz, Former Prime Minister of Pakistan	21 July 2011
	The Securities Commission's New Corporate Governance Blueprint - What Does It Mean For Your Company?	Malaysian Investor Relations Association	10 August 2011
	Sime Darby Berhad Board Retreat - My Five Journeys	Mr Mechai Viravaidya, Chairman of Mechai Viravaidya Foundation	7 January 2012
	Competition Act 2010 - Motors	Rahmat Lim & Partners	31 January 2012
	Competition Act 2010 - Healthcare	Rahmat Lim & Partners	14 February 2012
	Directors and Senior Executives Compensation	Malaysian Institute of Corporate Governance/ Towers Watson	24 February 2012
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	Sime Darby Developing Sustainable Futures Lecture Series - The True Costs of Terrorism: Can We Deal With It?	Mr Shaukat Aziz, Former Prime Minister of Pakistan	21 July 2011
	Sime Darby Berhad Board Retreat - My Five Journeys	Mr Mechai Viravaidya, Chairman of Mechai Viravaidya Foundation	7 January 2012
	Competition Act 2010 - Property	Rahmat Lim & Partners	9 February 2012
	Competition Act 2010 - Healthcare	Rahmat Lim & Partners	14 February 2012
	Zecon Berhad's Business Strategy Workshop	Tricor Corporate Services Sdn Bhd	25 June 2012
	2012 East Malaysia Conference on Internal Auditing - Navigating in the Era of Governance	The Institute of Internal Auditors Malaysia	26 June 2012

## Statement on Corporate Governance

Director	Title of Seminar/Workshop/Course	Presenter/Organiser	Date
Tan Sri Datuk Dr Yusof Basiran	PIPOC (The Malaysian Palm Oil Board International Palm Oil Congress) 2011	Malaysian Palm Oil Board	15 - 17 November 2011
	Sime Darby Berhad Board Retreat - My Five Journeys	Mr Mechai Viravaidya, Chairman of Mechai Viravaidya Foundation	7 January 2012
	Price Outlook Conference 2012	Bursa Malaysia Derivatives Berhad	6 - 7 March 2012
Dato Sri Lim Haw Kuang	China Council of International Cooperation on Environment and Development Forum	Vice Premier Li Keqiang, China Council	17 November 2011
Dato' Henry Sackville Barlow	Sime Darby Developing Sustainable Futures Lecture Series - The True Costs of Terrorism: Can We Deal With It?	Mr Shaukat Aziz, Former Prime Minister of Pakistan	21 July 2011
	Islamic Finance - Key Issues in Risk Management	HSBC Bank Malaysia Berhad	19 September 2011
	Business and Biodiversity Offsets Programme Training	Business and Biodiversity Offsets Programme	26 October 2011
	Scrutinising Financial Statement Fraud and Detection of Red Flags for Directors and Officers of PLCs and Government Regulatory Agencies Workshop	Malaysian Institute of Corporate Governance	31 October 2011
	Sime Darby Berhad Board Retreat - My Five Journeys	Mr Mechai Viravaidya, Chairman of Mechai Viravaidya Foundation	7 January 2012
	Competition Act 2010 - Plantation	Rahmat Lim & Partners	14 February 2012
	Competition Act 2010 - Healthcare	Rahmat Lim & Partners	14 February 2012
	Implications of the Competition Act	HSBC Bank Malaysia Berhad	21 March 2012
	2012 International Financial Reporting Standards Conference	Malaysian Accounting Standards Board	28 March 2012
	Symposium for Independent Directors of Audit and Risk Management Committees	HSBC Bank Malaysia Berhad	14 -15 June 2012
Dato' Azmi Mohd Ali	Sime Darby Developing Sustainable Futures Lecture Series - The True Costs of Terrorism: Can We Deal With It?	Mr Shaukat Aziz, Former Prime Minister of Pakistan	21 July 2011
	The State of Private Equity and Corporate Mergers & Acquisitions	Bain & Company	27 July 2011
	Read, Analyse and Interpret Financial Statements	Arrow Training Sdn Bhd	4 - 5 August 2011
	The New Corporate Governance Blueprint and Regulatory Updates Seminar 2011 - What Directors and Company Secretary Should Know	Malaysian Institute of Corporate Governance	14 December 2011
	Competition Act 2010 - Industrial	Rahmat Lim & Partners	30 January 2012
	Executive Briefing by Laytons - Developing Competition Programmes: Practical Tips from British Competition Lawyers	Azmi & Associates	14 March 2012
	Teralex 2012 Tokyo Global Meeting - Tokyo, Japan General Session: It Is Tough Out There - The View from the Global General Counsel's Office by Andrew Thorson, Nissan Motors General Counsel	Teralex & Yuasa and Hara	1 June 2012



## Statement on Corporate Governance

Director	Title of Seminar/Workshop/Course	Presenter/Organiser	Date
	Investment Appraisal and Analysis Covers Investment Appraisal	Arrow Training Sdn Bhd/ Azmi & Associates	4 June 2012
	Corporate Sustainability - Why it is Necessary in Building a Competitive Edge	The Malaysian Directors Academy	12 June 2012
Dato' Sreesanthan Eliathamby	Sime Darby Developing Sustainable Futures Lecture Series - The True Costs of Terrorism: Can We Deal With It?	Mr Shaukat Aziz, Former Prime Minister of Pakistan	21 July 2011
	Sime Darby Berhad Board Retreat - My Five Journeys	Mr Mechai Viravaidya, Chairman of Mechai Viravaidya Foundation	7 January 2012
	Competition Act 2010 - Property	Rahmat Lim & Partners	9 February 2012
Zaiton Mohd Hassan	Sime Darby Developing Sustainable Futures Lecture Series - The True Costs of Terrorism: Can We Deal With It?	Mr Shaukat Aziz, Former Prime Minister of Pakistan	21 July 2011
	Sime Darby Berhad Board Retreat - My Five Journeys	Mr Mechai Viravaidya, Chairman of Mechai Viravaidya Foundation	7 January 2012
	Competition Act 2010 - Motors	Rahmat Lim & Partners	31 January 2012
	4 <sup>th</sup> Annual Corporate Governance Summit 2012	Asian World Summit Sdn Bhd	5 - 6 March 2012
	2012 International Financial Reporting Standards (IFRS) Conference	Malaysian Accounting Standards Board/IFRS Foundation	28 March 2012
	ACCA Accountants for Business Forum - Diversity Driving Performance in Global Business	Association of Chartered Certified Accountants	14 May 2012
Dato' Mohd Bakke Salleh	Sime Darby Developing Sustainable Futures Lecture Series - The True Costs of Terrorism: Can We Deal With It?	Mr Shaukat Aziz, Former Prime Minister of Pakistan	21 July 2011
	Sime Darby Berhad Board Retreat - My Five Journeys	Mr Mechai Viravaidya, Chairman of Mechai Viravaidya Foundation	7 January 2012
	Competition Act 2010 - Industrial	Rahmat Lim & Partners	30 January 2012
	Competition Act 2010 - Property	Rahmat Lim & Partners	9 February 2012
	Competition Act 2010 - Plantation	Rahmat Lim & Partners	14 February 2012
	Competition Act 2010 - Healthcare	Rahmat Lim & Partners	14 February 2012

# Statement on Internal Control

In accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), the Board of Directors of listed companies is required to include in their annual report, a “statement about the state of internal controls of the listed issuer as a group”. The Board of Directors is pleased to provide the following statement that is prepared in accordance with the “Statement on Internal Control: Guidance for Directors of Public Listed Companies” endorsed by Bursa Securities which outlines the nature and scope of the internal controls of the Group during the financial year under review.

## Responsibility

The Board of Directors in discharging its responsibilities is fully committed to maintaining a sound system of internal control and for reviewing its adequacy and integrity to safeguard shareholders’ investment and the Group’s assets.

The system of internal control by its nature is designed to manage key risks that may impede the achievement of the Group’s business objectives within an acceptable risk profile. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement, fraud or loss.

The Board has established procedures, for the Company and its subsidiaries, to ensure the adequacy and integrity of the Group’s system of internal control. During the financial year ended 30 June 2012, the revision of the Group Policies and Authorities (GPA) and Limits of Authority (LOA) were further enhanced, as part of the ongoing process for identifying, evaluating, monitoring and managing key risks faced by the Group. Continual enhancements are made in line with the Board of Directors commitment to improve the Group’s governance, risk management and control framework, and enhance a strong control structure and environment for the proper conduct of the Group’s business operations.

## Control Structure and Environment

The three key elements of the control structure and environment namely Structural, Risk Management and Organisation Structure and Core Values, including enhancements made during the course of the financial year are described below:

### Structural

#### Flagship Subsidiary Boards

In January 2011, Flagship Subsidiary Boards (FSB) were established for all the major businesses within the Group. With the size and diversity of the Group’s businesses, FSB support the Sime Darby Berhad Board in providing direction, oversight and control of their divisional affairs in a responsible and effective manner. Although the FSB have their own set of fiduciary duties, they also take cognizance of the established authority levels in reporting and referring significant matters to the Sime Darby Berhad Board.

#### Governance & Audit Committee

The Governance & Audit Committee (GAC) is established as a committee of the Main Board with the following primary objectives:

- Reviewing the Group’s business processes, the quality of the Group accounting function, financial reporting and the system of internal control.
- Enhancing the independence of both the external and internal audit functions by providing direction to and oversight of these functions on behalf of the Board.
- Assisting the Board in ensuring that effective ethics programmes are implemented across the Group, and monitor compliance with established policies and procedures.

The GAC comprises non-executive members of the Board, with the majority being independent directors.

The GAC reviews internal control issues identified by Management, the Group Corporate Assurance Department who carry out the internal audit function, and the external auditors. Details of their activities carried out during the financial year are set out in the Report to the GAC.

## Statement on Internal Control

**Risk Management Committee**

The Board, through the Risk Management Committee (RMC) maintains risk oversight within the Group. The RMC comprises four non-executive members of the Board. Its primary responsibilities include the following:

- Assess, improve and monitor a Group-wide risk management framework;
- Ensure Management maintain an inventory or register of risks for the Group;
- Evaluate risk exposures associated with proposed major investments;
- Provide guidance in the development of appropriate and effective risk response strategies and contingency plans to manage or mitigate material risks that are in line with the nature of the identifiable risks;
- Evaluate and monitor the overall risk profile and risk tolerance of the Group;
- Provide oversight of the Group's Business Continuity Plan; and
- Review the approved Group global insurance programme to ensure that all significant insurable risks identified by Management are appropriately insured.

**Group Corporate Assurance Department**

The Group Corporate Assurance Department (GCAD) is an integral part of the Group's assurance framework, with the function reporting directly to the GAC. GCAD's primary mission is to provide independent, objective assurance and consulting services designed to add value and improve the operations in the Group. It assists the Group achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

GCAD develops risk-based audit plans for the year, consistent with the Group's objectives and strategies articulated in the annual budget plan and conducts internal audit engagements accordingly. In the course of performing its duties, GCAD has unrestricted access to all functions, records, documents, personnel, or any other resource or information, at all levels throughout the Group. Audits are performed on all units or areas in the audit population, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report on operational and management activities in the Group.

The audit plans as developed are reviewed and approved by the GAC, and the results of audits are communicated and reported periodically to Management, external auditors, the appropriate FSB and the GAC.

**Group Compliance Office**

As part of enhancements to the Group's corporate governance framework and in line with good governance, the Group Compliance Office (GCO) established on 1 February 2011, reports directly to the GAC for the purpose of independence and objectivity. The GCO function was created to:

- Assist the Management, GAC and the Board in coordinating compliance risk management activities (i.e. programmes or activities to identify, mitigate and educate employees about the risks of non-compliance); and
- Provide reasonable assurance to the Board and the Management that the Group's operations and activities are conducted in line with all regulatory requirements, internal policies and procedures and standards of good business practice.

The Group Compliance Risk Framework was established in May 2012 by the GCO and GAC for progressive roll out in the next financial year. The Framework establishes mechanisms and tools to ensure consistency and efficiency in managing compliance risk within the Group.

**Risk Management****Risk policy**

The Group recognises that risk is an integral and unavoidable component of its business and is characterised by threats and opportunities. The Group fosters a risk-aware corporate culture in all decision making. Through application of integrated risk analysis and management, the Group exploits risk in order to enhance opportunities, reduce threats and so sustain competitive advantage.

The Group is committed to managing risks in a proactive and effective manner. This requires comprehensive risk analysis to support management decisions at all levels within the Group.

**Framework**

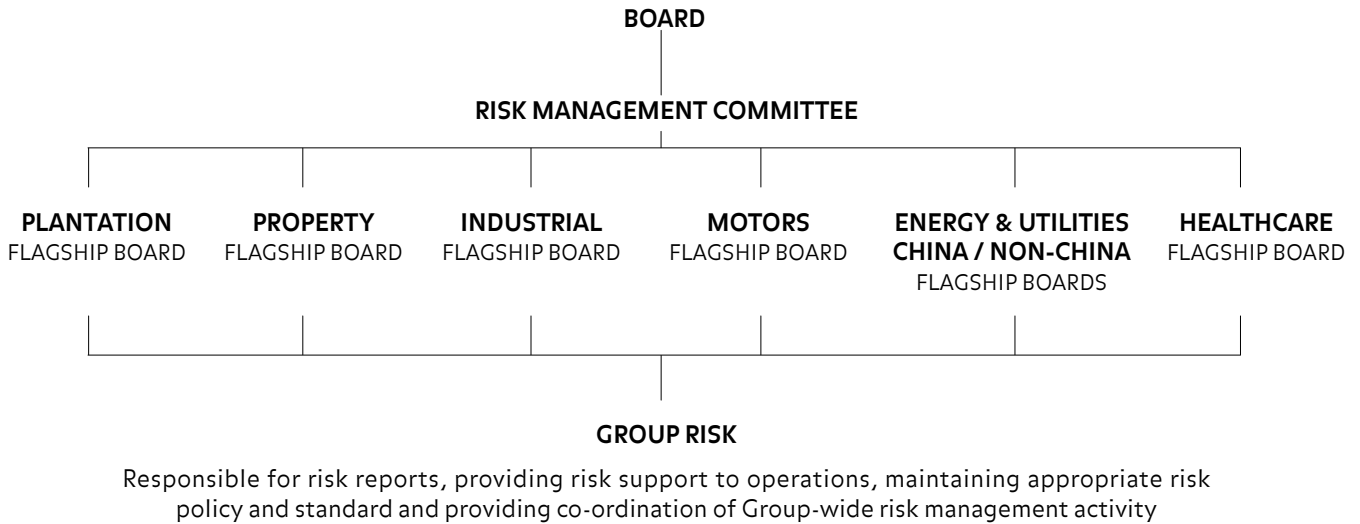
The implementation of the risk management framework that includes governance, people, and methods and practices is the responsibility of the President & Group Chief Executive and members of the Sime Darby Group Management Committee. The composition of the Group Management Committee comprises the President & Group Chief Executive, Group Chief Operating Officer, Group Chief Financial Officer, Executive Vice Presidents (EVPs) of the Divisions and other EVPs from Group Head Office together with the Heads of Group Corporate Assurance and Group Risk Management as permanent invitees.

The framework is supported by a Group Risk Management Department whose primary role is its responsibility for issuance of risk reports, providing risk support to operations, maintaining appropriate risk policy and standard and providing coordination of a Group-wide risk management activity.

During the year, a Group-wide risk assessment was undertaken which confirmed the Group's key risks. Such risks are formally updated each quarter to reflect any significant events impacting the Group.

## Statement on Internal Control

An overview of the Group's overall risk management framework is provided in the diagram below.



RISK OWNERS			FUNCTIONAL BUSINESS SUPPORT			MONITORING	
Accountability and responsibility for effective risk identification and management			Provide risk support, functional expertise and risk specific standards			Provide risk insight and monitoring to key business decisions	
Plantation	Property	Industrial	Finance	Human Resource	Legal	Communication	Procurement
Motors	Energy & Utilities	Healthcare	Information Technology	Health, Safety & Environment	Strategy & Business Development	Risk Management	Compliance

### GROUP CORPORATE ASSURANCE

#### Risk reporting

The Group's risk management framework provides for regular review and reporting. The reports include an assessment 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 through the RMC on a quarterly basis.
- Review and discussion of key risks for each significant investment by the RMC and the Group Investment Committee.
- Reporting of significant risks by Divisions on a quarterly basis.
- Reporting of significant risks by subsidiaries in their annual budget plan.
- Review and discussion of key risks at least on a quarterly basis during the management meetings of the business units.

#### Organisation Structure and Core Values

##### 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, management of Group Head Office, Divisions' FSB and operating units.

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

The limits of delegated authority are clearly defined and set out in the GPA and the divisional/operating unit Standard Operating Procedures. These policies and procedures are reviewed regularly and updated when necessary.

##### Corporate culture and Group's Core Values

The guiding principles of the Group's corporate culture are embedded in the Group's Core Values as set out in the GPA, which are Integrity, Respect & Responsibility, Excellence and Enterprise.

## Statement on Internal Control

### Code of Business Conduct

The Code of Business Conduct (COBC) which governs the standards of behaviour and guidance of the ethical standards, was adopted in August 2011. Any breach of the COBC is actionable through disciplinary proceedings.

### Employee competency

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

### Whistleblowing

The policy on whistleblowing as set out in the GPA is also posted onto the Sime Darby Enterprise Portal and website. The policy encourages employees to report any wrongdoing by any person in the Group to the proper authorities so that appropriate action can be taken immediately. Additionally, it also provides for any complaint or report to be directly submitted to the Senior Independent Director of the Board, should the whistleblower believe that the Group is better served if the report was addressed to levels higher than Management.

The Senior Independent Director is Dato' Henry Sackville Barlow who is contactable through the whistleblowing channels of reporting as provided in the official Sime Darby website.

All concerns raised via the whistleblowing channels will be treated fairly and properly. The Policy on Whistleblowing also includes provisions to safeguard the confidentiality of the whistleblower, ensure no retaliation of the whistleblower if he or she has acted in good faith, and measures to avoid abuse of the policy for purposes of making false or malicious allegations.

### 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:

- The management information system includes preparation and submission of a Five-Year Strategy Blueprint, which is to be reviewed and updated annually, the annual budgets and other information to the Board of Directors. Budgets prepared by operating units are regularly updated by means of a rolling forecast and explanation of variances is incorporated in the monthly management reports. The Sime Darby Group Management Committee reviews the performance and results of operating units/divisions on a monthly basis except for certain months when no meetings are held (normally not more than two months in a financial year). In addition, the financial performance and key business performance indicators are reported to the Board of Directors on a quarterly basis.

- Regular confirmation by the EVP and Chief Financial Officer of the respective divisions and the Chief Executive Officer and Chief Financial Officer of the Group on the effectiveness of the system of internal control, highlighting any weaknesses and changes in risks.
- The Control Self Assessment (CSA) process that used a questionnaire approach is currently being revamped with assistance from GCAD and is to be coordinated and monitored by the GCO function in the next financial year. The CSA will be validated during subsequent GCAD audits and exceptions reported in the audit reports and GCO's reporting to the GAC.
- Periodic examination by GCAD of business processes and the state of internal controls including controls over quality, environmental, safety and health issues, and compliance with policies, procedures, applicable laws, regulations and contracts. Reports on the audits or reviews carried out by the GCAD function are issued on a regular basis to the Management and the GAC.

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.

### Review of Statement by External Auditors

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Internal Control. Their review was performed in accordance with the Recommended Practice Guide (RPG) 5 issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group. RPG 5 does not require the external auditors to and they did not consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

### Conclusion

In the financial year under review, based on inquiry, information and assurance provided, the Board is of the view that the system of internal control within the Group is sound and adequate. There will be continual focus on measures to protect and enhance shareholder value and business sustainability.

This statement is made in accordance with a resolution of the Board of Directors dated 20 September 2012.

# Chairman's Message

## Dear Shareholders,

On behalf of the Board of Directors (Board) of Sime Darby Berhad (Sime Darby), it gives me great pleasure to present the Annual Report for the financial year ended 30 June 2012 (FY2011/2012).





**Tun Musa Hitam**  
Chairman

# + 13.3%

Net profit for the financial year ended  
30 June 2012

## Financial Highlights

Sime Darby achieved its record financial performance in the financial year under review despite operating in a challenging environment. I am delighted to announce that for the financial year ended 30 June 2012 (FY2011/2012), the Group registered a net profit (profit after tax and non-controlling interests) of RM4.2 billion representing a 13% year-on-year growth. This significant achievement was 27% higher than the FY2011/2012 Key Performance Indicator (KPI) target of RM3.3 billion. The Group also reported a Return on Average Shareholders' Funds (ROASF) of 16.6% for FY2011/2012.

### Group Results

RM Million	2012	2011	% +/-
Revenue	47,602.3	41,858.8	13.7
Profit before tax	5,720.8	5,449.2	5.0
Profit after tax	4,346.4	3,847.9	13.0
Profit after tax and non-controlling interests	4,150.2	3,664.5	13.3

### Summary of Divisional Results

RM Million	2012	2011	% +/-
Plantation	3,203.2	3,280.2	(2.3)
Property	467.2	456.0	2.5
Industrial	1,351.4	1,068.0	26.5
Motors	702.1	633.2	10.9
Energy & Utilities*	335.4	245.7	36.5
Healthcare	26.1	26.0	0.4
Others	68.8	(42.0)	263.8

\* Excludes discontinued operations

The **Plantation Division** contributed RM3.2 billion to the Group's profit before interest and tax (PBIT) despite a lower fresh fruit bunch production due to the prolonged dry spell and palm stress. The **Property Division** also recorded a strong PBIT of RM467 million due to several successful launches of its property developments. The **Industrial Division** registered a record-breaking performance with a PBIT of RM1.4 billion for FY2011/2012, driven by exceptional sales in its mining equipment. Likewise, the **Motors Division** posted a PBIT of RM702 million on strong and sustained demand for its range of products. Meanwhile, the **Energy & Utilities Division** recorded a PBIT of RM335 million while the **Healthcare Division** registered a PBIT of RM26 million.



**Dividend**

The Board recommends the payment of a final dividend of 25 sen per share for FY2011/2012. Combined with the earlier interim dividend of 10 sen per share, the total dividend for the year is 35 sen per share.

The Group is in a healthy financial position with shareholders' funds at RM26.0 billion, cash and bank balances of RM5.1 billion and a low gearing ratio (debt-to-equity) of 36%. This provides the Group with the capacity and flexibility to take advantage of opportunities in an increasingly volatile global economic environment.

**Major Corporate Activities**

During the financial year under review, the Group undertook the following corporate exercises:

**Acquisitions**

In **September 2011**, Sime Darby Nominees Sdn Bhd acquired 278.1 million ordinary shares of RM1.00 each and 60.0 million 8% Irredeemable Convertible Secured Loan Stocks of RM0.65 each in Eastern & Oriental Berhad (E&O), representing 30% of the fully diluted equity interest in E&O for RM773.8 million. The acquisition was a strategic investment in a renowned property development company primarily operating within the luxury residential market in the Klang Valley and Pulau Pinang.

On **14 December 2011**, Hastings Deering (Australia) Limited, Societe Caledonienne Des Tracteurs S.A.S (also known as Caltrac SAS) and Hastings Deering (PNG) Limited completed the acquisition of the distribution business and assets used in the Bucyrus distribution business for Sime Darby Group's Caterpillar dealership service territories in Queensland and the Northern Territory of Australia, Papua New Guinea and New Caledonia for a total consideration of USD360 million (approximately RM1.2 billion). The acquisition enables Sime Darby's Industrial Division to strengthen its position in the mining industry by offering a wider range of mining equipment and services to its customers.

On **16 May 2012**, PT Minamas Gemilang acquired 3,800 ordinary shares of IDR1.0 million each in PT Indo Sukses Lestari Makmur (PTISLM) representing 95% of the total issued and paid-up shares of PTISLM for a cash consideration of USD4.4 million. This acquisition is in line with the Group's strategy to expand into rubber plantation as part of its crop diversification plan.

**Disposals**

On **23 December 2011**, the Group disposed its 99.9% equity interest in Weifang Sime Darby Property Co., Ltd.

On **27 December 2011**, Sime Darby Industrial Sdn Bhd completed the disposal of its 40% equity interest in Caterpillar Financial Services Malaysia Sdn Bhd for a total consideration of RM21.9 million.

On **10 January 2012**, Sime Darby Allied Products Berhad (SDAP) completed the disposal of its 100% equity interest in Dunlopillo Holdings Sdn Bhd (Dunlopillo) for a total provisional consideration of RM70.7 million. An additional RM6.0 million will be payable to SDAP upon the achievement of certain pre-agreed profit targets by Dunlopillo.

On **31 March 2012**, Sime Darby Engineering Sdn Bhd completed the disposal of the Teluk Ramunia and Pasir Gudang fabrication yards which were an integral part of the Group's oil and gas business to Petronas Assets Sdn Bhd and Malaysia Marine and Heavy Engineering Sdn Bhd respectively for a total consideration of RM689.4 million. This disposal marks the Group's exit from the Oil & Gas business.

**Corporate Governance**

On 1 December 2011, the Group launched the Code of Business Conduct (COBC) which is available in nine different languages (English, Bahasa Malaysia, Bahasa Indonesia, Dutch, French, Simplified Mandarin, Traditional Mandarin, Thai and Vietnamese). The COBC is accessible to all staff while the public can view it on the Group's website. The COBC was also transcribed into Braille for the use of the Group's visually impaired staff.

To further strengthen COBC awareness, e-learning training programmes and COBC Master Class Training were provided to all relevant internal stakeholders, thus enabling further dissemination of the COBC messages throughout the Group.

The Group also engaged with the Malaysian Anti-Corruption Commission (MACC) in various discussions and initiatives. In collaboration with the Malaysian Anti-Corruption Academy, training sessions were conducted for 1,135 Malaysia-based stakeholders comprising 1,056 Sime Darby employees and 79 top vendors from all Divisions.

The Group Procurement team also developed a Vendor Letter of Declaration (VL0D) to ensure that Sime Darby's counterparts or business partners adhere to the standards of behaviour set out in the COBC. The VL0D is also available in the nine languages stated above.

In addition, the Group rolled out a centralised Online Vendor Registration (OVR) portal on 1 January 2012 whereby the vendor registration process and the VL0D enrolment are done electronically.

The Group also introduced the revised Group Policies and Authorities (GPA) which includes provisions for training for various Division Management teams. In addition, the Group also undertook a review to improve the whistleblowing functions as well as its recording and reporting processes.

The Group issued the Directors' Manual and Directors' Handbook to assist each Board member of Sime Darby and its Flagship Subsidiary Boards (FSBs) in understanding their roles and responsibilities as

## Chairman's Message

a Director. Both the Manual and Handbook were developed to be in line with the COBC, Securities Commission's Corporate Governance Blueprint 2011, Bursa Malaysia's Listing Requirements (Updated January 2011) and the Companies Act, 1965 (Amended 2007).

Continuous professional development is essential for new Directors of both the Main Board and the FSBs. A copy of the Directors' Manual and Directors' Handbook, the GPA and COBC will be given to each new Director to ensure that he or she understands the roles and responsibilities of his or her position and is aware of key Group policies.

All of this will ensure that we continue to improve the Group's business performance and drive a strong ethical culture.

### Corporate Social Responsibility (CSR)

The Group recognises the importance of CSR. For every organisation, shared value creation is an evolving journey. For Sime Darby, CSR is not just the obligation of one department but also the commitment and responsibility of every employee. This year, in our efforts to continuously improve, the Group's CSR portfolio witnessed the completion of over 80 initiatives, with over 30 projects still on-going, for various beneficiaries of different business activities throughout the Group.

Sime Darby continued to leverage and match employee talent, skills and interests with programmes developed based on the Group's focus CSR areas. This is evident not only by way of building a sense of pride amongst volunteers through the enhancement of the Sime Darby Volunteers Programme (SDVP), but also through feedback received from the beneficiaries engaged. We see ourselves as part of a larger community and are proud to have our employees as volunteer ambassadors wherever we are represented.

Sime Darby's volunteers have contributed over 8,300 volunteer hours through 19 volunteer programmes that have been developed since the inception of the SDVP in December 2010. To date, with over 1,200 volunteers participating in the initiatives, we believe that collective action can inspire change not only for the organisation, but also for the community and environment.

Through the Group's philanthropic arm, Yayasan Sime Darby, we continue to champion various efforts deserving support.

### Sustainability

Throughout the year, Sime Darby has further integrated sustainability into the way the Group plans, executes and monitors its businesses. Sime Darby's actions are guided by our sustainability principles. These principles have framed our overarching sustainability

strategy that coordinates efforts across the Group to ensure good corporate responsibility. Sime Darby has also incorporated sustainability-related risks into the Group's enterprise risk management framework.

Sime Darby aims to balance good business with good corporate sustainability by delivering economic growth, respecting the environment and the society we operate in, and being accountable and transparent to stakeholders. These sustainability principles have framed the development of five strategic sustainability goals, namely to leverage on sustainability to create value; effectively manage sustainability risks; adopt progressive sustainability thought leadership; instil a performance culture and effective sustainability reporting. In the financial year under review, Sime Darby reached several key milestones towards achieving these five strategic sustainability goals.

Sime Darby Plantation continues to make strong progress on the Roundtable on Sustainable Palm Oil (RSPO) certification, with an annual production capacity of 2.036 million tonnes of certified sustainable palm oil and 0.477 million tonnes of certified sustainable palm kernel oil. This makes Sime Darby Plantation the largest producer of certified sustainable palm oil in the world.

Sime Darby's active participation in global and sectoral sustainability platforms, such as the RSPO and World Business Council for Sustainable Development (WBCSD), positions the Group at the forefront of the evolving sustainability agenda. Sime Darby has channelled lessons from these platforms into the way corporate sustainability has evolved in Malaysia via the Group's involvement in Malaysian organisations such as the Corporate Sustainability Circle, a government-linked company-led business sustainability group, and the Business Council for Sustainability and Responsibility Malaysia.

### Human Resource Development

The Group's outstanding performance was the result of the employees' determination, dedication and high performance standards. During the year under review, a key initiative undertaken by the Group's and Divisions' Performance Committees was the systematic cascading of performance targets throughout the organisation. This has helped to align employees' efforts in achieving the organisation's goals. In addition, a Total Rewards Review was completed in selected countries to ensure that our rewards package remain competitive to attract, retain and motivate the right talents. The outcome of this review will be implemented in phases. These activities have further strengthened and will sustain our high performance culture. In addition, to ensure a healthy leadership pipeline, the Group continues to allocate sufficient resources to identify and develop its talent pool.

## Prospects

The state of the global economy is expected to be clouded by the Eurozone debt crisis, uncertainty over the outlook of the US and China's economies and the volatility in commodity prices in the markets we operate. Although we expect Asian economic growth to be resilient, we are mindful of uncertainties that lie ahead.

A volatile business environment will create growth opportunities for some but threats for others. Sime Darby's strong financial position, diverse portfolio of businesses and unrelenting focus on execution and delivery of strategy will not only enable the Group to withstand cyclical fluctuations in the global economy but also to benefit from opportunities that could arise.

## Acknowledgement

On behalf of the Board, I would like to pay tribute to Sime Darby's employees whose hard work and dedication contributed to the Group's record earnings. I also wish to thank my distinguished colleagues on the Board and also those representing the FSBs for their invaluable support and contribution during the year. I would also like to record my appreciation for directors who have resigned and/or decided not to seek re-election. Last but not least, I wish to thank all our shareholders, customers, business partners and all other stakeholders for their resolute confidence in and support of the Group.



**Tun Musa Hitam**  
Chairman

A professional headshot of Dato' Mohd Bakke Salleh. He is a middle-aged man with a receding hairline, wearing glasses, a dark blue suit jacket, a white shirt with thin vertical stripes, and a red patterned tie. He is smiling slightly and looking directly at the camera. The background is a soft-focus, light blue and green gradient.

**Dato' Mohd Bakke Salleh**  
President & Group Chief Executive



## President & Group Chief Executive's Review

**Dear Shareholders,**

I am delighted to report an exceptional year for the Group, both in terms of strategy execution as well as financial performance. We made great strides in executing our growth strategy via strategic acquisitions, divestments and operational improvements across the Group. In doing so, we have delivered another set of record profits that was testament to the strength, diversity and resilience of our business portfolio. Going forward, in light of the challenging and uncertain economic environment, we will focus on continuous improvements in efficiency to further strengthen the foundations for the future.

## President & Group Chief Executive's Review

### Executing and Delivering Strategy

When we developed the Five-Year Strategy Blueprint in August 2011, we made our intention clear that we will strive to grow and strengthen the Group's portfolio of core businesses. During the financial year under review, the Management's efforts have been focused on executing this strategy based on four key thrusts: (i) Realise full potential of the core businesses; (ii) Strive for leadership position; (iii) Pursue strategic portfolio growth; and (iv) Institute a performance and value driven culture.

I am pleased to report to you that the Group implemented significant steps in executing this strategy and accomplished many of the targets set for the financial year ended 30 June 2012 (FY2011/2012). We remain confident that we will be able to realise the long-term goals established in our Five-Year Strategy Blueprint.

In the first year of executing the Strategy Blueprint, the Group ensured that the strategies adopted at the Group and Divisional levels were implemented as planned. The strong financial performance for FY2011/2012 and the recorded improvements in certain key operational efficiency metrics were indicative of the effective execution of the strategy. The Plantation Division saw an improvement in Oil Extraction Rate (OER) while the impact of weather related decline in yields and cost increases were contained effectively. Both the Industrial and Motors divisions registered record revenues while the Property Division witnessed a higher take-up rate of its property launches as well as improvements in key delivery indicators. The Energy & Utilities and Healthcare divisions both saw an expansion in capacity and higher utilisation.

The Group also took bold steps in striving for leadership positions in our core businesses and pursuing strategic portfolio growth. In Liberia, our strategy of expanding the current landbank is on track even as we remain mindful of the need to manage the attendant risks. The Plantation Division is focused on executing its development and planting strategy while continuing to explore landbank expansion in other strategic areas in the South East Asian region for both oil palm and rubber.

During the year, the Industrial Division consolidated its leadership position in the mining sector via the acquisition of the Bucyrus distribution rights, which extended the Group's product offering to the mining companies and cemented its dominance in the mining equipment market. The Motors Division opened new showrooms and secured new distributorships and dealerships across the region. We also strengthened our commitment towards the ports business in China with a capital commitment of RM1.4 billion. For the Healthcare Division, the launch of Sime Darby Medical Centre Ara Damansara was a strategic milestone achieved by the Group.

During the financial year under review, the Group acquired a 30% stake in Eastern & Oriental Berhad and commenced negotiations to acquire a 40% interest in the Battersea Power Station redevelopment project. The Battersea acquisition was completed on 4 September 2012. These acquisitions were driven by the strategy to diversify the Property Division's landbank into prime areas in Malaysia and overseas, as well as expand its capabilities into niche segments of the property market. The Battersea Power Station acquisition, in particular, offers an exciting new opportunity for high-growth property development overseas, in line with the strategy to generate at least 20% of our property development earnings from international markets by FY2016/2017. The successful execution of this project with our partners, S P Setia Berhad and the Employees Provident Fund (EPF), elevates Sime Darby Property into the league of top property developers in the world that are developing the Nine Elms Regeneration area in London.

Finally, following an exercise to review the performance of the Group's portfolio of businesses, the Group formally exited the Oil and Gas business in March 2012. The Energy & Utilities Division underwent a business transformation programme that saw the sale of the fabrication yards in Pasir Gudang and Teluk Ramunia. This divestment highlights a strategic move to allow the Group to renew its focus into areas wherein the Group has greater expertise and potential for growth.

### Instituting a Performance and Value Driven Culture

We realise that the successful execution of our strategy must be underpinned by the institutionalisation of a culture based on high performance. In this regard, numerous strategic initiatives were implemented, amongst them the 'Ensuring Performance Sustainability (EPS)' initiative to strengthen the implementation of the Group's performance management framework. The EPS is a multi-year development programme to stabilise and institutionalise the Group's new performance management practices with the aim of fully implementing all key performance-driven initiatives by 2016. At the centre of the framework is the Balanced Scorecard System which is used not only as a tool to align the entire organisation's shared vision with its business strategy, desired employee behaviour and day-to-day operations, but also to drive the organisation's direction to achieve targeted key performance results.

The Group also embarked on an initiative to provide a comprehensive and competitive employee compensation package to drive individual and organisational performance. With this initiative, Sime Darby hopes to further promote employee morale and motivation as well as attract and retain the best talent. At the same time, Group Rewards initiated Project TREE, i.e. Total Rewards for Employee Engagement. This project aims to derive a set of Total Rewards that reflects individual performance. Ultimately, I am certain

## President & Group Chief Executive's Review

that the continuous efforts and initiatives to enhance the Group's human resources will enable Sime Darby to attain its objective of being an employer of choice.

Generating a culture change is an endeavour that requires tremendous investment of time, effort, and more importantly, perseverance. We are committed to this path as we recognise that the investment we make in our people today is critical to strengthen the foundation upon which we base the Group's long-term success. I am pleased to note that our effort to bring about a high performance culture is already being reflected in this year's record financial performance.

### Record Financial Performance

We registered record profits that have exceeded expectations based on the trajectory of projected five-year profit targets. These strong results reflect the effective execution of the key strategic thrusts outlined last year, particularly in realising the full potential of our core businesses through operational enhancements. More critically, from the perspective of the Group's ability to provide sustained profit growth over the long-term, the results are a testament to the strength and resilience of the diverse business portfolio in the face of significant challenges presented by a volatile and weakening global economy.

Sime Darby achieved a record net profit after tax and non-controlling interests of RM4.2 billion, representing a 13.3% year-on-year growth. This achievement was 27.3% higher than the FY2011/2012 Key Performance Indicator (KPI) target of RM3.3 billion. This profit growth was achieved on a 13.6% revenue growth that rose to RM47.6 billion from RM41.9 billion in the previous year. The Group's Return on Average Shareholders' Funds (ROASF) of 16.6% for FY2011/2012 was also an improvement against the KPI target of 13.3%.

Despite severe weather conditions that impacted CPO production in both Malaysia and Indonesia, in the financial year under review, the Plantation Division registered a profit before interest and tax (PBIT) of RM3.2 billion, a moderate decline of 2.3% compared to RM3.3 billion in the previous year. The decline in the Group's fresh fruit bunch (FFB) production was contained at 3.4% in comparison to the same period last year. This decline was largely due to the impact of the prolonged periods of dry spell in 2009 and 2011.

Nonetheless, the Division's continued focus on strengthening operational efficiencies resulted in an increase in the OER from 21.4% in the previous financial year to 21.8% in FY2011/2012. This improvement in the OER, coupled with higher average crude palm oil (CPO) price realised, that had increased by 0.6% to RM2,925 per MT, ensured that the Division's performance for the year remained healthy.

The Industrial Division continued its remarkable performance by achieving a record-high PBIT of RM1.4 billion for FY2011/2012 compared to RM1.1 billion in

the previous year. The Division recorded an increase in PBIT of 26.5% over the preceding financial year due to the mining boom in the Australasia region and higher sales in Malaysia and Singapore. Its China business witnessed a marginal slowdown in the construction sector due to the impact from the weaker domestic economy. However, this was mitigated by the improved sales of turbine engines to the oil and gas sector.

The Motors Division recorded an impressive performance with a PBIT of RM702.1 million compared to RM633.2 million in the same period last year. Notwithstanding the challenging economic environment in its China operations, the Division recorded an improvement in PBIT of 10.9%, mainly due to the outstanding performance of its operations in Malaysia and Singapore. The PBIT growth of 70.5% in Malaysia and 26.2% in Singapore were driven by strong sales growth from all brands. The Division is expected to move forward with the selected opening of more showrooms across the region, as new upcoming models in all regions continue to spur its sales performance.

The Property Division continued to focus on becoming one of the leading property developers of sustainable communities. The Division successfully recorded a 2.5% year-on-year increment in its PBIT to RM467.2 million in FY2011/2012. Major strides were made to execute its business model from being a renowned developer of townships in Malaysia to becoming a premier integrated developer that fulfils the lifestyle needs of property buyers. The Division also enhanced its product range across three main product pillars – Niche Developments, Integrated Developments and Themed Townships. The financial year also saw the launch of the Lifestyle Collection Campaign, which raised the Group's overall take-up rate for launches to more than 80%. I strongly believe the property business will unleash its full potential as we move forward, given the strength of our product pipeline and quality of the new projects we have embarked on with our partners.

Following the exit from the Oil & Gas business, the Energy and Utilities Division recorded a PBIT of RM335.4 million, an improvement of 36.5% compared to RM245.7 million in the previous financial year. In the Utilities business in China, the Division announced a Five-Year Master Development Plan to expand its Weifang Port in Shandong Province with an estimated capital expenditure of RM1.4 billion. With this expansion, the Division hopes to boost its leadership position in the region as a leading port operator as well as to increase its overall profitability.

The Healthcare Division's PBIT was maintained at RM26.0 million. This reflects the Division's efforts to strengthen its position as one of Malaysia's leading healthcare providers. Profitability was maintained mainly due to the higher percentage recorded in occupancy rates and total patient volume. The Division successfully commissioned its second specialist centre in Ara Damansara on 20 March 2012.

## President & Group Chief Executive's Review

### Prospects And Strategy

The strong financial performance in FY2011/2012 has provided us with a solid foundation and we must continue to build on this momentum. Nonetheless, we remain mindful of the constant changes to the business landscape as we move ahead amidst increasing volatility in the global economy. The prolonged uncertainty over the resolution of the Eurozone debt crisis coupled with the less favourable outlook for the world's leading economies are likely to result in more moderate global economic growth as well as greater fluctuations in commodity prices. As such, the slowdown in global demand presents significant challenges to the economies in the Asia Pacific region, where the Group largely operates, particularly in China and Australasia.

However, Sime Darby is in a relatively strong financial position to withstand these challenges and will continue to deliver solid returns. Leveraging on the strength of our balance sheet and the diversity of our business portfolio, we will stay the course to execute our strategy, notwithstanding the operating environment.

It is in the face of such challenges that the viability of the Group's strategies will be severely tested. We must therefore ensure that the strategies can be adapted to the changing business environment and yet remain true and effective to their final objectives. To this end, the Management has reviewed and refined each Division's strategies to ensure expeditious execution. In the face of such uncertainties, the Group must also be ready to seize opportunities to implement corrective actions when noticeable gaps emerge.

In this regard, the refinements to the Strategy Blueprint remain, in essence, guided by the four key strategic thrusts. Nonetheless, there will be a greater focus on improving operational efficiency and realising each business' full potential. There will be a renewed and an immediate drive to manage costs more effectively and, in the current environment, reprioritise expansion plans.

As such, the Group will continue our disciplined approach to capital allocation and cash flow management, both of which are crucial in sustaining our long-term growth beyond the current volatile and uncertain business environment. We will also continue to rigorously review and assess our portfolio of businesses and their funding requirements. Following such reviews, we have made the decision to divest non-core and non-performing assets in order to deliver the Group's financial goals. This reflects Sime Darby's commitment to build a strong and diversified portfolio of winning businesses.

### Acknowledgement

On behalf of the Management, I wish to express my gratitude to the shareholders and the Board of Directors for their untiring commitment and support in contributing to the success of the Group. I also wish to thank the relevant regulatory bodies for their invaluable insights and guidance.

Finally, I wish to express my deepest appreciation to the employees of Sime Darby who have worked extremely hard and shown tremendous determination and dedication over the last 12 months. It is because of their commitment and effort that we are able to announce such exceptional results.



**Dato' Mohd Bakke Salleh**  
President & Group Chief Executive



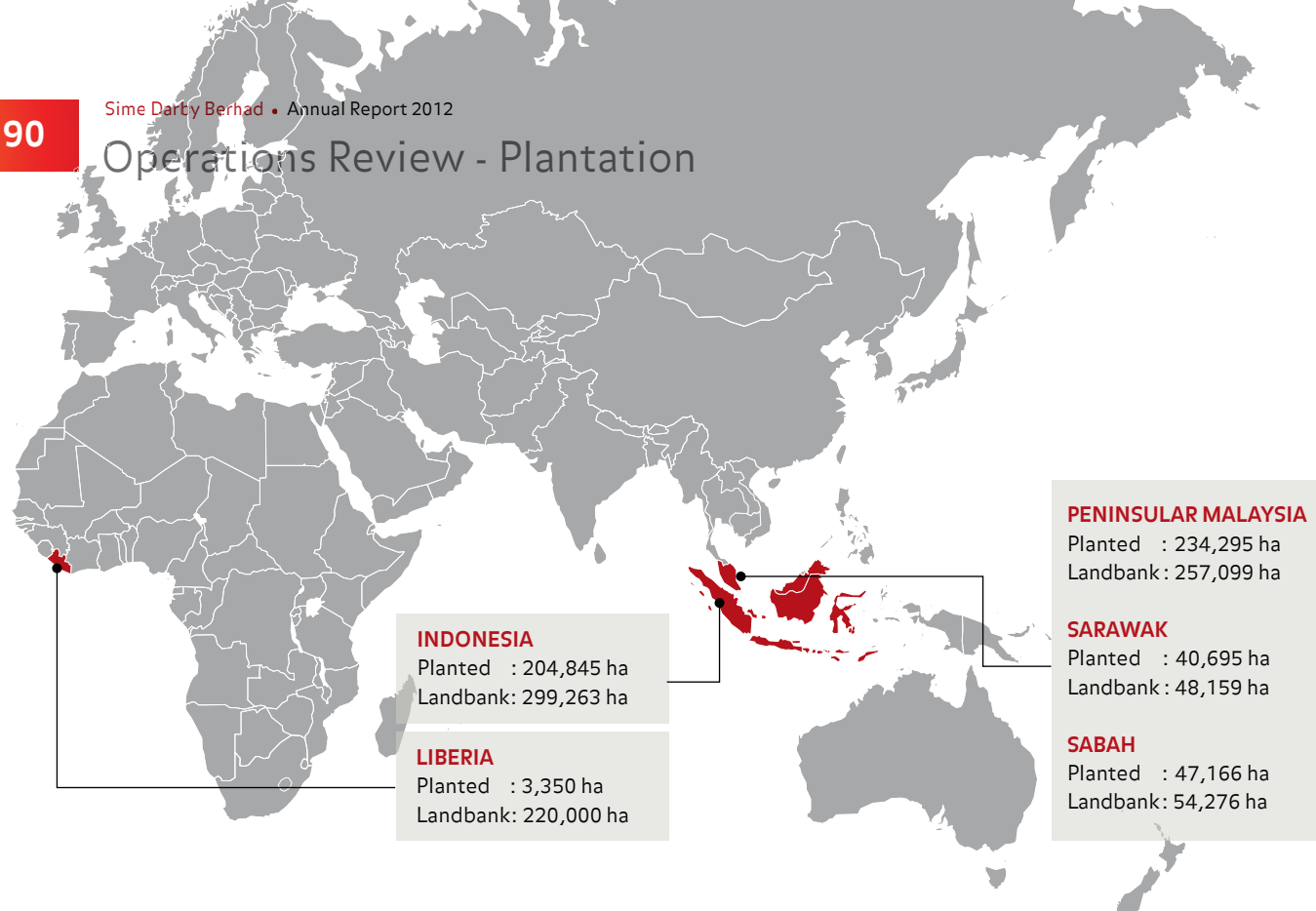


**TO BE A  
LEADING  
INTEGRATED  
GLOBAL  
PLANTATION  
COMPANY**

---

**PLANTATION**

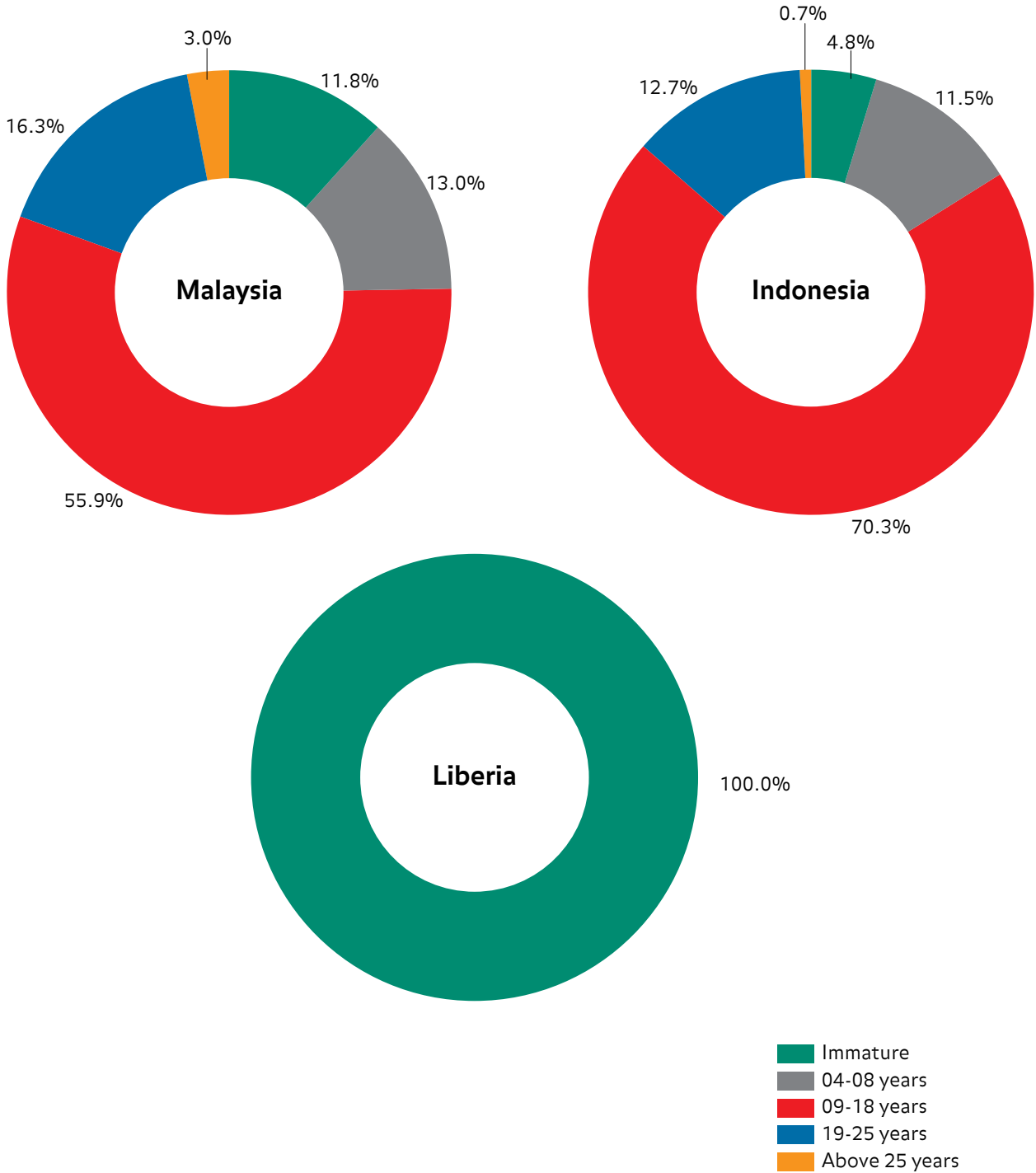
## Operations Review - Plantation



# Plantation

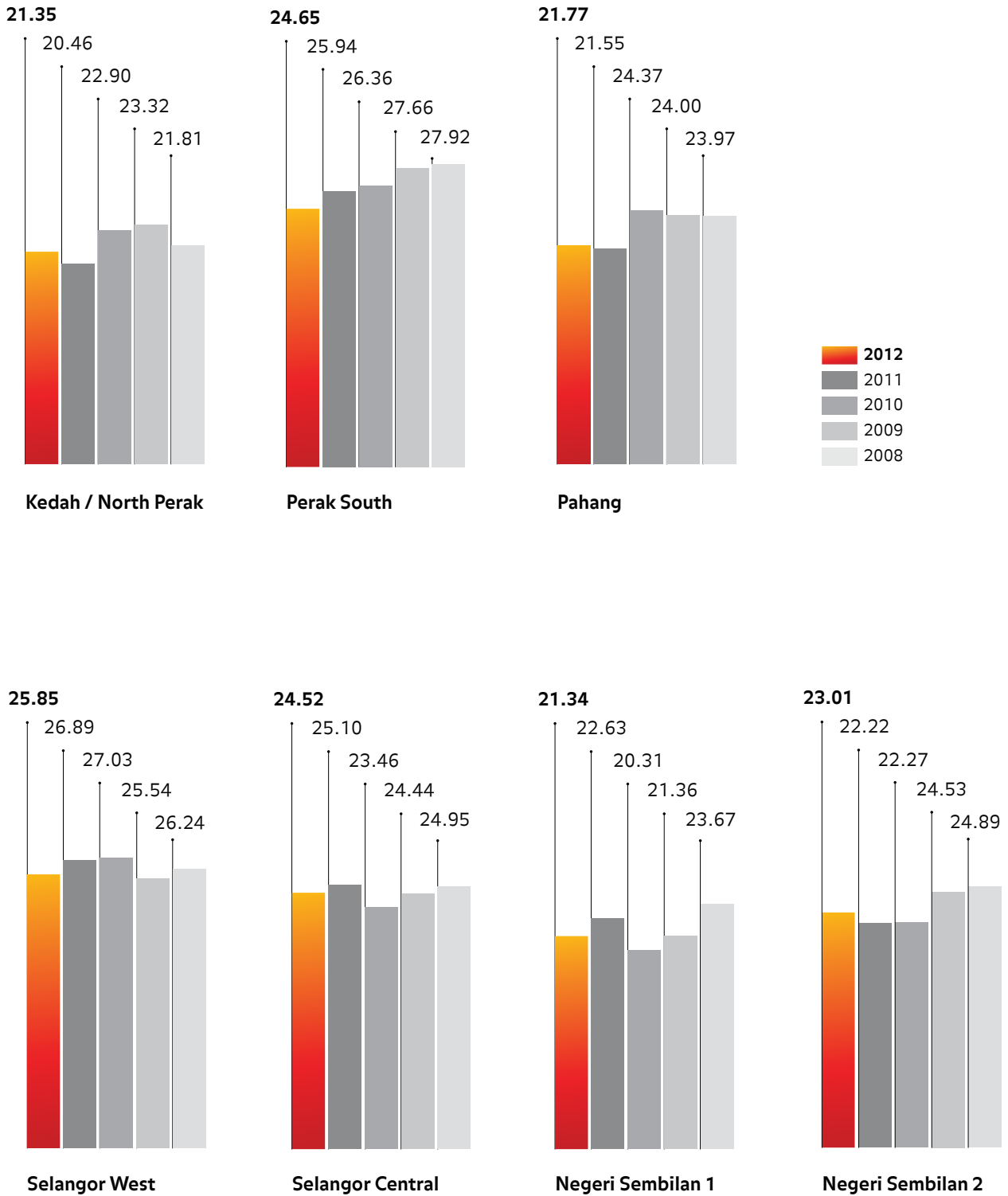
	FY2011/2012				FY2010/2011			FY2009/2010		
	Malaysia	Indonesia	Liberia	Total	Malaysia	Indonesia	Total	Malaysia	Indonesia	Total
<b>Oil Palm</b>										
Crop Production - FFB (in MT)	6,264,269	3,498,353	-	9,762,622	6,367,228	3,743,813	10,111,041	6,560,033	3,281,095	9,841,128
<b>FFB Processed (in MT)</b>										
-Own	6,262,337	3,483,031	-	9,745,368	6,350,054	3,697,947	10,048,001	6,471,566	3,206,959	9,678,525
-Outside	694,330	754,896	-	1,449,226	720,316	641,778	1,362,094	537,717	588,962	1,126,679
<b>Total</b>	<b>6,956,667</b>	<b>4,237,927</b>	<b>-</b>	<b>11,194,594</b>	<b>7,070,370</b>	<b>4,339,725</b>	<b>11,410,095</b>	<b>7,009,283</b>	<b>3,795,921</b>	<b>10,805,204</b>
<b>Hectarage (in Hectares)</b>										
-Mature	277,070	195,086	-	472,156	279,912	188,756	468,668	282,417	182,684	465,101
-Immature	37,224	9,759	3,350	50,333	34,123	19,133	53,256	31,737	25,365	57,102
Total planted hectares	314,294	204,845	3,350	522,489	314,035	207,889	521,924	314,154	208,049	522,203
FFB Yield per mature hectare	22.48	17.80	-	20.54	22.56	19.83	21.47	22.32	18.00	20.65
<b>Mill production (in MT)</b>										
-Palm Oil (CPO)	1,477,512	964,477	-	2,441,989	1,488,732	957,961	2,446,692	1,488,515	872,716	2,361,231
-Palm Kernel (PK)	354,872	197,430	-	552,302	352,420	197,905	550,326	352,473	179,082	531,555
CPO Extraction Rate (%)	21.24	22.76	-	21.81	21.06	22.07	21.44	21.24	23.00	21.85
PK Extraction Rate (%)	5.10	4.66	-	4.93	4.98	4.56	4.82	5.03	4.72	4.92
<b>Average selling prices</b> (RM per tonne)										
-Palm Oil (before sales tax)	3,155	2,564	-	2,925	3,049	2,686	2,906	2,342	2,260	2,311
-Palm Kernel (before sales tax)	1,861	1,187	-	1,624	2,305	1,789	2,121	1,252	958	1,150
<b>Cost of Production</b> (per MT of Palm Products)										
-Estate Cost	913	937	-	922	796	806	799	745	879	790
-Mill Cost	215	167	-	196	198	154	181	191	166	181
<b>Total</b>	<b>1,128</b>	<b>1,104</b>	<b>-</b>	<b>1,117</b>	<b>994</b>	<b>960</b>	<b>980</b>	<b>936</b>	<b>1,045</b>	<b>971</b>
<b>Rubber</b>										
Planted area (hectares)	7,862	-	-	7,862	8,086	-	8,086	8,419	-	8,419
Rubber production ('000kg)	11,049	-	-	11,049	10,812	-	10,812	10,646	-	10,646
Yield per mature hectare (kg)	1,977	-	-	1,977	1,711	-	1,711	1,554	-	1,554
Average selling price (RM / kg)	12.88	-	-	12.88	13.49	-	13.49	9.07	-	9.07

AGE PROFILE



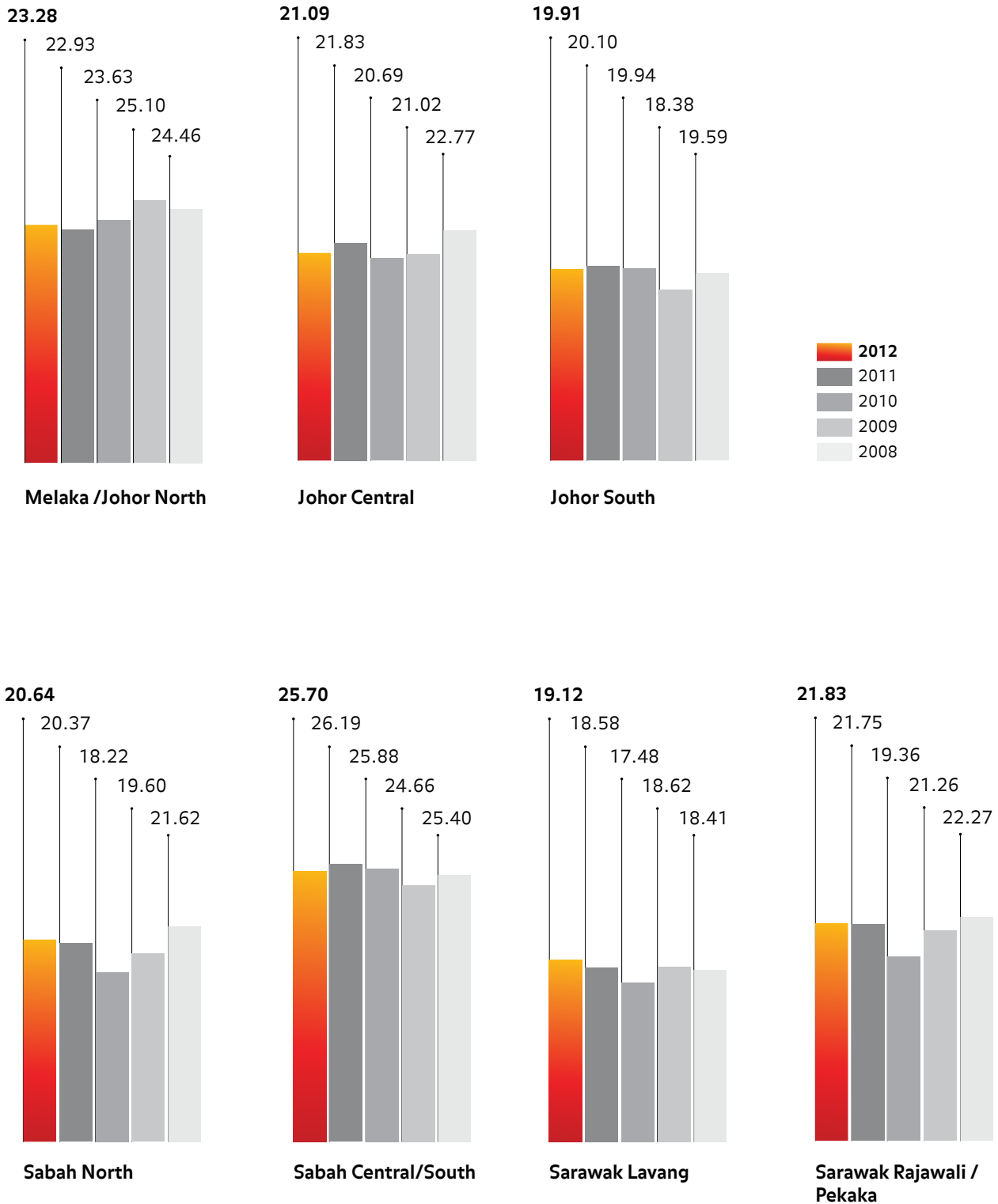
# Operations Review - Plantation

## FFB YIELD BREAKDOWN BY ZONE - MALAYSIA



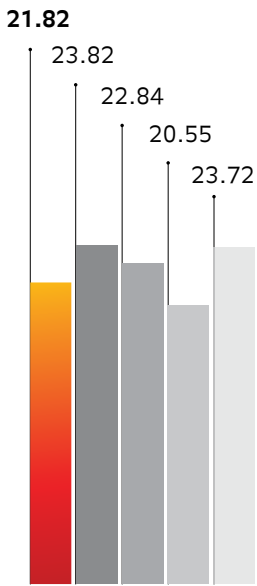
# Operations Review - Plantation

## FFB YIELD BREAKDOWN BY ZONE - MALAYSIA (CONTINUED)

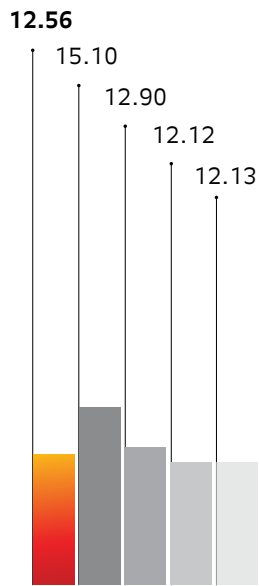


# Operations Review - Plantation

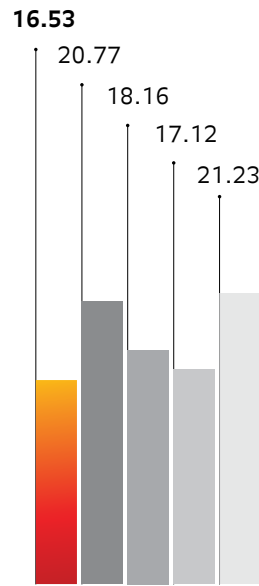
## FFB YIELD BREAKDOWN BY ZONE - INDONESIA



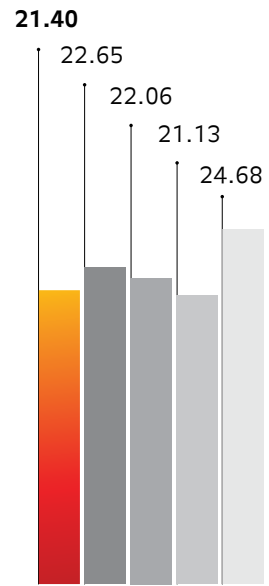
Kalimantan (Central)



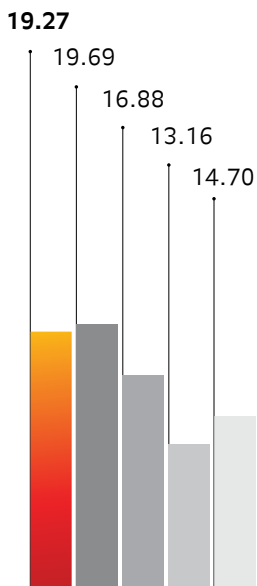
Kalimantan (West)



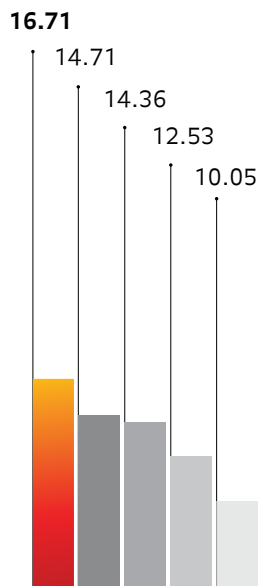
Kalimantan (South)



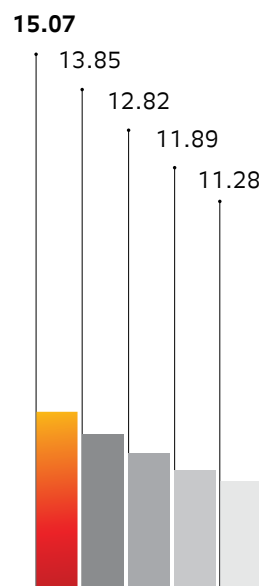
Sulawesi (Central)



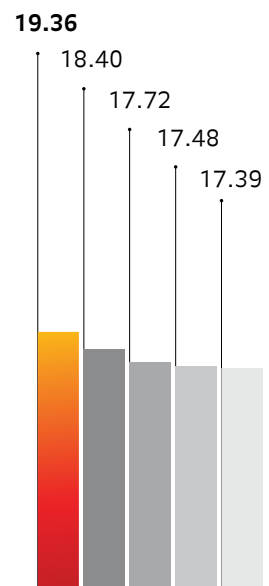
Sumatera (South)



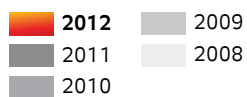
Sumatera (East Aceh)



Sumatera (Jambi)



Sumatera (Riau)



## Operations Review - Plantation

**Sime Darby  
Plantation  
Board Members**

1. Tun Musa Hitam
2. Tan Sri Datuk Dr Yusof Basiran
3. Dato' Henry Sackville Barlow
4. Dato' Mohd Bakke Salleh
5. Dato' Abd Wahab Maskan
6. Mr Franki Anthony Dass
7. Encik Rosely Kusip
8. Dato' Che Abdullah @ Rashidi Che Omar

## Operations Review - Plantation



### Key Activities

- Upstream
- Downstream
- Agribusiness and Foods
- Research and Development

### Key Countries of Operations

- Indonesia
- Liberia
- Malaysia
- Singapore
- South Africa
- Thailand
- The Netherlands

### Overview

The Plantation Division's business value chain is well integrated from Upstream Operations in oil palm and rubber cultivation to downstream activities involving refined products, agrifood and oleochemicals as well as research & development (R&D).

As one of the world's largest palm oil producers, the Division produces about 2.44 million tonnes or approximately 6% of the world's crude palm oil (CPO) annually. Its Upstream operations span across Malaysia, Indonesia and Liberia with a landbank totalling 878,797 ha, of which 522,489 ha have been planted mainly with oil palm and some rubber. The Division operates and manages 201 estates, 62 mills and nine refineries worldwide, employing around 80,000 people. The Group's Downstream operations are located in The Netherlands, South Africa, Singapore, Thailand, Vietnam, China and Malaysia with a total refinery capacity of close to 2.80 million MT per annum.

In Upstream operations, the Division continued to focus on operational excellence to seek improvements in yield and oil extraction rates (OER), in addition to achieving cost competitiveness without compromising on its commitment to sustainability. For FY2011/2012,

55 of the Division's strategic operating units (SOU), comprising 39 in Malaysia and 16 in Indonesia, successfully achieved the Roundtable on Sustainable Palm Oil (RSPO) certification status. Its Malaysia operations are 100% certified. Sime Darby Plantation is now the largest producer of sustainable and traceable palm oil in the world. To ensure sustained productivity, both Malaysia and Indonesia have embarked on replanting activities in old and low-yielding planted areas with high quality clones.

While volatility in feedstock prices and product spread have impacted Downstream operations' performance, the Division persevered in the year under review and continued to focus on feedstock management, cost control and operational efficiency. To maintain its competitiveness, Downstream operations also aggressively intensified its efforts in new product innovation and higher value-added products through its Innovation Centres in Europe, Africa and Asia.

The Plantation Division recorded a slight decrease in profit before interest and tax (PBIT) by 2.3% in FY2011/2012 compared to the previous financial year. This is mainly attributed to the vagaries of weather and tree stress which affected the Division's crop production, especially in its Indonesian operations.



## Operations Review - Plantation

### Plantation Upstream

In the year under review, the Plantation Division continued to record a marginally lower profit of RM3.2 billion compared to the previous financial year. This was primarily due to higher CPO prices and improvements in operational efficiency and productivity.

The average CPO selling price improved slightly from RM2,906 per MT in the previous financial year to RM2,925 per MT in the year under review. Meanwhile, the average palm kernel (PK) selling price decreased by 23% to RM1,624 per MT in the year under review compared to RM2,121 per MT previously.

#### Malaysia

##### Oil Palm

For the financial year under review, the Plantation Division's planted area in Malaysia stood at 314,294 ha, of which 90% were mature areas. Following the Company's policy, about 4% of the total planted hectareage was replanted during the year. The actual fresh fruit bunch (FFB) production for the year under review stood at 6.26 million MT or 64% of the Division's total FFB production.

The average yield per mature hectare posted a slight reduction of 0.3 % from 22.56 MT per mature hectare in the previous financial year to 22.48 MT per mature hectare in the year under review. The highest OER recorded in Peninsular Malaysia for FY2011/2012 is 22.3% at Kok Foh Mill while for East Malaysia, Melalap Mill recorded 23.1%.



Mechanisation initiatives have seen an improvement in harvesters' productivity and a reduction in labour

Throughout the year under review, the Division continued with its efforts to increase FFB production, harvester productivity, crop quality and work safety while reducing dependency on foreign workers. The Division has introduced various incentives, where the estates and mills within the SOUs were rewarded when they achieved the minimum targets set for higher FFB productivity, zero absenteeism and good CPO quality.

Among other initiatives introduced by Upstream operations during the year were:

#### i. Mechanisation

Maximising production as well as improving efficiency and productivity remains the key focus in Plantation operations. Efforts to expand mechanisation initiatives were intensified, covering various activities such as crop collection, fertiliser application and field maintenance. Currently, more than 100,000 ha of plantation areas in Malaysia are mechanised. In recent years, considerable progress has been made on mechanically assisted in-field collection (MAIC) for FFB in the Division's estates.

As at 30 June 2012, a total of 105,000 ha have adopted the MAIC method, which has seen an improvement in harvesters' productivity and reduction in labour. Similarly, operations in Indonesia have also begun implementing mechanisation initiatives at their estates.

#### ii. Harvesting Incentive Scheme (HIS)

HIS was introduced in 2011 for harvesting areas that are mechanised and practicing the concept of manual harvesting. This scheme rewards harvesters for optimal performance, with a specific set of criteria to qualify for the incentive payments. This has resulted in improvements in productivity per man-day, output and crop quality.

#### iii. Waste Management – composting

As part of the Upstream Division's waste management initiatives, efforts to convert oil mill wastes - mill effluent and empty fruit bunches - into organic fertiliser or compost increased during the year under review. To date, 22 composting plants have been completed and awarded the Commercial Operation status. Elphil and Kok Foh Mills, located in Perak and Negeri Sembilan respectively, are two new plants being commissioned.

#### iv. Central Housing Complex (CHC)

The plantation industry is relatively labour intensive with a high dependence on foreign workers. Being the backbone of the Plantation operations, the Division believes that as an Employer of Choice, uplifting the workers' quality of life through better remuneration and benefits coupled with the provision of best-in-class housing and living facilities will enhance performance and commitment to the Company.

## Operations Review - Plantation

The year under review saw the official launching of the Tennamaram CHC in Tennamaram Estate, Selangor by the Prime Minister on 16 April 2012. Under the CHC, housing and amenities for each operating unit are centralised, affording plantation workers a lifestyle akin to that found in a mini-township.

The Division's estates will soon be able to benefit from the CHC development as Sime Darby Plantation has also embarked on a continuous upgrading initiative of its existing plantation housing and amenities in Malaysia and Indonesia.

### **Indonesia**

The Division's total planted hectare for the year under review stands at 204,845 ha, of which 95% or 195,086 ha are mature areas. This comprises 70 estates, 23 mills and five bulking installations across Sumatera, Kalimantan and Sulawesi.

For the period under review, the Indonesian operations recorded a drop in its FFB production, registering a total of 3.50 million MT, or a 6.6% decrease, compared to the previous financial year. The average yield per mature hectare recorded at 17.80 MT per ha is lower by 10% compared to last year. This is mainly due to the higher deficits reported in the Kalimantan area, which saw a drop of 12% in FFB production compared to the previous year, mainly attributed to the extreme and prolonged water stress encountered in 2009 and 2011. However, the Sumatera Region registered an increase of 4% in its FFB production compared to the previous year.

Total CPO produced for the year under review, at 0.96 million MT, was 0.7% higher than the previous year, mainly due to the higher OER achieved as compared to previous year, despite the lower FFB production recorded. The average OER achieved at 22.76% is indeed commendable, compared to the average of 22.07% recorded previously. Of the 23 mills in Indonesia, nine mills recorded an average OER of above 23%, with Mustika Mill recording the highest at 24.01%. During the period under review, Tamiang Mill in Aceh, Sumatera was shut down to enable better utilisation of Blang Simpo Mill, which is located in the vicinity. At the same time, two new mills, Betung and Mandah Mills, are being constructed to cater to the expected increase in crop production.

Palm kernel production achieved for the period under review, at 0.20 million MT, is almost the same as what was reported last year. The kernel extraction rate recorded is higher at 4.66%, compared to 4.56% achieved last year.

Plantation Upstream Indonesia continued its replanting exercise in the period under review, with areas across Kalimantan and Sumatera being progressively replanted. This is in line with the Company's policy of replanting at least 4% of its hectare annually, to ensure that palm age profiles are maintained at optimum levels.

To date, 16 SOUs in Plantation Upstream Indonesia have been RSPO-certified with a capacity of producing approximately 720,000 MT of sustainable CPO and about 148,000 MT of sustainable palm kernel oil annually.



Oil palm nursery located in Banting, Selangor

## Operations Review - Plantation

### Liberia

Since the launch of Sime Darby Plantation (Liberia) Inc (SDPLI)'s first oil palm estate, the Matambo Estate in Grand Cape Mount County, the Division has made significant strides. A total of 3,350 ha out of the 4,956 ha of cleared land has been planted at the estate. Rubber tapping activity, on 6,696 ha of old rubber trees is still ongoing. The Company is now expanding into Bomi County, where a further 956 ha have been cleared of old rubber trees while 150 ha have been planted with oil palm. However, the prolonged dry spell in Liberia has hampered the earlier speed of planting.

SDPLI's next target for development is the Upper Garwula District, located adjacent to the Matambo Estate, encompassing a total of 24,000 ha. The Company is in the midst of enhancing its Free, Prior and Informed Consent (FPIC) processes and will be conducting Environmental and Social Impact Assessments (ESIA) and apply New Planting Procedure (NPP) before any development begins. The development at the Upper Garwula District will bring about socio-economic enhancements to the major towns, surrounding villages and communities. This is in line with the Company's plans to progressively develop the 220,000 ha of concessionary land awarded under the agreement which was signed with the Liberian government in 2009.

The construction of the Matambo Estate CHC which began in February 2010 is nearing completion. Amongst others, this modern complex will include workers' quarters, A Day Care Centre, schools, recreational facilities, community hall, teachers' quarters, executives' bungalows and an office. The local construction companies and suppliers have also benefited in the building of the CHC, as approximately USD 1.35 million has been disbursed to them since 2010.

SDPLI currently employs 3,719 Liberians in its operations with 16 Malaysian expatriates who provide guidance and support to the local Liberian managers. This is part of the Company's agreement with Project Affected Communities (PAC), that SDPLI will assist in addressing the issue of employment for every household in the 17 towns, covering approximately 745 households surrounding Matambo Estate.

Once the entire 220,000 ha of concession land has been developed, SDPLI is expected to provide 35,000 jobs in Liberia. Since 2010, SDPLI has paid approximately USD 1.5 million as compensation to surrounding towns and villages in the Grand Cape Mount County. In the year 2012 alone, the Company also spent another USD 63,000 on corporate social responsibility (CSR) activities to provide assistance to the local communities living within SDPLI operations.

Apart from this, SDPLI also provided educational assistance. Under a collaboration programme with the Agriculture Department of Senje College, SDPLI will engage agriculture professors who will train Liberians in specific fields. Senje College will operate as a specialised workforce feeder for the Company's plantation

operations in Liberia. Yayasan Sime Darby (YSD) will also be offering about USD420,000 worth of scholarships to 20 deserving beneficiaries at Liberia's universities. Financial assistance was also provided through SDPLI's partnership with a local student organisation. This enabled the students to tutor prospective West African Examination Council (a local examination) exam candidates, some of whom are attached to SDPLI's plantation school.

Over the next three years, SDPLI plans to develop a further 55,000 ha of concession land, including 3,000 ha for an OutGrowers Scheme. The Company hopes to bring clear and tangible benefits to Liberia through its plantation development and CSR efforts.



Liberia - planting the seeds of hope today for the benefit of future generations

### Rubber

The rubber operations recorded another impressive consolidated profit of RM83.8 million for the year. Although the average rubber selling price for the year was lower at RM12.88 per kg of dry rubber against RM13.49 per kg last year, the profit improved from RM14,333 per mature hectare year to RM15,001 per mature hectare this year.

The increase in profit per mature hectare was attributed to the excellent average rubber yield of 1,977 kg per hectare against 1,711 kg per hectare last year. Four estates namely St. Helier, Sg. Bharu, Sg. Sabaling and Pertang recorded impressive rubber yields above 2,000 kg per hectare.

The Division's associate company in Thailand, Muang Mai Guthrie Ltd., whose main activities are processing and trading of rubber, also recorded a high net profit of RM16.7 million for the year ended 31 December 2011. This was the best achievement recorded since the inception of the JV Company in 1996.

## Operations Review - Plantation

Natural rubber prices have retreated due to short-term weak demand in view of the uncertain world economic outlook attributed to the Eurozone debt crisis and slowing of China's economy. However, the long-term view is still positive as world demand for natural rubber is projected to grow at about 3% to 4% annually.

The rubber landbank expansion plan is on track with the acquisition of 10,000 hectares of green field land in Indonesia this year. The Division is also looking at new opportunities in other countries to further increase its rubber landbank in the near future, in line with the Plantation Division's long-term expansion strategy.

New rubber plantings of at least 2,000 ha in Indonesia and Liberia is expected to take off next year. The first conversion of 200 ha of oil palm area to rubber in Kedah will also be completed by the end of the next financial year.

Overall, Rubber Operations' performance has been credible and well-positioned to complement the Division's long term targets and goals.



Our rubber plantation at Bukit Pilah estate in Negeri Sembilan

### Plantation Downstream

FY2011/2012 saw the commissioning of the Division's 660,000 MT per annum refinery and fractionation facilities in Northport, and the 150,000 MT per annum kernel crushing plant in Carey Island, both located in Selangor. Moving forward, the Plantation Division expects to leverage on the new Indonesian export tax structure with the completion of its 825,000 MT per annum Pulau Laut refinery facilities in the next financial year.

During the period under review, heightened competitive levels were observed as a result of Indonesia's tax policies in favour of its downstream activities. This allowed for competitive pricing against Malaysia's exports of refined palm products.

The high volatility experienced during the period under review had mostly undermined the performance of Plantation Downstream's operations. Margins for Refined Bleached Deodorised Palm Oil (RBDPO) and RBDP Olein were offset by low prices of Palm Fatty Acid Distillate (PFAD) and Stearin in the first half of the year as the palm oil refining industry played catch up for the previous year's losses due to negative margins. As a result, both PFAD and Stearin saw an oversupply which could only be sold below cost. The new tax legislation for refined products in Indonesia resulted in making refined products from Malaysia less attractive, thus affecting overall sales.

The debt crisis in Europe also affected Plantation Downstream's performance. This was reflected in the eroding demand for high value-added palm products, directly affecting Sime Darby Unimills in the Netherlands.

On a more positive note, the Division's new plant in Northport, Klang with a capacity of 2,000 MT per day has begun operations and shown positive results in refining more Upstream output as well as providing more profit-maximising opportunities for the Division.

Lower margins resulting from decreasing spread have resulted in a performance below its financial targets for Plantation Downstream. Nonetheless, the strategy to develop differentiated products has seen some improvements in operating margins. The ratio of differentiated products against bulk products have markedly increased from 33% in the previous year to 39% this year.

Plantation Downstream also remained competitive through the accumulation of cost savings from its Continuous Improvement Plans (CIP) and Lean Six-Sigma initiatives. This amounted to RM12.2 million for the period under review which has contributed to improved margins. Currently, Plantation Downstream has initiated the Black Belt training programme under the Lean Six-Sigma initiative and has trained nine engineers to be certified in the next two years.

The Division's business unit in Thailand, Morakot Industries, faced considerable challenges during the financial year under review due to the flood situation in Bangkok, high CPO prices and the Thai Government's price cap imposition that lead to low or negative margins. In spite of these circumstances, the unit overcame the issues successfully and achieved double-digit growth in market share during the crisis period.

Morakot Industries also made history by being one of the first companies in Thailand to receive the Carbon Footprint Label Certificate from the Thailand Greenhouse Gas Management Organisation for having the lowest carbon gas released amongst brands currently available in the market.

Morakot Industries was awarded the Readers' Digest Trusted Brand Award, for the ninth consecutive year since 2004.

## Operations Review - Plantation

### Research and Development Centre

Sime Darby Research and Development Centre (R&D Centre) focuses on creating new solutions and opportunities while providing operational support for its plantation stakeholders. The centre's primary focus remains on Yield and OER improvements.

#### Breeding and Biotechnology

Improving oil yield continues to be the primary objective of Breeding and Biotechnology, which has initiated work on developing the fourth generation planting materials with a yield target of more than 10 MT of oil per ha. This programme uses 46 selected third generation Deli Duras and nine selected second generation AVROS Pisifera families. Concurrently, identification of molecular markers is in progress to complement and accelerate traditional breeding methods. Three genome related patents have also been filed last year.

Sime Darby Seed R&D Centre (SDSRDC) recently released a chilli variety (SDP 33) which was proven to have high-yielding red uniform fruits, high pungency and "pluckability". SDSRDC is also the main producer of registered paddy seeds for MARDI Malaysia with total expected seed yield of 300 MT, valued at RM750,000. This project is at its final pilot testing stage and expected to be fully operational in the next financial year.



A strong R&D culture from the very early days has shaped the company to be one of the largest palm oil producers in the world today



*Tyto alba*, or the Barn Owl, is a hallmark of sustainable pest control in our estates

#### Plantation Research and Advisory (PRA)

The main thrust of PRA is to provide technical support to Plantation operations through advisory and R&D in the areas of agronomy and crop protection. During the financial year under review, PRA provided agronomic advisory and fertiliser recommendation services to 126 oil palm estates, eight rubber estates and one guava estate belonging to the Group of estates in Malaysia, covering an area of 320,285 ha. Similar agronomic advisory and fertiliser recommendation services were also provided to 76 estates covering 206,713 ha in Indonesia by Minamas R&D Centre (MRC).

The Technology Transfer and Advisory Services (TTAS) team also carried out leaf sampling for nutrient analysis on cultivated areas totalling 311,743 ha of oil palm trees, 7,862 ha of rubber trees and 206 ha of guava trees. TTAS was also actively involved in agro-technical feasibility studies prospecting potential new areas for agricultural development in various countries. In addition, TTAS conducted training sessions on best agro-management practices including nursery husbandry and culling practices, pest and disease management, fertiliser management, good rainfall recording and its usage, as well as ground cover management.

Several special projects were also carried out which included evaluation and refinement of the Carey Island Oil Palm Yield Forecasting System (CIFOS); refinement of the existing Site Yield Potential Model; and development of an internal Agro-Management Information System for Sime Darby Plantation.

Research on Integrated Pest Management (IPM) continued to be emphasised with the ultimate objective of achieving pest management control through self-sustaining non-chemical means. A new insect predator, the checkered beetle *Callimerus arcifer*, was found to be an effective killer of bagworm pupa. It will be mass-produced for field application to complement other insect predators produced to suppress the bagworm population.

## Operations Review - Plantation

The parasitic fungus *Metarhizium anisopliae*, an effective bio control agent of the rhinoceros beetle has also been successfully developed. This will be mass-produced and applied in all new oil palm replants, achieving sustainable control of the pest without the need for subsequent prophylactic insecticide spraying.

The introduction of the barn owl (*Tyto alba*) from Peninsular Malaysia to Sabah over the last two years has proved successful. The owl population is expected to grow and spread to a wider area as a means of biological control for rats, thus reducing the usage of chemical rodenticides.

### **Processing & Engineering (P&E)**

Recovery of products from waste streams has been one of the major focus areas. Some of the key projects under P&E include new techniques of sterilisation, a new oil clarification process, enzymatic palm oil extraction, palm kernel extraction and processing using green technology, as well as the recovery of rubber from natural rubber skim latex using membrane technology. With a strong emphasis on research in waste water treatment, P&E is committed to improving and simplifying water treatment in palm oil mills.

Two collaborative projects with SIRIM Berhad on the production of natural gas-like fuel (biomethane) and biofilter for odour control are being conducted at East Oil Mill. Also through a collaboration with Mitsui Engineering & Shipyard (MES) of Japan, P&E continued its feasibility study on empty fruit bunches (EFB) as feedstock for bioethanol production.

P&E is also actively working with Universiti Kebangsaan Malaysia (UKM) within the YSD framework on several high impact waste management and exploitation studies. These projects focus on reducing or eliminating carbon dioxide emissions through the development and utilisation of bio-hydrogen with absorption of any carbon dioxide emissions from the production process.

### **Oils & Fats/Oleochemicals/Food and Agribusiness Innovation Centre (FABIC)**

Oils & Fats has focused on fundamental research, process and product innovation to create value towards operational efficiency and future business sustainability.

The key projects progressing in this area are as follows:

- comprehensive clinical study and pre-commercial plant for palm based anti-obesity oil
- patent pending process for production of palm-based high Triacylglycerol (TAG) oil
- development of a series of fortified healthy functional lipid products (Docosahexanoic Acid (DHA) and Conjugated Linoleic Acid (CLA) fortified oils and fats)
- conversion of the Methyl Ester Sulphonate (MES) paste to powder form using the mini spray dry method; development of refined, bleached and deodorised palm stearin (RBDPS)-based esterquats for household fabric softening purposes
- in-vitro study on the animal fat bypass capability formulation using hard stearin
- production of a new nano anti-wrinkle lotion enriched with tocotrienol
- the development of four pink guava beverages fulfilling key client requirements.

### **Innovation Centres (ICs)**

The ICs continued their strong track record in developing new products to meet the needs of its customers. During the last financial year, new products have generated over RM30 million worth in revenue. Teams of scientists have worked on these new formulations in the Netherlands, South Africa and Malaysia in addition to conducting refinery visits to advise on process improvements and conducting training sessions.



Sorting of Calix 600 seeds at SDSAS in Banting, Selangor

## Operations Review - Plantation

### **Laboratory Services**

The six analytical laboratories under Processing Technology continue to provide analytical services to Plantation operations and other R&D units with more than 400,000 routine determinations. All laboratories in Carey Island and Tawau have been accredited by Standards Malaysia (SM) under the Skim Akreditasi Makmal Malaysia (SAMM) Scheme MS ISO/IEC 17025. The Bintulu laboratory is expected to receive its accreditation before the end of 2012.

### **Sime Darby Seeds & Agricultural Services (SDSAS)**

In FY2011/2012, SDSAS produced and sold about 18.3 million oil palm seeds and seedlings to both internal estates as well as external clients. Apart from its continuous supply to Liberia, SDSAS explored new markets by entering into Gambia, Malawi and Indonesia.

The Company's renowned oil palm planting material, Calix 600 has built a strong reputation with increase in sales from 898,978 seeds in FY2010/2011 to 3,738,097 in this financial year.

Being one of the leaders in seed production, SDSAS produces a wide variety of high quality seed variants, including GH 500, Guthrie DxP and HRU DxP. Additionally, SDSAS is committed to the supply of rubber planting material. SDSAS also continued its tradition of customer focus with its after-sales services, advisories and consultations.

Moving forward, SDSAS has embarked on a modernisation programme to increase efficiency which includes the construction of a new production plant and an initiative to automate its production processes.



The rhinoceros beetle, *Oryctes rhinoceros*, is a serious pest of the oil palm



*Turnera subulata*, a beneficial plant established on a wide scale at our oil palm estates

### **Plantation Sustainability**

Sime Darby Plantation strongly advocates the principles of sustainable consumption and production. This guides all its key work processes along the palm oil and rubber value chain, from its Upstream to Downstream operations worldwide. The Division is serious in its approach and views towards environmental and social issues so that it does not undermine natural forest areas, wildlife and the rights and livelihoods of local communities, by implementing the best sustainable and efficient work practices.

The idea of adopting green initiatives through RSPO certification, advocating various proven Green Technologies and enhancing its FPIC process is becoming more prominent in its business and growth strategy.

As a responsible corporate citizen, the Plantation Division is committed to reduce its GreenHouse Gas (GHG) emission by 25% and 40% by the year 2016 and 2020 respectively. Plans include embarking on various Green Technologies and other initiatives to reduce the carbon footprint along its business value chain. It has targeted to spend RM500 million over this period to reduce GHG emissions and also to green areas through dedicated tree planting and reforestation efforts.

#### **RSPO**

As at 30 June 2012, 55 SOUs have been certified by the RSPO (39 in Malaysia and 16 in Indonesia). The RSPO-certified volume is 2.15 million MT of Certified Sustainable Palm Oil (CSPO) and 0.49 million MT of Certified Sustainable Palm Kernel oil (CSPKO). This stamps Sime Darby Plantation as the largest producer of sustainable and traceable palm products in the world.

#### **RSPO Supply Chain Certification System**

Sime Darby Hudson & Knight (H&K) has gone through the internal consultation and assessment for the RSPO Supply Chain Certification System (SCCS) and is targeted to undergo the RSPO SCCS Main Assessment by end-2012.

## Operations Review - Plantation

### **New Planting Procedures in Liberia**

SEIA Study - Sime Darby Plantation has engaged Flora & Fauna International (FFI) to review at the outset the environmental implications of any field operations and ground-clearing works by identifying all High Conservation Value (HCV) areas. The HCV areas are marked and carved out clearly so that these areas are preserved in their natural condition while land developments can be carried out in the unaffected areas.

FPIC - The Company is in the process of reviewing its current FPIC process, to produce a new Standard Operating Procedure (SOP) in order to improve its process on the ground. This is to ensure that the rights of indigenous people and local communities are respected and not affected, through a more effective consultative and compensation process.

### **International Sustainability and Carbon Certification (ISCC)**

On 30 March 2012, two Operating Units – Segaliud & Merotai Oil Mill - received the ISCC certification, the first international certification system for biofuels. This brings the total to eight Operating Units that have been certified as at June 2012. Efforts will continue to certify the other mills in East Malaysia by end 2012.

### **Sustainability Initiatives**

#### **Constructions and Commissioning of Closed Compost System**

Currently, the Plantation Division has 22 plants (15 in Peninsular Malaysia, five in Sabah and two in Sarawak) that are capable of producing around 500,000 tonnes of compost annually for our field applications. This is part of the Group's efforts to reduce its carbon footprint through increase in the use of organic fertilisers.

### **Clean Development Mechanism – Composting Registered Projects**

Sime Darby Plantation has an emission reduction purchase agreement with the Danish government to deliver 225,000 credits from four composting projects under the Kyoto Protocol's Clean Development Mechanism. Total credits under verification and since verification is 167,800.

A total of 31,381 credits from Merotai have been submitted as a request for issuance. The monitoring report is currently undergoing a completeness check which is expected to take between 8-12 weeks. Issuance of credits may be completed by December 2012.

### **Tree Planting Programme**

The existing Endangered, Rare and Threatened (ERT) trees that have been planted around the Division's premises are being maintained by the estate management, with Plantation Sustainability Department representatives supervising the survival and mortality rate. As at 30 June 2012, a total of 329,225 trees have been planted throughout SDP premises, with a survival rate of 75%.

A proposal on planting ERT trees on an area located adjacent to a forest reserve at Jentar Estate, Pahang had been considered as the next move for this programme. This will then create a new forest corridor at the unplanted area in the estate.

### **Rehabilitation of Ulu Segama / Malua Forest Reserve Project**

Planting activities are progressing well in this project as part of the Group's reforestation efforts in the Ulu Segama and Malua Forest Reserves in Sabah. This is one of the world's largest projects on the restoration and protection of orang utan habitats.



Our oil palm field in Matambo Estate, Liberia



## Operations Review - Plantation



Kok Foh Oil Mill became a model mill for SDP after receiving its 5S certification from MPC

### Occupational Safety & Health

The Divisional Policies & Authorities (DPA) on OSH was issued in October 2011 to re-emphasise the roles and responsibilities of the employer and employee in implementing the Plantation Division's Occupational Safety and Health Management Systems (OSHMS), which is developed based on the OHSAS 18001 and ISO 14001 standards. It emphasises the importance of understanding the hazards and risk controls associated with the process.

To help increase awareness, competency and self-regulation, Plantation Quality & Safety Management - OSH (PQSM-OSH) conducted a series of 50 dialogue sessions in Malaysia between workers, operation heads and PQSM-ESH throughout the year. These dialogue sessions act as a forum to communicate OSH issues to workers while addressing their work-related OSH issues.

Dialogues and meeting sessions were organised with the Engineering and HR Departments to re-align and calibrate strategies and plans to improve overall OSH management and performance in Sime Darby Plantation. Engagements with the Engineering Department focused on developing design standards for work-related equipment, tools and facilities as well as reviewing process flows to ensure better adoption of risk control in Engineering, Procurement, Construction, Installation and Commission (EPCIC) processes.

PQSM-OSH also conducted a series of dialogues and collaborative works with the Department of Occupational Health and Safety (DOSH) both at Federal and state levels, to exchange latest information and build trust, as well as strengthen the industry network through the Malayan Agricultural Producers Association (MAPA).

OSH training forms a major portion of PQSM-ESH's activities and programmes. Training was provided to address immediate operational needs such as the Tractor Driver Competency Course (TDCC) for local tractor drivers, Hazards & Operability (HAZOP) Study for the Engineering Department, as well as Trunk Injection Procedures and Manning Railway Crossing Procedures for the operations.

TDCC, which was designed to mitigate major accident risks, was developed together with the Ministry of Agriculture's Agricultural Engineering Training Centre. In FY2011/2012, eight training sessions were completed, producing 180 competent tractor drivers. It is targeted that 2,000 competent tractor drivers will be produced in the next five years.

The Division's operations in Indonesia and Liberia also embarked on similar awareness and competency development programmes to improve their OSH risk control capabilities.

A major pesticide supplier, BAYER, was invited by the Division to play its part in promoting chemical safety awareness through its Stewardship programme, which successfully covered 130 estates and 2,000 sprayers in Malaysia.



The 5S programme will be an integral part of work culture at all mills in Malaysia

**TO BE A  
LEADER IN  
BUILDING  
SUSTAINABLE  
COMMUNITIES**

---

**PROPERTY**



## Operations Review - Property



### Sime Darby Property Board Members

1. Tan Sri Dato' Sri Hamad Kama Piah Che Othman
2. Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo
3. Dato' Mohd Bakke Salleh
4. Dato' Abd Wahab Maskan
5. Tengku Datuk Seri Ahmad Shah Al-Haj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Al-Haj
6. Datuk Johan Ariffin
7. Mr Vasantha Kumar Tharmalingam

## Operations Review - Property



### Key Activities

- Property Development
- Property Investment

### Key Countries of Operations

- Australia
- Malaysia
- Singapore
- United Kingdom
- Vietnam

## Overview

Sime Darby Property Group (Sime Darby Property) is Malaysia's leading and largest property group with a successful track record of developing townships of sustainable communities. It is Malaysia's largest property developer today in terms of revenue, property landbank and active developments.

For the financial year under review, Sime Darby Property recorded an increase in revenue to RM2.04 billion from RM1.99 billion last year. This further enhanced its position amongst the small number of "Billion-Ringgit" revenue property groups in Malaysia. The increase in revenue also matched with the increase in profit before interest and tax (PBIT) to RM467 million from RM456 million last year.

As at 30 June 2012, Sime Darby Property's total landbank stood at 16,600 acres, with its properties located mostly around Kuala Lumpur, Greater Kuala Lumpur and Klang Valley, Selangor and the Development Belt of Negeri Sembilan. Sime Darby Property has built 12 townships that are home to some 85,000 families or 425,000 individuals. Many of these townships have been completed and sold; and are continuing to grow in a vibrant and sustainable manner. These townships which are still in progress in FY2011/2012, offer 15 phases that continue to meet the robust demand for residential and commercial products launched by Sime Darby Property.

Sime Darby Property is an integrated property group with two core businesses, namely Property Development

and Property Investment. In addition to Malaysia, it also has a global reach that encompasses assets and operations in Australia, Singapore, United Kingdom (UK) and Vietnam. Earlier, it had successful operations in Jakarta, Indonesia; Florida, USA and Beijing, China.

While Property Development remained the largest earnings contributor during the year under review, Sime Darby Property aims to increase the contribution from its Property Investment as well as its overseas operation to 20% respectively by 2016. To this end, it has strengthened its position in both areas. The Property Investment section has expanded its Net Floor Area (NFA) of retail and office space to 1,122,194 sq ft with an average rental rate of RM4.72 per sq ft.

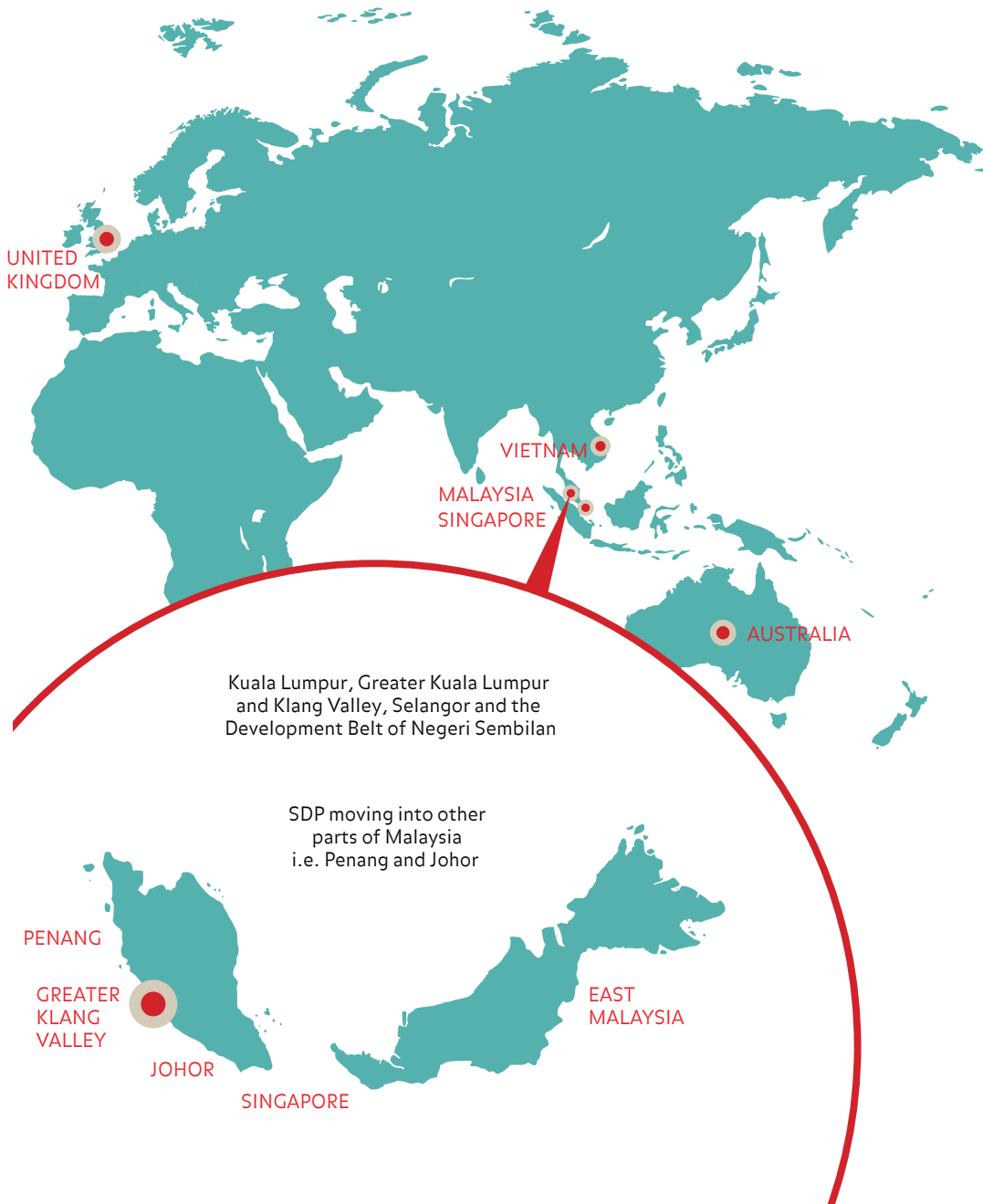
The joint venture development of the Battersea Power Station in London, UK is a strategic move to improve this plan. This 39-acre development site fronting the River Thames is a strategic location in London.

Sime Darby Property has been successful in leveraging on Quality, Innovation and Creativity, Value Creation and Sustainability attributes throughout its entire value chain of activities and operations. During the year, it has continued improvement and transformation initiatives to extract more value and operational efficiency.

Sime Darby Property continues to demonstrate its strategic-marketing drive and award-winning achievements to support its objectives in the year under review.

## Property Development

From an illustrious tradition of developing themed townships and commercial centres, Sime Darby Property has stepped up its journey of innovation and creativity to spearhead various initiatives. These include new integrated and niche developments, re-generation of transit-oriented developments, business centres and retail malls.



**Malaysia**

Property Development  
Property Investment

**Singapore**

Hospitality  
Property Investment

**Vietnam**

Hospitality

**Australia**

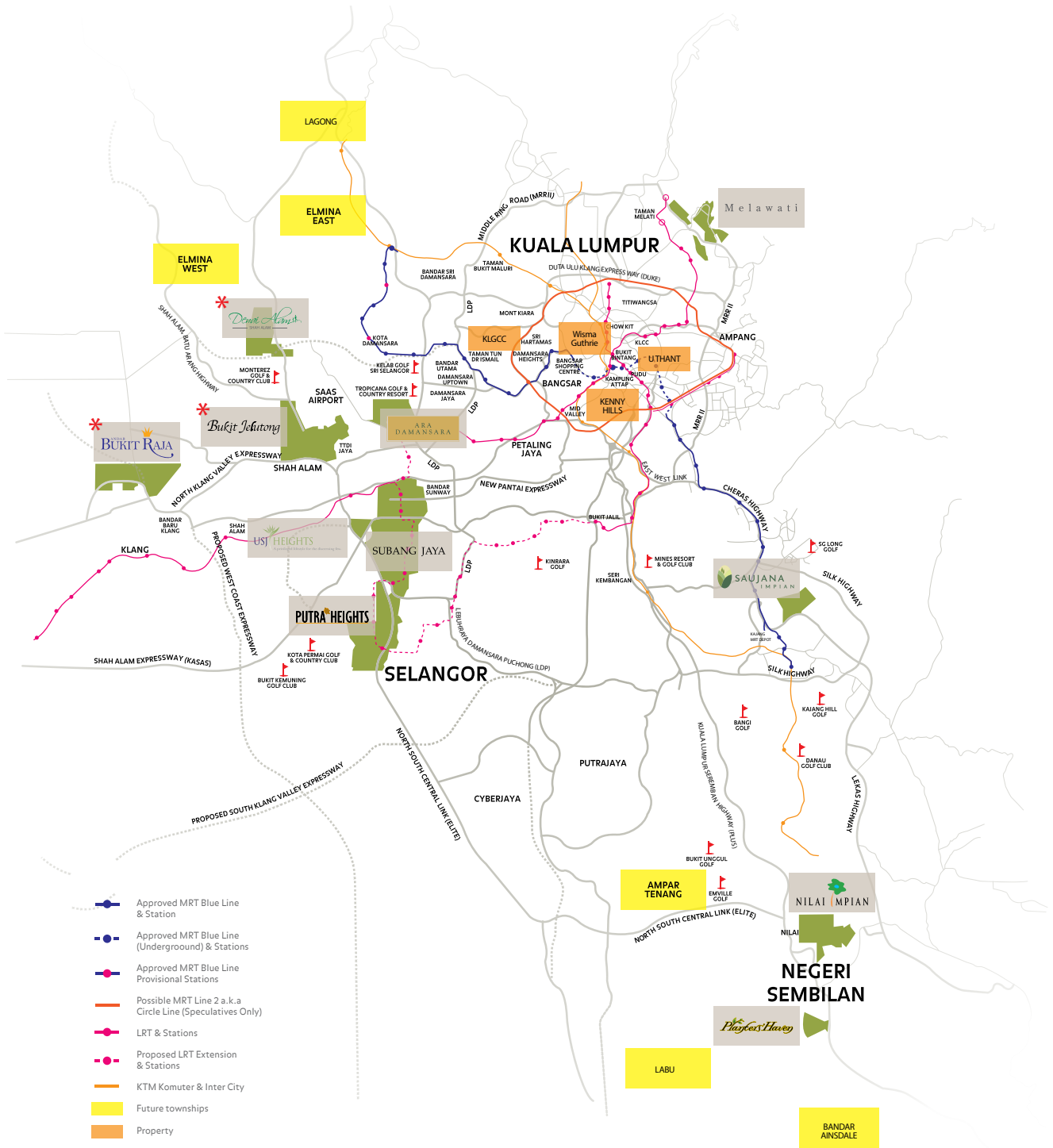
Property Development  
Hospitality

**United Kingdom**

Property Investment

**Sime Darby Property Group Operations, Malaysia**

Townships – Themed and in strategic locations – Kuala Lumpur, Greater Kuala Lumpur, Klang Valley, Seremban, Nilai and Johor Bahru.



**Sime Darby Property Townships-  
Klang Valley & Nilai/Seremban**

\* Star-Rated Sales (2012)

## Operations Review - Property

Sime Darby Property's townships are well-planned and come complete with residential, commercial, retail and hospitality facilities. There are 12 active townships currently, which include Denai Alam, Bukit Jelutong, Ara Damansara, Bandar Bukit Raja One, Nilai Impian, Saujana Impian, USJ Heights, Subang Jaya, Putra Heights and Melawati.

In FY2011/2012, Sime Darby Property development launched a total of 1,515 units of residential and commercial properties involving 15 phases across six townships. It successfully sold 1,390 units during the year, recording an average take-up rate of 85%.

Townships which sold very well were Denai Alam and Bandar Bukit Raja. Among the notable residential product launches were Delora, Serissa Terrace and Aster Grove. Commercial offerings that saw high demand were Eleven Avenue in Bandar Bukit Raja and e-Boulevard in Denai Alam. These projects, which were sold out within the first month of being launched, were achieved on the back of attractive product concepts, effective marketing and sales proposition, and customers' confidence.



Artist's impression of 2 and 3-storey shophouses of e-Boulevard, Denai Alam with a 100% take-up rate



Seri Pilmoor, Ara Damansara – the ratio of homes to greenery has been designed to achieve a perfect 50/50 equilibrium

### **Integrated and Niche Development**

During the year, Sime Darby Property and its subsidiaries undertook several projects in this category. These include The Centum in the Oasis Corporate Park and (Ara Damansara Linear City) and Isola (Subang Jaya City Centre).

Sime Darby Property's integrated development (IND) project series/collection consist of mixed commercial developments that incorporate residences. These include serviced apartments with retail facilities, Small Office Home Office (SOHO), hotels and office spaces.

Sime Darby Property's INDs will also capitalise on the Transit-Oriented Development (TOD) concept by building properties that are integrated with transport hubs or nodes within its landbank. This will provide unparalleled convenience for residents, office workers, shoppers, and rail commuters in its townships.

The first major IND and TOD is the Subang Jaya City Centre -East (SJCC-E). It will offer diverse commercial properties that include a retail mall, serviced apartments, SOHO, corporate offices and hotel which will be built around a major transportation hub within the matured, successful and branded township of Subang Jaya. The project is expected to be launched at the end of 2013 with an estimated Gross Development Value (GDV) of RM1 billion.

The Putra Heights Urban Centre or Putra Heights Oasis has been planned based on the integrated mixed and TOD concept. This development will leverage on the convergence of two LRT lines, namely the extensions of the Ampang and Kelana Jaya lines in Putra Heights by 2014. It is expected that the property value in the area will appreciate as a result of the synergy created in terms of convenience. This project is expected to be launched in FY2013/2014 with a GDV of RM2.619 billion.

### **Niche Development**

Sime Darby Property's niche development is made up of high-end and luxurious residential or other developments. One of these developments is The Glades, a gated and guarded low-density residential development on 58 acres of freehold land within its own precinct in Putra Heights. The development's design approach utilises principles of sustainability where every facet of technology, community and nature are inter-connected. It is designed as a wetland with endemic vegetation and features a "Green Basin" – a park at its heart, where a series of ponds complement the lush landscape.

Kenny Hills Residences encompasses 63 luxury condo villas spanning 4.75 acres in Bukit Tunku, set amidst the greenest and most exclusive enclave in Kuala Lumpur city. A low density development, Kenny Hills Residences is a most sought-after property for the affluent. The central location of the development assures residents' easy access to KL's main commercial hub while enjoying the exclusivity and privacy within a verdant setting – attributes that are hard to find within the city centre.

## Operations Review - Property



Artist's impression of Subang Jaya City Centre-East's IND and TOD - 2012

East Residences is Sime Darby Property's first residential development within the landscape of the Kuala Lumpur Golf and Country Club (KLGCC). A high-end development, the East Residences respects the surrounding environment while simultaneously meeting the demands of a rapidly changing demographic that seeks a location that is close to work as well as recreational facilities.

### **Next Developments - Malaysia**

Elmina East, a freehold, mixed township spanning 1,088 acres at one of the Guthrie Corridor Expressway-ready interchanges is positioned as another new township in the Klang Valley. The township will have four zones encompassing commercial, industrial, recreational parks and residential community. It is expected to have a community of 60,000 people. Earth works had commenced in June 2012 and expected GDV is RM3.718 billion.

Bandar Universiti Pagoh (BUP), a 4,100-acre new University Town model, will be a self-contained fully-integrated development where 1,000 acres will be dedicated to developing the Pagoh Education Hub (PEH). Expected GDV for BUP is RM6.77 billion.

Chemara East is a unique freehold cluster located in Seremban, Negeri Sembilan with a low-density, high-end residential development.

KLGCC Resort Real Estate (The KLGCC RRE) will be transformed into an internationally acclaimed lifestyle centre. Its innovative architecture and urban-spatial layouts which take into account sustainable environmental requirements and a beautifully landscaped golf course in the centre, will make The KLGCC RRE the greenest urban development within the Greater KL region.



Isola – a good-sized superior condominium that offers tranquility amidst the bustling Subang Jaya commercial zone enjoyed a take-up rate of nearly 100%

Lot 245, Jalan U Thant is a low-rise luxury development within Kuala Lumpur's verdant diplomatic enclave, KLCC and the Golden Triangle.

The Véo in Melawati is a freehold two-tower condominium in Desa Melawati where smart office facilities will be installed at the community gardens with seamless indoor-outdoor living. With 350 units and an estimated GDV of RM333 million, this development is expected to be launched in October 2012.

The Lifestyle Centre in Melawati is a new freehold shopping mall with a catchment population of 800,000 people within a 10-minute drive. The mall has a net lettable area of 635,000 sq ft.



Artist's impression of the Melawati Corporate Centre – comprising office suites with F&B facilities and roof top terrace, with a magnificent view of the KLCC skyline and the Melawati Quartz Ridge



## Operations Review - Property

### **Sime Darby Affordable Homes (SDAH)**

In the second half of 2011, Sime Darby Property launched its maiden Sime Darby Affordable Housing in collaboration with Projek Perumahan Rakyat 1Malaysia (PR1MA) in Bandar Ainsdale, a 550-acre township in Seremban, Negeri Sembilan.

At Bandar Ainsdale, 420 affordable and quality homes will be built in Phase One. 32 units will be landed strata homes, while the rest will comprise low-rise strata town houses or cluster homes.

In terms of space and material specifications, these homes will have features that are exclusive to Sime Darby Property. With built-up areas ranging from 700 to 1,600 sq ft., most of these homes will have three bedrooms, three bathrooms, 11 ft-high ceilings, full wall tiles and good sanitary fittings in all bathrooms, as well as laminated timber flooring for the first floor and in the bedrooms for the strata units.

Sime Darby Property plans to build a total of 21,120 units of affordable and quality residences for middle income earners in existing townships such as Ara Damansara, Putra Heights, Bandar Bukit Raja and in future townships like Elmina East, Elmina West, Kota Elmina, and Lagong Mas.

At the same time, Sime Darby Property is also building homes for employees of the Sime Darby Group at various townships.



Artist Impression of Serasi Homes - landed affordable quality housing for employees

### **Marketing Innovations**

#### *Sime Darby Property Lifestyle Collection*

The start of 2012 marked a significant upgrading in Sime Darby Property's approach to marketing. Its overall marketing strategy undertook a more brand-driven, customer-centric and market-driven approach.

At the foundation of this shift was the Sime Darby Property Lifestyle Collection campaign that was launched in the first quarter of 2012. The campaign repositioned the market's perception of Sime Darby Property from a township developer into an integrated lifestyle developer.

The two-and-a-half month campaign received 20,000 visitors. Out of these, 5,000 registered their interest in purchasing Sime Darby Property products. The campaign achieved around RM800 million in sales during the short period.

### **Reality Shows - The Apartment**

In its effort to reach and engage its key market segments, Sime Darby Property collaborated with Imagine Productions to co-create an Interior Design-based reality television show. Entitled 'The Apartment', the series saw three pairs of contestants competing against each other to design living spaces in three separate penthouses at 3 Residen in Melawati Kuala Lumpur, a Sime Darby Property development project. The Apartment was also used as a showcase for Sime Darby Property's products during the 10 episodes of the show. Aired on the AXN Channel, the show achieved groundbreaking success in its inaugural season, reaching some 97 million households in 22 countries across Asia.

### **Property Developments - Overseas**

#### *Battersea Power Station*

Sime Darby Property's strategy and positioning in top overseas property locations has been enhanced by the new Battersea Power Station project in London. The successful acquisition of the Battersea Power Station by Sime Darby Property, SP Setia and the Employees Provident Fund (EPF) reflects Malaysia's top property players' ability to grow globally.

Battersea Power Station as a 'brand' has become one of the best known landmarks in London. With the stretched frontage of the famous River Thames, the project will include hotels, apartments, retail, F&B outlets and the extension of an Underground line to connect to the Battersea Power Station. This project is just a five-minute walk from the 200-acre Battersea Park.

For Sime Darby Property, this project will further solidify its reputation globally.



Battersea Power Station - a 39-acre mixed development in London, is a mega overseas project for Sime Darby Property

## Operations Review - Property

### **Bognor Regis Redevelopment**

The 54-acre redevelopment project in Bognor Regis, UK comprises two phases. Phase One of the project has been sold to Sainsbury Supermarkets Limited. Redevelopment planning is on-going for a mixed land development use in Phase Two, which comprises 44 acres of freehold land.

### **Property Investment**

Sime Darby Property owns and manages assets in Malaysia, Singapore and the UK, and at the same time, manages prime assets owned by the Sime Darby Group.

To date, Property Investment Malaysia manages Wisma Sime Darby, Sime Darby Property Corporate Tower at Oasis Square, Wisma Guthrie, Sime Darby Pavilion, Subang Avenue Retail Mall and Kompleks Sime Darby. Total Net Floor Area (NFA) managed is 911,050 sq ft.

Sime Darby Property's Corporate Tower office building at Oasis Square in Ara Damansara has been awarded Certification of the Leadership in Energy and Environmental Design (LEED Silver) by the US Green Building Council. It is also the first building to be LEED Silver-certified in Malaysia and recognised by the Malaysia Book of Records.

Property Investment Singapore owns and manages three commercial assets comprising the Sime Darby Centre, the Sime Darby Business Centre and the Sime Darby Enterprise Centre with a total NFA of 468,316 sq ft. We also manage another three commercial assets comprising Sime Darby Performance Centre, Vantage Automotive Centre and Regent Centre with a total NFA of 434,000 sq ft. Collectively, the assets achieved an average occupancy rate of 98% in FY2011/2012 as compared to 92% in FY2010/2011. Sime Darby Property will be redeveloping Sime Darby Centre as part of its asset enhancement programme.

Despite the economic uncertainties in Europe and the UK, in London and Edinburgh, Property Investment UK managed to record an occupancy rate of more than 80% during the financial year.

Sime Darby Property will continuously monitor its portfolio with the objective of maximising its yield through proactive asset enhancement and marketing.

### **Property Hospitality**

Sime Darby Property operates its hospitality services under its Darby Park and KLGCC brands. Its asset management covers several known hospitality assets in Malaysia, Singapore, Vietnam and Australia.

Property Hospitality comprises Darby Park Executive Suites (Singapore), Darby Park Executive Suites (KL) and Darby Park Vung (Vietnam).

#### *Malaysia*

Kuala Lumpur PNB Darby Park Executive Suites continued to perform well in tandem with the market despite an increase in the supply of new and upgraded properties within its vicinity. It achieved an average



PNB Darby Park, Kuala Lumpur

occupancy rate of more than 61% and also conducted an upgrading of its rooms and lobby as part of its proactive asset enhancement exercise.

Hotel Equatorial Melaka performed better compared to the previous financial year where it registered an average occupancy rate of 66% against 64% last year. The hotel was recently refurbished and commanded a higher room rate which improved the average room rate of the hotel.

#### *Singapore*

Darby Park Executive Suites (DPES) registered an occupancy rate of 64% on improved average room rates. DPES' performance was attributed to its strategic location, which is near the retail and entertainment hub of Orchard Road and excellent service. Refurbishments that were completed in the past 12 months also made a positive impact on DPES' revenue.

#### *Vietnam*

Darby Park Vung Tau registered an increase in occupancy rate to 88% from 74% in the previous year. Occupancy levels have been consistent throughout FY2011/2012 and are expected to continue in FY2012/2013 due to the high demand from the oil and gas sector, which has a sizeable presence in Vung Tau. Vung Tau is also a popular destination for the well-heeled holiday makers from Ho Chi Minh City.

#### *Australia*

Darby Park Serviced Residences, Subiaco in Perth, Western Australia (WA) is located in one of Perth's most stylish and cosmopolitan suburbs. It has continued to perform well with an average occupancy rate of 84%

## Operations Review - Property

against 82% from the previous year and is expected to continue to perform well in FY2012/2013. This growth is fuelled by demand from the oil and resources sectors in WA.

Darby Park Serviced Residences, Margaret River in Perth, WA is an acclaimed destination for the world's best wineries, gourmet food and boutique accommodation. The Darby Park Serviced Residences borders a lush, tropical state forest on one side and a bustling major city street on the other.

The Darby Park Serviced Residences in Karri Valley in WA is perched on the edge of a lake with magnificent views of the lake and the forest. It has also played host to many conferences.

### **Property Hospitality - KLGCC**

The KLGCC is a top brand in Kuala Lumpur. Operations under this prime address include KLGCC - Kuala Lumpur Golf and Country Club and KLGCC - East Residences.

Kuala Lumpur Golf & Country Club (KLGCC) was recognised as the Golf Course of the Year 2011-2013 by Hospitality Asia Platinum awards (HAPA Golf Course of the Year). It commands a very selective membership with a price of RM250,000 per membership for year 2012.

KLGCC has been the venue of the LPGA since 2010 and the Maybank Malaysia Open for the last two years.

### **Property Hospitality - Sime Darby Convention Centre (SDCC)**

Sime Darby Convention Centre has shown good performance and has become the preferred place for events due to its proximity to the city centre. It comprises a Grand Ballroom that can accommodate up to 2,600 guests, three floors of function rooms, an auditorium that seats 180 people and two restaurants. Among the events managed during the year under review include The Prime Minister's CSR Awards and the Perdana Leadership Forum.

## **Industry Enhancement Initiatives**

### **"Place-Making", Urban Design & The SDP Design Guidelines**

At the heart of all Sime Darby Property designs and development is the principal approach of "place-making" - the primary goal of urban design. This new approach is customer-centric and focuses on the sensory and cognitive needs of the user, and is guided by community-building objectives. The urban design approach to creating a township is a paradigm shift from the previously practiced traditional approach of township planning which was focused on land-use.

Sime Darby Property has developed its own customised Urban Design and Built Form Guidelines that are aimed to set a benchmark based on the world's best practice standards for all its designs and developments. The guidelines ensure that Sime Darby Property's brand attributes are captured and delivered through the brand experience of its products.



Ficus Peak relooks at how spaces are efficiently designed and utilized using sustainable design principles

### **Sime Darby Property Sustainability Goals**

In pursuit of attaining its vision, Sime Darby Property has established the Sustainability Blueprint which sets out a plan for the company's sustainable future. Thirteen key goals have been identified covering the aspects of economy, environmental protection, organisational culture, safety and health, sustainable townships and product design and development as well as operational eco-efficiency.

One of the key goals that Sime Darby Property has set is to achieve a higher score in its Sustainability Index (SUSDEX), an index to measure the sustainability performance of SDP's townships and business units based on the GRI (Global Reporting Initiative) Framework, an internationally-recognised sustainability reporting framework. For FY2011/2012, SDP achieved an overall score of 55.9%, higher than the base target of 55%.

Sime Darby Property hopes to achieve 5% growth per annum on its SUSDEX ratings with a view of achieving 95% sustainability rating by 2020.

### **Carbon Footprint Project**

Under the Carbon Footprint Project (CFP), Sime Darby Property has established a system to measure and monitor its carbon footprint, which is the amount of greenhouse gas (GHG) that are emitted from all its direct activities. Sime Darby Property has taken this proactive step aimed at reducing its overall impact on the environment. The CFP is in line with Sime Darby Property's Sustainability Goal of cutting green house emissions by 40% by 2020. Through the CFP, Sime Darby Property has successfully determined its carbon footprint, with 2009 as the baseline year. Sime Darby Property's total carbon emission for 2009 was 37,045.48 t CO<sub>2</sub>-e, with purchased electricity for buildings being the highest emission source.

## Operations Review - Property



In line with Sime Darby Property's aspiration of "Building Sustainable Communities", Sime Darby Property had initiated Sustainability Goals 2020, which charts the organisation's roadmap

### Quality, Environment, Safety & Health (QESH) Management

Sime Darby Property is the first developer in Malaysia to be certified with an integrated QESH Management System, and the first in the country to incorporate its scope for Sime Darby Property's Property Investment division. QESH consists of three internationally recognised standards mainly:

1. ISO 9001:2008 for quality management system;
2. ISO 14001:2004 for environmental management system;
3. OHSAS 18001:2007 for the occupational health and safety management system; and
4. MS 1722:2005 Part 1 for the occupational health and safety management system (Malaysian standard).

One of the main tasks for the QESH department is to assess the quality of all Sime Darby Property's developments and property investment. A comprehensive checklist is applied when grading the quality of Sime Darby Property's projects, which includes those based on industry standards set by the Construction Industry and Development Board (CIDB) plus a detailed checklist of its own.

### Sustainability Quality Management

Sustainability Quality Management (SQM) Property Division plays a vital role as a change agent and acts as a catalyst to the transformation culture in Sime Darby Property. Deployment of Sime Darby Property's Sustainability Blueprint and attainment of its goals underlies SQM's functions. Fully aligned to the Sime Darby Group, the department implements the Group's policies and strategies on sustainability at divisional level.

### Vendor Development Programme

The Vendor Development Programme which started in 2009, is a smart partnership with vendors, such as consultants, contractors and suppliers to ensure long-term business sustainability that meets future market challenges through a shared culture of quality and trust.

To ensure quality delivery to Sime Darby Property customers, VDP requires vendors to:

- be ISO-certified (for all Super A and A vendors);
- invest in technology (such as Building Information Modelling) and comprise a multidiscipline team with full implementation of the Quality Assessment System in Construction (QLASSIC) with the support of CIDB;
- adopt the Green Building Index (GBI) as all Sime Darby Property homes are targeted to have a minimal adverse effect on the environment; and
- offer creativity and innovation



**TO BE A HIGH  
PERFORMANCE  
DISTRIBUTOR  
OF CATERPILLAR  
PRODUCTS  
AND ALLIED  
SOLUTIONS**

---

**INDUSTRIAL**

## Operations Review - Industrial

**Sime Darby Industrial  
Board Members**

1. Tan Sri Samsudin Osman
2. Dato' Azmi Mohd Ali
3. Dato' Mohd Bakke Salleh
4. Madam Tong Poh Keow
5. Mr Scott William Cameron
6. Mr James Chapman Sheed
7. Dato' Ahmad Pardas Senin
8. Dato' Sri Abdul Hamidy Abdul Hafiz

## Operations Review - Industrial

### Key Activities

- Caterpillar Dealership
- Allied Products Group

### Key Countries of Operations

- Australia
- Brunei
- China
- Christmas Island (Indian Ocean)
- Hong Kong
- Macau
- Malaysia
- Maldives
- Nauru
- New Caledonia
- Papua New Guinea
- Singapore
- Solomon Islands
- Vietnam



### Overview

The Industrial Division once again achieved record revenue and profits for FY2011/2012 with the Australasia region being the largest contributor. Registering a 27% increase in PBIT compared to the same period last year, the Division's strong performance was driven predominantly by buoyant conditions in the mining and resources sector.

The construction sectors in Malaysia and Singapore demonstrated a positive momentum through projects to upgrade infrastructure. The extension of the Mass Rapid Transit (MRT) and Light Rail Transit (LRT) lines, new petro-chemical complex and projects, coupled with strong demand for aggregates in the quarry sector played a significant part in the growth of the business.

However, results from the China region were dampened due to steps taken by the authorities to control inflation growth.

The Oil & Gas fabrication industry in Singapore remained active, contributing positively to the good demand for Caterpillar engines and generators.

The commodity prices of timber and CPO continued to be consistent, sustaining demand for Allied Products such as agriculture tractors and mechanisation products for the plantation sector.

During the year under review, the Division continued to invest significantly in tooling and branch infrastructure in anticipation of future growth. It also commenced a major three-year project to upgrade and replace its IT systems and related processes. Division-wide initiatives to invest in human resource and talent development continued to receive encouraging results. With top priority accorded to the safety of its employees, potential safety risks are being managed by a strong procedural structure, rigorous inductions and a disciplined use of risk assessment tools.

The Division remains exposed to financial market risk from foreign exchange and interest rate risks, credit risks and liquidity risks. However, these risks are managed using defined policies and procedures aligned to the policies of the Group and Authorities.

## Operations Review - Industrial

### Malaysia

The Malaysian market for heavy equipment remains strong, driven by projects in the construction of hydro-electric dams throughout the country, the LRT line extension, port expansions, as well as iron ore mining in Pahang and Johor. The rental business and fleet sales benefitted significantly from these projects.

The business continued its strategy of delivering solutions to the nascent planted forest sector in Sabah and Sarawak. The introduction of the CAT 522 Feller Buncher for harvesting received encouraging response from the market.

Tractors Petroleum Services, provider of product support for Caterpillar engines to the petroleum sector, also expanded its cooperation with GE-PII to offer 'Pipeline Intelligent Inspection' services to the Oil & Gas sector.

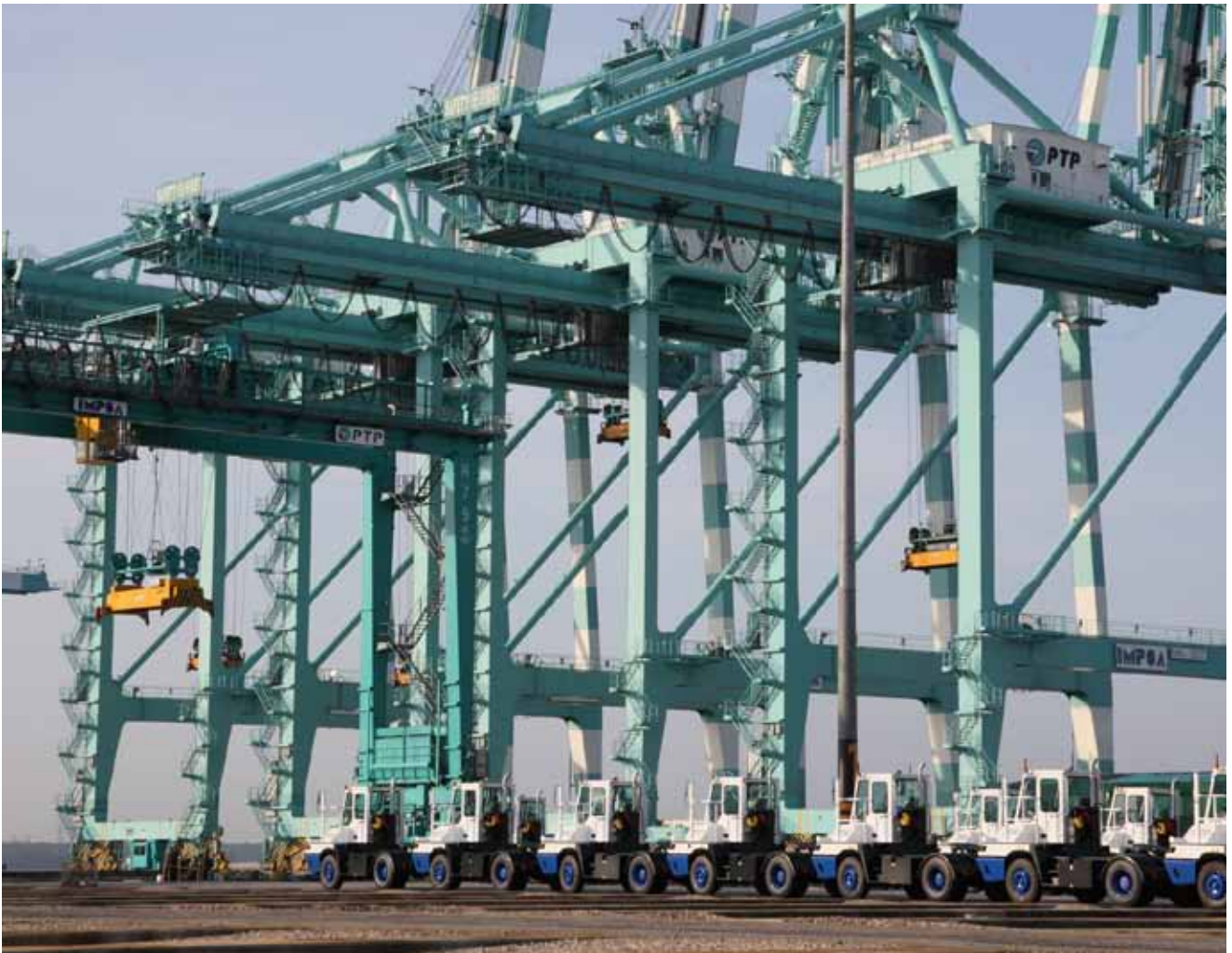
Demand was steady in the agricultural sector. The demand for Kubota and New Holland agriculture tractors reflects continued efforts to promote mechanisation solutions and to improve customer safety standards.

During the year under review, Terberg Tractors Malaysia registered another milestone when it delivered 50 units of Malaysian-made terminal tractors to the Sri Lanka Port Authority.

### Singapore

Caterpillar maintained its position as the leading supplier for heavy equipment and engines in Singapore. The business owed its encouraging performance to the upgrading of the MRT project in the country where a fleet of Caterpillar heavy equipment and engines were sold to the leading contractors of the project.

Demand for heavy equipment also rose on the back of a recovered Oil & Gas industry, contributing to the strong order book for Caterpillar engines and Sullair air compressors to the Singapore fabrication yard.



Terberg delivers a combination of efficiency and reliability in its ports and logistics solutions



## Operations Review - Industrial



Caterpillar provides an unparalleled range of products for general construction and mining equipment

### China

The Division's performance in China was dampened significantly by the contraction of about 40% in the country's construction equipment industry compared to the previous year. This industry contraction reflects the measures taken by the Chinese government to control inflation growth and hold back investments in certain infrastructure projects.

Despite this highly challenging environment, the business was able to secure additional market share on the back of innovative marketing programmes.

A milestone recorded during the year was the sale of four large 240-tonne Caterpillar off-highway trucks to a mining contractor in the Xinjiang province. The performance of these trucks in this remote location has been very encouraging.

The Division will continue to invest in the infrastructure of its China branch, albeit at a reduced pace. The business will also continue to develop opportunities for Caterpillar engines and ancillary equipment for the growing marine and ship-building sector.

### Australia

The buoyant mining sector in Australia demonstrated significant growth in sales and profit for the year. This growth was further augmented by the acquisition of the former Bucyrus mining business to the product line-up. The Caterpillar mining business now covers both surface and underground mining sectors and provides customers with the largest and most comprehensive product range in the industry.

Product support for the mining fleet delivered over recent years will continue to provide a strong revenue stream for the dealership.

The Division also stepped up the recruitment and training of technical personnel needed to strengthen the product support business, whereby manpower headcount has been increased by more than 500 in the year under review.

Competition for skilled personnel in the mining sector is driving up wages and diluting skills in a diminishing talent pool. General construction (non-mining) market remains relatively subdued, with total market size declining by 30% from the highs of three years ago. These levels are expected to remain for the next two years.

The construction markets have shown a steadier growth trajectory with market share increasing on the back of innovative marketing plans and growth of rental fleets.

Despite the uncertainties in international markets and the introduction of the Resource Super Profits and Carbon Taxes in Australia, the order book for Caterpillar equipment remains strong. However, some customers have begun to defer new equipment orders due to the uncertain economic climate which fortunately provides the opportunity to increase the sales of parts and services as equipment ages.

### Papua New Guinea, Solomon Islands & New Caledonia

Demand for Caterpillar equipment remains strong in the Pacific Island dealerships where mining and pipeline construction projects have provided excellent opportunities for Caterpillar equipment and product support. A new larger facility is currently being planned for Lae branch to handle the growth anticipated from the opening of a new mine in the area.

The logging sector in Papua New Guinea, which has several operators from Sarawak, has also remained active. In view of this, the Division plans to leverage on opportunities to supply new and used equipment to this sector.

New Caledonia is the world's sixth largest producer of nickel ore with several large nickel mining projects currently being developed, thus offering opportunities for the total Caterpillar range.

Construction of a new Head Office and workshop complex in Noumea will commence in mid-September to handle the growth of the Caterpillar business. This is expected to be completed in mid-2014.

**TO BE A  
LEADING  
AUTOMOTIVE  
PLAYER IN THE  
ASIA PACIFIC  
REGION**

---

**MOTORS**



## Operations Review - Motors



### Sime Darby Motors Board Members

1. Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin
2. Tan Sri Datuk Dr Yusof Basiran
3. Puan Zaiton Mohd Hassan
4. Dato' Mohd Bakke Salleh
5. Madam Tong Poh Keow
6. Dato' Lawrence Lee Cheow Hock
7. Dato' R. Karunakaran
8. Dato' Sri Abdul Hamidy Abdul Hafiz
9. Datuk Syed Abu Bakar Syed Mohsin Almohdzar

## Operations Review - Motors



### Key Activities

- Import
- Assembly
- Distribution
- Retail

### Key Countries of Operations

- Australia
- China
- Hong Kong
- Macau
- Malaysia
- New Zealand
- Singapore
- Thailand



(From left) Jolyon Nash, Director, Sales & Marketing, Rolls-Royce Motor Cars; Dato' Lawrence Lee, Executive Vice President, Sime Darby Motors and Torsten Mueller-Oetvoes, CEO, Rolls-Royce Motor Cars, at the Rolls-Royce Global Dealer Conference 2012 where the Rolls-Royce Motor Cars Shanghai Dealership bagged nine awards

### Overview

The Motors Division achieved another excellent set of results in the financial year under review. Operating profit before tax grew by 11% over the previous year despite a softening global automotive market attributable to the Eurozone crisis and a slowdown of the Chinese economy.

## Operations Review - Motors

### Malaysia

The Malaysia operations achieved a record year with profits significantly exceeding those of the previous year. These results would have been better if not for the limited supply of several popular models. Impressive sales performances were registered for the BMW, Ford, Hyundai, Land Rover and Porsche franchises.

This success was reflected in the many accolades received by the Division including Best Sales Performance in the Ford Export Markets for Sime Darby Auto ConneXion and Auto Bavaria occupying the top four spots in BMW Malaysia's Platinum Dealer Awards.

### Singapore

Singapore operations recorded a modest year-on-year improvement in profit despite operating in a market that continues to see a significant decline in registrations as a result of the reduction in Certificate of Entitlement (COE) quotas.

After receiving several premium segment leadership awards in the past years, Performance Motors attained overall market leadership for the BMW brand in 2011, making Singapore the only market in the BMW worldwide network to have achieved this. It was ably supported by its used car division, Performance Premium Selection, which continued to record improved sales since its inception in 2005.

Although operating in a highly competitive mass market segment, both Ford and Peugeot recorded improvements in market share. New model launches such as the Ford Focus and the Peugeot 508 contributed positively to the Division's performance. Success was also seen in the Special Vehicles Division where a tender was awarded by the Singapore Government.



The all-new Hyundai Elantra was awarded the '2012 North American Car of the Year'



The all-new Ford Ranger redefines the compact pickup truck market

### China

The China operations' contribution to the Division's profit during the financial year was flat, due to tougher market conditions and heavy discounting. Its more recent BMW dealerships in Chengdu and Changsha recorded solid growth in car sales and after-sales service as they gain a foothold in these cities.

The Super Luxury segment showed good growth, with China overtaking the United States by becoming the largest market for Rolls-Royce. Sime Darby Motors was the world's second largest dealer of Rolls-Royce in 2011 and was awarded Rolls-Royce's 'Dealer of the Year' for Asia Pacific in 2011. The Super Luxury brands of Rolls-Royce and Lamborghini in Eastern China recently expanded into the city of Nanjing.

### Hong Kong and Macau

The Motors Division's operations in Hong Kong (HK) and Macau remained steady in terms of profit. Both HK and Macau operations maintained their success in these markets by achieving the number one luxury brand status for BMW for the second consecutive year.

The Division recorded strong performance for its BMW, MINI and Rolls-Royce businesses due to sustained growth in the premium segment in 2011. Meanwhile, its McLaren business commenced deliveries in the last quarter of the financial year.

## Operations Review - Motors

### Australia and New Zealand

The Australia and New Zealand operations performed well and recorded improved profits in the financial year under review. Falling consumer confidence resulted in significant discounting in these highly competitive markets, which affected the Division's passenger car segment. However, Australia's Corefleet rental business continued to take full advantage of the buoyant mining industry to produce impressive profits, thus offsetting some of the difficulties faced by vehicles distribution.

In New Zealand, impressive growth was recorded in the sales of commercial vehicles. The Trucks Investment Ltd Group secured a five-year supply contract for Volvo Trucks with one of its largest customers.

### Thailand

In Thailand, the Division's operations faced disruption due to the severe floods but still managed an improved profit over the previous year. A robust business continuity plan ensured that staff, facilities and assets were successfully protected. However, with no activity for almost four months, ambitions for major growth in the financial year under review were checked.

### Outlook

Despite a poorer global economic outlook expected in the second half of 2012, the Division is optimistic and focused on the execution of its five-year Strategy Plan.

Further improvements and development of business processes have been initiated to further increase operational efficiency, productivity as well as customer satisfaction.

Strategic investments in growth areas will also be considered to enable the Division to meet its growth targets.



Sime Darby Auto Performance unveiled the new Porsche 911 Carrera in February 2012



**CORE BUSINESS  
IN POWER  
ENGINEERING  
SERVICES, PORTS  
& LOGISTICS  
AND WATER  
MANAGEMENT**

---

**ENERGY  
& UTILITIES**

## Operations Review - Energy &amp; Utilities

**Sime Darby  
Energy & Utilities  
Board Members  
(Non - China  
Operations)**

1. Dato Sri Lim Haw Kuang
2. Dato' Mohd Bakke Salleh
3. Madam Tong Poh Keow
4. Dato' Ir Jauhari Hamidi
5. Tan Sri Rastam Mohd Isa
6. Dato' Ahmad Pardas Senin



## Operations Review - Energy & Utilities

### Key Activities

- Power
- Engineering Services
- Ports & Logistics
- Water Management

### Key Countries of Operations

- China
- Malaysia
- Singapore
- Thailand



### Overview

The Energy & Utilities Division embarked on a business transformation during the financial year under review and successfully achieved stronger financial results compared to the previous year. The exit from the Oil & Gas business marked a historic yet strategic move to scale the focus of the Division to other business units such as power generation, engineering services, ports & logistics and water management.

The Division aims to achieve operational excellence in the power generation, engineering solutions and ports & logistics and water management businesses while

continuously pursuing new investment opportunities. A comprehensive risk management framework that was implemented has also improved the Division's operational performance. This framework constantly ensures that risks and controls were updated to reflect current economic situations and relevance at any given time.

For the year under review, the Division recorded an improvement in PBIT by 36% in comparison with the same period last year.

## Oil & Gas

### Sime Darby Engineering Sdn Bhd

Pursuant to the Memoranda of Understanding (MOU) signed on 27 May 2011 with the subsidiaries of Petroliaam Nasional Berhad (PETRONAS) and Malaysia Marine and Heavy Engineering Holdings Berhad (MHB), Sime Darby Engineering Sdn Bhd (SDE) completed the sale of its Teluk Ramunia and Pasir Gudang fabrication yards on 31 March 2012 with a final disposal consideration of RM296 million and RM393 million respectively. The assets were effectively and physically handed over on 1 April 2012.

The Keabangan Project, which was awarded to SDE by the Keabangan Petroleum Operating Company Sdn Bhd (KPOC) in April 2011, was novated to MHB as of 1 April 2012.

Nonetheless, SDE continued to perform and fulfil its contractual obligations under the two Oil and Natural Gas Corporation (ONGC) projects. The first project, B193-5WHP, has been successfully handed over to ONGC while the second project, B193-Process, is due for completion at the end of March 2013.

## Power

The Power Business Unit's financial results for the year under review saw a marked improvement from FY2010/2011 due to recognition of deferred revenue from the Port Dickson power plant. Operational performance remained steady with high electricity consumption from Tenaga Nasional Berhad (TNB), Electricity Generating Authority of Thailand (EGAT) and industrial customers in Thailand.

The Division is actively pursuing opportunities for expansion within the power sector to further cement its business footprint in Malaysia and Thailand.

### Bakun Hydroelectric Dam

As at end July 2012, the Malaysia-China Hydro Joint Venture (MCH JV) project had completed 99.7% of all critical works. Current operations are focused on testing and commissioning work packages, as well as managing the punch list during the defect liability period.

## Engineering Services

### Mecomb Group

Mecomb Singapore aims to become a sustainable and excellent performance organisation by continuously investing in its human assets, systematically providing proprietary training programmes to its staff, as well as cultivating an environment that thrives on Commitment, Learning and Development, Excellence and Achievement. This focused approach in providing the best value-added engineering solutions and services has resulted in a higher volume of business with its key customers.

Mecomb Thailand continues to pursue core competencies in its channel network of electrical components and intelligent car parking system. The Company had been awarded various prestigious projects during this financial year namely the Sathorn Square, the Mall Group's shopping chains, Fashion Island, Terminal 21 and Project Gateway. It also acquired new agencies for the medical and hospital sector. Despite the flood disruptions, Mecomb Thailand's financial performance surpassed its previous year's results.

Mecomb Malaysia charted its finest financial performance yet during the year under review, buoyed by the robust growth and contributions received from its business divisions, particularly Mechanical and Engineering (M&E) Projects, Interior Design & Retrofitting and Mechatronic. A noteworthy achievement is the conceptualisation and development of its 'boutique contracting' model. This innovative model capitalises on Mecomb's product range and project management competencies to deliver bona fide propositions while adding greater value to clients. Its success in securing prominent projects in the past year, such as Project Elements, Project Monoland, and various consolidation projects with major clients have provided a sustained growth momentum for the Company.

To ensure that the Company continues to maintain its positive momentum, Mecomb Malaysia is setting its sights on further accomplishments next year by leveraging on its core strengths, developing new competencies and enhancing its existing business dynamism.



Night view of the Laem Chabang power generation facility. The power plants have a combined capacity of 180MW

## Operations Review - Energy &amp; Utilities



### Sime Darby Energy & Utilities Board Members (China Operations)

1. Dato Sri Lim Haw Kuang
2. Dato' Azmi Mohd Ali
3. Puan Zaiton Mohd Hassan
4. Dato' Mohd Bakke Salleh
5. Madam Tong Poh Keow
6. Mr Timothy Lee Chi Tim
7. Mr William Wang
8. Encik Mohamad Abdul Halim Ahmad
9. Datuk Elias Md Kadir Baba

## Ports & Logistics

In the year under review, Energy & Utilities China embarked on laying the necessary foundations for rapid development and change to create greater value for its stakeholders within the next three to five years.

Sime Darby's port operations in China reported an improvement in operational performance in this financial year with total throughput increasing by 15% to 26.2 million tonnes from 22.8 million tonnes in FY2010/2011. This is primarily attributed to the new capacities and facilities coming on stream and successful execution in unlocking previously untapped markets.

Focus on Ports & Logistics business unit has grown in the past year with greater demand in the operating region. The strategic locations of Sime Darby's ports in the Shandong province allow the business unit to take advantage of the growing Chinese economy and continue its organic expansion plans with particular emphasis and commitment on Weifang Port's capacity expansion and value-added services.

### Weifang Port

Weifang Port registered a 28% increase in total throughput from 14.4 million tonnes in FY2010/2011 to 18.5 million tonnes in FY2011/2012.

The addition of three new 10,000-tonne berths, which commenced operations in December 2010, experienced greater utilisation throughout the year and contributed significantly to the growing throughput. Construction of three additional 20,000-tonne berths, which began in March 2012 and due to be completed next year, is expected to improve the Port's growing capacity and throughput.

Located on the Bohai Rim of the Shandong peninsula, Weifang Port offers strategic access to the immediate and regional hinterlands. The Port hopes to capture hinterland demand by adding container berth facilities to achieve its strategic blueprint of becoming the leading port provider in the region.

Weifang Port is on track with its five-year development plan of doubling its 20.0 million tonnes total throughput. Additional capital expenditure of RM1.4 billion has been allocated for the development of three new 30,000-tonne container berths, three new 30,000-tonne general cargo berths and two new 50,000-tonne liquid berths over the next three years.

### Jining Ports

Sime Darby's Jining cluster of ports currently consists of three fully operational ports, namely Jining Sime Darby Port (North Port), Jining Guozhuang Port (City Port) and Jining Longgong Port (South Port), the latter of which commenced operations in April 2012. In the next financial year, the Group expects to add an additional port, Jining Taiping Port (Taiping Port) which is currently under construction.



Container operations at Jining Guozhuang Port

Challenging market conditions have resulted in Jining Ports obtaining lower-than-expected volume throughputs in FY2011/2012. The North Port recorded its second full year of operations with total throughput of 5.6 million tonnes. Since the commencement of North Port's operations in November 2009, coal that was previously handled at City Port has been diverted to the North Port.

The transition paved the way for City Port to focus on being the primary general cargo port in Jining. This has resulted in a significant increase in raw steel and other general cargo handled at City Port, comprising 36% and 49% respectively. Meanwhile, South Port has recorded 0.27 million tonnes of total throughput since April 2012.

## Water Management

During the year under review, Weifang Sime Darby Water Co., Ltd (WSDW) reported improved results, with volume increasing by 3% from 32.8 million cubic metres to 33.9 million cubic metres. The Company has been improving its facilities and pipeline coverage to ensure uninterrupted supply to a larger customer base. With the completion of its second water treatment plant, a further 60,000 cubic metres per day has been added to its current capacity, making it a total capacity of 140,000 cubic metres per day. WSDW intends to expand its water treatment capacity to meet the growing demand from new and existing customers in the next few years.



**TO BECOME THE  
GOLD STANDARD  
HEALTHCARE  
PROVIDER IN  
THE ASIA PACIFIC  
REGION**

---

**HEALTHCARE**

## Operations Review - Healthcare



### Sime Darby Healthcare Board Members

1. Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin
2. Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo
3. Dato' Henry Sackville Barlow
4. Dato' Mohd Bakke Salleh
5. Dato' Abd Wahab Maskan
6. Tengku Datuk Seri Ahmad Shah Al-Haj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Al-Haj
7. Dato' Dr Jacob Thomas
8. Datuk Mohd Radzif Mohd Yunus
9. Raja Azlan Shah Raja Azwa

## Operations Review - Healthcare



### Key Activities

- Secondary and Tertiary Care Hospitals
- Specialist Outpatient and Day-Care Medical Facilities
- Nursing and Health Science College

### Key Countries of Operations

- Malaysia

### Overview

For the financial year 2011/2012, the Healthcare Division continued to strengthen its position as one of Malaysia's leading healthcare providers. The Division recorded a profit before interest and tax (PBIT) of RM26 million on the back of a strong revenue growth of 8.3%.

The Division also recorded several notable milestones

such as the opening of its second tertiary specialist hospital, Sime Darby Medical Centre Ara Damansara in Shah Alam, Malaysian Society for Quality in Health (MSQH) re-accreditation for Sime Darby Medical Centre Subang Jaya and collaborations with international universities for nursing top-up degrees under its education business unit. The clinical services saw improvement in service quality and care with the support of 184 doctors and internationally trained specialists who are key opinion leaders in their respective fields in the region.

## Healthcare – Medical

### Sime Darby Medical Centre Subang Jaya (SDMC SJ)

The Healthcare Division's accredited Joint Commission International (JCI) flagship hospital, SDMC SJ recorded a sturdy revenue growth of 6.3% in the period under review. It served a wide mix of patients with medically complex cases ranging from specialised surgical procedures to cancer treatments.



Sime Darby Medical Centres have highly experienced doctors who are assisted by advanced technologies that provide accurate diagnostic and treatment capabilities. Our strengths are reflected in our use of science and compassion to enhance customer-centric care

The hospital strengthens its position as one of the leading hospitals in Klang Valley as it continues to be re-accredited by MSQH. Operational excellence initiatives were undertaken to optimise asset utilisation and expense management through the implementation of innovative solutions and re-engineered processes. This is reflected as SDMC SJ's PBIT recorded a substantial increase of 47.4%. The hospital successfully achieved re-certification for ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004 from SIRIM Berhad which is crucial for the JCI re-accreditation preparation for the next financial year.

With the opening of Sime Darby Medical Centre Ara Damansara, SDMC SJ has repositioned its niche specialties to concentrate on its Centre of Excellence (COE) in cancer, urology (specifically men's health), digestive and liver disorders, breast care and blood diseases. The Cancer and Radiosurgery Centre is positioned as the regional COE for cancer treatments where it has been well-equipped to function as a dedicated and comprehensive one-stop cancer centre. The hospital also extended its commitment to support medical research in the oncology field through on-going collaborations with the Cancer Research Initiatives Foundation (CARIF). This has resulted in the establishment of the Breast Care Centre (BCC) in October 2011.

### Sime Darby Medical Centre Ara Damansara (SDMC AD)

FY2011/2012 marked a major milestone for the Division, where after 27 years of operation, the Healthcare Division opened its second hospital, SDMC AD in Selangor, on 12 January 2012. The opening of the hospital was officiated by His Royal Highness, the Sultan of Selangor, Sultan Sharafuddin Idris Shah on 20 March 2012 and is the first stand-alone private hospital with COE focusing on brain, heart, spine and joint cases in the country.

### Centre of Excellence (COE) under SDMC AD

SDMC Ara Damansara is a Full-Service Tertiary-Care Hospital with three COEs focused on neurology, cardiology, and spine & joints. Each centre offers an integrated approach to care supported by leading-edge diagnostic and treatment technology. Rehabilitative services are broadly incorporated and include occupational therapy, electrotherapy for neuromuscular conditions, stroke rehabilitation, and neurospinal rehabilitation. The Child Development Unit supports paediatric rehabilitation with programmes from early intervention to multisensory integration.

#### i. Brain Centre

SDMC Ara Damansara's Brain Centre features a full range of treatments and services designed to meet the needs of adult and paediatric patients with brain and nervous system disorders. The centre offers sophisticated technologies that enhance early diagnosis and treatment of stroke, brain tumour, epilepsy, dementia, migraines, sleep disorders, neuromuscular diseases and other neurological disorders.

The centre also features a comprehensive Epilepsy Management Programme with a broad range of diagnostic and treatment options for adults and children.

#### ii. Heart Centre

The Heart Centre is a one-stop centre, that provides a full spectrum of services in the diagnostic and treatment of cardiovascular diseases for adults and children.

The Heart Centre specialises in congenital heart disease, coronary artery disease, irregular heartbeat, palpitations and heart failures. In addition to interventional cardiology, treatments offered include radiofrequency ablation, permanent pacemaker insertion, cardiothoracic surgeries and cardiac rehabilitation, as well as psychological and nutritional counselling.

#### iii. Spine and Joint Centre

Together with a dedicated team of doctors and medical professionals, the Spine and Joint Centre uses advanced medical technology to offer a holistic approach to the diagnostic and treatment of spine and joint diseases. The centre provides a wide range



## Operations Review - Healthcare

of specialised services such as minimally invasive spinal surgeries and computer-assisted total joint replacements.

The Spine and Joint Centre is complemented by a fully equipped, state-of-the-art rehabilitation facility, which includes a hydrotherapy pool.

### **Sime Darby Specialist Centre Megah (SDSC Megah)**

SDSC Megah serves the residential community in Taman Sea, Petaling Jaya, as an ambulatory daycare centre. It also serves as a diagnostic and therapeutic referral centre for general practitioners. SDSC Megah has taken the role as a feeder to the Sime Darby Healthcare hospitals. For the financial year under review, SDSC Megah has recorded a significant revenue increase of 9.5% from the previous year. In August 2011, SDSC Megah set up a Breast Clinic which serves approximately 40 patients per session.

Since its inception, SDSC Megah has developed and offered an array of health programmes and screening packages focusing on the unique needs of women, and continues to do so. It also played a significant role in educating and increasing the awareness of the local community about health and wellness through its Corporate Social Responsibility (CSR) initiatives such as free public health talks and off-site free basic screenings.

### **New Projects**

Two new projects were announced last year under the Government's Economic Transformation Programme (ETP). SDMC AD was successfully opened in January 2012 while Sime Darby Medical Centre ParkCity (SDMC PC) in Desa Park City is expected to be operational in 2013. Both projects are expected to create over 1,500 jobs by 2020.

SDMC PC has been identified as a multi-disciplinary hospital offering a full range of specialties with a focus on women and children's health and also geriatric care. The 300-bed hospital will accommodate 57 clinic suites, six operating theatres, 10 Chemo daycare and five delivery suites, and will be equipped with state-of-the-art facilities and services.

MediPLEX has been earmarked as a new lifestyle and wellness initiative of the Healthcare Division. It represents the first ever integrated lifestyle and wellness project in Malaysia that is sited within a hospital environment. Currently being constructed as a 7-storey annexe to the North Tower of SDMC SJ, and scheduled for completion at the end of 2013, MediPLEX offers a holistic mix of healthcare and wellness services and products. These include a one-stop health screening and wellness centre owned and run by SDMC SJ, and a tenant mix of F&B operators, specialty and complementary therapy clinics as well as wellness salons.

## **Healthcare - Education**

### **Sime Darby Nursing & Health Sciences College**

Sime Darby Healthcare College recorded a revenue increase of 6.2% in FY2011/2012. During the year under review, the college introduced a specially designed continual education programme namely the 'Certificate in Health Planning Skills Enhancement', that will enable Line Supervisors and Safety and Health Officers to enhance skills related to occupational diseases, safety, preventive health and emergency medicine.

The College continued to offer the Post Graduate certificate in Teaching Methodology, and Professional certificates such as the Malaysian Nursing Board-approved professional certificate in Critical Care Nursing and Peri-Operative Nursing – making the College one of the first private colleges to incorporate the Malaysian Qualifications Agency and Malaysian Nursing Board-approved six months' programmes in Malaysia.

In view of the College's strategic goal to support the growth in the healthcare industry, clinical posting has been identified as a major element in the syllabus. As such, in the year under review, the College entered into a Memorandum of Agreement with the Ministry of Health for clinical posting placements in nine public hospitals as well as three private hospitals and laboratories in the Klang Valley. These are in addition to the clinical postings offered within the Division.

On its journey to provide world class education, the College continued to maintain an excellent track record with a high pass rate of 99.7% in the last Malaysian Nursing Board Registration examinations. Various scholarships and loans were also made available to the students, including from Yayasan Sime Darby, Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN), the Kuok Foundation and Northern Corridor Implementation Agency (NCIA) as well as sponsorships from leading healthcare institutions.

## **Future Direction and Expansion**

The Division aspires "To Become The Gold Standard Healthcare Provider in The Asia Pacific Region" by FY2016. Continuous efforts are underway to expand its revenue stream in the existing Klang Valley market while pursuing strategic expansion plans beyond Klang Valley and into the regional market.

In strengthening its competitive edge, the Division has embarked on initiatives to offer more differentiated products via the COEs, focus on patient-centric care transformation as well as retaining and hiring high calibre specialists to facilitate growth. At the same time, the College is looking into offering more highly specialised diplomas and degrees with international tie-ups over the next four years.

# Other Businesses



A subsidiary of the Sime Darby Group

## Insurance Broking and Services

The Insurance Broking and Services Group reported better results for the year under review with new businesses and improved customer retention despite the increased competition and challenges.



## Consumer Products

Tesco Stores (Malaysia) Sdn Bhd, a joint-venture with Tesco PLC in which the Group owns a 30% stake, maintained its strong performance for the year under review on higher turnover at its 46 stores opened throughout Malaysia.



Corporate Social Responsibility

---

**DEVELOPING A  
SUSTAINABLE FUTURE  
THROUGH SHARED  
VALUE CREATION**

## Corporate Social Responsibility

**The Netherlands**

- R&D and promotion of sustainable palm oil

**Liberia**

Community engagements:

- Infrastructure development
- Facilities provision
- Medical services
- Scholarships & educational aid

**Malaysia**

- Conservation of ecosystems and protection of endangered species
- Poverty alleviation
- Scholarship & educational aid
- Educational infrastructure
- Health awareness & cancer R&D
- Recycling initiatives / energy conservation
- Township safety initiative
- Charitable contributions
- Affordable housing
- Work-life balance initiatives
- Sports development & athletic talent advancement

**Volunteer projects in Malaysia:**

- Tree planting
- Mangrove reforestation
- Environmental awareness
- Child protection - school holiday camps
- Road safety awareness
- Fundraising through sporting event



The following diagram highlights some of the key CSR initiatives in Sime Darby's countries of operations

# Corporate Social Responsibility

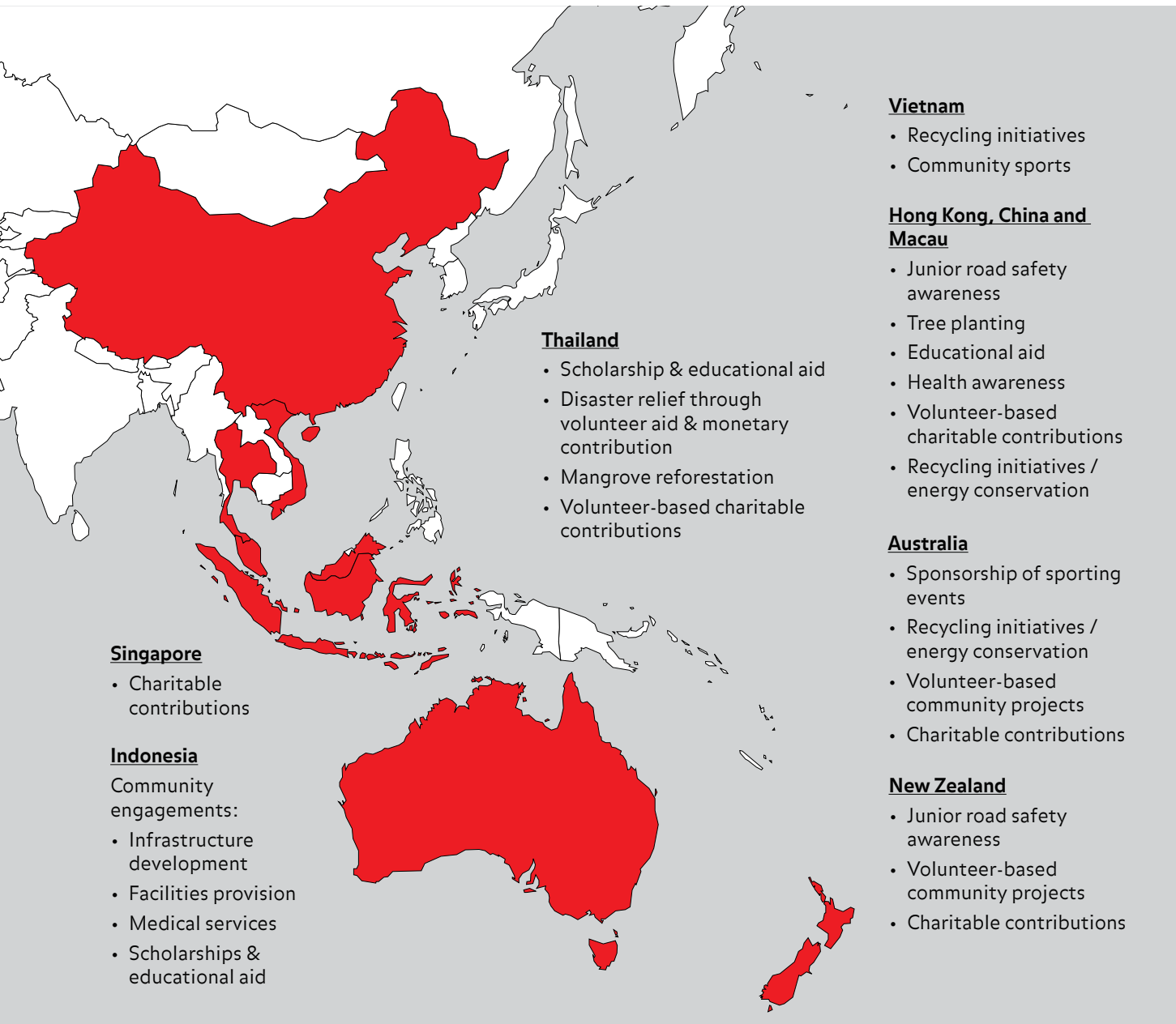
Over 80 initiatives were completed worldwide with more than 30 projects still on-going for various beneficiaries.

## Overview

At Sime Darby, Corporate Social Responsibility (CSR) is reflected in amongst others, the collective commitment and accountability of all its business operations. Due to the diverse business nature of the Group and its widespread operations, Sime Darby continuously strives to inculcate and embed CSR into its value chain, taking into consideration its responsibilities to and the expectations of its stakeholders. It is a commitment that goes beyond regulatory compliance and ethical business behaviour.

Over the years, Sime Darby's commitment towards CSR and its initiatives have continued to be expanded, improved and refined. Today, Sime Darby's CSR framework is dynamic and incorporates not only operational responsibility but also shared value creation. Even its core businesses are tied to a unifying objective and pledge;

## Corporate Social Responsibility



to ensure business sustainability without compromising the rights and needs of future generations.

Implementing and embedding CSR in all of its divisions and countries of operations are not without their challenges. In delivering its CSR objectives and ensuring the success of the initiatives, CSR at Sime Darby is more than the responsibility of one. It has grown to become a network of multi-discipline with multi-stakeholder effort, providing not only assistance in corporate philanthropy but also solutions pertinent to corporate sustainability.

This section will not include all efforts undertaken, but aims to provide a summary and highlights some of the initiatives that have been developed and carried out during the financial year.

For more information on Sime Darby's CSR initiatives, visit [www.simedarby.com/csr](http://www.simedarby.com/csr).

**“The very crux of Sime Darby’s core business (es) is tied to a single overarching objective (and is cause driven); that is to help address and give options to some of life’s basic needs.”**

Dato’ Mohd Bakke Salleh  
President & Group Chief Executive

# Corporate Social Responsibility

## The CSR Journey

A snapshot and highlight of some of Sime Darby's corporate responsibility milestones



The Violence Against Children Conference - a strategic partnership between the Ministry of Women, Family and Community Development, the Association of Registered Childcare Providers Malaysia, UNICEF and Sime Darby

### 2009

- The Group's CSR Strategy and Policy was established to solidify the Group's commitment towards CSR
- Yayasan Sime Darby was re-launched and given a wider mandate to be the Group's philanthropic arm

### 2011

Sime Darby :

- Joined the United Nations Global Compact
- Signed the Corporate Integrity Pledge
- Launched its revised Code Of Business Conduct (COBC)
- Co-founded and managed the secretariat for the Corporate Sustainability Circle
- Rolled out and implemented Phase 2 of the CPP in Sime Darby Plantation
- Conducted its first CPP School Holiday Camps for Pahang Zone in December
- Unveiled the Sime Darby Volunteers Programme (SDVP) and its online web portal

### 2008

- The Group CSR and Group Sustainability Departments were established as specific departments to address CSR and sustainability issues and needs for the Group, both at the Head Office and the operations respectively
- The Gender Policy was established and spearheaded by Sime Darby Plantations in support of the principles and criteria of the RSPO

### 2010

- The Group's Child Protection Policy (CPP) was launched with Sime Darby Plantation as the pilot Division
- The Gender Policy was implemented and rolled out within the operations of Sime Darby Plantation
- Sime Darby participated in the CSR Asia Summit 2010 in Hong Kong as the main corporate partner

### 2012

- The Group's Environment and Biodiversity Policy was re-launched
- Sime Darby hosted the national conference on Violence Against Children in Malaysia
- Yayasan Sime Darby extended its scholarships to China
- The Group publishes its first stand-alone Sustainability Report
- Sime Darby becomes the corporate partner for the CSR Disclosure Forum 2012



'Kids Driving School Programme' carried out in 2012 by Peugeot New Zealand, under Sime Darby Motors



Students of SMK Pusat Bandar Puchong (1), sponsored by Sime Darby Industrial in AMCHAM Young Enterprise Programme 2012

## Sime Darby Volunteers Programme (SDVP)

### Strengthening esprit de corps whilst giving back to the community

For Sime Darby, its greatest asset is its employees. Appreciating the strength of collective activism, many CSR initiatives focused on the buy-in and engagement of its employees. To achieve the intended targets, the Group continues to leverage and match wherever possible, employees' skills and preferences with projects developed based on feedback, interests, stakeholder needs and the Group's areas of expertise.

Through the SDVP web portal, over 1,200 volunteers have pledged to contribute their time, skills and talents back to the environment and community.

Information on SDVP is available on <https://volunteer.simedarby.com/>

### **SDVP at a glance (FY2011/2012)**

Total number of SDVP initiatives recorded on the web portal	16
Total number of volunteer hours contributed	8,179
Total number of volunteer participation	1,242
Total volunteer projects in Divisions worldwide (not recorded in the SDVP portal)	14

**“Each month, I bring home a steady wage and bags of rice. Before this, it was so hard to find a job to support my family.”**

Mr. Bondo, currently employed by Sime Darby Plantation Liberia Inc.

## COMMUNITY

### Engaging Communities and Supporting Human Rights

Sime Darby looks at creating shared value by engaging with communities where the Group has direct impact and where stakeholders may have an influence on operations. The engagement process aims to fulfil the needs of the communities through shared resources and contribution of professional talent. Sime Darby's CSR investments promote the Millennium Development Goals which addresses universal basic needs and the respect for human rights.

Core areas of development for the Group are:

- Creation of employment
- Alleviation of poverty
- Supporting and advocating human rights
- Provision of shelter
- Access to public infrastructure and amenities
- Delivery of basic healthcare
- International relief aid
- Engagement through charity giving

Sime Darby is also cognisant of its responsibilities towards nation-building wherever it operates. To date, Sime Darby's largest investment in its communities of operations is through employment and dividends to the government.

The following sections highlight the various community initiatives across the Group. Further information can be obtained from the Sime Darby corporate and divisional websites and the Yayasan Sime Darby (YSD) Annual Report 2012.



Students of Varney Foboi Camp Junior School with Azmi Jaafar, Head of Region – Liberia, all in good spirits after the completion of their school rebuilding project by Sime Darby Plantation Liberia Inc.

**Community Initiatives at a Glance**

Key Initiatives	Indicators
<b>Poverty Alleviation Programmes</b>	
Number of engagements with beneficiaries	Over 5 initiatives
Number of beneficiaries engaged through food aid programmes and workshops	Over 200 families in Malaysia
<b>Affordable Housing</b>	
Land area developed for affordable housing project (Malaysia)	First phase: 550 acres
Target number of homes to be built	First phase: 420 units
Central Housing Complex for plantation employees	Malaysia & Liberia
<b>Provision of Healthcare</b>	
Public health screenings	6 engagements
Breast cancer research "More than a Mammo"	1,000 women targeted to participate
Research initiatives with Cancer Research Initiatives Foundation (CARIF)	On-going research amounting RM12.5 million
Diabetes Education and Awareness Programmes with National Diabetes Institute (NADI)	1,777 beneficiaries in Malaysia
<b>Building Community Infrastructure</b>	
Number of road works (Indonesia and Liberia)	4 projects
Number of buildings/public amenities (Indonesia and Liberia)	5 buildings
Number of schools/school infrastructure and facilities (Indonesia and Liberia)	325 buildings
<b>Volunteer Initiatives for the Community</b>	
Total number of beneficiaries	Over 500
Number of projects in Malaysia	3 initiatives
Number of projects in Thailand	2 initiatives
Number of projects in New Zealand	2 initiatives
<b>Children and Youth Programmes</b>	
Number of projects in Malaysia	10 initiatives
Number of projects in Thailand	3 initiatives
Number of projects in Hong Kong	2 initiatives
Number of projects in New Zealand	2 initiatives
<b>Engagement through Charity Giving</b>	
Number of beneficiaries from organisations/senior-citizens/orphanages/people with disabilities/special needs	Over 10,000
Government and Non-Government Organisations engaged during festivities	Over 33 organisations
<b>Other Community Engagements through Business Support including Disaster Aid Relief</b>	
Number of organisations supported through vehicle contribution in Australia and New Zealand	5 organisations
Approximate number of employees impacted and assisted (Thailand floods)	Over 350 employees

For more information on the programmes and initiatives, as well as beneficiary accounts and Divisions involved, please refer to the YSD Annual Report 2012 and the Sime Darby CSR Microsite at [www.simedarby.com/csr](http://www.simedarby.com/csr).



### The Jalinan Ikhtiar Programme – A poverty alleviation initiative

200 Families

Over five engagements through various initiatives

'Jalinan Ikhtiar' is a programme that aims to assist and transform economically disadvantaged families through food aid assistance, budget management, health awareness programmes, skills training and knowledge empowerment. Administered by the MyKasih Foundation, Sime Darby came on board as programme sponsor and currently supports 200 families comprising 100 low income households/urban poor families in Semenyih and Hulu Langat, and another 100 families in Jalan Ipoh and Keramat, Kuala Lumpur.

Moving forward, Phase Two of the Programme will involve various support mechanisms and income-generating initiatives such as skills training and business/entrepreneurial training, English Language proficiency and ICT workshops. Together with the MyKasih Foundation, Sime Darby will also profile children of the beneficiary families who are eligible for scholarships, for further education or training at the various Sime Darby training academies and college. It is envisioned that the families will progressively be empowered to be more independent and self-sustaining by the end of the Programme.

**“The Jalinan Ikhtiar Programme has helped me and my children. We earn less whenever my husband (is) unable to drive his taxi due to (his) asthma attacks. Now that I don't have to worry if we have food on our table, I can spend more money on my children's educational needs.”**

Puan F.T. Jalinan Ikhtiar beneficiary



A beneficiary of Sime Darby – MyKasih's Jalinan Ikhtiar Programme utilising the allocated credit to purchase her family's grocery needs

### The Child Protection Policy (CPP) Programme

Over 35 engagements

Over 2,000 beneficiaries, since its launch

Sime Darby is committed to upholding the rights of children and to promote a child-friendly and child-safe environment particularly in the areas where it operates. It is with this in mind that the Sime Darby Child Protection Policy (CPP) was developed and later launched in March 2010. The Programme is aligned to the United Nations Children's Rights and Business Principles which calls for organisations to uphold, respect and support the rights of children relevant to its business operations.

Since the launch of the CPP Programme, over 35 engagements have been initiated including those that aim to share best practices and key learnings with internal and external stakeholders.



“Learning about safety can be fun” – Children of the School Holiday Camp excited and empowered with what they learned during the Programme

## EDUCATION

### Developing and Advancing Human Capital Through Educational Opportunities

Sime Darby believes that education is an integral component in empowering the young to become responsible and charismatic leaders of tomorrow. To achieve this, the Group has invested in human capital development through, amongst others, educational opportunities and talent nurturing through skills development.

#### Education Initiatives at a Glance

Recipients of Scholarship and Bursaries	
Malaysian citizens	146
Nationals from China, Singapore and other countries	5
Amount spent on scholarships and bursaries	Over RM20 million

In efforts to promote knowledge empowerment amongst students beyond our shores, Sime Darby has established schools, provided educational aids and financial assistance to universities and learning institutions in countries where the Group operates. Through YSD, the Group has also awarded scholarships to academically excellent and deserving students abroad. More information on YSD's Education Programmes are available in the YSD Annual Report 2012.

#### Humana Programme

11 Centres  
1,499 Students

Since 2008, Sime Darby Plantation has collaborated with the Borneo Child Aid Society in Sabah to provide formal education to amongst others, children of migrant workers living within the Group's plantation grounds. Beginning with the first learning centre at Imam Estate, the number of centres has since grown to 11 in nine of Sime Darby's estates.

In addition to providing funding for basic infrastructure, monthly school fees of a minimum of RM30 per student and transportation to and from the centres are also provided, for some of the learning centres. For the financial year under review, a total of 1,499 children comprising three Malaysians, 1,221 Indonesians and 275 Filipinos have enrolled in the learning centres.

An independent assessment and review of the Humana Programme was also conducted by Universiti Pendidikan Sultan Idris (UPSI) in collaboration with UNICEF during the year under review. The objective of the study was to ascertain the efficacy of the Programme and to propose methods and areas for improvement in terms of the Programme's content and delivery. The findings are to be released by UNICEF and UPSI in 2012.

#### Educational Development Initiatives at a Glance

Country	Initiative	Beneficiary
Malaysia	Humana Programme	1,499 employees' children in estates in Sabah
	AMCHAM Young Enterprise Programme	30 students of SMK Pusat Bandar Puchong (1)
	Provision of Early Child Care and Education (TASKA)	Over 40 employees' children in Wisma Sime Darby
	Scholarships and Bursaries through YSD	146 students
Indonesia	Scholarships to children of employees	55 children from Minamas Plantation
	'Rumah Pintar' support initiative	Children from Rumah Pintar, Bogor, Indonesia
Liberia	Free primary and secondary school education	Children living in the Group's plantations in Liberia
	Scholarship to pursue undergraduate studies in Malaysia	5 Liberian students
	Scholarship to pursue undergraduate studies in Liberia	15 Liberian students
	Partnership with Liberian Student Association for students taking national exams - West African Examination Council (WAEC)	54 students under the Sime Darby Plantation School System
China	Scholarship to pursue undergraduate studies abroad	4 Chinese (citizens) students
	Scholarship to pursue undergraduate studies in China	10 Malaysian students

## ENVIRONMENT

### Conserving the Environment and Protecting the Ecosystem

The Group's sustainability agenda focuses on efforts to reduce its operational carbon footprint in over 20 countries. This includes monitoring energy and water consumption, waste management and efficient use of raw materials. In addition to conserving natural resources and the environment as a whole, the Group also undertakes various other initiatives including investments in biodiversity management, rehabilitation and conservation of endangered species, as well as research and studies that minimise its environmental impact.

**“Without the financial support from YSD for the Borneo Rhinoceros Sanctuary (BRS), we would probably have had to close down and hand over to the government as our alternative options are insufficient to survive.”**

Dr John Payne, Executive Director  
Borneo Rhino Alliance (BORA)

#### Environment Initiatives at a Glance

Key Initiatives	Indicators
<b>Environmental Awareness Programmes</b>	
Earth Hour Group-wide initiative	5 countries participated
Green Office Week at Sime Darby Property offices	200 employees participated
Be a Zoo Keeper's Aide – SDVP	128 volunteers participated
<b>Collaborations and Research on Sustainable Development</b>	
Stability of Altered Forest Ecosystems (SAFE)	Recruitment of 15 Malaysian research students and on-going projects
UKM-YSD Chair on Climate Change	2 research projects completed
UKM-YSD Chair on Zero Waste Technology for the Palm Oil Industry	2 projects completed
<b>Management of Waste and Natural Resources</b>	
Mangrove and tree planting initiatives	Over 9 projects in Malaysia, Thailand, Macau and Hong Kong
Number of trees and mangrove planted	Over 7,000 saplings
3R (Reduce, Reuse, Recycle) Programmes	9 on-going initiatives
Water conservation initiatives	4 projects in Vietnam, Malaysia and Australia
Recycling programmes with Sriracha, Ban Nuentong and Ban Raweng Schools, Thailand	120 beneficiary students
<b>Rehabilitation and species conservation</b>	
Borneo Rhinoceros Sanctuary (BRS), Tabin, Sabah	RM5 million from 2009-2012
Bornean Sun Bear Conservation Centre (BSBCC), Sepilok, Sabah	RM2.1 million from March 2012-February 2013
Conservation of Proboscis Monkey, Lower Kinabatangan, Sandakan	Research paper on the rehabilitation project published (January 2012)
Rehabilitation of Orangutan, Ulu Segama Malua Forest Reserve, Sabah	Nine year funding to restore 5,403ha of degraded forest
Management and Ecology of Malaysian Elephants (MEME), Belum Temengor Forest Reserve, Perak	Between February-April 2012, a female elephant, Mek Banun and two male elephants, Limau Kasturi and Cheras Hangus were successfully collared

For more information on Sime Darby's efforts on the conservation of the environment and protection of endangered species, refer to Sime Darby's Sustainability Report 2012, YSD Annual Report 2012, Sime Darby Corporate and Divisional websites and the Sime Darby CSR Microsite at [www.simedarby.com/csr](http://www.simedarby.com/csr)

## Corporate Social Responsibility

### Borneo Rhinoceros Sanctuary (BRS), Tabin Wildlife Reserve, Sabah

*3 out of 30 rhinos in Sabah are protected and cared for in BRS*

*RM11.4 million invested over 7 years to prevent extinction*

Critically endangered and on the brink of extinction, currently an estimate of only 50 Bornean Sumatran Rhinoceros exist in the wild. Out of this number, 30 can be found in the rainforest of Sabah. BRS, located within the 120,000 hectare of Tabin Wildlife Reserve in the Sabah's east coast, is an initiative of the Borneo Rhino Alliance (BORA) and monitored by the Sabah Wildlife Department (SWD). YSD has pledged RM5 million from 2009 to 2012, plus an additional RM6.4million for 2013 until 2015 to fund BRS' project development and operations.

BRS provides protection against poaching and hunting of the rhinos, while their well-being is monitored by qualified veterinary and zoological staff. When brought to the BRS, while being protected and cared for, it is hoped that the rhinos would be able to mate and breed, thus ensuring their survival. The sanctuary currently houses three Bornean Sumatran Rhinos - Tam, Gelogob and Puntung.

In December 2011, a new possible rhino rescue was identified near Sungai Merah, Sabah with detection of a pair of a mother rhino and her young offspring. At the Sumatran Rhino Global Management and Propagation Board (GMPB) Meeting in March 2012, a Letter of Intent was signed, signifying a call for global collaborations between key organisations in protecting the Sumatran Rhino.



"Knowledge is power!" – the students of the Humana Learning Centres, operating at various estates of Sime Darby Plantation



More than just a day at the Zoo – Some of the volunteers of the 'Be a Zookeeper's Aide' giving their elephant friend a bath. This was an animal conservation initiative by Sime Darby Property, in collaboration with Group Corporate Social Responsibility and Zoo Negara Malaysia



Volunteers of 'Project Rhizo 2.0' planting the mangrove saplings in Port Dickson, an environmental awareness project by Sime Darby Energy & Utilities and Group Corporate Social Responsibility, in collaboration with Majlis Perbandaran Port Dickson

## SPORTS

### Promoting Advancements in Sports and Developing Outstanding Athletic Talents

Sime Darby's commitment towards the development of sports is in line with its efforts to assist in nation-building and to nurture talents in sports. Through its sports programmes and sponsorship awards, Sime Darby has assisted outstanding talents in football, cycling, golf, tennis, lawn bowling and cricket to excel in their various fields, thus promoting sports excellence on both the national and international arena.

#### Sports Initiatives at a Glance

Key Initiatives	Indicators
<b>Sime Darby Football Club (SDFC)</b>	<ul style="list-style-type: none"> <li>• Emerged Champion upon debut in 2010 Season of FAM League</li> <li>• 3<sup>rd</sup> in Malaysian Premier League 2012</li> <li>• Runner-up in Malaysian FA Cup 2012</li> </ul>
<b>YSD Track Cycling Team</b>	Seven athletes in the Malaysian contingent to the London Olympics 2012 <ul style="list-style-type: none"> <li>• Azizulhasni Awang - Ranked 6<sup>th</sup> in Men's Keirin &amp; 8<sup>th</sup> in Men's Sprint</li> <li>• Fatehah Mustapa - Ranked 15<sup>th</sup> in Women's Keirin</li> <li>• Josiah Ng</li> <li>• Mohd Rizal Tisin</li> <li>• Muhammad Edrus Md Yunus</li> <li>• Junaidi Nasir</li> <li>• Mohamad Hafiz Mohamad Sufian</li> </ul>
<b>YSD Tennis Programme</b>	<ul style="list-style-type: none"> <li>• Khoo Er Yang</li> </ul>
<b>YSD Golfing Talents</b>	<ul style="list-style-type: none"> <li>• Jean Chua</li> <li>• Ainil Johani Abu Bakar</li> <li>• Bryan Teoh</li> </ul>
<b>Sime Darby LPGA 2011</b>	<ul style="list-style-type: none"> <li>• 72 golfers participated, including Na Yeon Choi, Jimin Kang, Yani Tseng, Paula Creamer, Michelle Wie, Cristie Kerr and Natalie Gulbis</li> <li>• RM581,262 raised for CARIF through LPGA 2011 Charity Gala Dinner</li> </ul>
<b>Cycling for a Cure: Fundraising event for Tabung Leukemia YSD</b>	<ul style="list-style-type: none"> <li>• Over RM125,000 raised for Tabung Leukemia YSD</li> <li>• 87 volunteers participated</li> </ul>
<b>Sponsorship of Triathlon Western Australia by Karri Valley Resort, Sime Darby Property</b>	<ul style="list-style-type: none"> <li>• 35,000 participants competed in SunSmart Karri Valley Triathlon</li> </ul>
<b>Sponsorship of 10<sup>th</sup> International Malay Cricket Tournament 2012</b>	<ul style="list-style-type: none"> <li>• Malay Cricket Association of Malaysia (MCAM) Team won trophies for Under-15 and Senior Open categories</li> </ul>
<b>Sponsorship of Lawn Bowls Championship 2011</b>	<ul style="list-style-type: none"> <li>• Players from 15 countries competed in 6th Asia Pacific Singles, Mixed Pairs and Mixed Triples Championship 2011</li> </ul>

#### Sime Darby Football Club (SDFC)

*Runner up for FA Cup 2012*

*Champion of FAM League 2010*

Since making its debut and emerging champion of the 2010 Football Association of Malaysia (FAM) League, SDFC has recorded great strides in the local football arena. In the 2012 season, SDFC defied the odds by becoming the first non-state club in the local football history to reach the Finals of FA Cup. Currently led by the Head Coach, Ismail Zakaria, SDFC's top line-ups include Mohd Nor Ismail, Azmirul Azmi, Es Lizuan Zahid Amir and Patrick Ronaldinho Wleh. For details, visit [www.facebook.com/SimeDarbyFC](http://www.facebook.com/SimeDarbyFC).

**“The league is exciting and competitive and the fans are passionate. My family and friends back home are proud of my achievements here.”**

Patrick Ronaldinho Wleh, SDFC's Liberian import player. Scored 15 goals in 18 matches in the Malaysian Premier League 2012; top scorer in the Malaysian FA Cup 2012 with six goals.

More information on the Group's sports investments and programmes are available in the YSD Annual Report 2012 and the Sime Darby CSR Microsite at [www.simedarby.com/csr](http://www.simedarby.com/csr)

## ARTS AND CULTURE

Sime Darby also supports the promotion of arts and cultural heritage, through initiatives by Yayasan Sime Darby (YSD). For more information, refer to the YSD Annual Report 2012.

# Corporate Diary



## November 2011

- First Place in Permodalan Nasional Berhad (PNB) Innovation & Quality Awards for Sime Darby Jomalina.
- Annual Asian Golf Monthly Awards - Kuala Lumpur Golf & Country Club (KLGCC) (2011)

# Awards

## September 2011

- No 2 Property Developer in the country- The Edge 'Top Property Developers Awards' (2011)



## January 2012

- Sime Darby Property emerged as one of the winners of the BCI Asia Awards 2012 – Top 10 Developers Awards, for the second time. The recognition is given to top regional property developers that have made a great impact on built environment in Southeast Asia.
- Prime Minister's Hibiscus Award 2012 conferred to Sime Darby Property's Bukit Jelutong project for its Notable Achievement in the Environmental Excellence Category. This prestigious award assesses an organisation's overall commitment to reduce the environmental impact of its own operations and activities.
- Sime Darby Jomalina won the Prime Minister's Hibiscus Award - Notable Achievement Award for excellence in sustainable development in energy and environmentally friendly industrial operations.
- Golden Hope-Nhabe Edible Oils Co. Ltd, Vietnam - Vietnam High Quality Product Award for 17 years.
- Vietnam Top 500 Company Award – Golden Hope-Nhabe Edible Oils Co. Ltd, Vietnam.



**February 2012**

- Rolls-Royce Motor Cars Shanghai Dealership, a member of Sime Darby Motors, bagged nine awards, including The Best Marketing Team Performance and Sub Regional Dealer of the Year 2011 in Greater China at the Rolls-Royce Global Dealers Conference.



**May 2012**

- Morakot Industries Public Co Ltd Thailand, a unit under Sime Darby Plantation, won the Reader's Digest Trusted Brand award in the cooking oil category for the ninth consecutive year.
- Sime Darby Plantation's Kok Foh Oil Mill, located in the town of Bahau, Negeri Sembilan, became the Company's first oil mill to be fully 5S-certified by the Malaysian Productivity Corporation (MPC). With this certification, it proves that SDP is on par with other industries in terms of promoting safety as its number one priority at its premises.



**July 2012**

- Sime Darby Jomalina received the Gold Class 1 Award for the third consecutive year from the Malaysian Society for Occupational Safety and Health (MSOSH). The award gives due recognition to all MSOSH members that have achieved commendable safety and health records.



**April 2012**

- Sime Darby Property won the Gold Award in the 'Property Development' category of the 2012 Putra Brand Awards for the third time in a row.

# Corporate Diary

Snapshots of our major milestones, launches and awards for the year under review.



**July 2011**

### **Tractors Malaysia Introduces the Caterpillar AP655D Paver)**

Tractors Malaysia, a Caterpillar dealership within Sime Darby Industrial, rolled out the Caterpillar AP655D Paver, the Company's latest high performance and low emission paver for Malaysia. The paver was unveiled at Tractors Malaysia's 'Paving All Day, Everyday' event held at the Tractors Engineering Complex in Puchong.



**July 2011**

### **Program Perumahan Rakyat 1Malaysia Launched**

Sime Darby Property collaborated with the Government in its efforts to build quality affordable housing through the 'Program Perumahan Rakyat 1Malaysia' (PR1MA). Launched by the Prime Minister, Dato' Sri Najib Tun Razak in Putrajaya on 4 July 2012, this initiative will assist the Government to realise its aim of improving the quality of life of Malaysians, especially for the middle-class segment.



**July 2011**

### **Sime Darby Motors Opens One of China's Largest BMW 4S Centres**

Sime Darby Motors continues to make inroads into the world's largest and fastest growing automobile market by opening its 10th BMW 4S (Sales, Spare Parts and Service, and Systems) Centre in Chengdu. The centre is one of the largest of its kind in China.





**September 2011**

**Sime Darby Plantation Signs MoU with the Malaysian Rubber Board**

Sime Darby Plantation (SDP) and the Malaysian Rubber Board (MRB) signed a Memorandum of Understanding (MoU) that will form the collaborative framework of co-operation aimed at bringing significant impact to the rubber industry. With the MoU, MRB will provide Research & Development (R&D) competencies and rubber clones for the purposes of commercial scale cultivation, whereas SDP will identify areas of land for R&D and manage the trials.



**September 2011**

**Launch of Bandar Universiti Pagoh in Johor**

The Ministry of Higher Education, together with Sime Darby Property, launched the first phase of Bandar Universiti Pagoh with a ground-breaking ceremony in Pagoh, Johor. The project will be a self-sustainable and fully-integrated development based on a "university town" concept. The area encompasses a 4,100-acre site belonging to Sime Darby whereby 1,000 acres will be dedicated to developing the academic hub.



**September 2011**

**Laem Chabang Power Plant achieved ISO14064:2006 certification**

The Laem Chabang operation in Thailand was awarded the ISO14064:2006 certification, which recognises the accurate systems to measure greenhouse gas emissions at plants. This is the first entity within the Sime Darby Group to receive this certification.



**October 2011**

**KLGCC Hosts the Second Sime Darby LPGA Tournament**

Sime Darby once again hosted the prestigious Sime Darby LPGA Malaysia 2011 at the Kuala Lumpur Golf & Country Club (KLGCC). The event also highlighted Sime Darby's RM90,000 pledge to the Malaysian 1,000 Mammogram Study programme which will provide subsidised mammograms for 1,000 women.



**October 2011**

**LPGA Stars Unveil the New Sime Darby Breast Care Centre**

In conjunction with the Sime Darby LPGA Malaysia held in October 2011, Sime Darby Medical Centre Subang Jaya (SDMC SJ) launched its Breast Care Centre at SDMC SJ as part of the LPGA's pre-tournament programme.



**October 2011**

**Sime Darby Plantation's Auxiliary Police Honoured**

189 members of SDP's Auxiliary Police received their Pingat Kebaktian (a medal for those who have shown excellent service and exemplary behaviour) from the Inspector General Police of Malaysia, Tan Sri Haji Ismail bin Haji Omar. This is the first time that the Pingat Kebaktian Award has been bestowed to any organisation in Malaysia.



**December 2011**

**Hastings Deering Purchases Bucyrus Distribution Business in Queensland, Northern Territory, Papua New Guinea and New Caledonia**

The purchase of the retail operations of Bucyrus from Caterpillar made Hastings Deering the world's first Caterpillar dealer to take on the sale, service and support of the range of underground, surface and mining equipment previously handled by Caterpillar/Bucyrus. With this transaction, Hastings Deering gained an opportunity to provide unmatched support to mining customers.



**December 2011**

**Sime Darby Launches Malaysia's First Affordable and Quality Homes under PR1MA**

Sime Darby launched the first landed affordable quality homes project in collaboration with Projek Perumahan Rakyat 1Malaysia (PR1MA) on 13 December 2011 in Negeri Sembilan. In the first phase of development at Bandar Ainsdale, 420 affordable and quality homes have been allocated whereby 32 units will be landed strata homes, while the balance will comprise low-rise strata town houses or cluster homes. These homes will incorporate both innovative and sustainable features.



**December 2011**

**Land Rover Malaysia Launches the Range Rover Evoque**

Land Rover (Malaysia) Sdn Bhd launched the much-awaited Evoque - the smallest, lightest and most fuel-efficient Range Rover to be produced.



**December 2011**

**RSPO Certification for all Malaysian Strategic Operating Units**

All 39 of Sime Darby Plantation's Malaysian Strategic Operating Units (SOU) have been certified by the Roundtable on Sustainable Palm Oil (RSPO). The certification indicates the commitment of the Company to certify its operations, thus cementing its position as the number one sustainable oil palm producer.



**February 2012**

**Institute of Technology Hastings Deering Expands to Rockhampton**

Hastings Deering, through its Institute of Technology, opened a new campus in Rockhampton in a move to accommodate its increased training requirements. The state-of-the-art training facility will cater to the growing demand for apprentices by enabling the first stages of training to be delivered via new training workshops in a boot camp environment.



**February 2012**

**Sime Darby Auto Performance Launches the Latest 911 Variant**

Sime Darby Auto Performance, the official Porsche importer in Malaysia, unveiled the new Porsche 911 Carrera and 911 Carrera S in Kuala Lumpur. The launch of the iconic sports cars marked the seventh generation of the 911.



**March 2012**

**Land Rover Malaysia Launches 3S Centre in Petaling Jaya**

Land Rover (Malaysia) Sdn Bhd moved its flagship 3S centre to a more premium and modern facility prominently located along the Federal Highway after 19 years of operations in Section 13. The new facility boasts a comprehensively equipped service centre with 15 work bays and a spacious showroom that can accommodate the complete range of Land Rover/Range Rover products.



**March 2012**

**Sime Darby's Third Medical Facility Opened**

The official opening of Sime Darby Medical Centre Ara Damansara (SDMCAD), the latest medical facility by the Sime Darby Healthcare Group, was graced by His Royal Highness Sultan of Selangor, Sultan Sharafuddin Idris Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj. This new hospital will be Malaysia's first private medical centre focusing on brain, heart, spine and joint cases.



**March 2012**

**Marakot Industries received the Carbon Footprint Label Certificate**

Morakot Industries made history by being one of the first companies in Thailand to receive the Carbon Footprint Label Certificate from the Thailand Greenhouse Gas Management Organisation for having the lowest carbon gas released amongst brands currently available in the market.



**April 2012**

**Sime Darby Plantation Launches the Central Housing Complex**

Sime Darby Plantation (SDP) created history when it launched the new Central Housing Complex (CHC) at its Tennemaram Estate in Bestari Jaya, Selangor. Officiated by the Prime Minister, Dato' Sri Mohd Najib bin Tun Abdul Razak, CHC sets new standards in the Malaysian plantation industry by transforming estate housing to be more modern and integrated.



**June 2012**

**Sime Darby to Expand Port Operations in Weifang, China**

Sime Darby Berhad announced major plans to expand its port operations in Weifang, China to take advantage of the growing demand for transport and shipping in the world's second largest economy. Weifang Sime Darby Port's five-year development plan involves raising its capacity to handle over 50 million metric tonnes (MT) of cargo per annum by 2017.



**July 2012**

**CEL Xinjiang Opens New Provincial Headquarters**

On 10 July 2012, CEL Xinjiang (CEL) officially moved into its new 9,000 square meters provincial headquarters in the Xinjiang Province – the biggest mining sales province in CEL territories. This facility is a testament of the Division's commitment in increasing its branch network, staff strength and capability as well as demonstrating CEL's strong footprint in the fast-growing province of Xinjiang.



**May 2012**

**Sime Darby Property and CapitaMalls Asia to Jointly Develop Shopping Malls in the Klang Valley**

Sime Darby Property entered into a conditional agreement with CapitaMalls Asia Limited to form a 50:50 joint venture to develop a shopping mall on a freehold site in Taman Melawati. The site will be developed into a shopping mall with a total net lettable area of approximately 635,000 sq ft. Expected to be completed in 2016, the mall will serve a catchment population of around 800,000 people.



**July 2012**

**Sime Darby Property Wins Bid for Battersea Power Station**

Sime Darby Property, SP Setia and Malaysia's largest pension fund, the Employees Provident Fund (EPF), entered a joint venture agreement on 4 July 2012 to acquire London's iconic Battersea Power Station for £400 million. The power station will be redeveloped in the future.

# Statement on Directors' Responsibility

The Directors are required by the Companies Act, 1965 (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 financial year and the results of the Group and the Company for the financial year. As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the provisions of the Act.

The Directors consider that in preparing the financial statements for the financial year ended 30 June 2012 set out on pages 168 to 310, the Group has used the appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors have responsibility for ensuring that the Group and the Company keeps 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 20 September 2012.

# Statement on Directors' Responsibility

The Directors are required by the Companies Act, 1965 (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 financial year and the results of the Group and the Company for the financial year. As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the provisions of the Act.

The Directors consider that in preparing the financial statements for the financial year ended 30 June 2012 set out on pages 168 to 310, the Group has used the appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors have responsibility for ensuring that the Group and the Company keeps 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 20 September 2012.

A family of four is sitting on the grass under a large, leafy tree. The father is holding an open book, and the family is looking at it together. A bicycle is parked nearby. The scene is peaceful and suggests a family-oriented environment.

# REPORTS AND FINANCIAL STATEMENTS

---

FOR THE  
YEAR ENDED  
30 JUNE 2012



<b>161</b>	<b>Directors' Report</b>
<b>165</b>	<b>Statement by Directors</b>
<b>165</b>	<b>Statutory Declaration</b>
<b>166</b>	<b>Auditors' Report</b>
<b>168</b>	<b>Financial Statements</b>
168	Statements of Profit or Loss
169	Statements of Comprehensive Income
170	Statements of Financial Position
172	Statements of Changes in Equity
174	Statements of Cash Flows
178	Notes to the Financial Statements
<b>311</b>	<b>Supplementary Information</b>

---

# CONTENTS

# Directors' Report

For the financial year ended 30 June 2012

The Directors are pleased to present their Report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2012.

## Principal Activities

The Company is principally an investment holding company. The principal activities of the subsidiaries, jointly controlled entities and associates are as stated in Note 50 to the financial statements.

The principal activities of the Group are divided into six businesses namely, Plantation, Property, Industrial, Motors, Energy & Utilities and Healthcare. During the financial year, the Group exited the oil and gas business under Energy & Utilities following the disposal of the Teluk Ramunia and Pasir Gudang fabrication yards.

Other than the above, there have been no significant changes in the nature of these activities during the financial year.

## Financial Results

The results of the Group and of the Company for the financial year ended 30 June 2012 are as follows:

	Group RM million	Company RM million
Profit before tax	5,720.8	2,661.8
Tax expense	(1,308.2)	16.1
Profit for the year from continuing operations	4,412.6	2,677.9
Profit for the year from discontinued operations	(66.2)	-
Profit for the year	4,346.4	2,677.9
Attributable to owners of :		
- the Company	4,216.4	2,677.9
- from continuing operations	(66.2)	-
- from discontinued operations	4,150.2	2,677.9
- non-controlling interests	196.2	-
Profit for the year	4,346.4	2,677.9

## Dividends

Since the end of the previous financial year, the Company has paid the following dividends:

	RM million
a. Final single tier dividend of 22.0 sen per share paid on 15 December 2011 in respect of the financial year ended 30 June 2011; and	1,322.1
b. Interim single tier dividend of 10.0 sen per share paid on 11 May 2012 in respect of the financial year ended 30 June 2012	601.0

The Board recommends the payment of a final single tier dividend of 25.0 sen per share which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act 1967 for the financial year ended 30 June 2012 amounting to RM1,502.3 million. Subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company, the final single tier dividend will be paid on 14 December 2012.

## Reserves and Provisions

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

## Directors' Report

### Share Capital and Debentures

There were no issuances of shares and debentures during the financial year.

### Changes in Group Composition

The major changes in Group composition during the financial year are as follows:

#### a. Plantation

- i. On 13 December 2011, Sime Darby Hong Kong Nominees Ltd (SDHKN) and several subsidiaries of the Group had entered into an agreement to inter alia acquire the remaining 40% equity interest in Sime Darby China Oils & Fats Company Limited (SDCOF) from China Team Investment Limited (CTIL). In exchange, SDHKN will cause the Group's entire equity interest in Weifang Sime Darby Property Co Ltd, which is held by three subsidiaries of the Group to be transferred to Gold Waterway Success Corp, a party nominated by CTIL. The acquisition of the 40% equity interest in SDCOF has been completed.
- ii. On 16 May 2012, PT Minamas Gemilang acquired 3,800 ordinary shares of IDR1 million each in PT Indo Sukses Lestari Makmur (PTISLM) representing 95% of the total issued and paid-up shares of PTISLM for a cash consideration of USD4.4 million (approximately RM13.9 million). PTISLM is principally involved in the forestry business which includes the development of industrial plant forest and rubber tapping.

#### b. Property

- i. In September 2011, Sime Darby Nominees Sendirian Berhad acquired 278.1 million ordinary shares of RM1 each and 60.0 million 8% Irredeemable Convertible Secured Loan Stocks of RM0.65 each in Eastern & Oriental Berhad (E&O) representing 30% of the fully diluted equity interest in E&O for RM773.8 million.  
E&O is incorporated in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activities of E&O and its subsidiaries include investment holding, hotel ownership and management, property development, property investment and café and restaurant operations.
- ii. On 23 December 2011, the Group disposed its 99.9% equity interest in Weifang Sime Darby Property Co Ltd pursuant to the arrangement mentioned in paragraph (a)(i) above.

#### c. Industrial

- i. On 14 December 2011, Hastings Deering (Australia) Limited, Societe Caledonienne Des Tracteurs S.A.S (also known as Caltrac SAS) and Hastings Deering (PNG) Limited completed the acquisition of the distribution business and assets used in the Bucyrus distribution business for Sime Darby Group's Caterpillar dealership service territories in Queensland and the Northern Territory of Australia, Papua New Guinea and New Caledonia for a total consideration of USD360 million (equivalent to about RM1.2 billion). Bucyrus products are used for surface mining and underground mining which includes draglines, rope shovels and mining trucks.
- ii. On 27 December 2011, Sime Darby Industrial Sdn Bhd completed the disposal of its 40% equity interest in Caterpillar Financial Services Malaysia Sdn Bhd for a total consideration of RM21.95 million.

#### d. Energy & Utilities

On 31 March 2012, Sime Darby Engineering Sdn Bhd completed the disposal of the Teluk Ramunia and Pasir Gudang fabrication yards which were an integral part of the Group's oil and gas business to Petronas Assets Sdn Bhd and Malaysia Marine and Heavy Engineering Sdn Bhd respectively for a total consideration of RM689.4 million.

#### e. Others

On 10 January 2012, Sime Darby Allied Products Berhad (SDAP) completed the disposal of its 100% equity interest in Dunlopillo Holdings Sdn Bhd (Dunlopillo) for a total provisional consideration of RM70.7 million. An additional RM6.0 million will be payable to SDAP upon the achievement of certain pre-agreed profit targets by Dunlopillo.

### Directors

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

Tun Musa Hitam (Chairman)

Tan Sri Dato' Sri Hamad Kama Piah Che Othman

Tan Sri Samsudin Osman

Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin

Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo

**Directors (continued)**

The Directors who have held office since the date of the last Report are as follows: (continued)

Tan Sri Datuk Dr Yusof Basiran  
 Dato Sri Lim Haw Kuang  
 Dato' Henry Sackville Barlow  
 Dato' Azmi Mohd Ali  
 Dato' Sreesanthan Eliathamby  
 Puan Zaiton Mohd Hassan  
 Dato' Mohd Bakke Salleh  
 Tan Sri Sheng Len Tao (Resigned on 29 September 2011)

**Directors' Benefits**

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial 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 5(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 46 to the financial statements.

**Directors' Interests in Shares**

According to the Register of Directors' Shareholdings, no Director in office at the end of the financial year held any shares in or debentures of the Company or its subsidiaries other than the participatory interests made available by a subsidiary of the Company during the financial year as follows:

Kuala Lumpur Golf & Country Club Berhad

<b>Participatory interests</b>	<b>Type of membership</b>
Tun Musa Hitam	Honorary
Tan Sri Dato' Sri Hamad Kama Piah Che Othman	Honorary
Tan Sri Samsudin Osman	Honorary
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	Honorary
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	Honorary
Tan Sri Datuk Dr Yusof Basiran	Honorary
Dato Sri Lim Haw Kuang	Honorary
Dato' Henry Sackville Barlow	Honorary
Dato' Azmi Mohd Ali	Honorary
Dato' Sreesanthan Eliathamby	Honorary
Dato' Mohd Bakke Salleh	Honorary

**Statutory Information on the Financial Statements**

- a. Before the statements of profit or loss, comprehensive income and financial position 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 impairment for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate impairment had been made for doubtful debts; and
  - ii. to ensure that any current assets, which were unlikely to 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 realise.

## Directors' Report

### Statutory Information on the Financial Statements (continued)

- b. At the date of this Report, the Directors are not aware of any circumstances:
- which would render the amount written off for bad debts or the amount of impairment for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - 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:
- there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liability of any other person; and
  - there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year other than those arising in the ordinary course of business.
- d. At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in the Report or financial statements which would render any amount stated in the financial statements misleading.
- 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 financial 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.
- f. In the opinion of the Directors:
- the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this Report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made.

### Immediate and Ultimate Holding Companies

The Directors regard Permodalan Nasional Berhad as its immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

### Auditors

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

Signed in accordance with a resolution of the Board of Directors dated 20 September 2012



Tun Musa Hitam  
Chairman

Kuala Lumpur  
20 September 2012



Dato' Mohd Bakke Salleh  
President & Group Chief Executive/  
Executive Director

# Statement by Directors & Statutory Declaration

## Statement By Directors

We, Tun Musa Hitam and Dato' Mohd Bakke Salleh, two of the Directors of Sime Darby Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 168 to 310 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 30 June 2012 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date, in accordance with the Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965.

The supplementary information set out in Note 53 on page 311 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the Board of Directors dated 20 September 2012



Tun Musa Hitam  
Chairman

Kuala Lumpur  
20 September 2012



Dato' Mohd Bakke Salleh  
President & Group Chief Executive/  
Executive Director

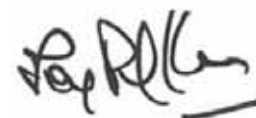
## Statutory Declaration

I, Tong Poh Keow, the officer primarily responsible for the financial management of Sime Darby Berhad, do solemnly and sincerely declare that the financial statements set out on pages 168 to 310 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 Tong Poh Keow, at Kuala Lumpur, Malaysia on 20 September 2012.



S. Inderaju  
Commissioner for Oaths (No. W451)  
Kuala Lumpur



Tong Poh Keow  
(MIA 4625)  
Group Chief Financial Officer



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF SIME DARBY BERHAD**  
(Incorporated in Malaysia)

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of Sime Darby Berhad on pages 168 to 310, which comprise the statements of financial position as at 30 June 2012 of the Group and of the Company, and the statements of profit or loss, comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 52.

#### **Directors' Responsibility for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards in Malaysia and the Companies Act, 1965, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2012 and of their financial performance and cash flows for the year then ended.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF SIME DARBY BERHAD (continued)**  
(Incorporated in Malaysia)

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act, 1965 (the Act) in Malaysia, we also report the following:

- a. In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b. We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 50 to the financial statements.
- c. We are satisfied that the financial statements of the subsidiaries 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d. The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 53 on page 311 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad (Bursa Malaysia) and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia. In our opinion, the supplementary information is prepared in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

**OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants

MOHAMMAD FAIZ BIN MOHAMMAD AZMI  
(No. 2025/03/14(J))  
Chartered Accountant

Kuala Lumpur  
20 September 2012



# Statements of Profit or Loss

For the financial year ended 30 June 2012

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2012	2011	2012	2011
<b>Revenue</b>	<b>4</b>	<b>47,602.3</b>	41,858.8	<b>2,733.3</b>	1,995.6
Operating expenses	<b>5</b>	<b>(43,119.4)</b>	(37,359.5)	<b>(15.0)</b>	(34.5)
Other operating income	<b>6</b>	<b>1,330.0</b>	984.0	<b>10.9</b>	10.2
<b>Operating profit</b>		<b>5,812.9</b>	5,483.3	<b>2,729.2</b>	1,971.3
Share of results of jointly controlled entities	<b>7(a)</b>	<b>14.2</b>	34.0	-	-
Share of results of associates	<b>8(a)</b>	<b>100.4</b>	84.4	-	-
Profit before interest and tax		<b>5,927.5</b>	5,601.7	<b>2,729.2</b>	1,971.3
Finance income	<b>9</b>	<b>178.8</b>	155.3	<b>160.3</b>	157.3
Finance costs	<b>10</b>	<b>(385.5)</b>	(307.8)	<b>(227.7)</b>	(139.7)
<b>Profit before tax</b>		<b>5,720.8</b>	5,449.2	<b>2,661.8</b>	1,988.9
Tax expense	<b>11</b>	<b>(1,308.2)</b>	(1,602.7)	<b>16.1</b>	(3.8)
<b>Profit from continuing operations</b>		<b>4,412.6</b>	3,846.5	<b>2,677.9</b>	1,985.1
(Loss)/profit from discontinued operations (net of tax)	<b>32</b>	<b>(66.2)</b>	1.4	-	-
<b>Profit for the year</b>		<b>4,346.4</b>	3,847.9	<b>2,677.9</b>	1,985.1
Profit/(loss) for the year attributable to owners of:					
- the Company					
from continuing operations		<b>4,216.4</b>	3,663.1	<b>2,677.9</b>	1,985.1
from discontinued operations		<b>(66.2)</b>	1.4	-	-
		<b>4,150.2</b>	3,664.5	<b>2,677.9</b>	1,985.1
- non-controlling interests		<b>196.2</b>	183.4	-	-
		<b>4,346.4</b>	3,847.9	<b>2,677.9</b>	1,985.1
		<b>Sen</b>	<b>Sen</b>		
Basic earnings/(loss) per share attributable to owners of the Company:	<b>12(a)</b>				
- from continuing operations		<b>70.16</b>	60.96		
- from discontinued operations		<b>(1.10)</b>	0.02		
		<b>69.06</b>	60.98		

The notes on pages 178 to 310 form an integral part of these financial statements.

# Statements of Comprehensive Income

For the financial year ended 30 June 2012

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2012	2011	2012	2011
<b>Profit for the year</b>		<b>4,346.4</b>	3,847.9	<b>2,677.9</b>	1,985.1
<b>Other comprehensive income/(loss)</b>					
Currency translation differences:					
- subsidiaries		14.0	539.3	-	-
- jointly controlled entities		(6.0)	7.2	-	-
- associates		(1.3)	5.8	-	-
Net change in fair value of:					
- available-for-sale investments		33.9	(20.3)	-	-
- cash flow hedges		(149.1)	(3.5)	-	-
Reclassified to profit or loss:					
- currency translation differences on disposal/ liquidation of subsidiaries		(9.5)	15.9	-	-
- changes in fair value on disposal of available-for-sale investment		(36.7)	(5.4)	-	-
- changes in fair value of cash flow hedges as adjustment to revenue		(4.8)	1.0	-	-
Reclassified changes in fair value of cash flow hedges to inventories		(11.9)	24.0	-	-
Actuarial (losses)/gains on defined benefit pension plans		(33.1)	14.5	-	-
Share of other comprehensive income of:					
- jointly controlled entities		-	0.5	-	-
- associates		5.5	10.7	-	-
Tax expense relating to components of other comprehensive income		23.4	(9.8)	-	-
Other comprehensive (loss)/income from continuing operations		(175.6)	579.9	-	-
Other comprehensive (loss)/income from discontinued operations	32	(4.6)	74.1	-	-
	14	(180.2)	654.0	-	-
<b>Total comprehensive income for the year</b>		<b>4,166.2</b>	4,501.9	<b>2,677.9</b>	1,985.1
Total comprehensive income/(loss) for the year attributable to owners of:					
- the Company					
from continuing operations		4,042.1	4,245.2	2,677.9	1,985.1
from discontinued operations		(70.8)	75.5	-	-
		3,971.3	4,320.7	2,677.9	1,985.1
- non-controlling interests		194.9	181.2	-	-
		4,166.2	4,501.9	2,677.9	1,985.1

The notes on pages 178 to 310 form an integral part of these financial statements.

# Statements of Financial Position

As at 30 June 2012

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2012	2011	2012	2011
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	15	14,003.7	12,656.1	-	-
Biological assets	16	2,417.1	2,429.7	-	-
Prepaid lease rentals	17	1,115.9	1,044.1	-	-
Investment properties	18	374.8	407.2	-	-
Land held for property development	19	835.2	893.7	-	-
Subsidiaries	20	-	-	6,059.1	12,938.5
Jointly controlled entities	7(b)	284.1	295.5	-	-
Associates	8(b)	1,492.4	685.8	-	-
Available-for-sale investments	21	111.8	125.5	-	-
Intangible assets	22	864.5	86.0	-	-
Deferred tax assets	23	819.6	632.2	-	-
Tax recoverable		331.8	-	-	-
Derivatives	24	3.2	-	-	-
Receivables	25	442.2	375.4	1,700.0	2,000.0
		<b>23,096.3</b>	19,631.2	<b>7,759.1</b>	14,938.5
<b>CURRENT ASSETS</b>					
Inventories	26	9,491.9	7,355.4	-	-
Property development costs	27	1,764.3	2,022.5	-	-
Receivables	25	6,932.0	4,930.1	8,393.5	1,217.1
Accrued billings and others	28	1,561.6	2,047.4	18.0	-
Tax recoverable		128.7	390.0	-	4.0
Derivatives	24	28.6	175.9	-	-
Cash held under Housing Development Accounts	30	540.9	616.4	-	-
Bank balances, deposits and cash	31	4,564.7	4,911.3	315.1	346.9
		<b>25,012.7</b>	22,449.0	<b>8,726.6</b>	1,568.0
<b>Non-current assets held for sale</b>	32	42.2	786.0	-	-
<b>TOTAL ASSETS</b>		<b>48,151.2</b>	42,866.2	<b>16,485.7</b>	16,506.5

## Financial Statements

## Statements of Financial Position

As at 30 June 2012 (continued)

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2012	2011	2012	2011
<b>EQUITY</b>					
Share capital	33	3,004.7	3,004.7	3,004.7	3,004.7
Share premium		100.6	100.6	100.6	100.6
Reserves	34	7,855.4	7,995.1	5,725.1	5,725.1
Retained profits		15,055.4	12,929.9	4,177.4	3,422.6
<b>ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>26,016.1</b>	<b>24,030.3</b>	<b>13,007.8</b>	<b>12,253.0</b>
Non-controlling interests		873.8	787.2	-	-
<b>TOTAL EQUITY</b>		<b>26,889.9</b>	<b>24,817.5</b>	<b>13,007.8</b>	<b>12,253.0</b>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	35	3,930.8	4,007.5	1,700.0	2,000.0
Provisions	36	83.6	69.0	-	-
Retirement benefits	37	124.7	93.4	-	-
Deferred income	38	183.7	173.5	-	-
Deferred tax liabilities	23	537.1	492.2	-	-
Derivatives	24	52.7	22.1	-	-
		<b>4,912.6</b>	<b>4,857.7</b>	<b>1,700.0</b>	<b>2,000.0</b>
<b>CURRENT LIABILITIES</b>					
Payables	39	9,476.6	8,572.8	127.9	1,053.5
Progress billings and others	40	43.9	74.7	-	-
Borrowings	35	5,872.6	3,054.9	1,650.0	1,200.0
Provisions	36	360.0	617.0	-	-
Deferred income	38	51.2	77.6	-	-
Tax payable		431.7	694.5	-	-
Derivatives	24	112.7	77.2	-	-
		<b>16,348.7</b>	<b>13,168.7</b>	<b>1,777.9</b>	<b>2,253.5</b>
<b>Liabilities associated with assets held for sale</b>	32	-	22.3	-	-
<b>TOTAL LIABILITIES</b>		<b>21,261.3</b>	<b>18,048.7</b>	<b>3,477.9</b>	<b>4,253.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>48,151.2</b>	<b>42,866.2</b>	<b>16,485.7</b>	<b>16,506.5</b>
		<b>RM</b>	<b>RM</b>		
Net assets per share attributable to owners of the Company	12(b)	<b>4.33</b>	<b>4.00</b>		

The notes on pages 178 to 310 form an integral part of these financial statements.

# Statements of Changes in Equity

For the financial year ended 30 June 2012

Amounts in RM million unless otherwise stated

Group 2012	Note	Share capital	Share premium	Reserves	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
At 1 July 2011		3,004.7	100.6	7,995.1	12,929.9	24,030.3	787.2	24,817.5
Profit for the year		-	-	-	4,150.2	4,150.2	196.2	4,346.4
Other comprehensive loss for the year	14	-	-	(142.9)	(36.0)	(178.9)	(1.3)	(180.2)
Total comprehensive (loss)/income for the year		-	-	(142.9)	4,114.2	3,971.3	194.9	4,166.2
Transfer between reserves		-	-	3.2	(3.2)	-	-	-
Transactions with owners:								
- acquisition of a non-wholly owned subsidiary	43(a)	-	-	-	-	-	1.0	1.0
- acquisition of non-controlling interest	43(b)	-	-	-	(62.4)	(62.4)	(34.2)	(96.6)
- dividends paid	13	-	-	-	(1,923.1)	(1,923.1)	(75.1)	(1,998.2)
At 30 June 2012		3,004.7	100.6	7,855.4	15,055.4	26,016.1	873.8	26,889.9
<b>2011</b>								
At 1 July 2010		3,004.7	100.6	7,344.1	9,921.2	20,370.6	680.8	21,051.4
Profit for the year		-	-	-	3,664.5	3,664.5	183.4	3,847.9
Other comprehensive income/(loss) for the year	14	-	-	643.9	12.3	656.2	(2.2)	654.0
Total comprehensive income for the year		-	-	643.9	3,676.8	4,320.7	181.2	4,501.9
Transfer between reserves		-	-	7.1	(7.1)	-	-	-
Transactions with owners:								
- disposal of non-wholly owned subsidiary		-	-	-	-	-	(7.9)	(7.9)
- deregistration of a subsidiary		-	-	-	-	-	(0.8)	(0.8)
- dividends paid	13	-	-	-	(661.0)	(661.0)	(66.1)	(727.1)
At 30 June 2011		3,004.7	100.6	7,995.1	12,929.9	24,030.3	787.2	24,817.5

## Financial Statements

**Statements of Changes in Equity****For the financial year ended 30 June 2012 (continued)****Amounts in RM million unless otherwise stated**

<b>Company 2012</b>	<b>Note</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Reserves</b>	<b>Retained profits</b>	<b>Total equity</b>
At 1 July 2011		3,004.7	100.6	5,725.1	3,422.6	12,253.0
Profit for the year		-	-	-	2,677.9	2,677.9
Transactions with owners:						
- dividends paid	13	-	-	-	(1,923.1)	(1,923.1)
At 30 June 2012		<u>3,004.7</u>	<u>100.6</u>	<u>5,725.1</u>	<u>4,177.4</u>	<u>13,007.8</u>
<b>2011</b>						
At 1 July 2010		3,004.7	100.6	5,725.1	2,098.5	10,928.9
Profit for the year		-	-	-	1,985.1	1,985.1
Transactions with owners:						
- dividends paid	13	-	-	-	(661.0)	(661.0)
At 30 June 2011		<u>3,004.7</u>	<u>100.6</u>	<u>5,725.1</u>	<u>3,422.6</u>	<u>12,253.0</u>

An analysis of the movements in each category within reserves is set out in Note 34.

# Statements of Cash Flows

For the financial year ended 30 June 2012

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2012	2011	2012	2011
<b>Cash flow from operating activities</b>					
Profit from continuing operations		4,412.6	3,846.5	2,677.9	1,985.1
Adjustments for:					
- dividends from subsidiaries		-	-	(2,733.3)	(1,995.6)
- amortisation of prepaid lease rentals		46.1	52.7	-	-
- depreciation and amortisation		1,160.9	1,013.0	-	-
- share of results of jointly controlled entities and associates		(114.6)	(118.4)	-	-
- finance income		(178.8)	(155.3)	(160.3)	(157.3)
- finance costs		385.5	307.8	227.7	139.7
- tax expense		1,308.2	1,602.7	(16.1)	3.8
- other non-cash items [note (a)]		(193.2)	205.7	(10.9)	(10.2)
		<b>6,826.7</b>	<b>6,754.7</b>	<b>(15.0)</b>	<b>(34.5)</b>
Changes in working capital:					
- inventories and rental assets		(2,228.5)	(2,028.2)	-	-
- property development costs		(216.8)	(217.5)	-	-
- land held for property development		(5.2)	(261.5)	-	-
- receivables and others		(1,009.0)	(971.9)	(134.8)	(16.3)
- cash held under Housing Development Accounts		75.5	(74.3)	-	-
- payables and others		842.7	1,551.3	1.4	18.4
<b>Cash generated from/(used in) operations</b>		<b>4,285.4</b>	<b>4,752.6</b>	<b>(148.4)</b>	<b>(32.4)</b>
Tax (paid)/refund		(1,696.1)	(1,154.8)	20.7	31.2
Dividends received from:					
- subsidiaries		-	-	2,732.6	1,995.6
- jointly controlled entities		0.8	0.5	-	-
- associates		63.4	43.7	-	-
Income received from available-for-sale investments		53.9	15.3	-	-
Operating cash flow from continuing operations		<b>2,707.4</b>	<b>3,657.3</b>	<b>2,604.9</b>	<b>1,994.4</b>
Operating cash flow from/(used in) discontinued operations	32	23.7	(264.4)	-	-
<b>Net cash from operating activities</b>		<b>2,731.1</b>	<b>3,392.9</b>	<b>2,604.9</b>	<b>1,994.4</b>

## Financial Statements

## Statements of Cash Flows

For the financial year ended 30 June 2012 (continued)

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2012	2011	2012	2011
<b>Cash flow from investing activities</b>					
Finance income received		173.0	138.1	144.3	140.1
Proceeds from sale of property, plant and equipment		75.8	77.8	-	-
Proceeds from sale of prepaid lease rentals		-	0.8	-	-
Proceeds from sale of investment properties		61.3	105.7	-	-
Net (cash outflow)/proceeds from sale of subsidiaries	44(a)	(1.5)	1.9	-	-
Proceeds from liquidation of a subsidiary		-	-	-	11.3
Proceeds from sale of an associate		22.2	9.3	-	-
Proceeds from sale of available-for-sale investments		87.2	7.4	-	-
Purchase of property, plant and equipment		(1,500.1)	(1,643.8)	-	-
Costs incurred on biological assets		(70.1)	(84.3)	-	-
Payment for prepaid lease rentals		(98.9)	(21.5)	-	-
Purchase of investment properties		(1.3)	(1.9)	-	-
Acquisition of subsidiaries and businesses	43(a)	(1,170.3)	(49.5)	-	-
Subscription of shares in subsidiaries		-	-	(1,240.1)	-
Subscription of shares in jointly controlled entities		(12.9)	(12.1)	-	-
Acquisition and subscription of shares in associates		(795.8)	(40.9)	-	-
Purchase of available-for-sale investments		(10.0)	-	-	-
Purchase of intangible assets		(7.9)	(0.7)	-	-
Decrease/(increase) in amounts due from subsidiaries		-	-	1,377.4	(1,717.4)
Others		11.2	2.9	-	-
Investing cash flow (used in)/from continuing operations		(3,238.1)	(1,510.8)	281.6	(1,566.0)
Investing cash flow from/(used in) discontinued operations	32	21.4	(13.4)	-	-
<b>Net cash (used in)/from investing activities</b>		<b>(3,216.7)</b>	<b>(1,524.2)</b>	<b>281.6</b>	<b>(1,566.0)</b>



## Financial Statements

## Statements of Cash Flows

For the financial year ended 30 June 2012 (continued)

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2012	2011	2012	2011
<b>Cash flow from financing activities</b>					
Capital repayment and distribution by a subsidiary to owners of non-controlling interests		-	(0.8)	-	-
(Decrease)/increase in amount due to a subsidiary		-	-	(999.5)	999.5
Finance costs paid		(425.7)	(356.5)	(145.7)	(141.5)
Long-term borrowings raised		1,893.9	95.5	-	-
Repayment of long-term borrowings		(491.8)	(251.0)	-	-
Revolving credits, trade facilities and other short-term borrowings (net)		1,164.5	(235.0)	150.0	(600.0)
Dividends paid		(1,998.2)	(727.1)	(1,923.1)	(661.0)
Investing cash flow from/(used in) continuing operations		142.7	(1,474.9)	(2,918.3)	(403.0)
Investing cash flow used in discontinued operations	32	(1.6)	-	-	-
Net cash from/(used in) financing activities		141.1	(1,474.9)	(2,918.3)	(403.0)
Net (decrease)/increase in cash and cash equivalents		(344.5)	393.8	(31.8)	25.4
Foreign exchange differences		(18.8)	65.7	-	-
Cash and cash equivalents at beginning of the year		4,900.2	4,440.7	346.9	321.5
Cash and cash equivalents at end of the year [note (b)]		4,536.9	4,900.2	315.1	346.9

## Financial Statements

## Statements of Cash Flows

For the financial year ended 30 June 2012 (continued)

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2012	2011	2012	2011
<b>a. Other non-cash items:</b>					
Income from available-for-sale investments		(53.9)	(15.3)	-	-
Surplus on liquidation of a subsidiary		-	-	-	(9.8)
(Gain)/loss on disposal of					
- property, plant and equipment		(46.7)	(35.4)	-	-
- investment properties		(30.8)	(79.4)	-	-
- subsidiaries		1.2	(0.2)	-	-
- associates		-	(9.3)	-	-
- available-for-sale investments		(66.4)	(5.5)	-	-
Write offs of :					
- property, plant and equipment		17.7	19.6	-	-
- biological assets		3.0	1.5	-	-
Write-down of inventories (net)		80.8	104.2	-	-
Impairment/(reversal of impairment):					
- property, plant and equipment		13.3	186.8	-	-
- biological assets		(0.3)	12.3	-	-
- prepaid lease rentals		(4.9)	(0.1)	-	-
- investment properties		(1.6)	2.2	-	-
- land held for property development		-	3.4	-	-
- available-for-sale investments		-	57.1	-	-
- intangible assets		4.9	11.4	-	-
- receivables		18.8	22.6	-	-
Changes in fair value of derivatives		19.4	(19.8)	-	-
Unrealised foreign currencies exchange loss/(gain)		51.8	(66.3)	(10.9)	(0.4)
Reversal of provision for performance guarantees and bonds		(193.0)	-	-	-
Others		(6.5)	15.9	-	-
		(193.2)	205.7	(10.9)	(10.2)
<b>b. Cash and cash equivalents at end of the year:</b>					
Bank balances, deposits and cash	31	4,564.7	4,911.3	315.1	346.9
Bank overdrafts	35	(27.8)	(11.1)	-	-
		4,536.9	4,900.2	315.1	346.9

The notes on pages 178 to 310 form an integral part of these financial statements.

# Notes to the Financial Statements

For the financial year ended 30 June 2012

Amounts in RM million unless otherwise stated

## 1. Basis of Preparation

### a. General

The Company is principally an investment holding company. The principal activities of the subsidiaries, jointly controlled entities and associates are as stated in Note 50.

The principal activities of the Group are divided into six businesses namely, Plantation, Property, Industrial, Motors, Energy & Utilities and Healthcare. During the financial year, the Group exited the Energy & Utilities' oil and gas business following the disposal of the Teluk Ramunia and Pasir Gudang fabrication yards.

Other than the above, there have been no significant changes in the nature of these activities during the financial year.

The financial statements of the Group and of the Company are prepared in accordance with the provisions of the Companies Act, 1965 and comply with the Financial Reporting Standards (FRS) issued by the Malaysian Accounting Standards Board (MASB). The financial statements have been prepared under the historical cost convention except as disclosed in the summary of principal accounting policies.

In August 2008, the MASB and the Financial Reporting Foundation announced their decision to fully converge the existing FRS with the International Financial Reporting Standards (IFRS) in 2012. On 19 November 2011, the MASB issued the Malaysian Financial Reporting Standards Framework (MFRS Framework). This fully IFRS-compliant framework is applicable for all non-private entities for annual periods beginning on or after 1 January 2012, other than the Transitioning Entities (TEs), which may defer adoption by one year in view of potential changes on the horizon which may change current accounting treatments. On 30 June 2012, the MASB decided to allow TEs to defer the adoption of the MFRS Framework by another year.

TEs are non-private entities within the scope of MFRS 141 – Agriculture and IC Interpretation 15 – Agreements for the Construction of Real Estate, including their parent, significant investor and venturer.

The Group and the Company, being a TE, will continue to apply the existing Financial Reporting Standards framework and adopt the MFRS Framework with effect from 1 July 2014.

### b. Financial reporting standards under the existing FRS Framework that have yet to be adopted in preparing these financial statements are given below as follows:

#### i. Revision and amendments to standards that will be effective for the annual periods beginning on or after 1 January 2012:

- **FRS 124 – Related Party Disclosures**

FRS 124 simplifies the definition of related party and provides partial exemption from disclosures for government-related entities instead of full exemption.

- **Amendments to FRS 7 – Financial Instruments : Disclosures**

Amendments to FRS 7 stipulates the disclosure requirements for all transferred financial assets that are not derecognised and also for any continuing involvement in a transferred financial asset.

#### ii. Amendments to standard that will be effective for the annual periods beginning on or after 1 July 2012:

- **Amendments to FRS 101 – Presentation of Financial Statements**

FRS 101 requires items of 'other comprehensive income' including their associated tax to be presented into two groupings which consists of those that would not be reclassified subsequently to profit or loss and those that will be reclassified subsequently to profit or loss when specific conditions are met.

## 1. Basis of Preparation (continued)

### b. Financial reporting standards under the existing FRS Framework that have yet to be adopted in preparing these financial statements are given below as follows: (continued)

#### iii. New, revision and amendments to standards and interpretations that will be effective for the annual periods beginning on or after 1 January 2013:

- **FRS 10 – Consolidated Financial Statements**

FRS 10 replaces IC Interpretation 112 – Consolidation - Special Purpose Entities and the consolidation section in FRS 127 – Consolidated and Separate Financial Statements. It defines and sets out the principle of control to identify whether an investor controls an investee and establishes control as the basis for consolidation.

- **FRS 11 – Joint Arrangements**

FRS 11 supersedes FRS 131 – Interests in Joint Ventures. It classifies joint arrangements into two types - joint operations and joint ventures by focusing on the rights and obligations of the arrangements. The option to proportionate consolidate joint venture's results and financial position in the venturer's financial statements is no longer allowed.

- **FRS 12 – Disclosure of Interests in Other Entities**

FRS 12 provides disclosure requirements for all forms of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Disclosures include significant judgements and assumptions made in determining the nature of the entity's interest in another entity and the risks associated with those interests.

- **FRS 13 – Fair Value Measurement**

FRS 13 defines fair value, sets out the measurement framework and stipulates the disclosure requirements. It merely explains how to measure fair value and does not change the measurement objective as established in existing FRSs.

- **FRS 119 – Employee Benefits**

FRS 119 eliminates the limits of the "corridor approach" where only a portion of the actuarial gains and losses is recognised to profit or loss.

- **FRS 127 – Separate Financial Statements**

The revised FRS 127 only deals with the accounting and disclosure requirements for investments in subsidiaries, associates and joint ventures in the separate financial statements of the parent.

- **FRS 128 – Investments in Associates and Joint Ventures**

The revised FRS 128 prescribes the accounting for investment in associates as well as joint ventures where the equity method of accounting is required in accordance with FRS 11.

- **Amendments to FRS 7 – Financial Instruments: Disclosures**

Amendments to FRS 7 sets out the additional disclosure requirements on the effects or potential effects including any rights of a netting arrangement of a financial asset and a financial liability.

#### iv. Amendments to standard that will be effective for annual periods beginning on or after 1 January 2014:

- **Amendments to FRS 132 – Financial Instruments: Presentation**

Amendments to FRS 132 offers additional guidance on the criterion and right to offset a financial asset and a financial liability following amendments made to FRS 7 – Financial Instruments: Disclosures.

#### v. New and amendments to standards that will be effective for annual periods beginning on or after 1 January 2015:

- **FRS 9 – Financial Instruments**

FRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial instruments: amortised costs and fair value. All instruments are to be measured at fair value except for debt instruments that qualify for amortised cost accounting.

It allows an option to present fair value changes in equity instruments in profit or loss or other comprehensive income and it is an irrevocable election on initial recognition.

Reclassification of financial liability between fair value and amortised cost is prohibited while financial asset can only be reclassified when the entity changes its business model for managing the financial asset. Any difference between the carrying amount and fair value on reclassification is recognised in profit or loss.

## Financial Statements

### 1. Basis of Preparation (continued)

#### b. Financial reporting standards under the existing FRS Framework that have yet to be adopted in preparing these financial statements are given below as follows: (continued)

- v. New and amendments to standards that will be effective for annual periods beginning on or after 1 January 2015: (continued)
  - **Amendments to FRS 7 – Financial Instruments: Disclosures**  
Amendments to FRS 7 prescribes the disclosure requirements on the classifications and measurements of financial assets and liabilities in accordance with the requirement of FRS 9 upon when FRS 9 is first applied.
- vi. Interpretation issued but withdrawn subsequently
  - **IC Interpretation 15 – Agreement for the Construction of Real Estate**  
IC Interpretation 15 addresses the accounting for revenue and associated expenses by entities that undertake the construction of real estate. This IC is withdrawn with effect from annual periods beginning on or after 1 January 2012.

Except as disclosed, the adoption of the above will not result in any significant changes to the Group's and Company's results and financial position.

### 2. Summary of Principal Accounting Policies

These principal accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial years presented, unless otherwise stated.

#### a. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

##### i. Subsidiaries

Subsidiaries are those enterprises in which the Group has a long-term equity interest and which are controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its 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 acquisition method of accounting except for those subsidiaries acquired under common control. Under the acquisition method of accounting, the financial statements of subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date when control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange. Contingent consideration is recorded at fair value as component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition related costs are recognised as expenses when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the date of acquisition and any corresponding gain or loss is recognised in the profit or loss.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair values, at the date of acquisition. The excess of the consideration and the fair value of previously held equity interests over the Group's share of the fair value of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. Any gain from bargain purchase is recognised directly in the profit or loss.

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 profit or loss.

When control ceases, the disposal proceeds, if any, and the fair value of any retained investment are compared to the Group's share of its net assets as of that date. The difference together with the carrying amount of allocated goodwill and the cumulative amount of any exchange differences that relate to the subsidiary is recognised in the profit or loss as gain or loss on disposal of the subsidiary.

## 2. Summary of Principal Accounting Policies (continued)

### a. Basis of consolidation (continued)

#### i. Subsidiaries (continued)

Non-controlling interests are presented on the statements of financial position and changes in equity separate from equity attributable to owners of the Company. Non-controlling interests in the results of the Group are presented in the statements of profit or loss and comprehensive income as an allocation of the total profit or loss and total comprehensive income for the financial year between owners of non-controlling interests and the Company.

Transactions with owners of non-controlling interests without a change in control are treated as transactions with equity owners of the Group. For purchases of additional interests from owners of non-controlling interests, the difference between the consideration paid and the non-controlling interests acquired is recorded in equity. Similarly, in the case of partial disposal of interests to owners of non-controlling interests, the difference between the consideration received and the amount by which the non-controlling interest is adjusted is recognised in equity.

#### ii. Business combinations under common control

Business combinations under common control are accounted using the predecessor method of merger accounting. Under the predecessor method of merger accounting, the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to equity.

#### iii. 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 where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control. 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 statements of profit or loss and comprehensive income, the Group's share of profits less losses and other comprehensive income of jointly controlled entities based on their latest audited financial statements or management accounts. Where necessary, adjustments are made to the results and net assets of jointly controlled entities to ensure consistency of accounting policies with those of the Group. The Group's investment in jointly controlled entities 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 jointly controlled entities.

Equity accounting is discontinued when the Group's carrying amount of the interest in a jointly controlled entity 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 jointly controlled entity.

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 assets transferred are recognised in the profit or loss.

When joint control ceases, the disposal proceeds, if any, and the fair value of any retained investment are compared to the carrying amount of the investment as of that date. The difference together with the cumulative amount of any exchange differences that relate to the jointly controlled entity is recognised in the profit or loss as gain or loss on disposal of the jointly controlled entity.

## Financial Statements

### 2. Summary of Principal Accounting Policies (continued)

#### a. Basis of consolidation (continued)

##### iv. Associates

Associates are entities in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are initially recorded at cost. The Group's investment in associates includes goodwill identified on acquisition net of any accumulated impairment loss. For the purpose of impairment, the entire carrying amount of each investment is tested as a single asset.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. Where necessary, adjustments are made to the results and net assets of associates to ensure consistency of accounting policies with those of the Group. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Equity accounting is discontinued when the Group's 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 assets transferred are recognised in the profit or loss.

When significant influence ceases, the disposal proceeds, if any, and the fair value of any retained investment are compared to the carrying amount of the investment as of that date. The difference together with the cumulative amount of any exchange differences that relate to the associate is recognised in the profit or loss as gain or loss on disposal of the associate.

#### b. Foreign currencies

##### i. Functional currency

Financial statements of subsidiaries, jointly controlled entities and associates are prepared using the currency of the primary economic environment in which the entity operates, i.e. the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional currency and the Group's presentation currency.

##### ii. Transactions and balances

Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising from settlement of such transactions and from the translation of foreign currency monetary items at year end exchange rates are recognised in the profit or loss.

##### iii. Translation of foreign currency financial statements

For consolidation purposes, the results and financial position of all the group entities that have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows:

- income and expenses in the statements of profit or loss and comprehensive income are translated at average exchange rates for the financial year;
- assets and liabilities in the statement of financial position, including goodwill and fair value adjustments arising on the acquisition of a foreign entity are translated at exchange rates ruling at the end of the reporting period; and
- all resulting translation differences are recognised in other comprehensive income

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income.

## 2. Summary of Principal Accounting Policies (continued)

### b. Foreign currencies (continued)

#### iii. Translation of foreign currency financial statements (continued)

The cumulative translation differences recorded in exchange reserves in respect of a foreign subsidiary, branch, jointly controlled entity or associate are recognised to profit or loss when control over the subsidiary or branch, joint control over the jointly controlled entity or significant influence over the associate is lost. In the case of partial disposal without losing control over a subsidiary with foreign operation, proportionate share of the cumulative amount of the exchange differences is re-attributed to non-controlling interests. For partial disposal of interest in a jointly controlled entity or investment in an associate without losing the joint control or significant influence, the proportionate share of the cumulative exchange differences recognised in other comprehensive income is reclassified from equity to profit or loss.

#### iv. Principal exchange rates used

	Year end rates		Average rates	
	2012	2011	2012	2011
	RM	RM	RM	RM
Australian dollar (AUD)	3.23	3.24	3.18	3.04
British pound	4.97	4.87	4.88	4.90
Chinese renminbi (RMB)	0.50	0.47	0.48	0.47
European Union euro	4.00	4.38	4.14	4.19
Hong Kong dollar	0.41	0.39	0.40	0.40
Indonesian rupiah (1,000)(IDR)	0.34	0.35	0.34	0.35
Japanese yen (100)	4.02	3.75	3.91	3.71
New Zealand dollar	2.53	2.51	2.48	2.33
Qatar riyal (QAR)	0.88	0.83	0.85	0.85
Singapore dollar	2.50	2.46	2.45	2.38
Thailand baht	0.10	0.10	0.10	0.10
United States dollar (USD)	3.19	3.02	3.08	3.09

### c. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of an asset or part of an asset. The carrying amount of the replaced part is derecognised and all repairs and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

Finance cost incurred on external borrowings related to an asset under construction is capitalised until the asset is ready for its intended use.

Valuation adjustments on certain Malaysian plantation land and buildings were incorporated into the financial statements. In 1998, the Group applied the transitional provision in MASB Approved Accounting Standard IAS 16 – Property, Plant and Equipment, which allows the Group to continue carrying those land and buildings in the financial statements on the basis of their previous revaluation. Surpluses arising on previous revaluation are credited to revaluation reserve. On the disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained profits. Other than depreciation and impairment adjustments, there has been no subsequent valuation recorded on those land and buildings.

Freehold land is not depreciated as it has indefinite life. 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:

Leasehold land	over the lease period ranging from 30 to 999 years
Buildings	2% to 20%, or the lease term if shorter
Plant and machinery	4% to 20%
Rental assets	10% to 33.3%
Vehicles, equipment and fixtures	5% to 33.3%



## Financial Statements

### 2. Summary of Principal Accounting Policies (continued)

#### c. Property, plant and equipment (continued)

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

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is recognised in the profit or loss.

#### d. 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 profit or loss in the financial year in which the expenditure is incurred.

However, the capitalised costs will be amortised to the profit or loss 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, or the remaining period of the lease, whichever is shorter.

#### e. Prepaid lease rentals

Prepaid lease rentals represent payment for rights to use land over a predetermined period that is accounted for as an operating lease and is stated at cost less amount amortised and accumulated impairment losses.

The prepaid lease rentals are amortised on a straight-line basis over the lease period ranging from 10 to 82 years.

#### f. Investment properties

Investment properties are land and buildings held for rental income and/or capital appreciation which are not substantially occupied or intended to be occupied for use by, or in the operations of the Group.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land and buildings under construction are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold land	over the lease period ranging from 50 to 99 years
Buildings	2% to 5%, or the lease term if shorter

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

#### g. Land held for property development

Land held for property development consists of cost of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Land held for property development is classified as non-current asset and carried at cost less accumulated impairment losses, if any.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

#### h. Investments in subsidiaries

Investments in subsidiaries and intercompany loans which are treated as part of the parent's net investment are recorded at costs less accumulated impairment losses, if any, in the Company's financial statements.

#### i. Intangible assets

##### i. Goodwill

Goodwill represents the excess of the consideration and the fair value of previously held interests over the Group's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition.

Goodwill on acquisition of subsidiaries is recognised as an intangible asset and is stated at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing. When control of a subsidiary ceases, the gain or loss on disposal includes the carrying amount of allocated goodwill.

## 2. Summary of Principal Accounting Policies (continued)

### i. Intangible assets (continued)

#### i. Goodwill (continued)

Goodwill on acquisition of jointly controlled entities and associates is included as part of the cost of investments in jointly controlled entities and associates. Such goodwill is tested for impairment as part of the overall net investment in each jointly controlled entity and associate.

#### ii. Research and development costs

Research costs are charged to the profit or loss in the financial year in which the expenditure is incurred.

Internally generated development costs which fulfill certain commercial and technical feasibility criteria are capitalised. Subsequently such capitalised development costs are amortised from the commencement of commercial production of the product to which they relate on the straight-line basis over the period of the expected benefit, not exceeding a period of 5 years. Impairment testing is performed annually on development activities which have not entered commercial production. Development activity is also tested for impairment whenever indication of impairment exists.

#### iii. Trademarks, distribution rights, assets usage rights and customer relationships

Trademarks, distribution rights, assets usage rights and customer relationships are capitalised at cost. Trademarks, assets usage rights and customer relationships with a finite useful life are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line basis over their contractual periods or estimated useful lives.

The principal annual amortisation rates are:

Trademarks	5% - 20%
Assets usage rights	5%
Customer relationships	12.5%

Trademarks and distribution rights with indefinite useful life are not amortised but tested for impairment annually and whenever indication of impairment exists.

### j. Non-current assets held for sale

Non-current assets or groups of assets are classified as "held for sale" if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use, and 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 at a price that is reasonable in relation to its current fair value, and
- a sale has been or is expected to be concluded within the next twelve months from the date of classification.

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 carrying amount and fair value less cost to sell.

### k. Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined on a weighted average basis except for the following:

Heavy equipment, motor vehicles and completed development units	Specific identification basis
Replacement parts	First in first out basis

The cost of raw materials, consumable stores, replacement parts and trading inventories represents cost of purchase plus incidental costs, and in the case of other inventories, includes design costs, cost of materials, direct labour, other direct costs and related production overheads based on normal operating capacity.

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

## 2. Summary of Principal Accounting Policies (continued)

### I. Property development costs

The cost of land, related development costs common to whole projects and direct building costs less cumulative amounts recognised as expense in profit or loss for property under development are carried in the statement of financial position as property development costs. Revenue and expense recognised in profit or loss are 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 end of each reporting period, the cumulative revenue recognised and progress billings made for each development unit sold are compared. Where the revenue recognised exceed the billings to the purchaser, the net amount is shown as accrued billings. Where the billings to the purchaser exceed revenue recognised, the net amount is shown as progress billings.

### m. Construction contracts

Construction 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 referring to either 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 end of each reporting period, the cumulative costs incurred, profits or losses recognised and progress billings made for each contract work are compared. Where costs incurred and profits or losses recognised exceed progress billings, the net amount is shown as amount due from customers on construction contracts. Where progress billings exceed costs incurred and profits or losses recognised, the net amount is shown as amount due to customers on construction contracts.

### n. Financial assets

The Group's financial assets are classified into three categories in Note 47(a) and the accounting policies for each of these categories are as follows:

#### i. Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading. Derivatives are categorised as held for trading unless they are designated and are effective hedging instrument. The Group does not have any financial assets designated as fair value through profit or loss upon initial recognition.

These financial assets are measured at fair value and transaction costs are expensed in profit or loss. Any gain or loss arising from changes in fair value are recognised in profit or loss.

#### ii. Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. These financial assets are recorded at fair value plus transaction costs and thereafter, they are measured at amortised cost using the effective interest method less accumulated impairment losses.

#### iii. Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the two preceding categories. These financial assets are recorded initially at fair value plus transaction costs and thereafter, they are measured at fair value. Except for impairment, foreign exchange gains and losses on translation of monetary available-for-sale financial assets such as debt instruments, interest calculated using the effective interest method and dividends which are recognised in profit or loss, any gain or losses arising from changes in fair value are recognised in other comprehensive income. On derecognition, the cumulative gain or loss is reclassified from available-for-sale reserve to profit or loss.

Financial assets are classified as current assets for those having maturity dates of less than 12 months after the reporting date, and the balance is classified as non-current. For available-for-sale financial assets, the classification is based on expected date of realisation of the assets.

## 2. Summary of Principal Accounting Policies (continued)

### n. Financial assets (continued)

Regular way purchase or sale of a financial asset is recognised on the settlement date i.e. the date that an asset is delivered to or by the Group. A contract that requires or permits net settlement of the change in the value of the contract is not a regular way contract. Such contract is accounted for as a derivative in the period between the trade date and the settlement date.

### o. Derivatives

Derivatives are measured at fair value. A derivative that is neither designated nor an effective hedging instrument is categorised under fair value through profit or loss and changes in its fair value is recognised in profit or loss. In the case of a derivative that qualifies for cash flow hedge, the effective portion of changes in its fair value is recognised in other comprehensive income. The gain or loss is removed from equity and included in profit or loss in the same period or periods during which the hedged item affects profit or loss. In the case of a hedge of a forecast transaction which results in the recognition of a non-financial asset or a non-financial liability, the gain or loss is removed from equity and included in the carrying amount of the asset or liability.

The gain or loss is also removed from equity and included in profit or loss when a derivative expires, no longer meets the criteria for hedge accounting, or the forecasted transaction is no longer expected to occur.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivatives are classified as current asset or current liability for those having maturity dates of less than 12 months after the reporting period, and the balance is classified as non-current.

### p. Impairment

Goodwill and other intangible assets that have an indefinite useful life or not yet available for use are not subject to amortisation and are tested for impairment. Other non-financial assets are assessed for indication of impairment. If an indication exists, an impairment test is performed. In the case of financial assets, investment in subsidiaries, interest in jointly controlled entities and investment in associates, they are assessed for objective evidence of impairment.

This exercise is performed annually and whenever events or circumstances occur indicating that impairment may exist.

The recognition and measurement of impairment are as follows:

#### i. Non-financial assets

An impairment loss is recognised for the amount by which the carrying amount of the non-financial asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Impairment loss on a revalued asset is treated as revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the same asset. Impairment loss on non-financial assets stated at historical costs is charged to profit or loss.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

#### ii. Subsidiaries, jointly controlled entities and associates

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, jointly controlled entity or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal.

Any subsequent increase in recoverable amount is recognised in profit or loss.

## 2. Summary of Principal Accounting Policies (continued)

### p. Impairment (continued)

The recognition and measurement of impairment are as follows: (continued)

#### iii. Loans and receivables

Loans and receivables are assessed individually and thereafter collectively for objective evidence of impairment. If evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. Reversal of impairment loss to profit or loss, if any, is restricted to not resulting in the carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised previously.

#### iv. Available-for-sale financial assets

A significant or prolonged decline in the fair value of the available-for-sale financial assets below its cost is considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the decline in fair value together with the cumulative loss recognised in other comprehensive income, if any, is taken to profit or loss.

Reversal of impairment losses through profit or loss in subsequent period is only made if the financial asset is a debt instrument and the increase in fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

### q. Share capital

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

Dividends to owners of the Company and non-controlling interests are recognised in the statement of changes in equity in the period in which they are paid or declared.

### r. 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. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

#### i. Warranties

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

#### ii. Performance guarantees and bonds

Provisions for performance guarantees and bonds are recognised when crystallisation is probable. When crystallisation is possible, the performance guarantees and bonds are disclosed as contingent liabilities.

#### iii. Restructuring costs

Provisions are made for direct expenditure necessarily entailed by the restructuring when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

### s. Deferred income

Deferred income comprises the following:

- i. Maintenance income – is deferred and recognised by reference to the percentage of the estimated total costs for each of the maintenance contracts with customers to provide service and support for customers' machinery.
- ii. Advance annualised licence fees – are deferred and recognised on a fixed annualised amount on a straight-line basis over the term of the golf memberships.

## 2. Summary of Principal Accounting Policies (continued)

### t. Employee costs

#### i. Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the services are rendered by employees.

#### ii. Defined contribution pension plans

A defined contribution pension plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

#### iii. Defined benefit pension plans

A defined benefit pension plan is a pension plan that is not a defined contribution pension plan. Typically defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group has various defined benefit pension plans, some of which are funded by payments from the relevant Group companies in various countries. The Group's defined benefit pension plans are determined based on a periodic actuarial valuation by external consultants where the amount of the benefits that eligible employees have earned in return for their services in the current and prior years are estimated.

The liabilities in respect of the defined benefit pension plans are the present values of the defined benefit obligations at the end of the reporting period, adjusted for actuarial gains and losses and past service costs, and reduced by the fair value of the plan assets. The defined benefit obligations, calculated using the Projected Unit Credit Method, are determined by independent actuaries, considering the estimated future cash outflows.

Actuarial gains or losses arise from market adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

#### iv. Termination benefits

Termination benefits are payable whenever an employee's employment is terminated 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 the end of the reporting period are discounted to present value.

### u. Financial liabilities

The Group's financial liabilities are classified into three categories in Note 47(a) and the accounting policies for each of these categories are as follows:

#### i. Financial liabilities at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss if they are held for trading. Derivatives are categorised as held for trading unless they are designated and are effective hedging instruments. The Group does not have any financial liabilities designated as fair value through profit or loss upon initial recognition.

#### ii. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are recognised initially at fair value plus transaction costs and thereafter, at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amounts initially recognised less, where appropriate, cumulative amortisation recognised.

## Financial Statements

### 2. Summary of Principal Accounting Policies (continued)

#### u. Financial liabilities (continued)

These financial liabilities are classified into three categories in Note 47(a) and the accounting policies for each of these categories are as follows: (continued)

##### iii. Other financial liabilities

All other financial liabilities are recognised initially at fair value plus transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss. The borrowing costs is capitalised as part of the cost of an asset and ceases when the asset is substantially completed for its intended use or sale, if the borrowing costs is directly attributable to the acquisition, construction or production of the asset.

Financial liabilities are classified as current liabilities for those having maturity dates of less than 12 months after the end of the reporting period, and the balance is classified as non-current.

#### v. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks, net of bank overdrafts and cash held under Housing Development Accounts.

#### w. Revenue recognition

Revenue from sale of goods and performance of services are recognised at the fair value of the consideration received or receivable upon delivery of goods or performance of services, net of discounts, allowances, indirect taxes and liquidated ascertained damages.

Revenue from property development is recognised by reference to the stage of completion of the development activity in respect of development units sold. The stage of completion is measured by the completion of a physical proportion of contract work to-date. Revenue from construction contracts is recognised on the percentage of completion method by reference to either 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 revenue is recognised on the following basis:

- i. Interest income – recognised on an accrual basis, using the effective interest method
- ii. Dividend income – recognised when the right to receive payment is established

#### x. Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals on operating leases are charged to the profit or loss on a straight-line basis over the lease term.

#### y. Tax

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

The current income tax charge for the Company is the expected income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the end of the reporting period. The current income tax charge for the Group is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

## 2. Summary of Principal Accounting Policies (continued)

### y. Tax (continued)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is recognised on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates (and laws) that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

### z. Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to management for the allocation of resources and assessment of its performance. These are affected predominantly by differences in the products and services provided. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. 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. Intragroup transactions which in substance represent reallocation of non-current assets from a segment to another segment are also eliminated. Inter-segment pricing is based on similar terms as those available to other external parties.

### aa. Contingent liabilities

The Group does not recognise contingent liabilities, except for financial guarantee contracts, but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events whose crystallisation will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that is not recognised because it cannot be measured reliably.

### ab. Commodity future and forward contracts

Commodity contracts are entered into to manage exposure to adverse movements in vegetable oil prices. Certain contracts are entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's expected purchase, sale or usage requirements. Accordingly, such contracts are deemed not to be financial instruments. Gains or losses arising from these contracts are deferred and included in the measurement of the purchase or sale transactions only upon the recognition of the anticipated transactions.

Contracts entered other than for the purpose of the receipt or delivery of physical commodity are treated as derivatives.

## 3. Critical Accounting Estimates and Judgement in Applying Accounting Policies

The consolidated financial statements are prepared in accordance with FRS issued by MASB. The summary of principal accounting policies as described in Note 2 are essential to understand the Group's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's accounting policies. Estimates and assumptions are based on the Directors' best knowledge of current events. Such estimates and judgement could change from period to period and have a material impact on the results, financial position, cash flows and other disclosures. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.



### 3. Critical Accounting Estimates and Judgement in Applying Accounting Policies (continued)

#### a. Fair values of assets acquired and liabilities assumed in business combinations

FRS 3 requires all assets, liabilities and contingent liabilities to be measured at fair value when accounting for business combinations. The Group makes use of various valuation methodologies in determining these fair values, including the use of reputable independent valuers. Valuations are inherently subjective, and require the use of judgement.

#### b. Useful lives of property, plant and equipment

The Group reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase the depreciation charge and decrease the carrying value of property, plant and equipment.

#### c. Impairment of non-financial assets

The Group assesses whether there is any indication that non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

#### d. 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. The carrying amount of the Group's inventories at 30 June 2012 is shown in Note 26.

#### e. Impairment of receivables

Impairment is made for receivables that the management considers the recoverability to be doubtful. On a regular basis, the management reviews the receivables' ageing report and repayment history for any objective evidence of impairment.

If the past due debts as shown in Note 25 were to impair by an additional 1%, the profit before tax of the Group will be adversely affected by RM25.9 million (2011: RM18.8 million) for the financial year.

#### f. 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 either 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 completeness and accuracy of the bids and/or budgets,
- the extent of the costs incurred,
- the estimation of the variation works that are recoverable from customers,
- the additional overheads due to meeting customers' request, weather and other delays,
- the subcontractors performance issues, and
- the changes in availability and proximity of equipment and materials

The foregoing factors as well as the stage of completion of contracts in progress and the mix of contracts at different margins may cause fluctuation in gross profit between periods. Substantial changes in cost estimates, particularly in complex projects have had, and can in future periods have, a significant effect on the Group's profitability. In making the above judgement, the Group relies on past experience and work of specialists.

If the budget costs for the Group's offshore projects were to increase by 10%, the profit before tax for the Group will be adversely affected by RM208.9 million (2011: RM204.7 million) for the financial year.

### 3. Critical Accounting Estimates and Judgement in Applying Accounting Policies (continued)

#### g. Provision for warranties

Provision has been recognised for warranties on the Group's products that are not covered by manufacturers' 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. The carrying amount of the Group's provision for warranties at 30 June 2012 is shown in Note 36.

#### h. Tax

##### i. Income taxes

The Group is subject to income tax in many jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters result in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provision in the period in which such determination is made.

The Group has recognised certain tax recoverable for which the Group believes that there is a reasonable basis for recognition. Where the final tax outcome of this matter is different from the amount that was initially recorded, such difference may cause a material adjustment to the carrying amount of the tax recoverable balance recorded in the period in which such determination is made.

##### ii. Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgement regarding the future financial performance of a particular entity in which the deferred tax asset has been recognised.

#### i. Contingent liabilities

Recognition and measurement for contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business.

### 4. Revenue

Revenue for the Group represents sale of goods, performance of services, income from construction contracts and property development activities earned outside the Group, net of discounts, allowances and liquidated ascertained damages.

Revenue for the Company represents income from investment in subsidiaries.

	Group		Company	
	2012	2011	2012	2011
<b>Analysis of revenue</b>				
Sale of goods	<b>42,083.2</b>	37,502.5	-	-
Performance of services	<b>3,527.7</b>	2,380.6	-	-
Property development	<b>1,801.5</b>	1,734.6	-	-
Construction contracts	<b>189.9</b>	241.1	-	-
Income from investment in subsidiaries – unquoted	-	-	<b>2,733.3</b>	1,995.6
	<b>47,602.3</b>	41,858.8	<b>2,733.3</b>	1,995.6

## Financial Statements

## 5. Operating Expenses

	Group		Company	
	2012	2011	2012	2011
Changes in inventories of finished goods and work in progress	(1,977.9)	(540.7)	-	-
Finished goods, work in progress and other direct overheads	30,905.1	24,659.2	-	-
Raw materials and consumables used	6,060.7	5,371.2	-	-
Employee costs [note (a)]	4,275.0	3,839.1	0.6	0.6
Amortisation of prepaid lease rentals	46.1	52.7	-	-
Amortisation of intangible assets	5.9	6.1	-	-
Depreciation				
- property, plant and equipment [note (b)]	1,097.2	955.8	-	-
- biological assets	43.0	38.6	-	-
- investment properties	14.8	12.5	-	-
Property development costs	1,082.1	1,178.0	-	-
Construction contract costs	337.0	180.0	-	-
Replanting expenditure	189.6	150.9	-	-
Research expenditure [note (a)]	131.6	110.9	-	-
(Reversal of)/provision for warranties and guarantees	(75.8)	324.6	-	-
Auditors' remuneration:				
Fees for statutory audits				
- PricewaterhouseCoopers Malaysia	6.7	6.0	0.6	0.6
- member firms of PricewaterhouseCoopers International Limited	14.7	15.6	-	-
- others	0.3	0.6	-	-
Fees for non-audit services				
- PricewaterhouseCoopers Malaysia	4.3	3.4	0.6	0.6
- member firms of PricewaterhouseCoopers International Limited	3.8	2.9	-	-
- others	0.4	1.7	-	-
Directors' remuneration [note (c)]	5.6	5.2	3.2	3.7
Hire of plant and machinery [note (d)]	8.9	22.9	-	-
Operating lease payments for land and buildings	214.3	222.7	-	-
Foreign currencies exchange loss				
- realised	68.4	79.3	-	-
- unrealised	116.4	49.0	-	-

## Financial Statements

## 5. Operating Expenses (continued)

	Group		Company	
	2012	2011	2012	2011
Fair value loss – foreign currency exchange contracts	11.6	6.1	-	-
Ineffective portion of cash flow hedges – foreign currency exchange contracts	16.7	1.1	-	-
Loss on disposal of				
- property, plant and equipment	2.4	1.7	-	-
- subsidiaries	1.2	-	-	-
Write offs				
- property, plant and equipment	17.7	19.6	-	-
- biological assets	3.0	1.5	-	-
Impairment of				
- property, plant and equipment	29.9	191.6	-	-
- biological assets	0.1	12.3	-	-
- investment properties	10.3	2.6	-	-
- land held for property development	-	3.4	-	-
- available-for-sale investments	-	57.1	-	-
- intangible assets	4.9	11.4	-	-
- receivables	90.1	62.4	-	-
Other costs	353.3	240.5	10.0	29.0
	<b>43,119.4</b>	<b>37,359.5</b>	<b>15.0</b>	<b>34.5</b>
<b>a. Employee costs</b>				
Employee costs included in profit or loss	4,275.0	3,839.1	0.6	0.6
Employee costs included in research expenditure	72.4	37.9	-	-
Employee costs included in construction contracts [Note 29]	1.0	55.5	-	-
	<b>4,348.4</b>	<b>3,932.5</b>	<b>0.6</b>	<b>0.6</b>
Employee costs include:				
Defined benefit pension plans [Note 37]	29.1	26.0	-	-
Defined contribution pension plans	220.9	174.8	-	-
Termination benefits	0.2	4.0	-	-
<b>b. Depreciation on property, plant and equipment</b>				
Depreciation included in profit or loss	1,097.2	955.8	-	-
Depreciation included in construction contracts [Note 29]	-	24.0	-	-
Depreciation in relation to discontinued operations [Note 32]	-	15.3	-	-
	<b>1,097.2</b>	<b>995.1</b>	<b>-</b>	<b>-</b>

## Financial Statements

## 5. Operating Expenses (continued)

	Group		Company	
	2012	2011	2012	2011
<b>c. Directors' remuneration</b>				
Non-executive Directors				
- fees	5.6	5.0	3.2	3.5
- other emoluments	-	0.2	-	0.2
	<b>5.6</b>	<b>5.2</b>	<b>3.2</b>	<b>3.7</b>
Executive Director (included in note (a) above)	5.2	2.3	-	-
	<b>10.8</b>	<b>7.5</b>	<b>3.2</b>	<b>3.7</b>

The estimated monetary value of benefits provided to Directors of the Company during the financial year by way of usage of the Group's and Company's assets and other benefits are as follows:

	Group		Company	
	2012	2011	2012	2011
Non-executive Directors	0.4	0.6	0.4	0.6
Executive Director	*	-	*	-
	<b>0.4</b>	<b>0.6</b>	<b>0.4</b>	<b>0.6</b>

\* less than RM0.1 million

**d. Hire of plant and machinery**

Hire of plant and machinery included in profit or loss	8.9	22.9	-	-
Hire of plant and machinery included in construction contracts [Note 29]	-	20.3	-	-
	<b>8.9</b>	<b>43.2</b>	<b>-</b>	<b>-</b>

## Financial Statements

## 6. Other Operating Income

	Group		Company	
	2012	2011	2012	2011
Commission, handling fees and incentives	<b>370.4</b>	213.1	-	-
Income from available-for-sale investments (gross)				
- quoted shares in Malaysia	<b>1.3</b>	0.7	-	-
- unquoted shares	<b>52.5</b>	14.4	-	-
- unquoted debentures	-	0.2	-	-
- unit trust funds	<b>0.1</b>	-	-	-
Foreign currencies exchange gain				
- realised	<b>149.6</b>	54.0	-	-
- unrealised	<b>64.6</b>	115.3	<b>10.9</b>	0.4
Fair value gains				
- foreign currency exchange contracts	<b>0.6</b>	26.9	-	-
- commodity future contracts	<b>1.9</b>	-	-	-
Ineffective portion of cash flow hedges				
- foreign currency exchange contracts	-	0.1	-	-
- cross currency swap	<b>6.4</b>	-	-	-
Hire of plant and machinery	<b>1.7</b>	7.0	-	-
Rental income from land and buildings	<b>22.3</b>	22.8	-	-
Gain on disposal of				
- property, plant and equipment	<b>49.1</b>	37.1	-	-
- investment properties	<b>30.8</b>	79.4	-	-
- subsidiaries	-	0.2	-	-
- associates	-	9.3	-	-
- available-for-sale investments	<b>66.4</b>	5.5	-	-
Reversal of impairment losses of				
- property, plant and equipment	<b>16.6</b>	4.8	-	-
- prepaid lease rentals	<b>4.9</b>	0.1	-	-
- biological assets	<b>0.4</b>	-	-	-
- investment properties	<b>11.9</b>	0.4	-	-
- receivables	<b>71.3</b>	39.8	-	-
Surplus on liquidation of a subsidiary	-	-	-	9.8
Sale of scrap	<b>65.5</b>	62.6	-	-
Forfeitures, recoveries and other miscellaneous income	<b>341.7</b>	290.3	-	-
	<b>1,330.0</b>	984.0	<b>10.9</b>	10.2

## Financial Statements

**7. Jointly Controlled Entities**

The Group's interest in the jointly controlled entities as at 30 June 2012, their respective principal activities and countries of incorporation are shown in Note 50.

**a. Share of results of jointly controlled entities**

The Group's share of revenue and expenses and other comprehensive income of jointly controlled entities are as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
Revenue	<b>1,755.6</b>	1,817.6
Expenses	<b>(1,746.6)</b>	(1,758.9)
Tax income/(expense)	<b>5.2</b>	(24.7)
Profit after tax	<b>14.2</b>	34.0
Currency translation differences [Note 14]	<b>(6.0)</b>	7.2
Share of other comprehensive income [Note 14]	<b>-</b>	0.5

**b. Interest in jointly controlled entities**

The Group's interest in the assets and liabilities of jointly controlled entities is as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
Non-current assets	<b>486.2</b>	471.2
Current assets	<b>726.4</b>	655.8
Non-current liabilities	<b>(208.9)</b>	(224.1)
Current liabilities	<b>(692.4)</b>	(574.9)
Non-controlling interests	<b>(27.2)</b>	(32.5)
Carrying amount at end of year	<b>284.1</b>	295.5

## Financial Statements

**8. Associates**

Associates acquired and disposed during the financial year are shown in Notes 43(c) and 44(b), respectively. The Group's equity interest in the associates as at 30 June 2012, their respective principal activities and countries of incorporation are shown in Note 50.

**a. Share of results of associates**

The financial information of equity accounted associates is as follows:

	Group	
	2012	2011
Associates' results		
Revenue	6,726.1	5,594.2
Net profit for the year	<u>301.4</u>	<u>235.7</u>
Associates' financial position		
Total assets	9,738.6	7,405.9
Total liabilities	<u>(6,012.8)</u>	<u>(5,078.3)</u>
Net assets	<u>3,725.8</u>	<u>2,327.6</u>
Share of results and other comprehensive income of associates are as follows:		
Share of results before impairment	101.4	88.2
Impairment losses	(2.0)	(3.8)
Reversal of impairment losses	1.0	-
	<u>100.4</u>	<u>84.4</u>
Currency translation differences [Note 14]	(1.3)	5.8
Share of other comprehensive income [Note 14]	<u>5.5</u>	<u>10.7</u>

**b. Investment in associates**

The Group's investment in associates is as follows:

	Group	
	2012	2011
Quoted shares in Malaysia, at cost	773.8	-
Unquoted shares, at cost	680.5	681.7
Share of post-acquisition reserves	210.7	169.1
Unrealised profit on transactions with associates	(165.2)	(158.6)
Impairment losses	(7.4)	(6.4)
	<u>1,492.4</u>	<u>685.8</u>
Market value of quoted shares in Malaysia	<u>473.3</u>	<u>-</u>

In September 2011, the Group acquired a 30% stake in Eastern & Oriental Berhad (E&O) at a cash consideration of RM773.8 million. A purchase price allocation was performed by an external professional firm whereby the fair value of E&O's identifiable assets, liabilities and contingent liabilities were assessed. Based on the assessment, fair value adjustments were assigned to the Reclamation Rights for Seri Tanjung Pinang Phase 2 of about 740 acres in Tanjung Tokong, Penang, the E&O Hotel (land and building), a luxury heritage hotel in Penang and residual goodwill.



## Financial Statements

## 9. Finance Income

	Group		Company	
	2012	2011	2012	2011
Interest income from				
- subsidiaries	-	-	142.9	139.7
- banks and other financial institutions	129.0	113.7	0.8	0.9
- financial guarantees in respect of credit facilities granted to				
- certain subsidiaries	-	-	16.6	16.7
- others	0.4	0.5	-	-
- others	30.2	22.8	-	-
	<b>159.6</b>	137.0	<b>160.3</b>	157.3
Accretion of discount [Note 25(a) and (d)]	19.2	18.3	-	-
	<b>178.8</b>	155.3	<b>160.3</b>	157.3

## 10. Finance Costs

	Group		Company	
	2012	2011	2012	2011
Finance costs charged by banks and other financial institutions	401.1	351.8	142.8	139.7
Financial guarantee contracts costs	-	-	84.9	-
Net change in fair value of interest rate swap contracts	(34.0)	(29.8)	-	-
Cross currency swap interest	23.3	-	-	-
	<b>390.4</b>	322.0	<b>227.7</b>	139.7
Interest capitalised in property development costs [Note 27]	(4.9)	(14.2)	-	-
	<b>385.5</b>	307.8	<b>227.7</b>	139.7

## Financial Statements

## 11. Tax Expense

	Group		Company	
	2012	2011	2012	2011
<b>Continuing operations:</b>				
Income tax:				
In respect of current year				
- Malaysian income tax	789.4	789.0	0.7	15.6
- foreign income tax	721.6	765.6	-	-
In respect of prior years				
- Malaysian income tax	(68.9)	6.2	(16.8)	(12.0)
- foreign income tax	(8.8)	110.0	-	-
Total income tax	1,433.3	1,670.8	(16.1)	3.6
Deferred tax:				
- origination and reversal of temporary differences	(39.8)	(46.7)	-	0.2
- under provision in prior years	(26.0)	10.4	-	-
- effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	(59.3)	(33.0)	-	-
- changes in tax legislation and tax rate	-	1.2	-	-
Total deferred tax [Note 23]	(125.1)	(68.1)	-	0.2
Total tax expense	1,308.2	1,602.7	(16.1)	3.8
<b>Discontinued operations:</b>				
Income tax:				
Malaysian income tax				
- in respect of current year	(3.2)	1.4	-	-
- in respect of prior years	-	(22.3)	-	-
Total income tax	(3.2)	(20.9)	-	-
Deferred tax:				
- origination and reversal of temporary differences	14.1	14.8	-	-
- under provision in prior years	-	65.0	-	-
Total deferred tax [Note 23]	14.1	79.8	-	-
Total tax expense [Note 32]	10.9	58.9	-	-

**11. Tax Expense (continued)****Tax reconciliation**

Reconciliation from tax at applicable tax rate to tax expense of continuing operations is as follows:

	Group		Company	
	2012	2011	2012	2011
Profit before tax	<b>5,720.8</b>	5,449.2	<b>2,661.8</b>	1,988.9
Less: Share of results of jointly controlled entities	<b>(14.2)</b>	(34.0)	-	-
Share of results of associates	<b>(100.4)</b>	(84.4)	-	-
	<b>5,606.2</b>	5,330.8	<b>2,661.8</b>	1,988.9
Applicable tax	<b>1,361.2</b>	1,314.7	<b>665.4</b>	497.2
Withholding tax on foreign income	<b>24.2</b>	3.5	-	-
Effects of tax incentives and income not subject to tax				
- tax exempt dividends from subsidiaries	-	-	<b>(682.6)</b>	(483.3)
- others	<b>(65.5)</b>	(80.9)	<b>(0.2)</b>	(2.5)
Effects of expenses not deductible for tax purposes				
- impairment losses and project development expenses	<b>9.0</b>	60.5	-	-
- others	<b>74.3</b>	182.7	<b>18.1</b>	4.4
Deferred tax assets not recognised in respect of current year's tax losses	<b>68.0</b>	27.4	-	-
(Over)/under provision in prior years	<b>(103.7)</b>	126.6	<b>(16.8)</b>	(12.0)
Effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	<b>(59.3)</b>	(33.0)	-	-
Changes in tax rate	-	1.2	-	-
Tax expense for the year	<b>1,308.2</b>	1,602.7	<b>(16.1)</b>	3.8
Applicable tax rate (%)	<b>24.3</b>	24.7	<b>25.0</b>	25.0
Effective tax rate (%)	<b>23.3</b>	30.1	<b>(0.6)</b>	0.2

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

The applicable tax rate of the Group has decreased from 24.7% to 24.3% mainly due to the changes in the proportion of income contributed by subsidiaries which are subjected to different statutory income tax rate.

## 12. Basic Earnings and Net Assets Per Share

### a. Basic earnings per share

Basic earnings per share is computed as follows:

	Group	
	2012	2011
Profit/(loss) for the year attributable to owners of the Company		
- from continuing operations	4,216.4	3,663.1
- from discontinued operations	(66.2)	1.4
	4,150.2	3,664.5
Weighted average number of ordinary shares in issue (million)	6,009.5	6,009.5
Basic earnings/(loss) per share (sen)		
- from continuing operations	70.16	60.96
- from discontinued operations	(1.10)	0.02
	69.06	60.98

### b. Net assets per share

Net assets per share is calculated by dividing the Group's net assets attributable to owners of the Company of RM26,016.1 million (2011: RM24,030.3 million) by the 6,009.5 million (2011: 6,009.5 million) number of ordinary shares of the Company in issue at year end.

## 13. Dividends

	Group/Company	
	2012	2011
Final single tier dividend of 22.0 sen per share (2011: 3.0 sen per share) for the year ended 30 June 2011 paid on 15 December 2011	1,322.1	180.3
Interim single tier dividend of 10.0 sen per share (2011: 8.0 sen per share) for the year ended 30 June 2012 paid on 11 May 2012	601.0	480.7
	1,923.1	661.0

At the forthcoming Annual General Meeting, a final single tier dividend of 25.0 sen per share which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act 1967 for the financial year ended 30 June 2012 amounting to a net payout of RM1,502.3 million will be proposed for shareholders' approval. The financial statements do not reflect this dividend which will be recognised in the financial year ending 30 June 2013 when approved by shareholders.

## Financial Statements

**14. Other Comprehensive Income/(Loss)**

Other comprehensive income/(loss) and the tax effects are analysed as follows:

<b>Group 2012</b>	<b>Capital reserve</b>	<b>Hedging reserve</b>
Currency translation differences:		
- subsidiaries	-	-
- jointly controlled entities	-	-
- associates	-	-
Net change in fair value of:		
- available-for-sale investments	-	-
- cash flow hedges	-	(149.3)
Reclassified to profit or loss:		
- currency translation differences on disposal/liquidation of subsidiaries	-	-
- changes in fair value on disposal of available-for-sale investment	-	-
- changes in fair value of cash flow hedges as adjustment to revenue	-	(4.8)
Reclassified changes in fair value of cash flow hedges to inventories	-	(11.9)
Actuarial losses on defined benefit pension plans	-	-
Share of other comprehensive income of associates	5.5	-
Tax expense relating to components of other comprehensive income	-	25.9
Continuing operations	<b>5.5</b>	<b>(140.1)</b>
Discontinued operations [Note 32]	-	(4.6)
	<b>5.5</b>	<b>(144.7)</b>
<b>2011</b>		
Currency translation differences:		
- subsidiaries	-	-
- jointly controlled entities	-	-
- associates	-	-
Net change in fair value of:		
- available-for-sale investments	-	-
- cash flow hedges	-	(3.5)
Reclassified to profit or loss:		
- currency translation differences on liquidation of subsidiaries	-	-
- changes in fair value on disposal of available-for-sale investment	-	-
- changes in fair value of cash flow hedges as adjustment to revenue	-	1.0
Reclassified changes in fair value of cash flow hedges to inventories	-	24.0
Actuarial gains on defined benefit pension plans	-	-
Share of other comprehensive income of:		
- jointly controlled entities	0.3	0.2
- associates	5.5	-
Tax expense relating to components of other comprehensive income	-	(7.1)
Continuing operations	<b>5.8</b>	<b>14.6</b>
Discontinued operations [Note 32]	-	74.1
	<b>5.8</b>	<b>88.7</b>

## Financial Statements

Available-for-sale reserve	Exchange reserve	Retained profits	Non-controlling interests	Total	Tax effects	Net of tax
-	15.4	-	(1.4)	14.0	-	14.0
-	(6.0)	-	-	(6.0)	-	(6.0)
-	(1.3)	-	-	(1.3)	-	(1.3)
33.9	-	-	-	33.9	(10.5)	23.4
-	-	-	0.2	(149.1)	25.9	(123.2)
-	(9.5)	-	-	(9.5)	-	(9.5)
(36.7)	-	-	-	(36.7)	11.0	(25.7)
-	-	-	-	(4.8)	-	(4.8)
-	-	-	-	(11.9)	-	(11.9)
-	-	(33.0)	(0.1)	(33.1)	(3.0)	(36.1)
-	-	-	-	5.5	-	5.5
0.5	-	(3.0)	-	23.4	-	-
(2.3)	(1.4)	(36.0)	(1.3)	(175.6)	23.4	(175.6)
-	-	-	-	(4.6)	-	(4.6)
(2.3)	(1.4)	(36.0)	(1.3)	(180.2)	23.4	(180.2)
-	541.5	-	(2.2)	539.3	-	539.3
-	7.2	-	-	7.2	-	7.2
-	5.8	-	-	5.8	-	5.8
(20.3)	-	-	-	(20.3)	(0.5)	(20.8)
-	-	-	-	(3.5)	(7.1)	(10.6)
-	15.9	-	-	15.9	-	15.9
(5.4)	-	-	-	(5.4)	-	(5.4)
-	-	-	-	1.0	-	1.0
-	-	-	-	24.0	-	24.0
-	-	14.5	-	14.5	(2.2)	12.3
-	-	-	-	0.5	-	0.5
5.2	-	-	-	10.7	-	10.7
(0.5)	-	(2.2)	-	(9.8)	-	-
(21.0)	570.4	12.3	(2.2)	579.9	(9.8)	579.9
-	-	-	-	74.1	-	74.1
(21.0)	570.4	12.3	(2.2)	654.0	(9.8)	654.0

## Financial Statements

## 15. Property, Plant and Equipment

<b>Group 2012</b>	<b>Freehold land</b>	<b>Long leasehold land</b>
At 1 July	2,776.2	1,050.8
Acquisition of subsidiary and business [Note 43(a)]	-	-
Disposal of subsidiaries [Note 44(a)]	-	-
Additions	22.8	-
Disposals	(5.0)	-
Write offs	-	-
Impairment losses	(2.7)	-
Reversal of impairment losses	0.5	-
Transfer from investment properties [Note 18]	30.5	-
Transfer to inventories	-	-
Transfer from property development costs [Note 27]	11.5	-
Transfer to non-current assets held for sale [Note 32]	(1.8)	-
Reclassification	-	(162.6)
Depreciation	-	(6.5)
Exchange differences	(10.7)	2.6
At 30 June	<b>2,821.3</b>	<b>884.3</b>
Cost/valuation	<b>2,828.0</b>	<b>1,022.2</b>
Accumulated depreciation	-	(126.6)
Accumulated impairment losses	(6.7)	(11.3)
Carrying amount at end of year	<b>2,821.3</b>	<b>884.3</b>
<b>2011</b>		
At 1 July	2,650.4	1,104.7
Acquisition of subsidiaries	5.1	-
Disposal of subsidiaries	-	-
Additions	53.9	20.0
Disposals	(18.5)	(0.2)
Write offs	-	-
Impairment losses	(2.0)	(0.4)
Reversal of impairment losses	-	-
Transfer to investment properties [Note 18]	(18.8)	(32.6)
Transfer from/(to) land held for property development [Note 19]	71.6	(12.9)
Transfer to inventories	-	-
Transfer from property development costs [Note 27]	8.4	-
Transfer to non-current assets held for sale [Note 32]	(0.5)	(2.1)
Reclassification	9.9	(34.3)
Depreciation	-	(9.3)
Exchange differences	16.7	17.9
At 30 June	<b>2,776.2</b>	<b>1,050.8</b>
Cost/valuation	<b>2,782.1</b>	<b>1,283.9</b>
Accumulated depreciation	-	(232.7)
Accumulated impairment losses	(5.9)	(0.4)
Carrying amount at end of year	<b>2,776.2</b>	<b>1,050.8</b>

Property, plant and equipment with a total carrying amount of RM90.0 million (2011: RM116.2 million) were pledged as security for borrowings [Note 35].

## Financial Statements

Short leasehold land	Buildings	Plant and machinery	Rental assets	Vehicles, equipment and fixtures	Capital work in progress	Total
192.9	3,041.9	1,799.2	1,188.5	946.4	1,660.2	12,656.1
-	22.0	15.5	-	-	-	37.5
-	-	-	-	(1.9)	-	(1.9)
1.8	180.6	266.4	948.0	290.4	752.9	2,462.9
-	(1.3)	(7.2)	-	(13.5)	-	(27.0)
-	(6.0)	-	(0.9)	(10.8)	-	(17.7)
(0.1)	(15.5)	-	(5.0)	(2.8)	(3.8)	(29.9)
0.4	1.6	12.1	2.0	-	-	16.6
-	25.3	-	-	-	-	55.8
-	-	-	(337.3)	-	-	(337.3)
-	177.8	72.0	-	-	-	261.3
-	-	-	-	-	(3.4)	(5.2)
169.6	1,031.9	255.1	-	83.0	(1,377.0)	-
(8.9)	(191.3)	(287.4)	(326.9)	(276.2)	-	(1,097.2)
5.7	34.9	(1.8)	10.9	10.3	(22.2)	29.7
<b>361.4</b>	<b>4,301.9</b>	<b>2,123.9</b>	<b>1,479.3</b>	<b>1,024.9</b>	<b>1,006.7</b>	<b>14,003.7</b>
<b>579.7</b>	<b>5,831.8</b>	<b>4,853.6</b>	<b>2,040.4</b>	<b>2,567.9</b>	<b>1,126.4</b>	<b>20,850.0</b>
(211.1)	(1,432.1)	(2,555.3)	(555.9)	(1,519.6)	-	(6,400.6)
(7.2)	(97.8)	(174.4)	(5.2)	(23.4)	(119.7)	(445.7)
<b>361.4</b>	<b>4,301.9</b>	<b>2,123.9</b>	<b>1,479.3</b>	<b>1,024.9</b>	<b>1,006.7</b>	<b>14,003.7</b>
368.3	2,875.4	1,910.3	1,071.3	824.3	1,441.0	12,245.7
-	9.0	-	-	8.8	-	22.9
-	-	-	-	-	(7.8)	(7.8)
0.3	202.4	199.7	692.3	304.5	908.1	2,381.2
-	(0.1)	(1.4)	-	(11.1)	(1.5)	(32.8)
-	(7.5)	(5.6)	-	(2.3)	(4.2)	(19.6)
(0.3)	(72.3)	(95.2)	-	(18.1)	(3.3)	(191.6)
-	2.3	1.9	-	0.6	-	4.8
-	(28.8)	-	-	-	-	(80.2)
-	-	-	-	-	-	58.7
-	-	-	(379.6)	-	-	(379.6)
-	91.4	-	-	-	-	99.8
(205.0)	(248.2)	(186.5)	-	(4.5)	(5.7)	(652.5)
34.3	312.1	255.5	3.2	67.0	(647.7)	-
(11.7)	(169.1)	(292.5)	(274.8)	(237.7)	-	(995.1)
7.0	75.3	13.0	76.1	14.9	(18.7)	202.2
<b>192.9</b>	<b>3,041.9</b>	<b>1,799.2</b>	<b>1,188.5</b>	<b>946.4</b>	<b>1,660.2</b>	<b>12,656.1</b>
272.0	4,404.7	4,381.2	1,653.8	2,272.5	1,775.8	18,826.0
(78.8)	(1,255.1)	(2,378.7)	(465.3)	(1,304.6)	-	(5,715.2)
(0.3)	(107.7)	(203.3)	-	(21.5)	(115.6)	(454.7)
<b>192.9</b>	<b>3,041.9</b>	<b>1,799.2</b>	<b>1,188.5</b>	<b>946.4</b>	<b>1,660.2</b>	<b>12,656.1</b>



## Financial Statements

## 16. Biological Assets

	Group	
	2012	2011
At 1 July	2,429.7	2,417.5
Additions	70.1	84.3
Disposals	-	(1.5)
Write offs	(3.0)	(1.5)
Impairment	(0.1)	(12.3)
Reversal of impairment losses	0.4	-
Depreciation	(43.0)	(38.6)
Exchange differences	(37.0)	(18.2)
At 30 June	<u>2,417.1</u>	<u>2,429.7</u>

Biological assets represent plantation development expenditure for oil palm, rubber and other crops. Produce which were unsold as at the end of the reporting period are shown as produce stocks under inventories. The total new planting and replanting expenditure during the financial year are as follows:

	Group	
	2012	2011
New planting	70.1	84.3
Replanting [Note 5]	189.6	150.9
At 30 June	<u>259.7</u>	<u>235.2</u>

## 17. Prepaid Lease Rentals

The prepaid lease rentals are payments for rights in respect of the following:

Group	Long leasehold land	Short leasehold land	Total
<b>2012</b>			
At 1 July	4.0	1,083.9	1,087.9
Acquisition of subsidiary [Note 43(a)]	-	20.0	20.0
Additions	10.1	88.8	98.9
Reversal of impairment losses	-	4.9	4.9
Amortisation	(1.1)	(45.0)	(46.1)
Exchange differences	0.4	(5.7)	(5.3)
At 30 June	<u>13.4</u>	<u>1,146.9</u>	<u>1,160.3</u>
<b>2011</b>			
At 1 July	3.3	1,194.3	1,197.6
Additions	1.5	20.0	21.5
Reversal of impairment losses	-	0.1	0.1
Transfer to non-current assets held for sale [Note 32]	-	(1.0)	(1.0)
Amortisation	(0.2)	(52.5)	(52.7)
Exchange differences	(0.6)	(77.0)	(77.6)
At 30 June	<u>4.0</u>	<u>1,083.9</u>	<u>1,087.9</u>

## Financial Statements

**17. Prepaid Lease Rentals (continued)**

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

	Group	
	2012	2011
<b>Non-current</b>		
Due later than one year	1,115.9	1,044.1
<b>Current</b>		
Due not later than one year, included in accrued billings and others under current assets [Note 28]	44.4	43.8
	<b>1,160.3</b>	1,087.9

**18. Investment Properties**

Group 2012	Freehold land	Long leasehold land	Short leasehold land	Buildings	Total
At 1 July	41.1	48.6	24.3	293.2	407.2
Additions	-	-	-	1.3	1.3
Disposals	(0.5)	(5.9)	-	(5.0)	(11.4)
Impairment losses	-	-	-	(10.3)	(10.3)
Reversal of impairment losses	6.4	-	-	5.5	11.9
Transfer to property, plant and equipment [Note 15]	(30.5)	-	-	(25.3)	(55.8)
Transfer from property development costs [Note 27]	44.0	-	-	-	44.0
Transfer to non-current assets held for sale [Note 32]	(5.9)	-	-	-	(5.9)
Depreciation	-	(1.0)	(0.8)	(13.0)	(14.8)
Exchange differences	(3.6)	(0.4)	0.5	12.1	8.6
At 30 June	<b>51.0</b>	<b>41.3</b>	<b>24.0</b>	<b>258.5</b>	<b>374.8</b>
Cost	52.0	48.7	35.1	376.7	512.5
Accumulated depreciation	-	(7.4)	(11.1)	(90.4)	(108.9)
Accumulated impairment losses	(1.0)	-	-	(27.8)	(28.8)
Carrying amount at end of year	<b>51.0</b>	<b>41.3</b>	<b>24.0</b>	<b>258.5</b>	<b>374.8</b>

## Financial Statements

## 18. Investment Properties (continued)

Group 2011	Freehold land	Long leasehold land	Short leasehold land	Buildings	Total
At 1 July	83.4	16.9	23.5	311.8	435.6
Additions	-	0.3	-	1.6	1.9
Disposals	(11.8)	-	-	(3.1)	(14.9)
Impairment losses	-	-	-	(2.6)	(2.6)
Reversal of impairment losses	0.1	-	-	0.3	0.4
Transfer from property, plant and equipment (Note 15)	18.8	32.6	-	28.8	80.2
Transfer to land held for property development [Note 19]	(35.0)	-	-	(36.8)	(71.8)
Transfer to inventories	-	-	-	(2.5)	(2.5)
Transfer to non-current assets held for sale [Note 32]	(15.5)	-	-	(2.0)	(17.5)
Depreciation	-	(1.2)	(0.5)	(10.8)	(12.5)
Exchange differences	1.1	-	1.3	8.5	10.9
At 30 June	41.1	48.6	24.3	293.2	407.2
Cost	48.5	57.3	34.3	410.0	550.1
Accumulated depreciation	-	(8.7)	(10.0)	(89.9)	(108.6)
Accumulated impairment losses	(7.4)	-	-	(26.9)	(34.3)
Carrying amount at end of year	41.1	48.6	24.3	293.2	407.2

The fair value of investment properties as at 30 June 2012 was RM814.0 million (2011: RM883.0 million). The fair value was arrived at after taking into consideration the valuation performed 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. Investment property of a subsidiary with a carrying amount of RM132.5 million (2011: RM134.9 million) was pledged as security for borrowings [Note 35].

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

	Group	
	2012	2011
Rental income	62.8	61.7
Direct operating expenses	(6.3)	(11.4)

## Financial Statements

## 19. Land Held for Property Development

	Group	
	2012	2011
At 1 July	893.7	674.1
Disposal	-	(3.6)
Impairment losses	-	(3.4)
Transfer to property, plant and equipment [Note 15]	-	(58.7)
Transfer from investment properties [Note 18]	-	71.8
Transfer (to)/from property development costs [Note 27]	(63.7)	7.7
Incidental costs incurred	5.2	205.7
Exchange differences	-	0.1
At 30 June	835.2	893.7

## 20. Subsidiaries

	Company	
	2012	2011
Unquoted shares at cost	2,487.6	1,247.5
Contributions in subsidiaries	3,571.5	11,691.0
	6,059.1	12,938.5

During the financial year, the Company and its subsidiaries undertook an internal capital management exercise whereby the capital requirements of the respective subsidiaries are streamlined to an optimal capital structure. The excess capital is reclassified to amounts due from subsidiaries in Note 25. Contributions in subsidiaries are interest-free and any repayment is subject to the discretion of the subsidiaries. The Group's equity interest in the subsidiaries, their respective principal activities and countries of incorporation are shown in Note 50.

## 21. Available-for-sale investments

Group	Quoted shares		Unquoted shares	Unquoted debenture	Unit trust funds	Total
	In Malaysia	Outside Malaysia				
2012						
At 1 July	25.3	23.3	71.9	5.0	-	125.5
Additions	-	-	-	-	10.0	10.0
Disposals	-	(57.5)	-	-	-	(57.5)
Net change in fair value	1.7	34.3	(1.2)	(1.0)	0.1	33.9
Exchange differences	-	(0.1)	-	-	-	(0.1)
At 30 June	27.0	-	70.7	4.0	10.1	111.8
2011						
At 1 July	26.5	18.6	159.6	2.5	-	207.2
Disposals	(7.3)	-	-	-	-	(7.3)
Impairment	-	-	(57.1)	-	-	(57.1)
Net change in fair value	6.1	1.5	(30.4)	2.5	-	(20.3)
Exchange differences	-	3.2	(0.2)	-	-	3.0
At 30 June	25.3	23.3	71.9	5.0	-	125.5

The unquoted debenture carries a coupon rate of 3.75% and will mature on 31 December 2020.

## Financial Statements

## 22. Intangible Assets

**Group  
2012**

At 1 July
Acquisition of subsidiary and business [Note 43(a)]
Additions
Adjustment to purchase consideration
Impairment losses
Reclassification
Amortisation
Exchange differences
At 30 June

Cost
Accumulated amortisation
Accumulated impairment losses
Carrying amount at end of year

**2011**

At 1 July
Acquisition of subsidiary and business
Additions
Adjustment to purchase consideration
Impairment losses
Transfer to non-current assets held for sale [Note 32]
Amortisation
Exchange differences
At 30 June

Cost
Accumulated amortisation
Accumulated impairment losses
Carrying amount at end of year

	Goodwill	Trademarks
	50.3	23.0
	-	-
	-	0.1
	3.6	-
	-	(4.9)
	(1.4)	1.4
	-	(3.0)
	0.2	-
	52.7	16.6
	63.7	58.8
	-	(36.1)
	(11.0)	(6.1)
	52.7	16.6
	35.3	63.3
	22.9	-
	-	0.7
	(1.4)	-
	(7.3)	(1.0)
	-	(34.9)
	-	(4.2)
	0.8	(0.9)
	50.3	23.0
	61.3	57.4
	-	(33.4)
	(11.0)	(1.0)
	50.3	23.0

## Financial Statements

Acquired				Internally generated	
Assets usage rights	Customer relationships	Distribution rights	Total	Development costs	Total
3.7	7.4	-	84.4	1.6	86.0
-	-	770.2	770.2	-	770.2
-	-	-	0.1	4.2	4.3
-	-	-	3.6	-	3.6
-	-	-	(4.9)	-	(4.9)
-	-	-	-	-	-
(0.3)	(0.8)	-	(4.1)	(1.8)	(5.9)
-	-	11.0	11.2	-	11.2
3.4	6.6	781.2	860.5	4.0	864.5
5.5	7.4	781.2	916.6	18.4	935.0
(2.1)	(0.8)	-	(39.0)	(8.4)	(47.4)
-	-	-	(17.1)	(6.0)	(23.1)
3.4	6.6	781.2	860.5	4.0	864.5
4.0	-	-	102.6	6.3	108.9
-	7.1	-	30.0	-	30.0
-	-	-	0.7	-	0.7
-	-	-	(1.4)	-	(1.4)
-	-	-	(8.3)	(3.1)	(11.4)
-	-	-	(34.9)	-	(34.9)
(0.3)	-	-	(4.5)	(1.6)	(6.1)
-	0.3	-	0.2	-	0.2
3.7	7.4	-	84.4	1.6	86.0
5.5	7.4	-	131.6	14.2	145.8
(1.8)	-	-	(35.2)	(6.6)	(41.8)
-	-	-	(12.0)	(6.0)	(18.0)
3.7	7.4	-	84.4	1.6	86.0

## Financial Statements

**22. Intangible Assets (continued)**

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to business segment and the country of operations. The amount of goodwill initially recognised is dependent upon the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

Trademarks with carrying amount of RM0.4 million (2011: RM0.4 million) were acquired for an indefinite period. These trademarks are not amortised as they are expected to contribute to net cash inflows indefinitely.

On 14 December 2011, the Group completed the acquisition of the Bucyrus distribution rights and business assets for a consideration of approximately RM1.2 billion. Pursuant to a purchase price allocation performed by an external professional firm, an amount of RM770.2 million is identified as distribution rights. The distribution rights represent the right to sell and service Bucyrus products in various service territories on an exclusive basis with no predetermined service period, and hence it is not amortised.

The Group tests goodwill and intangible assets for impairment by assessing the underlying cash-generating units. Based on this, an impairment loss of RM4.9 million (2011: RM11.4 million) was recorded in profit or loss.

A reporting segment level summary of intangible assets with indefinite useful life is as follows:

<b>Group 2012</b>	<b>Plantation</b>	<b>Industrial</b>	<b>Motors</b>	<b>Energy &amp; Utilities</b>	<b>Total</b>
Goodwill	1.5	26.8	20.1	4.3	52.7
Trademarks	-	0.4	-	-	0.4
Distribution rights	-	781.2	-	-	781.2
	<b>1.5</b>	<b>808.4</b>	<b>20.1</b>	<b>4.3</b>	<b>834.3</b>
<b>2011</b>					
Goodwill	3.2	22.8	20.1	4.2	50.3
Trademarks	-	0.4	-	-	0.4
	<b>3.2</b>	<b>23.2</b>	<b>20.1</b>	<b>4.2</b>	<b>50.7</b>

The recoverable amount of the CGU was based on its value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate the cash flows beyond the five-year period are as follows:

	<b>Plantation</b>		<b>Industrial</b>		<b>Motors</b>		<b>Energy &amp; Utilities</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Discount rates	10	10	14 – 16	12	9 – 12	10 – 12	9	9
Forecasted growth rates	6	6	3	-	3	3	-	-

The management believes that there are no reasonably possible changes in any of the key assumptions used that would cause the carrying amount of the CGUs to materially exceed the recoverable amounts.

## Financial Statements

**23. Deferred Tax**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group	
	2012	2011
Deferred tax assets	819.6	632.2
Deferred tax liabilities	(537.1)	(492.2)
	282.5	140.0
Tax losses for which the tax effects have not been recognised in the financial statements	828.6	835.6

The components and movements of the Group's deferred tax assets and liabilities during the financial year are as follows:

Group 2012	Property, plant and equipment	Prepaid lease rentals	Property development	Impairment and provisions	Tax losses and unabsorbed capital allowances	Others	Total
At 1 July	(406.4)	(231.7)	226.0	338.0	124.5	89.6	140.0
Credited/(charged) to profit or loss							
- origination and reversal of temporary differences	(9.5)	10.3	(6.2)	27.8	(20.5)	23.8	25.7
- over/(under) provision in prior year	67.2	-	0.6	(43.0)	12.7	(11.5)	26.0
- effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	(2.0)	-	-	11.6	45.4	4.3	59.3
Charged to other comprehensive income [Note 14]	-	-	-	-	-	23.4	23.4
Exchange differences	(2.3)	5.1	(2.8)	4.2	3.4	0.5	8.1
At 30 June	(353.0)	(216.3)	217.6	338.6	165.5	130.1	282.5



## Financial Statements

**23. Deferred Tax (continued)**

The components and movements of the Group's deferred tax assets and liabilities during the financial year are as follows: (continued)

Group 2011	Property, plant and equipment	Prepaid lease rentals	Property development	Impairment and provisions	Tax losses and unabsorbed capital allowances	Others	Total
At 1 July	(336.4)	(257.3)	224.3	315.4	130.9	49.0	125.9
Credited/(charged) to profit or loss							
- origination and reversal of temporary differences	(63.3)	10.3	3.9	78.6	(23.0)	25.4	31.9
- (under)/over provision in prior year	(16.6)	1.1	(2.2)	(74.6)	14.3	2.6	(75.4)
- effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	(2.1)	-	-	6.7	20.4	8.0	33.0
- changes in tax rate	0.3	-	-	(0.6)	(0.9)	-	(1.2)
Charged to other comprehensive income [Note 14]	-	-	-	(2.2)	-	(7.6)	(9.8)
Transfer to non-current assets held for sale [Note 32]	-	-	-	-	-	(0.4)	(0.4)
Exchange differences	11.7	14.2	-	14.7	(17.2)	12.6	36.0
At 30 June	(406.4)	(231.7)	226.0	338.0	124.5	89.6	140.0

Deferred tax is not recognised on the unremitted earnings of overseas subsidiaries and jointly controlled entities where the Group is able to control the timing of the remittance and it is probable that there will be no remittance in the foreseeable future. If these earnings were remitted, tax of RM436.3 million (2011: RM335.2 million) would be payable.

The movements of the Company's deferred tax assets during the financial year are as follows:

	Company	
	2012	2011
At 1 July	-	0.2
Charged to profit or loss		
- origination and reversal of temporary differences	-	(0.2)
At 30 June	-	-

## 24. Derivatives

The Group's derivatives are as follows:

Group 2012	Positive fair value	Negative fair value	Net
<b>Non-current</b>			
Non-hedging derivatives:			
- forward foreign exchange contracts [note (a)]	0.8	(4.3)	(3.5)
Cash flow hedges:			
- forward foreign exchange contracts [note (a)]	2.4	-	2.4
- cross currency swap contract [note (c)]	-	(48.4)	(48.4)
	<u>3.2</u>	<u>(52.7)</u>	<u>(49.5)</u>
<b>Current</b>			
Non-hedging derivatives:			
- forward foreign exchange contracts [note (a)]	2.6	(21.8)	(19.2)
- interest rate swap contracts [note (b)]	-	(2.6)	(2.6)
- commodity futures contracts [note (d)]	1.9	-	1.9
Cash flow hedges:			
- forward foreign exchange contracts [note (a)]	24.1	(71.1)	(47.0)
- interest rate swap contracts [note (b)]	-	(17.2)	(17.2)
	<u>28.6</u>	<u>(112.7)</u>	<u>(84.1)</u>
Total derivatives	<u>31.8</u>	<u>(165.4)</u>	<u>(133.6)</u>
<b>2011</b>			
<b>Non-current</b>			
Non-hedging derivatives:			
- interest rate swap contracts [note (b)]	-	(9.6)	(9.6)
Cash flow hedges:			
- interest rate swap contracts [note (b)]	-	(12.5)	(12.5)
	<u>-</u>	<u>(22.1)</u>	<u>(22.1)</u>
<b>Current</b>			
Non-hedging derivatives:			
- forward foreign exchange contracts [note (a)]	45.8	(14.3)	31.5
- interest rate swap contracts [note (b)]	-	(31.2)	(31.2)
Cash flow hedges:			
- forward foreign exchange contracts [note (a)]	130.1	(8.9)	121.2
- interest rate swap contracts [note (b)]	-	(22.8)	(22.8)
	<u>175.9</u>	<u>(77.2)</u>	<u>98.7</u>
Total derivatives	<u>175.9</u>	<u>(99.3)</u>	<u>76.6</u>

These derivatives are entered into to hedge certain risks as described in Note 47. Whilst all derivatives entered provide economic hedges to the Group, non-hedging derivatives are instruments that do not qualify for the application of hedge accounting under the specific rules in FRS 139.

## Financial Statements

## 24. Derivatives (continued)

## a. Forward foreign exchange contracts

As at the end of the reporting period, forward foreign exchange contracts have been entered into with the following notional amounts and maturities:

Group 2012	Maturities		Total
	Less than 1 year	1 year to 3 years	
Forward contracts used to hedge anticipated sales			
- United States dollar	1,431.6	20.1	1,451.7
- European Union euro	1.0	-	1.0
- Japanese yen	3.8	-	3.8
- British pound	13.3	-	13.3
	<b>1,449.7</b>	<b>20.1</b>	<b>1,469.8</b>
Forward contracts used to hedge receivables			
- United States dollar	1,027.5	-	1,027.5
- European Union euro	127.5	-	127.5
- Others	0.5	-	0.5
	<b>1,155.5</b>	<b>-</b>	<b>1,155.5</b>
Forward contracts used to hedge anticipated purchases			
- United States dollar	448.4	5.1	453.5
- Australian dollar	59.5	-	59.5
- European Union euro	927.8	530.4	1,458.2
- Singapore dollar	11.5	-	11.5
- Japanese yen	21.6	-	21.6
- British pound	27.1	-	27.1
	<b>1,495.9</b>	<b>535.5</b>	<b>2,031.4</b>
Forward contracts used to hedge payables			
- United States dollar	592.3	-	592.3
- European Union euro	229.5	-	229.5
- British pound	5.6	-	5.6
- Others	1.9	-	1.9
	<b>829.3</b>	<b>-</b>	<b>829.3</b>
Total	<b>4,930.4</b>	<b>555.6</b>	<b>5,486.0</b>

## Financial Statements

**24. Derivatives (continued)****a. Forward foreign exchange contracts (continued)**

As at the end of the reporting period, forward foreign exchange contracts have been entered into with the following notional amounts and maturities: (continued)

Group 2011	Maturities		Total
	Less than 1 year	1 year to 3 years	
Forward contracts used to hedge anticipated sales			
- United States dollar	2,254.3	-	2,254.3
- European Union euro	5.2	-	5.2
- Qatar riyal	50.4	-	50.4
- Japanese yen	7.0	-	7.0
- Others	32.7	-	32.7
	<u>2,349.6</u>	<u>-</u>	<u>2,349.6</u>
Forward contracts used to hedge receivables			
- United States dollar	548.2	2.0	550.2
- Others	0.3	-	0.3
	<u>548.5</u>	<u>2.0</u>	<u>550.5</u>
Forward contracts used to hedge anticipated purchases			
- United States dollar	624.8	-	624.8
- Australian dollar	41.2	-	41.2
- European Union euro	671.7	-	671.7
- Singapore dollar	2.2	-	2.2
- Japanese yen	76.3	-	76.3
- British pound	47.7	-	47.7
- Others	0.1	-	0.1
	<u>1,464.0</u>	<u>-</u>	<u>1,464.0</u>
Forward contracts used to hedge payables			
- United States dollar	431.0	-	431.0
- European Union euro	23.2	-	23.2
- Singapore dollar	5.5	-	5.5
- Others	10.8	-	10.8
	<u>470.5</u>	<u>-</u>	<u>470.5</u>
Total	<u>4,832.6</u>	<u>2.0</u>	<u>4,834.6</u>

## Financial Statements

**24. Derivatives (continued)****b. Interest rate swap contracts**

The interest rate swap contracts as at end of the reporting period are as follows:

Type of interest rate swap	Effective period	Range of weighted average rate per annum	Notional amount in original currency (USD million)	
			2012	2011
LIBOR range accrual	29 February 2008 to 29 August 2012	4.70% - 4.80%	26.3	78.7
Plain vanilla	27 February 2009 to 28 August 2012	3.20% - 3.38%	18.8	56.2
Plain vanilla	30 January 2010 to 30 July 2012	3.97%	280.0	280.0
Plain vanilla	27 June 2009 to 27 December 2012	4.72%	200.0	200.0

The notional amount and maturity periods of the interest rate swap contracts are as follows:

	Group	
	2012	2011
<b>Notional amount of interest rate swap</b>		
Less than 1 year	1,674.2	271.8
1 year to 3 years	-	1,585.6
	<b>1,674.2</b>	<b>1,857.4</b>

**c. Cross currency swap contract**

As at 30 June 2012, the notional amount of the cross currency swap contract amounted to USD400 million (equivalent to about RM1,275.6 million) and the contract has a maturity period of 7 years. In 2011, there was no outstanding cross currency swap contract.

**d. Commodity futures contracts**

As at 30 June 2012, commodity futures contracts that are not held for the purpose of physical delivery, all maturing in less than 1 year, are as follows:

	Quantity (metric tonne)	Notional amount
Purchase contract		
- Ringgit Malaysia	3,141	10.0
- United States dollar	44,036	152.9
	<b>47,177</b>	<b>162.9</b>
Sales contract		
- Ringgit Malaysia	500	1.6
- United States dollar	45,160	158.8
	<b>45,660</b>	<b>160.4</b>

In 2011, there were no outstanding commodity futures contracts that are not held for the purpose of physical delivery.

## Financial Statements

## 25. Receivables

	Group		Company	
	2012	2011	2012	2011
<b>Non-current</b>				
Trade receivables [note (a)]	77.6	84.2	-	-
Amount due from a subsidiary [note (b)]	-	-	1,700.0	2,000.0
Advances for plasma plantation projects [note (c)]	106.0	66.2	-	-
Redeemable loan stocks [note (d)]	232.2	217.1	-	-
Other receivables [note (e)]	54.4	35.7	-	-
	<b>470.2</b>	<b>403.2</b>	<b>1,700.0</b>	<b>2,000.0</b>
Accumulated impairment losses				
- advances for plasma plantation projects	(28.0)	(27.8)	-	-
	<b>442.2</b>	<b>375.4</b>	<b>1,700.0</b>	<b>2,000.0</b>
<b>Current</b>				
Trade receivables [note (a)]	5,030.4	4,064.1	-	-
Amounts due from subsidiaries [note (b)]	-	-	8,392.6	1,200.0
Amounts due from jointly controlled entities	121.5	109.0	-	-
Amounts due from associates	24.0	67.9	-	-
Other receivables [note (e)]	1,929.1	1,025.5	0.9	17.1
Deposits	164.7	116.4	-	-
	<b>7,269.7</b>	<b>5,382.9</b>	<b>8,393.5</b>	<b>1,217.1</b>
Accumulated impairment losses				
- trade receivables	(152.6)	(229.2)	-	-
- amounts due from jointly controlled entities	(57.1)	(98.5)	-	-
- other receivables	(128.0)	(125.1)	-	-
	<b>6,932.0</b>	<b>4,930.1</b>	<b>8,393.5</b>	<b>1,217.1</b>
Total receivables	<b>7,374.2</b>	<b>5,305.5</b>	<b>10,093.5</b>	<b>3,217.1</b>

## Financial Statements

**25. Receivables (continued)****a. Trade receivables****Non-current**

The trade receivables include outstanding net present value of land sales made under deferred payment terms. The discount rate used was 5% (2011: 5%) per annum. The contracted price and the notional interest are as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
Outstanding contracted value		
- a jointly controlled entity	<b>102.7</b>	102.7
Discount on inception	<b>(24.2)</b>	(24.2)
Accretion		
At 1 July	<b>5.7</b>	1.6
Accretion during the year [Note 9]	<b>4.1</b>	4.1
At 30 June	<b>9.8</b>	5.7
Carrying amount at end of year	<b>88.3</b>	84.2
Due later than one year	<b>77.6</b>	84.2
Due not later than one year, included in current trade receivables	<b>10.7</b>	-
	<b>88.3</b>	84.2

**Current**

The credit terms of trade receivables range from 7 to 275 days (2011: 7 to 275 days).

**b. Amounts due from subsidiaries****Non-current**

The amount due from a subsidiary bears interest at rates ranging between 4.38% to 4.75% (2011: 3.55% to 4.75%) per annum, is unsecured and is not expected to be recalled within the next twelve months.

**Current**

The amounts due from subsidiaries increased from RM1,200.0 million to RM8,392.6 million following an internal capital management exercise where excess capital ascertained were reclassified as receivables [Note 20].

The amounts due from subsidiaries are unsecured, repayable on demand and are interest free except for an amount of RM1,650.0 million (2011: RM1,200.0 million) which bears interest at rates ranging between 3.40% to 3.76% (2011: 3.09% to 3.76%) per annum.

**25. Receivables (continued)****c. Advances for plasma plantation projects**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
At 1 July	<b>66.2</b>	62.7
Additions	<b>44.3</b>	8.4
Recovered on handover	<b>(1.4)</b>	(3.6)
Exchange differences	<b>(3.1)</b>	(1.3)
At 30 June	<b>106.0</b>	66.2

In Indonesia, oil palm plantation owners/operators are required to participate in selected programmes to develop plantations for smallholders (herein referred to as plasma farmers). The Group is involved in "Perusahaan Inti Rakyat Transmigrasi" and "Kredit Koperasi Primer untuk Anggotanya" which require the Group to serve as a contractor for developing the plantations, train and develop the skills of the plasma farmers, and purchase the fresh fruit bunches harvested by the plasma farmers at prices determined by the Indonesian Government.

The advances made by the Group in the form of plasma plantation development costs are recoverable from the plasma farmers upon the completion and handover of the plasma plantation projects to plasma farmers. These advances are recoverable from plasma farmers or through bank loans obtained by plasma farmers. Impairment losses are made when the estimated amount recoverable is less than the outstanding advances.

**d. Redeemable loan stocks (unsecured)**

The redeemable loan stocks arose from the disposal of Guthrie Corridor Expressway Sdn Bhd (now known as Prolintas Expressway Sdn Bhd) (GCESB) in 2007 to a subsidiary of Permodalan Nasional Berhad. In accordance with the Sale and Purchase of Shares Agreement, the settlement of the intercompany balance due from GCESB would be partially by cash and the balance through issuance of RM500 million non-transferable zero coupon Redeemable Loan Stocks (RLS) of GCESB.

On inception, the RLS was discounted to take into account the time value of money. The discount rate used was 7% per annum. The present value of the RLS is as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
Nominal value	<b>500.0</b>	500.0
Discount on inception	<b>(334.0)</b>	(334.0)
Accretion		
At 1 July	<b>51.1</b>	36.9
Accretion during the year [Note 9]	<b>15.1</b>	14.2
At 30 June	<b>66.2</b>	51.1
Carrying amount at end of year	<b>232.2</b>	217.1

Unless redeemed early, either wholly or partially, at the fair value to be agreed by the Group and GCESB, the RLS shall be redeemed at 100% of its nominal value in cash as follows:

	<b>Redemption date</b>	<b>Amount</b>
1st tranche	1 July 2022	256.0
2nd tranche	1 July 2023	50.0
3rd tranche	1 July 2024	50.0
4th tranche	1 July 2025	50.0
5th tranche	1 July 2026	50.0
6th tranche	1 July 2027	44.0
		<b>500.0</b>



## Financial Statements

**25. Receivables (continued)****e. Other receivables**

The other receivables include the following:

- i. an amount due from a local authority in China under a construction agreement totalling RM79.9 million (2011: RM77.4 million), of which RM42.2 million (2011: RM41.7 million) is expected to be repaid within the next 12 months. The amount bears interest at 3.2% per annum.
- ii. outstanding net present value of consideration on disposal of Dunlopillo Holdings Sdn Bhd made under deferred payment terms. The discount rate used was 3% (2011: Nil) per annum. The contracted price and notional interest are as follows:

	Group	
	2012	2011
Outstanding contracted value	28.0	-
Discount on inception	(1.5)	-
Carrying amount at end of year	26.5	-
Due later than one year	16.7	-
Due not later than one year, included in current other receivables	9.8	-
	26.5	-

- iii. outstanding proceeds of RM654.9 million (2011: Nil) from the disposal of the Teluk Ramunia and Pasir Gudang fabrication yards. The amounts are receivable within the next 12 months.

**f. Ageing analysis of receivables**

Ageing analysis of individual receivables categorised into impaired and not impaired are as follows:

	Group		Company	
	2012	2011	2012	2011
Not impaired				
- not past due	4,825.8	3,317.4	10,093.5	3,217.1
- past due by				
1 to 30 days	1,256.0	975.9	-	-
31 to 60 days	433.8	323.7	-	-
61 to 90 days	236.4	169.0	-	-
91 to 180 days	306.7	174.5	-	-
more than 181 days	360.9	241.6	-	-
Impaired	320.3	584.0	-	-
Gross receivables	7,739.9	5,786.1	10,093.5	3,217.1

The receivables that are neither past due nor individually impaired are creditworthy debtors with good payment records with the Group. More than 62.3% (2011: 57.3%) of the Group's gross receivables arise from this group of customers.

Receivables that are past due but not individually impaired relate to a number of independent customers for whom there is no recent history of default.

The receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties, have defaulted on payments and/or have disputed on the billings. Out of the total amount due from these debtors, an impairment of RM307.9 million (2011: RM456.8 million) has been made while the balance is expected to be recovered through the debts recovery process.

**25. Receivables (continued)****f. Ageing of receivables (continued)**

The Group's credit risk management objectives, policy and the exposure are described in Note 47.

Movement of impairment losses is as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
At 1 July	<b>480.6</b>	492.2
Write offs	<b>(84.3)</b>	(21.1)
Impairment losses	<b>90.1</b>	62.4
Reversal of impairment losses	<b>(128.8)</b>	(39.8)
Transfer to non-current assets held for sale	-	(10.0)
Exchange differences	<b>8.1</b>	(3.1)
At 30 June	<b>365.7</b>	480.6
Impairment arising from:		
- individual assessment	<b>307.9</b>	456.8
- collective assessment	<b>57.8</b>	23.8
Carrying amount at end of year	<b>365.7</b>	480.6

**26. Inventories**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
Produce stocks	<b>188.3</b>	147.0
Raw material and consumable stores	<b>479.2</b>	503.5
Work in progress	<b>606.4</b>	263.3
Finished goods	<b>126.0</b>	163.6
Completed development units	<b>455.7</b>	298.2
Trading inventories		
- heavy equipment	<b>3,278.9</b>	2,185.0
- motor vehicles	<b>2,830.2</b>	2,437.0
- spare parts	<b>1,492.6</b>	1,128.6
- commodities and others	<b>34.6</b>	229.2
	<b>9,491.9</b>	7,355.4

The carrying amount of trading inventories included RM591.7 million (2011: RM479.4 million) stated at net realisable value.

Inventories where the net realisable value is expected to be below the carrying amount were written down. The amount written down during the financial year was RM119.5 million (2011: RM106.1 million) for the Group. The reversal of write down of inventories during the year was RM38.7 million (2011: RM1.9 million) for the Group.

Inventories with a total carrying amount of RM214.3 million (2011: RM116.3 million) were pledged as security for borrowings [Note 35].

## Financial Statements

## 27. Property Development Costs

	Group	
	2012	2011
<b>Development costs</b>		
At 1 July	6,853.7	6,264.0
Disposal of subsidiaries	(93.9)	-
Development costs incurred during the year	1,303.8	1,409.7
Transfer to property, plant and equipment [Note 15]	(261.3)	(99.8)
Transfer to investment properties [Note 18]	(44.0)	-
Transfer from/(to) land held for property development [Note 19]	63.7	(7.7)
Completed development units transferred to inventories	(175.5)	(231.6)
Completed development units and land sold	(1,230.5)	(475.8)
Exchange differences	(2.4)	(5.1)
At 30 June	<u>6,413.6</u>	<u>6,853.7</u>
<b>Less: Costs recognised in profit or loss</b>		
At 1 July	(4,831.2)	(4,125.7)
Disposal of subsidiaries	33.4	-
Recognised during the year	(1,082.1)	(1,178.0)
Completed development units and land sold	1,230.5	475.8
Exchange differences	0.1	(3.3)
At 30 June	<u>(4,649.3)</u>	<u>(4,831.2)</u>
Total property development costs	<u>1,764.3</u>	<u>2,022.5</u>
Property development costs are analysed as follows:		
Land at cost	458.2	446.5
Development costs	5,955.4	6,407.2
Costs recognised in profit or loss	(4,649.3)	(4,831.2)
	<u>1,764.3</u>	<u>2,022.5</u>

Included in development costs incurred during the financial year was interest expense amounting to RM4.9 million (2011: RM14.2 million) [Note 10].

Property development projects with a total carrying amount of RM Nil (2011: RM441.7 million) were pledged as security for borrowings [Note 35].

## Financial Statements

**28. Accrued Billings and Others**

	Group		Company	
	2012	2011	2012	2011
Accrued billings	423.2	608.9	-	-
Amounts due from customers on construction contracts [Note 29]	472.3	768.8	-	-
Prepaid to suppliers	326.9	497.7	-	-
Prepaid lease rentals [Note 17]	44.4	43.8	-	-
Other prepayments	294.8	128.2	18.0	-
	<b>1,561.6</b>	<b>2,047.4</b>	<b>18.0</b>	<b>-</b>

**29. Construction Contracts**

	Group	
	2012	2011
Aggregate costs incurred	10,534.0	9,951.5
Recognised profits less losses to-date	(840.9)	(514.1)
	<b>9,693.1</b>	<b>9,437.4</b>
Progress billings	(9,251.3)	(8,715.0)
	<b>441.8</b>	<b>722.4</b>
Represented by:		
Amounts due from customers [Note 28]	472.3	768.8
Amounts due to customers [Note 40]	(30.5)	(46.4)
	<b>441.8</b>	<b>722.4</b>
Retention sums	4.6	4.0

Included in construction contract costs incurred during the financial year are:

	Group	
	2012	2011
Employee costs	1.0	55.5
Depreciation	-	24.0
Hire of plant and machinery	-	20.3

**30. Cash Held under Housing Development Accounts**

The Group's cash held under the Housing Development Accounts represents receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Developers (Control and Licensing) Amendment Act 2002. The amounts are held at call with banks and are available only to the subsidiaries involved in the property development activities.

The weighted average effective interest rate of cash held under Housing Development Accounts was 2.0% (2011: 2.0%) per annum.

## Financial Statements

**31. Bank Balances, Deposits and Cash**

	Group		Company	
	2012	2011	2012	2011
Deposits with licensed banks	<b>2,839.1</b>	3,255.4	<b>315.1</b>	346.9
Cash at bank and in hand	<b>1,725.6</b>	1,655.9	-	-
	<b>4,564.7</b>	4,911.3	<b>315.1</b>	346.9
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Effective interest rates of deposits with licensed banks	<b>2.47</b>	2.55	<b>3.03</b>	3.22

Deposits of the Group and Company have maturity periods ranging from overnight to 12 months (2011: overnight to 12 months). Cash at bank are deposits held at call.

Deposits with licensed banks of certain subsidiaries with carrying amount of RM2.3 million (2011: RM7.1 million) were pledged as security for borrowings [Note 35].

Included in bank balances, deposits and cash are funds of Yayasan Sime Darby of RM99.1 million (2011: RM59.8 million). These funds are set aside for educational, environmental conservation and sustainability projects and related activities for the benefit of the community.

**32. Non-current Assets Held for Sale and Liabilities Associated with Assets Held for Sale**

	Group	
	2012	2011
<b>Non-current assets held for sale</b>		
- property, plant and equipment	<b>7.7</b>	2.1
- prepaid lease rentals	<b>0.7</b>	-
- investment property	<b>7.0</b>	20.2
- associates	<b>26.8</b>	25.0
- disposal groups	-	738.7
	<b>42.2</b>	786.0
<b>Liabilities associated with assets held for sale</b>		
- disposal groups	-	22.3
Net assets held for sale	<b>42.2</b>	763.7

Disposal groups in the previous financial year included the assets of the Teluk Ramunia and Pasir Gudang fabrication yards, and Dunlopillo Holdings Sdn Bhd and its subsidiaries.

## Financial Statements

**32. Non-Current Assets Held for Sale and Liabilities Associated with Assets Held for Sale (continued)**

The movements during the financial year relating to net assets held for sale are as follows:

	Group	
	2012	2011
At 1 July	763.7	10.5
Disposals	(734.7)	(8.3)
Transfer from property, plant and equipment [Note 15]	5.2	652.5
Transfer from prepaid lease rentals [Note 17]	-	1.0
Transfer from investment properties [Note 18]	5.9	17.5
Transfer from associates	2.1	25.0
Transfer from intangible assets [Note 22]	-	34.9
Transfer from deferred tax assets [Note 23]	-	0.4
Transfer from other assets and liabilities	-	30.2
At 30 June	42.2	763.7

**a. Discontinued operations**

On 31 March 2012, the Group completed the disposal of the Teluk Ramunia and Pasir Gudang fabrication yards.

The fabrication yards were an integral part of the Group's oil and gas business, and the Group has exited this business following the completion of the disposal. As this business formed a large component of the Energy & Utilities division, its results were presented as discontinued operations in the financial statements.

The results, net assets and cash flow of the discontinued operations are as follows:

**i. Results**

	Group	
	2012	2011
Revenue	715.3	1,171.7
Operating expenses	(849.1)	(1,284.1)
Other operating income	79.6	179.5
(Loss)/profit before interest and tax	(54.2)	67.1
Finance income	0.4	1.6
Finance costs	(1.5)	(8.4)
(Loss)/profit before tax	(55.3)	60.3
Tax expense	(10.9)	(58.9)
(Loss)/profit after tax	(66.2)	1.4
<b>Other comprehensive income</b>		
Net changes in fair value of cash flow hedges	(4.6)	74.1
Included in the results are:		
Foreign currencies exchange gain/(loss)		
- realised	14.0	53.8
- unrealised	(4.4)	84.5
Reversal of impairment of receivables	57.5	-
Rental income from land and buildings	0.2	32.5
Staff costs	(58.3)	(42.4)
Depreciation on property, plant and equipment	-	(15.3)
Auditors' remuneration	(0.2)	(0.1)
Hire of plant and machinery	-	(0.2)
Operating lease payments for land and buildings	(0.3)	(1.8)

## Financial Statements

**32. Non-current Assets Held for Sale and Liabilities Associated with Assets Held for Sale (continued)****a. Discontinued operations (continued)**

The results, net assets and cash flow of the discontinued operations are as follows: (continued)

**ii. Net Assets**

	Group	
	2012	2011
Teluk Ramunia and Pasir Gudang fabrication yards and other property, plant and equipment	-	640.3

**iii. Cash Flow**

	Group	
	2012	2011
<b>Cash flow from operating activities</b>		
(Loss)/profit after tax	(66.2)	1.4
Adjustments for:		
- depreciation	-	15.3
- finance income	(0.4)	(1.6)
- finance costs	1.5	8.4
- tax expense	10.9	58.9
- reversal of impairment of receivables	(57.5)	-
- unrealised foreign currencies exchange loss/(gain)	4.4	(84.5)
	(107.3)	(2.1)
Changes in working capital:		
- inventories	1.6	-
- trade receivables and others	41.4	(167.4)
- trade payables and others	90.4	(122.8)
Cash from/(used in) operations	26.1	(292.3)
Tax (paid)/refund	(2.4)	27.9
<b>Net cash from/(used in) operating activities</b>	23.7	(264.4)
<b>Cash flow from investing activities</b>		
Finance income received	1.0	-
Proceeds from sale of property, plant and equipment	34.5	-
Purchase of property, plant and equipment	(14.1)	(13.4)
<b>Net cash from/(used in) investing activities</b>	21.4	(13.4)
<b>Cash flow from financing activities</b>		
Finance costs paid	(1.6)	-
<b>Net cash used in financing activities</b>	(1.6)	-

## Financial Statements

**33. Share Capital**

	Group/Company			
	Number of shares (million)		Nominal value	
	2012	2011	2012	2011
Authorised:				
Ordinary shares of RM0.50 each				
At 1 July and 30 June	<b>8,000.0</b>	8,000.0	<b>4,000.0</b>	4,000.0
Series A redeemable convertible preference shares of RM0.01 each				
At 1 July and 30 June	<b>7,000.0</b>	7,000.0	<b>70.0</b>	70.0
Series B redeemable convertible preference shares of RM0.10 each				
At 1 July and 30 June	<b>25.0</b>	25.0	<b>2.5</b>	2.5
			<b>4,072.5</b>	4,072.5
Issued and fully paid up:				
Ordinary shares of RM0.50 each				
At 1 July and 30 June	<b>6,009.5</b>	6,009.5	<b>3,004.7</b>	3,004.7

**34. Reserves**

The nature of each of the Group's reserves is as follows:

Nature	Description
Revaluation reserve	Surplus from revaluation of certain Malaysian plantation land and buildings
Capital reserve	Arising from business combinations under common control totalling RM6,231.2 million (2011: RM6,231.2 million) and other credits
Legal reserve	Reserves set aside in accordance with statutory requirements of countries where the Group operates
Hedging reserve	Arising from changes in fair value of derivatives under cash flow hedge
Available-for-sale reserve	Arising from changes in fair value of available-for-sale investments
Exchange reserve	Exchange differences arising on retranslation of the net investments in foreign operations



## Financial Statements

## 34. Reserves (continued)

Group 2012	Revaluation reserve	Capital reserve	Legal reserve	Hedging Reserve	Available- for-sale reserve	Exchange reserve	Total
At 1 July	67.9	6,742.5	72.5	79.9	47.4	984.9	7,995.1
Other comprehensive income [Note 14]	-	5.5	-	(144.7)	(2.3)	(1.4)	(142.9)
Transfer from retained profits	-	0.9	2.3	-	-	-	3.2
At 30 June	67.9	6,748.9	74.8	(64.8)	45.1	983.5	7,855.4
<b>2011</b>							
At 1 July	67.9	6,736.3	65.8	(8.8)	68.4	414.5	7,344.1
Other comprehensive income [Note 14]	-	5.8	-	88.7	(21.0)	570.4	643.9
Transfer from retained profits	-	0.4	6.7	-	-	-	7.1
At 30 June	67.9	6,742.5	72.5	79.9	47.4	984.9	7,995.1

The Company's reserves of RM5,725.1 million (2011: RM5,725.1 million) arose from business combinations under common control. There was no movement in the reserve during the year.

## 35. Borrowings

	Group		Company	
	2012	2011	2012	2011
<b>Long-term</b>				
<u>Secured</u>				
Term loans	110.0	124.6	-	-
<u>Unsecured</u>				
Term loans [note (a)]	2,120.8	1,882.9	-	-
Islamic Medium Term Notes [note (b)]	1,700.0	2,000.0	1,700.0	2,000.0
	<b>3,930.8</b>	<b>4,007.5</b>	<b>1,700.0</b>	<b>2,000.0</b>

## Financial Statements

## 35. Borrowings (continued)

	Group		Company	
	2012	2011	2012	2011
<b>Short-term</b>				
<u>Secured</u>				
Revolving credits and others	291.6	589.4	-	-
<u>Unsecured</u>				
Bank overdrafts	27.8	11.1	-	-
Portion of term loans due within one year [note (a)]	1,751.6	373.9	-	-
Portion of Islamic Medium Term Notes due within one year [note (b)]	300.0	-	300.0	-
Islamic Commercial Papers [note (b)]	650.0	500.0	650.0	500.0
Unconvertible redeemable loan stocks due within one year	-	12.4	-	-
Revolving credits, trade facilities and others	2,851.6	1,568.1	700.0	700.0
	<b>5,872.6</b>	<b>3,054.9</b>	<b>1,650.0</b>	<b>1,200.0</b>
Total borrowings	<b>9,803.4</b>	<b>7,062.4</b>	<b>3,350.0</b>	<b>3,200.0</b>

**a. Term loans**

The term loans include the following:

- i. USD471.5 million offshore term loan repayable over eight equal semi-annual installments commencing at the end of the 42nd month from the drawdown date on 28 August 2005. The outstanding balance as at 30 June 2012 was USD58.9 million (2011: USD176.6 million).
- ii. USD200.0 million long-term loan repayable at the 5th year from the drawdown date on 27 December 2007. The outstanding balance as at 30 June 2012 was USD200.0 million (2011: USD200.0 million).
- iii. USD280.0 million syndicated term loan repayable at the end of the 3rd year from the drawdown date on 29 March 2010. The outstanding balance as at 30 June 2012 was USD280.0 million (2011: USD280.0 million).
- iv. USD400.0 million long-term loans repayable over nine semi-annual installments (eight equal installments of USD44.5 million each and a final installment of USD44.0 million) commencing at the end of the 36th month from the drawdown date on 12 December 2011. The outstanding balance as at 30 June 2012 was USD400.0 million (2011: Nil).

**b. Islamic Medium Term Notes and Islamic Commercial Papers**

On 24 September 2009, the Company had obtained the approval of the Securities Commission for the issuance of an Islamic Medium Term Note (IMTN) Programme of RM4,500.0 million and an Islamic Commercial Paper (ICP)/IMTN Programme of RM500.0 million with a combined limit of RM4,500.0 million. The IMTN Programme and ICP/IMTN Programme are for tenures of 20 years and 7 years, respectively.

## Financial Statements

**35. Borrowings (continued)****b. Islamic Medium Term Notes and Islamic Commercial Papers (continued)**

Under the ICP/IMTN Programme, the Company has made the following issues:

<b>Date of issuance</b>	<b>Tenure (months)</b>	<b>Profit rate (per annum)</b>	<b>Maturity date</b>	<b>Nominal value</b>
<u>IMTNs</u>				
16 November 2009	36	3.55%	16 November 2012	300.0
16 November 2009	60	4.38%	16 November 2014	700.0
16 November 2009	84	4.75%	16 November 2016	1,000.0
				<u>2,000.0</u>
<u>ICPs</u>				
1 June 2012	6	3.40%	3 December 2012	150.0
1 June 2012	12	3.45%	31 May 2013	500.0
				<u>650.0</u>

The IMTNs profit is payable semi-annually in arrears and the ICPs profit is payable on issuance of the ICPs.

The average effective interest rates/profit margins per annum are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Term loans				
- before interest rate swaps	<b>3.08</b>	1.66	-	-
- after interest rate swaps	<b>4.81</b>	4.16	-	-
Islamic Medium Term Notes	<b>4.44</b>	4.44	<b>4.44</b>	4.44
Islamic Commercial Papers	<b>3.44</b>	3.58	<b>3.44</b>	3.58
Unconvertible redeemable loan stocks	-	12.00	-	-
Bank overdrafts	<b>5.72</b>	7.06	-	-
Other short-term borrowings	<b>3.87</b>	4.22	<b>3.54</b>	3.59

The Group's term loans that are subject to contractual interest rates repricing within 1 year amounted to RM3,982.4 million (2011: RM2,381.4 million).

The borrowings are secured by fixed and floating charges over the assets of the Group. The carrying amounts of assets that the Group has pledged as collateral for the borrowings are as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
Property, plant and equipment	<b>90.0</b>	116.2
Investment property	<b>132.5</b>	134.9
Property development projects	-	441.7
Inventories, receivables and other assets	<b>216.6</b>	140.2
	<u><b>439.1</b></u>	<u>833.0</u>

## Financial Statements

**35. Borrowings (continued)**

The currencies and maturity profile of the borrowings are as follows:

Group 2012	Maturities				Total
	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	
Term loans					
- Ringgit Malaysia	32.5	18.0	65.4	704.2	820.1
- United States dollar	1,718.6	-	853.8	421.8	2,994.2
- Australian dollar	-	161.5	-	-	161.5
- Pacific franc	0.5	0.5	1.5	4.1	6.6
Islamic Medium Term Notes					
- Ringgit Malaysia	300.0	-	1,700.0	-	2,000.0
Islamic Commercial Papers					
- Ringgit Malaysia	650.0	-	-	-	650.0
Bank overdraft					
- Chinese renminbi	8.6	-	-	-	8.6
- New Zealand dollar	19.2	-	-	-	19.2
Revolving credits, trade facilities and other short-term borrowings					
- Ringgit Malaysia	1,351.2	-	-	-	1,351.2
- Australian dollar	772.5	-	-	-	772.5
- Chinese renminbi	459.1	-	-	-	459.1
- Hong Kong dollar	158.4	-	-	-	158.4
- New Zealand dollar	68.4	-	-	-	68.4
- Thailand baht	13.4	-	-	-	13.4
- United States dollar	320.2	-	-	-	320.2
	<b>5,872.6</b>	<b>180.0</b>	<b>2,620.7</b>	<b>1,130.1</b>	<b>9,803.4</b>

## Financial Statements

**35. Borrowings (continued)**

The currencies and maturity profile of the borrowings are as follows: (continued)

Group 2011	Maturities				Total
	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	
Term loans					
- Ringgit Malaysia	2.8	33.6	77.5	84.2	198.1
- Thailand baht	15.7	7.8	-	-	23.5
- United States dollar	355.4	1,627.6	-	-	1,983.0
- Australian dollar	-	176.8	-	-	176.8
Unconvertible redeemable loan stocks					
- Ringgit Malaysia	12.4	-	-	-	12.4
Islamic Medium Term Notes					
- Ringgit Malaysia	-	300.0	700.0	1,000.0	2,000.0
Bank overdraft					
- Chinese renminbi	2.9	-	-	-	2.9
- European Union euro	2.6	-	-	-	2.6
- New Zealand dollar	5.6	-	-	-	5.6
Islamic Commercial Papers					
- Ringgit Malaysia	500.0	-	-	-	500.0
Revolving credits, trade facilities and other short-term borrowings					
- Ringgit Malaysia	1,381.7	-	-	-	1,381.7
- Australian dollar	401.5	-	-	-	401.5
- Chinese renminbi	212.3	-	-	-	212.3
- Hong Kong dollar	69.2	-	-	-	69.2
- New Zealand dollar	67.8	-	-	-	67.8
- Thailand baht	9.6	-	-	-	9.6
- Pacific franc	7.8	-	-	-	7.8
- Singapore dollar	4.9	-	-	-	4.9
- United States dollar	2.7	-	-	-	2.7
	3,054.9	2,145.8	777.5	1,084.2	7,062.4

The Company's borrowings are denominated in Ringgit Malaysia and the maturity dates of its Islamic Medium Term Notes and Islamic Commercial Papers are shown in note (b) above.

## Financial Statements

## 36. Provisions

Group 2012	Performance guarantees and bonds		Total
	Warranties		
At 1 July	408.8	277.2	686.0
Additions	163.7	-	163.7
Amounts unutilised	(46.5)	(193.0)	(239.5)
Charged/(credited) to profit or loss	117.2	(193.0)	(75.8)
Utilised	(175.9)	-	(175.9)
Exchange differences	9.3	-	9.3
At 30 June	359.4	84.2	443.6

## 2011

At 1 July	293.8	277.2	571.0
Additions	381.8	-	381.8
Amounts unutilised	(57.2)	-	(57.2)
Charged to profit or loss	324.6	-	324.6
Utilised	(221.9)	-	(221.9)
Exchange differences	12.3	-	12.3
At 30 June	408.8	277.2	686.0

	Group	
	2012	2011
<b>Non-current</b>		
Due later than one year	83.6	69.0
<b>Current</b>		
Due not later than one year	360.0	617.0
	<b>443.6</b>	686.0

## a. Warranties

Provision is recognised on warranties provided for the sales of machinery, vehicles and other products that are not covered by manufacturers' warranties. This provision has been estimated based on historical claims experience, as well as recent trends which are indicative of future claims.

## b. Performance guarantees and bonds

Provisions for performance guarantees and bonds are recognised when crystallisation is probable.

## Financial Statements

## 37. Retirement Benefits

	Group	
	2012	2011
At 1 July	97.2	113.1
Charge for the year [Note 5(a)]	29.1	26.0
Contributions paid	(14.1)	(1.8)
Benefits paid – unfunded obligations	(22.9)	(26.8)
Actuarial losses/(gains) on plan assets	33.1	(14.5)
Exchange differences	2.4	1.2
At 30 June	<u>124.8</u>	<u>97.2</u>
<b>Non-current</b>		
Due later than one year	124.7	93.4
<b>Current</b>		
Due not later than one year, included in progress billings and others under current liabilities [Note 40]	0.1	3.8
	<u>124.8</u>	<u>97.2</u>

The amounts recognised on the statement of financial position are determined as follows:

Present value of funded obligations [note (a)]	276.3	232.4
Fair value of plan assets [note (b)]	(260.4)	(230.6)
	<u>15.9</u>	<u>1.8</u>
Present value of unfunded obligations [note (a)]	108.9	95.4
Net liabilities	<u>124.8</u>	<u>97.2</u>

The amounts recognised in the profit or loss are as follows:

Current service cost	23.6	22.2
Past service cost	0.3	0.2
Interest cost	16.5	7.7
Expected return on plan assets	(11.3)	(4.1)
	<u>29.1</u>	<u>26.0</u>

Total return on plan assets are as follows:

Expected return on plan assets	11.3	4.1
Actuarial gains/(losses) on plan assets	32.8	(4.2)
	<u>44.1</u>	<u>(0.1)</u>

**37. Retirement Benefits (continued)**

	Group	
	2012	2011
<b>a. Changes in the present value of defined benefit obligations</b>		
Wholly or partly funded obligations	276.3	232.4
Unfunded obligations	108.9	95.4
	385.2	327.8

Movements in the present value of defined benefit obligations are as follows:

At 1 July	327.8	344.0
Current service cost	23.6	22.2
Past service cost	0.3	0.2
Interest cost	16.5	7.7
Benefits paid – funded obligations	(15.8)	(9.0)
Benefits paid – unfunded obligations	(22.9)	(26.8)
Actuarial losses/(gains) due to actual experience	65.9	(29.1)
Exchange differences	(10.2)	18.6
At 30 June	385.2	327.8

**b. Changes in the fair value of plan assets**

At 1 July	230.6	220.5
Expected return on plan assets	11.3	4.1
Contributions by employers	14.1	1.8
Benefits paid	(15.8)	(9.0)
Actuarial (losses)/gains on plan assets	32.8	(4.2)
Exchange differences	(12.6)	17.4
At 30 June	260.4	230.6

**c. Principal actuarial assumptions**

Principal actuarial assumptions used at the end of the reporting period in respect of the Group's defined benefit pension plans are as follows:

	Group	
	2012	2011
	%	%
Discount rate	1.8 – 9.0	1.8 – 9.0
Expected return on plan assets	3.6 – 7.0	7.0 – 9.0
Expected rate of salary increases	1.5 – 8.0	1.5 – 8.0



## Financial Statements

**38. Deferred Income**

	Group	
	2012	2011
Maintenance income	99.3	113.4
Advance annualised licence fees	135.6	137.7
	234.9	251.1
<b>Non-current</b>		
Due later than one year	183.7	173.5
<b>Current</b>		
Due not later than one year	51.2	77.6
	234.9	251.1

**39. Payables**

	Group		Company	
	2012	2011	2012	2011
Trade payables [note (a)]	5,674.5	4,945.8	-	-
Accruals [note (b)]	3,772.4	3,509.3	26.1	24.7
Amount due to a subsidiary [note (c)]	-	-	-	999.5
Amounts due to jointly controlled entities	-	39.0	-	-
Amounts due to associates	-	34.6	-	-
Financial guarantees [note (d)]	0.5	1.1	72.1	14.7
Interest payable	29.2	43.0	29.7	14.6
	9,476.6	8,572.8	127.9	1,053.5

**a. Trade payables**

Credit terms of trade payables ranged from 7 to 180 days (2011: 7 to 180 days).

**b. Accruals**

Included in accruals is a constructive obligation of RM100.0 million for corporate social responsibility (CSR) activities to be undertaken by the Group through Yayasan Sime Darby (YSD). The projects to be undertaken would fall within the five pillars supported by YSD namely Community Development, Youth, Sports & Recreation, Conservation of Environment & Protection of Ecosystems, Arts & Culture and Education.

**c. Amount due to a subsidiary**

The amount due to the subsidiary in the previous financial year was interest free, unsecured and repayable on demand. The amount was repaid during the financial year.

**39. Payables (continued)****d. Financial guarantees**

The financial guarantees liabilities are recognised in respect of the following contracts:

	Group		Company	
	2012	2011	2012	2011
Guarantees in respect of credit facilities granted to:				
- certain subsidiaries	-	-	3,621.6	2,891.4
- a jointly controlled entity	14.5	8.4	-	-
- certain associates	23.0	40.7	-	-
- plasma stakeholders	107.2	104.2	-	-
	<b>144.7</b>	153.3	<b>3,621.6</b>	2,891.4

**40. Progress Billings and Others**

	Group	
	2012	2011
Amounts due to customers on construction contracts [Note 29]	30.5	46.4
Progress billings	11.6	15.3
Retirement benefits		
- defined contribution pension plans	1.7	9.2
- defined benefit pension plans [Note 37]	0.1	3.8
	<b>43.9</b>	74.7

**41. Contingent Liabilities and Commitments**

Contingent liabilities, other than those financial guarantees disclosed in Note 39, and commitments are as follows:

**a. Guarantees**

In the ordinary course of business, the Group may obtain surety bonds and letters of credit, which the Group provides to customers to secure advance payment, performance under contracts or in lieu of retention being withheld on contracts. A liability would only arise in the event the Group fails to fulfill its contractual obligations.

The Company has also provided performance guarantees to customers of certain subsidiaries to secure performance under contracts or in lieu of retention withheld on contracts.

	Group		Company	
	2012	2011	2012	2011
Performance and advance payment guarantees to customers of:				
- subsidiaries	-	-	2,223.9	2,965.4
- a jointly controlled entity	2,788.0	2,788.0	1,000.0	1,000.0
- the Group	3,837.5	6,841.5	-	-
	<b>6,625.5</b>	9,629.5	<b>3,223.9</b>	3,965.4

## Financial Statements

**41. Contingent Liabilities and Commitments (continued)**

Contingent liabilities, other than those financial guarantees disclosed in Note 39, and commitments are as follows: (continued)

**a. Guarantees (continued)**

In cases where the Group is required to issue surety bonds or letters of credit for the entire contract despite holding partial interest in a venture, the Group will seek counter-indemnity from the other venture partners. As at 30 June 2012, the counter-indemnities received by the Group and by the Company are as follows:

	Group		Company	
	2012	2011	2012	2011
Counter-indemnities from:				
- third parties	<b>1,603.7</b>	1,603.7	<b>212.1</b>	212.1
- a subsidiary	-	-	<b>708.0</b>	708.0
	<b>1,603.7</b>	1,603.7	<b>920.1</b>	920.1

**b. Claims**

As at 30 June 2012, claims against the Group not taken up in the statement of financial position amounted to RM43.7 million (2011: RM180.0 million). These claims include disputed amounts for the supply of goods and services.

There were no claims against the Company as at 30 June 2012 (2011: Nil).

**c. Capital commitments**

	Group	
	2012	2011
Authorised capital expenditure not provided for in the financial statements:		
Property, plant and equipment		
- contracted	<b>1,193.4</b>	691.6
- not contracted	<b>2,521.8</b>	2,426.9
	<b>3,715.2</b>	3,118.5
Other capital expenditure		
- contracted	<b>58.8</b>	-
- not contracted	<b>2,193.1</b>	110.7
	<b>5,967.1</b>	3,229.2

The Company does not have any capital commitment as at end of the reporting period.

**d. Leases**

	Group	
	2012	2011
Commitments under non-cancellable operating leases:		
- expiring not later than 1 year	<b>220.3</b>	119.3
- expiring later than 1 year but not later than 5 years	<b>314.2</b>	225.9
- expiring later than 5 years	<b>399.0</b>	212.8
	<b>933.5</b>	558.0

The Company does not have any non-cancellable operating lease as at end of the reporting period.

#### 41. Contingent Liabilities and Commitments (continued)

Contingent liabilities, other than those financial guarantees disclosed in Note 39, and commitments are as follows: (continued)

##### e. Plasma Plantation

The Group is committed to develop a total of 50,275 hectares of oil palm plantation for plasma farmers in Indonesia. A total of 41,879 hectares have been developed of which about 33,174 hectares have been handed over to plasma farmers.

#### 42. Material Litigation

Other than the contingent liabilities and commitments disclosed in Note 41, the material litigation are as follows:

- a. PT Adhiyasa Saranamas (PTAS) commenced a legal suit on 17 September 2003 against Kumpulan Guthrie Berhad (KGB) and 6 of its Indonesian subsidiaries for an alleged breach of contract with regards to the provision of consultancy services in connection with the acquisition of subsidiaries in Indonesia.

On 4 March 2008, the Decision on Further Review partially approved PTAS' claim and ordered KGB to pay the amount of USD25.76 million together with interest at the rate of 6% per year thereon as of the date of the registration of PTAS' claim at the District Court of South Jakarta until full payment.

On 10 June 2009, the District Court of South Jakarta issued an order of execution against four land titles (assets) of PT Aneka Intipersada, PT Kridatama Lancar, PT Teguh Sempurna and PT Ladangrumpun Suburabadi, 4 subsidiaries of the Group in Indonesia and requested for assistance from the relevant/respective district courts in which jurisdiction the assets are located to effect the executorial attachment orders (Attachment Orders).

The parties have now amicably settled the above legal actions instituted in Indonesia, including the removal of the Attachment Orders. The Attachment Orders were removed on 23 November 2011 (in the Sampit District Court and the land registry), 24 November 2011 (in the Kotabaru District Court and the land registry) and 6 December 2011 (in the Siak Sri Indrapura District Court and the land registry) and accordingly the legal suit is considered closed.

In Malaysia, PTAS had on 11 March 2008 commenced legal proceedings against KGB to enforce the Decision on Further Review.

At the case management on 2 March 2012, the High Court judge directed that the matter proceed to trial and fixed the same for trial on 7 to 10 May 2012.

In light of the settlement of legal actions in Indonesia and the pre-trial directions handed down, KGB applied to amend its Amended Defence, which application was allowed by the High Court on 27 March 2012.

At the final case management of 4 May 2012, the High Court judge vacated the trial dates on 7 and 8 May 2012 and asked the parties to commence the trial on 9 May 2012. The trial concluded on 10 May 2012 and on 14 June 2012, the High Court dismissed PTAS's claim with costs.

PTAS had on 15 June 2012 filed its notice of appeal to the Court of Appeal and has 8 weeks from that date to file its Record of Appeal. However, to-date, KGB has not been served with the Record of Appeal and no date has been fixed for the appeal in the Court of Appeal.

- b. On 23 December 2010, Sime Darby Berhad (SDB), Sime Darby Engineering Sdn Bhd, Sime Darby Energy Sdn Bhd, Sime Darby Marine Sdn Bhd and Sime Darby Marine (Hong Kong) Pte Ltd (collectively, the Plaintiffs) filed a civil suit in the High Court of Malaya at Kuala Lumpur (Civil Suit No. D – 22NCC – 2379 – 2010) against Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Hj Murshid (DSAZ), Dato' Mohamad Shukri bin Baharom (DMS), Abdul Rahim bin Ismail, Abdul Kadir Alias and Mohd Zaki bin Othman (collectively, the Defendants) claiming, inter alia, damages arising from the Defendants' negligence and breaches of duty in relation to the Qatar Petroleum Project (QP Project), the Maersk Oil Qatar Project (MOQ Project) and the project relating to the construction of marine vessels known as the Marine Project.

The Writ of Summons and Statement of Claim have been served on the Defendants. All the Defendants have filed their respective Defences.

DSAZ, the 1st Defendant, thereafter filed third party notices dated 8 March 2011 against 22 individuals (DSAZ's Third Party Notices). These 22 individuals include some current members of the board of SDB. Pursuant to DSAZ's Third Party Notices, the 1st Defendant is seeking for indemnity and/or contribution from the 22 individuals in the event the 1st Defendant is found liable to the Plaintiffs.

#### 42. Material Litigation (continued)

Other than the contingent liabilities and commitments disclosed in Note 41, the material litigation are as follows: (continued)

DMS, the 2nd Defendant, also filed similar third party notices dated 20 April 2011 against 12 individuals and Sime Darby Holdings Berhad (DMS's Third Party Notices). These 12 individuals comprise former management and former members of the board of SDB, its subsidiaries and Kumpulan Sime Darby Berhad and former members of the audit and supervisory committee of SDB's Energy & Utilities Division. Pursuant to DMS's Third Party Notices, the 2nd Defendant is seeking an indemnity and/or contribution from the third parties in the event the 2nd Defendant is found liable to the Plaintiffs.

Solicitors have been engaged to defend all the third parties in the 1st and 2nd Defendants' third party proceedings.

The 1st Defendant had on 2 June 2011 and 8 June 2011 discontinued its third party proceedings against 5 individuals out of the 22 it had originally named.

The remaining third parties have applied to strike out third party proceedings instituted against them by the 1st and the 2nd Defendants. The High Court had, on 13 December 2011, allowed the applications by the third parties and struck out the 1st and the 2nd Defendants' third party statements of claim, set aside the third party notices and dismissed the third party proceedings on the basis, amongst others, that the 1st and the 2nd Defendants' third party proceedings were frivolous and vexatious (High Court Decision).

On 11 January 2012, the 1st and the 2nd Defendants filed their respective appeals against the High Court Decision (Appeals).

On 1 August 2012, the Court of Appeal, after hearing submissions from the 1st and 2nd Defendants' solicitors, dismissed the Appeals with costs (Court of Appeal Decision). On 3 September 2012, the 1st Defendant filed a notice of motion for leave to appeal to the Federal Court against the Court of Appeal Decision.

At the case management of the main suit on 19 January 2012, the High Court had directed the parties to complete the discovery process by the next case management date on 20 March 2012.

On 20 March 2012, the Plaintiffs' solicitors updated the Court on the progress of the discovery and inspection process with regard to the 1st Defendant's application for discovery of documents (1st Defendant's Discovery Application). The Court then fixed the matter for further case management on 29 June 2012 when the entire inspection process was anticipated to be completed.

On 29 June 2012, the Court fixed the 1st Defendant's Discovery Application for hearing on 21 September 2012. At the request of the parties' solicitors, the hearing of the 1st Defendant's Discovery Application on 21 September 2012 has been adjourned to 30 October 2012. There is no trial date fixed as yet for the main suit.

- c. On 24 December 2010, Sime Darby Berhad (SDB), Sime Engineering Sdn Bhd (SESB), Sime Darby Holdings Berhad (SDHB) and Sime Darby Energy Sdn Bhd (collectively, the Plaintiffs) filed a civil suit in the High Court of Malaya at Kuala Lumpur (Civil Suit No. D – 22NCC – 2391 – 2010) against Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Hj Murshid (DSAZ), Dato' Mohamad Shukri bin Baharom (DMS) and Abdul Rahim bin Ismail (collectively, the Defendants) claiming, inter alia, damages arising from the Defendants' negligence and breaches of duty in relation to the Package CW2-Main Civil Works for the Bakun Hydroelectric Project (Bakun Project) and in respect of the Receipt, Discharge and Indemnity Agreement dated 12 January 2010 (Indemnity Agreement) given to DMS.

The Writ of Summons and Statement of Claim have been served on the Defendants. All the Defendants have filed their respective Defences.

DSAZ, the 1st Defendant, thereafter filed third party notices dated 8 March 2011 against 22 individuals (DSAZ's Third Party Notices). These 22 individuals include some current members of the board of SDB. Pursuant to DSAZ's Third Party Notices, the 1st Defendant is seeking an indemnity and/or contribution from the 22 individuals in the event the 1st Defendant is found liable to the Plaintiffs.

DMS, the 2nd Defendant, also filed similar third party notices dated 20 April 2011 against 11 individuals, SESB and SDHB (DMS's Third Party Notices). These 11 individuals comprise former members of the board of SDB, its subsidiaries and Kumpulan Sime Darby Berhad and former members of the audit and supervisory committee of SDB's Energy & Utilities Division. Pursuant to DMS's Third Party Notices, the 2nd Defendant is seeking an indemnity and/or contribution from the third parties in the event the 2nd Defendant is found liable to the Plaintiffs.

Solicitors have been engaged to defend all the third parties in the 1st and 2nd Defendants' third party proceedings.

The 1st Defendant had on 2 June 2011 and 8 June 2011 discontinued its third party proceedings against 5 individuals out of the 22 it had originally named.

#### 42. Material Litigation (continued)

Other than the contingent liabilities and commitments disclosed in Note 41, the material litigation are as follows: (continued)

The remaining third parties have applied to strike out third party proceedings instituted against them by the 1st and the 2nd Defendants. The High Court had, on 13 December 2011, allowed the applications by all the third parties and struck out the 1st and the 2nd Defendants' third party statements of claim, set aside the third party notices and dismissed the third party proceedings on the basis, amongst others, that the 1st and the 2nd Defendants' third party proceedings were frivolous and vexatious (High Court Decision).

On 11 January 2012, the 1st and the 2nd Defendants filed their respective appeals against the High Court Decision (Appeals). The Appeals were heard in the Court of Appeal on 1 August 2012.

On 1 August 2012 before the start of the proceedings, the 2nd Defendant withdrew his appeal against SESB and SDHB with no order as to costs. With regard to the other appeals, the Court of Appeal, after hearing submissions from the 1st and the 2nd Defendants' solicitors, dismissed the Appeals with costs (Court of Appeal Decision). On 3 September 2012, the 1st Defendant filed a notice of motion for leave to appeal to the Federal Court against the Court of Appeal Decision.

At the case management of the main suit on 19 January 2012, the High Court directed the parties to complete the discovery process by the next case management date on 20 March 2012.

On 20 March 2012, the Plaintiffs' solicitors updated the Court on the progress of the discovery and inspection process with regard to the 1st Defendant's application for discovery of documents (1st Defendant's Discovery Application). The Court then fixed the matter for further case management on 29 June 2012 when the entire inspection process was anticipated to be completed.

On 29 June 2012, the Court fixed the 1st Defendant's Discovery Application for hearing on 21 September 2012. At the request of the parties' solicitors, the hearing of the 1st Defendant's Discovery Application on 21 September 2012 has been adjourned to 30 October 2012. There is no trial date fixed as yet for the main suit.

- d. Emirates International Energy Services (EMAS) had, on 13 January 2011, filed a suit in the Plenary Commercial Court in Abu Dhabi against Sime Darby Engineering Sdn Bhd (SDE) claiming payment of USD178.2 million (equivalent to about RM568.3 million) (First Suit). This amount comprises a payment of USD128.2 million and USD50.0 million for commissions and "morale compensation" respectively. At the case management on 14 August 2011, SDE (through its local counsel) filed its Statement of Defence and Counter Claim against EMAS for the sum of AED100 million (equivalent to about RM86.9 million).

On 22 August 2011, the Court dismissed EMAS's claim based on SDE's request for the matter to be referred to arbitration. As at 21 September 2011, SDE's solicitors have not received any notification of an appeal by EMAS and accordingly the First Suit was then considered closed.

EMAS had, on 11 December 2011, submitted a request for arbitration to the Abu Dhabi Commercial Conciliation & Arbitration Centre (ADCCAC). By way of a notice dated 26 December 2011 (Notice) which SDE received on 17 January 2012, SDE was informed that the matter has been registered for arbitration. SDE's local counsel had on 14 February 2012 filed and submitted the response to the Notice to ADCCAC and is currently pending EMAS's response.

The quantum of the claim was not stated in the Notice.

On 31 March 2012, EMAS filed another suit against SDE at the Judicial Department of Abu Dhabi. The claim of USD178.2 million by EMAS is based on the same facts and grounds as the First Suit. SDE has been advised by its local counsel that the commencement of another legal suit by EMAS at the Abu Dhabi Court is an abuse of the court process. At the case management on 19 April 2012, SDE's local counsel argued for the suit to be dismissed.

At the hearing on 30 May 2012, the Court dismissed the case on procedural grounds, namely that EMAS did not comply with the procedures for Commercial Agency disputes as set forth in Articles 27 and 28 of the United Arab Emirates Commercial Agencies Law when it failed to raise a formal claim or mediation request with the Committee of Commercial Agencies at the Ministry of Economy in the first instance.

SDE's local counsel advised that the dismissal is not a dismissal on the merits and EMAS may resubmit the case once they have gone through the Commercial Agencies Committee procedures. SDE's local counsel further advised that SDE can do nothing until EMAS file a mediation request with the Commercial Agencies Committee.

On 21 June 2012, EMAS filed an appeal to the Court of Appeal in Abu Dhabi (Appellate Court) against the decision of the Court dated 30 May 2012 (Appeal).

**42. Material Litigation (continued)**

Other than the contingent liabilities and commitments disclosed in Note 41, the material litigation are as follows: (continued)

At the hearing before the Appellate Court on 13 August 2012, SDE submitted its rebuttal to EMAS's grounds of appeal. On 28 August 2012, the Appellate Court dismissed the case and ordered it to be tried afresh by the court of first instance on the ground that the court of first instance has the jurisdiction to hear the dispute between EMAS and SDE. SDE's local counsel have advised that an appeal should be filed to the Supreme Court in Abu Dhabi in respect of the Appellate Court's decision by 24 October 2012. It is expected that the challenge before the Supreme Court and the prosecution of the claim by EMAS before the new trial judge will proceed in parallel.

- e. On 18 November 2011, Michael Chow Keat Thye (Applicant) filed an application pursuant to Order 53 rule 3(2) of the Rules of the High Court for judicial review against the Securities Commission of Malaysia (SC) to quash the decision made by the SC on 11 October 2011 in ruling that the acquisition of the equity interest in Eastern & Oriental Berhad (E&O) by Sime Darby Nominees Sdn Bhd (SD Nominees) has not given rise to a mandatory offer obligation and seek for an Order of the High Court to compel SD Nominees to make a mandatory offer at the price of RM2.30 per E&O share.

On 8 December 2011, the High Court granted leave to the Applicant to apply for judicial review. On 5 January 2012, SD Nominees filed an application to be added as a party in the judicial review proceedings and obtained leave to be added as 2nd Respondent on 11 January 2012.

On 25 January 2012, SC filed an application to recuse the learned judge.

On 31 January 2012, SD Nominees filed an application to expunge that part of the Applicant's Affidavit and the exhibit (JP Morgan's press interview) which alleged that SD Nominees had admitted to having obtained majority control in E&O on the basis that it constituted hearsay statements and was inadmissible.

On 2 April 2012, the learned judge dismissed the recusal application with costs of RM3,000.00 to be paid by SC to the Applicant. The SC filed a notice to appeal to the Court of Appeal against the decision of the High Court to dismiss the recusal application on 2 May 2012 (SC's Appeal). The SC's Appeal has been fixed for hearing on 9 August 2012.

On 9 April 2012, the registrar fixed the application to expunge for hearing on 24 July 2012. The substantive judicial review is fixed for mention on the same day.

On 1 June 2012, the SC filed and served an application to stay the High Court proceedings pending the disposal of SC's Appeal (Stay Application).

At the mention on 21 June 2012, the registrar fixed both the application to stay and the application to expunge for hearing on 24 July 2012.

The hearing of the substantive application which has been scheduled on 24 July 2012 has been converted to a mention following the Applicant's request and pending the disposal of the SC's Appeal to the Court of Appeal.

On 24 July 2012, the Counsel for the Applicant and SC informed the Court that in relation to the Stay Application, the parties have agreed for a stay to be granted until 9 August 2012, being the hearing date of SC's Appeal (Interim Stay). The Judicial Review substantive application and SD Nominees' application to expunge parts of the Applicant's affidavit are fixed for case management on 14 August 2012.

On 9 August 2012, the Court of Appeal adjourned SC's Appeal to 2 October 2012.

On 14 August 2012, the SC and the Applicant have agreed to stay the Judicial Review proceeding until 2 October 2012, being the hearing date of the Appeal or alternatively if the hearing of the Appeal is adjourned, until the next case management date. The case management of the Judicial Review proceedings is now fixed on 10 October 2012.

- f. On 15 August 2012, Sime Darby Engineering Sdn Bhd (SDE) filed a Statement of Claim at the Qatar Court against Qatar Petroleum (QP) for the sum of QAR1,005,353,061 (equivalent to about RM880.9 million). This is the total amount of the outstanding invoices, compensation, performance bonds and additional costs in relation to the substantial engineering project offshore in Qatar undertaken by SDE in favour of QP pursuant to a contract signed by both parties on 27 September 2006. However, the contract came into effect much earlier on 15 April 2006 and SDE had commenced work since then.

The contract was for the provisioning of engineering works, supply, installation and commissioning of 3 wellhead platforms (jackets and topsides), modifications to 34 existing platforms, 17 sub-sea pipelines between existing and new platforms, umbilical connections at various platforms and other works relating to development of Bul Hanine and Maydan Mahzan offshore oilfields.

The Court has fixed the first hearing on 9 October 2012.

### 43. Acquisitions

#### a. Acquisition of a subsidiary and a business

- i. During the financial year ended 30 June 2012, the Group acquired PT Indo Sukses Lestari Makmur. The details are as follows:

Name of subsidiary	Purchase consideration	Group's effective interest %	Effective acquisition date
PT Indo Sukses Lestari Makmur (PTISLM)	USD4.356 million	95.0	16 May 2012

In addition to the above acquisition, on 14 December 2011, the Group completed the acquisition of the distribution business and assets used in the Bucyrus distribution business for Sime Darby Group's Caterpillar dealership service territories in Queensland and the Northern Territory of Australia, Papua New Guinea and New Caledonia for a consideration of approximately USD360 million (equivalent to about RM1.2 billion).

PTISLM has yet to commence operations while the Bucyrus distribution business contributed RM760.1 million to the Group's revenue and RM57.6 million to the Group's profit attributable to owners of the Company for the financial year ended 30 June 2012. If the acquisition was effective on 1 July 2011, the Group's revenue and profit attributable to owners of the Company for the financial year ended 30 June 2012 would have been RM48,374.7 million and RM4,187.0 million respectively.

- ii. Details of the assets, liabilities and net cash outflow arising from the acquisition of the subsidiary and business by the Group during the financial year ended 30 June 2012 are as follows:

	Book value	Fair value
Property, plant and equipment [Note 15]	37.5	37.5
Prepaid lease rentals [Note 17]	-	20.0
Intangible assets [Note 22]	-	770.2
Cash and cash equivalents	1.1	1.1
Non-controlling interests	(1.0)	(1.0)
Other net current assets	350.1	350.1
Net assets acquired	<u>387.7</u>	<u>1,177.9</u>
Negative goodwill		(6.5)
Purchase consideration		1,171.4
Less: Cash and cash equivalents of the subsidiary acquired		(1.1)
Net cash outflow on acquisition of the subsidiary and business		<u>1,170.3</u>

#### b. Acquisition of additional interests in an existing subsidiary

The additional interests acquired by the Group during the financial year ended 30 June 2012 is as follows:

Name of subsidiary	Purchase consideration	Group's effective interest %	Effective acquisition date
Sime Darby China Oils & Fats Company Limited (SDCOF)	RM96.6 million	40.0	23 December 2011

On 13 December 2011, the Group entered into an agreement to acquire the remaining 40% equity interest in SDCOF in exchange for the disposal of the Group's 99.9% effective equity interest in Weifang Sime Darby Property Co Ltd. The 40% equity interest in SDCOF was valued at RM96.6 million.



## Financial Statements

**43. Acquisitions (continued)****c. Acquisition of an associate**

The associate acquired by the Group during the financial year ended 30 June 2012 is as follows:

Name of associate	Purchase consideration	Group's effective interest %	Effective acquisition date
Eastern & Oriental Berhad	RM773.8 million	30.0	September 2011

**44. Disposals****a. Disposal of subsidiaries**

i. Subsidiaries disposed by the Group during the financial year ended 30 June 2012 are as follows:

Name of subsidiaries	Disposal consideration	Group's effective interest disposed %	Effective disposal date
Sime Darby Brunfield Resources Sdn Bhd	RM1,800	100.0	20 December 2011
Dunlopillo Holdings Sdn Bhd	RM70.7 million	100.0	10 January 2012

In addition to the above, the Group disposed the following subsidiaries:

- On 21 December 2011, Sime Darby Brunfield Holding Sdn Bhd, a 60% held subsidiary of the Group, completed the transfer of its 50% equity interest in Sime Darby Brunfield Darby Hills Sdn Bhd (SDBDH) to Sime Darby Brunfield Motorworld Sdn Bhd and the remaining 50% equity interest to IOI Properties Bhd. The disposal reduced the Group's effective interest in SDBDH from 60% to 30%, and hence reclassified from a subsidiary to a jointly controlled entity.
  - On 23 December 2011, the Group disposed its 99.9% effective equity interest in Weifang Sime Darby Property Co Ltd (WSDP) in exchange for a 40% equity interest in Sime Darby China Oils & Fats Company Limited. The Group's interest in WSDP was valued at RM96.6 million (refer Note 43(b)).
- ii. Details of the assets, liabilities and net cash outflow arising from the disposal of subsidiaries by the Group during the financial year ended 30 June 2012 are as follows:

	<b>Group</b>
Property, plant and equipment	8.2
Prepaid lease rentals	1.0
Intangible assets	34.9
Deferred tax assets	0.5
Net current assets	123.9
Net assets disposed	168.5
Discount for deferred payment arrangement	(1.5)
Loss on disposal of subsidiaries	(1.2)
Proceeds from disposal of subsidiaries	165.8
Less: In exchange for the remaining 40% equity interest in Sime Darby China Oils & Fats Company Limited	(96.6)
Cash and cash equivalent in subsidiaries disposed	(44.2)
Fair value of outstanding deferred payment	(26.5)
Net cash outflow on disposal of subsidiaries	(1.5)

**44. Disposals (continued)****b. Disposal of associates**

Associates disposed by the Group during the financial year ended 30 June 2012 are as follows:

Name of associates	Disposal consideration	Group's effective interest disposed %	Effective disposal date
KN Sime Logistics Sdn Bhd	RM250,000	50.0	24 October 2011
Caterpillar Financial Services Malaysia Sdn Bhd	RM21.95 million	40.0	27 December 2011

**45. Segment Information - Group**

The Group has six reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units, the President and Group Chief Executive reviews the internal management reports on a monthly basis and conducts performance dialogues with the business units on a regular basis.

Segments comprise:

Segment	Products and services
Plantation	Production and marketing of fresh fruit bunch, crude palm oil, palm kernel, rubber and refining and marketing of palm oil related products.
Property	Developing and marketing residential, commercial and industrial properties and development land and management and provision of golf and other recreational facilities and services.
Industrial	Sales, rental and servicing of heavy equipment.
Motors	Assembly and distribution of vehicles and the provision of after-sale services.
Energy & Utilities	Engineering, power generation, treatment and distribution of treated water, and ownership and management of port facilities.
Healthcare	Provision of healthcare services.
Others	Bedding operations and insurance broking. The results of bedding operations was consolidated up till 10 January 2012, the date of disposal.

The oil and gas business, previously carried out on the Teluk Ramunia and Pasir Gudang fabrication yards under Energy & Utilities segment, is presented as discontinued operations [Note 32(a)].

Transactions between segments are carried out on agreed terms between both parties. The effects of such intersegment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

## Financial Statements

## 45. Segment Information - Group (continued)

## a. Segment results

2012

**Segment revenue:**

	Plantation	Property	Industrial
External	14,126.4	2,042.9	13,168.5
Inter-segment	0.8	62.0	48.7
	<b>14,127.2</b>	<b>2,104.9</b>	<b>13,217.2</b>

**Segment results:**

Operating profit/(loss)	3,214.9	431.0	1,325.7
Share of results of jointly controlled entities and associates	(11.7)	36.2	25.7
Profit/(loss) before interest and tax	<b>3,203.2</b>	<b>467.2</b>	<b>1,351.4</b>

Included in operating profit/(loss) are:

Amortisation of prepaid lease rentals	(43.0)	(1.0)	(0.1)
Depreciation and amortisation	(447.5)	(56.6)	(344.7)
Impairment losses:			
- property, plant and equipment	(2.6)	(20.5)	(4.7)
- receivables	(16.9)	(25.8)	(38.3)
- others	(0.1)	(9.3)	-
Reversal of impairment losses:			
- receivables	0.8	2.3	27.1
- others	20.3	-	13.5
Other non-cash items	<b>74.8</b>	<b>39.1</b>	<b>62.3</b>

Included in the share of results of jointly controlled entities and associates are:

Impairment of associates	-	-	-
Reversal of impairment of associates	-	-	1.0

## Financial Statements

## Continuing operations

Motors	Energy & Utilities	Healthcare	Others	Corporate and elimination	Total	Discontinued operations [Note 32(a)]	Total
16,597.0	1,178.7	347.8	141.0	-	47,602.3	715.3	48,317.6
43.7	6.9	10.5	9.6	(182.2)	-	-	-
16,640.7	1,185.6	358.3	150.6	(182.2)	47,602.3	715.3	48,317.6
693.7	297.2	26.1	51.0	(226.7)	5,812.9	(54.2)	5,758.7
8.4	38.2	-	17.8	-	114.6	-	114.6
702.1	335.4	26.1	68.8	(226.7)	5,927.5	(54.2)	5,873.3
(1.1)	(0.8)	-	(0.1)	-	(46.1)	-	(46.1)
(174.4)	(91.5)	(25.4)	(1.8)	(19.0)	(1,160.9)	-	(1,160.9)
(2.1)	-	-	-	-	(29.9)	-	(29.9)
(4.4)	(1.5)	(1.1)	(1.3)	(0.8)	(90.1)	-	(90.1)
(0.2)	-	-	(0.8)	(4.9)	(15.3)	-	(15.3)
0.8	39.9	-	0.2	0.2	71.3	57.5	128.8
-	-	-	-	-	33.8	-	33.8
(112.6)	167.6	(0.1)	26.9	(34.6)	223.4	(4.4)	219.0
-	(2.0)	-	-	-	(2.0)	-	(2.0)
-	-	-	-	-	1.0	-	1.0

## Financial Statements

## 45. Segment Information - Group (continued)

## a. Segment results (continued)

2011	Plantation	Property	Industrial
<b>Segment revenue:</b>			
External	13,167.9	1,987.2	10,271.1
Inter-segment	1.5	27.0	52.3
	<b>13,169.4</b>	<b>2,014.2</b>	<b>10,323.4</b>
<b>Segment results:</b>			
Operating profit/(loss)	3,244.1	421.2	1,045.5
Share of results of jointly controlled entities and associates	36.1	34.8	22.5
Profit/(loss) before interest and tax	<b>3,280.2</b>	<b>456.0</b>	<b>1,068.0</b>
Included in operating profit/(loss) are:			
Amortisation of prepaid lease rentals	(43.0)	(2.0)	(0.1)
Depreciation and amortisation	(398.9)	(56.6)	(284.0)
Impairment losses:			
- property, plant and equipment	(172.9)	(11.9)	-
- receivables	(9.3)	(0.9)	(22.7)
- others	(18.3)	(8.8)	-
Reversal of impairment losses:			
- receivables	16.3	0.7	15.1
- others	2.6	-	-
Other non-cash items	(26.7)	108.0	11.4
Included in the share of results of jointly controlled entities and associates are:			
Impairment of associates	-	-	1.0

## Financial Statements

## Continuing operations

Motors	Energy & Utilities	Healthcare	Others	Corporate and elimination	Total	Discontinued operations [Note 32(a)]	Total
14,818.0	1,085.4	318.7	210.5	-	41,858.8	1,171.7	43,030.5
33.0	11.2	8.1	7.6	(140.7)	-	-	-
14,851.0	1,096.6	326.8	218.1	(140.7)	41,858.8	1,171.7	43,030.5
622.6	240.5	26.0	(51.2)	(65.4)	5,483.3	67.1	5,550.4
10.6	5.2	-	9.2	-	118.4	-	118.4
633.2	245.7	26.0	(42.0)	(65.4)	5,601.7	67.1	5,668.8
(3.7)	(3.9)	-	-	-	(52.7)	-	(52.7)
(149.5)	(80.0)	(21.1)	(4.1)	(18.8)	(1,013.0)	(15.3)	(1,028.3)
(6.8)	-	-	-	-	(191.6)	-	(191.6)
(2.0)	(10.3)	(1.0)	(11.3)	(4.9)	(62.4)	-	(62.4)
(5.4)	-	-	(54.3)	-	(86.8)	-	(86.8)
0.6	7.1	-	-	-	39.8	-	39.8
2.7	-	-	-	-	5.3	-	5.3
(6.9)	(0.8)	-	(10.0)	15.0	90.0	84.5	174.5
-	-	-	2.8	-	3.8	-	3.8

## Financial Statements

## 45. Segment Information - Group (continued)

## b. Segment assets and liabilities and additions to non-current assets

2012	Plantation	Property	Industrial
<b>Segment assets</b>			
Operating assets	15,121.2	6,607.6	11,164.9
Jointly controlled entities and associates	462.0	1,189.8	113.4
Non-current assets held for sale	2.0	33.5	-
	<b>15,585.2</b>	<b>7,830.9</b>	<b>11,278.3</b>
<b>Segment liabilities</b>			
Liabilities	1,771.0	1,016.9	3,511.8
Additions to non-current assets, other than financial instruments and deferred tax assets, are as follows:			
Capital expenditure	987.0	59.2	1,044.9
Additions to interest in jointly controlled entities and associates	-	774.8	23.6
	<b>987.0</b>	<b>834.0</b>	<b>1,068.5</b>
<b>2011</b>			
<b>Segment assets</b>			
Operating assets	14,729.2	7,124.3	7,593.5
Jointly controlled entities and associates	488.4	392.8	118.7
Non-current assets held for sale	-	44.9	1.2
	<b>15,217.6</b>	<b>7,562.0</b>	<b>7,713.4</b>
<b>Segment liabilities</b>			
Liabilities	1,826.7	1,087.1	2,695.0
Liabilities associated with assets held for sale	-	-	-
	<b>1,826.7</b>	<b>1,087.1</b>	<b>2,695.0</b>
Additions to non-current assets, other than financial instruments and deferred tax assets, are as follows:			
Capital expenditure	1,010.6	336.4	759.6
Additions to interest in jointly controlled entities and associates	-	-	39.2
Goodwill arising from business combinations	-	-	22.9
	<b>1,010.6</b>	<b>336.4</b>	<b>821.7</b>

## Financial Statements

## Continuing operations

Motors	Energy & Utilities	Healthcare	Others	Corporate and elimination	Total	Discontinued operations [Note 32(a)]	Total
6,219.1	3,926.4	486.4	153.6	1,373.2	45,052.4	-	45,052.4
64.8	(111.2)	-	57.7	-	1,776.5	-	1,776.5
3.1	-	-	3.6	-	42.2	-	42.2
6,287.0	3,815.2	486.4	214.9	1,373.2	46,871.1	-	46,871.1
2,548.9	1,307.2	57.4	105.6	170.3	10,489.1	-	10,489.1
383.3	83.6	73.4	0.8	10.5	2,642.7	-	2,642.7
-	10.3	-	-	-	808.7	-	808.7
383.3	93.9	73.4	0.8	10.5	3,451.4	-	3,451.4
5,473.0	3,127.5	436.4	119.6	1,473.2	40,076.7	-	40,076.7
66.8	(128.9)	-	43.5	-	981.3	-	981.3
0.9	-	-	98.7	-	145.7	640.3	786.0
5,540.7	2,998.6	436.4	261.8	1,473.2	41,203.7	640.3	41,844.0
2,314.6	1,586.2	73.2	92.8	101.7	9,777.3	-	9,777.3
-	-	-	22.3	-	22.3	-	22.3
2,314.6	1,586.2	73.2	115.1	101.7	9,799.6	-	9,799.6
310.7	228.4	26.7	1.3	8.2	2,681.9	13.4	2,695.3
1.7	12.1	-	-	-	53.0	-	53.0
-	-	-	-	-	22.9	-	22.9
312.4	240.5	26.7	1.3	8.2	2,757.8	13.4	2,771.2



## Financial Statements

**45. Segment Information - Group (continued)****b. Segment assets and liabilities and additions to non-current assets (continued)**

Capital expenditure consists of the following:

	2012	2011
Property, plant and equipment	2,462.9	2,381.2
Biological assets	70.1	84.3
Prepaid lease rentals	98.9	21.5
Investment properties	1.3	1.9
Land held for property development	5.2	205.7
Intangible assets other than goodwill	4.3	0.7
	<b>2,642.7</b>	<b>2,695.3</b>

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

	Assets		Liabilities	
	2012	2011	2012	2011
Segment total	46,871.1	41,844.0	10,489.1	9,799.6
Tax assets/liabilities	1,280.1	1,022.2	968.8	1,186.7
Borrowings	-	-	9,803.4	7,062.4
	<b>48,151.2</b>	<b>42,866.2</b>	<b>21,261.3</b>	<b>18,048.7</b>

**c. Segment by location**

Revenue by location of customers are analysed as follows:

	2012	2011
Malaysia	12,131.8	10,577.1
Indonesia	2,733.0	2,894.2
Singapore	4,925.5	4,186.5
Other countries in South East Asia	2,397.1	2,236.2
China	9,533.8	7,984.1
Australasia *	11,403.5	8,403.0
Europe	2,063.0	3,279.0
Other countries	2,414.6	2,298.7
	<b>47,602.3</b>	<b>41,858.8</b>

\* Australasia consists of Australia, New Caledonia, New Zealand, Papua New Guinea and Solomon Islands

## Financial Statements

## 45. Segment Information - Group (continued)

## c. Segment by location (continued)

Revenue, profit/(loss) before interest and tax and non-current assets, other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	Revenue		Profit/(loss) before interest and tax		Non-current assets	
	2012	2011	2012	2011	2012	2011
Malaysia	<b>14,654.4</b>	13,176.6	<b>3,297.6</b>	2,853.3	<b>12,585.5</b>	10,854.0
Indonesia	<b>2,717.4</b>	2,907.8	<b>1,045.2</b>	1,236.1	<b>2,829.7</b>	2,652.6
Singapore	<b>4,760.9</b>	3,940.0	<b>335.6</b>	245.4	<b>759.8</b>	731.5
Other countries in South East Asia	<b>2,280.7</b>	2,083.6	<b>44.3</b>	77.0	<b>520.0</b>	544.2
China	<b>9,073.6</b>	8,923.6	<b>379.0</b>	590.3	<b>1,840.4</b>	1,607.9
Australasia	<b>11,409.5</b>	8,411.9	<b>961.0</b>	684.5	<b>2,311.4</b>	1,601.8
Europe	<b>1,997.0</b>	1,680.0	<b>(110.5)</b>	(72.8)	<b>391.9</b>	431.9
Other countries	<b>708.8</b>	735.3	<b>(24.7)</b>	(12.1)	<b>149.0</b>	74.2
	<b>47,602.3</b>	41,858.8	<b>5,927.5</b>	5,601.7	<b>21,387.7</b>	18,498.1

Reconciliation of non-current assets, other than financial instruments and deferred tax assets to the total non-current assets are as follows:

	2012	2011
Non-current assets other than financial instruments and deferred tax assets	<b>21,387.7</b>	18,498.1
Available-for-sale investments	<b>111.8</b>	125.5
Deferred tax assets	<b>819.6</b>	632.2
Tax recoverable	<b>331.8</b>	-
Derivatives	<b>3.2</b>	-
Receivables	<b>442.2</b>	375.4
	<b>23,096.3</b>	19,631.2

The Group's operations are diverse in terms of the range of products and services it offers and the geographical coverage. There is no single customer that contributed 10% or more to the Group's revenue.

## Financial Statements

**46. Related Parties**

Significant related party transactions and balances other than as disclosed in Notes 20, 25 and 39 are as follows:

	Group		Company	
	2012	2011	2012	2011
<b>a. Transactions with jointly controlled entities</b>				
Tolling fees and sales to Emery Oleochemicals (M) Sdn Bhd group	117.5	10.3	-	-
Sale of terminal trucks to Terberg Tractors Malaysia Sdn Bhd (TTM)	33.0	58.6	-	-
Sale of land to Sime Darby Brunfield Darby Hills Sdn Bhd	17.2	-	-	-
<b>b. Transactions with associates</b>				
Rental of land from Seriemas Development Sdn Bhd	-	39.6	-	-
Sale of land to Tesco Stores (Malaysia) Sdn Bhd	35.7	-	-	-
<b>c. Transactions with companies in which Permodalan Nasional Berhad is the major shareholder</b>				
Purchase of chemicals and fertilisers from Chemical Company of Malaysia Berhad group	131.2	101.0	-	-
<b>d. Transactions between subsidiaries and their significant owners of non-controlling interests</b>				
Turnkey works rendered by Brunfield Engineering Sdn Bhd to Sime Darby Brunfield Holding Sdn Bhd group, companies in which Dato' Ir Gan Thian Leong and Encik Mohamad Hassan Zakaria are substantial shareholders	156.1	387.4	-	-
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	61.7	31.7	-	-
Sale of goods and provision of services by Chubb Malaysia Sendirian Berhad to Gunnebo Holdings APS and its related companies	12.9	10.6	-	-
Royalty payment to and procurement of cars and ancillary services by Inokom Corporation Sdn Bhd (ICSB) from Hyundai Motor Company and its related companies	123.1	100.0	-	-
Contract assembly service provided by ICSB to Berjaya Corporation Berhad group	14.3	4.0	-	-
<b>e. Transactions with firms in which Directors of the Company is a partner</b>				
Provision of legal services by Kadir, Andri & Partners, a firm in which Dato' Sreesanthan Eliathamby is a partner	0.5	-	-	-
Provision of legal services by Azmi & Associates, a firm in which Dato' Azmi Mohd Ali is a partner	0.1	-	-	-
<b>f. Transactions with Directors and their close family members</b>				
Sales of properties and cars	6.7	4.3	-	-
<b>g. Transactions with key management personnel and their close family members</b>				
Sales of properties and cars	13.9	6.1	-	-

**46. Related Parties (continued)**

Significant related party transactions and balances other than as disclosed in Notes 20, 25 and 39 are as follows:  
(continued)

	Group		Company	
	2012	2011	2012	2011
<b>h. Remuneration of Directors and key management personnel</b>				
Salaries, fees and other emoluments	<b>36.0</b>	35.0	<b>3.2</b>	3.7
Defined contribution pension plan	<b>4.0</b>	3.5	-	-
Estimated monetary value of benefits by way of usage of the Group's and Company's assets	<b>1.0</b>	1.3	<b>0.4</b>	0.6

**i. Outstanding balances with related parties**

The significant outstanding balances between the Group and other related parties as at the end of the reporting period are as follows:

	Group	
	2012	2011
<b>i. <u>Amounts due from/(to) jointly controlled entities and associates</u></b>		
Malaysia - China Hydro Joint Venture	<b>42.3</b>	(32.4)
Seriemas Development Sdn Bhd	<b>21.1</b>	59.6
Sime Darby Brunfield Darby Hills Sdn Bhd	<b>15.0</b>	-
Sime Darby Marine Puteri Offshore I (L) Inc	<b>24.2</b>	61.8
Sime Darby Marine Puteri Offshore II (L) Inc	<b>14.0</b>	13.2
Sime Darby Marine Puteri Offshore III (L) Inc	<b>14.0</b>	13.2
Sime Darby Sunrise Development Sdn Bhd	<b>108.9</b>	110.4
<b>ii. <u>Amounts due to owner of non-controlling interests of Sime Darby Brunfield Holding Sdn Bhd</u></b>		
Brunfield Metropolitan Sdn Bhd	<b>183.1</b>	163.4
Brunfield Engineering Sdn Bhd	<b>24.4</b>	13.2

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

Other than as disclosed above, there were no material contracts subsisting as at 30 June 2012 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors or substantial shareholders.

## Financial Statements

## 47. Financial Instruments

## a. Financial instruments by category

Financial assets and financial liabilities are categorised as follows:

Group 2012	Derivatives used for hedging	Fair value through profit or loss – held for trading	Loans and receivables	Available- for-sale financial assets	Total
<b>Non-current assets</b>					
Available-for-sale investments	–	–	–	111.8	111.8
Derivatives	2.4	0.8	–	–	3.2
Receivables	–	–	442.2	–	442.2
<b>Current assets</b>					
Receivables	–	–	6,932.0	–	6,932.0
Derivatives	24.1	4.5	–	–	28.6
Cash held under Housing Development Accounts	–	–	540.9	–	540.9
Bank balances, deposits and cash	–	–	4,564.7	–	4,564.7
Total financial assets	26.5	5.3	12,479.8	111.8	12,623.4

	Derivatives used for hedging	Fair value through profit or loss – held for trading	Financial guarantee contracts	Financial liabilities at amortised cost	Total
<b>Non-current liabilities</b>					
Borrowings	–	–	–	3,930.8	3,930.8
Derivatives	48.4	4.3	–	–	52.7
<b>Current liabilities</b>					
Payables	–	–	0.5	9,476.1	9,476.6
Borrowings	–	–	–	5,872.6	5,872.6
Derivatives	88.3	24.4	–	–	112.7
Total financial liabilities	136.7	28.7	0.5	19,279.5	19,445.4

## Financial Statements

## 47. Financial Instruments (continued)

## a. Financial instruments by category (continued)

Financial assets and financial liabilities are categorised as follows: (continued)

Group 2011	Derivatives used for hedging	Fair value through profit or loss – held for trading	Loans and receivables	Available- for-sale financial assets	Total
<b>Non-current assets</b>					
Available-for-sale investments	–	–	–	125.5	125.5
Receivables	–	–	375.4	–	375.4
<b>Current assets</b>					
Receivables	–	–	4,930.1	–	4,930.1
Derivatives	130.1	45.8	–	–	175.9
Cash held under Housing Development Accounts	–	–	616.4	–	616.4
Bank balances, deposits and cash	–	–	4,911.3	–	4,911.3
Total financial assets	130.1	45.8	10,833.2	125.5	11,134.6

	Derivatives used for hedging	Fair value through profit or loss – held for trading	Financial guarantee contracts	Financial liabilities at amortised cost	Total
<b>Non-current liabilities</b>					
Borrowings	–	–	–	4,007.5	4,007.5
Derivatives	12.5	9.6	–	–	22.1
<b>Current liabilities</b>					
Payables	–	–	1.1	8,571.7	8,572.8
Borrowings	–	–	–	3,054.9	3,054.9
Derivatives	31.7	45.5	–	–	77.2
Total financial liabilities	44.2	55.1	1.1	15,634.1	15,734.5

In respect of the Company, receivables and bank balances, deposits and cash totaling RM10,408.6 million (2011: RM3,564.0 million) are categorised under loans and receivables.

Borrowings of the Company amounting to RM3,350.0 million (2011: RM3,200.0 million) are categorised as financial liabilities at amortised cost whilst payables amounting to RM72.1 million (2011: RM14.7 million) and RM55.8 million (2011: RM1,038.8 million) are categorised under financial guarantee contracts and financial liabilities at amortised costs respectively.

The recognition and measurement basis are described in Notes 2(n) and 2(u).

## Financial Statements

## 47. Financial Instruments (continued)

## b. Income, expense, gains and losses on financial instruments

Income, expense, gains and losses on financial instruments recognised in the statements of profit or loss and comprehensive income are as follows:

Group 2012	Derivatives used for hedging			Fair value through profit or loss –	
	Forward foreign exchange contract	Interest rate swap contract	Cross currency swap contract	Forward foreign exchange contract	Interest rate swap contract
Revenue	-	-	-	-	-
Operating expenses					
- impairment	-	-	-	-	-
- fair value/ineffective hedge	(16.7)	-	-	(11.6)	-
Other operating income					
- income	-	-	-	-	-
- gain on disposal	-	-	-	-	-
- reversal of impairment	-	-	-	-	-
- fair value/ineffective hedge	-	-	6.4	0.6	-
Finance income	-	-	-	-	-
Finance costs	-	-	(23.3)	-	34.0
Other comprehensive income					
- net change in fair value	(126.9)	24.5	(46.7)	-	-
- transfer to profit or loss	-	-	-	-	-
	(143.6)	24.5	(63.6)	(11.0)	34.0
<b>2011</b>					
Revenue	-	-	-	-	-
Operating expenses					
- impairment	-	-	-	-	-
- fair value/ineffective hedge	(1.1)	-	-	(6.1)	-
Other operating income					
- income	-	-	-	-	-
- gain on disposal	-	-	-	-	-
- reversal of impairment	-	-	-	-	-
- fair value/ineffective hedge	0.1	-	-	26.9	-
Finance income	-	-	-	-	-
Finance costs	-	-	-	-	29.8
Other comprehensive income					
- net change in fair value	9.4	(12.9)	-	-	-
- transfer to profit or loss	-	-	-	-	-
	8.4	(12.9)	-	20.8	29.8

## Financial Statements

held for trading							
Commodity future contract	Loans and receivables	Available- for-sale financial assets	Financial guarantee contracts	Financial liabilities at amortised cost	Reclassi- fication	Total	
-	-	-	-	-	4.8	4.8	
-	(90.1)	-	-	-	-	(90.1)	
-	-	-	-	-	-	(28.3)	
-	-	53.9	-	-	-	53.9	
-	-	29.7	-	-	36.7	66.4	
-	71.3	-	-	-	-	71.3	
1.9	-	-	-	-	-	8.9	
-	178.4	-	0.4	-	-	178.8	
-	-	-	-	(396.2)	-	(385.5)	
-	-	33.9	-	-	-	(115.2)	
-	-	-	-	-	(41.5)	(41.5)	
1.9	159.6	117.5	0.4	(396.2)	-	(276.5)	
-	-	-	-	-	(1.0)	(1.0)	
-	(62.4)	(57.1)	-	-	-	(119.5)	
-	-	-	-	-	-	(7.2)	
-	-	15.3	-	-	-	15.3	
-	-	0.1	-	-	5.4	5.5	
-	39.8	-	-	-	-	39.8	
-	-	-	-	-	-	27.0	
-	154.8	-	0.5	-	-	155.3	
-	-	-	-	(337.6)	-	(307.8)	
-	-	(20.3)	-	-	-	(23.8)	
-	-	-	-	-	(4.4)	(4.4)	
-	132.2	(62.0)	0.5	(337.6)	-	(220.8)	



## Financial Statements

## 47. Financial Instruments (continued)

## b. Income, expense, gains and losses on financial instruments (continued)

Income, expense, gains and losses on financial instruments recognised in the statements of profit or loss and comprehensive income are as follows: (continued)

Company 2012	Loans and receivables	Financial guarantee contracts	Financial liabilities at amortised cost	Total
Finance income	143.7	16.6	-	160.3
Finance costs	-	(84.9)	(142.8)	(227.7)
	143.7	(68.3)	(142.8)	(67.4)
<b>2011</b>				
Finance income	140.6	16.7	-	157.3
Finance costs	-	-	(139.7)	(139.7)
	140.6	16.7	(139.7)	17.6

## c. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity and cash flow risk and price risk. The Group's 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 programs and adherence to Group Policies and Authorities. The Board regularly reviews these risks and approves the policies covering the management of these risks.

The Group uses derivatives such as foreign exchange contracts, interest rate swaps, cross currency swaps and commodity futures contracts to hedge certain exposures [Note 24]. The Group does not trade in these derivatives other than disclosed in Note 24.

Whilst all derivatives entered provide economic hedges to the Group, certain derivatives do not qualify for the application of hedge accounting under the specific rules in FRS 139. Changes in the fair value of these derivatives are recognised in profit or loss, while changes in the fair value of those derivatives that qualify for cash flow hedge accounting are recognised in other comprehensive income.

Details of each financial risk are as follows:

## i. Foreign currency risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by subsidiaries. During the financial year, the Group's revenue was transacted in the following currencies:

2012	Functional currency	Other than functional currency	Total revenue
<b>Transacted currency</b>			
Ringgit Malaysia	11,657.6	-	11,657.6
United States dollar	17.5	5,340.0	5,357.5
Indonesian rupiah	2,714.4	-	2,714.4
Singapore dollar	4,100.0	0.4	4,100.4
Chinese renminbi	6,863.9	-	6,863.9
Hong Kong dollar	2,198.8	-	2,198.8
Australian dollar	7,819.6	0.3	7,819.9
Other currencies	6,664.2	225.6	6,889.8
	42,036.0	5,566.3	47,602.3

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**i. Foreign currency risk (continued)**

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by subsidiaries. During the financial year, the Group's revenue was transacted in the following currencies: (continued)

2011	Functional currency	Other than functional currency	Total revenue
<b>Transacted currency</b>			
Ringgit Malaysia	10,312.4	20.3	10,332.7
United States dollar	9.4	3,476.6	3,486.0
Indonesian rupiah	2,866.0	-	2,866.0
Singapore dollar	3,513.1	28.8	3,541.9
Chinese renminbi	6,838.4	-	6,838.4
Hong Kong dollar	2,079.8	-	2,079.8
Australian dollar	6,476.3	0.6	6,476.9
Other currencies	6,184.6	52.5	6,237.1
	38,280.0	3,578.8	41,858.8

Where the transacted currencies differ from the subsidiaries' functional currency, the Group is exposed to currency risk. The risk also extends to purchases denominated in currency other than the subsidiaries' functional currency.

Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. Otherwise, the Group enters into forward foreign exchange contracts to limit its exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies. These derivatives are normally contracted through centralised treasury in order to achieve the benefits of netting within the Group and to manage the cost of hedging effectively.

The Group also enters into a cross currency swap contract to swap a subsidiary's USD borrowings into AUD, which is its functional currency to reduce the Group's exposure from adverse fluctuations in foreign currency.

The percentages of receivables and payables denominated in currency other than functional currency covered by forward foreign exchange contracts as at end of the reporting period are as follows:

	Group	
	2012	2011
Monetary items denominated in currency other than functional currency		
- receivables	1,349.4	812.3
- payables	1,124.5	915.6
Forward foreign exchange contracts		
- receivables	1,155.5	550.5
- payables	829.3	470.5
Percentage covered (%)		
- receivables	85.6	67.8
- payables	73.7	51.4

## Financial Statements

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**i. Foreign currency risk (continued)**

Currency profile of monetary financial assets and financial liabilities are as follows:

Group	Denominated in		
	United States dollar	Australian dollar	Chinese renminbi
<b>2012</b>			
Available-for-sale investments (debt instruments)	-	-	-
Receivables (net)	1,185.1	-	-
Cash held under Housing Development Accounts	-	-	-
Bank balances, deposits and cash	326.8	45.4	70.7
Borrowings	(2,232.3)	-	-
Payables	(746.8)	(0.5)	(0.2)
	<b>(1,467.2)</b>	<b>44.9</b>	<b>70.5</b>
<b>2011</b>			
Available-for-sale investments (debt instruments)	-	-	-
Receivables (net)	781.7	0.3	-
Cash held under Housing Development Accounts	-	-	-
Bank balances, deposits and cash	460.8	36.9	74.5
Borrowings	(604.0)	-	-
Payables	(727.4)	(2.3)	(3.3)
	<b>(88.9)</b>	<b>34.9</b>	<b>71.2</b>

All monetary items of the Company are denominated in Ringgit Malaysia, the functional currency of the Company.

## Financial Statements

## other than functional currencies

European Union euro	New Zealand dollar	Singapore dollar	Others	Denominated in functional currencies	Total
-	-	-	-	4.0	4.0
146.4	-	0.3	17.6	6,024.8	7,374.2
-	-	-	-	540.9	540.9
2.7	-	3.7	2.1	4,113.3	4,564.7
-	-	-	-	(7,571.1)	(9,803.4)
(319.7)	-	(3.8)	(53.5)	(8,352.1)	(9,476.6)
(170.6)	-	0.2	(33.8)	(5,240.2)	(6,796.2)
-	-	-	-	5.0	5.0
-	-	1.0	29.3	4,493.2	5,305.5
-	-	-	-	616.4	616.4
21.9	34.2	45.0	9.1	4,228.9	4,911.3
-	-	-	-	(6,458.4)	(7,062.4)
(139.0)	-	(5.7)	(37.9)	(7,657.2)	(8,572.8)
(117.1)	34.2	40.3	0.5	(4,772.1)	(4,797.0)

## Financial Statements

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**i. Foreign currency risk (continued)**

The following table illustrates the effect of changes in exchange rate on the translation of foreign currency monetary items against the functional currency at end of the reporting period, both before and after taking into account the hedge instruments. If the major currencies strengthened by the following percentage at the end of the reporting period, the Group's profit before tax will improve/(decline) by:

2012	Strengthened by	Net monetary items	Hedged	Open position	Impact on profit before tax	
					Before hedge	After hedge
<b>Major currency</b>						
United States dollar	5%	(1,467.2)	840.4	(626.8)	(73.4)	(31.3)
Chinese renminbi	5%	70.5	–	70.5	3.5	3.5
European Union euro	5%	(170.6)	102.0	(68.6)	(8.5)	(3.4)
<b>2011</b>						
<b>Major currency</b>						
United States dollar	5%	(88.9)	(119.2)	(208.1)	(4.4)	(10.4)
Chinese renminbi	5%	71.2	–	71.2	3.6	3.6
European Union euro	5%	(117.1)	23.2	(93.9)	(5.9)	(4.7)

Included in the net monetary items are foreign currency denominated bank balances, deposits and cash and borrowings. The Group does not hedge these items except for term loans amounting to USD400 million obtained in the current financial year.

A similar percentage decrease in the exchange rate would have an equal but opposite effect. Changes in exchange rate will also result in changes to the fair value of forward foreign exchange contracts used to hedge forecast transactions. No sensitivity is performed as the Group's exposure in those contracts is limited.

**ii. Interest rate risk**

The Group is exposed to interest rate risk as a result of interest bearing financial assets and financial liabilities. Interest rate exposure which arises from certain of the Group's borrowings is managed through the use of fixed and floating rate debt and derivatives. Derivatives are used, where appropriate, to generate the desired interest rate profile.

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**ii. Interest rate risk (continued)**

The percentages of fixed rate borrowings, both before and after taking into account the interest rate swap (IRS) contracts, to the total borrowings as at end of the reporting period are as follows:

	Group		Company	
	2012	2011	2012	2011
Total borrowings	<b>9,803.4</b>	7,062.4	<b>3,350.0</b>	3,200.0
Fixed rate borrowings	<b>2,650.0</b>	2,512.4	<b>2,650.0</b>	2,500.0
Floating rate borrowings (swapped to fixed)	<b>1,674.2</b>	1,857.4	-	-
Total fixed rate borrowings after swap	<b>4,324.2</b>	4,369.8	<b>2,650.0</b>	2,500.0
Percentage of fixed rate borrowings over total borrowings				
- before swap (%)	<b>27.0</b>	35.6	<b>79.1</b>	78.1
- after swap (%)	<b>44.1</b>	61.9	<b>79.1</b>	78.1

As at 30 June 2012, the Group's and the Company's floating rate borrowings stood at RM7,153.4 million (2011: RM4,550.0 million) and RM700.0 million (2011: RM700.0 million) respectively. The following table demonstrates the effect of changes in interest rate of floating rate borrowings, both before and after taking into account the interest rate swap contracts mentioned in the preceding paragraph. If the interest rate increased by 1% in the following currencies of borrowings, the Group's and Company's profit before tax and hedging reserve will be higher/(lower) by:

2012	Group		Company	
	Before IRS	After IRS	Before IRS	After IRS
<b>Profit before tax</b>				
- Ringgit Malaysia	(21.7)	(21.7)	(7.0)	(7.0)
- Australian dollar	(9.3)	(9.3)	-	-
- United States dollar	(33.1)	(16.4)	-	-
<b>Hedging reserve</b>				
- United States dollar	-	3.2	-	-
<b>2011</b>				
<b>Profit before tax</b>				
- Ringgit Malaysia	(15.8)	(15.8)	(7.0)	(7.0)
- Australian dollar	(5.8)	(5.8)	-	-
- United States dollar	(19.9)	(1.3)	-	-
<b>Hedging reserve</b>				
- United States dollar	-	10.9	-	-

A 1% decrease in interest rate would have an equal but opposite effect.

## Financial Statements

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**iii. Credit risk**

Credit risk arises on sales made on credit terms, derivatives with positive fair value, deposits with banks, guarantees and performance guarantees given on behalf of others and risk sharing arrangement.

The Group seeks to control credit risk by dealing with counterparties with appropriate credit histories and deposit with banks and financial institutions with good credit ratings. Third party agencies' ratings are considered, if available. In addition, the customers' most recent financial statements, payment history and other relevant information are considered in the determination of credit risk. Counterparties are assessed at least annually and more frequently when information on significant changes in their financial position becomes known. Credit terms and limit are set based on this assessment. Where appropriate, guarantees or securities are obtained to limit credit risk. Sales to trade customers are usually suspended when earlier amounts are overdue exceeding 180 days.

The maximum exposure and collateral and credit enhancements as at end of the reporting period are as follows:

2012	Group		Company	
	Maximum exposure	Collateral and credit enhancement	Maximum exposure	Collateral and credit enhancement
Receivables	7,739.9	838.1	10,093.5	-
Derivatives	31.8	-	-	-
Cash held under Housing Development Accounts	540.9	-	-	-
Bank balances, deposits and cash	4,564.7	-	315.1	-
Guarantees in respect of credit facilities granted to:				
- certain subsidiaries	-	-	3,621.6	-
- a jointly controlled entity, associates and others	144.7	-	-	-
Risk sharing arrangement	89.8	-	-	-
	<b>13,111.8</b>	<b>838.1</b>	<b>14,030.2</b>	<b>-</b>
<b>2011</b>				
Receivables	5,786.1	760.7	3,217.1	-
Derivatives	175.9	-	-	-
Cash held under Housing Development Accounts	616.4	-	-	-
Bank balances, deposits and cash	4,911.3	-	346.9	-
Guarantees in respect of credit facilities granted to:				
- certain subsidiaries	-	-	2,891.4	-
- a jointly controlled entity, associates and others	153.3	-	-	-
Risk sharing arrangement	223.6	-	-	-
	<b>11,866.6</b>	<b>760.7</b>	<b>6,455.4</b>	<b>-</b>

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**iii. Credit risk (continued)**

Included in the collateral and credit enhancement of the Group's receivables is a netting arrangement with a Group's creditor to the sum of RM108.3 million (2011: RM148.0 million). Collaterals are mainly in the form of letter of credits, end-financing arrangements, guarantees from reputable banks and deposits of cash from customers.

The Group has a risk sharing arrangement with a third party leasing company which is a member of our principal vendor, in connection with the sale of its equipment whereby the Group guarantees the payment of its customers under the lease agreement up to a pre-determined amount. As at 30 June 2012, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM89.8 million (2011: RM250.1 million), of which RM23.6 million (2011: RM23.0 million) has been provided for based on the average default rate from the Group's past experience.

The credit risks concentration profile of the Group's net trade receivables analysed by country where the Group operates and by reportable segment at the end of the reporting date are as follows:

<b>Group 2012</b>	<b>Plantation</b>	<b>Property</b>	<b>Industrial</b>	<b>Motors</b>	<b>Energy &amp; Utilities</b>	<b>Healthcare</b>	<b>Others</b>	<b>Total</b>
Malaysia	546.0	669.8	203.4	168.2	422.9	33.4	29.0	2,072.7
Indonesia	14.6	-	-	-	-	-	-	14.6
Singapore	27.8	1.0	184.9	34.0	37.2	-	8.2	293.1
Other countries in South East Asia	128.3	0.3	6.8	28.3	55.5	-	-	219.2
China	-	-	237.8	70.7	12.8	-	11.5	332.8
Australasia	-	1.3	1,493.2	148.0	-	-	-	1,642.5
Europe	294.2	0.3	-	-	-	-	-	294.5
Other countries	86.0	-	-	-	-	-	-	86.0
	<b>1,096.9</b>	<b>672.7</b>	<b>2,126.1</b>	<b>449.2</b>	<b>528.4</b>	<b>33.4</b>	<b>48.7</b>	<b>4,955.4</b>
<b>In percentage</b>								
Malaysia	11.0	13.5	4.1	3.4	8.5	0.7	0.6	41.8
Indonesia	0.3	-	-	-	-	-	-	0.3
Singapore	0.6	-	3.8	0.7	0.8	-	0.1	6.0
Other countries in South East Asia	2.6	-	0.1	0.6	1.1	-	-	4.4
China	-	-	4.8	1.4	0.3	-	0.2	6.7
Australasia	-	0.1	30.1	3.0	-	-	-	33.2
Europe	5.9	-	-	-	-	-	-	5.9
Other countries	1.7	-	-	-	-	-	-	1.7
	<b>22.1</b>	<b>13.6</b>	<b>42.9</b>	<b>9.1</b>	<b>10.7</b>	<b>0.7</b>	<b>0.9</b>	<b>100.0</b>



## Financial Statements

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**iii. Credit risk (continued)**

The credit risks concentration profile of the Group's net trade receivables analysed by country where the Group operates and by reportable segment at the end of the reporting date are as follows: (continued)

<b>Group 2011</b>	<b>Plantation</b>	<b>Property</b>	<b>Industrial</b>	<b>Motors</b>	<b>Energy &amp; Utilities</b>	<b>Healthcare</b>	<b>Others</b>	<b>Total</b>
Malaysia	398.0	617.1	214.2	211.5	129.1	30.4	7.6	1,607.9
Indonesia	11.2	-	-	-	-	-	-	11.2
Singapore	20.3	2.5	162.4	24.5	30.4	-	13.5	253.6
Other countries in South East Asia	121.0	-	-	14.2	49.5	-	2.3	187.0
China	-	8.6	229.5	45.1	19.2	-	18.6	321.0
Australasia	-	0.6	934.2	154.0	-	-	-	1,088.8
Europe	298.8	0.8	-	-	-	-	-	299.6
Other countries	148.7	-	-	-	-	-	1.3	150.0
	<b>998.0</b>	<b>629.6</b>	<b>1,540.3</b>	<b>449.3</b>	<b>228.2</b>	<b>30.4</b>	<b>43.3</b>	<b>3,919.1</b>
<b>In percentage</b>								
Malaysia	10.2	15.7	5.5	5.4	3.2	0.8	0.2	41.0
Indonesia	0.3	-	-	-	-	-	-	0.3
Singapore	0.5	0.1	4.1	0.7	0.8	-	0.3	6.5
Other countries in South East Asia	3.1	-	-	0.3	1.3	-	0.1	4.8
China	-	0.2	5.9	1.1	0.5	-	0.5	8.2
Australasia	-	-	23.8	4.0	-	-	-	27.8
Europe	7.6	-	-	-	-	-	-	7.6
Other countries	3.8	-	-	-	-	-	-	3.8
	<b>25.5</b>	<b>16.0</b>	<b>39.3</b>	<b>11.5</b>	<b>5.8</b>	<b>0.8</b>	<b>1.1</b>	<b>100.0</b>

The highest percentage of concentration of Group's net trade receivables as at 30 June 2012 was 30.1% (2011 : 23.8%) in the Industrial segment in Australasia. The customer base in this sector comprised a few large customers involved in the mining sector.

The Company has no significant concentration of credit risks except for loans to its subsidiaries where risk of default has been assessed to be low.

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**iv. Liquidity and cash flow risk**

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting financial obligations when it falls due. The Group maintains a prudent borrowing policy which is aimed towards maintaining sufficient cash for all cash flow requirements, managing debt and investment portfolio within the relevant time buckets to maturity, obtaining a diverse range of funding sources, and keeping an adequate amount of credit facilities to provide an ample liquidity cushion. Cash projections is another key element for effective management of liquidity risk to ensure requirements are identified as early as possible and net liability exposures are appropriately managed.

The Group maintains centralised treasury functions where all strategic funding requirements are managed. The main source of financing for the Group is internally generated cash flows from operations under the respective group companies. The centralised treasury generally manages cash for the Group at corporate level, and has primary responsibility to provide funding to companies throughout the Group and assists the respective group companies to seek financing from its local banks when it is most appropriate to do so. In light of the current market conditions, the Group monitors funding options available in the capital markets, and will tap the market at the appropriate time under its existing RM4.5 billion Islamic Medium Term Notes and Islamic Commercial Papers Programme.

As at 30 June 2012, the Group has total cash and cash equivalents of RM5,105.6 million (2011 : RM5,527.7 million) which includes cash held for working capital and identified capital expenditure requirements and restricted cash.

The undiscounted contractual cash flows of the Group's and the Company's financial liabilities at the end of the reporting date are as follows:

<b>Group 2012</b>	<b>On demand or within 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Above 5 years</b>	<b>Total contractual cash flows</b>	<b>Total carrying amount</b>
Payables	9,476.6	-	-	-	9,476.6	9,476.6
Borrowings						
- principal	5,872.6	180.0	2,620.7	1,130.1	9,803.4	9,803.4
- interest	308.7	139.1	284.7	46.9	779.4	-
Derivatives						
- net settled	19.8	48.4	-	-	68.2	68.2
- gross settled	92.9	4.3	-	-	97.2	97.2
	<b>15,770.6</b>	<b>371.8</b>	<b>2,905.4</b>	<b>1,177.0</b>	<b>20,224.8</b>	<b>19,445.4</b>
<b>2011</b>						
Payables	8,572.8	-	-	-	8,572.8	8,572.8
Borrowings						
- principal	3,054.9	2,145.8	777.5	1,084.2	7,062.4	7,062.4
- interest	246.6	116.1	200.8	22.6	586.1	-
Derivatives						
- net settled	54.0	22.1	-	-	76.1	76.1
- gross settled	23.2	-	-	-	23.2	23.2
	<b>11,951.5</b>	<b>2,284.0</b>	<b>978.3</b>	<b>1,106.8</b>	<b>16,320.6</b>	<b>15,734.5</b>

## Financial Statements

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**iv. Liquidity and cash flow risk (continued)**

The undiscounted contractual cash flows of the Group's and the Company's financial liabilities at the end of the reporting date are as follows: (continued)

Company 2012	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total contractual cash flows	Total carrying amount
Payables	127.9	-	-	-	127.9	127.9
Borrowings						
- principal	1,650.0	-	1,700.0	-	3,350.0	3,350.0
- interest	107.4	78.2	127.6	-	313.2	-
	<b>1,885.3</b>	<b>78.2</b>	<b>1,827.6</b>	<b>-</b>	<b>3,791.1</b>	<b>3,477.9</b>
<b>2011</b>						
Payables	1,053.5	-	-	-	1,053.5	1,053.5
Borrowings						
- principal	1,200.0	300.0	700.0	1,000.0	3,200.0	3,200.0
- interest	107.6	82.2	184.5	18.0	392.3	-
	<b>2,361.1</b>	<b>382.2</b>	<b>884.5</b>	<b>1,018.0</b>	<b>4,645.8</b>	<b>4,253.5</b>

**v. Price risk**

The Group through its subsidiaries is exposed to securities price risk on its available-for-sale investments and commodity price risk due to fluctuations in crude palm oil futures prices.

The performance of available-for-sale investments are monitored regularly taking into account their relevance to the Group's long term strategic plans. If the price of available-for-sale investments increased by 10%, the available-for-sale reserves would have been higher by RM11.2 million (2011: RM11.9 million) and correspondingly, a 10% decrease would result in lower available-for-sale reserves by RM11.2 million (2011: RM11.9 million).

The Group enters into commodity futures contract to minimise exposure to adverse movements in crude palm oil prices. Certain contracts are entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's expected purchase, sale or usage requirements. Other contracts that are not held for the purpose of physical delivery are shown in Note 24. If the price of the commodity increased by 10%, the Group's profit before tax will be higher by RM0.3 million (2011: Nil) due to changes in fair value of those contracts not held for purpose of physical delivery. A 10% decrease in the price of the commodity would have an equal but opposite effect.

**d. Financial instruments measured at fair value**

In estimating the financial instruments carried at fair value, there are, in general, three different levels which can be defined as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Valuation inputs (other than level 1 input) that are observable for the asset or liability, either directly or indirectly
- Level 3 - Valuation inputs that are not based on observable market data

**47. Financial Instruments (continued)****d. Financial instruments measured at fair value (continued)**Available-for-sale investments

If there are quoted market prices in active markets, these are considered Level 1. If such quoted market prices are not available, fair value are determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category. It is classified into the Level 3 category if significant unobservable inputs are used.

Derivatives

The fair values of derivative are determined using quoted price of identical instruments from an active market, if available (Level 1). If quoted prices are not available, price quoted for similar instruments, appropriately adjusted, or present value techniques, based on available market data, or option pricing models are used. The fair values obtained using price quotes for similar instruments or valuation techniques represent a Level 2 input unless significant unobservable inputs are used, which would result in Level 3 valuation methods.

The following table presents the Group's financial assets and liabilities that are measured at fair value as at end of the reporting period into three different levels as defined above:

<b>Group 2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Available-for-sale investments	<b>37.1</b>	<b>20.0</b>	<b>54.7</b>	<b>111.8</b>
Derivatives				
- forward foreign exchange contracts	-	<b>29.9</b>	-	<b>29.9</b>
- commodity futures contracts	-	<b>1.9</b>	-	<b>1.9</b>
	<b>37.1</b>	<b>51.8</b>	<b>54.7</b>	<b>143.6</b>
<b>Financial liabilities</b>				
Derivatives				
- forward foreign exchange contracts	-	<b>(97.2)</b>	-	<b>(97.2)</b>
- interest rate swap contracts	-	<b>(19.8)</b>	-	<b>(19.8)</b>
- cross currency swap contract	-	<b>(48.4)</b>	-	<b>(48.4)</b>
	-	<b>(165.4)</b>	-	<b>(165.4)</b>
<b>2011</b>				
<b>Financial assets</b>				
Available-for-sale investments	48.6	22.2	54.7	125.5
Derivatives				
- forward foreign exchange contracts	-	175.9	-	175.9
	48.6	198.1	54.7	301.4
<b>Financial liabilities</b>				
Derivatives				
- forward foreign exchange contracts	-	(23.2)	-	(23.2)
- interest rate swap contracts	-	(76.1)	-	(76.1)
	-	(99.3)	-	(99.3)

The Company's financial assets and liabilities as at the reporting date are measured at amortised cost.

## Financial Statements

**47. Financial Instruments (continued)****d. Financial instruments measured at fair value (continued)**

Movements in the financial year for financial instruments measured using Level 3 valuation methods are as follows:

	Group	
	2012	2011
At 1 July	54.7	57.7
Impairment	-	(2.8)
Exchange differences	-	(0.2)
At 30 June	54.7	54.7

**e. Fair value of financial instruments measured at amortised cost**

The carrying amounts and fair values of non-current financial assets and liabilities measured at amortised cost at the end of the reporting period are as follows:

	Group		Company	
	Carrying amount	Fair value	Carrying Amount	Fair Value
<b>Financial assets</b>				
<b>2012</b>				
Receivables				
- trade and other receivables	132.0	132.0	-	-
- amount due from a subsidiary	-	-	1,700.0	1,700.0
- advances for plasma plantation projects	78.0	78.0	-	-
- redeemable loan stocks	232.2	219.7	-	-
	232.2	219.7	-	-
<b>2011</b>				
Receivables				
- trade and other receivables	119.9	119.9	-	-
- amount due from a subsidiary	-	-	2,000.0	2,000.0
- advances for plasma plantation projects	38.4	38.4	-	-
- redeemable loan stocks	217.1	208.6	-	-
	217.1	208.6	-	-
<b>Financial liabilities</b>				
<b>2012</b>				
Borrowings				
- term loans	2,230.8	2,230.8	-	-
- Islamic Medium Term Notes	1,700.0	1,759.7	1,700.0	1,759.7
	1,700.0	1,759.7	1,700.0	1,759.7
<b>2011</b>				
Borrowings				
- term loans	2,007.5	2,007.5	-	-
- Islamic Medium Term Notes	2,000.0	2,042.6	2,000.0	2,042.6
	2,000.0	2,042.6	2,000.0	2,042.6

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.

## 48. Capital Management

### a. Capital management objectives

Capital management refers to implementing measures to maintain sufficient capital to support its businesses. The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and maximise shareholders' value. The Group is committed towards optimising its capital structure, to ensure competitive cost of capital. Implementation of optimal capital structure includes balancing between debt and equity by putting in place appropriate dividend and financing policies which influence the level of debt and equity.

One of the key considerations in this regard is to maintain ready access to capital markets and to preserve the Group's ability to repay and service debt obligations over time. In this respect, the Group has strong commitment to preserve its current ratings which is currently rated MARC-1<sub>ID</sub> /AAA<sub>ID</sub> by the Malaysian Rating Corporation Berhad (MARC), which is the highest local rating in the agency's debt ratings category.

The Group total debt as at 30 June 2012 is RM9,803.4 million (2011: RM7,062.4 million). The Group uses the gearing ratio to assess the appropriateness of its debt level, hence determining its capital structure. The ratio is calculated as Total Debt divided by Total Equity. The Group's gearing ratio as at 30 June 2012 and 30 June 2011 are 0.36 and 0.28 respectively.

Given the relatively low gearing level, the Group still has the capacity to borrow for expansion, provided an acceptable level of gearing ratio is maintained in order to retain its strong credit rating. The appropriate capital structure of the Group is an important factor towards maximising shareholders' value.

### b. Externally imposed financial covenants and capital structure

The Group maintains a debt to equity ratio that complies with debt covenants and regulatory requirements in countries where the Group operates. This includes minimum capital requirements and the requirement to maintain legal reserves which are non-distributable.

## 49. Holding Companies

The Directors regard Permodalan Nasional Berhad as its immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Plantation – Subsidiaries</b>					
Chartquest Sdn Bhd	Cultivation of oil palm	Malaysia	61.1	61.1	1
Chermang Development (Malaya) Sdn Bhd	Investment holding	Malaysia	83.9	83.9	1
Consolidated Plantations Berhad	Investment holding	Malaysia	100.0	100.0	1
Eminent Platform Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Golden Hope Overseas Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Guthrie Industries Malaysia Sendirian Berhad	Cultivation of oil palm and processing of palm oil and palm kernel	Malaysia	100.0	100.0	1
Guthrie International Investments (L) Limited	Investment holding	Malaysia	100.0	100.0	1
Kumpulan Jelei Sendirian Berhad	Investment holding	Malaysia	100.0	100.0	1
Mostyn Palm Processing Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sanguine (Malaysia) Sdn Bhd	Cultivation of oil palm	Malaysia	100.0	100.0	1
Sime Darby Agri-Bio Sdn Bhd	Manufacturing of rat baits and trading of cover crop seeds, fertilisers, agrochemicals and agricultural equipment to the oil palm sector	Malaysia	100.0	100.0	1
Sime Darby Alif Food Industries Sdn Bhd	Manufacturing of food products	Malaysia	48.0	48.0	1
Sime Darby Alif Retort Pack Products Sdn Bhd	Retail and distribution of pre-packaged products	Malaysia	60.0	60.0	1
Sime Darby Austral Holdings Berhad	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Austral Sdn Bhd	Processing of palm oil and palm kernel	Malaysia	60.0	60.0	1
Sime Darby Beverages Sdn Bhd	Guava cultivation, processing and sale of pink guava puree and juice	Malaysia	100.0	100.0	1
Sime Darby Biodiesel Sdn Bhd	Production of biodiesel and its related products	Malaysia	100.0	100.0	1
Sime Darby Biotech Laboratories Sdn Bhd	Research and cloning of oil palm tissue culture	Malaysia	100.0	100.0	1
Sime Darby Bukit Talang Sdn Bhd	Processing and sale of palm oil and palm kernel	Malaysia	100.0	100.0	1
Sime Darby Consulting Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Plantation – Subsidiaries (continued)</b>					
Sime Darby Foods & Beverages Marketing Sdn Bhd	Distribution and marketing of Halal food products for both retail and food services	Malaysia	100.0	100.0	1
Sime Darby Futures Trading Sdn Bhd	Trading of crude palm oil and palm oil related products	Malaysia	100.0	100.0	1
Sime Darby Jomalina Sdn Bhd	Palm oil and palm kernel oil refining, trading and tolling services	Malaysia	100.0	100.0	1
Sime Darby Kempas Sdn Bhd	Palm oil and palm kernel oil refining and fractionation; and manufacturing and marketing of specialty and end user fats	Malaysia	100.0	100.0	1
Sime Darby Latex Sdn Bhd	Processing and sale of latex and other rubber related products	Malaysia	100.0	100.0	1
Sime Darby Oils & Fats Sdn Bhd	Distribution and marketing of palm oil and palm oil related products	Malaysia	100.0	60.0	1
Sime Darby Pecconina Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Plantation (Sabah) Sdn Bhd	Cultivation of oil palm and processing of palm oil and palm kernel	Malaysia	100.0	100.0	1
Sime Darby Plantation (Sarawak) Sdn Bhd	Cultivation of oil palm and processing of palm oil and palm kernel	Malaysia	100.0	100.0	1
Sime Darby Plantation Indonesia Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Plantation Investment (Cameroon) Sdn Bhd (formerly known as Kumpulan Ladang-Ladang Rajawali Sendirian Berhad)	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Plantation Sdn Bhd	Production, processing and sale of palm oil, palm kernel, rubber and other palm oil and rubber related products and investment holding	Malaysia	100.0	100.0	1
Sime Darby Plantation Thailand Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1



## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Plantation – Subsidiaries (continued)</b>					
Sime Darby Research Sdn Bhd	Research and development work in relation to tropical agriculture	Malaysia	100.0	100.0	1
Sime Darby Seeds & Agricultural Services Sdn Bhd	Provision of agricultural research and advisory services and production and sale of oil palm seeds	Malaysia	100.0	100.0	1
Sime Darby Technology Centre Sdn Bhd	Research and development in biotechnology and agriculture	Malaysia	100.0	100.0	1
Sime Darby Turf Sdn Bhd	Planting and selling of turf grass	Malaysia	100.0	100.0	1
The China Engineers (Malaysia) Sdn Bhd	Cultivation of oil palm and processing of palm oil and palm kernel	Malaysia	100.0	100.0	1
Vertical Drive Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Wangsa Mujur Sdn Bhd	Cultivation of oil palm and processing of palm oil and palm kernel	Malaysia	72.5	72.5	1
PT Aneka Intipersada	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Aneka Sawit Lestari	Production and sale of oil palm planting materials	Indonesia	100.0	–	2
PT Anugerah Sumbermakmur	Investment holding	Indonesia	100.0	100.0	2
PT Ascripta Indah	Investment holding	Indonesia	90.0	90.0	2
PT Bahari Gembira Ria	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	99.0	99.0	2
PT Bersama Sejahtera Sakti	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	91.1	91.1	2
PT Bhumireksa Nusasejati	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Bina Sains Cemerlang	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Budidaya Agro Lestari	Cultivation of oil palm	Indonesia	100.0	100.0	2
PT Golden Hope Nusantara	Palm oil refinery	Indonesia	100.0	100.0	2
PT Guthrie Pecconina Indonesia	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Plantation – Subsidiaries (continued)</b>					
PT Indo Sukses Lestari Makmur	Forestry business and development of industrial plant forest and rubber tapping	Indonesia	95.0	–	2
PT Indotruba Tengah	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	50.0	50.0	2
PT Kartika Inti Perkasa	Investment holding	Indonesia	60.0	60.0	2
PT Kridatama Lancar	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Ladangrumpun Suburabadi	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Laguna Mandiri	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	88.6	88.6	2
PT Lahan Tani Sakti	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Langgeng Muaramakmur	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Minamas Gemilang	Investment holding	Indonesia	100.0	100.0	2
PT Mitral Austral Sejahtera	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	65.0	65.0	2
PT Muda Perkasa Sakti	Investment holding	Indonesia	100.0	100.0	2
PT Padang Palma Permai	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	75.5	75.5	2
PT Paripurna Swakarsa	Cultivation of oil palm	Indonesia	93.5	93.5	2
PT Perkasa Subur Sakti	Processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Perusahaan Perkebunan Industri dan Niaga Sri Kuala	Cultivation of oil palm	Indonesia	75.5	75.5	2
PT Sajang Heulang	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Sandika Natapalma	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Plantation – Subsidiaries (continued)</b>					
PT Sime Agri Bio	Import and wholesale trading of agricultural equipment and other agricultural products	Indonesia	100.0	100.0	2
PT Sime Indo Agro	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Sritijaya Abaditama	Investment holding	Indonesia	60.0	60.0	2
PT Swadaya Andika	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Tamaco Graha Krida	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	90.0	90.0	2
PT Teguh Sempurna	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Tunggal Mitra Plantations	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	60.0	60.0	2
Kwang Joo Seng (Malaysia) Private Limited	Royalty and rental income	Singapore	100.0	100.0	2
Sime Darby Edible Products Limited	Refining and marketing of edible oils and palm oil related products and surfactant	Singapore	100.0	100.0	2
Sime Darby Plantation Europe Ltd	Investment holding	Singapore	100.0	100.0	2
Sime Darby Plantation Investment (Liberia) Private Limited	Investment holding	Singapore	100.0	100.0	2
Rizhao Sime Darby Oils & Fats Co Ltd	Refining, storage and marketing of palm oil and related products	China	100.0	60.0	2
Sime Darby China Oils & Fats Company Limited	Investment holding	Hong Kong SAR	100.0	60.0	2
Sime Darby Hong Kong Nominees Limited	Holding investments as a nominee	Hong Kong SAR	100.0	100.0	2
Sime Darby International Investments Limited	Investment holding	Cayman Islands	100.0	100.0	5
Sime Darby Plantation Holdings (Asia Pacific)	Investment holding	Cayman Islands	100.0	100.0	5
Sime Darby Plantation Holdings (Cayman Islands)	Investment holding	Cayman Islands	100.0	100.0	5

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Plantation – Subsidiaries (continued)</b>					
Sime Darby Plantation (Deutschland) GmbH	Investment holding	Germany	100.0	100.0	3
Sime Darby Edible Products India Private Limited	Manufacturing and trading in edible oil and fats and other by-products thereof	India	100.0	100.0	4
Sime Darby Plantation (Liberia) Inc	Cultivation of oil palm and rubber and processing of rubber	Liberia	100.0	100.0	2
Sime Darby Investments (Europe) S.à.r.l	Investment holding	Luxembourg	100.0	100.0	3
Golden Hope Overseas Capital	Investment holding	Mauritius	100.0	100.0	2
Mulligan International BV	Investment holding	Netherlands	100.0	100.0	5
Sime Darby CleanerG BV	Production of biodiesel from vegetable oils	Netherlands	100.0	100.0	2
Sime Darby Netherlands BV	Investment holding	Netherlands	100.0	100.0	2
Sime Darby Unimills BV	Refining and modification of vegetable oils	Netherlands	100.0	100.0	2
Sime Darby Hudson And Knight (Proprietary) Limited	Refining and marketing of edible oils and fats	South Africa	100.0	100.0	2
Morakot Industries Public Company Limited	Manufacturing and distribution of vegetable oils	Thailand	99.9	99.9	2
Sime-Morakot Holdings (Thailand) Limited	Investment holding	Thailand	100.0	100.0	2
The China Engineers (Thailand) Limited	Investment holding	Thailand	99.9	99.9	2
Golden Hope–NhaBe Edible Oils Co Ltd	Refining of edible oil	Vietnam	51.0	51.0	2
<b>Plantation – Jointly controlled entities</b>					
Emery Aekyung Sdn Bhd	Production and trading in oleochemicals	Malaysia	35.0	35.0	3
Emery Oleochemicals (M) Sdn Bhd	Production of oleochemical and its derivatives	Malaysia	50.0	50.0	3
Emery Oleochemicals Rika (M) Sdn Bhd	Production of fatty alcohols	Malaysia	27.5	27.5	3
Emery Oleochemicals Trading (Shanghai) Co Limited	Trading in oleochemicals	China	50.0	50.0	3
Guangzhou Keylink Chemicals Co Ltd	Manufacture and distribution of surface active agents	China	43.5	43.5	3
Emery Oleochemicals (HK) Limited	Investment holding and trading in oleochemicals	Hong Kong SAR	50.0	50.0	3

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Plantation – Jointly controlled entities (continued)</b>					
Emery Importacao eComercio Oleoquimica Ltda	Trading in oleochemicals	Brazil	50.0	50.0	3
Emery Oleochemicals Canada Ltd	Trading in oleochemicals	Canada	50.0	50.0	3
Emery Oleochemicals GmbH	Production and trading in oleochemicals	Germany	50.0	50.0	3
Emery Oleochemicals Japan Ltd	Trading in oleochemicals	Japan	50.0	50.0	3
Emery Oleochemicals UK Limited	Investment holding and trading in oleochemical products	United Kingdom	50.0	50.0	3
Emery Oleochemicals LLC	Production and trading in oleochemical products	United States of America	50.0	50.0	3
<b>Plantation – Associates</b>					
Barlow Bulking Sdn Bhd	Bulking and marketing facilities to edible oil producers and millers	Malaysia	32.0	32.0	3
Nescaya Maluri Sdn Bhd	Investment holding and quarry business	Malaysia	40.0	40.0	3
Tenom Crumb Sdn Bhd	Processing of latex	Malaysia	49.0	49.0	3
Muang Mai Guthrie Public Co Ltd	Processing and distribution of rubber	Thailand	49.0	49.0	3
<b>Property – Subsidiaries</b>					
Genting View Resort Development Sdn Bhd	Property development and provision of management services	Malaysia	30.4	30.4	1
Golfhome Development Sdn Bhd	Property investment and development	Malaysia	100.0	100.0	1
Golftek Development Sdn Bhd	Property investment and development	Malaysia	100.0	100.0	1
Harvard Golf Resort (Jerai) Berhad	Operation of a golf course	Malaysia	99.0	99.0	1
Harvard Hotel (Jerai) Sdn Bhd	Operation of a hotel	Malaysia	100.0	100.0	1
Harvard Jerai Development Sdn Bhd	Property investment and development	Malaysia	100.0	100.0	1
Impian Golf Resort Berhad	Provision of golfing and sporting services	Malaysia	100.0	100.0	1
Ironwood Development Sdn Bhd	Property investment and development	Malaysia	100.0	100.0	1
Kuala Lumpur Golf & Country Club Berhad	Provision of golfing and sporting services and property development	Malaysia	100.0	100.0	1

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Property – Subsidiaries (continued)</b>					
Malaysia Land Development Company Berhad	Property investment, management and investment holding	Malaysia	50.7	50.7	1
Sime Darby Ainsdale Development Sdn Bhd (formerly known as Sime Darby Property (Bandar Gemilang) Sdn Bhd)	Property development	Malaysia	100.0	100.0	1
Sime Darby Ampar Tenang Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Ara Damansara Development Sdn Bhd	Property investment and development	Malaysia	100.0	100.0	1
Sime Darby Augsburg (M) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Brunfield Damansara Sdn Bhd	Property development	Malaysia	60.0	60.0	1
Sime Darby Brunfield Holding Sdn Bhd	Investment holding and property development	Malaysia	60.0	60.0	1
Sime Darby Brunfield Kenny Hills Sdn Bhd	Property development	Malaysia	60.0	60.0	1
Sime Darby Brunfield Motorworld Sdn Bhd	Property development	Malaysia	60.0	60.0	1
Sime Darby Brunfield Properties Holding Sdn Bhd	Property investment	Malaysia	60.0	60.0	1
Sime Darby Brunfield Property Sdn Bhd	Property development	Malaysia	70.0	70.0	1
Sime Darby Builders Sdn Bhd	Property development and construction	Malaysia	100.0	100.0	1
Sime Darby Building Management Services Sdn Bhd	Provision of property management services	Malaysia	100.0	100.0	1
Sime Darby Chemara Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Constant Skyline Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Construction Sdn Bhd	Property investment and construction	Malaysia	100.0	100.0	1
Sime Darby Elmina Development Sdn Bhd	Property investment and development	Malaysia	100.0	100.0	1
Sime Darby GVR Management Sdn Bhd	Resort management	Malaysia	50.7	50.7	1
Sime Darby Homes Sdn Bhd	Property investment and development	Malaysia	100.0	100.0	1

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Property – Subsidiaries (continued)</b>					
Sime Darby Industrial Park Sdn Bhd	Property investment and development	Malaysia	100.0	100.0	1
Sime Darby KLGCC Development Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Landscaping Sdn Bhd	Horticultural supplies, landscaping and design consultants and property development	Malaysia	100.0	100.0	1
Sime Darby Lukut Development Sdn Bhd	Property investment and development	Malaysia	100.0	100.0	1
Sime Darby Melawati Development Sdn Bhd	Property investment, development and management	Malaysia	100.0	100.0	1
Sime Darby Nilai Utama Sdn Bhd	Property development	Malaysia	70.0	70.0	1
Sime Darby Nominees Sendirian Berhad	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Pagoh Development Sdn Bhd (formerly known as Sime Latex Products Sdn Bhd)	Property investment	Malaysia	100.0	100.0	1
Sime Darby Paralimni Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Properties (Sabah) Sdn Bhd	Property development and investment holding	Malaysia	100.0	100.0	1
Sime Darby Properties (Selangor) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Properties Builders Sdn Bhd	General construction	Malaysia	100.0	100.0	1
Sime Darby Properties Harta Sdn Bhd	Property investment and management	Malaysia	100.0	100.0	1
Sime Darby Properties Realty Sdn Bhd	Property development, management and provision of related consultancy services	Malaysia	100.0	100.0	1
Sime Darby Property (Bestari Jaya) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Selarong) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Tunku) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Klang) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Lembah Acob) Sdn Bhd	Property development and investment	Malaysia	100.0	100.0	1

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Property – Subsidiaries (continued)</b>					
Sime Darby Property (Nilai) Sdn Bhd	Property development, investment and project management	Malaysia	100.0	100.0	1
Sime Darby Property (Subang) Sdn Bhd	Property development and investment	Malaysia	100.0	100.0	1
Sime Darby Property (Sungai Kapar) Sdn Bhd	Property development and investment	Malaysia	100.0	100.0	1
Sime Darby Property Berhad	Investment holding, property development and provision of management and advisory services	Malaysia	100.0	100.0	1
Sime Darby Property Holdings Sdn Bhd	Property investment and management	Malaysia	100.0	100.0	1
Sime Darby Property Management Sdn Bhd	Real estate and property management	Malaysia	100.0	100.0	1
Sime Darby Sungai Kantan Development Sdn Bhd	Property development and management	Malaysia	100.0	100.0	1
Sime Darby Urus Harta Sdn Bhd	Property management services	Malaysia	100.0	100.0	1
Sime Darby USJ Development Sdn Bhd	Property investment, development and construction	Malaysia	100.0	100.0	1
Sime Healthcare Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Wood Industries Sdn Bhd	Property investment and management	Malaysia	100.0	100.0	1
Stableford Development Sdn Bhd	Property investment and operation of a convention centre	Malaysia	100.0	100.0	1
Syarikat Malacca Straits Inn Sdn Bhd	Operation of hotel	Malaysia	55.0	55.0	1
Syarikat Perumahan Guthrie Sdn Bhd	Property development	Malaysia	100.0	100.0	1
The Glengowrie Rubber Company Sdn Bhd	Property investment and development	Malaysia	93.4	93.4	1
Wisma Sime Darby Sdn Berhad	Property investment and management	Malaysia	100.0	100.0	1
Darby Park (Management) Pte Ltd	Property investment, management and investment holding	Singapore	100.0	100.0	2
Darby Park (Singapore) Pte Ltd	Property investment and management	Singapore	100.0	100.0	2



## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Property – Subsidiaries (continued)</b>					
Sime Darby Property (Alexandra) Limited	Property investment and management	Singapore	100.0	100.0	2
Sime Darby Property (Amston) Pte Ltd	Investment holding and property investment	Singapore	100.0	100.0	2
Sime Darby Property (Dunearn) Limited	Property investment and management	Singapore	100.0	100.0	2
Sime Darby Property (Kilang) Limited	Property investment and management	Singapore	100.0	100.0	2
Sime Darby Property (Orange Grove) Pte Ltd	Property investment and development	Singapore	100.0	100.0	2
Sime Darby Property (Vietnam) Pte Ltd	Investment holding and property management	Singapore	100.0	100.0	2
Sime Darby Property Singapore Limited	Investment holding and property management	Singapore	100.0	100.0	2
Weifang Sime Darby Property Co Ltd	Investment holding and property development	China	-	99.9	3
Weifang Sime Darby Property Management Co Ltd	Property management	China	+	+	4
Sime Darby Property (Hong Kong) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Weifang Property Limited (formerly known as Sime Darby Property (Weifang) Limited)	Investment holding	Hong Kong SAR	-	100.0	4
OCI Management Pty Ltd	Security and landcare services	Australia	60.0	60.0	2
Sime Darby Australia Limited	Investment holding and operation of service apartment	Australia	100.0	100.0	2
Sime Darby Eagles Cove Development Pty Ltd	Property development	Australia	60.0	60.0	2
Sime Darby Hotels Pty Ltd	Operation of service apartments	Australia	100.0	100.0	2
Sime Darby Investments Pty Limited	Investment holding	Australia	100.0	100.0	2
Sime Darby Resorts Pty Ltd	Management of a resort	Australia	100.0	100.0	2
Key Access Holdings Limited	Investment holding	British Virgin Islands	100.0	100.0	5
Sime Darby Brunfield Australia Pte Ltd	Investment holding	British Virgin Islands	60.0	60.0	5
Vibernum Limited	Property investment holding	Guernsey	100.0	100.0	2
Sime Darby London Limited	Property investment holding	United Kingdom	100.0	100.0	2

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Property – Subsidiaries (continued)</b>					
Sime Darby Management Services Limited	Property management	United Kingdom	100.0	100.0	2
Darby Park (Vietnam) Limited (formerly known as Rangdong Orange Court Limited)	Development and operation of service residences	Vietnam	65.0	65.0	2
<b>Property – Jointly controlled entities</b>					
Prized Corridor Sdn Bhd	Property development	Malaysia	50.0	–	1
Sime Darby Brunfield Darby Hills Sdn Bhd	Property development	Malaysia	30.0	60.0	1
Sime Darby Sunrise Development Sdn Bhd	Property development	Malaysia	50.0	50.0	1
Sime Darby Brunfield International Limited	Investment holding	British Virgin Islands	50.0	50.0	5
<b>Property – Associates</b>					
Bitaria Sdn Bhd	Property development	Malaysia	24.0	24.0	3
Brunfield Embassyview Sdn Bhd	Property development and project management	Malaysia	30.0	30.0	3
Eastern & Oriental Berhad	Investment holding, hotel ownership and management, property investment and development and café and restaurant operations	Malaysia	29.8	–	3
Seriemas Development Sdn Bhd	Investment holding and property development	Malaysia	40.0	40.0	3
Seriemas Resort Sdn Bhd (formerly known as I&P Morib Sdn Bhd)	Property development	Malaysia	28.0	28.0	3
Shaw Brothers (M) Sdn Bhd	Property investment holding	Malaysia	36.0	36.0	1
Artesian Investments Pte Ltd	Property investment and development	Singapore	49.0	49.0	2
Bluefields Investments Pte Ltd	Property investment and development	Singapore	49.0	49.0	2
China Property Development (Holdings) Limited	Investment holding	Cayman Islands	30.4	30.4	3

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Industrial – Subsidiaries</b>					
Sime Darby Electropack Sdn Bhd	Manufacturing and assembly of generators, agricultural and industrial machinery	Malaysia	100.0	100.0	1
Sime Darby Industrial Academy Sdn Bhd	Training services	Malaysia	100.0	100.0	1
Sime Darby Industrial Holdings Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Industrial Power Sdn Bhd	Sale of generators, agricultural and industrial machinery	Malaysia	91.2	91.2	1
Sime Darby Industrial Power Systems Sdn Bhd	Assembly and packaging of generators	Malaysia	100.0	100.0	1
Sime Darby Industrial Sdn Bhd	Sale of equipment and spare parts and service support for Caterpillar business, other material handling equipment and industrial cleaners, and supply and installation of co-generation systems	Malaysia	100.0	100.0	1
Sime Darby Joy Industries Sdn Bhd	Designing and manufacturing of heat exchangers, radiators, process equipment modules, filters and separators	Malaysia	55.0	55.0	1
Sime Darby TMA Sdn Bhd	Manufacturing and assembly of tractor implements and parts, and other products	Malaysia	100.0	100.0	1
Sime Darby TMR Sdn Bhd	Reconditioning of used equipment and machinery	Malaysia	100.0	100.0	1
Sime Kubota Sdn Bhd	Assembly and distribution of Kubota range of agricultural machinery and other machinery and equipment	Malaysia	90.0	90.0	1
Site Technology Asia Pacific Sdn Bhd (formerly known as Sime Darby Tractors Realty Sdn Bhd)	Supplying Global Positioning System (GPS)/digital work site positioning and machine control for heavy and highway construction applications under SITECH brand	Malaysia	100.0	100.0	1

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Industrial – Subsidiaries (continued)</b>					
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, refurbishment of gas turbines and the sale and installation of pressure vessels	Malaysia	100.0	100.0	1
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 Industrial Singapore Pte Ltd	Investment holding	Singapore	100.0	100.0	2
Tractors Singapore Limited	Sale, rental, service and assembly of earthmoving and construction equipment and related heavy equipment and spare parts	Singapore	100.0	100.0	2
Foshan Shunde CEL Machinery Company Limited	Sale of equipment and spare parts and service support for Caterpillar business	China	100.0	100.0	2
Foshan Sime Darby Elco Power Equipment Limited	Wholesale of diesel generators and spare parts	China	100.0	–	2
Guangzhou Sime Darby SITECH Dealers Company Limited	Sale, hire and servicing of survey equipment	China	100.0	100.0	3
Sime Darby CEL Machinery (Hunan) Company Limited	Sale of equipment and spare parts and service support for Caterpillar business	China	100.0	100.0	2
Sime Darby CEL Machinery (Jiangxi) Company Limited	Sale of equipment and spare parts and service support for Caterpillar business	China	100.0	100.0	2

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Industrial – Subsidiaries (continued)</b>					
Sime Darby CEL Machinery (Xinjiang) Company Limited	Sale of equipment and spare parts and service support for Caterpillar business	China	100.0	100.0	2
Sime Darby Elco Power Equipment (Shenzhen) Limited	Distribution of Perkins engine products and spare parts and provision of after-sales services	China	100.0	100.0	2
Sime Darby Joy (Shanghai) Company Limited	Supply of process equipment and heat exchangers	China	55.0	55.0	2
Sime Darby SEM Dealer (Fujian) Limited	Sale of equipment and spare parts and service support for SEM products	China	100.0	100.0	2
Xiamen Sime Darby CEL Machinery Co Ltd	Sale of equipment and spare parts and service support for Caterpillar business	China	100.0	100.0	2
Sime Darby CEL (South China) Limited (formerly known as The China Engineers (South China) Limited)	Investment holding	Hong Kong SAR	100.0	100.0	2
Sime Darby Elco Power Systems Limited	Distribution of Perkins engine products and spare parts and provision of after-sales services	Hong Kong SAR	100.0	100.0	2
The China Engineers Limited	Sale of equipment and spare parts and service support for Caterpillar business	Hong Kong SAR	100.0	100.0	2
AC Haynes Investments Pty Ltd	Crane hire businesses	Australia	100.0	100.0	2
Austchrome Pty Ltd	Chroming and hydraulic repairs	Australia	100.0	100.0	2
DG Nominees Pty Ltd	Auto glass supplier / installer	Australia	100.0	100.0	2
Hastings Deering (Australia) Limited	Sale, rental and servicing for Caterpillar products, hardchroming and hydraulic repair	Australia	100.0	100.0	2
Haynes Mechanical Pty Ltd	Labour hire/contracting, sale of mining machinery parts, service and repair as well as crane hire businesses	Australia	100.0	100.0	2

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Industrial – Subsidiaries (continued)</b>					
Sime Darby Industrial Australia Pty Ltd	Investment holding	Australia	100.0	–	2
Sime Darby Industrial (B) Sdn Bhd	Assembly, marketing and distribution of agricultural and industrial equipment	Brunei	70.0	70.0	3
CICA Limited	Supply of industrial equipment and machinery and after-sales services	Channel Islands	100.0	100.0	3
Caltrac SAS	Sale of equipment and spare parts and service support for Caterpillar business	New Caledonia	100.0	100.0	2
SCI Sime Darby Invest NC	Property investment	New Caledonia	100.0	100.0	5
Hastings Deering (PNG) Limited	Sale of equipment and spare parts and service support for Caterpillar business	Papua New Guinea	100.0	100.0	2
Hastings Deering (Solomon Islands) Limited	Sale of equipment and spare parts and service support for Caterpillar business	Solomon Islands	100.0	100.0	3
CICA Vietnam Company Limited	Provision of consultancy and services in connection with installation, operation, repair and maintenance of industrial machines, equipment and vehicles	Vietnam	100.0	100.0	2
<b>Industrial – Jointly controlled entities</b>					
Terberg Tractors Malaysia Sdn Bhd	Marketing, distributing and servicing Terberg terminal tractors	Malaysia	50.0	50.0	1
Wilpena Pty Limited	Sale of Caterpillar equipment and spare parts and service support for projects	Australia	50.0	50.0	5
<b>Industrial – Associates</b>					
Caterpillar Financial Services Malaysia Sdn Bhd	Provision of lease and hire purchase facilities	Malaysia	–	40.0	1
Apac Energy Rental Pte Ltd	Rental of industrial machines and equipment	Singapore	20.0	20.0	3
FG Wilson Asia Pte Ltd	Sale and servicing of diesel generator sets	Singapore	50.0	50.0	2

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Industrial – Associates (continued)</b>					
Energy Power Systems Australia Pty Ltd	Distribution and rental of Caterpillar engine and associated products	Australia	20.0	20.0	2
Sitech Construction Systems Pty Ltd	Sale and servicing of Trimble Technology construction products	Australia	30.6	30.6	2
Ultimate Positioning Group Pty Ltd	Sale, hire and servicing of Trimble surveying equipment	Australia	29.4	29.4	2
<b>Motors – Subsidiaries</b>					
Auto Bavaria Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Ford Malaysia Sdn Bhd	Investment holding	Malaysia	51.0	51.0	1
Hyundai-Sime Darby Berhad	Investment holding	Malaysia	99.9	99.9	1
Hyundai-Sime Darby Engine Manufacturing Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Hyundai-Sime Darby Motors Sdn Bhd	Sales and distribution of passenger and light commercial vehicles and spare parts	Malaysia	100.0	100.0	1
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	Importation and distribution of motor vehicles and spare parts	Malaysia	60.0	60.0	1
Sime Darby Auto ConneXion Sdn Bhd	Distribution of motor vehicles and spare parts, retail of motor vehicles and spare parts and provision of after-sales services	Malaysia	100.0	100.0	1
Sime Darby Auto Hyundai Sdn Bhd	Sale of motor vehicles, spare parts and provision of after-sales services	Malaysia	51.0	51.0	1
Sime Darby Auto Imports Sdn Bhd	Importation of motor vehicles and spare parts	Malaysia	100.0	100.0	1
Sime Darby Auto Italia Sdn Bhd	Importation and distribution of motor vehicles and spare parts	Malaysia	100.0	100.0	1

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Motors – Subsidiaries (continued)</b>					
Sime Darby Auto Performance Sdn Bhd	Distribution and retailer of motor vehicles, spare parts, accessories and provision of after-sales services	Malaysia	70.0	70.0	1
Sime Darby Hyundai Integrated Sdn Bhd	Distribution of motor vehicles	Malaysia	51.0	51.0	1
Sime Darby Hyundai Sdn Bhd	Investment holding and importation of motor vehicles	Malaysia	51.0	51.0	1
Sime Darby Motor Division Sdn Bhd	Provision of management services and assembler and retail of motor vehicles, retail of spare parts, accessories and provision of after-sales services	Malaysia	100.0	100.0	1
Sime Darby Motors Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Rent-A-Car Sdn Bhd	Vehicle rental	Malaysia	100.0	100.0	1
Performance Motors Limited	Motor vehicles dealership	Singapore	100.0	100.0	2
Performance Premium Selection Limited	Retailer, wholesaler and exporter of used cars	Singapore	60.0	60.0	2
Sime Darby Motor Holdings Limited	Investment holding and provision of management services	Singapore	100.0	100.0	2
Sime Darby Services Private Limited	Vehicle rental	Singapore	100.0	100.0	2
Sime Singapore Limited	Investment holding	Singapore	100.0	100.0	2
Vantage Automotive Limited	Motor vehicles dealership	Singapore	100.0	100.0	2
Changsha Bow Yue Vehicle Services Co Ltd	Retail of motor vehicles and spare parts and provision of after-sales services	China	100.0	100.0	2
Chengdu Bow Yue Vehicle Co Ltd	Investment holding and retail of motor vehicles and spare parts and provision of after-sales services	China	100.0	100.0	2
Guangdong Deda Bow Ma Motor Service Co Ltd	Retail of spare parts and provision of after-sales services for motor vehicles	China	65.0	65.0	2
Guangzhou Bow Yue Vehicle Trading Co Ltd	Retail of motor vehicles and spare parts	China	100.0	100.0	2



## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Motors – Subsidiaries (continued)</b>					
Hainan Bao Yue Vehicle Trading Co Ltd	Retail of motor vehicles and spare parts	China	100.0	100.0	3
Hainan Bow Yue Vehicles Trading and Services Limited	Retail of spare parts and provision of after-sales services for motor vehicles	China	100.0	100.0	2
Hangzhou Sime Darby Motors Sales and Services Co Ltd	Retail of motor vehicles and spare parts and provision of after-sales services	China	60.0	60.0	2
Shanghai Sime Darby Motor Commerce Co Ltd	Investment holding, retail of motor vehicles and spare parts and provision of after-sales services	China	60.0	60.0	2
Shanghai Sime Darby Motor Sales and Services Company Limited	Retail of motor vehicles and spare parts and provision of after-sales services	China	60.0	60.0	2
Shantou Bow Yue Vehicle Trading Co Ltd	Retail of motor vehicles and spare parts	China	100.0	100.0	2
Shantou Dehong Bow Ma Motors Co Ltd	Retail of spare parts and provision of after-sales services for motor vehicles	China	60.0	60.0	2
Shenzhen Bow Chuang Vehicle Trading Co Ltd	Retail of motor vehicles and spare parts	China	100.0	100.0	2
Shenzhen Sime Darby Motor Enterprises Co Ltd	Retail of spare parts and provision of after-sales services for motor vehicles	China	100.0	100.0	2
Yunnan Bow Yue Vehicle Trading Co Ltd	Retail of motor vehicles and spare parts and provision of after-sales services	China	65.0	65.0	3
Yunnan Dekai Bow Ma Motors Technology & Service Co Ltd	Retail of motor vehicles and spare parts and provision of after-sales services	China	65.0	65.0	3
Auto Technology Engineering Company Limited	Distribution of injection pumps and provision of after-sales services	Hong Kong SAR	100.0	100.0	2
AutoFrance Hong Kong Limited	Distribution and retail of motor vehicles	Hong Kong SAR	100.0	100.0	2

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Motors – Subsidiaries (continued)</b>					
BMW Concessionaires (HK) Limited	Investment holding, distribution and retail of motor vehicles and provision of after-sales services	Hong Kong SAR	100.0	100.0	2
Bow Ma Motors (South China) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Goodwood Motors Limited	Distribution and retail of motor vehicles	Hong Kong SAR	100.0	100.0	2
Island Motors Limited	Distribution and retail of motor vehicles	Hong Kong SAR	100.0	100.0	2
Marksworth Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Sime Darby Management Services Limited	Provision of management services and property investment	Hong Kong SAR	100.0	100.0	2
Sime Darby Motor Group (HK) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Sime Darby Motor Group (PRC) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Sime Darby Motor Service Centre Limited	Car testing licencee	Hong Kong SAR	100.0	100.0	2
Sime Darby Motor Services Limited	Distribution and retail of motor vehicles and provision of after-sales services	Hong Kong SAR	100.0	100.0	2
Universal Cars (Importers) Limited	Distribution and retail of motor vehicles	Hong Kong SAR	100.0	100.0	2
Universal Cars Limited	Distribution and retail of motor vehicles	Hong Kong SAR	100.0	100.0	2
BMW Concessionaires (Macau) Limited	Retail of motor vehicles and provision of after-sales services	Macau SAR	100.0	100.0	2
Harper Engineering (Macau) Limited	Retail of motor vehicles and provision of after-sales services	Macau SAR	100.0	100.0	2
Sime Darby Automobiles Pty Ltd	Distribution of motor vehicles	Australia	100.0	100.0	2
Sime Darby Fleet Services Pty Ltd	Vehicle rental and related services	Australia	100.0	100.0	2
Sime Darby Motors Group (Australia) Pty Limited	Investment holding and provision of management services	Australia	100.0	100.0	2

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Motors – Subsidiaries (continued)</b>					
Sime Darby SsangYong (Australia) Pty Limited	Distribution of motor vehicles	Australia	100.0	100.0	2
Sime Darby Hong Kong Group Company Limited	Investment holding	Bermuda	100.0	100.0	5
Continental Car Services Limited	Retail 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
Hino Distributors NZ Limited	Distribution and retail of trucks	New Zealand	100.0	100.0	2
Infinity Automotive Limited	Retail 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
Motor Truck Distributors (NZ) Limited	Distribution and retail of trucks and buses	New Zealand	100.0	100.0	2
North Shore Motor Holdings Limited	Retail of new and used passenger cars, spare parts and accessories and the provision of related services	New Zealand	100.0	100.0	2
Sime Darby Automobiles NZ Limited	Distribution of motor vehicles and spare parts	New Zealand	100.0	100.0	2
Sime Darby Motor Group (NZ) Limited	Investment holding	New Zealand	100.0	100.0	2
Truck Investments Limited	Investment holding	New Zealand	100.0	100.0	2
Truck Stops (NZ) Limited	Provision of spare parts and services for trucks	New Zealand	100.0	100.0	2
UD Truck Distributors (NZ) Limited	Distribution and retail of trucks, spare parts and accessories and the provision of related services	New Zealand	100.0	100.0	2
Performance Motors (Thailand) Limited	Motor dealership	Thailand	100.0	100.0	2
Sime Darby (Thailand) Limited	Investment holding and provision of management services	Thailand	100.0	100.0	2
Sime Darby Mazda (Thailand) Limited	Motor dealership	Thailand	100.0	100.0	2

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Motors – Subsidiaries (continued)</b>					
Sime Darby Mitsu (Thailand) Limited	Leasing of properties	Thailand	100.0	100.0	2
Sime Darby Regent Motors Limited	Motor dealership	Thailand	100.0	100.0	2
Viking Motors Limited	Leasing of properties	Thailand	100.0	100.0	2
<b>Motors – Associates</b>					
BMW Malaysia Sdn Bhd	Sale and distribution of motor vehicles and motorcycles	Malaysia	49.0*	49.0*	3
Sime Kansai Paints Sdn Bhd	Manufacturing and marketing of automotive and industrial paints	Malaysia	40.0	40.0	3
Munich Automobiles Pte Ltd	Sale and distribution of motor vehicles and after-sales service	Singapore	40.0	40.0	3
BMW Financial Services Hong Kong Limited	Provision of lease and hire purchase facilities	Hong Kong SAR	49.0	49.0	3
<b>Energy &amp; Utilities – Subsidiaries</b>					
Chubb Malaysia Sendirian Berhad	Manufacturing, marketing, installation, rental and servicing of security products	Malaysia	70.0	70.0	1
Malaysian Oriental Holdings Berhad	Investment holding	Malaysia	100.0	100.0	1
Mecomb Malaysia Sdn Berhad	System integration, marketing and installation of advanced electronic and electro-mechanical equipment, instruments and systems	Malaysia	100.0	100.0	1
Port Dickson Power Berhad	Independent power producer	Malaysia	75.0	75.0	1
Sime Darby Energy Sdn Bhd	Investment holding and provision of operating and maintenance services to an independent power producer	Malaysia	100.0	100.0	1
Sime Darby Engineering Sdn Bhd	Engineering, procurement, fabrication, construction, installation, hook-up and commissioning works relating to oil and gas industry	Malaysia	100.0	100.0	1

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Energy &amp; Utilities – Subsidiaries (continued)</b>					
Sime Darby Offshore Engineering Sdn Bhd	Systems integration and marketing of products and services in oil and gas/petrochemical industry	Malaysia	100.0	100.0	1
Sime Darby Petroleum Sdn Bhd	Exploration and production of oil and gas	Malaysia	100.0	100.0	1
Sime Darby Utilities Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Water Resources Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Engineering Sdn Bhd	Engineering and project management services and land based construction work	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	Establishing and operating commercial laboratories and provision of calibration, measurement and other related services	Malaysia	50.0	50.0	1
Mecomb Singapore Limited	Manufacture and installation of industrial equipment and the import and sale of technical, nautical and scientific instruments and mechanical, electrical and electronic equipment	Singapore	100.0	100.0	2
Sime Darby Energy Pte Ltd	Investment holding	Singapore	100.0	100.0	2
Jining Sime Darby Guozhuang Port Co Ltd	Operation of port	China	70.0	70.0	2
Jining Sime Darby Longgong Port Co Ltd	Operation of port	China	70.0	70.0	2
Jining Sime Darby Port Co Ltd	Operation of port	China	70.0	70.0	2
Jining Sime Darby Taiping Port Co Ltd	Operation of port and warehousing	China	70.0	70.0	2
Weifang Sime Darby Port Co Ltd	Operation of port	China	99.0	99.0	2
Weifang Sime Darby Water Co Ltd	Treatment and supply of water	China	100.0	100.0	2
Sime Darby Marine (Hong Kong) Private Limited	Investment holding	Hong Kong SAR	100.0	100.0	2

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Energy &amp; Utilities – Subsidiaries (continued)</b>					
Sime Darby Overseas (HK) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Mecomb (Thailand) Limited	Sale of electrical and mechanical equipment components and instruments	Thailand	100.0	100.0	2
Sime Darby LCP Power Co Limited	Independent power producer	Thailand	100.0	100.0	2
Sime Darby O&M (Thailand) Co Ltd	Provision of operation and maintenance services to power plants	Thailand	100.0	100.0	2
Sime Darby Power Co Ltd	Independent power producer	Thailand	100.0	100.0	2
<b>Energy &amp; Utilities – Jointly controlled entities</b>					
Halani Sime Offshore (L) Inc	Owning and leasing of marine vessel and all related activities	Malaysia	50.0	50.0	1
Malaysia – China Hydro Joint Venture	Engineering, procurement and construction work	Malaysia	35.7	35.7	1
Weifang Binhai Haiwei Dredging Project Co Ltd	Dredging of ports and channels, fencing and filling of foundation, leasing of vessels and related facilities	China	24.7	24.7	3
Weifang Wei Gang Dredging Project Co Ltd	Provision of dredging and marine services, land reclamation works and related businesses	China	48.5	48.5	3
Weifang Wei Gang Shipyard Co Ltd	Provision of ship repair, ship building and related businesses	China	48.5	48.5	3
Weifang Wei Gang Tugboat Services Co Ltd	Provision of tugboat pilot services and related businesses	China	48.5	48.5	3
<b>Energy &amp; Utilities – Associates</b>					
Mustang Sime Darby Sdn Bhd	Provision of project management, procurement and other consultancy services	Malaysia	40.0	40.0	1
Chubb Singapore Private Limited	Marketing of security and fire protection products and services	Singapore	30.0	30.0	2
Chubb Guarding Services Singapore Pte Ltd	Provision of fire protection and alarm systems and services	Singapore	–	30.0	2

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Healthcare – Subsidiaries</b>					
Sime Darby Healthcare Educational Services Sdn Bhd	Operating healthcare education institutions and organising educational programmes	Malaysia	100.0	100.0	1
Sime Darby Healthcare Sdn Bhd	Provision of healthcare management and consultancy services	Malaysia	100.0	100.0	1
Sime Darby Healthcare Staff Agency Sdn Bhd	Operating a healthcare related employment agency services	Malaysia	100.0	100.0	1
Sime Darby Medical Centre Ara Damansara Sdn Bhd	Management of a healthcare facility and provision of related healthcare services	Malaysia	100.0	100.0	1
Sime Darby Medical Centre ParkCity Sdn Bhd	Management of hospital and provision of related healthcare facilities	Malaysia	100.0	100.0	1
Sime Darby Medical Centre Subang Jaya Sdn Bhd	Management of hospital and provision of related healthcare facilities	Malaysia	100.0	100.0	1
Sime Darby Specialist Centre Megah Sdn Bhd	Operating a medical centre and provision of healthcare and other related ancillary services	Malaysia	100.0	100.0	1
<b>Others – Subsidiaries</b>					
Dunlopillo (Malaysia) Sdn Bhd	Distribution of mattresses and bedding products	Malaysia	–	100.0	1
Dunlopillo Holdings Sdn Bhd	Investment holding and distribution of mattresses and bedding products	Malaysia	–	100.0	1
Sime Darby Allied Products Berhad	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Global Services Centre Sdn Bhd	Provision of support services to related companies	Malaysia	100.0	100.0	1
Sime Darby Holdings Berhad	Investment holding, marketing of and agents for commodities and provision of management services to related companies	Malaysia	100.0	100.0	1
Sime Darby Insurance Pte Ltd	Offshore captive insurer	Malaysia	60.0	100.0	1

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Others – Subsidiaries (continued)</b>					
Sime Darby Lockton Insurance Brokers Sdn Bhd	Insurance and reinsurance brokers, insurance advisory and consultancy services	Malaysia	60.0	60.0	1
Sime Darby Malaysia Berhad	Investment holding and holding of trademarks	Malaysia	100.0	100.0	1
Sime Darby Technologies Holdings Pte Ltd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Ventures Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Rengo Packaging (M) Sdn Bhd	Property investment	Malaysia	70.0	70.0	1
Tractors Malaysia Holdings Berhad	Investment holding	Malaysia	100.0	100.0	1
Yayasan Sime Darby	Receive and administer funds to award scholarships or loans for educational purposes, undertake sports, environmental conservation and sustainability projects; and other related activities for the benefit of the community	Malaysia	@	@	1
Dunlopillo (Singapore) Pte Ltd	Investment holding, distribution of tyres, mattresses and bedding products	Singapore	–	100.0	2
Sime Darby Eastern International Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Insurance Brokers (Singapore) Pte Ltd	Insurance brokers and consultants	Singapore	100.0	100.0	2
Sime Darby Investments Pte Ltd	Investment holding	Singapore	100.0	100.0	2
Sime Darby Management Services (Singapore) Private Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Nominees Private Limited	Holding investments as a nominee	Singapore	100.0	100.0	2
Sime Darby Singapore Limited	Investment holding	Singapore	100.0	100.0	2
Dunlopillo (Shenzhen) Limited	Manufacturing and distribution of mattresses and bedding products	China	–	100.0	2



## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are active as at 30 June 2012 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2012	2011	
<b>Others – Subsidiaries (continued)</b>					
Sime Darby (China) Enterprise Management Company Limited	Provision of services to related companies established in China	China	100.0	100.0	2
Dunlopillo (Hong Kong) Limited	Distribution of mattresses and bedding products	Hong Kong SAR	–	100.0	2
Sime Darby Far East (1991) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Sime Darby Hongkong Finance Limited	Investment holding and provision of intra-group financial and management services	Hong Kong SAR	100.0	100.0	2
Sime Darby Hong Kong Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Sime Darby Insurance Brokers (Hong Kong) Limited	Insurance brokers	Hong Kong SAR	100.0	100.0	2
Sime Darby Managing Agency (Hong Kong) Limited	Insurance agency	Hong Kong SAR	100.0	100.0	2
Sime Darby Investments (BVI) Limited	Investment holding	British Virgin Islands	100.0	100.0	5
Dunlopillo (Middle East) FZE	Distribution of mattresses and bedding products	United Arab Emirates	–	100.0	5
Dunlopillo (Vietnam) Limited	Manufacturing and distribution of mattresses and bedding products	Vietnam	–	100.0	2
<b>Others – Associates</b>					
Continental Sime Tyre Sdn Bhd	Investment holding	Malaysia	–	30.0*	3
KN Sime Logistics Sdn Bhd	Provision of freight, forwarding, transportation, warehousing and distribution services	Malaysia	–	50.0	3
Tesco Stores (Malaysia) Sdn Bhd	Operation of retail outlets	Malaysia	30.0	30.0	1
Union Sime Darby (Thailand) Ltd	Insurance brokers	Thailand	49.0	49.0	2

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are dormant/inactive as at 30 June 2012 are as follows:

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		2012	2011	
<b>Plantation – Subsidiaries</b>				
Derawan Sdn Bhd	Malaysia	100.0	100.0	1
Kumpulan Jerai Sendirian Berhad	Malaysia	100.0	100.0	1
Kumpulan Kamuning Sendirian Berhad	Malaysia	100.0	100.0	1
Kumpulan Linggi Sendirian Berhad	Malaysia	100.0	100.0	1
Kumpulan Sua Betong Sendirian Berhad	Malaysia	100.0	100.0	1
Kumpulan Tebong Sendirian Berhad	Malaysia	100.0	100.0	1
Kumpulan Temiang Sendirian Berhad	Malaysia	100.0	100.0	1
Nature Ambience Sdn Bhd	Malaysia	100.0	100.0	1
Perkhidmatan Komputer Perladangan Sdn Bhd	Malaysia	100.0	100.0	1
Sahua Enterprise Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Biofuels Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Bioganic Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Fresh Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Genomics Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Green Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Livestock Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Pelita Julau Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Plantation (Peninsular) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Plantation Academy Sdn Bhd	Malaysia	100.0	100.0	1
Sincere Outlook Sdn Bhd	Malaysia	100.0	100.0	1
PT Guthrie Abdinusa Industri	Indonesia	70.0	70.0	2
PT Sime Darby Commodities Trading	Indonesia	100.0	100.0	2
Golden Hope–Nhabe (Cambodia) Import & Export Co Ltd	Cambodia	51.0	51.0	5
Sime Darby Plantation Cameroon Ltd	Cameroon	100.0	–	4
Trolak Estates Limited	Scotland	100.0	100.0	3
Sime Darby Edible Products Tanzania Limited	Tanzania	100.0	100.0	5
Castlefield (Klang) Rubber Estates Plc	United Kingdom	100.0	100.0	3
Dusun Durian Plantations Limited	United Kingdom	100.0	100.0	3
Holyrood Rubber Plc	United Kingdom	100.0	100.0	3
Hoscote Rubber Estate Limited	United Kingdom	100.0	100.0	3
Kinta Kellas Rubber Estates Plc	United Kingdom	100.0	100.0	3
Malaysian Estates Plc	United Kingdom	100.0	100.0	3
Nalek Rubber Estate Limited	United Kingdom	100.0	100.0	3
Sabah Plantations Limited	United Kingdom	100.0	100.0	3
The Kuala Selangor Rubber Plc	United Kingdom	100.0	100.0	3
The London Asiatic Rubber and Produce Company Limited	United Kingdom	100.0	100.0	3
The Pataling Rubber Estates Limited	United Kingdom	100.0	100.0	3
The Straits Plantations Limited	United Kingdom	100.0	100.0	3
The Sungei Bahru Rubber Estates Plc	United Kingdom	100.0	100.0	3

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are dormant/inactive as at 30 June 2012 are as follows:  
(continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		2012	2011	
<b>Plantation – Jointly controlled entities</b>				
Emery Oleochemicals Kimianika (M) Sdn Bhd	Malaysia	50.0	50.0	3
Emery Oleochemicals Marketing (M) Sdn Bhd	Malaysia	50.0	50.0	3
Emeryoleo Specialties (M) Sdn Bhd	Malaysia	50.0	50.0	3
<b>Property – Subsidiaries</b>				
GVR Construction Sdn Bhd	Malaysia	30.4	30.4	1
Puchong Quarry Sdn Bhd	Malaysia	100.0	100.0	1
Pulau Carey Properties Sdn Bhd	Malaysia	100.0	100.0	1
R&W Management Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Brunfield Project Management Sdn Bhd	Malaysia	60.0	60.0	1
Sime Darby Brunfield Property Management Sdn Bhd	Malaysia	60.0	60.0	1
Sime Darby Brunfield Resort Sdn Bhd	Malaysia	60.0	60.0	1
Sime Darby Brunfield Resources Sdn Bhd	Malaysia	–	60.0	1
Sime Darby Brunfield Taipan City Sdn Bhd	Malaysia	60.0	60.0	1
Sime Darby Johor Development Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Land (Johor) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Properties Landscaping Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Property (Langkawi) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Property (USJ) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Putra Heights Development Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby SJCC Development Sdn Bhd	Malaysia	100.0	100.0	1
Solarvest Sdn Bhd	Malaysia	100.0	100.0	1
Tegas Setia Sdn Bhd	Malaysia	100.0	100.0	1
Xinjiang Sime Darby Property Co Ltd	China	100.0	100.0	2
Green East Prime Ventures Inc	Philippines	63.2	63.2	3
<b>Property – Jointly controlled entities</b>				
Sime Darby Brunfield Properties Australia Pty Ltd	Australia	50.0	50.0	3
<b>Property – Associates</b>				
Mostyn Development Sdn Bhd	Malaysia	30.0	30.0	3
NSB Venture Holding Sdn Bhd	Malaysia	40.0	40.0	1
Siltown Realty Philippines Inc	Philippines	39.5	39.5	3
<b>Industrial – Subsidiaries</b>				
Associated Tractors Sendirian Berhad	Malaysia	100.0	100.0	1
Shandong Equipment Malaysia Sdn Bhd (formerly known as Scandinavian Truck & Bus Sdn Bhd)	Malaysia	100.0	100.0	1
Tractors Malaysia Motor Holdings Sdn Bhd	Malaysia	100.0	100.0	1
Tractors Machinery International Pte Ltd	Singapore	100.0	100.0	2
Xinjiang Sime Darby Heavy Equipment Co Ltd	China	100.0	100.0	2
Sime Darby Yangon Limited	Myanmar	100.0	100.0	3

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are dormant/inactive as at 30 June 2012 are as follows:  
(continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		2012	2011	
<b>Motors – Subsidiaries</b>				
Associated Motor Industries Malaysia Sdn Bhd	Malaysia	51.0	51.0	1
Sime Darby System Integrators Sdn Bhd	Malaysia	99.9	99.9	1
Chengdu Bow Yue Used Cars Centre Company Limited	China	100.0	–	4
Chongqing Bow Chuang Motor Sales & Services Co Ltd	China	100.0	–	2
Nanjing Sime Darby Motors Sales & Services Company Limited	China	60.0	–	2
Tianjin Sime Winner Motors Trading Company Limited	China	60.0	60.0	2
AutoFrance China Limited	Hong Kong SAR	100.0	100.0	2
Sime Darby Prestige Motors Company Limited (formerly known as Uniparts Limited)	Hong Kong SAR	100.0	100.0	2
Sime Darby Motors (Nissan China) Holdings Limited	Hong Kong SAR	100.0	100.0	2
Sime Winner Holdings Limited	Hong Kong SAR	60.0	60.0	2
SimeWinner Nissan Autocrafts Limited	Hong Kong SAR	60.0	60.0	2
Vermont International Limited	Hong Kong SAR	60.0	60.0	2
Wallace Harper & Company Limited	Hong Kong SAR	100.0	100.0	2
Warwick Motors Limited	Hong Kong SAR	100.0	100.0	2
Continental Cars Limited	New Zealand	100.0	100.0	2
ERF Man and Western Star (NZ) Limited	New Zealand	100.0	100.0	2
Palmerston North Motors Wholesale Limited	New Zealand	100.0	100.0	2
<b>Energy &amp; Utilities – Subsidiaries</b>				
Balui Hydro Sdn Bhd	Malaysia	100.0	100.0	1
Malaysia-China Hydro Sdn Bhd	Malaysia	100.0	100.0	1
Pesida Equipment Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Drilling Services Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Marine Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Power Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby T&I Sdn Bhd	Malaysia	51.0	51.0	1
Sime Darby Water Resources (Perak) Sdn Bhd	Malaysia	75.0	75.0	1
Sime Darby Water Resources (Selangor) Sdn Bhd	Malaysia	100.0	100.0	1
<b>Energy &amp; Utilities – Jointly controlled entities</b>				
Sime Darby Marine Puteri Offshore I (L) Inc	Malaysia	50.0	50.0	1
Sime Darby Marine Puteri Offshore II (L) Inc	Malaysia	50.0	50.0	1
Sime Darby Marine Puteri Offshore III (L) Inc	Malaysia	50.0	50.0	1
Sime Engineering Sdn Bhd – Edwards & Sons Joint Venture	Malaysia	51.0	51.0	1
<b>Energy &amp; Utilities – Associates</b>				
Guardfire (Malaysia) Sdn Bhd	Malaysia	30.0	30.0	1
Sime Darby Almana WLL	Qatar	49.0	49.0	4

## Financial Statements

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates which are dormant/inactive as at 30 June 2012 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		2012	2011	
<b>Others – Subsidiaries</b>				
Golden Hope Plantations Berhad	Malaysia	100.0	100.0	1
Guthrie Ropel Berhad	Malaysia	100.0	100.0	1
Highlands & Lowlands Berhad	Malaysia	100.0	100.0	1
Kumpulan Guthrie Berhad	Malaysia	100.0	100.0	1
Kumpulan Sime Darby Berhad	Malaysia	100.0	100.0	1
Mentakab Rubber Company (Malaya) Berhad	Malaysia	100.0	100.0	1
Sime Darby NET Sdn Bhd	Malaysia	100.0	100.0	1
Sime Engineering Services Berhad	Malaysia	100.0	100.0	1
Sime UEP Properties Berhad	Malaysia	100.0	100.0	1
Sime Darby Property Investments Pte Ltd	Singapore	100.0	100.0	2
SRIB (Far East) Pte Ltd	Singapore	100.0	100.0	2
Sime Travel Holdings Limited	Hong Kong SAR	100.0	100.0	2
East West Insurance Company Limited	United Kingdom	81.0	81.0	2
Guthrie Overseas Limited	United Kingdom	100.0	100.0	3
Guthrie Symington Limited	United Kingdom	100.0	100.0	3
Robt Bradford & Co Ltd	United Kingdom	100.0	100.0	2
Robt Bradford Hobbs Savill Ltd	United Kingdom	98.6	98.6	2

Subsidiaries, jointly controlled entities and associates placed under members' voluntary liquidation/deregistered during the financial year are as follows:

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		2012	2011	
<b>Plantation – Subsidiaries</b>				
Paul Tiefenbacher GmbH	Germany	–	100.0	2
<b>Property – Subsidiaries</b>				
Accord Shipping & Forwarding Sdn Bhd	Malaysia	–	100.0	1
Alor Setia Sdn Bhd	Malaysia	–	100.0	1
Negara Properties (M) Berhad	Malaysia	–	100.0	1
Sime Darby CPB Properties Sdn Bhd	Malaysia	–	100.0	1
Sime Darby Harta (Damansara) Sdn Bhd	Malaysia	–	100.0	1
Sime Darby Property Development Sdn Bhd	Malaysia	–	100.0	1
Sime UEP Executive Suites Sdn Bhd	Malaysia	–	100.0	1
Vicworld (M) Sdn Bhd	Malaysia	–	100.0	1
Weifang Sime Darby Real Estate Co Ltd	China	–	99.9	4
Sime Darby Realty Development Corporation	Philippines	–	98.8	3

**50. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Subsidiaries, jointly controlled entities and associates placed under members' voluntary liquidation/deregistered during the financial year are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		2012	2011	
<b>Industrial – Subsidiaries</b>				
Xiamen Xiangyu Sime Darby CEL Machinery Trading Co Ltd	China	–	100.0	3
Sime Darby Tractors (Hong Kong) Ltd	Hong Kong SAR	–	100.0	5
Sime Darby Industries Inc	Philippines	–	98.8	3
Sime Darby Pilipinas Inc	Philippines	–	98.8	3
<b>Energy &amp; Utilities – Subsidiaries</b>				
JanaUrus PDP Sdn Bhd	Malaysia	–	100.0	1
Zibo Sime Darby Chemicals Co Ltd	China	–	51.0	2
<b>Energy &amp; Utilities – Jointly controlled entities</b>				
Halani Sime Darby Marine (FZC)	United Arab Emirates	–	50.0	4
<b>Others – Subsidiaries</b>				
Sime Darby Insurance Services Sdn Bhd	Brunei	–	100.0	3

**Notes:**

- 1 - Subsidiaries, jointly controlled entities and associates which are audited by PricewaterhouseCoopers, Malaysia
- 2 - Subsidiaries, jointly controlled entities and associates which are audited by member firms of PricewaterhouseCoopers International Limited, which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia
- 3 - Subsidiaries, jointly controlled entities and associates which are audited by firms other than member firms of PricewaterhouseCoopers International Limited
- 4 - Auditors not appointed yet
- 5 - No legal requirement to appoint auditors
- \* - Notwithstanding the Group holds more than 20% equity interest, the costs of investment in BMW Malaysia Sdn Bhd and Continental Sime Tyre Sdn Bhd have been classified as available-for-sale investments (and not associates) due to the restricted influence pursuant to the shareholders' agreement
- @ - Yayasan Sime Darby is a company without share capital, limited by guarantee
- + - Weifang Sime Darby Property Management Co Ltd was incorporated and disposed during the financial year

## 51. Events After the Reporting Period

### Group

On 7 June 2012, Sime Darby Property Berhad and Setia International Limited (SIL), a subsidiary of S P Setia Berhad, entered into an Exclusivity Agreement with vendors and their joint administrators and receivers to acquire the real property known as the Battersea Power Station site in London, United Kingdom (the Property). Following this, on 4 July 2012, the Group, S P Setia Berhad group and Kwasa Global (Jersey) Limited (Kwasa) group, entered into a Subscription and Shareholders' Agreement (SSA) to regulate their participation in the development of the Property through a joint venture company in the agreed proportion of 40%, 40% and 20% respectively. Kwasa is a wholly owned company of the Employees Provident Fund Board.

The joint venture company, Battersea Project Holding Company Limited (BPHCL) was incorporated on 22 June 2012 to invest in the Battersea Project Land Company Limited (BPLCL) and any of its subsidiaries or entities to be established by BPHCL to undertake the business and to achieve the objectives stipulated in the SSA.

BPLCL had on 4 July 2012 entered into a contract with the vendors to acquire the Property for a cash consideration of £400 million (equivalent to approximately RM1,972 million) and had paid a deposit of £37.5 million on that date and an amount of £337.5 million on 4 September 2012 (the Completion Date). The balance sum of £25 million is payable on the second anniversary of the Completion Date.

### Company

On 5 July 2012, the Company increased its investment in a wholly owned subsidiary, Sime Darby Industrial Holdings Sdn Bhd (SDIH), by subscribing to 266.3 million new ordinary shares of RM1 each in SDIH for a consideration of RM266.3 million.

## 52. Approval of Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 20 September 2012.

## Supplementary Information

**53. Supplementary Information**

The breakdowns of realised and unrealised retained profits set out below of the Group and Company as at 30 June 2012 have been prepared pursuant to the directive issued by Bursa Malaysia Securities Berhad and have been prepared in accordance with the Guidance on Special Matter No. 1 (GSM1), Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012	2011	2012	2011
Total retained profits of the Company and its subsidiaries				
- realised	<b>20,899.6</b>	20,671.3	<b>4,269.5</b>	3,457.3
- unrealised	<b>5,656.7</b>	(527.8)	<b>(92.1)</b>	(34.7)
	<b>26,556.3</b>	20,143.5	<b>4,177.4</b>	3,422.6
Total share of retained profits from jointly controlled entities				
- realised	<b>38.6</b>	77.8	-	-
- unrealised	<b>(21.2)</b>	(53.4)	-	-
	<b>17.4</b>	24.4	-	-
Total share of retained profits from associates				
- realised	<b>261.3</b>	158.7	-	-
- unrealised	<b>(17.5)</b>	2.2	-	-
	<b>243.8</b>	160.9	-	-
Less: consolidation adjustments	<b>(11,762.1)</b>	(7,398.9)	-	-
Total retained profits	<b>15,055.4</b>	12,929.9	<b>4,177.4</b>	3,422.6

In arriving at the unrealised profits, the following which are deemed in the GSM1 as unrealised, are included:

- credits or charges relating to the recognition of deferred tax,
- cumulative net gains (but not net losses) from the remeasurement of assets or liabilities at fair value through profit or loss,
- provision of liabilities in respect of present obligations where resources are only consumed upon settlement of the obligation, and
- translation gains or losses of monetary items denominated in a currency other than the functional currency.



# Analysis of Shareholdings

As at 7 September 2012

- Authorised Share Capital : RM4,072,500,000.00 divided into 8,000,000,000 ordinary shares of RM0.50 each, 7,000,000,000 Series A redeemable convertible preference shares of RM0.01 each and 25,000,000 Series B redeemable convertible preference shares of RM0.10 each
- Issued and Paid-up Share Capital : RM3,004,731,915.50 comprising 6,009,463,831 ordinary shares of RM0.50 each
- Class of Shares : Ordinary shares of RM0.50 each
- Voting Rights : One vote per ordinary share in the case of a poll and one vote on a show of hand

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	2,088	6.55	69,078	0.00
100 to 1,000	8,327	26.13	5,803,150	0.10
1,001 to 10,000	15,652	49.11	55,304,308	0.92
10,001 to 100,000	4,551	14.28	130,943,612	2.18
100,001 to less than 5% of issued capital	1,250	3.92	2,355,660,817	39.20
5% and above of issued capital	3	0.01	3,461,682,866	57.60
Total	31,871	100.00	6,009,463,831	100.00

Classification of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Individuals	24,477	76.80	158,162,292	2.63
Banks/Finance Companies	124	0.39	3,341,697,852	55.61
Investment Trusts/Foundations/Charities	23	0.07	3,473,476	0.06
Industrial and Commercial Companies	791	2.48	92,535,998	1.54
Government Agencies/Institutions	9	0.03	94,242,413	1.57
Nominees	6,446	20.23	2,319,252,966	38.59
Others	1	0.00	98,834	0.00
Total	31,871	100.00	6,009,463,831	100.00

Directors' Interests as per the Register of Directors' Shareholdings

Name of Director	No. of Shares Held		% of Issued Capital
	Direct Interest	Deemed Interest	
<b>In the Company</b> Ordinary shares of RM0.50 each	Nil	Nil	Nil
<b>Kuala Lumpur Golf &amp; Country Club Berhad</b> Participatory interest	Type of membership		
Tun Musa Hitam	Honorary		
Tan Sri Dato' Sri Hamad Kama Piah Che Othman	Honorary		
Tan Sri Samsudin Osman	Honorary		
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	Honorary		
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	Honorary		
Tan Sri Datuk Dr Yusof Basiran	Honorary		
Dato Sri Lim Haw Kuang	Honorary		
Dato' Henry Sackville Barlow	Honorary		
Dato' Azmi Mohd Ali	Honorary		
Dato' Sreesanthan Eliathamby	Honorary		
Dato' Mohd Bakke Salleh	Honorary		

Save as disclosed above, none of the 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

	<b>Name of Shareholder</b>	<b>No. of Shares Held</b>	<b>% of Issued Capital</b>
1.	AmanahRaya Trustees Berhad Qualifier: Skim Amanah Saham Bumiputera	2,195,315,204	36.53
2.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board	663,259,553	11.04
3.	Permodalan Nasional Berhad	603,108,109	10.04
4.	Cartaban Nominees (Asing) Sdn Bhd Qualifier: SSBT Fund GB01 for Harbor International Fund	125,299,947	2.09
5.	Kumpulan Wang Persaraan (DIPERBADANKAN)	101,535,161	1.69
6.	AmanahRaya Trustees Berhad Qualifier: Amanah Saham Wawasan 2020	101,515,486	1.69
7.	Cartaban Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for State Street Bank & Trust Company (West CLT OD67)	82,241,542	1.37
8.	AmanahRaya Trustees Berhad Qualifier: Amanah Saham Malaysia	80,564,200	1.34
9.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	57,949,426	0.96
10.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Exempt AN for Eastspring Investments Berhad	55,693,135	0.93
11.	HSBC Nominees (Asing) Sdn Bhd Qualifier: BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	53,123,013	0.88
12.	Cartaban Nominees (Asing) Sdn Bhd Qualifier: Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	47,064,784	0.78
13.	AmanahRaya Trustees Berhad Qualifier: Amanah Saham Didik	45,599,594	0.76
14.	Lembaga Tabung Haji	45,434,200	0.76
15.	Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	38,434,400	0.64
16.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)	32,146,129	0.53
17.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for JPMorgan Chase Bank, National Association (Norges BK Lend)	32,129,000	0.53
18.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for the Bank of New York Mellon (Mellon ACCT)	30,571,716	0.51
19.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	28,685,805	0.48
20.	Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	28,681,300	0.48
21.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board (NOMURA)	27,567,702	0.46
22.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for JPMorgan Chase Bank, National Association (Saudi Arabia)	26,648,700	0.44

	<b>Name of Shareholder</b>	<b>No. of Shares Held</b>	<b>% of Issued Capital</b>
23.	AMSEC Nominees (Tempatan) Sdn Bhd Qualifier: AMTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	23,901,156	0.40
24.	AmanahRaya Trustees Berhad Qualifier: AS 1Malaysia	23,000,000	0.38
25.	AmanahRaya Trustees Berhad Qualifier: Public Islamic Dividend Fund	21,737,216	0.36
26.	Citigroup Nominees (Asing) Sdn Bhd Qualifier: Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)	18,337,221	0.31
27.	Valuecap Sdn Bhd	15,500,000	0.26
28.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board (CIMB PRIN)	15,138,900	0.25
29.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for JPMorgan Chase Bank, National Association (BVI)	14,706,700	0.24
30.	AmanahRaya Trustees Berhad Qualifier: Public Islamic Select Enterprises Fund	14,554,000	0.24
	<b>Total</b>	<b>4,649,443,299</b>	<b>77.37</b>

#### Substantial Shareholders as per the Register of Substantial Shareholders

	<b>Name of Substantial Shareholder</b>	<b>No. of Shares Held (Direct Interest)</b>	<b>% of Issued Capital</b>	<b>No. of Shares Held (Indirect/Deemed Interest)</b>	<b>% of Issued Capital</b>
1.	AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	2,199,700,204	36.60	-	-
2.	Employees Provident Fund Board	669,455,553	11.14	73,982,502	1.23
3.	Permodalan Nasional Berhad	604,098,109	10.05	-	-
4.	Yayasan Pelaburan Bumiputra	-	-	604,098,109 <sup>1</sup>	10.05

<sup>1</sup> Deemed interest by virtue of its interest in Permodalan Nasional Berhad pursuant to Section 6A of the Companies Act, 1965

# Additional Compliance Information

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following information is provided:

## **UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS**

There were no proceeds raised from corporate proposals during the financial year ended 30 June 2012.

## **SHARE BUY-BACK**

The Company did not make any proposal for share buy-back during the financial year ended 30 June 2012.

## **OPTIONS OR CONVERTIBLE SECURITIES**

There were no options or convertible securities issued by the Company during the financial year ended 30 June 2012.

## **DEPOSITORY RECEIPT PROGRAMME**

The Company did not sponsor any depository receipt programme during the financial year ended 30 June 2012.

## **MATERIAL SANCTIONS AND/OR PENALTIES**

There were no material sanctions and/or penalties imposed on the Company, its subsidiaries, Directors or Management, by the relevant regulatory bodies during the financial year ended 30 June 2012.

## **NON-AUDIT FEES**

The amount of non-audit fees incurred for services rendered to the Group and Company by its external auditors, Messrs PricewaterhouseCoopers, and their affiliated companies for the financial year ended 30 June 2012 amounted to RM8.1 million and RM0.6 million respectively.

## **VARIATION IN RESULTS**

There were no profit estimation, forecasts or projections made or released by the Company during the financial year ended 30 June 2012.

## **PROFIT GUARANTEE**

There was no profit guarantee given by the Company during the financial year ended 30 June 2012.

## **MATERIAL CONTRACTS INVOLVING INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS**

Save as disclosed below, there was no material contract between the Company and its subsidiaries involving Directors' and major shareholders' interests entered into since the end of the previous financial year:

On 4 July 2012, Sime Darby Berhad (Sime Darby), SP Setia Berhad (SP Setia) and Kwasa Global (Jersey) Limited (Kwasa Jersey), a wholly-owned company of the Employees Provident Fund Board (EPF), entered into a Subscription and Shareholders' Agreement together with the following parties to regulate their participation

in a joint venture on a 40:40:20 basis, in relation to the acquisition of the Battersea Power Station Site in London, United Kingdom (Property), for a consideration of £400 million (approximately RM1,972 million) (JV):

- i. Sime Darby Property (Hong Kong) Limited, an indirect wholly-owned subsidiary of Sime Darby;
- ii. Setia International Limited, a wholly-owned subsidiary of SP Setia;
- iii. Kwasa Global Development Limited, a wholly-owned company of Kwasa Jersey; and
- iv. Battersea Project Holding Company Limited (JVCo).

JVCo was incorporated in Jersey on 22 June 2012 as the joint venture vehicle for the purpose of investing in Battersea Project Land Company Limited, a company incorporated in Jersey, to acquire the Property (Project) and any of its subsidiaries or entities established by the JVCo to implement the Project.

The Company's portion of the subscription and any other future capital contribution to the JVCo will be funded via internally generated funds of the Company and its subsidiaries and/or external borrowings.

Save as disclosed below, none of the Directors, major shareholders of the Company and/or persons connected to them has any interest, direct or indirect, in the JV:

Permodalan Nasional Berhad (PNB) is a major shareholder of the Company with 10.2% of direct shareholding as at 25 June 2012. In addition, PNB is also a major shareholder of SP Setia. Accordingly, PNB is deemed interested in the JV.

Yayasan Pelaburan Bumiputra (YPB) is a major shareholder of the Company with 10.2% of indirect shareholding through PNB as at 25 June 2012. In addition, YPB is also a major shareholder of SP Setia through its indirect shareholding. Accordingly, YPB is deemed interested in the JV.

AmanahRaya Trustees Berhad – Skim Amanah Saham Bumiputera (AmanahRaya) is a major shareholder of the Company with 37.3% of direct shareholding as at 25 June 2012. In addition, AmanahRaya is also a major shareholder of SP Setia. Accordingly, AmanahRaya is deemed interested in the JV.

EPF is a major shareholder of the Company with 10.7% of direct shareholding and 1.3% of indirect shareholding as at 25 June 2012. In addition, EPF is also a party to the JV and is a substantial shareholder of SP Setia as at 25 June 2012. Accordingly, EPF is interested in the JV.

Tan Sri Dato' Sri Hamad Kama Piah Che Othman is a Non-Independent Non-Executive Director and Deputy Chairman of the Company, and Chairman and Non-Independent Non-Executive Director of Sime Darby Property Berhad. He is a representative of PNB on the Board of the Company. He is also the President & Group Chief Executive and a Director of PNB.

Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin is a Non-Independent Non-Executive Director of the Company and SP Setia, and a representative of PNB on the Board of the Company. He resigned as a Director of PNB on 9 April 2012.

Tan Sri Datuk Dr Yusof Basiran is a Non-Independent Non-Executive Director of the Company and a representative of PNB on the Board of the Company.

Dato' Azmi Mohd Ali is a Non-Independent Non-Executive Director of the Company and a representative of PNB on the Board of the Company.

Puan Zaiton Mohd Hassan is a Non-Independent Non-Executive Director of the Company and a representative of PNB on the Board of the Company.

Tan Sri Samsudin Osman is a Non-Independent Non-Executive Director of the Company and a representative of EPF on the Board of the Company. He is also the Chairman and a Director of EPF.

#### **CONTRACTS RELATING TO LOANS**

There were no contracts relating to loans by the Company involving Directors' and major shareholders' interests during the financial year ended 30 June 2012.

#### **RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

At the Fifth Annual General Meeting (AGM) held on 10 November 2011, the Company had obtained a general mandate from its shareholders for recurrent related party transactions of a revenue or trading nature, to be entered into by the Company and/or its subsidiaries (RRPT Mandate). The RRPT Mandate is valid until the conclusion of the forthcoming Sixth AGM of the Company to be held on 8 November 2012.

The Company proposes to seek a new RRPT Mandate at its forthcoming Sixth AGM. The new RRPT Mandate, if approved by the shareholders, would be valid until the conclusion of the Company's next AGM. Details of the RRPT Mandate being sought is provided in the Circular to Shareholders dated 16 October 2012 sent together with the Annual Report.

Details of recurrent related party transactions of a revenue or trading nature entered into during the financial year ended 30 June 2012 pursuant to the RRPT Mandate are disclosed as follows:

Company	Transacting Party	Nature of Transaction	Related Party	Value of Transaction RM'million
Sime Darby Plantation Sdn Bhd (Sime Darby Plantation)	Chemical Company of Malaysia Berhad and its following subsidiaries: <ul style="list-style-type: none"> <li>• CCM Agri-Max Sdn Bhd</li> <li>• CCM Fertilizers Sdn Bhd</li> <li>• CCM Chemicals Sdn Bhd</li> <li>• P.T. CCM Agripharma (CCM and Group)</li> </ul>	Purchase of chemicals and fertilisers by Sime Darby Plantation from CCM and Group	<u>Interested Directors</u> Tan Sri Dato' Sri Hamad Kama Piah Che Othman <sup>1</sup> Dato' Azmi Mohd Ali <sup>1</sup> <u>Interested Major Shareholder</u> Permodalan Nasional Berhad <sup>2</sup>	131.17
Sime Darby Brunfield Holding Sdn Bhd (SDBH)	Brunfield Engineering Sdn Bhd (BESB)	Contract for the design and build as well as certain service provider components of SDBH's property development projects	<u>Interested Directors and Major Shareholders</u> Dato' Dr Ir Gan Thian Leong <sup>3</sup> Encik Mohamad Hassan Zakaria <sup>4</sup>	92.62
<b>TOTAL</b>				<b>223.79</b>

Notes:

- 1 Tan Sri Dato' Sri Hamad Kama Piah Che Othman and Dato' Azmi Mohd Ali are Directors of Chemical Company of Malaysia Berhad (CCM) and Sime Darby.
- 2 Permodalan Nasional Berhad, a Major Shareholder of Sime Darby, is also a Major Shareholder of CCM by holding 70.4% direct interest in CCM as at 30 June 2012.
- 3 Dato' Dr Ir Gan Thian Leong is a Director and deemed Major Shareholder of SDBH, holding an effective interest of 19.2% in SDBH by virtue of his effective interest of 48% shareholding in Brunfield Metropolitan Sdn Bhd, a Major Shareholder of SDBH pursuant to Section 6A of the Companies Act, 1965. He also holds an effective interest of 43.2% in BESB.
- 4 Encik Mohamad Hassan Zakaria is a Director and deemed Major Shareholder of SDBH, holding an effective interest of 20.8% in SDBH by virtue of his effective interest of 52% shareholding in Brunfield Metropolitan Sdn Bhd, a Major Shareholder of SDBH pursuant to Section 6A of the Companies Act, 1965. He also holds an effective interest of 41.6% in BESB.





# Global Business Presence

● Countries with Sime Darby operations



# Properties of The Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Age of building (Years)*	Description	Net book value (RM million)
<b>PLANTATION PROPERTIES UPSTREAM</b>						
<b>Malaysia</b>						
<b><u>Kedah Darul Aman</u></b>						
Anak Kulim, Bukit Hijau, Bukit Selarong, Jentayu, Padang Buluh, Somme, Sungai Dingin	Freehold	-	19,827	8	Oil palm estates, seeds centre facility and a palm oil mill	317.7
Bukit Tangga	Leasehold	2037	316	-	Sweet corn farm	-
<b><u>Perak Darul Ridzuan</u></b>						
Bagan Datoh, Bagan Serai, Bikam, Chersonese, Cluny, Elphil, Flemington, Holyrood, Kalumpang, Kamuning, Kinta Kellas, Sabrang, Seri Intan, Sogomana, Sungei Samak, Sungei Wangi, Tali Ayer	Freehold	-	42,085	4-16	Oil palm estates, paddy farm, 5 palm oil mills, a research centre and a pink guava farm	748.8
Chersonese, Cluny, Kinta Kellas, Sogomana, Sungai Samak, Tali Ayer	Leasehold	2035 - 2897	3,762	-	Oil palm estates	22.3
<b><u>Pahang Darul Makmur</u></b>						
Chenor, Jabor, Jentar, Kerdau, Mentakab, Sungai Mai	Freehold	-	9,435	1-19	Oil palm estates and 3 palm oil mills	93.1
Bukit Puteri, Chenor, Jentar, Kerdau, Sungai Mai	Leasehold	2016 - 2086	10,620	-	Oil palm estates	190.1
<b><u>Selangor Darul Ehsan</u></b>						
Bukit Cheraka, Bukit Kerayong, Bukit Lagong, Bukit Rajah, Bukit Talang, Dusun Durian, East Carey Island, Elmina, Sabak Bernam, Sepang, Sungai Buloh, Tennamaram, West Carey Island	Freehold	-	38,910	6-20	Oil palm estates, 6 palm oil mills, rat bait factory, laboratories, research centers, warehouse and a training centre	740.5
East Carey Island, Port Klang, Sungai Buloh,	Leasehold	2013- 2109	57	37	Oil palm estates and a bulking plant	0.8
<b><u>Negeri Sembilan Darul Khusus</u></b>						
Bradwall, Bukit Pelandok, Bukit Pilah, Kok Foh, Labu, Muar River, New Labu, P.D. Lukut, Pertang, Salak, Sengkang, Siliau, Sungai Gemas, Sungai Sabaling, St Helier, Sua Betong, Sungai Baru, Sungai Senarut, Tampin Linggi, Tanah Merah	Freehold	-	43,135	12-20	Oil palm estates, rubber estates, 4 palm oil mills and a research laboratory	602.1

## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Age of building (Years)*	Description	Net book value (RM million)
<b>PLANTATION PROPERTIES (continued)</b>						
<b>UPSTREAM (continued)</b>						
<b>Malaysia (continued)</b>						
<b>Negeri Sembilan Darul Khusus (continued)</b>						
Kok Foh, Muar River, Sungai Baru, Sungai Senarut	Leasehold	2020-3005	3,197	-	Oil palm estates	43.4
<b>Melaka</b>						
Bukit Asahan, Diamond Jubilee, Kempas, Kemuning, Pagoh, Serkam	Freehold	-	17,329	6-19	Oil palm estates, rubber estates and 2 palm oil mills	202.2
Diamond Jubilee, Kempas, Kemuning, Serkam,	Leasehold	2026-2099	293	-	Oil palm estates	7.8
<b>Johor Darul Takzim</b>						
Bukit Anam, Bukit Badak, Bukit Benut, Bukit Paloh, Cenas, CEP Niyor, CEP Rengam, Cha' ah, Gunung Mas, Hadapan, Kempas Klebang, Kulai, Lambak, Lanadron, Layang, New Pagoh, Nordanal, North Labis, Pekan, Pengkalan Bukit, Sembrong, Seri Pulai, Sungai Simpang Kiri, Tangkah, Tun Dr. Ismail, Ulu Remis, Welch, Yong Peng	Freehold	-	50,870	2-19	Oil palm estates, rubber estates, 7 palm oil mills, research centre and 2 rubber factories	879.9
Cenas, CEP Niyor, Cha' ah, Lanadron, Layang, Pekan, Sembrong, Sungai Simpang Kiri, Ulu Remis	Leasehold	2013-2912	17,584	-	Oil palm estates, rubber estates	179.8
<b>Sabah</b>						
Binuang, Giram, Imam, Jeleta Bumi, Melalap, Merotai, Mostyn, Sapong, Segaliud, Sentosa, Sungang, Table, Tiger, Tigowis, Tingkayu, Tun Tan Siew Sin, Tunku	Leasehold	2038-2940	54,276	2-27	Oil palm estates, 7 palm oil mills, a bulking plant and research centre	831.1
<b>Sarawak</b>						
Bayu, Belian, Chartquest, Damai, Derawan, Dulang, Kelida, Lavang, Paroh, Pekaka, Rajawali, Rasan, Ruai, Saha, Samudera, Semarak, Takau	Leasehold	2020-2082	48,159	11-18	Oil palm estates and 4 palm oil mills	810.5
<b>Plantation Properties - Upstream Malaysia</b>			<b>359,855</b>			<b>5,670.1</b>

## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Age of building (Years)*	Description	Net book value (RM million)
<b>PLANTATION PROPERTIES (continued)</b>						
<b>UPSTREAM (continued)</b>						
<b>Indonesia</b>						
<b><u>Kalimantan - West</u></b>						
Awatan, Beturus, East, Kelampai, Lembiru, Pelanjau, Mas 1 – 3, Sei Mawang, Sungai Putih, West	Leasehold	2028-2034	66,388	6-20	Oil palm estates, 3 palm oil mills and a bulking plant	222.3
<b><u>Kalimantan - Central</u></b>						
Baras Danum, Batang Garing, Hatan Tiring, Kawan Batu, Kuala Kuayan, Pemantang, Sapiri, Sekunzir, Seruyan, Sukamandang	Leasehold	2033-2034	39,117	4-8	Oil palm estates, 3 palm oil mills and a bulking plant	350.3
<b><u>Kalimantan - South</u></b>						
Angsana, Bakau, Bebunga, Betung, Binturung, Gunung Aru, Gunung Kemas, Gunung Sari, Lanting, Laut Timur, Matalok, Mustika, Pantai Bonati, Pantai Timur, Pondok Labu, Rampa, Randi, Rantau, Sangkoh, Sekayu, Selabak, Sesulung, Sungai Cengal	Leasehold	2022-2039	86,859	6-20	Oil palm estates, 8 palm oil mills, 2 bulking plants and a refinery	886.7
<b><u>Sulawesi - Central</u></b>						
Ungkaya	Leasehold	2024	8,313	18	Oil palm estate, a palm oil mill and a bulking plant	36.5
<b><u>Sumatera - Jambi</u></b>						
Panjang	Leasehold	2038	4,000	7	Oil palm estate and a palm oil mill	35.4
<b><u>Sumatera - South</u></b>						
Bumi Ayu, Bukit Pinang, Karang Ringin, Mangun Jaya, Napal, Rantau Panjang, Sungai Pinang	Leasehold	2033-2034	21,013	11-13	Oil palm estates and 2 palm oil mills	213.9
Bangka Belitung	Leasehold	2035	10,000	-	Rubber land	20.0
<b><u>Sumatera - East Aceh</u></b>						
Batang Ara, Blang Simpo 1 & 2, Tamiang	Leasehold	2027-2037	8,820	15-30	Oil palm estates and a palm oil mill	58.8
<b><u>Sumatera - Riau</u></b>						
Alur Damai, Aneka Persada, Mandah, Menggala 1 – 3, Nusa Lestari, Nusa Persada, Pinang Sebatang, Rotan Semelur, Teluk Bakau, Teluk Siak	Leasehold	2031-2036	54,938	5-16	Oil palm estates and 4 palm oil mills and a research centre	457.8
<b>Plantation Properties - Upstream Indonesia</b>			<b>299,448</b>			<b>2,281.7</b>

## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Age of building (Years)*	Description	Net book value (RM million)
<b>PLANTATION PROPERTIES (continued)</b>						
<b>UPSTREAM (continued)</b>						
<b>Liberia</b>						
Bomi, Bong 1 & 2, Grand Cape Mount, Gbarpolu, Lofa	Leasehold	2072	220,000	0-1	Rubber and oil palm estates	61.8
<b>Plantation Properties - Upstream</b>			<b>897,303</b>			<b>8,013.6</b>
<b>DOWNSTREAM AND OTHERS</b>						
<b>Malaysia</b>						
<b>Selangor Darul Ehsan</b>						
North Port Edible Oil Refinery Complex, Teluk Panglima Garang	Leasehold	2086-2109	15	4-13	Refinery and biodiesel plant	81.3
<b>Negeri Sembilan Darul Khusus</b>						
Senawang New Industrial Park, Seremban	Freehold	-	1	18	Food processing centre	-
<b>Johor Darul Takzim</b>						
Pasir Gudang	Leasehold	2035-2043	4	29-37	Refinery	7.7
<b>Sarawak</b>						
Kawasan Perindustrian Kidurong	Leasehold	2035	14	1-8	Refinery	30.1
<b>Plantation Properties - Downstream and Others Malaysia</b>			<b>34</b>			<b>119.1</b>
<b>Overseas</b>						
<b>Singapore</b>						
Boon Lay Road	Leasehold	2030	5	43	Refinery and office building	3.3
<b>Thailand</b>						
Samutsakorn Province	Freehold	-	12	8	Refinery	42.3
Sukhumvit Road	Freehold	-	*	24	Office building	5.9
<b>Vietnam</b>						
Ho Chi Minh City	Freehold	-	*	20	Refinery	1.6
<b>China</b>						
Rizhao Province	Leasehold	2059	13	1-2	Bulking facilities	60.3
<b>Netherlands</b>						
Lindtsedijk, Zwijndrecht	Freehold	-	6	27-82	Refinery, biodiesel plant and a research centre	119.7

\* less than one hectare

## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Age of building (Years)*	Description	Net book value (RM million)
<b>PLANTATION PROPERTIES (continued)</b>						
<b>DOWNSTREAM AND OTHERS (continued)</b>						
<b>Overseas (continued)</b>						
<b>South Africa</b>						
Boksburg	Leasehold	2014	2	1-2	Refinery	0.6
<b>Plantation Properties - Downstream and Others Overseas</b>			<b>38</b>			<b>233.7</b>
<b>Plantation Properties - Downstream and Others</b>			<b>72</b>			<b>352.8</b>
<b>GENERAL</b>						
<b>Malaysia</b>						
<b>Selangor Darul Ehsan</b>						
Oasis, Ara Damansara, Selangor	Freehold	-	2	-	Office complex	187.5
Telok Panglima Garang, Selangor	Freehold	-	1	-	Industrial land	2.9
<b>Indonesia</b>						
The Plaza Office Tower Lt 36, Jakarta	Leasehold	2033	-	4-10	3-floors of a 45-storey office building	4.7
<b>Plantation Properties - General</b>			<b>3</b>			<b>195.1</b>
<b>Total Plantation Properties</b>			<b>879,378</b>			<b>8,561.5</b>

\* The age of building is in respect of the office building, mills and bulking plants

## Properties of the Group

Location	Tenure	Year lease expiring	Remaining land area (Hectares)	Description	Net book value (RM million)
<b>DEVELOPMENT PROPERTIES</b>					
<b>Malaysia</b>					
<b><u>Kedah Darul Aman</u></b>					
Jerai, Bukit Selarong, Taman Sg. Dingin	Freehold	-	440	Land held for property development	36.7
<b><u>Selangor Darul Ehsan</u></b>					
Bandar Bukit Raja, Kapar, Klang	Freehold	-	1,142	Township development	22.0
Bukit Lagong and Lagong Mas, Rawang	Freehold	-	629	Land held for property development	37.2
Bukit Subang 1, Shah Alam	Freehold	-	3	Residential development	5.2
Elmina Estate, Sungai Buloh	Freehold	-	635	Land held for property development	33.9
Glengowrie, Jalan Acob, New Lunderston and Semenyih	Freehold	-	650	Land held for property development	11.2
Melawati Development, Hulu Kelang	Freehold	-	76	Township development	108.1
Sungai Kapar Indah, Klang	Freehold	-	1	Commercial land	2.5
Subang Jaya City Centre, Subang Jaya	Freehold	-	8	Mixed development	59.2
Taman Perindustrian UEP, Subang Jaya	Freehold	-	*	Development land	0.1
Taman Subang Ria	Leasehold	2087	30	Development land	3.5
<b><u>Kuala Lumpur</u></b>					
KLGCC Township, Bukit Kiara	Leasehold	2087	18	Land held for property development	413.6
<b><u>Negeri Sembilan Darul Khusus</u></b>					
Hamilton, New Labu, and Sungai Sekah, Nilai	Freehold	-	658	Property development	21.5
Labu, Rasah, Sua Betong, Taman Sengkang	Freehold	-	202	Land held for property development	4.2
Nilai Impian / Utama, Nilai	Freehold	-	166	Enterprise Park	24.9
<b><u>Johor Darul Takzim</u></b>					
Taman Pasir Putih, Pasir Gudang	Freehold	-	8	Property development	1.6
<b><u>Sabah</u></b>					
Imam and Mostyn Estate, Tawau	Leasehold	2050-2058	55	Land held for property development	1.1
<b>Development Properties - Malaysia</b>			<b>4,721</b>		<b>786.5</b>
<b>Overseas</b>					
<b>United Kingdom</b>					
Bognor Regis	Freehold	-	19	Land held for property development	0.5
<b>Total Development Properties</b>			<b>4,740</b>		<b>787.0</b>

\* less than one hectare

## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Built-up area (Sq metres)	Age of building (Years)	Description	Net book value (RM million)
<b>INVESTMENT AND HOSPITALITY PROPERTIES</b>							
<b>Malaysia</b>							
<b><u>Kedah Darul Aman</u></b>							
Harvard Golf & Country Club and Hotel, Bedong	Freehold	–	135	8,269	14-16	Golf course, club house and hotel	27.4
<b><u>Pulau Pinang</u></b>							
Penang House	Freehold	–	*	517	91	Holiday bungalow	2.0
<b><u>Pahang Darul Makmur</u></b>							
Genting View Resort, Genting Highlands	Freehold	–	22	20,996	17-22	Hotel resorts and apartments	21.0
Frasers' Hill Bungalow, Raub	Leasehold	2026-2082	2	1,136	27-84	Holiday bungalow	0.9
Golden Hope Villa, Cameron Highlands	Leasehold	2075	*	353	26	Holiday bungalow	0.3
<b><u>Selangor Darul Ehsan</u></b>							
Ara Damansara, Petaling Jaya	Freehold	–	1	180,237	1	11-floor office building and 2-storey carpark	89.7
Bayuemas Oval and Akademi Tunku Jaafar, Kota Bayuemas	Freehold	–	18	5,892	6-9	Cricket club and lawn bowl stadium	31.9
Impian Golf & Country Club, Kajang	Freehold	–	60	12,047	18	18-hole golf course and resort	57.8
Kompleks Sime Darby, Jalan Kewajipan	Freehold	–	10	5,574	18	4 1/2-storey office building	17.5
Sime Darby Pavillion, Jalan Astaka, Shah Alam	Freehold	–	1	7,108	6-9	3-storey office building, factory building and warehouse	18.5
Subang Avenue, Subang Jaya	Freehold	–	–	19,957	3	Shopping complex	90.2
Tennamaran Estate	Freehold	–	28	–	–	Agriculture land	5.9
Tropika Paradise, Subang Jaya	Freehold	–	–	513	12	Apartments	1.0
Wisma Zuellig, Jalan Bersatu, Petaling Jaya	Leasehold	2059	1	7,955	19	Office building	16.2
Wisma LJT, Pusat Bandar Melawati	Freehold	–	–	99,083	5-15	7-floor office building and a 2-storey carpark plaza	8.5
<b><u>Kuala Lumpur</u></b>							
Kuala Lumpur Golf & Country Club, Bukit Kiara	Leasehold	2087	114	121,645	2-19	Two 18-hole golf courses and clubhouse	300.1

\* less than one hectare

## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Built-up area (Sq metres)	Age of building (Years)	Description	Net book value (RM million)
<b>INVESTMENT AND HOSPITALITY PROPERTIES (continued)</b>							
<b>Malaysia (continued)</b>							
<b><u>Kuala Lumpur (continued)</u></b>							
Mahsuri and Puteri Apartment, Setiawangsa	Freehold	–	3	211	27	Apartments	0.1
Sime Darby Convention Centre, Bukit Kiara	Leasehold	2090	4	16,745	7	Covention centre	150.4
Wisma Guthrie, Jalan Gelenggang, Damansara Heights	Freehold	–	*	3,316	27	4-storey office building	23.5
<b><u>Negeri Sembilan Darul Khusus</u></b>							
KLIA Staff Quarters and Commercial Complex, Port Dickson	Freehold	–	3	685	13	Club house, commercial complex, holiday bungalows and commercial land	2.7
Sri Bayu, Sri Fajar, Sri Menyising, Sinaran Selat, Port Dickson	Freehold	–	2	3,479	18-54	Holiday bungalows	1.5
Sri Fajar and Sinaran Selat, Port Dickson	Leasehold	2072	*	954	–	Holiday bungalows	0.6
<b><u>Melaka</u></b>							
Hotel Equatorial, Bandar Hilir	Leasehold	2072-2075	*	10,155	14	5-star 22-storey international business hotel	86.7
<b><u>Johor Darul Takzim</u></b>							
Jalan Tampoi, Johor Bahru	Freehold	–	5	13,755	44	Single storey factory, industrial building and warehouses	13.2
<b>Investment and Hospitality Properties – Malaysia</b>			<b>409</b>	<b>540,582</b>			<b>967.6</b>
<b>Overseas</b>							
<b>Singapore</b>							
Sime Darby Centre, Dunearn Road	Freehold	–	1	23,556	28	5-storey commercial building	103.8
Darby Park Executive Suites, Orange Grove Road	Leasehold	2092	*	7,171	19	75-units luxury apartments	67.9
Orion, Orange Grove Road	Freehold	–	–	305	4	2 holiday apartments	9.2

\* less than one hectare



## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Built-up area (Sq metres)	Age of building (Years)	Description	Net book value (RM million)
<b>INVESTMENT AND HOSPITALITY PROPERTIES (continued)</b>							
<b>Overseas (continued)</b>							
<b>Singapore</b>							
Sime Darby Centre, Alexandra Road	Leasehold	2055	*	16,204	18	5-storey light industrial building	49.7
Sime Darby Business Centre, Dunearn Road	Leasehold	2878	*	–	–	Commercial land	11.6
Sime Darby Enterprise Centre, Jalan Kilang	Leasehold	2061	*	5,503	6	8-storey light industrial building	20.5
<b>Vietnam</b>							
Rangdong Orange Court, Le Quy Don, Vung Tau	Leasehold	2030	*	7,001	15	69-units luxury service apartments	8.7
<b>United Kingdom</b>							
Dundee Street, Edinburgh	Freehold	–	–	4,494	17	Office building	54.2
Widdowson Building, Bognor Regis	Freehold	–	1	1,858	30	Land and industrial building	0.1
St Johns Wood Court, Wynnstay Gardens	Leasehold	2109-2966	–	247	92-103	2-units residential apartments	3.7
<b>Australia</b>							
Darby Park Serviced Residences, Margeret River, Western Australia	Freehold	–	1	2,035	9	Service apartment	4.0
Darby Park Serviced Residence Subiaco, Western Australia	Leasehold	2021	*	1,492	18	Service apartment	1.9
Edgewater Place, Serenity Shores, Queensland	Freehold	–	*	2,318	3	Residential properties	15.5
Karri Valley Resort, Vasse Highway, Pemberton, Western Australia	Freehold	–	116	7,850	25	Chalet and lakeside residential units	11.2
<b>Investment and Hospitality Properties - Overseas</b>			<b>119</b>	<b>80,034</b>			<b>362.0</b>
<b>Total Investment and Hospitality Properties</b>			<b>528</b>	<b>620,616</b>			<b>1,329.6</b>

\* less than one hectare

## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Built-up area (Sq metres)	Age of building (Years)	Description	Net book value (RM million)
<b>INDUSTRIAL PROPERTIES</b>							
<b>Malaysia</b>							
<b><u>Perak Darul Ridzuan</u></b>							
Jalan Lahat, Bukit Merah, Ipoh	Leasehold	2036 - 2056	3	4,364	32	2-storey office building, factory, workshop and warehouse	0.6
<b><u>Pulau Pinang</u></b>							
Reef Apartment, Batu Ferringhi	Freehold	-	-	190	23	2 apartments	0.1
<b><u>Pahang Darul Makmur</u></b>							
Semambu Industrial Estate, Kuantan	Leasehold	2041	3	2,062	32	2 blocks of single-storey office building with detached factory, workshop and warehouse	0.4
<b><u>Selangor Darul Ehsan</u></b>							
Kompleks Kejuruteraan, Jalan Puchong, Taman Perindustrian Puchong Utama, Puchong	Freehold	-	14	40,561	14	5-storey commercial office, training centre, workshop and warehouse	70.5
<b><u>Johor Darul Takzim</u></b>							
Senai Kulai, Johor Bahru	Freehold	-	1	-	-	Vacant land	2.0
Jalan Gangsa, Pasir Gudang Industrial Estate	Leasehold	2038	4	4,555	32	2-storey office building, factory and building storage	0.5
<b><u>Sabah</u></b>							
Marina Court, Kota Kinabalu	Freehold	-	-	115	6	Apartment	0.3
Jalan Apas, Tawau, Jalan Labuk, Sandakan, Tuaran Road, Kota Kinabalu	Leasehold	2025-2925	4	8,493	32	2-storey office buildings, training centres, workshop and warehouse	1.8
<b><u>Sarawak</u></b>							
Jalan Piasau, Miri, Kidurong Light Industrial Estate, Bintulu, Lorong Then Kung Suk, Sibul	Leasehold	2028-2046	4	10,404	23-32	Office buildings detached with factory, workshop	7.3
<b>Industrial Properties – Malaysia</b>			<b>33</b>	<b>70,744</b>			<b>83.5</b>

## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Built-up area (Sq metres)	Age of building (Years)	Description	Net book value (RM million)
<b>INDUSTRIAL PROPERTIES (continued)</b>							
<b>Overseas</b>							
<b>Singapore</b>							
Benoi Sector	Leasehold	2032	7	19,110	41	3-storey office building, warehouse and workshop	16.1
<b>Brunei</b>							
Beribi Industrial Estate, Bandar Seri Begawan	Leasehold	2019	–	495	9	Office, service centre and warehouse	0.1
<b>China</b>							
Nanchang Town, Jiang Xi, China	Leasehold	2059	1	5,608	2	3-storey office buildings, warehouse and workshop	7.2
Shunde, Foshan, Guangdong	Leasehold	2045	2	10,603	2-15	2 blocks of 4-storey and 2-storey office buildings, warehouse and workshop	13.2
Urumqi, Xinjiang	Leasehold	2061	4	–	–	Industrial land	2.9
<b>Hong Kong</b>							
Yuen Long Industrial Estate	Leasehold	2047	2	12,411	18	2-storey office buildings, warehouse and workshop	11.0
<b>Australia</b>							
Alice Springs and Darwin Facility, Northern Territory	Freehold	–	6	5,441	8-45	Single-storey office buildings, warehouse and workshops	13.2
Archer Drive, Alstonia Drive, Buckland Street, Emerald Facility, Queensland	Freehold	–	13	1,594	15-38	Single-storey commercial offices and staff hostels	3.7
Archerfield Facility, Kerry Road, Archerfield, Queensland	Freehold	–	13	22,972	66	Single-storey commercial office, warehouse and workshops	66.5
Bellrick Street, Acacia, Ridge	Freehold	–	1	3,200	3	2-storey commercial office training facilities and workshop	27.6

## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Built-up area (Sq metres)	Age of building (Years)	Description	Net book value (RM million)
<b>INDUSTRIAL PROPERTIES (continued)</b>							
<b>Overseas (continued)</b>							
<b>Australia (continued)</b>							
Cairns Facility, Corner Kenny St & Fearnley St, Comport St, Portsmith, Cairns, Queensland	Freehold/ Perpetual lease	-	1	2,689	32	Single-storey commercial office, workshop and warehouse	15.9
Fairfield Road, Queensland	Leasehold	2014	2	6,002	26-31	8-storey commercial office and warehouse	1.7
Gladstone Facility, Gladstone, Gove Facility, Traeger Close, Gove, Northern Territory	Leasehold	2014-2050	6	8,007	6	Single-storey commercial offices, workshop and warehouse	0.5
Hundred of Bagot, Darwin, Northern Territory	Leasehold	2014	2	-	-	Vacant land	10.2
Kimberley Street, Richlands, Brisbane	Freehold	-	1	1,500	2	2 blocks of 2-storey and single-storey office buildings, warehouse and workshop	19.6
Mackay Facility, Commercial Avenue, Mackay Queensland	Freehold	-	2	7,500	2-15	2-storey commercial office, training facilities, workshop and warehouse	63.8
Mackay Facility, Farrellys Lane, Queensland	Freehold	-	8	5,683	4	2-storey commercial office, training facilities, workshop and warehouse	157.6
Mackay Facility Cnr Connors Rd & Commercial Avenue Paget, Mackay Queensland	Freehold/ Perpetual lease	-	3	1,720	26	2-storey commercial office, training facilities, workshop and warehouse	27.7
Mt Isa Facility 5, 8-9 Kolongo Crescent Kakadoon, Mt Isa Queensland	Freehold	-	5	2,327	34	Single-storey commercial office, workshop and warehouse	21.7
Rockhampton Facility, Port Curtis Road, Rockhampton Queensland	Freehold	-	35	10,133	38	13 blocks of single-storey commercial office, workshop and warehouse	74.9

## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Built-up area (Sq metres)	Age of building (Years)	Description	Net book value (RM million)
<b>INDUSTRIAL PROPERTIES (continued)</b>							
<b>Overseas (continued)</b>							
<b>Australia (continued)</b>							
Salmet Building, Beaudesert Road, Acacia Ridge, Queensland	Freehold	-	2	10,217	4	Single-storey commercial office, workshop and warehouse	55.2
Southgate Drive, Paget, Queensland	Freehold	-	*	5,486	2-8	2-storey and single-storey commercial offices, wash bays, workshop and warehouse	14.7
Toowoomba Facility, Carrington Road, Torrington, Queensland	Freehold	-	4	2,879	40	Single-storey commercial offices, workshop and warehouse	26.5
Townsville Facility, Corner Woolcock St Blakey & St Garbutt, Townsville, Queensland	Freehold	-	2	4,031	38	2-storey commercial offices, workshop and warehouse	26.6
<b>New Caledonia</b>							
Canala, Kouaoua	Freehold	-	2	317	18	Commercial office, workshop & warehouse and residential dwelling	0.1
Lot 1 & 2 Lotissement ZICO II, Paita	Freehold	-	2	-	-	Vacant land	14.0
Paagoumene, Koumel	Freehold	-	*	150	-	Workshop and warehouse	0.1
Rue Gervolino, Nepoui	Leasehold	2017-2019	*	4,150	5-7	Commercial office, workshop & warehouse	0.4
<b>Papua New Guinea</b>							
Port Moresby Facility, Spring Garden Road, Moresby, Lae Facility, Cnr Milford & Malaita St, Lae, Batch St, Tabubil	Leasehold	2057-2094	*	11,576	20-60	2-storey and single-storey office buildings, sales service and parts facility, and staff hostels	4.5

\* less than one hectare

## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Built-up area (Sq metres)	Age of building (Years)	Description	Net book value (RM million)
<b>INDUSTRIAL PROPERTIES (continued)</b>							
<b>Overseas (continued)</b>							
<b>Solomon Islands</b>							
Honiara Facility, Guadalcanal Island, Panatina Village, Honiara	Leasehold	2030-2049	2	1,763	28	Office, industrial building, warehouse and 2-storey staff hostels	0.2
<b>Industrial Properties Overseas</b>			<b>128</b>	<b>167,564</b>			<b>697.4</b>
<b>Total Industrial Properties</b>			<b>161</b>	<b>238,308</b>			<b>780.9</b>
<b>MOTORS PROPERTIES</b>							
<b>Malaysia</b>							
<b><u>Kedah Darul Ehsan</u></b>							
Padang Meha, Kulim	Freehold	–	78	96,489	15	Assembly plant	57.4
<b><u>Selangor Darul Ehsan</u></b>							
Jalan Pelukis U1/46, Temasya Industrial Park, Shah Alam	Freehold	–	*	4,027	9	3-storey office building and showroom	12.1
Jalan Pemberita U1/49, Temasya Industrial Park, Shah Alam	Freehold	–	*	1,027	11	3-storey semi detached light industrial office building and showroom	3.1
<b><u>Kuala Lumpur</u></b>							
362, Jalan Tun Razak	Freehold	–	*	5,093	5	4-storey BMW & Mini 4S service centre and workshop	50.1
<b><u>Sabah</u></b>							
Sedco Industrial Estate, Jalan Limau Manis, Off Jalan Lintas, Kota Kinabalu	Leasehold	2034	2	1,725	9	Single-storey showroom and service centre	3.6
<b>Motors Properties - Malaysia</b>			<b>80</b>	<b>108,361</b>			<b>126.3</b>
<b>Overseas</b>							
<b>Singapore</b>							
303 Alexandra Road	Leasehold	2047	*	19,424	4	6-storey BMW 4S showroom, service centre and workshop	130.3

\* less than one hectare

## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Built-up area (Sq metres)	Age of building (Years)	Description	Net book value (RM million)
<b>MOTORS PROPERTIES (continued)</b>							
<b>Overseas (continued)</b>							
<b>Singapore (continued)</b>							
305 Alexandra Road	Leasehold	2057	*	21,676	6	6-storey 4S showroom, service centre for Ford, Peugeot & Land Rover and workshop	91.6
Benoi Sector	Leasehold	2032	1	4,303	28	Pre-delivery inspection centre, workshop and office	-
Kampung Arang Road	Leasehold	2034	*	5,800	43	2-storey service centre and workshop	12.2
Ubi Road 4	Leasehold	2020	*	6,826	20	4-storey 3S showrooms, offices, pre-delivery inspection centre, workshop and rent to external tenants	18.3
<b>Thailand</b>							
Anusawaree, Charan Sanit Wong Road, Charoen Nakhon Road, Ladkrabang 1, Minburi, Paknam, Phetkasem Road, Saphansoong, Srinakarin Road	Leasehold	2013-2025	7	47,505	4-10	3S showroom workshops and offices for Mazda and BMW	14.4
<b>China</b>							
Dashiduan, Yingbin Road, Panyu, Guangzhou	Leasehold	2032	*	3,647	14	2-storey BMW 4S centre	2.7
Hai Yu Zhong Xian Road, Haikou District, Hainan	Leasehold	2070	*	4,251	17	2-storey BMW 4S centre	2.1
Tianshan Road, Shantou, Guangdong	Leasehold	2022	*	3,027	8	2-storey BMW 4S centre	3.7
Yue Liang Wan Road, Nanshan District, Shenzhen	Leasehold	2014	*	4,800	8	2-storey BMW 4S centre	1.0

\* less than one hectare

## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Built-up area (Sq metres)	Age of building (Years)	Description	Net book value (RM million)
<b>MOTORS PROPERTIES (continued)</b>							
<b>Overseas (continued)</b>							
<b>China (continued)</b>							
DaGuang Nan Road, Tianhe, Guangyuan Expressway, Xintang Town, Guangzhou	Leasehold	2013-2023	2	7,942	2-6	Single-storey and 2-storey BMW 4S centre	2.1
Hongqiao land, East 3rd Ring, Yanjiadi, Xiyuan Road, Yunnan	Leasehold	2023-2027	2	20,300	3-9	2-storey and 3-storey BMW 4S centre	15.0
Jinke Nan Road, Jin Niu District, Chengdu, Sichuan Province	Leasehold	2052	1	50,400	3-9	7-storey BMW 4S showrooms, service centres and workshops	54.6
Ma Que Ling Industry Zone, Shen Nan Road, Nan Shan District, Shenzhen	Leasehold	2022	*	46,758	9-17	8-storey BMW 4S showroom service centre	15.4
Nanhai Road, Haikou Province, Hainan	Leasehold	2059	2	4,368	6	2-storey BMW 4S centre	9.8
West of Houzishi Bridge, Yue Lu District, Changsha	Leasehold	2028	2	11,000	1	2-storey BMW 4S centre	14.5
<b>Hong Kong and Macau</b>							
2 - 4 Floor, Kailey Industrial Centre, Fung Yip Street, Chai Wan	Leasehold	2047	-	9,456	21	3-floors of a 20-storey office building and BMW service centre	11.5
3 & 4 Floor, Topsail Plaza, 11 on Sum Street, Shatin	Leasehold	2047	-	6,866	17	2-floors of a 16-storey office building and service centre	52.0
Castle Peak Road, Tsuen Wan, New Territory	Leasehold	2047	*	14,586	40	6-storey BMW and Mini 4S service centre	6.2
Matauwei Road, Tokwawan, Kowloon	Leasehold	2035	*	14,852	48	11-storey service centre, showroom and petrol filling station	17.4
Oriental Centre 67 - 71 Chatnam Road, Kowloon	Leasehold	2038	-	702	36	2-floors of an 18-storey building with BMW showroom and service centre	5.8

\* less than one hectare



## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Built-up area (Sq metres)	Age of building (Years)	Description	Net book value (RM million)
<b>MOTORS PROPERTIES (continued)</b>							
<b>Overseas (continued)</b>							
<b>Hong Kong and Macau (continued)</b>							
3719D, 3719E, 3719F6, 3719I & 3723F, Yuen Long	Leasehold	2047	4	31,248	106	5 agricultural lots divided into 4 separate plots of land for pre-delivery inspection/commercial repair/storage	2.4
120-158 Rua dos Pescadores, Macau	Leasehold	2016	*	4,807	36	5 storey building with showroom and service centre	0.3
<b>Australia</b>							
Littlefield St, Orkney Rd	Freehold	–	*	1,695	18-28	Single-storey offices, workshop and wash bay for Corefleet	4.8
<b>New Zealand</b>							
Great South Road, Malden Street, Maranui Avenue, Silverfield	Freehold	–	5	14,118	9-47	2-storey BMW workshop and a single-storey Volkswagen workshop, office and central parts warehouse	16.5
Great South Road, Maranui Avenue,	Leasehold	2012-2026	16	12,663	11-51	2-storey BMW workshop and a single-storey Volkswagen workshop, office and central parts warehouse	30.6
<b>Motors Properties Overseas</b>			<b>42</b>	<b>373,020</b>			<b>535.2</b>
<b>Total Motors Properties</b>			<b>122</b>	<b>481,381</b>			<b>661.5</b>
<b>ENERGY &amp; UTILITIES PROPERTIES</b>							
<b>Malaysia</b>							
<b>Selangor Darul Ehsan</b>							
Jalan Kenyalang, Kuala Kubu Baru	Freehold	–	*	–	–	Vacant homestead land	0.1
Jalan 225, Petaling Jaya	Leasehold	2074	*	3,425	30	Industrial land and building	1.7
Jalan Tandang, Petaling Jaya	Leasehold	2065-2066	15	91,652	19-49	Industrial land and building	64.5

\* less than one hectare

## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Built-up area (Sq metres)	Age of building (Years)	Description	Net book value (RM million)
<b>ENERGY &amp; UTILITIES PROPERTIES (continued)</b>							
<b>Malaysia (continued)</b>							
<b><u>Negeri Sembilan Darul Khusus</u></b>							
Jalan Seremban, Port Dickson	Freehold	-	22	12,355	16	Power plant, office building and training centre	14.2
<b>Energy &amp; Utilities Properties - Malaysia</b>			<b>37</b>	<b>107,432</b>			<b>80.5</b>
<b>Overseas</b>							
<b>Singapore</b>							
Jurong Pier	Leasehold	2025	2	6,397	4	Workshop and office	3.4
<b>Thailand</b>							
Sukhumit Road, Toong Sukhla, Chonburi	Leasehold	2018	9	1,128	5-11	Power plant and office	12.8
<b>China</b>							
North of Yuejin Bridge, West Station Road, Jining City, Shandong Province	Leasehold	2058	22	108,760	13	City Port wharf, warehouse and office	12.9
North of Yuejin Gou Bridge, Chang Gou Town, Rencheng District, Jining City, Shandong Province	Leasehold	2059	2	424,974	3	North Port wharf and office	89.2
Zoucheng Industrial Park, Jining City, Shandong Province	Leasehold	2059	13	-	-	Land use rights	0.1
500 Meters East of Jiahe Village, Jining Shizhong District, Jining City	Leasehold	2059	18	162,937	2	South Port wharf and office	39.3
1 Binhai Economic Development Zone, Shandong Province	Leasehold	2059-2060	32	679,584	1-9	Reservoir, water treatment plant and office building	44.3
Weifang City, Shandong Province	Leasehold	2055	-	896	7	6 units of apartments	1.7
Yanzi Town, Weifang Port, Shandong Province	Leasehold	2055	44	70,032	1-6	Port, warehouse and office	544.7
<b>Energy &amp; Utilities Properties Overseas</b>			<b>142</b>	<b>1,454,708</b>			<b>748.4</b>
<b>Total Energy &amp; Utilities Properties</b>			<b>179</b>	<b>1,562,140</b>			<b>828.9</b>

## Properties of the Group

Location	Tenure	Year lease expiring	Land area (Hectares)	Built-up area (Sq metres)	Age of building (Years)	Description	Net book value (RM million)
<b>HEALTHCARE PROPERTIES</b>							
<b>Malaysia</b>							
<b>Selangor Darul Ehsan</b>							
Sime Darby Medical Centre, Ara Damansara	Freehold	–	2	32,587	1	6-storey medical building with basement carpark	163.6
Sime Darby Medical Centre, Subang Jaya	Freehold	–	2	56,334	3-21	North Tower & Outpatient Centre, 7-storey medical building with annex basement carpark	99.2
Sime Darby Medical Centre, Subang Jaya	Freehold	–	*	18,187	28	South Tower, 6-storey medical building	31.2
Sime Darby Specialist Centre Megah, Petaling Jaya	Freehold	–	*	440	16	Specialist centre	7.6
<b>Total Healthcare Properties - Malaysia</b>			<b>4</b>	<b>107,548</b>			<b>301.6</b>
<b>OTHERS PROPERTIES</b>							
<b>Malaysia</b>							
<b>Selangor Darul Ehsan</b>							
Lot 2026, Jalan Kewajipan, Subang Jaya	Freehold	–	4	18,930	20	Industrial land and building	2.0
<b>Negeri Sembilan Darul Khusus</b>							
Senawang Industrial Estate, Seremban	Leasehold	2074	2	5,333	28	Industrial land and building	3.6
<b>Total Others - Malaysia</b>			<b>6</b>	<b>24,263</b>			<b>5.6</b>
<b>TOTAL GROUP PROPERTIES</b>			<b>885,118</b>	<b>3,034,256</b>			<b>13,256.6</b>

\* less than one hectare

# Form of Proxy

Number of ordinary shares held	CDS Account No.										

I/We .....  
(FULL NAME OF SHAREHOLDER AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Company No. ....) of .....  
(ADDRESS)

.....  
(ADDRESS)

Tel. No. .... being a member/members of SIME DARBY BERHAD hereby appoint

..... (NRIC/Passport No. ....)  
(FULL NAME OF PROXY AS PER NRIC IN CAPITAL LETTERS)

\*and/or ..... (NRIC/Passport No. ....)  
(FULL NAME OF PROXY AS PER NRIC IN CAPITAL LETTERS)

or failing him/her, \*\* the Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Sixth Annual General Meeting of the Company to be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 8 November 2012 at 10.00 a.m. and at any adjournment thereof.

No.	Resolutions	For	Against
Resolution 1	To receive the Audited Financial Statements for the financial year ended 30 June 2012 together with the Reports of the Directors and the Auditors thereon		
Resolution 2	To declare a final single tier dividend for the financial year ended 30 June 2012		
Resolution 3	To approve the annual remuneration for the Non-Executive Directors		
Resolution 4	To re-appoint Tun Musa Hitam as Director pursuant to Section 129(6) of the Companies Act, 1965 (Act)		
Resolution 5	To re-appoint Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin as Director pursuant to Section 129(6) of the Act		
Resolution 6	To re-elect Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo who retires by rotation in accordance with Article 99 of the Articles of Association of the Company		
Resolution 7	To re-elect Dato Sri Lim Haw Kuang who retires by rotation in accordance with Article 99 of the Articles of Association of the Company		
Resolution 8	To re-elect Dato' Sreesanthan Eliathamby who retires by rotation in accordance with Article 99 of the Articles of Association of the Company		
Resolution 9	To re-appoint PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration		
Resolution 10	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Act		
Resolution 11	To approve the Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and the New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		
Special Resolution 1	To approve the Amendments to the Memorandum of Association of the Company		
Special Resolution 2	To approve the Amendments to the Articles of Association of the Company		

My/Our proxy is to vote on the resolutions as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain from voting as he/she thinks fit.

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:	
	Percentage (%)
First proxy	
Second proxy	

Dated this ..... day of ..... 2012  
Signature/Common Seal of Member(s)

\* Please delete as applicable.

\*\*If you do not wish to appoint the Chairman of the Meeting as your proxy/one of your proxies, please strike out the words "the Chairman of the Meeting" and insert the name(s) of the proxy/proxies you wish to appoint in the blank spaces provided.

Notes:

- A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy need not be a Member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, he may appoint not more than two (2) proxies in respect of each Securities Account he holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- Where a Member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. The signature of any joint holder is sufficient.
- The Form of Proxy must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Form of Proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised by the corporation.
- The Form of Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time fixed for the meeting or any adjournment thereof.
- Only members registered in the Record of Depositors as at 30 October 2012 shall be eligible to attend, speak and vote at the Annual General Meeting or appoint proxy(ies) to attend, speak and/or vote on their behalf.

Fold Here

---



THE SHARE REGISTRAR  
SIME DARBY BERHAD (752404-U)  
c/o Tricor Investor Services Sdn Bhd (118401-V)  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia

---

Fold Here



**Sime Darby Berhad** (Company No. 752404-U)

19<sup>th</sup> Floor, Wisma Sime Darby  
Jalan Raja Laut  
50350 Kuala Lumpur, Malaysia

**T** +(603) 2691 4122

**F** +(603) 2382 1075

**E** [enquiries@simedarby.com](mailto:enquiries@simedarby.com)

**W** [www.simedarby.com](http://www.simedarby.com)