



Annual Report 2008



Sime Darby Berhad

(Company No. 752404-U)

(Formerly known as Synergy Drive Bhd)

Ah, but a man's reach should exceed his grasp.
Robert Browning

Cover Rationale

Constant growth.

We believe in a sustainable future. To achieve that, we believe we need to grow our strengths - financially, socially and environmentally. Our cover design symbolises our commitment to the environment. The cover and inside pages are printed on recycled paper. Through constant growth in all areas of our operations, it is possible to achieve - if not exceed - our objectives.



The Sime Darby Group

We are a Malaysia-based multinational operating in over 20 countries around the world. The Sime Darby Group is the result of the unification of several key businesses involving plantation, property, industrial, motors, energy and utilities. We are listed on Bursa Malaysia with a market capitalisation of approximately US\$17 billion, as of 30 June 2008. With a workforce of nearly 100,000, Sime Darby is committed to one goal: developing sustainable futures for all our stakeholders.

Our Mission

Making a sustainable future real for everyone.

Our Values

Respect and Responsibility

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

Excellence

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

Enterprising

Seek and seize opportunities with speed and agility challenging the set boundaries.

Integrity

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

Sime Darby Berhad

(Company No. 752404-U)
(formerly known as Synergy Drive Bhd)
19th Floor, Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur, Malaysia

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Merger Story



Malaysia's rich agricultural legacy has helped foster the growth of several plantation giants over the years, many of which have become established names on the global corporate scene today. In 2007, three great companies - Golden Hope Plantations Berhad, Kumpulan Guthrie Berhad and Kumpulan Sime Darby Berhad - came together in a landmark merger that would eventually create Malaysia's largest listed company.

Commencing operations as a new legal entity on 27 November 2007, the new Sime Darby saw a successful return to being listed on Bursa Malaysia on 30 November 2007. It marked the end of a year long journey that resulted in the new entity, made up of nearly 100,000 employees with six core businesses in over 20 countries.

The merger combines more than 400 years of rich history, tradition and invaluable business experience that has created a truly unique Malaysia-based diversified multinational.

The new group's business portfolio comprises plantation, property, industrial, motors, energy and utilities. It also has a growing presence in healthcare. The Group's portfolio is carefully designed to balance and reflect the industry and market cycles

which is regularly reviewed against strategic and financial objectives in ensuring optimisation of profits and maximisation of shareholders' returns.

The merger will allow the Group to harness potential synergies that will enable it to deliver greater value to its stakeholders through greater integration and consolidation of key business value chains.

Sime Darby's management remains focused on achieving the targeted merger synergies of between RM400 million and RM500 million in cost and revenue synergies, driven by integration of core businesses, particularly in the plantation and property business. For FY2007/08, about RM210 million in merger synergies have been achieved, well ahead of schedule and was largely contributed by plantation synergies.

As the current financial year draws to a close, the merger's completion marks not the end of a journey but heralds the beginning of a new era for Sime Darby. The challenges ahead are ensuring that the merger thesis remains intact and that synergies are delivered as promised. It is a challenge that everyone within Sime Darby relishes and is confident of achieving.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of Sime Darby Berhad will be held at Mahkota II & III, Lower Lobby, Hotel Istana, 73 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Wednesday, 12 November 2008 at 3:00 p.m. for the following purposes:-

As Ordinary Business

- a. To receive the Audited Financial Statements for the year ended 30 June 2008 together with the Reports of the Directors and the Auditors thereon. (Resolution 1)
- b. To declare a final gross dividend of 34.0 sen per share, less Malaysian income tax at 25 percent, and special gross dividends of 4.0 sen per share, less Malaysian income tax at 25 percent, and 6.0 sen per share Malaysian tax exempt, for the year ended 30 June 2008. (Resolution 2)
- c. To approve the annual remuneration for the Non-Executive Directors at an amount not exceeding RM3,000,000 in aggregate. (Resolution 3)
- d. To consider and, if thought fit, pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965:-
 - i. "THAT pursuant to Section 129(6) of the Companies Act, 1965, Tun Musa Hitam be re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting." (Resolution 4)
 - ii. "THAT pursuant to Section 129(6) of the Companies Act, 1965, Tun Dato' Seri Ahmad Sarji Abdul Hamid be re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting." (Resolution 5)
 - iii. "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dr. Arifin Mohamad Siregar be re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting." (Resolution 6)
 - iv. "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Mohamed Sulaiman be re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting." (Resolution 7)
- e. To re-elect the following Directors who retire by rotation in accordance with Article 99 of the Company's Articles of Association:-

Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin	(Resolution 8)
Tan Sri Datuk Dr. Ahmad Tajuddin Ali	(Resolution 9)
Datuk Seri Panglima Sheng Len Tao	(Resolution 10)
- f. To re-appoint PricewaterhouseCoopers as Auditors of the Company for the ensuing financial year, and to authorise the Directors to fix their remuneration. (Resolution 11)



Notice of Annual General Meeting

As Special Business

- g. To consider and, if thought fit, pass the following Special Resolution:-

Proposed Amendment to the Articles of Association of the Company

"THAT the amendment to Article 78 of the Articles of Association of the Company as set out below be and is hereby approved:-

By substituting Article 78 with the following new provision:-

"Until otherwise determined by the Company in general meeting, the number of Directors including a Managing Director shall not be less than three (3) nor more than fifteen (15). Subject to the Listing Requirements, at least two (2) Directors or one third (1/3) of the Board of Directors, whichever is higher, shall be Independent Directors.""

(Resolution 12)

- h. To consider and, if thought fit, pass the following Ordinary Resolution:-

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 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 share capital of the Company for the time being."

(Resolution 13)

- i. To consider and, if thought fit, pass the following Ordinary Resolution:-

Proposed Share Buy-Back

"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 Company be and is hereby authorised to purchase such number of ordinary shares of RM0.50 each in the Company (Proposed Share Buy-Back) as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company provided that:-

- i. the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten percent (10%) of the issued and paid-up ordinary share capital of the Company at the time of purchase; and
- ii. the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits and share premium of the Company at the time of purchase;

Notice of Annual General Meeting

AND THAT, upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares so purchased in their absolute discretion in the following manner:-

- i. to retain the ordinary shares in the Company so purchased by the Company as treasury shares; and/or
- ii. to cancel them; and/or
- iii. to resell them; and/or
- iv. to distribute them as share dividends; and/or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements and any other relevant authority for the time being in force;

AND THAT, such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-

- i. the conclusion of the next Annual General Meeting (AGM) of the Company following this AGM at which time the said authority shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii. the expiration of the period within which the next AGM is required by law to be held; or
- iii. the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever is the earliest;

AND THAT, the Directors of the Company or any of them be authorised to take all such steps as are necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities.”

(Resolution 14)

- j. To consider and, if thought fit, pass the following Ordinary Resolution:-

Proposed Shareholders' Ratification and Proposed Shareholders' Mandate for Recurrent Related Party Transactions

“THAT, all the recurrent related party transactions of a revenue or trading nature as set out in Section 3.2 of the Circular to Shareholders dated 20 October 2008 (Circular) which were entered into by the Company and/or its subsidiary companies which involved the interests of Directors, major shareholders or persons connected with the Directors and/or major shareholders of the Company and/or its subsidiary companies (Related Parties) from 30 November 2007, the date of listing of the Company's shares on the Main Board of Bursa Malaysia Securities Berhad until the date of this Annual General Meeting, which were necessary for the Group's day-to-day operations and were 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, be and are hereby approved, confirmed and ratified.

Notice of Annual General Meeting

AND 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 3.2 of the Circular, 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, unless revoked or varied by the Company in a general meeting, 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 15)

DATE OF ENTITLEMENT AND PAYMENT OF FINAL DIVIDEND AND SPECIAL DIVIDENDS

NOTICE HAS BEEN GIVEN ON 26 AUGUST 2008 that subject to the approval of Members at the Annual General Meeting to be held on 12 November 2008, a final gross dividend of 34.0 sen per share, less Malaysian income tax at 25 percent, and special gross dividends of 4.0 sen per share, less Malaysian income tax at 25 percent, and 6.0 sen per share Malaysian tax exempt, for the year ended 30 June 2008 will be paid on 5 December 2008 to depositors whose names appear in the Record of Depositors on 26 November 2008.

Notice of Annual General Meeting

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 24 November 2008 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 26 November 2008 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
Group Secretary

Kuala Lumpur
20 October 2008

Note

A member of the Company entitled to attend and vote at this meeting is also entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. A Form Of Proxy is enclosed and should be completed and deposited at the office of the Share Registrar of the Company, Epsilon Registration 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.

Explanatory Notes on Special Business

1. Proposed Amendment to the Articles of Association

There are currently 12 members on the Board of Directors of the Company. The proposed Resolution 12, if passed, will enable the Company to increase the number of Directors from the current maximum of 12 to 15.

2. Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965

The Board continues to consider opportunities to broaden the operating base and earnings potential of the Company. If any of the expansion/diversification proposals involves the issuance of new shares, the Directors, under present circumstances, would have to convene a general meeting to approve the issuance of new shares even though the number involved may be less than ten percent (10%) of the issued capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, it is considered appropriate that the Directors be empowered, as proposed in Resolution 13, to allot and issue shares in the Company, up to an amount not exceeding in aggregate ten percent (10%) of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

3. Proposed Share Buy-Back

The proposed Resolution 14, if passed, will empower the Directors to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated out of the total retained profits and the share premium of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Based on the Company's audited financial statements for the year ended 30 June 2008, the Company's total retained profits and share premium stood at RM3,354.8 million and RM100.6 million respectively.

Notice of Annual General Meeting

4. Proposed Shareholders' Ratification and Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The proposed Resolution 15, if passed,

- i. will ratify the recurrent related party transactions entered into by the Company and/or its subsidiary companies from 30 November 2007, the date of listing of the Company's shares on the Main Board of Bursa Malaysia Securities Berhad until the date of this Annual General Meeting; and
- ii. 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.

Further information on the Proposed Amendment to the Articles of Association, the Proposed Share Buy-Back and the Proposed Shareholders' Ratification and Proposed Shareholders' Mandate for Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 20 October 2008, dispatched together with the Company's 2008 Annual Report.

Statement Accompanying the Notice of Annual General Meeting

1. Directors who are standing for Re-appointment and Re-election

The Directors standing for re-appointment under Section 129(6) of the Companies Act, 1965, are:-

- a. Tun Musa Hitam
- b. Tun Dato' Seri Ahmad Sarji Abdul Hamid
- c. Dr. Arifin Mohamad Siregar
- d. Dato' Mohamed Sulaiman

The Directors standing for re-election are:-

- a. Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin
- b. Tan Sri Datuk Dr. Ahmad Tajuddin Ali
- c. Datuk Seri Panglima Sheng Len Tao

The profiles of the above Directors are set out in the section entitled "Profile of Directors" on pages 17 to 21. Their shareholdings in the Company and its subsidiaries are set out in the section entitled "Analysis Of Shareholdings" on pages 222 to 224.

2. Date, Time and Place of the Annual General Meeting

The Second Annual General Meeting of Sime Darby Berhad will be held as follows:-

Date : Wednesday, 12 November 2008

Time : 3.00 p.m.

Place : Mahkota II & III, Lower Lobby, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia



Making a sustainable future real for everyone

Our commitment to sustainability is a commitment that will keep us growing as a responsible business. Across all our business units, we work to provide for some of the world's biggest needs. This is sustainability at work, not just for us, but for everyone.

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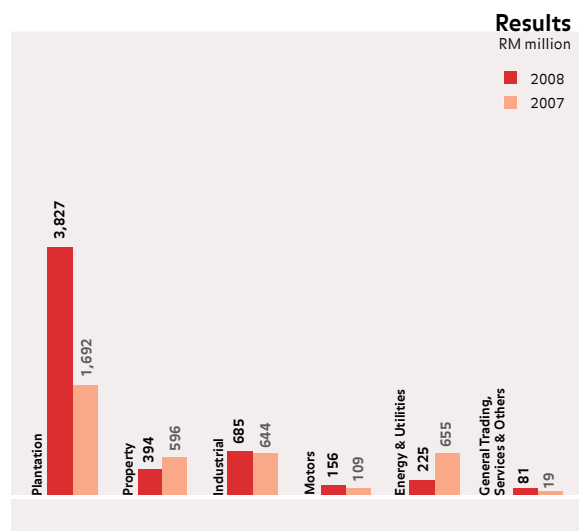
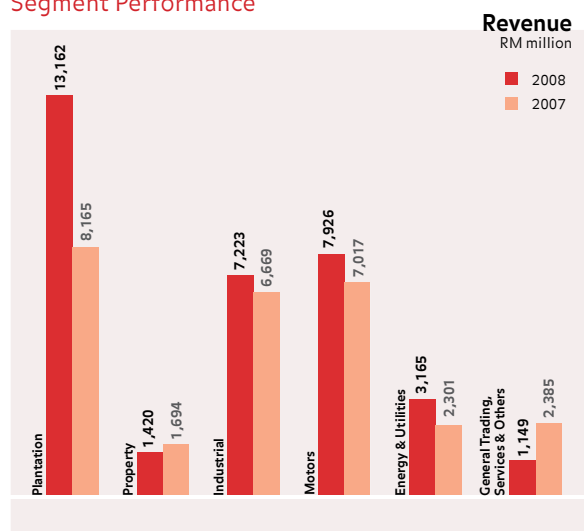
Group Performance Highlights

Quarterly Results

Amounts in RM million unless otherwise stated

	Quarter ended				Year ended 30 June 2008	Year ended 30 June 2007
	30 September 2007	31 December 2007	31 March 2008	30 June 2008		
Revenue	8,180.6	8,101.3	8,641.1	9,121.7	34,044.7	28,230.2
Profit before tax	1,017.9	1,159.5	1,575.3	1,453.7	5,206.4	3,572.2
Profit for the year	701.1	843.8	1,109.7	1,097.9	3,752.5	2,683.1
Attributable to ordinary equity holders of the Company	601.3	800.0	1,089.5	1,021.3	3,512.1	2,385.7

Segment Performance



Financial Statistics

	Year Ended 30 June 2008	Year Ended 30 June 2007
Basic earnings per share (Sen)	59.63	44.16
Net dividend per share (Sen)	38.20	n/a
Share price as at 30 June (RM)	9.25	n/a
Price-earnings ratio (%)	15.51	n/a
Dividend yield (%)	4.13	n/a
Operating profit margin (%)	15.09	12.72
Net assets per share attributable to ordinary equity holders of the Company (RM)	3.61	3.15
Return on average shareholders' equity (%)	18.00	14.57

n/a - not applicable

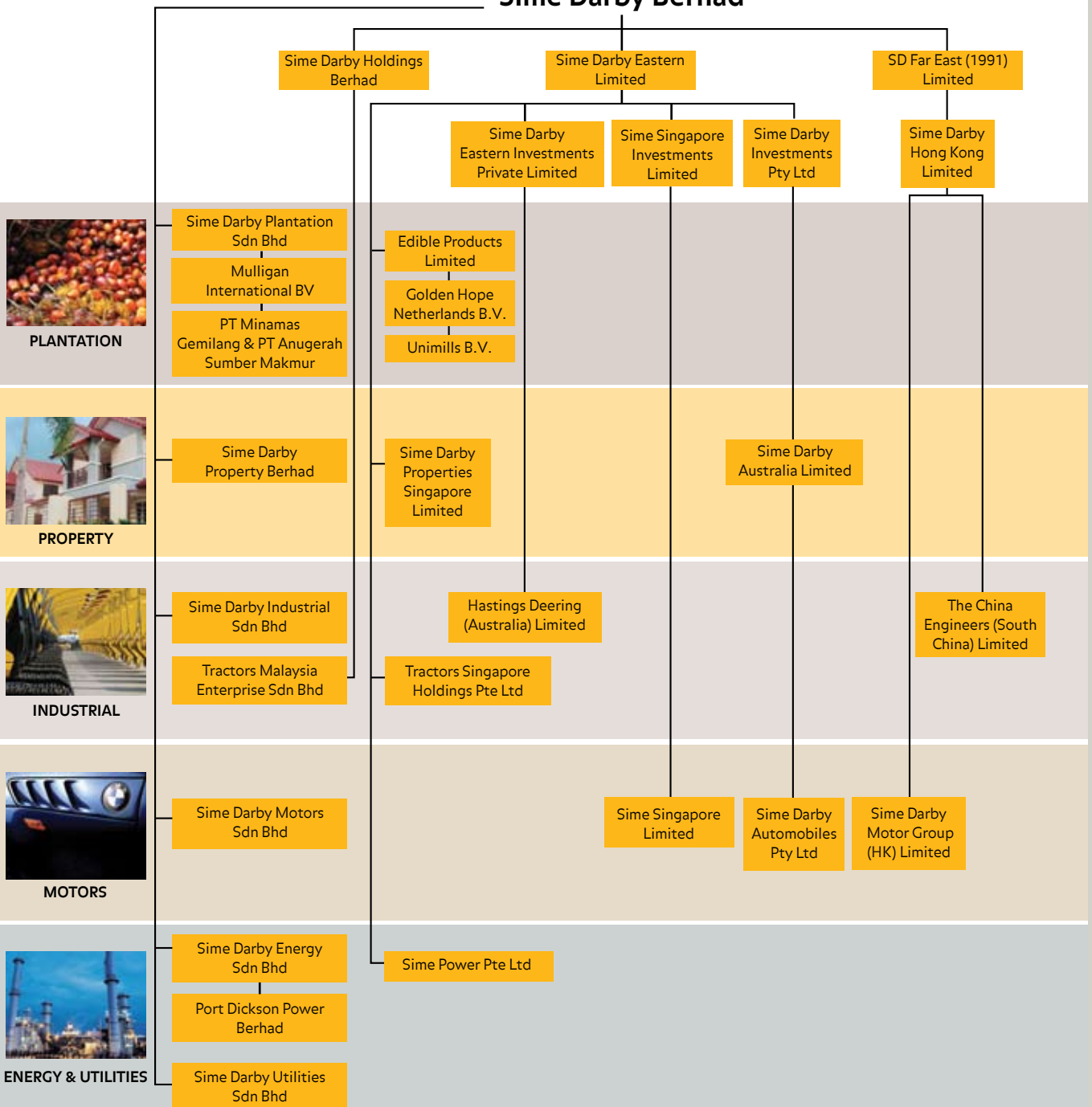


Group Structure

As at 30 June 2008



Sime Darby Berhad



The complete list of subsidiaries, jointly controlled entities and associates and their respective principal activities, country of incorporation and the Group's effective interest are shown in note 48 to the financial statements



Corporate Information

Board of Directors

Tun Musa Hitam	(Independent Non-Executive Chairman)
Tun Dato' Seri Ahmad Sarji Abdul Hamid	(Non-Independent Non-Executive Deputy Chairman)
Dr. Arifin Mohamad Siregar	(Independent Non-Executive Director)
Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin	(Non-Independent Non-Executive Director)
Tan Sri Datuk Dr. Ahmad Tajuddin Ali	(Independent Non-Executive Director)
Datuk Seri Panglima Sheng Len Tao	(Independent Non-Executive Director)
Raja Dato' Seri Arshad Raja Tun Uda	(Senior Independent Non-Executive Director)
Dato' Henry Sackville Barlow	(Independent Non-Executive Director)
Dato' Mohamed Sulaiman	(Non-Independent Non-Executive Director)
Dato' Dr. Abdul Halim Ismail	(Non-Independent Non-Executive Director)
Datin Paduka Zaitoon Dato' Othman	(Non-Independent Non-Executive Director)
Dato' Seri Ahmad Zubair @ Ahmad Zubir Haji Murshid	(President & Group Chief Executive)

Secretary

Norzilah Megawati Abdul Rahman

Auditors

PricewaterhouseCoopers (AF: 1146)
Chartered Accountants

Registered Office

19th Floor, Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur, Malaysia
Telephone: 603-2691 4122 Telefax: 603-2382 1075
E-Mail: enquiries@simedarby.com Website: www.simedarby.com

Share Registrar

Epsilon Registration Services Sdn. Bhd. (Company No. 629261-T)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Telephone: 603-2264 3883 Telefax: 603-2282 1886

Incorporation

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 Board of Bursa Malaysia Securities Berhad since 30 November 2007.

Place of Incorporation and Domicile

Malaysia

Board of Directors



Seated from left:

Datin Paduka Zaitoon Dato' Othman, Tun Musa Hitam (Chairman), Tun Dato' Seri Ahmad Sarji Abdul Hamid (Deputy Chairman) and Dr. Arifin Mohamad Siregar

Standing from left:

Dato' Henry Sackville Barlow, Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin, Datuk Seri Panglima Sheng Len Tao, Tan Sri Datuk Dr. Ahmad Tajuddin Ali, Dato' Seri Ahmad Zubir Murshid, Dato' Dr. Abdul Halim Ismail, Raja Dato' Seri Arshad Raja Tun Uda, Dato' Mohamed Sulaiman and Norzilah Megawati Abdul Rahman (Group Secretary).

Tun Musa Hitam

Tun Musa Hitam, 74, 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. He is also currently the Chairman of United Malayan Land Berhad and Lion Industries Corporation Berhad, both of which are listed on the Main Board of Bursa Malaysia Securities Berhad.

Prior to this, Tun Musa has held a number of key positions, including Chairman of Federal Land Development Authority (FELDA), Kumpulan Guthrie Berhad and founding Chairman of the CIMB Group's International Advisory Panel. Tun Musa has held the portfolios of the 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.

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 and University of Malaya, and fellowships from the Malaysian Institute of Management and the Centre for International Affairs, Harvard University.

Tun Musa chairs the Nomination Committee of the Board. He does not have 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. He attended all of the six Board Meetings held from the date of his appointment on 29 September 2007 to 30 June 2008.

Tun Dato' Seri Ahmad Sarji Abdul Hamid

Tun Dato' Seri Ahmad Sarji Abdul Hamid, 70, a Malaysian, is a Non-Independent Non-Executive Director and the Deputy Chairman of Sime Darby Berhad. He was appointed to the Board on 29 September 2007. He holds a Masters in Public Administration from Harvard University, Bachelor of Arts (Honours) from University of Malaya, and Diploma in Public Administration from The Institute of Social Studies, The Hague. He was conferred the Honorary Degrees of Doctor of Science (Management) from Universiti Utara Malaysia, Doctor of Letters from Universiti Malaysia Sarawak, Doctor of Business Administration from Nottingham-Trent University, United Kingdom and Doctor in Management from International Islamic University Malaysia.

Tun Dato' Seri Ahmad Sarji is currently the Chairman of, among others, Permodalan Nasional Berhad, Petaling Garden Berhad, NCB Holdings Berhad and Syarikat Perumahan Pegawai Kerajaan Sdn Bhd. He is also a member of the Board of Trustees of Yayasan Pelaburan Bumiputra and director of several other private limited companies. From 1990 to 1996, he was the Chief Secretary to the Malaysian Government.

Tun Dato' Seri Ahmad Sarji is a member of the Nomination Committee of the Board. He does not have any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad, nor has any personal interest in any business arrangement involving the Company. He attended all of the six Board Meetings held from the date of his appointment on 29 September 2007 to 30 June 2008.



Profile of Directors

Dr. Arifin Mohamad Siregar

Dr. Arifin Mohamad Siregar, 74, an Indonesian, is an Independent Non-Executive Director. He was appointed to the Board on 29 September 2007. He is also currently a member of the Board of Directors of Saudi Economics Development Company (SEDCO), a leader in Islamic equity funds in Saudi Arabia. In addition, he is a member of the Board of Commissioners of P.T. Austindo Nusantara Jaya and of P.T. Cabot Indonesia. Until June 2008, he was the Chairman of the Board of Commissioners of P.T. Medco Energy International Tbk, the largest private national oil company in Indonesia.

From 1993 to 1997, Dr. Arifin was the Indonesian ambassador to the United States of America. He served as the Minister of Trade of Indonesia from 1988 to 1993. Following his Deputy-Governorship of Bank Indonesia of 12 years, he was the Governor of Bank Indonesia from 1983 to 1988. He was also an international advisor to Goldman Sachs (Asia) LLC for eight years until July 2006. Dr. Arifin also served as the Chairman of the Board of the Indonesian-Germany Chamber of Commerce and Industry. Since 1999, he has been the Chairman of the governing board of the Indonesian Council on World Affairs. In addition, he is the co-Chairman of the US-Indonesia Society, a member of the Board of Trustees of the World Wide Fund for Nature, Indonesia and was the Chairman of the Indonesian Economic Association from 1979 to 1987.

Dr. Arifin holds a PhD in Economics from Munster University in Germany. He has extensive experience with international financial institutions. During his tenure as the Governor of Bank Indonesia, he served as the Governor of the World Bank and the alternate Governor of the Islamic Development Bank. He also held several posts with the International Monetary Fund (IMF), including the IMF's resident representative in Laos (1969 to 1971) and alternate Governor from 1973 to 1988. From 1961 to 1965, he worked as an economist with the United Nations in New York and Beirut, Lebanon. Dr. Arifin has broad leadership experience in economics, finance and diplomacy. His experience includes participating as Chief and Advisor in Indonesian delegations to numerous international and regional conferences, including GATT Uruguay Rounds from 1988 to 1993, Asia Pacific Economic Cooperation (APEC) from 1988 to 1993 and the Association of South East Asian Nations (ASEAN) from 1972 to 1993. Dr. Arifin speaks fluent Dutch, English and German, and has a working knowledge of French.

Dr. Arifin is a member of the Nomination Committee of the Board. He does not have 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. He attended all of the six Board Meetings held from the date of his appointment on 29 September 2007 to 30 June 2008.

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

Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin, 68, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 14 September 2007. He is currently the Chairman of Universiti Teknologi MARA, FEC Cables (M) Sdn Bhd and Kolej Universiti Teknologi dan Pengurusan Malaysia. He is also a Director of Permodalan Nasional Berhad, Amanah Saham Nasional Bhd, Yayasan Felcra Bhd, and Perbadanan Usahawan Nasional Bhd. He was formerly the Chairman of Berger International Ltd based in Singapore, and Deputy Chairman of International Bank Malaysia Berhad.

Tan Sri Dato' Dr. Wan Mohd. Zahid holds a B.A. Honours Degree from University of Malaya, Masters from Stanford University and PhD from University of California, Berkeley. He underwent a course in business management under the Advanced Management Program 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 Dato' Dr. Wan Mohd. Zahid is a member of the Risk Management Committee and the Strategy Task Force of the Board. He does not have any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad, nor has any personal interest in any business arrangement involving the Company. He attended seven out of the eight Board Meetings held from the date of his appointment on 14 September 2007 to 30 June 2008.



Tan Sri Datuk Dr. Ahmad Tajuddin Ali

Tan Sri Datuk Dr. Ahmad Tajuddin Ali, 60, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 14 September 2007. He holds a degree in Mechanical Engineering from King's College, University of London, and a doctorate in Nuclear Engineering from Queen Mary's College, University of London. Tan Sri Datuk Dr. Ahmad Tajuddin was conferred the Honorary Degrees of Doctor of Science from Universiti Putra Malaysia and Doctor of Engineering from University Tenaga Nasional. He is also a graduate of the Harvard Business School's Advanced Management Program.

Tan Sri Datuk Dr. Ahmad Tajuddin is involved in many professional activities. He is currently the Chairman of the Malaysian Standards and Accreditation Council, a member of the Governing Council of the International Organization for Standardization (ISO), Geneva and a member of the Governing Council for the Federation of Malaysian Manufacturers (FMM). Tan Sri Datuk Dr. Ahmad Tajuddin is currently the Chairman of Malaysian Oxygen Berhad, UEM Group Berhad, UEM World Berhad and UEM Land Holdings Berhad. He is also a director of Bangi Golf Berhad and several other private limited companies.

Tan Sri Datuk Dr. Ahmad Tajuddin chairs the Risk Management Committee of the Board and is a member of the Audit Committee, the Nomination Committee and the Strategy Task Force of the Board. He does not have 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. He attended all of the eight Board Meetings held from the date of his appointment on 14 September 2007 to 30 June 2008.

Datuk Seri Panglima Sheng Len Tao

Datuk Seri Panglima Sheng Len Tao, 62, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 14 September 2007. Datuk Seri Panglima Sheng is currently the Chief Adviser to the China Banking Regulatory Commission and sits on the Board of the Qatar Financial Centre Regulatory Authority. He also sits on the advisory panel of the Iskandar Development Region project in Johor.

After training as a chartered accountant, Datuk Seri Panglima Sheng started his career at Bank Negara Malaysia, where between 1976 and 1989, he held various positions including chief economist and assistant governor in charge of Bank and Insurance Regulations. He was the Chairman of the Hong Kong Securities and Futures Commission, a post he held from 1998 to 2005. He is a graduate in Economics (Honours) from the University of Bristol, England and has served in various capacities, both in Malaysia and abroad.

Datuk Seri Panglima Sheng is a member of the Audit Committee, the Remuneration Committee, the Risk Management Committee and the Strategy Task Force of the Board. He does not have 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. He attended seven out of the eight Board Meetings held from the date of his appointment on 14 September 2007 to 30 June 2008.

Raja Dato' Seri Arshad Raja Tun Uda

Raja Dato' Seri Arshad Raja Tun Uda, 61, a Malaysian, is the Senior Independent Non-Executive Director. He was appointed to the Board on 14 September 2007. He is a director of Khazanah Nasional Berhad and a member of the Tax Review Panel. Raja Dato' Seri Arshad is also the Chairman of Yayasan Raja Muda Selangor and Pro-Chancellor of Universiti Industri Selangor.

Raja Dato' Seri Arshad was previously the Executive Chairman and senior partner of PricewaterhouseCoopers (PwC), Malaysia. He was also formerly the Chairman of the Malaysian Accounting Standards Board and Chairman of Danamodal Nasional Berhad. His previous international appointments include being a member of the PwC Global Leadership Team, member of the PwC Global IFRS Board and a member of the Standards Advisory Council of the International Accounting Standards Board. Raja Dato' Seri Arshad is a Fellow of the Institute of Chartered Accountants in England and Wales, and a member of the Malaysian Institute of Accountants. He is also a member of the Malaysian Institute of Certified Public Accountants and served on its Council for 24 years, including three years as President.

Profile of Directors

Raja Dato' Seri Arshad chairs the Audit Committee of the Board and is a member of the Remuneration Committee and the Risk Management Committee of the Board. He does not have 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. He attended seven out of the eight Board Meetings held from the date of his appointment on 14 September 2007 to 30 June 2008.

Dato' Henry Sackville Barlow

Dato' Henry Sackville Barlow, 64, a British national, is an Independent Non-Executive Director. He was appointed to the Board on 29 September 2007. He also sits on the board of HSBC Bank Malaysia Berhad and The International and Commonwealth University of Malaysia Berhad.

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

Dato' Barlow is a member of the Audit Committee, the Remuneration Committee and the Strategy Task Force of the Board. He does not have 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. He attended all of the six Board Meetings held from the date of his appointment on 29 September 2007 to 30 June 2008.

Dato' Mohamed Sulaiman

Dato' Mohamed Sulaiman, 70, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 14 September 2007. Dato' Mohamed is a Certified Public Accountant, Australia. He spent his career in the plantation industry starting as an Accountant with Dunlop Estates Berhad (Dunlop), a plantation company, then based in Melaka. He stayed with Dunlop for 14 years having risen to the position of Finance Director and joined Sime Darby Plantations as Finance Director in 1982.

In 1985, he was seconded to Sime UEP Properties Berhad as its Managing Director before returning to Sime Darby Berhad in 1990 as a Divisional Director of Sime Darby Plantations and Managing Director of Consolidated Plantations Berhad. He has vast experience in the field of corporate management, plantations, property and finance. Dato' Mohamed is also the Honorary Consul for the Republic of Slovenia in Kuala Lumpur.

Dato' Mohamed chairs the Remuneration Committee and the Strategy Task Force of the Board and is a member of the Audit Committee of the Board. He does not have any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad, nor has any personal interest in any business arrangement involving the Company. He attended all the eight Board Meetings held from the date of his appointment on 14 September 2007 to 30 June 2008.

Dato' Dr. Abdul Halim Ismail

Dato' Dr. Abdul Halim Ismail, 69, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 29 September 2007. Currently, he is an Executive Director of BIMB Securities Sdn Bhd and sits on the board of BIMB Unit Trust Management Bhd, BIMB Holdings Berhad and Institut Kefahaman Islam Malaysia (IKIM). Dato' Dr. Abdul Halim is a member of the Syariah Advisory Council at the Securities Commission and Bank Negara Malaysia.

He holds a Doctor of Philosophy (D.Phil) in Economics from the University of Oxford in England. Dato' Dr. Abdul Halim was formerly the Managing Director of Bank Islam Malaysia Berhad, and General Manager and Chief Economist of Bank Bumiputera Malaysia Berhad.

Dato' Dr. Abdul Halim is a member of the Remuneration Committee of the Board. He does not have any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad, nor has any personal interest in any business arrangement involving the Company. He attended all of the six Board Meetings held from the date of his appointment on 29 September 2007 to 30 June 2008.

Datin Paduka Zaitoon Dato' Othman

Datin Paduka Zaitoon Dato' Othman, 68, a Malaysian, is a Non-Independent Non-Executive Director. She was appointed to the Board on 29 September 2007. She is a Barrister-At-Law (Lincoln's Inn, London) and an Advocate & Solicitor of the High Court of Malaya and has been practising in her own legal firm for more than 30 years. She sits on various company boards and councils.

Datin Paduka Zaitoon is a Commissioner of the Human Rights Commission of Malaysia (SUHAKAM). She is Advisor to the Muslim Lawyers Association Malaysia where she had been the President for several years. She is a member of the Board of the Institute of Legal and Judicial Training, a member of the National Women's Advisory Council and Deputy President of Perwaris (Malaysian Legacy Management Association). She represents the Muslim Lawyers Association in Gagasan Badan Ekonomi Melayu (GABEM), is the President of Protect and Save the Children Association (PSC) and is a member of the Council of the Malaysian Strategic Research Centre.

Datin Paduka Zaitoon has been, for several years, a member of the Disciplinary Board of the Malaysian Legal Profession.

Datin Paduka Zaitoon was in the Malaysian Judicial and Legal Services and became the first woman Deputy Public Prosecutor in Malaysia. She was also a Magistrate, President of the Sessions Court and the Departmental Solicitor in the Public Trustee's office. She also held the positions of Senior Assistant Registrar and Deputy Registrar of the High Court of Malaya, Federal Counsel (Civil Division) Attorney General's Chambers and the Deputy Director of the Legal Aid Bureau.

Datin Paduka Zaitoon is a member of the Risk Management Committee of the Board. She does not have any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad, nor has any personal interest in any business arrangement involving the Company. She attended all of the six Board Meetings held from the date of her appointment on 29 September 2007 to 30 June 2008.

Dato' Seri Ahmad Zubair @ Ahmad Zubir Haji Murshid

Dato' Seri Ahmad Zubir Murshid, 51, a Malaysian, is the President & Group Chief Executive of Sime Darby Berhad. He was appointed to the Board on 14 September 2007. Dato' Seri Ahmad Zubir holds a degree in Industrial Engineering from the University of Wales, United Kingdom. He has held many senior positions in the Kumpulan Sime Darby Berhad (formerly known as Sime Darby Berhad) (KSDB) Group since he first joined the Group in 1981.

Prior to his current appointment, he was the Group Chief Executive of KSDB and Managing Director of Continental Sime Tyre PJ Sdn Bhd (formerly known as DMIB Berhad) as well as the Divisional Director of KSDB's Heavy Equipment/Power and Allied Products Division.

He does not have 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 except by virtue of being the President & Group Chief Executive of Sime Darby Berhad. He attended all of the eight Board Meetings held from the date of his appointment on 14 September 2007 to 30 June 2008.



Management Team



*Front row from left:
Dato' Abd Wahab Maskan and Dato' Seri Ahmad Zubir Murshid*

*Second row from left:
Dato' Tunku Putra Badlishah ibni Tunku Annuar, Scott William Cameron, Dato' Ir Jauhari Hamidi, Dato' Mohamad Shukri Baharom,
Dato' Azhar Abdul Hamid and Lawrence Lee*

*Third row from left:
Norzilah Megawati Abdul Rahman, Nik Muhammad Hanafi Nik Abdullah, Dato' Sekhar Krishnan, Dato' Louis Lu Desheng,
Mohamed Ishak Abdul Hamid, Hisham Hamdan and Tong Poh Keow*



Management Team

Dato' Abd Wahab Maskan, Malaysian, Group Chief Operating Officer.

Dato' Abd Wahab was the Senior Executive Vice President of the Property Division of Sime Darby Berhad prior to his present appointment. He was formerly the Group Chief Executive of Kumpulan Guthrie Berhad (KGB) and Golden Hope Plantations Berhad. He has held various executive and non-executive positions in companies in Malaysia, Europe and Asia, both listed and non-listed, covering estate and plantation management, refinery and oleochemicals, trading and marketing, property development and investment, engineering and construction and manufacturing. He holds a degree in Management (Real Estate) from the University of Reading, United Kingdom and is a Fellow of both the Royal Institution of Chartered Surveyors (England and United Kingdom) and the Institution of Surveyors (Malaysia).

Dato' Azhar Abdul Hamid, Malaysian, Executive Vice President of the Plantation Division.

Dato' Azhar began his career with British Telecom Plc, United Kingdom as an Internal Audit Manager. He joined Kumpulan Sime Darby Berhad (KSDB) Group in 1994 as the Financial Controller of Sime Tyres International Sdn Bhd. He was appointed by Permodalan Nasional Berhad as Group Chief Executive of Pemas International Holdings Bhd from November 2001 to October 2002. He was the Managing Director of Tractors Malaysia Holdings Berhad and concurrently, the Divisional Director for KSDB's Heavy Equipment Division in the Asia Pacific, covering China, Hong Kong, Malaysia, Singapore and the Philippines. Before he assumed his present position, he was the Managing Director of Sime Plantations Sdn Bhd and the Divisional Director of KSDB's Plantations & Food Division. Dato' Azhar is a member of the Association of Chartered Certified Accountants, United Kingdom and the Malaysian Institute of Accountants.

Dato' Tunku Putra Badlishah Ibni Tunku Annuar, Malaysian, Executive Vice President of the Property Division.

Dato' Tunku Putra Badlishah joined KSDB in 1989 and has held various senior positions within the KSDB Group, amongst them, Managing Director of Auto Bavaria, Operations Director of Sime UEP Properties Berhad and Director-Group Property of KSDB. He was the Executive Vice President, Property Development & Strategic Investments, Property Division of Sime Darby Berhad prior to his present appointment. Dato' Tunku Putra Badlishah holds an Honours degree in Business Administration and has attended numerous management courses including the Senior Management Development Program conducted by the Harvard Business School.

Lawrence Lee, Singaporean, Executive Vice President of the Motors Division.

Mr Lee was the Divisional Director of 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 Motor Division in Singapore, Australia, New Zealand and the People's Republic of China, including Hong Kong and Macau. He is an Accountant by profession and a Fellow of the Institute of Chartered Accountants in England and Wales.

Scott William Cameron, Australian, Executive Vice President of the Industrial Division.

Mr Cameron began his career with Pricewaterhouse in Brisbane, Sydney and New York before joining Hastings Deering as the Finance Director. 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. He holds a degree in Commerce from 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.

Management Team

Dato' Mohamad Shukri Baharom, Malaysian, Executive Vice President of the Energy Division.

Dato' Mohamad Shukri was the Divisional Director of KSDB's Energy & Utilities Division before he assumed his present position. Prior to that, he has held several senior managerial positions in the KSDB Group, amongst them Managing Director of Sime Engineering Services Berhad, Chief Executive Officer of Continental Sime Tyre Sdn Bhd and Works Director of DMIB Berhad as well as Sime Tyres International (M) Berhad. He holds a degree in Electronics from Universiti Kebangsaan Malaysia and is an associate member of the Harvard Business School Alumni Club of Malaysia.

Dato' Ir Jauhari Hamidi, Malaysian, Executive Vice President of the Utilities Division.

Dato' Jauhari joined the KSDB Group in 1983 as a Senior Engineer in the Civil/Structural Department of Sime Engineering Sdn Bhd. He went on to become the General Manager (Engineering and Technical Services Division) of Consolidated Plantations Berhad and the Director of Oil & Gas at Sime Engineering Services Berhad. Prior to his current appointment, he was the Divisional Director of KSDB's Property Division. He holds a degree in Civil and Structural Engineering from University College Cardiff, Wales, United Kingdom and is a registered professional engineer with the Board of Engineers Malaysia and a corporate member of the Institute of Engineers Malaysia.

Dato' Louis Lu Desheng, a Chinese national, Executive Vice President – China Operations.

Prior to his current appointment, Dato' Louis Lu was the Chief Executive Officer of an investment corporation group in China. He holds a Finance Degree from Peking University as well as a Master in Architecture from the Italy Industrial University.

Tong Poh Keow, 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. She was formerly Head of Group Finance and Administration, and Chief Finance Officer of 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 thence Group General Manager, Finance (Group Accounting and Financial Reporting). She 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.

Hisham Hamdan, Malaysian, Executive Vice President of Group Strategy and Business Development (also responsible for the Healthcare business).

Encik Hisham joined the KSDB Group in September 2004. Prior to joining the group, he was an Investment Banker with Dresdner Kleinwort Wasserstein handling corporate finance and origination. He has also worked as an Equity Research Analyst in various investment banks in Kuala Lumpur, amongst them Dresdner Kleinwort Benson, Santander Research, Peregrine and Swiss Bank Corp/PB Securities. He has also worked in the Corporate Finance Department of Malakoff Berhad and as a Process Engineer in Arvin Industries, United States of America. He holds two separate degrees in Chemical Engineering and Industrial Management from Purdue University, United States of America.

Management Team

Dato' Sekhar Krishnan, Malaysian, Executive Vice President of Group Corporate Services.

Dato' Sekhar is responsible for managing the legal and secretarial functions as well as the non-core business operations of the Group. He began his career with Peat, Marwick, Mitchell & Co. (now known as KPMG) and subsequently joined the KSDB Group in 1982. He has held various senior financial positions within the KSDB Group, amongst them Finance Director of Sime UEP Properties Berhad, Group Financial Controller of KSDB and Finance Director of Tractors Malaysia Holdings Berhad. Prior to his present position, he was the Group Chief Financial Officer of KSDB. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Mohamed Ishak Abdul Hamid, Malaysian, Executive Vice President of Group Human Resource.

Tuan Haji Mohamed Ishak joined Dunlop Malaysian Industries Berhad (DMIB) in 1975 as a management trainee and has gone on to hold various positions within DMIB. He was later appointed as the Managing Director of Simex Aircraft Tyre Company for nine years before returning to the Tyre Division as Head of Group Human Resource. Tuan Haji Mohamed Ishak was appointed as Group Manager, Human Resource for KSDB's Heavy Equipment / Power and Allied Products Division and assumed the position of Group Head-Human Resource in KSDB in 2005 prior to his present position. He holds a Masters in Business Administration from Ohio University, United States of America.

Norzilah Megawati Abdul Rahman, Malaysian, Group Secretary.

Puan Norzilah was the Head, Group Legal & Compliance of KGB prior to her present appointment. 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. She holds a degree in Law from the University of Malaya, Kuala Lumpur and is a licensed Company Secretary.

Nik Muhammad Hanafi Nik Abdullah, Malaysian, Senior Vice President / Head of Group Corporate Assurance.

Encik Nik Muhammad Hanafi was the Senior General Manager of Finance for the KGB Group's Indonesian operations based in Jakarta from September 2005 until his appointment to the present position. He has over 20 years experience in various management and senior management positions in various industries including oil palm plantation & milling, construction, takaful and finance, and had worked for various groups and companies including KGB, MNI Group / Takaful Nasional (now known as Etiqa), DRB-Hicom Group and Pamol Plantations Sdn Bhd (then under Unilever Plantation Group). His previous work experience includes positions in Accounting & Finance (including administration and corporate services encompassing HR management, corporate communications, procurement and IT), Management Information Systems, Credit Financing & Marketing, Business Development, and Credit Control & Recovery. Encik Nik Muhammad holds a Bachelor of Arts in Accounting degree from University of Canberra, Australia.



Report on the Audit Committee

Report on the Audit Committee

The Board of Directors of Sime Darby Berhad is pleased to present the report on the Audit Committee of the Board for the year ended 30 June 2008.

The Audit Committee was established by a resolution of the Board on 29 September 2007 in line with the Listing Requirements of Bursa Malaysia Securities Berhad.

Composition and Attendance

The Audit Committee during the year comprised the Directors listed below and had met four times on 3 December 2007, 26 February 2008, 5 May 2008 and 27 May 2008.

Members	Status of directorship	Attendance of meetings
Raja Dato' Seri Arshad Raja Tun Uda (Chairman of the Committee)	Senior Independent Non-Executive Director	4 out of 4
Tan Sri Datuk Dr. Ahmad Tajuddin Ali	Independent Non-Executive Director	4 out of 4
Datuk Seri Panglima Sheng Len Tao	Independent Non-Executive Director	2 out of 4
Dato' Henry Sackville Barlow	Independent Non-Executive Director	4 out of 4
Dato' Mohamed Sulaiman	Non-Independent Non-Executive Director	4 out of 4

Terms of Reference

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

Duties

The duties of the Audit Committee are:-

- a. to oversee the internal control structure to ensure operational effectiveness and protect the Company's and the Group's assets from misappropriation;
- b. to consider for recommendation to the Board of Directors, the appointment, resignation and dismissal of external auditors and the audit fee;
- c. to review the nature and scope of the audits and/or business reviews with the Group Corporate Assurance Department (GCAD) and external auditors before the audit commences;
- d. to review the quarterly and annual financial statements of the Company and the Group focusing on the matters set out below, and thereafter to submit them to the Board:
 - any changes 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.
- e. to discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss with a view to making a recommendation to the Board;
- f. to review the audit reports prepared by GCAD and external auditors, the major findings and management's responses thereto;
- g. to review the adequacy of the scope, functions and resources of GCAD to be able to undertake its activities independently and objectively and whether it has the necessary authority to carry out its work;

- h. to review the Group Corporate Assurance Plan, the risk assessment and methodology and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
- i. to review any appraisal or assessment of the performance of the executives in GCAD;
- j. to approve any appointment or termination of senior executives in GCAD;
- k. to be informed of any resignation of executives in GCAD and provide the resigning executive an opportunity to submit his/her reason for resignation;
- l. to consider the report, major findings of internal investigations and management's response thereto;
- m. to review the evaluation of the systems of internal control with the auditors and management information systems;
- n. to review the assistance given by the Company's and the Group's employees to the auditors;
- o. to review related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures with regards to such transactions are sufficient and to review any conflict of interest situations;
- p. to verify allocation of options (if any) pursuant to the employees' share option scheme is in compliance with the criteria for allocation of options under the scheme;
- q. to ensure that proper processes and procedures are in place to comply with all laws, regulations and rules established by all relevant regulatory bodies; and
- r. to undertake any such other functions as may be agreed to by the Committee and the Board.

Authority

The Committee is authorised by the Board:-

- a. to investigate any activity within its Terms of Reference and shall have unrestricted access to GCAD and external auditors and to all employees of the Group;
- b. to have the resources in order to perform its duties as set out in its Terms of Reference;
- c. to have full and unrestricted access to information pertaining to the Company and the Group, their records, properties and personnel;
- d. to have direct communication channels with GCAD and external auditors;
- e. to obtain external legal or other independent professional advice as necessary;
- f. to convene meetings with external auditors, without the attendance of any executive, and if appropriate, the Group Secretary, whenever deemed necessary; and
- g. to have immediate access to reports on fraud or irregularities from the internal auditors.

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

Responsibility

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

Membership

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

Report on the Audit Committee

No alternate Director shall be appointed as a member of the Committee.

The Chairman of the Committee shall be an independent non-executive Director appointed by the Board.

Review of the Composition of the Committee

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

Meetings and Minutes

Meetings shall be held not less than four times a year and the President & Group Chief Executive, Group Chief Financial Officer, Head of GCAD and a representative of the external auditors shall normally be invited to attend the meetings. Other members of the Board may attend the meetings upon the invitation of the Committee. At least twice a year, the Committee shall meet the external auditors without any executives present except the Group Secretary. The quorum shall be two members, both of whom must be independent Directors. Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. The Chairman of the Committee shall report on each meeting to the Board. The Secretary to the Committee shall be the Group Secretary.

Summary of Activities of the Committee during the Year

In line with the Terms of Reference of the Committee, the following activities were carried out by the Committee during the year ended 30 June 2008 in the discharge of its functions and duties:-

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

Internal Audit Functions and Activities

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

Report on the Audit Committee

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

This report is made in accordance with a resolution of the Board of Directors dated 11 September 2008.

Statement on Corporate Governance

The Code

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

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

The Board is pleased to present the following report on the application of the principles and compliance with the best practices as set out in the Code throughout the year ended 30 June 2008.

The Board of Directors

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

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

During the year ended 30 June 2008, 11 Board Meetings were held. The following are the details of attendance of each Director:-

Members	Date of appointment	No. of meetings attended since appointment	Percentage
Tun Musa Hitam (Chairman)	29.09.2007	6 out of 6	100
Tun Dato' Seri Ahmad Sarji Abdul Hamid (Deputy Chairman)	29.09.2007	6 out of 6	100
Dr. Arifin Mohamad Siregar	29.09.2007	6 out of 6	100
Dato' Henry Sackville Barlow	29.09.2007	6 out of 6	100
Dato' Dr. Abdul Halim Ismail	29.09.2007	6 out of 6	100
Datin Paduka Zaitoon Dato' Othman	29.09.2007	6 out of 6	100
Tan Sri Dato' Dr. Wan Mohd Zahid Mohd Noordin	14.09.2007	7 out of 8	88
Tan Sri Datuk Dr. Ahmad Tajuddin Ali	14.09.2007	8 out of 8	100
Raja Dato' Seri Arshad Raja Tun Uda	14.09.2007	7 out of 8	88
Datuk Seri Panglima Sheng Len Tao	14.09.2007	7 out of 8	88
Dato' Mohamed Sulaiman	14.09.2007	8 out of 8	100
Dato' Seri Ahmad Zubair @ Ahmad Zubir Haji Murshid	14.09.2007	8 out of 8	100
Tan Sri Dato' Md. Nor Md. Yusof (resigned on 29 September 2007)	08.11.2006	6 out of 6	100
Dato' Zainal Abidin Putih (resigned on 29 September 2007)	08.11.2006	5 out of 6	83
Wan Razly Abdullah Wan Ali (resigned on 29 September 2007)	07.11.2006	6 out of 6	100



Statement on Corporate Governance

Board Balance

The Board as at the date of this statement consists of 12 members. Eleven are non-executive Directors (including the Chairman) and one is an executive Director. Six of the Directors are independent as defined under the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities Listing Requirements).

The independent Directors are:-

- i. Tun Musa Hitam
- ii. Dr. Arifin Mohamad Siregar
- iii. Tan Sri Datuk Dr. Ahmad Tajuddin Ali
- iv. Raja Dato' Seri Arshad Raja Tun Uda
- v. Datuk Seri Panglima Sheng Len Tao
- vi. Dato' Henry Sackville Barlow

There is optimum board balance and compliance with the independent directors criteria set out under the Bursa Securities Listing Requirements. Together, the Directors with their wide experiences in both the public and private sectors and diverse academic backgrounds provide a collective range of skills, expertise and experience which is vital for the successful direction of the Group. A brief profile of each Director is presented on pages 17 to 21.

The Board has also appointed Raja Dato' Seri Arshad Raja Tun Uda as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed. The Senior Independent Non-Executive Director may be contacted at:-

Telephone number : 603-2691 4122 extension 7129
Facsimile number : 603-2382 1075

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

Supply of Information

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

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

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

Statement on Corporate Governance

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

Board Committees

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

a. Audit Committee

The Audit Committee 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 Committee has full access to the auditors both internal and external who, in turn, have access at all times to the Chairman of the Committee. The Committee meets with the external auditors without any executives present except for the Group Secretary, at least twice a year.

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

The report on the Audit Committee is presented on pages 6 to 9 and the duties of the Audit Committee are included therein.

b. Remuneration Committee

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

The Remuneration Committee is made up entirely of non-executive Directors. During the year ended 30 June 2008, four meetings were held and the attendance of the members were as follows:-

Members	No. of meetings attended	Percentage
Dato' Mohamed Sulaiman (Chairman)	4 out of 4	100
Raja Dato' Seri Arshad Raja Tun Uda	4 out of 4	100
Datuk Seri Panglima Sheng Len Tao	4 out of 4	100
Dato' Henry Sackville Barlow	4 out of 4	100
Dato' Dr. Abdul Halim Ismail	4 out of 4	100

Terms of Reference

Duties

The duties of the Remuneration Committee are:-

- i. to review and recommend to the Board the compensation and remuneration for non-executive Directors of Sime Darby Berhad;
- ii. subject to item (iii) below:-
 - to review and approve the compensation, remuneration and benefits package for executives of the Sime Darby Group;
 - to review and approve the salary scales for executives of the Sime Darby Group; and
 - to review and approve the annual bonus and salary increment for executives of the Sime Darby Group.
- iii. to review and recommend to the Board the remuneration, compensation and benefits package and the terms and conditions of service of the President & Group Chief Executive and the direct reports of the President & Group Chief Executive;
- iv. to review and recommend to the respective Boards the remuneration for non-executive Directors of the public listed companies (if any) and any other companies in the Sime Darby Group as the Committee deems fit;
- v. to review and approve the extension of service and the compensation and benefits package of executives in the Sime Darby Group who have reached the age of retirement, and
- vi. any such other functions as may be delegated by the Board from time to time.

Authority

The Committee is authorised by the Board:

- i. to have full and unrestricted access to information, records, properties and employees of the Company and the Group; and
- ii. to obtain independent professional advice and expertise as necessary to perform its duties.

Membership

The Committee shall be appointed by the Board from amongst their number and shall consist of not less than three members, all of whom shall be non-executive.

Meetings and Minutes

Meetings shall be held as and when necessary. Other members of the Board may attend the meetings upon the invitation of the Committee. The quorum shall be two members. Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. The Chairman of the Committee shall report on each meeting to the Board. The Secretary to the Committee shall be the Executive Vice President - Group Human Resource.

c. Nomination Committee

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

During the year ended 30 June 2008, three meetings were held. The members of the Nomination Committee during the year, all of whom are non-executive Directors and three of whom are independent, and their attendance at the meetings were as follows:-

Statement on Corporate Governance

Members	No. of meetings attended	Percentage
Tun Musa Hitam (Chairman)	3 out of 3	100
Tun Dato' Seri Ahmad Sarji Abdul Hamid	3 out of 3	100
Dr. Arifin Mohamad Siregar	3 out of 3	100
Tan Sri Datuk Dr Ahmad Tajuddin Ali	3 out of 3	100

Terms of Reference

Duties

The duties and responsibilities of the Nomination Committee are:-

- i. to consider and recommend the selection criteria for new appointment as Directors of Sime Darby Berhad and its subsidiary companies;
- ii. to consider and recommend to the Board the appropriate size of the Board and to ensure that any term limits within the Articles of Association are adhered to;
- iii. to consider and recommend suitable persons for appointment as Directors of Sime Darby Berhad and its subsidiary companies;
- iv. to consider and recommend Directors for appointment as members of committees of the Board of Sime Darby Berhad and its subsidiary companies;
- v. to consider and approve suitable persons for appointment as Group Chief Executive and executives in Grade 8 in the Sime Darby Group;
- vi. to assess the effectiveness of the Board of Directors as a whole and the committees of the Board as well as the contribution of each individual Director of Sime Darby Berhad and its subsidiary companies;
- vii. to consider and recommend measures to upgrade the effectiveness of the Board and committees of the Board of Sime Darby and its subsidiary companies;
- viii. to annually review the required mix of skills and experience and other qualities, including core competencies, which non-executive Directors should bring to the Board to ensure that they are in line with the Company's and the Group's requirements;
- ix. to co-ordinate the evaluation process of Directors and the collective Board;
- x. to consider and recommend a policy regarding the period of service of executive and non-executive Directors;
- xi. to consider and recommend solutions on issues of conflict of interest affecting Directors;
- xii. to evaluate and determine the training needs of Directors;
- xiii. to ensure an appropriate framework and succession planning of the Board and the Sime Darby Group; and
- xiv. such other functions as may be delegated by the Board from time to time.

Authority

The Committee is authorised by the Board:-

- i. to have full and unrestricted access to information, records, properties and employees of the Company and the Group; and
- ii. to obtain independent professional advice and expertise as necessary to perform its duties.

Membership

The Committee shall be appointed by the Board from amongst their number and shall consist of not less than three members, all of whom shall be non-executive and a majority of whom shall be independent.

Statement on Corporate Governance

Meetings and Minutes

Meetings shall be held as and when required. Other members of the Board may attend the meetings upon the invitation of the Committee. The quorum shall be two independent Directors. Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. The Chairman of the Committee shall report on each meeting to the Board. The Secretary to the Committee shall be the Group Secretary.

d. Risk Management Committee

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

During the year ended 30 June 2008, five meetings were held. The members of the Risk Management Committee during the year, of whom the Chairman is an independent non-executive Director, and their attendance at the meetings were as follows:

Members	No. of meetings attended	Percentage
Tan Sri Datuk Dr. Ahmad Tajuddin Ali (Chairman)	5 out of 5	100
Tan Sri Dato' Dr. Wan Mohd Zahid Mohd Noordin	5 out of 5	100
Raja Dato' Seri Arshad Raja Tun Uda	5 out of 5	100
Datuk Seri Panglima Sheng Len Tao	4 out of 5	80
Datin Paduka Zaitoon Dato' Othman	5 out of 5	100

Terms of Reference

Duties

The duties of the Risk Management Committee are:-

- i. to provide oversight, direction and counsel to the risk management process;
- ii. to establish risk management guidelines;
- iii. to evaluate the structure for the Group risk management, risk management processes and support system;
- iv. to consider the quarterly report on risks, major findings and management responses thereto on material issues, changing environments and required changes in risk management programmes;
- v. to carry out risk evaluation on all capital expenditure and mergers & acquisitions proposals by the Group companies exceeding RM50 million;
- vi. to review and approve action and contingency plans developed to mitigate key risks; and
- vii. to advise the Board on risk related issues and recommend strategies, policies and risk tolerance for Board approval.

Membership

The Committee shall be appointed by the Board from amongst their number and shall consist of not less than four members. The Chairman of the Committee shall be an independent non-executive Director appointed by the Board.

Meetings and Minutes

The Committee shall meet at least once every quarter and as and when required to review specific matters. The quorum shall be three members. The Secretary to the Committee shall be the Group Secretary.

Statement on Corporate Governance

e. Strategy Task Force

The Strategy Task Force was established on 26 June 2008 with the responsibility of reviewing the plans and business strategies of the Sime Darby Group. The Strategy Task Force met once during the year ended 30 June 2008. The members of the Strategy Task Force during the year and their attendance at the meeting were as follows:-

Members	No. of meetings attended	Percentage
Dato' Mohamed Sulaiman (Chairman)	1 out of 1	100
Tan Sri Dato' Dr. Wan Mohd Zahid Mohd Noordin	1 out of 1	100
Tan Sri Datuk Dr. Ahmad Tajuddin Ali	1 out of 1	100
Datuk Seri Panglima Sheng Len Tao	1 out of 1	100
Dato' Henry Sackville Barlow	1 out of 1	100

Terms of Reference

Duties

The duties of the Strategy Task Force are to:-

Group Strategy

- i. review the Group's strategic plans for adoption for the Board;
- ii. review the Group's Three-Year and/or Five-Year Management Plan or any other specific Management Plan; and
- iii. review the Group's Capital Allocation and Gearing Plans and the impact of the Plans on the Financial Performance Forecast of the Group.

Group Business

- i. recommend for approval of the Board the commencement of any new business or expansion of current business for the Group;
- ii. recommend for approval of the Board the closure of any business of the Group; and
- iii. evaluate new and existing investments of the Group.

Group Organisational and Management Structure

- i. review the organisational and management structure of the Group for endorsement of the Board so as to ensure that the structure is in line with the Group's strategic objectives; and
- ii. ensure that programmes are in place to recruit, develop and retain management and for orderly succession of management.

Authority

The Task Force is authorised by the Board:-

- i. to have full and unrestricted access to information, records, properties and employees of the Group; and
- ii. to obtain independent professional advice and expertise as necessary to perform its duties

Membership

Members of the Task Force shall be appointed by the Board from amongst their number and shall consist of not more than five members.

Statement on Corporate Governance

Meetings and Minutes

Meetings shall be held as and when required. Other members of the Board may attend the meetings upon invitation of the Task Force. The quorum shall be three members. Minutes of each meeting shall be kept and distributed to each member of the Task Force and the Board. The President & Group Chief Executive shall be invited to attend the meetings of the Task Force. The Secretary to the Task Force shall be the Group Secretary.

f. Management of Operations

A Management Committee and Supervisory Committees have been established to assist in the running of the businesses of the Group.

The Management Committee under the chairmanship of the President & Group Chief Executive and comprising the Group Chief Operating Officer, and Executive Vice Presidents (EVPs) of the Divisions together with the Group Chief Financial Officer and other EVPs from Group Head Office, shares the overall responsibility for the management policies, the day-to-day operations of the Group, the deployment and implementation of Board resolutions and the achievements of objectives and results.

The Supervisory Committees are established to assist the Board in the oversight of the respective Divisions. The members are the relevant management executives involved in the management of the companies within that Division, individuals with knowledge in the business of the Division and certain non-executive Directors identified by the Board based on the recommendation of the Nomination Committee. The duties of the Supervisory Committees are:-

- i. to contribute to corporate strategy and general operating policy development of the Division;
- ii. to review the conduct and performance of the Division's businesses and the performance of the Division;
- iii. to contribute towards the identification of principal risks and the implementation of appropriate systems to manage these risks to achieve a proper balance between risks accepted and potential returns to shareholders;
- iv. to review the adequacy and the integrity of the internal control systems and management information systems of the companies in the Division including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- v. to consider reports prepared by GCAD and the external auditors with respect to the companies within the Division; and
- vi. to ensure adherence to the application of the principles of good corporate governance and best practices.

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 are recommended by the Nomination Committee 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 Annual General Meeting after their appointment. Directors over 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 of the remaining Directors are required to submit themselves for re-election by rotation at each Annual General Meeting.

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

The Group Secretary ensures that all appointments are properly made, that all necessary information is obtained from the Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements of Bursa Malaysia Securities Berhad or other regulatory requirements. The Board periodically examines the effectiveness of its present size in discharging its duties.

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

Shareholders' approval will be sought at the forthcoming Annual General Meeting of the Company which will be held on 12 November 2008 to fix an annual remuneration at an amount of not exceeding RM3,000,000 in aggregate, for non-executive Directors of the Company. The determination of the fees of each non-executive Director is made by the Board as a whole. The Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors.

The remuneration package comprises the following elements:-

- i. Fees and Meeting Allowances
The fees payable to each of the non-executive Directors is determined by the Board as authorised by the shareholders of the Company. All non-executive Directors are paid meeting allowances as determined by the Board to reimburse them for expenses incurred for attendance at Board meetings.
- ii. Basic Salary
The basic salary for the Executive Director is recommended by the Remuneration Committee, taking into account the performance of the individual, the consumer price index and information from independent sources on the rates of salary for similar positions in other comparable companies. The salary is reviewed annually.
- iii. Bonus Scheme
The Group operates a bonus scheme for 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 recommended by the Remuneration Committee for approval of the Board.
- iv. Benefits-in-Kind
Other customary benefits (such as private medical care, car, etc.) are made available as appropriate.
- v. Retirement Arrangements
The Company contributes 16 percent of the Executive Director's monthly salary to the Employees Provident Fund.

Statement on Corporate Governance

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

	Paid by Sime Darby RM'000	Paid by Merged Entities* RM'000	Total RM'000
Executive Director			
Salary and other remuneration	2,632	261	2,893
Benefits-in-kind	82	27	109
Non-Executive Directors			
Fees	1,625	908	2,533
Other remuneration	502	191	693
Benefits-in-kind	21	0	21

* paid by Merged Entities refers to remuneration paid to the Directors of the Company by the combining entities prior to their appointments to the Board of Sime Darby.

The aggregate remuneration of Directors of the Company for the financial year ended 30 June 2008, in respective bands of RM50,000 are as follows:-

Range of Remuneration	Number of Directors
Executive Director	
RM2,700,000 to RM2,750,000	1
Non-Executive Directors	
≤RM50,000	1
RM50,001 to RM100,000	-
RM100,001 to RM150,000	4
RM150,001 to RM200,000	6
RM200,001 to RM250,000	1
RM350,001 to RM400,000	1

Directors' Training

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

The Company has on an ongoing basis identified conferences and seminars which will be beneficial to the Directors. There were also briefings by the external and internal auditors and the Group Secretary on the relevant updates on statutory and regulatory requirements from time to time during the Audit Committee meetings and Board meetings.

A Directors' Development Programme was held on 24 May 2008 and participated by the members of the Sime Darby Board, Management Committee, Supervisory Committees and other senior executives of the Group. Topics of discussion covered under the Programme were as follows:-

- Corporate Responsibility - Challenges to Sustainable Development
- Managing Tomorrow's People - Human Capital Management

Investor Relations and Shareholders' Communication

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

Statement on Corporate Governance

The Company also uses the Annual General Meeting, 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 welcome to raise queries by contacting the Company at any time throughout the year and not just at the Annual General Meeting.

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

Any query regarding the Sime Darby Group may be conveyed to the following persons:-

- i. Norzilah Megawati Abdul Rahman
Group Secretary
Telephone number : 603-2691 4122 extension 2370
Facsimile number : 603-2382 1075
- ii. Hisham Hamdan
Executive Vice President, Group Strategy & Business Development
Telephone number : 603-2691 4122 extension 2112
Facsimile number : 603-2713 5935

Financial Reporting

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

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

Internal Control

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

The Statement on Internal Control which provides an overview of the state of internal control is set out on pages 42 to 44. The internal audit function of the Group which rests with GCAD is described in the Report on the Audit Committee on pages 26 to 29.

Relationship with the Auditors

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

The non-audit fees charged by external auditors during the year ended 30 June 2008 amounted to RM8.1 million (2007: RM13.7 million).

Statement on Corporate Governance

Conclusion

Sime Darby has been in compliance with the Code during the financial year under review save for the disclosure of details of the remuneration of each Director. The Company complies with the disclosure requirements under the Bursa Securities Listing Requirements i.e. disclosure of Directors' Remuneration by applicable bands of RM50,000. The Board is of the view that the transparency and accountability aspects of Corporate Governance as applicable to Directors' Remuneration are appropriately served by the band disclosure made on page 39. In addition, the composition of the Remuneration Committee has been fully disclosed under item (b) of this Statement.

This statement is made in accordance with a resolution of the Board of Directors dated 11 September 2008.



Statement on Internal Control

Responsibility

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

The Board has established procedures, for the Company and its subsidiaries, to implement the recommendations as outlined in the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" that was endorsed by Bursa Malaysia Securities Berhad. In addition to ensuring the adequacy and integrity of the Group's internal control and management information systems, these procedures are intended to provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, excluding associated companies and joint ventures which have not been dealt with as part of the Group. These procedures, which were in place during the financial year ended 30 June 2008, are subject to regular review by the Board of Directors.

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

Risk management

Risk policy

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

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

- Informed risk management is an essential element of the Group's business strategy
- Effective risk management provides greater assurance that the Group's vision and strategy will be achieved
- Each Division (and each business unit therein) is expressly responsible for managing the risks associated with its business and investment objectives
- All material risks are to be identified, analysed, treated, monitored and reported.

The implementation of the policy and risk management framework that includes the strategy, culture, people and technology is the responsibility of the President & Group Chief Executive and members of the Sime Darby Management Committee. The composition of the Management Committee which comprises the President & Group Chief Executive, Group Chief Operating Officer and Executive Vice Presidents (EVPs) of the Divisions also includes the Group Chief Financial Officer and other EVPs from Group Head Office as permanent invitees.

Risk reporting

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

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

Control structure and environment

The Board of Directors is committed to maintaining a strong control structure and environment for the proper conduct of the Group's business operations. These key elements can be broken down into the following framework:

Structural

Audit Committee

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

Board Risk Management Committee

The Board, through the Board Risk Management Committee (RMC) maintains risk oversight within the Group. The Group Chief Risk Officer reports to the Group Chief Operating Officer and has reporting responsibilities to the RMC. During the year, the Group Chief Risk Officer had conducted Risk Management Workshops and worked with Divisions to review their key risks, controls and action plans to manage these risks.

Supervisory Committee (SC) and Audit Committee of the SC

All Divisions have a Supervisory Committee (SC) and where appropriate, an Audit Committee of the SC whose terms of reference include contributing to corporate strategy and general operating policy development of the division, identification and management of principal risks, reviewing the adequacy and integrity of internal control/management information systems and consideration of reports prepared by Group Corporate Assurance Department among others.

Group Corporate Assurance Department

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

Organisation and 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, and the management of Group Head Office, Divisions 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 Group Policies and Authorities (GPA) and the Divisional/Operating Unit Standard Operating Procedures. These policies and procedures are reviewed regularly and updated when necessary.

Corporate values

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

Comprehensive information system

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

Statement on Internal Control

Organisation and Values (continued)

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

Specific policy and procedures have been established to encourage employees to report any misfeasance by any persons in the Group to the proper authorities so that proper action can be taken immediately. Additionally, it also provides for any complaints or reports to be directly submitted to the Senior Independent Director of the Group, should the complainant believe that the Group is better served if the report was addressed to levels higher than management.

The Senior Independent Director is Raja Dato' Seri Arshad Raja Tun Uda who is contactable at telephone number 603-2691 4122 extension 7129 and facsimile number 603-2382 1075.

The whistleblowing procedures include provisions to safeguard the confidentiality of the complainant, ensure no victimisation of the complainant if he or she has acted in good faith, and measures to avoid abuse of the policy and procedures 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:

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

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

This statement is made in accordance with a resolution of the Board of Directors dated 11 September 2008.

A young boy in a red and white striped shirt is climbing a rope ladder made of a tire. The ladder is suspended from a large tree. The background is a clear blue sky with some light clouds. The boy is smiling and looking up.

Our business thrives on growth. It is a universal need, across all our business units. From year to year, we aim to grow our profits, and to also groom our talent at the same time; our future depends on the success of our people - our most valuable resource.

GROWTH

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Chairman's Message



Tun Musa Hitam

Dear Shareholders,

On behalf of the Board of Directors (Board) of Sime Darby Berhad (Sime Darby), it is my pleasure to present the Annual Report, incorporating the Financial Statements of the Group and the Company, for the year ended 30 June 2008.

Analysis of Group Net Profit

(Amount in RM million)	2008	%	2007	%
Operating Segment Results				
Plantation	3,874.0	71.4	1,620.6	52.5
Property	407.0	7.5	505.0	16.4
Industrial	687.3	12.7	644.9	20.9
Motors	203.2	3.7	63.1	2.0
Energy & Utilities	224.6	4.1	221.5	7.2
General Trading, Services and Others	30.9	0.6	30.6	1.0
	5,427.0	100.0	3,085.7	100.0
Unusual items	(59.2)		630.1	
Unallocated corporate expenses and income	(229.5)		(125.2)	
Share of results of jointly controlled entities and associates	110.0		112.3	
Finance income	225.5		181.7	
Finance costs	(267.4)		(312.4)	
Profit before taxation	5,206.4		3,572.2	
Taxation	(1,453.9)		(889.1)	
Profit after taxation	3,752.5		2,683.1	
Minority interests	(240.4)		(297.4)	
Net profit for the year	3,512.1		2,385.7	

Financial Year 2007-2008 Results

I am pleased to report a stellar financial result in this landmark year of Sime Darby's history, which saw the successful completion of the merger. The Group showed an outstanding performance with a record net profit after tax and minority interests of RM3.5 billion and a Return on Shareholders' Funds (ROSF) of 18.0 percent, exceeding our Key Performance Indicators (KPI) for FY2007/08 of RM3.2 billion and ROSF of 16.5 percent.

The Plantation Division displayed a sterling performance with an operating profit of RM3.9 billion, 139 percent higher than that for the previous year. This record performance follows a period of record high crude palm oil (CPO) prices as well as overall yield improvements. The Industrial Division, the second largest profit contributor with an operating profit of RM687.3 million, continued to provide stable and strong earnings growth benefiting from China's strong economic performance. The Motors Division performed exceptionally well in the face of declining global consumer confidence and record high fuel prices. Operating profit more than tripled to RM203.2 million from the RM63.1 million recorded in the previous year.

In line with our commitment to enhance shareholders' returns, we have announced a total gross dividend of 49 sen per share, including a special dividend of 10 sen per share. This represents a 65 percent dividend payout ratio.

Major Corporate Activities

The financial year has been particularly significant for Sime Darby since it marked the birth of the new merged entity. The merger was essentially premised on the creation of merger synergies via increased economies of scale and scope. It also represented a strategic decision by the parties involved to capture the value of underlying demand growth in the plantation and property sectors. For the year under review, we have achieved about RM210 million in merger synergies, well ahead of schedule.

The Company is now focused on achieving the targeted merger synergies of between RM400 and RM500 million in Profit Before Interest and Tax by the FY2009/10 from cost and revenue synergies, driven by the integration of the plantation and property businesses.

As part of the Group's commitment and strategic objectives to strengthen its core divisions and divest non-core businesses to utilise resources more efficiently, several key divestments were effected during the year such as:

- i. Kumpulan Guthrie Berhad's completion on 23 July 2007, of the disposal of its entire equity interest in Guthrie Corridor Expressway Sdn Bhd (GCESB). The disposal price and the amount owing by GCESB were satisfied by cash payment of RM436.0 million and issuance of RM500.0 million nominal value of Redeemable Loan Stock by GCESB.
- ii. Sime Travel Holdings Limited's completion of the disposal of its entire equity interest in Westminster Travel Limited for HK\$160.0 million on 23 October 2007.

The Group has strived to ensure that capital is effectively deployed. Indeed, our strategic decisions to divest non-core assets have allowed us to redeploy our capital into strengthening various aspects of our core businesses.

Corporate Social Responsibility: Sustainable Development

Despite the stronger overall financial performance, the Group realises that the traditional responsibility of delivering profits to shareholders is no longer adequate. Companies that show superior management of social and environmental issues will hold an edge over their competitors to create long-term shareholder value. By balancing and integrating economic performance, social responsibility and environmental stewardship, Sime Darby is becoming more competitive and better prepared to meet the needs of the future for all its stakeholders.

This year, Sime Darby reaffirmed its commitment to developing a business that is socially responsible guided by our principle of "Developing Sustainable Futures". Sime Darby's continuing operations will be based on the four sustainability pillars, namely: environment, education, community and sports. Indeed, sustainability is not new to Sime Darby and has long been interwoven in the way we touch lives in the communities we operate in.

In this regard, I am also thrilled about our initiatives to raise public awareness on sustainable futures. Beginning in August 2008, we have launched the Sime Darby Developing Sustainable Futures Lecture Series, which is aimed at provoking dialogue and encouraging the interchange of ideas on sustainable development. This initiative further underlines our commitment towards sustainable development.

Governance

Given the complexity of the enlarged Sime Darby Group, a key priority has been to strengthen our internal corporate governance structure across the multiple industries we are involved in. Sime Darby has strengthened our Group Policies and Authorities (GPA) guidelines for our employees, incorporating our corporate core values: Respect & Responsibility, Excellence, Enterprising and Integrity. We have also extended contractual employment across the group to promote accountability and strengthen the performance-driven culture of the group.

Outlook and Prospects

The powerful global forces driving the world economy in the past several years will continue to exert its considerable influence on Sime Darby's portfolio of global businesses. Indeed, in the space of the last few months, the impact of these forces on Sime Darby has changed significantly.


However, we are entering the current uncertain economic environment from a position of strength. Our balance sheet is currently the strongest it has ever been and our earnings base is well diversified. Given Sime Darby's strength as a conglomerate with a well diversified and balanced portfolio of businesses, the current global financial market volatility and the correction in asset prices are also presenting us with significant opportunities to expand and grow shareholder value.

Strategically, we remain committed to continuing our policy of investing in a mixture of investments in growth sectors to drive earnings, as well as in more stable and mature assets to increase dividends. Driven by the strong fundamentals of the company and the dynamic management team, we should be able to achieve sustained strong returns to maximize shareholder value.

Acknowledgements

The success of the Group is attributable mainly to the dedication and loyalty of the highly skilled staff. On behalf of the board, I wish to take this opportunity to express our sincere appreciation for their efforts. I would like to extend my heartfelt thanks to my fellow Board members as well as the Supervisory Committee members for their service to the Group. I would also like to thank our valued shareholders, associates and partners for their continued support to the Group.

"Developing Sustainable Futures"



Tun Musa Hitam
Chairman

President & Group Chief Executive's Review



Dato' Seri Ahmad Zubir Murshid

It is my pleasure to report a 47 percent increase in profit after tax and minority interests of RM3.5 billion for FY07/08, with Return on Shareholders' Funds (ROSF) of 18.0 percent that exceeded our Key Performance Indicators (KPI) of RM3.2 billion and ROSF of 16.5 percent. The outstanding financial result was a reflection of the strong performances across almost all divisions.

President & Group Chief Executive's Review

The newly-merged Plantation Division saw operating profit increase by 139 percent to RM3.9 billion achieved on the back of strong crude palm oil (CPO) prices, better yields and merger synergies, despite the highly competitive and challenging market conditions. We are especially encouraged by the progress made in all the merger initiatives, particularly in terms of the fresh fruit bunches (FFB) yield improvements in our Malaysian and Indonesian operations (from 21.7 to 23.6 MT/Ha and from 15.2 to 18.7 MT/Ha, respectively). As a result, overall FFB yield improved to 21.8 MT/Ha from 19.3 MT/Ha in FY06/07.

Following the merger, the Property Division undertook a strategic review of its business and deferred some of its new launches. As a result, the operating profit for the Property Division declined to RM407.0 million or by 19 percent, compared to the previous financial year's operating profits of RM505 million of which RM100 million was related to land sales. The Division is now in a stronger position to execute the longer-term strategy of developing medium to high-end community-based townships in Malaysia.

The Motors Division recorded an exceptional turnaround to register operating profits of RM203 million (RM63 million in FY06/07). Notwithstanding a tough business environment for the global auto sector, the Motors Division showed improvements in profitability in almost all regions. Moving forward, the focus will be on maintaining a balanced product mix to cater for all segments of the market.

The Industrial Division recorded higher revenue from Singapore and China in FY07/08 to register profits of RM687 million. The Division is well placed to continue its strong track record of providing stable long-term growth. Our Australian operations continue to spearhead the Division's growth arising from sustained demand for coal from China. In China, the Division's earnings growth should continue to be driven by strong infrastructure growth, coupled with increasing exposure to mining.

The performance of the Energy and Utilities Division was in line with that of the previous year. The Division's performance is poised for further improvement - based on the continued strength in energy demand from China and emerging Asia - resulting in greater exploration and production activity in the Middle East. In this regard, we recently established our presence in the Middle East through the opening of a representative office in Qatar.

Our People

The excellent results that we have achieved are testament to the hard work and commitment put in by everyone since the merger. The new Sime Darby is the amalgamation of three great cultures which combines the best qualities from the merged companies. Our integration and transformation initiatives have fostered camaraderie and established a sense of a united culture constituting the best of the three companies. Moving ahead as one, Sime Darby employees with its unified identity is set to further strengthen its strategies in making sustainability real for everyone.

Roundtable on Sustainable Palm Oil (RSPO)

Sime Darby is committed to meeting the needs of the present without compromising the ability of future generations to meet their own needs. The RSPO's main objective is to promote the growth and usage of sustainable palm oil through co-operation within the supply chain and open dialogue between its stakeholders. In this regard, Sime Darby is proud to be associated with the RSPO initiatives with the completion of a traceability project on the first batch of fully traced Sustainable Palm Oil (SPO) shipment to Unimills, Netherlands.

Strategic Outlook

As at end of FY07/08, the Group is well ahead of schedule and on track to derive the full value of the merger synergies. Indeed, the merger initiatives undertaken in the course of the year had enabled us to prepare for the challenging business environment going forward.

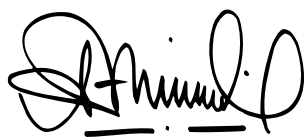
President & Group Chief Executive's Review

Given the expected weakness in the global macroeconomic environment in the year ahead, we expect to see short-term volatility in CPO prices. Nonetheless, in the long-term, the underlying edible oil demand and supply conditions indicate that CPO prices will remain firm. Based on this outlook, the Group's strategic direction is to maximise returns across the entire value chain. Our upstream plantation strategies will be to maximise profit through yield maximisation and cost optimisation strategies while exploring opportunities for strategic landbank expansions. Downstream, we will continue to invest in projects across multiple product and geographical segments that would enhance value.

Across our other businesses, we will continue to explore growth opportunities with the aim of expanding our global footprint via strategic joint ventures, acquisitions and greenfield developments. We will also continue to review and enhance our existing business operations to fulfill their potential. We are optimistic that with these efforts, in the long-term, we will be able to provide our shareholders with superior returns.

With this, I would like to thank the shareholders, the board of directors and employees of Sime Darby for all their dedication and efforts over the last financial year. I hope we will be able to continue to work together and strive towards improving our performance in FY09.

Thank you.



Dato' Seri Ahmad Zubir Murshid
President & Group Chief Executive

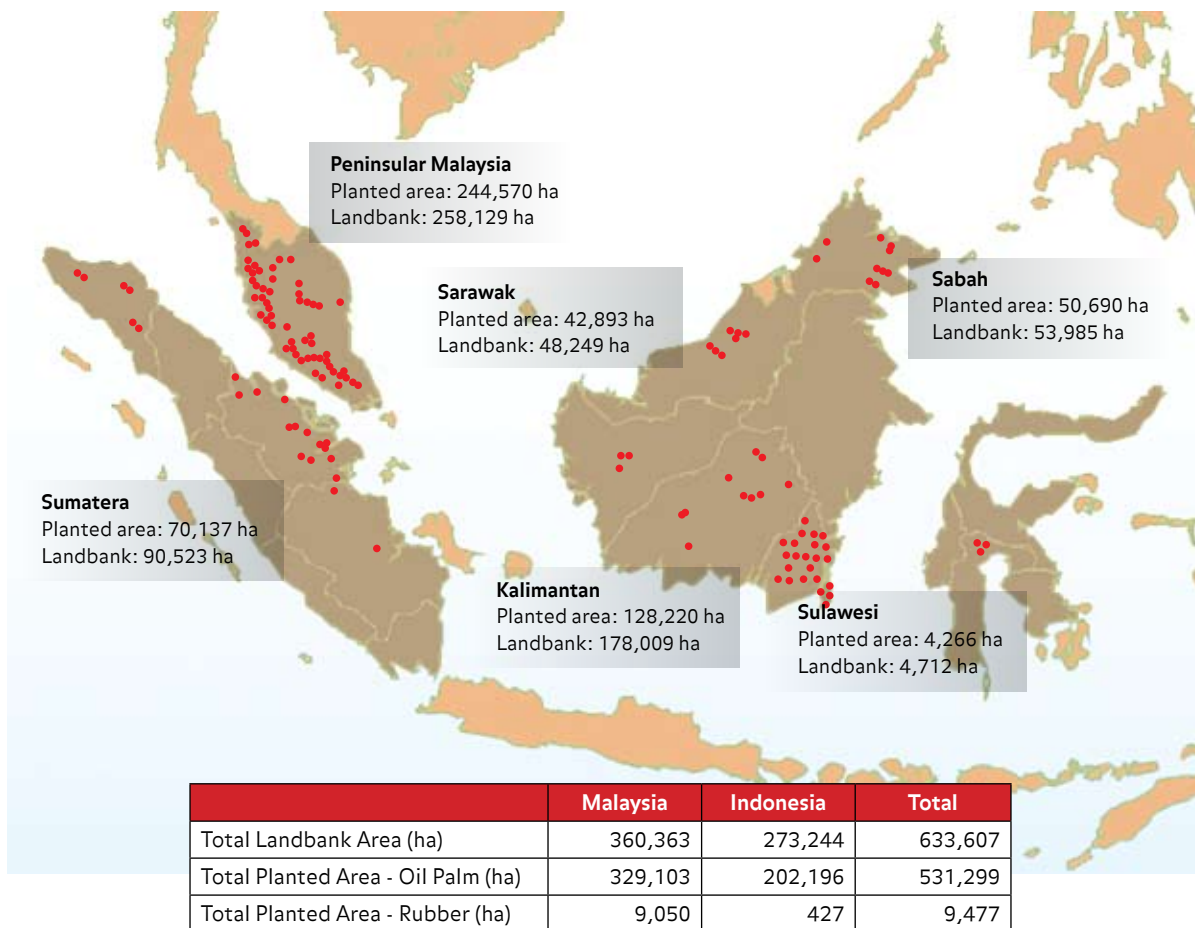
With a business as diverse as ours, it is necessary to think and act with precision. Being systemised allows us to solve some of our biggest challenges in an orderly and efficient manner.

YSTEMISE

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Operations Review - Plantation

Malaysia & Indonesia Hectarage Map



Operations Review - Plantation

Plantation Statistics

Oil Palm	FY 2007/08			FY 2006/07		
	Malaysia	Indonesia	Total	Malaysia	Indonesia	Total
Hectarage (in Hectares)						
Mature	299,272	177,560	476,832	302,906	175,805	478,711
Immature	29,831	24,636	54,467	26,039	17,613	43,652
Total planted	329,103	202,196	531,299	328,945	193,418	522,363
Crop – FFB (in MT)						
- Own	7,063,844	3,315,776	10,379,620	6,583,222	2,669,485	9,252,707
- Outside	809,014	555,658	1,364,672	843,045	425,528	1,268,573
Mill Production (in MT)						
- Palm Oil	1,569,393	843,853	2,413,246	1,424,374	686,034	2,110,408
- Palm Kernel	384,053	165,928	549,981	356,231	135,885	492,116
FFB Yield per mature hectare (in MT)	23.60	18.67	21.77	21.73	15.18	19.33
CPO Extraction Rate (in %)	20.65	22.25	21.19	20.73	22.88	21.38
Palm Kernel Extraction Rate (in %)	5.05	4.38	4.83	5.18	4.53	4.99
Average selling prices (RM per tonne)						
- CPO	3,014	2,648	2,885	1,754	1,727	1,745
- Palm Kernel	1,682	1,385	1,592	956	716	855
Cost of Production (per MT of Palm Product)						
Estate Cost	633	650	641	611	742	652
Mill Cost	188	134	170	131	136	133
Total	821	784	811	742	878	785

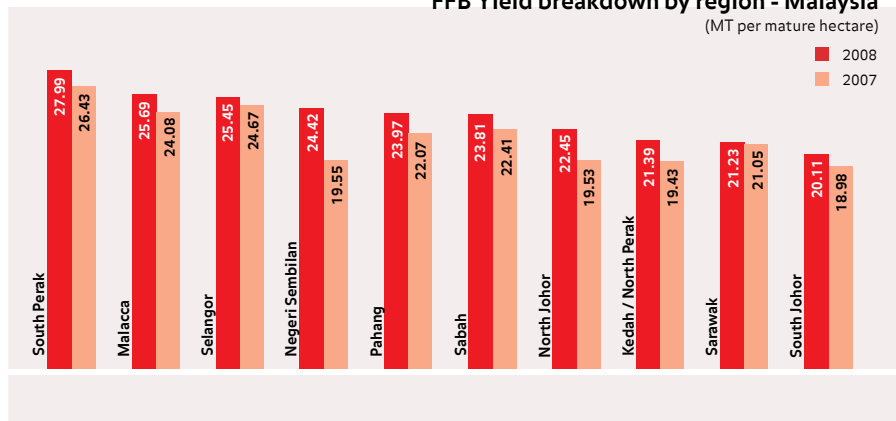
Rubber	FY 2007/08			FY 2006/07		
	Malaysia	Indonesia	Total	Malaysia	Indonesia	Total
Planted area	9,050	427	9,477	8,440	700	9,140
Rubber production (000kg)	12,600	294	12,894	12,129	604	12,733
Yield per mature hectare (kg)	1,631	690	1,582	1,604	862	1,541
Average selling price (RM / kg)	8.10	5.17	8.02	8.07	5.56	7.95



FFB Yield Achievement by zone for Malaysia and Indonesia

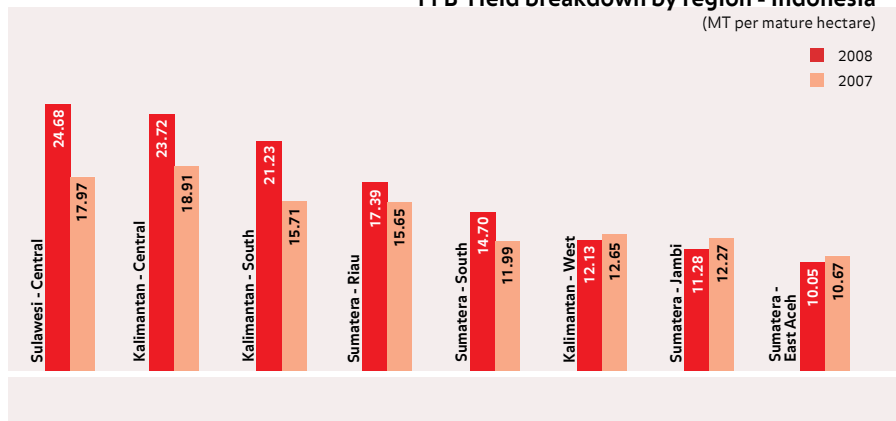
FFB Yield breakdown by region - Malaysia

(MT per mature hectare)



FFB Yield breakdown by region - Indonesia

(MT per mature hectare)



Operations Review - Plantation

Plantation Upstream

The merger of Golden Hope Plantations Berhad, Kumpulan Guthrie Berhad and Kumpulan Sime Darby Berhad which was completed in November 2007, has created an opportunity for Sime Darby, the merged entity, to become better and stronger by combining and complementing the skills and competencies of the three groups. All estates and mills with different practices went through a process of standardisation, rehabilitation and efficiency enhancement with the objective to further enhance productivity.

For the year under review, the Plantation Division recorded higher profits compared to the previous year, primarily due to higher prices for palm products. The average crude palm oil (CPO) selling prices surged 65 percent to RM2,885 per metric tonne (MT) from the previous RM1,745 per MT while palm kernel (PK) average price recorded an increase of 86 percent to RM1,592 per MT from RM855 per MT.

There are a lot of initiatives that have been put in place on the ground to further improve productivity and efficiency. We have started to reap the benefit through yield improvements and will continue to reap benefits in the future. Fresh Fruit Bunch (FFB) harvested increased to 10.38 million MT, up 12 percent from 9.25 million MT from the previous financial year. Similarly, CPO production and PK output reflected this upward trend. Total CPO production increased 14 percent from 2.11 million MT to 2.41 million MT, while PK increased 12 percent from 0.49 million MT to 0.55 million MT.

The positive results were moderated by higher cost of production due to the increase in fertilizer cost, fuel and building materials. As mitigating factors, we are embarking on composting projects, currently six, which will provide organic fertilizers. Production of electricity from biogas will reduce diesel usage in generating electricity. In addition, other projects to produce electricity from biomass and hydro are also in the pipeline.



Plantation Malaysia

The plantation operations in Malaysia have a total planted hectareage of 329,103 hectares, of which 91percent are matured. Total FFB production from Malaysia is 7.064 million MT or 68 percent of the Division's production. Average yield per mature hectare increased by nine percent to 23.60 MT/mature hectare from the previous 21.73 MT/mature hectare with the highest yield of 27.99 MT recorded by Perak South Zone on 25,651 matured hectares.

In line with the efforts to improve labour productivity and reduce labour dependency, the Group is aggressively pursuing mechanisation in FFB evacuation and fertilizer application. Currently, about 80,000ha are utilizing infield vehicles and this will progressively be expanded to about 150,000ha, which is the area that can be mechanised.

There will be four new mills strategically located to cater for the optimisation of FFB re-routing and the anticipated increased crop levels in the coming years. In addition, seven mills will be upgraded to cater for the increased crop levels in the vicinity of the mills. This will ensure faster turnaround time and lower transport cost for the estates in the vicinity. A plan to install additional boilers and turbines is ongoing to ensure that crop diversion over long distances to mills within the Group is reduced or minimised during the period. This will also ensure CPO and PK are utilised for use within the Group as the requirement to sell FFB to third parties is minimised.

Looking forward, the Division will be replanting an average of between four and five percent of the planted hectares to ensure that the productivity and achievement can be sustained from an even age profile especially for Malaysia.

Plantation Indonesia

The Division's Indonesia operations cover Sumatera, Kalimantan and Sulawesi. Spread over 68 estates, the 177,560 mature hectares produced 3.316 million MT of FFB, an increase of 24 percent from the previous year's 2.669 million MT .

This improvement in production is primarily due to higher yield per mature hectare which registered 18.7 MT/mature ha in the year under review compared to the previous year of 15.2 MT/mature ha. There is further scope for improvement for our Indonesian productivity numbers. The 2006-2010 Operations Blueprint, which provides the roadmap and action plans towards yield enhancement and cost effectiveness have shown encouraging results, and will continue to do so in the coming years.



Operations Review - Plantation

A total of 0.844 million MT CPO and 0.166 million MT PK were produced during the year, registering an increase of 23.0 percent and 22.1 percent from the previous year's 0.686 million MT CPO and 0.136 million MT PK, respectively. Average oil extraction rate (OER) for the year under review is 22.25 percent. This marginal decrease from the previous year's 22.88 percent is mainly attributed to the dilution effect of low OER. A total of five mills recorded OER exceeding 23 percent. More mills are projected to do so in the coming year in line with the initiatives undertaken as stipulated in the 2006-2010 Operations Blueprint.

Plantation Downstream

For the year under review, the total turnover and operating profit for the combined downstream businesses comprising oils and fats, biofuels and oleochemicals saw significant increases over that of the preceding year. This performance was achieved under highly competitive and challenging market conditions due to increasing crude oil prices which resulted in higher production, freight and distribution costs, increased competition in most markets and the strengthening of the Ringgit Malaysia.

The production facilities for the downstream businesses are located in numerous countries across the globe and include Golden Jomalina Food Industries (Teluk Panglima Garang), Kempas Edible Oil (Pasir Gudang), Austral Edible Oil (Bintulu), Golden Hope Bioganic and Golden Hope Biodiesel in Malaysia; Morakot Industries in Thailand; Golden Hope Nhabe in Vietnam; Sime Darby Edible Products in Singapore; Unimills and Clean Energy in Netherlands and Hudson and Knight in South Africa. The Division's market presence in the oleochemicals sector is represented by the Group's 50 percent stake in the global Cognis Oleochemicals businesses.

The Division has taken various steps towards strengthening its position in the plantations downstream sector and to increase its presence globally. In view of the high economic growth rate and increasing market demand in China, India, Europe, the Middle East and Asia, the Division is currently actively exploring business opportunities in these regions with a view of establishing strategic alliances and partnerships, including joint ventures, for the production and distribution of the Group's diversified product portfolio.



Operations Review - Plantation

Agribusiness & Food

Sime Darby Plantation's Agribusiness and Food business unit seeks to exploit the rapidly growing local and global markets for horticulture products, livestock and processed food in a bullish way.

The current product portfolio comprises an array of food products, which include cooking oil, aeroponic vegetables, pink guava juice, sweet corn and cooking sauces. We will continue to develop the business unit and continue to launch new products such as a range of fruit and vegetable juices as well as other convenience food.

Research & Development

Sime Darby is committed towards enhancing its R&D capabilities, with more investment in facilities and human capital, to ensure the Group will be more competitive on a global platform. This was announced by Chairman, Tun Musa Hitam, at the R&D Day, on 2 June 2008.

The R&D unit is moving forward towards greater heights. It aims to be the premier private research institute that is innovative, business and technology-driven for the sustainability of the Plantation & Agri-business unit. Sime Darby's R&D capabilities are throughout the value chain from planting of oil palm seeds to the production of cooking oil. This augurs well for the Group as it provides Sime Darby with a competitive edge for business sustainability.

Among the highlights of the R&D unit are:

Gedung Model Paddy Farm and Seed R&D Centre

The 200 ha Gedung Model Paddy Farm, which is part of Northern Corridor Economic Region (NCER), aims to showcase how estate padi farming is able to attain economies of scale with professional management, high levels of mechanisation and good water management practices. The goal is to achieve between eight and ten tonnes/ha/cycle in two years and progressively improve to 12 tonnes/ha/cycle. In order to effectively achieve this goal, it has placed strategic alliances with world renowned institutions to develop improved planting practices and rice varieties.



Operations Review - Plantation

Clonal Oil Palm Planting Materials

To date, about 2,000 ha has been planted with clones. The clonal palms have a potential to produce FFB yield exceeding 37 tonnes/ha/year and OER exceeding 25 percent, thus a cumulative oil yield of 9 tonnes/ha/year. Sime Darby Biotech Laboratories Sdn Bhd has achieved production of 345,000 clonal palms a year. Maximum production capacity of 1.1 million ramets is targeted to be achieved by 2014. The clones were very precocious with some clones starting to flower at five months after planting. Some clones could be harvested as early as 15 months after planting as they have shown continuous normal, good fruit sets.

Biocontrol Remedies in Plant Protection

Research into mass rearing of insect predators has been strengthened in order to review possibility of releasing a mixture of these natural parasites of bagworms and nettle caterpillars into the field. New species of beneficial plants which promote the colonisation of useful insect predators are being evaluated. Big scale establishment of beneficial plants has proven to be effective in suppressing the infestation of bagworms and nettle caterpillars.

Oil Palm Yield Prediction through Remote Sensing

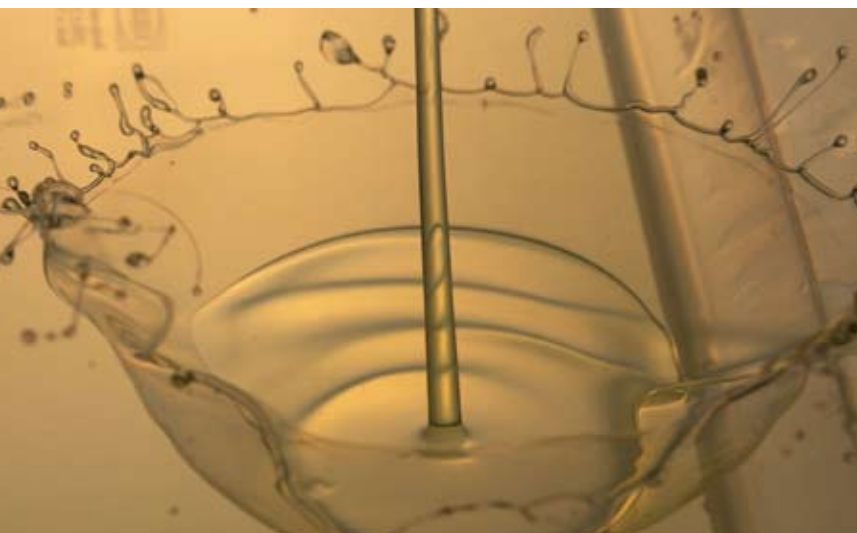
In 2005, a collaborative project was initiated with the Malaysian Remote Sensing Agency on Oil Palm Yield Prediction through Remote Sensing. Using a series of satellite imageries and ancillary data, a one year prediction of 95 percent accuracy was achieved through a method called data modeling in East and West Estate, Carey Island. This project has proved to be a reliable alternative to the Alternate Monthly Black Bunch Count System practices and is being replicated throughout the Group.

Enzymatic Rearrangement (ERa), a Green Process of Fats Modification

The research on fat modification using enzyme (Enzymatic Rearrangement or ERa) resulted in the production of fats with different properties and functionalities. These ERa fats produced are suitable as ingredients in products such as margarine, ice cream, creamer, shortening and confectionary. The process is environmental friendly as an enzyme is used instead of the catalyst, sodium methoxide. These ERa fats will be produced on commercial scale i.e 60,000 mt/year at Unimills in the Netherlands.

DAG Oil and MLCT Oil

Consumer concern on health issues such as obesity and heart diseases has led to an increase in demand for premium healthy oils and fats products. Diacylglyceride (DAG) oil and Medium Long Chain Triacylglyceride (MLCT) oil are products with unique chemical structures that are claimed to be able to fight obesity. In view of this potential, research is being initiated to produce DAG oil and MLCT oil in collaboration with Universiti Putra Malaysia and Malaysian Agricultural Research & Development Institute (MARDI).



Synergy Initiatives

Sime Darby has put in place ten initiatives to integrate, coordinate and realign palm oil operations to increase revenues and reduce costs through enhanced productivity and efficiency. Progress of the initiatives are monitored by the Plantation Management Committee and the Plantation Integration Committee to ensure that continuous impetus are in place for repositioning and transforming Sime Darby into an enlarged and integrated plantation industry leader.

The identified ten initiatives are as follows:

- T1 : Optimise Mill Routing and Capacity
Estates and mills network rationalisation to reduce transportation distance and upgrade of mills which results in increased efficiency and utilisation for processing internal and third parties FFB.
- T2 : Consolidate Estate Management
The merger of 24 estates into 12 lead estates that will reduce estate management costs. This will increase SDB's average estate size to 2,800ha
- T3 : Improve Mills Maintenance
A Total Productive Maintenance (TPM) programme that drives preventive maintenance programme, contractor management and spare part inventory to reduce costs and reduce breakdown hours.
- T4 : Fertiliser Cost Optimisation
To achieve economies of scale in fertiliser purchase via centralised procurement effort and adoption of best practice in fertiliser application to all estates.
- T5 : Optimize Margins Across Value Chain
Comprehensive approach that looks at third party FFB purchase, refinery utilisation, lower Free-Fatty-Acid (FFA) oils to reduce refining costs, higher export quota from East Malaysia, reduction on transportation costs, enhancement on logistics facilities in East Malaysia and to have an internal commodity trading capability in Indonesia for international market access.



Operations Review - Plantation

- T6 : Consolidate R&D and Other Agribusiness
Consolidation of R&D facilities and premium seed business to reduce operating costs for margins maximisation
- T7 : Procurement Initiative
Leverage on scale in purchase of agrochemicals, petroleum products, tools & machineries via centralised procurement effort
- T8 : Adopt Best Practices in Estate Management
Adopt all best practices under the Agricultural Reference Manual (ARM), Standard Operating Procedures (SOP) and monthly Estate Performance Index (EPI) across estate management value chain to drive yield improvement.
- T9 : Adopt Best Practices in Mill Management
Adoption of comprehensive best practices in key process areas to improve palm oil and palm kernel extraction rates. This includes delivery coordination, loose fruit quantification & collection, ripeness and freshness standards
- T10 : Indonesia Full Potential
Review of business plan, best practices, procurement and supply chain, and infrastructure in Indonesian operations to achieve cost and revenue improvements

For the financial year ended 30 June, 2008, just seven months after the completion of the merger, the Plantation Division sector has delivered synergy values which are well ahead of our target for the financial year.

The forward achievement, apart from uncontrollable factors such weather conditions and crop cycles, is greatly dependent on the prices of crude petroleum which is the crucial feedstock for fertilizers and fuel. However, Sime Darby will continue to work on continuous process and business improvements to sustain its performance.



RSPO Certification in Sime Darby Plantation

The Roundtable on Sustainable Palm Oil (RSPO) is a comprehensive standard for sustainable palm oil. It was formulated and established by a multi-stakeholder association throughout the palm oil value chain. RSPO Certification is a wide-ranging standard that covers Good Agricultural Practices, Occupational, Safety & Health (OSH) elements, Environmental Protection, Biodiversity Enhancement and Social Commitment. Implementing RSPO with continuous improvement in our plantation operations translates our commitment towards "Developing Sustainable Futures".

Sime Darby is a founding member of the RSPO since the early stages. Sime Darby has participated in the RSPO technical working committee, presentation and exhibition in RTs and hosted the pilot project to test the RSPO Principles & Criteria.

Our RSPO journey started with the RSPO Pre-Assessment. Strategic Operating Units (SOU) were selected throughout the Plantation Group for the Pre-Assessment process. The process was carried out between September 2007 and March 2008 by different certification bodies namely SIRIM, BSI and SGS. The actual RSPO Certification Assessment was carried out in May 2008 where five SOUs were assessed by SIRIM and BSI. These SOUs are expected to be certified by October 2008.

In order to achieve the certification, several generic issues and challenges were addressed. These include transparency, Social Impact Assessment, Buffer Zone & Slope Protection and Biodiversity Assessment. Sime Darby has addressed these issues by carrying out Biodiversity Assessment, Social Impact Assessment, development of Slope Protection and Buffer Zone Policy, development of Social and Gender Policy and the establishment of a dedicated RSPO website. These efforts were mostly done internally and are to be replicated for all remaining SOUs undergoing the RSPO Certification.

Sime Darby aims to certify all of its 65 SOUs operating in the Group by the end of FY 2010/2011.



Operations Review - Property

Merger Synergies

There are potential synergies arising from the merger of the property development businesses of the combined companies. These comprise both cost and revenue synergies derived from price optimisation from contractors and consultants, best costing practises, reduction in variation orders and pricing improvements that reflect quality. As at 1 April 2008, Property Division has fully completed the integration of its property operations with the final integration of Negara Properties (M) Berhad achieved in March 2008.

Overview

Property Division is focused on property development & investment. It was established as a result of the merger of the property arms of Golden Hope Plantations Berhad, Kumpulan Guthrie Berhad, Kumpulan Sime Darby Berhad and Negara Properties (M) Berhad. Envisioned as a leading developer of sustainable communities, Property Division is an integrated property player focused on property development with complementary operations in property investment, asset management, hospitality and leisure.

Tapping the resources and expertise stemming from successful projects in eight countries namely – Malaysia, Singapore, Indonesia, the Philippines, Vietnam, China, Australia and the United Kingdom (UK) – Property Division is poised for stronger and dynamic growth. With a significant presence in the Asia-Pacific region and based on its strong track record of innovation and strategic development to maximise yields, Property Division is in good stead for stronger growth. Property Division also offers opportunities for land bank management and utilisation with the other business divisions to maximise returns and yields.

Property Development

Property Division now has the combined experience and expertise spanning 40 years and to date, has built approximately 75,000 homes for Malaysians. In terms of land bank, Property Division has potentially one of the biggest land banks in the country at an approximate total of 37,000 acres. Out of this, 8,720 acres is available for immediate development, and the value of this land bank will be progressively unlocked over the next five years.

At present Property Division is currently involved in the development of some of the well known townships/projects in Malaysia, namely Putra Heights, Bukit Jelutong, UEP Subang Jaya, Bandar Bukit Raja, Ara Damansara, Denai Alam, Melawati, Nilai Impian, Pinggiran USJ, Saujana Impian, Planters' Haven, Bukit Subang and USJ Heights.



Asset Management and Hospitality & Leisure

- Asset Management

Property Division owns and manages assets in various countries, including Malaysia, Singapore, Indonesia and the UK; and also manages buildings owned by the Group. Additionally, it is responsible for tenancy and maintenance management of office buildings, industrial properties, shop offices, vacant lands, staff holiday bungalows and sporting facilities such as Bayuemas Oval Cricket Club and Indoor Lawn Bowl Stadium. Amongst prominent highrise office buildings under its purview are Wisma Sime Darby, Wisma Consplant, Wisma UEP and Guthrie Pavilion. The year under review has also seen the completion of the refurbishment works of Wisma Sime Darby and the commencement of cladding works for Wisma Consplant 2 in Subang Jaya.

- Hospitality & Leisure

Property Division owns and/or manages Hospitality & Leisure operations in Malaysia, Singapore, Australia and Vietnam. Its portfolio includes Darby Park Executive Suites - Singapore, Rangdong Orange Court-Vietnam, Karri Valley Resort, Quest Subiaco and Quest Margaret River in Western Australia, and Sime Darby Convention Center (SDCC), Genting View Resort and Harvard Suasana in Malaysia, as well as the ownership of Hotel Equatorial, Melaka and the management of PNB Darby Park, Kuala Lumpur (owned by Pemodalan Nasional Berhad).

Property Division also owns and manages golf courses in Malaysia, which includes Kuala Lumpur Golf & Country Club in Bukit Kiara, Kuala Lumpur, Impian Golf & Country Club in Kajang, Selangor and Harvard Golf & Country Club in Kedah.

Operations

The main activities of Property Division, covering Property Development, Asset Management and Hospitality & Leisure for the year under review were as follows:

Property Development

- Parade of Homes

During its nine-day "Parade of Homes" showcase, the Property Division achieved a record sale of 466 properties worth RM248million, with Bandar Bukit Raja, Putra Heights, Bukit Jelutong and Ara Damansara developments attracting the most interest. The event, which was launched on 20 June and ended on 29 June, saw more than 15,000 potential buyers flocking to nine townships and more than 40 show houses and mock-up units in Shah Alam, Subang Jaya, Klang, Ampang and Nilai.



Operations Review - Property

- Ara Damansara

To date, more than RM110 million sales for Ara Hills was recorded. Almost 70 percent of 182 units in Phase 2 comprising low-rise resort villas and resorts condominiums of Ara Hills have been taken up since it was launched in November 2007. Sales for Phase 1 have reached more than 80 percent. The resort villas with built-up areas ranging from 1,948 to 4,715 sq ft, are set within a three-storey low rise building with prices from RM883,900 to RM2.26 million. Ara Hills luxurious resort condominiums are available in four blocks of eight to ten-storey condominiums ranging from 1,442 sq ft to 4,994 sq ft for the penthouses. Ara Damansara has to date launched more than 3,500 units of mixed properties including double-storey link homes, double-storey semi-detached homes, bungalows, medium-cost apartments, low-cost apartments, neighbourhood shops and shop offices.

- Bandar Bukit Raja

Bandar Bukit Raja (BBR) is a 1,000-acre residential township in Klang, with an immediate catchment of 10,000 residents and a projected population of 30,000. During the year under review, BBR launched its first commercial property development, Taipan@Bandar Bukit Raja in May 2008. Due to its strategic location, the 108 commercial units received an encouraging response and strong interest from investors during its launch, with 35 percent of the units sold within a month. The 14-acre commercial development is scheduled for completion by September 2010. To date, a total of 3,568 units of single-storey link homes, double-storey link homes, one-and-a-half storey link homes, two & three-storey shop offices and low cost apartments have been launched in BBR.

- Bukit Jelutong

A total of 18 units of Saujana Bungalow houses and 38 units of Pesona Semi-detached Homes were launched in October 2007 within a gated and guarded parcel known as D’Puncak, Bukit Jelutong. Due to its attractive design, D’Puncak received a very good response and to date, almost 97 percent of available units have been sold. To date, 5,051 houses have been launched and completed within the award-winning Bukit Jelutong Township.

- Denai Alam

During the year under review, Denai Alam managed to record a sales value of RM148 million from 314 units sold. Almost 70 units from the remaining 160 units of two storey terrace houses in Denai Alam mixed development project were taken up during the “Denai Alam Carnival” held in May 2008. The units are part of seven phases on a 1,000-acre of freehold land next to Bukit Jelutong and are priced from RM290 000 to RM470 000. The Alstonia & Neighbourhood Shop units were launched in February 2008. The response was very good, with 88 percent of available units sold within a week of the launch.



Operations Review - Property

Meanwhile, double-storey link and super link homes in four appealing designs (Ixora, Alstonia, Dillenia and Rosa), also received encouraging response when 69 units out of 80 units were taken up. With a built-up area from 2,165 sq ft onwards, the units are offered at an attractive price range from RM378,600 to RM906,000. As at end of June 2008, nearly 1,000 units in this award-winning 1,000-acre freehold property Denai Alam Township has been successfully developed and undertaken.

- Melawati

During the year under review, Taman Melawati, part of the 1,200 acres Melawati Township; launched its much awaited MU.2 (Melawati Urban.2) to the public. Covering an area of 1.3 acres of freehold land, and with a Gross Development Value of RM23 million, MU.2 comprises 30 units of strata retail and exclusive business suites. MU.2 represents the first phase of a commercial center that is focused on providing a contemporary business/leisure concept. Being the first of its kind, offering the particular integrated development concept within the Hulu Kelang area, MU.2 is expected to add more vibrancy to the area. To date, nearly 83 percent of this 1,200-acre township comprising Taman Melawati, Wangsa Melawati and parts of Desa Melawati has been successfully developed, ranging from single and double storey houses, semi detached, apartments and shop houses.

- Putra Heights

Within the first six months of its launch in December 2007, Royale Palm Villas I & II at Putra Heights enjoyed more than a 30 percent take up rate. Royale Palm Villas comprising two-storey and three-storey bungalows are the first luxury homes in Putra Heights with land areas ranging between 3,825 sq ft and 7,276 sq ft, with a built-up area from 4,170 sq ft to 4,900 sq ft. Priced from RM1.38 million and above, this high-end project comprises 88 units of the villas within a 6.4-acre "premium gated-and-guarded" enclave with a gross development value (GDV) of RM132million targeted primarily at high-end income earners.

- Bandar Gemilang

Bandar Gemilang is a development programme to support the government's call to provide better and affordable homes for the thriving population of Malaysia. The programme will see the development of plantation lands in Labu, Negeri Sembilan, Gurun in Kedah and Guthrie Corridor in Selangor into fully integrated townships with mixed developments, which include apartments, link homes, semi-detached, libraries, schools, sports fields, police stations and places of worship for the major religions. Thirty percent of the land area in each of the townships would be dedicated to open space, parks and landscaped gardens to create a good balance between development and its natural environment.



Phase One will be in Labu, Negeri Sembilan, where 600-acres of plantation land will be turned into a model township followed by Kedah, Selangor and Guthrie Corridor. This would benefit thousands of low and middle-income homeowners and the homes would be competitively priced. The plan for Bandar Gemilang Sime Darby was outlined by Tun Musa Hitam, Chairman of Sime Darby Berhad on 28 November 2007.

Asset Management and Hospitality & Leisure

- **Asset Management**

With the recent increase in oil price and a 26 percent increase in electricity tariff, it is expected to be a challenging and tough financial year ahead. Cost saving measures through energy saving, prudent spending and meticulous maintenance programmes to extend equipment life span are now in place to minimise the impact of higher operating cost.

An increase in sporting activities was witnessed at the Bayuemas Cricket Club and Indoor Bowls stadium in Kota Bayuemas Klang. It hosted local and International championships such as Asian Cricket Council Trophy, World Cricket under 19 tournament and Asia Pacific Bowls Championship.

- **Hospitality & Leisure**

Malaysia

PNB Darby Park continued to perform well, both in terms of occupancy and average rate despite additional supply of rooms in the market; and achieved an occupancy rate of 84 percent during the year under review.

Sime Darby Convention Center (SDCC) has gained popularity as a venue for both corporate and social events, while its two restaurants, China Treasures & Halia, enjoyed favorable reviews and patronage. During the year under review, SDCC has an increase in turnover against the previous year. SDCC also hosted its official launch by the Prime Minister of Malaysia, Dato' Seri Abdullah Ahmad Badawi, on 6 December 2007.

Kuala Lumpur Golf & Country Club (KLGCC) is a proprietary club strategically located in Bukit Kiara, Kuala Lumpur. For the year under review, KLGCC began its total refurbishment plan with the upgrading of the West Course in February 2007. Upon its completion in the second quarter of the next financial year, the newly upgraded 18-hole West Course will host the KLGCC President Trophy 2008 with Tun Musa Hitam as the new President.



Operations Review - Property

Other upgrading works include the tee-up system at the driving range, which was completed and launched in October 2007. The multi-storey car park, with a capacity to accommodate more than 400 vehicles was also completed during the year. Members of the club will also be able to enjoy more security and benefits via the new IT system and the new smart membership card, which has been implemented in stages from mid-2008. The upgrading will continue with the clubhouse and the East Course, which are expected to be fully completed by the next financial year.

Impian Golf & Country Club (IGCC) located in Kajang, Selangor, for the year under review, experienced a steady Golf Rounds of 52,000 players per annum, a positive increase from the previous year. Additionally, it has also bagged two prestigious awards, which are the "10th Best Golf Course in Malaysia" - as voted by Golf Malaysia Magazine - Readers' Pool 2007/2008 and the Sime Darby Quality Award 2008. In its drive for continuous quality, IGCC is also maintaining their SIRIM ISO 9002 certification.

Harvard Golf & Country Club (HGCC) is one of Malaysia's oldest golf clubs situated at the foothills of Gunung Jerai in Kedah near the township of Gurun. During the year under review, HGCC continuously improved its business performance and gained popularity among northern golfers due to its improved greens and fairways.

Singapore

For the year under review, Darby Park Executive Suites achieved occupancy of 94 percent as compared to 97 percent in the year before. In addition, the room rates were 42 percent higher than the previous year as demand for serviced apartment was very strong.

Australia

Quest Subiaco continued to perform well on the back of the strong resources market, which contributes to more than a quarter of Western Australia's total production per year and more than half of its exports. Quest Subiaco ended the year 2007/08 with occupancy of 94 percent and Average Room Rate (ARR) increasing by 12 percent over the previous year.

Quest Margaret River also performed better than the year before, at an occupancy rate of 63 percent.

At Karri Valley Resort, room rates were increased following the completion of renovation and refurbishment of all rooms and various facilities. The refurbished rooms received favorable response and its ARR exceeded the previous year by 11 percent.

Vietnam

Rangdong Orange Court in Vung Tau, catering primarily to the oil & gas market, ended the year under review with an occupancy rate of 87 percent.



Operations Review - Industrial

Malaysia

Demand for Caterpillar machines from the logging sector remained satisfactory. The higher prices for fuel and construction materials in Malaysia had, however, resulted in lower demand from the construction sector for excavators and skidders. The outlook for the logging sector has also turned cautious. This is a result of the weaker housing sector in the United States (US) and Japan which affected demand for timber products. This, coupled with the weaker US dollar, has affected the revenue of the logging industry.

The increased activity in the marine, oil & gas and petroleum sectors contributed to higher demand for engines and generator sets. The Division's collaboration with General Electric (GE) for turbine and pipeline sales and support activities has also benefited from the higher activity in the oil and gas sector.

Parts and service sales recorded another year of steady performance due to sustained activity in the logging, plantations and marine sectors. Long term maintenance agreements maintained its growth path with good reception from our customers.

Case New Holland and Kubota tractors continued to enjoy high demand from the agricultural sector.

The ports sector in Malaysia also provided sustained revenue for Terberg Tractors. During the year, the operations made inroads into the Sri Lanka port sector, in addition to existing markets in Vietnam, India, the Philippines, Australia, New Zealand, Thailand and Singapore.



Operations Review - Industrial

Greater China (China, Hong Kong SAR and Macau SAR)

The Group, through its wholly-owned subsidiary, The China Engineers Ltd, reported strong performance on the back of continuing economic growth in China, increased marketing efforts and expanded coverage.

It is the exclusive dealer for all Caterpillar products in the provinces of Guangdong, Fujian, Jiangxi, Guangxi, Hunan, Hainan and Xinjiang in China, as well as Hong Kong and Macau. In January 2008, the Group completed its acquisition of Elco Power Systems Limited (Elco) to gain additional inroads into the engines sector. Elco is the exclusive dealer of Perkins engines in 14 provinces in China, together with Hong Kong and Macau.

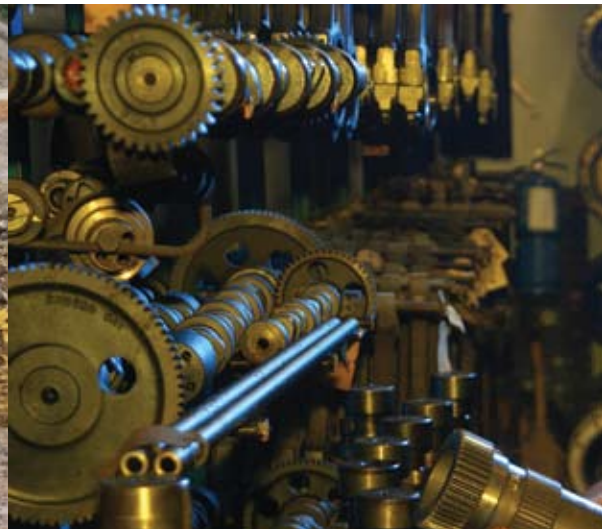
During the year, the Group began its investment in customer engagement. A pilot implementation of a Customer Relationship Management (CRM) software by Microsoft was successfully launched in Fujian province in April. CRM is now being replicated within the operations of other provinces; scheduled to complete implementation in September.

Singapore

Tractors Singapore Limited (TSL) reported higher turnover and operating profit for the year under review, even as oil prices continue to soar.

The escalating oil price triggered urgent searches for more oil and natural gas. This quest has augured well for the Power Systems Division, which enjoyed increased engine sales to the marine and petroleum markets as more rigs were commissioned. TSL's Product Support Department benefited as well and reported higher revenue with full deployment of its workshop in related engine repairs and overhaul jobs.

The Singapore Government further bolstered the local construction market by awarding mega infrastructure projects such as the two Integrated Resort projects, the Circle Line and various new highway jobs. Many TSL customers are involved in these projects and this has led to more equipment sales.



Operations Review - Industrial

Australia

Global demand for all resources, particularly coal, contributed to another year of solid performance from Hastings Deering.

The mineral boom, along with the reasonably strong Australian economy, continued to drive sales in mining. Strong demand for general construction and used equipment was registered with increased expenditure on major infrastructure projects for road, rail, ports, water and mine development and expansion. The Caterpillar Rental fleet continued to grow with high utilisation and good returns. Investment in people and facilities remain high priority at Hastings Deering as the business strives to meet customer demands.

The Hastings Deering Institute of Training has undertaken delivery of its own apprenticeship training programme with over 100 new apprentices brought into the programme earlier this year. This included 27 apprentices on 'Fast Track Apprenticeship' arrangement, an Australian first for the industry. Hastings Deering has also undertaken a major Career Development Programme for staff and adopted the TQEM 5 star-rating system as part of its drive to improve safety and quality within the organisation.

Facility expansions continue. Most notably, Stage 1 of the new Mackay facility to support the Queensland Bowen Basin Coal expansions is now complete and operational. Expansions at other key branches are being undertaken to assist in meeting growing business demands.

Austchrome Pty Ltd, a subsidiary of Hastings Deering specialising in hydraulic component repair and reclamation, had a much stronger year despite continued skills shortages.



Operations Review - Industrial

Papua New Guinea

The Papua New Guinea operations continue to post acceptable returns following strong sales to support the mining operations at Ok Tedi, Porgera and Lihir Island. The current stable political climate has also seen good construction machine sales.

Solomon Islands

The Solomon Islands reported slow but steady revenue growth, mainly from logging opportunities. Acceptable financial returns are possible despite the earlier years of political instability.

New Caledonia

Favourable nickel prices have resulted in good sales growth for Caltrac. There is potential for continued strong growth in this business with a number of project expansions and new projects presently under evaluation.



Operations Review - Motors

In the past 12 months, the Motors Division has undergone major changes in the business. The Division experienced a tremendous jump in profitability from the previous year.

Malaysia

This has been a turnaround year for the Motor operations in Malaysia. Focus has been on restructuring the business, including exiting non performing businesses, and reorganisation of the management team.

The Hyundai Group continued to introduce new models to its range. The 11-seater Starex and the much anticipated European styled 1.1cc i10 were successfully launched in the first half of 2008. In the retail operations, the Group has also been investing in new 3S facilities in key cities to build a stronger dealer network.

Auto Bavaria recorded another year of strong growth as the leading retail and service organisation for BMW, MINI and Motorrad in Malaysia. Auto Bavaria continued to embark in its systematic upgrade of its nationwide network of branches in order to provide new levels of customer comfort and convenience in line with BMW's global standards. To date, its branches in Kuantan, Segambut, Sungai Besi, Glenmarie and Penang have completed the upgrading programme.

It has been a tough year for Ford due to the limited model range. The year ended with Ford Motor Company transferring its Ford distribution business in Malaysia to Sime Darby Motors. Its fortunes should be revived in the coming years as an expanded range of Ford products will be made available to the market.

Land Rover has performed well with its Defender series, with deliveries mainly to the government.

From April 2008, Ford, Land Rover, Alfa and Hertz businesses were restructured to come under a new Multi Franchise Group. This Group, with its retail network under a newly branded Sime Darby AutoConneXion will bring about a stronger retail experience.

Inokom, Motors Division's assembly arm situated in Kulim, has seen much activity. Higher retail sales achievement for Inokom vehicles has resulted in increased production levels. The plant has also been busy with expansion works in preparation for taking on the production of BMW and Land Rover vehicles from the AMI plant in Shah Alam which has ceased operation in June 2008.



Singapore

In the luxury segment, Performance Motors did well to retain the No. 1 position for the third consecutive year in 2007 despite strong competition from other brands. Improvements in car sales were seen across all models, with the 3-series and 5-series leading the way. During the year, BMW cars were selected for major events such as the ASEAN Summit and Singapore Air show, emphasizing BMW as the limousine of choice for all key government events. The model range was further enhanced with the LCI 6 series, the new X5 as well as the introduction of the all new 1-series in May which was very well received.

A world class 4S facility fitted with the latest technology was recently completed and commissioned. This further augments Performance Motor's leading position in Singapore and Sime Darby's long term commitment to BMW. As an authorised used vehicle BMW dealership, we provide our customers a high level of quality and assurance. We ensure that our BMW new car customers are able to get better residual values for their cars. Our showroom at Sime Darby Centre has a comfortable viewing area with a team of well trained staff ready to assist customers.

Vantage Automotive faced a challenging year as the strong Euro continued to weigh on the business. Major gaps in the model range have also restricted volume growth. However, with the introduction of new Ford and Peugeot models in the later part of the financial year, sales have improved. On a brighter note, Vantage has been quite successful in the supply of special vehicles for military applications. More efforts and resources are being deployed in this area, which shows promising growth potential.

Australia

The operating environment for Sime Darby Automobiles in Australia has been affected by a slowing world economy, which resulted in the dampening of consumer demand. Volumes in the medium and large segments have been particularly affected as demand shifts increasingly to the light and small segments, where price premium has an adverse impact. We are working closely with the principal - Automobiles Peugeot - to develop appropriate strategies to meet the challenges of the competition. Despite difficult trading conditions, the Peugeot operations performed satisfactorily.



Operations Review - Motors

Corefleet is the leading specialist provider of 4-wheel drive rental vehicles in Australia and provides customers with a full service maintenance capability at its nine strategically located branches throughout the country. The mining industry is the major segment that the business services. The company has reported a healthy growth for the year and the expectation is for the business to continue to grow strongly, in line with the mining sector.

Thailand

Thailand's local automobile market registered a decline in 2007. Volumes have recovered in the first half of 2008, although prevailing uncertainties particularly on the political front remains a major concern. The Mazda and Chevrolet brands performed better and the outlook for these two brands is positive. We will be looking to grow the business further with planned expansion of the branch network in the coming years. The luxury sector continues to struggle and although volumes in 2008 have recovered, the numbers are still well below the peak levels of previous years. For our BMW operations, progress remains slow in line with BMW's performance in Thailand.

New Zealand

The economic momentum has been slowing rapidly and consumer confidence has declined. Households are facing high debt, negative savings rate and falling home prices. With the resulting weakness in consumer spending, the car industry has been adversely affected, especially in the second half of the financial year. Truck operations, however, have shown more resilience and remain relatively strong. The year under review has been a period of consolidation and restructuring as the business adjusts to the changing economic conditions. This has included closure of certain outlets and cost-saving measures carried out across the operating units. Despite the unfavourable market condition, the New Zealand operations, as a whole, remained profitable.

Hong Kong / Macau

The economies of these two Special Administrative Regions have continued to enjoy strong economic growth in the year under review. However, inflationary pressures brought about by rising oil prices combined with a decline in the HK dollar and travel restrictions by Chinese residents to Macau, are expected to result in a decline in GDP growth next year.



Operations Review - Motors

The Multi-Franchise Group has increased profitability by leveraging on its common strengths in sales and aftersales. The Luxury Group which consists mainly of BMW, Rolls Royce, Mini and Land Rover has been particularly successful. The Rolls-Royce showroom in Hong Kong was relocated to a new and larger location. Similarly, the Mini will have a brand new, expanded full service facility in a new location to mark its strong presence in Hong Kong. In Macau, we completed a comprehensive renovation of its facilities during the year under review and are poised to capture a larger market share of vehicle sales in this thriving enclave.

China

China is officially the second largest motor vehicle market in the world after the United States. Its sales growth rate continues to be in the double digits year on year, reaching a sales volume of over 8 million units per annum. The growing affluence of consumers has created a continuing demand for luxury vehicles. In August 2008, China hosted the Olympic Games and spared no expense to ensure that it would be a success. The investment in the infrastructure has helped the economic growth. However, the global economic slowdown together with a possible recession in the United States, will negatively impact China's economy in the foreseeable future.

Our business strategy is to position ourselves as a tier one retailer in China. We continue to invest in new BMW 4S dealerships, mainly in the southern part of China. Unit sales have increased by about 20% year on year but pressures on margins remain as competition intensifies. Personnel training and process improvements are the key pillars for our success. A purpose-built Rolls Royce service centre was recently completed in Shanghai complementing our showrooms in Shanghai (Xintiandi) and Hangzhou. China continues to present itself as an area of potential to grow our business.



Operations Review - Energy & Utilities

Energy

Oil & Gas

The high oil prices and continuing demand for energy from developing Asian economies mean that there is a race to explore and exploit undeveloped oil assets in the region. This in turn has increased demand for rigs, equipment and skilled manpower. Asian shipyards are fully booked with orders for building rigs and production and processing facilities through to 2011, with new orders now being placed for equipment deliveries as far ahead as 2012. Yard space has increased in China, Singapore, Vietnam, Malaysia and Indonesia. As new Production Sharing Agreements (PSA) are awarded across the region, demand for facilities is increasing even more rapidly than before.

The strong positive outlook would benefit Sime Darby Engineering (SDE), Sime Darby T&I (SDI) and Sime Darby Marine (SDM) in the long term. SDI and SDM are two companies, formed in this financial year, to support SDE in the offshore activities by providing operational and vessel capabilities in this financial year. The financial year under review saw SDE sustaining its good financial standing as it continues with the fabrication of EPCIC contract with Maersk Oil Qatar. SDE also secured two additional projects from Petronas Carigali and one from Shell Malaysia.

SDE's Pasir Gudang 100-acre yard has an annual fabrication capacity of 60,000 MT. SDE has been awarded part of the Kumang, F23 and Kinabalu structures by Petronas Carigali Sdn Bhd with total weights of about 30,000MT. SDE has added its capacity by about 5,000 MT per year by leasing the Tanjung Manis yard in Sibul, Sarawak meant for fabrication of Jackets. This year saw SDE delivering three Wellhead Platforms for Qatar Petroleum, One BO-A CPP Jacket and Sumandak Selatan Platforms, while still fabricating two sets of CPP Platforms for Maersk Oil Qatar and Talisman Malaysia BO-A CPP Topside. SDE is in the midst of expanding its capability in a planned manner into Saudi Arabia and UAE markets by getting it qualified by Saudi Aramco and ZADCO of UAE. It is hoped that by the time its vessels are commissioned, the Middle East projects would be available for SDE to execute.



Operations Review - Energy & Utilities

Power Generation

Both Port Dickson Power and Laem Chabang Power's power plants continue to maintain their excellent plant availability. In Thailand, the expansion project for another 50MW, which was originally expected to be completed in October 2008, has been deferred to the first quarter of 2009. This expansion project is currently undertaken by Sime LCP.

In November 2007, Sime Darby received letters of intent from the Malaysian Ministry of Finance and the Economic Planning Unit of the Prime Minister's Department advising that the Government had given an in-principle agreement for Sime Darby to hold a majority stake in Sarawak Hidro Sdn Bhd (SHSB), the owner of the Bakun Dam, and the company developing the High Voltage Direct Current transmission link (HVDC Link). However, Sime Darby decided not to take up the equity interest in SHSB and also not to participate in the development of the HVDC Link because the Board viewed that the project economics did not fit in with Sime Darby's business strategy.

For the year under review, both Laem Chabang Power and Sime O&M are being certified simultaneously for ISO 9001, ISO 14001 and OSHAS 18001.

Engineering Services

Mecomb Group

Mecomb Group is involved in system integration and sales of a wide range of engineering products and services, as well as design and fabrication of industrial ventilating fans, filter presses, and intelligent car park management systems which are marketed under Mecomb's proprietary brand names. Its focus is to be a single solution provider for air and fluid handling, environment controls, life science, building M&E services and facilities automation.

Mecomb Singapore continued to strengthen its position in the marine sector and developed close partnerships with major clients, two of which are among the world's largest oil rig fabricators. During the year under review, it was awarded numerous orders to supply compressor skids and other packages. Riding on the construction industry boom, Mecomb Singapore also saw an increase in sales of industrial fans and electrical components. With the Singapore government placing emphasis on its life science and pharmaceutical industry, Mecomb Singapore actively participated and won several tender project bids.



Operations Review - Energy & Utilities

Integrating Mecomb's range of proprietary products - industrial fans, Amston filter presses and car parking systems with project management - Mecomb Malaysia successfully secured several Mechanical and Electrical projects. These include the renovation work and chiller overhaul at Kuala Lumpur International Airport and the supply of heavy duty industrial blowers for boilers in palm oil mills. Mecomb Malaysia also tapped on the growing demand for automation in medical diagnostics and pharmaceutical research and secured two projects for the testing of genetic disorders and for the drug and protein science research. Motion Smith, a division of Mecomb Singapore, also benefited from the upturn of the Marine industry during the year and performed well. Mecomb Thailand ventured into Vietnam in the last quarter of the year under review. Though still in the early stage, Mecomb Thailand has secured its first order of 44 heavy duty blowers from a corn mill in Vietnam.

Chubb Malaysia Sdn Bhd

Chubb Malaysia reported a higher turnover and profitability as compared to the previous year with continued demand from the domestic and export markets for its physical security products. During the year, Chubb safes had introduced a new outlook for its range of safes. Demand for integrated electronic security systems from high end residential projects and the financial sector also showed increased interest with the introduction of new technologies.

Sime-Sirim Technologies Sdn Bhd

During the year, turnover and profit for Sime-SIRIM Technologies Sdn Bhd increased due to the active market expansion in oil & gas and industrial sectors. The expected growth for these two industries will remain high and challenging for the coming years. The improved performance of the company was also attributed to additional new technical capabilities provided for the telecommunication and healthcare industries.



Utilities

China Operations

Weifang Sime Darby Port Co Ltd

Turnover for the financial year ended 30 June 2008 increased by 37 percent compared to the previous year. The better performance was mainly contributed by the utilisation of newly completed port berths and strong demand for its port services. Total annual throughput was 9.7 million tonnes against same period last year of 7.3 million tonnes. There was also a significant increase in vessel calls from last year's 2,195 vessel calls to 3,015 this year. On 18 June 2007, an official ceremony to mark the commencement of 10,000 tonne port expansion was held at the Weifang Port. Sime Darby Senior Management and the Senior Officials of the Shandong Provincial and Weifang City Government jointly graced the occasion. The construction of these projects are progressing on schedule and are expected to be completed by end 2009.

Weifang Sime Darby Water Management Co Ltd

During the year under review, turnover increased by 46 percent compared to the previous year. The better performance was mainly contributed by an upgrading of water treatment plant from the existing daily capacity of 40,000 m³ to 80,000 m³. The upgrading was completed in October 2007 and the average daily water supply to industrial users has increased steadily to 77,000 m³ in June 2008. The construction of the Second Water Treatment Plant to increase the daily capacity to 200,000 m³ has been planned. The first phase of the construction is scheduled in early 2009 and is expected to commence supply by year 2010.

Jining Sime Darby Port Co Ltd

The newly established joint venture company Jining Sime Darby Port Co Ltd was incorporated in March 2008 to undertake the development and management of the coal port terminals at the Grand Canal of China (also known as Beijing-Hangzhou Grand Canal) in Shandong Province.



Operations Review - General Trading, Services & Others

Healthcare

During the year, the Sime Darby Healthcare Group continued to enjoy steady business performance and strong client loyalty with improved revenue. The healthcare group's strong commitment to quality service and innovation was reflected in its continued efforts to enhance patient service as well as investment in the latest medical technology. During the year, the Group's specialist centre in Megah was given a facelift to provide comfortable patient ambience. In addition, its medical centre in Subang Jaya, has invested in numerous cutting edge technology which includes the low dose 64 slice PET CT, 3T MRI and 3D Brachytherapy, which were the first in Malaysia. A dual source CT was also recently commissioned. These technologies coupled with advanced treatment modalities assures the best possible care for its patients and customers. Today, the Group sees about 1,600 outpatients and 150 admissions daily.

Aerospace

Asian Composites Manufacturing Sdn Bhd is an associated company involved in aircraft composites components manufacturing. It maintained its strong performance during the year and continued to be recognised internationally as a leader in the aerospace industry.

Bedding

The Bedding Group continued with its expansion plans to establish the Dunlopillo brand in the respective markets where the rights are held despite the difficult operating environment.

Consumer Products

Tesco Stores (Malaysia) Sdn Bhd is a joint venture with Tesco Plc, in which the Group owns 30 percent equity interest. It reported a stronger performance for the year on the back of increased profitability from the stores opened.

Industrial Products

Sime Kansai Paints Sdn Bhd, a joint venture with Kansai Paint Co Ltd of Japan, in which the Group owns 40 percent equity interest, reported a higher profit for the year due to better demand from the automotive car manufacturers. Harvik Rubber Industries Sdn Bhd recorded improved performance on the back of higher sales of safety rubber boots.

Insurance Broking

The Insurance Broking Group reported a satisfactory performance despite the softening of the market and keen competition.

Logistics

KN Sime Integrated Logistics Sdn Bhd, an associated company involved in warehousing and logistics, reported improved performance for the year.

Packaging

The packaging operations in Malaysia (Subang Jaya and Bakar Arang) and Singapore were divested during the year, and an agreement was signed to dispose of the packaging operation in Tampoi, Johor.

Travel and Tourism

Sime Darby Travel Sdn Bhd proved to be resilient with a stronger performance for the year despite the increased competition and challenges. Westminster Travel Ltd group in Hong Kong was divested during the year.



PIONEER



Helping to protect the diversity of Malaysia's forest tree species, the Heritage Park in Bidor is host to a seed bank that preserves the genes of various species of flora and are used to generate seedlings for reforestation projects.

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Corporate Social Responsibility Report

A Responsible Corporate Citizen

“Developing Sustainable Futures” is Sime Darby’s vision.

It encompasses profit and financial growth, employee welfare and development, and ensuring that we take care of the environment wherever we operate. In other words, Sime Darby strives to meet the present needs of our stakeholders without compromising the ability of future generations to meet their own needs.

By balancing and integrating the demands of economic performance, social responsibility and environmental stewardship, Sime Darby is becoming more competitive and better prepared to meet the future needs of all its stakeholders. In designing its Corporate Social Responsibility (CSR) framework, Sime Darby seeks to emphasise values that enhance the performance of the Company such as ethical and transparent business practices. To achieve this emphasis, Sime Darby through its Group Policies and Authorities has laid down guidelines for sustainable development, procurement strategies and management planning. With its position on CSR clear, Sime Darby has decided on four main pillars - environment, education, community and sports - to achieve its goals.

We Care for the Environment

Sime Darby has long been an active participant in environmental conservation initiatives throughout Malaysia. Over the years we have sponsored conservation programmes and initiatives around the country. More recently, efforts have become more internalised. From mere charity events, Sime Darby now supports large-scale and long-term environmental conservation programmes to enhance bio-diversity and eco-diversity in Malaysia.

One project that Sime Darby has pledged its full support is a 5,000 ha site in the Ulu Segama Forest Management Area in Sabah. We have committed RM25 million over a period of 10 years to the conservation of this degraded area. The forest rehabilitation effort will be beneficial to the local animal species, particularly the orang utan. The Ulu Segama Forest Reserve covers a total of 250,000 hectares, and 64 percent of the land area needs urgent attention after suffering the after-effects of logging. With Sime Darby’s assistance, the Sabah Forestry Department will be able to ensure the speedy rejuvenation of the area. The funds will be used to finance the administration of the project, restore wildlife conservation zones, as well as organise replanting programmes and wildlife surveys.



Sime Darby is also working with the Malaysian Nature Society for the Hornbill Conservation Project in the Royal Belum-Temenggor (RBT) Forest. The two-year project is aimed at engaging key government agencies and the surrounding communities to help preserve the 10 hornbill species native to the RBT Forest. Another effort that Sime Darby has recently undertaken is a programme to replant rare and endangered tropical forest trees at all our plantation estates and some selected mangrove and coastal areas. Together with Wild Asia, Sime Darby replanted trees along the river banks at the Tanah Merah Estate in Nilai, Negeri Sembilan. The trees are planted in a special way to revive the river and its biodiversity. Currently, the tree-planting programme has been completed and further studies are being undertaken to monitor the success of the project. This conservation programme is also extended to Sime Darby Property's townships. Sime Darby recognises its responsibility to safeguard the environment in the course of conducting its business operations. Fulfilling our commitment to environmental conservation and enhancing the quality of life of the people who live in our townships, Green Trails or pocket forest parks are being created by planting forest trees in specific areas within our townships. The project began with the Denai Alam township in Selangor and to date, 3,500 trees from 15 species of tropical rainforest plants have been planted there.

In marine conservation, Sime Darby has launched its Sustainable Island Programme. Malaysia's coral reefs are fast degrading due to multiple causes, including global warming, pollution and illegal fishing methods. Collaborating with Wild Asia, the project covers Pulau Perhentian, Pulau Tioman, Pulau Redang and Pulau Aur. Initial surveys were carried out to collect data for analysis and to get a clearer picture on the condition of the coral reefs.

Nurturing the Minds of the Future through Education Efforts

Sime Darby sees education as an important part of making sustainable futures real for everyone. Programmes involving scholarships, adoption of schools, financial assistance and vocational training have been designed to ensure that our younger generation are more knowledgeable and competent. One of Sime Darby's biggest education initiatives is to improve English proficiency using newspapers to teach English in the classroom.

Sime Darby's PINTAR School Adoption Programme began in December 2006, allowing Sime Darby to play its part in nurturing and developing human capital in the country. To date, there are 21 schools adopted from the Northern Corridor Economic Region (NCER) and one school from the Eastern Corridor Economic Region (ECER). The programme concentrates on development of students, teachers, parents and community, as well as school infrastructure and facilities assistance. At the Group level, Sime Darby sponsored the delivery of over RM100,000 worth of The Star newspaper to 20 of our PINTAR schools. The Property Division, in turn, worked with the The News Straits Times to sponsor the distribution of its newspaper to the schools in the Division's townships.



There is also the Sime Darby Employees' Children Education Excellence Awards (ECEEA) to recognise the achievements of children of Sime Darby employees. So far, 270 children have been awarded cash prizes for outstanding performance in the 2007 Ujian Penilaian Sekolah Rendah, Penilaian Menengah Rendah, Sijil Pelajaran Malaysia and Pre-University examinations. There were more recipients this year compared to last year, and it was particularly meaningful to enjoin the children of the former Golden Hope Plantation Berhad, Kumpulan Guthrie Berhad and Kumpulan Sime Darby Berhad employees.

Other projects relating to schools include the adoption of 34 students from schools in Puchong, Selangor for business training and education by the Industrial Division. This project was done via the AMCHAM Young Enterprise Programme. The students learned how to translate economic theories into real business principles and discover entrepreneurship skills in running a business. The staff of Tractors Malaysia contributed their time and expertise and shared their experience as Corporate Advisors in this programme. Children of employees at the Plantation Division's Tun Tan Estate, Sentosa Estate and Sandakan Palm Oil Mill will now enjoy a safer, more reliable commute to the school with the launch of a school boat service. The children will be transported using a new fibre glass boat to the Sekolah Kebangsaan Kuala Suan Lamba in the Kinabatangan area. The Plantation Division's North estates contributed by subsidising the transportation of the school children in their estates, sponsoring school uniforms and paying for repairs to school buildings. Recently, the Energy Division donated RM260,000 to build two temporary school blocks for the SMK Bakun Sg Asap in Bakun, Sarawak. The new school blocks will cater for the additional 210 students who will join the school in January 2009.

The Property Division, in collaboration with the News Straits Times, organised information technology related activities. The students were given easy and creative ready-to-use IT and Multimedia tools through the development of the NiXUS portal with the NIE - NST. There was also an initiative done together with University Malaya for the Royal Professor Ungku Aziz Chair and Centre for Poverty Eradication. The establishment of the Royal Professor Ungku Aziz Chair is to honour the contributions of Royal Professor Ungku Aziz in the field of education and economic development especially rural development and poverty eradication. Sime Darby contributed RM2.5 million to support this effort.

Continuing to Care for the Community

Sime Darby is consistently involved with the communities it touches. One of the most important initiatives carried out last year was the establishment of patrol units for Subang Jaya, USJ, Putra Heights, Bandar Bukit Raja and Ara Damansara, Selangor. The Property Division wanted to provide a safer environment within its townships and hoped to achieve this through the 'Unit Peronda Sime Darby'.



Corporate Social Responsibility Report

Our Plantation Division, meanwhile, has pledged RM250 million over a five year-period, towards the welfare of employees, their families and the improvement of facilities provided by the Company. The funds allocated will be used to upgrade and refurbish employee quarters, improve school facilities on estates and provide adequate infrastructure for estate communities.

Sadly, the year under review witnessed a number of natural disasters that wreaked havoc on the lives of people - both at home and abroad. Auto Bavaria Malaysia of the Motors Division donated RM17,000 to flood victims in Johor, while the Upstream Plantation team donated to flood victims in Ladang Chenor, Mentakab, Pahang. The Group Head Office donated RM200,000 to the earthquake victims in Sichuan province, China. Separately, the Motors Division – Hong Kong / Macau/ People’s Republic of China set up a fund to help the victims of the Sichuan earthquake. The company contributed HK\$2 for every HK\$1 contributed by each member of staff, as well as donating HK\$500 for every vehicle sold up to June 2008. At the end of the drive, a total amount of HK\$1.2 million was collected, exceeding the HK\$1million target set.

Throughout the Divisions, our businesses are involved in community development through donations and cash contributions for the construction of surau, mosques, temples, schools, recreational parks, football fields and other infrastructure facilities within townships and estates. There were also donations to charity homes, in terms of cash and basic items. Dunlopillo (Malaysia) Sdn Bhd, a subsidiary of Sime Darby, donated mattresses to a HOSPICE home in Batu Arang that houses patients suffering from HIV and AIDS. Throughout the financial year, Sime Darby Healthcare held talks and public forums on various topics ranging from cancer to hand-hygiene. The talks and forums were handled by in-house specialists of Subang Jaya Medical Centre, with the objective of creating awareness on medical conditions in the community. There were also free medical screenings done during a carnival in Subang Jaya, Selangor which also provided blood pressure checks, body mass index counts and diet counselling.

Developing Healthy Citizens through Sports Development

Sime Darby has always been an avid supporter of local sports. The Group sponsored the Malaysian Independent Tennis Festival 2007, a tournament that brought in top international players Rafael Nadal, Richard Gasquet, Roger Federer and Pete Sampras. The event was meant to inspire Malaysians to reach international standards in the game. Sime Darby was also a sponsor of the Glenmarie Golf & Country Club Asian Junior Golf Championship 2008, as well as the sponsor of MJB 5th Golf Charity Tournament. Sime Darby also funded the 10th Anniversary of the Negeri Sembilan’s Royal Sevens Rugby Tournament and Perak’s Royal Golden Jubilee International Rugby 7’s Challenge Trophy. Sime Darby Property’s indoor lawn bowling stadium and the cricket oval at Bayuemas, Klang were also utilised in our efforts to develop sports. We were the main sponsor for the ACC Trophy Elite 2008, a cricket tournament hosted by the Malaysia Cricket Association, as well as the joint organiser of the 3rd Asia Pacific Singles & Mixed Pairs / Triples Indoor Bowls Championship with the Federation of Lawn Bowls Malaysia.



Our commitment to sustainability also means we are involved in projects that contribute to the environment, the education system and community development. While we always look to the future, it is what we do today that really matters.

REGENERATE

A young girl with a joyful expression, wearing a white short-sleeved shirt with thin vertical stripes, is holding a small green seedling with two leaves in her cupped hands. The seedling is growing out of a mound of brown soil. The background is a soft-focus green field, suggesting an outdoor setting. The word "REGENERATE" is overlaid in large, dark green, sans-serif capital letters across the middle of the image, with the seedling's stem passing through the letter 'A'.

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Corporate Diary

17 August 2007

Hyundai-Sime Darby Motors Sdn Bhd launched its new 3S centre, located at the automotive hub of Temasya Industrial Park in Shah Alam, Selangor. It is a one-stop centre for Hyundai and Inokom vehicle owners looking for service, spare parts or new vehicles. In commemoration of the opening of the centre, the company also unveiled the all-new Santa Fe CRDi, a luxurious and highly-acclaimed SUV.



21 September 2007

Sime Darby Motor Division launched its Shenzhen Bow Chuang Nan Shan Branch marking its growing BMW dealership presence in China.



24 October 2007

The Bedding Group hosted the 2nd Dunlopillo Regional Partner Conference in Ho Chi Minh, Vietnam, attended by over 150 key participants from 14 countries. Plans are underway to turn its factory in Vietnam into a major manufacturing hub for Dunlopillo products supplying the region.



27 November 2007

The Synergy Drive merger which involved the consolidation of three plantations giants – Golden Hope Plantations Berhad, Kumpulan Guthrie Berhad and Kumpulan Sime Darby Berhad, and five other subsidiary companies was completed.



28 November 2007

The new merged entity, which took the name Sime Darby Berhad, was officially launched by Prime Minister Datuk Seri Abdullah Ahmad Badawi. Also unveiled was the new logo and the company's new vision - Developing Sustainable Futures.



30 November 2007

Sime Darby Berhad was relisted on Bursa Malaysia Securities Berhad and emerged as the largest listed company in terms of market capitalisation. The shares of par value at RM0.50 each made its debut at RM11.20 and was traded between a low of RM10.70 and a high of RM12.10 a share. It recorded a RM2.10 a share premium over its relisting reference price of RM8.90 a share.



6 December 2007

The Sime Darby Convention Centre was inaugurated by Prime Minister Datuk Seri Abdullah Ahmad Badawi, bringing about a new level of charm and sophistication to the art of meetings, incentives, conventions, exhibitions and banquets. Its strategic location and commitment to exceed clients' expectations, among others, have made this convention centre one of the preferred venues.



1 January 2008

Sime Darby Plantation Sdn Bhd launched a school boat service to ferry children safely across the Sandakan Bay in Sabah to their school in Kinabatangan. More than 50 children living in Sime Darby's Tun Tan Estate, Sentosa Estate, and the Sandakan Bay Palm Oil Mill area will now enjoy a safer, more reliable and comfortable 10-kilometre commute to Sekolah Kebangsaan Kuala Suan Lamba in the Kinabatangan area.



29 January 2008

Sime Darby Plantation Sdn Bhd pledged its commitment to help Sabah conserve the Ulu Segama Forest Reserve, home to more than 5,000 orang utans. A total of RM25 million will be contributed over a period of ten years, making Sime Darby the single largest private contributor in this conservation project.



11 February 2008

Sime Darby Energy Division expanded its operations into transportation and installation (T&I) services in the oil & gas sector through its new company, Sime Darby T&I Sdn Bhd. The company is a joint-venture between Sime Darby Engineering Sdn Bhd and two partners, ROIC Sdn Bhd and MDL Energy Private Limited.



28 February 2008

Peugeot Automobiles Australia, a subsidiary of Sime Darby Motors, was given the honour of being the first in the world to display the new Peugeot 308 Touring, making its global debut at the Melbourne International Motor Show.



6 March 2008

Sime Darby Berhad pledged RM200 million over a period of five years towards CSR activities in its plantations. The pledge was made at the "Program YAB Timbalan Perdana Menteri bersama Pekebun Kecil & Pekerja Ladang Kelapa Sawit" organised by the Malaysian Palm Oil Board and the Ministry of Primary Industries held at Stadium Malawati in Shah Alam, Selangor Darul Ehsan. Its Kempas Estate was one of three recipients of the "Best CSR Estate" awards.



6 March 2008

Sime Darby Plantation Sdn Bhd launched the usage of its self-developed biodiesel, BIO-N, in Carey Island, Selangor. With the objective of making in-roads towards developing sustainable practices, all machines and vehicles on Carey Island will run on BIO-N.



20 March 2008

Sime Darby Property Berhad launched 'Topaz', a 110-unit development of double-storey link homes in Putra Heights, Selangor.



2 April 2008

Sime Darby invested over 34 million euros in its current Unimills facilities in Zwijndrecht, Netherlands and other business locations in Europe to further strengthen its position in the oils and fats downstream business in Europe. This includes various locations for palm oil processing facilities, including setting up a new refinery and bulking facilities which will complement the operations of its existing plant in Zwijndrecht.



13 - 25 April 2008

Sime Darby Plantation Sdn Bhd participated in the International Palm Oil Sustainability Conference as a Platinum Sponsor, showcasing its sustainable practices and initiatives implemented within its estates and mills.



19 - 28 April 2008

The Sime Darby Group participated in the annual Minggu Saham Amanah Malaysia 2008 as a Premier Sponsor, showcasing the Group's core businesses. Held at the Melaka International Trade Centre in Ayer Keroh, Melaka the roadshow was aimed at educating the public on smart investments.



25 April 2008

TSL Power Systems was recognised as Caterpillar Asia Power Systems' top performer for the year 2007, making it a recipient of the award two years running.



28 April 2008

Sime Darby Property Berhad was once again honoured by the Reader's Digest 2008 Trusted Brands Award in the category of property developer in Malaysia. In its 10th year, this initiative by Reader's Digest is aimed at recognising brands that appeal most to affluent Asian consumers.



30 April 2008

Tractors Manufacturing & Assembly Sdn Bhd officially opened a new 10-acre plant which had been upgraded to be a more flexible and adaptable production facility capable of producing a wider variety of industrial equipment. This is in line with the company's objective of positioning itself to be a leading OEM of industrial equipment.



30 April 2008

Sime Darby Property Berhad set new benchmarks in the industry, by mentoring and nurturing seven of its contractors to assist them in obtaining the QMS ISO 9001; 2000 Certification. The certification is acknowledgement that only the highest quality and standards are applied in its development projects worldwide.



3 - 4 May 2008

Regent Motors, which distributes Ford cars in Singapore, organised the Ford-UEFA 4-A-Side Challenge Finals in conjunction with Ford being the sponsor of the UEFA Champions League. 20 teams were shortlisted to compete against each other in a street soccer-style challenge for the top prize of an all-expense paid trip to attend the UEFA Finals in Moscow.



12 May 2008

Sime Darby Berhad signalled its intention to make the Middle East a key growth area for its oil & gas business by opening an office in Qatar. Located at C-Ring Road in Doha, the Sime Darby Middle East Office was chosen as the launching pad into this market due to Qatar's vibrant economy and active oil & gas market.



15 June 2008

Sime Darby Berhad became a member of the World Economic Forum and participated in the East Asian Summit held in Kuala Lumpur.



18 June 2008

Sime Darby Utilities Sdn Bhd, through its operating unit, Weifang Sime Darby Port Co. Ltd. held an official ceremony to mark the commencement of the 10,000 tonne port expansion construction in Weifang, China.





PROACTIVE

Being sustainable also means having to adapt or develop newer technologies that do more, but use less resources. Not only does this help the environment, it also helps reduce costs across the board.

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Reports and Financial Statements Contents

For the year ended 30 June 2008

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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 year and the results of the Group and the Company for the year. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the Malaysian Accounting Standards Board approved accounting standards in Malaysia for Entities Other than Private Entities and the provisions of the Act.

The Directors consider that in preparing the financial statements for the year ended 30 June 2008 set out on pages 107 to 215, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 11 September 2008.

Directors' Report

Directors' Report

The Directors are pleased to present their Report together with the audited financial statements of the Group and of the Company for the year ended 30 June 2008.

Principal Activities

The Company is principally an investment holding company.

The principal activities of the Group are divided into six businesses namely, Plantation, Property, Motors, Industrial, Energy and Utilities and General Trading, Services and Others.

Merger Exercise

The Company was set up to facilitate the merger of Golden Hope Plantations Berhad (GHPB), Kumpulan Guthrie Berhad (KGB) and Kumpulan Sime Darby Berhad (formerly known as Sime Darby Berhad) (KSDB) groups of companies (the Merger).

The Company had on 24 January 2007 entered into separate Sale of Business Agreements (SBA) with GHPB, KGB, KSDB, Sime UEP Properties Berhad, Sime Engineering Services Berhad, Guthrie Ropel Berhad, Highlands & Lowlands Berhad and Mentakab Rubber Company (Malaya) Berhad (collectively known as the Merged Entities). The SBA became unconditional on 1 October 2007, when all relevant conditions were fulfilled. The Merger was completed on 27 November 2007 following the transfer of the entire businesses and undertakings, including all assets and liabilities of the Merged Entities to the Company by virtue of a scheme of reconstruction and amalgamation pursuant to Sections 176 and 178 of the Companies Act, 1965 and the completion of the capital repayment exercise of the respective Merged Entities.

Change Of Name

On 27 November 2007, the Company changed its name from Synergy Drive Bhd to Sime Darby Berhad and thereafter, was admitted to the Main Board of Bursa Malaysia Securities Berhad (Bursa Securities) on 30 November 2007.

Financial Results

The audited results of the Group and of the Company for the year ended 30 June 2008 are as follows:

	Group RM million	Company RM million
Profit after taxation	3,752.5	2,203.5
Minority interests	(240.4)	–
Profit for the year attributable to shareholders	<u>3,512.1</u>	<u>2,203.5</u>

Dividends

The dividends paid and proposed by the Company since 30 June 2007 were as follows:

	RM million
In respect of the year ended 30 June 2008	
Interim gross dividend of 5.0 sen per share less Malaysian income tax at 26 percent, paid on 16 May 2008	<u>222.3</u>

The Directors recommend the payment of a final gross dividend of 34.0 sen per share less Malaysian income tax at 25 percent and special dividends of gross 4.0 sen per share less Malaysian income tax at 25 percent and Malaysian income tax exempt of 6.0 sen per share which, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company, will be paid on 5 December 2008. The entitlement date for the dividend payment is 26 November 2008.

The interim dividend paid on 16 May 2008 and the proposed final and special dividends to be paid on 5 December 2008, if approved at the forthcoming Annual General Meeting of the Company, amount to a total gross distribution of 49.0 sen per share for the financial year.

Reserves And Provisions

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

Share Capital And Debentures

During the financial year:

1. the authorised share capital of the Company was increased from RM2,600,000.00 divided into 200,000 ordinary shares of RM0.50 each and 25,000,000 Series B redeemable convertible preference shares (RCPS) of RM0.10 each to RM4,072,500,000.00 by the creation of 7,999,800,000 new ordinary shares of RM0.50 each and 7,000,000,000 Series A RCPS of RM0.01 each.
2. the issued and paid-up share capital of the Company was increased from RM2,500,100.00 comprising 200 ordinary shares of RM0.50 each and 25,000,000 Series B RCPS of RM0.10 each to RM3,004,731,915.50 by the creation of 6,009,463,631 new ordinary shares of RM0.50 each which rank pari passu in all respects with the existing ordinary shares of the Company. The new ordinary shares were issued:
 - (a) following the conversion of 25,000,000 Series B RCPS into 50,000,000 ordinary shares at the ratio of 1 Series B RCPS for 2 new ordinary shares;
 - (b) as part consideration for the acquisition of the entire equity interest in GHPB, KGB and KSDB and acquisition of the remaining equity interest in Sime UEP Properties Berhad, Sime Engineering Services Berhad, Guthrie Ropel Berhad, Highlands & Lowlands Berhad and Mentakab Rubber Company (Malaya) Berhad, pursuant to the Merger; and
 - (c) as consideration for the acquisition of additional interest in Negara Properties (M) Berhad pursuant to a Mandatory General Offer and Compulsory Acquisition.

There was no issuance of debentures during the financial year.

Changes In Group Assets

The major acquisitions and disposals made during the financial year are as follows:

1. On 9 July 2007, Sime Darby Hong Kong Limited acquired the remaining 30 percent equity interest in Westminster Travel Limited (WTL) for HK\$86.9 million pursuant to the exercise of a put option by the minority shareholder of WTL.
2. On 23 July 2007, Kumpulan Guthrie Berhad disposed of its entire equity interest in Guthrie Corridor Expressway Sdn Bhd (GCESB). The disposal price and the amount owing by GCESB were satisfied by cash payment of RM436.0 million and issuance of RM500.0 million nominal value of Redeemable Loan Stocks by GCESB.
3. On 23 October 2007, the Group disposed of its entire equity interest in WTL for HK\$160.0 million.
4. On 14 November 2007, B.M.W. Concessionaires (HK) Limited acquired the entire registered capital in Shantou Bow Yue Vehicle Trading Company Limited for RMB10.0 million. Its principal activities are sales of BMW and Brilliance Automotive branded vehicles and related spare parts, sales of motorcycles and its related spare parts, electric equipment and machinery.
5. On 16 November 2007, Golden Hope International Investments acquired the remaining 40 percent equity interest in Golden Hope Investments (Asia Pacific) for USD2.7 million.
6. On 30 November 2007, Sime Darby Singapore Limited and Orchard Nominees Private Limited disposed of their entire equity interests in Sime Rengo Packaging Singapore Limited for S\$6.5 million.

Changes in Group Assets (continued)

7. On 7 January 2008, The China Engineers Limited acquired the entire equity interest in Elco Power Systems Ltd (Elco) for HK\$43.0 million. Elco is principally involved in the distribution of Perkins engine products.
8. On 18 January 2008, the agreement entered into by Kumpulan Guthrie Berhad on 20 November 2007 for the disposal of its entire equity interest in Guthrie Technologies Sdn Berhad, for an adjusted consideration of RM12.9 million, was completed.
9. On 3 December 2007 and 30 January 2008, the Company completed the Mandatory General Offer and the Compulsory Acquisition of all the remaining shares in Negara Properties (M) Berhad (Negara), not held directly or indirectly by the Group respectively, in conjunction with the voluntary withdrawal of Negara from the Official List of Bursa Securities pursuant to Paragraph 16.04 of the Listing Requirements of Bursa Securities. Details of the acquisition are disclosed in Note 31(d) to the financial statements.

Directors

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

Tun Musa Hitam	(appointed on 29 September 2007)
Tun Dato' Seri Ahmad Sarji Abdul Hamid	(appointed on 29 September 2007)
Dr. Arifin Mohamad Siregar	(appointed on 29 September 2007)
Dato' Henry Sackville Barlow	(appointed on 29 September 2007)
Dato' Dr. Abdul Halim Ismail	(appointed on 29 September 2007)
Datin Paduka Zaitoon Dato' Othman	(appointed on 29 September 2007)
Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin	(appointed on 14 September 2007)
Tan Sri Datuk Dr. Ahmad Tajuddin Ali	(appointed on 14 September 2007)
Raja Dato' Seri Arshad Raja Tun Uda	(appointed on 14 September 2007)
Datuk Seri Panglima Sheng Len Tao	(appointed on 14 September 2007)
Dato' Mohamed Sulaiman	(appointed on 14 September 2007)
Dato' Seri Ahmad Zubair @ Ahmad Zubir Haji Murshid	(appointed on 14 September 2007)
Tan Sri Dato' Md. Nor Md. Yusof	(resigned on 29 September 2007)
Dato' Zainal Abidin Putih	(resigned on 29 September 2007)
Wan Razly Abdullah Wan Ali	(resigned on 29 September 2007)

Tun Musa Hitam, Tun Dato' Seri Ahmad Sarji Abdul Hamid, Dr. Arifin Mohamad Siregar and Dato' Mohamed Sulaiman, being over seventy years of age, retire in accordance with Section 129 of the Companies Act, 1965 (Act) and offer themselves for re-appointment in accordance with Section 129(6) of the Act to hold office until the conclusion of the next Annual General Meeting of the Company.

The Directors retiring by rotation are Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin, Tan Sri Datuk Dr. Ahmad Tajuddin Ali and Datuk Seri Panglima Sheng Len Tao who being eligible, offer themselves for re-election.

None of the Directors retiring and offering themselves for re-appointment or re-election has a contract of service with the Company.

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 7 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 is a member, or with a company in which he has a substantial financial interest.

Directors' Report

Directors' Interests In Shares

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

Number of ordinary shares of RM0.50 each

<u>Sime Darby Berhad (formerly known as Synergy Drive Bhd)</u>	<u>At date of appointment</u>	<u>Acquired/ Allotted</u>	<u>Disposed</u>	<u>At 30 June 2008</u>
Raja Dato' Seri Arshad Raja Tun Uda (deemed interest)	-	1,939	-	1,939
Dato' Mohamed Sulaiman (deemed interest)	-	3,800	-	3,800
Dato' Seri Ahmad Zubair @ Ahmad Zubir Haji Murshid	-	238,712	-	238,712

Number of ordinary shares of RM0.50 each

<u>Kumpulan Sime Darby Berhad (formerly known as Sime Darby Berhad)</u>	<u>At date of appointment</u>	<u>Acquired</u>	<u>Disposed/ Cancelled</u>	<u>At 30 June 2008</u>
Datuk Seri Panglima Sheng Len Tao (deemed interest)	14,000	-	(14,000)	-
Dato' Seri Ahmad Zubair @ Ahmad Zubir Haji Murshid	140,000	54,000	(194,000)	-

Options over ordinary shares of RM0.50 each

<u>Kumpulan Sime Darby Berhad (formerly known as Sime Darby Berhad)</u>	<u>At date of appointment</u>	<u>Granted</u>	<u>Exercised</u>	<u>At 30 June 2008</u>
Dato' Seri Ahmad Zubair @ Ahmad Zubir Haji Murshid	54,000	-	(54,000)	-

Number of ordinary shares of RM0.50 each

<u>Highlands & Lowlands Berhad</u>	<u>At date of appointment</u>	<u>Acquired</u>	<u>Disposed/ Cancelled</u>	<u>At 30 June 2008</u>
Raja Dato' Seri Arshad Raja Tun Uda (deemed interest)	2,000	-	(2,000)	-
Datuk Seri Panglima Sheng Len Tao (deemed interest)	10,000	-	(10,000)	-

Directors' Interests In Shares (continued)

	<u>Number of ordinary shares of RM1.00 each</u>			
	<u>At date of appointment</u>	<u>Acquired</u>	<u>Disposed</u>	<u>At 30 June 2008</u>
<u>Guthrie Ropel Berhad</u>				
Datuk Seri Panglima Sheng Len Tao (deemed interest)	8,000	-	(8,000)	-

Kuala Lumpur Golf & Country Club Berhad

Participatory interest	Type of membership
Tun Musa Hitam	Honorary
Tun Dato' Seri Ahmad Sarji Abdul Hamid	Honorary
Dr. Arifin Mohamad Siregar	Honorary
Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin	Honorary
Tan Sri Datuk Dr. Ahmad Tajuddin Ali	Honorary
Datuk Seri Panglima Sheng Len Tao	Honorary
Dato' Henry Sackville Barlow	Honorary
Datin Paduka Zaitoon Dato' Othman	Honorary

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

Statutory Information On The Financial Statements

- (a) Before the Income Statement and Balance Sheet of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, have been written down to amounts which they might be expected to realise.
- (b) At the date of this Report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) As at the date of this Report:
- (i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liability of any other person; and
 - (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year other than those arising in the ordinary course of business.

Statutory Information On The Financial Statements (continued)

- (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.

Other Statutory Information

In the opinion of the Directors:

- (a) 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
- (b) 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 Company

The Company's immediate and ultimate holding companies are Permodalan Nasional Berhad, a public company with limited liability, and Yayasan Pelaburan Bumiputra, a company limited by guarantee, respectively. Both companies are incorporated in Malaysia.

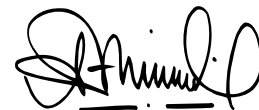
Auditors

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

In accordance with a resolution of the Board of Directors
dated 11 September 2008



Tun Musa Hitam
Chairman



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

Kuala Lumpur
11 September 2008

Financial Statements

INCOME STATEMENTS

For the year ended 30 June 2008

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2008	2007	2008	2007
Revenue	4	34,044.7	28,230.2	4,506.8	1,538.0
Operating expenses	5	(26,954.1)	(24,022.2)	(59.6)	(245.0)
Other operating income	6	767.0	1,322.0	45.9	157.4
Other operating expenses	7	(2,719.3)	(1,939.4)	(1,845.7)	(525.7)
Operating profit		5,138.3	3,590.6	2,647.4	924.7
Share of results of jointly controlled entities		2.1	1.6	-	-
Share of results of associates		107.9	110.7	-	-
Profit before interest and tax		5,248.3	3,702.9	2,647.4	924.7
Finance income	8	225.5	181.7	35.2	74.3
Finance costs	9	(267.4)	(312.4)	(97.9)	(196.5)
Profit before tax		5,206.4	3,572.2	2,584.7	802.5
Tax expense	10	(1,453.9)	(889.1)	(381.2)	(213.3)
Profit for the year		3,752.5	2,683.1	2,203.5	589.2
Attributable to:					
Ordinary equity holders of the Company		3,512.1	2,385.7	2,203.5	589.2
Minority shareholders		240.4	297.4	-	-
Profit for the year		3,752.5	2,683.1	2,203.5	589.2

		Sen	Sen
Earnings per share attributable to ordinary equity holders of the Company:	11		
- Basic		59.63	44.16
- Diluted		59.51	43.88

The notes on pages 114 to 215 form an integral part of these financial statements.

BALANCE SHEETS

As at 30 June 2008

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2008	2007	2008	2007
NON-CURRENT ASSETS					
Property, plant and equipment	13	8,372.1	7,626.7	-	536.7
Investment properties	14	220.1	159.1	-	-
Biological assets	15	2,245.0	2,238.8	-	52.7
Land held for property development	16	624.0	652.1	-	-
Prepaid lease rentals	17	2,459.2	2,539.5	-	2.0
Subsidiaries	18	-	-	11,664.2	8,752.8
Jointly controlled entities	19	2.1	7.7	-	-
Associates	20	1,109.0	1,024.7	134.7	700.7
Investments	21	316.8	389.2	2.0	234.9
Intangible assets	22	81.0	86.5	-	-
Deferred tax assets	23	712.0	634.4	0.3	3.8
Trade and other receivables	24	251.7	99.4	-	-
		16,393.0	15,458.1	11,801.2	10,283.6
CURRENT ASSETS					
Inventories	26	5,065.7	4,519.8	-	10.5
Property development costs	27	1,666.1	1,044.1	-	-
Trade and other receivables	24	5,833.4	4,968.4	1,081.3	143.6
Prepayment		255.8	198.0	-	1.0
Tax recoverable		264.4	148.0	45.5	51.0
Cash held under Housing Development Accounts	28	479.5	425.9	-	-
Bank balances, deposits and cash	29	5,994.2	5,666.0	293.9	575.6
		19,559.1	16,970.2	1,420.7	781.7
Non-current assets held for sale	30	20.6	785.5	-	5.3
TOTAL ASSETS		35,972.7	33,213.8	13,221.9	11,070.6
EQUITY					
Share capital	31	3,004.7	2,755.1	3,004.7	2,755.1
Reserves	32	18,663.9	14,599.2	9,180.5	6,436.4
ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		21,668.6	17,354.3	12,185.2	9,191.5
Minority interests		536.3	2,199.8	-	-
TOTAL EQUITY		22,204.9	19,554.1	12,185.2	9,191.5
NON-CURRENT LIABILITIES					
Long-term borrowings	33	3,189.1	3,706.8	1,000.0	1,039.8
Provisions	34	74.7	23.6	-	-
Retirement benefits	35	125.7	91.6	-	-
Deferred income	36	139.0	140.3	-	-
Deferred tax liabilities	23	931.8	921.6	-	2.2
		4,460.3	4,883.9	1,000.0	1,042.0

BALANCE SHEETS

As at 30 June 2008 (continued)

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2008	2007	2008	2007
CURRENT LIABILITIES					
Trade and other payables	37	7,038.7	5,605.4	20.0	164.5
Short-term borrowings	33	1,639.9	2,399.3	16.7	558.8
Tax payable		465.7	330.3	-	15.1
Dividend payable		-	98.7	-	98.7
Provisions	34	163.2	163.4	-	-
		9,307.5	8,597.1	36.7	837.1
Liabilities directly associated with non-current assets held for sale	30	-	178.7	-	-
TOTAL LIABILITIES		13,767.8	13,659.7	1,036.7	1,879.1
TOTAL EQUITY AND LIABILITIES		35,972.7	33,213.8	13,221.9	11,070.6
		RM	RM		
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11	3.61	3.15		

The notes on pages 114 to 215 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2008

Amounts in RM million unless otherwise stated

	Group					Company		
	Share capital	Reserves	Attributable to equity holders of the Company	Minority interests	Total equity	Share capital	Reserves	Total equity
2008								
At 1 July	2,755.1	14,599.2	17,354.3	2,199.8	19,554.1	2,755.1	6,436.4	9,191.5
Currency translation differences:								
- subsidiaries	-	140.8	140.8	(38.0)	102.8	-	-	-
- associates	-	(1.6)	(1.6)	-	(1.6)	-	-	-
Income and expenses recognised directly in equity	-	139.2	139.2	(38.0)	101.2	-	-	-
Profit for the year	-	3,512.1	3,512.1	240.4	3,752.5	-	2,203.5	2,203.5
Total recognised income and expense for the year	-	3,651.3	3,651.3	202.4	3,853.7	-	2,203.5	2,203.5
Share options granted	-	7.6	7.6	-	7.6	-	7.6	7.6
Share options exercised	2.9	22.3	25.2	-	25.2	2.9	22.3	25.2
Issue of shares in subsidiaries	-	-	-	23.5	23.5	-	-	-
Conversion of Series B redeemable convertible preference shares	22.5	1.0	23.5	-	23.5	22.5	1.0	23.5
Acquisition of the remaining equity interest in the Merged Entities	251.0	1,358.8	1,609.8	(1,669.3)	(59.5)	251.0	1,454.7	1,705.7
Acquisition of additional interest from minority shareholders	5.7	68.2	73.9	(121.7)	(47.8)	5.7	99.5	105.2
Disposal of subsidiaries	-	-	-	(10.8)	(10.8)	-	-	-
Capital adjustment [Note 31(e)]	(32.5)	(309.0)	(341.5)	-	(341.5)	(32.5)	(309.0)	(341.5)
Dividends paid (Note 12)	-	(735.5)	(735.5)	(87.6)	(823.1)	-	(735.5)	(735.5)
At 30 June	3,004.7	18,663.9	21,668.6	536.3	22,204.9	3,004.7	9,180.5	12,185.2

STATEMENTS OF CHANGES IN EQUITY
For the year ended 30 June 2008 (continued)

Amounts in RM million unless otherwise stated

	Group					Company		
	Share capital	Reserves	Attributable to equity holders of the Company	Minority interests	Total equity	Share capital	Reserves	Total equity
2007								
At 1 July	2,667.3	12,731.4	15,398.7	2,206.7	17,605.4	2,667.3	6,394.0	9,061.3
Currency translation differences:								
- subsidiaries	-	116.8	116.8	(12.8)	104.0	-	-	-
- associates	-	(3.9)	(3.9)	-	(3.9)	-	-	-
Share of reserves of associates	-	0.6	0.6	-	0.6	-	-	-
Effect of dilution of interest in associates	-	1.3	1.3	-	1.3	-	-	-
Income and expense recognised directly in equity	-	114.8	114.8	(12.8)	102.0	-	-	-
Profit for the year	-	2,385.7	2,385.7	297.4	2,683.1	-	589.2	589.2
Total recognised income and expense for the year	-	2,500.5	2,500.5	284.6	2,785.1	-	589.2	589.2
Share options granted	-	65.6	65.6	-	65.6	-	65.6	65.6
Share options exercised	85.3	556.8	642.1	-	642.1	85.3	556.8	642.1
Issue of shares in subsidiaries	-	-	-	11.4	11.4	-	-	-
Issue of Series B redeemable convertible preference shares	2.5	0.1	2.6	-	2.6	2.5	0.1	2.6
Acquisition of additional interest from minority shareholders	-	(85.9)	(85.9)	(19.4)	(105.3)	-	-	-
Disposal of subsidiaries	-	-	-	(5.3)	(5.3)	-	-	-
Liquidation of subsidiaries	-	-	-	(12.1)	(12.1)	-	-	-
Dividends paid (Note 12)	-	(1,070.6)	(1,070.6)	(266.1)	(1,336.7)	-	(1,070.6)	(1,070.6)
Dividend payable (Note 12)	-	(98.7)	(98.7)	-	(98.7)	-	(98.7)	(98.7)
At 30 June	2,755.1	14,599.2	17,354.3	2,199.8	19,554.1	2,755.1	6,436.4	9,191.5

An analysis of the movements in each category within reserves is set out in Note 32.

The notes on pages 114 to 215 form an integral part of these financial statements.

CASH FLOW STATEMENTS

For the year ended 30 June 2008

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2008	2007	2008	2007
Profit after tax		3,752.5	2,683.1	2,203.5	589.2
Adjustments for:					
Dividends from subsidiaries and associates		-	-	(4,212.5)	(972.9)
(Gain)/loss on disposal of subsidiaries, associates and investments		(74.8)	(509.6)	1,495.6	3.6
Gain on disposal of properties and prepaid lease rentals		(13.7)	(199.0)	(1.4)	-
Share of results of jointly controlled entities and associates		(110.0)	(112.3)	-	-
Investment income		(34.5)	(37.6)	(12.1)	(15.2)
Finance income		(225.5)	(181.7)	(35.2)	(74.3)
Finance costs		267.4	312.4	97.9	196.5
Depreciation and amortisation		727.4	677.4	5.6	14.7
Amortisation of prepaid lease rentals		72.0	70.6	0.9	-
Tax expense		1,453.9	889.1	381.2	213.3
Other non-cash items [note (a)]		191.3	182.3	39.1	126.1
		6,006.0	3,774.7	(37.4)	81.0
(Increase)/decrease in working capital:					
Inventories		(419.9)	(542.2)	10.5	(2.8)
Property development costs		(630.0)	99.2	-	-
Trade and other receivables and prepayment		(960.8)	(1,015.8)	(707.3)	109.9
Cash held under Housing Development Accounts		(53.6)	(62.8)	-	-
Trade and other payables and provisions		1,462.1	1,361.9	(223.9)	45.2
Cash generated from/(used in) operations		5,403.8	3,615.0	(958.1)	233.3
Tax paid		(1,586.1)	(723.3)	(27.1)	(45.7)
Dividends from subsidiaries		-	-	2,784.0	791.9
Dividends from associates		29.5	21.7	5.8	14.1
Net cash inflow from operating activities		3,847.2	2,913.4	1,804.6	993.6
Cash flow from investing activities					
Interest income		234.2	186.0	37.8	73.1
Investment income		40.1	28.7	9.4	15.2
Purchase of the remaining equity interest in the Merged Entities	40	(59.5)	-	(59.5)	-
Purchase of subsidiaries	41(a)	(11.7)	(4.0)	-	(602.0)
Purchase of additional interest in existing subsidiaries	41(b)	(47.8)	(105.3)	(0.2)	-
Purchase of associates		(18.9)	(32.7)	-	-
Purchase of property, plant and equipment		(1,910.7)	(1,391.3)	(4.1)	(30.4)
Costs incurred on biological assets		(208.8)	(95.5)	-	-
Proceeds from sale of property, plant and equipment		262.6	401.3	1.2	1.7
Proceeds from sale of investments		150.6	54.2	-	3.3
Proceeds from sale of subsidiaries	42	468.6	322.3	5.0	115.9
Proceeds from sale of associates		10.4	748.5	-	-
(Increase)/decrease in amounts owing by subsidiaries		-	-	(280.2)	747.4
Others		(94.6)	50.5	2.0	-
Net cash (outflow)/inflow from investing activities		(1,185.5)	162.7	(288.6)	324.2

CASH FLOW STATEMENTS

For the year ended 30 June 2008 (continued)

Amounts in RM million unless otherwise stated

	Note	2008	Group 2007	2008	Company 2007
Cash flow from financing activities					
Proceeds from issuance of shares		-	25.0	-	25.0
Proceeds from shares issued under Merged Entities' share option schemes		25.2	642.1	25.2	642.1
Proceeds from shares issued to minority shareholders of subsidiaries		23.5	11.4	-	-
Capital adjustment	40	(341.5)	-	(341.5)	-
Deposits in designated accounts		(143.5)	(18.8)	-	-
Finance costs		(287.7)	(298.8)	(88.3)	(195.8)
Net borrowings repaid		(920.8)	(286.6)	(558.9)	(595.6)
Dividends paid		(921.8)	(1,380.3)	(834.2)	(1,114.2)
Net cash outflow from financing activities		(2,566.6)	(1,306.0)	(1,797.7)	(1,238.5)
Net increase/(decrease) in cash and cash equivalents		95.1	1,770.1	(281.7)	79.3
Foreign exchange differences		88.9	(48.8)	-	-
Cash and cash equivalents at beginning of the year		5,625.2	3,903.9	575.6	496.3
Cash and cash equivalents at end of the year [note (b)]		5,809.2	5,625.2	293.9	575.6

Notes to the cash flow statements:

		2008	Group 2007	2008	Company 2007
(a) Other non-cash items:					
Writedown of inventories		38.3	69.2	-	-
Allowance for doubtful debts		95.4	44.7	-	26.5
Writeback of allowance for doubtful debts		(16.2)	(27.0)	-	-
Property, plant and equipment written off		27.4	18.4	5.1	-
Impairment of property, plant and equipment		21.7	34.6	-	-
Impairment of subsidiaries		-	-	29.5	53.7
Gain on disposal of machinery, equipment and vehicles		(6.0)	(22.3)	(1.2)	(0.9)
Others		30.7	64.7	5.7	46.8
		191.3	182.3	39.1	126.1
(b) Cash and cash equivalents at end of the year:					
Bank balances, deposits and cash	29	5,994.2	5,666.0	293.9	575.6
Deposits in designated accounts	29	(162.3)	(18.8)	-	-
Bank overdrafts	33	(22.7)	(22.0)	-	-
		5,809.2	5,625.2	293.9	575.6

The notes on pages 114 to 215 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in RM million unless otherwise stated

1 BASIS OF PREPARATION

(a) General

The financial statements of the Group and 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. The Group and Company had adopted new and revised FRS which are mandatory for the financial year beginning on 1 July 2007 as described in (b) below.

On 1 October 2007, under the Merger Exercise described in Note 40, the Company acquired the entire businesses and undertakings, including all assets and liabilities of Golden Hope Plantations Berhad, Kumpulan Guthrie Berhad, Kumpulan Sime Darby Berhad (formerly known as Sime Darby Berhad), Sime UEP Properties Berhad, Sime Engineering Services Berhad, Guthrie Ropel Berhad, Highlands & Lowlands Berhad and Mentakab Rubber Company (Malaya) Berhad (hereinafter collectively referred to as the Merged Entities). The Merged Entities were under common control before and after the combination and the Group and Company have applied the predecessor method of merger accounting in accounting for the combination.

In applying the predecessor method of merger accounting, the Merged Entities' financial statements are included in both the separate and consolidated financial statements of Sime Darby Berhad (formerly known as Synergy Drive Bhd) as if the combination had occurred from the earliest date presented or from the date when these entities came under the control of the common controlling party (if shorter). Hence, the comparatives are not audited as the combination was not in existence in the previous financial year. However, adjustments have been made to align the accounting policies of the Merged Entities to that of the Group and Company. The comparatives are, therefore prepared on a basis consistent with the current financial year's presentation.

The financial statements are presented in Ringgit Malaysia (RM) which is the Company's functional and presentation currency. All values are rounded to the nearest million (RM million) unless otherwise stated.

(b) Accounting standards and interpretations

(i) Standards and interpretations that are effective

The following new and revised standards and Interpretations Committee (IC) interpretations are effective for the Group's and Company's financial year ended 30 June 2008:

- FRS 6 - Exploration for and Evaluation of Mineral Resources
- FRS 107 - Cash Flow Statements
- FRS 111 - Construction Contracts
- FRS 112 - Income Taxes
- FRS 118 - Revenue
- FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance
- FRS 134 - Interim Financial Reporting
- FRS 137 - Provisions, Contingent Liabilities and Contingent Assets
- IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments
- IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IC Interpretation 6 - Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
- IC Interpretation 7 - Applying the Restatement Approach under FRS 129 – Financial Reporting in Hyperinflationary Economies
- IC Interpretation 8 - Scope of FRS 2 - Share-based Payment

1 BASIS OF PREPARATION (continued)

(b) Accounting standards and interpretations (continued)

(i) Standards and interpretations that are effective (continued)

FRS 6 and IC Interpretation 2, 5, 6 and 7 are not relevant to the Group and Company. The adoption of the relevant revised FRS and IC Interpretation did not result in substantial changes to the Group's and Company's accounting policies, results and financial position.

(ii) Standard that is not yet effective

FRS 139 - Financial Instruments: Recognition and Measurement (effective for financial period beginning on or after 1 January 2010)

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and certain contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when effective. The Group has applied the transitional provision in FRS 139 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Group and Company.

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 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 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.

Subsidiaries are consolidated using the purchase method of accounting except for those subsidiaries acquired under common control. Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date of their acquisition or up to the date of their disposal. On acquisition, identifiable assets, liabilities and contingent liabilities of the subsidiaries are measured at their fair value. The excess of the cost of acquisition over the fair value of the Group's share of the net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the consolidated income statement.

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

Minority interests are presented on the consolidated balance sheet and the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company. Minority interests in the results of the Group are presented in the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and equity holders of the Company. Where losses applicable to the minority in a subsidiary company exceed the minority interest in the equity of that subsidiary company, the excess and any further losses applicable to the minority are attributable against the Group's interest except to the extent that the minority has a binding obligation to, and is able to make additional investment to cover the losses. If the subsidiary company subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

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

2 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(ii) Business combination 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 consolidated income statement includes 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 shorter). 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 Group's enlarged share capital is deemed issued in proportion to the outstanding share capitals of the combining entities based on their respective share exchange ratios at the date of the merger. 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 consolidated income statement.

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 combination 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 consolidated income statement and consolidated statement of changes in equity, the Group's share of profits less losses of jointly controlled entities based on the latest audited financial statements or management accounts of the companies concerned. 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.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the asset transferred are recognised in the consolidated income statement.

(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. The consolidated income statement and consolidated statement of changes in equity include the Group's share of profits less losses of associates based on the latest audited financial statements or management accounts of the companies concerned. 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 Group's interest in associates is recorded at cost inclusive of goodwill and adjusted thereafter for accumulated impairment loss and the post acquisition change in the Group's share of net assets of the associates.

2 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(iv) Associates (continued)

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 asset transferred are recognised in the consolidated income statement.

(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.

(ii) Transactions and balances

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

(iii) Translation of foreign currency financial statements

For consolidation purposes, entities' income statements prepared in foreign currencies are translated into Ringgit Malaysia at average exchange rates for the year while their balance sheets, including goodwill and fair value adjustments attributable to those entities on consolidation, are translated into Ringgit Malaysia at exchange rates ruling at the balance sheet date. All resulting translation differences are taken to equity. 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 also taken directly to equity. On disposal of the foreign entity or on settlement of the intercompany loans, the related cumulative translation differences are recognised in the income statement.

(iv) The principal exchange rates used

	Year end rates		Average rates	
	2008	2007	2008	2007
	RM	RM	RM	RM
Australian dollar	3.14	2.92	2.97	2.79
Chinese renminbi	0.48	0.46	0.46	0.46
European Union euro	5.15	4.67	4.86	4.64
Hong Kong dollar	0.42	0.44	0.43	0.46
New Zealand dollar	2.49	2.65	2.56	2.43
Pound sterling	6.51	6.93	6.65	6.87
Qatar riyal	0.90	0.95	0.91	0.98
Singapore dollar	2.40	2.26	2.31	2.30
Thailand baht	0.10	0.11	0.11	0.10
United States dollar	3.26	3.47	3.32	3.56
100 Japanese yen	3.07	2.82	3.00	3.01
1,000 Indonesian rupiah	0.35	0.38	0.36	0.39

2 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

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

In 1978, 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 infinite 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:

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

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

Finance cost incurred on external borrowings related to an asset under construction is capitalised until the asset is ready for its intended use.

(d) Investment properties

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

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

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

(e) Biological assets

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

However, the capitalised costs will be amortised to the income statement if the land on which the trees are planted is on a lease term. The amortisation is on a straight-line basis over the economic useful lives of the trees, or the remaining period of the lease, whichever is shorter.

2 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Land held for property development

Land held for property development consists of cost of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Land held for property development is classified as non-current asset and carried at cost less accumulated impairment losses, if any.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(g) Prepaid lease rentals

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

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

(h) Investments

Investments are stated at cost (adjusted for amortisation of premium or accretion of discounts to maturity, where appropriate) less accumulated impairment losses. Impairment is provided where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments.

Cost directly attributable to an acquisition, is included as part of the cost of investment.

(i) Intangible assets

(i) Goodwill

Goodwill represents the excess of cost of acquisition plus costs directly attributable to the acquisition over the Group's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition.

Goodwill on acquisition of subsidiaries is recognised as an intangible asset. Goodwill is allocated to cash generating units for the purpose of impairment testing and is stated at cost less accumulated impairment losses. Impairment testing is performed annually. Goodwill is also tested for impairment whenever indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity disposed.

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

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.

Research costs are charged to the income statement in the year in which the expenditure is incurred.

2 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

(i) Intangible assets (continued)

(iii) Trademarks and assets usage rights

Trademarks with indefinite useful lives are capitalised at cost. Expenditure on acquired rights and trademarks with a finite useful life are capitalised at cost and amortised using the straight-line basis over their contractual periods or estimated useful lives, whichever is shorter. Impairment testing is performed annually on trademarks with indefinite useful lives. Trademarks and expenditure on acquired rights are also tested for impairment whenever indication of impairment exists. The principal annual amortisation rates are:

Trademarks	5%
Assets usage rights	5%

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes, where relevant, an appropriate proportion of overheads. The inventories are determined on a weighted average basis except for the following:

Heavy equipment, motor vehicles and completed development units	Specific identification basis
Replacement parts	First in first out basis.

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

(k) Property development costs

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

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

(l) Trade and other receivables

Trade and other receivables are recognised at anticipated realisable values. Specific allowances are made for debts which have been identified as bad or doubtful. In addition, estimates are made for doubtful debts which are not specifically identified, based on a review of all outstanding amounts at balance sheet date.

Advances for plasma plantation projects represent the accumulated plantation development costs, including borrowing costs and indirect overheads, which are either recoverable from plasma farmers or recoverable through the assignment to plasma farmers, the loans obtained for the projects. These advances are recoverable when the plasma plantation is completed and ready to be transferred to the plasma farmers. Allowance for losses on recovery is made when the estimated amount to recover is less than the outstanding advances.

2 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

(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 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. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probably recoverable. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

(n) 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 a 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 disposal costs.

(o) Impairment of assets

At each balance sheet date, the Group assesses whether there is any indication that an asset is impaired and, if any such indicator exists, impairment testing is performed. The Group also tests intangible assets with indefinite useful life, intangible assets not yet available for use and goodwill acquired in a business combination for impairment on an annual basis. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows, i.e. cash generating units.

Impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation reserve. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve.

2 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

(p) 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 accounted for as a deduction from equity. Redeemable convertible preference shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Dividends to equity holders are recognised in the statement of changes in equity in the period in which they are declared.

(q) Borrowings

Long-term and short-term borrowings are recognised initially at the amount of proceeds received, net of transaction costs incurred. Long-term and short-term borrowings are subsequently stated at amortised cost, using the effective interest rate method.

(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) Maintenance and warranty

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

(ii) Property development

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

(s) Deferred Income

Deferred income comprises the following:

(i) Net time share income - is deferred and amortised to the income statement on a straight-line basis over the term of the time share agreement.

(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.

(t) Employee benefits

(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 associated services are rendered by employees of the Group.

(ii) Defined benefit plans

The Group has various defined benefit plans some of which are funded by payments from the relevant Group companies in various countries. The Group's defined benefit 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 plans are the present values of the defined benefit obligations at the balance sheet date, adjusted for unrecognised 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.

2 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

(t) Employee benefits (continued)

(ii) Defined benefit plans (continued)

Actuarial gains or losses arise from market adjustments and changes in actuarial assumptions. Actuarial gains or losses are recognised as income or expense over the expected average remaining service lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the defined benefit plans exceed the higher of 10% of the present value of the defined benefit obligations and the fair values of the plan assets at the beginning of the financial year.

(iii) Defined contribution plans

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

(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 balance sheet date are discounted to present value.

(v) Equity compensation benefits

The fair value of the employee services received in exchange for the grant of the share option is recognised as an expense in the income statement over the vesting periods of the grant with a corresponding increase in equity. When the share option is exercised, the proceeds received net of any transaction costs, are credited to share capital and share premium.

(u) Trade and other payables

Trade and other payables are stated at cost.

(v) Cash and cash equivalents

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

(w) Tax

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

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

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

2 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

(x) Revenue recognition

Revenue from sales 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 and indirect taxes. Revenue from property development is recognised by reference to the stage of completion of the development activity in respect of development units sold. Revenue from construction contracts is recognised on the percentage of completion method by reference to 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 earned by the Group are recognised on the following bases:

- (i) **Interest income** - recognised on an accrual basis, using the effective interest rate method.
- (ii) **Dividend income** - recognised when the right to receive payment is established. In this respect it is the Group's policy to recognise interim dividends from subsidiaries when they are declared and final dividends when they are approved by shareholders in general meetings.

(y) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals on operating leases are charged to the income statement on a straight-line basis over the lease term.

(z) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Financial instruments recognised on the balance sheet

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

(ii) Financial instruments not recognised on the balance sheet

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

Forward foreign exchange contracts

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

Interest rate swap contracts

Interest rate swap contracts are financial derivative instruments used by the Group to manage movements in interest rates. The notional principal of these contracts are recorded off balance sheet. Any differential to be paid or received on an interest rate swap contract is recognised as a component of interest income or expense over the period of the contract. Gains and losses on early termination of interest rate swap contracts are taken to the income statement.

2 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

(z) Financial instruments (continued)

(ii) Financial instruments not recognised on the balance sheet (continued)

Financial guarantee contracts

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

(aa) Commodity future and forward contracts

Commodity future and forward contracts are entered into by subsidiaries to manage exposure to adverse movements in vegetable oil prices. These 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.

(ab) Contingent liabilities

The Group does not recognise contingent liabilities but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events whose existence 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.

(ac) Segment reporting

The primary segment reporting format is determined to be the business segments based on the Group's differing rates of profitability, opportunities for growth, future prospects and risks and rates of return. 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. The secondary information is reported geographically.

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. Inter-segment pricing is based on similar items as those available to other external parties.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

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

To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) 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 stage of completion, the extent of the costs incurred and the estimated total revenue (for contracts other than fixed contracts) and costs. Total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, the Group relies on past experience and work of specialists. The carrying amount of the Group's construction contracts and property development projects are shown in Notes 25 and 27, respectively.

(b) Inventories write down

Inventories write down is provided based on their net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less cost to completion and selling expenses. The carrying amount of the Group's inventories at 30 June 2008 is shown in Note 26.

(c) 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 2008 is shown in Note 34.

(d) Impairment of property, plant and equipment and investments

The Group assesses whether there is any indication that property, plant and equipment and investments are impaired at each balance sheet date. 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.

(e) Estimated 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 recorded depreciation and decrease the carrying value of property, plant and equipment.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (continued)

(f) Tax

(i) Income taxes

The Group is subject to income tax in numerous 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.

(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.

(g) Contingent Liabilities

Determination of the treatment of 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 sales of goods, performance of services, income from construction contracts and property development earned outside the Group, net of discounts, allowances and indirect taxes.

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

	Group		Company	
	2008	2007	2008	2007
Analysis of revenue				
Sales of goods	28,299.9	21,929.6	237.7	402.5
Performance of services	2,079.9	3,047.7	56.6	162.6
Construction contracts	2,472.4	1,799.5	-	-
Property development	1,192.5	1,453.4	-	-
Income from investment in subsidiaries				
- Quoted	-	-	87.1	509.5
- Unquoted	-	-	4,118.0	448.6
Income from investment in associates				
- Unquoted	-	-	7.4	14.8
	34,044.7	28,230.2	4,506.8	1,538.0

5 OPERATING EXPENSES

	Group		Company	
	2008	2007	2008	2007
Changes in inventories of finished goods and work in progress	14.8	(82.1)	-	-
Finished goods and work in progress purchased	13,803.1	12,355.3	-	25.3
Raw materials and consumables used	6,472.2	5,687.3	-	2.9
Employee benefits [note (a)]	2,717.3	2,751.2	51.0	197.2
Depreciation				
- property, plant and equipment [note (b)]	679.8	619.0	5.6	14.7
- investment properties	3.4	2.0	-	-
- biological assets	39.0	44.5	-	-
- concession assets	-	4.7	-	-
Amortisation of prepaid lease rentals	72.0	70.6	0.9	-
Amortisation of intangible assets	5.2	7.2	-	-
Construction contract costs	2,405.1	1,685.0	-	-
Property development costs	597.0	704.5	-	-
Replanting expenditure	86.0	70.0	2.1	4.9
Other costs	59.2	103.0	-	-
	26,954.1	24,022.2	59.6	245.0

	Group		Company	
	2008	2007	2008	2007
(a) Employee benefits				
Employee benefits included in income statement	2,717.3	2,751.2	51.0	197.2
Employee benefits included in construction contracts (Note 25)	81.1	70.5	-	-
	2,798.4	2,821.7	51.0	197.2
Employee benefits include:				
Share options	1.1	66.0	-	29.9
Defined benefit plans (Note 35)	43.4	26.8	-	-
Defined contribution plans	143.2	149.6	2.6	13.5
Termination benefits	2.9	1.6	-	-
(b) Depreciation on property, plant and equipment				
Depreciation included in income statement	679.8	619.0	5.6	14.7
Depreciation included in construction contracts (Note 25)	8.5	7.7	-	-
	688.3	626.7	5.6	14.7

6 OTHER OPERATING INCOME

	Group		Company	
	2008	2007	2008	2007
Other operating income includes:				
Income from investments (gross)				
- quoted in Malaysia	0.1	0.7	0.2	0.2
- quoted outside Malaysia	0.2	0.2	0.1	0.1
- unquoted	34.2	36.7	11.8	14.9
Foreign currencies exchange gain	174.0	162.0	-	89.2
Rental income from land and buildings	38.0	31.2	-	-
Gain on disposal of				
- property, plant and equipment	19.0	155.3	1.2	0.9
- investment properties	2.7	67.1	-	-
- subsidiaries	26.3	101.3	-	-
- associates	0.5	433.3	-	-
- investments	50.5	1.6	-	0.9
- prepaid lease rentals	1.4	3.6	1.4	-
Reversal of impairment of				
- property, plant and equipment	0.7	24.7	-	-
- investments	-	8.3	-	-
Writeback of allowance for doubtful debts	16.2	27.0	-	-

7 OTHER OPERATING EXPENSES

	Group		Company	
	2008	2007	2008	2007
Other operating expenses include:				
Auditors' remuneration:				
Fees for statutory audits				
- PricewaterhouseCoopers Malaysia	5.1	2.8	0.4	0.4
- member firms of PricewaterhouseCoopers International Limited	10.1	6.9	-	-
- others	0.6	3.6	-	0.1
Other non-audit services				
- PricewaterhouseCoopers Malaysia	2.3	6.0	0.2	5.2
- member firms of PricewaterhouseCoopers International Limited	2.0	1.8	-	-
- others	3.8	5.9	1.3	4.7
Directors' remuneration:				
Fees	2.5	1.3	2.4	1.2
Other emoluments	3.6	2.0	0.9	2.0
Hire of plant and machinery [note (a)]	15.9	8.3	-	0.5
Operating lease payments for land and buildings to				
- subsidiaries	-	-	1.9	4.6
- companies external to the Group	142.8	140.2	1.1	4.9
Research expenditure	33.1	16.4	-	15.4
Allowance for shortfall in recovery from plasma plantation projects	0.3	5.0	-	-
Allowance for doubtful debts	95.4	44.7	-	-
Allowance for loan to subsidiaries	-	-	-	26.5
Foreign currencies exchange loss	52.6	24.2	10.5	0.5

7 OTHER OPERATING EXPENSES (continued)

	Group		Company	
	2008	2007	2008	2007
Loss on disposal of				
- property, plant and equipment	3.4	4.7	-	-
- subsidiaries [note (b)]	1.0	26.6	1,495.6	4.5
- associates	1.5	-	-	-
Impairment of				
- property, plant and equipment	21.7	34.6	-	-
- investment properties	2.2	-	-	-
- biological assets	-	4.9	-	-
- prepaid lease rentals	2.1	3.9	-	-
- subsidiaries	-	-	29.5	53.7
- jointly controlled entities	2.8	-	-	-
- associates	-	41.0	-	-
- investments	25.4	0.7	-	0.5
- intangible assets	7.0	3.0	-	-
Write off				
- property, plant and equipment	27.4	18.4	5.1	-
- investment properties	0.4	-	-	-
- biological assets	1.8	5.2	-	-
- prepaid lease rentals	-	0.3	-	-

The estimated monetary value of benefits provided to Directors of the Company during the year by way of usage of the Group's and Company's assets and other benefits amounted to RM0.1 million (2007 : RM0.1 million).

	Group		Company	
	2008	2007	2008	2007
(a) Hire of plant and machinery				
Hire of plant and machinery included in income statement	15.9	8.3	-	0.5
Hire of plant and machinery included in construction contracts (Note 25)	52.1	25.1	-	-
	68.0	33.4	-	0.5

(b) Loss on disposal of subsidiaries by the Company during the financial year

The loss on disposal of subsidiaries by the Company of RM1,495.6 million is in respect of the liquidation of subsidiaries in the United Kingdom, which were dormant.

8 FINANCE INCOME

	Group		Company	
	2008	2007	2008	2007
Finance income from				
- subsidiaries	-	-	14.0	41.4
- banks and other financial institutions	211.4	173.7	17.9	32.4
- deferred payment arrangement [Note 24(a)]	1.9	1.9	-	-
- accretion of discounts [Note 24(c)]	11.2	-	-	-
- others	1.0	6.1	3.3	0.5
	225.5	181.7	35.2	74.3

9 FINANCE COSTS

	Group		Company	
	2008	2007	2008	2007
Finance costs charged by				
- subsidiaries	-	-	33.9	104.8
- banks and other financial institutions	267.5	312.2	63.7	90.5
- Series B redeemable convertible preference shares [Note 33(c)]	0.3	0.7	0.3	0.7
- others	1.0	3.9	-	0.5
	268.8	316.8	97.9	196.5
Interest capitalised in				
- capital work-in-progress	(1.4)	(2.2)	-	-
- biological assets	-	(2.2)	-	-
	267.4	312.4	97.9	196.5

10 TAX EXPENSE

	Group		Company	
	2008	2007	2008	2007
Current tax:				
In respect of current year				
- Malaysian income tax	912.0	450.1	374.3	214.8
- Foreign income tax	632.3	352.9	3.7	0.7
In respect of prior years				
- Malaysian income tax	(23.0)	(53.9)	-	0.2
- Foreign income tax	(6.5)	93.3	-	-
Deferred tax				
- origination and reversal of temporary differences	(54.2)	61.8	3.2	1.4
- under/(over) provision in prior years	9.7	1.9	-	(3.8)
- others	(16.4)	(17.0)	-	-
	1,453.9	889.1	381.2	213.3

10 TAX EXPENSE (continued)

Tax reconciliation

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2008	2007	2008	2007
Profit before tax	5,206.4	3,572.2	2,584.7	802.5
Applicable tax	1,411.8	912.6	672.0	216.7
Withholding tax on foreign income	7.2	7.8	-	0.7
Effect of tax incentives and income not subject to tax				
- surplus on disposal of associates	(0.1)	(77.6)	-	-
- tax exempt dividends from subsidiaries	-	-	(719.0)	(28.9)
- others	(49.7)	(204.2)	(7.4)	(52.9)
Share of results of jointly controlled entities	(0.5)	(0.4)	-	-
Share of results of associates	(29.3)	(29.9)	-	-
Effect of expenses not deductible for tax purposes				
- loss on disposal of subsidiaries	0.2	7.2	388.8	1.2
- others	113.6	114.9	46.8	80.3
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(7.5)	(17.3)	-	-
Under/(over) provision in prior years	(19.8)	41.3	-	(3.6)
Deferred tax assets not recognised in respect of current year's tax losses	41.3	73.3	-	1.6
Changes in tax rates and exemption of Malaysian Real Property Gains Tax	(8.9)	0.3	-	-
Others	(4.4)	61.1	-	(1.8)
Tax expense for the year	1,453.9	889.1	381.2	213.3
Applicable tax rate (%)	27.1	25.5	26.0	27.0
Effective tax rate (%)	27.9	24.9	14.7	26.6

The applicable tax of the Group is derived from the consolidation of all Group companies' applicable tax based on their respective domestic tax rates. The 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 increased from 25.5% to 27.1% mainly due to the higher proportion of income contributed by the Indonesian subsidiaries. Subsidiaries in Indonesia are subjected to a progressive statutory income tax rate with a maximum tax rate of 30%.

The decrease in the Company's applicable tax rate was due to the reduction in the Malaysian statutory income tax rate from 27% to 26%.

11 EARNINGS AND NET ASSETS PER SHARE

(a) Basic earnings per share

Basic earnings per share is computed as follows:

	Group	
	2008	2007
Earnings	3,512.1	2,385.7
Weighted average number of shares in issue (million)	5,889.7	5,403.0
Basic earnings per share (sen)	59.63	44.16

(b) Diluted earnings per share

Diluted earnings per share is computed as follows:

	Group	
	2008	2007
Earnings	3,512.1	2,385.7
Interest on Series B redeemable convertible preference shares (RCPS)	0.3	0.7
Diluted earnings	3,512.4	2,386.4
Weighted average number of shares in issue (million)	5,889.7	5,403.0
Adjustments for :		
- Series B RCPS [Note 31(a)]	12.5	29.9
- subsidiaries' employees' share options [Note 31(b)]	-	5.1
Adjusted weighted average number of shares (million)	5,902.2	5,438.0
Diluted earnings per share (sen)	59.51	43.88

(c) Net assets per share

The net assets per share is calculated by dividing the Group's net assets attributable to ordinary equity holders of the Company of RM21,668.6 million (2007 : RM17,351.8 million) by the 6,009.5 million (2007 : 5,505.2 million) number of ordinary shares of the Company at year end.

12 DIVIDENDS

	Group / Company	
	2008	2007
Interim dividend for the year ended 30 June 2008 paid on 16 May 2008:		
- 5.0 sen gross per share less Malaysian income tax at 26% (2007: NIL)	222.3	-
Dividends paid prior to Merger Exercise, by subsidiaries acquired under common control	513.2	1,169.3
	735.5	1,169.3

At the forthcoming Annual General Meeting to be held on 12 November 2008, a final gross dividend of 34.0 sen per share less Malaysian income tax at 25% and special dividends of gross 4.0 sen per share less Malaysian income tax at 25% and Malaysian income tax exempt of 6.0 sen per share for the financial year ended 30 June 2008 amounting to a net payout of RM1,532.4 million and RM540.9 million respectively (2007 : NIL) will be proposed for shareholders' approval. The financial statements do not reflect these dividends which will be accrued as a liability in the year ending 30 June 2009 when approved by shareholders.

13 PROPERTY, PLANT AND EQUIPMENT

Group 2008	Freehold land	Buildings	Plant and machinery	Vehicles, equipment and fixtures	Capital work in progress	Total
At 1 July	2,934.8	1,697.0	1,526.0	1,022.9	446.0	7,626.7
Acquisition of subsidiaries	-	-	-	0.1	-	0.1
Additions	1.1	162.3	247.8	740.0	759.5	1,910.7
Disposals	(2.0)	(5.0)	(20.2)	(210.8)	(8.3)	(246.3)
Write offs	(0.1)	(17.4)	(2.0)	(5.0)	(2.9)	(27.4)
Impairment losses	-	(4.9)	(2.0)	(11.0)	(3.8)	(21.7)
Reversal of impairment losses	-	-	0.3	0.4	-	0.7
Transfer to investment properties (Note 14)	-	(72.3)	-	-	-	(72.3)
Transfer to non-current assets held for sale (Note 30)	-	(7.4)	(1.4)	-	-	(8.8)
Reclassification	-	95.4	108.5	34.0	(237.9)	-
Depreciation	-	(125.5)	(242.4)	(320.4)	-	(688.3)
Exchange differences	1.3	(5.0)	(96.1)	41.6	(43.1)	(101.3)
At 30 June	2,935.1	1,717.2	1,518.5	1,291.8	909.5	8,372.1
Cost	2,684.7	2,631.5	3,445.2	2,659.3	915.6	12,336.3
Valuation	253.1	140.1	-	-	-	393.2
Accumulated depreciation	-	(1,032.6)	(1,908.9)	(1,357.3)	-	(4,298.8)
Accumulated impairment losses	(2.7)	(21.8)	(17.8)	(10.2)	(6.1)	(58.6)
Carrying amount at end of year	2,935.1	1,717.2	1,518.5	1,291.8	909.5	8,372.1
2007						
At 1 July	2,961.6	1,685.4	1,546.1	796.6	235.2	7,224.9
Acquisition of subsidiaries	-	-	-	0.2	-	0.2
Disposal of subsidiaries	-	(16.9)	(18.4)	(2.8)	-	(38.1)
Additions	3.7	191.6	295.3	554.4	346.3	1,391.3
Disposals	(6.0)	(2.2)	(13.4)	(218.9)	-	(240.5)
Write offs	-	(12.7)	(2.9)	(2.5)	(0.3)	(18.4)
Impairment losses	-	(12.4)	(16.2)	(2.1)	(3.9)	(34.6)
Reversal of impairment losses	0.3	24.3	0.1	-	-	24.7
Transfer to investment properties (Note 14)	-	-	-	-	(15.2)	(15.2)
Transfer to biological assets (Note 15)	(0.3)	(0.5)	-	-	-	(0.8)
Transfer to land held for property development (Note16)	(35.1)	-	-	-	-	(35.1)
Transfer to prepaid lease rentals (Note 17)	-	-	-	-	(4.3)	(4.3)
Transfer to non-current assets held for sale (Note 30)	-	(37.7)	(53.0)	(3.0)	(3.1)	(96.8)
Reclassification	-	19.4	14.4	79.9	(113.7)	-
Depreciation	-	(150.5)	(262.1)	(214.1)	-	(626.7)
Exchange differences	10.6	9.2	36.1	35.2	5.0	96.1
At 30 June	2,934.8	1,697.0	1,526.0	1,022.9	446.0	7,626.7
Cost	2,684.7	2,551.5	3,585.4	2,001.2	456.6	11,279.4
Valuation	253.1	140.1	-	-	-	393.2
Accumulated depreciation	-	(960.5)	(2,039.7)	(975.8)	-	(3,976.0)
Accumulated impairment losses	(3.0)	(34.1)	(19.7)	(2.5)	(10.6)	(69.9)
Carrying amount at end of year	2,934.8	1,697.0	1,526.0	1,022.9	446.0	7,626.7

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Included in capital work in progress incurred during the year was interest expense amounting to RM1.4 million (2007 : RM2.2 million).

Property, plant and equipment of certain subsidiaries with carrying amount of RM182.0 million (2007 : RM93.6 million) were charged to banks as security for borrowings (Note 33).

The freehold land and buildings stated at valuation were valued in 1978 by professional firms of surveyors and valuers. The valuations were performed on a continuing agricultural use basis. As allowed by the transitional provision of MASB Approved Accounting Standard IAS 16 - Property, Plant and Equipment, the revalued amount is retained as the surrogate cost.

Company 2008	Freehold land	Buildings	Plant and machinery	Vehicles, equipment and fixtures	Total
At 1 July	442.3	53.1	8.9	32.4	536.7
Acquired from Merged Entities	279.4	93.6	0.9	13.7	387.6
Disposed to subsidiaries	(721.7)	(141.5)	(13.7)	(40.8)	(917.7)
Additions	-	-	0.5	3.6	4.1
Write offs	-	(4.5)	-	(0.6)	(5.1)
Reclassification	-	-	4.7	(4.7)	-
Depreciation	-	(0.7)	(1.3)	(3.6)	(5.6)
At 30 June	-	-	-	-	-
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Carrying amount at end of year	-	-	-	-	-
2007					
At 1 July	442.3	39.9	7.8	31.8	521.8
Additions	-	15.4	2.8	12.2	30.4
Disposals	-	-	-	(0.8)	(0.8)
Depreciation	-	(2.2)	(1.7)	(10.8)	(14.7)
At 30 June	442.3	53.1	8.9	32.4	536.7
Cost	442.3	84.1	50.7	104.4	681.5
Accumulated depreciation	-	(31.0)	(41.8)	(72.0)	(144.8)
Carrying amount at end of year	442.3	53.1	8.9	32.4	536.7

14 INVESTMENT PROPERTIES

Group 2008	Freehold land	Buildings	Total
At 1 July	77.7	81.4	159.1
Additions	-	4.7	4.7
Disposals	(1.7)	(7.8)	(9.5)
Write offs	(0.4)	-	(0.4)
Impairment losses	(0.4)	(1.8)	(2.2)
Transfer from property, plant and equipment (Note 13)	-	72.3	72.3
Transfer to non-current assets held for sale (Note 30)	-	(0.4)	(0.4)
Depreciation	-	(3.4)	(3.4)
Exchange differences	(2.1)	2.0	(0.1)
At 30 June	73.1	147.0	220.1
Cost	85.5	202.3	287.8
Accumulated depreciation	-	(39.0)	(39.0)
Accumulated impairment losses	(12.4)	(16.3)	(28.7)
Carrying amount at end of year	73.1	147.0	220.1
2007			
At 1 July	90.8	100.6	191.4
Additions	-	1.2	1.2
Disposals	(11.3)	(28.7)	(40.0)
Transfer from property, plant and equipment (Note 13)	-	15.2	15.2
Transfer to non-current assets held for sale (Note 30)	(2.0)	-	(2.0)
Depreciation	-	(2.0)	(2.0)
Exchange differences	0.2	(4.9)	(4.7)
At 30 June	77.7	81.4	159.1
Cost	90.4	94.7	185.1
Accumulated depreciation	-	(8.5)	(8.5)
Accumulated impairment losses	(12.7)	(4.8)	(17.5)
Carrying amount at end of year	77.7	81.4	159.1

The fair value of investment properties as at 30 June 2008 was RM530.5 million (2007 : RM373.8 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 RM25.6 million (2007 : NIL) was pledged as security for borrowings (Note 33).

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

	2008	2007
Rental income	14.5	24.7
Direct operating expenses incurred on		
- income generating properties	(4.6)	(16.4)
- non-income generating properties	(3.6)	-

15 BIOLOGICAL ASSETS

	Group		Company	
	2008	2007	2008	2007
At 1 July	2,238.8	2,262.2	52.7	52.7
Acquired from Merged Entities	-	-	64.8	-
Disposed to subsidiaries	-	-	(117.5)	-
Additions	208.8	95.5	-	-
Disposals	-	(1.0)	-	-
Write offs	(1.8)	(5.2)	-	-
Impairment losses	-	(4.9)	-	-
Transfer from property, plant and equipment (Note 13)	-	0.8	-	-
Transfer to property development costs (Note 27)	-	(0.5)	-	-
Amortisation	(39.0)	(44.5)	-	-
Exchange differences	(161.8)	(63.6)	-	-
At 30 June	2,245.0	2,238.8	-	52.7

Biological assets represent the plantation development expenditure for oil palm and rubber trees. The harvested fruits and latex which were unsold as at the balance sheet date are shown as produce stocks under inventories. Biological assets with carrying amount of RM182.6 million (2007: RM441.4 million) were pledged as securities to financial institutions for borrowings (Note 33).

16 LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2008	2007
At 1 July	652.1	636.2
Additions	66.3	33.8
Disposal	(44.0)	(13.2)
Write down	(13.3)	(10.3)
Transfer from property, plant and equipment (Note 13)	-	35.1
Transfer from prepaid lease rentals (Note 17)	-	62.7
Transfer to property development costs (Note 27)	(37.1)	(91.7)
Transfer to non-current assets held for sale (Note 30)	-	(0.2)
Exchange differences	-	(0.3)
At 30 June	624.0	652.1

The land held for property development is analysed as follows:

Freehold land at cost	224.7	238.3
Long leasehold land at cost	261.7	254.8
Infrastructure and development cost	137.6	159.0
	624.0	652.1

17 PREPAID LEASE RENTALS

The prepaid lease rentals were payments for rights in respect of the following:

Group 2008	Long leasehold land	Short leasehold land	Total
At 1 July	2,306.0	305.7	2,611.7
Additions	18.5	12.2	30.7
Disposals	-	(0.4)	(0.4)
Impairment losses	-	(2.1)	(2.1)
Transfer to non-current assets held for sale (Note 30)	(4.4)	(1.7)	(6.1)
Reclassification	(38.0)	38.0	-
Amortisation	(58.1)	(13.9)	(72.0)
Exchange differences	(28.1)	(3.1)	(31.2)
At 30 June	2,195.9	334.7	2,530.6

2007

At 1 July	2,498.8	289.4	2,788.2
Additions	3.7	4.8	8.5
Disposals	(0.3)	(0.2)	(0.5)
Write offs	-	(0.3)	(0.3)
Impairment losses	-	(3.9)	(3.9)
Transfer from property, plant and equipment (Note 13)	4.3	-	4.3
Transfer to land held for property development (Note 16)	(62.7)	-	(62.7)
Transfer from property development costs (Note 27)	2.0	-	2.0
Transfer to non-current assets held for sale (Note 30)	-	(0.3)	(0.3)
Reclassification	(36.7)	36.7	-
Amortisation	(57.7)	(12.9)	(70.6)
Exchange differences	(45.4)	(7.6)	(53.0)
At 30 June	2,306.0	305.7	2,611.7

Company	2008	2007
Long leasehold land		
At 1 July	2.0	2.3
Acquired from Merged Entities	161.2	-
Disposed to subsidiaries	(161.2)	-
Disposals	(1.1)	-
Transfer to non-current assets held for sale (Note 30)	-	(0.3)
Amortisation	(0.9)	-
At 30 June	-	2.0

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

	Group		Company	
	2008	2007	2008	2007
Non-Current				
Later than 1 year	2,459.2	2,539.5	-	2.0
Current				
Not later than 1 year, included in prepayment under current assets	71.4	72.2	-	-
	2,530.6	2,611.7	-	2.0

17 PREPAID LEASE RENTALS (continued)

Prepaid lease rentals of certain subsidiaries with carrying amount of RM37.7 million (2007: RM50.7 million) were charged to banks as security for borrowings (Note 33).

Included in the prepaid lease rentals for the long and short leasehold land were revalued rentals of RM42.1 million and RM5.8 million, respectively. The revaluation was carried out in 1978. As allowed by the transitional provision in FRS 117 – Leases, the revalued amount, net of amortisation is retained as the surrogate cost.

18 SUBSIDIARIES

	Company	
	2008	2007
Shares at cost:		
Quoted in Malaysia	-	1,184.4
Unquoted	1,856.5	10,280.3
	1,856.5	11,464.7
Accumulated impairment losses	-	(193.7)
	1,856.5	11,271.0
Amounts owing by subsidiaries	10,182.4	6,300.0
Allowance for doubtful debts	-	(276.3)
Amounts owing to subsidiaries	(374.7)	(8,541.9)
	11,664.2	8,752.8
Market value of quoted shares	-	4,015.9

During the financial year, the Company undertook an internal group reorganisation whereby certain subsidiaries were transferred to immediate holding companies of the Group's business divisions.

The amounts owing by/to subsidiaries are unsecured, interest free and are not expected to be recalled within the next twelve months. Included in the amounts owing by subsidiaries as at 30 June 2007 was RM626.6 million which bore interest at rates ranging from 4.0% to 12.0% per annum. Included in the amounts owing to subsidiaries as at 30 June 2007 was RM495.7 million which bore interest at rates ranging from 4.28% to 5.0% per annum.

The Group's equity interest in the subsidiaries, their respective principal activities and countries of incorporation are shown in Note 48.

19 JOINTLY CONTROLLED ENTITIES

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

	Company	
	2008	2007
Current assets	217.7	181.6
Current liabilities	(215.6)	(173.9)
Net assets	2.1	7.7
Revenue	161.5	185.3
Expenses	(159.4)	(184.1)
Interest income	-	0.4
	2.1	1.6

The Group's interest in the jointly controlled entities, their respective principal activities and countries of incorporation are shown in Note 48.

20 ASSOCIATES

	Group		Company	
	2008	2007	2008	2007
Unquoted shares	712.9	697.8	134.7	700.7
Share of post acquisition reserves	415.4	370.2	-	-
Impairment losses	(19.3)	(43.3)	-	-
	1,109.0	1,024.7	134.7	700.7

During the financial year, the Company undertook an internal group reorganisation whereby certain associates were transferred to immediate holding companies of the Group's business divisions.

	Group	
	2008	2007
Financial information of equity accounted associates:		
Associates' results		
Revenue	6,183.7	7,222.0
Net profit for the year	248.4	285.2
Share of results of associates	107.9	110.7
Effect of dilution of interest in associates	-	(0.5)
Associates' movements in reserves		
Share premium	-	6.2
Capital reserves	-	(1.2)
Share of movements in reserves of associates	-	0.6
Effect of dilution of interest in associates	-	1.8
Currency translation differences	(1.6)	(3.9)
Associates' financial position		
Total assets	6,333.4	7,059.4
Total liabilities	(2,566.7)	(4,140.0)
Net assets	3,766.7	2,919.4
Share of net assets of associates	1,342.1	1,288.6
Unrealised profit on transactions with associates	(214.7)	(221.5)
Goodwill	0.9	0.9
Impairment losses	(19.3)	(43.3)
	1,109.0	1,024.7

The Group's equity interest in the associates, their respective principal activities and countries of incorporation are shown in Note 48.

21 INVESTMENTS

	Group		Company	
	2008	2007	2008	2007
At cost				
Quoted shares				
In Malaysia	63.1	34.5	-	28.0
Outside Malaysia	27.3	0.5	-	0.4
Unquoted shares				
In Malaysia	273.4	353.9	4.0	234.1
Outside Malaysia	12.8	34.7	-	-
	376.6	423.6	4.0	262.5
Accumulated impairment losses				
Quoted shares in Malaysia	(29.8)	(27.4)	-	(22.0)
Unquoted shares in Malaysia	(30.0)	(7.0)	(2.0)	(5.6)
	316.8	389.2	2.0	234.9

The market value of the quoted investments is shown in Note 45(e).

22 INTANGIBLE ASSETS

Group 2008	Acquired			Internally generated		
	Goodwill	Trademarks	Assets usage rights	Total	Development costs	Total
At 1 July	3.9	74.4	2.8	81.1	5.4	86.5
Additions	4.4	-	-	4.4	0.7	5.1
Impairment losses	(4.4)	-	-	(4.4)	(2.6)	(7.0)
Amortisation	-	(3.6)	(0.2)	(3.8)	(1.4)	(5.2)
Exchange differences	1.0	0.8	(0.2)	1.6	-	1.6
At 30 June	4.9	71.6	2.4	78.9	2.1	81.0
Cost	12.3	104.6	3.5	120.4	11.5	131.9
Accumulated amortisation	-	(33.0)	(1.1)	(34.1)	(6.8)	(40.9)
Accumulated impairment	(7.4)	-	-	(7.4)	(2.6)	(10.0)
Carrying amount at end of year	4.9	71.6	2.4	78.9	2.1	81.0
2007						
At 1 July	3.0	80.4	2.6	86.0	2.9	88.9
Additions	3.5	0.3	-	3.8	5.0	8.8
Impairment losses	(3.0)	-	-	(3.0)	-	(3.0)
Amortisation	-	(4.5)	(0.2)	(4.7)	(2.5)	(7.2)
Exchange differences	0.4	(1.8)	0.4	(1.0)	-	(1.0)
At 30 June	3.9	74.4	2.8	81.1	5.4	86.5
Cost	6.9	103.8	3.9	114.6	10.8	125.4
Accumulated amortisation	-	(29.4)	(1.1)	(30.5)	(5.4)	(35.9)
Accumulated impairment	(3.0)	-	-	(3.0)	-	(3.0)
Carrying amount at end of year	3.9	74.4	2.8	81.1	5.4	86.5

22 INTANGIBLE ASSETS (continued)

Trademarks with carrying amount of RM35.3 million (2007 : RM35.3 million) were acquired for an indefinite period. These trademarks are not amortised as they are expected to contribute to net cash inflows indefinitely. Trademarks are tested for impairment annually and whenever indication of impairment exists.

Impairment tests for goodwill

The Group undertakes an annual test for impairment of its cash-generating units. Based on the impairment test, an impairment loss of RM4.4 million (2007: RM3.0 million) has been recorded in the consolidated income statement for goodwill arising from acquisition of a subsidiary. No impairment loss was required for the carrying amounts of the remaining goodwill assessed as at 30 June 2008 as their recoverable amounts were in excess of their carrying amounts.

Goodwill is allocated to the Group's cash-generating units 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.

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 balance sheet:

	Group		Company	
	2008	2007	2008	2007
Deferred tax assets	712.0	634.4	0.3	3.8
Deferred tax liabilities	(931.8)	(921.6)	-	(2.2)
	(219.8)	(287.2)	0.3	1.6
Tax losses for which the tax effects have not been recognised in the financial statements	969.0	940.8	-	-

The components and movements of the Group's deferred tax liabilities and assets during the year are as follows:

Group 2008	Property, plant and equipment	Prepaid lease rentals	Property development	Provisions	Tax losses and unabsorbed capital allowances	Others	Total
At 1 July	(328.7)	(361.5)	199.4	128.3	61.8	13.5	(287.2)
Disposal of subsidiaries	-	-	-	(0.1)	2.4	(0.2)	2.1
Credited/(charged) to income statement							
- origination and reversal of temporary differences	3.5	12.8	(8.1)	17.8	24.2	4.0	54.2
- changes in tax rates	19.2	-	-	(0.2)	(4.1)	1.5	16.4
- (under)/over provision in prior years	(11.0)	-	-	(0.4)	(0.3)	2.0	(9.7)
Exchange differences	(18.6)	21.9	-	4.3	(10.6)	7.4	4.4
At 30 June	(335.6)	(326.8)	191.3	149.7	73.4	28.2	(219.8)

23 DEFERRED TAX (continued)

Group 2007	Property, plant and equipment	Prepaid lease rentals	Property development	Provisions	Tax losses and unabsorbed capital allowances	Others	Total
At 1 July	(264.0)	(391.2)	195.5	105.3	34.8	71.9	(247.7)
Disposal of subsidiaries	-	-	-	(3.4)	-	0.1	(3.3)
Credited/(charged) to income statement							
- origination and reversal of temporary differences	(77.3)	15.2	(5.9)	25.1	25.4	(44.3)	(61.8)
- changes in tax rates and exemption of Malaysian Real Property Gains Tax	12.2	-	9.8	(1.6)	(0.3)	(3.1)	17.0
- (under)/over provision in prior years	(5.6)	-	(0.2)	0.5	3.4	-	(1.9)
Transfer to non-current assets held for sale	-	-	-	(0.2)	-	-	(0.2)
Exchange differences	6.0	14.5	0.2	2.6	(1.5)	(11.1)	10.7
At 30 June	(328.7)	(361.5)	199.4	128.3	61.8	13.5	(287.2)

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 RM159.1 million would be payable.

The components and movements of the Company's deferred tax liabilities and assets during the year are as follows:

Company	2008			2007		
	Property, plant and equipment	Others	Total	Property, plant and equipment	Others	Total
At 1 July	(2.2)	3.8	1.6	(3.3)	2.5	(0.8)
Credited to income statement						
- origination and reversal of temporary differences	-	(3.2)	(3.2)	(2.7)	1.3	(1.4)
- overprovision in prior years	-	-	-	3.8	-	3.8
Disposal	2.2	(0.3)	1.9	-	-	-
At 30 June	-	0.3	0.3	(2.2)	3.8	1.6

24 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
Non-Current				
Trade receivables [note(a)]	42.5	61.5	-	-
Advances for plasma plantation projects [note (b)]	32.0	37.9	-	-
Redeemable loan stocks [note (c)]	177.2	-	-	-
	251.7	99.4	-	-
Current				
Trade receivables [note (a)]	3,791.2	3,349.1	-	29.7
Accrued billings	267.6	257.6	-	-
Amounts due from customers on construction contracts (Note 25)	1,087.4	543.4	-	-
Amounts due from associates	66.7	84.5	-	19.7
Dividends receivable from subsidiaries	-	-	1,080.7	-
Other receivables	915.6	912.0	0.6	91.9
Deposits	70.0	141.0	-	2.3
	6,198.5	5,287.6	1,081.3	143.6
Less: Allowance for doubtful debts under				
- trade receivables	(318.8)	(282.0)	-	-
- other receivables	(46.3)	(37.2)	-	-
	5,833.4	4,968.4	1,081.3	143.6
	6,085.1	5,067.8	1,081.3	143.6

Trade and other receivables of certain subsidiaries with carrying amount of RM189.3 million (2007 : RM162.2 million) were pledged to banks as security for borrowings (Note 33).

(a) Trade receivables

The trade receivables include outstanding net present value of land sales made under deferred payment terms. The discount rate used was 7.0% per annum. The contracted price and the notional interest are as follows:

	Group	
	2008	2007
Outstanding contracted value	137.3	137.3
Notional interest in suspense		
At 1 July	(8.0)	(9.9)
Recognised during the year (Note 8)	1.9	1.9
At 30 June	(6.1)	(8.0)
	131.2	129.3
Non-current		
Due later than 1 year	42.5	61.5
Current		
Due not later than 1 year	88.7	67.8
	131.2	129.3

The credit terms of other trade receivables ranged from 7 to 180 days (2007 : 7 to 180 days). The Group and Company have no significant concentrations of credit risk.

24 TRADE AND OTHER RECEIVABLES (continued)

(b) Advances for plasma plantation projects

	Group	
	2008	2007
At 1 July	68.4	66.6
Addition	0.8	4.0
Recovered	(7.1)	(0.9)
Exchange differences	(2.9)	(1.3)
	59.2	68.4
Allowance for shortfall in recovery	(27.2)	(30.5)
At 30 June	32.0	37.9

In Indonesia, oil palm plantation owners/operators are required to participate in selected programs 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 requires 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 of the plasma plantation projects. These advances are recoverable from plasma farmers or through the assignment to plasma farmers, the loans obtained for the projects. Allowances for losses on recovery are made when the estimated amount to recover is less than the outstanding advances.

(c) Redeemable loan stocks (unsecured)

On 23 July 2007, the Group disposed its subsidiary, Guthrie Corridor Expressway Sdn Bhd (GCESB). In accordance with the Sale and Purchase of Shares Agreement, the settlement of the intercompany balance owing by GCESB would be partially by cash payment 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 7.0% per annum. The present value of the RLS is as follows:

	Group	
	2008	2007
Nominal value	500.0	-
Discount		
Discount on inception	(334.0)	-
Accretion during the year (Note 8)	11.2	-
	177.2	-

Unless redeemed early, either wholly or partially, at the fair value to be agreed by the Group and GCESB, the RLS shall be redeemed at 100% of its nominal value in cash as follows:

	Redemption date	Amount
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
		500.0

25 CONSTRUCTION CONTRACTS

	Group	
	2008	2007
Aggregate costs incurred	6,851.1	3,873.2
Recognised profits less losses to-date	407.1	249.7
	7,258.2	4,122.9
Progress billings	(6,204.0)	(3,746.9)
	1,054.2	376.0
Represented by:		
Amounts due from customers (Note 24)	1,087.4	543.4
Amounts due to customers (Note 37)	(33.2)	(167.4)
	1,054.2	376.0
Retention on contracts	9.5	11.8
Included in construction contract costs incurred during the year are:		
Employee benefits	81.1	70.5
Depreciation	8.5	7.7
Hire of plant and machinery	52.1	25.1

26 INVENTORIES

	Group		Company	
	2008	2007	2008	2007
Produce stocks	414.6	140.4	-	0.6
Trading inventories				
- heavy equipment	1,604.2	1,921.2	-	-
- motor vehicles	1,467.2	1,446.2	-	-
- commodities and others	964.4	412.4	-	6.6
Completed development units	168.9	229.1	-	-
Materials and consumable stores	446.4	370.5	-	3.3
	5,065.7	4,519.8	-	10.5

The carrying amount of trading inventories included RM259.0 million (2007 : RM293.6 million) stated at net realisable values.

Inventories of a subsidiary with carrying amount of RM197.4 million (2007 : RM271.2 million) were pledged as security for borrowings (Note 33).

Inventories where the net realisable value are expected to be below the carrying amount are written down. The amount written down during the year was RM38.3 million (2007 : RM69.2 million) for the Group and NIL (2007 : NIL) for the Company.

27 PROPERTY DEVELOPMENT COSTS

	Group	
	2008	2007
Development costs		
At 1 July	4,892.0	4,683.1
Land acquired	-	67.3
Development costs incurred during the year	1,231.0	507.8
Transfer from biological assets (Note 15)	-	0.5
Transfer to prepaid lease rentals (Note 17)	-	(2.0)
Transfer from land held for property development (Note 16)	37.1	91.7
Completed development units transferred to inventories	(54.2)	(86.3)
Completed development units and land sold	(1,000.8)	(367.1)
Exchange differences	8.9	(3.0)
At 30 June	5,114.0	4,892.0
Costs recognised in income statement		
At 1 July	(3,847.9)	(3,512.4)
Recognised during the year	(597.0)	(704.5)
Completed development units and land sold	1,000.8	367.1
Exchange differences	(3.8)	1.9
At 30 June	(3,447.9)	(3,847.9)
	1,666.1	1,044.1

Property development costs are analysed as follows:

Freehold land at cost	534.1	583.9
Development costs	4,579.9	4,308.1
Costs recognised in income statement	(3,447.9)	(3,847.9)
	1,666.1	1,044.1

As at 30 June 2007, a property development project of a subsidiary with carrying amount of RM42.4 million was charged to a bank as security for borrowings (Note 33).

28 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, and the Singapore Housing Developers (Control and Licensing) Act (Cap 130). The amounts are held at call with banks and are available only to the subsidiaries involved in the property development activities.

29 BANK BALANCES, DEPOSITS AND CASH

	Group		Company	
	2008	2007	2008	2007
Deposits with licensed banks	4,695.2	4,178.9	288.7	388.4
Deposits with finance companies	70.9	499.9	-	163.6
Deposits with other corporations	4.7	94.1	-	-
Cash at bank and in hand	1,223.4	893.1	5.2	23.6
	5,994.2	5,666.0	293.9	575.6

Effective interest rates are as follows:	2008	2007	2008	2007
	%	%	%	%
Deposits with licensed banks	0.50 – 9.00	0.50 – 8.81	3.35 – 3.70	2.90 – 5.28
Deposits with finance companies	3.10 – 3.50	2.65 – 3.70	-	3.25 – 3.55
Deposits with other corporations	2.84 – 3.35	3.30 – 3.49	-	-
Cash at bank	0.00 – 4.05	0.00 – 5.79	-	-

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

Included in the balances above is an amount of RM162.3 million (2007 : RM18.8 million) being deposits held in designated accounts, as required by the terms of the Al Murabahah Medium Term Notes programme undertaken by a subsidiary of the Company (Note 33).

30 NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2008	2007	2008	2007
Non-current assets held for sale				
Disposal groups				
- investment in associates	-	4.7	-	-
- concession asset	-	582.9	-	-
- other non-current assets	-	23.7	-	-
- current assets	5.3	171.0	-	-
	5.3	782.3	-	-
Other assets				
- property, plant and equipment	8.8	0.7	-	-
- investment properties	0.4	2.0	-	-
- land held for property development	-	0.2	-	-
- prepaid lease rentals	6.1	0.3	-	0.3
- subsidiary	-	-	-	5.0
	20.6	785.5	-	5.3

30 NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE NON-CURRENT ASSETS HELD FOR SALE (continued)

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

	Group		Company	
	2008	2007	2008	2007
At 1 July	785.5	69.3	5.3	-
Disposals	(785.5)	(143.3)	(5.3)	-
Transfer from concession assets	-	582.9	-	-
Transfer from property, plant and equipment (Note 13)	8.8	96.8	-	-
Transfer from investment properties (Note 14)	0.4	2.0	-	-
Transfer from land held for property development (Note 16)	-	0.2	-	-
Transfer from prepaid lease rentals (Note 17)	6.1	0.3	-	0.3
Transfer from other assets	5.3	176.5	-	5.0
Exchange differences	-	0.8	-	-
At 30 June	20.6	785.5	-	5.3

	Group	
	2008	2007
Liabilities directly associated with non-current assets held for sale		
Disposal groups:		
- non-current liabilities	-	2.7
- current liabilities	-	176.0
	-	178.7

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

	Group	
	2008	2007
At 1 July	178.7	-
Disposals	(178.7)	-
Transfer from liabilities	-	178.7
At 30 June	-	178.7

The above non-current assets and the associated liabilities are expected to be disposed within the next financial year.

31 SHARE CAPITAL

	Group / Company			
	Number of shares (million)		Nominal value	
	2008	2007	2008	2007
Authorised:				
Ordinary shares of RM0.50 each				
At 1 July/date of incorporation	0.2	0.2	0.1	0.1
Increased during the year	7,999.8	-	3,999.9	-
At 30 June	8,000.0	0.2	4,000.0	0.1
Redeemable convertible preference shares (RCPS)				
Series A RCPS of RM0.01 each				
At 1 July/date of incorporation	-	-	-	-
Increased during the year	7,000.0	-	70.0	-
At 30 June	7,000.0	-	70.0	-
Series B RCPS of RM0.10 each				
At 1 July/date of incorporation	25.0	-	2.5	-
Increased during the year	-	25.0	-	2.5
At 30 June	25.0	25.0	2.5	2.5
			4,072.5	2.6

	Group / Company				Total Share Capital
	Legal Share Capital		Merger Share Capital		
	Number of shares (million)	Nominal value	Number of shares (million)	Nominal value	
2008					
Ordinary shares of RM0.50 each					
At 1 July	*	*	5,505.2	2,752.6	2,752.6
Issued during the year:					
- on conversion of Series B RCPS [note (a)]	50.0	25.0	-	-	25.0
- pursuant to the exercise of options under the Merged Entities' Employees' Share Option Schemes [note (b)]	-	-	5.8	2.9	2.9
- as part consideration for the acquisition of the remaining equity interest in the Merged Entities [note (c)]	-	-	502.0	251.0	251.0
- pursuant to a Mandatory General Offer [note (d)]	11.2	5.6	-	-	5.6
- pursuant to a Compulsory Acquisition [note (d)]	0.3	0.1	-	-	0.1
Capital adjustment [note (e)]	-	-	(65.0)	(32.5)	(32.5)
Adjustments arising from the Merger					
Exercise (Note 40)	5,948.0	2,974.0	(5,948.0)	(2,974.0)	-
At 30 June	6,009.5	3,004.7	-	-	3,004.7
Series B RCPS of RM0.10 each					
At 1 July	25.0	2.5	-	-	2.5
Converted to shares during the year	(25.0)	(2.5)	-	-	(2.5)
At 30 June	-	-	-	-	-
Total at 30 June		3,004.7		-	3,004.7

31 SHARE CAPITAL (continued)

	Group / Company				Total Share Capital Nominal value
	Legal Share Capital		Merger Share Capital		
	Number of shares (million)	Nominal value	Number of shares (million)	Nominal value	
2007					
Issued and fully paid:					
Ordinary shares of RM0.50 each					
At date of incorporation/1 July	*	*	5,334.6	2,667.3	2,667.3
Issued pursuant to the exercise of options under the Merged Entities' Employees' Share Option Schemes [note (b)]	-	-	170.6	85.3	85.3
At 30 June	*	*	5,505.2	2,752.6	2,752.6
Series B RCPS of RM0.10 each					
At date of incorporation/1 July	-	-	-	-	-
Issued during the year for cash	25.0	2.5	-	-	2.5
At 30 June	25.0	2.5	-	-	2.5
Total at 30 June		2.5		2,752.6	2,755.1

* represents 200 ordinary shares of RM0.50 each amounting to RM100.

The legal share capital shows the corresponding movements in share capital based on the legal form of the Company since the date of incorporation, whereas the merger share capital shows the corresponding movements in the deemed share capital based on the predecessor method of merger accounting. Hence, the merger share capital as at 1 July 2006 represents the additional share capital that would have been issued if the merger had been effected then. Accordingly, the Group's and Company's enlarged share capitals are deemed issued in proportion to the outstanding share capitals of the Merged Entities based on their respective share exchange ratios at the date of the merger as described in Note 40.

(a) Series B RCPS

The Series B RCPS amounting to 25.0 million shares of RM0.10 each were issued in the previous financial year at RM1.00 per share for cash. On inception, the Series B RCPS were segregated into equity and liability components of RM2.6 million and RM22.4 million respectively. The equity component is shown at RM2.5 million share capital and RM0.1 million share premium, while the liability component is shown under borrowings (Note 33).

During the financial year, all Series B RCPS were converted into ordinary shares in accordance with the conversion ratio of 1 Series B RCPS for 2 new ordinary shares of RM0.50 each in the Company.

(b) Employees' Share Option Schemes

Employees' Share Option Schemes were implemented by Golden Hope Plantations Berhad, Kumpulan Guthrie Berhad and Kumpulan Sime Darby Berhad (formerly known as Sime Darby Berhad) (hereinafter collectively referred to as Tier 1 companies) prior to the merger. The shares issued following the exercise of the options were calculated based on the share exchange ratios to arrive at the equivalent number of the Company's ordinary shares as if the options were granted by the Company.

As at 30 June 2008, all the Employees' Share Option Schemes have lapsed.

No new option has been granted and no new scheme has been implemented by the Group after the date of the merger.

31 SHARE CAPITAL (continued)**(c) Merged Entities**

As described in Note 40, the Company acquired the entire businesses and undertakings, including all assets and liabilities of the Merged Entities during the financial year. The consideration for the acquisition of Tier 1 companies was satisfied by the payment of RM341.5 million cash and the issuance of 5,446,025,287 new ordinary shares of RM0.50 each at an issue price of RM5.25 each. The consideration for the acquisition of the remaining equity interest not held by Tier 1 companies in Sime UEP Properties Berhad, Sime Engineering Services Berhad, Guthrie Ropel Berhad, Highlands & Lowlands Berhad and Mentakab Rubber Company (Malaya) Berhad was satisfied by payment of RM59.5 million cash and the issuance of 501,962,661 new ordinary shares of RM0.50 each at an issue price of RM5.25 each.

For the purpose of accounting the shares consideration, the fair value of RM8.22 per share at the date of exchange was recorded instead of the issue price of RM5.25 per share.

(d) Mandatory General Offer and Compulsory Acquisition

The acquisition of Golden Hope Plantations Berhad resulted in the Group owning, directly and indirectly, 62.6% equity interest in Negara Properties (M) Berhad (Negara Properties). Pursuant to Section 6 of the Malaysian Code on Take-Overs and Mergers 1998, a notice of take-over offer for the remaining ordinary shares of Negara Properties which were not already held by the Group was served on 1 October 2007. An additional 36.5% equity interest in Negara Properties were secured and the consideration was satisfied by the issuance of 11,221,797 new ordinary shares of RM0.50 each at an issue price of RM5.25 each.

As the Mandatory General Offer recorded more than 90% acceptance, the Group proceeded to invoke the provisions of Section 34 of the Securities Commission Act 1993 to compulsorily acquire the remaining 0.9% equity interest in Negara Properties. The consideration was satisfied by payment of RM0.2 million cash and the issuance of 253,886 new ordinary shares of RM0.50 each at an issue price of RM5.25 each [Note 41(b)].

For the purpose of accounting the shares consideration, the fair value of RM9.17 per share at the date of exchange was recorded instead of the issue price of RM5.25 per share.

(e) Capital adjustment

Shareholders of the Merged Entities who did not opt to convert their shares in the Merged Entities into new ordinary shares of the Company were repaid in cash. The capital adjustment was calculated based on the share exchange ratios to arrive at the equivalent number of the Company's ordinary shares not issued due to the repayment.

31 SHARE CAPITAL (continued)

The eligible share options of Tier 1 companies were adjusted based on the share exchange ratios to arrive at the equivalent numbers as if the options were granted by the Company. The eligible share options were options eligible for conversion into new ordinary shares of the Company upon exercise.

	Exercise price RM/share	Number of share options				At 30 June '000
		At 1 July '000	Granted '000	Exercised '000	Extended/ (Lapsed) '000	
2008						
Granted in financial year ended						
2002	3.98 – 4.13	1,661	-	(474)	(1,187)	-
2003	4.13	612	-	(265)	(347)	-
2004	2.66 – 4.44	1,392	-	(708)	(684)	-
2005	2.39 – 4.29	1,142	-	(432)	(710)	-
2006	2.66 – 4.40	1,841	-	(596)	(1,245)	-
2007	3.25 – 7.49	3,428	-	(2,742)	(686)	-
2008	7.13	-	5,022	(502)	(4,520)	-
		10,076	5,022	(5,719)	(9,379)	-
Weighted average exercise prices (RM)						
		4.17	7.13	4.42	5.60	-
2007						
Granted in financial year ended						
2002	3.98 – 4.13	6,023	-	(4,137)	(225)	1,661
2003	4.13	4,223	-	(3,639)	28	612
2004	2.66 – 4.44	15,995	-	(13,614)	(989)	1,392
2005	2.39 – 4.29	16,208	-	(15,606)	540	1,142
2006	2.66 – 4.40	42,634	-	(42,253)	1,460	1,841
2007	3.25 – 7.49	-	98,000	(91,382)	(3,190)	3,428
		85,083	98,000	(170,631)	(2,376)	10,076
Weighted average exercise prices (RM)						
		4.17	3.46	3.76	4.12	4.17

There were no outstanding options as at 30 June 2008.

32 RESERVES

Group 2008	Share premium	Share option reserves	Revaluation reserves	Capital reserves	Exchange reserves	Retained profits	Total
At 1 July	0.1	5.3	72.2	5,414.5	839.7	8,267.4	14,599.2
Currency translation differences							
- subsidiaries	-	-	-	-	140.8	-	140.8
- associates	-	-	-	-	(1.6)	-	(1.6)
Transfer between reserves	-	(12.9)	-	341.3	-	(328.4)	-
Income and expenses recognised directly in equity	-	(12.9)	-	341.3	139.2	(328.4)	139.2
Profit for the year	-	-	-	-	-	3,512.1	3,512.1
Total recognised income and expense for the year	-	(12.9)	-	341.3	139.2	3,183.7	3,651.3
Share options granted	-	7.6	-	-	-	-	7.6
Share options exercised	-	-	-	22.3	-	-	22.3
Conversion of Series B redeemable convertible preference shares (RCPS)	1.0	-	-	-	-	-	1.0
Acquisition of the remaining equity interest in the Merged Entities	-	-	-	1,358.8	-	-	1,358.8
Acquisition of additional interest from minority shareholders	99.5	-	-	(31.3)	-	-	68.2
Capital adjustment	-	-	-	(309.0)	-	-	(309.0)
Dividends paid	-	-	-	-	-	(735.5)	(735.5)
At 30 June	100.6	-	72.2	6,796.6	978.9	10,715.6	18,663.9
2007							
At 1 July	-	0.4	72.2	4,802.6	726.0	7,130.2	12,731.4
Currency translation differences							
- subsidiaries	-	-	-	-	116.8	-	116.8
- associates	-	-	-	-	(3.9)	-	(3.9)
Transfer between reserves	-	(60.7)	-	53.5	-	7.2	-
Share of reserves of associates	-	-	-	(0.2)	0.8	-	0.6
Effect of dilution of interest in associates	-	-	-	1.8	-	(0.5)	1.3
Income and expenses recognised directly in equity	-	(60.7)	-	55.1	113.7	6.7	114.8
Profit for the year	-	-	-	-	-	2,385.7	2,385.7
Total recognised income and expense for the year	-	(60.7)	-	55.1	113.7	2,392.4	2,500.5
Share options granted	-	65.6	-	-	-	-	65.6
Share options exercised	-	-	-	556.8	-	-	556.8
Issue of Series B RCPS	0.1	-	-	-	-	-	0.1
Acquisition of additional interest from minority shareholders	-	-	-	-	-	(85.9)	(85.9)
Dividends paid	-	-	-	-	-	(1,070.6)	(1,070.6)
Dividend payable	-	-	-	-	-	(98.7)	(98.7)
At 30 June	0.1	5.3	72.2	5,414.5	839.7	8,267.4	14,599.2

32 RESERVES (continued)

Company 2008	Share premium	Share option reserves	Capital reserves	Retained profits	Total
At 1 July	0.1	5.3	5,459.9	971.1	6,436.4
Transfer between reserves	-	(12.9)	(902.8)	915.7	-
Profit for the year	-	-	-	2,203.5	2,203.5
Share options granted	-	7.6	-	-	7.6
Share options exercised	-	-	22.3	-	22.3
Conversion of Series B RCPS	1.0	-	-	-	1.0
Acquisition of the remaining equity interest in the Merged Entities	-	-	1,454.7	-	1,454.7
Acquisition of additional interest from minority shareholders	99.5	-	-	-	99.5
Capital adjustment	-	-	(309.0)	-	(309.0)
Dividends paid	-	-	-	(735.5)	(735.5)
At 30 June	100.6	-	5,725.1	3,354.8	9,180.5
2007					
At 1 July	-	0.4	4,843.3	1,550.3	6,394.0
Transfer between reserves	-	(60.7)	59.8	0.9	-
Profit for the year	-	-	-	589.2	589.2
Share options granted	-	65.6	-	-	65.6
Share options exercised	-	-	556.8	-	556.8
Issue of Series B RCPS	0.1	-	-	-	0.1
Dividends paid	-	-	-	(1,070.6)	(1,070.6)
Dividend payable	-	-	-	(98.7)	(98.7)
At 30 June	0.1	5.3	5,459.9	971.1	6,436.4

The Group's revaluation reserves relate mainly to a revaluation made in 1978 of certain Malaysian plantation land and buildings of the Group.

In accordance with Section 60(4) of the Malaysian Companies Act 1965, the difference between the fair value and nominal value of shares issued as consideration for the acquisition of the Merged Entities was not required to be recorded as share premium, but instead is recognised together with the effects of the merger as capital reserves (Note 40).

33 BORROWINGS

	Group		Company	
	2008	2007	2008	2007
Long-term				
Secured				
Term loans	7.4	129.6	-	-
Unsecured				
Bai' Bithaman Ajil [note(a)]	-	16.7	-	16.7
Term loans [note(b)]	2,044.3	2,100.0	-	-
Series B redeemable convertible preference shares (RCPS) [note(c)]	-	23.1	-	23.1
Cumulative subordinated unconvertible redeemable loan stocks [note(d)]	37.4	37.4	-	-
Al Murabahah Medium Term Notes [note(e)]	1,100.0	1,400.0	1,000.0	1,000.0
	3,189.1	3,706.8	1,000.0	1,039.8
Short-term				
Secured				
Bank overdrafts	2.9	3.0	-	-
Portion of term loans due within one year	23.5	119.3	-	-
Other short term borrowings	453.4	62.4	-	-
Unsecured				
Bank overdrafts	19.8	19.0	-	-
Bai' Bithaman Ajil [note(a)]	16.7	65.2	16.7	65.2
Al Murabahah Medium Term Notes [note(e)]	300.0	-	-	-
Al Murabahah Commercial Papers [note(f)]	-	149.2	-	149.2
Portion of term loans due within one year	178.5	973.9	-	190.0
Other short term borrowings	645.1	1,007.3	-	154.4
	1,639.9	2,399.3	16.7	558.8
	4,829.0	6,106.1	1,016.7	1,598.6

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

	Group		Company	
	2008	2007	2008	2007
	%	%	%	%
The average effective interest rates/profit margins are as follows:				
Term loans				
- before interest rate swaps	4.92	6.02	-	4.70
- after interest rate swaps	5.27	6.00	-	-
Series B RCPS	-	4.00	-	4.00
Cumulative subordinated unconvertible redeemable loan stocks	12.00	12.00	-	-
Al Murabahah Medium Term Notes	4.82	4.82	4.34	4.34
Bai' Bithaman Ajil	4.25	4.25	4.25	4.25
Al Murabahah Commercial Papers	-	3.80	-	3.80
Bank overdrafts	6.48	5.34	-	-
Other short term borrowings	5.44	4.71	-	3.90

33 **BORROWINGS (continued)**

The borrowings are subject to the following maturity periods:

	Group		Company	
	2008	2007	2008	2007
Not later than 1 year	1,639.9	2,399.3	16.7	558.8
Later than 1 year but not later than 2 years	1,321.8	708.9	1,000.0	39.8
Later than 2 years but not later than 5 years	1,122.3	2,151.3	-	1,000.0
Later than 5 years	745.0	846.6	-	-
	4,829.0	6,106.1	1,016.7	1,598.6

Conventional term loans that are subject to contractual interest rates repricing within 1 year amounted to RM2,245.3 million (2007 : RM2,118.2 million).

(a) Bai' Bithaman Ajil

The Bai' Bithaman Ajil facility is based on the Syariah principle of deferred payment sale and is repayable over three (3) years commencing December 2006.

(b) Term loans

The term loans include the following:

- (i) RM1,152.8 million offshore term loan repayable over eight (8) equal semi-annual instalments commencing at the end of the 42nd month from the drawdown date on 28 August 2005. The term loan bears interest at LIBOR plus 0.55% per annum.
- (ii) RM652.0 million long-term loan repayable at the 5th year from the drawdown date 27 December 2007. The term loan bears interest at LIBOR plus 0.26% per annum.

(c) Series B RCPS

As described in Note 31(a), the Series B RCPS were segregated into equity and liability components at inception. The liability component was computed by applying the prevailing market interest rate to the estimated future cash flows up till the date of redemption. During the financial year, all Series B RCPS were converted into ordinary shares of the Company.

The finance costs incurred on the Series B RCPS during the financial year is shown in Note 9.

(d) Cumulative subordinated unconvertible redeemable loan stocks

The repayment of the cumulative subordinated unconvertible redeemable loan stocks is subordinated to all unsecured facilities of the subsidiary. The loan stocks are redeemable at par at any date determined not later than 31 December 2023.

33 BORROWINGS (continued)

(e) AI Murabahah Medium Term Notes

The AI Murabahah Medium Term Notes comprise the following:

- (i) RM500 million 7 years and RM500 million 4 years AI Murabahah Medium Term Notes under the RM1,500 million AI Murabahah Commercial Paper (MCP) and Medium Term Notes (MMTN) Programme (Programme) drawdown on 6 February 2003 and 21 December 2005 at par with a profit rate of 4.38% and 4.30% per annum, respectively.

Salient features of the Programme are as follows:

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

- (ii) RM300 million 5 years and RM100 million 7 years AI Murabahah Medium Term Notes drawdown in March 2004, at par with a profit rate of 5.98% and 6.20% per annum respectively.

(f) AI Murabahah Commercial Papers

The AI Murabahah Commercial Papers was issued for RM150.0 million nominal value at a discount with maturity period of six (6) months.

34 PROVISIONS

Group 2008	Maintenance and warranty	Property development	Total
At 1 July	179.5	7.5	187.0
Additions	190.3	-	190.3
Unused amounts reversed	(30.2)	-	(30.2)
Charged to income statement	160.1	-	160.1
Utilised	(119.2)	(1.5)	(120.7)
Exchange differences	11.5	-	11.5
At 30 June	231.9	6.0	237.9
2007			
At 1 July	122.6	7.5	130.1
Additions	157.6	-	157.6
Unused amounts reversed	(18.4)	-	(18.4)
Charged to income statement	139.2	-	139.2
Utilised	(84.2)	-	(84.2)
Exchange differences	1.9	-	1.9
At 30 June	179.5	7.5	187.0
		2008	2007
Non-current			
Due later than 1 year			74.7
Current			
Due not later than 1 year			163.2
		237.9	187.0

35 RETIREMENT BENEFITS

	Group	
	2008	2007
At 1 July	91.6	73.6
Charge for the year	43.4	26.8
Contribution paid	(1.5)	(1.5)
Benefits paid – unfunded obligations	(2.2)	(1.6)
Exchange differences	(5.6)	(5.7)
At 30 June	<u>125.7</u>	<u>91.6</u>

The amounts recognised on the balance sheet are determined as follows:

Present value of funded obligations [note (a)]	67.4	67.5
Fair value of plan assets [note (b)]	(67.4)	(68.3)
	–	(0.8)
Present value of unfunded obligations [note (a)]	128.7	94.5
Unrecognised actuarial gains [note (c)]	(3.0)	(2.1)
Net liabilities	<u>125.7</u>	<u>91.6</u>

The amounts recognised in the income statement are as follows:

Current service cost	26.7	26.2
Past service cost	18.1	–
Interest cost	3.1	4.7
Expected return on plan assets	(4.5)	(4.1)
	<u>43.4</u>	<u>26.8</u>
Expected return on plan assets	(4.5)	(4.1)
Actuarial gains on plan assets	0.1	6.4
Actual return on plan assets	<u>(4.4)</u>	<u>2.3</u>

(a) Changes in the present value of defined benefit obligations

Wholly or partly funded obligations	67.4	67.5
Unfunded obligations	128.7	94.5
	<u>196.1</u>	<u>162.0</u>

Movements in the present value of defined benefit obligations are as follows:

At 1 July	162.0	135.7
Current service cost	26.7	26.2
Past service cost	18.1	–
Interest cost	3.1	4.7
Benefits paid – funded obligations	(1.1)	(1.2)
Benefits paid – unfunded obligations	(2.2)	(1.6)
Actuarial losses due to actual experience	1.0	8.5
Exchange difference	(11.5)	(10.3)
At 30 June	<u>196.1</u>	<u>162.0</u>

35 RETIREMENT BENEFITS (continued)

	Group	
	2008	2007
(b) Changes in the fair value of plan assets		
At 1 July	68.3	62.1
Expected return on plan assets	4.5	4.1
Contributions by employers	1.5	1.5
Benefits paid	(1.1)	(1.2)
Actuarial gains on plan assets	0.1	6.4
Exchange difference	(5.9)	(4.6)
At 30 June	67.4	68.3
(c) Unrecognised actuarial gains and losses		
At 1 July	2.1	-
Unrecognised actuarial gains for the year	0.9	2.1
At 30 June	3.0	2.1

Principal actuarial assumptions used at the balance sheet date in respect of the Group's defined benefit plans are as follows:

	%	%
Discount rate	3.6 – 10.0	4.8 – 10.0
Expected return on plan assets	7.0 – 9.0	7.0 – 9.0
Expected rate of salary increases	4.0 – 8.0	4.0 – 8.0

36 DEFERRED INCOME

	Group	
	2008	2007
Net time share income	1.5	1.5
Advance annualised licensed fees	138.8	139.4
	140.3	140.9
Accretion for the year	0.4	1.1
	140.7	142.0
Non-current		
Due later than 1 year	139.0	140.3
Current		
Due not later than 1 year, included in trade and other payables	1.7	1.7
	140.7	142.0

37 TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	2008	2007
Trade payables	3,649.2	2,907.8	-	22.9
Accruals	3,289.0	2,509.3	20.0	141.6
Deferred income	1.7	1.7	-	-
Progress billings	0.6	16.9	-	-
Amounts due to customers on construction contracts (Note 25)	33.2	167.4	-	-
Amount due to associates	3.8	0.5	-	-
Amount due to jointly controlled entities	61.2	1.8	-	-
	7,038.7	5,605.4	20.0	164.5

Credit terms of trade payables and amounts due to customers ranged from 7 to 180 days (2007 : 7 to 120 days).

38 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments are as follows:

(a) Guarantees

In the ordinary course of business, the Group may obtain surety bonds and letters of credit, which the Group provides to customers to secure advance payment, performance under contracts or in lieu of retention being withheld on contracts. A liability would only arise in the event the Group fails to fulfill its contractual obligations. As at 30 June 2008, the Group had provided performance guarantees and advance payment guarantees amounting to RM5,483.5 million and RM284.0 million, respectively.

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 2008, the Group received counter-indemnities amounting to RM1,661.1 million.

The Company has provided guarantees amounting to RM1,910.5 million (2007 : RM2,486.3 million) to financial institutions in respect of credit facilities granted to certain subsidiary companies.

(b) Claims

As at 30 June 2008, claims against the Group not taken up in the balance sheet amounted to RM47.8 million (2007 : RM22.8 million). These claims include disputed taxes, supply of goods and services and compensation.

(c) Capital expenditure

	Group		Company	
	2008	2007	2008	2007
Authorised capital expenditure not provided for in the financial statements:				
Property, plant and equipment				
- contracted	455.3	603.2	-	3.5
- not contracted	1,182.5	1,691.3	-	18.7
	1,637.8	2,294.5	-	22.2
Rights to use land				
- not contracted	-	285.9	-	-
	1,637.8	2,580.4	-	22.2

38 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(d) Leases

	Group		Company	
	2008	2007	2008	2007
Commitments under non-cancellable operating leases:				
Expiring not later than 1 year	178.9	131.0	-	0.2
Expiring later than 1 year but not later than 5 years	116.0	153.9	-	0.4
Expiring later than 5 years	115.6	181.1	-	-
	410.5	466.0	-	0.6

(e) Plasma Plantation

The Group has also committed to develop a total of 30,800 hectares of oil palm plantations for plasma farmers in Indonesia. A total of 23,117 hectares have been developed of which about 4,675 hectares have been converted to plasma farmers.

39 MATERIAL LITIGATIONS

Material litigations against the Group are as follows:

- (a) PT Adhitya Saranamas (PTAS) commenced a legal suit on 17 September 2003 against Kumpulan Guthrie Berhad (KGB) and six (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.

PTAS's claim was dismissed by the District Court of South Jakarta. PTAS appealed to the Court of Appeal of Jakarta and subsequently the Supreme Court (by way of cassation), and was unsuccessful in both appeals. On 21 June 2007, PTAS submitted an application through the District Court of South Jakarta for further review by the Supreme Court of Indonesia of the Supreme Court decision in cassation.

On 4 March 2008, KGB received notification regarding the decision of the further review (Decision on Further Review) which had annulled the decision on the Supreme Court which had rejected the appeal of PTAS in favour of KGB. In summary, the Decision on Further Review partially approved the claim of PTAS against KGB for breach of contract and ordered KGB to pay PTAS the amount of USD25.76 million together with interest at the rate of 6% per year thereon as of the date of registration of PTAS's claim at the District Court until full payment. KGB was also ordered to pay the court charges.

On 19 March 2008, KGB was served with a copy of the Writ of Summons and Statement of Claim dated 11 March 2008 where PTAS commenced legal proceedings in Malaysia against KGB to enforce the Decision on Further Review obtained in Indonesia. On 18 April 2008, PTAS filed an application in court for leave to enter Summary Judgement against KGB. At the hearing which was fixed on 8 July 2008, the Judge directed the Plaintiff to file its written submission by 22 July 2008 and asked KGB, the 1st Defendant, to reply by 28 July 2008. At the oral hearing on 22 August 2008, the Plaintiff applied for adjournment and was allowed by the Judge. The next date for oral hearing has been fixed for 31 October 2008.

Through the Malaysian Embassy in Jakarta and the Indonesia Embassy in Kuala Lumpur, a summons was served on KGB on 31 July 2008 to appear at a hearing (in Chambers) at the District Court of South Jakarta on 7 August 2008.

KGB had, upon the advice of its Indonesia solicitors, delivered a letter to the District Court of South Jakarta in response to the summons by which KGB informed the court that the proceedings in Malaysia are still pending and requested an adjournment of the proceedings in the District Court of South Jakarta until the proceedings in Malaysia have been completed.

39 MATERIAL LITIGATIONS (continued)

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

BSB's claim for damages was dismissed with costs by the High Court on 9 March 2002 and BSB had appealed to the Court of Appeal on 27 March 2002.

The appeal came up for hearing on 7 May 2007 and was adjourned to 8 January 2008. On the said date, the hearing was adjourned by the court to a date to be fixed. To-date, the court has not assigned a hearing date for the appeal.

40 MERGER EXERCISE

On 1 October 2007, the Company acquired the entire businesses and undertakings, including all assets and liabilities of Golden Hope Plantations Berhad, Kumpulan Guthrie Berhad, Kumpulan Sime Darby Berhad (formerly known as Sime Darby Berhad), Sime UEP Properties Berhad, Sime Engineering Services Berhad, Guthrie Ropel Berhad, Highlands & Lowlands Berhad and Mentakab Rubber Company (Malaya) Berhad (herein collectively referred to as the Merged Entities).

Details of the acquisition are as follows:

Name of Merged Entities	Offer price for each share RM	Share exchange ratio	New ordinary shares issued (million)	Nominal value of shares issued	Premium on shares issued	Cash paid	Total
Acquisition of the Merged Entities							
Golden Hope Plantations Berhad	5.46	1.04	1,558.2	779.1	12,029.1	62.2	12,870.4
Kumpulan Guthrie Berhad	4.27	0.81	831.0	415.5	6,415.8	22.6	6,853.9
Kumpulan Sime Darby Berhad (formerly known as Sime Darby Berhad)	6.46	1.23	3,056.8	1,528.4	23,598.5	256.7	25,383.6
			5,446.0	2,723.0	42,043.4	341.5	45,107.9
Acquisition of the remaining equity interest in Merged Entities							
Sime UEP Properties Berhad	3.95	0.75	148.3	74.2	1,145.1	1.7	1,221.0
Sime Engineering Services Berhad	1.57	0.30	41.5	20.7	320.3	12.8	353.8
Guthrie Ropel Berhad	4.46	0.85	44.2	22.1	340.9	7.0	370.0
Highlands & Lowlands Berhad	5.09	0.97	259.6	129.8	2,003.9	35.8	2,169.5
Mentakab Rubber Company (Malaya) Berhad	1.96	0.37	8.4	4.2	64.9	2.2	71.3
			502.0	251.0	3,875.1	59.5	4,185.6
			5,948.0	2,974.0	45,918.5	401.0	49,293.5

40 MERGER EXERCISE (continued)

The consideration for the acquisition of the Merged Entities was satisfied by payment of RM401.0 million cash and the issuance of 5,948.0 million new ordinary shares of RM0.50 each at an issue price of RM5.25 each. For the purpose of accounting for the merger, the shares were recorded using the fair value of RM8.22 per share at the date of exchange instead of the issue price of RM5.25 per share.

The purchase consideration to effect the above merger was in the form of new ordinary shares and cash. The issuance of new ordinary shares by the Company during the current financial year to effect the above transactions has been reflected in the Legal Capital as shown in Note 31. As the Merged Entities are under common control before and after the merger, the Group and Company applied the predecessor method of merger accounting. Accordingly, both the separate and consolidated financial statements have accounted for the merger as if the merger had occurred from the date when these entities came under the control of the common controlling party. These deemed changes to the share capital of the Group and Company are reflected in the Merger Share Capital as shown on Note 31.

Cash payments were made to former shareholders of the Merged Entities who did not opt to convert their shares in the Merged Entities into new ordinary shares of the Company. These were calculated based on the share exchange ratios to arrive at the cash equivalent payments.

The reserves arising on acquisition of Merged Entities as at the date of the merger are as follows:

	Group	Company
Acquisition of the Merged Entities		
Premium on shares issued	42,043.4	42,043.4
Cost of acquisition	(45,107.9)	(45,107.9)
Net assets acquired	-	7,334.9
Share capitals of Merged Entities	3,798.7	-
Share premiums of Merged Entities	4,138.2	-
	4,872.4	4,270.4
Acquisition of the remaining equity interest in Merged Entities		
Premium on shares issued	3,875.1	3,875.1
Cost of acquisition of the remaining equity interest	(4,185.6)	(4,185.6)
Carrying amount of existing equity interest	-	(1,922.7)
Net assets acquired	-	3,687.9
Minority interests acquired	1,669.3	-
	1,358.8	1,454.7
At 30 June 2008	6,231.2	5,725.1

In accordance with Section 60(4) of the Malaysian Companies Act 1965, the difference between the fair value and the nominal value of shares issued as consideration for the acquisition of the Merged Entities was not required to be recorded as share premium. The above reserves were included in capital reserves.

40 MERGER EXERCISE (continued)

Adjustments have been made to the comparative figures of the Merged Entities to align inconsistent accounting policies and eliminate unrealised profits between the subsidiaries. The adjustments made to the consolidated balance sheet of the Group as at 30 June 2007 are as follows:

	Before alignment of policies	Goodwill [note (a)]	Revaluation [note (b)]	Biological assets [note (c)]	Leases [note (d)]	Others [note (e)]	After alignment of policies
NON-CURRENT ASSETS							
Property, plant and equipment	9,337.5	-	(778.9)	-	(887.7)	(44.2)	7,626.7
Biological assets	3,788.0	-	(614.7)	145.6	-	(1,080.1)	2,238.8
Prepaid lease rentals	907.7	-	(144.5)	-	727.6	1,048.7	2,539.5
Intangible assets	513.0	(441.2)	-	-	-	14.7	86.5
Other non-current assets	2,956.5	-	-	-	-	10.1	2,966.6
	17,502.7	(441.2)	(1,538.1)	145.6	(160.1)	(50.8)	15,458.1
CURRENT ASSETS	16,946.2	-	-	-	-	24.0	16,970.2
Non-current assets held for sale	785.5	-	-	-	-	-	785.5
TOTAL ASSETS	35,234.4	(441.2)	(1,538.1)	145.6	(160.1)	(26.8)	33,213.8
EQUITY							
Share capital	2,755.1	-	-	-	-	-	2,755.1
Reserves	15,976.8	(441.2)	(899.5)	145.6	(160.1)	(22.4)	14,599.2
ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							
	18,731.9	(441.2)	(899.5)	145.6	(160.1)	(22.4)	17,354.3
Minority interests	2,712.5	-	(512.7)	-	-	-	2,199.8
TOTAL EQUITY	21,444.4	(441.2)	(1,412.2)	145.6	(160.1)	(22.4)	19,554.1
NON-CURRENT LIABILITIES							
	4,796.9	-	(125.9)	-	-	212.9	4,883.9
CURRENT LIABILITIES	8,814.4	-	-	-	-	(217.3)	8,597.1
Liabilities directly associated with non-current assets held for sale							
	178.7	-	-	-	-	-	178.7
TOTAL EQUITY AND LIABILITIES	35,234.4	(441.2)	(1,538.1)	145.6	(160.1)	(26.8)	33,213.8

40 MERGER EXERCISE (continued)

The adjustments made to the balance sheet of the Company as at 30 June 2007 are as follows:

	Before alignment of policies	Revaluation [note (b)]	Leases [note (d)]	After alignment of policies
NON-CURRENT ASSETS				
Property, plant and equipment	548.9	(10.2)	(2.0)	536.7
Prepaid lease rentals	-	-	2.0	2.0
Other non-current assets	9,744.9	-	-	9,744.9
	10,293.8	(10.2)	-	10,283.6
CURRENT ASSETS				
	781.7	-	-	781.7
Non-current assets held for sale	5.6	(0.3)	-	5.3
TOTAL ASSETS	11,081.1	(10.5)	-	11,070.6
EQUITY				
Share capital	2,755.1	-	-	2,755.1
Reserves	6,446.5	(10.1)	-	6,436.4
TOTAL EQUITY	9,201.6	(10.1)	-	9,191.5
NON-CURRENT LIABILITIES				
	1,042.4	(0.4)	-	1,042.0
CURRENT LIABILITIES				
	837.1	-	-	837.1
TOTAL EQUITY AND LIABILITIES	11,081.1	(10.5)	-	11,070.6

(a) Goodwill

In accordance with the Group's policy, goodwill arising from a business combination where the sale and purchase agreement was entered prior to 1 January 2006 (the date stipulated in the transitional provisions in FRS 3 – Business Combinations) is written off to reserves. The Group also adopts the policy of treating the difference between consideration paid and the minority interest acquired as an adjustment to equity. Certain Merged Entities' goodwill was adjusted to reserves to align to the Group's policy.

(b) Revaluation

The Group adopts the historical cost convention in the measurement of property, plant and equipment, biological assets and prepaid lease rentals. Adjustments were made to reverse revaluation adjustments made by certain Merged Entities.

(c) Biological assets

The Group adopts the capital maintenance policy in the measurement of biological assets. Capital maintenance involves the capitalisation of new planting costs and amortisation is only carried out under certain circumstances. Replanting costs are expensed in the period incurred. Adjustments were made to align the policy adopted by certain Merged Entities.

(d) Leases

The Group treats leasehold land as operating leases and amortises the costs on a straight-line basis over the lease period. Reclassification was made to reflect the costs under prepaid lease rentals. Adjustments were also made to amortise leases of extended tenure of certain Merged Entities to bring it in line with the Group's policy.

40 MERGER EXERCISE (continued)

(e) Others

Included in others was reclassification of fair value adjustments of RM1,080.1 million from biological assets to prepaid lease rentals.

41 ACQUISITION AND INCORPORATION OF SUBSIDIARIES

(a) Acquisition of subsidiaries

Subsidiaries acquired by the Group during the year ended 30 June 2008 are as follows:

Name of subsidiaries acquired	Purchase consideration	Group's effective interest %	Effective acquisition date
Eminent Platform Sdn Bhd	RM2	100.0	9 July 2007
Sincere Outlook Sdn Bhd	RM2	100.0	9 July 2007
Sime Darby Foods Marketing Sdn Bhd (formerly known as Modern Corner Sdn Bhd)	RM2	100.0	9 August 2007
Sime Darby T & I Sdn Bhd (formerly known as Formula Ocean Sdn Bhd)	RM2	100.0	28 September 2007
Shantou Bow Yue Vehicle Trading Company Limited	RMB10.0 million	100.0	14 November 2007
Elco Power Systems Ltd	HK\$43.0 million	100.0	7 January 2008
Sime Darby Power Link Sdn Bhd	RM2	100.0	5 February 2008
Sime Darby China Oils & Fats Company Limited	HK\$2	100.0	23 April 2008
Sime Darby Marine (Hong Kong) Private Limited	HK\$2	100.0	28 April 2008

The net loss of the acquired subsidiaries included in the consolidated income statement amounted to RM0.8 million. If the acquisitions were effective on 1 July 2007, the Group's revenue and profit attributable to ordinary equity holder of the Company for the year ended 30 June 2008 would have been RM34,073.4 million and RM3,516.4 million respectively.

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

	Group	
	Book value	Fair value
Property, plant and equipment	0.1	0.1
Cash and cash equivalents	11.8	11.8
Other net current assets	7.2	7.2
Net assets acquired	19.1	19.1
Adjustment for goodwill (Note 22)		4.4
Purchase consideration including direct costs related to the acquisition		23.5
Less: Cash and cash equivalents of subsidiaries acquired		(11.8)
Net cash outflow on acquisition of subsidiaries		11.7

41 ACQUISITION AND INCORPORATION OF SUBSIDIARIES (continued)

(b) Acquisition of additional interest in existing subsidiaries

The additional interests acquired by the Group are as follows:

Name of subsidiaries	Purchase consideration	Group's additional effective interest %	Effective acquisition date
Westminster Travel Limited	HK\$86.9 million	30.0	9 July 2007
Golden Hope Investments (Asia Pacific)	USD2.7 million	40.0	16 November 2007
Negara Properties (M) Berhad	*	36.5	3 December 2007
Negara Properties (M) Berhad	*	0.9	30 January 2008
Sime Darby Pilipinas, Inc (SDPI)	USD18,400	0.6	#

* consideration satisfied by cash and by issuance of shares [Note 31(d)]

acquired over the quarter ended 30 June 2008 pursuant to the privatisation of SDPI

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

	Group
Minority interest acquired	121.7
Premium paid	31.3
Costs of acquisition including direct costs related to the acquisition	153.0
Less: Shares issued as consideration [Note 31(d)]	(105.2)
Net cash outflow on acquisition	47.8

(c) Incorporation of subsidiaries

The subsidiaries incorporated by the Group during the year ended 30 June 2008 are as follows:

Name of subsidiaries	Group's effective interest %	Incorporation date
Chengdu Bow Yue Vehicle Company Limited	100.0	12 July 2007
Shenzhen Xin Chuang Motor Trading Company Limited	100.0	3 August 2007
Hangzhou Xin Biao Xian Motors Technology & Services Company Limited	100.0	7 March 2008
Jining Sime Darby Port Co. Ltd	70.0	13 March 2008
Shanghai Sime Darby Investments Consulting Company Limited	100.0	7 April 2008

42 DISPOSAL OF SUBSIDIARIES

Subsidiaries disposed by the Group during the year ended 30 June 2008 are as follows:

Name of subsidiaries	Disposal consideration	Group's effective interest disposed %	Effective acquisition date
Guthrie Corridor Expressway Sdn Bhd (GCESB)	*	100.0	23 July 2007
Westminster Travel Limited	HK\$160.0 million	100.0	23 October 2007
Sime Rengo Packaging Singapore Limited	S\$6.5 million	66.6	30 November 2007
Guthrie Technologies Sdn Berhad	RM12.9 million	100.0	18 January 2008

* consideration for the entire interest in GCESB and amount owing by GCESB were satisfied by cash payment of RM436.0 million and issuance of RM500.0 million nominal value of Redeemable Loan Stocks.

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

	Group
Concession assets	582.9
Property, plant and equipment	22.3
Deferred tax	(2.1)
Cash and cash equivalents	65.2
Other net current assets	6.2
Net assets disposed	<u>674.5</u>
Gain on disposal of subsidiaries	25.3
Proceeds from disposal of subsidiaries	<u>699.8</u>
Less : Fair value of RM500.0 million nominal value of Redeemable Loan Stocks	(166.0)
Less : Cash and cash equivalents of subsidiaries disposed	(65.2)
Net cash inflow on disposal of subsidiaries	<u>468.6</u>

43 SEGMENT INFORMATION - GROUP

Business segments comprise:

Segment	Products and services
Plantation	Oil palm and rubber cultivation and palm oil refining and fractionation.
Property	Property development, management and investment, and provision of golf and other recreational services
Industrial	Sales and servicing of heavy equipment
Motors	Assembly and distribution of vehicles and the provision of after-sale services.
Energy and Utilities	Engineering design and fabrication, system integration, power generation, treatment and supply of treated water, and ownership and management of port facilities.
General trading, services and others	Aircraft composites components manufacturing, bedding operations, marketing of industrial products, provision of healthcare services, travel and insurance broking.

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

43 SEGMENT INFORMATION – GROUP (continued)

Primary reporting format - business segments

2008	Plantation	Property	Industrial	Motors	Energy and Utilities	General trading, services and others	Elimination	Group
Revenue								
External revenue	13,162.3	1,420.0	7,222.6	7,926.3	3,164.9	1,148.6	-	34,044.7
Intersegment revenue	3.0	62.5	21.2	7.3	3.6	68.1	(165.7)	-
Total revenue	<u>13,165.3</u>	<u>1,482.5</u>	<u>7,243.8</u>	<u>7,933.6</u>	<u>3,168.5</u>	<u>1,216.7</u>	<u>(165.7)</u>	<u>34,044.7</u>
Results								
Operating segment results	3,874.0	407.0	687.3	203.2	224.6	30.9	-	5,427.0
(Loss)/gain on disposal of								
- subsidiaries, associates and investments	(1.5)	(0.2)	0.5	-	-	76.0	-	74.8
- properties and prepaid lease rentals	9.2	2.7	-	-	-	1.8	-	13.7
Impairment of								
- property, plant and equipment	(2.0)	-	(3.2)	(16.5)	-	-	-	(21.7)
- investments	(2.4)	-	-	-	-	(23.0)	-	(25.4)
Reorganisation expenses	(50.0)	(15.6)	-	(30.3)	-	(4.7)	-	(100.6)
Segment results	<u>3,827.3</u>	<u>393.9</u>	<u>684.6</u>	<u>156.4</u>	<u>224.6</u>	<u>81.0</u>	<u>-</u>	<u>5,367.8</u>
Unallocated corporate expenses and income								(229.5)
Operating profit								5,138.3
Share of results of jointly controlled entities and associates	44.9	36.8	11.4	1.4	4.0	11.5	-	110.0
Profit before interest and tax								5,248.3
Finance income								225.5
Finance costs								(267.4)
Profit before tax								5,206.4
Tax expense								(1,453.9)
Profit for the year								<u>3,752.5</u>

43 SEGMENT INFORMATION – GROUP (continued)

Primary reporting format - business segments (continued)

2008	Plantation	Property	Industrial	Motors	Energy and Utilities	General trading, services and others	Elimination	Group
Balance sheet								
Segment assets	11,638.5	4,424.2	4,530.9	3,475.3	2,484.8	560.3	(39.9)	27,074.1
Jointly controlled entities and associates	488.6	448.5	50.1	21.9	29.4	72.6	-	1,111.1
Non-current assets held for sale	-	0.1	2.1	11.7	-	6.7	-	20.6
Tax assets								976.4
Other assets								6,790.5
Total assets								<u>35,972.7</u>
Segment liabilities	1,625.0	807.3	1,943.9	1,365.7	1,463.7	375.6	(39.9)	7,541.3
Tax liabilities								1,397.5
Other liabilities								4,829.0
Total liabilities								<u>13,767.8</u>
<u>Other information</u>								
Capital expenditure	841.4	73.4	721.0	266.9	194.1	58.8	-	2,155.6
Depreciation and amortisation	295.5	49.2	186.7	98.3	64.0	33.7	-	727.4
Amortisation of prepaid lease rentals	59.5	2.7	0.5	4.2	5.0	0.1	-	72.0
Impairment losses	4.5	-	7.6	26.0	-	23.1	-	61.2
Reversal of impairment losses	0.3	-	-	0.4	-	-	-	0.7
Other non-cash expenses	28.1	29.1	36.7	27.1	46.2	15.7	-	182.9

43 SEGMENT INFORMATION – GROUP (continued)

Primary reporting format - business segments (continued)

2007	Plantation	Property	Industrial	Motors	Energy and Utilities	General trading, services and others	Elimination	Group
Revenue								
External revenue	8,164.7	1,693.6	6,668.9	7,017.1	2,300.5	2,385.4	-	28,230.2
Intersegment revenue	10.4	36.0	10.4	3.2	15.1	122.3	(197.4)	-
Total revenue	<u>8,175.1</u>	<u>1,729.6</u>	<u>6,679.3</u>	<u>7,020.3</u>	<u>2,315.6</u>	<u>2,507.7</u>	<u>(197.4)</u>	<u>28,230.2</u>
Results								
Operating segment results	1,620.6	505.0	644.9	63.1	221.5	30.6	-	3,085.7
Gain on disposal of								
- subsidiaries, associates and investments	2.4	-	0.7	64.4	433.3	8.8	-	509.6
- properties and prepaid lease rentals	107.1	91.2	-	0.7	-	-	-	199.0
Impairment of								
- property, plant and equipment	(13.2)	-	(1.2)	(19.1)	-	(1.1)	-	(34.6)
- associates	(24.0)	-	-	-	-	(17.0)	-	(41.0)
- investments	(0.5)	-	-	-	-	(0.2)	-	(0.7)
Reorganisation expenses	-	-	-	-	-	(2.2)	-	(2.2)
Segment results	<u>1,692.4</u>	<u>596.2</u>	<u>644.4</u>	<u>109.1</u>	<u>654.8</u>	<u>18.9</u>	<u>-</u>	<u>3,715.8</u>
Unallocated corporate expenses and income								(125.2)
Operating profit								<u>3,590.6</u>
Share of results of jointly controlled entities and associates	9.6	45.7	11.9	(0.1)	28.0	17.2	-	112.3
Profit before interest and tax								3,702.9
Finance income								181.7
Finance costs								<u>(312.4)</u>
Profit before tax								3,572.2
Tax expense								<u>(889.1)</u>
Profit for the year								<u>2,683.1</u>

43 SEGMENT INFORMATION – GROUP (continued)

Primary reporting format – business segments (continued)

2007	Plantation	Property	Industrial	Motors	Energy and Utilities	General trading, services and others	Elimination	Group
Balance sheet								
Segment assets	10,737.4	3,848.1	3,760.7	3,287.3	2,052.5	566.6	(120.2)	24,132.4
Jointly controlled entities and associates	450.9	414.5	46.7	41.3	15.5	63.5	-	1,032.4
Non-current assets held for sale	-	2.2	-	-	-	783.3	-	785.5
Tax assets								782.4
Other assets								6,481.1
Total assets								<u>33,213.8</u>
Segment liabilities	1,075.5	805.4	1,422.6	1,347.7	1,161.4	331.9	(120.2)	6,024.3
Liabilities associated with non-current assets held for sale	-	-	-	-	-	178.7	-	178.7
Tax liabilities								1,251.9
Other liabilities								6,204.8
Total liabilities								<u>13,659.7</u>
<u>Other information</u>								
Capital expenditure	585.8	51.6	474.4	171.5	166.9	51.6	-	1,501.8
Depreciation and amortisation	299.2	38.9	140.3	88.3	72.9	37.8	-	677.4
Amortisation of prepaid lease rentals	55.1	1.1	2.0	6.9	4.8	0.7	-	70.6
Impairment losses	35.7	-	7.2	19.1	-	26.1	-	88.1
Reversal of impairment losses	8.2	24.3	0.5	-	-	-	-	33.0
Other non-cash expenses	16.0	34.0	26.8	68.9	9.6	29.1	-	184.4

43 SEGMENT INFORMATION – GROUP (continued)

Secondary reporting format – geographical segments

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

	External revenue		Segment assets		Capital expenditure	
	2008	2007	2008	2007	2008	2007
Malaysia	12,575.3	10,072.7	15,390.8	13,929.6	672.3	595.6
Indonesia	2,304.6	1,377.8	2,702.7	2,837.0	354.6	183.4
Singapore	3,490.3	2,790.8	1,754.3	1,494.1	94.5	74.6
China	3,781.9	3,692.2	1,725.9	1,270.7	166.9	81.0
Australia	4,937.0	4,847.9	2,935.1	2,468.5	546.4	437.0
Europe	1,871.6	1,361.3	862.9	505.4	182.8	14.3
Other countries	5,084.0	4,087.5	1,702.4	1,627.1	138.1	115.9
	34,044.7	28,230.2	27,074.1	24,132.4	2,155.6	1,501.8
Jointly controlled entities and associates			1,111.1	1,032.4		
Non-current assets held for sale			20.6	785.5		
Tax assets			976.4	782.4		
Other assets			6,790.5	6,481.1		
Total assets			35,972.7	33,213.8		

The following is an analysis of the Group's segment results by the country in which the Group's operations were located.

Segment results	2008	2007
Malaysia	3,087.5	1,992.9
Indonesia	1,262.9	362.2
Singapore	225.0	567.7
China	186.7	165.8
Australia	467.2	469.4
Europe	(10.3)	74.2
Other countries	148.8	83.6
	5,367.8	3,715.8
Unallocated corporate expenses and income	(229.5)	(125.2)
Operating profit	5,138.3	3,590.6
Share of results of jointly controlled entities and associates	110.0	112.3
Profit before interest and tax	5,248.3	3,702.9
Finance income	225.5	181.7
Finance costs	(267.4)	(312.4)
Profit before tax	5,206.4	3,572.2
Tax expense	(1,453.9)	(889.1)
Profit for the year	3,752.5	2,683.1

44 DISCLOSURE OF SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions other than those disclosed in Notes 7, 8 and 9 are as follows:

	Group		Company	
	2008	2007	2008	2007
(a) Transactions with subsidiaries				
Commissions and management fees income, and sales of goods	-	-	202.9	390.2
Purchase of goods	-	-	13.2	59.7
(b) Transactions with associates				
Tolling fees and sales to				
Cognis Oleochemicals (M) Sdn Bhd	18.0	10.0	-	-
Provision of marine equipment and services to subsidiaries of Jaya Holdings Limited	-	1.5	-	-
Provision of IT services to Sime Kansai Paints Sdn Bhd	0.1	0.2	-	-
Rental income from				
- FG Wilson Asia Pte Ltd	0.4	0.3	-	-
- KN Sime Logistics Sdn Bhd	-	0.9	-	-
Forwarding services rendered by KN Sime Logistics Sdn Bhd	2.7	3.4	-	-
Insurance services rendered by				
Union Sime Darby (Thailand) Ltd	2.3	1.6	-	-
Progress billings for properties under construction acquired from Artesian Investments Pte Ltd	2.4	1.6	-	-
Purchase of products and services from Chubb Singapore Private Limited	-	0.1	-	-
Rental of land from I&P Seriemas Sdn Bhd	21.1	9.7	-	-
(c) Transactions with subsidiaries' minority shareholders				
Sales of goods and performance of services by Chubb Malaysia Sendirian Berhad to Gunnebo Holdings APS and its related companies	17.7	15.7	-	-
Procurement of motor vehicles and their components, accounting and ancillary services by Ford Malaysia Sdn Bhd from Ford Motor Company and its related companies	47.6	105.3	-	-
Procurement of motor vehicles by Sime Darby Auto Imports Sdn Bhd from Ford Motor Company and its related companies	10.4	-	-	-
Royalty payment and procurement of Completely Knocked-Down (CKD) packs, Completely Built-Up cars and ancillary services by Inokom Corporation Sdn Bhd (ICSB) from Hyundai Motor Company (HMC)	111.3	120.4	-	-
Procurement of CKD motor vehicle components by ICSB from Hyundai Motor India Ltd, subsidiary of HMC	2.7	2.8	-	-
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	23.3	21.3	-	-
Procurement of management and technical advice and purchase of raw materials by Sime Rengo Packaging (M) Sdn Bhd from Rengo Co Ltd	0.4	2.6	-	-
Purchase of goods by Sime Rengo Packaging Singapore Limited from Rengo Co Ltd	0.9	4.8	-	-
Procurement of hotel operation management and technical advice by Syarikat Malacca Straits Inn Sdn Bhd from Hotel Equatorial (M) Sdn Bhd's subsidiary, Hotel Equatorial Management Sdn Bhd	1.6	1.4	-	-

44 DISCLOSURE OF SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

	Group		Company	
	2008	2007	2008	2007
(d) Transactions with companies in which a director of a subsidiary has equity interest				
Purchase of products and services by Otofin Sdn Bhd (OSB) from Otofin Power (Johor) Sdn Bhd (OPJ) and Maresqsue Sdn Bhd (MSB). Mr. Toh Hong Hooi, is a director and minority shareholder of OSB and has equity interest in OPJ and MSB.	-	0.7	-	-
Rental of premises by OSB from Kartika Gemilang Sdn Bhd (KGSB). Mr Tan Hong Hooi is also a shareholder of KGSB	0.5	0.6	-	-
(e) Transactions with a firm in which a close family member of a director of the Company is a partner				
Engineering and consultancy services rendered by Fadlullah and Associates Consulting Engineers, a firm in which a close family member of Dato' Mohamed Sulaiman is a partner	1.4	1.1	-	-
(f) Remuneration of directors and key management personnel				
Salary and other emoluments	24.6	15.2	8.5	14.4
Estimated monetary value of benefits by way of usage of the Group's and Company's assets	0.6	0.7	0.1	0.7

There were no material contracts subsisting as at 30 June 2008 or if not then subsisting, entered into since the end of the previous year by the Company or its subsidiaries which involved the interests of Directors or substantial shareholders.

The outstanding balances with subsidiaries are shown in Note 18 and the significant outstanding balances with other related parties as at 30 June are as follows:

	Group		Company	
	2008	2007	2008	2007
(a) Amount owing by associates				
KN Sime Logistics Sdn Bhd	-	1.6	-	-
Artesian Investments Pte Ltd	9.4	32.6	-	-
I&P Seriemas Sdn Bhd	49.4	49.4	-	-
(b) Amount owing by/(to) subsidiaries' minority shareholders				
Gunnebo Holdings APS and its related companies	3.2	2.9	-	-
Rengo Co Ltd	-	(0.6)	-	-
Kubota Corporation	(4.4)	(2.1)	-	-
Ford Motor Company and its related companies	(0.8)	(4.6)	-	-
(c) Amount owing to a firm in which a close family member of a director of the Company is a partner				
Fadlullah and Associates Consulting Engineers	0.6	0.4	-	-

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

45 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

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

Foreign currency exchange risk

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

The Group is also exposed to currency translation risk arising from its net investments in foreign subsidiaries, jointly controlled entities and associates, which is not hedged due to the long-term nature of those investments.

Interest rate risk

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

Credit risk

Credit risk arises when derivative instruments are used or sales made on credit terms. The Group seeks to control credit risk by dealing with customers of appropriate credit history. Where appropriate, guarantees or securities are obtained to limit credit risk. Sales to customers are usually suspended when earlier amounts are overdue exceeding 180 days.

The Group seeks to invest cash assets safely and profitably in reputable financial institutions. The Group considers the risk of material loss in the event of non-performance by these financial institutions to be unlikely.

The maximum exposure to credit risk for the Group and Company is represented by the carrying amount of each financial asset and in respect of derivative financial instruments, as disclosed in Note 45(e). At the balance sheet date, there were no significant concentrations of credit risk.

Liquidity and cash flow risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

(b) Fair value estimation for disclosure purposes

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Short term financial instruments

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

Investments

The fair values of some investments are estimated based on quoted market prices for those or similar investments. For other investments for which there are no quoted market prices, fair values are estimated based on suitable investment valuation methodology such as price to earnings ratio and discounted cash flows.

Long-term financial instruments

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

45 FINANCIAL INSTRUMENTS (continued)

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

Derivative financial instruments

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

The fair value of forward commodities contracts is obtained from the statement provided by the broker.

(c) Currency profile of major financial assets and financial liabilities:

Group 2008	Denominated in other than functional currencies							Denominated in functional currencies	Total
	United States dollar	Australian dollar	European Union euro	Qatar riyal	New Zealand dollar	Singapore dollar	Others		
Investments	-	-	-	-	-	-	-	316.8	316.8
Trade receivables (net)	369.5	8.6	11.5	12.4	10.7	1.3	45.7	3,055.2	3,514.9
Cash held under Housing Development Accounts	-	-	-	-	-	-	-	479.5	479.5
Bank balances, deposits and cash	125.0	223.0	185.3	0.3	73.4	344.0	19.7	5,023.5	5,994.2
Long-term borrowings	(747.9)	-	-	-	-	-	-	(2,441.2)	(3,189.1)
Short-term borrowings	(70.5)	-	-	-	-	-	-	(1,569.4)	(1,639.9)
Trade payables	(309.0)	(6.2)	(114.1)	(0.2)	-	(9.7)	(15.7)	(3,194.3)	(3,649.2)
	(632.9)	225.4	82.7	12.5	84.1	335.6	49.7	1,670.1	1,827.2
2007									
Investments	-	-	-	-	-	-	-	389.2	389.2
Trade receivables (net)	354.2	2.0	12.8	74.8	1.7	49.9	11.1	2,622.1	3,128.6
Cash held under Housing Development Accounts	-	-	-	-	-	-	-	425.9	425.9
Bank balances, deposits and cash	450.5	191.1	17.6	6.1	37.3	40.5	28.8	4,894.1	5,666.0
Long-term borrowings	(177.9)	-	-	-	-	-	-	(3,528.9)	(3,706.8)
Short-term borrowings	(725.3)	-	-	-	-	-	-	(1,674.0)	(2,399.3)
Trade payables	(140.2)	(1.2)	(31.4)	(0.2)	(0.4)	(19.7)	(40.3)	(2,674.4)	(2,907.8)
	(238.7)	191.9	(1.0)	80.7	38.6	70.7	(0.4)	454.0	595.8

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

45 FINANCIAL INSTRUMENTS (continued)

(d) Off balance sheet financial instruments

(i) Forward foreign exchange contracts

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

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

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

Group 2008	Maturities		Total
	Within 1 year	1 year or more	
Forward contracts used to hedge anticipated sales			
- United States dollar	257.3	642.7	900.0
- European Union euro	72.0	-	72.0
- Qatar riyal	103.6	-	103.6
- Japanese yen	6.2	-	6.2
- Others	1.6	-	1.6
	440.7	642.7	1,083.4
Forward contracts used to hedge receivables			
- United States dollar	285.5	-	285.5
- European Union euro	9.8	-	9.8
- Qatar riyal	12.4	-	12.4
- Japanese yen	1.7	-	1.7
- Pound sterling	6.4	-	6.4
	315.8	-	315.8
Forward contracts used to hedge anticipated purchases			
- United States dollar	568.0	-	568.0
- Australian dollar	12.7	-	12.7
- European Union euro	438.6	-	438.6
- Singapore dollar	25.7	-	25.7
- Japanese yen	81.7	-	81.7
- Pound sterling	51.0	-	51.0
	1,177.7	-	1,177.7
Forward contracts used to hedge payables			
- United States dollar	305.3	-	305.3
- Australian dollar	3.2	-	3.2
- European Union euro	113.2	-	113.2
- Singapore dollar	8.5	-	8.5
- Japanese yen	7.5	-	7.5
- Pound sterling	7.9	-	7.9
- Others	0.5	-	0.5
	446.1	-	446.1
Total	2,380.3	642.7	3,023.0

45 FINANCIAL INSTRUMENTS (continued)

(d) Off balance sheet financial instruments (continued)

(i) Forward foreign exchange contracts (continued)

Group 2007	Maturities		Total
	Within 1 year	1 year or more	
Forward contracts used to hedge anticipated sales			
- United States dollar	607.6	748.3	1,355.9
- Qatar riyal	80.9	-	80.9
- Pound sterling	5.4	-	5.4
	<u>693.9</u>	<u>748.3</u>	<u>1,442.2</u>
Forward contracts used to hedge receivables			
- United States dollar	311.8	-	311.8
- European Union euro	1.7	-	1.7
- Qatar riyal	71.1	-	71.1
- Japanese yen	8.6	-	8.6
- Others	5.3	-	5.3
	<u>398.5</u>	<u>-</u>	<u>398.5</u>
Forward contracts used to hedge anticipated purchases			
- United States dollar	512.1	19.7	531.8
- Australian dollar	23.7	-	23.7
- European Union euro	251.5	0.1	251.6
- Singapore dollar	34.5	-	34.5
- Japanese yen	61.0	-	61.0
- Pound sterling	33.1	-	33.1
- Others	1.4	-	1.4
	<u>917.3</u>	<u>19.8</u>	<u>937.1</u>
Forward contracts used to hedge payables			
- United States dollar	95.9	-	95.9
- European Union euro	1.0	2.9	3.9
- Singapore dollar	10.1	-	10.1
- Japanese yen	18.1	-	18.1
- Pound sterling	7.9	-	7.9
- Others	5.1	-	5.1
	<u>138.1</u>	<u>2.9</u>	<u>141.0</u>
Total	<u>2,147.8</u>	<u>771.0</u>	<u>2,918.8</u>

45 FINANCIAL INSTRUMENTS (continued)

(d) Off balance sheet financial instruments (continued)

(i) Forward foreign exchange contracts (continued)

Company 2008	Maturities		Total
	Within 1 year	1 year or more	
Forward contracts used to hedge anticipated purchases			
- United States dollar	-	-	-
2007			
Forward contracts used to hedge anticipated purchases			
- United States dollar	5.5	-	5.5

(ii) Interest rate swaps

The Group has entered into interest rate swap contracts to convert floating rate liabilities to fixed rate liabilities and vice versa to reduce the Group's exposure from adverse fluctuations in interest rates on underlying debt instruments. The differences between the rates calculated by reference to the agreed notional principal amounts are exchanged at periodic intervals. The interest rate swap contracts as at balance sheet date are as follows:

Interest rate swap	Notional amount	Notional amount in original currency	Effective period	Weighted average rate per annum
CMS spread range accrual swap	684.6	USD210 million	28 February 2008 to 29 February 2012	4.70% - 4.80%
LIBOR range accrual swap	489.0	USD150 million	28 February 2008 to 28 February 2009	5.10% - 5.55%
			28 February 2009 to 29 February 2012	Floating but capped at 6.00%
Plain vanilla	4.6	USD1.4 million	27 July 2006 to 26 July 2010	6.43%
CMS spread range accrual swap	20.4	USD6.2 million	27 July 2007 to 26 July 2010	5.60%
Plain vanilla	20.4	USD6.2 million	27 July 2006 to 26 July 2010	6.43%
Plain vanilla	48.9	USD15 million	30 November 2004 to 28 November 2008	3.57%
Plain vanilla	43.5	THB444.45 million	7 June 2006 to 25 November 2009	6.38%
Plain vanilla	40.0	RM40 million	19 March 2004 to 18 March 2011	6 month KLIBOR + 1.80%
Plain vanilla	652.0	USD200 million	27 June 2009 (yet to commence) to 27 December 2012	4.46%

On 2 July 2007, a subsidiary entered into a 3-year interest rate collar arrangement for its AUD80.0 million term loan with a ceiling rate of 9.5% and a floor rate of 3.5% per annum.

45 FINANCIAL INSTRUMENTS (continued)

(d) Off balance sheet financial instruments (continued)

(iii) Credit risk

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

(e) Fair value

The carrying amounts and fair values of financial assets and liabilities of the Group and Company at the balance sheet date were as follows:

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
2008				
Investments (net)				
- Quoted shares	60.6	65.2	-	-
- Unquoted shares	256.2	282.1	2.0	2.4
Trade and other receivables				
- Redeemable loan stocks	177.2	163.6	-	-
2007				
Investments (net)				
- Quoted shares	7.6	16.0	6.4	14.4
- Unquoted shares	381.6	503.2	228.5	228.6
Financial liabilities				
2008				
Borrowings				
- Term loans	2,253.7	2,253.7	-	-
- Bai' Bithaman Ajil	16.7	16.7	16.7	16.7
- Cumulative subordinated unconvertible redeemable loan stocks	37.4	41.0	-	-
- Al Murabahah Medium Term Notes	1,400.0	1,393.2	1,000.0	999.5
2007				
Borrowings				
- Term loans	3,322.8	3,323.4	190.0	190.0
- Bai' Bithaman Ajil	81.9	82.3	81.9	82.3
- Series B Redeemable convertible preference shares	23.1	23.1	23.1	23.1
- Cumulative subordinated unconvertible redeemable loan stocks	37.4	47.6	-	-
- Al Murabahah Medium Term Notes	1,400.0	1,420.0	1,000.0	1,013.5

45 FINANCIAL INSTRUMENTS (continued)

(e) Fair value (continued)

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

2008	Group		Company	
	Notional amount	Net fair value	Notional amount	Net fair value
Forward foreign exchange contracts	3,023.0	4.0	-	-
Interest rate swaps	1,351.4	(19.3)	-	-
2007				
Forward foreign exchange contracts	2,918.8	48.2	5.5	-
Interest rate swaps	2,112.3	21.6	-	-
Forward commodities contracts [note (i)]	1,501.5	(77.5)	-	-

(i) Forward commodities contracts

The Group entered into commodity future and forward contracts 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. The negative fair value in the previous year relates to contracts entered not for the Group's usage requirements.

46 COMPARATIVE FIGURES

As described in Note 1(a), the Group has applied the predecessor method of merger accounting in the consolidated financial statements by incorporating the results and financial positions of the Merged Entities as if the merger had been effected throughout the current and previous years. The Company has also applied this method of accounting in its separate financial statements by incorporating the results and balances of businesses acquired under common control.

Although the Company was incorporated on 7 November 2006, for comparative purposes and in accordance with the predecessor method of merger accounting, a twelve (12) months period comparative figures are presented.

47 HOLDING COMPANIES

The Company's immediate and ultimate holding companies are Permodalan Nasional Berhad, a public company with limited liability, and Yayasan Pelaburan Bumiputra, a company limited by guarantee, respectively. Both companies are incorporated in Malaysia.

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
PLANTATION - Subsidiaries					
Agri-Bio Corporation Sdn Bhd	Manufacturing and marketing of rat baits and trading in agricultural equipment	Malaysia	100.0	100.0	1
Austral Edible Oil Sdn Bhd	Palm oil refining	Malaysia	60.0	60.0	1
Austral Enterprises Berhad	Production and processing of palm oil and palm kernel	Malaysia	100.0	100.0	1
Barat Estates Sendirian Berhad	Grass turfing contractor	Malaysia	100.0	100.0	1
Chartquest Sdn Bhd	Production and processing of palm oil and palm kernel	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
Derawan Sdn Bhd	Oil palm cultivation	Malaysia	100.0	100.0	1
Golden Hope Agrotech Consultancy Sdn Bhd	Provision of agricultural consultancy services	Malaysia	100.0	100.0	1
Golden Hope Food & Beverages Sdn Bhd	Fruit cultivation and processing	Malaysia	100.0	100.0	1
Golden Hope Overseas Plantations Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Golden Hope Overseas Sdn Bhd	Investment holding	Malaysia	100.0	60.0	1
Golden Hope Plantations (Sabah) Sdn Bhd	Production and processing of palm oil and palm kernel	Malaysia	100.0	100.0	1
Golden Hope Plantations (Sarawak) Sdn Bhd	Production and processing of palm oil and palm kernel	Malaysia	100.0	100.0	1
Golden Jomalina Food Industries Sdn Bhd	Palm oil refining	Malaysia	100.0	100.0	1
Guthrie International Investments (L) Limited	Investment holding	Malaysia	100.0	100.0	1
Guthrie Siam Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Guthrie Tapis Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
HRU Sdn Bhd	Production and sale of oil palm seeds, seedlings and rat baits	Malaysia	100.0	54.5	1
Kempas Edible Oil Sendirian Berhad	Palm oil refining and fractionation; and manufacturing and marketing of specialty and end user fats	Malaysia	100.0	100.0	1
Kumpulan Jelei Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Kumpulan Jerai Sdn Bhd	Production and processing of palm oil and palm kernel	Malaysia	100.0	100.0	1
Kumpulan Kamuning Sdn Bhd	Production and processing of palm oil and palm kernel	Malaysia	100.0	100.0	1

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
PLANTATION - Subsidiaries (continued)					
Kumpulan Ladang- Ladang Rajawali Sdn Bhd	Production and processing of palm oil and palm kernel	Malaysia	100.0	100.0	1
Kumpulan Linggi Sdn Bhd	Production and processing of palm oil and palm kernel	Malaysia	100.0	100.0	1
Kumpulan Sua Betong Sdn Bhd	Production and processing of palm oil and palm kernel	Malaysia	100.0	54.5	1
Kumpulan Tebong Sdn Bhd	Production and processing of palm oil and palm kernel	Malaysia	100.0	54.5	1
Kumpulan Temiang Sdn Bhd	Production and processing of palm oil and palm kernel	Malaysia	100.0	57.9	1
Mostyn Palm Oil Processing Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Perkhidmatan Komputer Perladangan Sdn Bhd	Computer consultancy services	Malaysia	100.0	100.0	1
Sahua Enterprise Sdn Bhd	Production and processing of of palm oil and palm kernel	Malaysia	100.0	100.0	1
Sime Aerogreen Technology Sdn Bhd	Production and marketing of aeroponic vegetables	Malaysia	100.0	100.0	1
Sime Consulting Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Biodiesel Sdn Bhd (formerly known as Golden Hope Biodiesel Sdn Bhd)	Production of biodiesel	Malaysia	100.0	100.0	1
Sime Darby Bioganic Sdn Bhd (formerly known as Golden Hope Bioganic Sdn Bhd)	Manufacturing of Palm Tocotrienol Vitamin E	Malaysia	100.0	100.0	1
Sime Darby Biotech Laboratories Sdn Bhd (formerly known as Guthrie Biotech Laboratory Sdn Bhd)	Research and cloning of oil palm	Malaysia	100.0	100.0	1
Sime Darby Foods Marketing Sdn Bhd (formerly known as Modern Corner Sdn Bhd)	Marketing of food and agri-business products	Malaysia	100.0	-	1
Sime Darby Futures Trading Sdn Bhd	Commodity trading	Malaysia	100.0	100.0	1
Sime Darby Latex Sdn Bhd (formerly known as Golden Hope Latex Sdn Bhd)	Manufacture of latex concentrate	Malaysia	100.0	100.0	1
Sime Darby Livestock Sdn Bhd (formerly known as PNB Enterprise Sdn Bhd)	Cattle rearing	Malaysia	75.0	75.0	1

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
PLANTATION - Subsidiaries (continued)					
Sime Darby Plantation Sdn Bhd (formerly known as Sime Plantations Sdn Bhd)	Oil palm cultivation and palm oil and palm kernel production	Malaysia	100.0	100.0	1
Sime Darby Plantations (Peninsular) Sdn Bhd (formerly known as Golden Hope Plantations (Peninsular) Sdn Bhd)	Production and processing of palm oil, palm kernel, rubber and copra	Malaysia	100.0	100.0	1
Sime Darby Research Sdn Bhd (formerly known as Golden Hope Research Sdn Bhd)	Research services	Malaysia	100.0	100.0	1
Sime Darby Seeds & Agricultural Services Sdn Bhd (formerly known as Guthrie Plantation & Agricultural Services Sdn Bhd)	Plantation consultancy services and production and sale of oil palm seeds, seedlings and rat baits	Malaysia	100.0	100.0	1
Sime Darby Technology Centre Sdn Bhd	Research and development	Malaysia	100.0	100.0	1
Sime Farms Sdn Bhd	Agriculture related business	Malaysia	100.0	100.0	1
Tegas Setia Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
The China Engineers (Malaysia) Sdn Bhd	General trading	Malaysia	100.0	100.0	1
The Glengowrie Rubber Company Sdn Bhd	Production of oil palm and rubber and land development	Malaysia	89.7	89.7	1
Wangsa Mujur Sdn Bhd	Production and processing of palm oil and palm kernel	Malaysia	72.5	72.5	1
PT Aneka Intipersada	Production and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Anugerah Sumbermakmur	Investment holding	Indonesia	100.0	100.0	2
PT Asricipta Indah	Investment holding	Indonesia	90.0	90.0	2
PT Bahari Gembira Ria	Production and processing of palm oil and palm kernel	Indonesia	99.0	99.0	2
PT Bersama Sejahtera Sakti	Production and processing of palm oil and palm kernel	Indonesia	91.1	91.1	2
PT Bhumireksa Nusasejati	Production and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Bina Sains Cemerlang	Production and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Budidaya Agro Lestari	Production and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Guthrie Pecconina Indonesia	Production and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
PLANTATION - Subsidiaries (continued)					
PT Indotruba Tengah	Production 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	Production and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Ladangrumpun Suburabadi	Production and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Laguna Mandiri	Production and processing of palm oil and palm kernel	Indonesia	88.6	88.6	2
PT Lahan Tani Sakti	Oil palm and rubber cultivation	Indonesia	100.0	100.0	2
PT Langgeng Muaramakmur	Production 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	Production 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	Production and processing of palm oil and palm kernel	Indonesia	75.5	75.5	2
PT Pariapura Swakarsa	Production and processing of palm oil and palm kernel	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	Production and processing of palm oil and palm kernel	Indonesia	75.5	75.5	2
PT Sajang Heulang	Production and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Sandika Natapalma	Production and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Sime Indo Agro	Oil palm cultivation	Indonesia	100.0	100.0	2
PT Sritijaya Abaditama	Investment holding	Indonesia	60.0	60.0	2
PT Swadaya Andika	Production and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Tamaco Graha Krida	Production and processing of palm oil and palm kernel	Indonesia	90.0	90.0	2
PT Teguh Sempurna	Production and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Tunggal Mitra Plantations	Production and processing of palm oil and palm kernel	Indonesia	60.0	60.0	2
Edible Products Limited	Investment holding	Singapore	100.0	100.0	2
Kwang Joo Seng (Malaysia) Private Limited	Royalty and rental income	Singapore	100.0	100.0	2

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
PLANTATION - Subsidiaries (continued)					
Sime Darby Edible Products Limited	Refining, manufacturing and marketing of edible oils and palm oil related products and surfactant	Singapore	100.0	100.0	2
Golden Hope International Investments	Investment holding	Cayman Islands	100.0	100.0	5
Golden Hope Investments	Investment holding	Cayman Islands	100.0	100.0	5
Golden Hope Investments (Asia Pacific)	Investment holding	Cayman Islands	100.0	60.0	5
Golden Hope Plantations (Deutschland) GmbH	Investment holding	Germany	100.0	100.0	3
Paul Tiefenbacher GmbH	Trading and marketing	Germany	100.0	100.0	2
Golden Hope 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	3
Clean Energy BV	Production and sale of biodiesel	Netherlands	100.0	100.0	2
Golden Hope Netherlands BV	Investment holding	Netherlands	100.0	100.0	2
Mulligan International BV	Investment holding	Netherlands	100.0	100.0	2
Unimills BV	Edible oils refining	Netherlands	100.0	100.0	2
Hudson & Knight (Proprietary) Limited	Bakery fats and edible oils refining	South Africa	100.0	100.0	2
Morakot Industries Public Company Limited	Manufacture and marketing of cooking oil	Thailand	99.9	99.9	3
Sime-Morakot Holdings (Thailand) Limited	Investment holding	Thailand	100.0	100.0	3
The China Engineers (Thailand) Limited	Investment holding	Thailand	99.9	99.9	3
Golden Hope-Nhabe Edible Oils Co Ltd	Edible oils refining	Vietnam	51.0	30.6	3
Aspen Timur Sdn Bhd	Dormant	Malaysia	60.0	60.0	1
Avidat Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Binuang Palm Oil Refinery Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Chemara Laboratories Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Eminent Platform Sdn Bhd	Dormant	Malaysia	100.0	-	1
Epic Products Berhad	Dormant	Malaysia	100.0	100.0	1
Glengowrie Properties Sdn Bhd	Dormant	Malaysia	89.7	89.7	1
Golden Hope Fruit Industries Sdn Bhd	Dormant	Malaysia	100.0	100.0	1

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
PLANTATION - Subsidiaries (continued)					
Guthrie Export Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Guthrie Industries Malaysia Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Pekan Plantations Sdn Bhd	Dormant	Malaysia	100.0	54.5	1
Prolific Image Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sanguine (Malaysia) Sdn Bhd	Dormant	Malaysia	100.0	54.5	1
Selatan Estates Sendirian Berhad	Dormant	Malaysia	100.0	100.0	1
Sharikat Hadapan Berhad	Dormant	Malaysia	100.0	100.0	1
Sime Aerogreen Research Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Biofuels Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Plantation Academy Sdn Bhd (formerly known as Golden Hope Academy Sdn Bhd)	Dormant	Malaysia	100.0	100.0	1
Sincere Outlook Sdn Bhd	Dormant	Malaysia	100.0	-	1
Surfactants (Malaysia) Sendirian Berhad	Dormant	Malaysia	100.0	100.0	1
Tengah Estates Sendirian Berhad	Dormant	Malaysia	100.0	100.0	1
Tohunsug Plantations Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
PT Golden Hope Nusantara	Dormant	Indonesia	100.0	100.0	2
PT Guthrie Abdinusa Industri	Dormant	Indonesia	70.0	70.0	2
Sime Darby China Oils & Fats Company Limited	Dormant	Hong Kong SAR	100.0	-	2
Guthrie Plantation Liberia Inc	Dormant	Liberia	100.0	100.0	3
Trolak Estates Limited	Dormant	Scotland	100.0	100.0	3
Sime Darby Edible Products Tanzania Limited	Dormant	Tanzania	100.0	100.0	5
Castlefield (Klang) Rubber Estate Plc	Dormant	United Kingdom	100.0	100.0	3
Dusun Durian Plantations Limited	Dormant	United Kingdom	100.0	100.0	3
Holyrood Rubber Plc	Dormant	United Kingdom	100.0	100.0	3
Hoscote Rubber Estates Limited	Dormant	United Kingdom	100.0	100.0	3

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
PLANTATION - Subsidiaries (continued)					
Kinta Kellas Rubber Estate Plc	Dormant	United Kingdom	100.0	100.0	3
Malaysian Estates Plc	Dormant	United Kingdom	100.0	100.0	3
Nalek Rubber Estate Limited	Dormant	United Kingdom	100.0	100.0	3
Sabah Plantations Limited	Dormant	United Kingdom	100.0	100.0	3
The Kuala Selangor Rubber Plc	Dormant	United Kingdom	100.0	100.0	3
The London Asiatic Rubber and Produce Company Limited	Dormant	United Kingdom	100.0	100.0	3
The Pataling Rubber Estates Limited	Dormant	United Kingdom	100.0	100.0	3
The Straits Plantations Limited	Dormant	United Kingdom	100.0	100.0	3
The Sungei Bahru Rubber Estate Plc	Dormant	United Kingdom	100.0	100.0	3
Sime Health Limited	Dormant	United States of America	100.0	100.0	2
Sepang Nilai Estate Sdn Bhd	Liquidated	Malaysia	-	54.5	5
Tennamaram Biomass Sdn Bhd	In voluntary liquidation	Malaysia	-	70.0	5
PLANTATION - Associates					
Boustead Bulking Sdn Bhd	Bulking and marketing facilities to edible oil producers and millers	Malaysia	32.0	21.1	3
Cognis Oleochemicals (M) Sdn Bhd	Investment holding, production and sales of methylesters, fatty alcohols, specialty chemicals and refined glycerine; and the import and distribution of chemicals for the cosmetics, toiletries, detergent, plastic, paint and textile industries	Malaysia	50.0	50.0	3
Cognis Rika (M) Sdn Bhd	Production and sales of fatty alcohols	Malaysia	27.5	27.5	3
Tenom Crumb Sdn Bhd	Processing of latex, rubber and scrap	Malaysia	49.0	49.0	3
Nescaya Maluri Sdn Bhd	Investment holding and licensing	Malaysia	40.0	40.0	3
Leverian Holdings Pte Limited	Investment holding	Singapore	40.0	40.0	3
Cognis Oleochemicals Trading (Shanghai) Co Limited	Trading in oleochemical	China	50.0	50.0	3
Cognis Oleochemicals HK Limited	Investment holding and trading in oleochemical	Hong Kong SAR	50.0	50.0	3

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
PLANTATION - Associates (continued)					
Bangladesh Edible Oil Limited	Operation of edible oil refineries	Bangladesh	40.0	40.0	3
Intertrade (Bangladesh) Pte Limited	Rental of oil tanks and trading in edible oils	Bangladesh	40.0	40.0	3
Cognis Importacao eComercio Oleoquimica Ltda	Trading in oleochemical	Brazil	50.0	50.0	3
Cognis Oleochemicals GmbH	Production and trading in oleochemical	Germany	50.0	50.0	3
Cognis Oleochemicals Japan Ltd	Trading in oleochemical	Japan	50.0	50.0	3
Muang Mai Guthrie Public Co Ltd	Processing and distribution of rubber	Thailand	49.0	49.0	3
Savola Morocco S.A.	Production and sales of edible oils	Morocco	-	25.0	3
Cognis Oleochemicals UK Limited	Investment holding and trading in oleochemicals products	United Kingdom	50.0	50.0	3
Asian Furs Sdn Bhd	Dormant	Malaysia	50.0	50.0	3
Cognis Kimianika (M) Sdn Bhd	Dormant	Malaysia	50.0	50.0	3
Cognis Oleochemical Marketing (M) Sdn Bhd	Dormant	Malaysia	50.0	50.0	3
Gruhom (M) Sdn Bhd	Dormant	Malaysia	50.0	50.0	3
Guangzhou Keylink Chemicals Co Ltd	Dormant	China	36.0	36.0	3
Cognis Oleochemicals Canada Ltd	Dormant	Canada	50.0	50.0	3
Cognis Oleochemicals LLC	Dormant	United States of America	50.0	50.0	3
PROPERTY - Subsidiaries					
Accord Shipping & Forwarding Sdn Bhd	Property development	Malaysia	100.0	79.0	1
Alor Setia Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Augsburg (M) Sdn Bhd	Property development	Malaysia	100.0	79.0	1
Caring Skyline Sdn Bhd	Property development and management	Malaysia	100.0	100.0	1
Constant Skyline Sdn Bhd	Property development and management	Malaysia	100.0	100.0	1
CPB Properties Sdn Bhd	Property management and related activities	Malaysia	100.0	100.0	1
Ecopuri Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Genting View Resort Management Sdn Bhd	Resort management	Malaysia	50.7	50.7	1
Golden Hope Builders Sdn Bhd	Property development and investment holding	Malaysia	100.0	100.0	1

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
PROPERTY - Subsidiaries (continued)					
Golden Hope Properties (Sabah) Sdn Bhd	Property development and investment holding	Malaysia	100.0	100.0	1
Golden Hope Properties (Selangor) Sdn Bhd	Property development and investment holding	Malaysia	100.0	100.0	1
Golfhome Development Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Golftek Development Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Guthrie Landscaping Sdn Bhd	Horticultural supplies, landscape and design consultants and civil works	Malaysia	100.0	100.0	1
Guthrie Lukut Development Sdn Bhd	Property development	Malaysia	100.0	79.0	1
Guthrie Property Management Sdn Bhd	Real estate and property management	Malaysia	100.0	79.0	1
Guthrie Ropel Development Sdn Bhd	Property development and cultivation of oil palm	Malaysia	100.0	57.9	1
Harvard Golf Resort (Jerai) Berhad	Operation of golf club	Malaysia	99.0	99.0	1
Harvard Hotel (Jerai) Sdn Bhd	Hotel operation	Malaysia	100.0	100.0	1
Harvard Jerai Development Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Impian Golf Resort Berhad	Golfing, sporting and other recreational activities and services as well as property development	Malaysia	100.0	100.0	1
Ironwood Development Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Kuala Lumpur Golf & Country Club Berhad	Golfing, sporting and other recreational activities and services as well as property development	Malaysia	100.0	100.0	1
Lengkap Teratai Sdn Bhd	Property investment and development	Malaysia	100.0	51.2	1
Malaysia Land Development Company Berhad	Property investment	Malaysia	50.7	50.7	1
Melawati Development Sdn Bhd	Property development and investment holding	Malaysia	99.7	62.3	1
Negara Properties (M) Berhad	Property development and investment holding	Malaysia	99.7	62.3	1
Negara Properties Builders Sdn Bhd	Property development and investment holding	Malaysia	99.7	62.3	1
Negara Properties Landscaping Sdn Bhd	Property development and investment holding	Malaysia	99.7	62.3	1
Negara Properties Realty Sdn Bhd	Property development and investment holding	Malaysia	99.7	62.3	1

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
PROPERTY - Subsidiaries (continued)					
Negara Properties Services Sdn Bhd	Property development and investment holding	Malaysia	99.7	62.3	1
NP Development Sdn Bhd	Property development and investment holding	Malaysia	69.8	43.6	1
Paralimni Sdn Bhd	Property development	Malaysia	100.0	79.0	1
Prominent Acres Sdn Bhd	Property investment, development and plantation	Malaysia	100.0	75.6	1
Sime Darby Brunfield Damansara Sdn Bhd	Property development	Malaysia	60.0	60.0	1
Sime Darby Brunfield Darby Hills Sdn Bhd	Property development	Malaysia	60.0	60.0	1
Sime Darby Brunfield Holding Sdn Bhd	Property development and investment holding	Malaysia	60.0	60.0	1
Sime Darby Brunfield Kenny Hills Sdn Bhd	Property development	Malaysia	60.0	60.0	1
Sime Darby Brunfield Motorworld Sdn Bhd	Property development	Malaysia	60.0	60.0	1
Sime Darby Brunfield Project Management Sdn Bhd	Project management services	Malaysia	60.0	60.0	1
Sime Darby Brunfield Properties Holding Sdn Bhd	Investment holding	Malaysia	60.0	60.0	1
Sime Darby Brunfield Property Management Sdn Bhd	Project management services	Malaysia	60.0	60.0	1
Sime Darby Brunfield Resort Sdn Bhd	Property investment and development	Malaysia	60.0	60.0	1
Sime Darby Brunfield Resources Sdn Bhd	Property development and investment holding	Malaysia	60.0	60.0	1
Sime Darby Brunfield Taipan City Sdn Bhd	Property development	Malaysia	60.0	60.0	1
Sime Darby Industrial Properties Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Land Sdn Bhd	Property development and management, project management, property investment and plantations business	Malaysia	100.0	100.0	1
Sime Darby Malaysia Bhd	Investment holding and holding of trademarks	Malaysia	100.0	100.0	1
Sime Darby Property (Langkawi) Sdn Bhd (formerly known as North Road Properties Sendirian Berhad)	Property investment	Malaysia	100.0	100.0	1

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
PROPERTY - Subsidiaries (continued)					
Sime Darby Property Berhad (formerly known as Guthrie Property Development Holding Bhd)	Investment holding, property development, general construction and provision of management and advisory services	Malaysia	100.0	79.4	1
Sime Darby Property Development Sdn Berhad	Property investment	Malaysia	100.0	100.0	1
Sime Darby Urus Harta Berhad	Property services and management	Malaysia	100.0	100.0	1
Sime Footwear (Melaka) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Pilmoor Development Sdn Bhd	Property investment and development	Malaysia	100.0	100.0	1
Sime Property Holdings Sendirian Berhad	Property investment	Malaysia	100.0	100.0	1
Sime UEP (Johor) Sdn Bhd	Property investment and development	Malaysia	100.0	51.2	1
Sime UEP Building Management Services Sdn Bhd	Property management	Malaysia	100.0	51.2	1
Sime UEP Brunfield Properties Sdn Bhd	Property investment and development	Malaysia	70.0	50.5	1
Sime UEP Centre Sdn Bhd	Property investment and development	Malaysia	100.0	75.6	1
Sime UEP Development Sdn Bhd	Property investment, construction and development	Malaysia	100.0	51.2	1
Sime UEP Executive Suites Sdn Bhd	Property investment and management	Malaysia	100.0	65.8	1
Sime UEP Heights Sdn Bhd	Property investment and development	Malaysia	100.0	51.2	1
Sime UEP Homes Sdn Bhd	Property investment and development	Malaysia	100.0	51.2	1
Sime UEP Industrial Park Sdn Bhd	Property investment and development	Malaysia	100.0	51.2	1
Sime Way Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Wood Industries Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Stableford Development Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sungai Kantan Development Sdn Bhd	Property development and investment holding	Malaysia	99.7	62.3	1
Sungei Way Development Berhad	Property investment	Malaysia	100.0	51.2	1
Syarikat Jeleta Bumi Sdn Bhd	Property development and production and processing of palm oil and palm kernel	Malaysia	100.0	54.5	1

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
PROPERTY - Subsidiaries (continued)					
Syarikat Malacca Straits Inn Sdn Bhd	Hotel ownership	Malaysia	55.0	55.0	1
Syarikat Pembangunan Hartanah Guthrie Sdn Bhd	Property development and investment holding	Malaysia	100.0	79.0	1
Syarikat Perumahan Guthrie Sdn Bhd	Property development and investment holding	Malaysia	100.0	79.0	1
The Eden Bungalow Association Sdn Bhd	Operation of holidays bungalows	Malaysia	100.0	100.0	1
The Whittington Hill Bungalow Association Sdn Bhd	Operation of holidays bungalows	Malaysia	100.0	100.0	1
UEP Construction Sdn Bhd	Property investment	Malaysia	100.0	51.2	1
Vicworld (M) Sdn Bhd	Property development and cultivation of oil palm	Malaysia	100.0	54.5	1
Wisma Sime Darby Sdn Berhad	Property management and related services	Malaysia	100.0	100.0	1
Alexandra Properties Limited	Property management and investment	Singapore	100.0	100.0	2
Amston Properties Private Limited	Investment holding and property investment	Singapore	100.0	100.0	2
Aquila Development Private Limited	Property investment and development	Singapore	100.0	100.0	2
Citrus Grove Properties Private Limited	Property investment and management of service residences	Singapore	100.0	100.0	2
Dunearn Properties Limited	Property management and investment	Singapore	100.0	100.0	2
Sime Darby Properties Singapore Limited (formerly known as Sime Allied Properties Limited)	Investment holding	Singapore	100.0	100.0	2
Sime Properties (Vietnam) Private Limited	Investment holding and management of service residences	Singapore	100.0	100.0	2
Sime Properties International Private Limited	Property investment and management of service apartments	Singapore	100.0	75.6	2
Singapore Properties Limited	Property investment and development	Singapore	100.0	100.0	2
Sime Darby Properties Holdings (HK) Limited (formerly known as SD Properties Holdings (HK) Limited)	Investment holding	Hong Kong SAR	100.0	100.0	2
OCI Management Pty Ltd	Security and landcare services	Australia	42.0	42.0	2
Oyster Cove International Pty Ltd	Property development	Australia	42.0	42.0	2

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
PROPERTY - Subsidiaries (continued)					
Oyster Cove Properties Pty Ltd	Property investment	Australia	42.0	42.0	2
Sime Darby Australia Limited	Investment holding, service apartment operations and management	Australia	100.0	100.0	2
Sime Darby Hotels Pty Ltd	Operations of service apartments	Australia	100.0	100.0	2
Sime Darby Resorts Pty Ltd	Management of a resort	Australia	100.0	100.0	2
Sime Darby Brunsfield Australia Pte Ltd	Property development	British Virgin Islands	60.0	60.0	2
Green East Prime Ventures, Inc	Property realty and land ownership	Philippines	63.6	63.2	3
Silvertown Property Development Corporation	Leasing of properties	Philippines	99.3	98.7	3
Sime Darby Realty Development Corporation	Property development	Philippines	99.3	98.7	3
Sime Darby London Limited	Investment holding	United Kingdom	100.0	100.0	2
Sime Management Services Limited	Property management services	United Kingdom	100.0	100.0	2
Rangdong Orange Court Limited	Property investment and management of service residences	Vietnam	65.0	65.0	2
Genting View Resort Development Sdn Bhd	Dormant	Malaysia	30.4	30.4	1
Golden Hope Heritage Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Golden Hope Properties (Melaka) Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Golden Hope Properties (Perak) Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Golden Hope Staff Bungalows Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Guthrie Bina Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Guthrie Chemara Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Guthrie Dimensional Stones Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Guthrie Harta (Damansara) Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Guthrie Wood Products Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
GVR Construction Sdn Bhd	Dormant	Malaysia	30.4	30.4	1
Malaysian Ice Berhad	Dormant	Malaysia	100.0	100.0	1
Melawati Resort Berhad	Dormant	Malaysia	99.7	62.3	1
Negara Properties Harta Sdn Bhd	Dormant	Malaysia	99.7	62.3	1

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
PROPERTY - Subsidiaries (continued)					
Negara Properties Leisure Management Sdn Bhd	Dormant	Malaysia	99.7	62.3	1
Negara Properties Smarthome Sdn Bhd	Dormant	Malaysia	99.7	62.3	1
Pinar Baiduri Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Puchong Quarry Sdn Bhd	Dormant	Malaysia	100.0	85.4	1
Pulau Carey Properties Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Puri Bahagia Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
R&W Management Sdn Bhd	Dormant	Malaysia	100.0	51.2	1
Sime Darby Catering Services Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby General Trading Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Land (Johor) Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Resort Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Hartanah Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Healthcare Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Latex Products Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime UEP Lembah Acob Sdn Bhd	Dormant	Malaysia	100.0	51.2	1
Solarvest Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Xinjiang Sime Darby Property Co Ltd	Dormant	China	100.0	100.0	4
Bacini Cycles Pty Ltd	Dormant	Australia	100.0	100.0	2
Mortlock Distributors Pty Ltd	Dormant	Australia	100.0	100.0	2
Sime Cycle Australia Pty Ltd	Dormant	Australia	100.0	100.0	2
Sime Grove Apartments Pte Ltd	In voluntary liquidation	Singapore	-	100.0	5
PROPERTY - Jointly controlled entities					
Sime Darby Brunfield Properties Australia Pty Ltd	Investment holding	Australia	50.0	-	3
Sime Darby Brunfield International Limited (formerly known as Homme Properties Limited)	Investment holding	British Virgin Islands	50.0	-	5

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
PROPERTY - Associates					
Bitaria Sdn Bhd	Property development	Malaysia	24.0	14.9	3
Brunsfeld Embassyview Sdn Bhd	Property management and related services	Malaysia	30.0	30.0	3
I&P Morib Sdn Bhd	Property development	Malaysia	28.0	28.0	3
I&P Seriemas Sdn Bhd	Property development and investment holding	Malaysia	40.0	40.0	3
Shaw Brothers (M) Sdn Bhd	Property and investment holding	Malaysia	36.0	18.4	1
PT Bhumyamca Sekawan	Light industrial and commercial property investment and management	Indonesia	49.0	49.0	3
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
Siltown Realty Philippines, Inc	Investment holding	Philippines	39.7	39.5	3
Mostyn Development Sdn Bhd	Dormant	Malaysia	30.0	30.0	3
INDUSTRIAL - Subsidiaries					
Columbia Chrome (Malaysia) Sdn Bhd	Manufacturing, re-manufacturing, repair and servicing of engine products, electroplating and chroming activities	Malaysia	100.0	100.0	1
Kiong Yu Realty Sdn Bhd	Property holding	Malaysia	100.0	100.0	1
Otofin Industries Sdn Bhd	Manufacturing and assembly of generators, agricultural and industrial machinery	Malaysia	75.0	75.0	1
Otofin Sdn Bhd	Sale and marketing of generators, agricultural and industrial machinery	Malaysia	75.0	75.0	1
Sime Darby Industrial Sdn Bhd (formerly known as Tractors Malaysia (1982) Sdn Bhd)	Sale of equipment, spare parts and service support for Caterpillar business, other material handling equipment and industrial cleaners, and supply and installation of Kawasaki co-generation systems	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
TMA-Joy Industries Asia Pacific Sdn Bhd	Designing and manufacturing of heat exchangers, radiators, process equipment modules, filters and separators	Malaysia	55.0	55.0	1

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
INDUSTRIAL - Subsidiaries (continued)					
Tractors Academy Sdn Bhd (formerly known as Tractors Malaysia Training and Development Centre Sdn Bhd)	Training services	Malaysia	100.0	100.0	1
Tractors Malaysia Enterprise Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Tractors Malaysia Motor Holdings Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Tractors Malaysia Power Systems Sdn Bhd	Packaging of Caterpillar generator sets	Malaysia	100.0	100.0	1
Tractors Malaysia Rebuild Sdn Bhd	Reconditioning of used equipment and machinery	Malaysia	100.0	100.0	1
Tractors Manufacturing & Assembly Sdn Bhd	Manufacturing and assembly of tractor implements and parts, and other products	Malaysia	100.0	100.0	1
Tractors Material Handling Sdn Bhd	Sale and distribution of lift trucks and spare parts, and the rental and servicing of other material handling equipment	Malaysia	100.0	100.0	1
Tractors Petroleum Services Sdn Bhd	Supply, repair and maintenance of Caterpillar engines and other equipment for the oil and gas industry	Malaysia	100.0	100.0	1
Tractors Machinery International Pte Ltd	Sales & service of new and used earth moving construction and related heavy equipment and spare parts	Singapore	100.0	100.0	2
Tractors Singapore Holdings Pte Ltd	Investment holding	Singapore	100.0	100.0	2
Tractors Singapore Limited	Sale, rental, service & assembly of earthmoving and construction equipment and related heavy equipment and spare parts	Singapore	100.0	100.0	2
Foshan Shunde CEL Machinery Company Limited	Selling of Caterpillar heavy construction equipment, electricity generator sets, engines and spare parts; provision of maintenance service; equipment rental; project co-ordination and engineering for installation of mechanical and electrical equipment	China	100.0	100.0	2

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
INDUSTRIAL - Subsidiaries (continued)					
Xiamen CEL Heavy Equipment Company Limited	Selling of Caterpillar heavy construction equipment, electricity generator sets, engines and spare parts; provision of maintenance service; equipment rental; project co-ordination and engineering for installation of mechanical and electrical equipment	China	100.0	100.0	2
Xiamen Sime Darby CEL Machinery Co Ltd	Selling of Caterpillar heavy construction equipment, electricity generator sets, engines and spare parts; provision of maintenance service; equipment rental; project co-ordination and engineering for installation of mechanical and electrical equipment	China	100.0	100.0	2
Elco Power Systems Ltd	Distribution of Perkins engine products	Hong Kong SAR	100.0	-	2
Austchrome Pty Ltd	Chroming and hydraulic repairs	Australia	100.0	100.0	2
Hastings Deering (Australia) Limited	Sales of equipment and spare parts and service support for Caterpillar business	Australia	100.0	100.0	2
The China Engineers (South China) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
The China Engineers Limited	Selling of Caterpillar heavy construction equipment, electricity generator sets, engines and spare parts; provision of maintenance service; equipment rental; project co-ordination and engineering for installation of mechanical and electrical equipment	Hong Kong SAR	100.0	100.0	2
Tractors Malaysia (Hong Kong) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Macau CEL Machinery Company Limited	Sales of engineering machinery, electricity generating sets, engines and related services of the said products, and provision of installation services for electrical and mechanical equipment	Macau SAR	100.0	100.0	5
Tractors (B) Sdn Bhd	Assembly, marketing and distribution of agricultural and industrial equipment	Brunei	70.0	70.0	3
CICA Limited	Distribution, sales and maintenance of trucks, drilling equipment and compressors	Channel Islands	70.0	70.0	5

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
INDUSTRIAL - Subsidiaries (continued)					
Caltrac SAS	Sales of equipment and spare parts and service support for Caterpillar business	New Caledonia	100.0	100.0	2
Hastings Deering (PNG) Limited	Sales of equipment and spare parts and service support for Caterpillar business	Papua New Guinea	100.0	100.0	2
Sime Darby Industries, Inc	General trading	Philippines	99.3	98.7	3
Sime Darby Pilipinas, Inc	Distribution and servicing of Ford New Holland and Fiat agricultural machinery, Kamol agricultural equipment, and general trading and leasing	Philippines	99.3	98.7	3
Hastings Deering (Solomon Islands) Limited	Sales of equipment and spare parts and service support for Caterpillar business	Solomon Islands	100.0	100.0	2
CICA Vietnam Limited	Provision of consultancy and services in connection with installation, operation, repair and maintenance of industrial machines, equipment and engines	Vietnam	70.0	70.0	2
Associated Tractors Sendirian Berhad	Dormant	Malaysia	100.0	100.0	1
Scandinavian Truck & Bus Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Tractors All Parts Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Tractors Auto Components Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Tractors Malaysia Engineering Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Yaala Pembangunan Sendirian Berhad	Dormant	Malaysia	100.0	100.0	1
Xinjiang Sime Darby Heavy Equipment Co Ltd	Dormant	China	100.0	100.0	5
Xiamen Xiangyu Sime Darby CEL Machinery Trading Co Ltd	Dormant	China	100.0	100.0	2
ATSB (B) Sendirian Berhad	Dormant	Brunei	100.0	100.0	2
INDUSTRIAL - Jointly controlled entities					
Terberg Tractors Malaysia Sdn Bhd	Marketing, distributing, selling and servicing Terberg terminal tractors	Malaysia	50.0	50.0	1
Wilpena Pty Limited	Joint venture vehicle incorporated to tender for sales of equipment and spare parts and service support for Caterpillar business to BHP Billiton at Olympic Dam Expansion	Australia	50.0	-	3

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
INDUSTRIAL - Associates					
Caterpillar Financial Services Malaysia Sdn Bhd	Hire purchase and leasing finance in support of sales of equipment	Malaysia	40.0	40.0	1
FG Wilson Asia Pte Ltd	Sale and servicing of diesel generator sets	Singapore	50.0	50.0	2
Energy Power Systems Australia Pty Ltd	Sale of Caterpillar engines	Australia	20.0	20.0	3
MOTORS - Subsidiaries					
Auto Bavaria Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Ford Malaysia Sdn Bhd	Investment holding	Malaysia	51.0	51.0	1
Hyumal Motor Sdn Bhd	Investment holding, importation and distribution of certain Hyundai vehicles and related spare parts and provision of after sales service	Malaysia	51.0	51.0	1
Hyumal Trading Sdn Bhd	Sales of certain Hyundai and Inokom vehicles and provision of after sales service	Malaysia	51.0	51.0	1
Hyundai-Sime Darby Berhad	Investment holding	Malaysia	100.0	100.0	1
Hyundai-Sime Darby Motors Sdn Bhd	Sales and distribution of passenger and light commercial vehicles, provision of after sales service and selling and distribution of 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	Import and distribution of Land Rover motor vehicles and spare parts	Malaysia	60.0	60.0	1
Sime Darby Auto ConneXion Sdn Bhd (formerly known as Sime Darby Automobiles Malaysia Sdn Bhd)	Distribution of Ford 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 Imports Sdn Bhd	Importer of BMW, MINI and Ford vehicles	Malaysia	100.0	100.0	1
Sime Darby Auto Italia Sdn Bhd	Distribution of Alfa Romeo vehicles and spare parts and provision of after sales services	Malaysia	100.0	100.0	1
Sime Darby Motor Division Sdn Bhd	Provision of management services and retail of BMW and MINI vehicles	Malaysia	100.0	100.0	1
Sime Darby 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

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
MOTORS - Subsidiaries (continued)					
Performance Motors Limited	Motor 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	Singapore	100.0	100.0	2
Sime Darby Services Private Limited	Vehicle rental	Singapore	100.0	100.0	2
Sime Singapore Limited	Investment holding and provision of management and ancillary services	Singapore	100.0	100.0	2
Vantage Automotive Limited	Motor dealership	Singapore	100.0	100.0	2
Chengdu Bow Yue Vehicle Company Limited	Provision of after-sales service for BMW automobiles including repair, maintenance and inspection; retail of spare parts of BMW automobiles and provision of consultancy services	China	100.0	-	3
Guangdong Deda Bow Ma Motor Service Co Ltd	Provision of after-sales service for BMW automobiles including repair, maintenance and inspection; retail of spare parts of BMW automobiles and provision of consultancy services	China	65.0	65.0	2
Hainan Bao Yue Automobiles Trading Co Ltd	Retail of BMW automobiles and related spare parts, and provision of management consultancy services	China	100.0	100.0	3
Hainan Dejie Motors Limited	Provision of after-sales service for BMW automobiles including repair, maintenance and inspection; retail of spare parts of BMW automobiles and provision of consultancy services	China	100.0	100.0	3
Hangzhou Xin Biao Xian Motors Technology & Services Company Limited	Display of motor vehicles, after sales consultancy and management services	China	100.0	-	4
Shanghai Sime Darby Investments Consulting Company Limited	Investment holding and provision of consultancy services	China	100.0	-	4
Shanghai Xin Biao Xian Motor Commerce Company Limited	Retail of Rolls-Royce automobiles and related spare parts, and provision of management consultancy services	China	100.0	100.0	2
Shantou Bow Yue Vehicle Trading Company Limited	Retail of BMW automobiles and related spare parts and provision of management consultancy services	China	100.0	-	2

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
MOTORS - Subsidiaries (continued)					
Shantou Dehong Bow Ma Motors Company Limited	Provision of after-sales services for BMW automobiles including repair, maintenance and inspection; retail of spare parts of BMW automobiles and provision of consultancy services	China	60.0	60.0	2
Shenzhen Bow Chuang Vehicle Trading Company Limited	Retail of BMW automobiles and related spare parts and provision of management consultancy services	China	100.0	100.0	2
Shenzhen Sime Darby Motor Enterprises Co Ltd	Motor vehicles maintenance and repair; inspection and testing of motor vehicles; and provision of consultancy services	China	70.0	70.0	2
Shenzhen Xin Chuang Motor Trading Company Limited	Provision of after-sales services for motor vehicles	China	100.0	-	3
Yunnan Bow Yue Vehicle Trading Company Limited	Retail of BMW automobiles and related spare parts, and provision of management consultancy services	China	65.0	100.0	3
Yunnan Dekai Bow Ma Motors Technology & Service Co Ltd	Provision of after-sales services for BMW automobiles including repair, maintenance and inspection; retail of spare parts of BMW automobiles and provision of consultancy services	China	65.0	65.0	3
Auto Technology Engineering Company Limited	Distribution of Denso Diesel injection pump and provision of after sales service	Hong Kong SAR	100.0	100.0	2
AutoFrance Hong Kong Limited	Distributor and dealer of Peugeot motor vehicles	Hong Kong SAR	100.0	100.0	2
BMW Concessionaires (HK) Limited	Distributor and dealer of BMW motor vehicles, provision of after-sales maintenance services and investment holding	Hong Kong SAR	100.0	100.0	2
Bow Ma Motors (South China) Ltd	Investment holding	Hong Kong SAR	100.0	100.0	2
Goodwood Motors Limited	Distributor and dealer of Rolls-Royce motor vehicles	Hong Kong SAR	100.0	100.0	2
Island Motors Limited	Distributor and dealer of Suzuki motor vehicles	Hong Kong SAR	100.0	100.0	2
Parts Link Trading Company Limited	Wholesaler of motor vehicles parts and accessories	Hong Kong SAR	100.0	100.0	2
Sime Darby Management Services Limited	Provision of intra-group management services and property holding	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 licensee	Hong Kong SAR	100.0	100.0	2

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
MOTORS - Subsidiaries (continued)					
Sime Darby Motor Services Limited	Distribution of Ford motor vehicles, Huanghai bus and provision of after sales services for motor vehicles	Hong Kong SAR	100.0	100.0	2
Sime Darby Motors (Nissan China) Holdings Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Uniparts Limited	Wholesaler and retailer of motor vehicle spare parts and accessories	Hong Kong SAR	100.0	100.0	2
Universal Cars (Importers) Limited	Distributor and dealer of Mitsubishi motor vehicles	Hong Kong SAR	100.0	100.0	2
Universal Cars Limited	Distributor and dealer of Mitsubishi motor vehicles	Hong Kong SAR	100.0	100.0	2
Wallace Harper & Company, Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Warwick Motors Limited	Distributor and dealer of Land Rover motor vehicles	Hong Kong SAR	100.0	100.0	2
BMW Concessionaires (Macau) Limited	Agent for sales, service and parts for BMW motor vehicles	Macau SAR	100.0	100.0	2
Harper Engineering (Macau) Limited	Motor vehicles sales and aftersales services	Macau SAR	100.0	100.0	2
Sime Darby Automobiles Pty Ltd	Peugeot vehicles distributor	Australia	100.0	100.0	2
South Perth Investments Pty Ltd	Vehicle rental and related mechanical services	Australia	100.0	100.0	2
Continental Car Services Limited	Motor dealership	New Zealand	100.0	100.0	2
Hino Distributors NZ Limited	Sale of new Hino heavy trucks and used heavy trucks of all makes and models	New Zealand	100.0	100.0	2
Infinity Automotive Limited	Retailing of new and used passenger cars and light commercial vehicles, spare parts and accessories and the provision of related services	New Zealand	100.0	100.0	2
Motor Truck Distributors (NZ) Limited	Sale of new Mack and Renault heavy trucks and used heavy trucks of all makes and models	New Zealand	100.0	100.0	2
North Shore Motor Holdings Limited	Motor vehicles dealer	New Zealand	100.0	100.0	2
Perry's Automotive Group (North Shore) Limited	Wholesaling and retailing of new and used passenger cars and light commercial vehicles, spare parts and accessories and the provision of related services	New Zealand	100.0	100.0	2
Sime Darby Automobiles NZ Limited	Motor vehicles distribution	New Zealand	100.0	100.0	2
Sime Darby Motor Group (NZ) Limited	Investment holding	New Zealand	100.0	100.0	2

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
MOTORS - Subsidiaries (continued)					
Truck Investments Limited	Investment holding and financing of vehicles	New Zealand	100.0	100.0	2
Truck Stops (NZ) Limited	Provision of spare parts and services for medium and heavy trucks and repair and servicing of truck trailers	New Zealand	100.0	100.0	2
UD Truck Distributors (NZ) Limited	Nissan diesel truck distributor and retailer	New Zealand	100.0	100.0	2
SDHK Group Company Limited	Investment holding	Bermuda	100.0	100.0	5
Performance Motors (Thailand) Limited	Motor dealership	Thailand	100.0	100.0	3
Sime Darby (Thailand) Limited	Investment holding	Thailand	100.0	100.0	3
Sime Darby Mazda (Thailand) Limited	Motor dealership	Thailand	100.0	100.0	3
Sime Darby Mitsu (Thailand) Limited	Leasing of properties	Thailand	100.0	100.0	3
Sime Darby Regent Motors Limited	Motor dealership	Thailand	100.0	100.0	3
Viking Motors Limited	Dealer of Volvo motor vehicles	Thailand	100.0	100.0	3
Associated Motors Industries Malaysia Sdn Bhd	Dormant	Malaysia	51.0	51.0	1
Hyundai-Sime Darby Engine Manufacturing Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby System Integrators Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Special Brand Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Motor Group (Singapore) Limited	Dormant	Singapore	100.0	100.0	2
Beijing Sime Darby Consulting Services Company Limited	Dormant	China	100.0	100.0	2
Hainan Sime Darby Motors Service Enterprises Company Limited	Dormant	China	100.0	100.0	3
Shanghai SimeWinner Automobile Trading Company Limited	Dormant	China	60.0	60.0	3
Tianjin Dong Hui Technical Services Company Limited	Dormant	China	60.0	60.0	2
Tianjin Sime Winner Motors Trading Co Ltd	Dormant	China	60.0	60.0	2

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
MOTORS - Subsidiaries (continued)					
AutoFrance China Limited	Dormant	Hong Kong SAR	100.0	100.0	2
Sime Winner Holdings Limited	Dormant	Hong Kong SAR	60.0	60.0	2
SimeWinner Nissan Autocrafts Limited	Dormant	Hong Kong SAR	60.0	60.0	2
Universal Cars China Limited	Dormant	Hong Kong SAR	100.0	100.0	2
Universal Cars Holdings Limited	Dormant	Hong Kong SAR	45.0	45.0	2
Vermont International Limited	Dormant	Hong Kong SAR	60.0	60.0	2
Sime Darby Motor Group (Australia) Pty Limited	Dormant	Australia	100.0	100.0	2
Continental Cars Limited	Dormant	New Zealand	100.0	100.0	2
ERF Man and Western Star (NZ) Limited	Dormant	New Zealand	100.0	100.0	2
Neville Motors Limited	Dormant	New Zealand	100.0	100.0	2
Palmerston North Motors Wholesale Limited	Dormant	New Zealand	100.0	100.0	2
Bluewater Marine Limited	Dormant	British Virgin Islands	100.0	100.0	5
MOTORS - Associates					
BMW Malaysia Sdn Bhd	Sale and distribution of motor vehicles and motorcycles and leasing of tooling equipment related thereto	Malaysia	49.0*	49.0*	3
Oriental-Hyundai Sdn Bhd	Distributor of motor vehicles	Malaysia	20.4*	20.4*	3
BMW Financial Services Hong Kong Limited (formerly known as CEC Finance Limited)	Hire purchase and lease financing	Hong Kong SAR	49.0	49.0	3
ENERGY AND UTILITIES - Subsidiaries					
Chubb Malaysia Sendirian Berhad	Manufacturing, marketing, installation and servicing of security products	Malaysia	70.0	49.0	1
JanaUrus PDP Sdn Bhd	Provision of operating and maintenance services to an independent power producer	Malaysia	100.0	100.0	1
Malaysian Oriental Holdings Berhad	Investment holding	Malaysia	100.0	70.0	1

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
ENERGY AND UTILITIES - Subsidiaries (continued)					
Mecomb Malaysia Sdn Berhad	Sales and services of industrial, mechanical, electrical and instrumentation products, computer products and systems and design and consultancy of air-conditioning systems	Malaysia	100.0	70.0	1
Port Dickson Power Berhad	Independent power producer	Malaysia	75.0	75.0	1
Sime Darby Energy Sdn Bhd (formerly known as Sime Darby Oil & Gas Sdn Bhd)	Investment holding	Malaysia	100.0	70.0	1
Sime Darby Engineering Sdn Bhd	Engineering, fabrication and construction relating to the oil and gas industry	Malaysia	100.0	79.0	1
Sime Darby Offshore Engineering Sdn Bhd	Sales and services, products and systems integration	Malaysia	100.0	70.0	1
Sime Darby Petroleum Sdn Bhd	Oil and gas exploration	Malaysia	100.0	100.0	1
Sime Darby T&I Sdn Bhd (formerly known as Formula Ocean Sdn Bhd)	Provision of offshore transportation and installation services	Malaysia	51.0	-	1
Sime Darby Utilities Sdn Bhd (formerly known as Sime Overseas 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	70.0	1
Sime Surveillance Sdn Bhd	Provision of security services	Malaysia	100.0	100.0	1
Sime-SIRIM Technologies Sdn Bhd	Provision of calibration, measurement and related services	Malaysia	50.0	35.0	1
Sime Technologies Holdings Pte Ltd	Investment holding	Malaysia	100.0	70.0	5
PT Sime Darby Offshore Engineering	Importation and distribution of engineering products	Indonesia	100.0	70.0	2
Mecomb Singapore Limited	Manufacture and installation of industrial equipment and the import and sale of technical and scientific instruments, mechanical, electrical and electronic equipment and components	Singapore	100.0	70.0	2
Sime Power Pte Ltd	Investment holding	Singapore	100.0	100.0	2
Jining Sime Darby Port Co Ltd	Ownership and management of port facilities and services	China	70.0	-	3
Weifang Sime Darby Port Co Ltd	Ownership and management of port facilities and services	China	99.0	99.0	3

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
ENERGY AND UTILITIES - Subsidiaries (continued)					
Weifang Sime Darby Water Co Ltd	Treatment and supply of treated water mainly to industrial customers	China	100.0	100.0	3
Zibo Sime Darby Chemicals Co Ltd	Production and sale of polyaluminium chloride	China	51.0	51.0	3
Sime Darby Marine (Hong Kong) Private Limited	Investment holding	Hong Kong SAR	100.0	-	2
Sime Darby Overseas (HK) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Laem Chabang Power Co Limited	Independent power producer	Thailand	100.0	100.0	3
Mecomb (Thailand) Limited	Sale of industrial, mechanical, electrical and electronic products	Thailand	100.0	100.0	2
Sime LCP Power Company Limited	Operation of a power plant in Thailand	Thailand	100.0	100.0	3
Sime O&M (Thailand) Co Ltd	Provision of operation and maintenance services to power plants	Thailand	100.0	100.0	3
Balui Hydro Sdn Bhd	Dormant	Malaysia	100.0	70.0	1
Malaysia-China Hydro Sdn Bhd	Dormant	Malaysia	100.0	70.0	1
Pesida Equipment Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Brunfield Engineering Sdn Bhd	Dormant	Malaysia	60.0	60.0	1
Sime Darby EcoSystems Sdn Bhd	Dormant	Malaysia	51.0	100.0	1
Sime Darby Marine Sdn Bhd	Dormant	Malaysia	100.0	70.0	1
Sime Darby Nautical Sdn Bhd	Dormant	Malaysia	51.0	100.0	1
Sime Darby Power Link Sdn Bhd	Dormant	Malaysia	100.0	-	1
Sime Darby Power Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Systems Sdn Bhd	Dormant	Malaysia	100.0	70.0	1
Sime Darby Utilities Management Sdn Bhd (formerly known as Sime Darby Energy & Utilities Sdn Bhd)	Dormant	Malaysia	100.0	100.0	1
Weifang Sime Darby Investment and Management Co Ltd	Dormant	China	51.0	51.0	3
ENERGY AND UTILITIES - Jointly controlled entities					
Malaysia - China Hydro Joint Venture	Engineering, procurement and construction work	Malaysia	35.7	25.0	1

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
ENERGY AND UTILITIES - Jointly controlled entities (continued)					
Sime - Lum Chang Joint Venture	Engineering, procurement and construction work	Malaysia	50.0	35.0	1
Sime Engineering Sdn Bhd - Edwards & Sons Joint Venture	Procurement and construction work	Malaysia	51.0	35.7	1
Sime Engineering - Semcorp Malaysia Joint Venture	Dormant	Malaysia	51.0	35.7	1
IWS Management Sdn Bhd	Dormant	Malaysia	50.0	-	1
ENERGY AND UTILITIES - Associates					
Guardfire (Malaysia) Sdn Bhd	Dormant	Malaysia	30.0	30.0	1
Sime Darby Water Resources (Perak) Sdn Bhd (formerly known as Independent Water Supplier Sdn Bhd)	To source, treat, supply and distribute water in its raw or treated form	Malaysia	48.0	48.0	1
Chubb Singapore Private Limited	Marketing of security and fire protection products and services	Singapore	30.0	30.0	2
Chubb-Special Fire Hazards Protection Pte Ltd	Provision of fire protection and alarm systems and services	Singapore	30.0	30.0	2
GENERAL TRADING - Subsidiaries					
Dunlopillo (Malaysia) Sdn Bhd	Manufacturing and distribution of mattresses, related bedding products and accessories	Malaysia	100.0	100.0	1
Dunlopillo Holdings Sdn Bhd	Investment holding and distribution of mattresses, related bedding products and accessories	Malaysia	100.0	100.0	1
Guthrie Corridor Expressway Sdn Bhd	Road concession operation	Malaysia	-	100.0	1
Guthrie Technologies Sdn Bhd	Computer services	Malaysia	-	100.0	3
Harvik Rubber Industries Sdn Bhd	Manufacture and export of rubber and PVC footwear	Malaysia	100.0	100.0	1
Kapar Coconut Industries Sdn Bhd	Manufacture of coconut-based food products	Malaysia	51.0	51.0	1
Megah Medical Specialists Group Sdn Bhd	Provision of medical, health care and other related ancillary services	Malaysia	100.0	100.0	1
Sime Darby Financial Services Holdings Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Holdings Berhad (formerly known as SD Holdings Berhad)	Investment holding, marketing of and agent for commodities and provision of management services to related companies	Malaysia	100.0	100.0	1

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
GENERAL TRADING - Subsidiaries (continued)					
Sime Darby Insurance Pte Ltd	Offshore captive insurer	Malaysia	100.0	100.0	1
Sime Darby Lockton Insurance Brokers Sdn Bhd	Insurance and reinsurance brokers, insurance advisory and consultancy services	Malaysia	60.0	60.0	1
Sime Darby Nominees Sendirian Berhad	Holding investments as a nominee	Malaysia	100.0	100.0	1
Sime Darby Travel Sdn Bhd	Travel agency	Malaysia	100.0	100.0	1
Sime Healthcare Staff Agency Sdn Bhd	Employment agency	Malaysia	100.0	100.0	1
Sime Link Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Malaysia Region Berhad	Investment holding	Malaysia	100.0	100.0	1
Sime NET Technologies Sdn Bhd	Provider of information technology services, human resources and other support services	Malaysia	100.0	100.0	1
Sime Rengo Packaging (M) Sdn Bhd	Manufacture and sale of corrugated fibre board cartons and boxes	Malaysia	70.0	70.0	1
Sime Solution Centre Sdn Bhd	Provision of information technology and information systems, accounting, human resources, and other support services to related companies	Malaysia	100.0	100.0	1
Sime Technology Ventures Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
SimeWest Holdings Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
SJMC Training & Educational Services Sdn Bhd	Organising educational programmes and provision of education	Malaysia	100.0	100.0	1
Subang Jaya Medical Centre Sdn Bhd	Management of a hospital and provision of related healthcare facilities	Malaysia	100.0	100.0	1
Tahan Enterprise Sdn Berhad	Investment holding	Malaysia	100.0	100.0	1
Tractors Malaysia Holdings Berhad	Investment holding and provision of management and ancillary services	Malaysia	100.0	100.0	1
PT Sime Dunlopillo Indonesia	Distribution of mattresses and related bedding products	Indonesia	70.0	70.0	2
Dunlopillo (Singapore) Pte Ltd	Distribution of tyres, mattresses, related bedding products and that of accessories and investment holding	Singapore	100.0	100.0	2
Orchard Nominees Private Limited	Holding investments as a nominee	Singapore	100.0	100.0	2
Sime Darby Eastern Investments Private Limited	Investment holding	Singapore	100.0	100.0	2

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
GENERAL TRADING - Subsidiaries (continued)					
Sime Darby Eastern Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Management Services (Singapore) Private Limited	Provision of human resources, information technology, legal, corporate secretarial and accounting services to related companies and investment holding	Singapore	100.0	100.0	2
Sime Darby Singapore Limited	Investment holding	Singapore	100.0	100.0	2
Sime Insurance Brokers (Singapore) Pte Ltd	Insurance brokers and consultants	Singapore	100.0	100.0	2
Sime Rengo Packaging Singapore Limited	Manufacture and marketing of corrugated paper boxes and other paper products	Singapore	-	66.6	2
Sime Singapore Investments Limited	Investment holding	Singapore	100.0	100.0	2
Sime Travel (Singapore) Private Limited	Travel agency	Singapore	-	70.0	2
Dunlopillo (Shenzhen) Limited	Manufacturing and distribution of mattresses, related bedding products and accessories	China	100.0	100.0	2
Sime Technology (Beijing) Company Limited	Investment holding	China	100.0	100.0	2
Dunlopillo (Hong Kong) Limited	Distribution of mattresses, related bedding products and accessories	Hong Kong SAR	100.0	100.0	2
Jecking Tours & Travel Limited	Travel and tour agency	Hong Kong SAR	-	70.0	2
Marksworth Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
SD Far East (1991) Limited	Investment holding	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 Hong Kong Finance Limited	Provision of intra-group financial and management services and investment holding	Hong Kong SAR	100.0	100.0	2
Sime Darby Hongkong Nominees Limited	Holding investments as a nominee	Hong Kong SAR	100.0	100.0	2
Sime Insurance Brokers (HK) Limited	Insurance brokers and consultants	Hong Kong SAR	100.0	100.0	2
Sime Managing Agency Limited	Insurance agent	Hong Kong SAR	100.0	100.0	2
Westminster Travel Limited	Travel agency	Hong Kong SAR	-	70.0	2
Wincastle Travel (HK) Limited	Travel agency	Hong Kong SAR	-	52.5	2

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
GENERAL TRADING - Subsidiaries (continued)					
Sime Darby Investments Pty Limited	Investment holding	Australia	100.0	100.0	2
The China Engineers (BVI) Limited	Investment holding	British Virgin Islands	100.0	100.0	5
Sime Investments (Mauritius) Limited	Provision of financing	Mauritius	100.0	100.0	3
Westminster Travel Limited (Taiwan)	Travel agency	Taiwan	-	70.0	2
Dunlopillo (Middle East) FZE	Distribution of mattresses, related bedding products and accessories	United Arab Emirates	100.0	100.0	5
Guthrie Overseas Limited	Investment holding	United Kingdom	100.0	100.0	3
Symington Investments (USA) Inc	Investment holding	United States of America	100.0	100.0	3
Dunlopillo (Vietnam) Limited	Manufacturing and distribution of mattresses, related bedding products and accessories	Vietnam	100.0	100.0	2
Entrée Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Golden Hope Plantations Berhad	Dormant	Malaysia	100.0	100.0	1
Guthrie Furniture Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Guthrie Ropel Berhad	Dormant	Malaysia	100.0	57.9	1
Guthrie Rubber Processing Sdn Bhd	Dormant	Malaysia	100.0	86.0	1
Haron Estate Development Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Highlands & Lowlands Berhad	Dormant	Malaysia	100.0	54.5	1
Kumpulan Guthrie Berhad	Dormant	Malaysia	100.0	100.0	1
Kumpulan Sime Darby Berhad (formerly known as Sime Darby Berhad)	Dormant	Malaysia	100.0	100.0	1
Mentakab Rubber Company (Malaya) Berhad	Dormant	Malaysia	100.0	60.7	1
Sime Coatings Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Engineering Services Berhad	Dormant	Malaysia	100.0	70.0	1
Sime Holidays Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime UEP Properties Berhad	Dormant	Malaysia	100.0	51.2	1
Steelform Industries (Malaysia) Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
TMB Niaga Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
PB Packaging Systems Singapore Pte Ltd	Dormant	Singapore	66.7	66.7	2

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
GENERAL TRADING - Subsidiaries (continued)					
Sime Darby Eastern International Limited	Dormant	Singapore	100.0	100.0	2
SRIB (Far East) Pte Ltd	Dormant	Singapore	100.0	100.0	2
PAR Resources (Holdings) Limited	Dormant	Hong Kong SAR	100.0	100.0	2
Sime Darby Services Limited	Dormant	Hong Kong SAR	100.0	100.0	2
Sime Travel Holdings Limited	Dormant	Hong Kong SAR	100.0	100.0	2
Sime Insurance Services Sdn Bhd	Dormant	Brunei	100.0	100.0	3
Sime Darby Yangon Limited	Dormant	Myanmar	100.0	100.0	3
East West Insurance Company Limited	Dormant	United Kingdom	81.0	81.0	2
Guthrie Furniture Products Limited	Dormant	United Kingdom	100.0	100.0	3
Guthrie Symington Limited	Dormant	United Kingdom	100.0	100.0	3
Robt Bradford & Co Ltd	Dormant	United Kingdom	100.0	100.0	2
Robt Bradford Hobbs Savill Ltd	Dormant	United Kingdom	98.6	98.6	2
Sime Darby Pension Scheme Trustees Ltd	Dormant	United Kingdom	100.0	100.0	2
Sime Darby Americas Limited	Dormant	United States of America	100.0	100.0	2
Sime Darby Corporation (Africa) Sdn Bhd	In voluntary liquidation	Malaysia	-	100.0	5
Wuxi PAR Resources Coatings & Chemicals Company Limited	In voluntary liquidation	China	-	100.0	5
Laverton Holdings Pte Limited	In voluntary liquidation	Mauritius	-	100.0	5
Sime Darby Nominees Limited	In voluntary liquidation	United Kingdom	-	100.0	5
GENERAL TRADING - Associates					
Asian Composites Manufacturing Sdn Bhd	Manufacture of composite parts of aircraft	Malaysia	33.3	33.3	1
Donghwa Chemical (M) Sdn Bhd	Manufacturing and selling resin products and paper treaters	Malaysia	30.0	30.0	3
Donghwa Fibreboard Sdn Bhd	Manufacturing and selling medium density fibreboards	Malaysia	30.0	30.0	3
Donghwa GH International Sdn Bhd	Investment holding	Malaysia	30.0	30.0	3

48 LIST OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2008	2007	
GENERAL TRADING - Associates (continued)					
Donghwa MDF (M) Sdn Bhd	Manufacturing and selling medium density fibreboards	Malaysia	30.0	30.0	3
KN Sime Logistics Sdn Bhd	Provision of freight forwarding, transportation and warehousing and distribution services	Malaysia	50.0	50.0	3
Sime Kansai Paints Sdn Bhd	Manufacturing, selling and marketing of paints	Malaysia	40.0	40.0	3
Tesco Stores (Malaysia) Sdn Bhd	Operation of retail outlets	Malaysia	30.0	30.0	3
Celliose Par Coatings (Wuxi) Company Limited	Manufacturing and trading of paints and chemical products	China	-	40.0	3
Celliose Par Coatings Company Limited	Investment holding, manufacturing and trading of paints and chemical products	Hong Kong SAR	-	40.0	3
Hogg Robinson Westminster Hong Kong Limited	Provision of corporate travel	Hong Kong SAR	-	34.3	2
The China Water Company (Shenyang) Limited	Investment holding	British Virgin Islands	33.0	33.0	3
Marsman-Wesminster Travel, Inc	Tour and travel agency	Philippines	-	35.0	3
Union Sime Darby (Thailand) Ltd	Insurance and reinsurance brokers and consultants	Thailand	49.0	49.0	3
Dongwha Parquet Sdn Bhd	Dormant	Malaysia	30.0	30.0	3

Notes:

- 1 - Subsidiaries and associates which are audited by PricewaterhouseCoopers, Malaysia
- 2 - Subsidiaries 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 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 Oriental-Hyundai Sdn Bhd have been classified as investments (and not associates) due to lack of board representation

49 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 11 September 2008.

Statement by Directors & Statutory Declaration

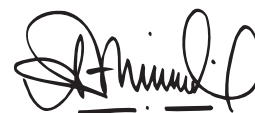
Statement by Directors

We, Tun Musa Hitam and Dato' Seri Ahmad Zubair @ Ahmad Zubir Haji Murshid, two of the Directors of Sime Darby Berhad (formerly known as Synergy Drive Bhd), do hereby state that, in the opinion of the Directors, the financial statements set out on pages 107 to 215 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 2008 and of the results of the Group and of the Company and the cash flows of the Group and of the Company for the year ended on that date, in accordance with the Malaysian Accounting Standards Board approved accounting standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 11 September 2008



Tun Musa Hitam
Chairman



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

Kuala Lumpur
11 September 2008

Statutory Declaration

I, Tong Poh Keow, the officer primarily responsible for the financial management of Sime Darby Berhad (formerly known as Synergy Drive Bhd), do solemnly and sincerely declare that the financial statements set out on pages 107 to 215 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 11 September 2008.



K. Mariasoosay
Commissioner for Oaths (No. W344)
Kuala Lumpur

TINGKAT 3, WISMA YAKIN
JALAN MASJID INDIA
50100 KUALA LUMPUR



Tong Poh Keow
(MIA 4625)
Group Chief Financial Officer

Auditors' Report



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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SIME DARBY BERHAD
(Formerly known as Synergy Drive Bhd)
(Incorporated in Malaysia)
(Company No.: 752404-U)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Sime Darby Berhad (formerly known as Synergy Drive Bhd), which comprise the balance sheets as at 30 June 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements 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 pages 107 to 215.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards in Malaysia and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company'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 2008 and their performance and cash flow for the year then ended.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SIME DARBY BERHAD
(Formerly known as Synergy Drive Bhd) (continued)
(Incorporated in Malaysia)
(Company No.: 752404-U)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 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 subsidiaries of which we have not acted as auditors which are indicated in Note 48 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 MATTERS

The corresponding financial statements of the Group for the financial year ended 30 June 2007 were not audited as explained in Note 1 to the financial statements.

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.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PRICEWATERHOUSECOOPERS

(No. AF: 1146)
Chartered Accountants

Kuala Lumpur
11 September 2008

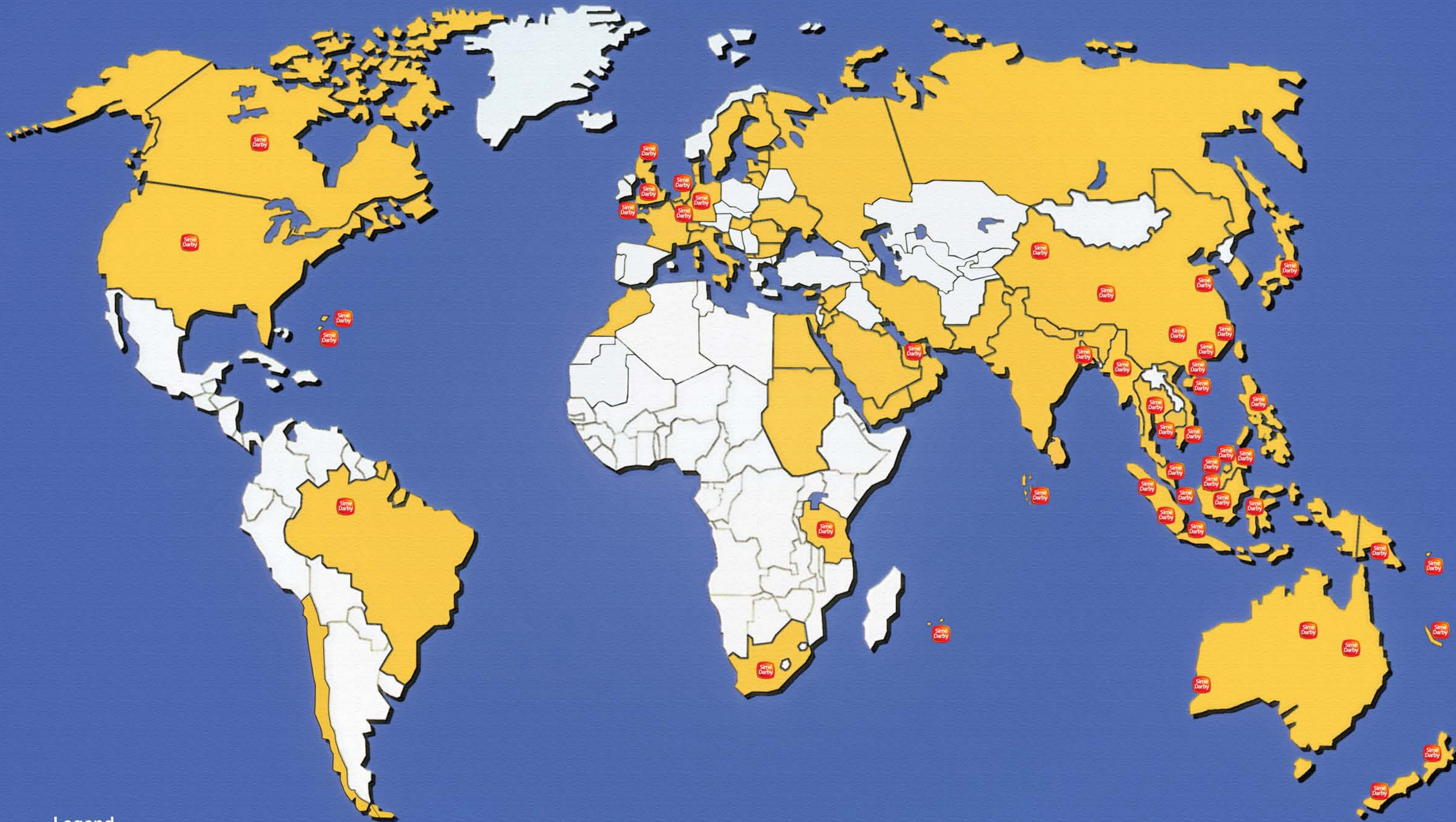
A handwritten signature in black ink, appearing to read 'Johan'.

DATO' AHMAD JOHAN BIN
MOHAMMAD RASLAN
(No. 1867/09/10 (J))
Chartered Accountant



Just as all growing, living things rely on water, our business units rely on economic, environmental and social sustainability. With careful attention and care, this translates into meaningful, long-term growth.



Developing Sustainable Futures...
... in over 20 countries globally



Legend

-  Countries with Sime Darby operations
-  Countries with business presence

Analysis of Shareholdings

As at 12 September 2008

Class of Shares : Ordinary shares of RM0.50 each
 Voting Rights : One vote per ordinary share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	1,279	3.04	48,023	0.00
100 to 1,000	11,347	26.99	8,420,212	0.14
1,001 to 10,000	21,872	52.03	78,320,740	1.30
10,001 to 100,000	6,095	14.50	173,382,592	2.89
100,001 to less than 5% of issued capital	1,445	3.44	2,040,356,713	33.95
5% and above of issued capital	3	0.00	3,708,935,551	61.72
Total	42,041	100.00	6,009,463,831	100.00

Classification of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Individuals	31,580	75.12	219,099,509	3.64
Banks/Finance Companies	121	0.29	1,072,801,381	17.85
Investment Trusts / Foundation / Charities	6	0.01	426,219	0.01
Other Types of Companies	1,041	2.48	118,119,603	1.97
Government Agencies / Institutions	12	0.03	871,636,972	14.50
Nominee Companies	9,281	22.07	3,727,380,147	62.03
Total	42,041	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	
In the Company			
<u>Ordinary shares of RM0.50 each</u>			
Dato' Seri Ahmad Zubair @ Ahmad Zubir Haji Murshid	298,712	-	*
Raja Dato' Seri Arshad Raja Tun Uda	-	1,939	*
Dato' Mohamed Sulaiman	-	3,800	*
Kuala Lumpur Golf & Country Club Berhad			
<u>Participatory interest</u>		<u>Type of membership</u>	
Tun Musa Hitam		Honorary	
Tun Dato' Seri Ahmad Sarji Abdul Hamid		Honorary	
Dr. Arifin Mohamad Siregar		Honorary	
Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin		Honorary	
Tan Sri Datuk Dr. Ahmad Tajuddin Ali		Honorary	
Datuk Seri Panglima Sheng Len Tao		Honorary	
Dato' Henry Sackville Barlow		Honorary	
Datin Paduka Zaitoon Dato' Othman		Honorary	

* less than 0.01%

Save as disclosed above, none of the other Directors of the Company has any interest, direct or indirect, in shares in the Company or shares in, debentures of or participatory interest made available by, a related corporation.

30 Largest Shareholders as per the Register of Members and the Record of Depositors

No.	Name of Shareholder	No. of Shares Held	% of Issued Capital
1	Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier : Skim Amanah Saham Bumiputera	2,054,552,889	34.19
2	Permodalan Nasional Berhad	885,492,709	14.73
3	Employees Provident Fund Board	768,889,953	12.79
4	Valuecap Sdn Bhd	104,707,208	1.74
5	Cartaban Nominees (Asing) Sdn Bhd Qualifier : SSBT Fund GB01 for Harbor International Fund	83,789,047	1.39
6	Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier : Amanah Saham Malaysia	58,471,699	0.97
7	Lembaga Kemajuan Tanah Persekutuan (FELDA)	57,589,426	0.96
8	Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier : Amanah Saham Wawasan 2020	53,408,163	0.89
9	Kumpulan Wang Persaraan (DIPERBADANKAN)	52,519,161	0.87
10	Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier : Amanah Saham Didik	48,008,394	0.80
11	Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier : Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	45,224,500	0.75
12	Citigroup Nominees (Asing) Sdn Bhd Qualifier : Exempt AN for Mellon Bank (MELLON)	36,052,984	0.60
13	CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier : Pledged Securities Account for Anglo-Oriental (Annuities Sdn Bhd (201 JTRK)	32,789,729	0.55
14	CIMSEC Nominees (Tempatan) Sdn Bhd Qualifier : CIMB Private Equity Sdn Bhd	32,056,800	0.53
15	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier : Exempt AN for Prudential Fund Management Berhad	31,077,835	0.52
16	HSBC Nominees (Tempatan) Sdn Bhd Qualifier : Nomura Asset Management Malaysia for Employees Provident Fund	29,759,902	0.50
17	HSBC Nominees (Asing) Sdn Bhd Qualifier : Exempt AN for J.P. Morgan Bank Luxembourg S.A.	29,464,100	0.49
18	HSBC Nominees (Asing) Sdn Bhd Qualifier : TNTC Saudi Arabian Monetary Agency	27,805,891	0.46
19	Cartaban Nominees (Asing) Sdn Bhd Qualifier : Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	26,621,101	0.44
20	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier : Exempt AN for American International Assurance Berhad	21,598,400	0.36
21	HSBC Nominees (Asing) Sdn Bhd Qualifier : Exempt AN for JPMorgan Chase Bank, National Association (U.A.E)	21,000,674	0.35
22	HSBC Nominees (Asing) Sdn Bhd Qualifier : Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	18,777,102	0.31

Analysis of Shareholdings

No.	Name of Shareholder	No. of Shares Held	% of Issued Capital
23	HSBC Nominees (Asing) Sdn Bhd Qualifier : Exempt AN for JPMorgan Chase Bank, National Association (U.K.)	18,114,736	0.30
24	Lembaga Tabung Angkatan Tentera	17,777,593	0.30
25	AllianceGroup Nominees (Tempatan) Sdn Bhd Qualifier : PHEIM Asset Management Sdn Bhd for Employees Provident Fund	17,150,406	0.29
26	HSBC Nominees (Asing) Sdn Bhd Qualifier : BBH and Co Boston for Vanguard Emerging Markets Stock Index fund	16,110,413	0.27
27	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Qualifier : Exempt AN for Deutsche Trustees Malaysia Berhad (MYETF-DJIM25)	15,368,600	0.26
28	Cartaban Nominees (Asing) Sdn Bhd Qualifier : Investors Bank and Trust Company for Ishares, Inc.	15,067,525	0.25
29	SBB Nominees (Tempatan) Sdn Bhd Qualifier : Employees Provident Fund Board	14,556,900	0.24
30	Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier : Sekim Amanah Saham Nasional	14,505,156	0.24
	Total	4,648,308,996	77.35

Substantial Shareholder as per the Register of Substantial Shareholders

	Name of Substantial Shareholder	No. of Shares Held		% of Issued Capital
		Direct Interest	Deemed Interest	
1	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	2,057,989,389	-	34.25
2	Employees Provident Fund Board	863,307,342	-	14.37
3	Permodalan Nasional Berhad	886,492,709	-	14.75
4	Yayasan Pelaburan Bumiputera	-	886,492,709*	14.75

* Deemed interest by virtue of its interest in Permodalan Nasional Berhad pursuant to Section 6A of the Companies Act, 1965

Financial Calendar & Share Price Movement

Results

Second quarter	-	announcement date	27 February 2008
Third quarter	-	announcement date	28 May 2008
Fourth quarter	-	announcement date	26 August 2008

Dividends

Interim	-	record date	25 April 2008
	-	paid	16 May 2008
Final & Special (proposed)	-	record date	26 November 2008
	-	payable	5 December 2008

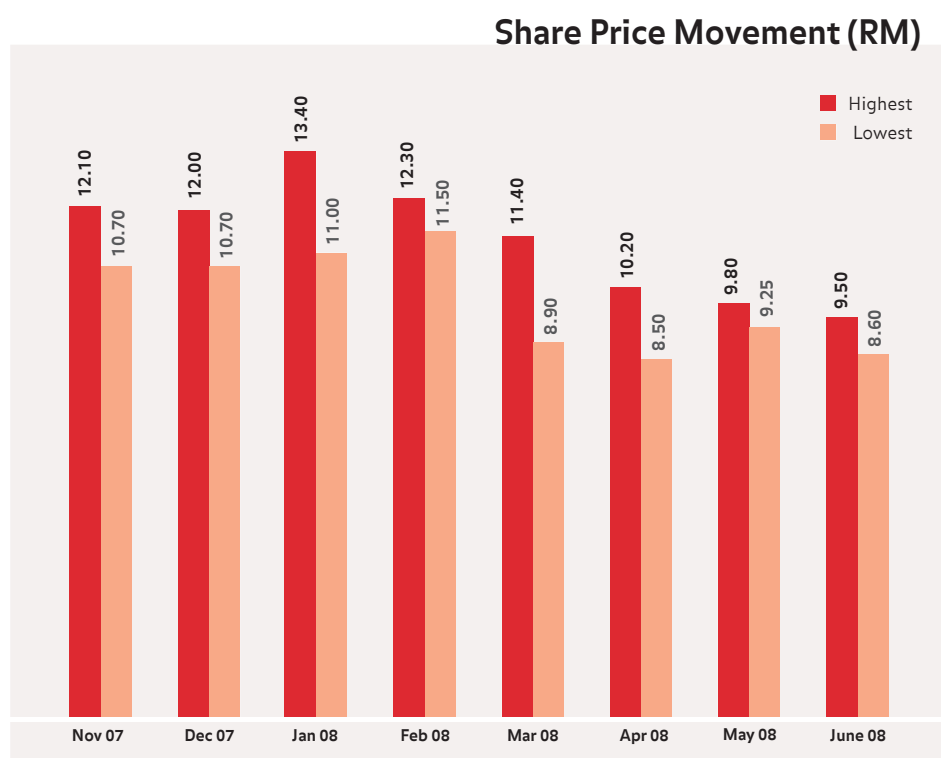
Annual General Meeting 12 November 2008

Stock Exchange Listing

Bursa Malaysia Securities Berhad
Trading Name : SIME
Stock Code : 4197

Share Price Movement

Share prices for the eight months from the date of listing on the Main Board of Bursa Malaysia Securities Berhad i.e. 30 November 2007, to 30 June 2008.



Particulars of Properties

List of Major Properties as at 30 June 2008

Location	Tenure	Area in hectares (unless specified otherwise)	Age of building	Description	Year of expiry	Net book value RM million
Plantation Properties - Malaysia						
Kedah						
Badenoch, Jentayu, Kuala Ketil, Anak Kulim, Bukit Selarong, Jerai, Padang Buluh, Sungai Dingin, Bukit Hijau and Somme	Freehold	17,570	-	Rubber estate, oil palm estate and palm oil mill	-	202.8
Pulau Pinang						
Byram	Freehold	378	-	Oil palm estate	-	2.6
Perak						
Bagan Datoh, Melentang, Bikam, Chersonese, Cluny, Trolak, Bedford, Elphill, Flemington, Gough Garden, Holyrood, Jin Seng, Kinta Kellas, Changkat Salak, Kalumpang, Kamiri, Kamuning, Nova Scotia (Seri Intan), Sabrang, Selaba, Sogomana, Sungei Bruas, Cashwood, Sungei Krian, Sungei Samak, Sungei Wangi and Tali Ayer	Freehold	47,478	-	Oil palm estate and palm oil mill	-	594.7
Chersonese, Cluny, Trolak, Bedford, Kinta Kellas, Yew Lian, Sogomana, Sungei Bruas, Cashwood and Sungei Samak	Leasehold	406	-	Oil palm estate	2035 - 2907	15.8
Pahang						
Chenor, Jabor, Sungai Tekal, Mentakab, Edensor, Lanchang and Sungai Mai	Freehold	10,764	-	Oil palm estate and palm oil mill	-	226.9
Chenor, Bukit Puteri, Bertang, Jentar, Kerbau and Sungai Mai	Leasehold	9,307	-	Oil palm estate	2057 - 2086	179.7
Selangor						
Bukit Cloh, Dusun Durian, Ampar Tenang, Bukit Cheraka, Bukit Kerayong, Bukit Lagong, Bukit Talang, Bukit Tinggi, Elmina, Sabak Bernam, Subang, Sungai Kapar, Sungai Rawang, Raja Musa, Selangor River, Sepang, Sg. Sedu, Sungei Buloh, Tennamaram and East Carey Island	Freehold	33,675	-	Oil palm estate and palm oil mill	-	492.0
West Carey Island	Leasehold	5,834	-	Oil palm estate	2057	138.0

List of Major Properties as at 30 June 2008 (continued)

Location	Tenure	Area in hectares (unless specified otherwise)	Age of building	Description	Year of expiry	Net book value RM million
Plantation Properties - Malaysia (continued)						
Negeri Sembilan						
Atherton, Bradwall, Kirby, Kok Foh, Bukit Pelandok, Labu-Labu, P.D Lukut, Sengkang, Siliau, Sua Betong, Tampin Linggi, Tanah Merah, Linsum, New Labu, Pertang, Bukit Pilah, New Rompin, Kelpin, St. Helier, Sialang, Juasseh and Sungei Sabaling	Freehold	45,742	–	Rubber estate, oil palm estate and palm oil mill	–	341.0
Melaka						
Devon (Kempas), Diamond Jubilee, Jasin, Pagoh, Bukit Asahan, Kemuning, Serkam, Merlimau, Selatan Bahru and Sungei Bahru	Freehold	20,338	–	Rubber estate and oil palm estate	–	238.2
Diamond Jubilee	Leasehold	29	–	Oil palm estate	2025	8.7
Johor						
Bukit Paloh, Bukit Benut, Benut, Tambuku, Bukit Paloh Scheme, CEP Niyor, CEP Rengam, Chan Wing, Craigielea, Ellar, Gunung Mas, Hadapan, Kali Malaya, Kelan, Kempas Klebang, Kulai, Bukit Badak, Lambak, Elaeis, Pengkalan Bukit, Sembrong, Simpang Rengam, Sungai Gemas, Sungai Labis, Temiang Renchong, Tun Dr. Ismail, Ulu Remis, Yong Peng, Layang, Midlands (Seri Pulai), Muar River, Nordanal, Lanadron, North Labis, Sungei Senarut, Tangkah, Kundong and Welch	Freehold	53,739	–	Rubber estate, oil palm estate and palm oil mill	–	761.3
CEP Niyor, Cenas, Cha'ah, Pekan, Sembrong, Sungai Tawing, Ulu Remis, Muar River, Nordanal, Lanadron and Sungei Senarut	Leasehold	12,867	–	Rubber estate, oil palm estate and palm oil mill	2009 - 2908	121.5
Sabah						
Andrassy, Binuang, Giram, Kochin, Sipit, Imam, Jeleta Bumi, Tingkayu, Melalap, Mengaris, Merotai, Mostyn, Tohunsug, Sapong, Segaliud, Sungang, Table, Tiger, Madai, Tun Tan Siew Sin, Sentosa, Tunku and Tigowis	Leasehold	53,986	–	Oil palm estate and palm oil mill	2055 - 2936	823.6

List of Major Properties as at 30 June 2008 (continued)

Location	Tenure	Area in hectares (unless specified otherwise)	Age of building	Description	Year of expiry	Net book value RM million
Plantation Properties - Malaysia (continued)						
Sarawak						
Lavang, Bayu, Damai, Saha, Belian, Charquest, Dulang, Paroh, Pekaka, Ruai, Derawan, Takau, Kelida, Rajawali, Saujan, Semarak, Rasan and Samudera	Leasehold	48,250	-	Oil palm estate	2045 - 2082	842.7
Total - Malaysia		360,363				4,989.5
Plantation Properties - Indonesia						
Kalimantan - West						
Awatan, Lembiru, Pelanjau - Marau	Leasehold	9,409	-	Oil palm estate and palm oil mill	2030	115.2
Kecamatan Parindu Sanggau	Leasehold	10,715	-		2030	47.7
PT Mas I and PT Mas II - Sanggau	Leasehold	8,741	-	Oil palm estate and palm oil mill	2030	88.8
Kalimantan - Central						
Hantantiring, Baras Danum, Kawan Batu, Kuala Kuayan, Pemantang, Sapiri, Sukunyer, Seruyan and Sukamandang	Leasehold	39,117	-	Oil palm estate and palm oil mill	2032 - 2034	294.8
Kalimantan - South						
Angsana, Bakau, Bebunga, Betung, Binturung, Gunung Aru, Gunung Kemas, Gunung Sari, Lanting, Laut Timur and Matalok	Leasehold	39,808	-	Oil palm estate and palm oil mill	2022 - 2034	337.3
Sulawesi - Central						
Ungkaya	Leasehold	4,597	-	Oil palm estate and palm oil mill	2024	36.5
Sumatera - South						
Bukit Pinang and Sungai Pinang	Leasehold	21,098	-	Oil palm estate and palm oil mill	2033 - 2034	186.6
Sumatera- East Aceh						
Batang Ara, Blang Simpo and Tamiang	Leasehold	8,820	-	Oil palm estate and palm oil mill	2022 - 2037	50.4
Sumatera - Jambi						
Air Merah, Mustika, Pantai Bonati, Pantai Timur, Pondok Labu, Rampa, Randi, Rantau, Sangkoh, Sekayu, Selabak, Sesulung and Sungai Cengal	Leasehold	51,699	-	Oil palm estate and palm oil mill	2022 - 2038	474.3

List of Major Properties as at 30 June 2008 (continued)

Location	Tenure	Area in hectares <small>(unless specified otherwise)</small>	Age of building	Description	Year of expiry	Net book value RM million
Plantation Properties - Indonesia (continued)						
Sumatera - Riau						
Alur Dumai, Aneka Perkasa, Meng- gala 1 - 3, Mandah, Nusa Lestari, Nusa Perkasa, Pinang Sebatang, Rotan Semelur, Teluk Bakau and Teluk Siak	Leasehold	54,879	-	Rubber estate, oil palm estate and palm oil mill	2031 - 2036	414.9
Total - Indonesia		<u>248,883</u>				<u>2,046.5</u>
Total		<u>609,246</u>				<u>7,036.0</u>
Land Held For Property Development - Malaysia						
Nilai Impian and Nilai Utama Enterprise Park, Nilai, Negeri Sembilan	Freehold	162	-	Mixed development	-	29.0
Bukit Kiara, Kuala Lumpur	Leasehold	269	-	Land held for development	2087	77.3
Bukit Rajah Estate, Klang, Selangor	Freehold	2,089	-	Land held for development	-	71.2
Bukit Jelutong, Shah Alam, Selangor	Freehold	121	-	Mixed development	-	65.9
General Properties - Malaysia						
Kedah						
PT 439 and 440 Mukim Padang Meha, Kulim	Freehold	809,370 sq metres	12	Industrial land and building	-	59.8
Kuala Lumpur						
Bukit Kiara	Leasehold	227	16	Golf course and club house	2051	101.6
Bukit Kiara	Leasehold	39	3	Convention centre	2087	57.7
Selangor						
Jalan Tandang, Petaling Jaya	Leasehold	14	45	Land and building	2065	63.7
Kompleks Kejuruteraan, Puchong	Freehold	136,461 sq metres	10	Office, workshop and warehouse	-	80.5
Saujana Impian, Kajang	Freehold	11	-	Commercial, residential and resort development	-	48.7
SJMC, Subang Jaya	Freehold	75,439 sq metres	-	SJMC North and South Tower	-	81.8
Wisma Consplant 1 & 2, Subang Jaya	Freehold	14,568 sq metres	15 - 22	Twin Tower office and commercial complex	-	89.2

List of Major Properties as at 30 June 2008 (continued)

Location	Tenure	Area in hectares (unless specified otherwise)	Age of building	Description	Year of expiry	Net book value RM million
General Properties - Malaysia (continued)						
Melaka						
Lot 159 and 160, Jalan Parameswara	Leasehold	10,155 sq metres	10	Commercial land and building	2080	91.0
Johor						
Pasir Gudang Industrial Estate	Leasehold	5,500 sq metres	-	Land and building	2022	68.0
General Properties - Singapore						
305 Alexandra Road	Leasehold	6,931 sq metres	-	Motor workshop, showroom, office and storage	2057	95.7
315 Alexandra Road	Leasehold	7,720 sq metres	15	5 storey factory building	2056	57.5
Darby Park Executive Suites	Leasehold	3,373 sq metres	15	Service apartment building	2092	68.7
Sime Darby Centre, Dunearn Road	Freehold	13,089 sq metres	25	Commercial, warehouse and industrial building	-	137.7
General Properties - Australia						
Cnr Connors Road and Commercial Avenue, Paget, Mackay, Queensland	Perpetual lease	3	23	Industrial building and workshop	-	87.7
Kerry Road, Archerfield, Queensland	Freehold	13	63	Industrial building	-	40.8
General Properties - China						
3/F & 4/F Topsail Plaza, 11 on Sum Street, Shatin, NT, Hong Kong	Leasehold	6,866 sq metres	14	Industrial building for motor service centre	2047	52.5
Yangzi Town, Hanting District	Leasehold	14,528 sq metres	-	Port, warehouse, hostel, office and factory buildings	2055	72.4
General Properties - Netherlands						
Lindtsedijk, Zwijndrecht	Freehold	15	23	Industrial land with factory building	-	69.5
General Properties -Thailand						
Samutprakam Province	Freehold	39,140 sq metres	4	Land and building	-	40.3

Form of Proxy

I/We..... (FULL NAME IN BLOCK LETTERS)

of..... (ADDRESS)

Tel No. being a member/members of SIME DARBY BERHAD hereby appoint *the Chairman of the Meeting, or** and/or as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Second Annual General Meeting of the Company to be held at Mahkota II & III, Lower Lobby, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Wednesday, 12 November 2008 and at any adjournment thereof.

Resolution		For	Against
No. 1	To receive the Audited Financial Statements for the year ended 30 June 2008 together with the Reports of the Directors and Auditors		
No. 2	To declare final and special dividends for the year ended 30 June 2008		
No. 3	To approve the annual remuneration for Non-Executive Directors		
No. 4	To re-appoint Tun Musa Hitam as Director pursuant to Section 129(6) of the Companies Act, 1965 (the Act)		
No. 5	To re-appoint Tun Dato' Seri Ahmad Sarji Abdul Hamid as Director pursuant to Section 129(6) of the Act		
No. 6	To re-appoint Dr Arifin Mohamad Siregar as Director pursuant to Section 129(6) of the Act		
No. 7	To re-appoint Dato' Mohamed Sulaiman as Director pursuant to Section 129(6) of the Act		
No. 8	To re-elect Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin who retires by rotation in accordance with Article 99 of the Company's Articles of Association		
No. 9	To re-elect Tan Sri Datuk Dr. Ahmad Tajuddin Ali who retires by rotation in accordance with Article 99 of the Company's Articles of Association		
No. 10	To re-elect Datuk Seri Panglima Sheng Len Tao who retires by rotation in accordance with Article 99 of the Company's Articles of Association		
No. 11	To re-appoint PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration		
No. 12	Proposed Amendment to the Articles of Association of the Company		
No. 13	Authorisation to Allot and Issue Shares Pursuant to Section 132D of the Act		
No. 14	Proposed Share Buy-Back		
No. 15	Proposed Shareholders' Ratification and Proposed Shareholders' Mandate for Recurrent Related Party Transactions		

The proportion of my/our holdings to be represented by my/our proxies are as follows:-

	Number of shares
First proxy	
Second proxy	
Total	

Date.....2008 Signature.....

- * 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 space provided.
 ** Please delete as applicable.

Notes

- This proxy form, duly signed, must be deposited at the office of the Share Registrar of the Company listed on the reverse side of this form not less than 48 hours before the time fixed for the meeting.
- A corporation must complete this proxy form under its common seal or under the hand of a duly authorised officer or attorney. A proxy need not be a member of the Company. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. 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.
- Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.

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THE SHARE REGISTRAR

Epsilon Registration Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

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