

# Annual Report 2011



Developing  
Sustainable Futures

SIME DARBY BERHAD  
(Company No. 752404-U)

## THE GLOBAL HORIZON

The seeds of Malaysia's largest multinational were planted in a colonial outpost in Malacca at a time when Malaysia did not exist and rubber was the plant of choice.

The year was 1910 and the hopeful planters were a Scotsman and an English aristocrat. Sime Darby's founding fathers would have had no inkling of just how far their little plantation company would go.

Today, the Group's geographical reach spans five continents where more than 100,000 people work as part of the global Sime Darby family in any one of six business sectors. It is one of the largest companies in Malaysia, a global player in the Plantation industry and a leading supplier of Caterpillar equipment and luxury cars such as BMW. The Group's initial trading activities took it beyond Malaysian shores but today, it is a homegrown and diversified multinational with more than 60 percent of revenues derived from overseas operations.

The world map on this cover highlights this reach and showcases the magnitude of the Group's operations.

## THE SIME DARBY GROUP

In November 2007, Kumpulan Sime Darby Berhad, Golden Hope Plantations Berhad and Kumpulan Guthrie Berhad merged to become the world's largest listed plantation company as well as a diversified multinational with operations in over 20 countries. The core businesses of the Sime Darby Group are plantation, property, industrial, motors, energy & utilities and healthcare.

Sime Darby is one of the largest listed companies on Bursa Malaysia with a market capitalisation of RM55.47 billion as at 30 June 2011. Employing over 100,000 people worldwide, Sime Darby is committed to sustainable growth and development in all aspects of its business operations.

## OUR VALUES

### **INTEGRITY**

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

### **RESPECT AND RESPONSIBILITY**

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

### **EXCELLENCE**

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

### **ENTERPRISE**

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

## OUR VISION

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

## OUR MISSION

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

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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fifth Annual General Meeting of Sime Darby Berhad will be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 10 November 2011 at 10.30 a.m. for the following purposes:-

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2011 together with the Reports of the Directors and the Auditors thereon. (Resolution 1)
2. To declare a final single tier dividend of 22 sen per ordinary share for the financial year ended 30 June 2011. (Resolution 2)
3. To approve the annual remuneration for the Non-Executive Directors at an amount not exceeding RM6,000,000 in aggregate. (Resolution 3)
4. To re-appoint Tun Musa Hitam as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965. (Resolution 4)
5. To re-appoint Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965. (Resolution 5)
6. To elect the following Directors who retire in accordance with Article 104 of the Company's Articles of Association:-
  - i. Tan Sri Dato' Sri Hamad Kama Piah Che Othman (Resolution 6)
  - ii. Tan Sri Datuk Dr Yusof Basiran (Resolution 7)
  - iii. Puan Zaiton Mohd Hassan (Resolution 8)
  - iv. Encik Azmi Mohd Ali (Resolution 9)
  - v. Dato' Mohd Bakke Salleh (Resolution 10)
7. To re-elect the following Directors who retire by rotation in accordance with Article 99 of the Company's Articles of Association:-
  - i. Tan Sri Samsudin Osman (Resolution 11)
  - ii. Dato' Henry Sackville Barlow (Resolution 12)
8. To re-appoint PricewaterhouseCoopers as Auditors of the Company for the financial year ending 30 June 2012, and to authorise the Directors to fix their remuneration. (Resolution 13)

## AS SPECIAL BUSINESS

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

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

"THAT, subject always to the Companies Act, 1965 (Act), the Articles of Association of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental/regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of the Related Parties as specified in Section 2.2 of the Circular to Shareholders dated 18 October 2011, provided that such arrangements and/or transactions are:-

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

(the Mandate);

AND THAT, the Mandate, shall continue in force until:-

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

whichever is the earliest;

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

(Resolution 14)

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

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

NOTICE HAS BEEN GIVEN ON 25 August 2011 that subject to the approval of Members at the Annual General Meeting to be held on 10 November 2011, a final single tier dividend of 22 sen per ordinary share for the financial year ended 30 June 2011 will be paid on 15 December 2011 to depositors whose names appear in the Record of Depositors on 1 December 2011.

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 29 November 2011 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 1 December 2011 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



Kuala Lumpur  
18 October 2011

Norzilah Megawati Abdul Rahman  
Group Secretary

#### **Notes:-**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy need not be a Member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a Member of the Company is an Authorised Nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. 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.
4. The Form of Proxy must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Form of Proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised by the corporation.

5. The Form of Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time fixed for the meeting or any adjournment thereof.
6. Only members registered in the Record of Depositors as at 31 October 2011 shall be eligible to attend the Annual General Meeting or appoint proxy(ies) to attend and/or vote on their behalf.

#### **EXPLANATORY NOTES ON SPECIAL BUSINESS**

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

The proposed Resolution 14, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interests of the Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business on terms not more favourable than those generally available to the public and are not detrimental to the minority shareholders of the Company.

#### **STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING**

1. The Directors who are standing for re-appointment under Section 129(6) of the Companies Act, 1965, are:-
  - i. Tun Musa Hitam
  - ii. Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin
2. The Directors who are retiring pursuant to Article 104 of the Company's Articles of Association and seeking for election are:-
  - i. Tan Sri Dato' Sri Hamad Kama Piah Che Othman
  - ii. Tan Sri Datuk Dr Yusof Basiran
  - iii. Puan Zaiton Mohd Hassan
  - iv. Encik Azmi Mohd Ali
  - v. Dato' Mohd Bakke Salleh
3. The Directors who are retiring pursuant to Article 99 of the Company's Articles of Association and seeking re-election are:-
  - i. Tan Sri Samsudin Osman
  - ii. Dato' Henry Sackville Barlow

The profiles of the above Directors are set out in the section entitled 'Profile of Directors' on pages 16 to 20. Their shareholdings in the Company are set out in the section entitled "Analysis of Shareholdings" on pages 268 to 270.



## FIVE-YEAR FINANCIAL SUMMARY

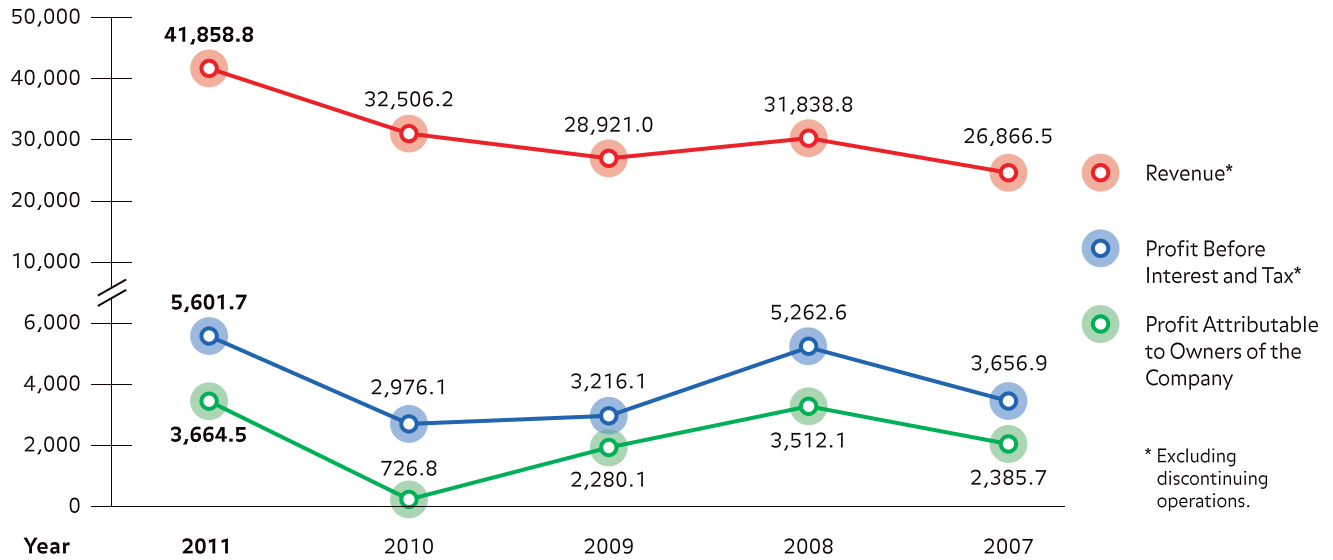
Year Ended 30 June (RM million)	2011	2010 (restated)	2009 (restated)	2008 (restated)	2007 (restated)
<b>Results</b>					
Revenue	<b>41,858.8</b>	32,506.2	28,921.0	31,838.8	26,866.5
Profit before tax	<b>5,449.2</b>	2,818.6	3,128.9	5,217.8	3,528.5
Tax expense	<b>(1,602.7)</b>	(905.5)	(669.1)	(1,400.1)	(878.2)
Profit from continuing operations	<b>3,846.5</b>	1,913.1	2,459.8	3,817.7	2,650.3
Profit/(loss) from discontinuing operations	<b>1.4</b>	(1,058.3)	(119.0)	(65.2)	32.8
Profit for the year	<b>3,847.9</b>	854.8	2,340.8	3,752.5	2,683.1
Non-controlling interests	<b>(183.4)</b>	(128.0)	(60.7)	(240.4)	(297.4)
<b>Profit attributable to owners of the Company</b>	<b>3,664.5</b>	726.8	2,280.1	3,512.1	2,385.7
<b>Equity and liabilities</b>					
Share capital	<b>3,004.7</b>	3,004.7	3,004.7	3,004.7	2,755.1
Reserves	<b>21,025.6</b>	17,445.4	18,380.1	18,663.9	14,599.2
Shareholders' equity	<b>24,030.3</b>	20,450.1	21,384.8	21,668.6	17,354.3
Non-controlling interests	<b>787.2</b>	680.8	621.0	536.3	2,199.8
Non-current liabilities	<b>4,857.7</b>	5,106.4	2,826.8	4,460.3	4,883.9
Current liabilities	<b>13,168.7</b>	11,340.3	10,607.3	9,307.5	8,597.1
Liabilities associated with assets held for sale	<b>22.3</b>	-	-	-	178.7
<b>Total equity and liabilities</b>	<b>42,866.2</b>	37,577.6	35,439.9	35,972.7	33,213.8
<b>Assets</b>					
Property, plant and equipment	<b>12,656.1</b>	12,245.7	10,730.7	9,774.8	9,145.9
Biological assets	<b>2,429.7</b>	2,417.5	2,323.3	2,245.0	2,238.8
Prepaid lease rentals	<b>1,044.1</b>	1,152.6	1,111.5	1,064.0	1,036.5
Investment properties	<b>407.2</b>	435.6	361.1	242.1	170.0
Land held for property development	<b>893.7</b>	674.1	605.2	624.0	652.1
Jointly controlled entities	<b>295.5</b>	215.9	530.9	2.1	7.7
Associates	<b>685.8</b>	625.5	607.1	1,109.0	1,024.7
Investments	<b>125.5</b>	155.1	220.0	316.8	389.2
Other non-current assets	<b>1,093.6</b>	1,037.3	932.5	1,044.7	820.3
Current assets	<b>22,449.0</b>	18,607.8	17,959.1	19,529.6	16,943.1
Non-current assets held for sale	<b>786.0</b>	10.5	58.5	20.6	785.5
<b>Total assets</b>	<b>42,866.2</b>	37,577.6	35,439.9	35,972.7	33,213.8
<b>Financial statistics</b>					
Basic earnings per share (sen)	<b>60.98</b>	12.09	37.94	59.63	44.16
Gross dividend per share (sen)	<b>30.00</b>	10.00	20.30	49.00	*
Net dividend per share (sen)	<b>30.00</b>	10.00	19.00	38.20	*
Dividend cover (times)	<b>2.03</b>	1.21	2.00	1.56	*
Net assets per share attributable to owners of the Company (RM)	<b>4.00</b>	3.40	3.56	3.61	3.15
Return on average shareholders' equity (%)	<b>16.48</b>	3.47	10.59	18.00	14.57
Debt to equity ratio (times)	<b>0.28</b>	0.36	0.25	0.22	0.31

- Amendments to FRS 116 – Property, Plant and Equipment and Amendments to FRS 117 – Leases were adopted in FY2011 where proceeds from disposal of rental assets were reclassified as revenue and certain leasehold land were reclassified as property, plant and equipment and investment properties. These reclassification were adopted retrospectively.
- Financial instruments for FY2011 have been recognised and measured in accordance with FRS 139 – Financial Instruments: Recognition and Measurement. Figures in prior periods were not adjusted.

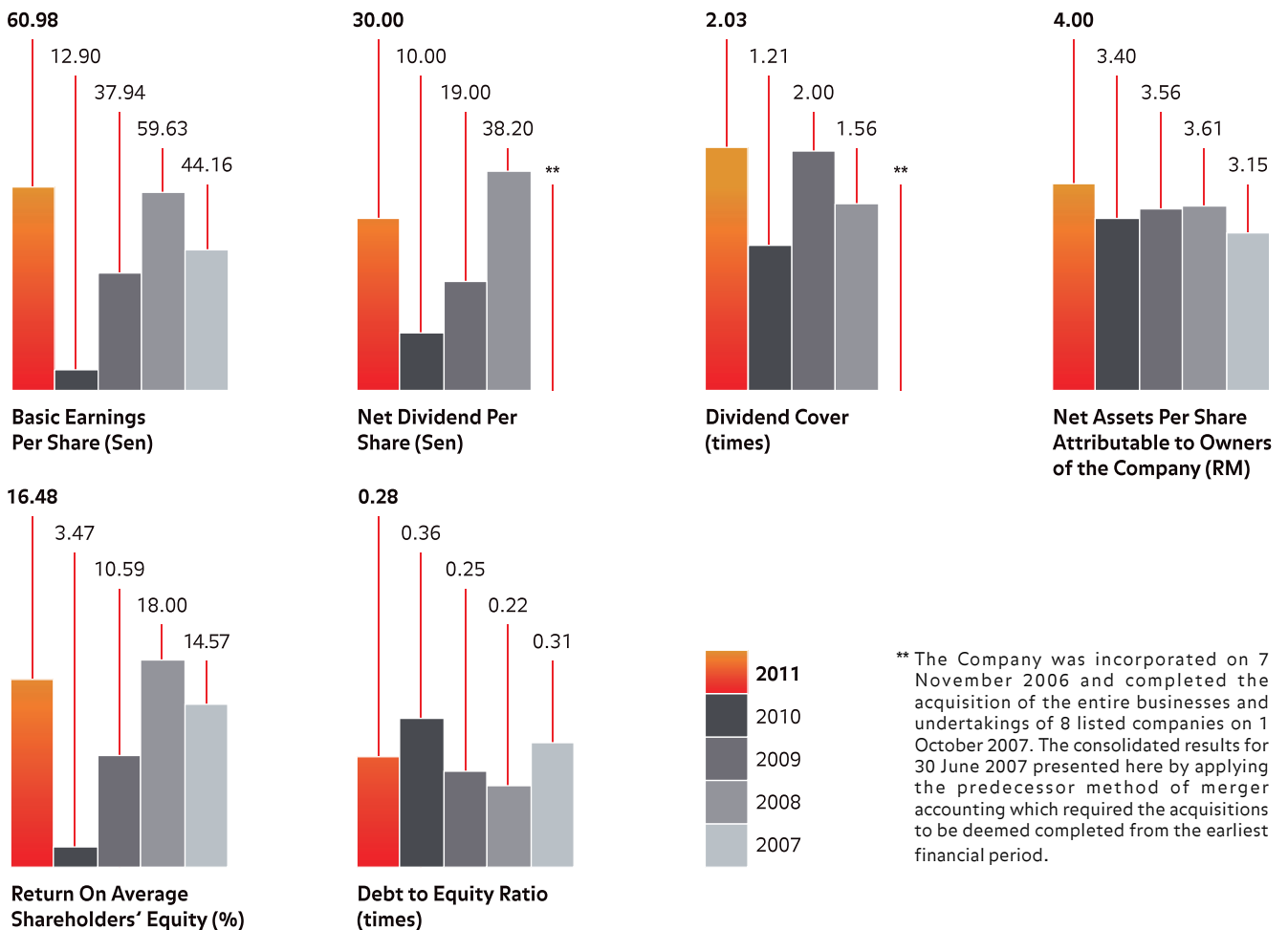
\* The Company was incorporated on 7 November 2006 and completed the acquisition of the entire businesses and undertakings of 8 listed companies on 1 October 2007. The consolidated results for 30 June 2007 presented here by applying the predecessor method of merger accounting which required the acquisitions to be deemed completed from the earliest financial period.

FIVE-YEAR FINANCIAL SUMMARY

**GROUP PERFORMANCE**  
(RM' Million)

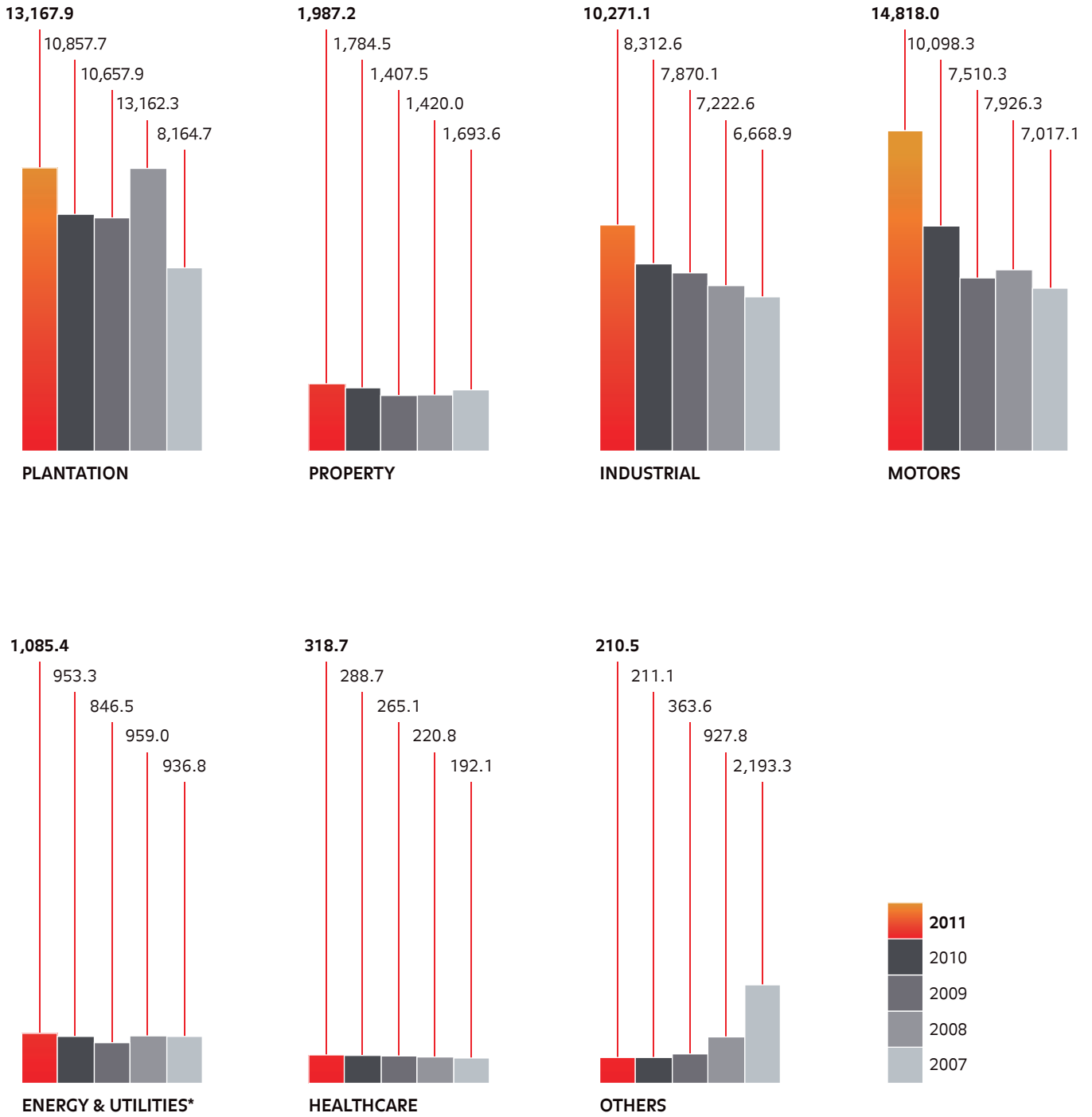


**KEY FINANCIAL STATISTICS**



FIVE-YEAR FINANCIAL SUMMARY

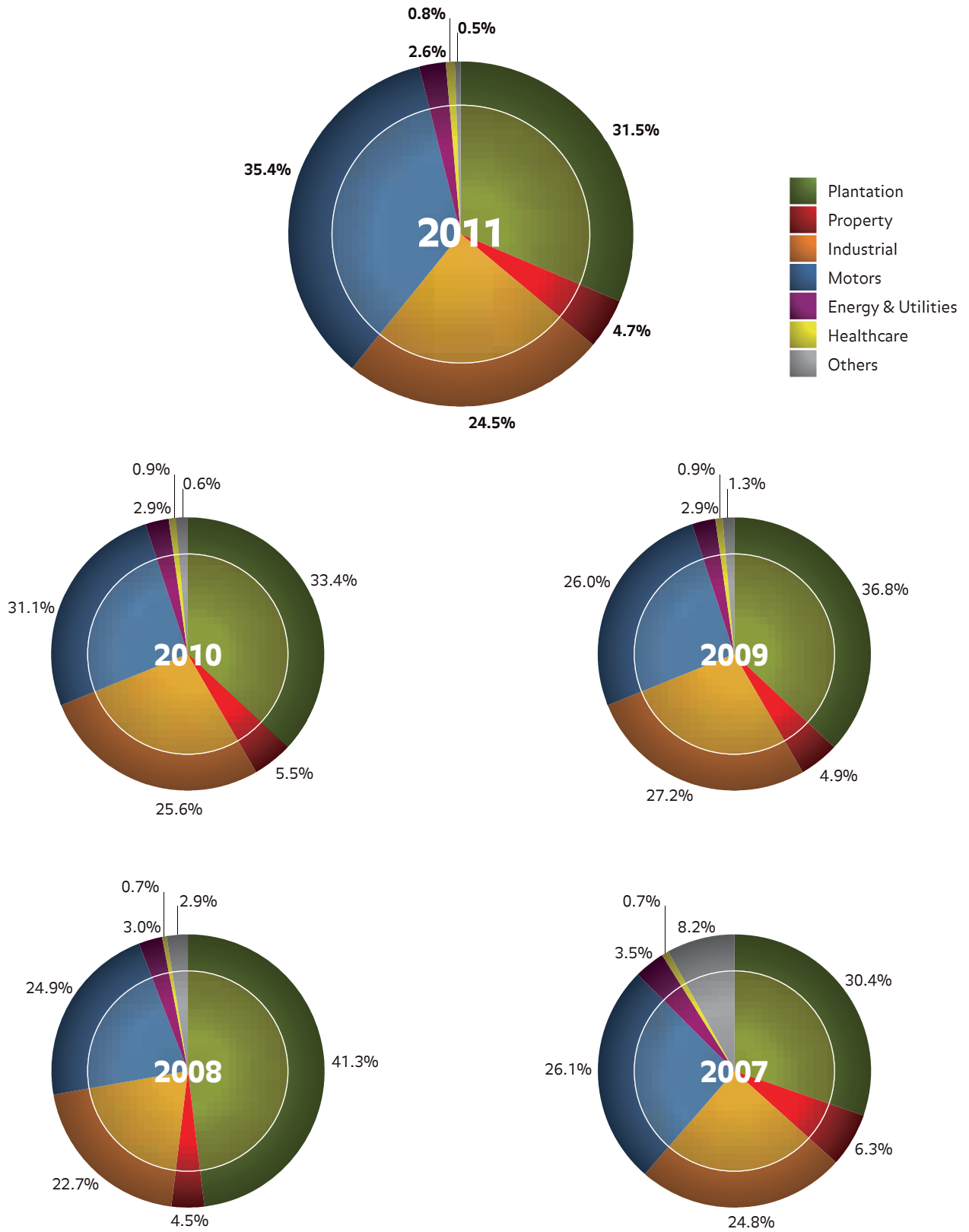
**SEGMENT REVENUE**  
(RM' Million)



\* Excluding discontinuing operations.

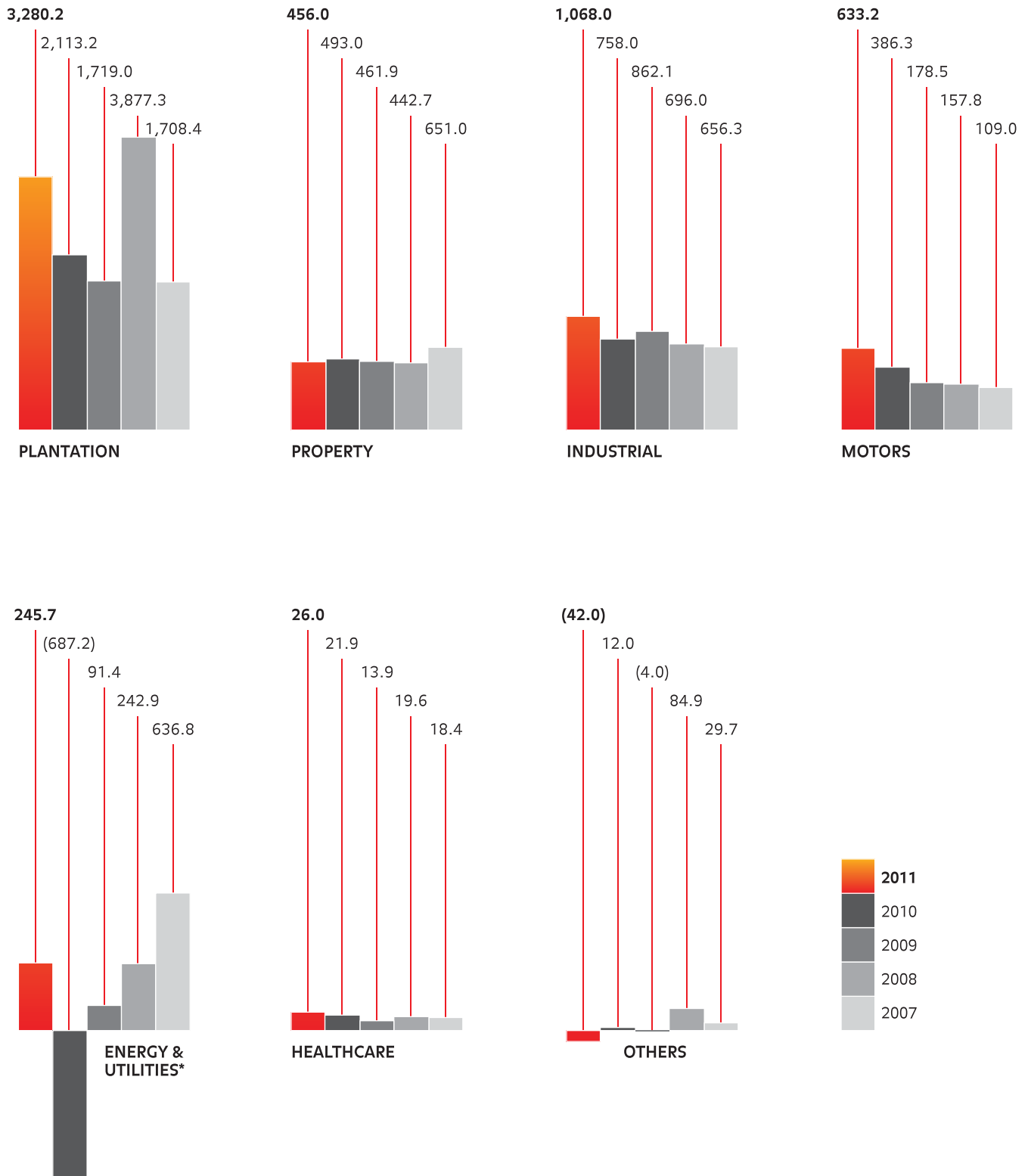
FIVE-YEAR FINANCIAL SUMMARY

CONTRIBUTION TO REVENUE BY SEGMENT



FIVE-YEAR FINANCIAL SUMMARY

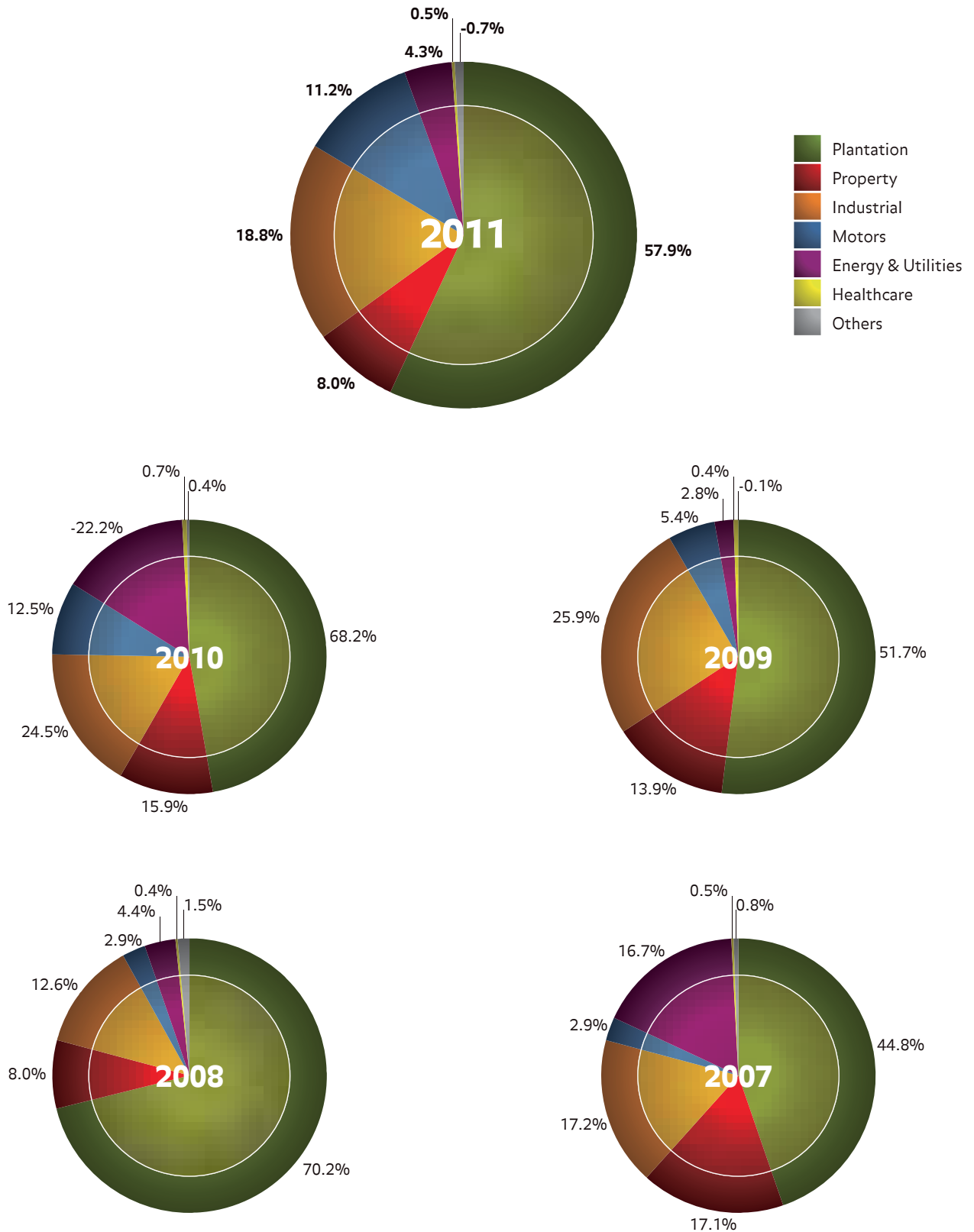
**SEGMENT RESULTS**  
(RM' Million)



\* Excluding discontinuing operations.

FIVE-YEAR FINANCIAL SUMMARY

CONTRIBUTION TO RESULTS BY SEGMENT





Wisma Sime Darby in Kuala Lumpur, the location of Sime Darby's headquarters.

**MALAYSIA**

# GROUP HEAD OFFICE

# GROUP STRUCTURE



Plantation

## SIME DARBY PLANTATION SDN BHD

100%

- Upstream/Downstream plantation activities
- Agribusiness and Foods
- Research and Development



Property

## SIME DARBY PROPERTY BERHAD

100%

- Property Development
- Property Investment
- Asset Management
- Hospitality and Leisure



Industrial

## SIME DARBY INDUSTRIAL HOLDINGS SDN BHD

100%

- Dealership of Caterpillar heavy equipment
- Sales and Distributionship of other heavy equipment including Case New Holland, Kubota, Terberg, Jacobson, Perkins and Omega



Motors

## SIME DARBY MOTORS SDN BHD

100%

- Importation, assembly, distribution and retail of various marques including BMW, Porsche, Land Rover, Ford, Hyundai, Mazda, Rolls Royce, Lamborghini, McLaren, Mini, Peugeot



Energy & Utilities

## SIME DARBY ENERGY SDN BHD

100%

## SIME DARBY UTILITIES SDN BHD

100%

- Engineering Services
- Power
- Security Solutions and Calibration
- Ports and Logistics
- Water Management



Healthcare

## SIME DARBY HEALTHCARE SDN BHD

100%

- Operates Sime Darby Medical Centre Subang Jaya, Sime Darby Specialist Centre Megah and Sime Darby Nursing and Health Sciences College

100% : wholly owned by Sime Darby Berhad





BRAZIL

CANADA

CHINA

GERMANY

HONG KONG

INDONESIA

JAPAN

LIBERIA

**MALAYSIA**

THE NETHERLANDS

SINGAPORE

SOUTH AFRICA

THAILAND

UNITED KINGDOM

UNITED STATES OF AMERICA

VIETNAM

A harvester at Carey Island's West Estate cutting a mature fruit bunch to be sent to the oil mill. This scene is repeated daily in our estates in Malaysia, Indonesia and soon, Liberia.

# PLANTATION

# CORPORATE INFORMATION

## AS AT 18 OCTOBER 2011

### BOARD OF DIRECTORS

#### TUN MUSA HITAM

(Independent Non-Executive Chairman)

#### TAN SRI DATO' SRI HAMAD KAMA PIAH CHE OTHMAN

(Non-Independent Non-Executive Deputy Chairman)

(Appointed with effect from 16 November 2010)

#### TAN SRI SAMSUDIN OSMAN

(Non-Independent Non-Executive Director)

#### TAN SRI DATO' DR WAN MOHD ZAHID MOHD NOORDIN

(Non-Independent Non-Executive Director)

#### TAN SRI DATUK AMAR (DR) TOMMY BUGO @ HAMID BUGO

(Independent Non-Executive Director)

#### TAN SRI DATUK DR YUSOF BASIRAN

(Non-Independent Non-Executive Director)

(Appointed with effect from 16 November 2010)

#### DATO SRI LIM HAW KUANG

(Independent Non-Executive Director)

#### DATO' HENRY SACKVILLE BARLOW

(Senior Independent Non-Executive Director)

#### PUAN ZAITON MOHD HASSAN

(Non-Independent Non-Executive Director)

(Appointed with effect from 16 November 2010)

#### MR SREESANTHAN ELIATHAMBY

(Independent Non-Executive Director)

#### ENCIK AZMI MOHD ALI

(Non-Independent Non-Executive Director)

(Appointed with effect from 16 November 2010)

#### DATO' MOHD BAKKE SALLEH

(Executive Director)

(Appointed with effect from 16 November 2010)

### PRESIDENT & GROUP CHIEF EXECUTIVE

#### DATO' MOHD BAKKE SALLEH

(Appointed with effect from 27 November 2010)

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

(Ceased with effect from 26 November 2010)

### SECRETARY

#### PUAN NORZILAH MEGAWATI ABDUL RAHMAN

(LS 0009247)

### REGISTERED OFFICE

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

Telephone + (603) 2691 4122  
Facsimile + (603) 2382 1075

Email enquiries@simedarby.com  
Website www.simedarby.com

### SHARE REGISTRAR

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

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

### AUDITORS

PricewaterhouseCoopers (AF: 1146)  
Chartered Accountants  
Level 10, 1 Sentral, Jalan Travers  
Kuala Lumpur Sentral  
50470 Kuala Lumpur, Malaysia

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

### FORM OF LEGAL ENTITY

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

### STOCK EXCHANGE LISTING

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

Stock Code : 4197  
Stock Name : SIME

### PLACE OF INCORPORATION AND DOMICILE

Malaysia

## BOARD OF DIRECTORS



**Seated (from left):**  
Tun Musa Hitam  
Puan Zaiton Mohd Hassan

## BOARD OF DIRECTORS

**Standing (from left):**

Puan Norzilah Megawati Abdul Rahman (Group Secretary)  
 Dato' Henry Sackville Barlow  
 Mr Sreesanthan Eliathamby  
 Tan Sri Datuk Dr Yusof Basiran  
 Tan Sri Dato' Sri Hamad Kama Piah Che Othman  
 Encik Azmi Mohd Ali

Dato Sri Lim Haw Kuang  
 Dato' Mohd Bakke Salleh  
 Tan Sri Datuk Amar (Dr) Hamid Bugo  
 Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin  
 Tan Sri Samsudin Osman

## PROFILE OF DIRECTORS

### **TUN MUSA HITAM** **(Chairman, Independent Non-Executive Director)**

- Chairman of Nomination & Remuneration Committee

Tun Musa Hitam, 77, a Malaysian, is an Independent Non-Executive Director and the Chairman of the Board of Sime Darby Berhad. He was appointed to the Board on 29 September 2007.

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

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

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

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

**TAN SRI DATO' SRI HAMAD KAMA PIAH CHE OTHMAN****(Deputy Chairman, Non-Independent Non-Executive Director)**

- Member of Nomination & Remuneration Committee

Tan Sri Dato' Sri Hamad Kama Piah Che Othman, 60, a Malaysian, is a Non-Independent Non-Executive Director and the Deputy Chairman of Sime Darby Berhad. He was appointed to the Board on 16 November 2010.

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

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

His career spans over 30 years in the fields of investment and unit trust management. Prior to taking the helm at PNB on 1 February 1998, he undertook various responsibilities in various facets of investment management and corporate finance in PNB including as portfolio manager and head of corporate restructuring.

**TAN SRI SAMSUDIN OSMAN****(Non-Independent Non-Executive Director)**

- Chairman of Tender Committee

Tan Sri Samsudin Osman, 64, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 19 December 2008.

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

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

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

**TAN SRI DATO' DR WAN MOHD ZAHID MOHD NOORDIN****(Non-Independent Non-Executive Director)**

- Member of Tender Committee

Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin, 71, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 14 September 2007.

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

**TAN SRI DATUK AMAR (DR) TOMMY BUGO @ HAMID BUGO****(Independent Non-Executive Director)**

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

Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo, 66, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 26 August 2010.

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

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

## PROFILE OF DIRECTORS

Tan Sri Hamid currently sits on the board of several companies including SapuraCrest Petroleum Berhad, Sapura Resources Berhad, Superlon Holdings Berhad, Permodalan Sarawak Berhad, Sarawak Consolidated Industries Berhad and Zecon Berhad. He is also a board member of the Institute Integrity Malaysia and a member of the Advisory Committee of the Malaysian Anti-Corruption Commission. Tan Sri Hamid is actively involved in charitable activities as a member of Lembaga Amanah Kebajikan Masjid Negeri Sarawak, Chairman of Yayasan Kemajuan Insan Sarawak and Sarawak State Library Management Board. Tan Sri Hamid was appointed Commissioner of the National Water Services Commission (SPAN) on 2 May 2011.

**TAN SRI DATUK DR YUSOF BASIRAN**  
(Non-Independent Non-Executive Director)

- Member of Risk Management Committee
- Member of Litigation Committee

Tan Sri Datuk Dr Yusof Basiran, 63, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 16 November 2010.

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

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

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

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

**DATO SRI LIM HAW KUANG**  
(Independent Non-Executive Director)

- Member of Risk Management Committee

Dato Sri Lim Haw Kuang, 57, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 26 August 2010.

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

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

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

**DATO' HENRY SACKVILLE BARLOW**  
(Senior Independent Non-Executive Director)

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

Dato' Henry Sackville Barlow, 67, a British national, is the Senior Independent Non-Executive Director. He was appointed to the Board on 29 September 2007.

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

## PROFILE OF DIRECTORS

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

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

**ZAITON MOHD HASSAN**  
(Non-Independent Non-Executive Director)

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

Puan Zaiton Mohd Hassan, 55, a Malaysian, is a Non-Independent Non-Executive Director. She was appointed to the Board on 16 November 2010.

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

Puan Zaiton is currently a director of BIMB Holdings Berhad, Malaysian Industrial Development Finance Berhad, Credit Guarantee Corporation Malaysia Berhad and Bank Islam Malaysia Berhad. She is also a Commission Member of the Companies Commission of Malaysia and a director of several other private limited companies.

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

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

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

Mr Sreesanthan Eliathamby, 50, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 26 August 2010.

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

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

Mr Sreesanthan is a member of the Investment Committee of Amanah Saham Wawasan 2020 Fund managed by Permodalan Nasional Berhad, the Listing Committee of Bursa Malaysia Berhad and the Investigating Tribunal Panel of the Advocates & Solicitors' Disciplinary Board. He currently sits on the Boards of Scomi Group Berhad, Guinness Anchor Berhad and Malayan Banking Berhad.

**AZMI MOHD ALI**  
(Non-Independent Non-Executive Director)

- Member of Risk Management Committee
- Member of Litigation Committee

Encik Azmi Mohd Ali, 51, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 16 November 2010.

Encik Azmi holds a law degree from the University of Malaya and LL.M. in US & Global Business Law from University of Suffolk, Boston. He is also an Adjunct Professor of Law at the International Islamic University of Malaysia's Law Faculty.

Encik Azmi, a corporate and commercial lawyer with 27 years of experience, is the Senior Partner of Azmi & Associates, a leading corporate and commercial law firm in Malaysia with close to 50 lawyers, since year 2000. Prior to this, he was a Partner in Hisham, Sobri and Kadir from 1995 to 2000. Encik Azmi started his career in Petroliaam Nasional Berhad (PETRONAS) in 1984 and left PETRONAS' employment as Head of Gas/New Ventures, Upstream Legal Department in 1990 to work in a boutique law firm of T. Tharu & Associates from 1990 to 1995.

Encik Azmi currently sits on the Boards of Pernec Corporation Berhad, Chemical Company of Malaysia Berhad and Perbadanan Nasional Berhad.



## PROFILE OF DIRECTORS

**DATO' MOHD BAKKE SALLEH**  
**(President & Group Chief Executive)**

Dato' Mohd Bakke Salleh, 57, a Malaysian, is the President & Group Chief Executive of Sime Darby Berhad. He was appointed to the Board on 16 November 2010.

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

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

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

**Additional Information**

1. Save as disclosed below, none of the Directors has any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad:
  - Tan Sri Samsudin Osman is a nominee Director of the Employees Provident Fund Board.
  - Tan Sri Dato' Sri Hamad Kama Piah Che Othman, Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin, Tan Sri Datuk Dr Yusof Basiran, Puan Zaiton Mohd Hassan and Encik Azmi Mohd Ali are nominee Directors of Permodalan Nasional Berhad.
2. None of the Directors has any conflict of interest with Sime Darby Berhad or conviction of offences within the past 10 years other than traffic offences.
3. The details of Directors' attendance at Board Meetings held in the financial year ended 30 June 2011 are set out in the Statement of Corporate Governance on page 32 of this Annual Report.
4. Tan Sri Sheng Len Tao, has resigned as an Independent Non-Executive Director and consequently, Chairman of the Governance & Audit Committee with effect from 29 September 2011.

## MANAGEMENT TEAM PROFILE

### 1. DATO' ABD WAHAB MASKAN

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

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

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



### 2. TONG POH KEOW

**56, Malaysian, Group Chief Financial Officer**

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

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

### 3. DATO' IR JAUHARI HAMIDI

**52, Malaysian, Executive Vice President - Energy & Utilities Division - Non-China**

Dato' Ir Jauhari Hamidi was the Director of the Special Projects portfolio prior to his present appointment on 1 August 2010. He was also formerly the Executive Vice President for the Utilities Division and Managing Director of Sime UEP Properties Bhd. Dato' Ir Jauhari has served in various capacities since joining the Group 28 years ago.

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



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### 4. CHONG KWEA SENG

**57, Malaysian, Acting Executive Vice President, Energy & Utilities - China and Managing Director of Sime Darby Industrial Sdn Bhd**

Mr Chong has held various positions since he commenced employment in 1978, among them Marketing Manager of Used Equipment, Sales Manager of New Machines, Area Sales Manager and Area Parts Manager.

From 1992 to 1998, he was the General Manager of the KLIA Project, responsible for sales of equipment and product support. In 1998, he was promoted to General Manager, Used Equipment and later assumed the position of General Manager of Equipment in 2001, responsible for sales of Caterpillar (new and used) Equipment.

Mr Chong was formerly the Director - Sales of Tractors Malaysia before his appointment as Managing Director of Sime Darby Industrial Sdn Bhd and The China Engineers, Limited; Sime Darby's Caterpillar dealer company in China in July 2001. He was appointed Acting Executive Vice President, Energy & Utilities - China in December 2010.

Mr Chong holds a Diploma in Mechanical Engineering from Universiti Teknologi Malaysia and a Bachelor of Science (Mechanical Engineering) from Heriott-Watt University, United Kingdom.

### 5. DATO' LAWRENCE LEE CHEOW HOCK

**57, Singaporean, Executive Vice President - Motors Division**

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

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



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### 6. SCOTT WILLIAM CAMERON

**53, Australian, Executive Vice President - Industrial Division**

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

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

### 7. FRANKI ANTHONY DASS

**55, Malaysian, Executive Vice President - Plantation Division**

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

## MANAGEMENT TEAM PROFILE

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

### 8. PHILIP KUNJAPPY

#### 54, Malaysian, Executive Vice President – Group Corporate Services

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

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

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



### 9. ALAN HAMZAH SENDUT

#### 51, Malaysian, Executive Vice President – Strategy & Business Development

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

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

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

### 10. ZULKIFLI ZAINAL ABIDIN

#### 50, Malaysian, Executive Vice President – Group Human Resources

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

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

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



### 11. JOHN EDWARD ARKOSI, OBE

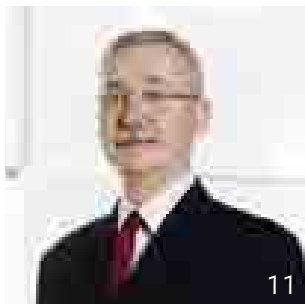
#### 55, Australian, Group Head of Compliance, Acting Head of Group Corporate Assurance

Mr Arkosi was appointed Group Head of Compliance on 1 February 2011. He is also the Acting Head of Group Corporate Assurance (GCA), a position to which he was appointed on 1 July 2010. Prior to his present appointments to Group Head Office, Mr Arkosi was the Vice President GCA for Motors and Industrial Divisions and in the 12 months leading up to the merger of Kumpulan Sime Darby Berhad, Kumpulan Guthrie Berhad and Golden Hope Plantations Berhad in 2007, he also assumed the role of Head, GCA Sime Darby Plantations.

## MANAGEMENT TEAM PROFILE

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

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



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**12. GLENN CHARLES DALY**

**48, Australian, Group Head of Risk Management**

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

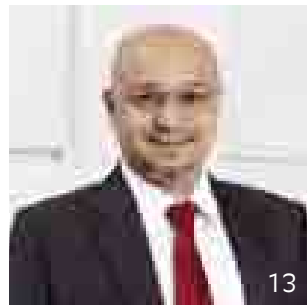
Mr Daly provided services to a range of clients in the mining, manufacturing, engineering, oil & gas, logistics, property, telecommunications, agribusiness and public sector.

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

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



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**13. RAJA AZLAN SHAH RAJA AZWA**

**40, Malaysian, Managing Director of Healthcare Group**

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

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



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**14. NORZILAH MEGAWATI ABDUL RAHMAN**

**51, Malaysian, Group Secretary**

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

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

## REPORT ON THE GOVERNANCE & AUDIT COMMITTEE

The Board of Directors of Sime Darby Berhad (SDB or the Company) is pleased to present the report on the Governance & Audit Committee (GAC or the Committee) of the Board for the financial year ended 30 June 2011.

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

### COMPOSITION AND ATTENDANCE

The GAC during the financial year comprised three (3) Independent and one (1) Non-Independent Directors. The Chairman of the GAC, Tan Sri Sheng Len Tao, Dato' Henry Sackville Barlow and Puan Zaiton Mohd Hassan are Chartered Accountants and meet the requirements of paragraph 15.09(1)(c) of the Listing Requirements which stipulates that at least one (1) member of the GAC must be a qualified accountant. The Chairman of the GAC reports to the Board on principal matters deliberated at GAC meetings. Minutes of each meeting are also circulated to each member of the Board at the most practicable next Board meeting.

The GAC had ten (10) meetings during the financial year ended 30 June 2011.

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

Members	No. of meetings attended	(%)
YBhg Tan Sri Sheng Len Tao (Chairman/Independent Non-Executive Director) (Appointed as Chairman on 16 November 2010)	10 out of 10	100
YBhg Dato' Henry Sackville Barlow (Member/Senior Independent Non-Executive Director) (Appointed as Senior Independent Non-Executive Director on 16 November 2010)	10 out of 10	100
Puan Zaiton Mohd Hassan (Member/Non-Independent Non-Executive Director) (Appointed on 16 November 2010)	6 out of 6*	100
Mr Sreesanthan Eliathamby (Member/Independent Non-Executive Director) (Appointed on 16 November 2010)	6 out of 6*	100

Members	No. of meetings attended	(%)
YM Raja Tan Sri Dato' Seri Arshad Uda (Chairman/Senior Independent Non-Executive Director) (Ceased as Chairman and member on 16 November 2010)	4 out of 4*	100
YBhg Tan Sri Datuk Dr Ahmad Tajuddin Ali (Member/Independent Non-Executive Director) (Ceased as member on 16 November 2010)	4 out of 4*	100
YBhg Dato' Sri Mohamed Sulaiman (Member/Non-Independent Non-Executive Director) (Ceased as member on 16 November 2010)	4 out of 4*	100

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

During the financial year ended 30 June 2011, the President & Group Chief Executive (PGCE), Group Chief Operating Officer, Group Chief Financial Officer and the Head of Group Corporate Assurance attended the GAC meetings for the purpose of briefing the Committee on their areas of responsibilities. Representatives of the external auditors briefed the Committee on matters relating to the external audit at five (5) GAC meetings during the financial year. Two (2) separate sessions were held without the presence of the management. Time was also set aside for the external auditors to have private discussions with the members of the Committee in the absence of management.

### TERMS OF REFERENCE

#### 1. PURPOSE

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

## REPORT ON THE GOVERNANCE &amp; AUDIT COMMITTEE

- iv. To assist the Board in ensuring that an effective ethics programme is implemented across the Group, and monitor compliance with established policies and procedures.

**2. COMPOSITION AND APPOINTMENT**

- 2.1 The GAC shall be appointed by the Board from amongst their number and shall consist of not less than four (4) members. All members of the GAC shall be non-executive Directors, a majority of whom shall be independent Directors.
- 2.2 All members of the GAC shall be financially literate and have the ability:
- 2.2.1 To read and understand financial statements, including a company's balance sheet, income statement and cash flow statement;
- 2.2.2 To analyse financial statements and ask pertinent questions about the company's operations against internal controls and risk factors; and
- 2.2.3 To understand and interpret the application of approved accounting standards.
- 2.3 At least one member of the GAC shall be a member of the Malaysian Institute of Accountants or shall fulfil such other requirements as prescribed in the Listing Requirements.
- 2.4 No alternate Director shall be appointed as a member of the GAC.
- 2.5 The Chairman of the GAC shall be an independent non-executive Director appointed by the Board.
- 2.6 Members of the GAC may relinquish their membership in the GAC with prior written notice to the Group Secretary. If a member of the GAC resigns or for any reason ceases to be a member of the GAC resulting in non-compliance with the Listing Requirements, then the Board shall, within three (3) months of that event, appoint such number of new members as may be required.
- 2.7 Reappointment of GAC members shall be subject to a review of the term of office and performance of the GAC and each of its members by the Board to determine whether the GAC and its members have carried out their duties in accordance with their terms of reference.

**3. AUTHORITY**

- 3.1 The GAC is authorised by the Board to:
- 3.1.1 Investigate any activity within its terms of reference and shall have direct communication channels with Group Corporate Assurance Department (GCAD) and Group Compliance Department (GCD), Group Chief Financial Officer, Divisional Chief Financial Officers, and external auditors.
- 3.1.2 Have the resources in order to perform its duties as set out in its terms of reference.
- 3.1.3 Have full and unrestricted access to information pertaining to the Company and the Group, their records, properties and personnel.
- 3.1.4 Obtain external legal or other independent professional advice as necessary.
- 3.1.5 Convene meetings with the external auditors, GCAD and GCD or both without the attendance of any executive, and if appropriate, the Group Secretary, whenever deemed necessary.
- 3.1.6 Have immediate access to reports on fraud or irregularities from GCAD and GCD.
- 3.1.7 Authorise an investigation where there is possible fraud, illegal acts or suspected violation of the code of conduct involving senior management or members of the Board.

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

**4. FUNCTIONS AND DUTIES**

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

- 4.1 Financial Reporting and Performance Oversight
- 4.1.1 The GAC shall review the quarterly and annual financial statements of SDB and the Group with management and external auditors focusing on the matters set out below, prior to approval by the Board:
- Any change in accounting policies and practices, and its implementation;
  - Significant adjustments arising from the audit;
  - The going concern assumption; and
  - Compliance with accounting standards and regulatory requirements.

## REPORT ON THE GOVERNANCE &amp; AUDIT COMMITTEE

- 4.1.2 The GAC shall review with the external auditors the audited financial statements for the purpose of approval prior to presentation to the Board for adoption, on the following:
- Whether the auditor's report contained any qualifications which must be properly discussed and acted upon;
  - Whether there is any significant changes and adjustments in the presentation of financial statements;
  - Whether it is in compliance with laws and accounting standards;
  - Whether there is any material fluctuations in balances;
  - Whether there is any significant variations in audit scope and approach; and
  - Whether there are any significant commitments or contingent liabilities.
- 4.1.3 The GAC shall discuss problems and issues arising from the interim and final external audits, and any matters the external auditors may wish to discuss in the absence of management, where necessary.
- 4.1.4 The GAC shall provide the Board with assurance on the quality and reliability of financial information used by the Board and of the financial information issued publicly by SDB and the Group.
- 4.1.5 The GAC shall regularly review individual Division's financial results and performance, and shall discuss such results with the management, as necessary.
- 4.2 Oversight of GCAD and GCD, and Controls Environment
- 4.2.1 The GAC shall perform the following in relation to internal control:
- Oversee the internal control framework to ensure operational effectiveness and adequate protection of SDB's and the Group's assets from misappropriation.
  - Review, challenge and approve the GCAD and GCD audit plan, risk assessment and audit methodology and ensure robustness in the audit planning process.
  - Review the adequacy of the internal audit scope, audit programmes, functions and resources of GCAD and GCD, and ensure it is able to undertake its activities independently and objectively, and that it has the necessary authority to carry out its work.
- Review the internal audit reports prepared by GCAD and GCD, discuss major findings and management's response, and ensure appropriate action is taken on the recommendations of GCAD and GCD.
- 4.2.2 The GAC shall approve the appointment or termination of Heads of GCAD and GCD, and senior members of GCAD and GCD. The GAC shall be informed of any resignation of the Heads of GCAD and GCD and members of GCAD and GCD and provide them an opportunity to submit his/her reason for resignation.
- 4.2.3 The GAC shall assess the performance of the Heads of GCAD and GCD, and review the assessment of the performance of other members of GCAD and GCD.
- 4.2.4 The GAC shall review the results of validation performed by GCAD and GCD on Controls Self Assessment (CSA) sign-offs by management.
- 4.3 Governance Oversight
- 4.3.1 The GAC shall be assisted by a compliance function to drive the ethics programme across the Group, including ensuring that the Code of Business Conduct (COBC) and 'whistle-blower programme' is implemented across the Group, and complied with.
- 4.3.2 The GAC shall review and endorse the ethics programme for the Board's approval and monitor the progress of implementation.
- 4.3.3 The GAC shall assess the effectiveness of the ethics programme and the ethical climate of the entire organisation, and recommend to the Board necessary changes to the COBC.
- 4.3.4 The GAC shall review reports on violations of the COBC and whistle-blowing issues, as well as breaches involving pivotal positions.
- 4.4 Dealings with External Auditors
- 4.4.1 The GAC shall recommend to the Board, the appointment of the external auditors and the audit fee, and any resignation or dismissal of the external auditors.
- 4.4.2 The GAC shall discuss the following with the external auditors:
- The nature and scope of audit;
  - The audit plan;
  - Co-ordination of audit where more than one audit firm is involved;
  - Evaluation of the system of internal controls;



## REPORT ON THE GOVERNANCE &amp; AUDIT COMMITTEE

- Effectiveness of management information system including any suggestions for improvement and management's response;
- The audit reports; and
- Any assistance given by SDB's and the Group's employees to the auditors.

## 4.5 Related Party Transactions

- 4.5.1 The GAC shall review related party transactions entered into by SDB and the Group to ensure that:
- Transactions are in the best interest of the Group;
  - Transactions are fair, reasonable and undertaken on the Group's normal commercial terms;
  - Internal control procedures with regard to such transactions are sufficient and review any conflict of interest situations; and
  - Transactions are not detrimental to the interest of minority shareholders.

## 4.6 Governance &amp; Audit Committee Report

- 4.6.1 Prepare a Governance & Audit Committee report at the end of the financial year pursuant to the Listing Requirements.

## 4.7 Employee Share Options Scheme

- 4.7.1 The GAC shall oversee the administration of any Employee Share Options Scheme (ESOS) and options granted under it, subject to the by-laws governing ESOS. The GAC shall review and consider the transactions, agreements, deeds, documents or arrangements as may be required in connection with the administration of the ESOS.
- 4.7.2 The GAC shall set the rules and regulations, or impose such terms and conditions, or delegate part of its power, as may be required in connection with the administration of the ESOS. This includes verifying the criteria for the allocation of options and ensuring the same is disclosed to the employees at the end of each financial year as required by the Listing Requirements. The GAC shall also ensure that a statement verifying such allocation is included in the annual report.

## 4.8 Other Matters

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

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

**5. MEETINGS**

## 5.1 Frequency

- 5.1.1 The GAC shall meet at least quarterly in a financial year. Additional meetings shall be scheduled as considered necessary by the Chairman of the GAC.
- 5.1.2 The Heads of GCAD and GCD shall attend meetings of the GAC as a permanent invitee unless otherwise decided by the Chairman. The PGCE, Group Chief Financial Officer, and a representative of the external auditors shall normally be invited to attend the meetings.
- 5.1.3 Other members of the Board may attend the meetings upon the invitation of the GAC. Division Executive Vice Presidents (EVPs) may be invited to the meetings where necessary.
- 5.1.4 At least twice a year, the GAC shall meet with the external auditors without the presence of any executive members.

## 5.2 Notice and Agenda

- 5.2.1 The notice of GAC meetings shall be circulated at least 5 days before each meeting.
- 5.2.2 The agenda for each meeting including relevant documents and information requested by the GAC shall be circulated before each meeting to the GAC members, the external auditors and all those who are required to attend the meeting.
- 5.2.3 The GAC meeting agendas shall be the responsibility of the Chairman with input from the members.
- 5.2.4 The Chairman may also invite other members of management and other persons to participate in this process, if necessary.

## 5.3 Quorum

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

## 5.4 Voting

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

## REPORT ON THE GOVERNANCE &amp; AUDIT COMMITTEE

## 5.5 Meeting Minutes

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

## 5.6 Meeting Mode

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

## 5.7 Secretary

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

- Review of the Group Financial and Foreign Currency Exposures.

## ii. Internal and External Audit

- Review of the external auditors' and GCAD's scope of work and audit plans for the year.
- Set the Key Performance Indicators and review of the performance of the Head of Group Corporate Assurance and GCAD.
- Review of the reports prepared by GCAD and the external auditors and consideration of the major findings by the auditors including management's responses thereto.
- Review the fees of the external auditors.
- Consider the cases investigated by GCAD arising from the Whistle Blowing Policy.
- Meeting with the external auditors without any executives present except for the Group Secretary.

## iii. Related Party Transaction

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

## iv. Other activities

- Recommendation to the Board on the proposed dividend to be paid by the Company.
- Commissioning of special reviews on specific areas of operations.
- Review of the minutes of meetings of the Audit Committees of major subsidiary companies in the Group.

**SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE YEAR**

The activities undertaken by the Committee during the financial year ended 30 June 2011 were as follows:-

## i. Financial Reporting

- Review of the quarterly unaudited financial results announcements prior to submission to the Board of Directors for consideration and approval.
- Review of the annual report and audited financial statements of the Company and the Group prior to submission to the Board of Directors for consideration and approval.
- Review of the Report on the GAC, Statement on Internal Control and Statement on Corporate Governance prior to their inclusion in the Company's Annual Report.

**GROUP COMPLIANCE OFFICE**

The Group Compliance Office (GCO) was set up in February 2011 with the appointment of the Group Head of Compliance. The activities to 30 June 2011 include:

- The revision of the Group Policies and Authorities (GPA) and the establishment of a Code of Business Conduct (COBC) as part of the GPA was approved for submission to the Board by the GAC on 19 August 2011 and subsequently, approved by the Board on the 25 August 2011 for adoption and implementation within the SDB Group. The COBC will be implemented by 1 December 2011 allowing for time for language translation and publication and will be made available to external parties.

## REPORT ON THE GOVERNANCE &amp; AUDIT COMMITTEE

- Following signing of the Integrity Pledge by the PGCE on behalf of the SDB Group with the Malaysian Anti-Corruption Commission on 9 June 2011, GCO and Sime Darby Corporate Education have embarked on a series of corruption awareness programmes internally and with third parties.

The GCO reports direct to the GAC.

**INTERNAL AUDIT FUNCTIONS AND ACTIVITIES**

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

GCAD has been organised as a centralised department with divisional CADs that have direct control and supervision for the audit and business analysis functions across the Group. GCAD is also responsible for the conduct of regular and systematic reviews of environmental, safety and health issues in the Company and the Group.

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

- 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.
- Ascertaining the extent of compliance with established policies, procedures and statutory requirements.
- Ascertaining the extent to which the Company's and the Group's assets are accounted for and safeguarded from losses of all kinds.
- Appraising the reliability and usefulness of information developed within the Company and the Group for management.
- Recommending improvements to the existing systems of controls.
- Carrying out audit work in liaison with the external auditors to maximise the use of resources and for effective coverage of audit risks.
- Carrying out investigations and special reviews requested by management and/or the GAC.
- Carrying out environmental, safety and health audits on the Company and the Group.
- Identifying opportunities to improve the operations of and processes in the Company and the Group.
- Carrying out analyses to determine the efficiency of businesses carried out by the Group.

All internal audit functions during the year were conducted by GCAD. There were no areas of the internal audit functions which were outsourced. During the financial year, the total cost incurred for the internal audit function is RM32 million (2010:RM28.7 million).

This report is made in accordance with a resolution of the Board of Directors dated 20 September 2011.

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Sime Darby Berhad (SDB or Sime Darby or the Company) is committed to continuously strive for the highest standards of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' values and to build sustainable business growth for the Group.

The Board continues to implement the recommendations of the Malaysian Code on Corporate Governance (the Code) which sets out the principles and best practices of good governance on structures and internal processes, the "Green Book on Enhancing Board Effectiveness" initiated by the Putrajaya Committee on Government-Linked Companies (GLC) High Performance as part of the GLC Transformation Programme which further reinforces the recommendations contained in the Code as well as the Corporate Governance Guide issued by Bursa Malaysia Berhad.

The Board is also mindful of the recommendations highlighted in the Securities Commission's five-year Corporate Governance Blueprint which was launched on 8 July 2011 to raise the standards of corporate governance in Malaysia.

## NEW GOVERNANCE FRAMEWORK

The Board views with concern the lapses in governance that were uncovered by the Oil & Gas Projects Work Group (OGPWG) in the prior year. Following the recommendations of the OGPWG and the review of the Sime Darby Group organisation and reporting structure, the Board has taken various actions during the year to improve certain governance areas within the Group. These include the following:

- i. Introducing a two-tier Board structure which features a Flagship Subsidiary Board (FSB) for each of the Divisions in the Sime Darby Group.
- ii. Expanding the scope of the Audit Committee to include oversight of governance matters and renaming the committee as the Governance & Audit Committee.
- iii. Expanding the scope of the Risk Management Committee to include the review of investment proposals and monitoring the execution of risk mitigation strategies for such proposals.
- iv. Disbanding the Special Investment Committee and Strategy Task Force on 16 November 2010 and China Operations Committee on 1 January 2011 as their scope of work would fall under the purview of the FSBs and if material, the Sime Darby Board.
- v. Disbanding the OGPWG on 16 November 2010 as it had completed its functions as mandated under its Terms of Reference.
- vi. Establishing the Compliance Office on 1 February 2011 to assist the Board and Management in coordinating compliance risk management activities and to provide reasonable assurance that the Group's operations and activities are conducted in line with all regulatory requirements, internal policies and procedures and standard of good business practice.

- vii. Redesigning the approval processes and review of the delegated authority thresholds to strengthen controls over expenditure.

## THE BOARD OF DIRECTORS

### 1. DUTIES AND RESPONSIBILITIES OF THE BOARD

The fundamental responsibility of the Directors is to exercise their judgment to act in what they reasonably believe to be the best interest of the Company. The Board has the ultimate and overall responsibility for corporate governance, strategic direction and overseeing the investments of the Group. The Board's principal functions include charting the Group's overall strategic plans for business performance, overseeing the proper conduct of business, approving financial plans and annual budget, major investments, divestments and funding proposals, undertaking financial performance reviews, succession planning and overseeing risk management and corporate governance practices.

The Corporate Governance Guide issued by Bursa Malaysia Berhad encourages every Board to have a board charter. A Directors' Handbook which includes among others, the Sime Darby board charter, the roles and responsibilities of the Board, FSBs, Board Committees and Management as well as their authority limits, has been approved by the Board as a guide to the Board of Sime Darby and FSBs.

### 2. BOARD BALANCE AND INDEPENDENCE

The Board endeavours to balance the need for professional knowledge, business expertise and varied industry knowledge to increase the effectiveness of the Board. Ongoing efforts are also taken to maintain an appropriate gender representation on the Board.

During the year, eight (8) new members were appointed to the Board, namely Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo, Dato Sri Lim Haw Kuang and Mr Sreesanthan Eliathamby on 26 August 2010 and Tan Sri Dato' Sri Hamad Kama Piah Che Othman, Tan Sri Datuk Dr Yusof Basiran, Puan Zaiton Mohd Hassan, Encik Azmi Mohd Ali and Dato' Mohd Bakke Salleh on 16 November 2010.

Tan Sri Dato' Sri Hamad Kama Piah, Tan Sri Datuk Dr Yusof, Puan Zaiton and Encik Azmi are nominee Directors of Permodalan Nasional Berhad, a major shareholder of Sime Darby.

The year also saw the retirements of Tun Ahmad Sarji Abdul Hamid, Dr Arifin Mohamad Siregar, Tan Sri Datuk Dr. Ahmad Tajuddin Ali, Dato' Sri Mohamed Sulaiman, Dato' Dr Abdul Halim Ismail, and Datin Paduka Zaitoon Dato' Othman and the resignation of Raja Tan Sri Dato' Seri Arshad Raja Tun Uda upon the conclusion of the Annual General Meeting (AGM) of the Company held in November 2010.

Following the above changes, the Board currently has thirteen (13) members comprising all non-executive Directors except Dato' Mohd Bakke, the President & Group Chief Executive (PGCE). Six (6) of the Directors are independent as defined under the Bursa Malaysia Securities Berhad Main Market Listing Requirements (Listing Requirements). The independent Directors are:

## STATEMENT ON CORPORATE GOVERNANCE

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

The composition of the Board is in compliance with the independent directors criteria set out under the Listing Requirements.

The presence of independent non-executive Directors fulfils a pivotal role in corporate accountability. Although all the Directors have equal responsibility at the Board level, the role of these independent non-executive Directors is particularly important as they provide unbiased and independent views, advice and judgment to take account of the interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities with which the Group conducts business.

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

The Board has identified and appointed Dato' Barlow to replace Raja Tan Sri Dato' Seri Arshad as the Senior Independent Director of the Board to whom concerns relating to the Group may be conveyed by shareholders and other stakeholders. The Senior Independent Director may be contacted at:-

Telephone number : (+6) 03-2691 0948  
 Telephone (toll free) : 1 800 88 8880 (Local)/  
 800 8008 8000 (International)  
 Facsimile number : (+6) 03-2698 6629  
 Email address : [henry.s.barlow@simedarby.com](mailto:henry.s.barlow@simedarby.com)

Contact details of the Senior Independent Director are also posted on the Company's website.

The Board members comprise high calibre individuals who are professionals in their respective fields. Together, the Directors with their wide range of competencies, capabilities, technical skills and relevant business experience add value in governing the strategic direction of the Group and ensuring that the Group continues to be a competitive leader within its diverse industry segments with a strong reputation. A brief profile of each Director is presented on pages 16 to 20 of the Annual Report.

There is a distinct and clear division of responsibility between the Chairman and the PGCE to ensure that there is a balance of power and authority. The roles of the Chairman and the PGCE are separated and clearly defined. The Chairman is responsible for ensuring Board effectiveness and conduct while the PGCE has overall responsibilities over the operating units, organisational effectiveness and implementation of Board policies and decisions.

**3. BOARD MEETINGS**

The Board meets on a scheduled basis at least four (4) times a year. When the need arises, Special Meetings are also held to specifically consider other issues arising. Among the topics for deliberation are the financial statements and 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 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 financial year ended 30 June 2011, fifteen (15) Board Meetings were held to consider and deliberate a variety of issues. All directors have complied with the requirement that they must attend at least 50% of the Board meetings held in the financial year pursuant to the Listing Requirements.

The following are the details of attendance of each Director who was in office during the financial year:-

<b>Current Directors</b>	<b>Date of Appointment</b>	<b>No. of Meetings Attended</b>	<b>(%)</b>
Tun Musa Hitam (Chairman)	29.09.2007	15 out of 15	100
Tan Sri Dato' Sri Hamad Kama Piah Che Othman (Deputy Chairman)	16.11.2010	8 out of 8*	100
Tan Sri Samsudin Osman	19.12.2008	15 out of 15	100
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	14.09.2007	15 out of 15	100
Tan Sri Datuk Amar (Dr) Hamid Bugo	26.08.2010	12 out of 12*	100
Tan Sri Datuk Dr Yusof Basiran	16.11.2010	6 out of 8*	75
Tan Sri Sheng Len Tao	14.09.2007	14 out of 15	93
Dato Sri Lim Haw Kuang	26.08.2010	11 out of 12*	92
Dato' Henry Sackville Barlow	29.09.2007	15 out of 15	100
Puan Zaiton Mohd Hassan	16.11.2010	8 out of 8*	100
Mr Sreesanthan Eliathamby	26.08.2010	11 out of 12*	92

## STATEMENT ON CORPORATE GOVERNANCE

Current Directors	Date of Appointment	No. of Meetings Attended	(%)
Encik Azmi Mohd Ali	16.11.2010	8 out of 8*	100
Dato' Mohd Bakke Salleh	16.11.2010	8 out of 8*	100

Former Directors	Date of Retirement/ Resignation	No. of Meetings Attended	(%)
Tun Ahmad Sarji Abdul Hamid (Deputy Chairman)	16.11.2010	7 out of 7*	100
Dr. Arifin Mohamad Siregar	16.11.2010	7 out of 7*	100
Tan Sri Dato' Seri Arshad Raja Tun Uda	16.11.2010	7 out of 7*	100
Tan Sri Datuk Dr. Ahmad Tajuddin Ali Raja	16.11.2010	7 out of 7*	100
Dato' Sri Mohamed Sulaiman	16.11.2010	7 out of 7*	100
Dato' Dr. Abdul Halim Ismail	16.11.2010	7 out of 7*	100
Datin Paduka Zaitoon Dato' Othman	16.11.2010	7 out of 7*	100

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

#### 4. SUPPLY OF INFORMATION

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

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, clarification or explanation, where necessary, in order to be properly prepared and adequately apprised before the meeting. However, papers that are deemed urgent, may still be submitted to the Group Secretary to be tabled to the Board at the Board Meeting, subject to the approval of the Chairman and PGCE.

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

- i. minutes of previous Board meeting(s);

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

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

Presentations and briefings by external consultants and legal advisors are also held at Board meetings to assist the Directors to deliberate and decide on relevant issues.

All the Directors have direct access to the advice and services of the Group Secretary whether as a full board or in their individual capacity, in the furtherance of their duties. Directors whether acting as a full board or in their individual capacity may obtain independent professional advice in the furtherance of their duties, at the Company's expense.

#### 5. BOARD COMMITTEES

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

##### a. Governance & Audit Committee

The Governance & Audit Committee (GAC) reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures that an objective and professional relationship is maintained with the external auditors. Its principal function is to assist the Board in maintaining a sound system of internal control. The GAC has full access to the auditors both internal and external who, in turn, have access at all times to the Chairman of the GAC. The GAC meets with the external auditors without any executive 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 GAC.

The report on the GAC is presented on pages 25 to 30 and the duties of the GAC are included therein.

##### b. Nomination & Remuneration Committee

The Nomination Committee and the Remuneration Committee were merged as one Committee known as the Nomination & Remuneration Committee (NRC) in November 2010 following the Board's decision to enhance the Company's internal reporting structure. The specific

## STATEMENT ON CORPORATE GOVERNANCE

functions of the NRC include the following:

Nomination Function

- i. To assist the Board in reviewing on an annual basis the appropriate size and balance of the Board, including appropriateness of non-executive participation;
- ii. To review the required mix of skills, experience, knowledge and responsibilities of the Directors of the Board;
- iii. To recommend members for appointments to the Board and Board Committees and to ensure appropriate assessment of Directors on an ongoing basis;
- iv. To ensure there is sufficient succession planning and human capital development focus in the Group.

Remuneration Function

- i. To recommend to the Board the remuneration framework for the Non-Executive Directors including the Non-Executive Chairman;
- ii. To set the policy and remuneration framework, and to make recommendations to the Board on all elements of remuneration, terms of employment, reward structure and fringe benefits for Executive Directors, the PGCE and key pivotal positions;
- iii. To set the policy and remuneration framework for employees of Sime Darby and the Group.

The NRC is made up of a majority of independent non-executive Directors. The members of the NRC and their attendance at the meetings held from 16 November 2010 to 30 June 2011 were as follows:

Members of NRC	No. of Meetings Attended	(%)
Tun Musa Hitam (Chairman)	5 out of 5	100
Tan Sri Dato' Sri Hamad Kama Piah Che Othman (Appointed as member with effect from 16 November 2010)	5 out of 5	100
Tan Sri Datuk Amar (Dr) Hamid Bugo (Appointed as member with effect from 16 November 2010)	4 out of 5	80
Dato' Henry Sackville Barlow (Appointed as member with effect from 16 November 2010)	5 out of 5	100

The members of the Nomination Committee and their attendance at the meetings held from 1 July 2010 to 15 November 2010 were as follows:

Members of Nomination Committee	No. of Meetings Attended	(%)
Tun Musa Hitam (Chairman)	2 out of 2	100
Tun Ahmad Sarji Abdul Hamid (Ceased as member with effect from 16 November 2010)	2 out of 2*	100
Dr. Arifin Mohamad Siregar (Ceased as member with effect from 16 November 2010)	2 out of 2*	100
Tan Sri Datuk Dr. Ahmad Tajuddin Ali (Ceased as member with effect from 16 November 2010)	2 out of 2*	100

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

The members of the Remuneration Committee and their attendance at the meetings held from 1 July 2010 to 15 November 2010 were as follows:

Members of Remuneration Committee	No. of Meetings Attended	(%)
Dato' Sri Mohamed Sulaiman (Chairman) (Ceased as Chairman and member with effect from 16 November 2010)	2 out of 2*	100
Raja Tan Sri Dato' Seri Arshad Raja Tun Uda (Ceased as member with effect from 16 November 2010)	2 out of 2*	100
Tan Sri Sheng Len Tao (Ceased as member with effect from 16 November 2010)	2 out of 2	100
Dato' Henry Sackville Barlow (Ceased as member with effect from 16 November 2010)	2 out of 2	100
Dato' Dr. Abdul Halim Ismail (Ceased as member with effect from 16 November 2010)	2 out of 2*	100

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

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

**1. COMPOSITION AND APPOINTMENT**

- 1.1 Members of the NRC shall be appointed by the Board from amongst their number and shall consist of not less than four (4) members, all of whom shall be non-executives, and a majority of whom shall be independent. No alternate Director shall be appointed as a member of the NRC.

## STATEMENT ON CORPORATE GOVERNANCE

- 1.2 The Chairman of the NRC shall be an independent non-executive Director appointed by the Board.
- 1.3 Members of the NRC may relinquish their membership in the NRC with prior written notice to the Group Secretary. In the event of any vacancies arising in the NRC resulting in the number of members of the NRC falling below four (4), the vacancy shall be filled within three (3) months of it arising.
- 1.4 Reappointment of NRC members shall be subject to a review of the term of office and performance of the NRC and each of its members by the Board to determine whether the NRC and its members have carried out their duties in accordance with their terms of reference.

**2. AUTHORITY**

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

**3. FUNCTIONS AND DUTIES**

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

**Nomination Functions and Duties**

- 3.1 The NRC shall annually review and recommend to the Board the required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors shall bring to the Board to ensure that they are in line with Sime Darby's and the Group's requirements.
- 3.2 The NRC shall consider and recommend to the Board, the selection criteria for new appointment as Directors of Sime Darby and the Group which may include:
- Required skills, knowledge, expertise and experience;
  - Ability to work cohesively with other members of the Board;
  - Specialist knowledge or technical skills in line with the Group's strategy;
  - Diversity in age, gender and experience/background; and
  - Number of directorships in companies outside the Group.

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



## STATEMENT ON CORPORATE GOVERNANCE

on the appointment, evaluation, promotion, resignation, disciplinary actions and termination of the key pivotal positions of SDB and the Group.

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

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

### c. Risk Management Committee

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

- i. To oversee the risk management activities of the Sime Darby Group. It supports the Board in fulfilling its responsibility for identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the Sime Darby Group; and

- ii. To review and recommend the Sime Darby Group risk management policies and strategies for the Board's approval. This includes reviewing major investment business cases and assessing the key associated risks, including funding options and costs, and investment returns prior to the Board's approval.

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

<b>Current Members</b>	<b>No. of Meetings Attended</b>	<b>(%)</b>
Tan Sri Datuk Amar (Dr) Hamid Bugo (Chairman) (Appointed as Chairman and member with effect from 16 November 2010)	4 out of 4*	100
Tan Sri Datuk Dr Yusof Basiran (Appointed as member with effect from 16 November 2010)	4 out of 4*	100
Dato Sri Lim Haw Kuang (Appointed as member with effect from 16 November 2010)	4 out of 4*	100
Encik Azmi Mohd Ali (Appointed as member with effect from 16 November 2010)	4 out of 4*	100

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

<b>Former Members</b>	<b>No. of Meetings Attended</b>	<b>(%)</b>
Tan Sri Datuk Dr. Ahmad Tajuddin Ali (Chairman) (Ceased as Chairman and member with effect from 16 November 2010)	1 out of 1*	100
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin (Ceased as member with effect from 16 November 2010)	1 out of 1	100
Tan Sri Sheng Len Tao (Ceased as member with effect from 16 November 2010)	1 out of 1	100
Raja Tan Sri Dato' Seri Arshad Raja Tun Uda (Ceased as member with effect from 16 November 2010)	1 out of 1*	100
Datin Paduka Zaitoon Dato' Othman (Ceased as member with effect from 16 November 2010)	1 out of 1*	100

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

## STATEMENT ON CORPORATE GOVERNANCE

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

## 1. COMPOSITION AND APPOINTMENT

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

## 2. AUTHORITY

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

## 3. FUNCTIONS AND DUTIES

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

- 3.1 Provide oversight, direction and counsel to the Group risk management process which includes:

- 3.1.1 Monitoring the Group and Divisional level risk exposures and management of the significant risks identified.

- 3.1.2 Evaluating new risks identified by GRM.

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

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

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

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

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

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

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

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

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

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

- 3.5.5 Reviewing actual financial and operational performance of investments or projects against projected returns (i.e. return on investment, implementation timelines), and reporting the same to the Board.

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- 3.5.6 Review investment proposals considered significant including:
- New lines of business (defined as businesses outside existing sectors, expansion across industry value chains within current sectors and new franchises); or
  - New territories and countries (defined as expansion of existing businesses into new markets/ territories).

**d. Litigation Committee**

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

The members of the Litigation Committee and their attendance at the meetings during the financial year were as follows-

Members	No. of Meetings Attended	(%)
Mr Sreesanthan Eliathamby (Chairman)	1 of 1	100
Tan Sri Datuk Amar (Dr) Hamid Bugo	1 of 1	100
Tan Sri Datuk Dr Yusof Basiran	1 of 1	100
Puan Zaiton Mohd Hassan	1 of 1	100
Encik Azmi Mohd Ali	1 of 1	100

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

**DUTIES**

The duties of the Litigation Committee for the Civil Suits (Committee) are:

- To consider and review the progress and instruct the lawyers representing Sime Darby, in respect of the Litigation suits commenced by Sime Darby and its subsidiaries against Dato' Seri Zubir, Dato' Shukri, Abdul Rahim, Abdul Kadir and Mohd Zaki; and to deal with, in a manner deemed fit by the Committee, any ancillary matters in relation to, in connection with or affected by the Litigation, including but not limited to any third party proceedings initiated by any of the Defendants and any other proceedings or legal action arising out of or in connection with the same or similar circumstances;

- To deal with and make such necessary decisions in relation to or in connection with any request, investigation, inquiry, inspection, examination and/or review by any regulatory authorities, including but not limited to the Securities Commission, Bursa Malaysia Securities Berhad, Malaysian Anti-Corruption Commission, Companies Commission of Malaysia and the police in relation to or arising from any of the Maersk Oil Qatar, Qatar Petroleum, Bakun or Marine Projects (the Projects) which are the subject matter of the Oil & Gas Suit and the Bakun Suit and any other proceedings or legal action arising out of or in connection with the same or similar circumstances;
- To make recommendations thereon to the Board;
- To give effect to the intentions and instructions of the Board in respect of the Civil Suits; and
- To undertake such other duties as may be agreed to by the Committee and the Board.

**AUTHORITY**

The Committee is authorised by the Board:

- To investigate any activity within its terms of reference.
- To have full and unrestricted access to information, records, properties and employees of the Group and other individuals or groups (within or outside the country) connected in one way or another with the Projects.
- To convene meetings without the attendance of any executive, and if appropriate the Secretary, whenever deemed necessary.
- To obtain independent professional advice and expertise as necessary to perform its duties.
- To have the resources to perform its duties as set out in its terms of reference.

**MEMBERSHIP**

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

**e. Tender Committee**

The Tender Committee was established with the responsibility of overseeing the process of awarding significant contracts by the Sime Darby Group. Meetings of the Tender Committee are held as and when required. No meeting was held during the financial year ended 30 June 2011 as there has been no award of tender exceeding the authority limits set by the Board.

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The members of the Tender Committee during the financial year were as follows:-

<b>Members</b>
Tan Sri Samsudin Osman (Chairman)
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin
Dato' Henry Sackville Barlow
Tan Sri Datuk Dr. Ahmad Tajuddin Ali (Ceased as member with effect from 16 November 2010)

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

**DUTIES**

The duties of the Tender Committee are:-

- i. To oversee that the tender process is carried out in accordance with the Group Procurement Policies & Authorities procedures;
- ii. To review and ensure that the tender evaluation criteria are comprehensive and allow for maximum competition among the vendors;
- iii. To review the adequacy of the Tender Evaluation Report which incorporates both the technical and commercial evaluation;
- iv. To deliberate on the Tender Evaluation Report and recommend actions as appropriate:
  - a. award to the vendor as recommended, or
  - b. recommend price re-negotiation benchmarking against the lowest bidder or market rate, or
  - c. award to vendor other than the one recommended and support with reason(s), or
  - d. propose specification change and to proceed with new tender or to resubmit quotation on changes only or to renegotiate; or
  - e. to keep in view or to cancel the tender with supporting reason(s)/justification(s);
- v. To award tenders based on merit, always allowing for qualitative consideration and competitive pricing where practical and feasible;
- vi. To participate in the negotiation and/or site visits if such actions will assist in the decision making; and
- vii. To review and approve the Tender Report and to highlight any concerns or irregularities in the tender.

**AUTHORITY**

The Committee is authorised by the Board to review, deliberate, approve and award tenders above RM200 million up to RM1 billion.

**MEMBERSHIP**

The Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members. The Group Chief Operating Officer and the Group Chief Financial Officer may be invited to attend meetings of the Tender Committee.

**f. Investigative Reports Review Committee**

The Investigative Reports Review Committee (IRRC) was established on 28 June 2010 with the responsibility of reviewing the reports prepared by the independent forensic and legal advisers in relation to their investigatory work on certain oil and gas projects undertaken by the subsidiaries of the Company, namely the Qatar Petroleum, Maersk Oil Qatar, Marine and Bakun Hydroelectric Dam Projects.

The IRRC had completed its work as mandated under its Terms of Reference and was disbanded on 18 March 2011.

The members of the IRRC and their attendance at the meetings during the period were as follows-

<b>Members</b>	<b>No. of Meetings Attended</b>	<b>(%)</b>
Tan Sri Samsudin Osman (Chairman)	9 of 9	100
Tan Sri Datuk Amar (Dr) Hamid Bugo (Appointed as member with effect from 20 September 2010)	4 of 4*	100
Mr Sreesanthan Eliathamby (Appointed as member with effect from 16 November 2010)	2 of 2*	100
Dr. Arifin Mohamad Siregar (Ceased as member with effect from 20 September 2010)	5 of 5*	100
Dato' Dr Abdul Halim Ismail (Ceased as member with effect from 16 November 2010)	7 of 7*	100

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

## STATEMENT ON CORPORATE GOVERNANCE

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

**DUTIES**

The duties of the Investigative Reports Review Committee (Committee) are:-

- i. To consider and review the draft Investigative Review Reports prepared by the forensic and legal advisers in relation to their investigatory work on the Qatar Petroleum, Maersk Oil Qatar, Marine and Bakun Hydroelectric Dam Projects (the Projects);
- ii. To identify alternative approaches and mechanisms as appropriate;
- iii. To make recommendations thereon to the Board; and
- iv. To undertake such other duties as may be agreed to by the Committee and the Board.

**AUTHORITY**

The Committee is authorised by the Board:-

- i. To investigate any activity within its terms of reference;
- ii. To have full and unrestricted access to information, records, properties and employees of the Group and other individuals or groups (within or outside the country) connected in one way or another with the Projects;
- iii. To convene meetings without the attendance of any executive, and if appropriate the Group Secretary, whenever deemed necessary;
- iv. To obtain independent professional advice and expertise as necessary to perform its duties; and
- v. To have the resources to perform its duties as set out in its terms of reference.

**MEMBERSHIP**

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

**6. MANAGEMENT OF OPERATIONS**

The Group Management Committee (GMC), Group Transformation Committee (GTC) and Group Operations Committee have been established to assist in the running of the businesses of the Group.

The GMC under the chairmanship of the PGCE and comprising the Group Chief Operating Officer (GCOO), Group Chief Financial Officer (GCFO) and Executive Vice Presidents (EVPs) of the Divisions and Group Head Office, has the overall responsibility for management policies, the day-to-day operations of the Group, the deployment and implementation of Board resolutions and the achievement of objectives and results. The Group Head of Group Corporate Assurance and Group Head of Risk Management attend the meetings of the GMC as invitees. The GMC meets on a bi-monthly basis or as and when deemed necessary. During the financial year, the GMC had met seven (7) times.

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

The Group Operations Committee under the chairmanship of the GCOO and comprising the EVPs of the Divisions, GCFO and other EVPs from Group Head Office, has been established to oversee the operations of the Group, which includes reviewing and overseeing the operational KPIs and operational risk issues of the Divisions in the Group.

**7. 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 AGM are recommended by the NRC to the Board for its approval. The Board makes the final decision on appointments.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next AGM after their appointment. Directors over seventy (70) years of age are required to submit themselves for re-appointment by shareholders annually in accordance with Section 129(6) of the Companies Act, 1965. In accordance with the Company's Articles of Association, at least one-third (1/3) of the remaining Directors are required to submit themselves for re-election by rotation at each AGM.

Management under the direction of the PGCE, is responsible for conducting the on-boarding exercise or familiarisation programme for new Directors of the Sime Darby Board and FSBs, 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 or other regulatory requirements. The Board periodically examines the effectiveness of its present size in discharging its duties.

**8. DIRECTORS' REMUNERATION**

The objective of the Company's policy on Directors' remuneration is to attract and retain 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

## STATEMENT ON CORPORATE GOVERNANCE

to corporate and individual performance. Performance is measured against profits and other targets set from the Company's annual budget and plans, and from returns provided to shareholders. In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the non-executive Director concerned. The Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors.

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

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

**i. Fees and Meeting Allowances**

The fees payable to each of the non-executive Directors are determined by the Board as authorised by the shareholders of the Company at the AGM. The Board has decided that no meeting allowance will be paid to the non-executive Directors effective 1 January 2011.

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

Non-executive Directors are given a per diem allowance. They also receive other benefits such as a company car and mobile phone. Prior to 1 January 2011, the non-executive Directors were also entitled to a yearly leave passage.

The Executive Director was not entitled to fees nor was he entitled to receive any meeting allowance for the Board and Board Committee meetings that he attended. The Executive Director's remuneration package comprised the following:-

**i. Basic Salary**

The basic salary for the Executive Director was recommended by the NRC, taking into account the performance of the individual, the consumer price index and information from independent sources on the rates of salary for similar positions in other comparable companies.

**ii. Bonus Scheme**

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

**iii. Benefits-in-Kind**

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

**iv. Retirement Arrangements**

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

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

	Paid by Sime Darby RM'000	Paid by the Group RM'000
<b>Executive Director</b>		
Salary and other remuneration	-	2,283
Benefits-in-kind	-	47
<b>Non-Executive Directors</b>		
Fees	3,533	4,978
Other remuneration	197	197
Benefits-in-kind	609	609

The aggregate remuneration of Directors of the Company for the financial year ended 30 June 2011, in respective bands of RM50,000 were as follows:-

Range of Remuneration	Number of Directors
<b>Executive Director</b>	
RM2,300,001 to RM2,350,000	1
<b>Non-Executive Directors</b>	
Below RM100,000	-
RM100,001 to RM150,000	5
RM150,001 to RM200,000	1
RM200,001 to RM250,000	1
RM250,001 to RM300,000	4
RM300,001 to RM350,000	3
RM350,001 to RM400,000	1
RM400,001 to RM450,000	1
RM450,001 to RM500,000	1
RM500,001 to RM550,000	1
RM550,001 to RM850,000	-
RM850,001 to RM900,000	1

**9. DIRECTORS' TRAINING**

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. The Board recognises the importance of Directors being kept abreast of industry development and trends. The Company has on an ongoing basis identified conferences and seminars which will be beneficial to the Directors. The Company provides a dedicated training budget for Directors' continuing development. Relevant training (internal or external) programmes are arranged by the Company for the Directors and members of the Board Committees.

The development and training programmes attended by the Directors as well as their participation as speakers at local and international conventions on topics relevant to their roles during the financial year ended 30 June 2011 are set out on pages 47 to 50 of the Annual Report.

## STATEMENT ON CORPORATE GOVERNANCE

**BOARD OF FLAGSHIP SUBSIDIARY COMPANIES (FSCs)**

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

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

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

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

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

The members of each FSB during the financial year ended 30 June 2011 and their attendance at the meetings were as follows:-

<b>PLANTATION Sime Darby Plantation Sdn Bhd</b>	<b>Date of Appointment</b>	<b>No. of Meetings Attended</b>	<b>(%)</b>
Tun Musa Hitam (Chairman)	31.12.2010	4 out of 4	100
Tan Sri Datuk Dr Yusof Basiran	31.12.2010	4 out of 4	100
Dato' Henry Sackville Barlow	31.12.2010	4 out of 4	100

<b>PLANTATION Sime Darby Plantation Sdn Bhd</b>	<b>Date of Appointment</b>	<b>No. of Meetings Attended</b>	<b>(%)</b>
Dato' Mohd Bakke Salleh	30.12.2010	4 out of 4	100
Dato' Abd Wahab Maskan	30.12.2010	3 out of 4	75
Mr Franki Anthony Dass	30.12.2010	4 out of 4	100
Encik Rosely Kusip	31.12.2010	4 out of 4	100
Dato' Che Abdullah @ Rashidi Che Omar	31.12.2010	4 out of 4	100

<b>PROPERTY Sime Darby Property Berhad</b>	<b>Date of Appointment / Resignation</b>	<b>No. of Meetings Attended</b>	<b>(%)</b>
Tan Sri Dato' Sri Hamad Kama Piah Che Othman (Chairman)	31.12.2010	4 out of 4	100
Tan Sri Datuk Amar (Dr) Hamid Bugo	31.12.2010	4 out of 4	100
Mr Sreesanthan Eliathamby	31.12.2010	3 out of 4	75
Dato' Mohd Bakke Salleh	30.12.2010	4 out of 4	100
Dato' Abd Wahab Maskan (Appointed as Managing Director with effect from 1 June 2011)	30.12.2010	3 out of 4	75
Dato' Tunku Putra Badlishah Tunku Annuar	27.11.2007 / 01.06.2011	2 out of 2	100
Tengku Datuk Seri Ahmad Shah Al-Haj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Al-Haj	31.12.2010	4 out of 4	100
Datuk Johan Ariffin	31.12.2010	4 out of 4	100
Mr Kumar Tharmalingam	31.12.2010	4 out of 4	100

<b>INDUSTRIAL Sime Darby Industrial Holdings Sdn Bhd</b>	<b>Date of Appointment</b>	<b>No. of Meetings Attended</b>	<b>(%)</b>
Tan Sri Samsudin Osman (Chairman)	18.01.2011	4 out of 4	100
Encik Azmi Mohd Ali	30.12.2010	4 out of 4	100
(Reserved for Sime Darby Board Member)			
Dato' Mohd Bakke Salleh	30.12.2010	4 out of 4	100

## STATEMENT ON CORPORATE GOVERNANCE

<b>INDUSTRIAL Sime Darby Industrial Holdings Sdn Bhd</b>	<b>Date of Appointment</b>	<b>No. of Meetings Attended</b>	<b>(%)</b>
Madam Tong Poh Keow	30.12.2010	4 out of 4	100
Mr Scott William Cameron	24.01.2011	4 out of 4	100
Mr James Chapman Sheed	30.12.2010	2 out of 4	50
Dato' Ahmad Pardas Senin	30.12.2010	4 out of 4	100
Dato' Sri Abdul Hamidy Abdul Hafiz	30.12.2010	3 out of 4	75

<b>MOTORS Sime Darby Motors Sdn Bhd</b>	<b>Date of Appointment</b>	<b>No. of Meetings Attended</b>	<b>(%)</b>
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin (Chairman)	31.12.2010	3 out of 3	100
Tan Sri Datuk Dr Yusof Basiran	31.12.2010	2 out of 3	67
Puan Zaiton Mohd Hassan	31.12.2010	3 out of 3	100
Dato' Mohd Bakke Salleh	30.12.2010	3 out of 3	100
Madam Tong Poh Keow	30.12.2010	3 out of 3	100
Dato' Lawrence Lee Cheow Hock	04.08.2006	3 out of 3	100
Dato' R. Karunakaran	31.12.2010	3 out of 3	100
Dato' Sri Abdul Hamidy Abdul Hafiz	31.12.2010	3 out of 3	100
Tuan Syed Abu Bakar Syed Mohsin Almohdzar	11.02.2011	2 out of 2	100

<b>ENERGY &amp; UTILITIES (CHINA) Sime Darby Utilities Sdn Bhd</b>	<b>Date of Appointment</b>	<b>No. of Meetings Attended</b>	<b>(%)</b>
Dato Sri Lim Haw Kuang (Chairman)	31.12.2010	3 out of 3	100
Puan Zaiton Mohd Hassan	31.12.2010	3 out of 3	100
Encik Azmi Mohd Ali	31.12.2010	3 out of 3	100
Dato' Mohd Bakke Salleh	26.10.2010	3 out of 3	100
Madam Tong Poh Keow	31.12.2010	3 out of 3	100
Mr Chong Kwea Seng	31.12.2010	3 out of 3	100
Mr William Wang	25.01.2011	3 out of 3	100

<b>ENERGY &amp; UTILITIES (CHINA) Sime Darby Utilities Sdn Bhd</b>	<b>Date of Appointment</b>	<b>No. of Meetings Attended</b>	<b>(%)</b>
Encik Mohamad Abdul Halim Ahmad	16.02.2011	1 out of 2	50
Datuk Dr Elias Md Kadir Baba	21.04.2011	2 out of 2	100

<b>ENERGY &amp; UTILITIES (NON-CHINA) Sime Darby Energy Sdn Bhd</b>	<b>Date of Appointment</b>	<b>No. of Meetings Attended</b>	<b>(%)</b>
Dato Sri Lim Haw Kuang	31.12.2010	4 out of 4	100
Mr Sreesanthan Eliathamby	31.12.2010	3 out of 4	75
<i>(Reserved for Sime Darby Board Member)</i>			
Dato' Mohd Bakke Salleh	31.12.2010	4 out of 4	100
Madam Tong Poh Keow	31.12.2010	4 out of 4	100
Dato' Ir Jauhari Hamidi	20.08.2010	4 out of 4	100
Tan Sri Rastam Mohd Isa	31.12.2010	3 out of 4	75
Dato' Ahmad Pardas Senin	31.12.2010	4 out of 4	100

<b>HEALTHCARE Sime Darby Healthcare Sdn Bhd</b>	<b>Date of Appointment</b>	<b>No. of Meetings Attended</b>	<b>(%)</b>
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin (Chairman)	31.12.2010	3 out of 3	100
Tan Sri Datuk Amar (Dr) Hamid Bugo	31.12.2010	3 out of 3	100
Dato' Henry Sackville Barlow	31.12.2010	3 out of 3	100
Dato' Mohd Bakke Salleh	31.12.2010	1 out of 3	33
Dato' Abd Wahab Maskan	31.12.2010	2 out of 3	67
Raja Azlan Shah Raja Azwa	07.09.2010	3 out of 3	100
Tengku Datuk Seri Ahmad Shah Al-Haj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Al-Haj	31.12.2010	2 out of 3	67
Datuk Mohd Radzif Mohd Yunus	01.03.2011	2 out of 2	100
Dato' Dr Jacob Thomas	15.10.2008	2 out of 3	67



## STATEMENT ON CORPORATE GOVERNANCE

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

**FUNCTIONS AND DUTIES**

The respective Board of the FSC has the following responsibilities, subject always to the direction and counsel of the Main Board of Sime Darby (Main Board):

- i. To contribute and approve the Division's business strategy development and oversee the implementation of such strategies;
- ii. To review and approve the quarterly and annual financial statements of the Division and in relation to the same, review reports and consider recommendations by the external auditors;
- iii. To keep track and monitor cashflow on a quarterly basis;
- iv. To oversee and ensure the development of operating policies suited to the nature of the Division's business;
- v. To oversee human capital management processes, including succession planning;
- vi. To ensure implementation and compliance of appropriate risk management and internal control practices and in relation to the same, review reports and consider recommendations by both the internal and external auditors;
- vii. To ensure effectiveness of any board committees and review reports and consider recommendations by the same;
- viii. To ensure adherence to all Group policies, procedures, directives and limits of authority; and
- ix. To ensure adequate support for the implementation of Group initiatives and programmes.

**RESERVED MATTERS**

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

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

**AUTHORITY**

The respective board of the FSC is authorised:

- i. To investigate any activity within these Terms of Reference (TOR) and shall have direct communication channels with the Group Head –

Group Corporate Assurance (GCA), Group Head of Compliance, Group Head of Risk Management, Divisional Chief Financial Officer, and the external auditors;

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

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

**OTHER MATTERS**

The respective board of the FSC shall:

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

**COMPOSITION AND APPOINTMENT**

- i. The recommendation of the NRC and the endorsement of the board of Sime Darby are required before any appointment is tabled to the respective board of the FSB for approval. The Board of the FSC shall consist of up to ten (10) members including those as stated below:-
  - a. At least three (3) Main Board representatives excluding the PGCE;
  - b. PGCE;
  - c. EVP of the Division;
  - d. One (1) Group Head Office representative; and
  - e. Three (3) Independent Directors.
- ii. All members of the respective board of the FSC shall have the relevant knowledge and skills, functional or management experience and the right mindset to effectively contribute to the respective board of the FSC.

## STATEMENT ON CORPORATE GOVERNANCE

- iii. No alternate shall be appointed by a member of the respective board of the FSC.
- iv. The Chairman of the respective board of the FSC shall be any one (1) of the Main Board representatives, as determined by the Main Board.
- v. Members of the respective board of the FSC may relinquish their membership with prior written notice to the Secretary. If a member of the respective board of the FSC resigns or for any reason ceases to be a member of the respective board of the FSC resulting in non-compliance with these TOR, then the respective board of the FSC shall, within three (3) months of that event, appoint such number of new members as may be required.
- vi. Re-appointment of the respective board of the FSC shall be subject to a review of the term of office and performance of the respective board of the FSC and each of its members by the Main Board to determine whether the respective board of the FSC and its members have carried out their duties in accordance with these TOR.

**MEETINGS**

- i. The respective board of the FSC shall meet at least four (4) times in a financial year. Additional meetings shall be scheduled as considered necessary by the Chairman of the respective board of the FSC;
- ii. Other members of the Main Board and Management may attend the meetings upon the invitation of the Chairman of the respective board of the FSC;
- iii. The notice of the board meeting shall be issued at least seven (7) days before each meeting;
- iv. The agenda for each meeting including relevant documents and information requested by the respective board of the FSC shall be issued before each meeting to the board members and all those who are required to attend the meeting.
- v. The respective board meeting agenda of the FSC shall be the responsibility of the Chairman with input from the members;
- vi. The Chairman may also invite other members of management and other persons to participate in this process, if necessary.
- vii. The quorum for a meeting of the respective board of the FSC shall be three (3) members, comprising at least one (1) Main Board representative (excluding the PGCE) and either the PGCE or the EVP.
- viii. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.
- ix. All resolutions of the respective board of the FSC shall be adopted by a simple majority vote of all members present, each member having one (1) vote. In case of equality of votes, the Chairman of the respective board of the FSC shall have a

second or casting vote.

- x. The minutes of the meeting shall be action oriented, and record the deliberations and decisions of the respective board of the FSC. Minutes shall include compiled board instructions as Matters Arising for discussion at each board meeting to ensure proper follow through.
- xi. Minutes shall be distributed to the respective board members of the FSC and shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.
- xii. Copies of minutes of each meeting shall be distributed to all members of the respective board of the FSC and the Main Board to ensure proper key actions are acted upon.
- xiii. The respective board of the FSC, through the Chairman, shall update the Main Board on the activities undertaken by the Board at each meeting.
- xiv. A meeting shall normally be conducted face-to-face to enable effective discussion. However, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the respective board of the FSC.

**INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATION**

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

The Board acknowledges the need for shareholders, investment community and other stakeholders, both in Malaysia and internationally, 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 and investors with an overview of the Group's performance and operations. A press conference and an analysts' briefing are held after the quarterly financial results are released to Bursa Malaysia Securities Berhad. Summaries of the financial results are advertised in daily newspapers and copies of the full announcement are supplied to shareholders and members of the public upon request.

The Company also uses the AGM, scheduled annually in November, as a means of communicating with shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board as well as the external auditors of the Company are present to answer questions raised at the meeting. Shareholders are welcomed to raise queries by contacting the Company at any time throughout the year and not just at the AGM.

## STATEMENT ON CORPORATE GOVERNANCE

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

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

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

Telephone number : 603-2691 4122 extension 2370

Facsimile number : 603-2382 1075

Email address : [norzilah.megawati@simedarby.com](mailto:norzilah.megawati@simedarby.com)

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

Telephone number : 603-2691 4122 extension 2246

Facsimile number : 603-2713 5935

Email address : [alan.hamzah@simedarby.com](mailto:alan.hamzah@simedarby.com)

**ACCOUNTABILITY AND AUDIT****1. FINANCIAL REPORTING**

The Board ensures that shareholders are provided with a balanced and understandable assessment of the Group's financial position and prospects through the issuance of annual financial statements, quarterly financial reports as well as other corporate announcements on significant developments affecting the Company in accordance with the Listing Requirements. 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 explanation for material departures disclosed in the notes to the financial statements.

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

**2. INTERNAL CONTROL**

The Company continues to maintain and review its internal control procedures to ensure a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Group's inherent system of internal control is designed to provide reasonable assurance but not absolute assurance against material misstatement, fraud or loss.

The Board acknowledges its responsibility for the Group's system of internal control covering financial, operational and compliance as well as risk management, and for reviewing the adequacy and integrity of the system.

The Statement on Internal Control which provides an overview of the state of internal control is set out on pages 51 to 54. The internal audit function of the Group which rests with the GCAD is described in the Report on the GAC on pages 25 to 30.

**3. WHISTLE-BLOWING POLICY**

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

**4. RELATIONSHIP WITH THE AUDITORS**

Through the GAC, the Board has established transparent and appropriate relationship with the Group's auditors, both external and internal. The role of the GAC in relation to the Auditors is set out in the report on the GAC on pages 25 to 30 in the Annual Report.

The non-audit fees charged by the external auditors during the financial year ended 30 June 2011 amounted to RM6.3 million (2010: RM4.2 million).

**5. RELATED PARTY TRANSACTIONS**

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

The shareholders' mandate in respect of existing and new recurrent related party transactions is obtained at the AGM of the Company on a yearly basis. Details of the recurrent related party transactions entered into by the Group during the financial year ended 30 June 2011 are set out on page 212 of this Annual Report.

**COMPLIANCE STATEMENT**

The Board is satisfied that the Company has complied with the best practices of the Code during the financial year under review save for the disclosure of details of the remuneration of each Director. However, the Company complies with the disclosure requirements under the 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 41. In addition, the composition of the NRC has been fully disclosed under item 5(b) of this Statement.

This statement is made in accordance with a resolution of the Board of Directors dated 20 September 2011.

## STATEMENT ON CORPORATE GOVERNANCE

**TRAINING PROGRAMMES ATTENDED BY DIRECTORS  
DURING THE FINANCIAL YEAR ENDED 30 JUNE 2011**

<b>Director</b>	<b>Course Title</b>	<b>Presenter/Organiser</b>	<b>Date</b>
Tun Musa Hitam	Sime Darby Developing Sustainable Futures Lecture Series – “Securing Tomorrow’s World: Using Nature’s Wealth More Sustainably”	Mr Jonathon Porrit	6 July 2010
	International Islamic Tourism Conference – “Tapping Islamic Tourism Potential”	Islamic Tourism Centre, Ministry of Tourism Malaysia	28 October 2010
	KL International Trade Forum 2010	Malaysia External Trade Development Corporation (MATRADE)	11 November 2010
	Crans Montana Forum Enhancing Gender Equality: The South-South Cooperation & The Role of Women In Public Affairs	United Nations Educational, Scientific and Cultural Organization (UNESCO) & Islamic Educational, Scientific and Cultural Organization (ISESCO)	16 February 2011
	Governance Series for Directors: “The Board’s Responsibility for Corporate Culture – Selected Governance Concerns and Tools for Addressing Corporate Culture and Board Performance”	Mr John H Stout/ Bursa Malaysia Berhad	5 May 2011
	Avoiding Minefields Amidst a Changing Anti-Corruption Landscape	Norton Rose (Asia) LLP	29 June 2011
	Code of Conduct: Practical Experiences of a Multinational Corporation	Dato Sri Lim Haw Kuang	29 June 2011
Tan Sri Dato’ Sri Hamad Kama Piah Che Othman	Governance Series for Directors: “The Board’s Responsibility for Corporate Culture – Selected Governance Concerns and Tools for Addressing Corporate Culture and Board Performance”	Mr John H Stout/ Bursa Malaysia Berhad	5 May 2011
	Avoiding Minefields Amidst a Changing Anti-Corruption Landscape	Norton Rose (Asia) LLP	29 June 2011
	Code of Conduct: Practical Experiences of a Multinational Corporation	Dato Sri Lim Haw Kuang	29 June 2011
Tan Sri Samsudin Osman	Sime Darby Developing Sustainable Futures Lecture Series – “Securing Tomorrow’s World: Using Nature’s Wealth More Sustainably”	Mr Jonathon Porrit	6 July 2010
	Updates on Regulatory Framework and Directors’ Duties 2010: What Directors Need To Know	Malaysian Institute of Corporate Governance	24 November 2010
	Assessing the Risk and Control Environment	Bursa Malaysia Berhad	24 March 2011
	Avoiding Minefields Amidst a Changing Anti-Corruption Landscape	Norton Rose (Asia) LLP	29 June 2011
	Code of Conduct: Practical Experiences of a Multinational Corporation	Dato Sri Lim Haw Kuang	29 June 2011

## STATEMENT ON CORPORATE GOVERNANCE

<b>Director</b>	<b>Course Title</b>	<b>Presenter/Organiser</b>	<b>Date</b>
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	Sime Darby Developing Sustainable Futures Lecture Series – "Securing Tomorrow's World: Using Nature's Wealth More Sustainably"	Mr Jonathon Porritt	6 July 2010
	Updates on Regulatory Framework and Directors' Duties 2010: What Directors Need To Know	Malaysian Institute of Corporate Governance	24 November 2010
	Corporate Governance Guide: Towards Boardroom Excellence	Bursa Malaysia Berhad	18 February 2011
	Avoiding Minefields Amidst a Changing Anti-Corruption Landscape	Norton Rose (Asia) LLP	29 June 2011
	Code of Conduct: Practical Experiences of a Multinational Corporation	Dato Sri Lim Haw Kuang	29 June 2011
Tan Sri Datuk Amar (Dr) Hamid Bugo	Directors' Training Programme 2010: Leadership and Talent Management, Corruption and Its Prevention, Conflict Resolution and Negotiation Skills, Post Merger Integration	SapuraCrest Petroleum Berhad	9 & 10 November 2010
	Avoiding Minefields Amidst A Changing Anti-Corruption Landscape	Norton Rose (Asia) LLP	29 June 2011
	Code of Conduct: Practical Experiences of a Multinational Corporation	Dato Sri Lim Haw Kuang	29 June 2011
Tan Sri Datuk Dr Yusof Basiran	The Non-Executive Directors' Development Series – Is It Worth The Risk?	Securities Industry Development Corporation & PricewaterhouseCoopers	26 April 2011
Tan Sri Sheng Len Tao	Bank Negara Malaysia – Asian Development Bank Institute Conference on "Macroeconomic & Financial Stability In Asian Emerging Markets"	Bank Negara Malaysia/ Asian Development Bank Institute	4 August 2010
	KMF Alumni Dinner cum Seminar 2010	Khazanah Nasional Berhad Speaker: Tan Sri Sheng Len Tao	5 August 2010
	Statistical Analysis System (SAS) Forum in Hong Kong	Tan Sri Sheng Len Tao	10 - 12 August 2010
	Chinese Economic Congress "Role Of The Chinese Community In Achieving The NEM & 10th Malaysia Plan Targets"	Malaysian Chinese Association	14 August 2010
	Joint Conference on International Cooperation in times of Global Crisis: Views from G20 countries	Indian Council For Research On International Economic Relations, Centre d'Etudes Prospectives et d'Informations Internationales and Asian Development Bank Institute	16 & 17 September 2010
	BNM Central Banking Course Lecture	Bank Negara Malaysia	18 October 2010

## STATEMENT ON CORPORATE GOVERNANCE

Director	Course Title	Presenter/Organiser	Date
	Singapore Economic Policy Forum	Keynote address by Mr Ravi Menon, Permanent Secretary Trade & Industry  Speaker: Tan Sri Sheng Len Tao, Session on Post-Crisis Financial Regulation & Macroeconomic Stability in Asia	22 October 2010
	Global Islamic Finance Forum	Securities Commission Malaysia	25 October 2010
	CMMA luncheon talk on Changes in Global Financial Regulatory Framework: Implications for Asia	Association of Capital Market Academy Alumni	17 November 2010
	Talk on Surviving Large Capital Inflows: International Perspectives	MIT Alumni Club of Thailand	17 November 2010
	Tun Abdul Razak Lecture Series	Universiti Tun Abdul Razak	10 December 2010
	Conference on Coping with Asia's Large Capital Inflows in a Multi-speed Global Economy	International Monetary Fund	11 March 2011
	Malaysia Investment Banking Association Luncheon Lecture	Malaysia Investment Banking Association	23 May 2011
	Avoiding Minefields Amidst a Changing Anti-Corruption Landscape	Norton Rose (Asia) LLP	29 June 2011
	Code of Conduct: Practical Experiences of a Multinational Corporation	Dato Sri Lim Haw Kuang	29 June 2011
Dato Sri Lim Haw Kuang	Avoiding Minefields Amidst a Changing Anti-Corruption Landscape	Norton Rose (Asia) LLP	29 June 2011
	Code of Conduct: Practical Experiences of a Multinational Corporation	Dato Sri Lim Haw Kuang	29 June 2011
Dato' Henry Sackville Barlow	Sime Darby Developing Sustainable Futures Lecture Series - "Securing Tomorrow's World: Using Nature's Wealth More Sustainably"	Mr Jonathon Porrit	6 July 2010
	Sustainability Programme for Corporate Malaysia Training Session	Bursa Malaysia Berhad	9 March 2011
	Assessing the Risk and Control Environment	Bursa Malaysia Berhad	24 March 2011
	Financial Institutions Directors' Education Programme - Banking Insights	Bank Negara Malaysia	8 & 9 April 2011
	Avoiding Minefields Amidst a Changing Anti-Corruption Landscape	Norton Rose (Asia) LLP	29 June 2011
	Code of Conduct: Practical Experiences of a Multinational Corporation	Dato Sri Lim Haw Kuang	29 June 2011

## STATEMENT ON CORPORATE GOVERNANCE

Director	Course Title	Presenter/Organiser	Date
Zaiton Mohd Hassan	The Non-Executive Directors' Development Series - Is It Worth The Risk?	Securities Industry Development Corporation & PricewaterhouseCoopers	29 September 2010
	Corporate Governance - Board Stimulation Exercise	Leadership & Governance Centre	20 & 21 October 2010
	IT Governance & Risk Management Programme	Financial Institutions Directors Education Programme	12 & 13 April 2011
	Avoiding Minefields Amidst a Changing Anti-Corruption Landscape	Norton Rose (Asia) LLP	29 June 2011
	Code of Conduct: Practical Experiences of a Multinational Corporation	Dato Sri Lim Haw Kuang	29 June 2011
Sreesanthan Eliathamby	Avoiding Minefields Amidst a Changing Anti-Corruption Landscape	Norton Rose (Asia) LLP	29 June 2011
	Code of Conduct: Practical Experiences of a Multinational Corporation	Dato Sri Lim Haw Kuang	29 June 2011
Azmi Mohd Ali	Directors' Training Guide on Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP)	Bursatra Sdn Bhd	1 & 2 December 2010
	Sustainability Programme for Corporate Malaysia Directors -Session on Sustainability (Plantation, Construction, Property & Hotel)	Bursa Malaysia Berhad	9 February 2011
	Sustainability Programme for Corporate Malaysia Directors - Session on Sustainability (Governance Guide)	Bursa Malaysia Berhad	3 March 2011
	Assessing the Risk and Control Environment	Bursa Malaysia Berhad	24 March 2011
	Sustainability Programme for Corporate Malaysia Directors - Session on Sustainability (Consumer Products, Finance, Technology & Closed End Funds)	Bursa Malaysia Berhad	13 April 2011
	The Non-Executive Directors' Development Series - Is It Worth The Risk?	Securities Industry Development Corporation & PricewaterhouseCoopers	26 April 2011
	Avoiding Minefields Amidst a Changing Anti-Corruption Landscape	Norton Rose (Asia) LLP	29 June 2011
	Code of Conduct: Practical Experiences of a Multinational Corporation	Dato Sri Lim Haw Kuang	29 June 2011
Dato' Mohd Bakke Salleh	Palm & Lauric Oils Conference	Bursa Malaysia Berhad/CME Group	8 March 2011
	Avoiding Minefields Amidst a Changing Anti-Corruption Landscape	Norton Rose (Asia) LLP	29 June 2011
	Code of Conduct: Practical Experiences of a Multinational Corporation	Dato Sri Lim Haw Kuang	29 June 2011

# STATEMENT ON INTERNAL CONTROL

## INTRODUCTION

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

## RESPONSIBILITY

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

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

The Board has established procedures, for the Company and its subsidiaries, to ensure the adequacy and integrity of the Group’s system of internal control. During the financial year ended 30 June 2011 these procedures were further enhanced, as part of the ongoing process for identifying, evaluating, monitoring and managing key risks faced by the Group. The enhancements are in line with the Board of Directors commitment to improve the Group’s governance, risk management and control framework, and enhance a strong control structure and environment for the proper conduct of the Group’s business operations.

## CONTROL STRUCTURE AND ENVIRONMENT

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

### Structural

#### Flagship Subsidiary Boards (FSBs)

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

#### Governance and Audit Committee

The Audit Committee was re-designated as the Governance and Audit Committee (GAC), and its Terms of Reference was reviewed and updated as at January 2011. The GAC’s primary objectives are:

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

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

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

#### Risk Management Committee

The Board, through the Risk Management Committee (RMC) maintains risk oversight within the Group. The RMC comprises four non-executive members of the Board and is assisted by the Group Risk Management Department whose primary role is its responsibility for issuance of risk reports, providing risk support to operations, maintaining appropriate risk policy and standard and providing co-ordination of Group wide risk management activity. During the year, a review of the Group’s Risk Management framework was conducted whereby a number of recommendations were made to improve risk management. A major enhancement arising from the review has been the initiation of an annual top-down review of the Group’s risks.

#### Group Corporate Assurance Department

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

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



STATEMENT ON INTERNAL CONTROL

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

Group Compliance Office

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

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

The GCO’s roles and responsibilities vis-à-vis the various assurance providers in the Group have been realigned so that there is effective coverage.

**Risk Management**

Risk policy

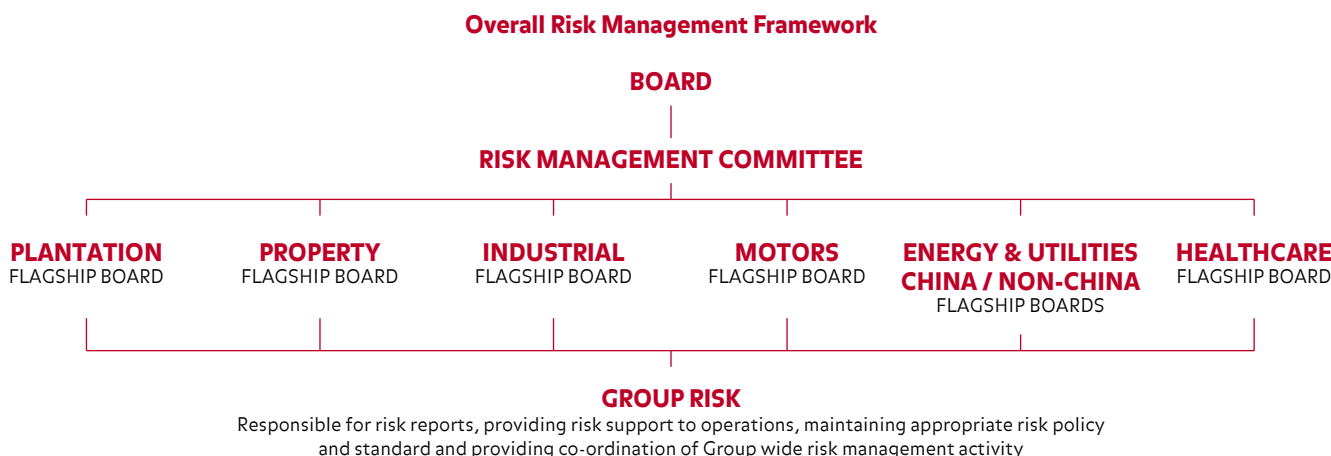
The Group recognises that risk is an integral and unavoidable component of its business and is characterised by threats and opportunities. The Group fosters a risk-aware corporate culture in all decision making. Through skilled application of high quality, integrated risk analysis and management, the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

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

Framework

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

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



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

## STATEMENT ON INTERNAL CONTROL

Risk reporting

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

- Presentation of a summary of significant risks to the Board of Directors through the Risk Management Committee on a quarterly basis.
- Review and discussion of key risks for each significant investment by the Risk Management Committee and the Group Investment Committee.
- Reporting of significant risks by Divisions on a quarterly basis.
- Reporting of significant risks by subsidiaries in their annual budget plan.
- Review and discussion of key risks at least on a quarterly basis during the management meetings of the business units.

**Organisation Structure and Values**Operating structure with clearly defined lines of responsibility and delegated authority

The operating structure includes defined delegation of responsibilities to the Committees of the Board, management of Group Head Office, divisions FSBs 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 culture and Group values

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

Employee competency

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

Whistleblowing

The policy on whistleblowing is set out in the GPA and its revision was officially announced in March 2010 on the Sime Darby Enterprise Portal and website, incorporating improved channels and processes supporting this policy. The policy encourages employees to report any wrongdoing by any person in the Group to the proper authorities so that appropriate action can be taken immediately. Additionally, it also provides for any complaint or report to be directly submitted to the Senior Independent Director of the Board, should the whistleblower believe that the Group is better served if the report was addressed to levels higher than Management.

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

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

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

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

- The management information system includes preparation and submission of a Five Year Strategy Blueprint which is to be reviewed and updated annually, the annual budgets and other information to the Board of Directors. Budgets prepared by operating units are regularly updated by means of a rolling forecast and explanation of variances is incorporated in the monthly management reports. The Sime Darby Group Management Committee reviews the performance and results of operating units/divisions on a monthly basis except for certain months when no meetings are held (normally not more than two months in a financial year).
- 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.
- Control Self-Assessment (CSA) is continually carried out during the year by selected operating units using the questionnaire approach. The exercise is coordinated by GCO (previously by GCAD) and the focus of the CSA is to ascertain the level of compliance to policies and procedures. The CSA is validated during subsequent GCAD audits and exceptions highlighted where necessary, in the audit reports.
- Periodic examination by GCAD of business processes and the state of internal controls including controls over quality, environmental, safety and health issues, and compliance with policies, procedures, applicable laws, regulations and contracts. Reports on the audits or reviews carried out by the GCAD function are issued on a regular basis to the Management and the GAC.

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

### **REVIEW OF STATEMENT BY EXTERNAL AUDITORS**

The external auditors have reviewed this Statement on Internal Control of the Group for the financial year ended 30 June 2011 and the report of the review had been presented to the Board, as required by Paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The external auditors have reported to the Board that nothing had come to their attention that causes them to believe the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

### **CONCLUSION**

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

This statement is made in accordance with a resolution of the Board of Directors dated 20 September 2011.



AUSTRALIA

CHINA

**MALAYSIA**

SINGAPORE

UNITED  
KINGDOM

VIETNAM

Quarza in Melawati fuses contemporary design, state-of-the-art technology and advanced environmental thinking.

# PROPERTY

## CHAIRMAN'S MESSAGE



Tun Musa Hitam  
Chairman

Dear Shareholders,

On behalf of the Board of Directors (Board) of Sime Darby Berhad (Sime Darby), it gives me great pleasure to present the Annual Report for the financial year ended 30 June 2011 (FY2010/2011).

### FINANCIAL HIGHLIGHTS

The financial year under review saw Sime Darby emerging stronger after a daunting and challenging year. The Group performed remarkably well and has strengthened its financial and strategic position on the back of the conducive business environment in the markets in which it operates.

I am pleased to announce that for the financial year ended 30 June 2011 (FY2010/2011), the Group posted a record net profit after tax and non-controlling interests of RM3.7 billion. This achievement was 47 percent higher than the Key Performance Indicator (KPI) target of RM2.5 billion. The Group also recorded a Return on Average Shareholders' Funds (ROASF) of 16.5 percent, exceeding the KPI target of 11.5 percent.

### Group Results

RM Million	2011	2010	% + / (-)
Revenue	41,858.8	32,506.2	+28.8
Profit before Tax	5,449.2	2,818.6	+93.3
Profit after Tax	3,847.9	854.8	+350.2
Profit after Tax and non-controlling interest	3,664.5	726.8	+404.2

### Summary of Divisional Results

RM Million	2011	2010	% + /(-)
Plantation	3,280.2	2,113.2	+55.2
Property	456.0	493.0	-7.5
Industrial	1,068.0	758.0	+40.9
Motors	633.2	386.3	+63.9
Energy & Utilities	312.8	(1,751.7)	+117.9
Healthcare	26.0	21.9	+18.7
Others	(42.0)	12.0	-450.0
	5,734.2	2,032.7	+182.1

The **Plantation Division** contributed RM3.3 billion to the Group's operating profit, after recovering significantly in the second half of the financial year from the prolonged rainfall and floods in the first half, which had caused lower production and reduced yields. The **Industrial Division** registered a record-breaking performance with an operating profit of RM1.1 billion for FY2010/2011, driven by exceptional sales of its Caterpillar equipment. Likewise, the **Motors Division** posted a record operating profit of RM633 million on strong and sustained demand for its range of products, especially the BMW marque, in all regions. The **Property Division**, meanwhile, saw a slight decline of 8 percent in its operating profit to RM456 million due to impairment provisions for its overseas properties. The **Energy & Utilities Division** underwent a successful turnaround in FY2010/2011 and recorded an operating profit of RM313 million, while the **Healthcare Division** registered a 19 percent improvement in its operating profit to RM26 million.

### Dividend

The Company proposed a final dividend of 22 sen per share for FY2010/2011. Combined with the earlier interim dividend of 8 sen per share, total dividend for the year is 30 sen per share.

The Group is in a very strong financial position with shareholders' funds at RM24 billion, cash and bank balances of RM4.9 billion and a low gearing ratio (debt-to-equity) of 28 percent. This provides the Group with the flexibility and capacity to seize opportunities in a global economic environment which is increasingly showing signs of volatility.

### MAJOR CORPORATE ACTIVITIES

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

### Acquisitions

On 18 March 2011, Sime Darby Eastern Investments Private Limited acquired 100 percent of the issued shares of Haynes Mechanical Pty Ltd, AC Haynes Investments Pty Ltd and DG Nominees Pty Ltd for a consideration of up to AUD19.6 million. This acquisition gives the Industrial Division in Australia the additional supply of specialised labour that is required to sustain its growth moving forward, particularly in the parts and services segment.

### Disposals

On 27 May 2011, Sime Darby Engineering Sdn Bhd entered into Memoranda of Understanding (MOU) with subsidiaries of Petroliaam Nasional Berhad and Malaysia Marine And Heavy Engineering Holdings Berhad respectively to dispose of Teluk Ramunia and Pasir Gudang fabrication yards for a total provisional disposal price of RM695 million. On 25 August 2011, the parties entered into conditional sale and purchase agreements for an adjusted disposal consideration of RM689.5 million. Completion of this sale officially marks the exit of Sime Darby from the oil & gas business which is no longer in line with the Group's strategic direction.

### STRENGTHENING CORPORATE GOVERNANCE

The Group strongly recognises the importance of enhancing its standards of corporate governance as it continues to deliver value to shareholders. During the financial year under review, the Group undertook various measures to enhance accountability, transparency and integrity by strengthening internal controls and governance structures.

In January 2011, the Sime Darby Main Board (Main Board) set up a Two-Tier Board Structure by establishing Flagship Subsidiary Boards (FSB) in each division. The FSBs consist of representatives from the Main Board, the Group and Divisions' senior management as well as external industry experts.

The FSBs oversee the operations of the Divisions, subject to the direction and counsel of the Main Board. This encompasses business strategy and performance, corporate governance and audit related matters, internal controls and risk management of the respective Divisions.

This new structure delivers the right level of dedicated oversight by having members of the FSBs focused on their core businesses. It also enables the divisions to leverage on the knowledge and expertise of independent directors drawn from diverse industries in tackling matters relating to governance and business excellence.

The Group also tightened internal divisional controls by revamping the functional matrix reporting structure involving the Finance and Legal functions at the divisions. These functional departments will have a direct reporting line to the Group, thus ensuring more effective Group oversight over divisional activities.

## CHAIRMAN'S MESSAGE

In addition, the Group also took active steps to improve the monitoring of key decisions through a post-investment review process for investments approved by the Board. In tandem with the Two-Tier Board Structure, the Group also revised its policies and financial limits of authority. As Sime Darby strives for exemplary corporate governance standards, it has given particular focus to ethical cultures across the Group. In June 2011, Sime Darby voluntarily signed a Corporate Integrity Pledge with the Malaysian Anti-Corruption Commission (MACC) to strengthen anti-corruption awareness among its employees and business partners.

The new Code of Business Conduct Handbook had also been approved by the Main Board in August 2011. It provides guidance on the standards of behaviour expected of all Directors and employees of the Sime Darby Group and where applicable, counterparts and business partners.

In the financial year under review, the Group participated in numerous Investor Relations activities via road shows, analyst briefings, site-visits and key meetings with the investment community at large. Besides promoting transparency, the Group had proactively ensured consistent and increased communication to provide shareholders with clear and accurate information on the Group's performance as well as its prospects for the future. The Group treats effective engagement of the investment community as an integral part of the corporate governance process.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Sime Darby recognises the importance of balancing business sustainability with social responsibility and takes great pride in being a leader in contributing towards the overall objective of developing sustainable futures. I am extremely honoured to be leading a team of illustrious members of the Council of Governors of Yayasan Sime Darby (YSD) in reaffirming Sime Darby's commitment towards giving back to society in a meaningful and holistic manner.

Since its official launch in 2009, YSD has undertaken several new initiatives such as the Stability of Altered Forest Ecosystems (SAFE) project, the Ulu Segama Forest Rehabilitation Programme and sponsorship of the Women's Aid Organisation (WAO) and the Malaysian National Track Cycling team.

YSD also continues to provide scholarships and bursaries to promote educational achievement at various levels and to advance research and study in areas related to Sime Darby's core businesses.

As part of Sime Darby's commitment to promote the development of golf in Malaysia, YSD sponsored the first ever Sime Darby Ladies Professional Golf Association (LPGA) tournament in October 2010. This tournament featured the world's top ranked women golfers such as Michelle Wie, Yani Tseng and Jimin Kang. Now in its

second year, Sime Darby LPGA Malaysia Development Programme continues to support and train some of Malaysia's most promising golfing talent.

The Group's CSR Department had also undertaken other major initiatives in FY2010/2011, including the Sime Darby Volunteers Programme (SDVP), School Makeover Project at the Cued Speech Centre, 'Save Our Waterfalls' and Mangrove Reforestation Initiatives and the Child Protection Policy (CPP) Programme. These projects are aligned to the Environment, Community, Education and Sports pillars of the Group, and have evolved from philanthropy to collaborative efforts to create more cohesive initiatives that ultimately promote positive change in the industries that the Group is involved in.

### SUSTAINABILITY

In the financial year under review, Sime Darby carried out several major initiatives which reaffirmed its commitment towards corporate sustainability. It established a robust corporate sustainability governance structure, with the Board of Directors being the highest authority accountable for the Group's Sustainability strategy and performance.

Sime Darby is currently conducting a baseline carbon inventory and impact study across all its businesses. As of June 2011, it had completed 14 pilot carbon inventories, which allowed the Group to test the carbon inventory data capture and calculation templates, methodologies and manual developed for various business sectors.

Sime Darby was also elected as the President of the Business Council for Sustainable Development Malaysia (BCSDM) and a signatory to the United Nations Global Compact (UNGC). As a founding member of the Roundtable on Sustainable Palm Oil (RSPO), Sime Darby represents the Malaysian Palm Oil Association on the Roundtable on Sustainable Palm Oil (RSPO) Executive Board and is involved in various RSPO working groups.

### HUMAN RESOURCE DEVELOPMENT

The Group's outstanding results were derived not only from the quality of assets but also the strength of the people managing and operating those assets. Good leaders are essential for Sime Darby to grow internationally, hence, effective succession planning is critical to build a strong pipeline of future talent.

In this regard, the Group has put in place the Group's Talent and Performance Management Framework which systematically and rigorously identifies, develops and engages top talent within Sime Darby.

During the financial year under review, Sime Darby established the Group Talent Council to oversee talent management and track the development of top talent across the Group. A core executive programme was introduced to equip its leadership bench with

## CHAIRMAN'S MESSAGE

competencies to drive the organisation for sustainable growth. The performance management system including the bonus scheme was also revised to differentiate rewards for high performing companies and individuals.

**PROSPECTS**

The global economy continues to exhibit significant volatility and uncertainty. Although we do expect the impact on Asian economic growth to be less severe, we remain cautious about the strength of global economic growth in the year ahead.

In this environment, companies that are successful are those that are sufficiently agile and flexible to quickly adapt to the changing business conditions.

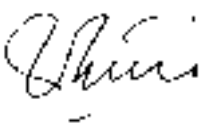
Today, Sime Darby's core businesses are well positioned not only to benefit from the long-term secular trends in resource scarcity and global consumption patterns, but are also sufficiently strong and healthy to withstand short term fluctuations in the global economic cycle.

**ACKNOWLEDGEMENTS**

On behalf of the Board of Directors, I would like to welcome four new Non-Independent and Non-Executive Directors, namely YBhg Tan Sri Dato' Sri Hamad Kama Piah Che Othman, YBhg Tan Sri Datuk Dr Yusof Basiran, Encik Azmi Mohd Ali and Puan Zaiton Mohd Hassan, all of whom were appointed to the Board on 16 November 2010. Their diverse professional backgrounds and combined expertise complement Sime Darby's existing Board composition. Their contributions in terms of new perspectives and knowledge brought to the Group have already proven invaluable.

I would also like to pay tribute to Sime Darby employees, whose extraordinary effort and hard work in the financial year under review contributed to the Group's record earnings. It was their dedication and determination that allowed the Group to leave the difficulties of the past behind and forge ahead to the future.

Last but not the least, I wish to thank all our shareholders, customers, business partners and all other stakeholders for their unwavering support during the financial year under review.



Tun Musa Hitam  
Chairman



## PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW



Dato' Mohd  
Bakke Salleh  
President &  
Group Chief  
Executive

Dear Shareholders,

The financial year under review was a successful transformational year as we move into an exciting and dynamic growth phase for the Group. The journey to become a leading multinational that can deliver exceptional value to its shareholders is indeed well on track.

When I took the helm of Sime Darby Berhad in July 2010, it was with cognisance of the tremendous responsibilities and challenges ahead of me. Supported by a team of professional managers, we have since then implemented a number of initiatives to regain lost ground and chart a new path for the Group.

In the first half of FY2010/2011, Sime Darby revamped its board and management structure as well as tightened its internal controls and corporate governance through the introduction of a clearer reporting matrix while strengthening compliance and fortifying risk management structures. With these foundations in place, I am certain it will enable Sime Darby to emerge as an efficiently governed global corporation in the 21st century.

In the second half of the financial year under review, the Group began outlining its strategy for the future. It undertook a portfolio review exercise to evaluate the performance of its businesses, and mapped out the strategic direction of each of the core businesses under a new five-year strategy blueprint.

As a result of this exercise, Sime Darby has a clear vision on how each of its core businesses contributes to the overall Group portfolio. One of the Group's first major decisions to reshape its portfolio of winning businesses was the proposed move to exit the oil & gas business.

While the efforts above are essentially long-term initiatives to engineer a solid platform for future growth, the Group also focused its attention on delivering value to its shareholders via a strong financial performance for FY2010/2011.

Sime Darby posted a record profit after tax and non-controlling interests of RM3.7 billion, 47 percent above the Group's Key Performance Indicator (KPI) target of RM2.5 billion. The Group also reported a Return on Average Shareholders' Fund (ROASF) of 16.5 percent, compared to the KPI target for FY2010/2011 of 11.5 percent.

Earnings quality has also improved. While the Plantation Division continued to be the largest profit contributor to the Group, other Divisions, most notably Industrial and Motors, have now emerged as significant profit contributors. Profit growth was mainly driven by efforts to improve operational excellence as well as strategic moves to secure new markets and achieve product growth. Going forward, shareholders can be assured of more sustainable profit growth in the long-term.

In the financial year under review, the Plantation Division achieved an operating profit of RM3.3 billion, an increase of 55 percent compared to the preceding year as a result of higher average Crude Palm Oil (CPO) prices. There

## PRESIDENT &amp; GROUP CHIEF EXECUTIVE'S REVIEW

have also been encouraging improvements in the Group's production of Fresh Fruit Bunches (FFB) and CPO. The Group's FFB yields reached 21.5 MT/ha, while the FFB yields in Indonesia reached its highest level at 19.8 MT/ha. The Division is poised to continue on a strong growth trajectory, especially with the commencement of oil palm planting activities in Liberia and other strategic initiatives that will be implemented in due course.

The Industrial Division recorded its best ever operating profit of RM1.1 billion for FY2010/2011. The Australian operations continued to spearhead the Division's growth, with strong equipment sales recorded in the mining sector. More notably, the financial year under review saw the Industrial Division's China operations making inroads into the country's mining sector by recording its first major sale of mining equipment in the Xinjiang province. Prospects for this Division remain bright across all regions, especially in the mining sector, which continues to be fundamentally sound.

The Motors Division posted a record breaking performance in FY2010/2011, delivering a 64 percent jump in operating profit to RM633 million on continued strong and sustained demand across all regions. Most importantly, the improved performance showed the success of the Division's efforts in integrating new acquisitions to grow strategically with the respective principals in all its key markets. The Division is well positioned for growth, as it implements key strategies in China and explores new markets and synergistic businesses as well as introduces new marques.

The Property Division experienced an 8 percent decline in operating profit to RM456 million in the financial year under review due to an impairment provision of RM78 million and deferment of launches during the first half of the financial year. Nevertheless, the Division successfully launched over 14 new projects during the second half of the financial year and recorded higher sales and progress billings towards the end of the financial year. With more exciting launches in the pipeline, I believe this Division should be able to improve its performance in the future.

The Group's focus to turn around the Energy & Utilities Division (E&U) during the financial year under review bore fruit with the Division registering a 118 percent rise in its operating profit to RM313 million. E&U China's operating profit rose 94 percent to RM58 million. The utilities businesses, particularly the various ports operations in the Shandong province are currently undergoing significant expansion plans. The new berth expansion in Weifang Port, together with the proposed development of four new ports in Jining, will ensure the Division's capability to increase its profit contribution to the Group.

In May 2011, the Group announced the proposed disposal of the E&U Division's fabrication yards in Pasir Gudang and Teluk Ramunia, consequently exiting the oil & gas business. This proposed disposal is consistent with the Group's new strategic direction and will allow the Division and Sime Darby to focus on their other remaining profitable businesses.

The Healthcare Division posted a 19 percent increase in its operating profit to RM26 million for FY2010/2011. Apart from the increase in the number of patients, the Division also derived a higher contribution from the education sector. Moving forward, the Division is focused on completing its two new medical centres in Ara Damansara and Desa Park City while continuing to search for new opportunities regionally. These efforts will help position the healthcare business to grow its profit contribution to the Group.

### Strategy Moving Forward

The Group announced in August 2011 its five-year strategy blueprint to set Sime Darby on a new dynamic growth path with the aim of establishing and maintaining leadership in all of its core businesses. The strategy roadmap for the next five years will be guided by the following key strategic thrusts:

#### 1. Realise full potential of the core businesses

While FY2010/2011 saw a record performance by the Group, it will continue to intensify its efforts to improve operational efficiency and keep costs to a minimum to stay ahead of competition. Initiatives to enhance operational efficiencies have been implemented over the last few years, and the Group's ultimate goal is to ingrain a culture of continuous operational improvement groupwide to drive future growth.

#### 2. Strive for Leadership Position

To position the Group as an international conglomerate with a portfolio of winning businesses, it will need to maintain its leadership or aim to achieve leadership positions in all of its core businesses. With this aim, the Group will leverage on the strength and competitive advantage that each business unit possesses. Sime Darby strongly believes that it should only be in businesses where it can be market leaders, a position that will allow it to grow those businesses and create value for its shareholders.

#### 3. Pursue Strategic Portfolio Growth

To ensure sustainable growth for the Group, it is recognised that Sime Darby will need to constantly seek new opportunities, guided by certain key principles. It will grow in areas that will help replicate success and scale up its businesses. It will concentrate on ensuring that the Group secures leadership in new growth markets and continues to remain focused on the strategic direction that had been set out by the Board.

Nonetheless, the current six core businesses of the Group will remain for the next five years, with Plantation continuing to be the Group's largest profit contributor. With the completion of the five-year strategy blueprint, coupled with the Group's strong performance and efforts put in place over the past years, it now has a strong foundation for growth in each of its core businesses. Sime Darby's strong balance sheet will also provide the flexibility and financial strength to help it pursue a new dynamic phase of growth over the next five years.

## PRESIDENT &amp; GROUP CHIEF EXECUTIVE'S REVIEW

## 4. Institute performance and value driven culture

In its pursuit to grow internationally and be a high performance based organisation, Sime Darby will need to nurture and develop a high performance culture and strengthen its leadership and talent bench. It has in the past year overhauled its performance management and competency initiatives across the Group.

Sime Darby has also taken steps to instill good corporate governance practices throughout the Group and will continue to maintain high ethical values in the course of doing its business.

Part of the Group's mission is to commit itself to developing a winning portfolio of sustainable businesses while subscribing to good corporate governance and high ethical values. The Group also aims to provide an environment for its employees to realise their full potential. This commitment shall form the basis of the Group's efforts to drive a performance and value driven culture.

**Prospects**

In FY2010/2011, the global economy displayed a healthy growth pace. Population growth, growing affluence, urbanisation and industrialisation in emerging Asian economies bolstered demand, and hence, prices of commodities including CPO and coal. Prices were also supported by tight supplies as production was affected by unpredictable weather conditions and natural disasters.

Following the sharp rebound in 2010, developed economies have shown signs of faltering. Uncertainty continues to plague global financial markets as the US and Europe struggle to resolve their debt issues. Amidst heightened uncertainties, the global economy may be heading towards some moderation.

Although this could dampen business prospects in the near future, the underlying macroeconomic trends remain intact, with emerging Asian economies on their way to becoming the world's new economic powerhouse, driven by China and India. Thus, the Sime Darby Group's future prospects remain bright, and will benefit from the growing demand for industrial and consumer-based goods and services in these areas.

**Acknowledgements**

On behalf of the Management, I wish to extend my deepest appreciation to the shareholders and other stakeholders for their confidence in and support for the Group. I also wish to thank our Board of Directors and the relevant regulatory bodies for their valuable insights and guidance during this turnaround period.

I would also like to pay special tribute to the employees of Sime Darby for their hard work, determination and loyalty, because of which the Group was able to get back on track within a short span of time. FY2010/2011 was a strong performance by any measure, and I am proud that the Group has shown its resilience and moved forward.

I look forward to the continuous support, and commitment of all our stakeholders in the years ahead as we strive to take Sime Darby to greater heights.



Dato' Mohd Bakke Salleh  
President & Group Chief Executive

A large yellow Caterpillar 797B mining truck is shown from a low angle, emphasizing its massive scale. The truck's body is yellow with black accents, and the number '797B' is prominently displayed on the side. A worker in a yellow high-visibility shirt and a white hard hat stands next to one of the truck's enormous, treaded tires, providing a sense of scale. The background is a clear blue sky.

797B

AUSTRALIA

BRUNEI

CHINA

CHRISTMAS ISLAND  
(INDIAN OCEAN)

HONG KONG

MACAU

MALAYSIA

MALDIVES

NAURU

NEW CALLEDONIA

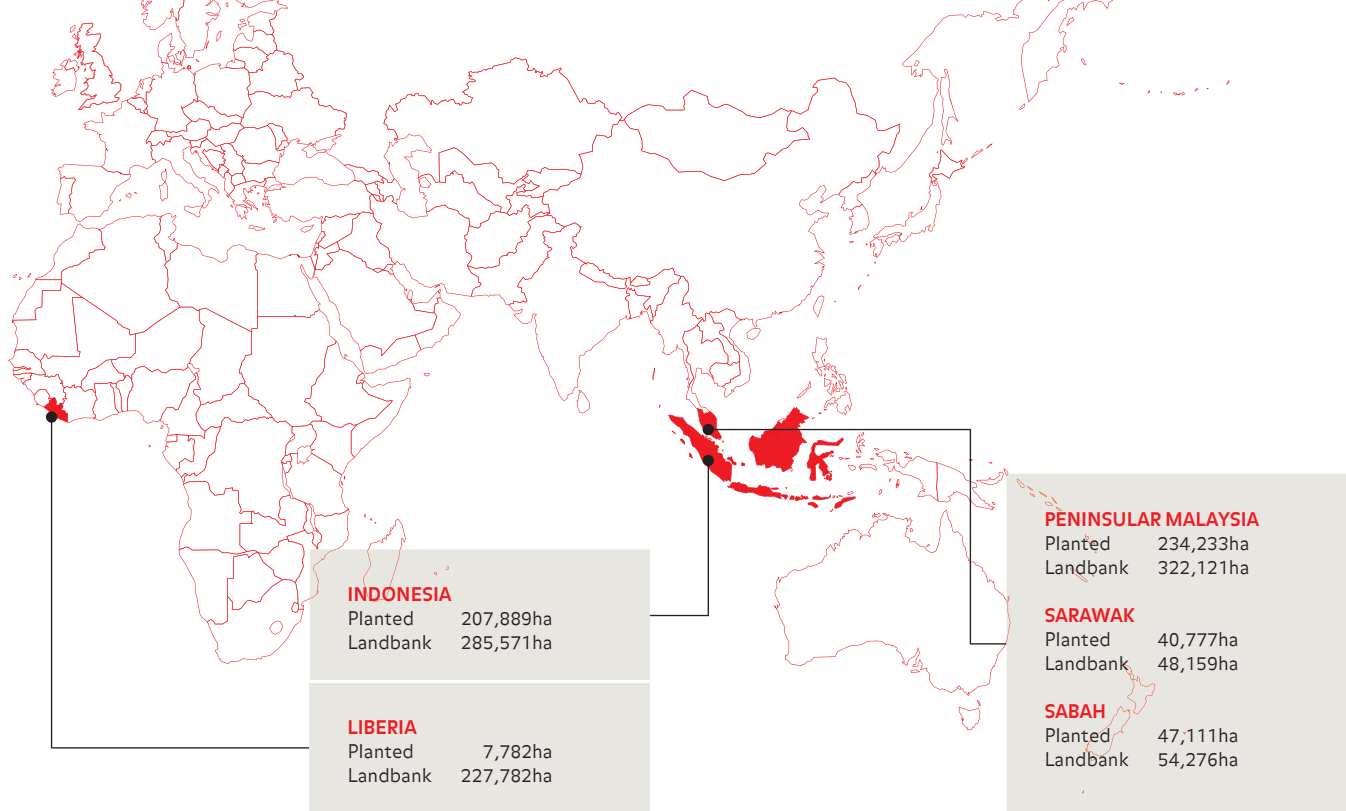
PAPUA NEW GUINEA

SINGAPORE

SOLOMON ISLANDS

The Caterpillar 797B  
mining truck delivers the  
lowest cost per tonne.

# INDUSTRIAL

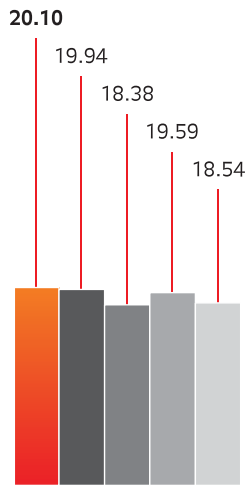


## PLANTATION

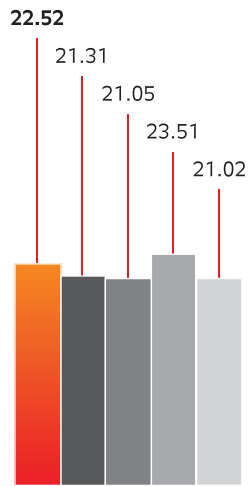
	FY2010/2011			FY2009/2010			FY2008/2009		
	Malaysia	Indonesia	Total	Malaysia	Indonesia	Total	Malaysia	Indonesia	Total
<b>Oil Palm</b>									
<b>Crop Production - FFB (in MT)</b>	6,367,228	3,743,813	10,111,041	6,560,033	3,281,095	9,841,128	6,888,596	2,976,158	9,864,754
<b>FFB Processed (in MT)</b>									
-Own	6,350,054	3,697,947	10,048,001	6,471,566	3,206,959	9,678,525	6,644,780	2,942,651	9,587,431
-Outside	720,316	641,778	1,362,094	537,717	588,962	1,126,679	616,000	541,539	1,157,539
<b>Total FFB Processed</b>	<b>7,070,370</b>	<b>4,339,725</b>	<b>11,410,095</b>	<b>7,009,283</b>	<b>3,795,921</b>	<b>10,805,204</b>	<b>7,260,780</b>	<b>3,484,190</b>	<b>10,744,970</b>
<b>Hectareage (in Hectares)</b>									
-Mature	279,912	188,756	468,668	282,417	182,684	465,101	297,471	178,840	476,311
-Immature	34,123	19,133	53,256	31,737	25,365	57,102	29,279	25,397	54,676
<b>Total planted hectares</b>	<b>314,035</b>	<b>207,889</b>	<b>521,924</b>	<b>314,154</b>	<b>208,049</b>	<b>522,203</b>	<b>326,750</b>	<b>204,237</b>	<b>530,987</b>
FFB Yield per mature hectare	22.56	19.83	21.47	22.32	18.00	20.65	22.87	16.64	20.59
<b>Mill production (in MT)</b>									
-Palm Oil (CPO)	1,488,732	957,961	2,446,692	1,488,515	872,716	2,361,231	1,531,216	782,219	2,313,435
-Palm Kernel (PK)	352,420	197,905	550,326	352,473	179,082	531,555	373,275	160,732	534,007
CPO Extraction Rate (%)	21.06	22.07	21.44	21.24	23.00	21.85	21.09	22.45	21.53
PK Extraction Rate (%)	4.98	4.56	4.82	5.03	4.72	4.92	5.14	4.61	4.97
<b>Average selling prices (RM per tonne)</b>									
-Palm Oil (before sales tax)	3,049	2,686	2,906	2,342	2,260	2,311	2,264	2,013	2,177
-Palm Kernel (before sales tax)	2,305	1,789	2,121	1,252	958	1,150	1,164	848	1,069
<b>Cost of Production (per MT of Palm Products)</b>									
-Estate Cost	796	806	799	745	879	790	796	877	821
-Mill Cost	198	154	181	191	166	181	195	152	181
<b>Total</b>	<b>994</b>	<b>960</b>	<b>980</b>	<b>936</b>	<b>1,045</b>	<b>971</b>	<b>991</b>	<b>1,029</b>	<b>1,002</b>
<b>Rubber</b>									
Planted area (hectares)	8,086	-	8,086	8,419	-	8,419	8,649	0	8,649
Rubber production ('000kg)	10,812	-	10,812	10,646	-	10,646	11,084	88	11,172
Yield per mature hectare (kg)	1,711	-	1,711	1,554	-	1,554	1,481	234	1,421
Average selling price (RM / kg)	13.49	-	13.49	9.07	-	9.07	7.39	4.02	7.36

OPERATIONS REVIEW - PLANTATION

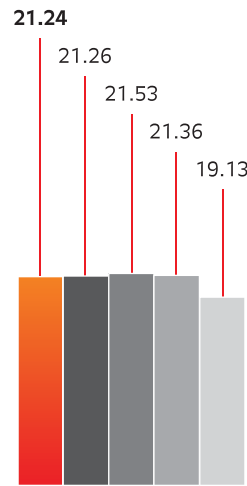
FFB YIELD BREAKDOWN BY REGION - MALAYSIA



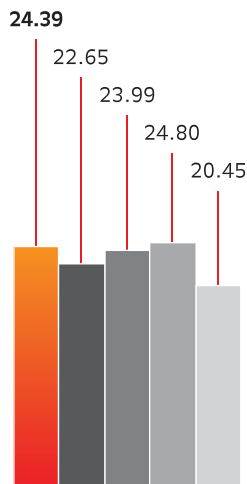
Johor South



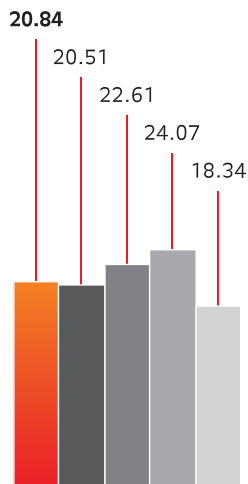
Johor Central



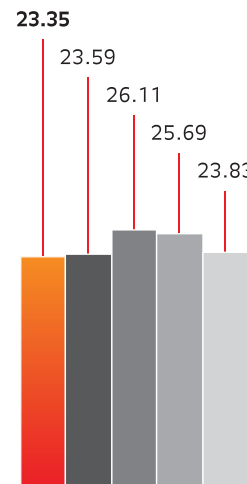
Johor North



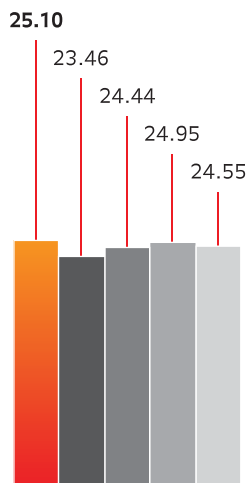
Negeri Sembilan 1



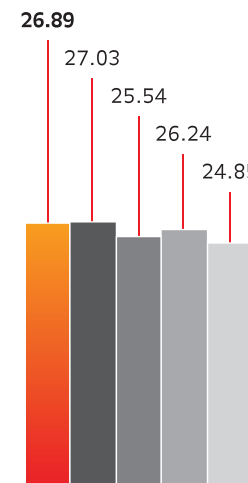
Negeri Sembilan 2



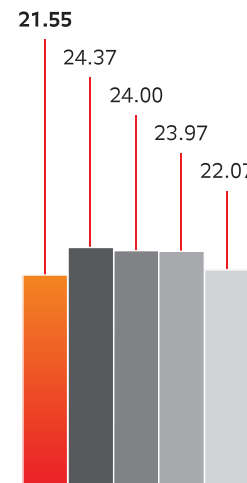
Melaka



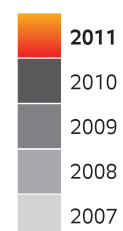
Selangor Central



Selangor West

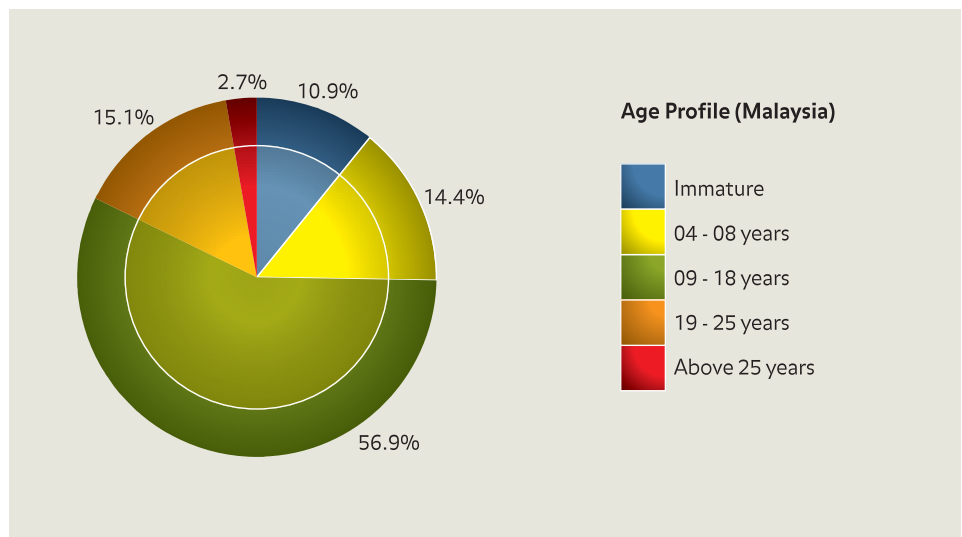
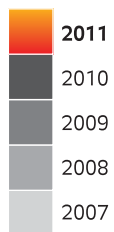
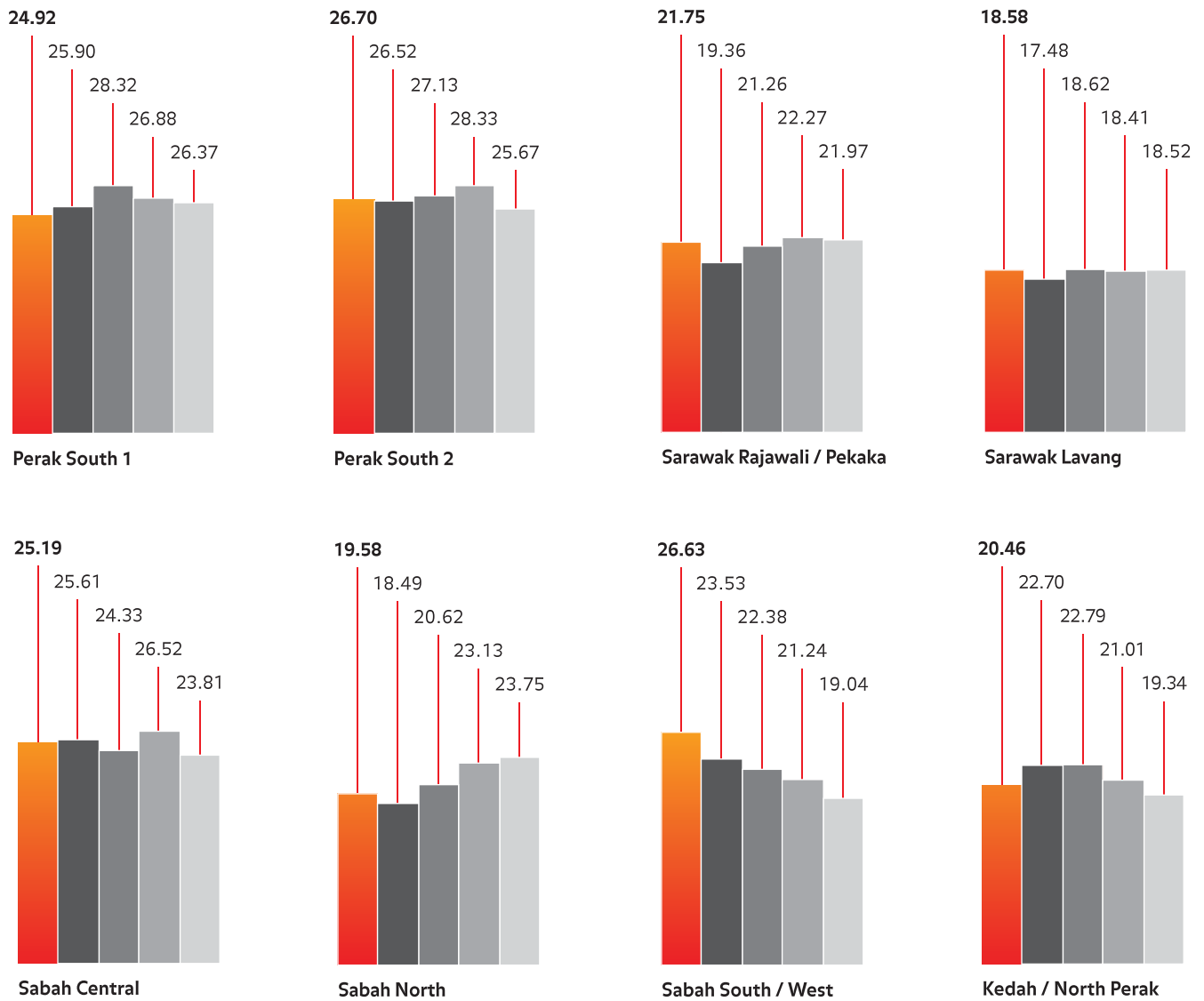


Pahang



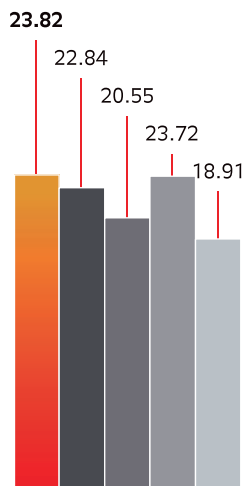
OPERATIONS REVIEW - PLANTATION

FFB YIELD BREAKDOWN BY REGION - MALAYSIA (continued)

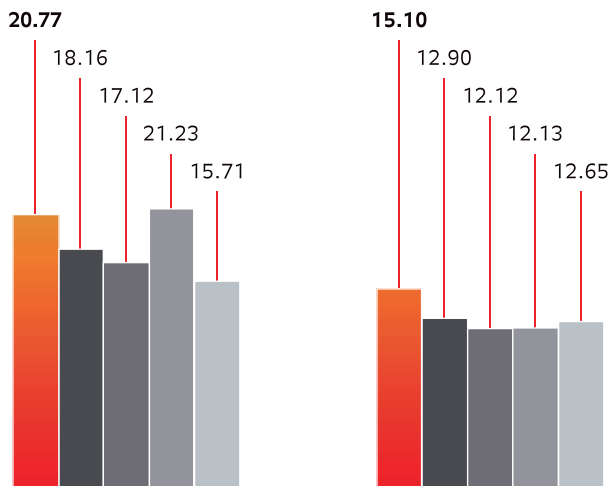


OPERATIONS REVIEW - PLANTATION

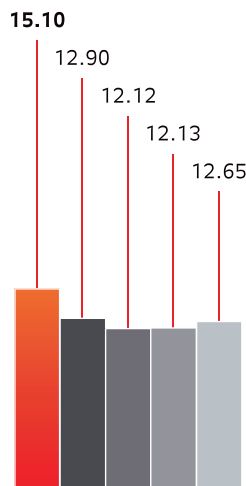
FFB YIELD BREAKDOWN BY REGION - INDONESIA



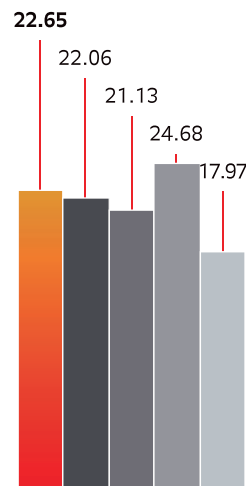
Kalimantan (Central)



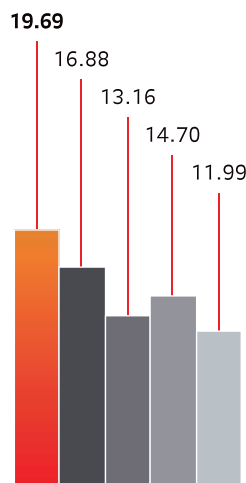
Kalimantan (South)



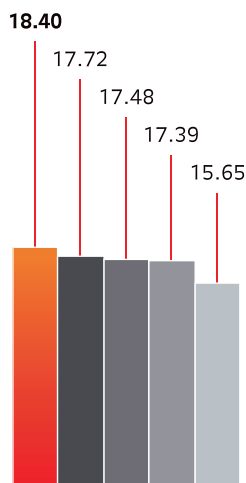
Kalimantan (West)



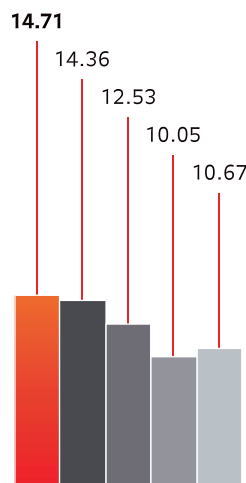
Sulawesi (Central)



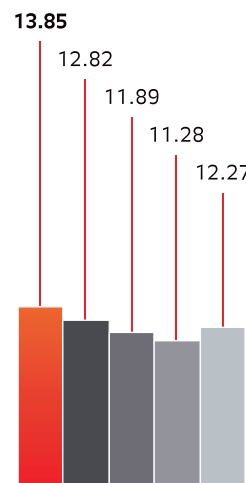
Sumatera (South)



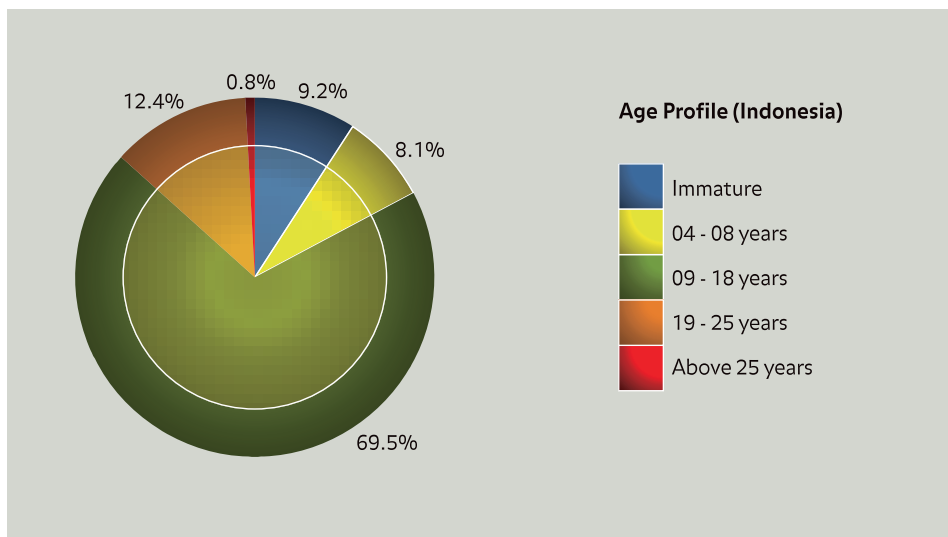
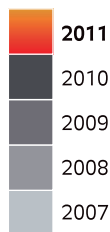
Sumatera (Riau)



Sumatera (East Aceh)



Sumatera (Jambi)





## OPERATIONS REVIEW - PLANTATION

**SIME DARBY PLANTATION BOARD MEMBERS****Standing (from left):**

Encik Rosely Kusip  
 Dato' Mohd Bakke Salleh  
 Tan Sri Datuk Dr Yusof Basiran  
 Mr Franki Anthony Dass  
 Dato' Che Abdullah @ Rashidi Che Omar  
 Dato' Henry Sackville Barlow

**Seated (from left):**

Dato' Abd Wahab Maskan  
 Tun Musa Hitam

**OVERVIEW**

The Plantation Division strived to create better value for its stakeholders during the financial year under review through operational excellence and efficiency in all of its business operations across the palm oil value chain.

In Upstream operations, the Division continued with its efforts to maximise production by adopting efficient estate management practices, increasing productivity through operational excellence and sustaining product quality while ensuring cost efficiency. This resulted in fresh fruit bunch (FFB) production increasing by 2.7 percent, while crude palm oil (CPO) production grew by 3.6 percent in the financial year under review. These efforts remain a key priority in the year ahead.

The Downstream operations, while facing a challenging year due to the volatility in feedstock prices and product spread, remained competitive through operational efficiencies and new product innovation.

For FY2010/2011, the Plantation Division recorded an improvement in its overall performance, with profit before interest and tax increasing 55.2 percent to RM3.3 billion compared to the previous financial year.

This was primarily attributed to higher CPO prices, increased FFB production and the support of its downstream and other business activities.

**PLANTATION UPSTREAM**

For FY2010/2011, the Division's FFB production grew by 2.7 percent to 10.11 million MT, while CPO production increased to 2.45 million MT, a growth of 3.6 percent year-on-year.

For the year under review, the average CPO selling price improved 25.7 percent to RM2,906 per MT from RM2,311 per MT previously. The average palm kernel (PK) selling price, meanwhile, rose 84.4 percent to RM2,121 per MT against RM1,150 per MT a year before. This resulted in a commendable revenue growth of 26.4 percent for FY2010/2011.

**Malaysia**Oil Palm

For the financial year under review, the Plantation Division's planted area in Malaysia totalled 314,035 ha, of which almost 90 percent were mature areas. Plantation

## OPERATIONS REVIEW - PLANTATION



Sua Betong Mill in Port Dickson, Negeri Sembilan commenced operations in June 2011

Malaysia's operations consist of 130 oil palm estates, 40 palm oil mills and 3 bulking installations spread across Peninsular Malaysia, Sabah and Sarawak. Four percent of the total land bank was replanted during the year under review in line with the Plantation Division's replanting policy.

The FFB production stood at 6.37 million MT or 63 percent of the Plantation Division's total production for the whole year (FY2009/2010: 6.56 million MT). The average yield per mature hectare increased 1.1 percent to 22.56 MT from 22.32 MT previously.

Throughout the financial year under review, the Division undertook various measures to aggressively increase FFB production and workers' productivity through good manpower management and mechanisation.

The Division continued its mechanisation efforts, primarily on mechanically assisted in-field FFB collection from palm trees to main roads, fertiliser application, spraying and other field operations.

Currently, 82,000 ha of plantation areas utilise the mechanically assisted in-field collection system. This has improved harvesters' productivity and reduced labour requirement. Moving forward, the Division will focus on expanding its in-field collection system to another 40,000 ha of plantation land.

The year under review saw the completion and commissioning of two new mills:

- Kok Foh Mill in Bahau, Negeri Sembilan, which began commercial production in October 2010 with a capacity of 40 tonnes per hour, and
- Sua Betong Mill in Port Dickson, Negeri Sembilan, which began commercial production in June 2011 with a capacity of 60 tonnes per hour.

Meanwhile, the construction of another new mill in Pagoh, Johor, which will have a capacity of 45 tonnes per hour, is underway. At the same time, the Division also carried out front end upgrading works to two mills - Kerdu Mill in Kerdu, Pahang and Pekaka Mill in Pekaka, Sarawak - to improve their processing efficiency and operating costs.

Under its Crop Quality Assurance Programme, the Division also expanded the production of Premium Quality/Special Quality (PQ/SQ) oil following the successful upgrading of the Tanah Merah Oil Mill. The mill has produced more than 4,000 tonnes of SQ oil, with Free Fatty Acid (FFA) below 1.5 percent.

Upgrading works at two other mills, namely Flemington and Tennamaram, are still on-going. Since PQ/SQ oil has garnered good premium from buyers, the Division has identified more mills for this purpose in FY2011/2012.

Overall, the Crop Quality Assurance Programme has improved crop quality, while mill upgrades undertaken in the year under review also helped oil extraction rates (OER). The highest OER recorded in the year under review was 22.58 percent from Melalap Estate in Sabah. The average OER for Plantation Upstream Malaysia was 21.06 percent.

#### Rubber

Earnings from rubber operations for the year totalled RM97.1 million, of which RM84.9 million was contributed by the estates and the remainder from processing activities. The combined earnings resulted in profit per ha of RM14,333, which was significantly higher than the RM8,114 per ha achieved in the previous financial year.

The improved contribution from rubber operations was mainly attributable to strong natural rubber prices, which averaged RM13.49 per kg (FY2009/2010: RM9.07 per kg) on a crop production of 1,711 kg per ha.

The Division's associate company in Thailand, Muang Mai Guthrie Ltd., whose main activity is the processing and trading of rubber, also recorded a higher net profit for its financial year ended 31 December 2010.

Natural rubber prices, which hit new record highs of RM17.75 per kg for latex concentrate and RM16.80 per kg for SMR 20 in February 2011, are expected to trade at high levels on expanding world demand for natural rubber, especially from China and India. High prices of synthetic rubber arising from the tight supply of mineral oil will also be a contributing factor. The world demand for natural rubber is projected to grow at about 3 percent annually.



Improved contributions from rubber operations was mainly attributable to strong natural rubber prices

## OPERATIONS REVIEW - PLANTATION

**Indonesia**

For the financial year under review, Plantation Indonesia's planted area totalled 207,889 ha, of which 90.8 percent or 188,756 ha were mature areas. Plantation Indonesia's operations consist of 72 estates, 24 palm oil mills and five bulking installations spread across Sumatera, Kalimantan and Sulawesi.

FFB production for Plantation Indonesia totalled 3.74 million MT during the year under review, 14.1 percent higher than the previous financial year. The average FFB yield per mature hectare also increased by 10 percent to 19.83 MT from 18.0 MT previously.

The higher crop production and yield per mature ha were primarily driven by better yield and crop recovery initiatives. The Seruyan and Sekunyir estates in Central Kalimantan achieved FFB yields of more than 31 MT per ha, while 34 estates (almost 50 percent of the other estates) in Indonesia achieved FFB yields of more than 20 MT per ha.

The higher yield achievement was recorded despite the La Nina phenomenon which saw several months of heavy rains that caused fairly severe floods in several estates in South Kalimantan, South Riau and South Sumatra.

Apart from the higher FFB crop production, both CPO and PK production were also higher by approximately 0.96 million MT and 0.20 million MT, respectively. CPO production for the year under review increased by 9.8 percent, while palm kernel production rose by 0.4 percent.

These achievements were realised despite a lower average OER of 22.1 percent for the year under review, against 23.0 percent previously. Average Kernel Extraction Rate (KER) was also lower at 4.56 percent compared to 4.72 percent in FY2009/2010. The lower OER and KER were primarily attributable to poor fruit sets and crop evacuation problems due to continuous rain and floods during the first half of the year under review.

No mills recorded an OER above 23 percent, but six mills achieved an OER of 22.5 percent during the financial year under review.



First replanting in one of Aceh's estates



En Azmi Jaafar, Head of Plantation Operations, Liberia (third from right) explaining to Vice President of Liberia, Joseph Boakai on the Matambo Estate Central Township

Two new palm oil mills are currently under construction as part of Plantation Indonesia's capacity building to cater for the expected increase in crop production, which is expected to exceed 4 million MT in the next three years. The 24 mills currently operating have also been upgraded to improve their milling capacity and operational efficiencies.

The financial year under review also saw Plantation Indonesia commencing its first replanting exercise on 456 ha in South Kalimantan, Riau and Aceh. It targets to implement an annual replanting exercise of approximately 4 percent of its planted areas in the coming years.

Plantation Indonesia also reviewed its operational strategies to further improve its FFB yield to beyond 24 MT per ha per year over the next few years, through better agro-management practices.

**Liberia**

The financial year under review witnessed the official launch of the first land clearing works of the Liberian operations in July 2010. Ten months later, on 19 May 2011, the first oil palm seedling was officially planted and Sime Darby Plantation (Liberia) Inc (SDPL)'s first estate – the Matambo Estate - was officially launched by The Vice-President of Liberia, His Excellency Mr Joseph Boakai, and Sime Darby Chairman, Tun Musa Hitam.

As of June 2011, approximately 4,000 ha of land have been cleared and about 1 million oil palm seeds were planted in four oil palm nurseries.

SDPL has provided employment to more than 2,600 Liberians up to June 2011, as well as trained its Liberian managers in Malaysia. The Division anticipates the number to reach 35,000 upon completion of the entire 220,000 ha-project in 2030.

**PLANTATION DOWNSTREAM**

The financial year under review was a challenging year for Plantation Downstream, which saw CPO price peaking at RM3,811 per MT in February 2011 from an average of RM2,701 per MT in 2010, translating into a 41 percent increase.

## OPERATIONS REVIEW - PLANTATION

The high average CPO price had tremendously affected Plantation Downstream's operations. This led to the cancellation of orders in some of the Group's subsidiaries.

High prices resulted in many industry participants taking a wait-and-see approach, further affecting sales as it delayed purchasing decisions by customers. Orders had to be scaled down in anticipation of a more palatable price.

Being an export-led business, Plantation Downstream's operations were further hit by its foreign exchange exposure, notably the 7 percent decline in the US dollar in July 2010. The Euro, which strengthened by 10 percent against the ringgit, had increased the cost of operations in Europe, namely at Sime Darby Unimills BV.

In Thailand, despite the political turmoil in the country, demand increased due to consumers stockpiling food related items. Moreover, the severe shortage of CPO as a result of unfavourable weather conditions and low crop seasons led to an increase in CPO prices that were higher than the Government's price cap.

To stabilise the situation, the Thai Government intervened by increasing the mandatory ceiling price of cooking oil and allowing the import of CPO and palm kernel oil. With supply back on track and CPO prices coming off their peak in February 2011, Morakot Industries is now back on track to profitability.

In Malaysia, SD Plantation's wholly-owned subsidiaries - Sime Darby Jomalina Sdn Bhd and Sime Darby Biodiesel Sdn Bhd - received the RSPO certification for Supply Chain Certification System from SIRIM and the International Sustainability of Carbon Certification (ISCC) from AgroVet in March 2011.

During the financial year under review, Plantation Downstream successfully implemented several Continuous Improvement Plans (CIP) to reduce its operating costs. It also trained 71 percent of its personnel under the green belt Lean Six Sigma programme. Almost half of its operational heads are already certified as champions.

Plantation Downstream is expected to produce more robust results in early FY2011/2012 following the commencement of operations of the new refinery in Northport in Port Klang, which has a capacity of 2,000MT per day.

A few key projects are also in the pipeline, including an Indonesian refinery capable of producing 2,500MT per day, as well as another in Europe that will further



Emery is currently one of the world's largest oleochemical producers with a global distribution network

strengthen the Group's presence in the European edible oils and fats market.

SD Plantations' exposure in the oleochemicals business is through Emery Oleochemicals (M) Sdn Bhd, a 50:50 joint venture with Thailand's PTT Chemical International Pte Ltd.

Emery is principally involved in the manufacture and export of natural-based oleochemical products. With over 160 years of experience and expertise, Emery is currently one of the world's largest oleochemical producers with a global distribution network. Headquartered in Malaysia, it has a global presence in three continents with plants in North America, Germany and Malaysia.

The joint-venture capitalises on the relative comparative advantage and synergies of both companies. PTT Chemicals is strong in downstream chemicals, while SD Plantation is one of the world's largest palm oil producers and has its own palm oil refineries.

During the financial year under review, Emery announced plans to invest RM416.2 million over the next few years to produce high-end palm oil oleo derivatives, specifically bio-lubricant and green polymer additives, as well as surfactants for home and personal wellness products.

This expansion plan is part of Emery's vision of producing oleo derivative products, identified as one of the five main product segments that will add approximately RM5.5 billion to Malaysia's Gross National Income over the next 10 years. Emery's expansion plans will be funded through a RM480 million Islamic bond issues, with the first drawdown targeted in the fourth quarter of 2011.

## RESEARCH & DEVELOPMENT CENTRE

Sime Darby Research and Development Centre (R&D Centre) made significant progress in several key areas in FY2010/2011. This was showcased to all Sime Darby Plantation stakeholders during the third R&D Day 2011 held on 30 March 2011.

The theme, 'Sustainable Value Creation through R&D', underlines the R&D Unit's aim to develop, apply and transfer relevant technologies for new and improved plantation processes and products.



## OPERATIONS REVIEW - PLANTATION



Concerted research efforts were aggressively pursued to increase oil palm tissue culture production efficiency

The genome project has been intensified to ensure Sime Darby remains at the forefront of this new frontier. The development of optimum quality planting materials remains a key target, which will enable the industry in general to achieve better yields from the current planted hectareage.

#### Quantum leap

In January 2011, Sime Darby Technology Centre (SDTC) moved into its new laboratories at the UPM-MTDC Technology Center III, in Serdang, Selangor. The new facilities consist of 22,000sq ft of laboratory space in one building block and another 8,000sq ft of office floor space in another block.

The new laboratory block is divided into four main functional laboratories -Applied Chemistry, Bioprocessing, Molecular Biology and Tissue Culture – and supported by other facilities such as central chemical stores, a waste room and a Bioinformatics facility with high capacity servers.

The four functional labs equipped with cutting edge equipment makes available new experimental approaches to study biological problems. Having these technologies and tools in place will enable SD Plantation to be competitive in oil palm genomics.

#### Biotechnology

During the financial year under review, concerted research efforts were aggressively pursued to increase oil palm tissue culture production efficiency and to mitigate abnormality risks.

There were three major focus areas: improvement of clonal re-generability through media customisation; increased clone production efficiency through liquid culture and clonal abnormality research, and; development of bio-markers for the detection of abnormality.

#### Breeding

In FY2010/2011, the Breeding Unit developed procedures for utilising DNA fingerprinting as the authentication tool for the verification of a new series of high quality oil palm planting material, Calix 600.

Ten Simple Sequence Repeat (SSR) markers from CIRAD, a centre for agriculture research for development based in France and 3 SSR markers developed from Sime Darby's own genome project were used in the development of the Calix 600 fingerprinting procedure.

The Breeding Unit, in collaboration with Sime Darby Seed and Agricultural Services Sdn Bhd (SDSAS), will utilise DNA fingerprinting to combat counterfeit seeds and ascertain the true identity of different DXP seeds produced by seed producers in Malaysia.

Meanwhile, Calix 600 production reached 820,000 seeds, while sales for the premium planting material topped 500,500 seeds as of June 2011.

#### Plant Protection

The Division's integrated pest management (IPM) efforts play an important role in increasing productivity. It also augments sustainability efforts through the use of natural predators instead of being dependent on chemicals.

In FY2010/2011, great emphasis continued to be given to the mass production of natural enemies of leaf eating caterpillars. Research at the insect laboratory has proven that the assassin bug (*Sycanusdichotomus*) and the asopin bugs (*Platynopusmelacanthus* and *Cantheconideafurcellata*) are effective killers of the bagworm *Metisaplana*.

Following trials, a mass rearing method has been successfully developed and the current effort is focused at scaling up production of *Platynopusmelacanthus*, *Cantheconideafurcellata* and *Sycanusdichotomus* in view of their higher killing efficiency against the bagworm.

The use of the barn owl (*Tyto alba*) to manage rodent populations in the Group's estates continued to be expanded. The import of 15 pairs of the barn owl into Sabah in FY2010/2011 helped establish a nucleus population. More barn owls will be introduced in



The introduction of the barn owl into Sabah helped to gradually reduce dependence on chemical rodenticides

## OPERATIONS REVIEW - PLANTATION

FY2011/2012 to augment the owl population in Sabah with the aim of gradually reducing the usage of chemical rodenticides.

### TTAS & Agronomy

During the financial year under review, Technology Transfer and Advisory Services (TTAS) provided agronomic and fertiliser recommendation services to 124 oil palm estates and seven rubber estates belonging to Sime Darby and external clients in Malaysia, covering an area of 296,783 ha.

TTAS personnel were also involved in agro-technical feasibility studies for agricultural land development in Indonesia, Timor Leste, Cambodia, Cameroon and Liberia.

During the same review period, TTAS carried out leaf sampling on areas totalling 269,263 ha. In addition, it conducted comprehensive training on agronomic practices, pest management, disease, water as well as nursery-stage oil palm culling practices for more than 180 personnel from the Plantation Division.

The Carey Island Oil Palm Yield Forecasting System (CIFOS), using remote sensing to predict oil palm yield, is currently under evaluation. If it passes internal evaluation, CIFOS will be replicated in other group estates by 2012.

### Plantation Minamas Research Centre, Indonesia

The Minamas Research Centre (MRC) is situated in Teluk Siak Estate, Riau in Sumatra. It was established in December 2005 to undertake the development of upstream activities, commercialisation of seed production, laboratory services and provide technical consultancy services to our oil palm estates in Indonesia. Its operations are supported by 20 research staff and 100 supporting personnel.



The recently launched Pink Guava Premium juices

For the year under review, MRC provided consultancy services on foliar samplings and fertiliser recommendation to 68 estates, involving an area of 218,049 ha.

MRC is also setting up an oil palm seed production unit with the prime objective of supplying guaranteed and quality planting materials to Sime Darby Indonesia. For this purpose, a Dura mother palm plot comprising 4219 DXD and 22 TXT palms were planted in October 2010 at the Teluk Siak Estate.



Empty fruit bunches can be used as feedstock for bioethanol production

### Processing & Engineering (P&E)

Research on the use of polymers in enhancing oil recovery during the clarification process in palm oil milling was initiated in FY2010/2011 to reduce oil loss during the discharge of Palm Oil Mill Effluent (POME) as well as to simplify POME treatment.

The polymer application will assist in the separation of oil from the sludge, thus minimising oil loss in POME. A pilot facility is being developed to optimise the oil recovery from sludge.

During the financial year under review, the R&D Unit collaborated with SIRIM on the conversion of biogas into Natural Gas Vehicle (NGV)-like fuel for transportation. The research was funded by the Ministry of Science, Technology and Innovation (MOSTI) through a research grant of RM3 million.

Evaluation on the use of Empty Fruit Bunch (EFB) as feedstock for bioethanol production is currently being conducted with Mitsui Engineering & Shipyard of Japan. Completed pre-feasibility studies had indicated the potential use of EFB as feedstock for bioethanol production.

Following these positive finding, the R&D Unit constructed and commissioned a demonstration pilot plant at Tennamaram palm oil mill in Bestari Jaya, Selangor to verify the technical specifications, process conditions and assumptions used in pre-feasibility studies.

### Oils & Fats Research

During the financial year under review, the R&D Unit successfully completed the pre-clinical, first-stage clinical and market studies to validate the anti-obesity effects of palm oil-based diacylglycerol (DAG). The Unit will conduct more comprehensive clinical studies as well as construct a pilot plant with a capacity of 5 MT per day in FY2011/2012.

The Unit also continued with its initiatives to develop cost-effective technology to produce high triacylglycerol (TAG) oil, which is highly beneficial in providing consistent processing conditions for the production of high quality palm oil.

## OPERATIONS REVIEW - PLANTATION

**Oleochemical Research**

In FY2010/2011, the R&D Centre successfully executed an oleochemical research project to convert MES paste to powder using mini spray dry. It also completed research on palm-based esterquats for household fabric softening purposes. Ten new personal care products enriched with tocotrienols were developed and commercialised through Sime Darby Bioganic Sdn Bhd.

**Food and Agribusiness Innovation Centre (FABIC)**

FABIC, tasked with the development of products in the beverage business, launched two new products in FY 2010/2011 - pink guava juice drink and pink guava premium juices. These products were launched in November 2010 under the 'GoFresh' brand.

**Innovation Centres**

During the financial year under review, Sime Darby Unimills reached another milestone when it officially opened the Innovation Centre Europe (ICE) in Zwijndrecht, Netherlands.

Officially opened by the Vice-President of the European Commission, Mrs Neelie Kroes, the new innovation centre features state-of-art laboratories and analytical equipment, an R&D application kitchen and a unique oil processing pilot plant.

The financial year under review saw three other Innovation Centres – IC Asia, IC Europe and IC Africa – successfully develop 28 new or significantly improved products worth RM24 million.

**Sime Darby Seeds and Agricultural Services (SDSAS)**

In FY2010/2011, SDSAS produced and sold about 20.2 million oil palm seeds and seedlings to both the Company's estates as well as external clients. About 1.2 million oil palm seeds were sent to SDP's Liberia operations, which officially commenced commercial planting in May 2011.



Commercial planting for 1.2 million oil palm seeds sent to our Liberia project kicked off in May 2011



Innovation Centre Europe within the Sime Darby Unimills Complex in Zwijndrecht, Rotterdam, Netherlands

A new series of high quality oil palm planting material, the Calix 600, was launched in July 2010. The new planting material is expected to give early and better yields potential of up to 10 tonne per ha/year after 24 to 36 months of field planting.

One of the leaders in seed production, SDSAS also produces a wide variety of high quality seed variants, including GH 500, Guthrie DxP and HRU DxP. Apart from oil palm seeds commercialisation, SDSAS was involved in the supply of rubber budded stumps for the new rubber nursery in Liberia.

During the financial year under review, SDSAS managed to complete 300 agronomy and plantation advisory visits, covering about 400,000 ha of external estates.

**PLANTATION SUSTAINABILITY**

Overall, the Division's sustainability drive continued at a faster pace in the year under review. The Roundtable on Sustainable Palm Oil (RSPO) certification process gathered speed, with 17 new Strategic Operating Units (SOUs) getting their certification, a growth of 130 percent. With the new certifications, SD Plantation is now the largest producer of sustainable palm oil in the world.

Engagement of communities in the areas where SD Plantation is developing the land – a requirement under the New Planting Procedure (NPP) Free, Prior and Informed Consent (FPIC) criteria – is strictly observed.

Waste-to-Wealth projects also picked up speed in the year under review.

**RSPO Development and Implementation**

For FY2010/2011, the Plantation Division succeeded in increasing the number of RSPO-certified SOUs to 30 from 13 SOUs in the previous financial year.

The 30 certified SOUs have the capacity to produce 1,112,608 MT of Certified Sustainable Palm Oil (CSPO) and 268,944 MT of Certified Sustainable Palm Kernel (CSPK). The Group sold about 500,000 MT of both CSPO and CSPK in FY2010/2011.

## OPERATIONS REVIEW - PLANTATION

The Company also succeeded in getting 52 out of its 62 SOUs assessed by external certification bodies. The remaining 10 SOUs in Indonesia had undergone RSPO-pre assessment by external certification bodies and the final assessment is expected to be completed by December 2011.

The first consignment of 3,500 MT of fully segregated CSPO that went through the Sustainable Palm Oil Traceability (SPOT) III Project was successfully delivered to Sime Darby Unimills BV in the Netherlands on 5 July 2010. Subsequently, there were monthly shipments of 4,000 MT to Unimills from the Group's plantations in Sabah.

#### High Conservation Value Assessment (HCV)

During the financial year under review, HCV independent assessors completed the assessment of SDP's Indonesian operations. Following the assessment, a total of 24,966 ha were set aside as biodiversity/HCV areas. These areas will be monitored and maintained according to the recommendation of the HCV assessors.

Though the RSPO has not completed the national unit interpretation for Liberia, SD Plantation has taken it upon itself to carry out Social & Environmental Impact Assessments (SEIA) and HCV assessments. The reports are submitted to the RSPO Secretariat for Public Consultation before any new planting development is carried out.

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

SD Plantation embarked on the International Sustainability and Carbon Certification (ISCC) scheme during the year under review. ISCC is the first international certification system for biofuel and to provide sustainability and greenhouse gas savings for all kinds of biomass.

There are six Operating/Business Units that have been awarded with the ISCC certification during the year under review, namely:

- i. Flemington Oil Mill, Perak
- ii. Selaba Oil Mill, Perak
- iii. Labu Oil Mill, Negeri Sembilan
- iv. Kerdau Oil Mill, Pahang
- v. SD Jomalina, Selangor
- vi. SD Biodiesel, Selangor

The first shipment of 5,000 MT of ISCC-certified biodiesel was shipped to a customer in Rotterdam, the Netherlands on 23 June 2011.

#### GLOBALGAP Certification

SD Plantation also embarked on the GlobalGAP Certification System scheme during the financial year under review. Currently three of its operating units in Negeri Sembilan have been certified.

GlobalGAP Certification aims to minimise the detrimental environmental impacts of farming operations, reduce the use of chemical inputs and ensure a responsible approach to worker health and safety as well as animal welfare.

#### Waste-to-Wealth Programmes

The Division also increased effort to convert oil mill waste (mill effluents and empty fruit bunches) into organic fertiliser or compost during the year under review. Fifteen composting plants were completed, while another eight were commissioned in July 2011.

In addition to the composting plants, the Division has also been operating a biogas plant at the West Oil Mill in Carey Island, Selangor. The plant, which converts methane gas produced through anaerobic activities in effluent ponds into electricity, generates between 250kWh and 500kWh of electricity.

The Division is working with Tenaga Nasional Berhad and Mitsui of Japan to look at the development of several biogas plants in FY2011/2012.

#### Tree Planting in Estates

SD Plantation embarked on a tree planting exercise in November 2007. This has since expanded in scope to include volunteer employees from across the Group.

As at 30 June 2011, almost 329,000 trees from 279 endangered, rare and threatened (ERT) species have been planted in Malaysia. The survival rate of the newly-planted trees is a commendable 83 percent.

At the Biodiversity Park in West Estate, Carey Island, some of these trees are already fruiting, marking significant progress in SD Plantation's efforts to develop a gene bank of ERT species for future generations.



Nurturing future generations to conserve the environment via tree planting activities



## PROPERTY



### SIME DARBY PROPERTY BOARD MEMBERS

#### Standing (from left):

Dato' Mohd Bakke Salleh  
 Mr Sreesanthan Eliathamby  
 Tengku Datuk Seri Ahmad Shah Al-Haj ibni Almarhum Sultan  
 Salahuddin Abdul Aziz Shah Al-Haj  
 Mr Kumar Tharmalingam  
 Datuk Johan Ariffin

#### Seated (from left):

Tan Sri Datuk Amar (Dr) Hamid Bugo  
 Tan Sri Dato' Sri Hamad Kama Piah Che Othman.  
 Dato' Abd Wahab Maskan

### OVERVIEW

Sime Darby Property (SD Property) is a leading developer of sustainable communities in Malaysia, and has over 40 years of experience in developing townships across the country. An integrated property player, its main business activities comprise property development, property investment, hospitality and leisure. SD Property's operations extend from Malaysia, Singapore and Vietnam to China, Australia and the United Kingdom.

SD Property is an award-winning developer, having won numerous local and international accolades in various categories over the years. These include being the first Malaysian property developer to win the International FIABCI 'Prix d' Excellence' Awards twice for its Subang Jaya and UEP Subang Jaya townships.

It was also the first property developer in Malaysia to be certified with four ISO management systems certifications, namely ISO 9001 (Quality Management System); ISO14001 (Environmental Management System); OHSAS 18001; and MS1722 (Safety and Health Management System).

SD Property strengthened its strong brand positioning further, when in 2009 it was ranked Malaysia's No.1 Property Developer by The Edge Malaysia's Top Property Developers Awards. It also won the Most Valuable Brands Awards under the Property and Infrastructure Industry category for three consecutive years in 2007, 2008 and 2009.

In March 2011, SD Property was the Gold winner of the prestigious "Putra Brand Awards 2011" in the Property Development category. SD Property was also the 2010 Malaysia Frost & Sullivan "Green Builder of the Year" and won the BCI Asia Top 10 Developers Awards 2011.

For the financial year under review, SD Property recorded an 11.4 percent increase in revenue, while earnings before interest and tax was lower by 7.5 percent due to value adjustments and write-offs of certain development costs. Property development activities contributed approximately 88 percent to SD Property's operating profit.

SD Property is strengthening its property investment activities and anticipates an increase in recurring rental income from mainly office buildings developed as part of its township developments.

## PROPERTY DEVELOPMENT

SD Property is involved in the development of some well-known townships in the country, namely Ara Damansara, Putra Heights, Bukit Jelutong, Subang Jaya, UEP Subang Jaya, Bandar Bukit Raja, Denai Alam, Melawati, Nilai Impian, Saujana Impian, Planters' Haven and USJ Heights.

On the international front, its successful ventures and projects include The Orion and Balmoral Park in Singapore and Richmond Park in China.

### Malaysia

In FY2010/2011, SD Property sold 1,803 property units and launched 1,639 units involving 25 phases across eight townships. For the first 19 launches (1,363 units), the Division recorded an average take-up rate of 71 percent within the first three months of launching.

Double-storey link homes in Bandar Bukit Raja were the most popular, registering a take-up rate of almost 100 percent for all of the four phases launched during the financial year under review.

The latest product in the township, Delmara, boasts a number of firsts in the township. It was the first 2-storey link homes to be made available in the entire township, offering lakeside views and showcasing sustainability and passive design features, such as rainwater harvesting, a cool roof and full height windows.

Denai Alam saw five launches of 2 and 3-storey super link homes, such as Willow Park and Ficus Peak (the first semi-detached homes). The superlink homes, with a selling price starting from RM746,000, received encouraging response from home buyers.

USJ Heights, a 153-acre guarded residential enclave developed on the last piece of prime freehold land in Subang Jaya, had four launches with an average take-up rate of 90 percent. One of the three phases was sold out within three months of its launch date.

Only one phase, consisting of premium bungalows, remains to be launched in this township. Its connectivity has been further improved with the recent opening of a bridge that directly links the development with a network of main roads.

The good take-up rates recorded in Denai Alam, Bandar Bukit Raja and USJ Heights during the financial year under review demonstrates the continued strong demand for landed property in well-planned communities in the Klang Valley.

### Ara Damansara

Ara Damansara is an integrated and self-contained township spanning over 692 acres, offering prestigious living in a well-planned environment. Launched in 1999, it is strategically situated in the Petaling Jaya North growth area along the Sultan Abdul Aziz Shah Airport Road. It is well-connected to established residential and commercial areas, such as Damansara and Kelana Jaya.

During the financial year under review, 49 units of Ara Hill Phase 2 were completed and handed over to buyers.



The new Sime Darby Property's head office at Oasis, Ara Damansara

### Bandar Bukit Raja

An integrated and self-contained township in Klang, Bandar Bukit Raja (Stage 1) spans 1,683 acres and is easily accessible via the Federal Highway, the New Klang Valley Expressway (NKVE), the New North Klang Straits Bypass and the proposed Coastal Highway.

It is a well-planned, self-contained township launched in 2003 that offers comfortable residential homes, schools, shops, a police station, a fire station, a medical centre and a commercial centre.

During the financial year under review, five phases of residential developments (Paloma, Fuego Phase 1 and 2, Avani and Delmara), consisting of 542 units of double-storey link and 2-storey link homes were launched in Bandar Bukit Raja. In addition, 40 units of low cost shops were also launched under the commercial development category.

Significantly, Bandar Bukit Raja launched the Bandar Bukit Raja Stage 1 Eastern Division, involving the initial sales launch of 42 units of industrial land with a total acreage of 177.76 acres.

The take-up rate for the new launches was encouraging, reaching an average of 80 percent within three months of their launch. A total of 682 units were sold during the financial year under review.

SD Property also completed and handed over five phases of mixed properties consisting of 108 units of shops and 372 units of double-storey link homes in FY2010/2011.

### Bukit Jelutong

One of the most prestigious neighbourhoods in the Klang Valley, Bukit Jelutong is located in Shah Alam and accessible via NKVE, North-South Expressway Central Link (ELITE), Shah Alam Expressway (KESAS) and Guthrie Corridor Expressway (GCE). Due to its strategic location and tenure as freehold land it has attracted strong demand from buyers who wish to enjoy this exclusive and prestigious neighbourhood.

During the financial year under review, SD Property launched two phases of residential developments (Novella 10 and Primo II), comprising 41 units of semi-detached and bungalow units.

## OPERATIONS REVIEW - PROPERTY



Delmara, first first-two-and-a-half storey link homes with contemporary design and sustainable features in Bandar Bukit Raja

### Denai Alam

Denai Alam is an award-winning township that blends traditional charm with a modern neighbourhood. Located along the GCE, the Denai Alam township is planned based on the unique “Denai” concept that weaves through 4.8km of contiguous green landscape. It offers mixed development on 920-acres of freehold land, consisting of 5,967 residential and commercial units.

During the financial year under review, Denai Alam launched five phases of residential developments (Fern Lane, Lavender Park, Mulberry Grove, Ficus Peak and Willow Park), comprising 479 units of double-storey link, 3-storey superlink and semi-detached homes. A total of 411 units were sold.

### Melawati

The Melawati township is a 1,200-acre, fully-mature township located in the north-eastern quadrant of Kuala Lumpur. It is an integrated township comprising Taman Melawati, Wangsa Melawati, Desa Melawati and a central commercial complex called Melawati Commercial Centre.

The township has easy accessibility to the city centre via the Ampang-Kuala Lumpur Elevated Highway and to the Kuala Lumpur International Airport (KLIA), Putrajaya and Cyberjaya via the Middle Ring Road 2 and Duke Highway. It is located close to some of the best private educational institutions, such as the KL International School, International Islamic University and Universiti Tunku Abdul Rahman.

During the financial year under review, 26 units of 3-storey superlink houses were opened for sale via invitation to a select group of prospective customers. Priced between RM1.3million and RM2million, the units were sold out within a day.

The Company also successfully completed and handed over 3Residen condominiums to purchasers in February 2011.

### Nilai Impian

The Nilai Impian township is strategically located within the Southern Klang Valley Growth Corridor and the booming KLIA-Nilai-Pajam growth area. Based on the

“Lake Garden Township” concept, it is equipped with a lake, playgrounds, pedestrian walkways and bicycle paths. The opening of the Nilai Impian link in 2008 offers connectivity to the KL-Seremban Highway.

In FY2010/2011, 108 units of Dillenia double-storey link and 73 units of Warisan Villa double-storey, semi-detached houses were progressively handed over to purchasers.

New launches during the financial year under review included Davina (92 units of double-storey link houses), Antasari (16 units of bungalows), Safira (37 units of bungalows) and Davina 2 (97 units of double-storey link houses). The response has been encouraging especially for Davina, Antasari and Safira.

### Putra Heights

Putra Heights is a 1,800-acre freehold development located next to UEP Subang Jaya. Its superb location with easy access to major highways, such as ELITE, NKVE, KESAS and Damansara-Puchong Expressway (LDP), are factors that make Putra Heights a prime residential and commercial development in the Klang Valley.

During the financial year under review, Putra Heights launched the much anticipated self-contained, exclusive, gated and guarded development called The Glades.

The first phase was launched in May 2011, with 23 units of bungalows (The Residence), 26 units of superlink courtyard villas (The Ensemble) and 30 units of cluster homes/townhouses (The Mews) opened for sale.

### USJ Heights

USJ Heights is located within the last areas of prime freehold land in Subang Jaya. A residential haven, it offers one of the most sought-after pieces of real estate.

The development is centred around six “thematic” garden concepts, namely Balinese, Zen, Mediterranean, Modern Tropical, Scottish and Malay themes. The gated and guarded community boasts security features such as perimeter fencing, telephone entry system (intercom), central monitoring system at the guard house, built-in alarm system with a panic button in every home and round-the-clock patrols.



Indigo at USJ Heights

## OPERATIONS REVIEW - PROPERTY

During the year under review, USJ Heights launched four phases of residential developments (Reika, Cyprus, Capri and Indoigo II), comprising 266 units of double-storey link homes, 2 1/2-storey link houses and zero-lot bungalows.

#### Turnberry Villas, KLGCC

Turnberry Villas is a 128-unit town villa project with a gross development value of RM550 million. Nestled within the terraced grounds of the Kuala Lumpur Golf Country & Club (KLGCC), each unit comes with a private lift and breathtaking view of the East Course's 12th fairway.

Golf sensation, Michelle Wie, who is an honorary member of KLGCC, is a resident of Turnberry Villas and had stayed there during the Sime Darby LPGA Malaysia tournament in October 2010.

#### Kenny Hills

Kenny Hills, made up of 4 blocks of low-rise luxury condo villas covering an area of 4.75 acres of freehold land, was launched in April 2011. With only 13 units per acre, this is undoubtedly one of the most private and best-planned neighbourhoods in Kuala Lumpur. These prestigious condominiums, with built-up areas ranging from 3,627 sq ft to 6,738 sq ft, are priced between RM3.2 million and RM4.7 million.



Michelle Wie who is an honorary member of KLGCC stayed at Turnberry Villas during the Sime Darby LPGA Malaysia 2010

#### **China**

SD Property's real estate development in China - the 1,053 mu (174-acre) Damei Waterfront - is located at the Binhai Economic Development Area of Shandong Province.

For the financial year under review, the Company recorded sales of over 78 percent for the 320 residential and commercial units released for sale at the end of June 2011.

Construction of 17 blocks in Phase 1 of the project is in progress, with handover expected in August 2011. Plans are underway to launch Phase 2 of the Damei Waterfront development.

Meanwhile, the Company completed the construction of its sales gallery for the Damei Waterfront project in early 2011, and the entire property team has been relocated to the new premises.



The development in Damei Waterfront, China recorded over 78% in sales for its 320 residential and commercial units

#### **Australia**

One of the most exclusive waterfront resorts in The Gold Coast, Australia, Eagles' Cove is an exclusive residential development in Queensland. It is a joint-venture project to re-develop the remaining 250 acres of prime freehold land in Eagles' Cove. Eagles' Cove is an example of a unique and creative re-development initiative whereby SD Property has made improvements to the site and provided links from the lake to the open sea to enable residents to access the sea via a private deck.

The development of the project will comprise high end waterfront resort bungalows and commercial units.

### **STRATEGIC INVESTMENT & MASTER DEVELOPMENT**

#### **Sime Darby Vision Valley**

Sime Darby Vision Valley (SDVV) is a multi-billion ringgit integrated property development spanning 80,000 acres across the states of Selangor and Negeri Sembilan. This development has been included among key programmes to drive Greater Kuala Lumpur under the 10th Malaysia Plan announced in 2010 by Prime Minister, Dato' Sri Mohd Najib Tun Abdul Razak. SDVV consists of two major components, namely Selangor Vision City (SVC) and Vision Valley Malaysia (VVM).

SVC development comprises Lagong, Kota Elmina, Elmina West, Elmina East, Denai Alam and Bukit Jelutong. SVC is envisioned to become a dynamic global conurbation to deliver greater growth and prosperity to northern Selangor by 2025 through a sustainable and inclusive economic growth strategy.

The development of VVM will enable SD Property to realise the value of its land banks in Bandar Ainsdale, Labu, Sepang, Ampar Tenang and Tanah Merah. The estimated gross development value of VVM is between RM25 billion and RM30 billion over a period of 15 years.

VVM positions itself as a network city by allowing international travellers to access the development through various modes of transportation. Global connectivity is supported by VVM's proximity to KLIA. At the local and regional level, KTM railway, bus, monorail, train and road

## OPERATIONS REVIEW - PROPERTY

networks will provide ease of movement in and out of the newly built city. Six strategic development clusters - sports, healthcare & wellness, education, tourism & entertainment, aviation and green technological - were chosen as catalysts for VVM development.

The first phase of development within VVM will be Bandar Ainsdale which includes the 1Malaysia Housing Programme (PR1MA). This development is in line with government's initiative at assisting the middle income group. Bandar Ainsdale is a 550-acre development along the North-South Expressway (NSE), located 5 km from Seremban town. The development of a new proposed Seremban interchange will make Bandar Ainsdale as the new gateway to Seremban with potential to capture traffic heading towards Seremban from NSE.

The development in Labu, Negeri Sembilan centres on the development of entertainment, sports and education clusters on 4,600 acres of land to leverage on its close proximity to KLIA. The self-sustaining development will provide a work, play, live and stay environment. Offerings planned for Labu include a 54-hole golf course & golf real estate, destination retail zone, hotels, amusement theme parks, sports college as well as residential and commercial zone.

The proposed entertainment cluster will be an integrated destination that will drive both local and foreign tourist traffic into the area. This is to capitalize on tourist dollars through its close proximity to KLIA and the new KLIA 2. This integrated destination will allow Malaysia to compete as a regional tourism destination which will see an increase in tourist arrivals and per capita spending.

The sports cluster is envisioned to house state-of-the-art commercial, multi-sport, training and education camp and academy. It will include a golf course; golf, tennis and soccer academy; Olympic-size swimming pool, and; running tracks. In ensuring the success of the project, Sime Darby has teamed up with industry experts in both the public and private sectors for advice on facility design, programming, marketing, and operational aspects of the sports camp and academy, clubs and resorts, and public recreation elements.



Sustainable environment and lifestyle

In realising SD Property's commitment towards developing sustainable communities and creating a world class city, SDVV is planned with the green and sustainable city features, with emphasis on creating green spaces as breathing lungs of the city. Riding on cutting edge green technology, SDVV targets to have 20 percent of its energy consumption derived from renewable sources by 2020.

As the master planner and developer for SDVV, SD Property will undertake some of the proposed project development. Foreign and local investors are also invited to participate in equity holding of project development in the various catalytic clusters in specific projects within SDVV.

### PROPERTY INVESTMENT

SD Property owns and manages assets in various countries, including Malaysia, Singapore and the United Kingdom. It also manages buildings owned by the Sime Darby Group. Additionally, it is responsible for tenancy and maintenance management of various types of properties and commercial assets, including high and low-rise buildings, shop offices, residential and industrial properties, vacant land, staff holiday bungalows and sporting facilities such as the Sime Darby Sports Complex.

Among prominent office buildings under its management are Wisma Sime Darby, Wisma UEP, Wisma Guthrie, Sime Darby Pavilion and the 168,000-sq.ft-SD Property headquarters at Oasis Square, Ara Damansara.

The investment properties in Singapore (Sime Darby Centre, Sime Darby Business Centre and Sime Darby Enterprise Centre) achieved a collective average occupancy rate of 91.7 percent in FY2010/2011. There were no new buildings acquired nor re-development projects undertaken during the financial year under review.

In the UK, the Company completed the sale of eight acres of land in Bognor Regis to a supermarket chain operator in mid-June 2011. Apart from the property in Winnstay Gardens, London which was taken off the market for refurbishment, the other investment properties in London and Dundee Street, Edinburgh enjoyed full occupancy during the financial year.

SD Property's focus lies in undertaking a proactive approach towards positioning its capabilities and expertise to enhance the value of its assets through a proactive leasing and marketing strategy. It will also be looking at existing assets with a view towards enhancing their value and ultimately repositioning them to grow the Company's income yield.

### HOSPITALITY

#### Malaysia

During the financial year under review, PNB Darby Park Executive Suites continued to perform in tandem with the market despite an increase in the supply of new and upgraded properties.

Renovation work on the deluxe rooms commenced in August 2011 and the upgraded rooms will enable PNB

## OPERATIONS REVIEW - PROPERTY



The PNB Darby Park has won several awards this year including the Hospitality Asia Platinum Awards 2010-2012 Malaysia Series for Best Serviced Residences

Darby Park Executive Suites to position itself to achieve greater market share and higher room rates. By the end for 2011, an additional function room will be added to cater for an increasingly important market segment.

Plans are afoot to add a new restaurant in 2012 to provide guests with an alternative dining experience, in addition to the award-winning "39 Restaurant" and PNB Darby Café.

During the financial year under review, PNB Darby Park Executive Suites was awarded the following recognitions:

- Hospitality Asia Platinum Awards 2010-2012 Malaysia Series for Best Serviced Residences
- Top 3 Best PR/Marketing Communications Personality
- Top 10 Best Asian Cuisine Chef
- Malaysia Best Restaurant 2010 by Malaysia Tatler

PNB Darby Park Executive Suites saw a slight dip in its performance for FY2010/2011 when its occupancy rate dropped to 69 percent from 72 percent previously.

During the financial year under review, the performance of Genting View Resort and Harvard Suasana Hotel was affected by the decline in government meetings and induction programmes. Both properties will continue to target more corporates to hold their training programmes at their premises in FY2011/2012.

Hotel Equatorial Melaka performed better than the previous financial year, with its occupancy rate increasing to 64 percent against 59 percent a year ago. Average room rate continued to improve as a result of higher room rates charged for the refurbished rooms. To date, 366 rooms have been refurbished and another 124 rooms will be refurbished by November 2011.

### Singapore

Darby Park Executive Suites, located next to the world-famous Shangri-La Hotel, improved its occupancy rate to 88 percent from the previous year's 78 percent. The average room rates had also improved to S\$218, and demand for accommodation in Singapore is expected to continue to be strong in FY2011/2012.

During the financial year under review, refurbishments of the suites were undertaken and this will continue in FY2011/2012.

### Vietnam

For the financial year under review, Rangdong Orange Court's occupancy rate improved to 74 percent from 70 percent previously. However, the average rental rate was lower compared to the previous year.

Rangdong Orange Court, located in Vung Tau, caters primarily to customers from the oil and gas sector as well as fulfilling the holiday needs of well-heeled holiday makers from Ho Chi Minh City.

Room renovations were completed during the financial year under review. With the current high price of oil, occupancy levels have increased to almost 90 percent in recent months and this trend is expected to continue in FY2011/2012 due to high demand from oil companies.

### Australia

Quest Subiaco was re-branded as Darby Park Serviced Residences, Subiaco in FY2010/2011. The serviced apartment, which undertook some refurbishment of its suites, continued to perform well.

Its occupancy rate improved to 82 percent against the previous year's 78 percent, fuelled by strong demand from the mining and resource markets. The property is expected to continue to perform well in FY2011/2012.

Darby Park Serviced Residences - Margaret River, formerly known as Quest Margaret River, completed its re-branding exercise during the financial year under review.

However, demand for both Darby Park Serviced Residences - Margaret River and Karri Valley Resort was not strong due to competition created by the availability of low cost flights to South-East Asia and the strong Australian dollar which made travelling to Asian cities more attractive.

During the financial year under review, Darby Park - Margaret River achieved a 53 percent occupancy rate and an average room rate of A\$163. Karri Valley Resort, meanwhile, achieved an occupancy rate of 57 percent and an average room rate of A\$182.

## OPERATIONS REVIEW - PROPERTY

Like Darby Park Serviced Residents - Margaret River, the property's occupancy was affected by low-cost flights to regional cities and the strong Australian dollar.

Efforts were made to target more leisure travellers and the use of the internet for marketing purpose was intensified during the year.

**LEISURE**

The financial year under review saw the completion of the KLGCC's renovation and upgrading works. The renovation works, which included the redesign of both golf courses and the entire clubhouse, have been on-going for the past three years. This has resulted in KLGCC being transformed into the premier golf club in Malaysia.

During the financial year under review, the KLGCC was again honoured to host the inaugural Sime Darby LPGA Malaysia 2010 (in October 2010) and the Maybank Malaysian Open (in April 2011).

The hosting of both of these two prestigious golfing events brought significant brand exposure to KLGCC and Sime Darby. Featuring the top professional players from both the men's and ladies' golfing world, the tournaments managed to showcase not just what KLGCC has to offer but also Malaysia as a world class golfing destination.

Both events were well managed, resulting in the Club receiving many plaudits from the Ladies Professional Golf Association (LPGA), European Tour, Asian Tour and the Malaysian Golf Association (MGA).



KLGCC hosted the highly successful inaugural Sime Darby LPGA 2010 in October last year



Employees of Sime Darby planted more than 2,000 trees at the 'Shah Alam River & Trees for life 2011' initiative in a voluntary effort towards conserving the earth's resources

**COMMITMENTS AND INITIATIVES**

At SD Property, commitment to quality and sustainability management is of high importance. Over the years, stringent quality systems and procedures have been developed and clearly mapped out to meet Quality, Environmental, Safety and Health requirements and regulations.

Meanwhile, to ensure that its sustainability efforts are clearly defined and measurable, the Company has developed its Sustainability Blueprint that sets out in detail its targeted objectives for the next 10 years.

**Sustainability Goals 2020**

SD Property's Sustainability Goals 2020 are both operational as well as product and service-oriented. These goals include, among others, lowering greenhouse gas emissions by 40 percent, reducing waste by 20 percent through reduce, reuse and recycle (3R) efforts and increasing alternative/renewable sources of energy by 30 percent.

The Sustainability Goals 2020 are aligned with the Division's own Sustainability Index (SUSDEX) and Global Reporting Initiative (GRI), a framework that measures sustainability performance in the Division based on an international reporting standard.

**Lean Six Sigma Programme**

The success of the Lean Six Sigma 1st wave was evident when SD Property achieved about RM40 million in hard and soft savings.

Moving forward, the Division is deploying the Lean Six Sigma second wave to enhance the value chain and to strive towards process excellence across all operations. In line with this, the Division is focusing on developing a bigger pool of in-house Black Belt and Green Belt holders to inculcate the culture of reducing waste and to increase process efficiency.

### Carbon Footprint Management

SD Property embarked on the Carbon Footprint Project (CFP) with the aim of establishing its own carbon footprint. The CFP initiative is in line with SD Property's Sustainability Goal to reduce its GHG emissions by 40 percent by 2020, in tandem with the national GHG reduction target of 40 percent by 2020.

The CFP will enable the Division to engage with and report to its key stakeholders the climate impact of its operations, along with initiatives taken to alleviate/mitigate these issues. This project is seen as one of SD Property's efforts to voluntarily report on its carbon emissions and be transparent to its key stakeholders.

The CFP was initiated in May 2010 with a two-year timeline target, and is expected to be completed by February 2012. The year 2009 was selected as the baseline year for the project, which focuses primarily on the Division's property development operations in Malaysia which is the largest contributor to SD Property's bottom line.

### Research and Development and Innovation

Research & Development Innovation (R&DI) plays a vital role in establishing new ground with forward looking and value added products for the Company. The establishment of an in-house R&DI Department helps to create better and more sustainable development practices, and puts in place a systematic approach towards product innovation and value creation.

### The Sime Darby Idea House

The Sime Darby Idea House is a socially, economically and environmentally responsive prototype dwelling that provides an insight into the future of tropical living. It showcases the latest concepts in sustainable architecture



Innovations from the Ideal House were applied in SDP new products such as Ficus Peak in Denai Alam

in the Division's quest to set up the first carbon-neutral residence in Southeast Asia.

Conceived as a test bed for new ideas, The Idea House is a collaborative initiative among the world's leading technology and solutions providers, comprising architects, engineers, landscape designers, urbanists, contractors and suppliers. The collaboration brings together some of the best innovation, solutions and technology available from these companies to improve energy efficiency in homes and reduce the consumption of limited resources such as water.

The innovations from this prototype home were carried through into SD Property's new products, such as the Ficus Peak superlink and semi-detached homes in Denai Alam as well as The Glades in Putra Heights.



The Sime Darby Idea House is a socially, economically and environmentally responsive prototype dwelling that will provide an insight into future tropical living



## INDUSTRIAL



### SIME DARBY INDUSTRIAL BOARD MEMBERS

#### Standing (from left):

Dato' Sri Abdul Hamidy Abdul Hafiz  
 Dato' Mohd Bakke Salleh  
 Encik Azmi Mohd Ali  
 Mr James Chapman Sheed  
 Mr Scott William Cameron

#### Seated (from left):

Madam Tong Poh Keow  
 Tan Sri Samsudin Osman (Chairman)  
 Dato' Ahmad Pardas Senin

### OVERVIEW

The Industrial Division performed exceptionally well in FY2010/2011 on the back of strong economic growth in all of its four regions. Faster than expected recovery from the Queensland floods in Australia and improvements in the oil rig construction sector in Singapore contributed to the strong performance of the Division.

The Caterpillar business, especially in Australia and China, remained the largest contributor to the Division due to strong growth in the mining and general construction sectors. Strong parts and service sales and sustained activities in Malaysia and Singapore also contributed to the outstanding performance for the financial year under review.

Malaysia's Economic Transformation Program (ETP) has given rise to additional opportunities in the construction, agriculture and oil & gas sectors, which are expected to carry over to the next financial year.

In FY2010/2011, the Division continued to develop its Allied (non-Caterpillar) business opportunities, especially in Malaysia and Singapore, supplying in particular equipment to the Oil & Gas sector and participating in the

mechanisation of the agriculture/plantations and material handling sectors.

The Division also continued to invest in its distribution infrastructure and rental fleets as new facilities were needed in Queensland, New Caledonia and China to support strong market growth.

Both the Papua New Guinea & Solomon Islands operations are in a position to produce good results for the foreseeable future given the expected strong demand for commodities in these two countries.

In March 2011, Hastings Deering completed the acquisition of Haynes, a specialised labour supply company, to meet additional labour requirements to sustain the Company's growth moving forward, especially in the parts and services segment which needs highly skilled labour.

Division-wide initiatives to enhance the Environment Safety & Health (ESH) culture have brought encouraging improvements, and this is expected to improve further with the implementation of the Division's Safety Quality Management (SQM).

## OPERATIONS REVIEW - INDUSTRIAL

**MALAYSIA**

The Malaysian market for heavy equipment was buoyant during the financial year under review, driven by major infrastructure development projects such as the construction of hydro-electric dams in Sarawak and Peninsular Malaysia and active iron ore mining activities in Pahang and Johor.

Sime Darby Industrial Sdn Bhd benefited from higher rental sales to the KLIA2 airport construction, SAGT Gas Pipeline projects and other fleet customers. The forestry sector in Sarawak and Sabah was also active in the financial year under review, supported by good timber prices which led to increased demand for parts and services for repair and refurbishing of Caterpillar equipment.

Tractors Petroleum Services, which provides product support for Caterpillar engines used in the oil and gas sector, recorded strong performance. Sales of New Holland and Kubota agriculture tractors remained strong as a result of high crude palm oil (CPO) prices and the continued pressure to reduce dependence on foreign labour.

The Terberg Tractors Malaysia joint-venture similarly recorded a steady performance in the financial year, supported by strong domestic replacement market and export sales to Australia, Indonesia and Vietnam.



Sime Darby Industrial provided more than 100 units of various Caterpillar machines for the KLIA2 earthworks project

**SINGAPORE**

Caterpillar maintained its position as the leading supplier of heavy equipment in Singapore as a result of active construction and infrastructure projects, including the Bukit Timah MRT line. The outlook for construction equipment remains bright in the next financial year with many projects expected to come on stream.

Oil rig fabrication activities recovered strongly during the financial year under review as global petroleum exploration and production activities regained momentum due to higher oil prices. Sales of Caterpillar engines for the oil rig sector were strong, with delivery stretched over the next two years.

**CHINA**

The Group's wholly-owned subsidiary, The China Engineers Limited (CEL), achieved yet another record sales performance for the financial year under review. CEL continued to expand its branch network in the provinces and expects to have 100 branches/depots by FY2011/2012.

CEL achieved a major milestone during the financial year under review following the successful execution of two large contracts to supply Caterpillar mining equipment in Xinjiang and Guangdong.

CEL will build on these contracts to capitalise on growing opportunities in the supply of mining equipment, and provide superior product support services to deliver the best value proposition for its customers.

**AUSTRALIA**

The Australian economy remained resilient during the financial year under review. Mining activity in the region has strengthened, resulting in a very significant order book for Caterpillar.

Commodity prices have remained high and provided a sound platform for investment. Miners are continuing with their plans for expansion by increasing exploration in the region and opening new mines to capitalise on increased demand from China and India.

Mining fleets delivered in recent years continue to provide opportunities to expand product support activities and will continue to grow through the business plan period. This trend is replicated worldwide, resulting in Caterpillar's lead time on all key mining machines increasing significantly.

The long lead times for new equipment, coupled with the potential presented by coal seam methane in the region, has translated into considerable rental opportunity and outstanding product support opportunity should gas companies select Caterpillar gas engines. If this opportunity does materialise, most of the engine sales would be made through an associate company, Energy Power Systems.



The West Callisto jackup rig is powered by Cat 3516BHD and 4508B engines

## OPERATIONS REVIEW - INDUSTRIAL

The previously announced Resources Super Profits Tax, an additional tax on certain Australian minerals and gas projects, continued to be significantly modified by the Australian Government in an effort to win industry support.

The proposed tax only applies to iron ore and coal and is still being debated in the mining community. Due to the changing landscape of this new tax, it is too early to determine the impact on coal mining and whether the changes will be positive for copper and uranium projects, in particular the Olympic Dam project.

General construction activities have increased, and major infrastructure projects have commenced to repair the damage caused by the severe floods experienced throughout Queensland in the third quarter of FY2010/2011. Caterpillar equipment commands a premium price, thus putting pressure on market share in all territories.

In order to take advantage of potential opportunities going forward, the Division will need to source experienced staff from a diminishing talent pool which continues to drive up wages. As Queensland is experiencing a second mining boom, unions are also demanding higher wage increases.

### PAPUA NEW GUINEA & SOLOMON ISLANDS

Papua New Guinea (PNG) continued to experience strong economic growth across most sectors, with its Gross Domestic Product (GDP) growing by 8 percent in 2010. For 2011, the Bank of Papua New Guinea projected the country's GDP to increase by 9.5 percent. All of this growth is on the back of further development of PNG's enormous reserves of natural resources, such as gold, copper, nickel, cobalt as well as oil and gas.

Hastings Deering PNG is well positioned to capitalise on this growth and has met the challenges of this unparalleled demand by further investing in its people (100 additional employees in 12 months), service operations, parts supply and the delivery of both new and used equipment.

The Company is preparing to introduce and deliver the first "large" scale mining truck into the country - the 793F - to OK Tedi Mining Limited (OTML). At the completion of this delivery schedule, OTML will have 24 new 793F trucks which are paramount to the Mine Life Extension (MLE) project. This will result in PNG's largest mine continuing to operate beyond 2025.

Over the course of the next two to five years, a number of major investments are slated to become operational, including Xstrata's Frieda River Gold/Copper, Marengo's Yandera Copper/Molybdenum, Harmony's Wafi-Golpu Copper/Gold (expected to be the largest mine in PNG), Rio's Bougainville Copper mine as well as many boutique mines with smaller deposits.

Many of the aforementioned sites are remote and could face challenges in getting reliable electricity supply. To overcome this, at least two of these large scale mines are conducting feasibility studies to construct hydro power schemes, with excess power fed into the national grid.

The Australian state of Queensland is working very closely with the PNG Government on the construction of a large 1,800MW hydro power scheme on the Purari River, located 350km north-west of the capital, Port Moresby. Power will then be transmitted to Queensland via an undersea cable.

The Exxon PNG LNG project is in full swing, with more than 300 Caterpillar machines working in the remote highland country. Earthworks are projected to continue until late 2012.

Hastings Deering Solomon Islands is experiencing strong growth, attributed mainly to the opening of the Gold Ridge mine that is owned and operated by Allied Gold.

By global standards, this is a relatively small mine as it will be producing approximately 120,000 oz per annum, and with a mine life projection of approximately 10 years. Allied Gold has been a very loyal user of Caterpillar equipment and has a very good relationship with Hastings Deering.

Other sectors within Solomon Islands remain soft, although several other significant ore reserves are undergoing feasibility studies.



The Caterpillar 797B mining truck can deliver the lowest cost per tonne

### NEW CALEDONIA

Caltrac was successful in its bid for the Xstrata Koniambo project. It had delivered the project mining fleet over the last year, and the MARC contracts are scheduled to be ramped up during FY2011/2012. A new maintenance contract commenced with Vale in January 2011, and full effective contribution will be seen during FY2011/2012.

Caltrac has also won several tenders to deliver large fleets to customers, such as SLN, and junior miners in New Caledonia. Deliveries will take place during FY2011/2012 and this will further strengthen the dominant position of CALTRAC within the mining industry in New Caledonia.

Staff numbers have increased from 90 to 150 during the financial year under review, and are targeted to exceed 180 by the end of FY2011/2012. Attracting skilled and qualified people remains the biggest challenge especially with new regulation on local employment.

## MOTORS



**SIME DARBY MOTORS BOARD MEMBERS**

**Standing (from left):**

Dato' Mohd Bakke Salleh  
 Tan Sri Datuk Dr Yusof Basiran  
 Dato' Lawrence Lee Cheow Hock  
 Dato' R. Karunakaran  
 Dato' Sri Abdul Hamidy Abdul Hafiz  
 Madam Tong Poh Keow  
 Tuan Syed Abu Bakar Syed Mohsin Almohdzar

**Seated (from left):**

Puan Zaiton Mohd Hassan  
 Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin

### OVERVIEW

The Motors Division produced a record set of results for the financial year under review, including registering the largest contribution to the Group's revenue. The sterling performance was driven by the continued economic vibrancy of emerging economies in the Asia-Pacific region, boosted by new model launches that were well accepted by customers. It was also underpinned by the focus of the Division's management and staff to compete at the highest level.

The Motors Division remains committed to its strategy of developing growth with its principals and partners and in markets with potential. It also plans to expand its dealership facilities to meet the ever growing expectations of its customers.

### MALAYSIA

The Malaysian operations continued their impressive turnaround by further improving on the previous year's performance. The successful launches of new models from

BMW, Ford, Porsche and Hyundai generated impressive orders, leading to a sterling sales performance for the financial year under review.



Hyundai Tucson

Sime Darby Hyundai won the "Hyundai Global Dealer of the Year for 2010" award for its sales category

OPERATIONS REVIEW - MOTORS



The New Porsche 911

The outstanding performance during the year did not go unnoticed as the Division received many accolades from its partners. Hyundai Sime Darby Motors (HSDM) won the “Hyundai Global Dealer of the Year for 2010” award for its sales category, while Sime Darby Auto ConneXion received the “Best Importer Award for Ford” in the region.

The first full year of Porsche operations under the Sime Darby’s wings saw a hectic but successful period of activity, culminating in the opening of a brand new Porsche Centre in Kuala Lumpur’s Golden Triangle. This, together with its strong and driven team of sales and marketing personnel, established a solid platform for the Porsche brand and its future growth in Malaysia.

**CHINA**

The China operations registered the biggest contribution to the Division’s revenue and profit, fuelled by continued double-digit economic growth. Demand for cars, especially in the luxury segment, continued to surge in tandem with the seemingly insatiable Chinese appetite for such cars.

Its BMW dealerships maintained their robust performance of previous years, reporting stellar improvements in volume and profitability. The BMW dealerships in Chengdu and Changsha, which began operations in the fourth quarter of 2010, have successfully expanded their foothold in the country.

The super luxury brands of Rolls-Royce and Lamborghini in Shanghai, as well as the recently acquired Jaguar Land Rover franchise, also recorded exceptional sales during the year under review. Sime Darby Motors was the world’s second largest dealer of Rolls-Royce in 2010, selling 30 percent of the China volume.



Rolls-Royce Ghost Extended-Wheelbase



BMW is the No. 1 luxury brand in Singapore, Hong Kong and Macau for 2010

## OPERATIONS REVIEW - MOTORS

**HONG KONG AND MACAU**

During the financial year under review, the operations in Hong Kong (HK) and Macau performed well despite growth limitations in these markets for passenger vehicles. The BMW operations in HK and Macau, where Sime Darby has sole distributorships, achieved number one luxury brand status for 2010, marking a major milestone for the HK/Macau operations.

Sime Darby also successfully secured the exclusive and much coveted McLaren dealership for Hong Kong. Within a matter of months, it had filled its order book for the first shipment of cars, and plans are underway to open its first McLaren showroom later in 2011 when the vehicles come on stream.

**SINGAPORE**

The Singapore operations proved their resilience by recording a strong performance for the financial year under review despite a declining Certificate of Entitlement (COE) quota that reduced overall vehicle registrations by about 30 percent.

Its sole BMW operations, the sole distributor of the brand in Singapore, thrived on the back of the new 5-Series model, muscling out its key competitor to emerge as the No. 1 luxury brand in Singapore for 2010. On the back of this positive result, sales of its BMW Premium Selection also recorded its best year, culminating in it winning BMW's global award for "Best Used Car" operation.

The Ford and Peugeot operations also rose to the challenge and registered an increase in market share compared to the previous year. This was achieved despite operating in a very challenging and highly competitive lower and mid-range car segment.



Ford Fiesta

Sime Darby Auto ConneXion received the "Best Importer Award for Ford" in the region

**THAILAND**

Thailand operations began to report good progress and profits during the financial year under review. Mazda was a key contributor, complemented by the significant turnarounds in both BMW and Chevrolet businesses on the back of new model introductions.



Peugeot 508

**AUSTRALIA AND NEW ZEALAND**

The Australia and New Zealand operations showed commendable improvement during the financial year under review despite facing social and economic difficulties brought about by natural disasters that hit both countries.

The Australian operations registered a vast turnaround during the year, boosted by the exceptional performance of the Corefleet 4WD rental business which supplies vehicles to the mining industry.

In a highly competitive passenger vehicle environment, Peugeot did well to maintain its share of volume. The all new Korando sports utility vehicle introduced by Ssangyong in February 2011 enabled it to re-launch the brand in the market.

In New Zealand, the Commercial Vehicles operation was the better performer although the Passenger Car distribution business ended the year commendably under the prevailing economic scenario.

The Christchurch earthquake had a major dampening effect on the vehicle market which affected the retail car business. The team has also undertaken a re-organisation programme to ensure continued sustainable performance in future years.

## ENERGY & UTILITIES



**SIME DARBY ENERGY & UTILITIES BOARD MEMBERS (NON-CHINA OPERATIONS)**

**Standing (from left):**

Madam Tong Poh Keow  
Dato' Ir Jauhari Hamidi  
Dato' Ahmad Pardas Senin  
Dato' Mohd Bakke Salleh  
Mr Sreesanthan Eliathamby

**Seated (from left):**

Dato Sri Lim Haw Kuang  
Tan Sri Rastam Mohd Isa

### OVERVIEW

The Energy & Utilities Division continued with its turnaround plan in FY2010/2011, with a particular focus on the Oil & Gas business unit. Business transformation remained at the forefront of the Division's turnaround plan, with several transformation initiatives undertaken to enable the Division to be on a stronger financial footing.

These included re-aligning the Division's management structure while recruiting the best talents in the industry, streamlining processes and procedures in procurement and improving risk management.

These turnaround initiatives resulted in the Division recording a respectable profit for the financial year under review, with the Power and Engineering Services Units performing relatively well.

### OIL & GAS

The Sime Darby Group made a major decision during the financial year under review when it announced the sale of Teluk Ramunia and Pasir Gudang fabrication yards to Petroliam Nasional Berhad (Petronas) and Malaysia Marine and Heavy Engineering Holdings Berhad (MHB).

On 27 May 2011, Sime Darby Engineering Sdn Bhd entered into Memoranda of Understanding (MOU) with subsidiaries of Petroliam Nasional Berhad and Malaysia Marine And Heavy Engineering Holdings Berhad respectively to dispose of Teluk Ramunia and Pasir Gudang fabrication yards for a total provisional disposal price of RM695 million.

On 25 August 2011, the parties entered into conditional sale and purchase agreements for an adjusted disposal consideration of RM689.5 million. This officially marks the exit of Sime Darby from the oil & gas business which is no longer compatible with the Group's strategic direction.

SDE, however, would continue to perform and fulfill its contractual obligations for the two projects secured from Oil and Natural Gas Corporation (ONGC) of India. SDE had, during the year under review, entered into a Consortium Agreement with another party to undertake the Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) projects for ONGC. SDE is making every effort to ensure that both of these projects are delivered as scheduled.

The Kebabangan Project, which was awarded to SDE by Kebabangan Petroleum Operating Company Sdn Bhd

## OPERATIONS REVIEW - ENERGY &amp; UTILITIES

(KPOC) in April 2011, would also be novated to MHB under the terms of the proposed sale of the two fabrication yards.

The contract, worth RM1.15 billion and covering a period of 18 months, was for the Procurement and Construction of a 20,000 MT Central Processing Platform for the Keabangan Northern Hub Development Project. KPOC is a joint operating company formed by PETRONAS Carigali Sdn Bhd, Shell Energy Asia Limited and ConocoPhillips Sabah Gas Limited.

In March 2011, SDE and Maersk Oil Qatar (MOQ) reached an amicable settlement on the completion of outstanding works for the MOQ project. The parties had also settled on claims and payment issues under the contract. The Close Out Agreement resulted in a positive profit & loss impact and write-back of provision to SDE and the Sime Darby Group of approximately RM100 million.

### POWER GENERATION

The Power Business Unit's financial results for the financial year under review saw a marked improvement from FY2009/2010. Operational performance remained steady with high electricity demand from the Electricity Generating Authority of Thailand and industrial customers in that country.

The Division is actively pursuing expansion opportunities within the power sector to further strengthen its business presence in Malaysia and Thailand. Currently, the Power Unit operates a power plant in Malaysia (Port Dickson Power Bhd), and two plants in Thailand (Sime Darby Power Co Ltd and Sime Darby LCP Power Co Ltd).

### Bakun Hydroelectric Dam

Sime Darby had completed 99 percent of its work portion at the Bakun Hydroelectric Dam as of 25 June 2011. Water elevation work at the Dam reached 205.4



Water elevation work at the Bakun Hydroelectric Dam Project has reached 205.4m as of 15 July 2011

metres as of 15 July 2011 (minimum operating level - 195 metres), and Sarawak Hidro Sdn Bhd (the project owner) has commenced the Reliability Run for the first 300 MW of electricity. Upon a successful one-month run period, the electricity will be connected to the grid for sale to Sarawak Energy Bhd.

To date, all outstanding major works have been awarded, and the handing over process (by area) as well as the project close-out documentation is underway. Malaysia-China Hydro Joint-Venture (MCH JV), the main contractor for the Bakun Hydroelectric Dam, plans to hand over its portion of works by the end of December 2011, and prepare for operations during the 24-month defect liability period.

### ENGINEERING SERVICES

#### Mecomb Group

In FY2010/2011, Mecomb Singapore continued to provide value-added services to major customers in the rig manufacturing sector while growing its order book in the marine and shipbuilding sector by supplying compressor skids as well as water and steam generating equipment.

Mecomb Singapore's strong relations with principals and long-term customers contributed to the sales growth of its electrical and electronic components. The Company also won an order to supply tunnel fans for the new Mass Rapid Transit (MRT) Circle line.

In Thailand, the improving political situation in the country led to major industries, including the electronics industry, to start recovering. This helped Mecomb Thailand to boost sales of its Surface Mount Technology (SMT) machines to customers and double its sales of car park systems to mall owners. The Company achieved a significant improvement in sales while strengthening its dealer network for electrical components during the year under review.

Mecomb Malaysia saw strong contribution from the Mechatronics Division due to increasing demand for SMT machines in the electronics sector. In addition, the Scientific and Building Services business segments also contributed significantly to the overall improved performance during FY2010/2011.

Mecomb Malaysia sees a huge opportunity in the Building Services sector in line with the growth of the Malaysian government's spending for infrastructure projects and development. The Mechanical and Electrical (M&E) sector remains the Company's main focus. An uptrend in the trading and services offering of Engineering Solutions and Products is also expected.

For the year under review, Sime Darby Offshore Engineering Sdn Bhd more than doubled its turnover compared to FY2009/2010. Its principal activities comprise system integration and marketing of products and services for the oil and gas/petrochemical industry.



## OPERATIONS REVIEW - ENERGY &amp; UTILITIES


**SIME DARBY ENERGY & UTILITIES BOARD MEMBERS (CHINA OPERATIONS)**
**Standing (from left):**

Encik Mohamad Abdul Halim Ahmad  
 Mr William Wang  
 Datuk Dr Elias Md Kadir Baba  
 Dato' Bakke Salleh  
 Mr Chong Kwea Seng  
 Encik Azmi Mohd Ali

**Seated (from left):**

Puan Zaiton Mohd Hassan  
 Dato Sri Lim Haw Kuang  
 Madam Tong Poh Keow

**Chubbsafes**

Chubb Malaysia, principally engaged in the manufacturing, marketing and integration of security related products and services, reported a higher profit in FY2010/2011 as a result of continued strong demand from the domestic market.

The increased demand from the financial and high-end residential sectors also boosted sales of integrated security systems. The Company currently exports 60 percent of its manufactured products, predominantly to the Middle East, South East Asia and the African subcontinent.

**Sime-SIRIM Technology**

Sime-SIRIM Technology (SST) recorded a lower turnover and profit for the year under review as the services market did not see much growth since most industries had scaled back production and implemented cost-reduction exercises.

Moving forward, the defense, aviation, automotive and manufacturing sectors will provide the cushion and become the engine of growth, with technology-based industries leading the pack. SST continues to be

the leading accredited commercial calibration service provider in the country.

**PORTS & LOGISTICS**

Sime Darby's port operations in China performed relatively well, reporting an improvement in operational performance for the year under review, with total throughput increasing by 33 percent year-on-year to 22.8 million tonnes.

Weifang Port registered a 16 percent increase in throughput from 12.4 million tonnes in FY2009/2010 to 14.4 million tonnes in FY2010/2011. The addition of 3 new 10,000-tonne berths, which commenced operations in December 2010, contributed to the higher throughput.

Jining Ports also saw a significant improvement in performance. Jining Sime Darby Port (North Port), which marked its first full year of operations in FY2010/2011, doubled its throughput to 5.8 million tonnes.

Since the commencement of North Port's operations in November 2009, coal that was previously handled at Jining Sime Darby Guozhuang Port (City Port) has been diverted to North Port.

## OPERATIONS REVIEW - ENERGY &amp; UTILITIES



Ship loaders handling coal, coke and other bulk cargo along the Jining Sime Darby Port (North Port) wharf. North Port has a design capacity of 8mil MT per annum

The transition paved the way for City Port to focus on being the primary general cargo port in Jining. This resulted in a significant increase in raw steel and other general cargo handled at City Port, which now comprise 30 percent and 41 percent, respectively, of total throughput.

Two new ports-Jining Sime Darby Longgong Port (South Port) and Jining Sime Darby Taiping Port (Taiping Port) - will be joining the Jining cluster of Sime Darby ports in FY2011/2012 and FY2012/2013, respectively.

The construction of South Port has been completed and is due to begin operations in the second half of FY2011/2012. The Taiping Port, meanwhile, is projected to be completed by the first half of FY2012/2013 and commercial operation is expected to commence in FY2012/2013.

**WATER MANAGEMENT**

During the year under review, Weifang Sime Darby Water Co Ltd (WSDW) reported improved results, with volume increasing by 17 percent from 29 million cubic meters to 32.8 million cubic meters. This was mainly due to the addition of new customers.

WSDW recently completed the Direct Piping Build and Transfer Project (BT Pipeline) to its water treatment plant.

Meanwhile, construction work on the main plant of WSDW's second water treatment plant was completed in March 2011 and it is currently undergoing trial runs. The completion of WSDW's second water treatment will add another 60,000 cubic meters per day to the current capacity of 80,000 cubic meters per day.



Weifang Sime Darby Water Co Ltd increases its total capacity to 140,000 m<sup>3</sup> per day



Panoramic view of the Jining Sime Darby Port (North Port) with the three iconic bucket wheel stacker and reclaimers in the background

## HEALTHCARE



### SIME DARBY HEALTHCARE BOARD MEMBERS

#### Standing (from left):

Raja Azlan Shah Raja Azwa  
 Dato' Abd Wahab Maskan  
 Dato' Mohd Bakke Salleh  
 Dato' Dr Jacob Thomas  
 Dato' Henry Sackville Barlow

#### Seated (from left):

Tan Sri Datuk Amar (Dr) Hamid Bugo  
 Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin  
 Tengku Datuk Seri Ahmad Shah Al-Haj ibni Almarhum  
 Sultan Salahuddin Abdul Aziz Shah Al-Haj

#### Not in picture:

Datuk Mohd Radzif Mohd Yunus

### OVERVIEW

For FY2010/2011, the Healthcare Division posted an 18.7 percent improvement in profit before interest and tax (PBIT) on the back of an 11.2 percent growth in revenue. The higher performance was primarily attributed to an increase in outpatient volume, operational efficiency and higher contribution from the education business.

The Healthcare Division, which is the Sime Darby Group's sixth core division, has re-aligned its organisational structure to better define its business operations. The Healthcare-Medical business has been separated from the Healthcare-Education business to enable the Division to focus better on its expansion plans.

### HEALTHCARE - MEDICAL

#### Sime Darby Medical Centre Subang Jaya (SDMC SJ)

As the flagship hospital of the Sime Darby Healthcare Group, the Joint Commission International (JCI)-

accredited SDMC SJ recorded a revenue growth of approximately 8 percent over the previous year. Stronger demand for services in the niche specialties helped spur outpatient volume growth.

SDMC SJ has been designated by the Malaysian Healthcare Travel Council under the Ministry of Health as a medical tourism provider. This has enabled the hospital to actively promote its core specialty of cancer services as well as other niche specialties, such as urology (specifically men's health), blood diseases (including blood cancer), bones, digestive and liver diseases.

SDMC SJ, which has adopted 'Excellence in Healthcare' as its motto, is making continuous efforts to ensure that the hospital's Cancer & Radiosurgery Centre remain as one of the leading referral centres in the region for cancer treatment.

## OPERATIONS REVIEW - HEALTHCARE

These efforts include:-

- conducting clinical drug trials and measuring clinical outcomes to enhance good clinical practice;
- acquiring highly advanced medical technology and latest treatment modalities; and
- enhancing a multi-disciplinary approach to patient management through the Tumour Board for case management reviews.

For the year under review, SDMC SJ added two new awards to its stable, namely the Malaysia Business Ethics Excellence Recognition Award 2010 by the Ministry of Domestic Trade, Co-operatives & Consumerism and the Trusted Brands Award 2011 by Reader's Digest.

#### Sime Darby Specialist Centre Megah (SDSC Megah)

Located in the heart of Petaling Jaya, SDSC Megah is an ambulatory daycare centre dedicated to the well-being of women. It also serves as a referral centre for general practitioners who require advanced diagnostics and daycare therapeutic facilities for their patients under a single roof and at competitive rates.

For the financial year under review, SDSC Megah developed and offered an array of health programmes and screening packages that focused on the unique needs of women. It also played a bigger role in educating the local community about health and wellness through initiatives such as free public health talks and off-site free basic screenings.

#### New Hospital Projects

During the financial year under review, the Division announced its investments in two new hospital projects in the Klang Valley, namely Sime Darby Medical Centre Ara Damansara (SDMC AD) and Sime Darby Medical Centre ParkCity (SDMC PC). The investments in these two hospitals will total RM280 million.

These two new hospitals have been included in the Government's Economic Transformation Programme (ETP), making Sime Darby Healthcare the first private healthcare provider to participate in the ETP.



Sime Darby Medical Centre Ara Damansara



Sime Darby Nursing and Health Sciences College focuses on nurturing competent, compassionate and confident students

The two investments have been identified as part of Entry Point Projects (EPP) 4 of the ETP, which targets to attract 2 million health travellers to Malaysia by 2020. To achieve this target, the healthcare sector will require an additional 1,900 beds, and the bulk of the investment required to achieve this target is expected to come from the private sector.

SDMC AD will provide 220 beds while SDMC PC will add another 300 beds when at full capacity, contributing over 25 percent of the additional capacity required under EPP 4. The two new hospitals are also projected to create over 1,500 new jobs by 2020.

SDMC AD is scheduled to commence operations in the last quarter of 2011 and SDMC PC by early 2013. SDMC AD will focus on offering a differentiated tertiary care experience through its three Centres of Excellence - the Brain Centre, Heart Centre and the Spine & Joint Centre. SDMC PC, on the other hand, will offer secondary care services focusing on women's and children's healthcare, as well as chronic diseases such as diabetes.

## HEALTHCARE - EDUCATION

#### Sime Darby Nursing and Health Sciences College

Sime Darby Healthcare Educational Services, which operates the Sime Darby Nursing and Health Sciences College (the College), was formally established as the second business unit under Sime Darby Healthcare during

## OPERATIONS REVIEW - HEALTHCARE

the financial year under review. It recorded a revenue and PBIT growth of 54.3 percent and 206.2 percent, respectively.

The College, one of the pioneer nursing colleges in Malaysia with 16 years of operations, continued to offer various allied Health Science courses. New programmes introduced were:

- Diploma in Physiotherapy – a 3-year diploma programme
- Foundation in Science programme – a pathway to degree programmes in reputable institutions of higher learning
- Professional Certificate programmes – a 6-month Post Registration, Professional Certificate Programme in Critical Care Nursing and Peri-operative Nursing for registered nurses who are currently working.

The College recorded a 64.3 percent growth in student enrolment during FY2010/2011. Various scholarships and loans were made available to the students, including from Yayasan Sime Darby, PTPTN, the Kuok Foundation, MIED and other leading healthcare institutions.

On its journey to provide world class education, The College focuses on nurturing competent, compassionate and confident students through an education that is relevant to the needs of the healthcare industry.

The College continued to maintain its excellent track record with a high pass rate of 96 percent in the recent Malaysian Nursing Board Registration examinations conducted nationwide.



The Cancer & Radiosurgery Centre at SDMC SJ is one of the leading referral centres in the region for cancer treatment

## FUTURE DIRECTION AND EXPANSION

### Strategy Blueprint for Healthcare Division

In May 2011, the Healthcare Division rolled out its five-year strategy blueprint, a master plan which maps out its future direction. It also sets out the objectives and goals that the Healthcare Division aspires to achieve until 2016 in order to double its revenue from RM300 million currently.

As part of this strategy blueprint, the key focus areas are to protect and grow the Healthcare Division's core business with the following objectives:

- To be the leading medical care provider
- To be a regionally renowned Healthcare Education business
- To secure and retain top talent to facilitate the growth of the business.



Sime Darby Medical Centre ParkCity is scheduled to commence operations by early 2013

## OTHERS

### OVERVIEW

For FY2010/2011, Others comprising Bedding, Insurance Broking & Services and Consumer Products businesses registered higher revenue and profitability.

### BEDDING

The Bedding Group registered increased profitability for the financial year under review on the back of higher demand for mattresses and lower operations cost due to the re-organisation exercise undertaken in the previous year. It continued to aggressively expand its presence in markets where the trademark rights are held, especially in China.



Dunlopillo's new showroom at Sunway Pyramid, Selangor

### INSURANCE BROKING AND SERVICES

The Insurance Broking and Services Group reported satisfactory performance for the financial year under review despite keen competition in several markets, especially in Hong Kong.



Sime Darby Lockton Insurance continues to perform satisfactorily

### CONSUMER PRODUCTS

Tesco Stores (Malaysia) Sdn Bhd, in which the Sime Darby Group owns a 30 percent stake, performed strongly for the financial year under review on higher turnover at its 42 stores throughout Malaysia.



Kepong Village Mall is Tesco's first shopping complex that houses Tesco Malaysia's office



AUSTRALIA

CHINA

HONG KONG

MACAU

**MALAYSIA**

NEW ZEALAND

SINGAPORE

THAILAND

A leader in the premium segment car market. Sime Darby Motors represents several luxury brands in the markets it operates.

# MOTORS

# CORPORATE SOCIAL RESPONSIBILITY

## OVERVIEW

Sime Darby understands that the responsibility to deliver benefits to all stakeholders is important to ensure business and operational sustainability. The Group's strategic plans for sustainable business growth are thus underpinned by a strong belief in Corporate Social Responsibility (CSR) and its impact on the planet, its people and the economy. It is with this belief that Sime Darby endeavours to embed CSR at the very heart of its operations.

For Sime Darby, CSR is about engaging its people and involving them in all initiatives, whether it be at work or for the community and environment. As such, its targets are constantly being refined and reviewed through CSR initiatives undertaken across the Group as well as through its foundation, Yayasan Sime Darby (YSD) or The Sime Darby Foundation. These CSR initiatives are driven by its core values of Respect & Responsibility, Excellence, Enterprise and Integrity.

As its CSR portfolio matures, its strategy and initiatives towards this end will similarly evolve from philanthropy to collaborative efforts that will ultimately bring about positive change within industries where it has a business presence. Sime Darby's various business units share the philosophy that they are responsible and accountable for the social and environmental impact of their operations. In line with this, resources are expended to ensure continuous improvements and creation of sustainable value for the benefit of a wide range of stakeholders.

Sime Darby's CSR strategy and policy are aligned to four pillars, namely Environment, Community, Education and Sports.

For the year under review, Sime Darby's CSR expenditure amounted to more than RM64 million, with more than 50 initiatives undertaken by the Group. Highlighted here are some of the initiatives that reflect our commitment to CSR.

## SIME DARBY VOLUNTEERS PROGRAMME

At Sime Darby, employees play a crucial role in putting into practice policies and frameworks that contribute to business sustainability and growth. It recognises that the involvement of employees is crucial to deliver both desired solutions and their impacts.



Happy faces of the school children of the Cued Speech Centre in Kuala Lumpur, a school that benefitted from the Sime Darby Volunteerism Programme

Sime Darby Volunteers Programme (SDVP) is a cross divisional effort coordinated and implemented by Group CSR in collaboration with Divisional CSR units. The objectives of the SDVP are to enhance employee *esprit de corps*, foster teamwork and create a sense of belonging to the Group through participation in volunteer activities under the Group's CSR pillars. The roll out of the SDVP projects are being implemented and monitored via an online application platform and portal at <https://volunteer.simedarby.com>.

Through the engagement and involvement of volunteers, Sime Darby seeks to create positive impacts by enhancing employee awareness and interest in environmental conservation, community development, educational enrichment as well as other social issues. For the period under review, three SDVP projects were carried out.



Some of the Sime Darby volunteers after the school makeover at the Cued Speech Centre, Kuala Lumpur

### School Makeover Project at Cued Speech Centre

Sime Darby's first EVP initiative was a school makeover project at the Cued Speech Centre (CSC) of the National Society for the Deaf in Kuala Lumpur in December 2010. The project aimed to create a better learning environment for the students by rejuvenating the CSC in time for the new school semester in January 2011. The CSC was given a fresh coat of paint and the classrooms were provided with new teaching aids and educational charts. A herb garden was recreated and the school's library was also stocked up with new books and other educational materials. A new school stage was constructed and installed by Sime Darby volunteers.

The week-long initiative saw the participation of 46 Sime Darby volunteers, working alongside the teachers, parents and family members, all of whom eventually contributed more than 400 volunteer hours.

In addition to the school makeover project, Sime Darby rolled out several activities including an educational excursion to Sime Darby's Centennial and Epic Painting Exhibition in January 2011, 'Eco Kids Environmental Workshop' in February 2011 and a financial contribution to assist the Centre with its operational cost.

The CSC, the only one of its kind in Malaysia, is a learning hub for deaf children to pursue their primary school



## CORPORATE SOCIAL RESPONSIBILITY

education using the Cued Speech method - a technique that teaches deaf children to articulate. Originally set up under the auspices of the National Society for the Deaf to provide training to parents and caregivers in Cued Speech, a primary school was later set up to focus on educating the young. Since its establishment in 1994, the CSC has educated over 300 children, some of whom are now pursuing higher education in fields such as graphic design and accountancy. Others are contributing back to the community by becoming teachers in various subjects and specialisations.

#### Save Our Waterfalls – A Waterfall Clean-up Initiative

The second EVP project, jointly coordinated by Group CSR and the Energy & Utilities Division, was the 'Save Our Waterfalls' initiative driven by a non-profit organisation called 'Waterfall Survivors'. Held at Sungai Tua Recreational Forest, Hulu Yam, Selangor in April 2011, in conjunction with World Earth Day, the clean-up effort aimed to create awareness on keeping the environment clean, rehabilitating our natural heritage such as the waterfalls, as well as raising awareness on the importance of recycling.

A total of 80 Sime Darby volunteers from various Divisions and subsidiaries joined forces with another 500 volunteers from several educational institutions and companies to clean up the area surrounding the waterfall and recreational forest. Through this initiative, a total of 400 volunteer hours were contributed. The aspiration was to enhance volunteer awareness, especially on issues pertaining to responsible waste disposal and prompt volunteers to take action to preserve natural wonders such as waterfalls and the tropical rainforest.



Volunteers of 'Save Our Waterfall' taking time out for a group photo after the clean up effort

#### Project Rhizo – Mangrove Reforestation Initiative

In June 2011, in conjunction with World Environment Day and in support of the UN International Year of Forests, the Project Rhizo – Mangrove Reforestation Initiative was carried out to preserve the coastal mangrove ecosystems and raise awareness of the importance of the mangrove ecosystems to the environment. The project was spearheaded by the Energy & Utilities Division and supported by Group CSR, in collaboration with the Port Dickson Municipal Council (MPPD).

The planting activity was held on Pulau Burung (Bird Island), a dense mangrove islet off Pantai Cahaya Negeri that is also part of the migration route for several species of raptors and migratory birds such as the Changeable Hawk Eagle (*Nisaetus Cirrhatus*) and the Brahminy Kite (*Haliastur Indus*). With the participation of 264 volunteers, comprising Sime Darby employees and their family members, 2,100 saplings of the *Rhizophora Mucronata* species were planted and 2,112 volunteer hours were contributed in total.



The Project Rhizo volunteers cheerfully planting the mangrove saplings on Pulau Burung

## ENVIRONMENT

Conservation of the environment and the protection of ecosystems is an area into which Sime Darby has lent considerable effort and invested a lot of resources. Due to the nature of Sime Darby's businesses, the Group recognises that responsible development is critical to ensure the sustainability of its businesses.

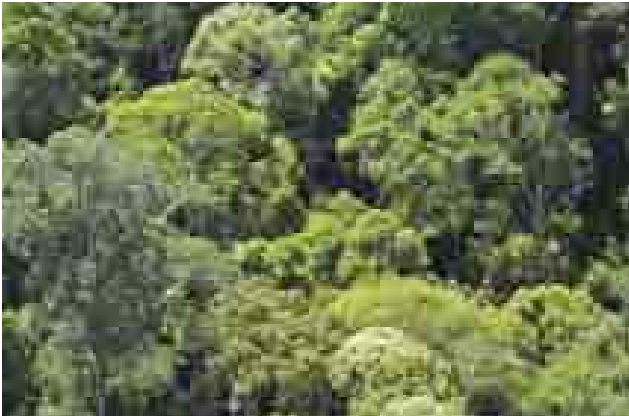
#### Stability of Altered Forest Ecosystems (SAFE) Project

The 'Stability of Altered Forest Ecosystems' (SAFE) Project was launched by the Prime Minister, YAB Dato' Sri Mohd Najib Tun Abdul Razak, on 29 January 2011 in Maliau Basin, Sabah. This long-term research project is the first of its kind and will benefit the entire global agricultural sector when its findings are published. It will offer a scientific basis for best agricultural practices in relation to the protection of the tropical rainforest ecosystems and the biodiversity supported by the rainforest, within the context of agricultural production.

The SAFE Project is a collaborative effort between YSD and the South East Asia Rainforest Research Programme (SEARRP) of the Royal Society of the United Kingdom and Commonwealth Academy of Science. To facilitate the execution of the objectives, YSD has pledged to contribute RM30 million over a 10-year period. The funds are being utilised to provide:

- Scientific basis for the conservation and management of rainforests that exist as isolated patches embedded within oil palm plantations;
- Demonstrate the role played by fragmented rainforests in maintaining ecological biodiversity and a balanced ecosystem;

## CORPORATE SOCIAL RESPONSIBILITY



The lush tropical rainforest of the Maliau Basin, home to SAFE Project

- Determine the contribution of rainforest patches towards sustainable plantation management;
- Assess the long-term resilience and stability of the altered forest ecosystem amidst climate change.

This research will contribute towards the development of sustainable solutions for oil palm and plantation management. The project will also help to establish solid and scientifically proven guidelines for both new and existing plantations, as well as provide future assessments on how the preservation of forest patches within plantations will benefit the agricultural industry and society at large.

#### Tree Planting Initiatives

Sime Darby's efforts to mitigate the impact on the environment through its business operations led to the implementation of a tree planting programme in 2007. Managed by Sime Darby Plantation's Sustainability and Quality Management department (PSQM), the project is a collaborative effort with Plantation Upstream Malaysia, YSD, Group CSR and other Sime Darby Divisions. The goal is to plant five million trees over a period of 15 years with emphasis on increasing the biodiversity values within Sime Darby plantations, preserving the rare and endangered indigenous tropical rainforest species of trees in Malaysia, enhancing the natural habitats within Sime Darby plantations, establishing an arboretum and gene bank of endangered, rare and threatened forest tree species, developing a live catalogue of plant species, as well as to enhance the overall biodiversity of the areas.

Up to July 2011, more than 329,000 saplings of 276 species of trees have been planted within various estates of Sime Darby Plantation, as well as other divisional areas and public grounds across Peninsular Malaysia. The Plantation Sustainability Department is monitoring the survival and growth of the trees. To date the survival rate is 83 percent. Moving forward, the tree planting initiative will be expanded to our operations in Sabah and Sarawak.

#### UKM - YSD Chair for Sustainable Development

YSD contributed RM15 million to the endowment fund for the newly set-up UKM (Universiti Kebangsaan Malaysia)-YSD Chair for Sustainable Development – Zero Waste Technology for the Palm Oil Industry in 2011. The ultimate aim of the research under this Chair is to turn palm oil mills

into green factories that are not only carbon neutral, but also leave a negative carbon footprint. Zero waste implies that the future production of palm oil will dispense no waste to the air, ground or water. At the same time, the research will also be able to increase the revenue of the industry and the productivity of palm oil companies.

UKM and Sime Darby Plantation are working closely on the operations of the Chair and its six thrust areas, led by senior professors from the University. The first Chairholder, Dr Ir Pieter Claassen, is senior scientist in the group Biomass and Bioenergy at Wageningen UR Food & Biobased Research Institute, Netherlands. She is an expert in the bioprocess for hydrogen production from biomass, which is one of the main thrust areas that will be explored by this Chair.

Currently, the Chair's first project is to eliminate black smoke from Sime Darby's palm oil mills. The system being developed will be tested in October 2011 and if successful, black smoke from the chimney of West Oil Mills in Carey Island, Selangor and later all Sime Darby mills will be a thing of the past.

Other research areas that will be explored by the Chair are the composting of bio-solids for organic fertilizer, hydrogen production for steam and power generation, the pre-treatment of biomass for hydrogen production, algae production to sink carbon dioxide, and the recycling and reuse of water.

#### The Big 9

Sime Darby's Big 9 involves the protection of nine species of animals that are indigenous to Malaysia and on the brink of extinction. These animals play a critical role in lowland rainforests as their presence has a significant impact on the biodiversity of plant and wildlife species. Protection of the Big 9 inevitably promotes a balance of ecosystem on which we rely so heavily for our natural resources.

The Sime Darby Group and YSD have invested in efforts to rehabilitate the habitats of these species and protect them through various conservation initiatives such as the rehabilitation of Orangutan habitats in Ulu Segama – Malua Forest Reserve, Sabah; conservation of the Proboscis Monkey in the Lower Kinabatangan, Sabah; protection of the Bornean Sumatran Rhino in the Borneo



An Orangutan in its natural habitat within the forest of the rehabilitation centre

## CORPORATE SOCIAL RESPONSIBILITY



A pair of Proboscis Monkeys with their baby on a tree branch in Tabin Wildlife Reserve

Rhinoceros Sanctuary, Sabah; and the Hornbill in Belum Temenggong Forest Reserve Perak; as well as a research project dedicated towards the conservation of the Malayan Tiger. Details of these initiatives are as follows:

Rehabilitation of Orangutan Habitat in Ulu Segama – Malua Forest Reserve

In 2008, Sime Darby Plantation and the State Government of Sabah via the Sabah Forestry Department signed an agreement to restore 5,403ha of the Northern Ulu Segama area within the Ulu Segama – Malua Forest Reserve, an area with the highest concentration of Borneo's Orangutan population.

In 2010, YSD further supported the project by continuing to restore the degraded Ulu Segama – Malua Forest Reserve with the objective to rehabilitate the Orangutan habitats and conserve other wildlife species found within the forest reserve. Species of trees planted within the area comprise trees identified as important food source for Orangutans that will also assist in the natural regeneration of the forest.

Conservation and Protection of the Proboscis Monkey in Lower Kinabatangan Sandakan Sabah

YSD committed RM1.5 million to a three-year project towards the conservation and management of the endangered Proboscis Monkey in Sabah.

The funding is for capacity-building in the conservation biology and wildlife management within the Sabah Wildlife Department through higher education training of Dr. Senthilvel Nathan (PhD) as well as two other local staff (Masters). Dr. Senthilvel will receive training in conservation biology, molecular ecology, conservation genetics, Geographic Information System (GIS) and management.

The fund will also be used for research on and conservation of the Proboscis Monkey, through DNA sampling, identifying genetic differentiation between the five major centres of continuous population of the Proboscis Monkey and small isolated populations, and to characterise the genetic health of the populations. This project will also see rescue and translocation operations of pocketed populations of the Proboscis Monkeys in perverse habitats.

Conservation and Protection of the Bornean Sumatran Rhino in the Borneo Rhinoceros Sanctuary

The Borneo Rhinoceros Sanctuary (BRS) was established for the rehabilitation and protection of the Bornean Sumatran Rhinoceros to save this critically endangered species from extinction. Located within the Tabin Wildlife Reserve, BRS is also geared towards ensuring the conservation of various flora and fauna species found in the tropical forest of Tabin. To address the critical status of the Bornean Sumatran Rhino, YSD has mobilised conservation efforts through a three-year sponsorship amounting to RM5 million. Currently, BRS is home to Tam, a young male Rhino previously relocated to the sanctuary and an older female rhino, Gelugob. Since early 2011, the BRS team has carried out efforts to track a female rhino to be introduced to Tam to promote breeding possibilities. A wild female rhino called Puntung has been discovered and efforts to relocate her to BRS are on-going. The financial support from YSD has also been utilised for the management of BRS and the improvement of its facilities, including construction of staff quarters and a rhino quarantine facility.

Rehabilitation and Protection of the Hornbill in Belum Temenggong Forest Reserve

The Belum Temenggong Forest Complex is the only natural habitat in the world that hosts all 10 species of the Hornbill. The core project objective is to conserve the threatened Plain-Pouched Hornbill alongside the other hornbill species. Through this two-year collaboration among Sime Darby Plantation, Malaysian Nature Society (MNS), the Department of Wildlife and National Parks, Forestry Department Peninsular Malaysia, Perak State Park Corporation, National Zoo of Malaysia and Singapore Zoo, the project was initiated with key objectives to conduct comprehensive research on the hornbill species and their habitat, educational programmes for school children and raise awareness on the importance of hornbill conservation amongst the public and surrounding communities. Sime Darby Plantation has pledged a total of RM749,739 for this project. In January 2011, the Plantation Sustainability & Quality Management Department was involved in a population density study



Tam, a male inhabitant of the Borneo Rhinoceros Sanctuary

## CORPORATE SOCIAL RESPONSIBILITY

and a survey of the nesting, feeding and roosting site of the hornbills. The results of the findings will promote an understanding of species behavior as well as establish monitoring measures.

#### Data Finding Study on the Malayan Tiger – An Initiative with WWF – Malaysia

In 2010, YSD, Sime Darby Plantation and the World Wide Fund For Nature (WWF-Malaysia) signed an agreement to carry out a study to determine the population size and survival of the Malayan Tiger in and around Sime Darby's Sungai Dingin Estate in Kedah. The 12-month study aims to collect and obtain information on the effects of current activities and operations carried out in oil palm plantations on the wildlife and environment; determine the presence of the Malayan tiger (*Panthera tigris jacksoni*) and assess its conservation status in and around the selected estate through monitoring of the animal, its habitat and the population of its prey, such as the Sambar deer (*Cervus unicolor*), Barking deer (*Muntiacus muntjac*), and wild boar (*Sus Scrofa*). The study will also assess the levels of human-wildlife conflict and poaching in the plantations as well as identify the water courses and riparian areas within the estate that contain or have the potential to contain significant conservation values. Moving forward, the data gathered through the study would also serve as a basis to formulate practical recommendations geared towards a more sustainable management of oil palm plantations.



The Core Group Leaders engaging in an activity during one of the Child Protection Policy (CPP) workshops

## COMMUNITY

Sime Darby pledges to support and engage communities through its various business divisions worldwide. This forms a fundamental pillar in its CSR initiative to engage key stakeholders such as local communities, its employees and Non-Governmental Organisations (NGOs).

### **Child Protection Policy (CPP) Programme**

Sime Darby's Child Protection Policy (CPP) Programme was developed to raise awareness on issues pertaining to child safety, well-being and protection within Sime Darby's business context. Through dialogues and interactive workshops, employees are empowered and encouraged to be effective child protectors influencing both business operations and extending this beyond the



Villagers getting their health check-up done by the medical team of 'NADI – YSD On Wheels'

working environment. The CPP programme also looks into protocols and procedures for dealing with reported and/or suspected cases of abuse and support for children who have survived reported cases of abuse.

After the launch of the pilot phase in 2009, the CPP Programme is being rolled out in stages across the Sime Darby Group, starting with the Plantation Division. Various engagements have been carried out, such as working visits to crèches in the estates, discussions with subject matter experts from Government Ministries to local NGOs, and CPP awareness workshops and discussions, ranging from those with estate and mill workers, Gender Policy Core Group Leaders, hospital assistants, administrative and clerical staff, and auxiliary police officers. Since the inception of the programme more than 13 engagements have been completed involving participants and stakeholders from various backgrounds.

### **The Gender Policy**

Sime Darby currently employs more than 8,000 women workers in its estates and mills across Malaysia. In line with the need for fair and equal gender policies in the work place, Sime Darby implemented the Gender Policy Programme in its plantations in 2008. The Programme aims to improve and uphold women's rights, working conditions, housing and amenities, wages, safety and security, reproductive health and child care as well as to prevent gender-based discrimination, sexual harassment and domestic violence. The pilot phase of the Programme was a collaborative effort between the Plantation Division and Tenaganita, an NGO dedicated to protecting the rights of women and migrants.

The Programme is progressing through workshops and engagement sessions conducted with women employees across all plantations in Malaysia. The training workshops and engagement sessions are conducted to empower women in the plantations, social impact assessments were conducted to assess the progress of Gender Committee set up, while internal consultations were carried out to assist in implementing the Programme on site. To ensure optimum uptake and success of the programme, the workshops were conducted in three different languages – English, Bahasa Malaysia and Tamil. During the year under review, 500 employees participated in 14 engagement

## CORPORATE SOCIAL RESPONSIBILITY



The 50ft x 8ft 'Epic Painting' featured during the Centennial Exhibition, depicting the milestones and historical passage of the Sime Darby Group from its early establishment to the present day

sessions. With the Gender Policy in place, Sime Darby hopes to continuously ensure the well-being of its women workers, in line with the principles of human rights, equality and fairness.

#### **'NADI – YSD On Wheels': Diabetes Awareness Programme for the Rural and Orang Asli Population**

'NADI – YSD On Wheels' is a collaborative programme between YSD and the National Diabetes Institute (NADI). The programme was launched on 20 February 2011 by YSD Chairman, Tun Musa Hitam and the Patron of NADI, Tun Mahathir Mohamad, at an Orang Asli village in Kuala Pomson, Pangsun, Hulu Langat, Selangor. The programme was developed with the objective to raise awareness on diabetes amongst the rural population through road shows at 12 locations in Peninsular Malaysia. To date, NADI has utilised RM693,049 to purchase equipment, print posters and leaflets, as well as buy consumables to be used for the road shows. Through collaboration with Sime Darby Motors, YSD also contributed a Ford Everest and an Inokom lorry that was redesigned as a mobile clinic. Four road shows have been successfully completed and the rest will be carried out until February 2012.

#### **Sime Darby Plantation programmes in Liberia**

Realising the need to engage the communities and to address critical needs of the workplace, Sime Darby Plantation Liberia (SDPL) initiated CSR efforts in Liberia to provide a better quality of life for residents within its operations and its employees. The initiatives started with the rehabilitation of, among others, building line sites and latrines in the camps. A total of 15 schools were also reconstructed and new desks and chairs were supplied to the schools in various towns. SDPL also procured school buses to ferry the students to schools, thus removing the five-hour walk to and from school every day. An ambulance unit was also provided for the benefit of the surrounding communities.

Sime Darby Plantation's office in Kuala Lumpur also organised a donation drive to collect books, toys, shoes and clothes to be donated to school children and family members of our Liberian plantation workers. Over nine boxes were shipped to Liberia and distributed to those in need.

#### **Safe City Initiative**

Sime Darby Property embarked on "The Safe City Initiative" in an effort to instil the 'Safe City Criteria' - a concept outlined by the Federal Department of Town and Country Planning - in Sime Darby townships. In September 2010, Sime Darby Property contributed three Hyundai Starex MPVs and motorcycles to the Royal Malaysian Police as part of Sime Darby's continuous initiative to combat crime within its townships.

The Unit comprised patrol motorcycles, mobile police units and comprehensive 24-hour CCTV surveillance cameras to be utilised for crime prevention efforts and to create a safer living environment for the communities within Ara Damansara, a Sime Darby Property township.

The CCTV surveillance cameras are linked to the Ara Damansara Police Station and the Petaling Jaya District Police Headquarters. Other security measures include street patrols by a trained security force, building guard houses at the entry points of every precinct and establishing close rapport between community leaders and the police force. To date, Sime Darby Property has invested over RM3.2 million to implement this initiative.

#### **Sime Darby Management Apprenticeship Programme (MAP)**

Sime Darby's Management Apprenticeship Programme (MAP) is an initiative developed in support of the Government's mission to reduce the unemployment rate amongst Malaysian graduates and to help bridge the gap between the academic and professional worlds. Under the MAP, Sime Darby recruits early career professionals or degree holders aged 27 years old and below who have been unemployed for six months since graduation. Potential apprentices are mostly graduates in fields of studies relevant to Sime Darby's core businesses such as Engineering, Architecture, Environmental Management, Ports and Logistics, Science and Technology, Research Sciences, Food Nutrition, Computer Science, Information Technology, Business Studies, Accounting, Law, Mass Communications and Journalism.

The MAP apprentices undergo a one-month residential training and subsequently an 11-month on-the-job training



across the Sime Darby Group. The training provides the apprentices the opportunity to work alongside specialists in specific fields in order to gain working experience and be equipped with the relevant skills sets.

For FY2010/2011, a total of 193 apprentices joined the MAP. In FY2009/2010, 484 apprentices were recruited and by the end of their apprenticeship, about 33 percent had been offered the opportunity to continue employment with Sime Darby, while 42 percent received external job offers before the end of the programme.

#### **Apprenticeship Programme for Unemployed SPM Holders**

This apprenticeship programme was developed by Sime Darby Engineering and Kolej Komuniti Pasir Gudang with the objective to equip the participants with practical skills and hands-on experience in the engineering field and to develop skills to enhance their employability. YSD contributed RM3,160 to cover the cost of the allowance, medical check-up and National Institute of Occupational Safety & Health (NIOSH) Course for eight SPM holders enrolled in the programme.

#### **Sime Darby Healthcare's Health Series**

As part of the healthcare-oriented CSR initiatives, Sime Darby Healthcare organised a series of programmes to benefit the general public and the medical fraternity. Amongst the initiatives were free health talk, public forums, free Continuing Medical Educational Programme, Annual Specialised Health Screening Programme, Breast Cancer Awareness Campaign, Breast Cancer Charity Exhibition in support of Pink October and health awareness programmes during Diabetes and Cancer Awareness Weeks.

Scheduled throughout the year, the free health talks had several health consultants engage schools, orphanages, old folk homes as well as corporate organisations upon request. The health talks discussed various topics ranging from general medical issues to new developments in the medical field. As part of its commitment towards patient education, every forum discussed a different topic of interest and was open to interested members of the medical fraternity as well as the general public.

The free Continuing Medical Educational Programme is an initiative by Sime Darby Healthcare to promote

networking and knowledge sharing among members of the medical fraternity. The sessions are conducted with identified medical specialists as well as general practitioners, mostly focusing on new developments in medical fields and ground breaking discoveries that could aid in the treatment of disease and patient's care.

Sime Darby Healthcare's Breast Cancer Awareness Campaign is part of the Annual Specialised Health Screening Programme organised by the Healthcare Division at various locations around the country, aimed at raising awareness on breast cancer among women and their family members. To generate more interest and attention on the issue, Sime Darby Healthcare also took part in the Breast Cancer Charity Exhibition in support of Pink October at One Utama and The Gardens, Mid Valley.

In conjunction with Diabetes Awareness Week and Cancer Awareness Week 2011, Sime Darby Healthcare carried out the Health Awareness Week which involved employees and patients from Sime Darby Medical Centre Subang Jaya and Sime Darby Specialist Centre Megah.

#### **Tabung Leukemia YSD**

According to statistics from the Malaysian National Cancer Registry, 580 Lymphoid Leukemia cases were reported in 2010. Ranked fourth most common cancer among males and fifth among females, leukemia affects both the young and old. However, many are unable to afford proper treatment due to its high cost.

Tabung Leukemia YSD was launched in March 2011, with YABhg Tun Musa Hitam as the patron. Tabung Leukemia YSD is a medical fund to help ease the financial burden of leukemia patients, aged from 13 to 72 years who are in dire need of bone marrow transplants. Eligible patients will receive subsidised comprehensive treatment at the Sime Darby Medical Centre (SDMC) Blood Disease Centre in Subang Jaya. Beneficiaries can be patients of SDMC or referral cases from other hospitals.

YSD appointed its sponsored track cyclist, Mohd Azizulhasni Awang, as the ambassador of Tabung Leukemia YSD to spread awareness and educate the public on the severity of the disease. In September 2011, Azizulhasni participated in a charity cycling event to raise funds for Tabung Leukemia YSD.

## CORPORATE SOCIAL RESPONSIBILITY

**Contribution to the Women's Aid Organisation's Refuge Centre for Battered Women and Their Children**

Established in 1982 by the Women's Aid Organisation (WAO), the Refuge Centre for Battered Women and Their Children is a safe house that provides shelter and protection to an average of 125 women and 100 children annually. Continuing their annual institutional grant to WAO, YSD extended the financial support and doubled the amount and period to RM720,000 for two years, to enable WAO to help more battered women and their children who take shelter at the refuge centre. With the continued funding, WAO not only provides shelter to these marginalised women and children, they are also able to facilitate the necessary policy or legislative changes to be made by relevant government bodies and agencies for the protection of abused women.

Since receiving support from YSD, apart from those seeking shelter, 1,544 people sought help through telephone counseling, and 145 women underwent face-to-face counseling sessions at WAO. Over 70% of those who spent time at the refuge centre are able to improve their lives significantly after their stay there. Around 40% of the centre's former residents are now able to live independently, while 18% are staying with their family and friends.



A Sime Darby employee lending a helping hand to the elderly

**Contribution to the Braille Association Malaysia**

A media event was held on 5 April 2011 to commemorate YSD's support for the Braille Association Malaysia at Sekolah Kebangsaan Pendidikan Khas Princess Elizabeth, Johor Bahru, Johor. Since receiving the funds from YSD, the Braille Association progressed to translate and deliver 1,000 copies of the Muqaddam, Pelajaran Jawi Braille, Understanding Basic English Grammar and Junior Model Essays to selected schools in Malaysia.

**Sime Darby Epic Painting & Centennial Exhibition**

In commemoration of Sime Darby's 100th year, a special exhibition was put together to showcase the history, journey and milestones of Sime Darby against the backdrop of nation building. The exhibition also highlighted the key figures and their pivotal roles in the establishment and development of Sime Darby, alongside



Distribution of essential relief aid items to villagers affected by the Johor floods in February 2011

prized artifacts and iconic exhibits used and collected by Kumpulan Sime Darby, Golden Hope Plantations and Kumpulan Guthrie.

Besides the exhibits on the ground floor of Wisma Sime Darby in Kuala Lumpur, the exhibition also featured a 50ft x 8ft Epic Painting that chronicles the historical passage of the Group from its early years to the present day. The painting was the collaborative effort of three Malaysian artists - Ahmad Fuad Osman, Anurendra Jegadeva and Chuah Chong Yong.

Held from December 2010 until February 2011, more than 1,000 people comprising Sime Darby employees from various Divisions and localities, members of the media and the Malaysian public, students, as well as foreign visitors from Germany, Italy and the Middle East visited the exhibition.

**Disaster Relief**

Severe weather conditions as a result of climate change across the globe have resulted in natural disasters that have impacted Sime Darby's business operations. Businesses in Queensland in Australia and Johor, Melaka, Kedah and Perlis in Malaysia were disrupted by floods in 2010 and 2011, resulting in the mobilisation of relief efforts by business divisions in efforts to assist the surrounding communities and employees affected.

**Hastings Deering's Flood Relief Aid**

Queensland was struck by massive flooding in December 2010 and January 2011, caused by continuous and heavy rainfall. A total of 70 towns and more than 200,000 people were affected, including Sime Darby Industrial's Hastings Deering's operations in Queensland.

The floods were one of the worst on record and badly affected Hastings Deering's Rockhampton and Emerald branches. A temporary office and a facebook page were set up to ensure employees were kept up to date with the situation. Despite the turn of events, employees came together to help families and friends affected by the floods. Together with fire-fighters and relief workers, Rockhampton and Emerald's employees assisted in cleaning surrounding areas and assisted communities in need.

## CORPORATE SOCIAL RESPONSIBILITY

**Sime Darby Plantation's Flood Relief Aid in Johor**

The flooding in the southern region of Peninsular Malaysia in February 2011 caused several of Sime Darby Plantation's estates in Johor and Melaka to be inundated for almost a week. The estates were Lanadron, Chaah, North Labis, Pengkalan Bukit and Simpang Kiri in Johor. A total of 216 families of local employees and 243 foreign workers from these estates and 799 families from the neighbouring villages, six families from Tangkah Estate in Melaka and 164 families in a neighbouring estate were given food provisions upon their return home. Group CSR and Sime Darby Plantations collaborated with Upstream Malaysia Department to donate food and non-food essential items. In addition, affected local employees and their families as well as foreign workers also received shopping vouchers.

**Sime Darby Plantation's Flood Relief Aid in Kedah**

In November 2010, the states of Kedah and Perlis were hit by massive floods and those affected lost much of their belongings. In aid of the victims, Sime Darby Plantation donated essential food items and clothing. The first batch of aid was delivered to the State Flood Operations Centre at the Kota Setar District Office on 7 November 2010. The next batch was distributed directly to over 100 affected villagers on 13 November 2010. Employees of Sime Darby Plantation also volunteered to assist the villagers in the post-flood clean-up.

**EDUCATION**

Sime Darby strongly believes in cultivating human capital by empowerment through knowledge, and the development of talent and skills. Supporting education programmes is key in its efforts to nurture talent and provide the opportunity for education to everyone. Sime Darby believes education is an integral component in empowering the young to become responsible and charismatic leaders of tomorrow.

**Humana Programme**

Realising the importance of education for children, Sime Darby Plantation collaborated with the Humana Child Aid Society Sabah to provide formal education to children of its migrant workers residing in Sime Darby plantations. Sime Darby Plantation funded the construction and establishment of a number of Humana learning centres, as well as the enrolment of the school children and the management of the teachers and school facilities.



Recipients of the YSD Scholarship Award

From humble beginnings with one Humana learning centre in Imam Estate, Tawau in 2008 that provided primary school education to 157 children, the programme has expanded to 11 Humana learning centres located in various localities across the state of Sabah. Sime Darby Humana learning centres are now in the Andrassy Division, Binuang Estate, Giram Estate (2 centres), Imam Estate, Jeleta Bumi Estate, Merotai Estate, Mostyn Estate, Segaliud Estate, Sungang Estate and Tingkayu Estate. For the 2011 school year, a total of 991 students have enrolled and are currently studying at all 11 learning centres. Apart from constructing the learning centres and furnishing the schools with the necessary facilities, Sime Darby Plantation also bears the utility cost in several remote locations and provides accommodation for the teachers.



Participants of "Kem Pecutan SPM 2011" from Sek. Men. Keb. Sultan Abdul Jalil Shah and Sek. Men. Keb. Changkat Leda in Perak

**Graduation of YSD-sponsored SPM Leavers from Sime Darby Industrial Academy**

In May 2011, YSD announced the graduation of 25 underprivileged youths from the Sime Darby Industrial Academy. These Form Five school leavers who were from the Northern Corridor Economic Region (NCER) were sponsored by YSD to enrol in the Academy where they were taught technical skills to operate, repair and maintain heavy equipment and machinery. Some of the graduates have been offered employment in Sime Darby Industrial, while others have found jobs at other companies. The graduates were awarded Sijil Kemahiran Malaysia (SKM) Certificates upon completion of industry-related training and certification by the Department of Skills Development (JPK) under the Ministry of Human Resource at the Sime Darby Industrial Academy Training Centre in Tractors Engineering Complex, Puchong, Selangor.

**Yayasan Sime Darby Education Scholarship Programmes**

YSD manages three scholarship programmes - Excellence, Enrichment and Underprivileged. Every year, more than 200 scholarships are awarded. Since its inception in 1982, YSD has awarded a total of 1,484 scholarships worth over RM 144.8 million.

The YSD Excellence Scholarship Programme awards scholarships to young individuals who not only possess outstanding academic achievements and strong leadership qualities but have also made a name for



## CORPORATE SOCIAL RESPONSIBILITY

themselves at various levels and are multi-talented in numerous fields.

The high potential talents identified under this programme will be sponsored to pursue pre-university, undergraduate and postgraduate studies at top notch universities. Currently, the scholarship programme has been extended to Indonesia, Hong Kong, and Singapore; and from 2012, China and Liberia.

The YSD Star Scholarship Programme rewards outstanding Malaysian talents in the fields of sports, sciences, environment, arts and music, by providing them with opportunities to pursue their academic dreams, whilst continuing to excel in their professional fields. Malaysian Sportsman of the Year 2009 and 2010 and World No. 1 keirin cyclist, Azizulhasni Awang, is pursuing his Bachelor of Exercise Science and Human Movement at Victoria University in Melbourne, Australia under this programme.

Kelly Tan Guat Chen, Malaysia's teen golf prodigy, became the second individual to receive the YSD Star Scholarship Award. The 17-year old Kelly was awarded RM169,000 in the form of an athletic scholarship fund that enabled her to pursue a six-month accredited college preparatory course and full-time golf programme at the prestigious golf institution, Pendleton School at IMG Academies, in Florida, USA for six months from January to June 2011.

During her studies at the IMG Academies, she also attended academic classes and prepared for her college entrance examination whilst perfecting her golfing skills through various training sessions, games and tournaments led by an experienced and highly qualified coaching team.

Kelly has consistently delivered outstanding performance and solidified her star quality by winning two bronze medals at the South East Asian Games in 2009 and ranked fifth in the Greg Norman Junior Master 2010 Australia (Individual Category). She also came in second during Sime Darby Ladies Professional Golf Association (LPGA) Malaysia 2010 Regional Qualifying round which earned her a spot to play in the finals with other renowned world-class players. In the inaugural Sime Darby LPGA Malaysia, she ranked 32nd out of 60 players who competed. Kelly Tan has also been granted sponsor's exemptions for the 2011 Sime Darby LPGA Malaysia.



The bright young minds from SMK Pusat Bandar Puchong (1) that participated in the AMCHAM Young Enterprise Programme



Sime Darby Football Club performed well in its debut in the 2011 Premier League competition

Kelly ranks 57th in the world based on the World Amateur Golf Ranking (WAGR) and ranks 6th in Asia.

Under the 'Enrichment' category, the YSD Skill Enrichment Programme aims to support students who are vocationally inclined and financially constrained to pursue tertiary education in vocational studies. These successful candidates will pursue diploma level or technical certificate programmes at the Sime Darby Plantation Academy, Sime Darby Nursing and Health Sciences College or Sime Darby Industrial Academy. Under this Programme, YSD focuses on education assistance that will benefit students from low income families with a household income of RM2,500 or below. It is hoped that this programme will create more opportunities and alternative routes to higher education to those in need, aside from focusing on the tertiary education at universities.

Under the YSD Bursary Programme, aside from assisting students with potential from low income families, the foundation also assists students with disabilities to pursue studies at recognised universities in Malaysia. The selected students under this programme earned the bursaries through sheer hard work in consistently delivering good results, despite the limitations they face, be it physical or financial.

#### YSD Educational Development Programmes

Aside from Education Sponsorships, YSD in its quest to promote capacity building and empowerment of underprivileged and disadvantaged schools launched its Educational Development Programme on 17 October 2010 for two underprivileged schools located at FELCRA estates in Kampong Gajah in Seberang Perak. It is also the first educational development programme of its kind in Perak that benefits students and teachers in rural areas and receives full support from the Perak State Education Department.

The two underprivileged schools - Sekolah Menengah Kebangsaan Sultan Abdul Jalil Shah and Sekolah Menengah Kebangsaan Changkat Lada - will benefit from the 3-year YSD Academic Educational Development Programme worth RM900,000.

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In strengthening the schools' internal capabilities, YSD provides the expertise of 9 selected 'Guru Cemerlang' from high performance schools in Malaysia as 'mentors' to rural teachers, sharing knowledge and experience and inspiring innovation of new teaching methodologies.

The YSD School Excellence Twinning Programme (STEP) is another programme which is aimed at creating and nurturing good school culture and an environment that promotes high performance and academic excellence. The pioneer programme was launched on 2 April 2011, with 10 high potential students, 4 subject teachers and management representatives from two rural schools attending a one-week attachment at Sekolah Berasrama Penuh Integrasi Gombak, one of the top High Performing Schools in Malaysia.

#### **Sponsorship of SMK Pusat Bandar Puchong (1) in AMCHAM Young Enterprise Programme**

The AMCHAM Young Enterprise Programme is an entrepreneurial development programme that provides selected Form Four students an opportunity to become entrepreneurs, by creating and managing their own 'mini' companies. The participants are called 'Achievers' and through this programme they learn to translate economic theories into real business and discover what constitutes the business operation of an enterprise.



Malaysia's track cycling champion, Mohd Azizulhasni Awang, (far left) is the first recipient of YSD Outstanding Achiever Award

This is Sime Darby Industrial's sixth year of participation and the fifth year a group of students from SMK Pusat Bandar Puchong (1) is being sponsored to take part in the programme. The 30 selected students from the sponsored school were given the opportunity to manage the full life cycle of a business enterprise through hands-on experience and learned to make their own decisions about day-to-day company operations, supported by the guidance and advice from their 'Advisors' who are volunteers from Sime Darby Industrial and their subject teachers.

In The Citi Kuala Lumpur Stock Challenge 2010 and 2011, SMK Pusat Bandar Puchong (1) students emerged as 'Overall Champions', 'Champion in Boys Category' and 'Champion in Girls Category'. They were also awarded 'Best Customer Service' in the Young Enterprise Achiever Sales Fair. Two teams from the school qualified to the national level in the Federal Express/Junior Achievement

International Trade Challenge 2010 and represented Malaysia in the Asia Pacific Federal Express/Junior Achievement International Trade Challenge held in Singapore in August 2010.

#### **Contribution for the Tun Abdul Razak Chair's South East Asia Studies at Ohio University**

The Tun Abdul Razak Chair was established in 1980 as a partnership between the Malaysian government and Ohio University of the United States of America (USA), to strengthen understanding and appreciation of Malaysia among the constituencies and to better serve the goal of building stronger ties between the USA and Malaysia. A total of USD750,000 (RM2.4 million) was channelled to the Tun Abdul Razak Chair's South East Asian Studies at Ohio University. Under the Tun Abdul Razak Chair fellowship, a Tun Abdul Razak Professor would be selected for a two-year residency by the Ministry of Education in consultation with the Tun Abdul Razak Council and the Ohio University. The Tun Abdul Razak Professor will conduct seminars for undergraduates and graduate students and lead conferences focussing on South East Asian studies with the objective of promoting greater insights on the region.

#### **SPORTS**

Sime Darby's commitment towards the development of sports is part of its efforts to assist in nation building. Through its sports programmes and awards, Sime Darby has assisted outstanding talents in football, cycling, golf, lawn bowling and cricket to excel in their various fields as well as promote sports excellence in the nation.

#### **Sime Darby Football Club (SDFC)**

Officially launched in March 2010, Sime Darby Football Club (SDFC) emerged as unbeaten champions in their debut season in the Football Association of Malaysia (FAM) League, the third-tier of the Malaysian Professional League which led to promotion to the Premier League for the 2011 season. SDFC ended the season in fifth place, and qualification to the prestigious Malaysia Cup, the longest-running football tournament in Asia. SDFC also formed an Under-21 team to compete in the President's Cup, a tournament managed by FAM for the development of youth in preparation for the professional game. Players from the President's Cup team also served as reserves for SDFC's senior team.

#### **Mohd Azizulhasni Awang Awarded Yayasan Sime Darby Outstanding Achiever Award**

The YSD Outstanding Achiever Award is given to individuals sponsored by YSD under any of its five CSR pillars (Youth, Sports and Recreation; Community Development; Conservation of Environment and Protection of the Ecosystems; Education; and Arts and Culture), whose excellence and accomplishments have earned accolades in their respective fields, at both local and international levels.

In March 2011, Mohd Azizulhasni Awang received the YSD Outstanding Achiever Award, based on his achievements in track cycling. Amongst his accomplishments were winning a gold medal in the 2010 Asian Games in Guangzhou, becoming the 'Keirin World Champion' in Manchester,

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England for three consecutive years, emerging as the winner at the Union Cycliste Internationale (UCI) Track World Cup in Colombia and winning the National Sportsman Award in 2009 and again in 2010.

Prior to that, Azizulhasni's hard work and excellent spirit of sportsmanship had also earned him, and six other athletes from the Malaysian National Cycling Federation (MNFC) – Josiah Ng, Mohd Rizal Tisin, Muhammad Edrus Md Yunus, Junaidi Nasir, Mohamad Hafiz Mohamad Sufian and Fatehah Mustafa a three-year sponsorship amounting to RM2 million from YSD. This is to fund their preparation and participation in various cycling competitions to collect points to qualify for the 2012 London Olympics, and in their quest for Malaysia's first Olympic cycling medal.

#### **Sponsorship of Golf Professional, Jean Chua, by Yayasan Sime Darby**

YSD awarded a three-year athletic sponsorship worth RM180,000 to 24-year-old Jean Chua, Malaysia's leading female golf professional. The sponsorship will enable Jean to undergo world-class coaching and entry to various golf tournaments in the United States, hence providing the exposure and experience required to polish her golfing skills. The sponsorship would also fund her training with Ian Triggs, a well respected figure in the international golf arena.

Not long after receiving the sponsorship, Jean Chua qualified for the 2010 US Women's Open, thus successfully advancing to her first Major in Colorado Springs, USA – a breakthrough for her career.

Jean Chua was a member of the national team from 2003 to 2009. She previously received an athletic scholarship to the prestigious Wake Forest University in North Carolina. Upon graduation, she turned professional in August 2009 and won her first professional event at the Thailand LPGA Open Championship. She was ranked 53rd at the 2010 Sime Darby LPGA Malaysia, a tie with renowned US golfer, Michelle Wie. Along with Kelly Tan, Jean Chua has been granted sponsor's exemptions for the 2011 Sime Darby LPGA Malaysia.

#### **Sime Darby Ladies Professional Golf Association (LPGA) Tournament 2010 and the Contribution to CARIF**

In 2010, YSD advocated the positive evolvement of golf in Malaysia and the consistent development of our national golfers through a sponsorship of RM11,397,402 to fund the Sime Darby LPGA Tournament 2010.

The first edition of the tournament brought together the world's best female golfers at the Kuala Lumpur Golf & Country Club (KLGCC), including Jimin Kang, Cristie Kerr, Michelle Wie, Ai Miyazato, Jiyai Shin, Natalie Gulbis, Pak Se Ri, Suzann Pettersen, Yani Tseng and Paula Creamer.

The 2010 Sime Darby LPGA Malaysia was a great platform for various talent development and community-oriented campaigns scheduled throughout the year. One of the programmes was the Sime Darby LPGA Junior Development Programme that offered leading young female golfers the chance to improve their game and two qualifying tournaments that provided rising stars



The young players cheer after winning the Kuala Lumpur Cricket Association – 4th International Young Cricket Carnival

the chance to earn their way into the event. In addition, charitable initiatives were the centrepiece of activities, with star players Michelle Wie, Natalie Gulbis and Cristie Kerr visiting Sime Darby Medical Centre Subang Jaya to learn more about the Cancer Research Initiatives Foundation (CARIF), the tournament's selected charity.

The tournament successfully raised RM435,993 for CARIF. In addition to breast cancer research, the proceeds collected will also be used towards a community outreach initiative called Patient Navigation Programme. This programme will see CARIF employ and train specialist breast cancer nurses and patient navigators who will be able to assist patients and provide accurate information that will enable those diagnosed to get optimal care.

#### **Contribution towards the Development and Advancement of Cricket among Malaysian Youth**

In an effort to support the development of sports in Malaysia, YSD has made contributions to two cricket events, the IX International Malay Cricket Tournament 2010 and the 4th KL International Youth Cricket Carnival. YSD contributed RM119,040 to the Malay Cricket Association of Malaysia to fund the operational costs of the IX Malay Cricket Trophy 2010. YSD also contributed RM60,000 towards the organisation of this prestigious event that saw participation from 24 teams from Pakistan, Sri Lanka, India, Australia and Malaysia.

#### **Lawn Bowls 5th Sime Darby Asia Pacific Merdeka Singles & Mixed Pairs Championship 2010 at Stadium Bayuemas**

In November 2010, Stadium Bayuemas – a cricket and lawn bowls sports complex that was developed and constructed by Sime Darby Property - became the official venue to 5th Sime Darby Asia Pacific Merdeka Singles & Mixed Pairs Championship 2010 that was hosted by the Malaysian Lawn Bowls Association. YSD contributed RM280,905 to sponsor the championship that saw participations from

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13 countries including Canada, Brunei, Fiji, New Zealand, Australia, Macau, China, India, Hong Kong, Singapore, Thailand, Philippines and Malaysia.

### National Cricket Development Programme

YSD supports the National Cricket Development programme by sponsoring its centralised training sessions, allowances, accommodation and travel expenses for contract foreign coaches, local coaches, and players. The RM545,000 fund from YSD was also utilised for a new cricket field, facilities and new equipment.

### Summary of other CSR Initiatives for FY2010/2011

Participation in the UNICEF Charity Run 2010, Hong Kong  
A total of 22 runners from various units of Sime Darby Motors in Hong Kong, Macau and the People's Republic of China participated in the UNICEF Charity Run at Disneyland Resort for the third year to raise funds for UNICEF's 'Unite for Children, Unite against AIDS' Global Campaign. A total of HK\$56,806 (RM21,783) was raised from sponsors, colleagues, and customers. Some were first time runners while others participated for the last two years.

### Contribution to the Underprivileged Community in Tanjung Karang, Selangor

In September 2010, Sime Darby Plantation reached out to almost 350 children, single mothers, old folks and special needs individuals in Tanjung Karang by distributing RM52,500 worth of food items and cash. The Minister of Agriculture and Agrobased Industries, Y.B. Datuk Seri Noh Omar, who is also the State Assemblyman for Tanjung Karang, presented the donation at Kampung Bestari Jaya, Batang Berjuntai, Selangor.



Students of Sekolah Keb. Rompin, Pahang riding their new bicycles

### Contribution of Bicycles for the Students of Sekolah Kebangsaan Rompin, Pahang

In July 2010, Sime Darby Plantation's Pahang Zone Office contributed bicycles to 17 students of Sekolah Kebangsaan Rompin. The bicycles were presented to the children by Bandar Muadzam Syah State Assemblywoman, YB Datuk Maznah Mazlan, in a simple ceremony at Jeti Kargo, Bandar Lama Kuala Rompin. Children were often

absent from school because of the long and arduous journey to class, but since they were given the bicycles, attendance in class has improved.

### Gotong-royong at Rumah Anak Yatim & Asnaf As Solihin

In June 2011, Sime Darby Plantation organised a gotong-royong project to clean up Rumah Anak Yatim & Asnaf As Solihin, Kanchong Darat, Banting, Selangor. A total of 30 employees from the Dusun Durian Estate and staff from the Sime Darby Plantation's Corporate Communications Department volunteered their time to assist in cleaning and assembling the do-it-yourself furniture bought for the home. The self-funded and privately managed home provides shelter to 43 children aged between five and 17. Apart from the makeover project, kitchen and household items such as kettles, ironing boards, irons, rubber mat, shelves and wardrobes were also donated, as well as cash contributed by employees of Sime Darby Plantation.

### Program Skim Anak Angkat Zoo Melaka 2010

In 2007, Sime Darby Plantation adopted a female Asian elephant named Noni, under the 'Program Skim Anak Angkat Zoo Melaka'. In November 2010, the adoption scheme was renewed for RM20,000. The fund covers food expenses, medication and improvements to the facility for Noni, who is now 14 years old and weighing in at 1,870kg. She was relocated to the Melaka Zoo from Pahang in 1997 when she was only three months old. The adoption scheme is part of the rehabilitation process for Noni who will eventually be released into the wild. The collaboration with Melaka Zoo dates back to 2006, when Sime Darby Plantation was involved in the efforts to save 'Amid', a baby elephant, that was separated from his herd.

### Other initiatives by YSD:

- RM250,000 contribution for the Malaysian Nature Society's (MNS) International Conference on 'Challenges and Solutions for Tropical Biodiversity' held on 8 – 9 October 2010 at Double Tree Hilton Kuala Lumpur. A host of international and local speakers, each experts in their selected fields, presented their findings and research on the topic of biodiversity. The conference also discussed the challenges faced in the last 70 years and offered urgent solutions to biodiversity threats that could be adopted.
- RM15,000 for 'Make-A-Wish Malaysia Charity Golf' Gold Sponsorship package that involved the fulfilment of two children's wishes.
- RM13,410 for the 'Borneo International Marathon' – a fundraising event organised by Shangri La's Rasa Ria Resort. The money was channelled to HUTAN, an NGO aimed at conserving the Orangutan species in Sabah and Seri Mengasih Centre, a charitable institution that assists people with intellectual disability.
- RM10,000 for Persatuan Kanak-Kanak Cacat Taman Megah to purchase therapy equipment for the children and residents, which was channelled through the '3rd Latin American Charity Ball' organized by the Latin American Ladies Association.

## CORPORATE DIARY



**JULY 2010**

**Yayasan Sime Darby (YSD)-Sime Darby Healthcare (SDH)  
Epilepsy Surgery Fund Set Up**

The YSD-SDH Epilepsy Surgery Fund was set up to provide financial support to disadvantaged and poor patients who could not afford epilepsy surgery. This collaboration is a partnership with the Ministry of Health to ensure that the funds are effectively managed and only patients who are in dire need of treatment receive the aid.



**19 AUGUST 2010**

**Sime Darby Awarded ISO 27001 Certification  
For Information Security Management System**

Sime Darby became one of the few Malaysian companies to be certified with ISO 27001 for Information Security Management System (ISMS). This certification ensures that critical information assets are systematically managed and controlled, and improved the Group's corporate governance and information security assurance to all stakeholders including employees, management, business partners and customers.



**6 OCTOBER 2010**

**Sime Darby launches  
Innovation Centre Europe**

Sime Darby Unimills officially launched Innovation Centre Europe (ICE) in Zwijndrecht, Netherlands. It was officially opened by the Vice-President of the European Community, Mrs Neelie Kros, and Sime Darby President & Group Chief Executive, Dato' Mohd Bakke Salleh.



**19 OCTOBER 2010**

**Sime Darby LPGA raises funds for  
Cancer Research**

Various fund-raising activities carried out during the inaugural Sime Darby LPGA Malaysia 2010 raised RM435,993 for Cancer Research Initiatives Foundation (CARIF). Funds raised through the tournament were used for a collaborative research between CARIF and Universiti Malaya to help breast cancer patients in Malaysia and to reduce disparities in cancer treatment and care.



**22 OCTOBER 2010**

**Sime Darby LPGA Malaysia**

The inaugural Sime Darby LPGA Malaysia 2010 was held at the Kuala Lumpur Golf & Country Club (KLGCC) from 22-24 October 2010. Jimin Kang from South Korea beat several other world ranked lady golfers to win the championship. Sime Darby LPGA Malaysia is part of Sime Darby's commitment towards promoting the development of golf in Malaysia.



### 9 NOVEMBER 2010

#### **Sime Darby Motors appointed exclusive dealer for McLaren vehicles in Hong Kong**

Sime Darby Motors was appointed as the exclusive dealer for McLaren vehicles in Hong Kong. The McLaren franchise is represented by Goodwood Motors, a subsidiary of Sime Darby HK, which is also the Rolls-Royce dealer for Hong Kong and Macau.



### 20 NOVEMBER 2010

#### **CAT on Highway Trucks**

The first-ever Cat on-highway trucks - the Cat CT610 and Cat CT630 - received enthusiastic response from more than 300 people attending its national release in Uluru, Northern Territory, Australia. A new Richlands facility for Hastings Deering Truck Centres was also opened in November to keep up with the expanding trucking business, and this fully-functional truck and engine workshop offers a Parts department plus a comprehensive one-stop service and support solution with dedicated and certified truck technicians.



### 15 DECEMBER 2010

#### **Three Estates Win MPOB Awards**

Three of Sime Darby Plantation's estates - West Estate and Bukit Talang Estate in Selangor and Takau Estate in Sarawak received prestigious awards from the Malaysian Palm Oil Board (MPOB) for emerging the Best Estates in their respective categories during the Anugerah Industri Sawit Malaysia 2009/2010. West Estate won the 4,000-ha and over category for Peninsular Malaysia; Bukit Talang Estate for the 1,001 - 4,000 category for Peninsular Malaysia, and ;Takau Estate for Best Estate for Sarawak.



### 18 JANUARY 2011

#### **MOU between Sime Darby Nursing & Health Sciences College and University of Hertfordshire, UK**

Sime Darby Nursing & Health Sciences College signed a memorandum of Understanding with University of Hertfordshire, UK to offer Bachelor of Science (Hons) degree in Contemporary Nursing. Scheduled to commence in January 2012, the two-year study programme will enable students to save more than 50 percent in course and tuition fees as well as in accommodation and living costs.



### 31 JANUARY 2011

#### **Sime Darby Marks 100-year Anniversary with Centennial Exhibition**

Sime Darby Berhad celebrated its 100-year anniversary with the hosting of the Sime Darby Centennial Exhibition at Wisma Sime Darby. Themed '100 Years Ago, Today Was The Future', the Centennial Exhibition offered a glimpse of Sime Darby's corporate history. From its humble beginnings in Malacca in 1910 when it was founded by Scotsmen William Middleton Sime and John Middleton Sime, and Englishmen Henry d'Esterre Darby and Herbert Mitford Darby, to one of Malaysia's largest diversified multinationals and the largest listed plantation company in the world 100 years later.

## CORPORATE DIARY

**11 MARCH 2011****Sime Darby Property Wins Gold Award at the Putra Brand Awards 2011**

Sime Darby Property walked away with the Gold Award for the Property Development category at the Putra Brand Awards night. "The People's Choice" was the theme for this year's Putra Brand Awards as the "winners" were determined by over 6,000 consumers who voted for the brands which reached and influenced them the most.

**26 MARCH 2011****Sime Darby Auto Performance Opens Flagship Porsche Centre in the Kuala Lumpur City Centre**

Sime Darby Auto Performance Sdn. Bhd. (SDAP) launched its flagship Porsche Centre Bukit Bintang (PCBB). PCBB has an impressive 550 square metres of new car showroom on its ground floor and 460 square metres for the Pre-Owned centre on its first floor.

**4 APRIL 2011****Sime Darby Plantation, TNB and Mitsui sign MoU for Biogas Study**

Sime Darby joined hands with Tenaga Nasional Bhd and Mitsui of Japan to collaborate on a study on the potential generation of biogas power in Sime Darby Plantation's estates. Under the MoU, Sime Darby Plantation will provide "sites" for the feasibility study through its palm oil mills which produce Palm Oil Mill Effluent (POME) that generates biogas in the form of methane.

**13 APRIL 2011****Tractors Malaysia Takes Caterpillar Paving Products to New Heights**

Tractors Malaysia is presented with a recognition plaque from Bill Springer, Vice-President Diversified Products – Caterpillar, for being Caterpillar's "1st Asia Pacific Dealer 2010 to Achieve Highest Volume of Paving Sales". Mr. KS Chong, the Managing Director of Sime Darby Industrial Sdn. Bhd, received the plaque on behalf of Tractors Malaysia. The top selling Caterpillar product is the CS533E, which attained almost 50 percent market share in a highly competitive market.

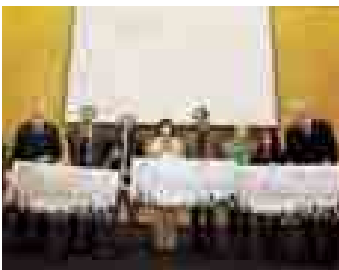
**13 MAY 2011****YSD Sponsored Students Graduate from Sime Darby Industrial Academy**

After undergoing two years of technical training, a pioneer batch of 25 students sponsored by Yayasan Sime Darby (YSD) graduated from Sime Darby Industrial Academy Sdn. Bhd. with Sijil Kemahiran Malaysia (SKM) Certificates.

The technical training sponsorship is a collaborative effort in corporate social responsibility (CSR) between Yayasan Sime Darby, Sime Darby Industrial and the Northern Corridor Implementation Authority to provide under-privileged youth in the Northern Corridor Economic Region with a skill and the opportunity to secure jobs.

**19 MAY 2011****Sime Darby Set Roots In Liberia**

Sime Darby Plantation Sdn Bhd, the world's largest producer of certified sustainable palm oil, planted its first palm seedling in Matambo Estate, Liberia. Sime Darby Plantation has a 63-year concession to develop 220,000 ha of plantation land in Liberia and planned to invest up to U.S. \$3.1billion (RM9.3 billion) in 15 years.

**20 MAY 2011****Sime Darby Property bags the FuturArc Green Leadership Awards 2011 for its Idea House and Top 10 Developers Awards in Malaysia**

Sime Darby Property bagged the Top 10 Developers Award and FuturArc Green Leadership Award 2011 at the BCI Asia Awards. The BCI award recognizes the achievements of top regional architectural firms and developers in the industry that have made the greatest impact on the built environment in Southeast Asia.

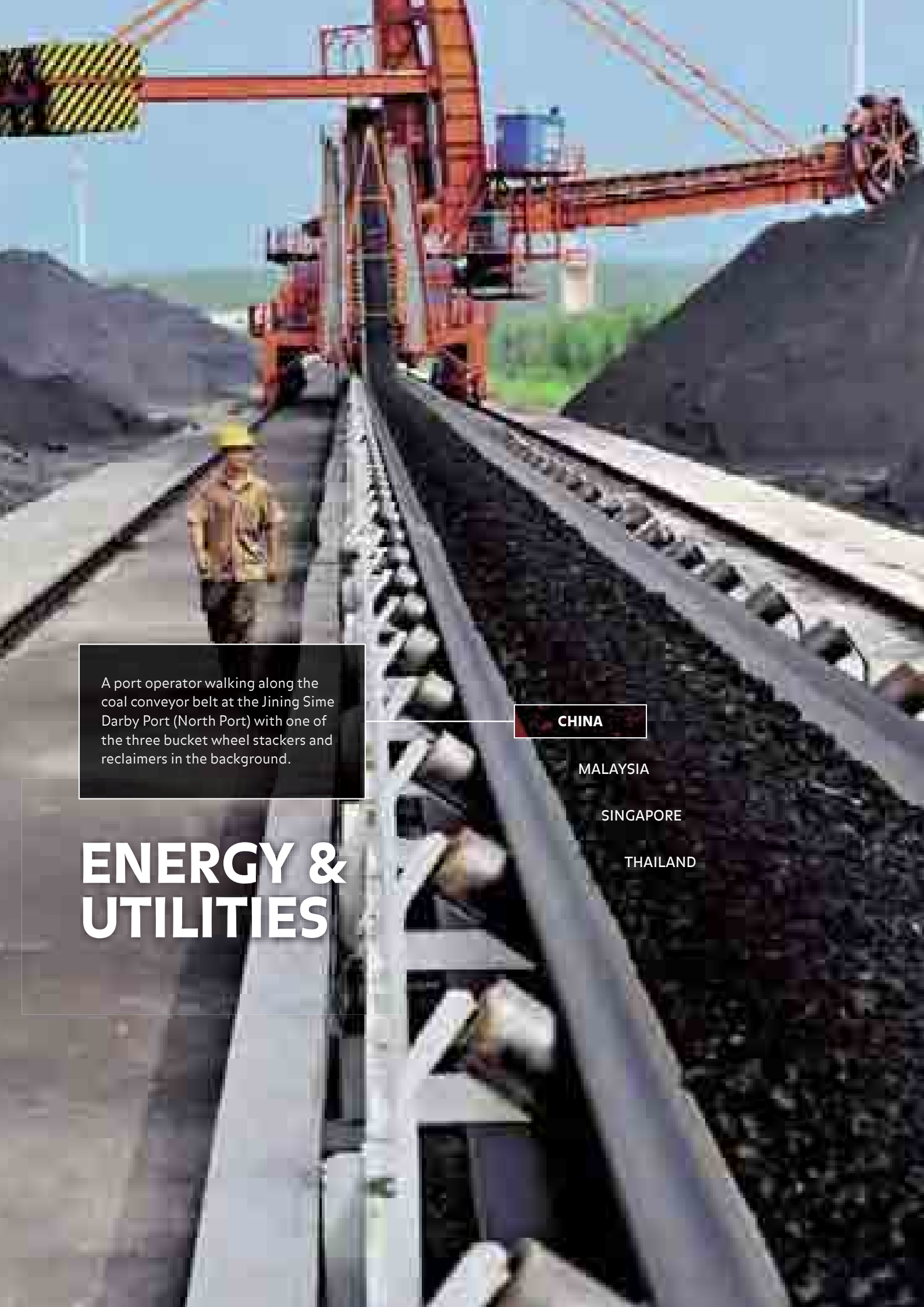
**4 JULY 2011****Hyundai-Sime Darby Motors Wins Hyundai's Global Distributor Of The Year 2010 Award**

Hyundai-Sime Darby Malaysia was awarded Hyundai's Global Distributor of The Year 2010 for the 10,000 units and below category for its success in increasing Hyundai's market share in Malaysia within a short period of time through innovative services, creative marketing activities and promotional efforts.

**22 JULY 2011****Sime Darby Plantation Marks 1,000,000MT of Sustainable Palm Oil Production**

Sime Darby Plantation's sustainable CPO's production broke the million metric tonne mark, following a concerted effort to certify its Strategic Operating Units (SOUs) by the Roundtable of Sustainable Palm Oil (RSPO). The company now has 36 of its 63 SOUs certified by RSPO, capable of producing more than 1.5 million MT of Certified Sustainable Palm Oil (CSPO) and Certified Sustainable Palm Kernel Oil (CSPKO).





A port operator walking along the coal conveyor belt at the Jining Sime Darby Port (North Port) with one of the three bucket wheel stackers and reclaimers in the background.

**CHINA**

MALAYSIA

SINGAPORE

THAILAND

# ENERGY & UTILITIES

## STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 1965 (Act) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results of the Group and the Company for the financial year. As required by the Act and the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the financial statements have been prepared in accordance with the Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the provisions of the Act.

The Directors consider that in preparing the financial statements for the financial year ended 30 June 2011 set out on pages 126 to 265, the Group has used the appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors have responsibility for ensuring that the Group and the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 20 September 2011.

# REPORTS AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2011

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# DIRECTORS' REPORT

For the financial year ended 30 June 2011

The Directors are pleased to present their Report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2011.

## Principal Activities

The Company is principally an investment holding company. The principal activities of the subsidiaries, jointly controlled entities and associates are as stated in Note 51 to the financial statements.

The principal activities of the Group are divided into six businesses namely, Plantation, Property, Industrial, Motors, Energy & Utilities and Healthcare.

There have been no significant changes in the nature of these activities during the financial year.

## Financial Results

The results of the Group and of the Company for the financial year ended 30 June 2011 are as follows:

	<b>Group</b> <b>RM million</b>	<b>Company</b> <b>RM million</b>
Profit before tax	5,449.2	1,988.9
Tax expense	(1,602.7)	(3.8)
Profit for the year from continuing operations	3,846.5	1,985.1
Profit for the year from discontinuing operations	1.4	-
Profit for the year	<u>3,847.9</u>	<u>1,985.1</u>
Attributable to owners of :		
- the Company	3,664.5	1,985.1
- non-controlling interests	183.4	-
Profit for the year	<u>3,847.9</u>	<u>1,985.1</u>

## Dividends

Since the end of the previous financial year, the Company has paid the following dividends:

	<b>RM million</b>
a. Final single tier dividend of 3.0 sen per share paid on 15 December 2010 in respect of the financial year ended 30 June 2010; and	<u>180.3</u>
b. Interim single tier dividend of 8.0 sen per share paid on 11 May 2011 in respect of the financial year ended 30 June 2011	<u>480.7</u>

The Board recommends the payment of a final single tier dividend of 22.0 sen per share which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act 1967 for the financial year ended 30 June 2011 amounting to RM1,322.1 million. Subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company, the final single tier dividend will be paid on 15 December 2011.

## 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

There were no issuances of shares and debentures during the financial year.

## DIRECTORS' REPORT

### Changes in Group Composition

The major changes in Group composition during the financial year are as follows:

#### a. Plantation

On 30 September 2010, Sime Darby International Investments Limited completed the disposal of its entire 40% equity interest in Leverian Holdings Pte Ltd to Adani Wilmar Pte Ltd for a total consideration of USD3.0 million (equivalent to RM9.3 million). The Group registered a gain of RM9.3 million on this disposal.

#### b. Industrial

- i. On 1 July 2010, Hastings Deering (Australia) Ltd acquired 30.6% and 29.4% of the issued shares of Sitech Construction Systems Pty Ltd (SCSPL) and Ultimate Positioning Group Pty Ltd (UPGPL) for AUD5.2 million (equivalent to RM14.6 million) and AUD7.7 million (equivalent to RM21.3 million) respectively. The principal activities of SCSPL are sales and servicing of Trimble Technology construction products and the principal activities of UPGPL are sales, hire, service and repair of Trimble surveying equipment to the construction, mapping and geographic information system and surveying sectors.
- ii. On 18 March 2011, Sime Darby Eastern Investments Private Limited acquired 100% of the issued shares of AC Haynes Investments Pty Ltd (ACHI) and DG Nominees Pty Ltd (DGN) and 60% of the issued shares of Haynes Mechanical Pty Ltd (HM) for a total consideration up to AUD19.6 million (equivalent to RM59.5 million). The remaining 40% of the issued shares of HM is held by ACHI. The principal activities of HM, ACHI and DGN are labour hire/contracting, mining machinery parts service and repair as well as crane hire businesses, with labour hire being the largest revenue contributor.

#### c. Energy & Utilities

On 27 May 2011, the Group entered into Memoranda of Understanding for the proposed disposal of Teluk Ramunia and Pasir Gudang fabrication yards. On 25 August 2011, conditional sale and purchase agreements for a total provisional disposal price of RM689.5 million were signed with Petronas Assets Sdn Bhd and Malaysia Marine and Heavy Engineering Sdn Bhd. The proposed disposals are subject to fulfillment of certain conditions precedent on or before 16 March 2012.

These fabrication yards are an integral part of the Group's oil and gas business, and the Group is exiting this business as it is no longer in line with the Group's strategic direction. As this business forms a large component of the Energy & Utilities division, the Group presents the results of this business as discontinuing operations in the financial statements.

The change in Group composition subsequent to the end of the financial year is as follows:

#### Property

On 9 September 2011, Sime Darby Nominees Sendirian Berhad acquired 273.0 million ordinary shares of RM1 each and 60.0 million 8% Irredeemable Convertible Secured Loan Stocks of RM0.65 each in Eastern & Oriental Berhad (E&O) representing 30% of the fully diluted equity interest in E&O for RM765.9 million and a further 5.1 million ordinary shares of RM1 each for RM8.0 million.

E&O was incorporated in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activities of E&O and its subsidiaries include investment holding, hotel ownership and operations, hotel management, property development, property investment and café and restaurant operations.

#### Directors

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

Tun Musa Hitam (Chairman)	
Tan Sri Dato' Sri Hamad Kama Piah Che Othman	(Appointed on 16 November 2010)
Tan Sri Samsudin Osman	
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	
Tan Sri Datuk Dr Yusof Basiran	(Appointed on 16 November 2010)
Tan Sri Sheng Len Tao	
Dato Sri Lim Haw Kuang	
Dato' Henry Sackville Barlow	

## DIRECTORS' REPORT

**Directors (continued)**

Sreesanthan Eliathamby	
Azmi Mohd Ali	(Appointed on 16 November 2010)
Zaiton Mohd Hassan	(Appointed on 16 November 2010)
Dato' Mohd Bakke Salleh	(Appointed on 16 November 2010)
Tun Ahmad Sarji Abdul Hamid	(Retired on 16 November 2010)
Dr Arifin Mohamad Siregar	(Retired on 16 November 2010)
Tan Sri Datuk Dr Ahmad Tajuddin Ali	(Retired on 16 November 2010)
Dato' Sri Mohamed Sulaiman	(Retired on 16 November 2010)
Dato' Dr Abdul Halim Ismail	(Retired on 16 November 2010)
Datin Paduka Zaitoon Dato' Othman	(Retired on 16 November 2010)
Raja Tan Sri Dato' Seri Arshad Raja Tun Uda	(Resigned on 16 November 2010)

**Directors' Benefits**

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Director's remuneration and benefits-in-kind in Note 5 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 46 to the financial statements.

**Directors' Interests in Shares**

According to the Register of Directors' Shareholdings, no Director in office at the end of the financial year held any shares in or debentures of the Company or its subsidiaries other than the participatory interests made available by a subsidiary of the Company during the financial year as follows:

Kuala Lumpur Golf & Country Club Berhad

<b>Participatory interests</b>	<b>Type of membership</b>
Tun Musa Hitam	Honorary
Tan Sri Samsudin Osman	Honorary
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	Honorary
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	Honorary
Tan Sri Datuk Dr Yusof Basiran	Honorary
Tan Sri Sheng Len Tao	Honorary
Dato Sri Lim Haw Kuang	Honorary
Dato' Henry Sackville Barlow	Honorary
Azmi Mohd Ali	Honorary
Dato' Mohd Bakke Salleh	Honorary

**Statutory Information on the Financial Statements**

- a. Before the statements of profit or loss, comprehensive income and financial position of the Group and of the Company were made out, the Directors took reasonable steps:
  - i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the impairment for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate impairment had been made for doubtful debts; and
  - ii. to ensure that any current assets, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, have been written down to amounts which they might be expected to realise.

## DIRECTORS' REPORT

**Statutory Information on the Financial Statements (continued)**

- b. At the date of this Report, the Directors are not aware of any circumstances:
- i. which would render the amount written off for bad debts or the amount of impairment for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - ii. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - iii. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- c. As at the date of this Report:
- i. there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liability of any other person; and
  - ii. there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year other than those arising in the ordinary course of business.
- d. At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in the Report or financial statements which would render any amount stated in the financial statements misleading.
- e. No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.
- f. In the opinion of the Directors:
- i. 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
  - ii. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this Report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made, except as disclosed in Note 52 to the financial statements.

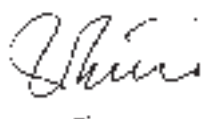
**Immediate and Ultimate Holding Companies**

The Directors regard Permodalan Nasional Berhad as its immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

**Auditors**

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

Signed in accordance with a resolution of the Board of Directors dated 20 September 2011



Tun Musa Hitam  
Chairman

Kuala Lumpur  
20 September 2011



Dato' Mohd Bakke Salleh  
President & Group Chief Executive/  
Executive Director

# STATEMENT BY DIRECTORS & STATUTORY DECLARATION

## Statement By Directors

We, Tun Musa Hitam and Dato' Mohd Bakke Salleh, two of the Directors of Sime Darby Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 126 to 265 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 2011 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date, in accordance with the Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965.

The supplementary information set out in Note 54 on page 266 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

In accordance with a resolution of the Board of Directors dated 20 September 2011



Tun Musa Hitam  
Chairman

Kuala Lumpur  
20 September 2011



Dato' Mohd Bakke Salleh  
President & Group Chief Executive/  
Executive Director

## Statutory Declaration

I, Tong Poh Keow, the officer primarily responsible for the financial management of Sime Darby Berhad, do solemnly and sincerely declare that the financial statements set out on pages 126 to 265 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

SUBSCRIBED AND SOLEMNLY DECLARED by the abovenamed Tong Poh Keow, at Kuala Lumpur, Malaysia on 20 September 2011.



S. Inderaju,  
Commissioner for Oaths (No. W451)  
Kuala Lumpur

Tkt. 18, Wisma Sime Darby  
Jalan Raja Laut  
50350 Kuala Lumpur



Tong Poh Keow  
(MIA 4625)  
Group Chief Financial Officer





## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIME DARBY BERHAD**

(Incorporated in Malaysia)  
(Company No.:752404-U)

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of Sime Darby Berhad on pages 126 to 265, which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the statements of profit or loss, comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 53.

#### Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards in Malaysia and the Companies Act, 1965, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2011 and of their financial performance and cash flows for the year then ended.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF SIME DARBY BERHAD (continued)**

(Incorporated in Malaysia)  
(Company No.:752404-U)

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act, 1965 (the Act), we also report the following:

- a. In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b. We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 51 to the financial statements.
- c. We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d. The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 54 on page 266 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad (Bursa Malaysia) and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia. In our opinion, the supplementary information is prepared in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

**OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants

DATU' SERI AHMAD JOHAN BIN MOHAMMAD RASLAN  
(No. 1867/09/12 (J))  
Chartered Accountant

Kuala Lumpur  
20 September 2011

## FINANCIAL STATEMENTS

## STATEMENTS OF PROFIT OR LOSS

For the financial year ended 30 June 2011

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2011	2010 (restated)	2011	2010
<b>Revenue</b>	<b>4</b>	<b>41,858.8</b>	32,506.2	<b>1,995.6</b>	1,233.8
Operating expenses	<b>5</b>	<b>(37,359.5)</b>	(30,181.6)	<b>(34.5)</b>	(12.1)
Other operating income	<b>6</b>	<b>984.0</b>	820.9	<b>10.2</b>	0.2
<b>Operating profit</b>		<b>5,483.3</b>	3,145.5	<b>1,971.3</b>	1,221.9
Share of results of jointly controlled entities	<b>7(a)</b>	<b>34.0</b>	(265.2)	-	-
Share of results of associates	<b>8(a)</b>	<b>84.4</b>	95.8	-	-
Profit before interest and tax		<b>5,601.7</b>	2,976.1	<b>1,971.3</b>	1,221.9
Finance income	<b>9</b>	<b>155.3</b>	107.7	<b>157.3</b>	90.2
Finance costs	<b>10</b>	<b>(307.8)</b>	(265.2)	<b>(139.7)</b>	(115.7)
<b>Profit before tax</b>		<b>5,449.2</b>	2,818.6	<b>1,988.9</b>	1,196.4
Tax expense	<b>11</b>	<b>(1,602.7)</b>	(905.5)	<b>(3.8)</b>	(5.4)
<b>Profit from continuing operations</b>		<b>3,846.5</b>	1,913.1	<b>1,985.1</b>	1,191.0
Profit/(loss) from discontinuing operations	<b>32</b>	<b>1.4</b>	(1,058.3)	-	-
<b>Profit for the year</b>		<b>3,847.9</b>	854.8	<b>1,985.1</b>	1,191.0
Profit/(loss) for the year attributable to owners of:					
- the Company					
from continuing operations		<b>3,663.1</b>	1,785.1	<b>1,985.1</b>	1,191.0
from discontinuing operations		<b>1.4</b>	(1,058.3)	-	-
		<b>3,664.5</b>	726.8	<b>1,985.1</b>	1,191.0
- non-controlling interests		<b>183.4</b>	128.0	-	-
		<b>3,847.9</b>	854.8	<b>1,985.1</b>	1,191.0
		<b>Sen</b>	<b>Sen</b>		
Basic earnings/(loss) per share attributable to owners of the Company:	<b>12(a)</b>				
- from continuing operations		<b>60.96</b>	29.70		
- from discontinuing operations		<b>0.02</b>	(17.61)		
		<b>60.98</b>	12.09		

Comparatives are restated following the adoption of Amendments to FRS 116 – Property, Plant and Equipment, see Notes 1(c)(i) and 49(a).

# STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2011

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2011	2010	2011	2010
<b>Profit for the year</b>		<b>3,847.9</b>	854.8	<b>1,985.1</b>	1,191.0
<b>Other comprehensive income/(loss)</b>					
Currency translation differences:					
- subsidiaries		<b>539.3</b>	(297.2)	-	-
- jointly controlled entities		<b>7.2</b>	(17.1)	-	-
- associates		<b>5.8</b>	(7.7)	-	-
- transfer to profit or loss on liquidation of subsidiaries		<b>15.9</b>	-	-	-
Cash flow hedges:					
- net change in fair value		<b>(3.5)</b>	-	-	-
- transfer to profit or loss as adjustment to revenue		<b>1.0</b>	-	-	-
- transfer to inventories		<b>24.0</b>	-	-	-
Available-for-sale investments:					
- net change in fair value		<b>(20.3)</b>	-	-	-
- transfer to profit or loss on disposal		<b>(5.4)</b>	-	-	-
Actuarial gains on defined benefit pension plans		<b>14.5</b>	-	-	-
Share of other comprehensive income of:					
- jointly controlled entities		<b>0.5</b>	-	-	-
- associates		<b>10.7</b>	0.7	-	-
Tax expense relating to components of other comprehensive income		<b>(9.8)</b>	-	-	-
Other comprehensive income/(loss) from continuing operations		<b>579.9</b>	(321.3)	-	-
Other comprehensive income from discontinuing operations	<b>32</b>	<b>74.1</b>	-	-	-
	<b>14</b>	<b>654.0</b>	(321.3)	-	-
<b>Total comprehensive income for the year</b>		<b>4,501.9</b>	533.5	<b>1,985.1</b>	1,191.0
Total comprehensive income/(loss) for the year attributable to owners of:					
- the Company					
from continuing operations		<b>4,245.2</b>	1,471.7	<b>1,985.1</b>	1,191.0
from discontinuing operations		<b>75.5</b>	(1,058.3)	-	-
		<b>4,320.7</b>	413.4	<b>1,985.1</b>	1,191.0
- non-controlling interests		<b>181.2</b>	120.1	-	-
		<b>4,501.9</b>	533.5	<b>1,985.1</b>	1,191.0

## FINANCIAL STATEMENTS

## STATEMENTS OF FINANCIAL POSITION

As at 30 June 2011

Amounts in RM million unless otherwise stated

	Note	2011	Group 2010 (restated)	2009 (restated)	Company 2011	2010
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	15	12,656.1	12,245.7	10,730.7	-	-
Biological assets	16	2,429.7	2,417.5	2,323.3	-	-
Prepaid lease rentals	17	1,044.1	1,152.6	1,111.5	-	-
Investment properties	18	407.2	435.6	361.1	-	-
Land held for property development	19	893.7	674.1	605.2	-	-
Subsidiaries	20	-	-	-	12,938.5	10,622.6
Jointly controlled entities	7(b)	295.5	215.9	530.9	-	-
Associates	8(b)	685.8	625.5	607.1	-	-
Available-for-sale investments	21	125.5	155.1	220.0	-	-
Intangible assets	22	86.0	108.9	129.4	-	-
Deferred tax assets	23	632.2	613.7	576.0	-	0.2
Trade and other receivables	24	375.4	314.7	227.1	2,000.0	3,800.0
		<b>19,631.2</b>	18,959.3	17,422.3	<b>14,938.5</b>	14,422.8
<b>CURRENT ASSETS</b>						
Inventories	25	7,355.4	5,216.5	5,626.7	-	-
Property development costs	26	2,022.5	2,138.3	1,840.9	-	-
Trade and other receivables	24	4,930.1	3,940.8	4,335.6	1,217.1	0.3
Accrued billings and others	27	2,047.4	1,726.3	1,925.4	-	-
Tax recoverable		390.0	552.6	593.0	4.0	38.8
Derivatives	29	175.9	-	-	-	-
Cash held under Housing Development Accounts	30	616.4	542.1	327.5	-	-
Bank balances, deposits and cash	31	4,911.3	4,491.2	3,310.0	346.9	321.5
		<b>22,449.0</b>	18,607.8	17,959.1	<b>1,568.0</b>	360.6
<b>Non-current assets held for sale</b>	32	<b>786.0</b>	10.5	58.5	-	-
<b>TOTAL ASSETS</b>		<b>42,866.2</b>	37,577.6	35,439.9	<b>16,506.5</b>	14,783.4

## FINANCIAL STATEMENTS

	Note	2011	Group 2010 (restated)	2009 (restated)	Company 2011	2010
<b>EQUITY</b>						
Share capital	33	3,004.7	3,004.7	3,004.7	3,004.7	3,004.7
Share premium		100.6	100.6	100.6	100.6	100.6
Reserves	34	7,995.1	7,284.5	7,596.9	5,725.1	5,725.1
Retained profits		12,929.9	10,060.3	10,682.6	3,422.6	2,130.3
<b>ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>24,030.3</b>	20,450.1	21,384.8	<b>12,253.0</b>	10,960.7
Non-controlling interests		787.2	680.8	621.0	-	-
<b>TOTAL EQUITY</b>		<b>24,817.5</b>	21,130.9	22,005.8	<b>12,253.0</b>	10,960.7
<b>NON-CURRENT LIABILITIES</b>						
Borrowings	35	4,007.5	4,287.3	2,012.8	2,000.0	2,000.0
Provisions	36	69.0	51.2	57.9	-	-
Retirement benefits	37	93.4	113.1	112.5	-	-
Deferred income	38	173.5	159.7	155.0	-	-
Deferred tax liabilities	23	492.2	495.1	488.6	-	-
Derivatives	29	22.1	-	-	-	-
		<b>4,857.7</b>	5,106.4	2,826.8	<b>2,000.0</b>	2,000.0
<b>CURRENT LIABILITIES</b>						
Trade and other payables	39	8,572.8	6,716.2	6,314.9	1,053.5	22.7
Progress billings and others	40	74.7	407.2	30.8	-	-
Borrowings	35	3,054.9	3,302.3	3,594.2	1,200.0	1,800.0
Provisions	36	617.0	519.8	204.3	-	-
Deferred income	38	77.6	63.4	74.9	-	-
Tax payable		694.5	331.4	388.2	-	-
Derivatives	29	77.2	-	-	-	-
		<b>13,168.7</b>	11,340.3	10,607.3	<b>2,253.5</b>	1,822.7
<b>Liabilities associated with assets held for sale</b>	32	<b>22.3</b>	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>18,048.7</b>	16,446.7	13,434.1	<b>4,253.5</b>	3,822.7
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>42,866.2</b>	37,577.6	35,439.9	<b>16,506.5</b>	14,783.4
		<b>RM</b>	<b>RM</b>	<b>RM</b>		
Net assets per share attributable to owners of the Company	12(b)	<b>4.00</b>	3.40	3.56		

Comparatives are restated following the adoption of Amendments to FRS 117 – Leases, see Notes 1(c)(i) and 49(a). An additional statement of financial position as at the beginning of the earliest comparative period is presented in accordance with FRS 101 – Presentation of Financial Statements to reflect the effect of the restatement.

## FINANCIAL STATEMENTS

## STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2011

Amounts in RM million unless otherwise stated

Group 2011	Note	Share capital	Share premium	Reserves	Retained profits	Attributable to owners of the Company	Non- controlling interests	Total equity
At 1 July 2010		3,004.7	100.6	7,284.5	10,060.3	20,450.1	680.8	21,130.9
Effects of adopting FRS 139	49(b)	-	-	59.6	(139.1)	(79.5)	-	(79.5)
At 1 July 2010 (restated)		3,004.7	100.6	7,344.1	9,921.2	20,370.6	680.8	21,051.4
Profit for the year		-	-	-	3,664.5	3,664.5	183.4	3,847.9
Other comprehensive income for the year	14	-	-	643.9	12.3	656.2	(2.2)	654.0
Total comprehensive income for the year		-	-	643.9	3,676.8	4,320.7	181.2	4,501.9
Transfer between reserves		-	-	7.1	(7.1)	-	-	-
Transactions with owners:								
- disposal of non- wholly owned subsidiary	44(a)	-	-	-	-	-	(7.9)	(7.9)
- deregistration of a subsidiary		-	-	-	-	-	(0.8)	(0.8)
- dividends paid	13	-	-	-	(661.0)	(661.0)	(66.1)	(727.1)
At 30 June 2011		3,004.7	100.6	7,995.1	12,929.9	24,030.3	787.2	24,817.5
<b>2010</b>								
At 1 July 2009		3,004.7	100.6	7,596.9	10,682.6	21,384.8	621.0	22,005.8
Profit for the year		-	-	-	726.8	726.8	128.0	854.8
Other comprehensive income for the year	14	-	-	(313.4)	-	(313.4)	(7.9)	(321.3)
Total comprehensive income for the year		-	-	(313.4)	726.8	413.4	120.1	533.5
Transfer between reserves		-	-	9.0	(9.0)	-	-	-
Transactions with owners:								
- issue of shares in subsidiaries		-	-	-	-	-	27.7	27.7
- acquisition of additional interest from owners of non- controlling interests		-	-	(8.0)	-	(8.0)	(23.5)	(31.5)
- deregistration of a subsidiary		-	-	-	-	-	(0.2)	(0.2)
- dividends paid	13	-	-	-	(1,340.1)	(1,340.1)	(64.3)	(1,404.4)
At 30 June 2010		3,004.7	100.6	7,284.5	10,060.3	20,450.1	680.8	21,130.9

## FINANCIAL STATEMENTS

<b>Company 2011</b>	<b>Note</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Reserves</b>	<b>Retained profits</b>	<b>Total equity</b>
At 1 July 2010		<b>3,004.7</b>	<b>100.6</b>	<b>5,725.1</b>	<b>2,130.3</b>	<b>10,960.7</b>
Effects of adopting FRS 139	<b>49(b)</b>	-	-	-	<b>(31.8)</b>	<b>(31.8)</b>
At 1 July 2010 (restated)		<b>3,004.7</b>	<b>100.6</b>	<b>5,725.1</b>	<b>2,098.5</b>	<b>10,928.9</b>
Profit for the year		-	-	-	<b>1,985.1</b>	<b>1,985.1</b>
Transactions with owners:						
- dividends paid	<b>13</b>	-	-	-	<b>(661.0)</b>	<b>(661.0)</b>
At 30 June 2011		<b>3,004.7</b>	<b>100.6</b>	<b>5,725.1</b>	<b>3,422.6</b>	<b>12,253.0</b>
<b>2010</b>						
At 1 July 2009		3,004.7	100.6	5,725.1	2,279.4	11,109.8
Profit for the year		-	-	-	1,191.0	1,191.0
Transactions with owners:						
- dividends paid	<b>13</b>	-	-	-	(1,340.1)	(1,340.1)
At 30 June 2010		3,004.7	100.6	5,725.1	2,130.3	10,960.7

An analysis of the movements in each category within reserves is set out in Note 34 to the financial statements.



## FINANCIAL STATEMENTS

## STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2011

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2011	2010 (restated)	2011	2010
<b>Cash flow from operating activities</b>					
Profit from continuing operations		<b>3,846.5</b>	1,913.1	<b>1,985.1</b>	1,191.0
Adjustments for:					
- dividends from subsidiaries		-	-	<b>(1,995.6)</b>	(1,233.8)
- amortisation of prepaid lease rentals		<b>52.7</b>	50.3	-	-
- depreciation and amortisation		<b>1,013.0</b>	904.0	-	-
- share of results of jointly controlled entities and associates		<b>(118.4)</b>	169.4	-	-
- finance income		<b>(155.3)</b>	(107.7)	<b>(157.3)</b>	(90.2)
- finance costs		<b>307.8</b>	265.2	<b>139.7</b>	115.7
- tax expense		<b>1,602.7</b>	905.5	<b>3.8</b>	5.4
- other non-cash items [note (a)]		<b>205.7</b>	752.4	<b>(10.2)</b>	-
		<b>6,754.7</b>	4,852.2	<b>(34.5)</b>	(11.9)
Changes in working capital:					
- inventories and rental assets		<b>(2,028.2)</b>	(424.6)	-	-
- property development costs		<b>(217.5)</b>	(337.7)	-	-
- land held for property development		<b>(261.5)</b>	(18.1)	-	-
- trade receivables and others		<b>(971.9)</b>	(610.6)	<b>(16.3)</b>	1.6
- cash held under Housing Development Accounts		<b>(74.3)</b>	(214.6)	-	-
- trade payables and others		<b>1,551.3</b>	1,391.9	<b>18.4</b>	0.1
<b>Cash generated from/(used in) operations</b>		<b>4,752.6</b>	4,638.5	<b>(32.4)</b>	(10.2)
Tax (paid)/refund		<b>(1,154.8)</b>	(916.2)	<b>31.2</b>	(4.2)
Dividends received from:					
- subsidiaries		-	-	<b>1,995.6</b>	2,083.8
- jointly controlled entities		<b>0.5</b>	11.1	-	-
- associates		<b>43.7</b>	68.1	-	-
Income received from available-for-sale investments		<b>15.3</b>	48.4	-	-
Operating cash flow from continuing operations		<b>3,657.3</b>	3,849.9	<b>1,994.4</b>	2,069.4
Operating cash flow from discontinuing operations	<b>32</b>	<b>(264.4)</b>	(680.4)	-	-
<b>Net cash from operating activities</b>		<b>3,392.9</b>	3,169.5	<b>1,994.4</b>	2,069.4

## FINANCIAL STATEMENTS

	Note	Group		Company	
		2011	2010 (restated)	2011	2010
<b>Cash flow from investing activities</b>					
Finance income received		<b>138.1</b>	93.5	<b>140.1</b>	90.2
Proceeds from sale of property, plant and equipment		<b>77.8</b>	251.6	-	-
Proceeds from sale of prepaid lease rentals		<b>0.8</b>	14.8	-	-
Proceeds from sale of investment properties		<b>105.7</b>	43.6	-	-
Proceeds from sale of subsidiaries	<b>44(a)</b>	<b>1.9</b>	84.3	-	-
Proceeds from sale of an associate		<b>9.3</b>	41.9	-	134.7
Proceeds from sale of available-for-sale investments		<b>7.4</b>	0.2	-	-
Proceeds from liquidation of a subsidiary		-	-	<b>11.3</b>	-
Purchase of property, plant and equipment		<b>(1,643.8)</b>	(2,217.1)	-	-
Purchase of investment properties		<b>(1.9)</b>	(75.9)	-	-
Costs incurred on biological assets		<b>(84.3)</b>	(97.0)	-	-
Payment for prepaid lease rentals		<b>(21.5)</b>	(76.3)	-	-
Acquisition of subsidiaries and businesses	<b>43(a)</b>	<b>(49.5)</b>	(37.4)	-	-
Subscription of shares in a jointly controlled entity		<b>(12.1)</b>	(0.3)	-	-
Acquisition and subscription of shares in associates		<b>(40.9)</b>	(20.1)	-	-
Increase in amounts due from subsidiaries		-	-	<b>(1,717.4)</b>	(2,772.5)
Others		<b>2.2</b>	(6.0)	-	-
Investing cash flow from continuing operations		<b>(1,510.8)</b>	(2,000.2)	<b>(1,566.0)</b>	(2,547.6)
Investing cash flow from discontinuing operations	<b>32</b>	<b>(13.4)</b>	(368.2)	-	-
<b>Net cash used in investing activities</b>		<b>(1,524.2)</b>	(2,368.4)	<b>(1,566.0)</b>	(2,547.6)
<b>Cash flow from financing activities</b>					
Proceeds from shares issued to owners of non-controlling interests		-	27.7	-	-
Purchase of additional interest from owners of non-controlling interests		-	(31.5)	-	-
Capital repayment and distribution by a subsidiary to owners of non-controlling interests		<b>(0.8)</b>	(0.2)	-	-
Increase in amount due to a subsidiary		-	-	<b>999.5</b>	-
Finance costs paid		<b>(356.5)</b>	(265.7)	<b>(141.5)</b>	(110.2)
Long-term borrowings raised		<b>95.5</b>	3,101.1	-	2,000.0
Repayment of long-term borrowings		<b>(251.0)</b>	(1,651.7)	-	(1,000.0)
Revolving credits, trade facilities and other short-term borrowings (net)		<b>(235.0)</b>	732.4	<b>(600.0)</b>	949.5
Dividends paid		<b>(727.1)</b>	(1,404.4)	<b>(661.0)</b>	(1,340.1)
<b>Net cash (used in)/from financing activities</b>		<b>(1,474.9)</b>	507.7	<b>(403.0)</b>	499.2
Net increase in cash and cash equivalents		<b>393.8</b>	1,308.8	<b>25.4</b>	21.0
Foreign exchange differences		<b>65.7</b>	(132.8)	-	-
Cash and cash equivalents at beginning of the year		<b>4,440.7</b>	3,264.7	<b>321.5</b>	300.5
Cash and cash equivalents at end of the year [note (b)]		<b>4,900.2</b>	4,440.7	<b>346.9</b>	321.5

## FINANCIAL STATEMENTS

## STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2011 (continued)

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2011	2010 (restated)	2011	2010
<b>a. Other non-cash items:</b>					
Income from available-for-sale investments		(15.3)	(53.6)	-	-
Surplus on liquidation of a subsidiary		-	-	(9.8)	-
Impairment/(reversal of impairment):					
- property, plant and equipment		186.8	183.3	-	-
- biological assets		12.3	-	-	-
- prepaid lease rentals		(0.1)	(0.2)	-	-
- investment properties		2.2	2.6	-	-
- land held for property development		3.4	-	-	-
- available-for-sale investments		57.1	67.0	-	-
- intangible assets		11.4	25.9	-	-
- trade and other receivables		22.6	151.3	-	-
Write offs of :					
- property, plant and equipment		19.6	13.0	-	-
- biological assets		1.5	0.1	-	-
- project development expenses		-	101.8	-	-
Write-down of inventories (net)		104.2	89.0	-	-
Net gain on disposal of					
- property, plant and equipment		(35.4)	(74.5)	-	-
- prepaid lease rentals		-	(10.4)	-	-
- investment properties		(79.4)	(16.8)	-	-
- subsidiaries		(0.2)	(44.5)	-	-
- associates		(9.3)	(3.8)	-	-
- available-for-sale investments		(5.5)	-	-	-
Changes in fair value of derivatives		(19.8)	-	-	-
Unrealised foreign currency exchange (gain)/loss		(66.3)	23.1	(0.4)	-
Provision for performance guarantees and bonds		-	277.2	-	-
Others		15.9	21.9	-	-
		<b>205.7</b>	<b>752.4</b>	<b>(10.2)</b>	<b>-</b>
<b>b. Cash and cash equivalents at end of the year:</b>					
Bank balances, deposits and cash	31	4,911.3	4,491.2	346.9	321.5
Bank overdrafts	35	(11.1)	(50.5)	-	-
		<b>4,900.2</b>	<b>4,440.7</b>	<b>346.9</b>	<b>321.5</b>

Comparatives are restated following the adoption of Amendments to FRS 116 – Property, plant and equipment and Amendments to FRS 117 – Leases, see Notes 1(c)(i) and 49(a).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

Amounts in RM million unless otherwise stated

## 1. Basis of Preparation

### a. General

The Company is principally an investment holding company. The principal activities of the subsidiaries, jointly controlled entities and associates are as stated in Note 51.

The principal activities of the Group are divided into six businesses namely, Plantation, Property, Industrial, Motors, Energy & Utilities and Healthcare.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements of the Group and of the Company are prepared in accordance with the provisions of the Companies Act, 1965 and comply with the Financial Reporting Standards (FRS) issued by the Malaysian Accounting Standards Board (MASB). The financial statements have been prepared under the historical cost convention except as disclosed in the summary of principal accounting policies.

The financial statements are presented in Ringgit Malaysia in million (RM million) unless otherwise stated.

### b. Change in accounting policy

#### Accounting for Employee Benefit

With effect from current financial year, the Group recognises the actuarial gains and losses arising from its defined benefit pension plans in the period in which they occur instead of the limits of the 'corridor' approach where only a portion of the actuarial gains and losses is recognised to profit or loss. With the change in policy, the actuarial gains and losses are now recognised in other comprehensive income. This new policy provides a better reflection of the Group's financial position, as it recognises economic events in the period in which they occur. The comparatives are not restated as the impact amounting to RM10.4 million is not significant to the Group.

### c. Financial reporting standards adopted in preparing these financial statements

#### i. New, revised and amendments to standards and interpretations that have been adopted:

FRS 3	- Business Combinations
FRS 4	- Insurance Contracts
FRS 7	- Financial Instruments: Disclosures
FRS 101	- Presentation of Financial Statements
FRS 127	- Consolidated and Separate Financial Statements
FRS 139	- Financial Instruments: Recognition and Measurement
Amendments to FRS 7	- Financial Instruments: Disclosures
Amendments to FRS 107	- Statement of Cash Flows
Amendments to FRS 116	- Property, Plant and Equipment
Amendments to FRS 117	- Leases
Amendments to FRS 120	- Accounting for Government Grants and Disclosure of Government Assistance
Amendments to FRS 128	- Investments in Associates
Amendments to FRS 131	- Interests in Joint Ventures
Amendments to FRS 132	- Financial Instruments: Presentation
Amendments to FRS 138	- Intangible Assets
Amendments to FRS 139	- Financial Instruments: Recognition and Measurement
Amendments to FRS 140	- Investment Property
IC Interpretation 9	- Reassessment of Embedded Derivatives
IC Interpretation 12	- Service Concession Arrangements
IC Interpretation 13	- Customer Loyalty Programmes
IC Interpretation 16	- Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	- Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	- Reassessment of Embedded Derivatives

## FINANCIAL STATEMENTS

**1. Basis of Preparation (continued)****c. Financial reporting standards adopted in preparing these financial statements (continued)****i. New, revised and amendments to standards and interpretations that have been adopted: (continued)**

- FRS 3 requires all acquisition related costs to be recognised as expenses. Contingent considerations, at the acquisition date, are recognised and measured at fair value. Subsequent adjustments to the consideration are recognised against the cost of the acquisition only to the extent if new information about the fair value at the date of acquisition is obtained within 12 months from the acquisition date. Adjustments after the measurement period are generally recognised in profit or loss.

FRS 3 also allows the option to measure the non-controlling interest at fair value at the acquisition date or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The Group opted to measure the non-controlling interest at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, which is consistent with the existing policy.

In a business combination achieved in stages, FRS 3 requires the remeasurement of any equity interest held immediately before achieving control at its acquisition-date fair value and recognise the resulting difference in profit or loss.

FRS 3 is applied prospectively to business combinations for which the acquisition date is on or after 1 July 2010 in accordance with the transitional provisions. The adoption of FRS 3 has resulted in, among others, acquisition related costs incurred during the financial year of RM1.2 million being recognised as expenses.

- FRS 4 replaces FRS 202<sub>2004</sub> – General Insurance Business and FRS 203<sub>2004</sub> – Life Insurance Business. FRS 4 requires the unbundling and separate measurement of the deposit component bundled in an insurance contract, if certain conditions are met. This is because the deposit component is subject to financial risk, rather than insurance risk, hence should be included in the scope of FRS 139. In addition, this FRS requires extensive disclosures to allow the users of financial statements to understand the measurement bases adopted, the materiality of the reported amounts arising from insurance contracts and the factors that affect the uncertainty of amount and timing of the cash flows arising from insurance and reinsurance contracts. FRS 4 is applied prospectively from the date of adoption.
- FRS 7 replaces the disclosure part of FRS 132. FRS 7 requires disclosure of the significance of financial instruments on the entity's financial position and performance; and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the reporting date, and how the entity manages those risks. This includes specified minimum disclosures about credit risk, liquidity risk and market risk as well as sensitivity analysis to market risk.

The transitional provisions in FRS 7 exempt the presentation of comparative information for the new disclosures in the first year of adoption.

- FRS 101 affects the presentation of the components of the financial statements and does not change the recognition and measurement of specific transactions. The revised standard requires transactions with shareholders' in their capacity as owners to be separated from comprehensive income in the Statement of Changes in Equity. The Group presents separately the components of profit or loss in the Statement of Profit or Loss before aggregating with other comprehensive income in the Statement of Comprehensive Income.

FRS 101 also changes the terms "Balance Sheet" and "Cash Flow Statement" into "Statement of Financial Position" and "Statement of Cash Flows", respectively. Other changes include presentation of an additional Statement of Financial Position as at the beginning of the comparative period when there is retrospective application of an accounting policy, correction of an error, or reclassification of items in the financial statements. Additional disclosures required by FRS 101 include information that enables users to evaluate the Group's objectives, policies and processes for managing capital.

The Group and Company have applied FRS 101 retrospectively.

- FRS 127 requires the effects of all transactions with owners of non-controlling interests to be recorded in equity if there is no change in control. These transactions will not result in goodwill or gains and losses. Total comprehensive income is attributed to the owners of the parent and non-controlling interests even if this results in the non-controlling interests having a deficit balance. In accordance with the transitional provision, this change in accounting policy is applied prospectively. Past losses in excess of non-controlling interests which were absorbed by the Group up until 30 June 2010 will remain as such until the disposal of the subsidiary.

The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

## 1. Basis of Preparation (continued)

### c. Financial reporting standards adopted in preparing these financial statements (continued)

#### i. New, revised and amendments to standards and interpretations that have been adopted: (continued)

- FRS 139 establishes the 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 effects arising from the adoption of this standard has been accounted for by adjusting the opening balance as at 1 July 2010 and is disclosed in Note 49(b).
- Amendments to FRS 7 specifies the disclosure requirements of financial assets reclassified out of fair value through the profit or loss category.
- Amendments to FRS 107 requires cash payments to manufacture or acquire assets held for rental and their subsequent sale to be classified under cash flows from operating activities, and prohibits the classification of expenditure on unrecognised assets under cash flows from investing activities. Changes to comparatives following the retrospective application of Amendments to FRS 107 are disclosed in Note 49(a).
- Amendments to FRS 116 requires proceeds from sale of property, plant and equipment that are held for rental to be classified as revenue and to transfer the carrying amount of the asset to inventories when the asset becomes held for sale. Changes to comparatives following the retrospective application of Amendments to FRS 116 are disclosed in Note 49(a).
- Amendments to FRS 117 removes the requirement to classify leasehold land as operating leases resulting in certain land leases to be reclassified as finance lease. The Group has applied this change retrospectively with certain leasehold land reclassified to Property, Plant and Equipment and Investment Property. Changes to comparatives are disclosed in Note 49(a).
- Amendments to FRS 120 removed the exemption to impute interest on government loans at below market rate. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with FRS 139 and the proceeds received. The entity shall consider the conditions and obligations that have been, or must be, met when identifying the costs for which the benefit of the loan is intended to compensate. Amendments to FRS 120 is applied prospectively from the date of adoption.
- Amendments to FRS 128 clarifies that where an investment in associate is accounted for in accordance with FRS 139, only certain rather than all disclosure requirements in FRS 128 need to be made in addition to disclosures required by FRS 132 and FRS 7. The amendments also clarify that goodwill forms part of the carrying amount of an investment in an associate and is not separately identified for impairment testing and subsequent reversal. Amendments to FRS 128 is applied prospectively from the date of adoption.
- Amendments to FRS 131 clarifies that where an interest in joint venture is accounted for in accordance with FRS 139, only certain rather than all disclosure requirements in FRS 131 need to be made in addition to disclosures required by FRS 132 and FRS 7. Amendments to FRS 131 is applied prospectively from the date of adoption.
- Amendments to FRS 132 requires the classification of puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, as equity, provided the financial instruments have particular features and meet specific conditions.

It also requires entity that has availed itself of the transitional provision in FRS 132<sub>2004</sub> – Financial Instruments: Disclosure and Presentation to classify the compound financial instrument into its liability and equity elements when the entity applies FRS 139.

Amendments to FRS 132 also states that rights issues are classified as equity regardless of the currency in which the exercise price is denominated if certain conditions are met. Amendments to FRS 132 is applied prospectively from the date of adoption.

- Amendments to FRS 138 provides additional guidance in respect of intangible assets acquired in a business combination. Amendments to FRS 138 is applied prospectively from the date of adoption.
- Amendments to FRS 139 permits the reclassification of non-derivative financial assets out of the fair value through profit or loss category and from available-for-sale category to loans and receivables category in certain circumstances. It also provides further guidance on eligible hedge items in two aspect, identifying inflation as a hedged risk or portion of such hedged risk and hedging with options. The amendment also resulted in contracts for contingent consideration in a business combination in the acquirer's books being included within the scope of FRS 139. Amendments to FRS 139 is applied prospectively from the date of adoption.

## FINANCIAL STATEMENTS

**1. Basis of Preparation (continued)****c. Financial reporting standards adopted in preparing these financial statements (continued)**i. New, revised and amendments to standards and interpretations that have been adopted: (continued)

- Amendments to FRS 140 requires property that is under construction for future use in earning rentals and/or for capital appreciation to be classified as investment property, and provides guidance on measurement of such property if fair value model is applied. Amendments to FRS 140 is applied prospectively from the date of adoption.
- IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the Group first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. IC Interpretation 9 is applied prospectively on adoption of FRS 139.
- IC Interpretation 12 sets out the general principles on recognition and measurement of obligations and related rights in service concession arrangements. A financial asset is recognised if an entity has an unconditional contractual right to receive cash. An intangible asset is recognised if an entity received a right (license) to charge users for the public service. IC Interpretation 12 is applied retrospectively.
- IC Interpretation 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the revenue in respect of the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IC Interpretation 13 is applied retrospectively.
- IC Interpretation 16 provides guidance on net investment hedging, including which foreign currency risks qualify for hedge accounting and the amount that may be designated, where within the Group the hedging instrument may be held, and the amount which is reclassified to the profit or loss upon disposal of the hedged foreign operation. The requirements of FRS 121 apply to the hedged items. IC Interpretation 16 is applied prospectively from the date of adoption.
- IC Interpretation 17 clarifies that dividend payable in the form of non-cash assets should be measured at fair value of those assets at end of each reporting period until distributed. On distribution, the difference between the fair value of the assets and the carrying amount of the assets distributed will be taken to profit or loss. IC Interpretation 17 is applied prospectively from the date of adoption.
- Amendments to IC Interpretation 9 requires assessment on whether an embedded derivative is required to be separated from a host contract when a hybrid financial asset is reclassified out of the fair value through profit or loss category.

It also clarifies that embedded derivatives in contracts acquired in a combination of entities or businesses under common control is not within the scope of IC Interpretation 9. Amendments to IC Interpretation 9 is applied prospectively on adoption of FRS 139.

Except as disclosed, the adoption of the above did not result in any significant changes to the Group's and Company's results and financial position.

ii. Amendments to standards and new interpretations that will be effective for the annual period beginning on or after 1 January 2011 that have been early adopted:

Amendments to FRS 3	- Business Combinations
Amendments to FRS 7	- Financial Instruments: Disclosures
Amendments to FRS 101	- Presentation of Financial Statements
Amendments to FRS 121	- The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 128	- Investments in Associates
Amendments to FRS 131	- Interests in Joint Ventures
Amendments to FRS 132	- Financial Instruments: Presentation
Amendments to FRS 134	- Interim Financial Reporting
Amendments to FRS 139	- Financial Instruments: Recognition and Measurement
IC Interpretation 4	- Determining whether an Arrangement contains a Lease
IC Interpretation 18	- Transfers of Assets from Customers
Amendments to IC Interpretation 13	- Customer Loyalty Programmes

## 1. Basis of Preparation (continued)

### c. Financial reporting standards adopted in preparing these financial statements (continued)

#### ii. Amendments to standards and new interpretations that will be effective for the annual period beginning on or after 1 January 2011 that have been early adopted: (continued)

- Amendments to FRS 3 clarifies that all components of non-controlling interests which do not represent the present ownership and entitle the holders to a proportionate share of the entity's net assets in the event of liquidation shall be measured at their acquisition-date fair values. Amendments to FRS 3 is applied prospectively to business combinations for which the acquisition date is on or after 1 July 2010.
- Amendments to FRS 7 enhances the disclosure requirements on fair value measurement using three levels of fair value hierarchy and reinforces existing principles for disclosures about liquidity risk.

It also requires qualitative disclosures to be made in the context of quantitative disclosures to enable users to link related disclosures and form an overall picture of the nature and extent of risks arising from financial instruments.

Amendments to FRS 7 is applied prospectively from the date of adoption. Comparative information for the new disclosures in the first year of adoption is exempted.

- Amendments to FRS 101 clarifies that an entity may present the analysis of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements. Amendments to FRS 101 is applied retrospectively.
- Amendments to FRS 121 clarifies that consequential amendments to FRS 121 follow changes made to FRS 127. Amendments to FRS 121 is applied prospectively from the date of adoption.
- Amendments to FRS 128 clarifies that consequential amendments to FRS 128 follow changes made to FRS 127. Amendments to FRS 128 is applied prospectively from the date of adoption.
- Amendments to FRS 131 clarifies that consequential amendments to FRS 131 follow changes made to FRS 127. Amendments to FRS 131 is applied prospectively from the date of adoption.
- Amendments to FRS 132 clarifies that consequential amendments to FRS 132 which follow changes made to FRS 3 shall not apply to contingent consideration that arose from a business combination for which the acquisition date preceded the application of the revised FRS 3.
- Amendments to FRS 134 emphasises the need to disclose significant events and transactions in interim periods. Amendments to FRS 134 is applied prospectively from the date of adoption.
- Amendments to FRS 139 clarifies that consequential amendments to FRS 139 which follow changes made to FRS 3 shall not apply to contingent consideration that arose from a business combination for which the acquisition date preceded the application of the revised FRS 3.
- IC Interpretation 4 provides guidance for determining whether an arrangement, that does not take the legal form of a lease but conveys a right to use an asset in return for a payment or series of payments, is a lease that should be accounted for in accordance with FRS 117. IC Interpretation 4 is applied retrospectively.
- IC Interpretation 18 provides guidance where an entity receives from a customer an item of property, plant and equipment (or cash to acquire such an asset) that must be used to connect the customer to a network and provide the customer with ongoing access to goods or services. IC Interpretation 18 is applied prospectively to transfers of assets from customers received on or after 1 January 2011.
- Amendments to IC Interpretation 13 clarifies that the 'fair value' of award credits should take into account discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. Amendments to IC Interpretation 13 is applied retrospectively.

The adoption of the above did not result in any significant changes to the Group's and Company's results and financial position.

#### iii. New and amendments to interpretations that will be effective for the annual period beginning on or after 1 July 2011 that have been early adopted:

- |                                    |   |  |
|------------------------------------|---|--|
| IC Interpretation 19               | – | Extinguishing Financial Liabilities with Equity Instruments  |
| Amendments to IC Interpretation 14 | – | FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |



## FINANCIAL STATEMENTS

**1. Basis of Preparation (continued)****c. Financial reporting standards adopted in preparing these financial statements (continued)****iii. New and amendments to interpretations that will be effective for the annual period beginning on or after 1 July 2011 that have been early adopted:(continued)**

- IC Interpretation 19 provides guidance on the accounting for debt for equity swap transactions. IC Interpretation 19 is applied retrospectively.
- Amendments to IC Interpretation 14 applies in limited circumstances when an entity is subject to minimum funding requirement and makes an early payment of contribution to cover those requirements. The amendments permit the entity to treat the benefit of such early payment as an asset. Amendments to IC Interpretation 14 is applied retrospectively.

The adoption of the above did not result in any significant changes to the Group's and Company's results and financial position.

**d. Financial reporting standards that have yet to be adopted in preparing these financial statements****i. Revised standard and new interpretation that will be effective for the annual period beginning on or after 1 January 2012:**

FRS 124	- Related Party Disclosures
IC Interpretation 15	- Agreements for the Construction of Real Estate

- FRS 124 simplifies the definition of a related party and provides partial exemption from disclosures for government-related entities instead of full exemption. FRS 124 will be applied retrospectively upon adoption.
- IC Interpretation 15 replaces FRS 201 – Property Development Activities. This interpretation addresses the accounting for revenue and associated expenses by entities that undertake the construction of real estate. Percentage of completion method is used in revenue recognition if the buyer is able to specify the major structural elements of the design of the real estate while the Group merely provides construction services, or control and significant risks and rewards of ownership is transferred as work progresses. Otherwise, the completed contract method is to be used.

Currently, the Group adopts the percentage of completion method. The deliberations on IC Interpretation 15 are currently ongoing and as such the Group is not in a position to disclose the effect of the adoption of IC Interpretation 15.

**2. Summary of Principal Accounting Policies**

These principal accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial years presented, unless otherwise stated.

**a. Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

**i. Subsidiaries**

Subsidiaries are those enterprises in which the Group has a long-term equity interest and which are controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the acquisition method of accounting except for those subsidiaries acquired under common control. Under the acquisition method of accounting, the financial statements of subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date when control ceases. The consideration is measured as the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange. Contingent consideration is recorded at fair value as component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition related costs are recognised as expenses when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the date of acquisition and any corresponding gain or loss is recognised in the profit or loss.

## 2. Summary of Principal Accounting Policies (continued)

### a. Basis of consolidation (continued)

#### i. Subsidiaries (continued)

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair value, at the date of acquisition. The excess of the consideration and the fair value of previously held equity interests over the Group's share of the fair value of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. Any gain from bargain purchase is recognised directly in the profit or loss.

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

When control ceases, the disposal proceeds, if any, and the fair value of any retained investment are compared to the Group's share of its net assets as of that date. The difference together with the carrying amount of allocated goodwill and the cumulative amount of any exchange differences that relate to the subsidiary is recognised in the profit or loss as gain or loss on disposal of the subsidiary.

Non-controlling interests are presented on the statements of financial position and changes in equity separate from equity attributable to owners of the Company. Non-controlling interests in the results of the Group are presented in the statements of profit or loss and comprehensive income as an allocation of the total profit or loss and total comprehensive income for the financial year between owners of non-controlling interests and the Company.

Transactions with owners of non-controlling interests without a change in control are treated as transactions with equity owners of the Group. For purchases of additional interests from owners of non-controlling interests, the difference between the consideration paid and the non-controlling interests acquired is recorded in equity.

Similarly, in the case of partial disposal of interests to owners of non-controlling interests, the difference between the consideration received and the amount by which the non-controlling interest is adjusted is recognised in equity.

#### ii. Business combinations under common control

Business combinations under common control are accounted using the predecessor method of merger accounting. Under the predecessor method of merger accounting, the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to equity.

#### iii. Jointly controlled entities

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

Equity accounting involves recognising in the statements of profit or loss and comprehensive income, the Group's share of profits less losses and other comprehensive income of jointly controlled entities based on their latest audited financial statements or management accounts. Where necessary, adjustments are made to the results and net assets of jointly controlled entities to ensure consistency of accounting policies with those of the Group. The Group's investment in jointly controlled entities is recorded at cost inclusive of goodwill and adjusted thereafter for accumulated impairment loss and the post acquisition change in the Group's share of net assets of the jointly controlled entities.

## FINANCIAL STATEMENTS

**2. Summary of Principal Accounting Policies (continued)****a. Basis of consolidation (continued)****iii. Jointly controlled entities (continued)**

Equity accounting is discontinued when the Group's carrying amount of the interest in a jointly controlled entity reaches zero, or reaches the limit of the obligations in the case when the Group has incurred obligations or guaranteed obligations in respect of the jointly controlled entity.

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

When joint control ceases, the disposal proceeds, if any, and the fair value of any retained investment are compared to the carrying amount of the investment as of that date. The difference together with the cumulative amount of any exchange differences that relate to the jointly controlled entity is recognised in the profit or loss as gain or loss on disposal of the jointly controlled entity.

**iv. Associates**

Associates are entities in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are initially recorded at cost. The Group's investment in associates includes goodwill identified on acquisition net of any accumulated impairment loss. For the purpose of impairment, the entire carrying amount of each investment is tested as a single asset.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. Where necessary, adjustments are made to the results and net assets of associates to ensure consistency of accounting policies with those of the Group. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the assets transferred are recognised in the profit or loss.

When significant influence ceases, the disposal proceeds, if any, and the fair value of any retained investment are compared to the carrying amount of the investment as of that date. The difference together with the cumulative amount of any exchange differences that relate to the associate is recognised in the profit or loss as gain or loss on disposal of the associate.

**b. Foreign currencies****i. Functional currency**

Financial statements of subsidiaries, jointly controlled entities and associates are prepared using the currency of the primary economic environment in which the entity operates, i.e. the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional currency and the Group's presentation currency.

**ii. Transactions and balances**

Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising from settlement of such transactions and from the translation of foreign currency monetary items at year end exchange rates are recognised in the profit or loss.

## FINANCIAL STATEMENTS

**2. Summary of Principal Accounting Policies (continued)****b. Foreign currencies (continued)****iii. Translation of foreign currency financial statements**

For consolidation purposes, the results and financial position of all the group entities that have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows:

- income and expenses in the statements of profit or loss and comprehensive income are translated at average exchange rates for the financial year;
- assets and liabilities in the statement of financial position, including goodwill and fair value adjustments arising on the acquisition of a foreign entity are translated at exchange rates ruling at the end of the reporting period; and
- all resulting translation differences are recognised in other comprehensive income

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income.

The cumulative translation differences recorded in exchange reserves in respect of a foreign subsidiary, branch, jointly controlled entity or associate are recognised to profit or loss when control over the subsidiary or branch, joint control over the jointly controlled entity or significant influence over the associate is lost. In the case of partial disposal without losing control over a subsidiary with foreign operation, proportionate share of the cumulative amount of the exchange differences is re-attributed to non-controlling interests. For partial disposal of interest in a jointly controlled entity or investment in an associate without losing the joint control or significant influence, the proportionate share of the cumulative exchange differences recognised in other comprehensive income is reclassified from equity to profit or loss.

**iv. Principal exchange rates used**

	Year end rates		Average rates	
	2011	2010	2011	2010
	RM	RM	RM	RM
Australian dollar (AUD)	3.24	2.78	3.04	2.98
British pound	4.87	4.91	4.90	5.38
Chinese renminbi (RMB)	0.47	0.48	0.47	0.50
European Union euro	4.38	3.98	4.19	4.73
Hong Kong dollar	0.39	0.42	0.40	0.44
Indonesian rupiah (1,000)	0.35	0.36	0.35	0.36
Japanese yen (100)	3.75	3.68	3.71	3.71
New Zealand dollar	2.51	2.26	2.33	2.38
Qatar riyal	0.83	0.90	0.85	0.93
Singapore dollar	2.46	2.32	2.38	2.41
Thailand baht	0.10	0.10	0.10	0.10
United States dollar (USD)	3.02	3.26	3.09	3.39

**c. Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of 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 profit or loss during the financial year in which they are incurred.

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

Valuation adjustments on certain Malaysian plantation land and buildings were incorporated into the financial statements. In 1998, the Group applied the transitional provision in MASB Approved Accounting Standard IAS 16 – Property, Plant and Equipment, which allows the Group to continue carrying those land and buildings in

## FINANCIAL STATEMENTS

**2. Summary of Principal Accounting Policies (continued)****c. Property, plant and equipment (continued)**

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:

Leasehold land	over the lease period ranging from 10 to 999 years
Buildings	2% to 5%, or the lease term if shorter
Plant and machinery	4% to 20%
Rental assets	12.5% 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.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is recognised in the profit or loss.

**d. Biological assets**

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

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

**e. Prepaid lease rentals**

Prepaid lease rentals represent payment for rights to use land over a predetermined period that is accounted for as an operating lease and is stated at cost less amount amortised and accumulated impairment losses.

The prepaid lease rentals are amortised on a straight-line basis over the lease period ranging from 9 to 70 years.

**f. Investment properties**

Investment properties are land and buildings held for rental income and/or capital appreciation which are not substantially occupied or intended to be occupied for use by, or in the operations of the Group.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land and buildings under construction are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold land	over the lease period of 99 years
Buildings	2% to 5%, or the lease term if shorter

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

**g. Land held for property development**

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

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

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

## 2. Summary of Principal Accounting Policies (continued)

### h. Investments in subsidiaries

Investments in subsidiaries and intercompany loans which are treated as part of the parent's net investment are recorded at costs less accumulated impairment losses, if any, in the Company's financial statements.

### i. Intangible assets

#### i. Goodwill

Goodwill represents the excess of the consideration and the fair value of previously held interests over the Group's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition.

Goodwill on acquisition of subsidiaries is recognised as an intangible asset and is stated at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing. When control of a subsidiary ceases, the gain or loss on disposal includes the carrying amount of allocated goodwill.

Goodwill on acquisition of jointly controlled entities and associates is included as part of the cost of investments in jointly controlled entities and associates. Such goodwill is tested for impairment as part of the overall net investment in each jointly controlled entity and associate.

#### ii. Research and development costs

Research costs are charged to the profit or loss in the financial year in which the expenditure is incurred.

Internally generated development costs which fulfill certain commercial and technical feasibility criteria are capitalised. Subsequently such capitalised development costs are amortised from the commencement of commercial production of the product to which they relate on the straight-line basis over the period of the expected benefit, not exceeding a period of 5 years. Impairment testing is performed annually on development activities which have not entered commercial production. Development activity is also tested for impairment whenever indication of impairment exists.

#### iii. Trademarks, assets usage rights and customer relationships

Trademarks, assets usage rights and customer relationships are capitalised at cost. Trademarks, assets usage rights and customer relationships with a finite useful life are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line basis over their contractual periods or estimated useful lives.

The principal annual amortisation rates are:

Trademarks	5%
Assets usage rights	5%
Customer relationships	12.5%

Trademarks with indefinite useful life are not amortised but tested for impairment annually and whenever indication of impairment exists.

### j. Non-current assets held for sale

Non-current assets or groups of assets are classified as "held for sale" if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use, and when all the following criteria are met:

- a decision has been made to sell,
- the assets are available for sale immediately,
- the assets are being actively marketed at a price that is reasonable in relation to its current fair value, and
- a sale has been or is expected to be concluded within the next twelve months from the date of classification.

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

Depreciation ceases when an asset is classified as non-current assets held for sale. Non-current assets held for sale are stated at the lower of carrying amount and fair value less cost to sell.

## FINANCIAL STATEMENTS

**2. Summary of Principal Accounting Policies (continued)****k. Inventories**

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined on a weighted average basis except for the following:

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

The cost of raw materials, consumable stores, replacement parts and trading inventories represents cost of purchase plus incidental costs, and in the case of other inventories, includes design costs, cost of materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

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

**l. Property development costs**

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

At end of each reporting period, the cumulative revenue recognised and progress billings made for each development unit sold are compared. Where the revenue recognised exceeds the billings to the purchaser, the net amount is shown as accrued billings. Where the billings to the purchaser exceed revenue recognised, the net amount is shown as progress billings.

**m. Construction contracts**

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

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

At end of each reporting period, the cumulative costs incurred, profits or losses recognised and progress billings made for each contract work are compared. Where costs incurred and profits or losses recognised exceed progress billings, the net amount is shown as amount due from customers on construction contracts. Where progress billings exceed costs incurred and profits or losses recognised, the net amount is shown as amount due to customers on construction contracts.

**n. Financial assets**

The Group's financial assets are available-for-sale investments, derivatives with positive fair value, trade and other receivables, cash held under Housing Development Accounts and bank balances, deposits and cash. The Group has not classified any of its financial assets as held-to-maturity. These financial assets are classified into three categories in Note 47(a), and the accounting policies for each of these categories are as follows:

**i. Financial assets at fair value through profit or loss**

Financial assets are classified as fair value through profit or loss if they are held for trading. Derivatives are categorised as held for trading unless they are designated and are effective hedging instrument. The Group does not have any financial assets designated as fair value through profit or loss upon initial recognition.

These financial assets are measured at fair value and transaction costs are expensed in profit or loss. Any gain or loss arising from changes in fair value are recognised in profit or loss.

## 2. Summary of Principal Accounting Policies (continued)

### n. Financial assets (continued)

#### ii. Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. These financial assets are recorded at fair value plus transaction costs and thereafter, they are measured at amortised cost using the effective interest method less accumulated impairment losses.

#### iii. Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the two preceding categories. These financial assets are recorded initially at fair value plus transaction costs and thereafter, they are measured at fair value. Except for impairment, foreign exchange gains and losses on translation of monetary available-for-sale financial assets such as debt instruments, interest calculated using the effective interest method and dividends which are recognised in profit or loss, any gain or losses arising from changes in fair value are recognised in other comprehensive income. On derecognition, the cumulative gain or loss is reclassified from available-for-sale reserve to profit or loss. Decline in fair value that had been recognised in other comprehensive income is also reclassified from equity to profit or loss when there is objective evidence that the asset is impaired.

Financial assets are classified as current assets for those having maturity dates of less than 12 months after the reporting date, and the balance is classified as non-current. For available-for-sale financial assets, the classification is based on expected date of realisation of the assets.

Regular way purchase or sale of a financial asset is recognised on the settlement date ie. the date that an asset is delivered to or by the Group. A contract that requires or permits net settlement of the change in the value of the contract is not a regular way contract. Such contract is accounted for as a derivative in the period between the trade date and the settlement date.

### o. Derivatives

Derivatives are measured at fair value. A derivative that is neither designated nor an effective hedging instrument is categorised under fair value through profit or loss and changes in its fair value is recognised in profit or loss. In the case of a derivative that qualifies for cash flow hedge, the effective portion of changes in its fair value is recognised in other comprehensive income. The gain or loss is removed from equity and included in profit or loss in the same period or periods during which the hedged item affects profit or loss. In the case of a hedge of a forecast transaction which results in the recognition of a non-financial asset or a non-financial liability, the gain or loss is removed from equity and included in the carrying amount of the asset or liability.

The gain or loss is also removed from equity and included in profit or loss when a derivative expire, no longer meets the criteria for hedge accounting, or the forecasted transaction is no longer expected to occur.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivatives are classified as current asset or current liability for those having maturity dates of less than 12 months after the reporting period, and the balance is classified as non-current.

### p. Impairment

Goodwill and other intangible assets that have an indefinite useful life or not yet available for use are not subject to amortisation and are tested for impairment. Other non-financial assets are assessed for indication of impairment. If an indication exists, an impairment test is performed. In the case of financial assets, investment in subsidiaries, interest in jointly controlled entities and investment in associates, they are assessed for objective evidence of impairment.

This exercise is performed annually and whenever events or circumstances occur indicating that impairment may exist.

The recognition and measurement of impairment are as follows:

#### i. Non-financial assets

An impairment loss is recognised for the amount by which the carrying amount of the non-financial asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).



## FINANCIAL STATEMENTS

**2. Summary of Principal Accounting Policies (continued)****p. Impairment (continued)**

The recognition and measurement of impairment are as follows: (continued)

i. Non-financial assets (continued)

Impairment loss on a revalued asset is treated as revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the same asset. Impairment loss on non-financial assets stated at historical costs is charged to profit or loss.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

ii. Subsidiaries, jointly controlled entities and associates

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, jointly controlled entity or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal.

Any subsequent increase in recoverable amount is recognised in profit or loss.

iii. Loans and receivables

Loans and receivables are assessed individually and thereafter collectively for objective evidence of impairment. If evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. Reversal of impairment loss to profit or loss, if any, is restricted to not resulting in the carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised previously.

iv. Available-for-sale financial assets

Available-for-sale financial assets in a loss position for a prolonged period of time and adverse changes in technology, developments, market, economic or legal environment in which the issuer operates are objective evidence of impairment. Impairment loss together with the cumulative loss recognised in other comprehensive income, if any, is taken to profit or loss.

Reversal of impairment losses through profit or loss in subsequent period is only made if the financial asset is a debt instrument and the increase in fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

**q. Share capital**

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

Dividends to owners of the Company and non-controlling interests are recognised in the statement of changes in equity in the period in which they are paid or declared.

**r. Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, where it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

i. Warranties

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

## 2. Summary of Principal Accounting Policies (continued)

### r. Provisions (continued)

#### ii. Performance guarantees and bonds

Provisions for performance guarantees and bonds are recognised when crystallisation is probable. When crystallisation is possible, the performance guarantees and bonds are disclosed as contingent liabilities.

#### iii. Restructuring costs

Provisions are made for direct expenditure necessarily entailed by the restructuring when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

### s. Deferred income

Deferred income comprises the following:

- i. Maintenance income – is deferred and recognised by reference to the percentage of the estimated total costs for each of the maintenance contracts with customers to provide service and support for customers' machinery.
- ii. Advance annualised licence fees – are deferred and recognised on a fixed annualised amount on a straight-line basis over the term of the golf memberships.

### 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 services are rendered by employees.

#### ii. Defined contribution pension plans

A defined contribution pension plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

#### iii. Defined benefit pension plans

A defined benefit pension plan is a pension plan that is not a defined contribution pension plan. Typically defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group has various defined benefit pension plans, some of which are funded by payments from the relevant Group companies in various countries. The Group's defined benefit pension plans are determined based on a periodic actuarial valuation by external consultants where the amount of the benefits that eligible employees have earned in return for their services in the current and prior years are estimated.

The liabilities in respect of the defined benefit pension plans are the present values of the defined benefit obligations at the end of the reporting period, adjusted for actuarial gains and losses and past service costs, and reduced by the fair value of the plan assets. The defined benefit obligations, calculated using the Projected Unit Credit Method, are determined by independent actuaries, considering the estimated future cash outflows.

Actuarial gains or losses arise from market adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

#### iv. Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of a proposal to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

## FINANCIAL STATEMENTS

**2. Summary of Principal Accounting Policies (continued)****u. Financial liabilities**

The Group's financial liabilities are borrowings, derivatives with negative fair value, trade and other payables and financial guarantees. These financial liabilities are classified into three categories in Note 47(a), and the accounting policies for each of these categories are as follows:

i. Financial liabilities at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss if they are held for trading. Derivatives are categorised as held for trading unless they are designated and are effective hedging instruments. The Group does not have any financial liabilities designated as fair value through profit or loss upon initial recognition.

ii. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are recognised initially at fair value plus transaction costs and thereafter, at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amounts initially recognised less, where appropriate, cumulative amortisation recognised.

iii. Other financial liabilities

All other financial liabilities are recognised initially at fair value plus transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss. It is capitalised as part of the cost of an asset and ceases when the asset is substantially completed for its intended use or sale if the borrowing costs is directly attributable to the acquisition, construction or production of the asset.

Financial liabilities are classified as current liabilities for those having maturity dates of less than 12 months after the end of the reporting period, and the balance is classified as non-current.

**v. Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks, net of bank overdrafts and cash held under Housing Development Accounts.

**w. Revenue recognition**

Revenue from sale of goods and performance of services are recognised at the fair value of the consideration received or receivable upon delivery of goods or performance of services, net of discounts, allowances, indirect taxes and liquidated ascertained damages.

Revenue from property development is recognised by reference to the stage of completion of the development activity in respect of development units sold. Revenue from construction contracts is recognised on the percentage of completion method by reference to either the proportion of costs incurred to-date to the total estimated costs or the completion of a physical proportion of contract work to-date. Revenue for the Group is stated after eliminating sales within the Group.

Other revenue is recognised on the following basis:

- i. Interest income – recognised on an accrual basis, using the effective interest method
- ii. Dividend income – recognised when the right to receive payment is established.

**x. Operating leases**

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

**y. Tax**

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

## 2. Summary of Principal Accounting Policies (continued)

### y. Tax (continued)

The current income tax charge for the Company is the expected income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the end of the reporting period. The current income tax charge for the Group is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is recognised on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates (and laws) that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

### z. Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to management for the allocation of resources and assessment of its performance. These are affected predominantly by differences in the products and services provided. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group companies within a single segment. Gains on intragroup transactions which in substance represent reallocation of non-current assets from a segment to another segment are also eliminated. Inter-segment pricing is based on similar items as those available to other external parties.

### aa. Contingent liabilities

The Group does not recognise contingent liabilities, except for financial guarantee contracts, but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events whose crystallisation will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that is not recognised because it cannot be measured reliably.

### ab. Commodity future and forward contracts

Commodity contracts are entered into to manage exposure to adverse movements in vegetable oil prices. 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.

## FINANCIAL STATEMENTS

**3. Critical Accounting Estimates and Judgement in Applying Accounting Policies**

The consolidated financial statements are prepared in accordance with FRS issued by MASB. The summary of principal accounting policies as described in Note 2 are essential to understand the Group's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's accounting policies. Estimates and assumptions are based on the Directors' best knowledge of current events. Such estimates and judgement could change from period to period and have a material impact on the results, financial position, cash flows and other disclosures. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

**a. 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.

**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 2011 is shown in Note 25.

**c. Impairment of receivables**

Impairment is made for receivables that the management considers the recoverability to be doubtful. On a regular basis, the management reviews the receivables' ageing report and repayment history for any objective evidence of impairment.

In the event additional impairment is required on debtors not already individually impaired, the profit before tax of the Group will be adversely affected by RM18.8 million for every additional 1% of past due debts as shown in Note 24 becoming impaired.

**d. Impairment of non-financial assets**

The Group assesses whether there is any indication that non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

**e. Construction contracts and property development projects**

The Group recognises contract and property development revenue based on percentage of completion method. The stage of completion is measured by reference to either the costs incurred to-date to the estimated total cost or the completion of a physical proportion of work to-date. Significant judgement is required in determining:

- the completeness and accuracy of the bids and/or budgets,
- the extent of the costs incurred,
- the estimation of the variation works that are recoverable from customers,
- the additional overheads due to meeting customers' request, weather and other delays,
- the subcontractors performance issues, and
- the changes in availability and proximity of equipment and materials

The foregoing factors as well as the stage of completion of contracts in progress and the mix of contracts at different margins may cause fluctuation in gross profit between periods. Substantial changes in cost estimates, particularly in complex projects have had, and can in future periods have, a significant effect on the Group's profitability. In making the above judgement, the Group relies on past experience and work of specialists.

If the budget costs for the Group's offshore projects were to increase by 10%, the profit before tax for the Group will be reduced by RM204.7 million for the financial year.

### 3. Critical Accounting Estimates and Judgement in Applying Accounting Policies (continued)

#### f. 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 2011 is shown in Note 36.

#### g. Tax

##### i. Income taxes

The Group is subject to income tax in many jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters result in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provision in the period in which such determination is made.

The Group has recognised certain tax recoverable for which the Group believes that there is a reasonable basis for recognition. Where the final tax outcome of this matter is different from the amount that was initially recorded, such difference may cause a material adjustment to the carrying amount of the tax recoverable balance recorded in the period in which such determination is made.

##### ii. Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgement regarding the future financial performance of a particular entity in which the deferred tax asset has been recognised.

#### h. 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 sale of goods, performance of services, income from construction contracts and property development earned outside the Group, net of discounts, allowances and liquidated ascertained damages.

Revenue for the Company represents performance of services and income from investment in subsidiaries.

	Group		Company	
	2011	2010 (restated)	2011	2010
<b>Analysis of revenue</b>				
Sale of goods	<b>37,502.5</b>	28,912.1	-	-
Performance of services	<b>2,380.6</b>	1,833.3	-	-
Property development	<b>1,734.6</b>	1,594.7	-	-
Construction contracts	<b>241.1</b>	166.1	-	-
Income from investment in subsidiaries - unquoted	-	-	<b>1,995.6</b>	1,233.8
	<b>41,858.8</b>	32,506.2	<b>1,995.6</b>	1,233.8

## FINANCIAL STATEMENTS

## 5. Operating Expenses

	Group		Company	
	2011	2010 (restated)	2011	2010
Changes in inventories of finished goods and work in progress	<b>(540.7)</b>	471.8	-	-
Finished goods, work in progress and other direct overheads	<b>24,659.2</b>	16,118.7	-	-
Raw materials and consumables used	<b>5,371.2</b>	5,948.4	-	-
Employee benefits [note (a)]	<b>3,839.1</b>	3,299.2	<b>0.6</b>	1.0
Amortisation of prepaid lease rentals	<b>52.7</b>	50.3	-	-
Amortisation of intangible assets	<b>6.1</b>	6.7	-	-
Depreciation				
- property, plant and equipment [note (b)]	<b>955.8</b>	848.3	-	-
- biological assets	<b>38.6</b>	39.7	-	-
- investment properties	<b>12.5</b>	9.3	-	-
Property development costs	<b>1,178.0</b>	1,012.4	-	-
Construction contract costs	<b>180.0</b>	215.6	-	-
Replanting expenditure	<b>150.9</b>	160.6	-	-
Research expenditure [note (a)]	<b>110.9</b>	108.7	-	-
Provision for warranties and guarantees	<b>324.6</b>	731.0	-	-
Auditors' remuneration:				
Fees for statutory audits				
- PricewaterhouseCoopers Malaysia	<b>6.0</b>	6.1	<b>0.6</b>	0.6
- member firms of PricewaterhouseCoopers International Limited	<b>15.6</b>	12.8	-	-
- underprovision	-	1.6	-	-
- others	<b>0.6</b>	1.7	-	-
Fees for non-audit services				
- PricewaterhouseCoopers Malaysia	<b>3.4</b>	2.3	<b>0.6</b>	0.6
- member firms of PricewaterhouseCoopers International Limited	<b>2.9</b>	1.9	-	-
- others	<b>1.7</b>	2.0	-	-
Directors' remuneration [note (c)]	<b>5.2</b>	4.5	<b>3.7</b>	2.9
Hire of plant and machinery [note (d)]	<b>22.9</b>	23.7	-	-
Operating lease payments for land and buildings to				
- subsidiaries	-	-	<b>0.1</b>	0.1
- companies external to the Group	<b>222.7</b>	171.6	-	-
Foreign currencies exchange loss				
- realised	<b>79.3</b>	40.3	-	-
- unrealised	<b>49.0</b>	51.1	-	-
Fair value loss – foreign currency exchange contracts	<b>6.1</b>	-	-	-

## FINANCIAL STATEMENTS

**5. Operating Expenses (continued)**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010 (restated)</b>	<b>2011</b>	<b>2010</b>
Ineffective portion of cash flow hedges – foreign currency exchange contracts	<b>1.1</b>	-	-	-
Impairment of				
- property, plant and equipment	<b>191.6</b>	194.8	-	-
- biological assets	<b>12.3</b>	-	-	-
- investment properties	<b>2.6</b>	3.2	-	-
- land held for property development	<b>3.4</b>	-	-	-
- available-for-sale investments	<b>57.1</b>	69.2	-	-
- intangible assets	<b>11.4</b>	25.9	-	-
- trade and other receivables [note (e)]	<b>62.4</b>	202.7	-	-
Loss on disposal of				
- property, plant and equipment	<b>1.7</b>	0.6	-	-
- subsidiaries	-	0.2	-	-
Write offs				
- property, plant and equipment	<b>19.6</b>	13.0	-	-
- biological assets	<b>1.5</b>	0.1	-	-
- project development expenses	-	101.8	-	-
Other costs	<b>240.5</b>	229.8	<b>28.9</b>	6.9
	<b>37,359.5</b>	30,181.6	<b>34.5</b>	12.1
<b>a. Employee benefits</b>				
Employee benefits included in profit or loss	<b>3,839.1</b>	3,299.2	<b>0.6</b>	1.0
Employee benefits included in research expenditure	<b>37.9</b>	34.7	-	-
Employee benefits included in construction contracts [Note 28]	<b>55.5</b>	79.1	-	-
	<b>3,932.5</b>	3,413.0	<b>0.6</b>	1.0
Employee benefits include:				
Defined benefit pension plans [Note 37]	<b>26.0</b>	37.2	-	-
Defined contribution pension plans	<b>174.8</b>	158.8	-	-
Termination benefits	<b>4.0</b>	6.4	-	-
<b>b. Depreciation on property, plant and equipment</b>				
Depreciation included in profit or loss	<b>955.8</b>	848.3	-	-
Depreciation included in construction contracts [Note 28]	<b>24.0</b>	8.6	-	-
Depreciation in relation to discontinuing operations [Note 32]	<b>15.3</b>	12.4	-	-
	<b>995.1</b>	869.3	-	-



## FINANCIAL STATEMENTS

**5. Operating Expenses (continued)**

	Group		Company	
	2011	2010 (restated)	2011	2010
<b>c. Directors' remuneration</b>				
Non-executive Directors				
- fees	<b>5.0</b>	3.7	<b>3.5</b>	2.2
- other emoluments	<b>0.2</b>	0.8	<b>0.2</b>	0.7
	<b>5.2</b>	4.5	<b>3.7</b>	2.9
Executive Director (included in note (a) above)	<b>2.3</b>	1.4	-	-
	<b>7.5</b>	5.9	<b>3.7</b>	2.9

The estimated monetary value of benefits provided to Directors of the Company during the financial year by way of usage of the Group's and Company's assets and other benefits are as follows:

	Group		Company	
	2011	2010 (restated)	2011	2010
Non-executive Directors	<b>0.6</b>	0.7	<b>0.6</b>	0.7
Executive Director	-	0.1	-	-
	<b>0.6</b>	0.8	<b>0.6</b>	0.7

The remuneration paid to a past Director (included in note (a) above) from the date he ceased to be a Director up to the end of his contract on 26 November 2010 is as follows:

	Group		Company	
	2011	2010 (restated)	2011	2010
Former executive Director	<b>0.6</b>	0.3	-	-
<b>d. Hire of plant and machinery</b>				
Hire of plant and machinery included in profit or loss	<b>22.9</b>	23.7	-	-
Hire of plant and machinery included in construction contracts [Note 28]	<b>20.3</b>	38.5	-	-
	<b>43.2</b>	62.2	-	-
<b>e. Impairment of trade and other receivables</b>				
Impairment of				
- amounts due from jointly controlled entities	-	100.4	-	-
- other receivables	<b>62.4</b>	102.3	-	-
	<b>62.4</b>	202.7	-	-
Impairment in relation to discontinuing operations [Note 32]	-	6.4	-	-
	<b>62.4</b>	209.1	-	-

## FINANCIAL STATEMENTS

**6. Other Operating Income**

	Group		Company	
	2011	2010 (restated)	2011	2010
Commission, handling fees and incentives	<b>213.1</b>	155.7	-	-
Discounts received	<b>0.3</b>	16.7	-	-
Income from available-for-sale investments (gross)				
- quoted shares in Malaysia	<b>0.7</b>	0.7	-	-
- quoted shares outside Malaysia	-	0.2	-	-
- unquoted shares	<b>14.4</b>	52.5	-	-
- unquoted debentures	<b>0.2</b>	0.2	-	-
Foreign currencies exchange gain				
- realised	<b>54.0</b>	17.8	-	-
- unrealised	<b>115.3</b>	28.0	<b>0.4</b>	-
Fair value gains – foreign currency exchange contracts	<b>26.9</b>	-	-	-
Ineffective portion of cash flow hedges – foreign currency exchange contracts	<b>0.1</b>	-	-	-
Hire of plant and machinery	<b>7.0</b>	7.4	-	-
Rental income from land and buildings	<b>22.8</b>	30.6	-	-
Gain on disposal of				
- property, plant and equipment	<b>37.1</b>	75.1	-	-
- prepaid lease rentals	-	10.4	-	-
- investment properties	<b>79.4</b>	16.8	-	-
- subsidiaries	<b>0.2</b>	44.7	-	-
- associates	<b>9.3</b>	3.8	-	-
- available-for-sale investments	<b>5.5</b>	-	-	-
Reversal of impairment losses of				
- property, plant and equipment	<b>4.8</b>	11.5	-	-
- prepaid lease rentals	<b>0.1</b>	0.2	-	-
- investment properties	<b>0.4</b>	0.6	-	-
- available-for-sale investments	-	2.2	-	-
- trade and other receivables	<b>39.8</b>	51.4	-	-
Surplus on liquidation of a subsidiary	-	-	<b>9.8</b>	-
Sale of scrap	<b>62.6</b>	40.8	-	-
Forfeitures, recoveries and other miscellaneous income	<b>290.0</b>	253.6	-	0.2
	<b>984.0</b>	820.9	<b>10.2</b>	0.2

## FINANCIAL STATEMENTS

**7. Jointly Controlled Entities****a. Share of results of jointly controlled entities**

The Group's share of revenue and expenses and other comprehensive income of jointly controlled entities are as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Revenue	<b>1,817.6</b>	1,665.1
Expenses	<b>(1,758.9)</b>	(1,928.4)
Tax expense	<b>(24.7)</b>	(1.9)
Profit/(loss) after tax	<b>34.0</b>	(265.2)
Share of other comprehensive income [Note 14]	<b>0.5</b>	-
Currency translation differences [Note 14]	<b>7.2</b>	(17.1)

**b. Interest in jointly controlled entities**

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

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Non-current assets	<b>471.2</b>	401.1
Current assets	<b>655.8</b>	526.3
Non-current liabilities	<b>(224.1)</b>	(57.2)
Current liabilities	<b>(574.9)</b>	(626.3)
Non-controlling interests	<b>(32.5)</b>	(28.0)
Carrying amount at end of year	<b>295.5</b>	215.9

During the financial year, Guangzhou Keylink Chemicals Co Ltd and Weifang Wei Gang Shipyard Co Ltd with carrying amounts of RM19.3 million were reclassified from associates to jointly controlled entities.

Jointly controlled entity disposed during the financial year is shown in Note 44. The Group's interest in the jointly controlled entities as at 30 June 2011, their respective principal activities and countries of incorporation are shown in Note 51.

## FINANCIAL STATEMENTS

**8. Associates****a. Share of results of associates**

The financial information of equity accounted associates is as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Associates' results		
Revenue	<b>5,594.2</b>	4,964.4
Net profit for the year	<b>235.7</b>	211.9
<hr/>		
Associates' financial position		
Total assets	<b>7,405.9</b>	7,048.9
Total liabilities	<b>(5,078.3)</b>	(4,834.7)
Net assets	<b>2,327.6</b>	2,214.2

Share of results and other comprehensive income of associates are as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Share of results of associates before impairment	<b>88.2</b>	79.0
Impairment losses	<b>(3.8)</b>	(0.2)
Reversal of impairment losses	<b>-</b>	17.0
	<b>84.4</b>	95.8
<hr/>		
Effects of adopting FRS 139 [Note 49(b)]	<b>15.8</b>	-
Share of other comprehensive income of associates [Note 14]	<b>10.7</b>	0.7
Currency translation differences [Note 14]	<b>5.8</b>	(7.7)

**b. Investment in associates**

The Group's investment in associates is as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Unquoted shares at cost	<b>681.7</b>	684.8
Share of post acquisition reserves	<b>169.1</b>	110.0
Unrealised profit on transactions with associates	<b>(158.6)</b>	(166.7)
Impairment losses	<b>(6.4)</b>	(2.6)
	<b>685.8</b>	625.5

During the financial year, Guangzhou Keylink Chemicals Co Ltd and Weifang Wei Gang Shipyard Co Ltd with carrying amounts of RM19.3 million were reclassified from associates to jointly controlled entities.

Associates acquired and disposed during the financial year are shown in Notes 43 and 44, respectively. The Group's equity interest in the associates as at 30 June 2011, their respective principal activities and countries of incorporation are shown in Note 51.

## FINANCIAL STATEMENTS

**9. Finance Income**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Interest income from				
- subsidiaries	-	-	<b>139.7</b>	90.0
- banks and other financial institutions	<b>113.7</b>	79.2	<b>0.9</b>	0.2
- financial guarantees in respect of credit facilities granted to				
certain subsidiaries	-	-	<b>16.7</b>	-
others	<b>0.5</b>	-	-	-
- others	<b>22.8</b>	10.5	-	-
	<b>137.0</b>	89.7	<b>157.3</b>	90.2
Accretion of discount [Note 24(a) and (d)]	<b>18.3</b>	18.0	-	-
	<b>155.3</b>	107.7	<b>157.3</b>	90.2

**10. Finance Costs**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Finance costs charged by banks and other financial institutions	<b>351.8</b>	283.5	<b>139.7</b>	115.7
Net changes in fair value of interest rate swap contracts	<b>(29.8)</b>	-	-	-
	<b>322.0</b>	283.5	<b>139.7</b>	115.7
Interest capitalised in property development costs [Note 26]	<b>(14.2)</b>	(18.3)	-	-
	<b>307.8</b>	265.2	<b>139.7</b>	115.7

## FINANCIAL STATEMENTS

## 11. Tax Expense

	Group		Company	
	2011	2010	2011	2010
<b>Continuing operations:</b>				
Income tax:				
In respect of current year				
- Malaysian income tax	<b>789.0</b>	481.9	<b>15.6</b>	5.5
- foreign income tax	<b>765.6</b>	514.6	-	-
In respect of prior years				
- Malaysian income tax	<b>6.2</b>	(57.1)	<b>(12.0)</b>	(0.1)
- foreign income tax	<b>110.0</b>	(28.1)	-	-
Total income tax	<b>1,670.8</b>	911.3	<b>3.6</b>	5.4
Deferred tax:				
- origination and reversal of temporary differences	<b>(46.7)</b>	(14.7)	<b>0.2</b>	-
- under provision in prior years	<b>10.4</b>	36.6	-	-
- effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	<b>(33.0)</b>	(27.7)	-	-
- changes in tax legislation and tax rate	<b>1.2</b>	-	-	-
Total deferred tax expense [Note 23]	<b>(68.1)</b>	(5.8)	<b>0.2</b>	-
Total tax expense	<b>1,602.7</b>	905.5	<b>3.8</b>	5.4
<b>Discontinuing operations:</b>				
Income tax:				
Malaysian income tax				
- in respect of current year	<b>1.4</b>	33.7	-	-
- in respect of prior years	<b>(22.3)</b>	0.2	-	-
Total income tax	<b>(20.9)</b>	33.9	-	-
Deferred tax:				
- origination and reversal of temporary differences	<b>14.8</b>	2.9	-	-
- under/(over) provision in prior years	<b>65.0</b>	(55.6)	-	-
Total deferred tax expense [Note 23]	<b>79.8</b>	(52.7)	-	-
Total tax expense [Note 32]	<b>58.9</b>	(18.8)	-	-

## FINANCIAL STATEMENTS

**11. Tax Expense (continued)****Tax reconciliation**

Reconciliation from tax at applicable tax rate to tax expense of continuing operations is as follows:

	Group		Company	
	2011	2010	2011	2010
Profit before tax	<b>5,449.2</b>	2,818.6	<b>1,988.9</b>	1,196.4
Less: Share of results of jointly controlled entities	<b>(34.0)</b>	265.2	-	-
Share of results of associates	<b>(84.4)</b>	(95.8)	-	-
	<b>5,330.8</b>	2,988.0	<b>1,988.9</b>	1,196.4
Applicable tax	<b>1,314.7</b>	771.9	<b>497.2</b>	299.1
Withholding tax on foreign income	<b>3.5</b>	9.3	-	-
Effects of tax incentives and income not subject to tax				
- tax exempt dividends from subsidiaries	-	-	<b>(483.3)</b>	(302.4)
- others	<b>(80.9)</b>	(63.3)	<b>(2.5)</b>	-
Effects of expenses not deductible for tax purposes				
- impairment losses and project development expenses	<b>60.5</b>	100.3	-	-
- others	<b>182.7</b>	107.9	<b>4.4</b>	8.8
Deferred tax assets not recognised in respect of current year's tax losses	<b>27.4</b>	55.7	-	-
Under/(over) provision in prior years	<b>126.6</b>	(48.6)	<b>(12.0)</b>	(0.1)
Effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	<b>(33.0)</b>	(27.7)	-	-
Changes in tax rate	<b>1.2</b>	-	-	-
Tax expense for the year	<b>1,602.7</b>	905.5	<b>3.8</b>	5.4
Applicable tax rate (%)	<b>24.7</b>	25.8	<b>25.0</b>	25.0
Effective tax rate (%)	<b>30.1</b>	30.3	<b>0.2</b>	0.5

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

The applicable tax rate of the Group has decreased from 25.8% to 24.7% mainly due to higher proportion of income contributed by subsidiaries which are subjected to lower statutory income tax rate.

## FINANCIAL STATEMENTS

**12. Basic Earnings and Net Assets Per Share****a. Basic earnings per share**

Basic earnings per share is computed as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Profit/(loss) for the year attributable to owners of the Company		
- from continuing operations	<b>3,663.1</b>	1,785.1
- from discontinuing operations	<b>1.4</b>	(1,058.3)
	<b>3,664.5</b>	726.8
Weighted average number of ordinary shares in issue (million)	<b>6,009.5</b>	6,009.5
Basic earnings/(loss) per share (sen)		
- from continuing operations	<b>60.96</b>	29.70
- from discontinuing operations	<b>0.02</b>	(17.61)
	<b>60.98</b>	12.09

Diluted earnings per share is not applicable for the Group as there are no potential dilutive ordinary shares.

**b. Net assets per share**

Net assets per share is calculated by dividing the Group's net assets attributable to owners of the Company of RM24,030.3 million (2010: RM20,450.1 million) by the 6,009.5 million (2010: 6,009.5 million) number of ordinary shares of the Company in issue at year end.

**13. Dividends**

	<b>Group/Company</b>	
	<b>2011</b>	<b>2010</b>
Final single tier dividend of 3.0 sen per share (2010: 15.3 sen per share) for the year ended 30 June 2010 paid on 15 December 2010	<b>180.3</b>	919.4
Interim single tier dividend of 8.0 sen per share (2010: 7.0 sen per share) for the year ended 30 June 2011 paid on 11 May 2011	<b>480.7</b>	420.7
	<b>661.0</b>	1,340.1

At the forthcoming Annual General Meeting, a final single tier dividend of 22.0 sen per share which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act 1967 for the financial year ended 30 June 2011 amounting to a net payout of RM1,322.1 million will be proposed for shareholders' approval. The financial statements do not reflect this dividend which will be recognised in the financial year ending 30 June 2012 when approved by shareholders.



## FINANCIAL STATEMENTS

**14. Other Comprehensive Income/(Loss)**

Other comprehensive income/(loss) and the tax effects are analysed as follows:

<b>Group 2011</b>	<b>Capital reserve</b>	<b>Hedging reserve</b>	<b>Available- for-sale reserve</b>
Currency translation differences:			
- subsidiaries	-	-	-
- jointly controlled entities	-	-	-
- associates	-	-	-
- transfer to profit or loss on liquidation of subsidiaries	-	-	-
Cash flow hedges:			
- net change in fair value	-	<b>(3.5)</b>	-
- transfer to profit or loss as adjustment to revenue	-	<b>1.0</b>	-
- transfer to inventories	-	<b>24.0</b>	-
Available-for-sale investments:			
- net change in fair value	-	-	<b>(20.3)</b>
- transfer to profit or loss on disposal	-	-	<b>(5.4)</b>
Actuarial gains on defined benefit pension plans	-	-	-
Share of other comprehensive income of:			
- jointly controlled entities	<b>0.3</b>	<b>0.2</b>	-
- associates	<b>5.5</b>	-	<b>5.2</b>
Tax expense relating to components of other comprehensive income	-	<b>(7.1)</b>	<b>(0.5)</b>
Continuing operations	<b>5.8</b>	<b>14.6</b>	<b>(21.0)</b>
Discontinuing operations [Note 32]	-	<b>74.1</b>	-
	<b>5.8</b>	<b>88.7</b>	<b>(21.0)</b>
<b>2010</b>			
Currency translation differences:			
- subsidiaries	-	-	-
- jointly controlled entities	-	-	-
- associates	-	-	-
Share of other comprehensive income of an associate	0.7	-	-
	0.7	-	-

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Exchange reserve	Retained profits	Non-controlling interests	Total	Tax effects	Net of tax
541.5	-	(2.2)	539.3	-	539.3
7.2	-	-	7.2	-	7.2
5.8	-	-	5.8	-	5.8
15.9	-	-	15.9	-	15.9
-	-	-	(3.5)	(7.1)	(10.6)
-	-	-	1.0	-	1.0
-	-	-	24.0	-	24.0
-	-	-	(20.3)	(0.5)	(20.8)
-	-	-	(5.4)	-	(5.4)
-	14.5	-	14.5	(2.2)	12.3
-	-	-	0.5	-	0.5
-	-	-	10.7	-	10.7
-	(2.2)	-	(9.8)		
<b>570.4</b>	<b>12.3</b>	<b>(2.2)</b>	<b>579.9</b>	<b>(9.8)</b>	<b>579.9</b>
-	-	-	74.1	-	74.1
<b>570.4</b>	<b>12.3</b>	<b>(2.2)</b>	<b>654.0</b>	<b>(9.8)</b>	<b>654.0</b>
(289.3)	-	(7.9)	(297.2)	-	(297.2)
(17.1)	-	-	(17.1)	-	(17.1)
(7.7)	-	-	(7.7)	-	(7.7)
-	-	-	0.7	-	0.7
(314.1)	-	(7.9)	(321.3)	-	(321.3)

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**15. Property, Plant and Equipment**

<b>Group 2011</b>	<b>Freehold land</b>	<b>Long leasehold land</b>
At 1 July	<b>2,650.4</b>	-
Effects of adopting Amendments to FRS 117 [Note 49(a)]	-	<b>1,104.7</b>
At 1 July (restated)	<b>2,650.4</b>	<b>1,104.7</b>
Acquisition of subsidiaries [Note 43(a)]	<b>5.1</b>	-
Disposal of subsidiaries [Note 44(a)]	-	-
Additions	<b>53.9</b>	<b>20.0</b>
Disposals	<b>(18.5)</b>	<b>(0.2)</b>
Write offs	-	-
Impairment losses	<b>(2.0)</b>	<b>(0.4)</b>
Reversal of impairment losses	-	-
Transfer to investment properties [Note 18]	<b>(18.8)</b>	<b>(32.6)</b>
Transfer from/(to) land held for property development [Note 19]	<b>71.6</b>	<b>(12.9)</b>
Transfer to inventories	-	-
Transfer from property development costs [Note 26]	<b>8.4</b>	-
Transfer to non-current assets held for sale [Note 32]	<b>(0.5)</b>	<b>(2.1)</b>
Reclassification	<b>9.9</b>	<b>(34.3)</b>
Depreciation	-	<b>(9.3)</b>
Exchange differences	<b>16.7</b>	<b>17.9</b>
At 30 June	<b>2,776.2</b>	<b>1,050.8</b>
Cost	<b>2,782.1</b>	<b>1,283.9</b>
Accumulated depreciation	-	<b>(232.7)</b>
Accumulated impairment losses	<b>(5.9)</b>	<b>(0.4)</b>
Carrying amount at end of year	<b>2,776.2</b>	<b>1,050.8</b>
<b>2010</b>		
At 1 July	2,566.5	-
Effects of adopting Amendments to FRS 117 [Note 49(a)]	-	1,048.7
At 1 July (restated)	2,566.5	1,048.7
Acquisition of subsidiaries	4.1	-
Disposal of subsidiaries	-	-
Additions	97.5	81.6
Disposals	(11.7)	(29.8)
Write offs	-	-
Impairment losses	-	-
Reversal of impairment losses	-	-
Transfer (to)/from inventories	-	-
Transfer to non-current assets held for sale [Note 32]	-	-
Reclassification	1.9	-
Depreciation	-	(10.2)
Exchange differences	(7.9)	14.4
At 30 June	2,650.4	1,104.7
Cost	2,654.3	1,353.3
Accumulated depreciation	-	(248.6)
Accumulated impairment losses	(3.9)	-
Carrying amount at end of year	2,650.4	1,104.7

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Short leasehold land	Buildings	Plant and machinery	Rental assets	Vehicles, equipment and fixtures	Capital work in progress	Total
-	2,875.4	1,910.3	1,071.3	824.3	1,441.0	10,772.7
368.3	-	-	-	-	-	1,473.0
368.3	2,875.4	1,910.3	1,071.3	824.3	1,441.0	12,245.7
-	9.0	-	-	8.8	-	22.9
-	-	-	-	-	(7.8)	(7.8)
0.3	202.4	199.7	692.3	304.5	908.1	2,381.2
-	(0.1)	(1.4)	-	(11.1)	(1.5)	(32.8)
-	(7.5)	(5.6)	-	(2.3)	(4.2)	(19.6)
(0.3)	(72.3)	(95.2)	-	(18.1)	(3.3)	(191.6)
-	2.3	1.9	-	0.6	-	4.8
-	(28.8)	-	-	-	-	(80.2)
-	-	-	-	-	-	58.7
-	-	-	(379.6)	-	-	(379.6)
-	91.4	-	-	-	-	99.8
(205.0)	(248.2)	(186.5)	-	(4.5)	(5.7)	(652.5)
34.3	312.1	255.5	3.2	67.0	(647.7)	-
(11.7)	(169.1)	(292.5)	(274.8)	(237.7)	-	(995.1)
7.0	75.3	13.0	76.1	14.9	(18.7)	202.2
192.9	3,041.9	1,799.2	1,188.5	946.4	1,660.2	12,656.1
272.0	4,404.7	4,381.2	1,653.8	2,272.5	1,775.8	18,826.0
(78.8)	(1,255.1)	(2,378.7)	(465.3)	(1,304.6)	-	(5,715.2)
(0.3)	(107.7)	(203.3)	-	(21.5)	(115.6)	(454.7)
192.9	3,041.9	1,799.2	1,188.5	946.4	1,660.2	12,656.1
-	2,456.0	1,691.7	938.9	758.0	1,028.5	9,439.6
242.4	-	-	-	-	-	1,291.1
242.4	2,456.0	1,691.7	938.9	758.0	1,028.5	10,730.7
-	1.9	2.3	-	1.4	-	9.7
-	(0.7)	(1.2)	-	(0.1)	-	(2.0)
165.8	264.6	366.7	626.5	443.3	1,151.4	3,197.4
-	(1.1)	(7.7)	(100.9)	(7.1)	-	(158.3)
-	(1.6)	(7.7)	-	(3.0)	(0.7)	(13.0)
-	(15.4)	(73.7)	-	(1.1)	(104.6)	(194.8)
-	11.3	-	-	0.2	-	11.5
-	-	-	(242.8)	1.3	-	(241.5)
-	-	(2.4)	-	-	-	(2.4)
-	385.7	209.7	101.8	(147.0)	(552.1)	-
(11.7)	(149.3)	(261.0)	(228.7)	(208.4)	-	(869.3)
(28.2)	(76.0)	(6.4)	(23.5)	(13.2)	(81.5)	(222.3)
368.3	2,875.4	1,910.3	1,071.3	824.3	1,441.0	12,245.7
472.6	4,102.9	4,165.4	1,439.4	1,986.6	1,553.5	17,728.0
(104.3)	(1,188.6)	(2,144.8)	(368.1)	(1,158.3)	-	(5,212.7)
-	(38.9)	(110.3)	-	(4.0)	(112.5)	(269.6)
368.3	2,875.4	1,910.3	1,071.3	824.3	1,441.0	12,245.7

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**15. Property, Plant and Equipment (continued)**

During the financial year, the Group carried out a review of the recoverable amount of its property, plant and equipment. The review led to the recognition of an impairment of RM191.6 million arising from assets that were used mainly in the Group's Plantation segment, particularly its biodiesel and biogenic assets. The biodiesel and biogenic assets are not operating at their optimum level due to high feedstock prices which affect their operating margins. The recoverable amount of the relevant assets was determined on the basis of their value in use.

Certain plantation land and buildings are stated at valuation. The valuations carried out in 1978 by professional firms of surveyors and valuers 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.

Property, plant and equipment with a total carrying amount of RM116.2 million (2010: NIL) were pledged as security for borrowings [Note 35].

**16. Biological Assets**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
At 1 July	<b>2,417.5</b>	2,323.3
Additions	<b>84.3</b>	97.0
Disposals	<b>(1.5)</b>	(0.5)
Write offs	<b>(1.5)</b>	(0.1)
Impairment	<b>(12.3)</b>	-
Transfer from inventories	<b>-</b>	6.9
Depreciation	<b>(38.6)</b>	(39.7)
Exchange differences	<b>(18.2)</b>	30.6
At 30 June	<b>2,429.7</b>	2,417.5

Biological assets represent plantation development expenditure for oil palm, rubber trees and other crops. Produce which were unsold as at the end of the reporting period are shown as produce stocks under inventories.

**17. Prepaid Lease Rentals**

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

<b>Group 2011</b>	<b>Long leasehold land</b>	<b>Short leasehold land</b>	<b>Total</b>
At 1 July	<b>1,124.9</b>	<b>1,586.1</b>	<b>2,711.0</b>
Effects of adopting Amendments to FRS 117 [Note 49(a)]	<b>(1,121.6)</b>	<b>(391.8)</b>	<b>(1,513.4)</b>
At 1 July (restated)	<b>3.3</b>	<b>1,194.3</b>	<b>1,197.6</b>
Additions	<b>1.5</b>	<b>20.0</b>	<b>21.5</b>
Reversal of impairment losses	<b>-</b>	<b>0.1</b>	<b>0.1</b>
Transfer to non-current assets held for sale [Note 32]	<b>-</b>	<b>(1.0)</b>	<b>(1.0)</b>
Amortisation	<b>(0.2)</b>	<b>(52.5)</b>	<b>(52.7)</b>
Exchange differences	<b>(0.6)</b>	<b>(77.0)</b>	<b>(77.6)</b>
At 30 June	<b>4.0</b>	<b>1,083.9</b>	<b>1,087.9</b>

## FINANCIAL STATEMENTS

**17. Prepaid Lease Rentals (continued)**

The prepaid lease rentals are payments for rights in respect of the following: (continued)

<b>Group 2010</b>	<b>Long leasehold land</b>	<b>Short leasehold land</b>	<b>Total</b>
At 1 July	1,126.7	1,361.7	2,488.4
Effects of adopting Amendments to FRS 117 [Note 49(a)]	(1,067.7)	(268.1)	(1,335.8)
At 1 July (restated)	59.0	1,093.6	1,152.6
Additions	-	76.3	76.3
Disposals	(4.4)	-	(4.4)
Reversal of impairment losses	-	0.2	0.2
Reclassification	(35.2)	35.2	-
Amortisation	(1.0)	(49.3)	(50.3)
Exchange differences	(15.1)	38.3	23.2
At 30 June	3.3	1,194.3	1,197.6

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

	<b>2011</b>	<b>Group 2010 (restated)</b>
<b>Non-Current</b>		
Later than 1 year	<b>1,044.1</b>	1,152.6
<b>Current</b>		
Not later than 1 year, included in accrued billings and others under current assets [Note 27]	<b>43.8</b>	45.0
	<b>1,087.9</b>	1,197.6

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**18. Investment Properties**

<b>Group 2011</b>	<b>Freehold land</b>	<b>Long leasehold land</b>	<b>Short leasehold land</b>	<b>Buildings</b>	<b>Total</b>
At 1 July	83.4	-	-	311.8	395.2
Effects of adopting Amendments to FRS 117 [Note 49(a)]	-	16.9	23.5	-	40.4
At 1 July (restated)	83.4	16.9	23.5	311.8	435.6
Additions	-	0.3	-	1.6	1.9
Disposals	(11.8)	-	-	(3.1)	(14.9)
Impairment losses	-	-	-	(2.6)	(2.6)
Reversal of impairment losses	0.1	-	-	0.3	0.4
Transfer from property, plant and equipment [Note 15]	18.8	32.6	-	28.8	80.2
Transfer to land held for property development [Note 19]	(35.0)	-	-	(36.8)	(71.8)
Transfer to inventories	-	-	-	(2.5)	(2.5)
Transfer to non-current assets held for sale [Note 32]	(15.5)	-	-	(2.0)	(17.5)
Depreciation	-	(1.2)	(0.5)	(10.8)	(12.5)
Exchange differences	1.1	-	1.3	8.5	10.9
At 30 June	41.1	48.6	24.3	293.2	407.2
Cost	48.5	57.3	34.3	410.0	550.1
Accumulated depreciation	-	(8.7)	(10.0)	(89.9)	(108.6)
Accumulated impairment losses	(7.4)	-	-	(26.9)	(34.3)
Carrying amount at end of year	41.1	48.6	24.3	293.2	407.2
<b>2010</b>					
At 1 July	133.1	-	-	183.3	316.4
Effects of adopting Amendments to FRS 117 [Note 49(a)]	-	19.0	25.7	-	44.7
At 1 July (restated)	133.1	19.0	25.7	183.3	361.1
Additions	-	-	-	76.9	76.9
Disposals	(4.5)	(1.5)	-	(15.3)	(21.3)
Impairment losses	-	-	-	(3.2)	(3.2)
Reversal of impairment losses	-	-	-	0.6	0.6
Transfer to land held for property development [Note 19]	(42.9)	-	-	-	(42.9)
Transfer from property development costs [Note 26]	-	-	-	91.1	91.1
Transfer to non-current assets held for sale [Note 32]	(1.5)	-	-	(3.4)	(4.9)
Depreciation	-	(0.6)	(0.5)	(8.2)	(9.3)
Exchange differences	(0.8)	-	(1.7)	(10.0)	(12.5)
At 30 June	83.4	16.9	23.5	311.8	435.6
Cost	98.7	20.5	32.6	405.1	556.9
Accumulated depreciation	-	(3.6)	(9.1)	(70.5)	(83.2)
Accumulated impairment losses	(15.3)	-	-	(22.8)	(38.1)
Carrying amount at end of year	83.4	16.9	23.5	311.8	435.6

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**18. Investment Properties (continued)**

The fair value of investment properties as at 30 June 2011 was RM883.0 million (2010: RM509.1 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 RM134.9 million (2010: RM89.2million) was pledged as security for borrowings as at 30 June 2011 [Note 35].

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

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Rental income	<b>61.7</b>	48.0
Direct operating expenses incurred on		
- income generating properties	<b>(11.4)</b>	(19.8)
- non-income generating properties	<b>-</b>	(0.3)
	<hr/>	<hr/>

**19. Land Held for Property Development**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
At 1 July	<b>674.1</b>	605.2
Disposal	<b>(3.6)</b>	(7.6)
Impairment losses	<b>(3.4)</b>	-
Transfer to property, plant and equipment [Note 15]	<b>(58.7)</b>	-
Transfer from investment properties [Note 18]	<b>71.8</b>	42.9
Transfer from/(to) property development costs [Note 26]	<b>7.7</b>	(51.5)
Incidental costs incurred	<b>205.7</b>	85.1
Exchange differences	<b>0.1</b>	-
At 30 June	<b>893.7</b>	674.1
	<hr/>	<hr/>

**20. Subsidiaries**

	<b>Company</b>	
	<b>2011</b>	<b>2010</b>
Unquoted shares at cost	<b>1,247.5</b>	1,722.9
Amounts due from subsidiaries – non-interest bearing	<b>11,691.0</b>	8,899.7
	<b>12,938.5</b>	10,622.6
	<hr/>	<hr/>

The amounts due from subsidiaries are unsecured and are not expected to be recalled.

During the financial year ended 30 June 2011, under an internal restructuring exercise undertaken within the Group, the Company acquired a subsidiary for RM33.7 million and transferred a number of subsidiaries for RM507.6 million.

The Group's equity interest in the subsidiaries, their respective principal activities and countries of incorporation are shown in Note 51.



## FINANCIAL STATEMENTS

**21. Available-for-sale investments**

Group 2011	Quoted shares		Unquoted shares		Unquoted debenture	Total
	In Malaysia	Outside Malaysia	In Malaysia	Outside Malaysia		
At 1 July	21.1	18.6	110.6	2.6	2.2	155.1
Effects of adopting FRS 139 [Note 49(b)]	5.4	-	46.4	-	0.3	52.1
At 1 July (restated)	26.5	18.6	157.0	2.6	2.5	207.2
Disposals	(7.3)	-	-	-	-	(7.3)
Impairment	-	-	(54.7)	(2.4)	-	(57.1)
Net changes in fair value	6.1	1.5	(30.4)	-	2.5	(20.3)
Exchange differences	-	3.2	-	(0.2)	-	3.0
At 30 June	25.3	23.3	71.9	-	5.0	125.5
<b>2010</b>						
At 1 July	19.4	19.6	171.9	6.9	2.2	220.0
Additions	-	3.1	-	-	-	3.1
Disposals	-	-	(0.1)	-	-	(0.1)
Impairment	(0.5)	(3.6)	(61.2)	(3.9)	-	(69.2)
Reversal of impairment	2.2	-	-	-	-	2.2
Exchange differences	-	(0.5)	-	(0.4)	-	(0.9)
At 30 June	21.1	18.6	110.6	2.6	2.2	155.1

The unquoted debenture carries a coupon rate of 3.75% and will mature on 31 December 2020.

During the financial year ended 30 June 2011, the Group recognised impairment losses of RM57.1 million as there were significant and prolonged decline in fair value of these available-for-sale investments below their carrying values. Circumstances that contributed to the decline in fair value of the Group's investments in unquoted shares include high raw material prices and weaker US dollar, which have adversely affected the investees' profitability.

## FINANCIAL STATEMENTS

## 22. Intangible Assets

Group 2011	Acquired				Internally generated		
	Goodwill	Trade- marks	Assets usage rights	Customer relation- ships	Total	Develop- ment costs	Total
At 1 July	35.3	63.3	4.0	-	102.6	6.3	108.9
Acquisition of subsidiaries [Note 43(a)]	22.9	-	-	7.1	30.0	-	30.0
Additions	-	0.7	-	-	0.7	-	0.7
Adjustment to purchase consideration	(1.4)	-	-	-	(1.4)	-	(1.4)
Impairment losses	(7.3)	(1.0)	-	-	(8.3)	(3.1)	(11.4)
Transfer to non-current assets held for sale [Note 32]	-	(34.9)	-	-	(34.9)	-	(34.9)
Amortisation	-	(4.2)	(0.3)	-	(4.5)	(1.6)	(6.1)
Exchange differences	0.8	(0.9)	-	0.3	0.2	-	0.2
At 30 June	50.3	23.0	3.7	7.4	84.4	1.6	86.0
Cost	61.3	57.4	5.5	7.4	131.6	14.2	145.8
Accumulated amortisation	-	(33.4)	(1.8)	-	(35.2)	(6.6)	(41.8)
Accumulated impairment losses	(11.0)	(1.0)	-	-	(12.0)	(6.0)	(18.0)
Carrying amount at end of year	50.3	23.0	3.7	7.4	84.4	1.6	86.0
<b>2010</b>							
At 1 July	49.1	68.2	2.3	-	119.6	9.8	129.4
Acquisition of subsidiaries	13.8	-	-	-	13.8	-	13.8
Additions	-	1.0	1.9	-	2.9	-	2.9
Adjustment to purchase consideration	(1.1)	-	-	-	(1.1)	-	(1.1)
Impairment losses	(25.9)	-	-	-	(25.9)	-	(25.9)
Amortisation	-	(3.1)	(0.2)	-	(3.3)	(3.4)	(6.7)
Exchange differences	(0.6)	(2.8)	-	-	(3.4)	(0.1)	(3.5)
At 30 June	35.3	63.3	4.0	-	102.6	6.3	108.9
Cost	73.7	92.1	5.5	-	171.3	14.2	185.5
Accumulated amortisation	-	(28.8)	(1.5)	-	(30.3)	(5.3)	(35.6)
Accumulated impairment losses	(38.4)	-	-	-	(38.4)	(2.6)	(41.0)
Carrying amount at end of year	35.3	63.3	4.0	-	102.6	6.3	108.9

Trademarks with carrying amount of RM0.4 million (2010: 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.

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to business segment and the country of operations. The amount of goodwill initially recognised is dependent upon the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

The Group tests goodwill and intangible assets for impairment by assessing the underlying cash-generating units. Based on this, an impairment loss of RM11.4 million (2010: RM25.9 million) was provided on intangible assets in profit or loss.

## FINANCIAL STATEMENTS

**22. Intangible Assets (continued)**

A reporting segment level summary of goodwill and intangible assets with indefinite useful life is as follows:

Group 2011	Plantation		Industrial		Motors		Energy & Utilities		Others		Total
Goodwill	3.2		22.8		20.1		4.2		-		50.3
Trademarks	-		0.4		-		-		-		0.4
	<b>3.2</b>		<b>23.2</b>		<b>20.1</b>		<b>4.2</b>		<b>-</b>		<b>50.7</b>
<b>2010</b>											
Goodwill	7.9		-		23.4		4.0		-		35.3
Trademarks	-		0.4		-		-		34.9		35.3
	7.9		0.4		23.4		4.0		34.9		70.6

The recoverable amount of the CGU was based on its value in use calculations using projected cash flow projections from financial budgets approved by management covering a five year period. The discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate the cash flows beyond the five-year period are as follows:

	Plantation		Industrial		Motors		Energy & Utilities		Others	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	%	%	%	%	%	%	%	%	%	%
Discount rates	10	10 - 13	12	12	10 - 12	8 - 13	9	9	-	10
Forecasted growth rates	6	6 - 19	-	-	3	1 - 2	-	-	-	15

The management believes that there are no reasonably possible changes in any of the key assumptions used that would cause the carrying amount of the CGUs to materially exceed the recoverable amounts.

**23. Deferred Tax**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2011	2010	2011	2010
Deferred tax assets	632.2	613.7	-	0.2
Deferred tax liabilities	(492.2)	(495.1)	-	-
	<b>140.0</b>	<b>118.6</b>	<b>-</b>	<b>0.2</b>
Tax losses for which the tax effects have not been recognised in the financial statements	<b>835.6</b>	<b>944.3</b>	<b>-</b>	<b>-</b>

## FINANCIAL STATEMENTS

**23. Deferred Tax (continued)**

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

<b>Group 2011</b>	<b>Property, plant and equipment</b>	<b>Prepaid lease rentals</b>	<b>Property develop- ment</b>	<b>Impairment and provisions</b>	<b>Tax losses and unabsorbed capital allowances</b>	<b>Others</b>	<b>Total</b>
At 1 July	(336.4)	(257.3)	224.3	315.4	130.9	41.7	118.6
Effects of adopting FRS 139 [Note 49(b)]	-	-	-	-	-	7.3	7.3
At 1 July (restated)	(336.4)	(257.3)	224.3	315.4	130.9	49.0	125.9
Credited/(charged) to profit or loss							
- origination and reversal of temporary differences	(63.3)	10.3	3.9	78.6	(23.0)	25.4	31.9
- (under)/over provision in prior year	(16.6)	1.1	(2.2)	(74.6)	14.3	2.6	(75.4)
- effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	(2.1)	-	-	6.7	20.4	8.0	33.0
- changes in tax rate	0.3	-	-	(0.6)	(0.9)	-	(1.2)
Charged to other comprehensive income [Note 14]	-	-	-	(2.2)	-	(7.6)	(9.8)
Transfer to non-current assets held for sale [Note 32]	-	-	-	-	-	(0.4)	(0.4)
Exchange differences	11.7	14.2	-	14.7	(17.2)	12.6	36.0
At 30 June	(406.4)	(231.7)	226.0	338.0	124.5	89.6	140.0
<b>2010</b>							
At 1 July	(318.5)	(259.6)	236.7	223.6	146.6	58.6	87.4
Disposal of subsidiaries	0.1	-	-	(0.1)	-	-	-
Credited/(charged) to profit or loss							
- origination and reversal of temporary differences	(56.8)	-	(12.4)	100.0	(19.3)	0.3	11.8
- over/(under) provision in prior year	30.7	12.8	-	14.2	(24.0)	(14.7)	19.0
- effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	0.4	(1.0)	-	0.3	28.0	-	27.7
Exchange differences	7.7	(9.5)	-	(22.6)	(0.4)	(2.5)	(27.3)
At 30 June	(336.4)	(257.3)	224.3	315.4	130.9	41.7	118.6

## FINANCIAL STATEMENTS

**23. Deferred Tax (continued)**

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 RM335.2 million (2010: RM308.4 million) would be payable.

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

	<b>Company</b>	
	<b>2011</b>	<b>2010</b>
At 1 July	<b>0.2</b>	0.2
Charged to profit or loss		
- origination and reversal of temporary differences	<b>(0.2)</b>	-
At 30 June	<b>-</b>	0.2

The deferred tax assets in the prior year arose from temporary differences in provisions.

**24. Trade and Other Receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Non-Current</b>				
Trade receivables [note (a)]	<b>84.2</b>	80.1	-	-
Amount due from a subsidiary [note (b)]	<b>-</b>	-	<b>2,000.0</b>	3,800.0
Advances for plasma plantation projects [note (c)]	<b>66.2</b>	62.7	-	-
Redeemable loan stocks [note (d)]	<b>217.1</b>	202.9	-	-
Other receivable [note (e)]	<b>35.7</b>	-	-	-
	<b>403.2</b>	345.7	<b>2,000.0</b>	3,800.0
Accumulated impairment losses				
- advances for plasma plantation projects	<b>(27.8)</b>	(31.0)	-	-
	<b>375.4</b>	314.7	<b>2,000.0</b>	3,800.0
<b>Current</b>				
Trade receivables [note (a)]	<b>4,064.1</b>	3,290.8	-	-
Amount due from a subsidiary [note (b)]	<b>-</b>	-	<b>1,200.0</b>	-
Amounts due from jointly controlled entities	<b>109.0</b>	103.6	-	-
Amounts due from associates	<b>67.9</b>	61.9	-	-
Other receivables [note (e)]	<b>1,025.5</b>	817.9	<b>17.1</b>	0.3
Deposits	<b>116.4</b>	115.8	-	-
	<b>5,382.9</b>	4,390.0	<b>1,217.1</b>	0.3
Accumulated impairment losses				
- trade receivables	<b>(229.2)</b>	(245.6)	-	-
- amounts due from jointly controlled entities	<b>(98.5)</b>	(94.7)	-	-
- other receivables	<b>(125.1)</b>	(108.9)	-	-
	<b>4,930.1</b>	3,940.8	<b>1,217.1</b>	0.3
Total trade and other receivables	<b>5,305.5</b>	4,255.5	<b>3,217.1</b>	3,800.3

## FINANCIAL STATEMENTS

**24. Trade and Other Receivables (continued)****a. Trade receivables****Non-current**

The trade receivables include outstanding net present value of land sales made under deferred payment terms. The discount rate used was 5% (2010: 5% - 6.25%) per annum. The contracted price and the notional interest are as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Outstanding contracted value		
- a jointly controlled entity	<b>102.7</b>	102.7
Discount on inception	<b>(24.2)</b>	(24.2)
Accretion		
At 1 July	<b>1.6</b>	6.8
Accretion during the year [Note 9]	<b>4.1</b>	4.7
Offset against discount	<b>-</b>	(9.9)
At 30 June	<b>5.7</b>	1.6
Carrying amount at end of year, due later than 1 year	<b>84.2</b>	80.1

**Current**

The credit terms of trade receivables range from 7 to 275 days (2010: 7 to 180 days).

**b. Amount due from a subsidiary**

The amount due from the subsidiary classified as non-current bears interest at rates ranging between 3.09% to 4.75% (2010: 2.70% to 4.75%) per annum, is unsecured and not expected to be recalled within the next twelve months. The balance which is classified as current is repayable on demand.

**c. Advances for plasma plantation projects**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
At 1 July	<b>62.7</b>	57.8
Additions	<b>8.4</b>	9.5
Recovered on handover	<b>(3.6)</b>	(6.5)
Exchange differences	<b>(1.3)</b>	1.9
At 30 June	<b>66.2</b>	62.7

In Indonesia, oil palm plantation owners/operators are required to participate in selected programmes to develop plantations for smallholders (herein referred to as plasma farmers). The Group is involved in "Perusahaan Inti Rakyat Transmigrasi" and "Kredit Koperasi Primer untuk Anggotanya" which require the Group to serve as a contractor for developing the plantations, train and develop the skills of the plasma farmers, and purchase the fresh fruit bunches harvested by the plasma farmers at prices determined by the Indonesian Government.

The advances made by the Group in the form of plasma plantation development costs are recoverable from the plasma farmers upon the completion and handover of the plasma plantation projects to plasma farmers. These advances are recoverable from plasma farmers or through bank loans obtained by plasma farmers. Impairment losses are made when the estimated amount recoverable is less than the outstanding advances.

## FINANCIAL STATEMENTS

**24. Trade and Other Receivables (continued)****d. Redeemable loan stocks (unsecured)**

On 23 July 2007, the Group disposed Guthrie Corridor Expressway Sdn Bhd (now known as Prolintas Expressway Sdn Bhd) (GCESB) to a subsidiary of Permodalan Nasional Berhad. In accordance with the Sale and Purchase of Shares Agreement, the settlement of the intercompany balance due from GCESB would be partially by cash and the balance through issuance of RM500 million non-transferable zero coupon Redeemable Loan Stocks (RLS) of GCESB.

On inception, the RLS was discounted to take into account the time value of money. The discount rate used was 7% per annum. The present value of the RLS is as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Nominal value	<b>500.0</b>	500.0
Discount on inception	<b>(334.0)</b>	(334.0)
Accretion		
At 1 July	<b>36.9</b>	23.6
Accretion during the year [Note 9]	<b>14.2</b>	13.3
At 30 June	<b>51.1</b>	36.9
Carrying amount at end of year	<b>217.1</b>	202.9

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

	<b>Redemption date</b>	<b>Amount</b>
1st tranche	1 July 2022	256.0
2nd tranche	1 July 2023	50.0
3rd tranche	1 July 2024	50.0
4th tranche	1 July 2025	50.0
5th tranche	1 July 2026	50.0
6th tranche	1 July 2027	44.0
		<u>500.0</u>

**e. Other receivables**

The other receivables include amount due from a local authority in China under a construction agreement totalling RM77.4 million, of which RM41.7 million is expected to be repaid within the next 12 months. The amount bears interest at 3.2% per annum.

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**24. Trade and Other Receivables (continued)****f. Aging analysis of trade and other receivables**

Individual debtors are categorised into impaired and not impaired as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Not impaired				
- not past due	<b>3,317.4</b>	2,689.0	<b>3,217.1</b>	3,800.3
- past due by				
1 to 30 days	<b>975.9</b>	609.4	-	-
31 to 60 days	<b>323.7</b>	188.9	-	-
61 to 90 days	<b>169.0</b>	119.9	-	-
91 to 180 days	<b>174.5</b>	93.1	-	-
more than 181 days	<b>241.6</b>	344.6	-	-
Impaired	<b>584.0</b>	690.8	-	-
Gross trade and other receivables	<b>5,786.1</b>	4,735.7	<b>3,217.1</b>	3,800.3

The trade and other receivables that are neither past due nor individually impaired are creditworthy debtors with good payment records with the Group. More than 57.3% (2010: 56.7%) of the Group's gross trade and other receivables arise from this group of customers.

Receivables that are past due but not individually impaired relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of individually impaired receivables is as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Not past due	<b>59.2</b>	1.2
Past due by		
1 to 30 days	<b>46.8</b>	129.6
31 to 60 days	<b>4.4</b>	32.0
61 to 90 days	<b>7.0</b>	23.8
91 to 180 days	<b>32.7</b>	39.8
more than 181 days	<b>433.9</b>	464.4
	<b>584.0</b>	690.8

The trade and other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties and have defaulted on payments.



## FINANCIAL STATEMENTS

**24. Trade and Other Receivables (continued)****f. Aging analysis of trade and other receivables (continued)**

The Group's credit risk management objectives, policy and the exposure are described in Note 47(c)(iii).

Movement of impairment losses is as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
At 1 July	<b>480.2</b>	391.0
Effects of adopting FRS 139 [Note 49(b)]	<b>12.0</b>	–
At 1 July (restated)	<b>492.2</b>	391.0
Write offs	<b>(21.1)</b>	(51.2)
Impairment losses	<b>62.4</b>	209.1
Reversal of impairment losses	<b>(39.8)</b>	(51.4)
Transfer to non-current assets held for sale	<b>(10.0)</b>	–
Exchange differences	<b>(3.1)</b>	(17.3)
At 30 June	<b>480.6</b>	480.2
Impairment arising from:		
- individual assessment	<b>456.8</b>	442.4
- collective assessment	<b>23.8</b>	37.8
Carrying amount at end of year	<b>480.6</b>	480.2

**25. Inventories**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Produce stocks	<b>147.0</b>	82.0
Raw material and consumable stores	<b>503.5</b>	502.4
Work in progress	<b>263.3</b>	240.9
Finished goods	<b>163.6</b>	92.6
Completed development units	<b>298.2</b>	92.8
Trading inventories		
- heavy equipment	<b>2,185.0</b>	1,393.0
- motor vehicles	<b>2,437.0</b>	1,772.1
- spare parts	<b>1,128.6</b>	909.1
- commodities and others	<b>229.2</b>	131.6
	<b>7,355.4</b>	5,216.5

The carrying amount of trading inventories included RM479.4 million (2010: RM523.2 million) stated at net realisable value.

Inventories where the net realisable value is expected to be below the carrying amount are written down. The amount written down during the financial year was RM106.1 million (2010: RM89.0 million) for the Group.

Inventories with a total carrying amount of RM116.3 million (2010: NIL) were pledged as security for borrowings [Note 35].

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**26. Property Development Costs**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
<b>Development costs</b>		
At 1 July	<b>6,264.0</b>	5,368.2
Land acquired	-	26.4
Development costs incurred during the year	<b>1,409.7</b>	1,325.6
Transfer to property, plant and equipment [Note 15]	<b>(99.8)</b>	-
Transfer to investment properties [Note 18]	-	(91.1)
Transfer (to)/from land held for property development [Note 19]	<b>(7.7)</b>	51.5
Completed development units transferred to inventories	<b>(231.6)</b>	(1.9)
Completed development units and land sold	<b>(475.8)</b>	(412.8)
Exchange differences	<b>(5.1)</b>	(1.9)
At 30 June	<b>6,853.7</b>	6,264.0
<b>Less: Costs recognised in profit or loss</b>		
At 1 July	<b>(4,125.7)</b>	(3,527.3)
Recognised during the year	<b>(1,178.0)</b>	(1,012.4)
Completed development units and land sold	<b>475.8</b>	412.8
Exchange differences	<b>(3.3)</b>	1.2
At 30 June	<b>(4,831.2)</b>	(4,125.7)
Total property development costs	<b>2,022.5</b>	2,138.3

Property development costs are analysed as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Land at cost	<b>446.5</b>	481.2
Development costs	<b>6,407.2</b>	5,782.8
Costs recognised in profit or loss	<b>(4,831.2)</b>	(4,125.7)
	<b>2,022.5</b>	2,138.3

Included in development costs incurred during the financial year was interest expense amounting to RM14.2 million (2010: RM18.3 million).

Property development projects with a total carrying amount of RM441.7 million (2010: RM141.9 million) were pledged as security for borrowings [Note 35].

**27. Accrued Billings and Others**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Accrued billings	<b>608.9</b>	746.1
Amounts due from customers on construction contracts	<b>768.8</b>	400.2
Prepaid to suppliers	<b>497.7</b>	359.2
Prepaid lease rentals [Note 17]	<b>43.8</b>	45.0
Other prepayments	<b>128.2</b>	175.8
	<b>2,047.4</b>	1,726.3

## FINANCIAL STATEMENTS

**28. Construction Contracts**

	Group	
	2011	2010
Aggregate costs incurred	9,951.5	9,235.5
Recognised profits less losses to-date	(514.1)	(845.5)
	<b>9,437.4</b>	8,390.0
Progress billings	(8,715.0)	(8,390.1)
	<b>722.4</b>	(0.1)
Represented by:		
Amounts due from customers [Note 27]	768.8	400.2
Amounts due to customers [Note 40]	(46.4)	(400.3)
	<b>722.4</b>	(0.1)
Retention sums	4.0	4.0

Included in construction contract costs incurred during the financial year are:

	Group	
	2011	2010
Employee benefits	55.5	79.1
Depreciation	24.0	8.6
Hire of plant and machinery	20.3	38.5

**29. Derivatives**

The Group's derivatives are as follows:

Group 2011	Positive fair value	Negative fair value	Total
<b>Non-Current</b>			
Non-hedging derivatives:			
- Interest rate swaps [note (b)]	-	(9.6)	(9.6)
Cash flow hedges:			
- Interest rate swaps [note (b)]	-	(12.5)	(12.5)
	-	(22.1)	(22.1)
<b>Current</b>			
Non-hedging derivatives:			
- Forward foreign exchange contracts [note (a)]	45.8	(14.3)	31.5
- Interest rate swaps [note (b)]	-	(31.2)	(31.2)
Cash flow hedges:			
- Forward foreign exchange contracts [note (a)]	130.1	(8.9)	121.2
- Interest rate swaps [note (b)]	-	(22.8)	(22.8)
	<b>175.9</b>	<b>(77.2)</b>	<b>98.7</b>
<b>Total derivatives</b>	<b>175.9</b>	<b>(99.3)</b>	<b>76.6</b>

These derivatives are entered into to hedge certain risks as described in Note 47. Whilst all derivatives entered provide economic hedges to the Group, non-hedging derivatives are instruments that do not qualify for the application of hedge accounting under the specific rules in FRS 139.

## FINANCIAL STATEMENTS

**29. Derivatives (continued)****a. Forward foreign exchange contracts**

As at the end of the reporting period, forward foreign exchange contracts have been entered into with the following notional amounts and maturities:

<b>Group</b>	<b>Maturities</b>		<b>Total</b>
	<b>Within 1 year</b>	<b>Above 1 year</b>	
<b>2011</b>			
Forward contracts used to hedge anticipated sales			
- United States dollar	<b>2,254.3</b>	-	<b>2,254.3</b>
- European Union euro	<b>5.2</b>	-	<b>5.2</b>
- Qatar riyal	<b>50.4</b>	-	<b>50.4</b>
- Japanese yen	<b>7.0</b>	-	<b>7.0</b>
- Others	<b>32.7</b>	-	<b>32.7</b>
	<b>2,349.6</b>	-	<b>2,349.6</b>
Forward contracts used to hedge receivables			
- United States dollar	<b>548.2</b>	<b>2.0</b>	<b>550.2</b>
- Others	<b>0.3</b>	-	<b>0.3</b>
	<b>548.5</b>	<b>2.0</b>	<b>550.5</b>
Forward contracts used to hedge anticipated purchases			
- United States dollar	<b>624.8</b>	-	<b>624.8</b>
- Australian dollar	<b>41.2</b>	-	<b>41.2</b>
- European Union euro	<b>671.7</b>	-	<b>671.7</b>
- Singapore dollar	<b>2.2</b>	-	<b>2.2</b>
- Japanese yen	<b>76.3</b>	-	<b>76.3</b>
- British pound	<b>47.7</b>	-	<b>47.7</b>
- Others	<b>0.1</b>	-	<b>0.1</b>
	<b>1,464.0</b>	-	<b>1,464.0</b>
Forward contracts used to hedge payables			
- United States dollar	<b>431.0</b>	-	<b>431.0</b>
- Australian dollar	<b>0.5</b>	-	<b>0.5</b>
- European Union euro	<b>23.2</b>	-	<b>23.2</b>
- Singapore dollar	<b>5.5</b>	-	<b>5.5</b>
- Others	<b>10.3</b>	-	<b>10.3</b>
	<b>470.5</b>	-	<b>470.5</b>
Total	<b>4,832.6</b>	<b>2.0</b>	<b>4,834.6</b>

## FINANCIAL STATEMENTS

**29. Derivatives (continued)****a. Forward foreign exchange contracts (continued)**

As at the end of the reporting period, forward foreign exchange contracts have been entered into with the following notional amounts and maturities: (continued)

Group 2010	Maturities		Total
	Within 1 year	Above 1 year	
Forward contracts used to hedge anticipated sales			
- United States dollar	1,084.1	818.1	1,902.2
- European Union euro	1.8	-	1.8
- Japanese yen	4.4	-	4.4
- Others	0.6	-	0.6
	1,090.9	818.1	1,909.0
Forward contracts used to hedge receivables			
- United States dollar	212.8	-	212.8
- European Union euro	1.2	-	1.2
- Qatar riyal	40.2	-	40.2
- Others	1.3	-	1.3
	255.5	-	255.5
Forward contracts used to hedge anticipated purchases			
- United States dollar	343.2	-	343.2
- Australian dollar	52.0	-	52.0
- European Union euro	596.8	43.8	640.6
- Singapore dollar	6.9	-	6.9
- Japanese yen	19.4	-	19.4
- British pound	4.8	-	4.8
- Others	0.3	-	0.3
	1,023.4	43.8	1,067.2
Forward contracts used to hedge payables			
- United States dollar	150.2	-	150.2
- Australian dollar	0.2	-	0.2
- European Union euro	154.4	-	154.4
- Singapore dollar	4.9	-	4.9
- Others	15.0	-	15.0
	324.7	-	324.7
Total	2,694.5	861.9	3,556.4

**b. Interest rate swap contracts**

The interest rate swap contracts as at end of the reporting period are as follows:

Type of interest rate swap	Effective period	Range of weighted average rate per annum	Notional amount in original currency (USD million)	
			2011	2010
LIBOR range accrual	29 February 2008 to 29 August 2012	4.70% - 4.80%	78.7	131.3
Plain vanilla	27 February 2009 to 28 August 2012	3.20% - 3.38%	56.2	93.7
Plain vanilla	30 January 2010 to 30 July 2012	3.97%	280.0	280.0
Plain vanilla	27 June 2009 to 27 December 2012	4.72%	200.0	200.0

## FINANCIAL STATEMENTS

**29. Derivatives (continued)****b. Interest rate swap contracts (continued)**

The notional amount, fair value and maturity periods of the interest rate swap contracts are as follows:

<b>Group</b>	<b>2011</b>
<b>Notional amount of interest rate swap</b>	
Less than 1 year	<b>271.8</b>
1 year to 3 years	<b>1,585.6</b>
	<b>1,857.4</b>
<b>Fair value of interest rate swap</b>	
Less than 1 year	<b>(54.0)</b>
1 year to 3 years	<b>(22.1)</b>
	<b>(76.1)</b>

**c. Cross currency swap contracts**

As at 30 June 2011, there was no outstanding cross currency swap contract. In 2010, the notional amount of cross currency swap contract amounted to RM11.4 million.

**30. Cash Held under Housing Development Accounts**

The Group's cash held under the Housing Development Accounts represents receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Developers (Control and Licensing) Amendment Act 2002. The amounts are held at call with banks and are available only to the subsidiaries involved in the property development activities.

**31. Bank Balances, Deposits and Cash**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Deposits with licensed banks	<b>3,255.4</b>	2,638.8	<b>346.9</b>	321.5
Cash at bank and in hand	<b>1,655.9</b>	1,852.4	-	-
	<b>4,911.3</b>	4,491.2	<b>346.9</b>	321.5
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Effective interest rates are as follows:				
Deposits with licensed banks	<b>2.55</b>	2.55	<b>3.22</b>	2.70
Cash at bank	<b>0.28</b>	0.30	-	-

Deposits of the Group and Company have maturity periods ranging from overnight to 12 months (2010: overnight to 12 months). Cash at bank are deposits held at call.

Deposits with licensed banks of certain subsidiaries with carrying amount of RM7.1 million (2010: RM2.9 million) were pledged as security for borrowings [Note 35].

Included in bank balances, deposits and cash are funds of Yayasan Sime Darby of RM59.8 million (2010: RM50.7 million including funds of Yayasan Guthrie). These funds are set aside for educational, environmental conservation and sustainability projects and related activities for the benefit of the community.

## FINANCIAL STATEMENTS

**32. Non-Current Assets Held for Sale and Liabilities Associated with Assets Held for Sale**

	Group	
	2011	2010
<b>Non-current assets held for sale</b>		
- property, plant and equipment	2.1	4.8
- prepaid lease rentals	-	0.8
- investment property	20.2	4.9
- associates	25.0	-
- disposal groups	738.7	-
	<b>786.0</b>	10.5
<b>Liabilities associated with assets held for sale</b>		
- disposal groups	22.3	-
Net assets held for sale	<b>763.7</b>	10.5

The movements during the financial year relating to net assets held for sale are as follows:

	Group	
	2011	2010
At 1 July	10.5	58.5
Disposals	(8.3)	(55.3)
Transfer from property, plant and equipment [Note 15]	652.5	2.4
Transfer from prepaid lease rental [Note 17]	1.0	-
Transfer from investment properties [Note 18]	17.5	4.9
Transfer from associates	25.0	-
Transfer from intangible assets [Note 22]	34.9	-
Transfer from deferred tax assets [Note 23]	0.4	-
Transfer from other assets	52.5	-
Transfer from liabilities	(22.3)	-
At 30 June	<b>763.7</b>	10.5

**a. Disposal groups comprise:**i. Dunlopillo Holdings Sdn Bhd and its subsidiaries

The Group intends to divest Dunlopillo Holdings Sdn Bhd and its subsidiaries within the next 12 months.

ii. Oil and gas operations

On 27 May 2011, the Group entered into Memoranda of Understanding for the proposed disposal of Teluk Ramunia and Pasir Gudang fabrication yards. On 25 August 2011, conditional sale and purchase agreements for a total provisional disposal price of RM689.5 million were signed with Petronas Assets Sdn Bhd and Malaysia Marine and Heavy Engineering Sdn Bhd. The proposed disposals are subject to fulfillment of certain conditions precedent on or before 16 March 2012.

These fabrication yards are an integral part of the Group's oil and gas business, and the Group is exiting this business. As this business forms a large component of the Energy & Utilities division, its results are presented as discontinuing operations in the financial statements. See Note 32(b).

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**32. Non-Current Assets Held for Sale and Liabilities Associated with Assets Held for Sale (continued)****b. Discontinuing operations**

The income and expense, net assets and cash flow of the oil and gas operations [Note 32(a)(ii)] which has been classified as discontinuing operations are as follows:

**i. Results**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Revenue	<b>1,171.7</b>	449.9
Operating expenses	<b>(1,284.1)</b>	(1,533.9)
Other operating income	<b>179.5</b>	19.5
Profit/(loss) before interest and tax	<b>67.1</b>	(1,064.5)
Finance income	<b>1.6</b>	0.6
Finance costs	<b>(8.4)</b>	(13.2)
Profit/(loss) before tax	<b>60.3</b>	(1,077.1)
Tax expense	<b>(58.9)</b>	18.8
Profit/(loss) after tax	<b>1.4</b>	(1,058.3)
<b>Other comprehensive income</b>		
Effects of adopting FRS 139 adjusted to opening reserve	<b>34.5</b>	-
Net changes in fair value of cash flow hedges during the financial year	<b>74.1</b>	-
Included in the results are:		
Foreign currencies exchange gain/(loss)		
- realised	<b>53.8</b>	(32.3)
- unrealised	<b>84.5</b>	-
Rental income from land and buildings	<b>32.5</b>	7.2
Staff costs	<b>(42.4)</b>	(23.2)
Depreciation on property, plant and equipment	<b>(15.3)</b>	(12.4)
Auditors' remuneration	<b>(0.1)</b>	(0.1)
Impairment of trade and other receivables	<b>-</b>	(6.4)
Hire of plant and machinery	<b>(0.2)</b>	(0.3)
Operating lease payments for land and buildings	<b>(1.8)</b>	(1.7)

**ii. Net assets held for sale**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Teluk Ramunia and Pasir Gudang fabrication yards and other property, plant and equipment	<b>640.3</b>	-



## FINANCIAL STATEMENTS

**32. Non-Current Assets Held for Sale and Liabilities Associated with Assets Held for Sale (continued)****b. Discontinuing operations (continued)****iii. Cash Flows**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
<b>Cash flow from operating activities</b>		
Profit/(loss) after tax	1.4	(1,058.3)
Adjustments for:		
- depreciation	15.3	12.4
- finance income	(1.6)	(0.6)
- finance costs	8.4	13.2
- tax expense	58.9	(18.8)
- impairment of trade and other receivables	-	6.4
- unrealised foreign currency exchange gain	(84.5)	-
	<u>(2.1)</u>	<u>(1,045.7)</u>
Changes in working capital:		
- inventories	-	2.1
- trade receivables and others	(167.4)	453.7
- trade payables and others	(122.8)	(38.7)
Cash used in operations	<u>(292.3)</u>	<u>(628.6)</u>
Tax refund/(paid)	27.9	(51.8)
<b>Net cash used in operating activities</b>	<u>(264.4)</u>	<u>(680.4)</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(13.4)	(368.2)
<b>Net cash used in investing activities</b>	<u>(13.4)</u>	<u>(368.2)</u>

**33. Share Capital**

	<b>Group/Company</b>			
	<b>Number of shares</b>		<b>Nominal value</b>	
	<b>(million)</b>			
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Authorised:				
Ordinary shares of RM0.50 each				
At 1 July and 30 June	<b>8,000.0</b>	8,000.0	<b>4,000.0</b>	4,000.0
Redeemable convertible preference shares of RM0.01 each				
At 1 July and 30 June	<b>7,000.0</b>	7,000.0	<b>70.0</b>	70.0
Redeemable convertible preference shares of RM0.10 each	<b>25.0</b>	25.0	<b>2.5</b>	2.5
At 1 July and 30 June			<u><b>4,072.5</b></u>	<u>4,072.5</u>
Issued and fully paid up:				
Ordinary shares of RM0.50 each				
At 1 July and 30 June	<u><b>6,009.5</b></u>	6,009.5	<u><b>3,004.7</b></u>	<u>3,004.7</u>

## FINANCIAL STATEMENTS

**34. Reserves**

<b>Group 2011</b>	<b>Revaluation reserve</b>	<b>Capital reserve</b>	<b>Legal reserve</b>	<b>Hedging reserve</b>	<b>Available- for-sale reserve</b>	<b>Exchange reserve</b>	<b>Total</b>
At 1 July	67.9	6,736.3	65.8	-	-	414.5	7,284.5
Effects of adopting FRS 139 [Note 49(b)]	-	-	-	(8.8)	68.4	-	59.6
At 1 July (restated)	67.9	6,736.3	65.8	(8.8)	68.4	414.5	7,344.1
Other comprehensive income [Note 14]	-	5.8	-	88.7	(21.0)	570.4	643.9
Transfer between reserves and retained profits	-	0.4	6.7	-	-	-	7.1
At 30 June	67.9	6,742.5	72.5	79.9	47.4	984.9	7,995.1
<b>2010</b>							
At 1 July	72.2	6,744.8	51.3	-	-	728.6	7,596.9
Other comprehensive income [Note 14]	-	0.7	-	-	-	(314.1)	(313.4)
Transfer between reserves and retained profits	(4.3)	(1.2)	14.5	-	-	-	9.0
Acquisition of additional interest from owners of non-controlling interests	-	(8.0)	-	-	-	-	(8.0)
At 30 June	67.9	6,736.3	65.8	-	-	414.5	7,284.5

The nature of each of the Group's reserves is as follows:

<b>Nature</b>	<b>Description</b>
Revaluation reserve	Surplus from revaluation of certain Malaysian plantation land and buildings
Capital reserve	Arising from business combinations under common control totalling RM6,231.2 million (2010: RM6,231.2 million), bonus issues by subsidiaries and other credits
Legal reserve	Reserves set aside in accordance with statutory requirements of countries where the Group operates
Hedging reserve	Arising from changes in fair value of derivatives under cash flow hedge
Available-for-sale reserve	Arising from changes in fair value of available-for-sale investments
Exchange reserve	Exchange differences arising on retranslation of the net investments in foreign operations

The Company's reserves of RM5,725.1 million (2010: RM5,725.1 million) arose from business combinations under common control. There was no movement in the reserve during the year.

## FINANCIAL STATEMENTS

**35. Borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Long-term</b>				
<u>Secured</u>				
Term loans	<b>124.6</b>	110.0	-	-
<u>Unsecured</u>				
Term loans [note (a)]	<b>1,882.9</b>	2,164.9	-	-
Islamic Medium Term Notes [note (b)]	<b>2,000.0</b>	2,000.0	<b>2,000.0</b>	2,000.0
Unconvertible redeemable loan stocks [note (c)]	-	12.4	-	-
	<b>4,007.5</b>	4,287.3	<b>2,000.0</b>	2,000.0
<b>Short-term</b>				
<u>Secured</u>				
Revolving credits and other short-term borrowings	<b>589.4</b>	487.3	-	-
<u>Unsecured</u>				
Bank overdrafts	<b>11.1</b>	50.5	-	-
Portion of term loans due within one year [note (a)]	<b>373.9</b>	237.3	-	-
Islamic Commercial Papers [note (b)]	<b>500.0</b>	-	<b>500.0</b>	-
Unconvertible redeemable loan stocks due within one year [note (c)]	<b>12.4</b>	12.5	-	-
Revolving credits, trade facilities and other short-term borrowings	<b>1,568.1</b>	2,514.7	<b>700.0</b>	1,800.0
	<b>3,054.9</b>	3,302.3	<b>1,200.0</b>	1,800.0
Total borrowings	<b>7,062.4</b>	7,589.6	<b>3,200.0</b>	3,800.0

**a. Term loans**

The term loans include the following:

- i. USD471.5 million offshore term loan repayable over eight equal semi-annual installments commencing at the end of the 42nd month from the drawdown date on 28 August 2005. The outstanding balance as at 30 June 2011 was USD176.6 million (2010: USD225.1 million).
- ii. USD200.0 million long-term loan repayable at the 5th year from the drawdown date on 27 December 2007. The outstanding balance as at 30 June 2011 was USD200.0 million (2010: USD200.0 million).
- iii. USD280.0 million syndicated term loan repayable at the end of the 3rd year from the drawdown date on 29 March 2010. The outstanding balance as at 30 June 2011 was USD280.0 million (2010: USD280.0 million).

**b. Islamic Medium Term Notes and Islamic Commercial Papers**

On 24 September 2009, the Company had obtained the approval of the Securities Commission for the issuance of an Islamic Medium Term Note (IMTN) Programme of RM4,500.0 million and an Islamic Commercial Paper (ICP)/IMTN Programme of RM500.0 million with a combined limit of RM4,500.0 million. The IMTN Programme and ICP/IMTN Programme are for tenures of 20 years and 7 years, respectively.

## FINANCIAL STATEMENTS

**35. Borrowings (continued)****b. Islamic Medium Term Notes and Islamic Commercial Papers (continued)**

On 16 November 2009, the Company issued three IMTNs amounting to RM2,000.0 million under its IMTN Programme. The IMTNs were listed on 28 January 2010 with an initial rating of AAA<sub>ID</sub>. The IMTNs issued are as follows:

Tenure (years)	Profit rate (per annum)	Maturity date	Nominal value
3	3.55%	16 November 2012	300.0
5	4.38%	16 November 2014	700.0
7	4.75%	16 November 2016	1,000.0
			<u>2,000.0</u>

The profit is payable semi-annually in arrears.

On 3 June 2011, the Company issued ICPs amounting to RM500.0 million in nominal value under its ICP/IMTN Programme. The ICPs are rated MARC-1<sub>ID</sub>, details of which are as follows:

Tenure (months)	Profit rate (per annum)	Maturity date	Nominal value
12	3.58%	1 June 2012	500.0

**c. Unconvertible redeemable loan stocks**

The unconvertible redeemable loan stocks carries cumulative interest and the repayment of the loan stocks is subordinated to all unsecured facilities of a subsidiary. The loan stocks are redeemable at par and is scheduled to be repaid by March 2012.

The average effective interest rates/profit margins per annum are as follows:

	Group		Company	
	2011	2010	2011	2010
	%	%	%	%
Term loans				
- before interest rate swaps	<b>1.66</b>	1.42	-	-
- after interest rate swaps	<b>4.16</b>	4.20	-	-
Islamic Medium Term Notes	<b>4.44</b>	4.44	<b>4.44</b>	4.44
Unconvertible redeemable loan stocks	<b>12.00</b>	12.00	-	-
Bank overdrafts	<b>7.06</b>	5.51	-	-
Islamic Commercial Papers	<b>3.58</b>	-	<b>3.58</b>	-
Other short-term borrowings	<b>4.22</b>	3.67	<b>3.59</b>	3.30

The Group's term loans that are subject to contractual interest rates repricing within 1 year amounted to RM2,381.4 million (2010: RM2,512.2 million).

The borrowings are secured by fixed and floating charges over the assets of the Group. The carrying amounts of assets that the Group has pledged as collateral for the borrowings are as follows:

	Group	
	2011	2010
Property, plant and equipment	<b>116.2</b>	-
Investment property	<b>134.9</b>	89.2
Property development projects	<b>441.7</b>	141.9
Inventories, receivables and other assets	<b>140.2</b>	2.9
	<u><b>833.0</b></u>	<u>234.0</u>

## FINANCIAL STATEMENTS

**35. Borrowings (continued)**

The currencies and maturity profile of the borrowings are as follows:

Group 2011	Maturities				Total
	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	
Term loans					
- Malaysia ringgit	2.8	33.6	77.5	84.2	198.1
- Thailand baht	15.7	7.8	-	-	23.5
- United States dollar	355.4	1,627.6	-	-	1,983.0
- Australian dollar	-	176.8	-	-	176.8
Unconvertible redeemable loan stocks					
- Malaysia ringgit	12.4	-	-	-	12.4
Islamic Medium Term Notes					
- Malaysia ringgit	-	300.0	700.0	1,000.0	2,000.0
Bank overdraft					
- Chinese renminbi	2.9	-	-	-	2.9
- European Union euro	2.6	-	-	-	2.6
- New Zealand dollar	5.6	-	-	-	5.6
Islamic Commercial Papers					
- Malaysia ringgit	500.0	-	-	-	500.0
Revolving credits, trade facilities and other short-term borrowings					
- Malaysia ringgit	1,381.7	-	-	-	1,381.7
- Australian dollar	401.5	-	-	-	401.5
- Chinese renminbi	212.3	-	-	-	212.3
- Hong Kong dollar	69.2	-	-	-	69.2
- New Zealand dollar	67.8	-	-	-	67.8
- Thailand baht	9.6	-	-	-	9.6
- Pacific franc	7.8	-	-	-	7.8
- Singapore dollar	4.9	-	-	-	4.9
- United States dollar	2.7	-	-	-	2.7
	<b>3,054.9</b>	<b>2,145.8</b>	<b>777.5</b>	<b>1,084.2</b>	<b>7,062.4</b>

## FINANCIAL STATEMENTS

**35. Borrowings (continued)**

The currencies and maturity profile of the borrowings are as follows: (continued)

Group 2010	Maturities				Total
	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	
Term loans					
- Malaysia ringgit	50.0	1.9	3.8	105.4	161.1
- Thailand baht	16.1	20.2	4.0	-	40.3
- United States dollar	171.2	383.1	1,756.5	-	2,310.8
Unconvertible redeemable loan stocks					
- Malaysia ringgit	12.5	-	-	12.4	24.9
Islamic Medium Term Notes					
- Malaysia ringgit	-	-	1,000.0	1,000.0	2,000.0
Bank overdraft					
- Malaysia ringgit	2.6	-	-	-	2.6
- Chinese renminbi	30.4	-	-	-	30.4
- European Union euro	2.2	-	-	-	2.2
- Hong Kong dollar	0.1	-	-	-	0.1
- New Zealand dollar	8.9	-	-	-	8.9
- Singapore dollar	6.3	-	-	-	6.3
Revolving credits, trade facilities and other short-term borrowings					
- Malaysia ringgit	2,570.1	-	-	-	2,570.1
- Australian dollar	224.5	-	-	-	224.5
- Chinese renminbi	151.1	-	-	-	151.1
- New Zealand dollar	47.5	-	-	-	47.5
- Singapore dollar	2.8	-	-	-	2.8
- Thailand baht	6.0	-	-	-	6.0
	<b>3,302.3</b>	<b>405.2</b>	<b>2,764.3</b>	<b>1,117.8</b>	<b>7,589.6</b>

The Company's borrowings are denominated in Ringgit Malaysia and the maturity dates of its Islamic Medium Term Notes are shown in note (b) above.

## FINANCIAL STATEMENTS

## 36. Provisions

Group 2011	Warranties	Performance guarantees and bonds	Restructuring costs	Total
At 1 July	293.8	277.2	-	571.0
Additions	381.8	-	-	381.8
Amounts unutilised	(57.2)	-	-	(57.2)
Charged to profit or loss	324.6	-	-	324.6
Utilised	(221.9)	-	-	(221.9)
Exchange differences	12.3	-	-	12.3
At 30 June	408.8	277.2	-	686.0
<b>2010</b>				
At 1 July	257.3	-	4.9	262.2
Additions	501.4	277.2	-	778.6
Amounts unutilised	(47.6)	-	-	(47.6)
Charged to profit or loss	453.8	277.2	-	731.0
Utilised	(406.4)	-	(4.9)	(411.3)
Exchange differences	(10.9)	-	-	(10.9)
At 30 June	293.8	277.2	-	571.0
			<b>Group</b>	
			<b>2011</b>	<b>2010</b>
<b>Non-current</b>				
Due later than 1 year			69.0	51.2
<b>Current</b>				
Due not later than 1 year			617.0	519.8
			<b>686.0</b>	<b>571.0</b>

## a. Warranties

Provision is recognised on warranties provided for the sales of machinery, vehicles and other products that are not covered by manufacturers' warranties. This provision has been estimated based on historical claims experience, as well as recent trends that might suggest that historical claims experience may vary from future claims.

## b. Performance guarantees and bonds

Provisions for performance guarantees and bonds are recognised when crystallisation is probable.

## FINANCIAL STATEMENTS

**37. Retirement Benefits**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
At 1 July	<b>113.1</b>	112.5
Charge for the year [Note 5(a)]	<b>26.0</b>	37.2
Contributions paid	<b>(1.8)</b>	(2.0)
Benefits paid – unfunded obligations	<b>(26.8)</b>	(30.8)
Actuarial gains on plan assets	<b>(14.5)</b>	–
Exchange differences	<b>1.2</b>	(3.8)
At 30 June	<b>97.2</b>	113.1
<b>Non-Current</b>		
Later than 1 year	<b>93.4</b>	113.1
<b>Current</b>		
Not later than 1 year, included in progress billings and others under current liabilities [Note 40]	<b>3.8</b>	–
	<b>97.2</b>	113.1
The amounts recognised on the statement of financial position are determined as follows:		
Present value of funded obligations [note (a)]	<b>73.4</b>	70.5
Fair value of plan assets [note (b)]	<b>(71.6)</b>	(65.7)
	<b>1.8</b>	4.8
Present value of unfunded obligations [note (a)]	<b>95.4</b>	118.7
Unrecognised actuarial losses [note (c)]	<b>–</b>	(10.4)
Net liabilities	<b>97.2</b>	113.1
The amounts recognised in the profit or loss are as follows:		
Current service cost	<b>22.2</b>	24.9
Past service cost	<b>0.2</b>	1.0
Interest cost	<b>7.7</b>	15.0
Expected return on plan assets	<b>(4.1)</b>	(3.7)
	<b>26.0</b>	37.2
Total return on plan assets are as follows:		
Expected return on plan assets	<b>4.1</b>	3.7
Actuarial gains on plan assets	<b>1.5</b>	12.5
	<b>5.6</b>	16.2



## FINANCIAL STATEMENTS

**37. Retirement Benefits (continued)**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
<b>a. Changes in the present value of defined benefit obligations</b>		
Wholly or partly funded obligations	<b>73.4</b>	70.5
Unfunded obligations	<b>95.4</b>	118.7
	<b>168.8</b>	189.2
Movements in the present value of defined benefit obligations are as follows:		
At 1 July	<b>189.2</b>	179.1
Current service cost	<b>22.2</b>	24.9
Past service cost	<b>0.2</b>	1.0
Interest cost	<b>7.7</b>	15.0
Benefits paid – funded obligations	<b>(4.6)</b>	(1.9)
Benefits paid – unfunded obligations	<b>(26.8)</b>	(30.8)
Actuarial (gains)/losses due to actual experience	<b>(23.5)</b>	11.4
Exchange differences	<b>4.4</b>	(9.5)
At 30 June	<b>168.8</b>	189.2
<b>b. Changes in the fair value of plan assets</b>		
At 1 July	<b>65.7</b>	55.1
Expected return on plan assets	<b>4.1</b>	3.7
Contributions by employers	<b>1.8</b>	2.0
Benefits paid	<b>(4.6)</b>	(1.9)
Actuarial gains on plan assets	<b>1.4</b>	12.5
Exchange differences	<b>3.2</b>	(5.7)
At 30 June	<b>71.6</b>	65.7
<b>c. Unrecognised actuarial gains and losses</b>		
At 1 July	<b>(10.4)</b>	(11.5)
Unrecognised actuarial gains/(losses) for the year		
- obligations	<b>23.5</b>	(11.4)
- plan assets	<b>1.4</b>	12.5
Actuarial gains recognised	<b>(14.5)</b>	-
At 30 June	<b>-</b>	(10.4)

Principal actuarial assumptions used at the end of the reporting period in respect of the Group's defined benefit pension plans are as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>%</b>	<b>%</b>
Discount rate	<b>1.8 – 9.0</b>	2.0 – 12.5
Expected return on plan assets	<b>7.0 – 9.0</b>	7.0 – 9.0
Expected rate of salary increases	<b>1.5 – 8.0</b>	1.5 – 8.0

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**38. Deferred Income**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Maintenance income	<b>113.4</b>	70.1
Advance annualised licence fees	<b>137.7</b>	153.0
	<b>251.1</b>	223.1
<b>Non-current</b>		
Due later than 1 year	<b>173.5</b>	159.7
<b>Current</b>		
Due not later than 1 year	<b>77.6</b>	63.4
	<b>251.1</b>	223.1

**39. Trade and Other Payables**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Trade payables [note (a)]	<b>4,945.8</b>	3,898.6	-	-
Accruals	<b>3,336.5</b>	2,703.8	<b>24.7</b>	6.3
Amount due to a subsidiary [note (b)]	-	-	<b>999.5</b>	-
Amounts due to jointly controlled entities	<b>211.8</b>	59.2	-	-
Amounts due to associates	<b>34.6</b>	15.3	-	-
Financial guarantees [note (c)]	<b>1.1</b>	-	<b>14.7</b>	-
Interest payable	<b>43.0</b>	39.3	<b>14.6</b>	16.4
	<b>8,572.8</b>	6,716.2	<b>1,053.5</b>	22.7

**a. Trade payables**

Credit terms of trade payables ranged from 7 to 180 days (2010: 7 to 180 days).

**b. Amount due to a subsidiary**

The amount due to the subsidiary is interest free, unsecured and repayable on demand.

**c. Financial guarantees**

The financial guarantees liabilities are recognised in respect of the following contracts:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Guarantees in respect of credit facilities granted to:				
- certain subsidiaries	-	-	<b>2,891.4</b>	2,354.7
- a jointly controlled entity	<b>8.4</b>	-	-	-
- certain associates	<b>40.7</b>	14.5	-	-
- plasma stakeholders	<b>104.2</b>	135.0	-	-
	<b>153.3</b>	149.5	<b>2,891.4</b>	2,354.7

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**40. Progress Billings and Others**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Amounts due to customers on construction contracts	<b>46.4</b>	400.3
Progress billings	<b>15.3</b>	-
Retirement benefits		
- defined contribution pension plans	<b>9.2</b>	6.9
- defined benefit pension plans	<b>3.8</b>	-
	<b>74.7</b>	407.2

**41. Contingent Liabilities and Commitments**

Contingent liabilities, other than those financial guarantees disclosed in Note 39, and commitments are as follows:

**a. Guarantees**

In the ordinary course of business, the Group may obtain surety bonds and letters of credit, which the Group provides to customers to secure advance payment, performance under contracts or in lieu of retention being withheld on contracts. A liability would only arise in the event the Group fails to fulfill its contractual obligations.

The Company has also provided performance guarantees to customers of certain subsidiaries to secure performance under contracts or in lieu of retention withheld on contracts.

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Performance and advance payment guarantees to customers of:				
- subsidiaries	-	-	<b>2,965.4</b>	2,265.4
- a jointly controlled entity	<b>2,788.0</b>	2,788.0	<b>1,000.0</b>	1,000.0
- the Group	<b>6,841.5</b>	7,200.8	-	-
	<b>9,629.5</b>	9,988.8	<b>3,965.4</b>	3,265.4

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 2011, the counter-indemnities received by the Group and by the Company are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Counter-indemnities from:				
- third parties	<b>1,603.7</b>	1,603.7	<b>212.1</b>	212.1
- a subsidiary	-	-	<b>708.0</b>	708.0
	<b>1,603.7</b>	1,603.7	<b>920.1</b>	920.1

**b. Claims**

As at 30 June 2011, claims against the Group not taken up in the statement of financial position amounted to RM180.0 million (2010: RM19.9 million). These claims include disputed taxes, supply of goods and services and compensation. There were no claims against the Company as at 30 June 2011 (2010: NIL).

## FINANCIAL STATEMENTS

**41. Contingent Liabilities and Commitments (continued)**

Contingent liabilities, other than those financial guarantees disclosed in Note 39, and commitments are as follows:  
(continued)

**c. Capital commitments**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Authorised capital expenditure not provided for in the financial statements:		
Property, plant and equipment		
- contracted	<b>691.6</b>	632.6
- not contracted	<b>2,426.9</b>	3,113.7
	<b>3,118.5</b>	3,746.3
Other capital expenditure		
- not contracted	<b>110.7</b>	1,563.8
	<b>3,229.2</b>	5,310.1

The Company does not have any capital commitment as at end of the reporting period.

**d. Leases**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Commitments under non-cancellable operating leases:		
- expiring not later than 1 year	<b>119.3</b>	108.2
- expiring later than 1 year but not later than 5 years	<b>225.9</b>	188.5
- expiring later than 5 years	<b>212.8</b>	168.4
	<b>558.0</b>	465.1

The Company does not have any non-cancellable operating lease as at end of the reporting period.

**e. Plasma Plantation**

The Group is committed to develop a total of 47,142 hectares of oil palm plantation for plasma farmers in Indonesia. A total of 37,741 hectares have been developed of which about 32,532 hectares have been handed over to plasma farmers.

**42. Material Litigations**

Other than the contingent liabilities and commitments disclosed in Note 41, the material litigations against the Group are as follows:

- a. PT Adhiyasa Saranamas (PTAS) commenced a legal suit on 17 September 2003 against Kumpulan Guthrie Berhad (KGB) and 6 of its Indonesian subsidiaries for an alleged breach of contract with regards to the provision of consultancy services in connection with the acquisition of subsidiaries in Indonesia.

On 4 March 2008, the Decision on Further Review partially approved PTAS' claim and ordered KGB to pay the amount of USD25.76 million together with interest at the rate of 6% per year thereon as of the date of the registration of PTAS' claim at the District Court of South Jakarta until full payment.

On 27 May 2009, KGB requested the postponement of the implementation of the said decision until corresponding legal proceedings in Malaysia are concluded. KGB's request was however rejected and on 10 June 2009, the District Court of South Jakarta issued an order of execution against four land titles (assets) of PT Aneka Intipersada (PTAI), PT Kridatama Lancar (PTKL), PT Teguh Sempurna (PTTS) and PT Ladangrumpun Suburabadi (PTLS), 4 subsidiaries of the Group in Indonesia and requested for assistance from the relevant/respective district courts in which jurisdiction the assets are located to effect the order of execution (SJ District Court Order).

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**42. Material Litigations (continued)**

Other than the contingent liabilities and commitments disclosed in Note 41, the material litigations against the Group are as follows: (continued)

PTKL, PTTS and PTLs have successfully defended the execution proceedings over their respective assets at the District Court of Sampit and the District Court of Kotabaru (District Court Decisions) and PTAS has appealed against the District Court Decisions given in favour of PTKL, PTTS and PTLs. PTKL and PTTS have on 13 June 2011 been served with PTAS's memorandums of appeal in relation to PTAS's appeals at the High Court of Palangkaraya and counter-memorandums of appeal have been filed by PTKL and PTTS to the High Court of Palangkaraya through the District Court of Sampit on 14 June 2011.

PTLS has received a letter from the High Court of Banjarmasin informing it that the appeal by PTAS has been registered on 27 May 2011 and PTAS's memorandum of appeal has been served on PTLs on 23 June 2011. A counter-memorandum of appeal has been filed by PTLs to the High Court of Banjarmasin through the District Court of Kotabaru on 30 June 2011.

The District Court of Siak Sri Indrapura had on 10 January 2011 issued a Stipulation on Executorial Attachment and the Minutes of Executorial Attachment No. 01/DEL/PDT.EKS/2011/PN.Siak against PTAI to execute the SJ District Court Order (Siak Sri Indrapura Executorial Attachment). PTAI had on 27 January 2011 filed a Rebuttal (Perlawanan) at the District Court of Siak Sri Indrapura registered under Case No. 01/Pdt.Ver/2011/PN.Siak to oppose the Siak Sri Indrapura Executorial Attachment order over PTAI's assets. The hearing of PTAI's Rebuttal application is now fixed on 29 September 2011 to allow for the submission of Conclusion (Kesimpulan) by the parties to the proceedings.

In Malaysia, PTAS commenced legal proceedings against KGB to enforce the Decision on Further Review on 11 March 2008. On 2 December 2009, KGB's Striking Out Application was allowed by the High Court and on 28 December 2009, PTAS/the Appellant filed an appeal to the Court of Appeal. At the hearing of the appeal on 16 March 2011, the Court of Appeal allowed the Appellant's appeal. The matter is now fixed for case management at the High Court on 27 October 2011 and parties have been directed to file their list of witnesses and witness statements prior to 27 October 2011.

- b. On 23 December 2010, Sime Darby Berhad, Sime Darby Engineering Sdn Bhd, Sime Darby Energy Sdn Bhd, Sime Darby Marine Sdn Bhd and Sime Darby Marine (Hong Kong) Pte Ltd (Plaintiffs) filed a civil suit in the High Court of Malaya at Kuala Lumpur (Civil Suit No. D – 22NCC – 2379 – 2010) against Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Hj Murshid, Dato' Mohamad Shukri bin Baharom, Abdul Rahim bin Ismail, Abdul Kadir Alias and Mohd Zaki bin Othman (Defendants) in claiming, inter alia, damages in connection with the aforementioned Defendants' negligence and breaches of duty in relation to the Qatar Petroleum Project (QP Project), the Maersk Oil Qatar Project (MOQ Project) and the project relating to the construction of marine vessels known as the Marine Project.

The Writ of Summons and Statement of Claim have been served on all the Defendants. All the Defendants have filed their respective Statements of Defence.

Dato' Seri Ahmad Zubair, the 1st Defendant, has filed a third party notice dated 8 March 2011 against 22 individuals (Zubir Third Party Notice). These 22 individuals comprise some current members of the board of Sime Darby Berhad. The Plaintiffs are informed that pursuant to the Zubir Third Party Notice, the 1st Defendant is seeking for indemnity and/or contribution from the 22 individuals in the event the 1st Defendant is found liable to the Plaintiffs.

Dato' Mohamad Shukri, the 2nd Defendant, has filed a third party notice dated 20 April 2011 against 12 individuals and Sime Darby Holdings Berhad (Shukri Third Party Notice). These 12 individuals comprise former management and former members of the board of Sime Darby Berhad, its subsidiaries and Kumpulan Sime Darby Berhad and former members of the audit and supervisory committee of Sime Darby Berhad's Energy & Utilities Division. The Plaintiffs are informed that pursuant to the Shukri Third Party Notice, the 2nd Defendant is seeking for indemnity and/or contribution from the third parties in the event the 2nd Defendant is found liable to the Plaintiffs.

The Plaintiffs are given to understand that solicitors have been engaged to defend all the third parties in the 1st and 2nd Defendants' third party proceedings.

The 1st Defendant had on 2 June 2011 and 8 June 2011 discontinued its third party proceedings against 5 individuals.

**42. Material Litigations (continued)**

Other than the contingent liabilities and commitments disclosed in Note 41, the material litigations against the Group are as follows: (continued)

At the case management on 13 June 2011, the 1st Defendant's counsels informed the Judge that the applicability of Order 14A of the Rules of the High Court would not be appropriate and that the matter will have to proceed to trial.

The Judge then ordered that the 1st Defendant's application for discovery to be adjourned pending the completion of the discovery process by the Plaintiffs.

On 13 July 2011, the 1st and the 2nd Defendants filed their Third Parties' Statement of Claim against the third parties.

At the case management on 11 August 2011, the third parties' counsel informed the Judge that all the third parties have filed (or are about to file) applications to strike out both the 1st and the 2nd Defendants third party proceedings. The Judge then gave the parties a time period of 1 month to exhaust and exchange affidavits for the various striking out applications and has fixed 12 September 2011 as the next case management date. On 12 September 2011, the Court adjourned the case management to 5 October 2011.

The Judge further ordered that filing of the Defences for the third party proceedings be stayed pending the disposal of the striking out applications.

- c. On 24 December 2010, Sime Darby Berhad, Sime Engineering Sdn Bhd, Sime Darby Holdings Berhad and Sime Darby Energy Sdn Bhd (Plaintiffs) filed a civil suit in the High Court of Malaya at Kuala Lumpur (Civil Suit No. D – 22NCC – 2391 – 2010) against Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Hj Murshid, Dato' Mohamad Shukri bin Baharom and Abdul Rahim bin Ismail (Defendants) in claiming, inter alia, damages in connection with the aforementioned Defendants' negligence and breaches of duty in relation to the Package CW2-Main Civil Works for the Bakun Hydroelectric Project (Bakun Project) and in respect of the Receipt, Discharge and Indemnity Agreement dated 12 January 2010 (Indemnity Agreement) given to Dato' Mohamad Shukri bin Baharom.

The Writ of Summons and Statement of Claim have been served on all the Defendants. All the Defendants have filed their respective Statements of Defence.

Dato' Seri Ahmad Zubair, the 1st Defendant, has filed a third party notice dated 8 March 2011 against 22 individuals (Zubir Third Party Notice). These 22 individuals comprise some current members of the board of Sime Darby Berhad. The Plaintiffs are informed that pursuant to the Zubir Third Party Notice, the 1st Defendant is seeking for indemnity and/or contribution from the 22 individuals in the event the 1st Defendant is found liable to the Plaintiffs.

Dato' Mohamad Shukri, the 2nd Defendant, has filed a third party notice dated 20 April 2011 against 11 individuals, Sime Engineering Sdn Bhd and Sime Darby Holdings Berhad (Shukri Third Party Notice). These 11 individuals comprise former members of the board of Sime Darby Berhad, its subsidiaries and Kumpulan Sime Darby Berhad and former members of the audit and supervisory committee of Sime Darby Berhad's Energy & Utilities Division. The Plaintiffs are informed that pursuant to the Shukri Third Party Notice, the 2nd Defendant is seeking for indemnity and/or contribution from the third parties in the event the 2nd Defendant is found liable to the Plaintiffs.

Plaintiffs are given to understand that solicitors have been engaged to defend all the third parties in the 1st and 2nd Defendants' third party proceedings.

The 1st Defendant had on 2 June 2011 and 8 June 2011 discontinued its third party proceedings against 5 individuals.

At the case management on 13 June 2011, the 1st Defendant's counsels informed the Judge that the applicability of Order 14A of the Rules of the High Court would not be appropriate and that the matter will have to proceed to trial.

The Judge then ordered that the 1st Defendant's application for discovery to be adjourned pending the completion of the discovery process by the Plaintiffs.

On 13 July 2011, the 1st and the 2nd Defendants filed their Third Parties' Statement of Claim against the third parties. Sime Engineering Sdn Bhd and Sime Darby Holdings Berhad have on 19 July 2011 filed an application to strike out the 2nd Defendant's third party proceedings.

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**42. Material Litigations (continued)**

Other than the contingent liabilities and commitments disclosed in Note 41, the material litigations against the Group are as follows: (continued)

At the case management on 11 August 2011, the third parties' counsel informed the Judge that all the third parties have filed (or are about to file) applications to strike out both the 1st and the 2nd Defendants third party proceedings. The Judge then gave the parties a time period of 1 month to exhaust and exchange affidavits for the various striking out applications and has fixed 12 September 2011 as the next case management date. On 12 September 2011, the Court adjourned the case management to 5 October 2011.

The Judge further ordered that filing of the Defences for the third party proceedings be stayed pending the disposal of the striking out applications.

- d. Emirates International Energy Services (EMAS) had, on 13 January 2011, filed a suit in the Plenary Commercial Court in Abu Dhabi against Sime Darby Engineering Sdn Bhd (SDE) claiming payment of USD178.2 million. This amount comprises a payment of USD128.2 million and USD50.0 million for commissions and "morale compensation" respectively. SDE has appointed a local counsel in Abu Dhabi to represent it and defend the suit accordingly. At the case management on 14 August 2011, SDE (through its local counsel) filed its Statement of Defence and Counter Claim against EMAS for the sum of AED100 million.

On 22 August 2011, the Court dismissed EMAS's claim based on SDE's request for the matter to be referred to arbitration, as contained in SDE's Statement of Defence. The solicitors have informed SDE that EMAS has 30 days to file an appeal against the Court's decision.

**43. Acquisition and Establishment of Subsidiaries and Associates****a. Acquisition of subsidiaries**

- i. During the financial year ended 30 June 2011, the Group has acquired Haynes Mechanical Pty Ltd, AC Haynes Investments Pty Ltd and DG Nominees Pty Ltd (collectively known as Haynes) with the details as follows:

Name of subsidiaries	Purchase consideration	Group's effective interest %	Effective acquisition date
Haynes	up to AUD19.6 million	100.0	18 March 2011

The subsidiaries acquired during the financial year ended 30 June 2011, contributed a profit of RM2.5 million to the consolidated profit or loss. If the acquisitions were effective on 1 July 2010, the Group's revenue and profit attributable to owners of the Company for the financial year ended 30 June 2011 would have been RM41,918.9 million and RM3,670.3 million respectively.

- ii. Details of the assets, liabilities and net cash outflow arising from the acquisition of subsidiaries by the Group during the financial year ended 30 June 2011 are as follows:

	Book value	Fair value
Property, plant and equipment [Note 15]	20.2	22.9
Intangible assets [Note 22]	-	7.1
Non-current liabilities	(13.6)	(13.6)
Cash and cash equivalents	2.9	2.9
Other net current assets	10.2	10.2
Net assets acquired	19.7	29.5
Goodwill		22.9
Purchase consideration		52.4
Less: Cash and cash equivalents of subsidiaries acquired		(2.9)
Net cash outflow on acquisition of subsidiaries		49.5

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**43. Acquisition and Establishment of Subsidiaries and Associates (continued)****b. Acquisition of associates**

The associates acquired by the Group during the financial year ended 30 June 2011 are as follows:

<b>Name of associates</b>	<b>Purchase consideration</b>	<b>Group's effective interest</b>	<b>Effective acquisition date</b>
		%	
Sitech Construction Systems Pty Ltd	AUD5.2 million	30.6	1 July 2010
Ultimate Positioning Group Pty Ltd	AUD7.7 million	29.4	1 July 2010
Mustang Sime Darby Sdn Bhd	RM4	40.0	13 November 2010

**c. Establishment of new companies**

The subsidiaries established by the Group during the financial year ended 30 June 2011 are as follows:

<b>Name of subsidiaries</b>	<b>Group's effective interest</b>	<b>Incorporation date</b>
	%	
Guangzhou Sime Darby SITECH Dealers Company Limited	100.0	15 October 2010
SCI Sime Darby Invest NC	100.0	26 October 2010
Sime Darby CEL Machinery (Hunan) Company Limited	100.0	1 December 2010
Sime Darby Property (Weifang) Limited	100.0	16 March 2011
Sime Darby Joy (Shanghai) Company Limited	55.0	3 June 2011

**44. Disposal of Subsidiaries, Jointly Controlled Entity and Associate****a. Disposal of subsidiaries**

i. Subsidiaries disposed by the Group during the financial year ended 30 June 2011 are as follows:

<b>Name of subsidiaries</b>	<b>Disposal consideration</b>	<b>Group's effective interest disposed</b>	<b>Effective disposal date</b>
		%	
Sime Darby Brunfield Engineering Sdn Bhd	RM 60	60.0	1 November 2010
Sime Darby Nautical Sdn Bhd	RM 51	51.0	1 November 2010
Sime Darby Ecosystems Sdn Bhd	RM 51	51.0	1 November 2010

In addition to the above, the Group has also disposed the following subsidiaries:

- On 16 February 2011, Weifang Sime Darby Port Co Ltd (WSDP) completed the disposal of 2% of its equity interest in both Weifang Sime Darby Tugboat Services Co Ltd (now known as Weifang Wei Gang Tugboat Services Co Ltd) and Weifang Sime Darby Dredging Project Co Ltd (now known as Weifang Wei Gang Dredging Project Co Ltd) for a total consideration of RMB630,000. The disposals have resulted in the reduction of WSDP's equity interest in both companies from 51% to 49% and reclassification as jointly controlled entities.
- On 11 March 2011, Sime Darby Industrial Sdn Bhd entered into a Share Sale and Purchase Agreement to disposed its entire 70% equity interest in PT T Energy (PTTE) for a total consideration of RM250,000 and the settlement of an inter-company balance by the purchaser on behalf of PTTE.



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**44. Disposal of Subsidiaries, Jointly Controlled Entity and Associate (continued)****a. Disposal of subsidiaries (continued)**

ii. Details of the assets, liabilities and net cash inflow arising from the disposal of subsidiaries by the Group during the financial year ended 30 June 2011 are as follows:

	<b>Group</b>
Property, plant and equipment [Notes 15]	<b>7.8</b>
Associate	<b>9.3</b>
Cash and cash equivalents	<b>0.1</b>
Other net current liabilities	<b>(0.5)</b>
Non-controlling interests	<b>(7.9)</b>
Net assets disposed	<b>8.8</b>
Gain on disposal of subsidiaries	<b>0.2</b>
Proceeds from disposal of subsidiaries	<b>9.0</b>
Less: Fair value of retained interests, reclassified as jointly controlled entities	<b>(7.0)</b>
Less: Cash and cash equivalents of subsidiaries disposed	<b>(0.1)</b>
Net cash inflow on disposal of subsidiaries	<b>1.9</b>

**b. Disposal of jointly controlled entity**

Jointly controlled entity disposed by the Group during the financial year ended 30 June 2011 is as follows:

<b>Name of jointly controlled entity</b>	<b>Disposal consideration</b>	<b>Group's effective interest disposed</b>	<b>Effective disposal date</b>
		%	
IWS Management Sdn Bhd	RM 3,318	50.0	1 November 2010

**c. Disposal of associate**

Associate disposed by the Group during the financial year ended 30 June 2011 is as follows:

<b>Name of associate</b>	<b>Disposal consideration</b>	<b>Group's effective interest disposed</b>	<b>Effective disposal date</b>
		%	
Leverian Holdings Pte Ltd	USD3.0 million	40.0	30 September 2010

#### 45. Segment Information - Group

The Group has six reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units, the President and Group Chief Executive reviews the internal management reports on a monthly basis and conducts performance dialogues with the business units on a regular basis.

Segments comprise:

<b>Segment</b>	<b>Products and services</b>
Plantation	Production and marketing of fresh fruit bunches, crude palm oil, palm kernel, rubber and refining and marketing of palm oil related products.
Property	Developing and marketing residential, commercial and industrial properties and development land and management and provision of golf and other recreational facilities and services.
Industrial	Sales, rental and servicing of heavy equipment.
Motors	Assembly and distribution of vehicles and the provision of after-sale services.
Energy & Utilities	Engineering, power generation, treatment and supply of treated water, and ownership and management of port facilities.
Healthcare	Provision of healthcare services.
Others	Bedding operations and insurance broking.

With effect from this financial year, Healthcare is shown as a reportable segment, separate from bedding operations and insurance broking. The comparatives are restated accordingly.

The oil and gas business which was previously included in the Energy & Utilities segment is presented as discontinuing operations [Note 32(a)(ii)].

Transactions between segments are carried out on an arm's length basis. The effects of such intersegment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

## FINANCIAL STATEMENTS

**45. Segment Information - Group (continued)****a. Segment results****2011****Segment revenue:**

External  
Inter-segment

**Segment results:**

Operating profit/(loss)  
Share of results of jointly controlled entities and associates  
Profit/(loss) before interest and tax

Included in operating profit/(loss) are:

Depreciation and amortisation  
Amortisation of prepaid lease rentals  
Impairment losses:

- receivables  
- others

Reversal of impairment losses

- receivables  
- others

Other non-cash items

Included in the share of results of jointly controlled entities and associates are:

Impairment of associates

**2010 (restated)****Segment revenue:**

External  
Inter-segment

**Segment results:**

Operating profit/(loss)  
Share of results of jointly controlled entities and associates  
Profit/(loss) before interest and tax

Included in operating profit/(loss) are:

Depreciation and amortisation  
Amortisation of prepaid lease rentals  
Impairment losses:

- receivables  
- others

Reversal of impairment losses

- receivables  
- others

Provisions for guarantees and performance bonds  
Other non-cash items

Other non-cash items

Included in the share of results of jointly controlled entities and associates are:

Impairment of associates

Reversal of impairment of associates

	Plantation	Property	Industrial
<b>2011</b>			
<b>Segment revenue:</b>			
External	13,167.9	1,987.2	10,271.1
Inter-segment	1.5	27.0	52.3
	<b>13,169.4</b>	<b>2,014.2</b>	<b>10,323.4</b>
<b>Segment results:</b>			
Operating profit/(loss)	3,244.1	421.2	1,045.5
Share of results of jointly controlled entities and associates	36.1	34.8	22.5
Profit/(loss) before interest and tax	<b>3,280.2</b>	<b>456.0</b>	<b>1,068.0</b>
Included in operating profit/(loss) are:			
Depreciation and amortisation	(398.9)	(56.6)	(284.0)
Amortisation of prepaid lease rentals	(43.0)	(2.0)	(0.1)
Impairment losses:			
- receivables	(9.3)	(0.9)	(22.7)
- others	(202.7)	(9.2)	-
Reversal of impairment losses			
- receivables	16.3	0.7	15.1
- others	2.6	-	-
Other non-cash items	(26.7)	108.0	11.4
Included in the share of results of jointly controlled entities and associates are:			
Impairment of associates	-	-	1.0
<b>2010 (restated)</b>			
<b>Segment revenue:</b>			
External	10,857.7	1,784.5	8,312.7
Inter-segment	3.2	28.2	63.3
	<b>10,860.9</b>	<b>1,812.7</b>	<b>8,376.0</b>
<b>Segment results:</b>			
Operating profit/(loss)	2,097.8	451.7	748.1
Share of results of jointly controlled entities and associates	15.4	41.3	9.9
Profit/(loss) before interest and tax	<b>2,113.2</b>	<b>493.0</b>	<b>758.0</b>
Included in operating profit/(loss) are:			
Depreciation and amortisation	(368.1)	(42.1)	(244.3)
Amortisation of prepaid lease rentals	(44.0)	(2.0)	(0.3)
Impairment losses:			
- receivables	(10.6)	(8.7)	(11.8)
- others	(50.6)	(3.9)	(3.6)
Reversal of impairment losses			
- receivables	0.1	1.0	21.9
- others	-	2.2	-
Provisions for guarantees and performance bonds	-	-	-
Other non-cash items	(80.0)	41.9	3.0
Included in the share of results of jointly controlled entities and associates are:			
Impairment of associates	-	(0.2)	-
Reversal of impairment of associates	-	-	-

## FINANCIAL STATEMENTS

## Continuing operations

Motors	Energy & Utilities	Healthcare	Others	Corporate and elimination	Total	Discontinuing operations	Total
14,818.0	1,085.4	318.7	210.5	-	41,858.8	1,171.7	43,030.5
33.0	11.2	8.1	7.6	(140.7)	-	-	-
14,851.0	1,096.6	326.8	218.1	(140.7)	41,858.8	1,171.7	43,030.5
622.6	240.5	26.0	(51.2)	(65.4)	5,483.3	67.1	5,550.4
10.6	5.2	-	9.2	-	118.4	-	118.4
633.2	245.7	26.0	(42.0)	(65.4)	5,601.7	67.1	5,668.8
(149.5)	(80.0)	(21.1)	(4.1)	(18.8)	(1,013.0)	(15.3)	(1,028.3)
(3.7)	(3.9)	-	-	-	(52.7)	-	(52.7)
(2.0)	(10.3)	(1.0)	(11.3)	(4.9)	(62.4)	-	(62.4)
(12.2)	-	-	(54.3)	-	(278.4)	-	(278.4)
0.6	7.1	-	-	-	39.8	-	39.8
2.7	-	-	-	-	5.3	-	5.3
(6.9)	(0.8)	-	(10.0)	15.0	90.0	84.5	174.5
-	-	-	2.8	-	3.8	-	3.8
10,098.2	953.3	288.7	211.1	-	32,506.2	449.9	32,956.1
29.8	6.2	6.2	7.8	(144.7)	-	-	-
10,128.0	959.5	294.9	218.9	(144.7)	32,506.2	449.9	32,956.1
374.9	(414.0)	21.9	(13.8)	(121.1)	3,145.5	(1,064.5)	2,081.0
11.4	(273.2)	-	25.8	-	(169.4)	-	(169.4)
386.3	(687.2)	21.9	12.0	(121.1)	2,976.1	(1,064.5)	1,911.6
(135.2)	(73.4)	(19.1)	(4.9)	(16.9)	(904.0)	(12.4)	(916.4)
(1.1)	(2.8)	-	(0.1)	-	(50.3)	-	(50.3)
(2.5)	(165.2)	(0.9)	(1.0)	(2.0)	(202.7)	(6.4)	(209.1)
(26.1)	(147.6)	-	(61.2)	(0.1)	(293.1)	-	(293.1)
17.9	0.4	-	1.1	9.0	51.4	-	51.4
12.3	-	-	-	-	14.5	-	14.5
-	(277.2)	-	-	-	(277.2)	-	(277.2)
9.4	(14.8)	-	17.7	(22.5)	(45.3)	-	(45.3)
-	-	-	-	-	(0.2)	-	(0.2)
-	-	-	17.0	-	17.0	-	17.0

## FINANCIAL STATEMENTS

**45. Segment Information - Group (continued)****b. Segment assets and liabilities and additions to non-current assets**

<b>2011</b>	<b>Plantation</b>	<b>Property</b>	<b>Industrial</b>
<b>Segment assets</b>			
Operating assets	<b>14,729.2</b>	<b>7,124.3</b>	<b>7,593.5</b>
Jointly controlled entities and associates	<b>488.4</b>	<b>392.8</b>	<b>118.7</b>
Non-current assets held for sale	-	<b>44.9</b>	<b>1.2</b>
	<b>15,217.6</b>	<b>7,562.0</b>	<b>7,713.4</b>
<b>Segment liabilities</b>			
Liabilities	<b>1,826.7</b>	<b>1,087.1</b>	<b>2,695.0</b>
Liabilities associated with assets held for sale	-	-	-
	<b>1,826.7</b>	<b>1,087.1</b>	<b>2,695.0</b>
Additions to non-current assets, other than financial instruments and deferred tax assets, are as follows:			
Capital expenditure	<b>1,010.6</b>	<b>336.4</b>	<b>759.6</b>
Additions to interest in jointly controlled entities and associates	-	-	<b>39.2</b>
Goodwill arising from business combinations	-	-	<b>22.9</b>
	<b>1,010.6</b>	<b>336.4</b>	<b>821.7</b>
<b>2010 (restated)</b>			
<b>Segment assets</b>			
Operating assets	12,871.4	6,622.5	5,580.4
Jointly controlled entities and associates	446.6	390.2	59.8
Non-current assets held for sale	-	4.9	-
	13,318.0	7,017.6	5,640.2
<b>Segment liabilities</b>			
Liabilities	1,216.2	889.7	2,161.9
Additions to non-current assets, other than financial instruments and deferred tax assets, are as follows:			
Capital expenditure	1,100.1	338.2	676.7
Additions to interest in jointly controlled entities and associates	-	-	3.4
Goodwill arising from business combinations	7.5	-	-
	1,107.6	338.2	680.1

## FINANCIAL STATEMENTS

## Continuing operations

Motors	Energy & Utilities	Healthcare	Others	Corporate and elimination	Total	Discontinuing operations	Total
5,473.0	3,127.5	436.4	119.6	1,473.2	40,076.7	-	40,076.7
66.8	(128.9)	-	43.5	-	981.3	-	981.3
0.9	-	-	98.7	-	145.7	640.3	786.0
5,540.7	2,998.6	436.4	261.8	1,473.2	41,203.7	640.3	41,844.0
2,314.6	1,586.2	73.2	92.8	101.7	9,777.3	-	9,777.3
-	-	-	22.3	-	22.3	-	22.3
2,314.6	1,586.2	73.2	115.1	101.7	9,799.6	-	9,799.6
310.7	228.4	26.7	1.3	8.2	2,681.9	13.4	2,695.3
1.7	12.1	-	-	-	53.0	-	53.0
-	-	-	-	-	22.9	-	22.9
312.4	240.5	26.7	1.3	8.2	2,757.8	13.4	2,771.2
4,469.2	3,311.2	419.6	305.5	1,979.6	35,559.4	-	35,559.4
61.6	(146.2)	-	29.4	-	841.4	-	841.4
2.4	-	-	3.2	-	10.5	-	10.5
4,533.2	3,165.0	419.6	338.1	1,979.6	36,411.3	-	36,411.3
1,790.1	1,723.4	65.6	112.6	71.1	8,030.6	-	8,030.6
268.0	557.2	197.1	1.8	28.3	3,167.4	368.2	3,535.6
7.1	9.9	-	-	-	20.4	-	20.4
6.3	-	-	-	-	13.8	-	13.8
281.4	567.1	197.1	1.8	28.3	3,201.6	368.2	3,569.8

## FINANCIAL STATEMENTS

**45. Segment Information - Group (continued)****b. Segment assets and liabilities and additions to non-current assets (continued)**

Capital expenditure consists of the following:

	<b>2011</b>	<b>2010 (restated)</b>
Property, plant and equipment	<b>2,381.2</b>	3,197.4
Biological assets	<b>84.3</b>	97.0
Prepaid lease rentals	<b>21.5</b>	76.3
Investment properties	<b>1.9</b>	76.9
Land held for property development	<b>205.7</b>	85.1
Intangible assets other than goodwill	<b>0.7</b>	2.9
	<b>2,695.3</b>	3,535.6

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

	<b>Assets</b>		<b>Liabilities</b>	
	<b>2011</b>	<b>2010 (restated)</b>	<b>2011</b>	<b>2010 (restated)</b>
Segment total	<b>41,844.0</b>	36,411.3	<b>9,799.6</b>	8,030.6
Tax assets/liabilities	<b>1,022.2</b>	1,166.3	<b>1,186.7</b>	826.5
Borrowings	-	-	<b>7,062.4</b>	7,589.6
	<b>42,866.2</b>	37,577.6	<b>18,048.7</b>	16,446.7

**c. Segment by location**

Revenue, profit before interest and tax and non-current assets, other than financial instruments and deferred tax assets, analysed by location of the Group's operations:

	<b>Revenue</b>		<b>Profit before interest and tax</b>		<b>Non-current assets</b>	
	<b>2011</b>	<b>2010 (restated)</b>	<b>2011</b>	<b>2010 (restated)</b>	<b>2011</b>	<b>2010 (restated)</b>
Malaysia	<b>13,176.6</b>	10,378.7	<b>2,853.3</b>	1,121.4	<b>10,854.0</b>	10,917.2
Indonesia	<b>2,907.8</b>	2,075.3	<b>1,236.1</b>	782.1	<b>2,652.6</b>	2,634.3
Singapore	<b>3,940.0</b>	3,126.8	<b>245.4</b>	257.3	<b>731.5</b>	695.4
Other countries in South East Asia	<b>2,083.6</b>	1,953.4	<b>77.0</b>	53.9	<b>544.2</b>	589.4
China	<b>8,923.6</b>	6,238.3	<b>590.3</b>	282.7	<b>1,607.9</b>	1,327.9
Australasia	<b>8,411.9</b>	6,452.2	<b>684.5</b>	490.7	<b>1,601.8</b>	1,218.9
Europe	<b>1,680.0</b>	1,657.6	<b>(72.8)</b>	(30.9)	<b>431.9</b>	436.0
Other countries	<b>735.3</b>	623.9	<b>(12.1)</b>	18.9	<b>74.2</b>	56.7
	<b>41,858.8</b>	32,506.2	<b>5,601.7</b>	2,976.1	<b>18,498.1</b>	17,875.8

## FINANCIAL STATEMENTS

**45. Segment Information - Group (continued)****c. Segment by location (continued)**

Revenue and non-current assets, other than financial instruments and deferred tax assets, analysed by location of customers and location of assets:

	Revenue		Non-current assets	
	2011	2010 (restated)	2011	2010 (restated)
Malaysia	<b>10,577.1</b>	8,223.6	<b>10,853.6</b>	10,916.5
Indonesia	<b>2,894.2</b>	2,086.7	<b>2,652.6</b>	2,634.3
Singapore	<b>4,186.5</b>	3,189.8	<b>731.9</b>	696.1
Other countries in South East Asia	<b>2,236.2</b>	1,932.0	<b>544.2</b>	589.4
China	<b>7,984.1</b>	7,202.8	<b>1,607.9</b>	1,327.9
Australasia	<b>8,403.0</b>	6,462.2	<b>1,601.8</b>	1,218.9
Europe	<b>3,279.0</b>	1,688.2	<b>431.9</b>	436.0
Other countries	<b>2,298.7</b>	1,720.9	<b>74.2</b>	56.7
	<b>41,858.8</b>	32,506.2	<b>18,498.1</b>	17,875.8

The Group's operations are diverse in terms of the range of products and services it offers and the geographical coverage. There is no single customer that contributed 10% or more to the Group's revenue.

Non-current assets consist:

	2011	2010 (restated)
Property, plant and equipment	<b>12,656.1</b>	12,245.7
Biological assets	<b>2,429.7</b>	2,417.5
Prepaid lease rentals	<b>1,044.1</b>	1,152.6
Investment properties	<b>407.2</b>	435.6
Land held for property development	<b>893.7</b>	674.1
Jointly controlled entities	<b>295.5</b>	215.9
Associates	<b>685.8</b>	625.5
Intangibles	<b>86.0</b>	108.9
	<b>18,498.1</b>	17,875.8



## FINANCIAL STATEMENTS

**46. Related Parties**

At the last Annual General Meeting held on 16 November 2010, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note No 12 issued by Bursa Malaysia Securities Berhad, the details of recurrent related party transactions conducted during the financial year ended 30 June 2011 pursuant to the shareholders' mandate are as follows:

Subsidiaries of the Company	Transacting party	Nature of transaction	Related party and nature of relationship	2011	2010
Sime Darby Plantation Sdn Bhd and its subsidiaries (SDP Group)	Chemical Company of Malaysia Berhad and its following subsidiaries: - CCM Agri-Max Sdn Bhd - CCM Fertilizers Sdn Bhd - CCM Chemicals Sdn Bhd - PT CCM Agripharma (CCM Group)	Sale of chemicals and fertilisers by the CCM Group to SDP Group	Permodalan Nasional Berhad is the major shareholder of the Group and CCM Group	101.0	77.9

Significant related party transactions other than as disclosed in Notes 5, 6 and 9 are as follows:

	Group		Company	
	2011	2010	2011	2010
<b>a. Transactions with jointly controlled entities</b>				
Tolling fees and sales to Emery Oleochemicals (M) Sdn Bhd and its related companies	10.3	12.1	-	-
Sale of terminal trucks to Terberg Tractors Malaysia Sdn Bhd	58.6	57.4	-	-
Purchase of terminal trucks from Terberg Tractors Malaysia Sdn Bhd	5.5	10.7	-	-
Sale of land to Sime Darby Sunrise Development Sdn Bhd	-	114.1	-	-
<b>b. Transactions with associates</b>				
Forwarding services provided by KN Sime Logistics Sdn Bhd	6.7	10.0	-	-
Purchase of natural latex from Muang Mai Guthrie Co Ltd	2.3	2.9	-	-
Rental of land from Seriemas Development Sdn Bhd	39.6	13.4	-	-
<b>c. Transactions between subsidiaries and its significant owners of non-controlling interests</b>				
Turnkey works rendered by Brunfield Engineering Sdn Bhd to Sime Darby Brunfield Holding Sdn Bhd (SDBH) and its subsidiaries, companies in which Dato' Dr Ir Gan Tian Leong and Encik Mohamad Hassan Zakaria have equity interests	387.4	260.6	-	-
Turnkey works rendered by Brunfield Engineering Sdn Bhd to Sime Darby Brunfield Property Sdn Bhd, companies in which Encik Mohamad Hassan Zakaria has equity interests	-	5.1	-	-
Sale of properties by SDBH to Brunfield Properties Sdn Bhd, companies in which Dato' Dr Ir Gan Tian Leong and Encik Mohamad Hassan Zakaria have equity interests	-	11.5	-	-
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	31.7	66.6	-	-
Sale of goods and provision of services to Gunnebo Holdings APS and its related companies, a shareholder of Chubb Malaysia Sendirian Berhad	10.6	10.2	-	-

## FINANCIAL STATEMENTS

**46. Related Parties (continued)**

Significant related party transactions other than as disclosed in Notes 5, 6 and 9 are as follows: (continued)

	Group		Company	
	2011	2010	2011	2010
<b>c. Transactions between subsidiaries and its significant owners of non-controlling interests (continued)</b>				
Royalty payment to and procurement of Completely Knocked -Down (CKD) packs, Completely Built-Up cars and ancillary services from Hyundai Motor Company and its related companies, a shareholder of Inokom Corporation Sdn Bhd	<b>100.0</b>	29.2	-	-
Purchase of used vehicle from Mr Tan Kok Peng, a close family member of a shareholder of Performance Premium Selection Limited	<b>2.7</b>	-	-	-
<b>d. Transactions between a subsidiary and a company in which the subsidiary's director has equity interest</b>				
Provision of nominee director and management services by Rusa Consulting Limited in which Mr Nik Raof Daud, a director of Sime Darby London Limited has an equity interest	-	1.0	-	-
<b>e. Transactions with Directors</b>				
Sale of residential properties and cars	<b>4.3</b>	0.1	-	-
<b>f. Transactions with key management personnel</b>				
Sales of residential properties and cars	<b>6.1</b>	3.5	-	-
<b>g. Transaction with a close family member of a key management personnel</b>				
Sale of a residential property	-	6.5	-	-
<b>h. Remuneration of Directors and key management personnel</b>				
Salaries, fees and other emoluments	<b>36.6</b>	20.2	<b>3.7</b>	2.9
Defined contribution pension plan	<b>1.9</b>	1.4	-	-
Estimated monetary value of benefits by way of usage of the Group's and Company's assets	<b>1.3</b>	1.9	<b>0.6</b>	0.7

Other than as disclosed above, there were no material contracts subsisting as at 30 June 2011 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors or substantial shareholders.

## FINANCIAL STATEMENTS

**46. Related Parties (continued)**

The outstanding balances with related parties are shown in Notes 20, 24 and 39 and the significant outstanding balances with other related parties as at the end of the reporting period are as follows:

	Group		Company	
	2011	2010	2011	2010
<b>a. Amounts due from/(to) jointly controlled entities</b>				
Malaysia - China Hydro Joint Venture	(32.4)	(56.5)	-	-
Sime Darby Marine Puteri Offshore I (L) Inc	61.8	64.0	-	-
Sime Darby Sunrise Development Sdn Bhd	110.4	108.9	-	-
<b>b. Amounts due to owner of non-controlling interests of Sime Darby Brunfield Holding Sdn Bhd</b>				
Brunfield Metropolitan Sdn Bhd	163.4	73.8	-	-
Brunfield Engineering Sdn Bhd, company in which Dato' Dr Ir Gan Thian Leong and Encik Mohamad Hassan Zakaria have equity interests	13.2	25.2	-	-

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

**47. Financial Instruments****a. Financial instruments by category**

Financial assets and financial liabilities are categorised as follows:

Group 2011	Derivatives used for hedging	Fair value through the profit or loss - held for trading	Loans and receivables	Available-for- sale financial assets	Total
<b>Non-current assets</b>					
Available-for-sale investments	-	-	-	125.5	125.5
Trade and other receivables	-	-	375.4	-	375.4
<b>Current assets</b>					
Trade and other receivables	-	-	4,930.1	-	4,930.1
Derivatives	130.1	45.8	-	-	175.9
Cash held under Housing Development Accounts	-	-	616.4	-	616.4
Bank balances, deposits and cash	-	-	4,911.3	-	4,911.3
Total financial assets	130.1	45.8	10,833.2	125.5	11,134.6

## FINANCIAL STATEMENTS

**47. Financial Instruments (continued)****a. Financial instruments by category (continued)**

Financial assets and financial liabilities are categorised as follows: (continued)

<b>Group 2011</b>	<b>Derivatives used for hedging</b>	<b>Fair value through the profit or loss - held for trading</b>	<b>Financial guarantee contracts</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
<b>Non-current liabilities</b>					
Borrowings	-	-	-	4,007.5	4,007.5
Derivatives	12.5	9.6	-	-	22.1
<b>Current liabilities</b>					
Trade and other payables	-	-	1.1	8,571.7	8,572.8
Borrowings	-	-	-	3,054.9	3,054.9
Derivatives	31.7	45.5	-	-	77.2
Total financial liabilities	<b>44.2</b>	<b>55.1</b>	<b>1.1</b>	<b>15,634.1</b>	<b>15,734.5</b>

<b>Company 2011</b>	<b>Derivatives used for hedging</b>	<b>Fair value through the profit or loss - held for trading</b>	<b>Loans and receivables</b>	<b>Available-for- sale financial assets</b>	<b>Total</b>
<b>Non-current assets</b>					
Trade and other receivables	-	-	2,000.0	-	2,000.0
<b>Current assets</b>					
Trade and other receivables	-	-	1,217.1	-	1,217.1
Bank balances, deposits and cash	-	-	346.9	-	346.9
Total financial assets	<b>-</b>	<b>-</b>	<b>3,564.0</b>	<b>-</b>	<b>3,564.0</b>

	<b>Derivatives used for hedging</b>	<b>Fair value through the profit or loss - held for trading</b>	<b>Financial guarantee contracts</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
<b>Non-current liabilities</b>					
Borrowings	-	-	-	2,000.0	2,000.0
<b>Current liabilities</b>					
Trade and other payables	-	-	14.7	1,038.8	1,053.5
Borrowings	-	-	-	1,200.0	1,200.0
Total financial liabilities	<b>-</b>	<b>-</b>	<b>14.7</b>	<b>4,238.8</b>	<b>4,253.5</b>

The recognition and measurement basis are described in Notes 2(n) and 2(u).

## FINANCIAL STATEMENTS

**47. Financial Instruments (continued)****b. Income, expense, gains and losses on financial instruments**

Income, expense, gains and losses on financial instruments recognised in the statements of profit or loss and comprehensive income are as follows:

Group 2011	Derivatives used for hedging		Fair value through profit or loss – held for trading	
	Forward foreign exchange contract	Interest rate swap	Forward foreign exchange contract	Interest rate swap
Revenue	-	-	-	-
Operating expenses				
- impairment	-	-	-	-
- fair value/ineffective hedge	-	-	(7.2)	-
Other operating income				
- income from available-for-sale investments	-	-	-	-
- gain on disposal	-	-	-	-
- reversal of impairment	-	-	-	-
- fair value/ineffective hedge	-	-	27.0	-
Finance income	-	-	-	-
Finance costs	-	-	-	29.8
Other comprehensive income				
- net change in fair value	9.4	(12.9)	-	-
- transfer to profit or loss	-	-	-	-
	<b>9.4</b>	<b>(12.9)</b>	<b>19.8</b>	<b>29.8</b>

Company 2011	Loans and receivables	Financial guarantee contracts	Financial liabilities at amortised cost	Total
Finance income	140.6	16.7	-	157.3
Finance costs	-	-	(139.7)	(139.7)
	<b>140.6</b>	<b>16.7</b>	<b>(139.7)</b>	<b>17.6</b>

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Loans and receivables	Available-for-sale financial assets	Financial guarantee contracts	Financial liabilities at amortised cost	Reclassification	Total
-	-	-	-	(1.0)	(1.0)
(62.4)	(57.1)	-	-	-	(119.5)
-	-	-	-	-	(7.2)
-	15.3	-	-	-	15.3
-	0.1	-	-	5.4	5.5
39.8	-	-	-	-	39.8
-	-	-	-	-	27.0
154.8	-	0.5	-	-	155.3
-	-	-	(337.6)	-	(307.8)
-	(20.3)	-	-	-	(23.8)
-	-	-	-	(4.4)	(4.4)
<b>132.2</b>	<b>(62.0)</b>	<b>0.5</b>	<b>(337.6)</b>	<b>-</b>	<b>(220.8)</b>

## FINANCIAL STATEMENTS

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies**

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity and cash flow risk and price risk. The Group's financial risk management objective is to ensure that the Group creates value for its shareholders.

Financial risk management is carried out through risk reviews, internal control systems, insurance programs and adherence to Group Policies and Authorities. The Board regularly reviews these risks and approves the policies covering the management of these risks.

The Group uses derivatives such as foreign exchange contracts and interest rate swaps to hedge certain exposures [Note 29]. The Group does not trade in these derivatives.

Whilst all derivatives entered provide economic hedges to the Group, certain derivatives do not qualify for the application of hedge accounting under the specific rules in FRS 139. Changes in the fair value of these derivatives are recognised in profit or loss, while changes in the fair value of those derivatives that qualify for cash flow hedge accounting are recognised in other comprehensive income.

Details of each financial risk are as follows:

**i. Foreign currency risk**

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by subsidiaries. During the financial year ended 30 June 2011, the Group's revenue was transacted in the following currencies:

<b>Transacted currency</b>	<b>Functional currency</b>	<b>Other than functional currency</b>	<b>Total revenue</b>
Ringgit Malaysia	<b>10,312.4</b>	<b>20.3</b>	<b>10,332.7</b>
United States dollar	<b>9.4</b>	<b>3,476.6</b>	<b>3,486.0</b>
Indonesian rupiah	<b>2,866.0</b>	<b>-</b>	<b>2,866.0</b>
Singapore dollar	<b>3,513.1</b>	<b>28.8</b>	<b>3,541.9</b>
Chinese renminbi	<b>6,838.4</b>	<b>-</b>	<b>6,838.4</b>
Hong Kong dollar	<b>2,079.8</b>	<b>-</b>	<b>2,079.8</b>
Australian dollar	<b>6,476.3</b>	<b>0.6</b>	<b>6,476.9</b>
Other currencies	<b>6,184.6</b>	<b>52.5</b>	<b>6,237.1</b>
	<b>38,280.0</b>	<b>3,578.8</b>	<b>41,858.8</b>

Where the transacted currencies differ from the subsidiaries' functional currency, the Group is exposed to currency risk. The risk also extends to purchases denominated in currency other than the subsidiaries' functional currency.

## FINANCIAL STATEMENTS

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**i. Foreign currency risk (continued)**

Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. Otherwise, the Group enters into forward foreign exchange contracts to limit its exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies. These derivatives are normally contracted through centralised treasury in order to achieve the benefits of netting within the Group and to manage the cost of hedging effectively.

The percentages of trade and other receivables and payables denominated in other than functional currency covered by forward foreign exchange contracts as at 30 June 2011 are as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
Monetary items denominated in other than functional currency		
- receivables	<b>812.3</b>	496.0
- payables	<b>915.6</b>	586.8
	<hr/>	<hr/>
Forward foreign exchange contracts		
- receivables	<b>550.5</b>	255.5
- payables	<b>470.5</b>	324.7
	<hr/>	<hr/>
Percentage covered (%)		
- receivables	<b>67.8</b>	51.5
- payables	<b>51.4</b>	55.3
	<hr/>	<hr/>



## FINANCIAL STATEMENTS

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**i. Foreign currency risk (continued)**

Currency profile of monetary financial assets and financial liabilities are as follows:

<b>Group</b>	<b>Denominated in</b>		
	<b>United States dollar</b>	<b>Australian dollar</b>	<b>Chinese renminbi</b>
<b>2011</b>			
Available-for-sale investments (debt instruments)	-	-	-
Trade and other receivables (net)	<b>781.7</b>	<b>0.3</b>	-
Cash held under Housing Development Accounts	-	-	-
Bank balances, deposits and cash	<b>460.8</b>	<b>36.9</b>	<b>74.5</b>
Borrowings	<b>(604.0)</b>	-	-
Trade and other payables	<b>(727.4)</b>	<b>(2.3)</b>	<b>(3.3)</b>
	<b>(88.9)</b>	<b>34.9</b>	<b>71.2</b>
<b>2010</b>			
Available-for-sale investments (debt instruments)	-	-	-
Trade and other receivables (net)	416.8	2.5	-
Cash held under Housing Development Accounts	-	-	-
Bank balances, deposits and cash	345.2	198.4	0.2
Borrowings	(664.4)	-	-
Trade and other payables	(357.8)	(0.8)	(3.4)
	(260.2)	200.1	(3.2)

All monetary items of the Company are denominated in Ringgit Malaysia, the functional currency of the Company.

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## other than functional currencies

European Union euro	Qatar riyal	New Zealand dollar	Singapore dollar	Others	Denominated in functional currencies	Total
-	-	-	-	-	5.0	5.0
-	0.1	-	1.0	29.2	4,493.2	5,305.5
-	-	-	-	-	616.4	616.4
21.9	0.1	34.2	45.0	9.0	4,228.9	4,911.3
-	-	-	-	-	(6,458.4)	(7,062.4)
(139.0)	(1.6)	-	(5.7)	(36.3)	(7,657.2)	(8,572.8)
(117.1)	(1.4)	34.2	40.3	1.9	(4,772.1)	(4,797.0)
-	-	-	-	-	2.2	2.2
10.1	54.8	0.1	4.6	7.1	3,759.5	4,255.5
-	-	-	-	-	542.1	542.1
43.2	0.1	44.8	26.7	17.3	3,815.3	4,491.2
-	-	-	-	-	(6,925.2)	(7,589.6)
(177.4)	(4.9)	(0.3)	(15.7)	(26.5)	(6,129.4)	(6,716.2)
(124.1)	50.0	44.6	15.6	(2.1)	(4,935.5)	(5,014.8)

## FINANCIAL STATEMENTS

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**i. Foreign currency risk (continued)**

The following table illustrates the effect of changes in exchange rate on the translation of foreign currency monetary items against the functional currency at 30 June 2011, both before and after taking into account the hedge instruments. If the major currencies strengthened by the following percentage at the end of the reporting period, the Group's profit before tax will improve/(decline) by:

Major currency	Strengthened by	Net monetary items	Hedged	Open position	Impact on profit before tax	
					Before hedge	After hedge
United States dollar	5%	(88.9)	(119.2)	(208.1)*	(4.4)	(10.4)
Chinese renminbi	5%	71.2	-	71.2	3.6	3.6
European Union euro	5%	(117.1)	23.2	(93.9)	(5.9)	(4.7)

\* Open position was higher as the Group does not hedge its foreign currency denominated bank balances, deposits and cash and borrowings.

A similar percentage decrease in the exchange rate would have an equal but opposite effect. Changes in exchange rate will also result in changes to the fair value of forward foreign exchange contracts used to hedge forecast transactions. No sensitivity is performed as the Group's exposure in those contracts is limited.

**ii. Interest rate risk**

The Group is exposed to interest rate risk as a result of interest bearing financial assets and financial liabilities. Interest rate exposure which arises from certain of the Group's borrowings is managed through the use of fixed and floating rate debt and derivatives. Derivatives are used, where appropriate, to generate the desired interest rate profile.

The percentages of fixed rate borrowings, both before and after taking into account the interest rate swap (IRS) contracts, to the total borrowings as at 30 June 2011 are as follows:

	Group		Company	
	2011	2010	2011	2010
Total borrowings	<b>7,062.4</b>	7,589.6	<b>3,200.0</b>	3,800.0
Fixed rate borrowings	<b>2,512.4</b>	2,024.9	<b>2,500.0</b>	2,000.0
Floating rate borrowings (swapped to fixed)	<b>1,857.4</b>	2,297.7	-	-
Total fixed rate after swap	<b>4,369.8</b>	4,322.6	<b>2,500.0</b>	2,000.0
Percentage of fixed rate borrowings over total borrowings				
- before swap (%)	<b>35.6</b>	26.7	<b>78.1</b>	52.6
- after swap (%)	<b>61.9</b>	57.0	<b>78.1</b>	52.6

## FINANCIAL STATEMENTS

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**ii. Interest rate risk (continued)**

As at 30 June 2011, the Group's and the Company's floating rate borrowings stood at RM4,550.0 million and RM700.0 million, respectively. The following table demonstrates the effect of changes in interest rate of floating rate borrowings, both before and after taking into account the interest rate swap contracts mentioned in the preceding paragraph. If the interest rate increased by 1% in the following currencies of borrowings, the Group's and Company's profit before tax and hedging reserve will be higher/(lower) by:

	Group		Company	
	Before IRS	After IRS	Before IRS	After IRS
<b>Profit before tax</b>				
- Malaysia ringgit	(15.8)	(15.8)	(7.0)	(7.0)
- Australian dollar	(5.8)	(5.8)	-	-
- United States dollar	(19.9)	(1.3)	-	-
<b>Hedging reserve</b>				
- United States dollar	-	10.9	-	-

A 1% decrease in interest rate would have an equal but opposite effect.

**iii. Credit risk**

Credit risk arises on sales made on credit terms, derivatives with positive fair value, deposits with banks, guarantees and performance guarantees given on behalf of others and risk sharing arrangement.

The Group seeks to control credit risk by dealing with counterparties with appropriate credit histories and transact and deposit with banks and financial institutions with good credit ratings. Third party agencies' ratings are considered, if available. In addition, the customers' most recent financial statements, payment history and other relevant information are considered in the determination of credit risk. Counterparties are assessed at least annually and more frequently when information on significant changes in their financial position becomes known. Credit terms and limit are set based on this assessment. Where appropriate, guarantees or securities are obtained to limit credit risk. Sales to trade customers are usually suspended when earlier amounts are overdue exceeding 180 days.

The maximum exposure and collateral and credit enhancements as at 30 June 2011 are as follows:

	Group		Company	
	Maximum exposure	Collateral and credit enhancement	Maximum exposure	Collateral and credit enhancement
Trade and other receivables	5,786.1	760.7	3,217.1	-
Derivatives	175.9	-	-	-
Cash held under Housing Development Accounts	616.4	-	-	-
Bank balances, deposits and cash	4,911.3	-	346.9	-
Guarantees in respect of credit facilities granted to:				
- certain subsidiaries	-	-	2,891.4	-
- a jointly controlled entity, associates and others	153.3	-	-	-
Performance and advance payment guarantees to customers of:				
- certain subsidiaries	-	-	2,965.4	212.1
- jointly controlled entities	1,603.7	1,603.7	1,000.0	708.0
Risk sharing arrangement	223.6	-	-	-
	<b>13,470.3</b>	<b>2,364.4</b>	<b>10,420.8</b>	<b>920.1</b>

## FINANCIAL STATEMENTS

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**iii. Credit risk (continued)**

Included in the collateral and credit enhancement of the Group's trade and other receivables is a netting arrangement with the Group's creditor to the sum of RM148.0 million. The collaterals received for performance guarantee given on behalf of joint venture partners are in the form of undertaking letters. All other collaterals are mainly in the form of letter of credits, end-financing arrangements, guarantees from reputable banks and deposits of cash from customers.

The Group has a risk sharing arrangement with a third party leasing company which is a member of our principal vendor, in connection with the sale of its equipment whereby the Group guarantees the payment of its customers under the lease agreement up to a pre-determined amount. As at 30 June 2011, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM250.1 million (2010: RM120.4 million), of which RM23.0 million (2010: RM16.5 million) has been provided for based on the average default rate from the Group's past experience.

The credit risks concentration profile of the Group's net trade receivables analysed by country where the Group operates and by reportable segment at the end of the reporting date are as follows:

<b>Group 2011</b>	<b>Plantation</b>	<b>Property</b>	<b>Industrial</b>	<b>Motors</b>	<b>Energy &amp; Utilities</b>	<b>Health- care</b>	<b>Others</b>	<b>Cor- porate</b>	<b>Total</b>
Malaysia	398.0	617.1	214.2	211.5	48.2	30.4	7.6	80.9	1,607.9
Indonesia	11.2	-	-	-	-	-	-	-	11.2
Singapore	20.3	2.5	162.4	24.5	30.4	-	13.5	-	253.6
Other countries in South East Asia	121.0	-	-	14.2	49.5	-	2.3	-	187.0
China	-	8.6	229.5	45.1	19.2	-	18.6	-	321.0
Australasia	-	0.6	934.2	154.0	-	-	-	-	1,088.8
Europe	298.8	0.8	-	-	-	-	-	-	299.6
Other countries	148.7	-	-	-	-	-	1.3	-	150.0
	<b>998.0</b>	<b>629.6</b>	<b>1,540.3</b>	<b>449.3</b>	<b>147.3</b>	<b>30.4</b>	<b>43.3</b>	<b>80.9</b>	<b>3,919.1</b>

**In percentage**

Malaysia	10.2	15.7	5.5	5.4	1.2	0.8	0.2	2.0	41.0
Indonesia	0.3	-	-	-	-	-	-	-	0.3
Singapore	0.5	0.1	4.1	0.7	0.8	-	0.3	-	6.5
Other countries in South East Asia	3.1	-	-	0.3	1.3	-	0.1	-	4.8
China	-	0.2	5.9	1.1	0.5	-	0.5	-	8.2
Australasia	-	-	23.8	4.0	-	-	-	-	27.8
Europe	7.6	-	-	-	-	-	-	-	7.6
Other countries	3.8	-	-	-	-	-	-	-	3.8
	<b>25.5</b>	<b>16.0</b>	<b>39.3</b>	<b>11.5</b>	<b>3.8</b>	<b>0.8</b>	<b>1.1</b>	<b>2.0</b>	<b>100.0</b>

## FINANCIAL STATEMENTS

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**iii. Credit risk (continued)**

<b>Group 2010</b>	<b>Plantation</b>	<b>Property</b>	<b>Industrial</b>	<b>Motors</b>	<b>Energy &amp; Utilities</b>	<b>Health- care</b>	<b>Others</b>	<b>Cor- porate</b>	<b>Total</b>
Malaysia	292.4	590.8	233.8	193.5	75.4	25.2	37.3	78.2	1,526.6
Indonesia	31.1	-	-	-	-	-	-	-	31.1
Singapore	20.9	1.5	168.0	44.8	28.7	-	11.2	-	275.1
Other countries in South East Asia	81.4	0.4	3.0	13.7	49.3	-	1.7	-	149.5
China	-	-	172.4	48.9	11.2	-	19.9	-	252.4
Australasia	-	1.5	557.6	108.8	-	-	-	-	667.9
Europe	186.0	0.1	-	-	-	-	-	-	186.1
Other countries	36.0	-	-	-	-	-	0.6	-	36.6
	<b>647.8</b>	<b>594.3</b>	<b>1,134.8</b>	<b>409.7</b>	<b>164.6</b>	<b>25.2</b>	<b>70.7</b>	<b>78.2</b>	<b>3,125.3</b>

**In percentage**

Malaysia	9.4	18.9	7.5	6.2	2.4	0.8	1.2	2.5	48.9
Indonesia	1.0	-	-	-	-	-	-	-	1.0
Singapore	0.7	-	5.4	1.4	0.9	-	0.4	-	8.8
Other countries in South East Asia	2.6	-	0.1	0.4	1.6	-	0.1	-	4.8
China	-	-	5.5	1.6	0.4	-	0.6	-	8.1
Australasia	-	-	17.8	3.5	-	-	-	-	21.3
Europe	6.0	-	-	-	-	-	-	-	6.0
Other countries	1.1	-	-	-	-	-	-	-	1.1
	<b>20.8</b>	<b>18.9</b>	<b>36.3</b>	<b>13.1</b>	<b>5.3</b>	<b>0.8</b>	<b>2.3</b>	<b>2.5</b>	<b>100.0</b>

The highest percentage of concentration of Group's net trade receivables as at 30 June 2011 was 23.8% in the Industrial segment in Australasia. The customer base in this sector comprised a few large customers involved in the mining sector.

The Company has no significant concentration of credit risks except for loans to its subsidiaries where risk of default has been assessed to be low.

## FINANCIAL STATEMENTS

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**iv. Liquidity and cash flow risk**

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting financial obligations when it falls due. The Group maintains a prudent borrowing policy which is aimed towards maintaining sufficient cash for all cash flow requirements, managing debt and investment portfolio within the relevant time buckets to maturity, obtaining a diverse range of funding sources, and keeping an adequate amount of credit facilities to provide an ample liquidity cushion. Cash projections is another key element for effective management of liquidity risk to ensure requirements are identified as early as possible and net liability exposures are appropriately managed.

The Group maintains centralised treasury functions where all strategic funding requirements are managed. The main source of financing for the Group is internally generated cash flows from operations under the respective group companies. The centralised treasury generally manages cash for the Group at corporate level, and has primary responsibility to provide funding to companies throughout the Group and assists the respective group companies to seek financing from its local banks when it is most appropriate to do so. In light of the current market conditions, the Group monitors funding options available in the capital markets, and will tap the market at the appropriate time under its existing RM4.5 billion Islamic Commercial Papers/Islamic Medium Term Note Programme.

As at 30 June 2011, the Group has total cash and cash equivalent of RM5,527.7 million which includes cash held for working capital and identified capital expenditure requirements and restricted cash.

The undiscounted contractual cash flows of the Group's and the Company's financial liabilities at the end of the reporting date are as follows:

<b>Group 2011</b>	<b>On demand or within 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Above 5 years</b>	<b>Total contractual cash flows</b>	<b>Total carrying amount</b>
Trade and other payables	8,572.8	-	-	-	8,572.8	8,572.8
Borrowings						
- principal	3,054.9	2,145.8	777.5	1,084.2	7,062.4	7,062.4
- interest	246.6	116.1	200.8	22.6	586.1	-
Derivatives						
- net settled	54.0	22.1	-	-	76.1	76.1
- gross settled	23.2	-	-	-	23.2	23.2
	<b>11,951.5</b>	<b>2,284.0</b>	<b>978.3</b>	<b>1,106.8</b>	<b>16,320.6</b>	<b>15,734.5</b>
<b>Company 2011</b>						
Trade and other payables	1,053.5	-	-	-	1,053.5	1,053.5
Borrowings						
- principal	1,200.0	300.0	700.0	1,000.0	3,200.0	3,200.0
- interest	107.6	82.2	184.5	18.0	392.3	-
	<b>2,361.1</b>	<b>382.2</b>	<b>884.5</b>	<b>1,018.0</b>	<b>4,645.8</b>	<b>4,253.5</b>

**47. Financial Instruments (continued)****c. Financial risk management objectives and policies (continued)**

Details of each financial risk are as follows: (continued)

**v. Price risk**

The Group through its subsidiaries is exposed to securities price risk on its available-for-sale investments and commodity price risk due to fluctuations in crude palm oil futures prices.

The performance of available-for-sale investments are monitored regularly taking into account their relevance to the Group's long term strategic plans. If the price of available-for-sale investments increased by 10%, the available-for-sale reserves would have been higher by RM11.9 million and correspondingly, a 10% decrease would result in lower available-for-sale reserves by RM11.9 million.

The Group enters into commodity contracts to minimise exposure to adverse movements in crude palm 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.

**d. Financial instruments measured at fair value**

In estimating the financial instruments carried at fair value, there are, in general, three different levels which can be defined as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Valuation inputs (other than level 1 input) that are observable for the asset or liability, either directly or indirectly
- Level 3 - Valuation inputs that are not based on observable market data

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June 2011 into three different levels as defined above:

<b>Group 2011</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Available-for-sale investments	<b>48.6</b>	<b>22.2</b>	<b>54.7</b>	<b>125.5</b>
Derivatives				
- forward foreign exchange contracts	-	<b>175.9</b>	-	<b>175.9</b>
	<b>48.6</b>	<b>198.1</b>	<b>54.7</b>	<b>301.4</b>
<b>Financial liabilities</b>				
Derivatives				
- forward foreign exchange contracts	-	<b>(23.2)</b>	-	<b>(23.2)</b>
- interest rate swap contracts	-	<b>(76.1)</b>	-	<b>(76.1)</b>
	-	<b>(99.3)</b>	-	<b>(99.3)</b>

None of the Company's financial assets and liabilities is measured at fair value.



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**47. Financial Instruments (continued)****d. Financial instruments measured at fair value (continued)**Available-for-sale investments

If there are quoted market prices in active markets, these are considered Level 1. If such quoted market prices are not available, fair value are determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category. It is classified into the Level 3 category if significant unobservable inputs are used.

Derivatives

The fair values of derivative are determined using quoted price of identical instruments from an active market, if available (Level 1). If quoted prices are not available, price quoted for similar instruments, appropriately adjusted or present value techniques, based on available market data, or option pricing models are used. The fair values obtained using price quotes for similar instruments or valuation techniques represent a Level 2 input unless significant unobservable inputs are used.

Movements in the financial year for financial instruments measured using Level 3 valuation methods are as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
At 1 July	<b>57.7</b>	62.0
Impairment	<b>(2.8)</b>	(3.9)
Exchange differences	<b>(0.2)</b>	(0.4)
At 30 June	<b>54.7</b>	57.7

A reasonably possible change in assumptions is unlikely to result in a material change in the fair value of the Level 3 instruments.

**e. Fair value of financial instruments measured at amortised cost**

The carrying amounts and fair values of non-current financial assets and liabilities measured at amortised cost at the end of the reporting period are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets</b>				
<b>2011</b>				
Trade and other receivables				
- trade and other receivables	<b>119.9</b>	<b>119.9</b>	-	-
- amount due from a subsidiary	-	-	<b>2,000.0</b>	<b>2,000.0</b>
- advances for plasma plantation projects	<b>38.4</b>	<b>38.4</b>	-	-
- redeemable loan stocks	<b>217.1</b>	<b>208.6</b>	-	-
<b>2010</b>				
Trade and other receivables				
- trade receivables	80.1	80.1	-	-
- amount due from a subsidiary	-	-	3,800.0	3,800.0
- advances for plasma plantation projects	31.7	31.7	-	-
- redeemable loan stocks	202.9	201.0	-	-

**47. Financial Instruments (continued)****e. Fair value of financial instruments measured at amortised cost (continued)**

The carrying amounts and fair values of non-current financial assets and liabilities measured at amortised cost at the end of the reporting period are as follows: (continued)

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities</b>				
<b>2011</b>				
Borrowings				
- term loans	2,381.4	2,381.4	-	-
- unconvertible redeemable loan stocks	12.4	12.4	-	-
- Islamic Medium Term Notes	2,000.0	2,042.6	2,000.0	2,042.6
<b>2010</b>				
Borrowings				
- term loans	2,512.2	2,512.2	-	-
- unconvertible redeemable loan stocks	24.9	27.0	-	-
- Islamic Medium Term Notes	2,000.0	2,044.3	2,000.0	2,044.3

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

**48. Capital Management****a. Capital management objectives**

Capital management refers to implementing measures to maintain sufficient capital to support its businesses. The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and maximise shareholders' value. The Group is committed towards optimising its capital structure, to ensure competitive cost of capital. Implementation of optimal capital structure includes balancing between debt and equity by putting in place appropriate dividend and financing policies which influence the level of debt and equity.

One of the key considerations in this regard is to maintain ready access to capital markets and to preserve the Group's ability to repay and service debt obligations over time. In this respect, the Group has shown strong commitment to preserve its current ratings which is currently rated MARC-1<sub>ID</sub> /AAA<sub>ID</sub> by MARC, which is the highest local rating in the agency's debt ratings category.

The Group total debt as at 30 June 2011 is RM7,062.4 million. Gearing ratio is the ratio used by the Group to assess the appropriateness of its debt level, hence determining its capital structure. The ratio is calculated as Total Debt divided by Total Equity. The Group's gearing ratio as at 30 June 2011 and 30 June 2010 are 0.28 and 0.36 respectively.

Given the low gearing level, the Group still has capacity to borrow for expansion, provided an acceptable level of gearing ratio is maintained in order to retain its good credit ratings. The appropriate capital structure of the Group is an important factor towards maximising shareholders' value.

**b. Externally imposed financial covenants and capital structure**

The Group maintains a debt to equity ratio that complies with debt covenants and regulatory requirements in countries where the Group operates. This includes minimum capital requirements and the requirement to maintain legal reserves which are non-distributable.

## FINANCIAL STATEMENTS

**49. Effects of Changes to the Financial Reporting Standards****a. Restatement of comparatives**

Certain comparatives of the Group were restated following the amendments to FRS 107 – Statement of Cash Flows, FRS 116 – Property, plant and equipment and FRS 117 – Leases, see Note 1(c)(i). The Company's financial statements is not affected by these changes to the accounting standards.

Below are the effects of the restatement for the Group.

**i. Income and expenses for the financial year ended 30 June 2010**

<b>Group</b>	<b>As previously stated</b>	<b>Effects of Amendments to FRS 116</b>	<b>As restated</b>
Revenue	32,394.8	111.4	32,506.2
Operating expenses	(30,080.7)	(100.9)	(30,181.6)
Other operating income	831.4	(10.5)	820.9

Amendments to FRS 116 requires proceeds from sale of property, plant and equipment that are held for rental to be classified as revenue and to transfer the carrying amount of the asset to inventories when the asset becomes held for sale.

**ii. Assets and liabilities as at 30 June 2010 and 1 July 2009**

<b>Group</b>	<b>As at 30 June 2010</b>			<b>As at 1 July 2009</b>		
	<b>As previously stated</b>	<b>Effects of Amendments to FRS 117</b>	<b>As restated</b>	<b>As previously stated</b>	<b>Effects of Amendment to FRS 117</b>	<b>As restated</b>
<b>Non-current assets</b>						
Property, plant and equipment	10,772.7	1,473.0	12,245.7	9,439.6	1,291.1	10,730.7
Prepaid lease rentals	2,644.8	(1,492.2)	1,152.6	2,422.7	(1,311.2)	1,111.5
Investment properties	395.2	40.4	435.6	316.4	44.7	361.1
<b>Current assets</b>						
Prepaid lease rentals (included in accrued billings and others)	66.2	(21.2)	45.0	65.7	(24.6)	41.1

Amendments to FRS 117 removes the requirement to classify leasehold land as operating leases. Accordingly, leasehold land which meet the criteria of finance lease is reclassified to property, plant and equipment or investment properties.

## FINANCIAL STATEMENTS

**49. Effects of Changes to the Financial Reporting Standards (continued)****a. Restatement of comparatives (continued)****iii. Cash flows for the financial year ended 30 June 2010**

Group	As previously stated	Effects of Amend- ments to FRS 107	Effects of Amend- ments to FRS 117	As restated
<b>Continuing activities</b>				
<b>Cash flow from operating activities</b>				
Amortisation of prepaid lease rentals	73.3	-	(23.0)	50.3
Depreciation and amortisation	881.0	-	23.0	904.0
Net gain on disposal of:				
- property, plant and equipment	(64.4)	10.5	(20.6)	(74.5)
- prepaid lease rentals	(36.6)	-	26.2	(10.4)
- investment properties	(11.2)	-	(5.6)	(16.8)
Changes in inventories and rental assets	101.0	(525.6)	-	(424.6)
<b>Cash flow from investing activities</b>				
Purchase of additional interest from owners of non-controlling interests	(31.5)	31.5	-	-
Proceeds from sale of property, plant and equipment	341.4	(111.4)	21.6	251.6
Proceeds from sale of prepaid lease rentals	37.0	-	(22.2)	14.8
Proceeds from sale of investment properties	43.0	-	0.6	43.6
Purchase of property, plant and equipment	(2,625.2)	626.5	(218.4)	(2,217.1)
Payment for prepaid lease rentals	(294.7)	-	218.4	(76.3)
<b>Cash flow from financing activities</b>				
Purchase of additional interest from owners of non-controlling interests	-	(31.5)	-	(31.5)

Amendments to FRS 107 requires cash payments to manufacture or acquire assets held for rental and their subsequent sales to be classified under cash flow from operating activities instead of cash flow from investing activities. It also requires changes in ownership interest in a subsidiary that do not result in a loss of control to be classified under cash flow from financing activities.

The changes in cash flow in respect of Amendments to FRS 117 are consequences of the amendments to the standard as described in Note 49(a)(ii).

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**49. Effects of Changes to the Financial Reporting Standards (continued)****b. Restatement of opening balances as at 1 July 2010**

In accordance with the transitional provision of FRS 139 – Financial Instruments: Recognition and Measurement, the effects of adopting FRS 139 are adjusted against the opening balances of affected financial assets, financial liabilities and reserves as at 1 July 2010, see Note 1(c)(i). Below are the effects of the restatement.

<b>Group</b>	<b>Opening balances as at 1 July 2010</b>	<b>Effects of FRS 139</b>	<b>Opening balances as restated</b>
<b>Non-current assets</b>			
Associates	625.5	15.8	641.3
Available-for-sale investments	155.1	52.1	207.2
Deferred tax assets	613.7	7.4	621.1
Trade and other receivables	314.7	(9.9)	304.8
Derivatives	–	16.9	16.9
<b>Current assets</b>			
Trade and other receivables	3,940.8	(2.1)	3,938.7
Derivatives	–	31.5	31.5
<b>Equity</b>			
Reserves	7,284.5	59.6	7,344.1
Retained profits	10,060.3	(139.1)	9,921.2
<b>Non-current liabilities</b>			
Deferred tax liabilities	495.1	0.1	495.2
Derivatives	–	77.2	77.2
<b>Current liabilities</b>			
Trade and other payables	6,716.2	(1.6)	6,714.6
Derivatives	–	115.5	115.5
<b>Company</b>			
<b>Equity</b>			
Retained profits	2,130.3	(31.8)	2,098.5
<b>Current liabilities</b>			
Trade and other payables	22.7	31.8	54.5

As a result of prospective application, the comparatives may not be comparable with the current year's results and financial position.

**50. Holding Companies**

The Directors regard Permodalan Nasional Berhad as its immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

## FINANCIAL STATEMENTS

## 51. List of Subsidiaries, Jointly Controlled Entities and Associates

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Plantation – Subsidiaries</b>					
Chartquest Sdn Bhd	Cultivation of oil palm	Malaysia	61.1	61.1	1
Chermang Development (Malaya) Sdn Bhd	Investment holding	Malaysia	83.9	83.9	1
Consolidated Plantations Berhad	Investment holding	Malaysia	100.0	100.0	1
Eminent Platform Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Golden Hope Overseas Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Guthrie Industries Malaysia Sendirian Berhad	Cultivation of oil palm and processing of palm oil and palm kernel	Malaysia	100.0	100.0	1
Guthrie International Investments (L) Limited	Investment holding	Malaysia	100.0	100.0	1
Kumpulan Jelei Sendirian Berhad	Investment holding	Malaysia	100.0	100.0	1
Mostyn Palm Processing Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sanguine (Malaysia) Sdn Bhd	Cultivation of oil palm	Malaysia	100.0	100.0	1
Sime Darby-Agri Bio Sdn Bhd	Manufacturing and marketing of rat baits and trading of harvesting poles, Sime RB Pheromone, cover crop seeds, fertilisers, agrochemicals and agricultural equipment to the oil palm sector	Malaysia	100.0	100.0	1
Sime Darby Alif Food Industries Sdn Bhd	Manufacturing of food products	Malaysia	48.0	48.0	1
Sime Darby Alif Retort Pack Products Sdn Bhd	Retailing, marketing and distributing pre-packaged products including pre-packaged food products	Malaysia	60.0	60.0	1
Sime Darby Austral Holdings Berhad	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Austral Sdn Bhd	Processing of palm oil products	Malaysia	60.0	60.0	1
Sime Darby Beverages Sdn Bhd	Fruit cultivation, processing and sale of pink guava puree and juice	Malaysia	100.0	100.0	1
Sime Darby Biodiesel Sdn Bhd	Production and sale of biodiesel and its related products	Malaysia	100.0	100.0	1
Sime Darby Bioganic Sdn Bhd	Manufacturing of Palm Tocotrienol Vitamin E	Malaysia	100.0	100.0	1
Sime Darby Biotech Laboratories Sdn Bhd	Research and cloning of oil palm tissue culture	Malaysia	100.0	100.0	1

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Plantation – Subsidiaries (continued)</b>					
Sime Darby Bukit Talang Sdn Bhd	Processing and sale of palm oil and palm kernel	Malaysia	100.0	100.0	1
Sime Darby Consulting Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Foods & Beverages Marketing Sdn Bhd	Distribution and marketing of Halal food products for both retail and food services	Malaysia	100.0	100.0	1
Sime Darby Futures Trading Sdn Bhd	Trading of crude palm oil and palm oil products	Malaysia	100.0	100.0	1
Sime Darby Jomalina Sdn Bhd	Palm oil refining, trading and tolling services	Malaysia	100.0	100.0	1
Sime Darby Kempas Sdn Bhd	Palm oil and palm kernel oil refining and fractionation; and manufacturing and marketing of specialty and end user fats	Malaysia	100.0	100.0	1
Sime Darby Latex Sdn Bhd	Processing and sale of latex and other rubber related products	Malaysia	100.0	100.0	1
Sime Darby Oils & Fats Sdn Bhd	Marketing, distributing and sale of palm oil and palm oil related products	Malaysia	60.0	60.0	1
Sime Darby Pecconina Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Plantation (Sabah) Sdn Bhd	Cultivation of oil palm and processing of palm oil and palm kernel	Malaysia	100.0	100.0	1
Sime Darby Plantation (Sarawak) Sdn Bhd	Cultivation of oil palm and processing of palm oil and palm kernel	Malaysia	100.0	100.0	1
Sime Darby Plantation Indonesia Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Plantation Sdn Bhd	Production, processing and sale of palm oil, palm kernel and other palm oil related products and investment holding	Malaysia	100.0	100.0	1
Sime Darby Plantation Thailand Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Research Sdn Bhd	Research and development work in relation to tropical agriculture	Malaysia	100.0	100.0	1
Sime Darby Seeds & Agricultural Services Sdn Bhd	Provision of agricultural research and advisory services and production and sale of oil palm seeds	Malaysia	100.0	100.0	1
Sime Darby Technology Centre Sdn Bhd	Research and development in biotechnology and agriculture	Malaysia	100.0	100.0	1

## FINANCIAL STATEMENTS

## 51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Plantation – Subsidiaries (continued)</b>					
Sime Darby Turf Sdn Bhd	Planting and selling of turf grass	Malaysia	100.0	100.0	1
The China Engineers (Malaysia) Sdn Bhd	Cultivation of oil palm and processing of palm oil and palm kernel	Malaysia	100.0	100.0	1
Vertical Drive Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Wangsa Mujur Sdn Bhd	Cultivation of oil palm and processing of palm oil and palm kernel	Malaysia	72.5	72.5	1
PT Aneka Intipersada	Cultivation of oil palm and production 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	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	99.0	99.0	2
PT Bersama Sejahtera Sakti	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	91.1	91.1	2
PT Bhumireksa Nusasejati	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Bina Sains Cemerlang	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Budidaya Agro Lestari	Cultivation of oil palm	Indonesia	100.0	100.0	2
PT Golden Hope Nusantara	Refinery	Indonesia	100.0	100.0	2
PT Guthrie Pecconina Indonesia	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Indotruba Tengah	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	50.0	50.0	2
PT Kartika Inti Perkasa	Investment holding	Indonesia	60.0	60.0	2
PT Kridatama Lancar	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Ladangrumpun Suburabadi	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Laguna Mandiri	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	88.6	88.6	2



## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Plantation – Subsidiaries (continued)</b>					
PT Lahan Tani Sakti	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Langgeng Muaramakmur	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Minamas Gemilang	Investment holding	Indonesia	100.0	100.0	2
PT Mitral Austral Sejahtera	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	65.0	65.0	2
PT Muda Perkasa Sakti	Investment holding	Indonesia	100.0	100.0	2
PT Padang Palma Permai	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	75.5	75.5	2
PT Paripurna Swakarsa	Cultivation of oil palm	Indonesia	93.5	93.5	2
PT Perkasa Subur Sakti	Production of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Perusahaan Perkebunan Industri dan Niaga Sri Kuala	Cultivation of oil palm	Indonesia	75.5	75.5	2
PT Sajang Heulang	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Sandika Natapalma	Cultivation of oil palm and processing of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Sime Agri Bio	Import and wholesale trading (main distribution) of agricultural equipment and other agricultural products	Indonesia	100.0	100.0	2
PT Sime Indo Agro	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Sritijaya Abaditama	Investment holding	Indonesia	60.0	60.0	2
PT Swadaya Andika	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Tamaco Graha Krida	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	90.0	90.0	2
PT Teguh Sempurna	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	100.0	100.0	2
PT Tunggal Mitra Plantations	Cultivation of oil palm and production of palm oil and palm kernel	Indonesia	60.0	60.0	2
Kwang Joo Seng (Malaysia) Private Limited	Royalty and rental income	Singapore	100.0	100.0	2

## FINANCIAL STATEMENTS

## 51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Plantation – Subsidiaries (continued)</b>					
Sime Darby Edible Products Limited	Refining, manufacturing and marketing of edible oils and palm oil related products and surfactant	Singapore	100.0	100.0	2
Sime Darby Plantation Europe Ltd	Investment holding	Singapore	100.0	100.0	2
Sime Darby Plantation Investment (Liberia) Private Limited	Investment holding	Singapore	100.0	100.0	2
Rizhao Sime Darby Oils & Fats Co Ltd	Refining, storage and marketing of palm oil and related products	China	60.0	60.0	2
Sime Darby China Oils & Fats Company Limited	Investment holding	Hong Kong SAR	60.0	60.0	2
Sime Darby Hong Kong Nominees Limited	Holding investments as a nominee	Hong Kong SAR	100.0	100.0	2
Sime Darby International Investments Limited	Investment holding	Cayman Islands	100.0	100.0	5
Sime Darby Plantation Holdings (Asia Pacific) (formerly known as Golden Hope Investments (Asia Pacific))	Investment holding	Cayman Islands	100.0	100.0	5
Sime Darby Plantation Holdings (Cayman Islands)	Investment holding	Cayman Islands	100.0	100.0	5
Paul Tiefenbacher GmbH	Trading of natural and synthetic rubber and chemicals	Germany	100.0	100.0	2
Sime Darby Plantations (Deutschland) GmbH	Investment holding	Germany	100.0	100.0	5
Sime Darby Plantation (Liberia) Inc	Cultivation of oil palm and processing and sale of rubber rubber	Liberia	100.0	100.0	4
Sime Darby Investments (Europe) S.à.r.l	Investment holding	Luxembourg	100.0	100.0	3
Golden Hope Overseas Capital	Investment holding	Mauritius	100.0	100.0	2
Sime Darby CleanerG BV (formerly known as CleanerG BV)	Producing biodiesel from vegetable oils	Netherlands	100.0	100.0	2
Mulligan International BV	Investment holding	Netherlands	100.0	100.0	5
Sime Darby Netherlands BV	Investment holding	Netherlands	100.0	100.0	2
Sime Darby Unimills BV	Refining and modification of vegetable oils	Netherlands	100.0	100.0	2
Sime Darby Hudson And Knight (Proprietary) Limited	Refining and marketing of edible oils and fats	South Africa	100.0	100.0	2
Morakot Industries Public Company Limited	Manufacturing and distribution of vegetable oils	Thailand	99.9	99.9	2
Sime-Morakot Holdings (Thailand) Limited	Investment holding	Thailand	100.0	100.0	2

## FINANCIAL STATEMENTS

## 51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Plantation – Subsidiaries (continued)</b>					
The China Engineers (Thailand) Limited	Investment holding	Thailand	99.9	99.9	2
Golden Hope–NhaBe Edible Oils Co Ltd	Refining of edible oil	Vietnam	51.0	51.0	2
Derawan Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Kumpulan Jerai Sendirian Berhad	Dormant	Malaysia	100.0	100.0	1
Kumpulan Kamuning Sendirian Berhad	Dormant	Malaysia	100.0	100.0	1
Kumpulan Ladang-Ladang Rajawali Sendirian Berhad	Dormant	Malaysia	100.0	100.0	1
Kumpulan Linggi Sendirian Berhad	Dormant	Malaysia	100.0	100.0	1
Kumpulan Sua Betong Sendirian Berhad	Dormant	Malaysia	100.0	100.0	1
Kumpulan Tebong Sendirian Berhad	Dormant	Malaysia	100.0	100.0	1
Kumpulan Temiang Sendirian Berhad	Dormant	Malaysia	100.0	100.0	1
Nature Ambience Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Perkhidmatan Komputer Perladangan Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sahua Enterprise Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Biofuels Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Fresh Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Genomics Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Green Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Livestock Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Pelita Julau Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Plantation (Peninsular) Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Plantation Academy Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sincere Outlook Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
PT Guthrie Abdinusa Industri	Dormant	Indonesia	70.0	70.0	2
PT Sime Darby Commodities Trading (formerly known as PT Sime Darby Offshore Engineering)	Dormant	Indonesia	100.0	100.0	2
Dongguan Sime Darby Sinograin Oils and Fats Co Ltd	Dormant	China	50.2	50.2	4
Golden Hope–Nhabe (Cambodia) Import & Export Co Ltd	Dormant	Cambodia	51.0	51.0	2

## FINANCIAL STATEMENTS

## 51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Plantation – Subsidiaries (continued)</b>					
Sime Darby Edible Products India Private Limited	Dormant	India	100.0	100.0	4
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 Estates 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 Estate Limited	Dormant	United Kingdom	100.0	100.0	3
Kinta Kellas Rubber Estates 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 Estates Plc	Dormant	United Kingdom	100.0	100.0	3
<b>Plantation – Jointly controlled entities</b>					
Emery Oleochemicals (M) Sdn Bhd	Production and sale of fatty acids, fatty alcohols, refined glycerine, oilfield chemicals, ozone acids, plastic additives, methyl esters and other oleochemical derivatives	Malaysia	50.0	50.0	3
Emery Oleochemicals Rika (M) Sdn Bhd	Production and sale of fatty alcohols	Malaysia	27.5	27.5	3
Emery Oleochemicals Trading (Shanghai) Co Limited	Trading in oleochemicals	China	50.0	50.0	3

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Plantation – Jointly controlled entities (continued)</b>					
Guangzhou Keylink Chemicals Co Ltd	Manufacture, sale and distribution of Surface Active Agents	China	43.5	43.5	3
Emery Oleochemicals (HK) Limited	Investment holding and trading in oleochemicals	Hong Kong SAR	50.0	50.0	3
Emery Importacao eComercio Oleoquimica Ltda	Trading in oleochemicals	Brazil	50.0	50.0	3
Emery Oleochemicals Canada Ltd	Trading in oleochemicals	Canada	50.0	50.0	3
Emery Oleochemicals Japan Ltd	Trading in oleochemicals	Japan	50.0	50.0	3
Emery Oleochemicals GmbH	Production and trading in oleochemicals	Germany	50.0	50.0	3
Emery Oleochemicals UK Limited	Investment holding and trading in oleochemicals products	United Kingdom	50.0	50.0	3
Emery Oleochemicals LLC	Production and trading in oleochemicals	United States of America	50.0	50.0	3
Emery Aekyung Sdn Bhd	Dormant	Malaysia	35.0	–	3
Emery Oleochemicals Kimianika (M) Sdn Bhd	Dormant	Malaysia	50.0	50.0	3
Emery Oleochemicals Marketing (M) Sdn Bhd	Dormant	Malaysia	50.0	50.0	3
Emeryoleo Specialties (M) Sdn Bhd (formerly known as Asian Furs Sdn Bhd)	Dormant	Malaysia	50.0	50.0	3
<b>Plantation – Associates</b>					
Barlow Bulking Sdn Bhd	Bulking and marketing facilities to edible oil producers and millers	Malaysia	32.0	32.0	3
Nescaya Maluri Sdn Bhd	Investment holding and quarry business	Malaysia	40.0	40.0	3
Tenom Crumb Sdn Bhd	Processing of latex, unsmoked sheet and scrap into Standard Malaysian Rubber (SMR)	Malaysia	49.0	49.0	3
Leverian Holding Pte Limited	Investment holding	Singapore	–	40.0	3
Bangladesh Edible Oil Limited	Refining, packaging and marketing of edible oil, importing and selling packed oil and procure mustard and coconut oil	Bangladesh	–	40.0	3
Intertrade (Bangladesh) Pte Limited	Dormant	Bangladesh	–	40.0	3
Muang Mai Guthrie Public Co Ltd	Processing and distribution of rubber	Thailand	49.0	49.0	3

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## 51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Property - Subsidiaries</b>					
Accord Shipping & Forwarding Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Alor Setia Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Genting View Resort Development Sdn Bhd	Property development and provision of management services	Malaysia	30.4	30.4	1
Golfhome Development Sdn Bhd	Property investment and development	Malaysia	100.0	100.0	1
Golftek Development Sdn Bhd	Property investment and development	Malaysia	100.0	100.0	1
Harvard Golf Resort (Jerai) Berhad	Operation of a golf course	Malaysia	99.0	99.0	1
Harvard Hotel (Jerai) Sdn Bhd	Operation of a hotel	Malaysia	100.0	100.0	1
Harvard Jerai Development Sdn Bhd	Property development and investment	Malaysia	100.0	100.0	1
Impian Golf Resort Berhad	Provision of golfing and sporting services	Malaysia	100.0	100.0	1
Ironwood Development Sdn Bhd	Property investment and property development	Malaysia	100.0	100.0	1
Kuala Lumpur Golf & Country Club Berhad	Provision of golfing and sporting services and property development	Malaysia	100.0	100.0	1
Malaysia Land Development Company Berhad	Property investment, property management and investment holding	Malaysia	50.7	50.7	1
Negara Properties (M) Berhad	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Ampar Tenang Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Ara Damansara Development Sdn Bhd	Property investment and development	Malaysia	100.0	100.0	1
Sime Darby Augsburg (M) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Brunfield Damansara Sdn Bhd	Property development	Malaysia	60.0	60.0	1
Sime Darby Brunfield Holding Sdn Bhd	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 Properties Holding Sdn Bhd	Property investment	Malaysia	60.0	60.0	1
Sime Darby Brunfield Property Sdn Bhd	Property development	Malaysia	70.0	70.0	1

## FINANCIAL STATEMENTS

## 51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Property - Subsidiaries (continued)</b>					
Sime Darby Builders Sdn Bhd	Property development and construction	Malaysia	100.0	100.0	1
Sime Darby Building Management Services Sdn Bhd	Provision of property management services	Malaysia	100.0	100.0	1
Sime Darby Chemara Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Constant Skyline Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Construction Sdn Bhd	Property investment and construction	Malaysia	100.0	100.0	1
Sime Darby Elmina Development Sdn Bhd	Property development and investment	Malaysia	100.0	100.0	1
Sime Darby GVR Management Sdn Bhd	Resort management	Malaysia	50.7	50.7	1
Sime Darby Harta (Damansara) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Homes Sdn Bhd	Property development and investment	Malaysia	100.0	100.0	1
Sime Darby Industrial Park Sdn Bhd	Property development and investment	Malaysia	100.0	100.0	1
Sime Darby Johor Development Sdn Bhd	Property development and investment	Malaysia	100.0	100.0	1
Sime Darby KLGCC Development Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Landscaping Sdn Bhd	Horticultural supplies, landscaping and design consultants and property development	Malaysia	100.0	100.0	1
Sime Darby Lukut Development Sdn Bhd	Property development and investment	Malaysia	100.0	100.0	1
Sime Darby Melawati Development Sdn Bhd	Property development, management and investment	Malaysia	100.0	100.0	1
Sime Darby Nilai Utama Sdn Bhd	Property development	Malaysia	70.0	70.0	1
Sime Darby Paralimni Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Properties (Sabah) Sdn Bhd	Property development and investment holding	Malaysia	100.0	100.0	1
Sime Darby Properties (Selangor) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Properties Builders Sdn Bhd	General construction	Malaysia	100.0	100.0	1
Sime Darby Properties Harta Sdn Bhd	Property investment and management	Malaysia	100.0	100.0	1
Sime Darby Properties Landscaping Sdn Bhd	Provision of landscaping services	Malaysia	100.0	100.0	1

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Property - Subsidiaries (continued)</b>					
Sime Darby Properties Realty Sdn Bhd	Property development, property management and provision of related consultancy services	Malaysia	100.0	100.0	1
Sime Darby Property (Bestari Jaya) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Selarong) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Tunku) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Klang) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Langkawi) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Lembah Acob) Sdn Bhd	Property development and investment	Malaysia	100.0	100.0	1
Sime Darby Property (Nilai) Sdn Bhd	Property development, investment and project management	Malaysia	100.0	100.0	1
Sime Darby Property (Subang) Sdn Bhd	Property development and investment	Malaysia	100.0	100.0	1
Sime Darby Property (Sungai Kapar) Sdn Bhd	Property development and investment	Malaysia	100.0	100.0	1
Sime Darby Property (USJ) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property Berhad	Investment holding, property development, and provision of management and advisory services	Malaysia	100.0	100.0	1
Sime Darby Property Holdings Sdn Bhd	Property investment and provision of property management services	Malaysia	100.0	100.0	1
Sime Darby Property Management Sdn Bhd	Real estate and property management	Malaysia	100.0	100.0	1
Sime Darby Putra Heights Development Sdn Bhd	Property development and investment	Malaysia	100.0	100.0	1
Sime Darby Sungai Kantan Development Sdn Bhd	Property development and management	Malaysia	100.0	100.0	1
Sime Darby Urus Harta Sdn Bhd	Property management services	Malaysia	100.0	100.0	1
Sime Darby USJ Development Sdn Bhd	Property development, investment and construction	Malaysia	100.0	100.0	1
Sime Healthcare Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Latex Products Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime UEP Executive Suites Sdn Bhd	Property investment and property development	Malaysia	100.0	100.0	1



## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Property - Subsidiaries (continued)</b>					
Sime Wood Industries Sdn Bhd	Property investment and provision of property management services	Malaysia	100.0	100.0	1
Stableford Development Sdn Bhd	Property investment and operation of a convention centre	Malaysia	100.0	100.0	1
Syarikat Malacca Straits Inn Sdn Bhd	Ownership and operation of hotel known as Hotel Equatorial Melaka	Malaysia	55.0	55.0	1
Syarikat Perumahan Guthrie Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Tegas Setia Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
The Glengowrie Rubber Company Sdn Bhd	Property development and investment	Malaysia	93.4	93.4	1
Wisma Sime Darby Sdn Berhad	Property investment, management and related services	Malaysia	100.0	100.0	1
Darby Park (Management) Pte Ltd	Property investment management of service apartments and investment holding	Singapore	100.0	100.0	2
Darby Park (Singapore) Pte Ltd	Property investment and management of service residences	Singapore	100.0	100.0	2
Sime Darby Property (Alexandra) Limited	Property investment and management	Singapore	100.0	100.0	2
Sime Darby Property (Amston) Pte Ltd	Investment holding and property investment	Singapore	100.0	100.0	2
Sime Darby Property (Dunearn) Limited	Property investment and management	Singapore	100.0	100.0	2
Sime Darby Property (Kilang) Limited	Property investment and management	Singapore	100.0	100.0	2
Sime Darby Property (Orange Grove) Pte Ltd	Property development and investment	Singapore	100.0	100.0	2
Sime Darby Property (Vietnam) Pte Ltd	Investment holding and management of service residence	Singapore	100.0	100.0	2
Sime Darby Property Singapore Limited	Property management and investment holding	Singapore	100.0	100.0	2
Weifang Sime Darby Property Co Ltd	Property development and investment	China	99.9	99.9	4
Sime Darby Property (Hong Kong) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Sime Darby Property (Weifang) Limited	Investment holding	Hong Kong SAR	100.0	-	4
OCI Management Pty Ltd	Security and landcare services	Australia	60.0	60.0	2

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Property - Subsidiaries (continued)</b>					
Sime Darby Australia Limited	Investment holding, service apartment operations and management	Australia	100.0	100.0	2
Sime Darby Eagles Cove Development Pty Ltd	Property development	Australia	60.0	60.0	2
Sime Darby Hotels Pty Ltd	Operations of service apartments	Australia	100.0	100.0	2
Sime Darby Investments Pty Limited	Investment holding	Australia	100.0	100.0	2
Sime Darby Resorts Pty Ltd	Management of a resort	Australia	100.0	100.0	2
Key Access Holdings Limited	Investment holding	British Virgin Islands	100.0	100.0	5
Sime Darby Brunnsfield Australia Pte Ltd	Investment holding	British Virgin Islands	60.0	60.0	5
Vibernum Limited	Property investment holding	Guernsey	100.0	100.0	2
Sime Darby London Limited	Property investment holding	United Kingdom	100.0	100.0	2
Sime Darby Management Services Limited	Property management	United Kingdom	100.0	100.0	2
Rangdong Orange Court Limited	Development and operation of service residences	Vietnam	65.0	65.0	2
GVR Construction Sdn Bhd	Dormant	Malaysia	30.4	30.4	1
Puchong Quarry Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Pulau Carey Properties Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
R&W Management Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Brunnsfield Darby Hills Sdn Bhd	Dormant	Malaysia	60.0	60.0	1
Sime Darby Brunnsfield Project Management Sdn Bhd	Dormant	Malaysia	60.0	60.0	1
Sime Darby Brunnsfield Property Management Sdn Bhd	Dormant	Malaysia	60.0	60.0	1
Sime Darby Brunnsfield Resort Sdn Bhd	Dormant	Malaysia	60.0	60.0	1
Sime Darby Brunnsfield Resources Sdn Bhd	Dormant	Malaysia	60.0	60.0	1
Sime Darby Brunnsfield Taipan City Sdn Bhd	Dormant	Malaysia	60.0	60.0	1
Sime Darby CPB Properties Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Land (Johor) Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Property (Bandar Gemilang) Sdn Bhd	Dormant	Malaysia	100.0	100.0	1

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Property - Subsidiaries (continued)</b>					
Sime Darby Property Development Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby SJCC Development Sdn Bhd	Dormant	Malaysia	100.0	60.0	1
Solarvest Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Vicworld (M) Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Xinjiang Sime Darby Property Co Ltd	Dormant	China	100.0	100.0	2
Weifang Sime Darby Real Estate Co Ltd	Dormant	China	99.9	99.9	4
Green East Prime Ventures Inc	Dormant	Philippines	63.2	63.2	3
Sime Darby Realty Development Corporation	Dormant	Philippines	98.8	98.8	3
Golden Hope Properties (Melaka) Sdn Bhd	In members' voluntary liquidation	Malaysia	–	100.0	1
Negara Properties Services Sdn Bhd	In members' voluntary liquidation	Malaysia	–	100.0	1
Sime Darby Catering Services Sdn Bhd	In members' voluntary liquidation	Malaysia	–	100.0	1
Sime Darby Property (Melaka) Sdn Bhd	In members' voluntary liquidation	Malaysia	–	100.0	1
Sime Darby Property (SJCC) Sdn Bhd	In members' voluntary liquidation	Malaysia	–	100.0	1
Bacini Cycles Pty Ltd	Deregistered	Australia	–	100.0	2
Mortlock Distributors Pty Ltd	Deregistered	Australia	–	100.0	2
Oyster Cove Properties Pty Ltd	Deregistered	Australia	–	60.0	2
Sime Cycle Australia Pty Ltd	Deregistered	Australia	–	100.0	2
<b>Property - Jointly controlled entities</b>					
Sime Darby Sunrise Development Sdn Bhd	Property development	Malaysia	50.0	50.0	1
Sime Darby Brunfield International Limited	Investment holding	British Virgin Islands	50.0	50.0	5
Sime Darby Brunfield Properties Australia Pty Ltd	Dormant	Australia	50.0	50.0	3
<b>Property - Associates</b>					
Bitaria Sdn Bhd	Property development	Malaysia	24.0	24.0	3
Brunfield Embassyview Sdn Bhd	Property development and project management	Malaysia	30.0	30.0	3
I&P Morib Sdn Bhd	Property development	Malaysia	28.0	28.0	3
Seriemas Development Sdn Bhd	Property development and investment holding	Malaysia	40.0	40.0	3

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Property - Associates (continued)</b>					
Shaw Brothers (M) Sdn Bhd	Property and investment holding	Malaysia	36.0	36.0	1
Artesian Investments Pte Ltd	Property development and investment	Singapore	49.0	49.0	2
Bluefields Investments Pte Ltd	Property development and investment	Singapore	49.0	49.0	2
China Property Development (Holdings) Limited	Investment holding	Cayman Islands	30.4	30.4	3
Mostyn Development Sdn Bhd	Dormant	Malaysia	30.0	30.0	3
NSB Venture Holding Sdn Bhd	Dormant	Malaysia	40.0	40.0	1
Siltown Realty Philippines Inc	Dormant	Philippines	39.5	39.5	3
<b>Industrial - Subsidiaries</b>					
Sime Darby Electropack Sdn Bhd	Manufacturing and assembly of generators, agricultural and industrial machinery	Malaysia	100.0	100.0	1
Sime Darby Industrial Academy Sdn Bhd	Training services	Malaysia	100.0	100.0	1
Sime Darby Industrial Holdings Sdn Bhd (formerly known as Sime Darby Tractors Enterprise Sdn Bhd)	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Industrial Power Sdn Bhd	Sale and marketing of generators, agricultural and industrial machinery	Malaysia	91.2	91.2	1
Sime Darby Industrial Power Systems Sdn Bhd	Assembly and packaging of generators	Malaysia	100.0	100.0	1
Sime Darby Industrial Sdn Bhd	Sale of equipment, spare parts and service support for Caterpillar business, other material handling equipment and industrial cleaners, and supply and installation of co-generation systems	Malaysia	100.0	100.0	1
Sime Darby Joy Industries Sdn Bhd	Designing and manufacturing of heat exchangers, radiators, process equipment modules, filters and separators	Malaysia	55.0	55.0	1
Sime Darby TMA Sdn Bhd	Manufacturing and assembly of tractor implements and parts, and other products	Malaysia	100.0	100.0	1
Sime Darby TMR Sdn Bhd	Reconditioning of used equipment and machinery	Malaysia	100.0	100.0	1
Sime Darby Tractors Realty Sdn Bhd	Property investment	Malaysia	100.0	100.0	1

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Industrial - Subsidiaries (continued)</b>					
Sime Kubota Sdn Bhd	Assembly and distribution of Kubota range of agricultural machinery and other machinery and equipment	Malaysia	90.0	90.0	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, refurbishment of gas turbines and the sale and installation of pressure vessels	Malaysia	100.0	100.0	1
PT T Energy	Supply of Compressed Natural Gas re-fuelling for buses and motor vehicles in Indonesia	Indonesia	-	70.0	5
Sime Darby Eastern Investments Private Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Eastern Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Industrial Singapore Pte Ltd (formerly known as Sime Darby Industrial Holdings Pte Ltd)	Investment holding	Singapore	100.0	100.0	2
Tractors Singapore Limited	Sale, rental, service and assembly of earthmoving and construction equipment and related heavy equipment and spare parts	Singapore	100.0	100.0	2
Foshan Shunde CEL Machinery Company Limited	Sale of equipment, spare parts and service support for Caterpillar products	China	100.0	100.0	2
Guangzhou Sime Darby SITECH Dealers Company Limited	Sale, hire and servicing of surveying equipment	China	100.0	-	4
Sime Darby CEL Machinery (Hunan) Company Limited	Sale of equipment, spare parts and service support for Caterpillar products	China	100.0	-	4
Sime Darby CEL Machinery (Jiangxi) Company Limited	Sale of equipment, spare parts and service support for Caterpillar products	China	100.0	100.0	2
Sime Darby CEL Machinery (Xinjiang) Company Limited	Sale of equipment, spare parts and service support for Caterpillar products	China	100.0	100.0	2
Sime Darby Elco Power Equipment (Shenzhen) Limited	Distribution of Perkins engine products, spare parts and after-sales services	China	100.0	100.0	2

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Industrial - Subsidiaries (continued)</b>					
Sime Darby Joy (Shanghai) Company Limited	Supply of process equipment and heat exchangers	China	55.0	–	2
Sime Darby SEM Dealer (Fujian) Limited	Sale of equipment, spare parts and service support for SEM products	China	100.0	100.0	2
Xiamen Sime Darby CEL Machinery Co Ltd	Sale of equipment, spare parts and service support for Caterpillar products	China	100.0	100.0	2
Sime Darby Elco Power Systems Limited	Distribution of Perkins engine products, spare parts and after sales services	Hong Kong SAR	100.0	100.0	2
Sime Darby Tractors (Hong Kong) Ltd	Investment holding	Hong Kong SAR	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	Sale of Caterpillar equipment, engines, spare parts and service support	Hong Kong SAR	100.0	100.0	2
AC Haynes Investments Pty Ltd	Crane hire businesses	Australia	100.0	–	2
Austchrome Pty Ltd	Chroming and hydraulic repairs	Australia	100.0	100.0	5
DG Nominees Pty Ltd	Auto glass supplier / installer	Australia	100.0	–	2
Hastings Deering (Australia) Limited	Sale, rental and servicing for Caterpillar products, hardchroming and hydraulic repair	Australia	100.0	100.0	2
Haynes Mechanical Pty Ltd	Labour hire/contracting, mining machinery parts service and repair as well as crane hire businesses	Australia	100.0	–	2
Sime Darby Industrial (B) Sdn Bhd (formerly known as Tractors (B) Sdn Bhd)	Assembly, marketing and distribution of agricultural and industrial equipment	Brunei	70.0	70.0	3
CICA Limited	Supply of industrial equipment and machinery and after-sales services	Channel Islands	100.0	100.0	5
Caltrac SAS	Sale of equipment and spare parts and service support for Caterpillar business	New Caledonia	100.0	100.0	2
SCI Sime Darby Invest NC	Acquiring and holding a block of land to support future planned growth in New Caledonia	New Caledonia	100.0	–	2
Hastings Deering (PNG) Limited	Sale of equipment and spare parts and service support for Caterpillar business	Papua New Guinea	100.0	100.0	2

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Industrial - Subsidiaries (continued)</b>					
Hastings Deering (Solomon Islands) Limited	Sale of equipment and spare parts and service support for Caterpillar business	Solomon Islands	100.0	100.0	3
CICA Vietnam Company Limited	Provision of consultancy and services in connection with installation, operation, repair and maintenance of industrial machines, equipment and vehicles	Vietnam	100.0	100.0	2
Associated Tractors Sendirian Berhad	Dormant	Malaysia	100.0	100.0	1
Scandinavian Truck & Bus Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Tractors Malaysia Motor Holdings Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Tractors Machinery International Pte Ltd	Dormant	Singapore	100.0	100.0	2
Xinjiang Sime Darby Heavy Equipment Co Ltd	Dormant	China	100.0	100.0	4
Xiamen Xiangyu Sime Darby CEL Machinery Trading Co Ltd	Dormant	China	100.0	100.0	2
Sime Darby Yangon Limited	Dormant	Myanmar	100.0	100.0	3
Sime Darby Industries Inc	Dormant	Philippines	98.8	98.8	3
Sime Darby Pilipinas Inc	Dormant	Philippines	98.8	98.8	3
<b>Industrial - Jointly controlled entities</b>					
Terberg Tractors Malaysia Sdn Bhd	Marketing, distributing, selling and servicing Terberg terminal tractors	Malaysia	50.0	50.0	1
Wilpena Pty Limited	Sale of Caterpillar equipment and spare parts and service support for projects	Australia	50.0	50.0	3
<b>Industrial - Associates</b>					
Caterpillar Financial Services Malaysia Sdn Bhd	Hire purchase and leasing finance in support of sale of equipment	Malaysia	40.0	40.0	1
APac Energy Rental Pte Ltd	Rental of industrial machinery and equipment	Singapore	20.0	20.0	3
FG Wilson Asia Pte Ltd	Sale and servicing of diesel generator sets	Singapore	50.0	50.0	2
Energy Power Systems Australia Pty Ltd	Distribution and rental of Caterpillar engine and associated products	Australia	20.0	20.0	3
Sitech Construction Systems Pty Ltd	Sale and servicing of Trimble Technology construction products	Australia	30.6	-	2

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**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Industrial - Associates (continued)</b>					
Ultimate Positioning Group Pty Ltd	Sale, hire and servicing of Trimble surveying equipment to construction, mapping and geographic information system and surveying sectors	Australia	29.4	–	2
<b>Motors - Subsidiaries</b>					
Auto Bavaria Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Ford Malaysia Sdn Bhd	Investment holding	Malaysia	51.0	51.0	1
Hyundai-Sime Darby Berhad	Investment holding	Malaysia	99.9	99.9	1
Hyundai-Sime Darby Engine Manufacturing Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Hyundai-Sime Darby Motors Sdn Bhd	Sale and distribution of passenger and light commercial vehicles and spare parts for its product range	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	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 Hyundai Sdn Bhd	Sale of Hyundai and Inokom vehicles, provision of after-sales services and sale of related spare parts	Malaysia	51.0	51.0	1
Sime Darby Auto Imports Sdn Bhd	Importer of BMW, MINI and Ford motor vehicles as well as Porsche motor vehicles and related spare parts	Malaysia	100.0	100.0	1
Sime Darby Auto Italia Sdn Bhd	Distribution of Alfa Romeo vehicles and spare parts	Malaysia	100.0	100.0	1
Sime Darby Auto Performance Sdn Bhd	Distributor and retailer of Porsche-motor vehicles, related spare parts, accessories and provision of related services	Malaysia	70.0	70.0	1



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**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Motors - Subsidiaries (continued)</b>					
Sime Darby Hyundai Integrated Sdn Bhd	Distribution of motor vehicles	Malaysia	51.0	51.0	1
Sime Darby Hyundai Sdn Bhd	Investment holding and importation of Hyundai vehicles	Malaysia	51.0	51.0	1
Sime Darby Motor Division Sdn Bhd	Provision of management services and retail of BMW and MINI motor 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
Performance Motors Limited	Motor vehicles dealership	Singapore	100.0	100.0	2
Performance Premium Selection Limited	Retailer, wholesaler and exporter of used cars	Singapore	60.0	60.0	2
Sime Darby Motor Holdings Limited	Investment holding and provision of management and auxiliary services	Singapore	100.0	100.0	2
Sime Darby Services Private Limited	Vehicle rental	Singapore	100.0	100.0	2
Sime Singapore Limited	Investment holding	Singapore	100.0	100.0	2
Vantage Automotive Limited	Motor vehicles dealership	Singapore	100.0	100.0	2
Changsha Bow Yue Vehicle Services Co Ltd	Retail of BMW motor vehicles and related spare parts, provision of after-sales services for BMW motor vehicles including repair and maintenance, and provision of consultancy services	China	100.0	100.0	2
Chengdu Bow Yue Vehicle Co Ltd	Retail of BMW motor vehicles and related spare parts, provision of after-sales services for BMW motor vehicles including repair, maintenance and inspection, provision of consultancy services and investment holding	China	100.0	100.0	2
Guangdong Deda Bow Ma Motor Service Co Ltd	Provision of after-sales services for BMW and MINI motor vehicles including repair, maintenance and inspection; retail of spare parts of BMW and MINI motor vehicles and provision of consultancy services	China	65.0	65.0	2

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## 51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Motors - Subsidiaries (continued)</b>					
Guangzhou Bow Yue Vehicle Trading Co Ltd	Retail of BMW and MINI motor vehicles and related spare parts, and provision of consultancy services	China	100.0	100.0	2
Hainan Bao Yue Vehicle Trading Co Ltd	Retail of BMW and MINI motor vehicles and related spare parts, and provision of consultancy services	China	100.0	100.0	2
Hainan Bow Yue Vehicles Trading and Services Limited	Provision of after-sales services for BMW and MINI motor vehicles including repair, maintenance and inspection; retail of spare parts of BMW and MINI motor vehicles and provision of consultancy services	China	100.0	100.0	2
Hangzhou Sime Darby Sales and Services Co Ltd	Display of motor vehicles and after-sales consultancy services	China	60.0	60.0	2
Shanghai Sime Darby Motor Commerce Co Ltd	Retail of Rolls-Royce and Lamborghini motor vehicles and related spare parts, provision of after-sales services including repair, maintenance and inspection, provision of consultancy services and investment holding	China	60.0	60.0	2
Shanghai Sime Darby Motor Sales and Services Company Limited (formerly known as Shanghai Sime Darby Motor Services Company Limited)	Retail of Jaguar and Land Rover motor vehicles and related spare parts, provision of motor vehicles after-sales services including repair, maintenance and inspection; retail of spare parts	China	60.0	60.0	2
Shantou Bow Yue Vehicle Trading Co Ltd	Retail of BMW motor vehicles and related spare parts and provision of consultancy services	China	100.0	100.0	2
Shantou Dehong Bow Ma Motors Co Ltd	Provision of after-sales services for BMW motor vehicles including repair, maintenance and inspection; retail of spare parts of BMW motor vehicles and provision of consultancy services	China	60.0	60.0	2
Shenzhen Bow Chuang Vehicle Trading Co Ltd	Retail of BMW and MINI motor vehicles and related spare parts, and provision of consultancy services	China	100.0	100.0	2

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## 51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Motors - Subsidiaries (continued)</b>					
Shenzhen Sime Darby Motor Enterprises Co Ltd	Provision of after-sales services for BMW and MINI motor vehicles including repair, maintenance and inspection, retail of spare parts of BMW and MINI motor vehicles and provision of consultancy services	China	100.0	100.0	2
Yunnan Bow Yue Vehicle Trading Co Ltd	Retail of BMW and MINI motor vehicles and related spare parts, provision of after-sales services for BMW and MINI motor vehicles including repair and maintenance and provision of consultancy services	China	65.0	65.0	2
Yunnan Dekai Bow Ma Motors Technology & Service Co Ltd	Retail of BMW motor vehicles and related spare parts, provision of after-sales services for BMW motor vehicles including repair and maintenance and provision of consultancy services	China	65.0	65.0	2
Auto Technology Engineering Company Limited	Distribution of Denso Diesel injection pumps and provision of after-sales service	Hong Kong SAR	100.0	100.0	2
BMW Concessionaires (HK) Limited	Distribution and retail 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) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Goodwood Motors Limited	Distribution and retail of Rolls-Royce motor vehicles	Hong Kong SAR	100.0	100.0	2
Island Motors Limited	Distribution and retail of Suzuki motor vehicles	Hong Kong SAR	100.0	100.0	2
Marksworth Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Sime Darby Management Services Limited	Provision of management services and property 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 licencee	Hong Kong SAR	100.0	100.0	2

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Motors - Subsidiaries (continued)</b>					
Sime Darby Motor Services Limited	Distribution and retail of Ford motor vehicles, Smith electric vehicles, Huanghai bus and provision of after-sales services for motor vehicles	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	Distribution and retail of Mitsubishi motor vehicles	Hong Kong SAR	100.0	100.0	2
Universal Cars Limited	Distribution and retail 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	Distribution and retail of Land Rover motor vehicles	Hong Kong SAR	100.0	100.0	2
BMW Concessionaires (Macau) Limited	Retail of BMW and MINI motor vehicles and provision of after-sales maintenance services	Macau SAR	100.0	100.0	2
Harper Engineering (Macau) Limited	Motor vehicles sales and provision of after-sales services	Macau SAR	100.0	100.0	2
Sime Darby Automobiles Pty Ltd	Distribution of Peugeot motor vehicles	Australia	100.0	100.0	2
Sime Darby Fleet Services Pty Ltd	Vehicle rental and related mechanical services	Australia	100.0	100.0	2
Sime Darby Motors Group (Australia) Pty Limited	Provision of management services and investment holding	Australia	100.0	100.0	2
Sime Darby SsangYong (Australia) Pty Limited	Distribution of SsangYong motor vehicles	Australia	100.0	100.0	2
Sime Darby Hong Kong Group Company Limited	Investment holding	Bermuda	100.0	100.0	5
Continental Car Services Limited	Retail of new and used passenger cars and light commercial vehicles, spare parts and accessories and the provision of related services	New Zealand	100.0	100.0	2
Hino Distributors NZ Limited	Distribution and retail of Hino trucks	New Zealand	100.0	100.0	2
Infinity Automotive Limited	Retail of new and used passenger cars and light commercial vehicles, spare parts and accessories and the provision of related services	New Zealand	100.0	100.0	2
Motor Truck Distributors (NZ) Limited	Distribution and retail of Mack and Renault trucks and buses	New Zealand	100.0	100.0	2

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Motors - Subsidiaries (continued)</b>					
North Shore Motor Holdings Limited	Retail of new and used passenger cars, spare parts and accessories and the provision of related services	New Zealand	100.0	100.0	2
Sime Darby Automobiles NZ Limited	Distribution of motor vehicles and parts	New Zealand	100.0	100.0	2
Sime Darby Motor Group (NZ) Limited	Investment holding	New Zealand	100.0	100.0	2
Truck Investments Limited	Investment holding	New Zealand	100.0	100.0	2
Truck Stops (NZ) Limited	Provision of spare parts and services for medium and heavy trucks and repair and servicing of truck trailers	New Zealand	100.0	100.0	2
UD Truck Distributors (NZ) Limited	Distribution and retail of Nissan diesel trucks, spare parts and accessories and the provision of related services	New Zealand	100.0	100.0	2
Performance Motors (Thailand) Limited	Motor dealership	Thailand	100.0	100.0	2
Sime Darby (Thailand) Limited	Investment holding and provision of management and auxiliary services	Thailand	100.0	100.0	2
Sime Darby Mazda (Thailand) Limited	Motor dealership	Thailand	100.0	100.0	2
Sime Darby Mitsu (Thailand) Limited	Leasing of properties	Thailand	100.0	100.0	2
Sime Darby Regent Motors Limited	Motor dealership	Thailand	100.0	100.0	2
Viking Motors Limited	Leasing of properties	Thailand	100.0	100.0	2
Associated Motors Industries Malaysia Sdn Bhd	Dormant	Malaysia	51.0	51.0	1
Sime Darby System Integrators Sdn Bhd	Dormant	Malaysia	99.9	99.9	1
Tianjin Sime Winner Motors Trading Company Limited	Dormant	China	60.0	60.0	2
AutoFrance China Limited	Dormant	Hong Kong SAR	100.0	100.0	2
AutoFrance Hong Kong Limited	Dormant	Hong Kong SAR	100.0	100.0	2
Sime Darby Motors (Nissan China) Holdings 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
Vermont International Limited	Dormant	Hong Kong SAR	60.0	60.0	2

## FINANCIAL STATEMENTS

## 51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Motors - Subsidiaries (continued)</b>					
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
Palmerston North Motors Wholesale Limited	Dormant	New Zealand	100.0	100.0	2
Beijing Hong Zheng Jie Technical Services Limited	In deregistration	China	–	60.0	2
Beijing Sime Darby Consulting Services Company Limited	In deregistration	China	–	100.0	2
Hainan Sime Darby Motors Service Enterprises Company Limited	In deregistration	China	–	100.0	2
Shenzhen Xin Chuang Motor Trading Company Limited	In deregistration	China	–	100.0	3
<b>Motors - Associates</b>					
BMW Malaysia Sdn Bhd	Sale and distribution of motor vehicles and motorcycles	Malaysia	49.0*	49.0*	3
Sime Kansai Paints Sdn Bhd	Manufacturing, selling and marketing of automotive and industrial paints	Malaysia	40.0	40.0	3
Munich Automobiles Pte Ltd	Sale and distribution of new BMW M series motor vehicles and after-sales service	Singapore	40.0	40.0	3
BMW Financial Services Hong Kong Limited	Provision of instalment finance and hire purchase facilities	Hong Kong SAR	49.0	49.0	3
<b>Energy &amp; Utilities - Subsidiaries</b>					
Chubb Malaysia Sendirian Berhad	Manufacturing, marketing, installation, rental and servicing of security products	Malaysia	70.0	70.0	1
Malaysian Oriental Holdings Berhad	Investment holding	Malaysia	100.0	100.0	1
Mecomb Malaysia Sdn Berhad	System integration and marketing of advanced electronic and electro-mechanical equipment, instruments and systems including mechanical and electrical (M&E) services, installation and systems integration	Malaysia	100.0	100.0	1
Port Dickson Power Berhad	Independent power producer	Malaysia	75.0	75.0	1
Sime Darby Energy Sdn Bhd	Investment holding and provision of operating and maintenance services to an independent power producer	Malaysia	100.0	100.0	1

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Energy &amp; Utilities - Subsidiaries (continued)</b>					
Sime Darby Engineering Sdn Bhd	Engineering, procurement, fabrication, construction, installation, hook-up and commissioning relating to oil and gas industry	Malaysia	100.0	100.0	1
Sime Darby Offshore Engineering Sdn Bhd	Systems integration, marketing of products and services in oil and gas/ petrochemical industry	Malaysia	100.0	100.0	1
Sime Darby Petroleum Sdn Bhd	Exploration and production of oil and gas	Malaysia	100.0	100.0	1
Sime Darby Utilities Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Water Resources Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Engineering Sdn Bhd	Engineering and project management services, and land based construction work	Malaysia	100.0	100.0	1
Sime Surveillance Sdn Bhd	Provision of security services	Malaysia	100.0	100.0	1
Sime-SIRIM Technologies Sdn Bhd	Establishing and operating commercial laboratories, providing of calibration, measurement and other related services	Malaysia	50.0	50.0	1
Mecomb Singapore Limited	Manufacture and installation of industrial equipment and the import and sale of technical nautical and scientific instruments, mechanical, electrical and electronic equipment and components	Singapore	100.0	100.0	2
Sime Darby Energy Pte Ltd	Investment holding	Singapore	100.0	100.0	2
Jining Sime Darby Guozhuang Port Co Ltd	Ownership and management of port facilities and services	China	70.0	70.0	2
Jining Sime Darby Longgong Port Co Ltd	Ownership and management of port facilities and services	China	70.0	70.0	2
Jining Sime Darby Port Co Ltd	Ownership and management of port facilities and services	China	70.0	70.0	2
Jining Sime Darby Taiping Port Co Ltd	Operation of dock and port facilities, and handling and warehousing of goods	China	70.0	70.0	2
Weifang Sime Darby Port Co Ltd	Ownership and management of port facilities and services	China	99.0	99.0	2
Weifang Sime Darby Water Co Ltd	Treatment and supply of treated water mainly to industrial customers	China	100.0	100.0	2
Zibo Sime Darby Chemicals Co Ltd	Production and sale of polyaluminium chloride	China	51.0	51.0	2

## FINANCIAL STATEMENTS

## 51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Energy &amp; Utilities - Subsidiaries (continued)</b>					
Sime Darby Marine (Hong Kong) Private Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Sime Darby Overseas (HK) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
Sime Darby Power Co Ltd (formerly known as Laem Chabang Power Co Limited)	Independent power producer	Thailand	100.0	100.0	2
Mecomb (Thailand) Limited	Sale of electrical and mechanical equipment components and instruments for use in manufacturing plants, including related services	Thailand	100.0	100.0	2
Sime Darby LCP Power Co Limited	Independent power producer	Thailand	100.0	100.0	2
Sime Darby O&M (Thailand) Co Ltd	Provision of operation and maintenance services to power plants	Thailand	100.0	100.0	2
Balui Hydro Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
JanaUrus PDP Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Malaysia-China Hydro Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Pesida Equipment Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Brunfield Engineering Sdn Bhd	Dormant	Malaysia	-	60.0	1
Sime Darby Drilling Services Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby EcoSystems Sdn Bhd	Dormant	Malaysia	-	51.0	1
Sime Darby Marine Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Nautical Sdn Bhd	Dormant	Malaysia	-	51.0	1
Sime Darby Power Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby T&I Sdn Bhd	Dormant	Malaysia	51.0	51.0	1
Sime Darby Water Resources (Perak) Sdn Bhd	Dormant	Malaysia	75.0	75.0	1
Sime Darby Water Resources (Selangor) Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
<b>Energy &amp; Utilities - Jointly controlled entities</b>					
Halani Sime Offshore (L) Inc	Owning and leasing of marine vessel and to undertake all related activities	Malaysia	50.0	50.0	1
Malaysia - China Hydro Joint Venture	Engineering, procurement and construction work	Malaysia	35.7	35.7	1



## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Energy &amp; Utilities - Jointly controlled entities (continued)</b>					
Weifang Binhai Haiwei Dredging Project Co Ltd	Dredging of embankment projects, excavation, dredging and maintenance of ports and channels, fencing and filling of foundation, leasing of vessels and related facilities	China	24.7	20.2	4
Weifang Wei Gang Dredging Project Co Ltd (formerly known as Weifang Sime Darby Dredging Project Co Ltd)	Provision of dredging and marine services, land reclamation works and related business	China	48.5	50.5	2
Weifang Wei Gang Shipyard Co Ltd (formerly known as Weifang Sime Darby Shipyard Co Ltd)	Provision of ship repair, ship building and related business	China	48.5	48.5	2
Weifang Wei Gang Tugboat Services Co Ltd (formerly known as Weifang Sime Darby Tugboat Services Co Ltd)	Provision of tugboat pilot services and related business	China	48.5	50.5	2
Sime Darby Marine Puteri Offshore I (L) Inc	Dormant	Malaysia	50.0	50.0	1
Sime Darby Marine Puteri Offshore II (L) Inc	Dormant	Malaysia	50.0	50.0	1
Sime Darby Marine Puteri Offshore III (L) Inc	Dormant	Malaysia	50.0	50.0	1
IWS Management Sdn Bhd	Dormant	Malaysia	-	50.0	1
Sime Engineering Sdn Bhd - Edwards & Sons Joint Venture	Dormant	Malaysia	51.0	51.0	1
Halani Sime Darby Marine (FZC)	Dormant	United Arab Emirates	50.0	50.0	4
<b>Energy &amp; Utilities - Associates</b>					
Mustang Sime Darby Sdn Bhd	Provision of project management, procurement and other consultancy services in relation to the oil and gas related industry	Malaysia	40.0	-	1
Chubb Singapore Private Limited	Marketing of security and fire protection products and services	Singapore	30.0	30.0	2
Chubb Guarding Services Singapore Pte Ltd (formerly known as Chubb-Special Fire Hazards Protection Pte Ltd)	Provision of fire protection and alarm systems and services	Singapore	30.0	30.0	2
Guardfire (Malaysia) Sdn Bhd	Dormant	Malaysia	30.0	30.0	1
Sime Darby Almaná WLL	Dormant	Qatar	49.0	49.0	4

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Healthcare - Subsidiaries</b>					
Sime Darby Healthcare Educational Services Sdn Bhd	Organising educational programmes and establish healthcare education institutions	Malaysia	100.0	100.0	1
Sime Darby Healthcare Sdn Bhd	Provision of healthcare management services and consultancy	Malaysia	100.0	100.0	1
Sime Darby Healthcare Staff Agency Sdn Bhd	Operating of an employment agency	Malaysia	100.0	100.0	1
Sime Darby Medical Centre Ara Damansara Sdn Bhd	Management of a healthcare facility and provision of related healthcare services	Malaysia	100.0	100.0	1
Sime Darby Medical Centre ParkCity Sdn Bhd	Management of hospital and provision of related healthcare facilities	Malaysia	100.0	100.0	1
Sime Darby Medical Centre Subang Jaya Sdn Bhd	Management of hospital and provision of related healthcare facilities	Malaysia	100.0	100.0	1
Sime Darby Specialist Centre Megah Sdn Bhd	Operating a medical centre and provision of medical, healthcare and other related ancillary services	Malaysia	100.0	100.0	1
<b>Others - Subsidiaries</b>					
Dunlopillo (Malaysia) Sdn Bhd	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
Sime Darby Allied Products Berhad	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Global Services Centre Sdn Bhd	Provision of information technology and information systems, accounting, human resource management and other support services to related companies	Malaysia	100.0	100.0	1
Sime Darby Holdings Berhad	Investment holding, marketing of and agents for commodities and provision of management services to related parties	Malaysia	100.0	100.0	1
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

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Others - Subsidiaries (continued)</b>					
Sime Darby Malaysia Berhad	Investment holding and holding trademarks	Malaysia	100.0	100.0	1
Sime Darby Technologies Holdings Pte Ltd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Ventures Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Rengo Packaging (M) Sdn Bhd	Property investment	Malaysia	70.0	70.0	1
Tractors Malaysia Holdings Berhad	Investment holding	Malaysia	100.0	100.0	1
Yayasan Sime Darby	Receive and administer funds to award scholarships or loans for educational purposes, undertake sports, environmental conservation and sustainability projects; and other related activities for the benefit of the community	Malaysia	@	@	1
Dunlopillo (Singapore) Pte Ltd	Distribution of tyres, mattresses, related bedding products and accessories and investment holding	Singapore	100.0	100.0	2
Sime Darby Eastern International Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Insurance Brokers (Singapore) Pte Ltd	Insurance brokers and consultants	Singapore	100.0	100.0	2
Sime Darby Investments Pte Ltd	Investment holding	Singapore	100.0	100.0	2
Sime Darby Management Services (Singapore) Private Limited	Investment holding and provision of information technology, accounting, human resources, legal and corporate secretarial services to related companies	Singapore	100.0	100.0	2
Sime Darby Nominees Private Limited	Holding investments as a nominee	Singapore	100.0	100.0	2
Sime Darby Singapore Limited	Investment holding	Singapore	100.0	100.0	2
Dunlopillo (Shenzhen) Limited	Manufacturing and distribution of mattresses, related bedding products and accessories	China	100.0	100.0	2
Sime Darby (China) Enterprise Management Company Limited	Provision of services to the enterprises established in China by the Group	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
Sime Darby Far East (1991) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Others - Subsidiaries (continued)</b>					
Sime Darby Hongkong Finance Limited	Provision of intra-group financial and management services and 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 Insurance Brokers (Hong Kong) Limited	Insurance brokers	Hong Kong SAR	100.0	100.0	2
Sime Darby Managing Agency (Hong Kong) Limited	Insurance agency	Hong Kong SAR	100.0	100.0	2
Sime Darby Investments (BVI) Limited	Investment holding	British Virgin Islands	100.0	100.0	5
Dunlopillo (Middle East) FZE	Distribution of mattresses, 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
Dunlopillo (Vietnam) Limited	Manufacturing and distribution of mattresses, related bedding products and accessories	Vietnam	100.0	100.0	2
Golden Hope Plantations Berhad	Dormant	Malaysia	100.0	100.0	1
Guthrie Ropel Berhad	Dormant	Malaysia	100.0	100.0	1
Highlands & Lowlands Berhad	Dormant	Malaysia	100.0	100.0	1
Kumpulan Guthrie Berhad	Dormant	Malaysia	100.0	100.0	1
Kumpulan Sime Darby Berhad	Dormant	Malaysia	100.0	100.0	1
Mentakab Rubber Company (Malaya) Berhad	Dormant	Malaysia	100.0	100.0	1
Sime Darby NET Sdn Bhd	Dormant	Malaysia	100.0	100.0	1
Sime Darby Nominees Sendirian Berhad	Dormant	Malaysia	100.0	100.0	1
Sime Engineering Services Berhad	Dormant	Malaysia	100.0	100.0	1
Sime UEP Properties Berhad	Dormant	Malaysia	100.0	100.0	1
Sime Darby Property Investments Pte Ltd	Dormant	Singapore	100.0	100.0	2
SRIB (Far East) Pte Ltd	Dormant	Singapore	100.0	100.0	2
Sime Travel Holdings Limited	Dormant	Hong Kong SAR	100.0	100.0	2
Sime Darby Insurance Services Sdn Bhd	Dormant	Brunei	100.0	100.0	3
East West Insurance Company Limited	Dormant	United Kingdom	81.0	81.0	2

## FINANCIAL STATEMENTS

**51. List of Subsidiaries, Jointly Controlled Entities and Associates (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2011	2010	
<b>Others - Subsidiaries (continued)</b>					
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
Yayasan Guthrie	Deregistered	Malaysia	-	@	1
Sime Darby Investment (Mauritius) Limited	In deregistration	Mauritius	-	100.0	3
Guthrie Furniture Products Limited	In members' voluntary liquidation	United Kingdom	-	100.0	3
PB Packaging Systems Singapore Pte Ltd	Dissolved	Singapore	-	66.6	2
PAR Resources (Holdings) Limited	Deregistered	Hong Kong SAR	-	100.0	2
<b>Others - Associates</b>					
Continental Sime Tyre Sdn Bhd	Investment holding	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
Tesco Stores (Malaysia) Sdn Bhd	Operation of retail outlets	Malaysia	30.0	30.0	1
Union Sime Darby (Thailand) Ltd	Insurance brokers	Thailand	49.0	49.0	2

## Notes:

- 1 - Subsidiaries, jointly controlled entities and associates which are audited by PricewaterhouseCoopers, Malaysia
- 2 - Subsidiaries, jointly controlled entities and associates which are audited by member firms of PricewaterhouseCoopers International Limited, which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia
- 3 - Subsidiaries, jointly controlled entities and associates which are audited by firms other than member firms of PricewaterhouseCoopers International Limited
- 4 - Auditors not appointed yet
- 5 - No legal requirement to appoint auditors
- \* - Notwithstanding the Group holds more than 20% equity interest, the costs of investment in BMW Malaysia Sdn Bhd and Continental Sime Tyre Sdn Bhd have been classified as investments (and not associates) due to the restricted influence pursuant to the shareholders' agreement
- @ - Yayasan Sime Darby is a company without share capital, limited by guarantee while Yayasan Guthrie was a foundation established under the Guthrie Foundation Trust Deed

**52. Event After the Reporting Period**

On 9 September 2011, Sime Darby Nominees Sendirian Berhad acquired 273.0 million ordinary shares of RM1 each and 60.0 million 8% Irredeemable Convertible Secured Loan Stocks of RM0.65 each in Eastern & Oriental Berhad (E&O) representing 30% of the fully diluted equity interest in E&O for RM765.9 million and a further 5.1 million ordinary shares of RM1 each for RM8.0 million.

E&O was incorporated in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activities of E&O and its subsidiaries include investment holding, hotel ownership and operations, hotel management, property development, property investment and café and restaurant operations.

**53. Approval of Financial Statements**

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 20 September 2011.

#### 54. Supplementary Information

The breakdowns of realised and unrealised retained profits set out below of the Group and Company as at 30 June 2011 have been prepared pursuant to the directive issued by Bursa Malaysia Securities Berhad and have been prepared in accordance with the Guidance on Special Matter No. 1 (GSM1), Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>Group</b>	<b>Company</b>
Total retained profits of the Company and its subsidiaries		
- realised	<b>20,671.3</b>	<b>3,457.3</b>
- unrealised	<b>(527.8)</b>	<b>(34.7)</b>
	<b>20,143.5</b>	<b>3,422.6</b>
Total share of retained profits from jointly controlled entities		
- realised	<b>77.8</b>	-
- unrealised	<b>(53.4)</b>	-
	<b>24.4</b>	-
Total share of retained profits from associates		
- realised	<b>158.7</b>	-
- unrealised	<b>2.2</b>	-
	<b>160.9</b>	-
Less: consolidation adjustments	<b>(7,398.9)</b>	-
Total retained profits	<b>12,929.9</b>	<b>3,422.6</b>

In arriving at the unrealised profits, the following which are deemed in the GSM1 as unrealised, are included:

- a. credits or charges relating to the recognition of deferred tax,
- b. cumulative net gains (but not net losses) from the remeasurement of assets or liabilities at fair value through profit or loss,
- c. provision of liabilities in respect of present obligations where resources are only consumed upon settlement of the obligation, and
- d. translation gains or losses of monetary items denominated in a currency other than the functional currency.

Certain assumptions and cut-off procedures have been applied in establishing the unrealised retained profit.



**MALAYSIA**

SDMC Subang Jaya

SDMC Ara Damansara

Sime Darby Specialist  
Centre Megah

SDMC ParkCity

Sime Darby Nursing &  
Health Sciences College

Sime Darby Medical Centres' doctors perform a wide range of diagnostic and therapeutic procedures, from complex organ transplants to minimally invasive procedures, using the latest techniques and medical technology.

# HEALTHCARE



## ANALYSIS OF SHAREHOLDINGS

As at 9 September 2011

Authorised Share Capital	:	RM4,072,500,000.00 divided into 8,000,000,000 ordinary shares of RM0.50 each, 7,000,000,000 Series A redeemable convertible preference shares of RM0.01 each and 25,000,000 Series B redeemable convertible preference shares of RM0.10 each
Issued and Paid-up Share Capital	:	RM3,004,731,915.50 comprising 6,009,463,831 ordinary shares of RM0.50 each
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per ordinary share in the case of a poll and one vote on a show of hand

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	1,976	5.83	68,371	0.00
100 to 1,000	8,977	26.48	6,358,101	0.11
1,001 to 10,000	17,069	50.35	60,714,235	1.01
10,001 to 100,000	4,741	13.99	133,526,609	2.22
100,001 to less than 5% of issued capital	1,134	3.34	2,298,134,849	38.24
5% and above of issued capital	3	0.01	3,510,661,666	58.42
<b>Total</b>	<b>33,900</b>	<b>100.00</b>	<b>6,009,463,831</b>	<b>100.00</b>

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Individuals	26,063	76.88	169,493,099	2.82
Bank/Finance Companies	114	0.34	3,670,973,851	61.09
Investment Trusts/Foundations/ Charities	27	0.08	3,718,380	0.06
Industrial And Commercial Companies	861	2.54	102,553,709	1.71
Government Agencies/Institutions	10	0.03	112,557,514	1.87
Nominees Companies	6,824	20.13	1,950,068,444	32.45
Others	1	0.00	98,834	0.00
<b>Total</b>	<b>33,900</b>	<b>100.00</b>	<b>6,009,463,831</b>	<b>100.00</b>

Directors' Interests as per the Register of Directors' Shareholdings

Name of Director	No. of Shares Held		% of Issued Capital
	Direct Interest	Deemed Interest	
<b>In the Company</b> <u>Ordinary shares of RM0.50 each</u>	Nil	Nil	Nil
<b>Kuala Lumpur Golf &amp; Country Club Berhad</b> <u>Participatory interest</u>	<u>Type of membership</u>		
Tun Musa Hitam	Honorary		
Tan Sri Samsudin Osman	Honorary		
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	Honorary		
Tan Sri Datuk Amar (Dr) Hamid Bugo	Honorary		
Tan Sri Datuk Dr Yusof Basiran	Honorary		
Tan Sri Sheng Len Tao	Honorary		
Dato Sri Lim Haw Kuang	Honorary		
Dato' Henry Sackville Barlow	Honorary		
Encik Azmi Mohd Ali	Honorary		
Dato' Mohd Bakke Salleh	Honorary		

Save as disclosed above, none of the Directors of the Company has any interest, direct or indirect, in shares in the Company or shares in, debentures of or participatory interest made available by, a related corporation.

**30 LARGEST SHAREHOLDERS AS PER THE REGISTER OF MEMBERS AND THE RECORD OF DEPOSITORS**

	<b>Name of Shareholder</b>	<b>No. of Shares Held</b>	<b>% of Issued Capital</b>
1.	AmanahRaya Trustees Berhad Qualifier: Skim Amanah Saham Bumiputera	2,160,137,504	35.95
2.	Permodalan Nasional Berhad	714,850,309	11.90
3.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board	635,673,853	10.58
4.	Kumpulan Wang Persaraan (DIPERBADANKAN)	180,450,561	3.00
5.	Cartaban Nominees (Asing) Sdn Bhd Qualifier: SSBT Fund GB01 for Harbor International Fund	127,539,047	2.12
6.	AmanahRaya Trustees Berhad Qualifier: Amanah Saham Malaysia	118,743,700	1.98
7.	Lembaga Tabung Haji	113,269,600	1.88
8.	AmanahRaya Trustees Berhad Qualifier: Amanah Saham Wawasan 2020	104,105,663	1.73
9.	AmanahRaya Trustees Berhad Qualifier: AS 1Malaysia	74,070,100	1.23
10.	Valuecap Sdn Bhd	70,931,300	1.18
11.	Cartaban Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for State Street Bank & Trust Company (West CLT OD67)	69,141,342	1.15
12.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	57,949,426	0.96
13.	HSBC Nominees (Asing) Sdn Bhd Qualifier: BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	44,187,413	0.74
14.	AmanahRaya Trustees Berhad Qualifier: Amanah Saham Didik	42,844,194	0.71
15.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Exempt AN for Prudential Fund Management Berhad	39,966,135	0.67
16.	Cartaban Nominees (Asing) Sdn Bhd Qualifier: Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	39,932,584	0.66
17.	Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (Par1)	38,334,100	0.64
18.	Lembaga Tabung Angkatan Tentera	27,350,000	0.46
19.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt for JPMorgan Chase Bank, National Association (U.A.E.)	25,723,229	0.43
20.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt for JPMorgan Chase Bank, National Association (U.S.A.)	23,855,555	0.40
21.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Exempt AN for American International Assurance Berhad	22,285,414	0.37
22.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board (NOMURA)	21,459,902	0.36
23.	AMSEC Nominees (Tempatan) Sdn Bhd Qualifier: AMTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	19,431,556	0.32
24.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for JPMorgan Chase Bank, National Association (Saudi Arabia)	16,968,600	0.28

	<b>Name of Shareholder</b>	<b>No. of Shares Held</b>	<b>% of Issued Capital</b>
25.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for the Bank of New York Mellon (Mellon ACCT)	16,715,790	0.28
26.	AmanahRaya Trustees Berhad Qualifier: Public Islamic Dividend Fund	14,727,416	0.25
27.	Citigroup Nominees (Asing) Sdn Bhd Qualifier: Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)	14,602,763	0.24
28.	Lembaga Kemajuan Tanah Persekutuan	12,245,000	0.20
29.	Lembaga Kemajuan Tanah Persekutuan	12,200,000	0.20
30.	HSBC Nominees (Asing) Sdn Bhd Qualifier: TNTC for United Nations Joint Staff Pension Fund	11,600,000	0.19
	<b>Total</b>	<b>4,871,292,056</b>	<b>81.06</b>

## Substantial Shareholders as per the Register of Substantial Shareholders

	<b>Name of Substantial Shareholder</b>	<b>No. of Shares Held (Direct Interest)</b>	<b>% of Issued Capital</b>	<b>No. of Shares Held (Indirect/Deemed Interest)</b>	<b>% of Issued Capital</b>
1.	AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	2,159,911,504	35.94	-	-
2.	Employees Provident Fund Board	1,500,000	0.02	702,602,361 <sup>1</sup>	11.69
3.	Permodalan Nasional Berhad	718,175,309	11.95	-	-
4.	Yayasan Pelaburan Bumiputera	-	-	718,175,309 <sup>2</sup>	11.95

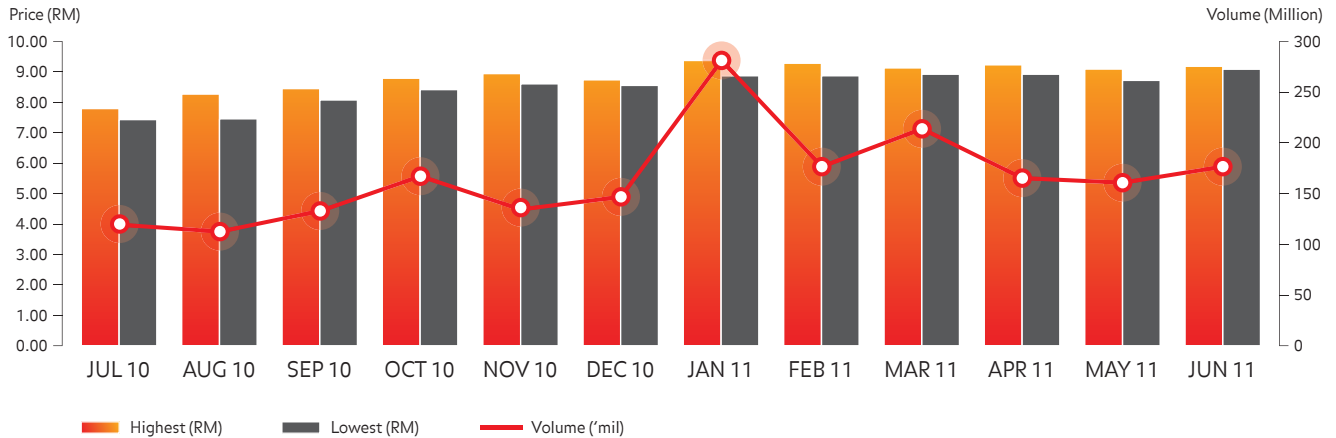
<sup>1</sup> Shares managed by/through Citigroup Nominees (Tempatan) Sdn Bhd

<sup>2</sup> Deemed interest by virtue of its interest in Permodalan Nasional Berhad pursuant to Section 6A of the Companies Act, 1965

# FINANCIAL CALENDAR AND SHARE PRICE MOVEMENT

## SHARE PERFORMANCE 2010/2011

Share prices for the twelve (12) months on the Main Market of Bursa Malaysia Securities Berhad to 30 June 2011.



	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Apr 2011	May 2011	Jun 2011
<b>Highest (RM)</b>	7.87	8.35	8.53	8.88	9.03	8.83	9.46	9.38	9.22	9.32	9.19	9.27
<b>Lowest (RM)</b>	7.50	7.52	8.15	8.50	8.68	8.63	8.95	8.96	9.00	9.00	8.80	9.17
<b>Volume (Million)</b>	113.4	106.5	127.0	161.7	128.6	141.2	277.9	171.3	209.4	160.1	155.4	171.5

Stock Exchange Listing : Bursa Malaysia Securities Berhad

Trading Name : SIME

Stock Code : 4197

## DIVIDENDS

	Notice Date	Entitlement Date	Payment Date
<b>Interim</b>	24 February 2011	25 April 2011	11 May 2011
<b>Final</b>	25 August 2011	1 December 2011	15 December 2011

## FINANCIAL CALENDAR

### Announcement of Unaudited Consolidated Results

First quarter : 26 November 2010

Second quarter : 24 February 2011

Third quarter : 27 May 2011

Fourth quarter : 25 August 2011

## ANNUAL GENERAL MEETING

Notice Date : 18 October 2011

Meeting Date : 10 November 2011



 Canada

 United States of America

United Kingdom

The Netherlands

Germany

Liberia

South Africa



# Global Business Presence

 Countries with Sime Darby operations

## PROPERTIES OF THE GROUP AS AT 30 JUNE 2011

Location	Tenure	Year lease expiring	Area (Hectares)	Age of building (Years)	Description	Net book value RM million
<b>PLANTATION PROPERTIES</b>						
<b>Malaysia</b>						
<b><u>Kedah Darul Aman</u></b>						
Anak Kulim, Bukit Hijau, Bukit Selarong, Jentayu, Padang Buluh, Somme, Sungai Dingin	Freehold	-	19,880	5-22	Oil palm estates, seeds centre facility, and a palm oil mill	308.2
Bukit Tangga	Leasehold	2037	316	2-5	Sweet corn farm	-
<b><u>Perak Darul Ridzuan</u></b>						
Bagan Datoh, Bagan Serai, Bikam, Chersonese, Cluny, Elphil, Flemington, Holyrood, Kalumpong, Kamuning, Kinta Kellas, Sabak Bernam, Sabrang, Seri Intan, Sogomana, Sungei Samak, Sungei Wangi, Tali Ayer	Freehold	-	42,286	2-21	Rubber and oil palm estates, paddy farm, 5 palm oil mills, a research centre and pink guava farm	742.2
Chersonese, Cluny, Kinta Kellas, Sabak Bernam, Tali Ayer, Sogomana, Sungai Samak	Leasehold	2039 - 2992	3,762	8-18	Oil palm estates	54.0
<b><u>Pahang Darul Makmur</u></b>						
Chenor, Kerdau, Mentakab, Sungai Mai, Jabor, Jentar	Freehold	-	9,444	4-33	Oil palm estates and a palm oil mill	74.8
Bukit Puteri, Chenor, Jentar, Kerdau, Pekan, Sungai Mai	Leasehold	2016 - 2075	10,620	1-20	Oil palm estates and 2 palm oil mills	187.6
<b><u>Selangor Darul Ehsan</u></b>						
Bukit Cheraka, Bukit Kerayong, Bukit Lagong, Bukit Rajah, Bukit Talang, Dusun Durian, East Carey Island, Elmina, Sepang, Sungai Buluh, Tennamaram, Teluk Panglima Garang, West Carey Island	Freehold	-	38,968	1-21	Oil palm estates, 6 palm oil mills, factory, laboratories, research centres, warehouse, a training centre and a biodiesel plant	679.1
East Carey Island, North Port Edible Oil Refinery Complex, Sungai Buloh, Telok Panglima Garang	Leasehold	2013 - 2109	69	2-36	Oil palm estates, 2 refineries, factory, research centers and warehouse	76.9

Location	Tenure	Year lease expiring	Area (Hectares)	Age of building (Years)	Description	Net book value RM million
<b>PLANTATION PROPERTIES (continued)</b>						
<b>Malaysia (continued)</b>						
<b><u>Negeri Sembilan Darul Khusus</u></b>						
Bradwall, Bukit Pelandok, Bukit Pilah, Kok Foh, Labu, Muar River, New Labu, P.D. Lukut, Pertang, Salak, Sengkang, Siliau, St Helier, Sua Betong, Sungai Bahru, Sungai Gemas, Sungai Sebalang, Sungai Senarut, Tampin Linggi, Tanah Merah	Freehold	-	43,300	1-20	Rubber estates, oil palm estates, 5 palm oil mills, and a research laboratory	571.0
Muar River, Koh Foh, Sungai Bahru, Sungai Senarut	Leasehold	2020 - 3005	3,197	16-37	Oil palm estates	44.7
<b><u>Melaka</u></b>						
Bukit Asahan, Diamond Jubilee, Kempas, Kemuning, Merlimau, Pagoh, Serkam	Freehold	-	17,376	1-20	Rubber and oil palm estates, 2 palm oil mills and a rubber factory	233.7
Diamond Jubilee, Kemuning, Merlimau, Serkam, Kempas	Leasehold	2026 - 2099	293	-	Oil palm estates	8.8
<b><u>Johor Darul Takzim</u></b>						
Bukit Anam, Bukit Badak, Bukit Benut, Bukit Paloh, Cenas, CEP Niyor, CEP Rengam, Cha' ah, Gunung Mas, Kempas Klebang, Kulai, Lambak Elaeis, Layang, Lanadron, North Labis, Pengkalan Bukit, Sembrong, Seri Pulai, Simpang Kiri, Tun Dr. Ismail, Ulu Remis, Welch, Yong Peng	Freehold	-	52,980	1-53	Rubber and oil palm estates, 7 palm oil mills, research centre and a rubber factory	820.5
Cenas Ropel, CEP Niyor, Cha' ah, Layang, Lanadron, Pekan, Sembrong, Simpang Kiri, Ulu Remis	Leasehold	2013 - 2912	15,472	1-17	Rubber and oil palm estates, and a palm oil mill	195.4
<b><u>Sabah</u></b>						
Binuang, Giram, Imam, Jeleta Bumi, Melalap, Merotai, Mostyn, Sapong, Segaliud, Sentosa, Sungang, Table, Tiger, Tigowis, Tingkayu, Tun Tan Siew Sin, Tunku	Leasehold	2038 - 2940	54,276	1-26	Oil palm estates and 7 palm oil mills, a bulking plant and research centre	757.7



Location	Tenure	Year lease expiring	Area (Hectares)	Age of building (Years)	Description	Net book value RM million
<b>PLANTATION PROPERTIES (continued)</b>						
<b>Malaysia (continued)</b>						
<b>Sarawak</b>						
Bayu, Belian, Chartquest, Damai, Derawan, Dulang, Kelida, Kindurong, Lavang, Paroh, Pekaka, Rajawali, Rasan, Ruai, Saha, Samudera, Semarak, Takau	Leasehold	2020 - 2082	48,173	1-14	Oil palm estates, 4 palm oil mills and a refinery	830.1
<b>Total Plantation Properties – Malaysia</b>			<b>360,412</b>			<b>5,584.7</b>
<b>Indonesia</b>						
<b>Kalimantan - West</b>						
Awatan, East, West, Lembiru, Pelanjau, PT Mas 1 - 4, Sei Mawang	Leasehold	2028 - 2034	66,388	10-20	Oil palm estates and 3 palm oil mills and bulking plant	219.9
<b>Kalimantan – Central</b>						
Baras Danum, Batang Garing, Hantantiring, Kawan Batu, Kuala Kuayan, Pemantang, Sapiri, Sekunzir, Seruyan, Sukamandang	Leasehold	2033 - 2034	39,117	3-16	Oil palm estates and 3 palm oil mills and bulking plant	341.5
<b>Kalimantan – South</b>						
Angsana, Bakau, Bebunga, Betung, Binturung, Gunung Aru, Gunung Kemas, Gunung Sari, Koperasi Sungai, Lanting, Laut Timur, Matalok, Mustika, Pantai Bonati, Pantai Timur, Pondok Labu, Pulau Laut, Rampa, Randi, Rantau, Sangkoh, Sekayu, Selambak, Sesulung, Sungai Cengal	Leasehold	2022 - 2039	86,890	1-23	Oil palm estates and 8 palm oil mills and a refinery	830.2
<b>Jakarta</b>						
The Plaza Office Tower Lt 36	Leasehold	2015	*	3-9	3-floors of a 45-storey office building	5.0
<b>Sulawesi – Central</b>						
Ungkaya	Leasehold	2024	4,712	17-23	Oil palm estate and a palm oil mill	33.3
<b>Sumatera – Jambi</b>						
Ladang Panjang	Leasehold	2038	4,000	1-16	Oil palm estate and a palm oil mill	34.9

\* Less than one hectare

Location	Tenure	Year lease expiring	Area (Hectares)	Age of building (Years)	Description	Net book value RM million
<b>PLANTATION PROPERTIES (continued)</b>						
<b>Indonesia (continued)</b>						
<b>Sumatera – South</b>						
Bumi Ayu, Bukit Pinang, Karang Ringin, Mangun Jaya, Napal, Rantau Panjang, Sungai Pinang	Leasehold	2033 - 2034	21,013	1-21	Oil palm estates and 2 palm oil mills	211.3
<b>Sumatera - East Aceh</b>						
Batang Ara, Blang Simpo 1 & 2, Tamiang	Leasehold	2022 - 2037	8,545	1-31	Oil palm estates and 2 palm oil mills	56.6
<b>Sumatera – Riau</b>						
Alur Damai, Aneka Persada, Mandah, Menggala 1-3, Nusa Lestari, Nusa Perkasa, Pekan Baru, Pinang Sebatang, Rotan Semelur, Teluk Bakau, Teluk Siak	Leasehold	2031 - 2036	54,938	4-21	Oil palm estates and 4 palm oil mills and a research centre	441.2
<b>Total Plantation Properties – Indonesia</b>			<b>285,603</b>			<b>2,173.9</b>
<b>China</b>						
Rizhao Province	Leasehold	2059	12	-	Bulking facilities	24.0
<b>Liberia</b>						
Bomi, Bong 1 & 2, Grand Cape Mount, Gbarpolu, Lofa	Leasehold	2072	227,782	-	Rubber and oil palm estates	22.9
<b>Netherlands</b>						
Lindtsedijk, Zwijndrecht	Freehold	-	9	26	Refinery, biodiesel plant and a research centre	74.1
<b>Singapore</b>						
Boon Lay Road, Chin Bee Crescent	Leasehold	2030	5	30-42	Refinery and office building	6.7
<b>South Africa</b>						
Boksburg	Leasehold	2014	2	1	Refinery	0.7
<b>Thailand</b>						
Sukhumvit Road	Freehold	-	*	25	Refinery	3.0
Samutsakorn Province	Freehold	-	12	7	Refinery	41.6
<b>Vietnam</b>						
Ho Chi Minh City	Freehold	-	*	18	Refinery	1.6
<b>Total Plantation Properties</b>			<b>873,837</b>			<b>7,933.2</b>

\* Less than one hectare

Location	Tenure	Year lease expiring	Area (Hectares)	Age of building (Years)	Description	Net book value RM million
<b>DEVELOPMENT PROPERTIES</b>						
<b>Malaysia</b>						
<b><u>Kedah Darul Aman</u></b>						
Jerai, Bukit Selarong, Taman Sg Dingin	Freehold	-	440	-	Land held for property development	35.6
<b><u>Selangor Darul Ehsan</u></b>						
Bandar Bukit Raja, Kapar, Klang	Freehold	-	1,142	-	Township development	23.8
Bukit Lagong and Lagong Mas, Rawang	Freehold	-	629	-	Land held for property development	37.2
Bukit Subang 1, Shah Alam	Freehold	-	3	-	Residential development	5.2
Denai Alam, Bkt Subang 2 Shah Alam	Freehold	-	1	-	Township development	9.5
Elmina Estate, Sungai Buloh	Freehold	-	1,286	-	Land held for property development	65.8
Glengowrie, Jalan Acob, New Lunderston and Semenyih	Freehold	-	742	-	Land held for property development	12.3
Melawati Development, Hulu Kelang	Freehold	-	21	-	Township development	109.7
Putra Heights, Subang Jaya	Freehold	-	5	-	Township development	0.8
Saujana Impian, Kajang	Freehold	-	4	-	Township development	0.5
Sg Kapar Indah, Klang	Freehold	-	1	-	Commercial land	2.5
Subang Jaya City Centre, Subang Jaya	Freehold	-	8	-	Mixed development	63.1
USJ Heights, Subang Jaya	Freehold	-	2	-	Township development	1.0
Taman Perindustrian UEP, Subang Jaya	Freehold	-	*	-	Township development	0.1
Taman Subang Ria	Leasehold	2087	30	-	Land held for property development	3.5
<b><u>Kuala Lumpur</u></b>						
Kenny Hill Residence, Jalan Tun Ismail, Bukit Tunku	Freehold	-	2	-	Residential properties	32.9
KLGCC Township, Bukit Kiara	Leasehold	2087	18	-	Land held for property development	418.1
SDCC Township, Bukit Kiara	Leasehold	2087	2	-	Land held for property development	47.0

\* Less than one hectare

Location	Tenure	Year lease expiring	Area (Hectares)	Age of building (Years)	Description	Net book value RM million
<b>DEVELOPMENT PROPERTIES (continued)</b>						
<b>Malaysia (continued)</b>						
<b><u>Negeri Sembilan Darul Khusus</u></b>						
Labu, Rasah, Sua Betong, Taman Sengkang	Freehold	-	202	-	Land held for property development	9.4
Nilai Impian / Utama, Nilai	Freehold	-	166	-	Enterprise Park	17.9
Hamilton, New Labu, and Sungai Sekah, Nilai	Freehold	-	658	-	Property development	12.2
<b><u>Johor Darul Takzim</u></b>						
Taman Pasir Putih, Pasir Gudang	Freehold	-	8	-	Property development	1.6
<b><u>Sabah</u></b>						
Iman and Mostyn Estate, Tawau	Leasehold	2050 - 2058	55	-	Land held for property development	1.1
<b>Total Development Properties</b>			<b>5,425</b>			<b>910.8</b>

Location	Tenure	Year lease expiring	Area (Sq metres)	Age of building (Years)	Description	Net book value RM million
<b>INVESTMENT AND HOSPITALITY PROPERTIES</b>						
<b>Malaysia</b>						
<b><u>Kedah Darul Aman</u></b>						
Harvard Golf & Country Club and Hotel, Bedong	Freehold	–	1,323,900	13	Golf course, club house and hotel	28.1
<b><u>Pulau Pinang</u></b>						
Penang House, Harvik Bungalow	Freehold	–	8,589	15-90	Holiday bungalows	3.0
<b><u>Pahang Darul Makmur</u></b>						
Genting View Resort, Genting Highlands	Freehold	–	13,789	16-21	Hotel resorts and apartments	21.4
Frasers' Hill Bungalows, Raub	Leasehold	2026 - 2082	15,379	26-83	Holiday bungalows	0.9
Golden Hope Villa, Cameron Highlands	Leasehold	2075	4,905	25	Holiday bungalows	0.3
<b><u>Selangor Darul Ehsan</u></b>						
Ara Damansara, Damansara	Freehold	–	4,371	–	Office building	91.4
Bayuemas Oval and Akademi Tunku Jaafar, Kota Bayuemas	Freehold	–	178,455	5-8	Cricket club and lawn bowl stadium	45.9
Impian Golf and Country Club, Kajang	Freehold	–	581,779	17	18- hole golf course and resort	56.9
Impian Court, Seksyen 9, Kajang	Freehold	–	15,061	10	10-units of holiday apartments	1.6
Kompleks Sime Darby, Jalan Kewajipan	Freehold	–	97,811	17	4 1/2 storey office building	19.1
Lot 6508 - 6501, Mukim of Kapar, Klang	Freehold	–	110,467	–	Industrial land	15.2
Sime Darby Pavillion, Persiaran Tebar Layar, Bukit Jelutong, Shah Alam	Freehold	–	27,245	14	3-storey office, factory building and warehouse	24.8
Subang Avenue, Subang Jaya	Freehold	–	19,956	2	Shopping complex	42.9
Tennamaran Estates	Freehold	–	280,540	–	Agriculture Land	5.9
UEP Subang Jaya	Freehold	–	3,584	17	Carpark building	3.0
Wisma LJT, Pusat Bandar Melawati	Freehold	–	94,818	17-37	Office building and a 2-storey carpark plaza	9.1
Jalan Kemajuan dan Seksyen 13, Petaling Jaya	Leasehold	2059	14,081	–	Commercial land and building	2.1
Wisma Zuellig, Jalan Bersatu, Petaling Jaya	Leasehold	2059	10,058	17	Office building	16.6
<b><u>Kuala Lumpur</u></b>						
Jalan U-Thant	Freehold	–	4,690	–	Residential Land	0.6
Mahsuri and Puteri Apartment, Setiawangsa	Freehold	–	211	26	Apartments	0.1
Wisma Guthrie, Jalan Gelenggang, Damansara Heights	Freehold	–	3,316	6-26	4-storey office building	12.9

Location	Tenure	Year lease expiring	Area (Sq metres)	Age of building (Years)	Description	Net book value RM million
<b>INVESTMENT AND HOSPITALITY PROPERTIES (continued)</b>						
<b>Malaysia (continued)</b>						
<b>Kuala Lumpur (continued)</b>						
Kuala Lumpur Golf and Country Club, Bukit Kiara	Leasehold	2087	1,142,100	18	Two 18-hole golf courses and resort	300.4
Sime Darby Convention Centre, Bukit Kiara	Leasehold	2090	16,745	6	Convention centre	103.4
<b>Negeri Sembilan Darul Khusus</b>						
KLIA Staff Quarters and Commercial Complex, Port Dickson	Freehold	-	28,379	12	Club house, commercial complex, holiday bungalows and commercial land	2.8
Sri Bayu, Sri Fajar, Sri Menyinsing, Sinaran Selat, Port Dickson	Freehold	-	23,057	26	Holiday bungalows	1.3
Sri Fajar, Sinaran Selat, Port Dickson	Leasehold	2072	6,070	17-53	Holiday bungalows	0.9
<b>Melaka</b>						
Hotel Equatorial, Bandar Hilir	Leasehold	2080 - 2083	2,955	13	5-star 22-storey international business hotel	88.7
<b>Total Investment and Hospitality Properties - Malaysia</b>			<b>4,032,311</b>			<b>899.3</b>
<b>Singapore</b>						
Sime Darby Business Centre, Dunearn Road	Freehold	-	11,016	27	5-storey commercial building	124.1
The Springs, 3 Moulmein Rise	Freehold	-	188	8	Residential apartments	3.6
Darby Park Executive Suites, Orange Grove Road	Leasehold	2092	3,373	18	75-units luxury apartments	67.2
Sime Darby Business Centre, Alexandra Road	Leasehold	2055	7,720	54	5-storey light industrial building	57.4
Sime Darby Business Centre, Dunearn Road	Leasehold	2878	2,072	-	Commercial land	11.7
Sime Darby Enterprise Centre, Jalan Kilang	Leasehold	2061	2,201	6	8-storey light industrial building	21.2
<b>United Kingdom</b>						
Dundee Street, Edinburgh	Freehold	-	5,989	16	Office building	63.8
Widdowson Building, Bognor Regis	Freehold	-	9,924	29	Land and industrial building	0.3
St Johns Wood Court, Wynnstay Gardens	Leasehold	2109 - 2966	247	91-102	2-units of residential flats	3.7
<b>Vietnam</b>						
Rangdong Orange Court, Le Quy Don, Vung Tau	Leasehold	2030	6,123	14	69-units luxury serviced apartments	8.7

Location	Tenure	Year lease expiring	Area (Sq metres)	Age of building (Years)	Description	Net book value RM million
<b>INVESTMENT AND HOSPITALITY PROPERTIES (continued)</b>						
<b>Australia</b>						
Corner Bussell Hwy and Tunbridge, Margeret Rlver, W.A., Edgewater Place, Halenvale, Serenity Shores	Freehold	-	17,850	3-20	Motel, residential properties and serviced apartments	24.8
Karri Valley Resort, Vasse Highway, Pemberton, Western Australia	Freehold	-	1,161,692	23	Chalet and lakeside residential units	12.7
Hay Street, Subiaco, Western Australia	Leasehold	2021	1,576	20	Serviced apartments	2.0
<b>Total Investment and Hospitality Properties</b>			<b>5,262,282</b>			<b>1,300.5</b>
<b>INDUSTRIAL PROPERTIES</b>						
<b>Malaysia</b>						
<b>Perak Darul Ridzuan</b>						
Jalan Lahat, Bukit Merah, Ipoh	Leasehold	2036 - 2056	28,462	31	2-storey office building, factory, workshop and warehouse	0.6
<b>Pahang Darul Makmur</b>						
Semambu Industrial Estate, Kuantan	Leasehold	2041	26,305	31	2 block of single storey office building, factory, workshop and warehouse	0.5
<b>Selangor Darul Ehsan</b>						
Kompleks Kejuruteraan, Jalan Puchong, Taman Perindustrian Puchong Utama, Puchong	Freehold	-	136,461	13	5-storey commercial office, training centre, workshop and wearhouse	73.8
<b>Johor Darul Takzim</b>						
Senai Kulai, Johor Bahru	Freehold	-	14,746	-	Vacant land	2.1
Jalan Gangsa, Pasir Gudang Industrial Estate	Leasehold	2038	42,700	30	2-storey office building, factory and building storage	0.6
<b>Sabah</b>						
Jalan Apas, Tawau, Jalan Labuk, Sandakan, Marina Court, Tuaran Road, Kota Kinabalu	Leasehold	2026 - 2925	61,654	5-31	2-storey office building, training centres, workshop, warehouse and an apartment	2.9

Location	Tenure	Year lease expiring	Area (Sq metres)	Age of building (Years)	Description	Net book value RM million
<b>INDUSTRIAL PROPERTIES (continued)</b>						
<b>Malaysia (continued)</b>						
<b>Sarawak</b>						
Jalan Piasau, Miri, Kidurong Light, Industrial Estate, Bintulu, Lorong Then Kung Suk, Seduan Land Distinct, Sibu	Leasehold	2028 - 2046	38,228	22-31	Office buildings, workshop, warehouse and industrial land	7.8
<b>Total Industrial Properties - Malaysia</b>			<b>348,556</b>			<b>88.3</b>
<b>Singapore</b>						
Benoi Sector	Leasehold	2032	67,348	40	3-storey office building, warehouse and workshop	10.2
<b>Brunei</b>						
Beribi Industrial Estate, Bandar Seri Begawan	Leasehold	2019	4,047	12	Office, service centre and warehouse	0.1
<b>China</b>						
Nanchang Town, Jiang Xi, China	Leasehold	2059	10,648	1	3-storey office buildings, warehouse and workshop	7.0
Shunde, Foshan, Guangdong	Leasehold	2045	14,717	14	2 blocks of 4-storey and 2-storey office buildings, warehouse and workshop	12.0
Urumqi, Xinjiang	Leasehold	2060	39,282	-	Industrial land	2.7
<b>Hong Kong</b>						
Yuen Long Industrial Estate	Leasehold	2047	16,496	18	2-storey office buildings, warehouse and workshop	12.1
<b>Australia</b>						
Alice Springs and Darwin Facility, Northern Territory	Freehold	-	64,100	7-44	Single-storey office buildings, warehouse and workshops	12.4
Archerfield Facility, Kerry Road, Archerfield, Queensland	Freehold	-	131,522	65	Single-storey commercial office warehouse and workshops	56.5
Archer Drive, Alstonia Drive, Buckland Street, Emerald Facility, Queensland	Freehold	-	129,428	14-37	Single-storey commercial offices and staff hostels	3.3



Location	Tenure	Year lease expiring	Area (Sq metres)	Age of building (Years)	Description	Net book value RM million
<b>INDUSTRIAL PROPERTIES (continued)</b>						
<b>Australia (continued)</b>						
Bellrick Street, Acacia, Ridge	Freehold	–	14,000	2	2-storey commercial office, training facilities and workshop	19.1
Cairns Facility, Corner Kenny St & Fearnley St Portsmith, Cairns, Queensland	Freehold/ Perpetual lease	–	14,170	31	Single-storey commercial office, workshop and warehouse	15.6
Kimberley Street, Richlands, Brisbane	Freehold	–	12,700	1	2 blocks of 2-storey and single-storey office buildings, warehouse and workshop	19.5
Mackay Facility, Commercial Avenue, Mackay Queensland	Freehold	–	11,541	3-16	2-storey commercial office, training facilities, workshop and warehouse	25.8
Mackay Facility, Farrellys Lane	Freehold	–	82,000	3	2-storey commercial office, training facilities, workshop and warehouse	152.1
Mackay Facility Cnr Connors Rd & Commercial Avenue Paget, Mackay Queensland	Freehold/ Perpetual lease	–	30,008	25	2-storey commercial office, training facilities, workshop and warehouse	27.1
Mt Isa Facility 5 Kolongo Crescent Kakadoon, Mt Isa Queensland	Freehold	–	28,470	33	Single-storey commercial office, workshop and warehouse	13.7
Rockhampton Facility, Port Curtis Road, Rockhampton Queensland	Freehold	–	346,700	37	13 blocks of single-storey commercial office, workshop and warehouse	67.6
Salmet Building, Beaudesert Road, Acacia Ridge, Queensland	Freehold	–	21,660	3	Single-storey commercial office, workshop and warehouse	44.8
Southgate Drive, Paget, Queensland	Freehold	–	8,646	4-7	2-storey and single-storey commercial offices, wash bays, workshop and warehouse	14.8
Toowoomba Facility, Carrington Road, Torrington, Queensland	Freehold	–	40,468	39	Single-storey commercial offices, workshop and warehouse	20.2

Location	Tenure	Year lease expiring	Area (Sq metres)	Age of building (Years)	Description	Net book value RM million
<b>INDUSTRIAL PROPERTIES (continued)</b>						
<b>Australia (continued)</b>						
Townsville Facility, Corner Woolcock St Blakey & St Garbutt, Townsville, Queensland	Freehold	-	16,960	37	2-storey commercial offices, workshop and warehouse	19.3
Gladstone facility, Gladstone, Gove Facility Traeger Close, Gove Northern Territory	Leasehold	2012 - 2052	64,700	5	Single-storey commercial offices, workshop and warehouse	0.3
<b>New Caledonia</b>						
Nepoui Canala, Kouaoua	Freehold	-	15,400	17	Commercial office	1.4
Lot 1&2 lotissement ZICO II 98890 PAITA	Freehold	-	21,000	-	Vacant land	13.9
<b>Papua New Guinea</b>						
Port Moresby Facility and Lae Sales Facility, Spring Garden Road Hohola, Port Moresby	Leasehold	2057 - 2094	50,282	39-59	2-storey and single-storey office buildings, sales service and parts facility, and staff hostels	2.5
<b>Solomon Islands</b>						
Honiara Facility, Guadalcanal Island	Leasehold	2030 - 2049	25,560	27	Office, industrial building, warehouse and 2-storey staff hostels	0.1
<b>Total Industrial Properties</b>			<b>1,630,409</b>			<b>662.4</b>
<b>MOTORS PROPERTIES</b>						
<b>Malaysia</b>						
<b>Kedah Darul Aman</b>						
Padang Meha, Kulim	Freehold	-	780,923	14	Assembly plant	58.2
<b>Selangor Darul Ehsan</b>						
Jalan Pelukis U1/46, Temasya Industrial Park, Shah Alam	Freehold	-	4,990	8	3-storey office building and showroom	12.3
Jalan Pemberita U1/49, Temasya Industrial Park, Shah Alam	Freehold	-	2,081	10	3-storey semi-light industrial office building and showroom	3.1
<b>Kuala Lumpur</b>						
362, Jalan Tun Razak	Freehold	-	2,627	4	4-storey BMW & Mini 4S service centre and workshop	50.3

Location	Tenure	Year lease expiring	Area (Sq metres)	Age of building (Years)	Description	Net book value RM million
<b>MOTORS PROPERTIES (continued)</b>						
<b>Malaysia (continued)</b>						
<b>Sabah</b>						
Sedco Industrial Estate, Tuaran Road, Likas, Kota Kinabalu	Leasehold	2034	15,721	8	Single-storey showroom and service centre	3.8
<b>Total Motors Properties - Malaysia</b>			<b>806,342</b>			<b>127.7</b>
<b>Singapore</b>						
303 Alexandra Road	Leasehold	2047	7,761	3	6-storey BMW 4S showroom, service centre and workshop	131.3
305 Alexandra Road	Leasehold	2057	6,931	6	6-storey 4S showroom, service centre for Ford, Peugeot & Land Rover and workshop	91.8
Kampung Arang Road	Leasehold	2034	8,357	42	2-storey service centre and workshop	12.2
Ubi Road 4	Leasehold	2020	4,993	19	4-storey 3S showrooms, offices, pre-delivery inspection centre, workshop and rent to external tenant	17.1
<b>Thailand</b>						
Anusawaree, Bangkean, Charan Sanit Wong Road, Charoen Nakhon Road, Ladkrabang 1, Minburi, Paknam, Phetkasem Road, Saphansoong, Srinakarin Road	Leasehold	2013 - 2025	42,682	3-9	3S showroom workshops, and offices for Mazda and BMW	16.0
<b>China</b>						
Dashiduan, Yingbin Road, Panyu, Guangzhou	Leasehold	2032	6,627	13	2-storey BMW 4S Centre	2.8
Hai Yu Zhong Xian Road, Haikou District, Hainan	Leasehold	2070	6,569	16	2-storey BMW 4S Centre	2.0
Tianshan Road, Shantou, Guangdong	Leasehold	2022	7,304	7	2-storey BMW 4S Centre	3.6
Yue Liang Wan Road, Nanshan District, Shenzhen	Leasehold	2014	6,850	7	2-storey BMW 4S Centre	1.7
DaGuang Nan Road, Tianhe, Guangzhou	Leasehold	2023	17,355	5	2-storey BMW 4S Centre	1.8

Location	Tenure	Year lease expiring	Area (Sq metres)	Age of building (Years)	Description	Net book value RM million
<b>MOTORS PROPERTIES (continued)</b>						
<b>China (continued)</b>						
Hongqiao land, East 3rd Ring, Yanjiadi, Xiyuan Road, Yunnan	Leasehold	2023 - 2027	20,411	2-8	3-storey BMW 4S showrooms service centres and workshops	14.7
Jinke Nan Road, Jin Niu District, Chengde, Sichuan Province	Leasehold	2052	13,457	2	7-storey BMW 4S showrooms, service centres and workshops	18.1
Ma Que Ling Industry Zone, Shen Nan Da Dao, Nan Shan District, Shenzhen	Leasehold	2022	6,488	16	8-storey BMW 4S showrooms service centre	16.0
Nanhai Dadao Road, Haikou Province, Hainan	Leasehold	2059	17,770	5	2-storey BMW 4S showrooms service centre and workshop	9.1
West of Houzishi Bridge, Yue Lu Qu, Changsha	Leasehold	2028	14,928	4	2-storey BMW 4S Centre	12.9
<b>Hong Kong and Macau</b>						
2 - 4 Floor, Kailey Industrial Centre, Fung Yip Street, Chai Wan	Leasehold	2047	9,456	20	3-floors of a office building, 20-storey BMW service centre	11.2
3 & 4 Floor, Topsail Plaza, 11 on Sum Street, Shatin	Leasehold	2047	6,866	16	2-floors of a 16-storey office building and service centre	44.1
Castle Peak Road, Tsuen Wan, New Territory	Leasehold	2047	2,510	39	6-storey BMW and Mini 4S service centre	12.3
Matauwei Road, Tokwawan, Kowloon	Leasehold	2035	1,295	47	11-storey service centre, showroom and petrol filling station	16.8
Oriental Centre 67 -71 Chatnam Road, Kowloon	Leasehold	2038	702	35	2-floors of a 18-storey building with BMW showroom and service centre	5.7
3719D, 3719E, 3719F6, 3719I & 3723F, Yuen Long	Leasehold	2047	38,809	105	5 agricultural lots divided into 4 separate plots of land for PDI/ commercial repair/ storage	2.3
120 - 158 Rua dos Pescadores, Macau	Leasehold	2016	1,703	35	5-storey building with showroom and service centre	0.3

Location	Tenure	Year lease expiring	Area (Sq metres)	Age of building (Years)	Description	Net book value RM million
<b>MOTORS PROPERTIES (continued)</b>						
<b>Australia</b>						
Littlefield St, Orkney Rd	Freehold	–	8,063	20-30	Single-storey offices, workshop and wash bay for Corefleet	4.9
<b>New Zealand</b>						
Great South Road, Malden Street, Maranui Avenue, Silverfield	Freehold	–	14,118	8-46	2-storey BMW workshop and a single-storey Volkswagen workshop, office and central parts warehouse	17.7
<b>Total Motors Properties</b>			<b>1,078,347</b>			<b>594.1</b>
<b>ENERGY &amp; UTILITIES PROPERTIES</b>						
<b>Malaysia</b>						
<b>Selangor Darul Ehsan</b>						
Jalan Kenyalang, Kuala Kubu Baru	Freehold	–	4,101	–	Vacant homestead land	0.1
Jalan 225, 46100 Petaling Jaya	Leasehold	2074	4,147	29	Industrial land and building	1.8
Jalan Tandang, Petaling Jaya	Leasehold	2065 - 2066	152,300	18-48	Industrial land and building	67.1
<b>Negeri Sembilan Darul Khusus</b>						
Jalan Seremban, Port Dickson	Freehold	–	221,551	15	Power plant, office building and training centre	14.5
<b>Johor Darul Takzim</b>						
Pasir Gudang Industrial Estate	Leasehold	2022 - 2053	466,356	2-26	Industrial land, buildings and yard facilities	130.2
Teluk Ramunia	Leasehold	2048 - 2054	687,966	1	Industrial land, building and yard facilities	317.0
<b>Total Energy &amp; Utilities - Malaysia</b>			<b>1,536,421</b>			<b>530.7</b>
<b>Singapore</b>						
Jurong Pier	Leasehold	2025	16,456	3	Workshop and office	3.6
<b>Thailand</b>						
Sukhumit Road, Toong Sukhla, Chonbur	Leasehold	2018	89,024	4-20	Power plant and office	14.0

Location	Tenure	Year lease expiring	Area (Sq metres)	Age of building (Years)	Description	Net book value RM million
<b>ENERGY &amp; UTILITIES PROPERTIES (continued)</b>						
<b>China</b>						
Bus Station West, Shizhong District, Jining City, Shandong Province	Leasehold	2058	216,775	17	City Port wharf, warehouse and office	12.5
Chang Gou Town, Jining Ren Chen District, Jining City, Shandong Province	Leasehold	2059	460,700	2	North Port wharf and office	81.3
Dongli Town, Yiyuan County, Shandong Province	Leasehold	2037	574	5	Single-storey water treatment chemical plant	0.2
Tangkou Town, Jining Shizhong District, Jining City	Leasehold	2059 - 2060	18,090	1	South Port wharf and office	9.6
Weifang City, Shandong Province	Leasehold	2075	896	6	Apartments	1.7
Yanzi Town, Binhai Economic Development Zone, Shandong Province	Leasehold	2059	65,087	2-8	Reservoir, water treatment plant and office building	24.6
Yanzi Town, Binhai Economic Development Zone, Shandong Province	Leasehold	2055	253,336	2	Land for water treatment plant and office building	4.7
Yanzi Town, Weifang Port, Shandong Province	Leasehold	2055	440,840	12	Port, warehouse and office	132.8
<b>Total Energy &amp; Utilities Properties</b>			<b>3,098,199</b>			<b>815.7</b>
<b>HEALTHCARE PROPERTIES</b>						
<b>Malaysia</b>						
<b>Selangor Darul Ehsan</b>						
Sime Darby Medical Centre, Ara Damansara	Freehold	-	32,587	-	6-storey medical building with basement carpark	148.8
Sime Darby Medical Centre, Subang Jaya	Freehold	-	56,264	2-20	North Tower, 7-storey medical building with basement carpark	94.6
Sime Darby Medical Centre, Subang Jaya	Freehold	-	16,014	27	South Tower, 6-storey medical building with basement carpark	32.6
Sime Darby Specialist Centre Megah, Petaling Jaya	Freehold	-	440	15	Specialist centre	8.7
<b>Total Healthcare Properties</b>			<b>105,305</b>			<b>284.7</b>

Location	Tenure	Year lease expiring	Area (Sq metres)	Age of building (Years)	Description	Net book value RM million
<b>OTHERS PROPERTIES</b>						
<b>Malaysia</b>						
<b><u>Selangor Darul Ehsan</u></b>						
Lot 2026, Jalan Kewajipan, Subang Jaya	Freehold	-	43,628	19	Factory building	2.2
<b><u>Negeri Sembilan Darul Khusus</u></b>						
Senawang Industrial Estate, Seremban	Leasehold	2074	2,634	27	Industrial land and building	3.2
<b><u>Johor Darul Takzim</u></b>						
Jalan Tampoi, Johor Bahru	Freehold	-	49,239	43	Factory building	14.1
<b>Total Others Properties - Malaysia</b>			<b>95,501</b>			<b>19.5</b>
<b>Vietnam</b>						
Huu Nghi Blv, Binh Duong Province	Leasehold	2054	15,000	6	Factory and office building	4.7
<b>Total Others Properties</b>			<b>110,501</b>			<b>24.2</b>

# FORM OF PROXY

Number of ordinary shares held	CDS Account No.									

I/We .....  
 (FULL NAME OF SHAREHOLDER AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Company No. ....) of .....  
 (ADDRESS)

.....  
 (ADDRESS)

Tel. No. .... being a member/members of SIME DARBY BERHAD hereby appoint

\*the Chairman of the Meeting, or ..... (NRIC/Passport No. ....)  
 (FULL NAME OF PROXY AS PER NRIC IN CAPITAL LETTERS)

\*\*and/or ..... (NRIC/Passport No. ....)  
 (FULL NAME OF PROXY AS PER NRIC IN CAPITAL LETTERS)

as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Fifth Annual General Meeting of the Company to be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 10 November 2011 at 10.30 a.m. and at any adjournment thereof.

No.	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 30 June 2011 together with the Reports of the Directors and Auditors thereon		
2.	To declare a final single tier dividend for the financial year ended 30 June 2011		
3.	To approve the annual remuneration for the Non-Executive Directors		
4.	To re-appoint Tun Musa Hitam as Director pursuant to Section 129(6) of the Companies Act, 1965 (Act)		
5.	To re-appoint Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin as Director pursuant to Section 129(6) of the Act		
6.	To elect Tan Sri Dato' Sri Hamad Kama Piah Che Othman who retires in accordance with Article 104 of the Company's Articles of Association		
7.	To elect Tan Sri Datuk Dr Yusof Basiran who retires in accordance with Article 104 of the Company's Articles of Association		
8.	To elect Puan Zaiton Mohd Hassan who retires in accordance with Article 104 of the Company's Articles of Association		
9.	To elect Encik Azmi Mohd Ali who retires in accordance with Article 104 of the Company's Articles of Association		
10.	To elect Dato' Mohd Bakke Salleh who retires in accordance with Article 104 of the Company's Articles of Association		
11.	To re-elect Tan Sri Samsudin Osman who retires by rotation in accordance with Article 99 of the Company's Articles of Association		
12.	To re-elect Dato' Henry Sackville Barlow who retires by rotation in accordance with Article 99 of the Company's Articles of Association		
13.	To re-appoint PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration		
14.	Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		

My/Our proxy is to vote on the resolutions as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain from voting as he/she thinks fit.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:-	
	Percentage (%)
First proxy	
Second proxy	

Dated this ..... day of ..... 2011

Signature/Common Seal of Member(s)

\*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:-

1. A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy need not be a Member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a Member of the Company is an Authorised Nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. 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.
4. The Form of Proxy must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Form of Proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised by the corporation.
5. The Form of Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time fixed for the meeting or any adjournment thereof.
6. Only members registered in the Record of Depositors as at 31 October 2011 shall be eligible to attend the Annual General Meeting or appoint proxy(ies) to attend and/or vote on their behalf.



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Affix postage  
stamp

THE SHARE REGISTRAR  
Tricor Investor Services Sdn Bhd (118401-V)  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia

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**Sime Darby Berhad** (Company No. 752404-U)  
19th Floor, Wisma Sime Darby  
Jalan Raja Laut  
50350 Kuala Lumpur, Malaysia

**T** +(603) 2691 4122  
**F** +(603) 2382 1075  
**E** [enquiries@simedarby.com](mailto:enquiries@simedarby.com)  
**W** [www.simedarby.com](http://www.simedarby.com)

