

# Reports And Financial Statements For The Year Ended 30th June 2006

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# Directors' Report

The Directors present their Report together with the audited financial statements of the Group and of the Company for the year ended 30th June 2006.

## PRINCIPAL ACTIVITIES AND TRADING RESULTS

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

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

There has been no significant change in the principal activities of the Group and of the Company during the year. An analysis of the results for the year is shown in Note 36 on the financial statements.

## FINANCIAL RESULTS

The audited financial statements for the year ended 30th June 2006 submitted with this Report show:-

|   | Group<br>RM million | Company<br>RM million |
|---|---------------------|-----------------------|
| Profit after taxation                                       | 1,203.1             | 509.8                 |
| Minority interests  | (82.5)              | –                     |
| <b>Net profit for the year attributable to shareholders</b> | <b>1,120.6</b>      | <b>509.8</b>          |

## DIVIDENDS

The dividends paid and proposed by the Company since 30th June 2005 were as follows:-

|  | RM million   |
|--|--------------|
| In respect of the year ended 30th June 2005  |              |
| Final dividend of 16.0 sen gross per share less Malaysian tax at 28% and 5.0 sen per share tax exempt, paid on 16th December 2005  | <u>397.9</u> |
| In respect of the year ended 30th June 2006  |              |
| Interim dividend of 5.0 sen gross per share less Malaysian tax at 28%, paid on 19th May 2006   | 88.6         |
| A gross final dividend of 25.0 sen per share, comprising 16.0 sen per share less Malaysian tax at 28%, 5.0 sen per share Malaysian tax exempt and 4.0 sen per share less Singapore tax at 20% has been recommended | 486.2        |
|  | <u>574.8</u> |

The Directors recommend the payment of a gross final dividend of 25.0 sen per share, comprising 16.0 sen per share less Malaysian tax at 28%, 5.0 sen per share Malaysian tax exempt and 4.0 sen per share less Singapore tax at 20% which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 15th December 2006. The entitlement date for the dividend payment is 17th November 2006.

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 15th November 2006 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 17th November 2006 in respect of transfers; and
- (iii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The proposed final dividend and the interim dividend paid on 19th May 2006 amount to a total distribution of 30.0 sen gross per share for the year.

## RESERVES AND PROVISIONS

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

### SHARE CAPITAL

During the year, the issued and paid-up share capital of the Company was increased from 2,390,227,074 ordinary shares of RM0.50 each to 2,465,520,674 ordinary shares of RM0.50 each by the issue of 5,525,000 new ordinary shares at RM4.90 per share, 4,795,000 new ordinary shares at RM5.08 per share, 442,000 new ordinary shares at RM5.09 per share, 6,514,000 new ordinary shares at RM5.47 per share and 16,878,000 new ordinary shares at RM5.28 per share for cash pursuant to the exercise of options under the Sime Darby Employees' Share Option Scheme. A further 41,139,600 new ordinary shares of RM0.50 each were issued under the terms of the privatisation of Tractors Malaysia Holdings Berhad. These new shares were issued as fully paid and rank pari passu in all respects with the then existing issued shares of the Company.

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

The shareholders of the Company had, at the Annual General Meeting held on 25th October 2005, granted a mandate for the Company to purchase, upon such terms and conditions as the Directors may deem fit, up to ten per centum (10%) of the issued and paid-up capital of the Company. The mandate will expire at the conclusion of the forthcoming Annual General Meeting and renewal of the mandate will be sought at the said Annual General Meeting. The Company has not made any purchase of Sime Darby Berhad shares during the year.

### SIME DARBY EMPLOYEES' SHARE OPTION SCHEME

During the year, 32,011,000 new options were granted to eligible employees to take up unissued shares of the Company pursuant to the Sime Darby Employees' Share Option Scheme ("the Scheme").

The salient features and other terms of the Scheme are disclosed in Note 9 (c) on the financial statements.

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names of option holders granted less than 50,000 options each during the year pursuant to the Scheme. The names of option holders and the number of options granted to them during the year, being 50,000 or more, are set out below:-

| <u>Names of option holders</u>                    | <u>At 1st July 2005</u> | <u>Granted*</u> | <u>Exercised</u> | <u>At 30th June 2006</u> |
|---|-------------------------|-----------------|------------------|--------------------------|
| Dato' Ahmad Zubair @ Ahmad Zubir bin Haji Murshid | 232,000                 | 70,000          | –                | 302,000                  |
| Martin Giles Manen                                | 108,000                 | 54,000          | –                | 162,000                  |
| Datuk Syed Tamim Ansari bin Syed Mohamed          | 216,000                 | 54,000          | 216,000          | 54,000                   |
| Yip Jon Khiam                                     | 196,000                 | 54,000          | 88,000           | 162,000                  |
| Sekhar Krishnan                                   | 136,000                 | 54,000          | –                | 190,000                  |
| Dr Harikrishna a/l Kulaveerasingam                | –                       | 60,000          | –                | 60,000                   |
| Harun bin Mohd Joned                              | –                       | 52,000          | –                | 52,000                   |
| Stephen Kenchington                               | –                       | 52,000          | –                | 52,000                   |
| * at an exercise price of RM5.41 per share        |                         |                 |                  |                          |

During the year, none of the non-executive Directors were granted any options as they are not eligible to participate in the Scheme under the Bye-Laws of the Scheme.

### AL-MURABAHAH COMMERCIAL PAPER AND MEDIUM TERM NOTES PROGRAMME

On 21st December 2005, the Company issued RM500 million 4 years Al-Murabahah Medium Term Notes under the RM1,500 million Al-Murabahah Commercial Paper and Medium Term Notes Programme, at par with a profit rate of 4.30% per annum.

### AMERICAN DEPOSITORY RECEIPTS

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

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

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

As at 29th August 2006, there were 1,165,979 shares of the Company deposited with Malayan Banking Berhad for the ADR Programme and there were 1,165,979 ADRs outstanding.

### CHANGES IN GROUP ASSETS

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

- (a) On 20th July 2005, Tractors Malaysia (1982) Sdn. Bhd. acquired the balance 5% equity interest in Columbia Chrome (Malaysia) Sdn. Bhd. which then became its wholly-owned subsidiary, for RM63,480.
- (b) On 9th August 2005, SD Holdings Berhad disposed the entire equity interest in Simex Chemical Sdn. Bhd. for RM1.3 million.
- (c) On 19th August 2005, Subang Jaya Medical Centre Sdn. Bhd. acquired the entire equity interest in Megah Medical Specialists Group Sdn. Bhd. for RM10.7 million.
- (d) On 1st September 2005, Sime Singapore Limited incorporated Sime Darby Motor Group (Australia) Pty Limited.
- (e) On 30th September 2005, Sime Malaysia Region Berhad ("SMRB") entered into a Sale and Purchase Agreement with Petra Foods Limited for the disposal of its entire 100% equity interest in Sime Darby Marketing Sdn. Bhd. ("SDM") for RM1.00. SMRB had on 12th December 2005 completed the disposal of 70% equity interest in SDM. The disposal of the remaining 30% equity interest in SDM was completed on 14th March 2006.
- (f) On 28th October 2005, Sime Darby Singapore Limited acquired the remaining 10% equity interest in Technochem Private Limited ("Technochem") for S\$596,300 and thereafter disposed the entire 100% equity interest in Technochem for S\$9.2 million.
- (g) On 11th November 2005, Bow Ma Motors (South China) Limited acquired the remaining 10% equity interest in Hainan Dejie Motors Limited for RMB1.5 million. As a result, Hainan Dejie Motors Limited became a wholly-owned subsidiary of Bow Ma Motors (South China) Limited.
- (h) On 18th November 2005, Sime Overseas Sdn. Bhd. entered into an agreement with Weifang Yintong Guoji Investment Co. Ltd. for the establishment of Weifang Sime Darby Investment and Management Co. Ltd. and the acquisition of 80% equity interest each in Weifang Sime Darby Port Co. Ltd and Weifang Sime Darby Water Co. Ltd for USD20 million and USD10 million respectively.
- (i) Sime LCP Power Company Limited was incorporated on 19th December 2005 in Thailand. The entire share capital of the company is held by Sime Darby Eastern Limited.
- (j) On 29th December 2005, Sime Singapore Limited entered into a Share Sale Agreement with F&NCC Beverages Sdn. Bhd. for the disposal of its entire 51.12% equity interest in Sime Oleander Sdn. Bhd. for RM8.6 million. The disposal was completed on 12th April 2006.
- (k) On 30th December 2005, Sime Darby Motors Sdn. Bhd. acquired Special Brand Sdn. Bhd. for RM1,700.
- (l) On 6th February 2006, AmMerchant Bank Berhad ("AmMerchant") announced on behalf of Sime Darby Berhad and Hyundai-Sime Darby Berhad ("HSD"), the proposed voluntary withdrawal of HSD from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") pursuant to Paragraph 16.04 of the Listing Requirements of Bursa Securities ("Proposed Withdrawal"). The Proposed Withdrawal was approved by shareholders and warrant holders of HSD at the Extraordinary General Meeting and Warrant holders' Meeting held on 24th April 2006.

Pursuant to Section 12(2) of the Malaysian Code on Take-Overs and Mergers, 1998 a written notice of unconditional voluntary exit offer was served on the Board of HSD on 24th April 2006 ("Exit Offer"). The Exit Offer was issued by AmMerchant on behalf of Sime Darby Motors Sdn. Bhd. ("SDMSB") on 8th May 2006 and at the closing date on 7th July 2006, acceptances for more than 90% of the shares and warrants from HSD's minority shareholders and warrant holders have been received.

SDMSB had on 26th July 2006 invoked the provisions of Section 34 of the Securities Commission Act, 1993 to compulsory acquire the remaining shares for which acceptance have not been received under the Exit Offer. The entire issued and paid-up share capital and warrants of HSD were delisted from the Official List of Bursa Securities with effect from 26th July 2006.

- (m) On 18th February 2006, Dunlopillo Holdings Sdn. Bhd. incorporated Dunlopillo (Middle East) FZE.



- (n) The privatisation of Tractors Malaysia Holdings Berhad was completed on 24th February 2006. The consideration was settled by the issuance of 41,139,600 new ordinary shares of RM0.50 each in Sime Darby Berhad and RM75.3 million in cash.
- (o) On 20th March 2006, Dunlopillo (Singapore) Pte Ltd (formerly known as Conquip (Private) Limited) and PT Dunlopillo Indonesia set up a 70:30 joint venture company known as PT Sime Dunlopillo Indonesia.
- (p) On 30th March 2006, B.M.W. Concessionaires (H.K.) Limited acquired the entire equity interest in Shenzhen Bow Chuang Vehicle Trading Company Limited for RMB10 million.
- (q) On 12th April 2006, Tractors Malaysia (1982) Sdn. Bhd. acquired the entire equity interest in Tractors Material Handling Sdn Bhd (formerly known as Grand Valuations Sdn Bhd) for RM2.00.
- (r) On 18th April 2006, The China Engineers (BVI) Limited incorporated Xiamen CEL Heavy Equipment Company Limited.
- (s) On 28th April 2006, Sime UEP Development Sdn. Bhd. and Sime Darby Property Development Sdn. Bhd. subscribed for shares representing 40% and 30% of the equity interest in Sime UEP Brunfield Properties Sdn Bhd respectively.
- (t) On 15th May 2006, Tractors Malaysia Holdings Berhad acquired 70% equity interest in CICA Limited for USD1.4 million.
- (u) On 18th May 2006, Sime Darby Property Development Sdn Bhd subscribed for shares representing 60% of the equity interest in Sime Darby Brunfield Holding Sdn Bhd (formerly known as Sime Darby Brunfield Development Sdn Bhd).
- (v) On 12th June 2006, Sime Darby Energy & Utilities Sdn Bhd (formerly known as Aspry Ventures Sdn Bhd) subscribed for shares representing 60% of the equity interest in Sime Darby Brunfield Engineering Sdn Bhd.

#### **DIRECTORS**

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

Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid (Chairman)  
Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya (Deputy Chairman)  
Dato' Ahmad Zubair @ Ahmad Zubir bin Haji Murshid (Group Chief Executive)  
Tan Sri Abu Talib bin Othman  
Tan Sri Datuk Dr. Ahmad Tajuddin bin Ali  
Datuk Khatijah binti Ahmad  
Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali  
Michael Wong Pakshong  
Dato' Mohamed bin Sulaiman (appointed on 26th October 2005)  
Datuk Seri Panglima Andrew Sheng Len Tao (appointed on 1st March 2006)  
Dr. David Li Kwok Po (retired on 25th October 2005)

YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya, Mr. Michael Wong Pakshong and YM Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali, being over seventy years of age, retire in accordance with Section 129 of the Companies Act, 1965 and offer themselves for re-appointment in accordance with Section 129(6) of the Act to hold office until the conclusion of the next Annual General Meeting of the Company.

YBhg. Dato' Mohamed bin Sulaiman and YBhg. Datuk Seri Panglima Andrew Sheng Len Tao, who were appointed on 26th October 2005 and 1st March 2006 respectively, retire in accordance with the Articles of Association of the Company, and they, being eligible, offer themselves for election.

The Directors retiring by rotation this year are YBhg Datuk Khatijah binti Ahmad and YBhg Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid who being eligible, offer themselves for re-election.

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

## DIRECTORS' BENEFITS

During and at the end of the year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options over shares granted by the Company pursuant to the Sime Darby Employees' Share Option Scheme.

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

## DIRECTORS' INTERESTS IN SHARES

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

| <u>Sime Darby Berhad</u>                          | <u>At 1st July 2005</u> | <u>Number of ordinary shares of RM0.50 each</u>    |                  |                          |
|---|-------------------------|--|------------------|--------------------------|
|   |                         | <u>Acquired</u>                                    | <u>Disposed</u>  | <u>At 30th June 2006</u> |
| Datuk Khatijah binti Ahmad                        | 10,000                  | –  | –                | 10,000                   |
| Michael Wong Pakshong                             | 65,000                  | –  | –                | 65,000                   |
|   |                         | <u>Options over ordinary shares of RM0.50 each</u> |                  |                          |
| <u>Sime Darby Berhad</u>                          | <u>At 1st July 2005</u> | <u>Granted</u>                                     | <u>Exercised</u> | <u>At 30th June 2006</u> |
| Dato' Ahmad Zubair @ Ahmad Zubir bin Haji Murshid | 232,000                 | 70,000   | –                | 302,000                  |

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

| <u>Sime Engineering Services Berhad</u> | <u>At 1st July 2005</u> | <u>Number of ordinary shares of RM0.50 each</u> |                 |                          |
|---|-------------------------|---|-----------------|--------------------------|
|   |                         | <u>Acquired</u>                                 | <u>Disposed</u> | <u>At 30th June 2006</u> |
| Michael Wong Pakshong                   | 10,000                  | –   | –               | 10,000                   |

## Kuala Lumpur Golf & Country Club Berhad

### Participatory interest

|  | <u>Type of membership</u> |
|--|---------------------------|
| Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid | Honorary                  |
| Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya      | Honorary                  |
| Tan Sri Abu Talib bin Othman                         | Honorary                  |
| Tan Sri Datuk Dr. Ahmad Tajuddin bin Ali             | Honorary                  |
| Datuk Khatijah binti Ahmad                           | Honorary                  |
| Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali    | Honorary                  |

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



#### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

#### OTHER STATUTORY INFORMATION

In the opinion of the Directors:-

- (a) the results of the operations of the Group and of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in Note 4 on the financial statements; and
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this Report which is likely to affect substantially the results of the operations of the Group and of the Company for the year in which this Report is made except as disclosed in Note 39 on the financial statements.

#### AUDITORS

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

In accordance with a resolution of the Board of Directors  
dated 29th August 2006

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

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

Kuala Lumpur  
29th August 2006

# Principal Accounting Policies

## For The Year Ended 30th June 2006

The principal accounting policies of the Group are summarised below:

### 1 Basis of preparation

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

The financial statements have been prepared in accordance with the Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia, which include Standards issued by MASB as well as International Accounting Standards adopted by MASB.

#### (a) New accounting standards

During the financial year, MASB issued a new set of accounting standards known as Financial Reporting Standards ("FRS") for entities other than private entities. All FRS are applicable to the Group with effect from next financial year except for the following FRS, which are applied in accounting for business combinations, where the agreement date is on or after 1st January 2006, and in accounting for goodwill and intangible assets arising therefrom.

- FRS 3 - Business Combinations
- FRS 136 - Impairment of Assets
- FRS 138 - Intangible Assets

With the adoption of FRS 3, the excess of cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities acquired is retained in the balance sheet as goodwill, while the shortfall is credited to income statement in the year of acquisition. Goodwill is tested for impairment annually. Goodwill is also tested for impairment when indication of impairment exists.

The existing policy of writing off goodwill against retained profits will still be applied on completion of those acquisitions where the agreements were signed but pending fulfilment of conditions precedent as at 31st December 2005.

There is no change to existing accounting policies following the adoption of FRS 136 and FRS 138.

The standards are applied prospectively. Accordingly, there is no change to the opening balance of retained profits of the prior and current year, or the comparatives.

#### (b) Reclassification

Certain changes have been made to the segment information presented in Note 36 on the financial statements, principally the transfer of engineering and systems integration companies from General Trading, Services and Others to Energy and Utilities Division, to more closely reflect the composition of and conform to the Group's management reporting structure.

The comparative figures on the segment information presented in the note to the financial statements have also been reclassified accordingly.

### 2 Basis of consolidation

#### (a) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the year. Subsidiaries are entities in which the Group has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. On acquisition, identifiable assets, liabilities and contingent liabilities of the subsidiaries are measured at their fair value. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of their acquisition or up to the date of their disposal, where appropriate.

All intercompany transactions, balances and unrealised gains on transactions with and between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheet consist of the minorities' share of the net assets of the subsidiaries.





## 2 Basis of consolidation (continued)

### (b) Associates

Associates are entities in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over those policies.

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

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 unless cost cannot be recovered.

### (c) Jointly controlled entities

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

Equity accounting involves recognising in the consolidated income statement the Group's share of the results of jointly controlled entities for the period. The Group's investments in jointly controlled entities are carried in the consolidated balance sheet at an amount that reflects its share of the net assets of the jointly controlled entities.

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 unless cost cannot be recovered.

### (d) Goodwill

Goodwill/(negative goodwill) represents the excess/(deficit) of cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities acquired, and is treated differently depending on the agreement date of the acquisition.

#### Acquisitions where the agreement date is before 1st January 2006

Goodwill is written off against retained profits in the year of acquisition.

#### Acquisitions where the agreement date is on or after 1st January 2006

Goodwill on acquisition of subsidiaries is included in intangible assets while negative goodwill is credited to the income statement in the year of acquisition. Goodwill on acquisition of associates and jointly controlled entities is included as part of cost of investments in associates and jointly controlled entities while negative goodwill is added thereon and credited to income statement in the year of acquisition.

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

## 3 Currency translation

The financial statements are stated in Ringgit Malaysia (RM).

Foreign currency transactions in Group companies are accounted for at exchange rates prevailing at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary items are translated into Ringgit Malaysia at exchange rates prevailing at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary items are included in the income statement.

### 3 Currency translation (continued)

Income statements of foreign subsidiaries and associates are translated into Ringgit Malaysia at average exchange rates for the year and assets and liabilities, both monetary and non-monetary, at exchange rates ruling at the year end. All resulting translation differences are taken to reserves. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

The principal exchange rates used for each respective unit of foreign currency in the Group are:

|                      | Year end rates |      | Average rates |      |
|----------------------|----------------|------|---------------|------|
|                      | 2006           | 2005 | 2006          | 2005 |
|                      | RM             | RM   | RM            | RM   |
| Australian dollar    | <b>2.69</b>    | 2.90 | <b>2.79</b>   | 2.85 |
| Chinese renminbi     | <b>0.46</b>    | 0.46 | <b>0.46</b>   | 0.46 |
| Euro                 | <b>4.63</b>    | 4.59 | <b>4.54</b>   | 4.81 |
| Hong Kong dollar     | <b>0.48</b>    | 0.49 | <b>0.48</b>   | 0.49 |
| Singapore dollar     | <b>2.31</b>    | 2.25 | <b>2.27</b>   | 2.28 |
| Thai baht            | <b>0.10</b>    | 0.09 | <b>0.09</b>   | 0.09 |
| United States dollar | <b>3.69</b>    | 3.80 | <b>3.73</b>   | 3.80 |

### 4 Property, plant and equipment

Property, plant and equipment are stated at cost modified by the revaluation of certain land and buildings less accumulated depreciation and impairment losses. Property, plant and equipment stated at valuation relate mainly to revaluations made in 1978 on a continuing agricultural use basis of the land and buildings of the Group's plantations in Malaysia based on valuations by professional firms of surveyors and valuers. In accordance with the transitional provisions issued by MASB on adoption of FRS No. 116 (formerly known as MASB Standard No. 15) Property, Plant and Equipment, the valuation of these assets has not been updated, and they continue to be stated at their existing carrying amounts less depreciation and impairment losses.

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

Freehold land is not depreciated. Leasehold land is depreciated on a straight line basis, over the period of the respective leases ranging from 30 years to 999 years. Assets in the course of construction are shown as capital work in progress. Depreciation on these assets commences when they are ready for use. Other property, plant and equipment are depreciated on a straight line basis to write down the cost or valuation of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

|  |               |
|--|---------------|
| Buildings  | 2% to 5%      |
| Plant, machinery, vehicles, equipment and fixtures | 5% to 33 1/3% |

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

### 5 Intangible assets

Expenditure on acquired rights and trademarks with a finite useful life is capitalised and amortised using the straight line method over their estimated useful lives not exceeding 20 years whilst those with indefinite useful lives are capitalised and subject to annual impairment review. Intangible asset is also tested for impairment when indication of impairment exists.

### 6 Research expenditure

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

### 7 New planting expenditure and replanting expenditure

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

**8 Land held for property development**

Land held for property development consists 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 any accumulated impairment losses.

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.

**9 Inventories**

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

Heavy equipment, motor vehicles and completed development units - specific identification basis

Replacement parts - first in first out basis.

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

**10 Property development costs**

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

Where revenue recognised on the development units sold exceeds the billings to purchasers, the balance is shown as accrued billings, under trade and other receivables. Where the billings to purchasers exceed revenue recognised on the development units sold, the balance is shown as progress billings, under trade and other payables.

**11 Trade and other receivables**

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

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

**12 Investments**

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

Short term investments are stated at lower of cost and market value determined on an individual investment basis. Market value is calculated by reference to quoted selling prices at the close of business on the balance sheet date.

Profits and losses from disposal of investments, impairment losses of investments held for long term and any reductions to market value of short term investments as well as any reversals of such reductions are included in the income statement.

**13 Taxation**

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

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



### 13 Taxation (continued)

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

### 14 Operating leases

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

### 15 Provisions

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

#### (a) Maintenance and warranty

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

#### (b) Property development

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

#### (c) Provision for future obligations

Provision for future obligations is recognised in respect of the Group's commitments in a joint venture project.

### 16 Cash and cash equivalents

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

### 17 Construction contracts

The profit on a construction contract is recognised as soon as 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, by reference to the proportion of costs incurred to date to the total estimated costs or the completion of a physical proportion of contract work to-date. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probably recoverable. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate costs incurred and the profits or losses recognised on a contract are compared against the progress billings up to the year end. Where costs incurred and recognised profits/(losses) exceed progress billings, the balance is shown as amounts due from customers on construction contracts, under trade and other receivables. Where progress billings exceed costs incurred and recognised profits/(losses), the balance is shown as amounts due to customers on construction contracts, under trade and other payables.

### 18 Revenue recognition

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

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

(a) **Finance charges from leasing and hire purchase financing** - recognised on an accrual basis over the period of the leasing and hire purchase contracts using the "sum-of-digits" method.

(b) **Interest income** - recognised as it accrues.



## 18 Revenue recognition (continued)

- (c) **Dividend income** - recognised when the right to receive payment is established. In this respect it is Group policy to recognise interim dividends from a subsidiary when they are declared and final dividends when they are approved by shareholders in general meeting.

## 19 Impairment of assets

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

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

## 20 Employee benefits

### (a) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

### (b) Defined contribution plans

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

### (c) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of a proposal to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

### (d) Equity compensation benefits

Details of the Group's Employees' Share Option Scheme are set out in Note 9 on the financial statements. The Group does not make a charge to the income statement in connection with share options granted. When the share options are exercised, the proceeds received net of any transaction costs, are credited to share capital and share premium.

## 21 Financial instruments

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

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

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

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

#### Forward foreign exchange contracts

The Group enters into forward foreign exchange contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions. All other exchange gains and losses relating to hedge instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items.

## 21 Financial instruments (continued)

### (b) Financial instruments not recognised on the balance sheet (continued)

#### Interest rate and currency swap contracts

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

## 22 Segment reporting

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 intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

# Income Statements

## For The Year Ended 30th June 2006

Amounts in RM million unless otherwise stated

|   | Note | Group          |                | Company        |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2006           | 2005           | 2006           | 2005           |
| Revenue   | 1    | 20,162.1       | 18,645.7       | 796.4          | 726.4          |
| Operating expenses                              | 2    | (18,838.5)     | (17,648.8)     | (92.2)         | (86.6)         |
| Other operating income                          | 3    | 258.6          | 409.2          | 5.8            | 20.0           |
| Operating profit                                |      | 1,582.2        | 1,406.1        | 710.0          | 659.8          |
| Share of results of jointly controlled entities |      | 1.5            | (74.4)         | -              | -              |
| Share of results of associates                  |      | 90.8           | 40.0           | -              | -              |
| Profit before interest                          |      | 1,674.5        | 1,371.7        | 710.0          | 659.8          |
| Investment and interest income                  | 5    | 89.5           | 88.3           | 32.7           | 26.9           |
| Finance costs                                   |      | (121.8)        | (95.2)         | (33.3)         | (21.9)         |
| Profit before taxation                          |      | 1,642.2        | 1,364.8        | 709.4          | 664.8          |
| Taxation:                                       | 6    |                |                |                |                |
| - Company and subsidiaries                      |      | (429.4)        | (423.9)        | (199.6)        | (171.4)        |
| - Associates                                    |      | (9.7)          | (7.5)          | -              | -              |
|   |      | <u>(439.1)</u> | <u>(431.4)</u> | <u>(199.6)</u> | <u>(171.4)</u> |
| Profit after taxation                           |      | 1,203.1        | 933.4          | 509.8          | 493.4          |
| Minority interests                              |      | (82.5)         | (132.2)        | -              | -              |
| Net profit for the year                         |      | 1,120.6        | 801.2          | 509.8          | 493.4          |
|   |      | Sen            | Sen            |                |                |
| Earnings per share                              | 7    |                |                |                |                |
| - Basic   |      | 46.1           | 33.7           |                |                |
| - Diluted                                       |      | 45.9           | 33.6           |                |                |

The accounting policies set out on pages 58 to 64 and the notes on pages 69 to 112 are to be read as part of these financial statements.

# Balance Sheets

## As At 30th June 2006

Amounts in RM million unless otherwise stated

|  | Note      | Group           |          | Company        |         |
|--|-----------|-----------------|----------|----------------|---------|
|  |           | 2006            | 2005     | 2006           | 2005    |
| SHARE CAPITAL                                | <b>9</b>  | <b>1,232.8</b>  | 1,195.1  | <b>1,232.8</b> | 1,195.1 |
| RESERVES                                     | <b>10</b> | <b>7,571.0</b>  | 6,810.0  | <b>4,386.0</b> | 3,980.3 |
| SHAREHOLDERS' FUNDS                          |           | <b>8,803.8</b>  | 8,005.1  | <b>5,618.8</b> | 5,175.4 |
| MINORITY INTERESTS                           |           | <b>990.2</b>    | 1,179.1  | -              | -       |
|  |           | <b>9,794.0</b>  | 9,184.2  | <b>5,618.8</b> | 5,175.4 |
| NON-CURRENT LIABILITIES                      |           |                 |          |                |         |
| Loans and financing                          | <b>11</b> | <b>2,083.2</b>  | 1,854.0  | <b>1,000.0</b> | 500.0   |
| Deferred tax liabilities                     | <b>13</b> | <b>234.8</b>    | 233.0    | -              | -       |
|  |           | <b>2,318.0</b>  | 2,087.0  | <b>1,000.0</b> | 500.0   |
|  |           | <b>12,112.0</b> | 11,271.2 | <b>6,618.8</b> | 5,675.4 |
| CURRENT ASSETS                               |           |                 |          |                |         |
| Inventories                                  | <b>14</b> | <b>3,381.3</b>  | 3,306.1  | <b>2.5</b>     | 1.9     |
| Property development costs                   | <b>15</b> | <b>787.3</b>    | 765.4    | -              | -       |
| Trade and other receivables                  | <b>16</b> | <b>3,318.6</b>  | 2,856.0  | <b>12.0</b>    | 19.6    |
| Tax recoverable                              |           | <b>134.9</b>    | 105.6    | -              | -       |
| Short term investments                       | <b>22</b> | -               | 26.8     | -              | -       |
| Cash held under Housing Development Accounts | <b>18</b> | <b>280.2</b>    | 409.7    | -              | -       |
| Bank balances, deposits and cash             | <b>19</b> | <b>2,932.2</b>  | 2,181.5  | <b>285.7</b>   | 162.5   |
|  |           | <b>10,834.5</b> | 9,651.1  | <b>300.2</b>   | 184.0   |
| CURRENT LIABILITIES                          |           |                 |          |                |         |
| Trade and other payables                     | <b>20</b> | <b>3,794.6</b>  | 3,752.7  | <b>40.1</b>    | 28.8    |
| Provisions                                   | <b>21</b> | <b>130.1</b>    | 130.6    | -              | -       |
| Short term borrowings                        | <b>11</b> | <b>1,256.6</b>  | 837.0    | -              | -       |
| Current taxation                             |           | <b>244.5</b>    | 243.5    | <b>1.8</b>     | 4.9     |
|  |           | <b>5,425.8</b>  | 4,963.8  | <b>41.9</b>    | 33.7    |
| NET CURRENT ASSETS                           |           | <b>5,408.7</b>  | 4,687.3  | <b>258.3</b>   | 150.3   |
| NON-CURRENT ASSETS                           |           |                 |          |                |         |
| Trade and other receivables                  | <b>16</b> | <b>454.1</b>    | 465.7    | -              | -       |
| Deferred tax assets                          | <b>13</b> | <b>364.9</b>    | 368.0    | <b>2.3</b>     | 1.1     |
| Investments                                  | <b>22</b> | <b>348.4</b>    | 155.8    | <b>194.5</b>   | 2.9     |
| Associates                                   | <b>23</b> | <b>545.2</b>    | 815.7    | <b>1.8</b>     | 193.3   |
| Jointly controlled entities                  | <b>24</b> | <b>1.1</b>      | (0.3)    | -              | -       |
| Subsidiaries                                 | <b>25</b> | -               | -        | <b>6,146.4</b> | 5,314.8 |
| Land held for property development           | <b>26</b> | <b>262.5</b>    | 309.6    | -              | -       |
| Property, plant and equipment                | <b>27</b> | <b>4,655.6</b>  | 4,396.8  | <b>15.5</b>    | 13.0    |
| Goodwill                                     | <b>28</b> | <b>3.0</b>      | -        | -              | -       |
| Intangible assets                            | <b>29</b> | <b>68.5</b>     | 72.6     | -              | -       |
|  |           | <b>6,703.3</b>  | 6,583.9  | <b>6,360.5</b> | 5,525.1 |
|  |           | <b>12,112.0</b> | 11,271.2 | <b>6,618.8</b> | 5,675.4 |
|  |           | <b>Sen</b>      | Sen      |                |         |
| NET ASSETS PER SHARE                         | <b>7</b>  | <b>357</b>      | 335      |                |         |

The accounting policies set out on pages 58 to 64 and the notes on pages 69 to 112 are to be read as part of these financial statements.



# Statements Of Changes In Equity

## For The Year Ended 30th June 2006

Amounts in RM million unless otherwise stated

|  | Group          |                |                | Company        |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
|  | Share capital  | Reserves       | Total          | Share capital  | Reserves       | Total          |
| <b>2006</b>                                    |                |                |                |                |                |                |
| At 1st July 2005                               | 1,195.1        | 6,810.0        | 8,005.1        | 1,195.1        | 3,980.3        | 5,175.4        |
| Currency translation differences               | -              | (75.8)         | (75.8)         | -              | -              | -              |
| Effect of dilution of interest in associates   | -              | 4.1            | 4.1            | -              | -              | -              |
| Goodwill written off                           | -              | (183.8)        | (183.8)        | -              | -              | -              |
| Net loss not recognised in income statement    | -              | (255.5)        | (255.5)        | -              | -              | -              |
| Net profit for the year                        | -              | 1,120.6        | 1,120.6        | -              | 509.8          | 509.8          |
| Dividends                                      |                |                |                |                |                |                |
| - Final dividend (30th June 2005)              | -              | (397.9)        | (397.9)        | -              | (397.9)        | (397.9)        |
| - Interim dividend (30th June 2006)            | -              | (88.6)         | (88.6)         | -              | (88.6)         | (88.6)         |
| Issue of shares                                | 37.7           | 382.4          | 420.1          | 37.7           | 382.4          | 420.1          |
| <b>At 30th June 2006</b>                       | <b>1,232.8</b> | <b>7,571.0</b> | <b>8,803.8</b> | <b>1,232.8</b> | <b>4,386.0</b> | <b>5,618.8</b> |
| <b>2005</b>                                    |                |                |                |                |                |                |
| At 1st July 2004                               | 1,177.9        | 7,246.8        | 8,424.7        | 1,177.9        | 3,808.4        | 4,986.3        |
| Currency translation differences               | -              | 128.6          | 128.6          | -              | -              | -              |
| Effect of dilution of interest in an associate | -              | 1.2            | 1.2            | -              | -              | -              |
| Goodwill written off                           | -              | (1,046.3)      | (1,046.3)      | -              | -              | -              |
| Net loss not recognised in income statement    | -              | (916.5)        | (916.5)        | -              | -              | -              |
| Net profit for the year                        | -              | 801.2          | 801.2          | -              | 493.4          | 493.4          |
| Dividends                                      |                |                |                |                |                |                |
| - Final dividend (30th June 2004)              | -              | (391.0)        | (391.0)        | -              | (391.0)        | (391.0)        |
| - Interim dividend (30th June 2005)            | -              | (86.0)         | (86.0)         | -              | (86.0)         | (86.0)         |
| Issue of shares                                | 17.2           | 155.5          | 172.7          | 17.2           | 155.5          | 172.7          |
| <b>At 30th June 2005</b>                       | <b>1,195.1</b> | <b>6,810.0</b> | <b>8,005.1</b> | <b>1,195.1</b> | <b>3,980.3</b> | <b>5,175.4</b> |

An analysis of the movements in each category within reserves is set out in Note 10.

The accounting policies set out on pages 58 to 64 and the notes on pages 69 to 112 are to be read as part of these financial statements.

# Cash Flow Statements

## For The Year Ended 30th June 2006

Amounts in RM million unless otherwise stated

|  | Note      | Group          |         | Company        |         |
|--|-----------|----------------|---------|----------------|---------|
|  |           | 2006           | 2005    | 2006           | 2005    |
| Profit after taxation  |           | <b>1,203.1</b> | 933.4   | <b>509.8</b>   | 493.4   |
| Adjustments for :  |           |                |         |                |         |
| Dividends from subsidiaries and associates                                 |           | -              | -       | <b>(716.6)</b> | (637.1) |
| Unusual items  | <b>4</b>  | <b>7.8</b>     | 122.0   | -              | (15.9)  |
| Surplus on disposal of machinery, equipment and vehicles                   |           | <b>(28.0)</b>  | (13.1)  | <b>(0.4)</b>   | (0.3)   |
| Share of profits less losses of jointly controlled entities and associates |           | <b>(92.3)</b>  | 34.4    | -              | -       |
| Unrealised exchange (gain)/loss  |           | <b>(3.8)</b>   | 3.3     | <b>1.3</b>     | 0.8     |
| Investment income  |           | <b>(10.8)</b>  | (19.7)  | <b>(3.7)</b>   | (0.9)   |
| Interest income  |           | <b>(78.7)</b>  | (68.6)  | <b>(29.0)</b>  | (26.0)  |
| Finance costs  |           | <b>121.8</b>   | 95.2    | <b>33.3</b>    | 21.9    |
| Depreciation   |           | <b>376.7</b>   | 360.6   | <b>5.1</b>     | 3.9     |
| Taxation   |           | <b>439.1</b>   | 431.4   | <b>199.6</b>   | 171.4   |
| Other non-cash items   | <b>31</b> | <b>10.7</b>    | 86.8    | -              | (0.2)   |
|  |           | <b>1,945.6</b> | 1,965.7 | <b>(0.6)</b>   | 11.0    |
| Changes in working capital:  |           |                |         |                |         |
| Inventories  |           | <b>(153.4)</b> | (797.0) | <b>(0.6)</b>   | (0.9)   |
| Property development costs   |           | <b>43.8</b>    | (13.4)  | -              | -       |
| Trade and other receivables  |           | <b>(448.2)</b> | (346.9) | <b>8.1</b>     | 64.2    |
| Cash held under Housing Development Accounts                               |           | <b>129.5</b>   | (120.9) | -              | -       |
| Trade and other payables and provisions                                    |           | <b>30.3</b>    | 431.2   | <b>10.8</b>    | (1.5)   |
| <b>Cash generated from operations</b>                                      |           | <b>1,547.6</b> | 1,118.7 | <b>17.7</b>    | 72.8    |
| Tax paid   |           | <b>(455.2)</b> | (439.9) | <b>(5.5)</b>   | (5.5)   |
| Dividends from subsidiaries  |           | -              | -       | <b>510.1</b>   | 461.8   |
| Dividends from associates  |           | <b>67.4</b>    | 44.2    | <b>8.1</b>     | 10.7    |
| <b>Net cash inflow from operating activities</b>                           |           | <b>1,159.8</b> | 723.0   | <b>530.4</b>   | 539.8   |
| <b>Net cash outflow from investing activities</b>                          | <b>32</b> | <b>(581.5)</b> | (817.3) | <b>(566.6)</b> | (349.7) |
| <b>Net cash inflow/(outflow) from financing activities</b>                 | <b>33</b> | <b>194.6</b>   | (308.4) | <b>159.4</b>   | (326.2) |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                |           | <b>772.9</b>   | (402.7) | <b>123.2</b>   | (136.1) |
| Foreign exchange differences   |           | <b>(5.9)</b>   | 14.1    | -              | -       |
| Cash and cash equivalents at beginning of the year                         |           | <b>2,153.4</b> | 2,542.0 | <b>162.5</b>   | 298.6   |
| <b>Cash and cash equivalents at end of the year</b>                        | <b>19</b> | <b>2,920.4</b> | 2,153.4 | <b>285.7</b>   | 162.5   |

The accounting policies set out on pages 58 to 64 and the notes on pages 69 to 112 are to be read as part of these financial statements.

# Notes On The Financial Statements

## For The Year Ended 30th June 2006

Amounts in RM million unless otherwise stated

### INCOME STATEMENTS

#### 1 REVENUE

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

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

| Analysis of revenue                     | Group           |          | Company      |       |
|---|-----------------|----------|--------------|-------|
|   | 2006            | 2005     | 2006         | 2005  |
| Sales of goods                          | <b>15,390.8</b> | 14,213.5 | <b>26.1</b>  | 34.2  |
| Performance of services                 | <b>2,995.7</b>  | 2,695.2  | <b>53.7</b>  | 55.1  |
| Construction contracts                  | <b>1,137.9</b>  | 992.6    | -            | -     |
| Property development                    | <b>637.7</b>    | 744.4    | -            | -     |
| Income from shares held in subsidiaries |                 |          |              |       |
| - Quoted                                | -               | -        | <b>43.4</b>  | 78.3  |
| - Unquoted                              | -               | -        | <b>665.1</b> | 548.1 |
| Income from shares held in associates   |                 |          |              |       |
| - Unquoted                              | -               | -        | <b>8.1</b>   | 10.7  |
|   | <b>20,162.1</b> | 18,645.7 | <b>796.4</b> | 726.4 |

#### 2 OPERATING EXPENSES

|   | Group           |          | Company     |      |
|---|-----------------|----------|-------------|------|
|   | 2006            | 2005     | 2006        | 2005 |
| Changes in inventories of finished goods and work in progress | <b>(20.1)</b>   | (815.5)  | -           | -    |
| Finished goods and work in progress purchased                 | <b>12,713.1</b> | 12,319.0 | <b>16.4</b> | 24.2 |
| Raw materials and consumables used                            | <b>1,506.0</b>  | 1,202.9  | <b>3.0</b>  | 2.9  |
| Staff costs   | <b>1,345.5</b>  | 1,299.7  | <b>36.2</b> | 28.9 |
| Depreciation  | <b>376.7</b>    | 360.6    | <b>5.1</b>  | 3.9  |
| Amortisation of intangible assets                             | <b>3.9</b>      | 2.7      | -           | -    |
| Construction contract costs                                   | <b>866.3</b>    | 793.3    | -           | -    |
| Property development costs (Note 15)                          | <b>453.4</b>    | 604.7    | -           | -    |
| Other operating expenses                                      | <b>1,593.7</b>  | 1,881.4  | <b>31.5</b> | 26.7 |
|   | <b>18,838.5</b> | 17,648.8 | <b>92.2</b> | 86.6 |
| Number of persons employed, at the end of the year            | <b>28,770</b>   | 24,916   | <b>321</b>  | 284  |

| Staff costs include:       | Group       |      | Company    |      |
|----------------------------|-------------|------|------------|------|
|                            | 2006        | 2005 | 2006       | 2005 |
| Defined contribution plans | <b>95.0</b> | 91.3 | <b>3.2</b> | 2.7  |
| Termination benefits       | <b>3.9</b>  | 2.0  | -          | -    |



## 2 OPERATING EXPENSES (continued)

|  | Group         |        | Company      |       |
|--|---------------|--------|--------------|-------|
|  | 2006          | 2005   | 2006         | 2005  |
| Other operating expenses include:  |               |        |              |       |
| Auditors' remuneration:  |               |        |              |       |
| Fees for statutory audits  |               |        |              |       |
| - current year   | <b>9.7</b>    | 8.7    | <b>0.4</b>   | 0.3   |
| - under provision in prior year  | <b>0.1</b>    | 0.4    | -            | -     |
| Fees for other services  | <b>4.3</b>    | 3.1    | <b>2.1</b>   | 0.2   |
| Directors' remuneration:   |               |        |              |       |
| Fees   | <b>1.2</b>    | 1.1    | <b>1.0</b>   | 0.9   |
| Other emoluments   | <b>1.3</b>    | 1.5    | <b>1.3</b>   | 1.4   |
| Hire of plant and machinery  | <b>12.9</b>   | 9.1    | <b>0.4</b>   | 0.2   |
| Operating lease payments for land and buildings to:                          |               |        |              |       |
| Subsidiaries   | -             | -      | <b>3.9</b>   | 2.9   |
| Companies external to the Group  | <b>120.9</b>  | 113.0  | <b>0.1</b>   | 0.1   |
| Replanting expenditure   | <b>16.5</b>   | 24.1   | -            | -     |
| Research expenditure   | <b>5.6</b>    | 6.3    | -            | -     |
| Allowance for doubtful debts:  |               |        |              |       |
| Motor vehicle sales receivables in China                                     | -             | 163.7  | -            | -     |
| Others   | <b>55.9</b>   | 58.2   | -            | -     |
| Writeback of allowance for doubtful debts                                    | <b>(60.2)</b> | (24.2) | -            | -     |
| Realised exchange loss/(gain)  | <b>1.2</b>    | (9.8)  | <b>(0.1)</b> | (0.1) |
| Unrealised exchange (gain)/loss  | <b>(3.8)</b>  | 3.3    | <b>1.3</b>   | 0.8   |
| Allowance for loan to subsidiaries doubtful of recovery                      | -             | -      | <b>0.1</b>   | 2.3   |
| Loss on disposal of subsidiaries, associates and a jointly controlled entity | <b>12.6</b>   | 98.3   | -            | -     |
| Impairment of investment in an associate                                     | <b>20.9</b>   | 20.4   | -            | -     |
| Impairment of long term investments  | <b>1.0</b>    | 8.5    | -            | 3.6   |
| Write off of property, plant and equipment                                   | <b>6.7</b>    | 50.1   | -            | -     |
| Impairment of property, plant and equipment                                  | <b>6.8</b>    | 19.8   | -            | -     |

The estimated monetary value of benefits provided to Directors of the Company during the year by way of usage of the Group's and Company's assets and other benefits amounted to RM0.2 million (2005 : RM0.1 million).

### Group

The remuneration of Directors of the Company for the year ended 30th June 2006 is categorised as follows:

|                         | Salary     | Fees         | Bonus      | Benefits-<br>in-kind | Allowances | Defined<br>contribution<br>plans | Total        |
|-------------------------|------------|--------------|------------|----------------------|------------|----------------------------------|--------------|
| <u>(in RM thousand)</u> |            |              |            |                      |            |                                  |              |
| Executive Director      | <b>660</b> | -            | <b>446</b> | <b>148</b>           | -          | <b>106</b>                       | <b>1,360</b> |
| Non-Executive Directors | -          | <b>1,215</b> | -          | <b>4</b>             | <b>91</b>  | -                                | <b>1,310</b> |
| Total                   | <b>660</b> | <b>1,215</b> | <b>446</b> | <b>152</b>           | <b>91</b>  | <b>106</b>                       | <b>2,670</b> |

The number of Directors of the Company whose total remuneration during the year ended 30th June 2006 fell within the following bands is analysed as follows:

| No of Directors         | <u>RM50,000<br/>and below</u> | <u>&gt; RM50,000<br/>to RM100,000</u> | <u>&gt; RM100,000<br/>to RM150,000</u> | <u>&gt; RM150,000<br/>to RM200,000</u> | <u>&gt; RM200,000<br/>to RM250,000</u> | <u>&gt; RM1,350,000<br/>to RM1,400,000</u> |
|-------------------------|-------------------------------|---------------------------------------|--|--|--|--|
| Executive Director      | -                             | -                                     | -                                      | -                                      | -                                      | 1  |
| Non-Executive Directors | 1                             | 1                                     | 2                                      | 3                                      | 2                                      | -  |



### 3 OTHER OPERATING INCOME

|   | Group       |      | Company    |      |
|---|-------------|------|------------|------|
|   | 2006        | 2005 | 2006       | 2005 |
| Other operating income includes:  |             |      |            |      |
| Rental income from land and buildings   | <b>35.3</b> | 46.1 | -          | -    |
| Surplus on disposal of machinery, equipment and vehicles                        | <b>28.0</b> | 13.1 | <b>0.3</b> | 0.3  |
| Surplus on disposal of investments  | <b>3.0</b>  | 86.3 | -          | 19.7 |
| Surplus on disposal of properties   | <b>15.2</b> | 10.6 | -          | -    |
| Surplus on disposal of subsidiaries, associates and a jointly controlled entity | <b>13.0</b> | 89.4 | -          | -    |

### 4 UNUSUAL ITEMS

The following income and allowances are classified as unusual items for the purpose of disclosure of segment results in Note 36.

|  | Group         |         | Company |       |
|--|---------------|---------|---------|-------|
|  | 2006          | 2005    | 2006    | 2005  |
| Surplus on disposal of investments   | <b>3.0</b>    | 86.3    | -       | 19.7  |
| Surplus/(loss) on disposal of subsidiaries, associates and a jointly controlled entity | <b>0.4</b>    | (8.9)   | -       | -     |
| Surplus on disposal of properties  | <b>15.2</b>   | 10.6    | -       | -     |
| Impairment of investment in associates   | <b>(20.9)</b> | (20.4)  | -       | -     |
| Impairment of property, plant and equipment  | <b>(6.8)</b>  | (19.8)  | -       | -     |
| Allowance for motor vehicles sales receivables in China                                | -             | (163.7) | -       | -     |
| Impairment of long term investments  | <b>(1.0)</b>  | (8.5)   | -       | (3.6) |
| Provision for reorganisation expenses and severance costs and others                   | <b>2.3</b>    | 2.4     | -       | (0.2) |
| Sub total  | <b>(7.8)</b>  | (122.0) | -       | 15.9  |
| Provision for foreseeable contract losses of a jointly controlled entity               | -             | (55.0)  | -       | -     |
|  | <b>(7.8)</b>  | (177.0) | -       | 15.9  |

### 5 INVESTMENT AND INTEREST INCOME

|  | Group       |      | Company     |      |
|--|-------------|------|-------------|------|
|  | 2006        | 2005 | 2006        | 2005 |
| Income from marketable securities        | <b>0.7</b>  | 5.3  | -           | -    |
| Income from shares (gross):              |             |      |             |      |
| - Quoted in Malaysia                     | -           | 0.6  | -           | 0.5  |
| - Quoted outside Malaysia                | <b>0.1</b>  | 3.2  | <b>0.1</b>  | 0.4  |
| - Unquoted                               | <b>10.0</b> | 10.6 | <b>3.6</b>  | -    |
| Total investment income                  | <b>10.8</b> | 19.7 | <b>3.7</b>  | 0.9  |
| Interest income from:                    |             |      |             |      |
| - Subsidiaries                           | -           | -    | <b>14.1</b> | 15.4 |
| - Banks and other financial institutions | <b>78.7</b> | 68.6 | <b>14.9</b> | 10.6 |
| Total interest income                    | <b>78.7</b> | 68.6 | <b>29.0</b> | 26.0 |
| Total investment and interest income     | <b>89.5</b> | 88.3 | <b>32.7</b> | 26.9 |



## 6 TAXATION

|                                 | Group        |        | Company      |       |
|---------------------------------|--------------|--------|--------------|-------|
|                                 | 2006         | 2005   | 2006         | 2005  |
| Current taxation:               |              |        |              |       |
| In respect of current year:     |              |        |              |       |
| - Malaysian income tax          | <b>206.0</b> | 262.9  | <b>199.6</b> | 171.7 |
| - Foreign income tax            | <b>233.7</b> | 218.2  | <b>1.2</b>   | 1.2   |
| In respect of prior year:       |              |        |              |       |
| - Malaysian income tax          | <b>(4.6)</b> | (4.6)  | -            | -     |
| - Foreign income tax            | <b>(9.0)</b> | (26.4) | -            | -     |
| Deferred taxation               | <b>3.3</b>   | (26.2) | <b>(1.2)</b> | (1.5) |
|                                 | <b>429.4</b> | 423.9  | <b>199.6</b> | 171.4 |
| Share of taxation of associates | <b>9.7</b>   | 7.5    | -            | -     |
|                                 | <b>439.1</b> | 431.4  | <b>199.6</b> | 171.4 |

### Tax reconciliation

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

|  | Group          |         | Company      |        |
|--|----------------|---------|--------------|--------|
|  | 2006           | 2005    | 2006         | 2005   |
| Profit before taxation   | <b>1,642.2</b> | 1,364.8 | <b>709.4</b> | 664.8  |
| Taxation at Malaysian statutory tax rate of 28% (2005: 28%)  | <b>459.8</b>   | 382.1   | <b>198.6</b> | 186.1  |
| Effect of different tax rates in other countries   | <b>(14.3)</b>  | 14.8    | <b>(1.1)</b> | (1.0)  |
| Effect of income not subject to tax  | <b>(81.6)</b>  | (150.4) | <b>(1.8)</b> | (16.6) |
| Effect of expenses not deductible for tax purposes   | <b>78.2</b>    | 121.8   | <b>3.7</b>   | 2.6    |
| Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances                | <b>(1.6)</b>   | (6.4)   | -            | -      |
| Tax incentives available to the Group  | <b>(15.1)</b>  | (9.4)   | -            | -      |
| Writeback of provision for taxation in respect of prior years  | <b>(13.6)</b>  | (31.0)  | -            | -      |
| Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances | <b>36.5</b>    | 119.1   | -            | -      |
| Others   | <b>(9.2)</b>   | (9.2)   | <b>0.2</b>   | 0.3    |
| Tax expense for the year   | <b>439.1</b>   | 431.4   | <b>199.6</b> | 171.4  |
| Effective tax rate (%)   | <b>26.7</b>    | 31.6    | <b>28.1</b>  | 25.8   |



## 7 EARNINGS AND NET ASSETS PER SHARE - GROUP

### (a) Basic earnings per share

Basic earnings per share is computed as follows :

|  | <b>2006</b>    | 2005    |
|--|----------------|---------|
| Net profit for the year                              | <b>1,120.6</b> | 801.2   |
| Weighted average number of shares in issue (million) | <b>2,431.4</b> | 2,374.6 |
| <b>Basic earnings per share (sen per share)</b>      | <b>46.1</b>    | 33.7    |

### (b) Diluted earnings per share

The diluted earnings per share is computed as follows :

|  | <b>2006</b>    | 2005    |
|--|----------------|---------|
| Net profit for the year  | <b>1,120.6</b> | 801.2   |
| Dilutive effects of outstanding employees' share options of an associate       | <b>(0.2)</b>   | (0.1)   |
| Dilutive effects of outstanding warrants of a subsidiary not held by the Group | <b>(0.3)</b>   | (0.9)   |
| <b>Diluted earnings</b>  | <b>1,120.1</b> | 800.2   |
|  | <b>million</b> |         |
| Weighted average number of shares in issue                                     | <b>2,431.4</b> | 2,374.6 |
| Adjustment for outstanding employees' share options issued by the Company      | <b>7.6</b>     | 6.9     |
| <b>Adjusted weighted average number of shares</b>                              | <b>2,439.0</b> | 2,381.5 |
| <b>Diluted earnings per share (sen per share)</b>                              | <b>45.9</b>    | 33.6    |

### (c) Net assets per share

The net assets per share is calculated by dividing the Group's net assets of RM8,803.8 million (2005 : RM8,005.1 million) by the 2,465.5 million (2005 : 2,390.2 million) number of shares of the Company in issue at year end.

## 8 DIVIDENDS

|  | <b>2006</b>  | 2005  |
|--|--------------|-------|
| Final dividend for the year ended 30th June 2005:<br>Paid on 16th December 2005<br>- 16.0 sen gross per share less Malaysian tax at 28% and 5.0 sen per share tax exempt<br>(2005 : 16.0 sen gross per share less Malaysian tax at 28% and 5.0 sen per share tax exempt) | <b>397.9</b> | 391.0 |
| Interim dividend for the year ended 30th June 2006:<br>Paid on 19th May 2006<br>- 5.0 sen gross per share less Malaysian tax at 28% (2005 : 5.0 sen gross per share less Malaysian tax at 28%)   | <b>88.6</b>  | 86.0  |
|  | <b>486.5</b> | 477.0 |

At the forthcoming Annual General Meeting on 7th November 2006, a gross final dividend in respect of the year ended 30th June 2006 of 25.0 sen per share, comprising 16.0 sen per share less Malaysian tax at 28%, 5.0 sen per share Malaysian tax exempt and 4.0 sen per share less Singapore tax at 20% amounting to RM486.2 million will be proposed for shareholders' approval. These financial statements do not reflect this proposed final dividend which will be accounted for in the year ending 30th June 2007 when approved by shareholders.



## BALANCE SHEETS

### 9 SHARE CAPITAL

#### (a) Share capital

|  | <b>2006</b>    | 2005    |
|--|----------------|---------|
| Authorised:  |                |         |
| 3,000.0 million (2005 : 3,000.0 million) ordinary shares of RM0.50 each  | <b>1,500.0</b> | 1,500.0 |
| Issued and fully paid:   |                |         |
| At 1st July - 2,390.2 million (2005 : 2,355.7 million) ordinary shares of RM0.50 each  | <b>1,195.1</b> | 1,177.9 |
| 41.1 million (2005 : Nil) new shares issued under the terms of the privatisation of a subsidiary   | <b>20.6</b>    | -       |
| 34.2 million (2005 : 34.5 million) new shares issued pursuant to the exercise of options under the Sime Darby Employees' Share Option Scheme | <b>17.1</b>    | 17.2    |
| At 30th June – 2,465.5 million (2005 : 2,390.2 million) ordinary shares of RM0.50 each   | <b>1,232.8</b> | 1,195.1 |

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

On 26th January 2006, 41,139,600 new ordinary shares of RM0.50 each were issued under the terms of the privatisation of Tractors Malaysia Holdings Berhad. These shares were quoted on the Main Board of Bursa Malaysia Securities Berhad on 6th February 2006.

#### (c) Employees' Share Option Scheme

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

The main features of the Scheme are as follows:

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

The Board of Directors had, on 30th May 2006, approved the extension of the Scheme for another two (2) years upon its expiry on 9th December 2006.





## 9 SHARE CAPITAL (continued)

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

| Date granted  | Exercise price<br>RM/share | Number of share options |                 |                   |                | At 30th<br>June<br>'000 |
|---|----------------------------|-------------------------|-----------------|-------------------|----------------|-------------------------|
|   |                            | At 1st<br>July<br>'000  | Granted<br>'000 | Exercised<br>'000 | Lapsed<br>'000 |                         |
| <b>2006</b>   |                            |                         |                 |                   |                |                         |
| 28th February 2002  | 4.90                       | 10,272                  | -               | (5,525)           | (178)          | 4,569                   |
| 12th May 2002   | 5.09                       | 831                     | -               | (442)             | (63)           | 326                     |
| 6th June 2003   | 5.08                       | 8,356                   | -               | (4,795)           | (129)          | 3,432                   |
| 28th May 2004   | 5.47                       | 18,801                  | -               | (6,514)           | (645)          | 11,642                  |
| 20th May 2005   | 5.28                       | 27,449                  | -               | (16,878)          | (539)          | 10,032                  |
| 26th June 2006  | 5.41                       | -                       | 32,011          | -                 | -              | 32,011                  |
|   |                            | <b>65,709</b>           | <b>32,011</b>   | <b>(34,154)</b>   | <b>(1,554)</b> | <b>62,012</b>           |
| <b>2005</b>   |                            |                         |                 |                   |                |                         |
| 28th February 2002  | 4.90                       | 32,735                  | -               | (22,356)          | (107)          | 10,272                  |
| 12th May 2002   | 5.09                       | 1,887                   | -               | (968)             | (88)           | 831                     |
| 6th June 2003   | 5.08                       | 16,108                  | -               | (7,164)           | (588)          | 8,356                   |
| 28th May 2004   | 5.47                       | 24,043                  | -               | (3,997)           | (1,245)        | 18,801                  |
| 20th May 2005   | 5.28                       | -                       | 27,746          | (8)               | (289)          | 27,449                  |
|   |                            | 74,773                  | 27,746          | (34,493)          | (2,317)        | 65,709                  |
|   |                            |                         |                 |                   | <b>2006</b>    | 2005                    |
| Number of share options vested at balance sheet date ('000) |                            |                         |                 |                   | <b>62,012</b>  | 65,709                  |

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

| Date exercised          | Exercise price<br>RM/share | Number of<br>share options<br>exercised<br>'000 | Consideration<br>received |
|-------------------------|----------------------------|---|---------------------------|
| <b>2006</b>             |                            |   |                           |
| July – September 2005   | 4.90                       | 1,870   | 9.2                       |
|                         | 5.08                       | 1,223   | 6.2                       |
|                         | 5.09                       | 213   | 1.1                       |
|                         | 5.47                       | 829   | 4.5                       |
|                         | 5.28                       | 5,850   | 30.9                      |
| October – December 2005 | 4.90                       | 2,256   | 11.1                      |
|                         | 5.08                       | 2,446   | 12.4                      |
|                         | 5.09                       | 111   | 0.6                       |
|                         | 5.47                       | 3,273   | 17.9                      |
|                         | 5.28                       | 7,681   | 40.6                      |
| January – March 2006    | 4.90                       | 989   | 4.9                       |
|                         | 5.08                       | 711   | 3.6                       |
|                         | 5.09                       | 96  | 0.5                       |
|                         | 5.47                       | 1,427   | 7.8                       |
|                         | 5.28                       | 2,324   | 12.3                      |



## 9 SHARE CAPITAL (continued)

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

| Date exercised                      | Exercise price<br>RM/share | Number of<br>share<br>options<br>exercised<br>'000 | Consideration<br>received |
|-------------------------------------|----------------------------|--|---------------------------|
| <b>2006</b>                         |                            |  |                           |
| April – June 2006                   | 4.90                       | 410  | 2.0                       |
|                                     | 5.08                       | 415  | 2.1                       |
|                                     | 5.09                       | 22   | 0.1                       |
|                                     | 5.47                       | 985  | 5.4                       |
|                                     | 5.28                       | 1,023  | 5.4                       |
|                                     |                            | <b>34,154</b>                                      | <b>178.6</b>              |
| Less : Par value of ordinary shares |                            |  | <b>(17.1)</b>             |
| Share premium                       |                            |  | <b>161.5</b>              |
| <br>                                |                            |  |                           |
| 2005                                |                            |  |                           |
| July – September 2004               | 4.90                       | 2,715  | 13.3                      |
|                                     | 5.08                       | 801  | 4.1                       |
|                                     | 5.09                       | 128  | 0.7                       |
|                                     | 5.47                       | 37   | 0.2                       |
| October – December 2004             | 4.90                       | 12,704   | 62.2                      |
|                                     | 5.08                       | 3,010  | 15.3                      |
|                                     | 5.09                       | 500  | 2.5                       |
|                                     | 5.47                       | 321  | 1.8                       |
| January – March 2005                | 4.90                       | 5,673  | 27.8                      |
|                                     | 5.08                       | 2,934  | 14.9                      |
|                                     | 5.09                       | 309  | 1.5                       |
|                                     | 5.47                       | 3,445  | 18.8                      |
| April – June 2005                   | 4.90                       | 1,264  | 6.2                       |
|                                     | 5.08                       | 419  | 2.1                       |
|                                     | 5.09                       | 31   | 0.1                       |
|                                     | 5.47                       | 194  | 1.1                       |
|                                     | 5.28                       | 8  | 0.1                       |
|                                     |                            | <b>34,493</b>                                      | <b>172.7</b>              |
| Less : Par value of ordinary shares |                            |  | <b>(17.2)</b>             |
| Share premium                       |                            |  | <b>155.5</b>              |



## 10 RESERVES

| Group  | Non – distributable |                      |                  |                   | Distributable    | Total          |
|--|---------------------|----------------------|------------------|-------------------|------------------|----------------|
|  | Share premium       | Revaluation reserves | Capital reserves | Exchange reserves | Retained profits |                |
| <b>2006</b>                                    |                     |                      |                  |                   |                  |                |
| At 1st July 2005                               | <b>2,670.9</b>      | <b>72.2</b>          | <b>211.8</b>     | <b>749.2</b>      | <b>3,105.9</b>   | <b>6,810.0</b> |
| Currency translation differences               | -                   | -                    | -                | (75.8)            | -                | (75.8)         |
| Effect of dilution of interest in associates   | -                   | -                    | 3.6              | -                 | 0.5              | 4.1            |
| Goodwill written off                           | -                   | -                    | -                | -                 | (183.8)          | (183.8)        |
| Net profit for the year                        | -                   | -                    | -                | -                 | 1,120.6          | 1,120.6        |
| Dividends                                      |                     |                      |                  |                   |                  |                |
| - Final dividend (30th June 2005)              | -                   | -                    | -                | -                 | (397.9)          | (397.9)        |
| - Interim dividend (30th June 2006)            | -                   | -                    | -                | -                 | (88.6)           | (88.6)         |
| Issue of shares                                | <b>382.4</b>        | -                    | -                | -                 | -                | <b>382.4</b>   |
| <b>At 30th June 2006</b>                       | <b>3,053.3</b>      | <b>72.2</b>          | <b>215.4</b>     | <b>673.4</b>      | <b>3,556.7</b>   | <b>7,571.0</b> |
| <b>2005</b>                                    |                     |                      |                  |                   |                  |                |
| At 1st July 2004                               | 2,515.4             | 76.0                 | 209.2            | 620.6             | 3,825.6          | 7,246.8        |
| Currency translation differences               | -                   | -                    | -                | 128.6             | -                | 128.6          |
| Effect of dilution of interest in an associate | -                   | -                    | 2.6              | -                 | (1.4)            | 1.2            |
| Goodwill written off                           | -                   | -                    | -                | -                 | (1,046.3)        | (1,046.3)      |
| Transfers within reserves on realisation       | -                   | (3.8)                | -                | -                 | 3.8              | -              |
| Net profit for the year                        | -                   | -                    | -                | -                 | 801.2            | 801.2          |
| Dividends                                      |                     |                      |                  |                   |                  |                |
| - Final dividend (30th June 2004)              | -                   | -                    | -                | -                 | (391.0)          | (391.0)        |
| - Interim dividend (30th June 2005)            | -                   | -                    | -                | -                 | (86.0)           | (86.0)         |
| Issue of shares                                | 155.5               | -                    | -                | -                 | -                | 155.5          |
| <b>At 30th June 2005</b>                       | <b>2,670.9</b>      | <b>72.2</b>          | <b>211.8</b>     | <b>749.2</b>      | <b>3,105.9</b>   | <b>6,810.0</b> |



## 10 RESERVES (continued)

| Company                                  | Non – distributable |                      |                  |                   | Distributable    | Total          |
|--|---------------------|----------------------|------------------|-------------------|------------------|----------------|
|  | Share premium       | Revaluation reserves | Capital reserves | Exchange reserves | Retained profits |                |
| <b>2006</b>                              |                     |                      |                  |                   |                  |                |
| At 1st July 2005                         | <b>2,670.9</b>      | –                    | <b>315.0</b>     | –                 | <b>994.4</b>     | <b>3,980.3</b> |
| Transfers within reserves on realisation | –                   | –                    | <b>(0.2)</b>     | –                 | <b>0.2</b>       | –              |
| Net profit for the year                  | –                   | –                    | –                | –                 | <b>509.8</b>     | <b>509.8</b>   |
| Dividends                                |                     |                      |                  |                   |                  |                |
| - Final dividend (30th June 2005)        | –                   | –                    | –                | –                 | <b>(397.9)</b>   | <b>(397.9)</b> |
| - Interim dividend (30th June 2006)      | –                   | –                    | –                | –                 | <b>(88.6)</b>    | <b>(88.6)</b>  |
| Issue of shares                          | <b>382.4</b>        | –                    | –                | –                 | –                | <b>382.4</b>   |
| <b>At 30th June 2006</b>                 | <b>3,053.3</b>      | –                    | <b>314.8</b>     | –                 | <b>1,017.9</b>   | <b>4,386.0</b> |
| <b>2005</b>                              |                     |                      |                  |                   |                  |                |
| At 1st July 2004                         | 2,515.4             | –                    | 316.7            | –                 | 976.3            | 3,808.4        |
| Transfers within reserves on realisation | –                   | –                    | (1.7)            | –                 | 1.7              | –              |
| Net profit for the year                  | –                   | –                    | –                | –                 | 493.4            | 493.4          |
| Dividends                                |                     |                      |                  |                   |                  |                |
| - Final dividend (30th June 2004)        | –                   | –                    | –                | –                 | (391.0)          | (391.0)        |
| - Interim dividend (30th June 2005)      | –                   | –                    | –                | –                 | (86.0)           | (86.0)         |
| Issue of shares                          | 155.5               | –                    | –                | –                 | –                | 155.5          |
| <b>At 30th June 2005</b>                 | <b>2,670.9</b>      | –                    | <b>315.0</b>     | –                 | <b>994.4</b>     | <b>3,980.3</b> |

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

There are sufficient Malaysian and Singapore tax credits available to frank approximately RM3,129.2 million (2005 : RM2,507.9 million) and RM761.5 million (2005 : RM565.8 million) of the retained profits of the Group and the Company respectively if paid out as dividends. In addition, the Group and the Company have tax exempt accounts available to frank tax exempt dividends amounting to approximately RM553.4 million (2005 : RM564.5 million) and RM480.5 million (2005 : RM392.0 million) for the Group and the Company respectively.



## 11 LOANS AND FINANCING

|  | Group          |         | Company        |       |
|--|----------------|---------|----------------|-------|
|  | 2006           | 2005    | 2006           | 2005  |
| <b>Non Current</b>                                   |                |         |                |       |
| Term loans – secured                                 | 77.2           | 132.6   | –              | –     |
| Term loans – unsecured                               | 1,006.0        | 1,221.4 | –              | –     |
| Al Murabahah Medium Term Notes – unsecured (Note 12) | 1,000.0        | 500.0   | 1,000.0        | 500.0 |
|  | <b>2,083.2</b> | 1,854.0 | <b>1,000.0</b> | 500.0 |
| <b>Current</b>                                       |                |         |                |       |
| Bank overdrafts                                      |                |         |                |       |
| - secured (Note 19)                                  | –              | 2.8     | –              | –     |
| - unsecured (Note 19)                                | 11.8           | 25.3    | –              | –     |
| Portion of term loans due within one year            |                |         |                |       |
| - secured  | 52.0           | 24.1    | –              | –     |
| - unsecured  | 20.9           | 11.7    | –              | –     |
| Other short term borrowings                          |                |         |                |       |
| - secured  | 38.9           | 47.6    | –              | –     |
| - unsecured  | 1,133.0        | 725.5   | –              | –     |
|  | <b>1,256.6</b> | 837.0   | –              | –     |
|  | <b>3,339.8</b> | 2,691.0 | <b>1,000.0</b> | 500.0 |

Included in unsecured term loans is an amount of RM37.4 million (2005 : RM37.4 million) in respect of the 12% cumulative subordinated unconvertible redeemable unsecured loan stocks issued by one of the Group's subsidiaries in Malaysia. The repayment of the loan stocks is subordinated to all unsecured facilities of the subsidiary. The loan stocks are redeemable at par at any date determined by the subsidiary's Board up to 31st December 2023.

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

|  | Group |      | Company |      |
|--|-------|------|---------|------|
|  | 2006  | 2005 | 2006    | 2005 |
| The average effective interest rates/profit margin are as follows: | %     | %    | %       | %    |
| Term loans:  |       |      |         |      |
| - before interest rate swaps                                       | 5.98  | 4.63 | –       | –    |
| - after interest rate swaps  | 4.34  | 4.47 | –       | –    |
| Al Murabahah Medium Term Notes                                     | 4.34  | 4.38 | 4.34    | 4.38 |
| Bank overdrafts  | 8.23  | 7.28 | –       | –    |
| Other short term borrowings  | 4.90  | 3.97 | –       | –    |

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

|                       | Group          |         | Company        |       |
|-----------------------|----------------|---------|----------------|-------|
|                       | 2006           | 2005    | 2006           | 2005  |
| Within 1 year         | 72.9           | 35.8    | –              | –     |
| Between 1 and 2 years | 770.4          | 257.9   | –              | –     |
| Between 2 and 5 years | 1,229.8        | 1,439.3 | 1,000.0        | 500.0 |
| After 5 years         | 83.0           | 156.8   | –              | –     |
|                       | <b>2,156.1</b> | 1,889.8 | <b>1,000.0</b> | 500.0 |

Conventional term loans that are subject to contractual interest rates repricing within 1 year amounted to RM1,060.4 million (2005 : RM1,187.8 million).



## 12 AL MURABAHAH MEDIUM TERM NOTES - UNSECURED

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

Salient features of the Programme are as follows:

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

## 13 DEFERRED TAX

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

|   | Group          |         | Company    |      |
|---|----------------|---------|------------|------|
|   | 2006           | 2005    | 2006       | 2005 |
| Deferred tax assets   | <b>364.9</b>   | 368.0   | <b>2.3</b> | 1.1  |
| Deferred tax liabilities  | <b>(234.8)</b> | (233.0) | -          | -    |
|   | <b>130.1</b>   | 135.0   | <b>2.3</b> | 1.1  |
| Tax losses for which the tax effects have not been recognised in the financial statements | <b>728.5</b>   | 795.0   | -          | -    |

The movements during the year relating to deferred tax were as follows:

|  | Group        |       | Company    |       |
|--|--------------|-------|------------|-------|
|  | 2006         | 2005  | 2006       | 2005  |
| At 1st July                            | <b>135.0</b> | 87.3  | <b>1.1</b> | (0.4) |
| Acquisition of subsidiaries            | <b>(0.7)</b> | 16.7  | -          | -     |
| (Charged)/credited to income statement | <b>(3.3)</b> | 26.2  | <b>1.2</b> | 1.5   |
| Disposal of subsidiaries               | <b>2.0</b>   | -     | -          | -     |
| Exchange differences                   | <b>(2.9)</b> | 4.8   | -          | -     |
| At 30th June                           | <b>130.1</b> | 135.0 | <b>2.3</b> | 1.1   |



### 13 DEFERRED TAX (continued)

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

#### Group

#### Deferred tax liabilities

|  | <u>Property, plant<br/>and equipment</u> | <u>Land held for<br/>property<br/>development</u> | <u>Others</u> | <u>Total</u> |
|--|--|---|---------------|--------------|
| <b>2006</b>                            |  |   |               |              |
| At 1st July 2005                       | 175.9                                    | 59.1  | 13.6          | 248.6        |
| (Credited)/charged to income statement | (11.6)                                   | -   | 0.5           | (11.1)       |
| Acquisition of subsidiaries            | 0.7                                      | -   | -             | 0.7          |
| Disposal of subsidiaries               | (2.6)                                    | -   | (1.4)         | (4.0)        |
| Exchange differences                   | 0.1                                      | -   | 4.9           | 5.0          |
|  | <b>162.5</b>                             | <b>59.1</b>                                       | <b>17.6</b>   | <b>239.2</b> |
| Offsetting                             |  |   |               | (4.4)        |
| At 30th June 2006                      |  |   |               | <b>234.8</b> |
| <b>2005</b>                            |  |   |               |              |
| At 1st July 2004                       | 186.8                                    | 59.1  | 22.5          | 268.4        |
| Credited to income statement           | (12.9)                                   | -   | (11.8)        | (24.7)       |
| Acquisition of subsidiaries            | 1.9                                      | -   | 1.9           | 3.8          |
| Exchange differences                   | 0.1                                      | -   | 1.0           | 1.1          |
|  | 175.9                                    | 59.1  | 13.6          | 248.6        |
| Offsetting                             |  |   |               | (15.6)       |
| At 30th June 2005                      |  |   |               | 233.0        |

#### Deferred tax assets

|   | <u>Provisions</u> | <u>Land held<br/>for property<br/>development</u> | <u>Property,<br/>plant and<br/>equipment</u> | <u>Property<br/>development<br/>costs</u> | <u>Tax<br/>losses</u> | <u>Others</u> | <u>Total</u> |
|---|-------------------|---|--|---|-----------------------|---------------|--------------|
| <b>2006</b>                               |                   |   |  |   |                       |               |              |
| At 1st July 2005                          | 121.1             | 139.9   | 11.5   | 41.9                                      | 27.7                  | 41.5          | 383.6        |
| Credited/(charged) to income<br>statement | 3.6               | (2.5)   | -  | (5.7)                                     | (9.9)                 | 0.1           | (14.4)       |
| Disposal of subsidiaries                  | (1.8)             | -   | -  | -   | -                     | (0.2)         | (2.0)        |
| Exchange differences                      | (1.1)             | -   | -  | -   | 2.1                   | 1.1           | 2.1          |
|   | <b>121.8</b>      | <b>137.4</b>                                      | <b>11.5</b>                                  | <b>36.2</b>                               | <b>19.9</b>           | <b>42.5</b>   | <b>369.3</b> |
| Offsetting                                |                   |   |  |   |                       |               | (4.4)        |
| At 30th June 2006                         |                   |   |  |   |                       |               | <b>364.9</b> |
| <b>2005</b>                               |                   |   |  |   |                       |               |              |
| At 1st July 2004                          | 83.2              | 146.7   | 12.5   | 51.9                                      | 22.7                  | 38.7          | 355.7        |
| Credited/(charged) to income<br>statement | 22.9              | (6.8)   | (1.0)  | (10.0)                                    | (1.0)                 | (2.6)         | 1.5          |
| Acquisition of subsidiaries               | 9.1               | -   | -  | -   | 5.6                   | 5.8           | 20.5         |
| Exchange differences                      | 5.9               | -   | -  | -   | 0.4                   | (0.4)         | 5.9          |
|   | 121.1             | 139.9   | 11.5   | 41.9                                      | 27.7                  | 41.5          | 383.6        |
| Offsetting                                |                   |   |  |   |                       |               | (15.6)       |
| At 30th June 2005                         |                   |   |  |   |                       |               | 368.0        |



**13 DEFERRED TAX (continued)**

| Company                           | 2006                          |        |       | 2005                          |        |       |
|-----------------------------------|-------------------------------|--------|-------|-------------------------------|--------|-------|
|                                   | Property, plant and equipment | Others | Total | Property, plant and equipment | Others | Total |
| Deferred tax assets/(liabilities) |                               |        |       |                               |        |       |
| At 1st July                       | (0.4)                         | 1.5    | 1.1   | (0.4)                         | –      | (0.4) |
| Credited to income statement      | 0.2                           | 1.0    | 1.2   | –                             | 1.5    | 1.5   |
| At 30th June                      | (0.2)                         | 2.5    | 2.3   | (0.4)                         | 1.5    | 1.1   |

**14 INVENTORIES**

|                                 | Group          |         | Company    |      |
|---------------------------------|----------------|---------|------------|------|
|                                 | 2006           | 2005    | 2006       | 2005 |
| Produce stocks                  | 24.1           | 39.1    | –          | –    |
| Trading inventories:            |                |         |            |      |
| - Heavy equipment               | 1,443.1        | 1,233.5 | –          | –    |
| - Motor vehicles                | 1,462.5        | 1,441.8 | –          | –    |
| - Commodities and others        | 230.5          | 316.9   | –          | –    |
| Completed development units     | 88.1           | 100.0   | –          | –    |
| Materials and consumable stores | 133.0          | 174.8   | 2.5        | 1.9  |
|                                 | <b>3,381.3</b> | 3,306.1 | <b>2.5</b> | 1.9  |

The carrying value of trading inventories includes RM284.7 million (2005 : RM301.4 million) stated at net realisable values.

**15 PROPERTY DEVELOPMENT COSTS - GROUP**

|  | 2006             | 2005      |
|--|------------------|-----------|
| <b>Development costs</b>                                   |                  |           |
| At 1st July  | 1,980.3          | 1,736.5   |
| Development costs incurred during the year                 | 409.6            | 618.1     |
| Transfer from property, plant and equipment                | –                | 4.1       |
| Transfer from land held for property development (Note 26) | 67.5             | 23.9      |
| Completed development units transferred to inventories     | (3.3)            | (2.1)     |
| Completed development units and land sold                  | (364.5)          | (400.2)   |
| Exchange differences                                       | 2.4              | –         |
| At 30th June   | <b>2,092.0</b>   | 1,980.3   |
| <b>Costs recognised in income statement</b>                |                  |           |
| At 1st July  | (1,214.9)        | (1,010.4) |
| Recognised during the year                                 | (453.4)          | (604.7)   |
| Completed development units and land sold                  | 364.5            | 400.2     |
| Exchange differences                                       | (0.9)            | –         |
| At 30th June   | <b>(1,304.7)</b> | (1,214.9) |
| At 30th June   | <b>787.3</b>     | 765.4     |

Development costs is analysed as follows:

|                                      | 2006         | 2005      |
|--------------------------------------|--------------|-----------|
| Freehold land at cost                | 260.4        | 221.4     |
| Long leasehold land at cost          | –            | 4.1       |
| Development costs                    | 1,831.6      | 1,754.8   |
| Costs recognised in income statement | (1,304.7)    | (1,214.9) |
| At 30th June                         | <b>787.3</b> | 765.4     |

A property development project of a subsidiary with net book value of RM62.8 million (2005 : RM82.5 million) is charged to a bank as security for borrowings (Note 11).





## 16 TRADE AND OTHER RECEIVABLES

|   | Group          |         | Company     |      |
|---|----------------|---------|-------------|------|
|   | 2006           | 2005    | 2006        | 2005 |
| Trade receivables less allowance for doubtful debts of RM308.1 million (2005 : RM283.6 million) for the Group and RM0.1 million (2005 : RM0.1 million) for the Company                      | <b>2,043.3</b> | 1,813.7 | <b>6.1</b>  | 5.2  |
| Accrued billings  | <b>73.0</b>    | 126.7   | -           | -    |
| Amounts due from customers on construction contracts (Note 17)  | <b>372.5</b>   | 287.6   | -           | -    |
| Amounts due from associates   | <b>54.7</b>    | 48.8    | -           | 0.2  |
| Amounts due from jointly controlled entities  | <b>4.1</b>     | 0.5     | -           | -    |
| Other receivables less allowance for doubtful debts of RM6.9 million (2005 : RM12.0 million) for the Group and RM0.1 million (2005 : RM0.1 million) for the Company                         | <b>324.7</b>   | 239.7   | <b>4.2</b>  | 12.4 |
| Deposits  | <b>47.4</b>    | 43.3    | <b>1.5</b>  | 1.5  |
| Prepayments   | <b>111.1</b>   | 45.4    | <b>0.2</b>  | 0.3  |
| Net investments in finance lease after deducting unearned finance income of RM38.1 million (2005 : RM38.8 million) and allowance for doubtful debts of RM7.1 million (2005 : RM8.7 million) | <b>287.8</b>   | 250.3   | -           | -    |
|   | <b>3,318.6</b> | 2,856.0 | <b>12.0</b> | 19.6 |

|  | Group         |        |
|--|---------------|--------|
|  | 2006          | 2005   |
| Gross investments in finance lease:          |               |        |
| Not later than 1 year                        | <b>333.0</b>  | 297.8  |
| Later than 1 year and not later than 5 years | <b>474.0</b>  | 483.5  |
| Later than 5 years                           | <b>27.7</b>   | 40.8   |
|  | <b>834.7</b>  | 822.1  |
| Unearned finance income                      | <b>(74.5)</b> | (81.5) |
| Allowance for doubtful debts                 | <b>(18.3)</b> | (24.6) |
| Net investments in finance lease             | <b>741.9</b>  | 716.0  |

The effective interest rates applicable on net investments in finance lease ranged from 4.68% to 16.70% (2005 : 4.68% to 16.70%).

|  | Group        |       |
|--|--------------|-------|
|  | 2006         | 2005  |
| Representing:                                |              |       |
| Current receivables                          | <b>287.8</b> | 250.3 |
| Non-current receivables                      | <b>454.1</b> | 465.7 |
|  | <b>741.9</b> | 716.0 |
| Net investments in finance lease:            |              |       |
| Not later than 1 year                        | <b>287.8</b> | 250.3 |
| Later than 1 year and not later than 5 years | <b>428.2</b> | 428.2 |
| Later than 5 years                           | <b>25.9</b>  | 37.5  |
|  | <b>741.9</b> | 716.0 |

Credit terms of trade receivables and amounts due from customers ranged from 7 to 180 days (2005 : 7 to 180 days).



## 17 CONSTRUCTION CONTRACTS – GROUP

|  | 2006             | 2005      |
|--|------------------|-----------|
| Aggregate costs incurred               | <b>2,421.8</b>   | 1,851.6   |
| Recognised profits less losses to date | <b>200.9</b>     | 154.0     |
|  | <b>2,622.7</b>   | 2,005.6   |
| Progress billings                      | <b>(2,293.3)</b> | (1,722.8) |
|  | <b>329.4</b>     | 282.8     |
| Represented by :                       |                  |           |
| Amounts due from customers (Note 16)   | <b>372.5</b>     | 287.6     |
| Amounts due to customers (Note 20)     | <b>(43.1)</b>    | (4.8)     |
|  | <b>329.4</b>     | 282.8     |
| Retention on contracts                 | <b>2.1</b>       | 1.9       |

Included in construction contract costs incurred during the year is hire of plant and machinery amounting to RM36.1 million (2005 : RM31.9 million).

## 18 CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNTS

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

## 19 BANK BALANCES, DEPOSITS AND CASH

|                                  | Group          |         | Company      |       |
|----------------------------------|----------------|---------|--------------|-------|
|                                  | 2006           | 2005    | 2006         | 2005  |
| Deposits with licensed banks     | <b>1,878.8</b> | 1,233.1 | <b>277.6</b> | 95.0  |
| Deposits with finance companies  | <b>41.8</b>    | 75.4    | -            | -     |
| Deposits with other corporations | <b>241.6</b>   | 164.9   | -            | 65.0  |
| Cash at bank and in hand         | <b>770.0</b>   | 708.1   | <b>8.1</b>   | 2.5   |
|                                  | <b>2,932.2</b> | 2,181.5 | <b>285.7</b> | 162.5 |

|   | 2006               | 2005        | 2006               | 2005        |
|---|--------------------|-------------|--------------------|-------------|
| Effective interest rates were as follows: | %                  | %           | %                  | %           |
| Deposits with licensed banks              | <b>0.50 – 7.23</b> | 0.10 – 6.65 | <b>3.53 – 3.55</b> | 2.62 – 2.72 |
| Deposits with finance companies           | <b>3.47 – 3.50</b> | 2.70 – 2.77 | -                  | -           |
| Deposits with other corporations          | <b>2.95 – 3.48</b> | 2.66 – 3.00 | -                  | 2.66        |
| Cash at bank                              | <b>0.00 – 5.25</b> | 0.00 – 4.78 | -                  | -           |

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

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

|                                       | Group          |         | Company      |       |
|---------------------------------------|----------------|---------|--------------|-------|
|                                       | 2006           | 2005    | 2006         | 2005  |
| Bank balances, deposits and cash      | <b>2,932.2</b> | 2,181.5 | <b>285.7</b> | 162.5 |
| Bank overdrafts – secured (Note 11)   | -              | (2.8)   | -            | -     |
| Bank overdrafts – unsecured (Note 11) | <b>(11.8)</b>  | (25.3)  | -            | -     |
|                                       | <b>2,920.4</b> | 2,153.4 | <b>285.7</b> | 162.5 |



## 20 TRADE AND OTHER PAYABLES

|  | Group          |         | Company     |      |
|--|----------------|---------|-------------|------|
|  | 2006           | 2005    | 2006        | 2005 |
| Trade payables   | 1,809.0        | 2,036.2 | 0.7         | 0.9  |
| Trade accruals   | 1,936.2        | 1,693.8 | 39.4        | 27.9 |
| Progress billings  | 6.3            | 17.9    | -           | -    |
| Amounts due to customers on construction contracts (Note 17) | 43.1           | 4.8     | -           | -    |
|  | <b>3,794.6</b> | 3,752.7 | <b>40.1</b> | 28.8 |

Credit terms of trade payables and amounts due to customers ranged from 7 to 180 days (2005 : 1 to 180 days).

## 21 PROVISIONS - GROUP

|   | Maintenance<br>and<br>warranty | Property<br>development | Provision for<br>future<br>obligations | Total   |
|---|--------------------------------|-------------------------|--|---------|
| <b>2006</b>                                 |                                |                         |  |         |
| At 1st July 2005                            | 122.6                          | 7.5                     | 0.5                                    | 130.6   |
| Additions                                   | 136.7                          | -                       | -                                      | 136.7   |
| Unused amounts reversed                     | (48.2)                         | -                       | (0.5)                                  | (48.7)  |
| Charged/(writeback) to income statement     | 88.5                           | -                       | (0.5)                                  | 88.0    |
| Utilised                                    | (85.1)                         | -                       | -                                      | (85.1)  |
| Exchange differences                        | (3.4)                          | -                       | -                                      | (3.4)   |
| At 30th June 2006                           | 122.6                          | 7.5                     | -                                      | 130.1   |
| <b>2005</b>                                 |                                |                         |  |         |
| At 1st July 2004                            | 68.3                           | 8.5                     | 77.1                                   | 153.9   |
| Additions                                   | 115.4                          | -                       | 55.0                                   | 170.4   |
| Unused amounts reversed                     | (40.7)                         | (1.0)                   | (2.1)                                  | (43.8)  |
| Charged/(writeback) to income statement     | 74.7                           | (1.0)                   | 52.9                                   | 126.6   |
| Disposal of subsidiaries                    | (4.4)                          | -                       | -                                      | (4.4)   |
| Acquisition of subsidiaries                 | 37.4                           | -                       | -                                      | 37.4    |
| Set off against jointly controlled entities | -                              | -                       | (129.5)                                | (129.5) |
| Utilised                                    | (57.9)                         | -                       | -                                      | (57.9)  |
| Transfer from accruals                      | 2.6                            | -                       | -                                      | 2.6     |
| Exchange differences                        | 1.9                            | -                       | -                                      | 1.9     |
| At 30th June 2005                           | 122.6                          | 7.5                     | 0.5                                    | 130.6   |



**22 INVESTMENTS**

|   | Group        |       | Company      |       |
|---|--------------|-------|--------------|-------|
|   | 2006         | 2005  | 2006         | 2005  |
| <b>Current</b>                          |              |       |              |       |
| <b>At cost</b>                          |              |       |              |       |
| Marketable securities – corporate bonds | –            | 26.8  | –            | –     |
| Market value                            | –            | 29.3  | –            | –     |
| <b>Non Current</b>                      |              |       |              |       |
| <b>At Cost</b>                          |              |       |              |       |
| Quoted shares                           |              |       |              |       |
| In Malaysia                             | 12.6         | 12.6  | 6.1          | 6.1   |
| Outside Malaysia                        | 0.5          | 0.5   | 0.4          | 0.4   |
| Unquoted shares                         |              |       |              |       |
| In Malaysia                             | 307.8        | 113.1 | 191.6        | –     |
| Outside Malaysia                        | 37.0         | 38.1  | –            | –     |
|   | <b>357.9</b> | 164.3 | <b>198.1</b> | 6.5   |
| <b>Accumulated impairment losses</b>    |              |       |              |       |
| Quoted shares in Malaysia               | (9.5)        | (8.5) | (3.6)        | (3.6) |
| <b>Carrying amount</b>                  | <b>348.4</b> | 155.8 | <b>194.5</b> | 2.9   |

|                             | 2006            |              | 2005            |              |
|-----------------------------|-----------------|--------------|-----------------|--------------|
|                             | Carrying amount | Market value | Carrying amount | Market value |
| <b>Group</b>                |                 |              |                 |              |
| Quoted shares               |                 |              |                 |              |
| In Malaysia                 | 3.1             | 4.0          | 4.1             | 4.1          |
| Outside Malaysia            | 0.5             | 2.1          | 0.5             | 3.0          |
|                             | <b>3.6</b>      | <b>6.1</b>   | 4.6             | 7.1          |
| Unquoted shares             |                 |              |                 |              |
| In Malaysia                 | 307.8           |              | 113.1           |              |
| Outside Malaysia            | 37.0            |              | 38.1            |              |
|                             | <b>348.4</b>    |              | 155.8           |              |
| <b>Company</b>              |                 |              |                 |              |
| Quoted shares               |                 |              |                 |              |
| In Malaysia                 | 2.5             | 3.3          | 2.5             | 2.5          |
| Outside Malaysia            | 0.4             | 2.1          | 0.4             | 3.6          |
|                             | <b>2.9</b>      | <b>5.4</b>   | 2.9             | 6.1          |
| Unquoted shares in Malaysia | 191.6           |              | –               |              |
|                             | <b>194.5</b>    |              | 2.9             |              |

Effective interest rates and maturity periods of the marketable securities of the Group were as follows:

|               | Carrying Amount |      | Effective Interest rates (%) |             |
|---------------|-----------------|------|------------------------------|-------------|
|               | 2006            | 2005 | 2006                         | 2005        |
| Within 1 year | –               | 26.8 | –                            | 1.80 – 3.40 |



## 23 ASSOCIATES

|   | Group          |         | Company    |       |
|---|----------------|---------|------------|-------|
|   | 2006           | 2005    | 2006       | 2005  |
| Quoted shares (outside Malaysia)                    | <b>507.0</b>   | 506.4   | -          | -     |
| Unquoted shares                                     | <b>393.3</b>   | 558.0   | <b>1.8</b> | 193.3 |
| Share of post acquisition reserves                  | <b>26.0</b>    | 104.8   | -          | -     |
| Goodwill written off                                | <b>(336.4)</b> | (329.5) | -          | -     |
| Impairment losses                                   | <b>(44.7)</b>  | (24.0)  | -          | -     |
| Share of associates' net assets, excluding goodwill | <b>545.2</b>   | 815.7   | <b>1.8</b> | 193.3 |
| Market value of quoted associates                   | <b>690.4</b>   | 552.0   | -          | -     |
| Share of contingent liabilities                     | -              | -       | -          | -     |

The Group's equity interest in the associates, their respective principal activities and countries of incorporation are shown in Note 41.

## 24 JOINTLY CONTROLLED ENTITIES - GROUP

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

|                                 | 2006           | 2005    |
|---------------------------------|----------------|---------|
| Current assets                  | <b>177.6</b>   | 90.3    |
| Current liabilities             | <b>(176.5)</b> | (90.6)  |
| Net assets                      | <b>1.1</b>     | (0.3)   |
| Revenue                         | <b>159.6</b>   | 102.6   |
| Expenses                        | <b>(158.1)</b> | (177.0) |
|                                 | <b>1.5</b>     | (74.4)  |
| Share of capital commitments    | -              | -       |
| Share of contingent liabilities | -              | -       |

The Group's interest in the jointly controlled entities, their respective principal activities and countries of incorporation are shown in Note 41.

## 25 SUBSIDIARIES - COMPANY

|                               | 2006            |                | 2005            |              |
|-------------------------------|-----------------|----------------|-----------------|--------------|
|                               | Carrying amount | Market value   | Carrying amount | Market value |
| Shares at cost:               |                 |                |                 |              |
| Quoted in Malaysia            | <b>646.3</b>    | <b>1,141.0</b> | 782.1           | 1,949.3      |
| Unquoted                      | <b>2,459.2</b>  |                | 2,003.9         |              |
|                               | <b>3,105.5</b>  |                | 2,786.0         |              |
| Amounts owing by subsidiaries | <b>3,275.8</b>  |                | 2,647.4         |              |
| Allowance for doubtful debts  | <b>(67.5)</b>   |                | (67.4)          |              |
| Amounts owing to subsidiaries | <b>(167.4)</b>  |                | (51.2)          |              |
|                               | <b>6,146.4</b>  |                | 5,314.8         |              |

The amounts owing to subsidiaries were unsecured and interest free with no fixed terms of repayment.

The Group's equity interest in the subsidiaries, their respective principal activities and countries of incorporation are shown in Note 41.



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

|  | 2006          | 2005   |
|--|---------------|--------|
| At 1st July                                      | <b>309.6</b>  | 251.5  |
| Additions  | <b>22.4</b>   | 55.6   |
| Transfer from property, plant and equipment      | -             | 26.4   |
| Transfer to property development costs (Note 15) | <b>(67.5)</b> | (23.9) |
| Exchange differences                             | <b>(2.0)</b>  | -      |
| At 30th June                                     | <b>262.5</b>  | 309.6  |

The land held for property development is analysed as follows:

|                             | 2006         | 2005  |
|-----------------------------|--------------|-------|
| Freehold land at cost       | <b>28.3</b>  | 100.8 |
| Long leasehold land at cost | <b>234.2</b> | 208.8 |
| At 30th June                | <b>262.5</b> | 309.6 |

**27 PROPERTY, PLANT AND EQUIPMENT**

| Group<br>2006                 | Land           |                   |                    | Buildings      | Plant and<br>machinery | Vehicles,<br>equipment<br>and<br>fixtures | Capital<br>work in<br>progress | Total            |
|-------------------------------|----------------|-------------------|--------------------|----------------|------------------------|---|--------------------------------|------------------|
|                               | Freehold       | Long<br>leasehold | Short<br>leasehold |                |                        |   |                                |                  |
| Net book value                |                |                   |                    |                |                        |   |                                |                  |
| At 1st July 2005              | <b>1,034.7</b> | <b>479.0</b>      | <b>205.3</b>       | <b>1,190.7</b> | <b>825.3</b>           | <b>523.6</b>                              | <b>138.2</b>                   | <b>4,396.8</b>   |
| Disposal of subsidiaries      | <b>(5.0)</b>   | <b>(0.4)</b>      | <b>(9.4)</b>       | <b>(12.7)</b>  | <b>(9.1)</b>           | <b>(1.7)</b>                              | <b>(3.2)</b>                   | <b>(41.5)</b>    |
| Acquisition of subsidiaries   | -              | <b>48.5</b>       | -                  | <b>20.3</b>    | <b>28.8</b>            | <b>2.8</b>                                | <b>4.2</b>                     | <b>104.6</b>     |
| Additions                     | <b>8.7</b>     | <b>0.3</b>        | <b>36.0</b>        | <b>87.9</b>    | <b>59.5</b>            | <b>439.7</b>                              | <b>106.1</b>                   | <b>738.2</b>     |
| Disposals and write offs      | <b>(8.1)</b>   | -                 | <b>(0.4)</b>       | <b>(23.1)</b>  | <b>(12.4)</b>          | <b>(99.1)</b>                             | <b>(1.6)</b>                   | <b>(144.7)</b>   |
| Impairment losses             | <b>(3.3)</b>   | -                 | -                  | <b>(3.4)</b>   | -                      | <b>(0.1)</b>                              | -                              | <b>(6.8)</b>     |
| Reclassification of assets    | <b>1.8</b>     | <b>(4.3)</b>      | <b>1.0</b>         | <b>108.6</b>   | <b>33.2</b>            | <b>2.1</b>                                | <b>(142.4)</b>                 | -                |
| Depreciation                  | -              | <b>(6.2)</b>      | <b>(4.0)</b>       | <b>(62.2)</b>  | <b>(110.2)</b>         | <b>(194.1)</b>                            | -                              | <b>(376.7)</b>   |
| Exchange differences          | <b>(0.5)</b>   | <b>0.4</b>        | <b>(1.5)</b>       | <b>(12.2)</b>  | <b>5.4</b>             | <b>(9.5)</b>                              | <b>3.6</b>                     | <b>(14.3)</b>    |
| At 30th June 2006             | <b>1,028.3</b> | <b>517.3</b>      | <b>227.0</b>       | <b>1,293.9</b> | <b>820.5</b>           | <b>663.7</b>                              | <b>104.9</b>                   | <b>4,655.6</b>   |
| Cost                          | <b>785.1</b>   | <b>503.4</b>      | <b>276.5</b>       | <b>1,907.8</b> | <b>2,606.0</b>         | <b>1,902.8</b>                            | <b>107.3</b>                   | <b>8,088.9</b>   |
| Valuation                     | <b>253.1</b>   | <b>42.1</b>       | <b>5.8</b>         | <b>140.1</b>   | -                      | -   | -                              | <b>441.1</b>     |
| Accumulated depreciation      | -              | <b>(28.2)</b>     | <b>(55.3)</b>      | <b>(649.1)</b> | <b>(1,726.1)</b>       | <b>(1,236.6)</b>                          | -                              | <b>(3,695.3)</b> |
| Accumulated impairment losses | <b>(9.9)</b>   | -                 | -                  | <b>(104.9)</b> | <b>(59.4)</b>          | <b>(2.5)</b>                              | <b>(2.4)</b>                   | <b>(179.1)</b>   |
| Net book value at end of year | <b>1,028.3</b> | <b>517.3</b>      | <b>227.0</b>       | <b>1,293.9</b> | <b>820.5</b>           | <b>663.7</b>                              | <b>104.9</b>                   | <b>4,655.6</b>   |
| 2005                          |                |                   |                    |                |                        |   |                                |                  |
| Cost                          | 788.2          | 461.9             | 244.3              | 1,886.7        | 2,696.8                | 1,794.1                                   | 140.6                          | 8,012.6          |
| Valuation                     | 253.1          | 42.1              | 5.8                | 140.1          | -                      | -   | -                              | 441.1            |
| Accumulated depreciation      | -              | (25.0)            | (44.8)             | (734.6)        | (1,812.1)              | (1,268.1)                                 | -                              | (3,884.6)        |
| Accumulated impairment losses | (6.6)          | -                 | -                  | (101.5)        | (59.4)                 | (2.4)                                     | (2.4)                          | (172.3)          |
| Net book value at end of year | 1,034.7        | 479.0             | 205.3              | 1,190.7        | 825.3                  | 523.6                                     | 138.2                          | 4,396.8          |

Property, plant and equipment of certain subsidiaries with net book value of RM176.9 million (2005 : RM167.3 million) were charged to banks as security for borrowings (Note 11).


**27 PROPERTY, PLANT AND EQUIPMENT (continued)**

| <b>Company</b>                          |               |        |
|---|---------------|--------|
| <b>Vehicles, equipment and fixtures</b> | <b>2006</b>   | 2005   |
| Net book value                          |               |        |
| At 1st July                             | <b>13.0</b>   | 9.0    |
| Additions                               | <b>8.9</b>    | 9.8    |
| Disposals                               | <b>(1.3)</b>  | (1.9)  |
| Depreciation                            | <b>(5.1)</b>  | (3.9)  |
| At 30th June                            | <b>15.5</b>   | 13.0   |
| Cost                                    | <b>35.9</b>   | 39.8   |
| Accumulated depreciation                | <b>(20.4)</b> | (26.8) |
| Net book value at end of year           | <b>15.5</b>   | 13.0   |

**28 GOODWILL – GROUP**

|                             | <b>2006</b> | 2005 |
|-----------------------------|-------------|------|
| <b>Cost</b>                 |             |      |
| At 1st July                 | –           | –    |
| Acquisition of a subsidiary | <b>3.0</b>  | –    |
| At 30th June                | <b>3.0</b>  | –    |

**29 INTANGIBLE ASSETS - GROUP**

|                             | <b>2006</b>  | 2005  |
|-----------------------------|--------------|-------|
| Net book value              |              |       |
| At 1st July                 | <b>72.6</b>  | 69.9  |
| Additions                   | <b>0.5</b>   | –     |
| Acquisition of subsidiaries | –            | 5.2   |
| Amortisation                | <b>(3.9)</b> | (2.7) |
| Exchange differences        | <b>(0.7)</b> | 0.2   |
| At 30th June                | <b>68.5</b>  | 72.6  |
| Cost                        | <b>77.7</b>  | 77.9  |
| Accumulated amortisation    | <b>(9.2)</b> | (5.3) |
| Net book value              | <b>68.5</b>  | 72.6  |



**30 CONTINGENT LIABILITIES AND COMMITMENTS**

|   | Group          |                | Company      |                |
|---|----------------|----------------|--------------|----------------|
|   | 2006           | 2005           | 2006         | 2005           |
| <b>Unsecured contingencies:</b>   |                |                |              |                |
| Trade and performance guarantees  | 1,712.1        | 2,266.0        | 41.5         | 250.3          |
| Claims pending against subsidiaries   | 63.7           | 81.1           | -            | -              |
| Guarantees and contingencies relating to the borrowings of subsidiaries   | -              | -              | 857.6        | 929.8          |
|   | <b>1,775.8</b> | <b>2,347.1</b> | <b>899.1</b> | <b>1,180.1</b> |
| <b>Authorised capital expenditure for property, plant and equipment not provided for in the financial statements:</b> |                |                |              |                |
| Contracted  | 171.3          | 132.1          | 0.3          | -              |
| Not contracted  | 204.1          | 380.1          | -            | -              |
|   | <b>375.4</b>   | <b>512.2</b>   | <b>0.3</b>   | <b>-</b>       |
| <b>Commitments under non-cancellable operating leases:</b>  |                |                |              |                |
| Expiring within 1 year  | 92.9           | 92.5           | 0.2          | 0.2            |
| Expiring between 1 and 5 years  | 161.2          | 213.3          | 0.6          | 0.7            |
| Expiring after 5 years  | 198.4          | 192.0          | -            | 0.1            |
|   | <b>452.5</b>   | <b>497.8</b>   | <b>0.8</b>   | <b>1.0</b>     |

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

BSB's claim for damages was dismissed with costs by the High Court on 9th March 2002 and BSB had appealed to the Court of Appeal on 27th March 2002. No date of hearing has been fixed by the Court of Appeal. CPB's solicitors are optimistic of sustaining the judgement on appeal.

- (b) Certain minority shareholders of Sime Bank Berhad ("Sime Bank") had taken legal action against Sime Darby Berhad ("SDB") for failing to make a general offer to the rest of the shareholders when 60.35% of the equity of Sime Bank was acquired. On 31st March 2003, the High Court had decided in favour of the minority shareholders. However, the quantum of damages and costs to be awarded to the plaintiffs has yet to be assessed, and the assessment proceedings are now fixed for mention before the Registrar on 11th December 2006.

SDB filed notices of appeal against the decision of the High Court on 24th April 2003. These appeals came up for hearing on 28th July 2004 and the Court of Appeal directed the parties to put in written submissions. The Court of Appeal heard the appeals on 14th September 2005 and a decision is awaited. Meanwhile, two other former shareholders of Sime Bank have initiated actions of a similar nature against SDB.

- (c) Sime Bank had financed certain transactions of Teras Cemerlang Sdn. Bhd. ("TCSB"), which securities were pledged to Sime Bank. Sime Bank sued TCSB for failing to repay the facility granted to it and TCSB filed a counterclaim against Sime Bank, Sime Securities Sdn. Bhd. ("SS"), SDB and Shafiq Sit Abdullah ("SSA"), alleging that SDB as the ultimate owners of SS and the employer of SSA, are vicariously responsible for the transactions allegedly carried out by SSA in dealings between SS and TCSB.

SDB filed an application to strike out TCSB's claim against it. On 9th October 2002, TCSB filed an application for stay of the striking out proceedings on the grounds that as TCSB was in Special Administration, then there ought to be a moratorium and the Court had granted a stay of these applications. SDB had filed an appeal to the Court of Appeal against this decision. No hearing date has been fixed by the Court of Appeal as yet.

SDB is now appealing against the Senior Assistant Registrar's decision for refusal to strike out TCSB's counterclaim. The court has fixed the appeal for hearing on 13th September 2006.



**CASH FLOW STATEMENTS****31 OTHER NON-CASH ITEMS**

|  | Group       |             | Company  |              |
|--|-------------|-------------|----------|--------------|
|  | 2006        | 2005        | 2006     | 2005         |
| Other non cash items include:              |             |             |          |              |
| Amortisation of intangible assets          | 3.9         | 2.7         | -        | -            |
| Allowance for doubtful debts               | 55.9        | 58.2        | -        | -            |
| Writeback of allowance for doubtful debts  | (60.2)      | (24.2)      | -        | -            |
| Write off of property, plant and equipment | 6.7         | 50.1        | -        | -            |
| Others                                     | 4.4         | -           | -        | (0.2)        |
|  | <b>10.7</b> | <b>86.8</b> | <b>-</b> | <b>(0.2)</b> |

**32 NET CASH OUTFLOW FROM INVESTING ACTIVITIES**

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2006           | 2005           | 2006           | 2005           |
| Interest income received   | 77.7           | 70.8           | 28.6           | 26.0           |
| Investment income received   | 13.1           | 23.1           | 3.7            | 0.9            |
| Purchase of investments  | (7.4)          | (4.0)          | -              | (0.3)          |
| Increase in amounts owing by subsidiaries                            | -              | -              | (513.4)        | (308.1)        |
| Purchase of subsidiaries (Note 34(a))                                | (135.8)        | (762.9)        | -              | -              |
| Purchase of additional shares in existing subsidiaries (Note 34 (b)) | (86.1)         | (200.0)        | (78.2)         | (81.4)         |
| Purchase of associates   | (18.5)         | (509.6)        | -              | -              |
| Purchase of a jointly controlled entity                              | (0.5)          | -              | -              | -              |
| Capital repayment by associates                                      | 41.4           | 5.4            | -              | -              |
| Purchase of property, plant and equipment                            | (738.2)        | (543.3)        | (8.9)          | (8.7)          |
| Cost incurred on land held for property development                  | (22.4)         | (55.6)         | -              | -              |
| Purchase of intangible asset   | (0.5)          | -              | -              | -              |
| Proceeds from sale of investments                                    | 29.6           | 791.1          | -              | -              |
| Proceeds from sale of subsidiaries (Note 35)                         | 27.4           | 27.1           | -              | 20.7           |
| Proceeds from sale of associates                                     | 57.5           | 99.9           | -              | -              |
| Proceeds from sale of property, plant and equipment                  | 181.2          | 240.7          | 1.6            | 1.2            |
|  | <b>(581.5)</b> | <b>(817.3)</b> | <b>(566.6)</b> | <b>(349.7)</b> |

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

|  | Group        |                | Company      |                |
|--|--------------|----------------|--------------|----------------|
|  | 2006         | 2005           | 2006         | 2005           |
| Finance costs paid   | (124.8)      | (96.5)         | (32.7)       | (21.9)         |
| Proceeds from shares issued by Sime Darby Berhad                     | 178.6        | 172.7          | 178.6        | 172.7          |
| Proceeds from shares issued to minority shareholders of subsidiaries | 1.4          | -              | -            | -              |
| Net borrowings raised  | 701.9        | 213.7          | 500.0        | -              |
| Dividends paid to shareholders of Sime Darby Berhad                  | (486.5)      | (477.0)        | (486.5)      | (477.0)        |
| Dividends paid to minority shareholders of subsidiaries              | (76.0)       | (121.3)        | -            | -              |
|  | <b>194.6</b> | <b>(308.4)</b> | <b>159.4</b> | <b>(326.2)</b> |



## 34 ACQUISITION AND INCORPORATION OF SUBSIDIARIES - GROUP

### (a) Acquisition of subsidiaries

Subsidiaries acquired during the year ended 30th June 2006 were as follows:

| <u>Name of subsidiaries acquired</u>  | <u>Purchase consideration</u> | <u>Group's effective interest (%)</u> | <u>Effective acquisition date</u> |
|---|-------------------------------|---------------------------------------|-----------------------------------|
| Megah Medical Specialists Group Sdn. Bhd.   | 10.7                          | 100.0                                 | 19th August 2005                  |
| Weifang Sime Darby Port Co. Ltd.  | 76.1                          | 80.0                                  | 18th November 2005                |
| Weifang Sime Darby Water Co. Ltd  | 38.4                          | 80.0                                  | 18th November 2005                |
| Weifang Sime Darby Investment and Management Co. Ltd  | 0.9                           | 51.0                                  | 18th November 2005                |
| Special Brand Sdn. Bhd.   | *                             | 100.0                                 | 30th December 2005                |
| Shenzhen Bow Chuang Vehicle Trading Company Limited   | 4.5                           | 100.0                                 | 30th March 2006                   |
| Tractors Material Handling Sdn. Bhd. (formerly known as Grand Valuations Sdn. Bhd.)                   | *                             | 100.0                                 | 12th April 2006                   |
| Sime UEP Brunfield Properties Sdn. Bhd.   | 0.7                           | 50.5                                  | 28th April 2006                   |
| CICA Limited  | 5.4                           | 70.0                                  | 15th May 2006                     |
| Sime Darby Brunfield Holding Sdn. Bhd. (formerly known as Sime Darby Brunfield Development Sdn. Bhd.) | 0.6                           | 60.0                                  | 18th May 2006                     |
| Sime Darby Brunfield Engineering Sdn. Bhd.  | *                             | 60.0                                  | 12th June 2006                    |

\* Represents RM1,700, RM2 and RM60 respectively

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

|  | <b>Carrying value 2006</b> | <b>Fair value 2006</b> | 2005    |
|--|----------------------------|------------------------|---------|
| Property, plant and equipment  | <b>100.7</b>               | <b>104.6</b>           | 95.7    |
| Intangible assets  | -                          | -                      | 5.2     |
| Deferred taxation  | -                          | <b>(0.7)</b>           | 16.7    |
| Term loans   | -                          | -                      | (62.8)  |
| Cash and cash equivalents  | <b>5.6</b>                 | <b>5.6</b>             | 217.7   |
| Other net current (liabilities)/assets                                 | <b>(9.8)</b>               | <b>(9.8)</b>           | 77.7    |
| Net assets   | <b>96.5</b>                | <b>99.7</b>            | 350.2   |
| Minority interests   | <b>(17.9)</b>              | <b>(17.9)</b>          | (65.8)  |
| Net assets acquired  | <b>78.6</b>                | <b>81.8</b>            | 284.4   |
| Goodwill written off to retained profits                               |                            | <b>56.6</b>            | 696.2   |
| Goodwill retained in balance sheet                                     |                            | <b>3.0</b>             | -       |
| Cost of acquisition including direct costs relating to the acquisition |                            | <b>141.4</b>           | 980.6   |
| Less: Cash and cash equivalents of subsidiaries acquired               |                            | <b>(5.6)</b>           | (217.7) |
| Net cash outflow on acquisition of subsidiaries (Note 32)              |                            | <b>135.8</b>           | 762.9   |

The main factor that contributed towards the recognition of goodwill on the balance sheet was the value attributable to the established network in the geographical area.



### 34 ACQUISITION AND INCORPORATION OF SUBSIDIARIES – GROUP (continued)

The revenue and net profit for the year of the acquired subsidiaries and their post-acquisition contribution included in the consolidated income statement were as follows:

|                                | <b>2006</b>    | 2005      |
|--------------------------------|----------------|-----------|
| <b>Revenue</b>                 |                |           |
| During the year                | <b>771.6</b>   | 2,294.3   |
| Pre-acquisition                | <b>(688.0)</b> | (1,417.1) |
| Post-acquisition               | <b>83.6</b>    | 877.2     |
| <b>Net profit for the year</b> |                |           |
| During the year                | <b>12.9</b>    | 117.3     |
| Pre-acquisition                | <b>(5.3)</b>   | (42.8)    |
| Post-acquisition               | <b>7.6</b>     | 74.5      |

The net assets of the acquired subsidiaries included in the consolidated balance sheet at the end of the year were as follows:

|  | <b>2006</b>   | 2005   |
|--|---------------|--------|
| Property, plant and equipment          | <b>112.9</b>  | 90.9   |
| Intangible assets                      | –             | 4.4    |
| Deferred taxation                      | <b>(0.7)</b>  | 35.3   |
| Term loans                             | –             | (50.0) |
| Cash and cash equivalents              | <b>49.5</b>   | 197.4  |
| Other net current (liabilities)/assets | <b>(53.4)</b> | 160.3  |
| Minority interests                     | <b>(18.9)</b> | (79.4) |
| Group's share of net assets            | <b>89.4</b>   | 358.9  |

(b) Acquisition of additional interest in existing subsidiaries

The additional interests acquired were as follows:

| <b>Name of subsidiaries</b>           | <b>Purchase consideration</b> | <b>Group's additional effective interest (%)</b> | <b>Effective acquisition date</b> |
|---------------------------------------|-------------------------------|--|-----------------------------------|
| Columbia Chrome (Malaysia) Sdn. Bhd.  | 0.1                           | 5.0  | 20th July 2005                    |
| Century Automotive Products Sdn. Bhd. | 1.3                           | 5.5  | 8th November 2005                 |
| Hainan Dejie Motor Limited            | 0.6                           | 10.0   | 11th November 2005                |
| Tractors Malaysia Holdings Berhad     | 316.8                         | 28.3   | 4th January 2006                  |
| Hyundai – Sime Darby Berhad           | 6.7                           | 0.8  | 12th June 2006                    |

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

|   | <b>2006</b>    | 2005  |
|---|----------------|-------|
| Minority interest acquired  | <b>200.4</b>   | 130.0 |
| Goodwill written off to retained profits                                | <b>127.2</b>   | 70.0  |
| Costs of acquisition including direct costs relating to the acquisition | <b>327.6</b>   | 200.0 |
| Less: Shares issued as consideration (Note 9(b))                        | <b>(241.5)</b> | –     |
| Net cash outflow on acquisition (Note 32)                               | <b>86.1</b>    | 200.0 |



## 34 ACQUISITION AND INCORPORATION OF SUBSIDIARIES – GROUP (continued)

(c) Incorporation of subsidiaries

The subsidiaries incorporated during the year ended 30th June 2006 were as follows:

| <u>Name of subsidiaries</u>                    | <u>Group's effective interest (%)</u> | <u>Incorporation date</u> |
|--|---------------------------------------|---------------------------|
| Sime Darby Motor Group (Australia) Pty Limited | 100.0                                 | 1st September 2005        |
| Sime LCP Power Company Limited                 | 100.0                                 | 19th December 2005        |
| Dunlopillo (Middle East) FZE                   | 100.0                                 | 18th February 2006        |
| PT Sime Dunlopillo Indonesia                   | 100.0                                 | 20th March 2006           |
| Xiamen CEL Heavy Equipment Company Limited     | 100.0                                 | 18th April 2006           |

## 35 DISPOSAL OF SUBSIDIARIES - GROUP

Subsidiaries disposed during the year ended 30th June 2006 were as follows:

| <u>Name of subsidiaries</u>    | <u>Group's effective interest disposed (%)</u> | <u>Effective disposal date</u>        |
|--------------------------------|--|---------------------------------------|
| Simex Chemical Sdn. Bhd.       | 100.0  | 9th August 2005                       |
| Technochem Private Limited     | 100.0  | 28th October 2005                     |
| Sime Darby Marketing Sdn. Bhd. | 70.0<br>30.0                                   | 12th December 2005<br>14th March 2006 |
| Sime Oleander Sdn. Bhd.        | 51.1   | 12th April 2006                       |

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

|   | 2006   | 2005   |
|---|--------|--------|
| Property, plant and equipment                             | 41.5   | 12.7   |
| Deferred taxation   | (2.0)  | –      |
| Cash and cash equivalents                                 | 5.6    | 0.6    |
| Other net current (liabilities)/assets                    | (11.2) | 112.6  |
| Net assets disposed                                       | 33.9   | 125.9  |
| Reclassified as an associate                              | –      | (2.6)  |
| Loss on disposal of subsidiaries                          | (0.9)  | (95.6) |
| Proceeds from disposal of subsidiaries                    | 33.0   | 27.7   |
| Less : Cash and cash equivalents of subsidiaries disposed | (5.6)  | (0.6)  |
| Net cash inflow on disposal of subsidiaries (Note 32)     | 27.4   | 27.1   |

The subsidiaries' revenue and net profit/(loss) up to the date of disposal included in the consolidated income statement were as follows:

|                                | 2006 | 2005   |
|--------------------------------|------|--------|
| Revenue                        | 19.3 | 115.6  |
| Net profit/(loss) for the year | 1.5  | (34.3) |



### 36 SEGMENT INFORMATION - GROUP

#### (a) Primary reporting format - business segments

Details of the products, services and nature of activities carried out by the respective business segments are set out in the operations report on pages 30 to 47. Transactions between segments are carried out on an arm's length basis. The effects of such inter-segment transactions are eliminated on consolidation.

| Segment revenue                      | Year ended 30th June 2006 |                |                 | Year ended 30th June 2005 |               |          |
|--------------------------------------|---------------------------|----------------|-----------------|---------------------------|---------------|----------|
|                                      | Total                     | Inter segment  | External        | Total                     | Inter segment | External |
| Plantations                          | 1,476.6                   | (0.7)          | 1,475.9         | 1,592.5                   | -             | 1,592.5  |
| Property                             | 808.3                     | (22.0)         | 786.3           | 997.5                     | (29.4)        | 968.1    |
| Heavy equipment                      | 5,572.2                   | (13.7)         | 5,558.5         | 4,759.9                   | (8.8)         | 4,751.1  |
| Motor vehicles                       | 8,299.0                   | (11.3)         | 8,287.7         | 7,270.6                   | (9.0)         | 7,261.6  |
| Energy and utilities                 | 1,746.3                   | (9.4)          | 1,736.9         | 1,671.5                   | -             | 1,671.5  |
| General trading, services and others | 2,365.7                   | (48.9)         | 2,316.8         | 2,487.1                   | (86.2)        | 2,400.9  |
| Group                                | <b>20,268.1</b>           | <b>(106.0)</b> | <b>20,162.1</b> | 18,779.1                  | (133.4)       | 18,645.7 |

| Segment results<br>Year ended 30th June 2006 | Segment results before<br>unusual items | Unusual items | Segment results | Associates/<br>jointly controlled<br>entities | Profit before<br>interest |
|--|---|---------------|-----------------|---|---------------------------|
| Plantations                                  | 248.4                                   | 10.6          | 259.0           | 1.4   | 260.4                     |
| Property                                     | 207.7                                   | (1.6)         | 206.1           | 21.8  | 227.9                     |
| Heavy equipment                              | 556.6                                   | 1.1           | 557.7           | 13.6  | 571.3                     |
| Motor vehicles                               | 357.2                                   | 3.7           | 360.9           | 2.8   | 363.7                     |
| Energy and utilities                         | 216.3                                   | (17.4)        | 198.9           | 80.4  | 279.3                     |
| General trading, services and others         | 35.6                                    | (4.2)         | 31.4            | (27.7)  | 3.7                       |
| Group  | <b>1,621.8</b>                          | <b>(7.8)</b>  | <b>1,614.0</b>  | <b>92.3</b>                                   | <b>1,706.3</b>            |

|  |                |
|--|----------------|
| Unallocated costs                                    | (31.8)         |
| Investment and interest income                       | 89.5           |
| Finance costs  | (121.8)        |
| Profit before taxation                               | 1,642.2        |
| Taxation (including share of taxation of associates) | (439.1)        |
| Profit after taxation                                | 1,203.1        |
| Minority interests                                   | (82.5)         |
| Net profit for the year                              | <b>1,120.6</b> |

#### Year ended 30th June 2005

|                                      |                |                |                |             |                |
|--------------------------------------|----------------|----------------|----------------|-------------|----------------|
| Plantations                          | 272.3          | (2.1)          | 270.2          | 0.5         | 270.7          |
| Property                             | 311.7          | 21.0           | 332.7          | 14.0        | 346.7          |
| Heavy equipment                      | 448.9          | 4.1            | 453.0          | 8.9         | 461.9          |
| Motor vehicles                       | 297.1          | (86.0)         | 211.1          | 2.9         | 214.0          |
| Energy and utilities                 | 211.3          | (76.9)         | 134.4          | (0.9)       | 133.5          |
| General trading, services and others | 12.2           | (37.1)         | (24.9)         | (4.8)       | (29.7)         |
| Group                                | <b>1,553.5</b> | <b>(177.0)</b> | <b>1,376.5</b> | <b>20.6</b> | <b>1,397.1</b> |

|  |              |
|--|--------------|
| Unallocated costs                                    | (25.4)       |
| Investment and interest income                       | 88.3         |
| Finance costs  | (95.2)       |
| Profit before taxation                               | 1,364.8      |
| Taxation (including share of taxation of associates) | (431.4)      |
| Profit after taxation                                | 933.4        |
| Minority interests                                   | (132.2)      |
| Net profit for the year                              | <b>801.2</b> |



**36 SEGMENT INFORMATION – GROUP (continued)**

**(a) Primary reporting format - business segments (continued)**

**Balance sheet**

| <b>At 30th June 2006</b>             | <b>Segment assets</b> | <b>Segment liabilities</b> | <b>Capital expenditure</b> | <b>Depreciation</b> | <b>Impairment losses</b> | <b>Non-cash income/expense</b> |
|--------------------------------------|-----------------------|----------------------------|----------------------------|---------------------|--------------------------|--------------------------------|
| Plantations                          | 1,399.0               | (148.8)                    | 64.0                       | (41.8)              | 3.8                      | (1.5)                          |
| Property                             | 2,464.8               | (492.7)                    | 39.9                       | (18.9)              | (3.7)                    | -                              |
| Heavy equipment                      | 3,058.9               | (1,060.6)                  | 332.0                      | (119.6)             | -                        | (12.5)                         |
| Motor vehicles                       | 3,625.1               | (1,064.7)                  | 234.8                      | (84.7)              | (3.4)                    | 5.7                            |
| Energy and utilities                 | 1,962.3               | (630.7)                    | 38.7                       | (68.6)              | -                        | 7.4                            |
| General trading, services and others | 967.1                 | (527.2)                    | 28.8                       | (43.1)              | (3.5)                    | (9.8)                          |
| <b>Total</b>                         | <b>13,477.2</b>       | <b>(3,924.7)</b>           | <b>738.2</b>               | <b>(376.7)</b>      | <b>(6.8)</b>             | <b>(10.7)</b>                  |
| Tax assets/(liabilities)             | 499.8                 | (479.3)                    |                            |                     |                          |                                |
| Other assets/(liabilities)           | 3,560.8               | (3,339.8)                  |                            |                     |                          |                                |
| <b>Total assets/(liabilities)</b>    | <b>17,537.8</b>       | <b>(7,743.8)</b>           |                            |                     |                          |                                |

At 30th June 2005

|                                      |                 |                  |              |                |               |               |
|--------------------------------------|-----------------|------------------|--------------|----------------|---------------|---------------|
| Plantations                          | 1,411.7         | (162.2)          | 60.8         | (34.5)         | (3.2)         | 6.1           |
| Property                             | 2,390.0         | (496.2)          | 5.0          | (23.9)         | (2.0)         | (2.6)         |
| Heavy equipment                      | 2,626.6         | (843.7)          | 237.2        | (106.7)        | -             | (6.0)         |
| Motor vehicles                       | 3,433.3         | (1,285.1)        | 100.0        | (82.3)         | (10.2)        | (33.2)        |
| Energy and utilities                 | 1,775.5         | (549.6)          | 41.6         | (71.5)         | -             | 3.7           |
| General trading, services and others | 1,350.5         | (546.5)          | 98.7         | (41.7)         | (4.4)         | (54.8)        |
| <b>Total</b>                         | <b>12,987.6</b> | <b>(3,883.3)</b> | <b>543.3</b> | <b>(360.6)</b> | <b>(19.8)</b> | <b>(86.8)</b> |
| Tax assets/(liabilities)             | 473.6           | (476.5)          |              |                |               |               |
| Other assets/(liabilities)           | 2,773.8         | (2,691.0)        |              |                |               |               |
| <b>Total assets/(liabilities)</b>    | <b>16,235.0</b> | <b>(7,050.8)</b> |              |                |               |               |

**(b) Secondary reporting format – geographical segments**

|  | <b>External revenue</b> |                 | <b>Segment assets</b> |                 | <b>Capital expenditure</b> |              |
|--|-------------------------|-----------------|-----------------------|-----------------|----------------------------|--------------|
|  | <b>2006</b>             | <b>2005</b>     | <b>2006</b>           | <b>2005</b>     | <b>2006</b>                | <b>2005</b>  |
| Malaysia                               | 6,242.8                 | 6,530.1         | 7,085.9               | 6,789.6         | 197.5                      | 173.3        |
| Singapore                              | 2,845.4                 | 2,198.1         | 1,375.1               | 1,311.7         | 91.3                       | 63.3         |
| China                                  | 4,269.7                 | 3,510.2         | 1,250.8               | 1,165.7         | 41.0                       | 35.6         |
| Australia                              | 4,071.0                 | 3,632.2         | 1,901.7               | 1,678.5         | 329.6                      | 179.6        |
| Other countries                        | 2,733.2                 | 2,775.1         | 1,317.4               | 1,226.7         | 78.8                       | 91.5         |
|  | <b>20,162.1</b>         | <b>18,645.7</b> | <b>12,930.9</b>       | <b>12,172.2</b> | <b>738.2</b>               | <b>543.3</b> |
| Associates/jointly controlled entities |                         |                 | 546.3                 | 815.4           |                            |              |
| Tax assets                             |                         |                 | 499.8                 | 473.6           |                            |              |
| Other assets                           |                         |                 | 3,560.8               | 2,773.8         |                            |              |
| <b>Total assets</b>                    |                         |                 | <b>17,537.8</b>       | <b>16,235.0</b> |                            |              |



### 36 SEGMENT INFORMATION – GROUP (continued)

#### (b) Secondary reporting format – geographical segments (continued)

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

#### Segment results

|  | <b>Profit before interest</b> |         |
|--|-------------------------------|---------|
|  | <b>2006</b>                   | 2005    |
| Malaysia   | <b>655.6</b>                  | 909.5   |
| Singapore  | <b>239.9</b>                  | 160.8   |
| China  | <b>157.1</b>                  | (142.6) |
| Australia  | <b>408.3</b>                  | 343.3   |
| Other countries                                      | <b>213.6</b>                  | 100.7   |
| Group  | <b>1,674.5</b>                | 1,371.7 |
| Investment and interest income                       | <b>89.5</b>                   | 88.3    |
| Finance costs  | <b>(121.8)</b>                | (95.2)  |
| Profit before taxation                               | <b>1,642.2</b>                | 1,364.8 |
| Taxation (including share of taxation of associates) | <b>(439.1)</b>                | (431.4) |
| Profit after taxation                                | <b>1,203.1</b>                | 933.4   |
| Minority interests                                   | <b>(82.5)</b>                 | (132.2) |
| Net profit for the year                              | <b>1,120.6</b>                | 801.2   |



## 37 DISCLOSURE OF SIGNIFICANT RELATED PARTY TRANSACTIONS

At the last Annual General Meeting held on 25th October 2005, 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 4.1.5 of Practice Note No. 12/2001 issued by Bursa Malaysia Securities Berhad, the details of recurrent related party transactions conducted during the year ended 30th June 2006 pursuant to the shareholders' mandate and announcements made were as follows:-

| Subsidiaries of the Company                        | Transacting party                             | Nature of transaction  | Related party and nature of relationship  | 2006         | 2005 |
|--|---|--|---|--------------|------|
| Sime Rengo Packaging (Malaysia) Sdn. Bhd. ("SRPM") | Rengo Co. Ltd.                                | Procurement of management and technical advice by SRPM from Rengo Co. Ltd.   | Rengo Co. Ltd., substantial shareholder of SRPM   | <b>4.4</b>   | 7.8  |
| Sime Kubota Sdn. Bhd. ("SK")                       | Kubota Corporation                            | Purchase of agricultural tractors, engines and parts by SK from Kubota Corporation   | Kubota Corporation, substantial shareholder of SK   | <b>9.5</b>   | 14.6 |
| Syarikat Malacca Straits Inn Sdn. Bhd. ("SMSI")    | Hotel Equatorial Management Sdn. Bhd. ("HEM") | Procurement of hotel operation management and technical advice by SMSI from HEM  | Hotel Equatorial (M) Sdn. Bhd. which is the holding company of HEM, is a substantial shareholder of SMSI                      | <b>1.1</b>   | 1.2  |
| Sime Rengo Packaging Singapore Limited ("SRPS")    | Rengo Co. Ltd.                                | Purchase of goods by SRPS from Rengo Co. Ltd.  | Rengo Co. Ltd, a substantial shareholder of SRPS  | <b>4.7</b>   | 5.2  |
| Inokom Corporation Sdn. Bhd. ("ICSB")              | Hyundai Motor Company ("HMC")                 | Royalty payment and procurement of Completely Knocked-Down ("CKD") packs, Completely Built-Up ("CBU") cars and ancillary services by ICSB from HMC | HMC, a substantial shareholder of ICSB  | <b>637.8</b> | –    |
|  | Hyundai Motor India Ltd, ("HMIL")             | Procurement of CKD motor vehicle components by ICSB from HMIL  | HMC which is the holding company of HMIL, is a substantial shareholder of ICSB  | <b>35.5</b>  | –    |
|  | Quasar Carriage Sdn. Bhd. ("QCSB")            | Sale of Permas and Lorimas vehicles and related parts by ICSB to QCSB.   | Berjaya Group Berhad, a substantial shareholder of ICSB and QCSB and Dato' Amer Hamzah bin Ahmad, a director of ICSB and QCSB | <b>2.9</b>   | –    |




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

| Subsidiaries of the Company     | Transacting party                    | Nature of transaction   | Related party and nature of relationship                              | 2006        | 2005 |
|---------------------------------|--------------------------------------|---|---|-------------|------|
| Hyumal Motor Sdn. Bhd. ("HMSB") | HMC                                  | Procurement of CBU cars, advertising and promotion, technical assistance, training, maintenance support and related services from HMC | HMSB is a related company of ICSB, which is substantially held by HMC | <b>41.9</b> | –    |
|                                 | Subsidiaries of Berjaya Group Berhad | Provision of workshop services and sales of vehicle related spare parts by HMSB to subsidiaries of Berjaya Group Berhad               | Berjaya Group Berhad, a former substantial shareholder of HMSB        | <b>0.3</b>  | –    |

Other significant related party transactions were as follows:

|  | Group        |       | Company     |      |
|--|--------------|-------|-------------|------|
|  | 2006         | 2005  | 2006        | 2005 |
| (a) Transactions with subsidiaries   |              |       |             |      |
| Commission and management fees income  | –            | –     | <b>42.8</b> | 39.9 |
| (b) Transactions with associates   |              |       |             |      |
| Premises rental income from Continental Sime Tyre Sdn. Bhd.  | <b>3.5</b>   | 7.0   | –           | –    |
| Purchase of goods from Continental Sime Tyre Sdn. Bhd.   | <b>0.7</b>   | 3.7   | –           | –    |
| Forwarding services rendered by KN Logistics Sdn. Bhd. (formerly known as Sime Integrated Logistics Sdn. Bhd.) | <b>11.8</b>  | –     | –           | –    |
| Insurance services rendered by Union Sime Darby (Thailand) Limited   | <b>2.5</b>   | 2.5   | –           | –    |
| Progress billings for properties under construction acquired from Artesian Investments Pte. Ltd.               | <b>6.0</b>   | –     | –           | –    |
| Provision of marine equipment and services to subsidiaries of Jaya Holdings Limited                            | <b>46.2</b>  | 25.4  | –           | –    |
| (c) Transactions with subsidiaries' minority shareholders  |              |       |             |      |
| Sales of goods and performance of services to Gunnebo Holdings APS and its related companies                   | <b>13.9</b>  | 13.6  | –           | –    |
| Payment to Sirim Berhad for non-exclusive right to use of the word "SIRIM" in the name of a subsidiary         | <b>1.0</b>   | –     | –           | –    |
| Purchase of goods from Ford Motor Company and its related companies  | <b>156.2</b> | 246.9 | –           | –    |

There are no material contracts subsisting as at 30th June 2006 or if not then subsisting, entered into since the end of the previous year by the Company or its subsidiaries which involved the interests of Directors or substantial shareholders.



## 38 FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives and policies

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

#### Foreign currency exchange risk

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

#### Interest rate risk

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

#### Credit risk

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

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and for the Company were represented by the carrying amount of each financial asset and in respect of derivative financial instruments, the maximum exposure are as disclosed in Note 38(d).

#### Liquidity and cash flow risk

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

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

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

#### Short term financial instruments

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

#### Investments

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

#### Long-term financial instruments

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



### 38 FINANCIAL INSTRUMENTS (continued)

- (b) Fair value estimation for disclosure purposes (continued)

#### Derivative financial instruments

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

- (c) Off balance sheet financial instruments

- (i) Forward foreign exchange contracts

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

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

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

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

**38 FINANCIAL INSTRUMENTS (continued)**

(c) Off balance sheet financial instruments (continued)

(i) Forward foreign exchange contracts (continued)

|   | Maturities       |                   | Total          |
|---|------------------|-------------------|----------------|
|   | Within<br>1 year | 1 year<br>or more |                |
| 2005  |                  |                   |                |
| Forward contracts used to hedge trade receivables     |                  |                   |                |
| - Euro  | 24.8             | –                 | 24.8           |
| - United States dollar                                | 204.5            | 246.3             | 450.8          |
|   | <u>229.3</u>     | <u>246.3</u>      | <u>475.6</u>   |
| Forward contracts used to hedge anticipated purchases |                  |                   |                |
| - Euro  | 53.2             | –                 | 53.2           |
| - Japanese yen  | 11.3             | –                 | 11.3           |
| - Pound sterling                                      | 2.7              | –                 | 2.7            |
| - Singapore dollar                                    | 1.5              | –                 | 1.5            |
| - United States dollar                                | 4.9              | –                 | 4.9            |
|   | <u>73.6</u>      | <u>–</u>          | <u>73.6</u>    |
| Forward contracts used to hedge trade payables        |                  |                   |                |
| - Australian dollar                                   | 30.0             | –                 | 30.0           |
| - Euro  | 876.5            | –                 | 876.5          |
| - Japanese yen  | 70.5             | –                 | 70.5           |
| - Pound sterling                                      | 28.0             | –                 | 28.0           |
| - Singapore dollar                                    | 57.4             | –                 | 57.4           |
| - United States dollar                                | 233.5            | –                 | 233.5          |
| - Others  | 0.8              | –                 | 0.8            |
|   | <u>1,296.7</u>   | <u>–</u>          | <u>1,296.7</u> |
|   | <u>1,599.6</u>   | <u>246.3</u>      | <u>1,845.9</u> |

(ii) Interest rate swaps

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

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

|   | 2006                  | 2005         |
|---|-----------------------|--------------|
| Less than 1 year.                       | <b>80.0</b>           | 30.0         |
| Later than 1 and not later than 5 years | <b>917.1</b>          | 943.1        |
| Later than 5 years                      | <b>36.1</b>           | 14.0         |
|   | <u><b>1,033.2</b></u> | <u>987.1</u> |

(iii) Credit risk

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



### 38 FINANCIAL INSTRUMENTS (continued)

(d) Fair value

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

|  | Note | Group<br>Carrying<br>amount | Group<br>Fair<br>value | Company<br>Carrying<br>amount | Company<br>Fair<br>value |
|--|------|-----------------------------|------------------------|-------------------------------|--------------------------|
| <b>Financial assets</b>                        |      |                             |                        |                               |                          |
| <b>2006</b>                                    |      |                             |                        |                               |                          |
| Non-current net investments in finance leases  | 16   | 454.1                       | *                      | -                             | -                        |
| Investment in subsidiaries                     | 25   |                             |                        |                               |                          |
| - Quoted shares                                |      | -                           | -                      | 646.3                         | 1,141.0                  |
| - Unquoted shares                              |      | -                           | -                      | 2,459.2                       | *                        |
| Net amounts due from subsidiaries              | 25   | -                           | -                      | 3,040.9                       | **                       |
| Non-current quoted shares                      | 22   | 3.6                         | 6.1                    | 2.9                           | 5.4                      |
| Unquoted shares                                | 22   | 344.8                       | ***                    | 191.6                         | ***                      |
| <hr/>  |      |                             |                        |                               |                          |
| 2005   |      |                             |                        |                               |                          |
| Non-current net investments in finance leases  |      | 465.7                       | *                      | -                             | -                        |
| Investment in subsidiaries                     |      |                             |                        |                               |                          |
| - Quoted shares                                |      | -                           | -                      | 782.1                         | 1,949.3                  |
| - Unquoted shares                              |      | -                           | -                      | 2,003.9                       | *                        |
| Net amounts due from subsidiaries              |      | -                           | -                      | 2,528.8                       | **                       |
| Current marketable securities                  |      | 26.8                        | 29.3                   | -                             | -                        |
| Non-current quoted shares                      |      | 4.6                         | 7.1                    | 2.9                           | 6.1                      |
| Unquoted shares                                |      | 151.2                       | ***                    | -                             | -                        |
| <hr/>  |      |                             |                        |                               |                          |
| <b>Financial liabilities</b>                   |      |                             |                        |                               |                          |
| <b>2006</b>                                    |      |                             |                        |                               |                          |
| Term loans                                     | 11   | 1,118.7                     | 1,118.7                | -                             | -                        |
| Unconvertible redeemable unsecured loan stocks | 11   | 37.4                        | *                      | -                             | -                        |
| Al Murabahah Medium Term Notes                 | 11   | 1,000.0                     | 986.8                  | 1,000.0                       | 986.8                    |
| <hr/>  |      |                             |                        |                               |                          |
| 2005   |      |                             |                        |                               |                          |
| Term loans                                     |      | 1,352.4                     | 1,352.2                | -                             | -                        |
| Unconvertible redeemable unsecured loan stocks |      | 37.4                        | *                      | -                             | -                        |
| Al Murabahah Medium Term Notes                 |      | 500.0                       | 505.8                  | 500.0                         | 505.8                    |

\* It is not practicable within the constraints of timeliness and costs to estimate the fair value of the Group's and Company's non-current net investments in finance leases, unquoted shares and unconvertible redeemable unsecured loan stocks.

\*\* It is not practicable to estimate the fair value of amounts due from subsidiaries due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

\*\*\* It is not practicable to estimate the fair value of the Group's unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

**38 FINANCIAL INSTRUMENTS (continued)**

(d) Fair value (continued)

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

| 2006                               | Note             | Group                          |                   | Company                        |                   |
|------------------------------------|------------------|--------------------------------|-------------------|--------------------------------|-------------------|
|                                    |                  | Nominal/<br>notional<br>amount | Net fair<br>value | Nominal/<br>notional<br>amount | Net fair<br>value |
| Forward foreign exchange contracts | <b>38(c)(i)</b>  | <b>1,905.8</b>                 | <b>6.9</b>        | –                              | –                 |
| Interest rate swaps                | <b>38(c)(ii)</b> | <b>1,033.2</b>                 | <b>28.1</b>       | –                              | –                 |
| Contingent liabilities             | <b>30</b>        | <b>1,775.8</b>                 | <b>****</b>       | <b>899.1</b>                   | <b>****</b>       |

| 2005                               | Group                          |                   | Company                        |                   |
|------------------------------------|--------------------------------|-------------------|--------------------------------|-------------------|
|                                    | Nominal/<br>notional<br>amount | Net fair<br>value | Nominal/<br>notional<br>amount | Net fair<br>value |
| Forward foreign exchange contracts | 1,845.9                        | (47.0)            | –                              | –                 |
| Interest rate swaps                | 987.1                          | 10.2              | –                              | –                 |
| Contingent liabilities             | 2,347.1                        | ****              | 1,180.1                        | ****              |

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

**39 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE**

(a) Corporate proposals completed after 30th June 2006:

- (i) On 10th April 2006, Sime Malaysia Region Berhad, Sime Darby Nominees Sendirian Berhad and SD Holdings Berhad, who collectively hold 99.64% equity interest in Century Automotive Products Sdn. Bhd. ("CAP") entered into a Sale and Purchase Agreement with Ramcar Battery Sdn. Bhd. for the disposal of all their respective equity interests in CAP for a total consideration of RM14.6 million. The disposal was completed on 24th July 2006.
- (ii) On 8th March 2006, Sime Darby Motors (Nissan China) Holdings Limited entered into an Equity Interest Transfer Contract with Ms. Ma Qin, Yunnan Kai Cheng Economic and Trading Company Limited and Yunnan Sime Winner Motor Services Co. Limited ("YSW") for the disposal of its entire 90% equity interest in YSW for RMB5.5 million. The disposal was completed on 25th July 2006.
- (iii) On 31st July 2006, Sime Darby Eastern Limited acquired the entire equity interest in Fortum Energy Solutions (Thailand) Company Limited ("FEST") for Euro 1.1 million. FEST is principally involved in the provision of operation and maintenance services to power plants in Thailand.

(b) Corporate proposals announced but not completed as at 29th August 2006:

On 21st June 2006, Sime Malaysia Region Berhad entered into a Share Sale Agreement ("SSA") with Conoco Jet (Malaysia) Sdn. Bhd. ("CJSB") for the disposal of its entire 51% equity interest in Sime Conoco Energy Sdn. Bhd. to CJSB, for a total cash consideration of USD0.5 million. The completion of the SSA is conditional upon the approvals of the Foreign Investment Committee, the Ministry of Domestic Trade and Consumer Affairs and other relevant regulatory authorities, if required.

**40 ADOPTION OF NEW ACCOUNTING STANDARDS**

During the financial year, MASB issued a new set of accounting standards known as Financial Reporting Standards ("FRS") for entities other than private entities.

As stated in the Principal Accounting Policies, the Group has adopted FRS 3 in accounting for business combinations, where the agreement date is on or after 1st January 2006, and FRS 136 and FRS 138 in accounting for goodwill and intangible assets arising therefrom. The Group will adopt the remaining FRS and apply FRS 136 and FRS 138 to all other assets from 1st July 2006.

The first set of annual financial statements and the first interim report prepared in accordance with FRS will be for the financial year ending 30th June 2007 and quarter ending 30th September 2006, respectively.



## 41 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2006

| NAME OF COMPANY  | PRINCIPAL ACTIVITIES  | COUNTRY OF INCORPORATION/<br>PRINCIPAL PLACE OF BUSINESS | GROUP'S EFFECTIVE INTEREST % |                    |
|--|---|--|------------------------------|--------------------|
|  |   |  | 2006                         | 2005               |
| <b>PLANTATIONS</b>   |   |  |                              |                    |
| Consolidated Plantations Berhad  | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Elington International Limited   | Investment holding  | British Virgin Islands                                   | -                            | ^50.0 <sup>2</sup> |
| Kempas Edible Oil Sendirian Berhad   | Palm oil refining and fractionation; and manufacturing and marketing of specialty and end user fats           | Malaysia   | 100.0                        | 100.0              |
| Kwang Joo Seng (Malaysia) Private Limited  | Property investment   | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Lattimer International Limited   | Investment holding  | British Virgin Islands                                   | -                            | ^50.0 <sup>2</sup> |
| Morakot Industries Public Company Limited  | Manufacture and marketing of cooking oil  | Thailand   | 99.92                        | 99.92              |
| PT Sime Indo Agro  | Oil palm cultivation  | Indonesia  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Savola Sime Egypt Company SAE #  | Manufacturing and refining of edible vegetable oils   | Egypt  | -                            | ^37.5 <sup>2</sup> |
| Savola Sime Foods Limited  | Investment holding  | British Virgin Islands                                   | -                            | ^50.0 <sup>1</sup> |
| Selatan Estates Sendirian Berhad   | Oil palm cultivation  | Malaysia   | 100.0                        | 100.0              |
| Sharikat Hadapan Berhad  | Oil palm cultivation  | Malaysia   | 100.0                        | 100.0              |
| Sime Aerogreen Technology Sdn Bhd  | Production and marketing of aeroponic vegetables  | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Edible Products Limited   | Refining, manufacturing and marketing of edible oils and palm oil related products                            | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Futures Trading Sdn Bhd   | Commodity trading   | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Technology Centre Sdn Bhd   | Research and development  | Malaysia   | 100.0                        | 100.0              |
| Sime-Morakot Holdings (Thailand) Limited   | Investment holding  | Thailand   | 100.0 <sup>2</sup>           | 100.0 <sup>2</sup> |
| Sime Plantations Sdn Bhd   | Oil palm cultivation and palm oil production  | Malaysia   | 100.0                        | 100.0              |
| The China Engineers (Thailand) Limited   | Investment holding  | Thailand   | 99.92                        | 99.92              |
| <b>PROPERTY</b>  |   |  |                              |                    |
| Alexandra Properties Limited   | Property management and investment  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Alor Setia Sdn Bhd   | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Amston Properties Private Limited  | Property development  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Aquila Development Private Limited   | Property development and investment   | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Artesian Investments Pte Ltd   | Property development  | Singapore  | ^49.0 <sup>1</sup>           | ^49.0 <sup>1</sup> |
| Avidat Sdn Bhd   | Property investment   | Malaysia   | 100.0                        | 100.0              |
| Bluefields Investments Pte Ltd   | Property development  | Singapore  | ^49.0 <sup>1</sup>           | ^49.0 <sup>1</sup> |
| Brunsfeld Embassyview Sdn Bhd  | Development of a resort condominium   | Malaysia   | ^30.0 <sup>3</sup>           | -                  |
| Caring Skyline Sdn Bhd   | Property development and management   | Malaysia   | 100.0                        | 100.0              |
| China Property Development (Holdings) Limited  | Investment holding  | Cayman Islands   | ^30.4 <sup>2</sup>           | ^30.4 <sup>2</sup> |
| Citrus Grove Properties Private Limited  | Property investment and management of service residences  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Constant Skyline Sdn Bhd   | Property development and investment   | Malaysia   | 100.0                        | 100.0              |
| CPB Properties Sdn Bhd   | Property management and related activities  | Malaysia   | 100.0                        | 100.0              |
| Dunearn Properties Limited   | Property management and investment  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Ecopuri Sdn Bhd  | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Golfhome Development Sdn Bhd   | Property investment   | Malaysia   | 100.0                        | 100.0              |
| Golftex Development Sdn Bhd  | Property investment   | Malaysia   | 100.0                        | 100.0              |
| Green East Prime Ventures, Inc   | Real property and land ownership  | Philippines  | 63.2 <sup>2</sup>            | 63.2 <sup>2</sup>  |
| Ironwood Development Sdn Bhd   | Property investment   | Malaysia   | 100.0                        | 100.0              |
| Kuala Lumpur Golf & Country Club Berhad  | Provision of golfing, sporting and other recreational activities and services as well as property development | Malaysia   | 100.0                        | 100.0              |
| Lengkap Teratai Sdn Bhd  | Property investment and plantation  | Malaysia   | 51.2                         | 51.2               |
| Malaysian Ice Berhad   | Property investment   | Malaysia   | 100.0                        | 100.0              |
| North Road Properties Sendirian Berhad   | Property investment   | Malaysia   | 100.0                        | 100.0              |
| Pinar Baiduri Sdn Bhd  | Property investment   | Malaysia   | 100.0                        | 100.0              |
| Prominent Acres Sdn Bhd  | Property investment, development and plantation   | Malaysia   | 75.6                         | 75.6               |
| PT Bhumyamca Sekawan   | Light industrial and commercial property investment and management  | Indonesia  | ^49.0 <sup>1</sup>           | ^49.0 <sup>1</sup> |
| Puri Bahagia Sdn Bhd   | Property investment   | Malaysia   | 100.0                        | 100.0              |
| R&W Management Sdn Bhd   | General insurance agency and trading  | Malaysia   | 51.2                         | 51.2               |
| Rangdong Orange Court Limited  | Property investment and management of service residences  | Vietnam  | 65.0 <sup>1</sup>            | 65.0 <sup>1</sup>  |
| Shaw Brothers (M) Sdn Bhd  | Property investment and investment holding  | Malaysia   | ^18.4                        | ^18.4              |
| Siltown Realty Philippines, Inc  | Investment holding  | Philippines  | ^39.5 <sup>2</sup>           | ^39.5 <sup>2</sup> |
| Silvertown Property Development Corporation  | Leasing of properties   | Philippines  | 98.7 <sup>2</sup>            | 98.7 <sup>2</sup>  |
| Sime Allied Properties Limited   | Investment holding  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Australia Limited   | Investment holding, motel operations and management   | Australia  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Brunsfeld Holding Sdn Bhd<br>(formerly known as Sime Darby Brunsfeld Development Sdn Bhd) | Design, building, construction, marketing, sale and management of service apartments and commercial buildings | Malaysia   | 60.0                         | -                  |
| Sime Darby General Trading Sdn Bhd   | Property investment   | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Hotels Pty Ltd  | Operations of service apartments  | Australia  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Industrial Properties Sdn Bhd   | Property investment   | Malaysia   | 100.0                        | 100.0              |



## 41 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2006

| NAME OF COMPANY                                 | PRINCIPAL ACTIVITIES  | COUNTRY OF INCORPORATION/<br>PRINCIPAL PLACE OF BUSINESS | GROUP'S EFFECTIVE INTEREST % |                    |
|---|---|--|------------------------------|--------------------|
|   |   |  | 2006                         | 2005               |
| Sime Darby Land Sdn Bhd                         | Property development and management, project management, property investment and plantations business                                     | Malaysia   | 100.0                        | 100.0              |
| Sime Darby London Limited                       | Investment holding  | United Kingdom   | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Property Development Sdn Berhad      | Property investment   | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Realty Development Corporation       | Property development  | Philippines  | 98.7 <sup>2</sup>            | 98.7 <sup>2</sup>  |
| Sime Darby Resorts Pty Ltd                      | Management of a resort  | Australia  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Urus Harta Berhad                    | Property services and management  | Malaysia   | 100.0                        | 100.0              |
| Sime Footwear (Melaka) Sdn Bhd                  | Property investment   | Malaysia   | 100.0                        | 100.0              |
| Sime Hartanah Sdn Bhd                           | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Sime Management Services Limited                | Property management services  | United Kingdom   | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Pilmoor Development Sdn Bhd                | Property investment and development   | Malaysia   | 100.0                        | 100.0              |
| Sime Properties (Vietnam) Private Limited       | Investment holding  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Properties International Private Limited   | Property investment and management  | Singapore  | 75.6 <sup>1</sup>            | 75.6 <sup>1</sup>  |
| Sime Property Holdings Sendirian Berhad         | Property investment   | Malaysia   | 100.0                        | 100.0              |
| Sime UEP Brunfield Properties Sdn Bhd           | Property investment and development   | Malaysia   | 50.5                         | -                  |
| Sime UEP Building Management Services Sdn Bhd   | Property management   | Malaysia   | 51.2                         | 51.2               |
| Sime UEP Centre Sdn Bhd                         | Property investment and development   | Malaysia   | 75.6                         | 75.6               |
| Sime UEP Development Sdn Bhd                    | Property investment, construction and development   | Malaysia   | 51.2                         | 51.2               |
| Sime UEP Executive Suites Sdn Bhd               | Property investment and management  | Malaysia   | 65.8                         | 65.8               |
| Sime UEP Heights Sdn Bhd                        | Property investment and development   | Malaysia   | 51.2                         | 51.2               |
| Sime UEP Homes Sdn Bhd                          | Property investment and development   | Malaysia   | 51.2                         | 51.2               |
| Sime UEP Industrial Park Sdn Bhd                | Property investment and development   | Malaysia   | 51.2                         | 51.2               |
| Sime UEP (Johor) Sdn Bhd                        | Property investment and development   | Malaysia   | 51.2                         | 51.2               |
| Sime UEP Lembah Acob Sdn Bhd                    | Property investment and plantation  | Malaysia   | 51.2                         | 51.2               |
| Sime UEP Properties Berhad #                    | Investment holding and management   | Malaysia   | 51.2                         | 51.2               |
| Sime Way Sdn Bhd                                | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Sime Wood Industries Sdn Bhd                    | Property investment   | Malaysia   | 100.0                        | 100.0              |
| Singapore Properties Limited                    | Property investment and development   | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Solarvest Sdn Bhd                               | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Stableford Development Sdn Bhd                  | Property investment   | Malaysia   | 100.0                        | 100.0              |
| Sungei Way Development Berhad                   | Property investment   | Malaysia   | 51.2                         | 51.2               |
| Syarikat Malacca Straits Inn Sdn Bhd            | Hotel ownership   | Malaysia   | 55.0                         | 55.0               |
| UEP Construction Sdn Bhd                        | Property investment   | Malaysia   | 51.2                         | 51.2               |
| Wisma Sime Darby Sdn Berhad                     | Property management and related services  | Malaysia   | 100.0                        | 100.0              |
| <b>HEAVY EQUIPMENT</b>                          |   |  |                              |                    |
| Austchrome Pty Ltd                              | Chroming and hydraulic repairs  | Australia  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Caltrac SAS                                     | Sales of equipment and spare parts and service support for Caterpillar business   | New Caledonia  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Caterpillar Financial Services Malaysia Sdn Bhd | Hire purchase and leasing finance in support of sales of equipment  | Malaysia   | ^40.0                        | ^28.7              |
| CICA Limited                                    | Distribution, sales and maintenance of trucks, drilling equipment and compressors   | Channel Islands  | 70.0 <sup>2</sup>            | -                  |
| Columbia Chrome (Malaysia) Sdn Bhd              | Manufacturing, re-manufacturing, repair and servicing of engine products, electroplating and chroming activities                          | Malaysia   | 100.0                        | 68.2               |
| Energy Power Systems Australia Pty Ltd          | Sale of Caterpillar engines   | Australia  | ^20.0 <sup>1</sup>           | ^20.0 <sup>1</sup> |
| FG Wilson Asia Pte Ltd                          | Distribution of FG Wilson generator sets  | Singapore  | ^50.0 <sup>1</sup>           | ^42.9 <sup>1</sup> |
| Foshan Shunde CEL Machinery Company Limited     | Sales of equipment and spare parts and service support for Caterpillar business   | China  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Hastings Deering (Australia) Ltd                | Sales of equipment and spare parts and service support for Caterpillar business   | Australia  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Hastings Deering (PNG) Limited                  | Sales of equipment and spare parts and service support for Caterpillar business   | Papua New Guinea   | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Hastings Deering (Solomon Islands) Limited      | Sales of equipment and spare parts and service support for Caterpillar business   | Solomon Islands  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Kiong Yu Realty Sdn Bhd                         | Property holding  | Malaysia   | 100.0                        | 71.7               |
| Otofin Sdn Bhd                                  | Sale and marketing of generators, agricultural and industrial machinery   | Malaysia   | 75.0                         | 53.8               |
| Otofin Industries Sdn Bhd                       | Manufacturing and assembly of generators, agricultural and industrial machinery   | Malaysia   | 75.0                         | 53.8               |
| Sime Darby Industries, Inc                      | General trading   | Philippines  | 98.7 <sup>2</sup>            | 98.7 <sup>2</sup>  |
| Sime Darby Pilipinas, Inc                       | Distribution and servicing of Ford New Holland and Fiat agricultural machinery, Kamol agricultural equipment, general trading and leasing | Philippines  | 98.7 <sup>2</sup>            | 98.7 <sup>2</sup>  |
| Sime Kubota Sdn Bhd                             | Assembly and distribution of Kubota range of agricultural machinery and other machinery and equipment                                     | Malaysia   | 90.0                         | 90.0               |





## 41 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2006

| NAME OF COMPANY   | PRINCIPAL ACTIVITIES  | COUNTRY OF INCORPORATION/<br>PRINCIPAL PLACE OF BUSINESS | GROUP'S EFFECTIVE INTEREST % |                    |
|---|---|--|------------------------------|--------------------|
|   |   |  | 2006                         | 2005               |
| Terberg Tractors Malaysia Sdn Bhd   | Manufacturing, marketing, distributing, selling and servicing Terberg terminal tractors   | Malaysia   | *50.0                        | -                  |
| The China Engineers (BVI) Limited   | Investment holding  | British Virgin Islands                                   | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| The China Engineers, Limited  | Sales of equipment and spare parts and service support for Caterpillar business   | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| The China Engineers (South China) Limited   | Investment holding  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| TMA-Joy Industries Asia Pacific Sdn Bhd   | Designing and manufacturing of heat exchangers, radiators, process equipment modules, filters and separators  | Malaysia   | 55.0                         | 39.5               |
| Tractors (B) Sdn Bhd  | Assembly, marketing and distribution of agricultural and industrial equipment   | Brunei   | 70.0 <sup>1</sup>            | 50.2 <sup>1</sup>  |
| Tractors Malaysia Engineering Sdn Bhd   | Commercial production and marketing of local agricultural machines  | Malaysia   | 100.0                        | 71.7               |
| Tractors Malaysia Enterprise Sdn Bhd  | Investment holding  | Malaysia   | 100.0                        | 71.7               |
| Tractors Malaysia Holdings Berhad   | Investment holding and provision of management and ancillary services   | Malaysia   | 100.0                        | 71.7               |
| Tractors Malaysia (Hong Kong) Limited   | Investment holding  | Hong Kong  | 100.0 <sup>1</sup>           | 71.7 <sup>1</sup>  |
| Tractors Malaysia Power Systems Sdn Bhd   | Packaging of Caterpillar generator sets   | Malaysia   | 100.0                        | 71.7               |
| Tractors Malaysia Rebuild Sdn Bhd   | Reconditioning of used equipment and machinery  | Malaysia   | 100.0                        | 71.7               |
| Tractors Malaysia Training and Development Centre Sdn Bhd                         | Provision of training   | Malaysia   | 100.0                        | 71.7               |
| Tractors Manufacturing & Assembly Sdn Bhd   | Manufacturing and assembly of tractor implements and tractor parts and other products   | Malaysia   | 100.0                        | 71.7               |
| Tractors Material Handling Sdn Bhd<br>(formerly known as Grand Valuation Sdn Bhd) | Sale and distribution of lift trucks and spare parts, and the rental and servicing of other material handling equipment.  | Malaysia   | 100.0                        | -                  |
| Tractors Petroleum Services Sdn Bhd   | Supply, repair and maintenance of Caterpillar engines and other equipment for the oil and gas industry  | Malaysia   | 100.0                        | 71.7               |
| Tractors Singapore Holdings Pte Ltd   | Investment holding  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Tractors Singapore Limited  | Marketing and servicing of earthmoving and construction equipment and spare parts   | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Xiamen CEL Heavy Equipment Company Limited  | Sales of equipment and spare parts, service support and rental services for Caterpillar business  | China  | 100.0 <sup>1</sup>           | -                  |
| Xiamen Sime Darby CEL Machinery Co Ltd  | Sales of equipment and spare parts, service support and rental services for Caterpillar business  | China  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Yaala Pembangunan Sdn Bhd   | Property holding  | Malaysia   | 100.0                        | 71.7               |
| <b>MOTOR VEHICLES</b>   |   |  |                              |                    |
| Associated Motor Industries Malaysia Sdn Bhd                                      | Assembly of motor vehicles  | Malaysia   | 51.0                         | 36.6               |
| Auto Bavaria Sdn Bhd  | Investment holding  | Malaysia   | 100.0                        | 71.7               |
| Auto Technology Engineering Company Limited                                       | Agent for Denso Diesel injection pump and provision of after sales services   | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| AutoFrance China Limited  | Distribution for Peugeot left-hand drive motor vehicles   | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| AutoFrance Hong Kong Limited  | Distributor and dealer of Peugeot motor vehicles  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Bluewater Marine Limited  | Investment holding  | British Virgin Islands                                   | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| BMW Concessionaires (HK) Limited  | Distributor and dealer for BMW motor vehicles   | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| BMW Concessionaires (Macau) Limited   | Agent for sales, service and parts for BMW motor vehicles   | Macau  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| BMW Malaysia Sdn Bhd  | Import and distribution of BMW vehicles and spare parts   | Malaysia   | @149.0                       | @135.2             |
| Bow Ma Motors (South China) Ltd   | Investment holding  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| CEC Finance Limited   | Hire purchase and lease financing   | Hong Kong  | ^49.02                       | ^49.02             |
| Continental Car Services Limited  | Motor dealership  | New Zealand  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Ford Concessionaires Sdn Bhd  | Ford motor dealership   | Malaysia   | 100.0                        | 71.7               |
| Ford Malaysia Sdn Bhd   | Import and distribution of Ford motor vehicles and spare parts  | Malaysia   | 51.0                         | 36.6               |
| Goodwood Motors Limited   | Distributor and dealer of Rolls Royce motor vehicles  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Guangdong Deda Bow Ma Motor Service Co Ltd  | Sales of spare parts and provision of motor vehicles aftersales services  | China  | 65.0 <sup>1</sup>            | 65.0 <sup>1</sup>  |
| Hainan Bao Yue Automobiles Trading Co Ltd   | BMW motor dealership  | China  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Hainan Dejie Motors Limited   | Sales of spare parts and provision of motor vehicles aftersales services  | China  | 100.0 <sup>1</sup>           | 90.0 <sup>1</sup>  |
| Harper Engineering (Macau) Limited  | Motor vehicles sales and aftersales services  | Macau  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Hino Distributors NZ Limited  | Sale of new heavy Hino trucks and used heavy trucks of all makes and models   | New Zealand  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Hyundai-Sime Darby Berhad #   | Investment holding and provision of management services   | Malaysia   | 99.6                         | 98.9               |
| Hyundai-Sime Darby Motors Sdn Bhd   | Management of sales and distribution of passenger and light commercial vehicles, provision of back-up services and sales and distribution of spare parts for its products range | Malaysia   | 99.6                         | 98.9               |
| Hyumal Motor Sdn Bhd  | Investment holding, importation and distribution of certain Hyundai vehicles and related spare parts and provision of workshop services   | Malaysia   | 51.0                         | 51.0               |



## 41 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2006

| NAME OF COMPANY   | PRINCIPAL ACTIVITIES  | COUNTRY OF INCORPORATION/<br>PRINCIPAL PLACE OF BUSINESS | GROUP'S EFFECTIVE INTEREST % |                    |
|---|---|--|------------------------------|--------------------|
|   |   |  | 2006                         | 2005               |
| Hyumal Trading Sdn Bhd  | Sales of certain Hyundai and Inokom vehicles  | Malaysia   | 51.0                         | 51.0               |
| Infinity Automotive Limited   | Retailing of new and used passenger cars and light commercial vehicles, spare parts and accessories and the provision of related services | New Zealand  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Island Motors Limited   | Distributor and dealer of Suzuki motor of vehicles  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Inokom Corporation Sdn Bhd  | Manufacture and assembly of light commercial and passenger vehicles, and contract assembly of motor vehicles                              | Malaysia   | 53.5                         | 53.5               |
| Land Rover (Malaysia) Sdn Bhd   | Import and distribution of Land Rover motor vehicles and spare parts  | Malaysia   | 60.0                         | 43.0               |
| Motor Truck Distributors (NZ) Limited   | Sale of new heavy Mack and Renault trucks and used heavy trucks of all makes and models   | New Zealand  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Neville Motors Limited  | Retailing of new and used passenger cars and light commercial vehicles, spare parts and accessories and the provision of related services | New Zealand  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| North Shore Motor Holdings Limited  | Motor vehicle dealer  | New Zealand  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Oriental-Hyundai Sdn Bhd  | Distribution of motor vehicles  | Malaysia   | ^20.4                        | ^20.4              |
| Parts Link Trading Company Limited  | Wholesaler of parts and accessories   | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Performance Motors Limited  | Motor dealership  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Performance Motors (Thailand) Limited   | Motor dealership  | Thailand   | 100.0 <sup>2</sup>           | 100.0 <sup>2</sup> |
| Performance Premium Selection Limited   | Retailer, wholesaler and exporter of used cars  | Singapore  | 60.0 <sup>1</sup>            | 100.0 <sup>1</sup> |
| Perry's Automotive Group (North Shore) Limited  | Wholesaling and retailing of new and used passenger cars and light commercial vehicles  | New Zealand  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| SDHK Group Company Limited  | Investment holding  | Bermuda  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Shantou Dehong Bow Ma Motors Company Limited  | Sales of spare parts and provision of motor vehicles aftersales services  | China  | 60.0 <sup>1</sup>            | 60.0 <sup>1</sup>  |
| Shenzhen Bow Chuang Vehicle Trading Company Limited                                       | BMW motor dealership  | China  | 100.0 <sup>1</sup>           | -                  |
| Shenzhen Sime Darby Motor Enterprises Co Ltd  | Sales of spare parts and provision of motor vehicles aftersales services  | China  | 70.0 <sup>1</sup>            | 70.0 <sup>1</sup>  |
| SimeCredit (Malaysia) Sdn Bhd   | Hire purchase financing   | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Auto Imports Sdn Bhd (formerly known as Darby Park Sdn Bhd)                    | Motor dealership  | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Auto Italia Sdn Bhd  | Distribution of Alfa Romeo vehicles and spare parts and provision of after sales service  | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Automobiles NZ Limited   | Motor distribution  | New Zealand  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Automobiles Pty Ltd  | Distributor of Peugeot motor vehicles in Australia  | Australia  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Management Services Limited  | Provision of management services and property holding   | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Mazda (Thailand) Limited   | Motor dealership  | Thailand   | 100.0 <sup>2</sup>           | 100.0 <sup>2</sup> |
| Sime Darby Mitsui (Thailand) Limited  | Retail sale and service of Mitsubishi motor vehicles  | Thailand   | 100.0 <sup>2</sup>           | 100.0 <sup>2</sup> |
| Sime Darby Motor Division Sdn Bhd (formerly known as Simex Aircraft Tyre Company Sdn Bhd) | Provision of management services  | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Motor Group (Australia) Pty Limited  | Investment holding  | Australia  | 100.0 <sup>1</sup>           | -                  |
| Sime Darby Motor Group (HK) Limited   | Investment holding  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Motor Group (NZ) Limited   | Investment holding  | New Zealand  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Motor Group (PRC) Limited  | Investment holding  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Motor Group (Singapore) Limited  | Investment holding  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Motor Holdings Limited   | Investment holding  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Motors Sdn Bhd   | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Motor Service Centre Limited   | Car testing licensee  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Motor Services Limited   | Sale of parts and provision of services for motor vehicles, distributor and dealer for Ford motor vehicles                                | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Motors (Nissan China) Holdings Limited   | Investment holding  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Rent-A-Car Sdn Bhd   | Vehicle rental  | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Services Private Limited   | Vehicle rental  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby System Integrators Sdn Bhd   | Investment holding  | Malaysia   | 99.6                         | 98.9               |
| Sime Darby (Thailand) Limited   | Investment holding  | Thailand   | 100.0 <sup>2</sup>           | 100.0 <sup>2</sup> |
| SimeLease (Malaysia) Sdn Bhd  | Lease financing   | Malaysia   | 100.0                        | 100.0              |
| Sime Winner Holdings Limited  | Investment holding and motor vehicles distributor and dealer  | Hong Kong  | 60.0 <sup>1</sup>            | 60.0 <sup>1</sup>  |
| SimeWinner Nissan Autocrafts Limited  | Distribution and dealership of motor vehicles and investment holding  | Hong Kong  | 60.0 <sup>1</sup>            | 60.0 <sup>1</sup>  |
| South Perth Investments Pty Ltd   | Rental and leasing of vehicles  | Australia  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |



## 41 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2006

| NAME OF COMPANY   | PRINCIPAL ACTIVITIES   | COUNTRY OF INCORPORATION/<br>PRINCIPAL PLACE OF BUSINESS | GROUP'S EFFECTIVE INTEREST % |                    |
|---|--|--|------------------------------|--------------------|
|   |  |  | 2006                         | 2005               |
| Tractors Malaysia (1982) Sdn Bhd  | Sale of equipment, spare parts and service support for Caterpillar business, marketing of BMW motor vehicles and spare parts, distribution of forklifts, other material handling equipment and industrial cleaners, and supply and installation of Kawasaki co-generation systems. | Malaysia   | 100.0                        | 71.7               |
| Tractors Malaysia Motor Holdings Sdn Bhd  | Investment holding   | Malaysia   | 100.0                        | 71.7               |
| Truck Investments Limited   | Investment holding and financing of vehicles   | New Zealand  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Truck Stops (NZ) Limited  | Provision of spare parts and services for medium and heavy trucks and repair and servicing of trucks trailers  | New Zealand  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| UD Truck Distributors (NZ) Limited  | Nissan diesel truck distributor and retailer   | New Zealand  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Uniparts Limited  | Sale of motor vehicle spare parts  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Universal Cars Holdings Limited   | Agent for Mitsubishi motor vehicles distributors and dealers   | Hong Kong  | 45.0 <sup>1</sup>            | 45.0 <sup>1</sup>  |
| Universal Cars (Importers) Limited  | Distributor and dealer for Mitsubishi motor vehicles   | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Universal Cars Limited  | Agent for distribution for Mitsubishi motor vehicles   | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Vermont International Limited   | Investment holding   | Hong Kong  | 60.0 <sup>1</sup>            | 60.0 <sup>1</sup>  |
| Vantage Automotive Limited<br>(formerly known as Regent Motors Limited)               | Motor dealership   | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Viking Motors Limited   | Dealer for Volvo motor vehicles  | Thailand   | 100.0 <sup>2</sup>           | 100.0 <sup>2</sup> |
| Wallace Harper & Company, Limited   | Investment holding   | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Warwick Motors Limited  | Distributor and dealer for Land Rover motor vehicles   | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Yunnan Dekai Bow Ma Motors Technology & Service Co, Limited                           | Sales of spare parts and provision of motor vehicles aftersales services   | China  | 65.0 <sup>1</sup>            | 65.0 <sup>1</sup>  |
| Yunnan Sime Winner Motor Services Co, Limited   | Operation of motor vehicle service centres   | China  | 90.0 <sup>1</sup>            | 90.0 <sup>1</sup>  |
| <b>ENERGY &amp; UTILITIES</b>   |  |  |                              |                    |
| Airia Jaya Marine (S) Pte Ltd   | Shipowning, shipchartering and shipmanagement  | Singapore  | ^29.42                       | ^29.62             |
| Balui Hydro Sdn Bhd   | Investment holding   | Malaysia   | 70.0                         | 70.0               |
| Batamindo Carriers Pte Ltd  | Ship and boat chartering services  | Singapore  | ^10.32                       | ^10.42             |
| Chubb Malaysia Sendirian Berhad   | Manufacturing, marketing, installation, rental and servicing of security equipment   | Malaysia   | 49.0                         | 49.0               |
| Chubb Singapore Private Limited   | Marketing of security and fire protection products and services  | Singapore  | ^30.0 <sup>1</sup>           | ^30.0 <sup>1</sup> |
| Chubb-Special Fire Hazards Protection Pte Ltd   | Provision of fire protection and alarm systems and services  | Singapore  | ^30.0 <sup>1</sup>           | ^30.0 <sup>1</sup> |
| DMS Jaya Marine W.L.L   | Shipowning and shipchartering  | Qatar  | ^14.42                       | ^14.52             |
| Hidro Fokus Sdn Bhd   | Civil and structural contractor  | Malaysia   | ^28.0                        | ^28.0              |
| JanaUrus PDP Sdn Bhd  | Provision of operating and maintenance services for an independent power producer  | Malaysia   | 100.0                        | 100.0              |
| Java Marine Lines Pte Ltd   | Shipowning and shipchartering  | Singapore  | ^29.42                       | ^29.62             |
| Jaya Century Pte Ltd  | Shipowning and shipchartering  | Singapore  | ^29.42                       | ^29.62             |
| Jaya Container Lines Pte Ltd  | Shipowning and shipchartering  | Singapore  | ^26.42                       | ^26.62             |
| Jaya DMS Marine Pte Ltd   | Shipowning and shipchartering  | Singapore  | ^14.72                       | ^14.82             |
| Jaya Holdings Limited #   | Investment holding   | Singapore  | ^29.42                       | ^29.62             |
| Jaya International Transport Pte Ltd  | Shipowning and shipchartering  | Singapore  | ^29.42                       | ^29.62             |
| Jaya Offshore Pte Ltd   | Shipchartering and shipmanagement  | Singapore  | ^29.42                       | ^29.62             |
| Jaya Shipbuilding and Engineering Private Limited                                     | Ownership of shipyard and the building and repairing of ships  | Singapore  | ^29.42                       | ^29.62             |
| Jaya-TDS Shipping Ltd   | Shipowning and shipchartering  | Mauritius  | ^14.72                       | ^14.82             |
| Laem Chabang Power Co Limited   | Independent power producer   | Thailand   | 100.0 <sup>2</sup>           | 100.0 <sup>2</sup> |
| Malaysia - China Hydro Joint Venture  | Engineering, procurement and construction work   | Malaysia   | +25.0                        | +25.0              |
| Malaysian Oriental Holdings Berhad  | Investment holding   | Malaysia   | 70.0                         | 70.0               |
| Mecomb Malaysia Sdn Berhad  | Sales and service of industrial, mechanical, electrical and instrumentation products, computer products and systems and design and consultancy of air-conditioning systems   | Malaysia   | 70.0                         | 70.0               |
| Mecomb Singapore Limited  | Sales and service of industrial, mechanical, electrical and electronic products and manufacture, design and sales and service of ventilation systems and car park management systems   | Singapore  | 70.0 <sup>1</sup>            | 70.0 <sup>1</sup>  |
| Mecomb (Thailand) Limited   | Sale of industrial, mechanical, electrical and electronic products   | Thailand   | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Port Dickson Power Berhad   | Independent power producer   | Malaysia   | 75.0                         | 75.0               |
| PT Sime Darby Offshore Engineering<br>(formerly known as PT Mecomb Teknik)            | Importation, distribution and leasing of engineering products  | Indonesia  | 70.0 <sup>1</sup>            | 70.0 <sup>1</sup>  |
| PT Jaya Asiatic Shipyard  | Ownership of shipyard and the building and repairing of ships  | Indonesia  | ^27.92                       | ^28.12             |
| Sanergy Jaya Marine Pte Ltd   | Shipowning, shipchartering and shipmanagement  | Singapore  | ^14.72                       | ^14.82             |
| Sime Darby Brunfield Engineering Sdn Bhd  | Procurement, design and execution of engineering contracts   | Malaysia   | 60.0 <sup>3</sup>            | -                  |
| Sime Darby Energy and Utilities Sdn Bhd<br>(formerly known as Aspry Ventures Sdn Bhd) | Investment holding   | Malaysia   | 100.0                        | 100.0              |



# Notes On The Financial Statements

## 41 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2006

| NAME OF COMPANY  | PRINCIPAL ACTIVITIES  | COUNTRY OF INCORPORATION/<br>PRINCIPAL PLACE OF BUSINESS | GROUP'S EFFECTIVE INTEREST % |                    |
|--|---|--|------------------------------|--------------------|
|  |   |  | 2006                         | 2005               |
| Sime Darby Engineering Sdn Bhd   | Engineering, fabrication and construction relating to the petroleum industry  | Malaysia   | 79.0                         | 79.0               |
| Sime Darby Offshore Engineering Sdn Bhd<br>(formerly known as Sime Darby Offshore Sdn. Bhd.) | Systems integration of oil and metering skids, process controls, factory automation and intelligent transport systems | Malaysia   | 70.0                         | 70.0               |
| Sime Darby Oil & Gas Sdn Bhd<br>(formerly known as SimeTech (Malaysia) Sdn Bhd)              | Investment holding  | Malaysia   | 70.0                         | 70.0               |
| Sime Darby Petroleum Sdn Bhd   | Oil and gas exploration   | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Systems Sdn Bhd   | Investment holding  | Malaysia   | 70.0                         | 70.0               |
| Sime Engineering - SembCorp Malaysia Joint Venture   | Engineering, procurement and construction for the Janamanjung Project   | Malaysia   | +35.0                        | +35.0              |
| Sime Engineering Sdn Bhd   | Provision of engineering management services to the petroleum industries, power plant and infrastructure works        | Malaysia   | 70.0                         | 70.0               |
| Sime Engineering Sdn Bhd - Edwards & Sons Joint Venture                                      | Procurement and construction work   | Malaysia   | +35.7                        | +35.7              |
| Sime Engineering Services Bhd #  | Investment holding  | Malaysia   | 70.0                         | 70.0               |
| Sime - Lum Chang Joint Venture   | Engineering, procurement and construction work  | Malaysia   | +35.0                        | +35.0              |
| Sime Overseas Sdn Bhd  | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Sime-Sirim Technologies Sdn Bhd<br>(formerly known as SST Integrated Technologies Sdn Bhd)   | Provision of calibration, measurement and related services  | Malaysia   | 35.0                         | 35.0               |
| Sime Technologies Holdings Pte Ltd   | Investment holding  | Labuan   | 70.0 <sup>3</sup>            | 70.0 <sup>3</sup>  |
| Technochem Pte Ltd   | Treatment and recycling of industrial and chemical wastes   | Singapore  | -                            | 90.0 <sup>1</sup>  |
| The China Engineers (Malaysia) Sdn Bhd   | General trading, distribution of building supplies and technical products   | Malaysia   | 100.0                        | 100.0              |
| The China Water Company Limited  | Infrastructure project development  | Cayman Islands   | ^33.3 <sup>1</sup>           | ^33.3 <sup>1</sup> |
| Weifang Sime Darby Investment and Management Co Ltd  | Investment holding and provision of management services   | China  | 51.0 <sup>3</sup>            | -                  |
| Weifang Sime Darby Port Co Ltd   | Ownership and management of port facilities   | China  | 80.0 <sup>3</sup>            | -                  |
| Weifang Sime Darby Water Co Ltd  | Treatment and supply of treated water to industrial customers   | China  | 80.0 <sup>3</sup>            | -                  |
| <b>GENERAL TRADING, SERVICES &amp; OTHERS</b>  |   |  |                              |                    |
| Asian Composites Manufacturing Sdn Bhd   | Manufacture of composite parts of aircraft  | Malaysia   | ^25.0                        | ^25.0              |
| Business Travel International Westminster (Hong Kong) Limited                                | Travel agency   | Hong Kong  | ^34.3 <sup>1</sup>           | ^34.3 <sup>1</sup> |
| Celliose Par Coatings Company Limited  | Investment holding, manufacturing and trading of paints and chemical products   | Hong Kong  | ^40.0 <sup>1</sup>           | ^40.0 <sup>1</sup> |
| Celliose PAR Coatings (Wuxi) Company Limited   | Manufacturing and trading of paints and chemical products   | China  | ^40.0 <sup>2</sup>           | ^40.0 <sup>2</sup> |
| Century Automotive Products Sdn Bhd  | Sale of automotive products   | Malaysia   | 99.6                         | 94.2               |
| Ceres Sime Confectionery Sdn Bhd   | Manufacture of finished chocolate confectionery products  | Malaysia   | -                            | ^40.0              |
| Ceres Sime Marketing Sdn Bhd   | Marketing of shaving associated products and chocolate products   | Malaysia   | -                            | ^40.0              |
| Continental Sime Tyre Sdn Bhd  | Investment holding  | Malaysia   | @230.0 <sup>2</sup>          | ^49.0 <sup>2</sup> |
| Dunlopillo Holdings Sdn Bhd  | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Dunlopillo (Malaysia) Sdn Bhd  | Manufacturing and trading of bedding and other related products   | Malaysia   | 100.0                        | 100.0              |
| Dunlopillo (Middle East) FZE   | Manufacturing and trading of mattresses and related bedding products  | United Arab Emirates                                     | 100.0 <sup>3</sup>           | -                  |
| Dunlopillo (Shenzhen) Pte Ltd  | Manufacturing and trading of bedding and other related products   | China  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Dunlopillo (Singapore) Pte Ltd<br>(formerly known as Conquip (Private) Limited)              | Agency house, importing and exporting   | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Dunlopillo (Vietnam) Limited   | Manufacture and marketing of mattresses and bedding products  | Vietnam  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Jecking Tours & Travel Limited   | Travel and tour agency  | Hong Kong  | 70.0 <sup>1</sup>            | 70.0 <sup>1</sup>  |
| KN Sime Logistics Sdn Bhd<br>(formerly known as Sime Integrated Logistics Sdn Bhd)           | Provision of transportation, freight forwarding, container haulage and warehousing and distribution services          | Malaysia   | ^50.0 <sup>2</sup>           | ^50.0 <sup>1</sup> |
| Marksworth Limited   | Investment holding  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Marsman - Westminster Travel, Inc  | Tour and travel agency  | Philippines  | ^35.0 <sup>2</sup>           | ^35.0 <sup>2</sup> |
| Megah Medical Specialists Group Sdn Bhd  | Operating a medical daycare feeder centre and provision of medical, health care and other related ancillary services  | Malaysia   | 100.0                        | -                  |
| Orchard Nominees Private Limited   | Holding investments as a nominee  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| PAR Resources (Holdings) Limited   | Investment holding  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| PB Packaging Systems Singapore Pte Ltd   | Property investment and management  | Singapore  | 66.6 <sup>1</sup>            | 66.6 <sup>1</sup>  |
| Pesida Equipment Sdn Bhd   | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Petra Sime Marketing Private Limited   | Marketing and trading of consumer products  | Singapore  | -                            | ^40.0 <sup>1</sup> |



## 41 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2006

| NAME OF COMPANY   | PRINCIPAL ACTIVITIES  | COUNTRY OF INCORPORATION/<br>PRINCIPAL PLACE OF BUSINESS | GROUP'S EFFECTIVE INTEREST % |                    |
|---|---|--|------------------------------|--------------------|
|   |   |  | 2006                         | 2005               |
| PT Sime Dunlopillo Indonesia  | Distribution of spring and spring-latex combination based mattresses and related products and accessories         | Indonesia  | 70.0 <sup>3</sup>            | -                  |
| PT Guru Indonesia   | Manufacture of corrugated boxes   | Indonesia  | 75.0 <sup>2</sup>            | 75.0 <sup>2</sup>  |
| Robt. Bradford & Co Ltd   | Investment holding and insurance broking  | United Kingdom   | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Robt. Bradford Hobbs Savill Ltd   | Insurance broking   | United Kingdom   | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| SD Far East (1991) Limited  | Investment holding  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| SD Holdings Berhad  | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Sime Alexander Forbes Insurance Brokers Sdn Bhd                           | Insurance and reinsurance brokers and consultants   | Malaysia   | 60.0                         | 60.0               |
| Sime Conoco Energy Sdn Bhd  | Investment holding  | Malaysia   | 51.0                         | 51.0               |
| Sime Darby Americas Limited   | Investment holding  | United States of America                                 | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Hong Kong Limited (formerly known as Sime Darby China Limited) | Investment holding  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Eastern International Limited                                  | Investment holding  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Eastern Investments Private Limited                            | Investment holding  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Eastern Limited  | Investment holding  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Financial Services Holdings Sdn Bhd                            | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Hongkong Finance Limited                                       | Provision of financial and management services and investment holding   | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Hong Kong Nominees Limited                                     | Holding investments as a nominee  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Information Service Pte Ltd                                    | Provision of audit, human resources, information technology, legal, corporate secretarial and accounting services | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Insurance Pte Ltd  | Offshore captive insurer  | Labuan   | 100.0                        | 100.0              |
| Sime Darby Investments Pty Limited  | Investment holding  | Australia  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Malaysia Berhad  | Investment holding and holding of trademarks  | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Marketing Sdn Bhd  | Marketing and distribution of pharmaceutical and consumer products  | Malaysia   | -                            | 100.0              |
| Sime Darby Nominees Limited   | Holding investments as a nominee  | United Kingdom   | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Nominees Sendirian Berhad                                      | Holding investments as a nominee  | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Pension Scheme Trustees Ltd                                    | Trustees to Pension Scheme  | United Kingdom   | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Singapore Limited  | Investment holding  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Travel Sdn Bhd   | Travel agency   | Malaysia   | 100.0                        | 100.0              |
| Sime Healthcare Staff Agency Sdn Bhd                                      | Operation of employment agency  | Malaysia   | 100.0                        | 100.0              |
| Sime Holidays Sdn Bhd   | Travel and tour agency  | Malaysia   | 100.0                        | 100.0              |
| Sime Inax Sdn Bhd   | Manufacture and marketing of sanitary wares   | Malaysia   | 80.0                         | 80.0               |
| Sime Insurance Brokers (HK) Limited                                       | Insurance brokers   | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Insurance Brokers (Singapore) Pte Ltd                                | Insurance and reinsurance brokers and consultants   | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Investments (Mauritius) Limited                                      | Provision of financing  | Mauritius  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Kansai Paints Sdn Bhd  | Manufacture, sales and marketing of automotive and industrial paints  | Malaysia   | ^40.0 <sup>2</sup>           | ^40.0 <sup>2</sup> |
| Sime Link Sdn Bhd   | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Sime Malaysia Region Berhad   | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Sime Managing Agency Limited  | Insurance agents  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime NET Technologies Sdn Bhd   | Provider of information technology services   | Malaysia   | 100.0                        | 100.0              |
| Sime Oleander Sdn Bhd   | Manufacturing and distributing mineral and distilled water as well as beverage products                           | Malaysia   | -                            | 51.1               |
| Sime Rengo Packaging (M) Sdn Bhd  | Manufacture and sale of corrugated fibre board cartons and boxes  | Malaysia   | 70.0                         | 70.0               |
| Sime Rengo Packaging Singapore Limited                                    | Manufacture of corrugated boxes   | Singapore  | 66.6 <sup>1</sup>            | 66.6 <sup>1</sup>  |
| Sime Singapore Investments Limited  | Investment holding  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Singapore Limited  | Investment holding and the provision of management and ancillary services   | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Solution Centre Sdn Bhd  | Provision of accounting and other backroom processing services  | Malaysia   | 100.0                        | 100.0              |
| Sime Surveillance Sdn Bhd   | Provision of security services  | Malaysia   | 100.0                        | 100.0              |
| Sime Travel Holdings Limited  | Investment holding  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Travel (Singapore) Private Limited                                   | Travel agency   | Singapore  | 70.0 <sup>1</sup>            | 70.0 <sup>1</sup>  |
| SimeWest Holdings Sdn Bhd   | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Simex Chemical Sdn Bhd  | Manufacturing of chemical products  | Malaysia   | -                            | 100.0              |
| SJMC Training and Educational Services Sdn Bhd                            | Organising educational programmes and provision of education  | Malaysia   | 100.0                        | 100.0              |
| Subang Jaya Medical Centre Sdn Bhd  | Medical centre  | Malaysia   | 100.0                        | 100.0              |
| Tahan Enterprise Sdn Berhad   | Investment holding  | Malaysia   | 100.0                        | 100.0              |
| Tesco Stores (Malaysia) Sdn Bhd   | Operator of retail outlets  | Malaysia   | ^30.0                        | ^30.0              |
| Union Sime Darby (Thailand) Ltd   | Insurance and reinsurance brokers and consultants   | Thailand   | ^49.0 <sup>1</sup>           | ^49.0 <sup>1</sup> |
| Westminster Travel Limited  | Travel agency   | Hong Kong  | 70.0 <sup>1</sup>            | 70.0 <sup>1</sup>  |
| Westminster Travel Limited (Taiwan)                                       | Travel agency   | Taiwan   | 70.0 <sup>1</sup>            | 70.0 <sup>1</sup>  |
| Wincastle Travel (HK) Limited   | Travel agency   | Hong Kong  | 52.5 <sup>1</sup>            | 52.5 <sup>1</sup>  |



## 41 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES AS AT 30TH JUNE 2006

| NAME OF COMPANY   | COUNTRY OF INCORPORATION/<br>PRINCIPAL PLACE OF BUSINESS | GROUP'S EFFECTIVE INTEREST % |                    |
|---|--|------------------------------|--------------------|
|   |  | 2006                         | 2005               |
| <b>INACTIVE COMPANIES - ALL DIVISIONS</b>                                 |  |                              |                    |
| Agri-Bio Corporation Sdn Bhd  | Malaysia   | 100.0                        | 100.0              |
| Asia Power Systems Corporation  | British Virgin Islands                                   | <sup>^</sup> 14.72           | <sup>^</sup> 14.82 |
| Associated Tractors Sdn Bhd   | Malaysia   | 100.0                        | 71.7               |
| ATSB (B) Sdn Bhd  | Brunei   | 100.0 <sup>1</sup>           | 71.7 <sup>1</sup>  |
| Bacini Cycles Pty Ltd   | Australia  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Barat Estates Sendirian Berhad  | Malaysia   | 100.0                        | 100.0              |
| Beijing Sime Darby Consulting Services Company Limited                    | China  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Calm Approach Investment, Ltd   | British Virgin Islands                                   | <sup>^</sup> 5.92            | <sup>^</sup> 6.02  |
| Century Batteries Sales (Malaysia) Sdn Bhd                                | Malaysia   | 99.6                         | 94.2               |
| Continental Cars Limited  | New Zealand  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Crescent Shipping Pte Ltd   | Singapore  | <sup>^</sup> 29.42           | <sup>^</sup> 29.62 |
| East West Insurance Company Limited                                       | United Kingdom   | 79.22                        | 79.22              |
| Edible Products Limited   | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Epic Products Berhad  | Malaysia   | 100.0                        | 100.0              |
| ERF Man and Western Star (NZ) Limited                                     | New Zealand  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Esprit Aquaservices Sdn Bhd   | Malaysia   | -                            | 51.1               |
| Grand Seaway Ferries Inc  | Philippines  | <sup>^</sup> 5.92            | <sup>^</sup> 6.02  |
| Guangzhou Sime Darby Motor Enterprises Ltd                                | China  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Guangzhou SimeWinner Motor Services Limited                               | China  | 60.0 <sup>1</sup>            | 60.0 <sup>1</sup>  |
| Guangzhou Wallace Harper Motor Services Limited                           | China  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Guardfire (Malaysia) Sdn Bhd  | Malaysia   | <sup>^</sup> 30.0            | <sup>^</sup> 30.0  |
| Hainan Sime Darby Motor Service Enterprises Company Limited               | China  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Jaya Logistics Pte Ltd  | Singapore  | <sup>^</sup> 29.42           | <sup>^</sup> 29.62 |
| Jaya Offshore (HK) Limited  | Hong Kong  | <sup>^</sup> 29.42           | <sup>^</sup> 29.62 |
| Jaya Pacific Line Pte Ltd   | Singapore  | <sup>^</sup> 14.42           | <sup>^</sup> 14.52 |
| Jaya Shipmanagement Pte Ltd   | Singapore  | <sup>^</sup> 20.72           | <sup>^</sup> 20.72 |
| Malaysia China-Hydro Sdn Bhd  | Malaysia   | 70.0                         | 70.0               |
| MarketLink (M) Sdn Bhd  | Malaysia   | 100.0                        | 100.0              |
| Milan Motors, Limited   | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Mortlock Distributors Pty Ltd   | Australia  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Motion Smith Machinery (Shanghai) Co. Ltd                                 | China  | 70.0 <sup>1</sup>            | 70.0 <sup>1</sup>  |
| Palmerston North Motors Wholesale Limited                                 | New Zealand  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Puchong Quarry Sdn Bhd  | Malaysia   | 85.4                         | 85.4               |
| Scandinavian Truck & Bus Sdn Bhd  | Malaysia   | 100.0                        | 71.7               |
| SD Retread Systems, Inc   | Philippines  | <sup>^</sup> 39.52           | <sup>^</sup> 39.52 |
| Serapi Trading Sdn Bhd  | Malaysia   | -                            | 51.1               |
| Servitel Development Sdn Bhd  | Malaysia   | 100.0                        | 100.0              |
| Shanghai SimeWinner Automobile Trading Company Limited                    | China  | 60.0 <sup>1</sup>            | 60.0 <sup>1</sup>  |
| Sime Aerogreen Research Sdn Bhd   | Malaysia   | 100.0                        | 100.0              |
| Sime Bow Motors (Guangzhou Free Trade Zone) Limited                       | China  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Coatings Sdn Bhd   | Malaysia   | 100.0                        | 100.0              |
| Sime Consulting Sdn Bhd   | Malaysia   | 100.0                        | 100.0              |
| Sime Cycle Australia Pty Ltd  | Australia  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Corporation (Africa) Sdn Bhd                                   | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Edible Products Tanzania Limited                               | Tanzania   | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Land (Johor) Sdn Bhd   | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Marine Sdn Bhd (formerly known as Mecomb Technologies Sdn Bhd) | Malaysia   | 70.0                         | 70.0               |
| Sime Darby Power Sdn Bhd (formerly known as Par Paints Sdn Bhd)           | Malaysia   | 100.0                        | 100.0              |
| Sime Darby Services Limited   | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Darby Yangon Limited   | Myanmar  | 100.0 <sup>2</sup>           | 100.0 <sup>2</sup> |
| Sime Energy Holdings Pte Ltd  | Singapore  | 100.0 <sup>2</sup>           | 100.0 <sup>2</sup> |
| Sime Farms Sdn Bhd (formerly known as LangFish Sdn Bhd)                   | Malaysia   | 100.0                        | 100.0              |
| Sime Grove Apartments Pte Ltd   | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Health Limited   | United States of America                                 | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Healthcare Sdn Bhd   | Malaysia   | 100.0                        | 100.0              |
| Sime Insurance Services Sdn Bhd   | Brunei   | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Latex Products Sdn Bhd   | Malaysia   | 100.0                        | 100.0              |
| Sime LCP Power Company Limited  | Thailand   | 100.0 <sup>2</sup>           | -                  |
| Sime Logistics Sdn Bhd  | Malaysia   | 100.0                        | 100.0              |
| Sime Power Pte Ltd  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Technology (Beijing) Company Limited                                 | China  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Sime Technology Ventures Sdn Bhd  | Malaysia   | 100.0                        | 100.0              |
| Special Brand Sdn Bhd   | Malaysia   | 100.0                        | -                  |
| SRIB (Far East) Pte Ltd   | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Steelform Industries (Malaysia) Sdn Bhd                                   | Malaysia   | 100.0                        | 100.0              |
| Surfactants (Malaysia) Sendirian Berhad                                   | Malaysia   | 100.0                        | 100.0              |
| Tengah Estates Sendirian Berhad   | Malaysia   | 100.0                        | 100.0              |
| Tennamaram Biomass Sdn Bhd  | Malaysia   | <sup>+</sup> 70.0            | <sup>+</sup> 70.0  |
| Tianjin Dong Hui Technical Services Company Limited                       | China  | 60.0 <sup>1</sup>            | 60.0 <sup>1</sup>  |
| Tianjin Sime Winner Motors Trading Co Ltd                                 | China  | 60.0 <sup>1</sup>            | 60.0 <sup>1</sup>  |
| TMB Niaga Sdn Bhd   | Malaysia   | 60.0                         | 43.0               |
| Tractors All Parts Sdn Bhd  | Malaysia   | 100.0                        | 71.7               |
| Tractors Auto Components Sdn Bhd  | Malaysia   | 100.0                        | 71.7               |
| Tractors Machinery International Pte Ltd                                  | Singapore  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Trans-Port Shipping Pte Ltd   | Singapore  | <sup>^</sup> 8.22            | <sup>^</sup> 8.32  |
| Universal Cars China Limited  | Hong Kong  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Verbena Pte Ltd   | Singapore  | <sup>^</sup> 29.42           | <sup>^</sup> 29.62 |
| Wuxi PAR Resources Coatings and Chemicals Company Limited                 | China  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Xiamen Xiangyu Sime Darby CEL Machinery Trading Co Ltd                    | China  | 100.0 <sup>1</sup>           | 100.0 <sup>1</sup> |
| Xinet Pte Ltd   | Singapore  | <sup>^</sup> 29.42           | <sup>^</sup> 29.62 |
| Zhuhai Jaya Shipbuilding Co. Ltd  | China  | <sup>^</sup> 20.52           | <sup>^</sup> 20.72 |

### Notes:-

<sup>^</sup> Associates of Sime Darby Berhad.

<sup>#</sup> Listed on a stock exchange.

<sup>@1</sup> Tractors Malaysia Holdings Berhad, which is a subsidiary of Sime Darby, has a 49% equity interest in BMW Malaysia Sdn Bhd. Notwithstanding this, the investment in BMW Malaysia Sdn Bhd has been classified as an investment (and not as an associated company) in the accounts of the Tractors Group in view of the fact that the Tractors Group is entitled to receive an aggregate guaranteed dividend for the first five (5) years.

<sup>@2</sup> Continental Sime Tyre Sdn Bhd Group has been classified as an investment in the financial statements following the dilution of Sime Darby Berhad's equity interest in the Company from 49% to 30% and in view of the fact that Sime Darby Berhad is entitled to receive an aggregate guaranteed dividend.

<sup>+</sup> Jointly-controlled entity

<sup>1</sup> Subsidiaries and associates which are audited by overseas firms associated with PricewaterhouseCoopers, Malaysia

<sup>2</sup> Subsidiaries and associates which are audited by firms not associated with PricewaterhouseCoopers, Malaysia.

<sup>3</sup> Subsidiaries and associates which have not appointed auditors.

# Statement By Directors And Statutory Declaration

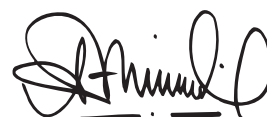
## STATEMENT BY DIRECTORS

We, Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid and Dato' Ahmad Zubair @ Ahmad Zubir bin Haji Murshid, two of the Directors of Sime Darby Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 58 to 112 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30th June 2006 and of the results of the Group and of the Company and the cash flows of the Group and of the Company for the year ended on that date, in accordance with the Malaysian Accounting Standards Board approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors  
dated 29th August 2006



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





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

Kuala Lumpur  
29th August 2006

## STATUTORY DECLARATION

I, Sekhar Krishnan, the officer primarily responsible for the financial management of Sime Darby Berhad, do solemnly and sincerely declare that the financial statements set out on pages 58 to 112 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 Sekhar Krishnan, at Kuala Lumpur, Malaysia on 29th August 2006.

K. Mariasoosay  
Commissioner for Oaths (No. W344)  
Kuala Lumpur



Sekhar Krishnan  
(MIA 2337)  
Group Chief Financial Officer

K. MARIASOOSAY  
PESURUHJAYA SUMPAH  
TINGKAT 3, WISMA YAKIN  
JALAN MASJID INDIRA  
50100 KUALA LUMPUR



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(AF 1146)  
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Facsimile +60 (3) 2693 0997

## REPORT OF THE AUDITORS TO THE MEMBERS OF SIME DARBY BERHAD (COMPANY NO. 41759-M)

1. We have audited the financial statements set out on pages 58 to 112. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.
2. We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion:
  - (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB approved accounting standards in Malaysia so as to give a true and fair view of:
    - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
    - (ii) the state of affairs of the Group and of the Company as at 30th June 2006 and of the results and cash flows of the Group and of the Company for the financial year ended on that date; and
  - (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
4. The names of the subsidiary companies of which we have not acted as auditors are indicated in Note 41 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.
5. We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
6. The auditors' report on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection 3 of Section 174 of the Act.

PricewaterhouseCoopers  
(No. AF-1146)  
Chartered Accountants

Kuala Lumpur  
29th August 2006

Lee Yoke Khai  
(No. 1589/08/07 (J))  
Partner of the firm