

SIME DARBY BERHAD

Company No.

41759	M
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SIME DARBY BERHAD  
(Company No 41759-M)  
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

30 JUNE 2007

SIME DARBY BERHAD

Company No.

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SIME DARBY BERHAD  
(Company No. 41759-M)  
(Incorporated in Malaysia)

DIRECTORS

Tan Sri Dato' Seri (Dr ) Ahmad Sarji bin Abdul Hamid  
Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya  
Michael Wong Pakshong @ Michael Pakshong  
Datuk Khatijah binti Ahmad  
Tan Sri Abu Talib bin Othman  
Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali  
Tan Sri Datuk Dr Ahmad Tajuddin bin Ali  
Dato' Mohamed bin Sulaiman  
Datuk Seri Panglima Sheng Len Tao  
Raja Datuk Arshad Raja Tun Uda  
Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid

SECRETARY

Yeoh Poh Yew, Nancy

AUDITORS

PricewaterhouseCoopers

REGISTERED OFFICE

21st Floor  
Wisma Sime Darby  
Jalan Raja Laut  
50350 Kuala Lumpur  
Malaysia

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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 2007.

**PRINCIPAL ACTIVITIES AND TRADING RESULTS**

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

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

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

**FINANCIAL RESULTS**

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

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

**DIVIDENDS**

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

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

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

A depositor shall qualify for entitlement to the dividend only in respect of:-

- (i) shares deposited into the depositor's securities account before 12:30 p.m. on 26th September 2007 in respect of shares which are exempted from mandatory deposit;
- (ii) shares transferred into the depositor's securities account before 4:00 p.m. on 28th September 2007 in respect of transfers; and
- (iii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

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

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**DIRECTORS REPORT (CONTINUED)**

**RESERVES AND PROVISIONS**

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

**SHARE CAPITAL**

During the year, the issued and paid-up share capital of the Company was increased from 2,465,520,674 ordinary shares of RM0.50 each to 2,522,028,674 ordinary shares of RM0.50 each by the issue of 3,151,000 new ordinary shares at RM4.90 per share, 2,957,000 new ordinary shares at RM5.08 per share, 210,000 new ordinary shares at RM5.09 per share, 10,332,000 new ordinary shares at RM5.47 per share, 30,525,000 new ordinary shares at RM5.41 per share and 9,333,000 new ordinary shares at RM5.28 per share, for cash pursuant to the exercise of options under the Sime Darby Employees' Share Option Scheme

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

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

**SIME DARBY EMPLOYEES' SHARE OPTION SCHEME**

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

**AMERICAN DEPOSITORY RECEIPTS**

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

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

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

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

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

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**DIRECTORS' REPORT (continued)****CHANGES IN GROUP ASSETS**

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

- 1 On 14th July 2006, Sime Darby Brunfield Holding Sdn. Bhd. subscribed for the entire equity interest in Sime Darby Brunfield Australia Pte Ltd. ("SDB Australia") SDB Australia holds 70% equity interest in Oyster Cove International Pty Ltd. ("OCI") OCI will be principally involved in property development
- 2 On 24th July 2006, Sime Malaysia Region Berhad, Sime Darby Nominees Sendirian Berhad and SD Holdings Berhad completed the disposal of all their respective equity interests in Century Automotive Products Sdn. Bhd. totaling 99.64% for RM19.6 million
- 3 On 25th July 2006, Sime Darby Motors (Nissan China) Holdings Limited completed the disposal of its 90% equity interest in Yunnan Sime Winner Motor Services Co., Limited for RMB5.5 million
- 4 On 31st July 2006, Sime Darby Eastern Limited acquired the entire equity interest in Sime O & M (Thailand) Co. Ltd. (formerly known as Fortum Energy Solutions (Thailand) Company Limited) ("Sime O & M") for a total cash consideration of Euro 1.125 million. The principal activity of Sime O & M is the provision of operation and maintenance services to power plants in Thailand, including Laem Chabang Power Company Limited
- 5 On 31st August 2006, BMW Concessionaires (HK) Limited acquired the entire registered capital of Yunnan Bow Yue Vehicle Trading Company Limited ("YBYVT") for RMB10.0 million. The principal activities of YBYVT are the retailing of branded automobiles and related spare parts, and the provision of after-sales services and management consulting services on automobile sales
- 6 On 13th September 2006, Sime Darby Motors Sdn. Bhd. completed the compulsory acquisition of all the remaining shares held by the minority shareholders of Hyundai-Sime Darby Berhad ("HSD") for a total consideration of approximately RM3 million, in conjunction with the voluntary withdrawal of HSD from the Official List of Bursa Malaysia Securities Berhad pursuant to Paragraph 16.04 of the Listing Requirements of Bursa Securities
- 7 On 19th October 2006, Sime Consulting Sdn. Bhd. entered into a Joint Venture Agreement with Golden Hope Plantations Berhad, Permodalan Nasional Berhad, Kumpulan Guthrie Berhad and PNB Enterprise Sdn. Bhd. ("PNBE") to regulate the equity participation and the conduct and affairs of PNBE. Each joint venture party holds 25% equity participation in PNBE. The principal activity of PNBE is animal husbandry including the rearing of sheep, goats, cattle and other livestock.
- 8 On 30th October 2006, Shanghai Xin Biao Xian Motor Commerce Company Limited ("SXBX") was incorporated as a wholly-owned subsidiary of Sime Darby Motor Group (HK) Limited. The principal activities of SXBX will be the retailing of automobiles manufactured by Rolls-Royce Motor Cars Limited
- 9 On 1st November 2006, Sime Darby Eastern Limited completed the disposal of its 29.3% equity interest in Jaya Holdings Limited for S\$30.1 million
- 10 On 25th November 2006, Sime Darby Hong Kong Limited acquired an additional 15% equity interest each in Weifang Sime Darby Port Co. Ltd. and Weifang Sime Darby Water Co. Ltd. for USD15 million and USD5 million, respectively.
- 11 On 16th January 2007, Zibo Sime Darby Chemicals Co. Ltd. ("Zibo Sime Darby") was incorporated in the People's Republic of China as a 51% owned subsidiary of Sime Darby Hong Kong Limited. The principal activity of Zibo Sime Darby is the production and sale of polyaluminium chloride, a water treatment chemical
- 12 On 18th January 2007, Marksworth Limited acquired 4% and 5% equity interest in Weifang Sime Darby Port Co. Ltd. and Weifang Sime Darby Water Co. Ltd. for USD5 million and USD2 million, respectively

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**DIRECTORS REPORT (continued)**

- 13 On 14th February 2007, Sime Malaysia Region Berhad completed the disposal of its 51% equity interest in Sime Conoco Energy Sdn Bhd for USD0.5 million.
- 14 On 13th April 2007, SD Holdings Berhad and Sime Darby Nominees Sendirian Berhad completed the disposal of their respective equity interests in SimeLease (Malaysia) Sdn Bhd totaling 100% for RM107 million net of inter-company dividend
- 15 On 27th April 2007, Sime Darby Singapore Limited completed the disposal of its 75% equity interest in PT Guru Indonesia for USD1.1 million
- 16 On 16th June 2007, Sime Malaysia Region Berhad completed the disposal of its entire 80% equity interest in Sime Inax Sdn Bhd for RM24.0 million

**DIRECTORS**

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

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

Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya (Deputy Chairman)

Michael Wong Pakshong @ Michael Pakshong

Datuk Khatijah binti Ahmad

Tan Sri Abu Talib bin Othman

Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali

Tan Sri Datuk Dr Ahmad Tajuddin bin Ali

Dato' Mohamed bin Sulaiman

Datuk Seri Panglima Sheng Len Tao

Raja Datuk Arshad Raja Tun Uda (appointed on 1st July 2007)

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

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

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

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

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

**DIRECTORS' BENEFITS**

During and at the end of the year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

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**DIRECTORS REPORT (continued)****DIRECTORS' INTERESTS IN SHARES**

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

**Number of ordinary shares of RM0.50 each**

<u>Sime Darby Berhad</u>	<u>At 1st July 2006</u>	<u>Acquired</u>	<u>Disposed</u>	<u>At 30th June 2007</u>
Michael Wong Pakshong @ Michael Pakshong	65,000	-	-	65,000
Datuk Khatijah binti Ahmad	10,000	-	-	10,000
Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid	-	248,000	(108,000)	140,000

**Options over ordinary shares of RM0.50 each**

<u>Sime Darby Berhad</u>	<u>At 1st July 2006</u>	<u>Granted</u>	<u>Exercised</u>	<u>At 30th June 2007</u>
Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid	302,000	-	(248,000)	54,000

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

**Number of ordinary shares of RM0.50 each**

<u>Sime Engineering Services Berhad</u>	<u>At 1st July 2006</u>	<u>Acquired</u>	<u>Disposed</u>	<u>At 30th June 2007</u>
Michael Wong Pakshong @ Michael Pakshong	10,000	-	-	10,000

**Kuala Lumpur Golf & Country Club Berhad****Participatory interest**

- 1) Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid
- 2) Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya
- 3) Datuk Khatijah binti Ahmad
- 4) Tan Sri Abu Talib bin Othman
- 5) Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali
- 6) Tan Sri Datuk Dr. Ahmad Tajuddin bin Ali

**Type of membership**

- Honorary  
Honorary  
Honorary  
Honorary  
Honorary  
Honorary

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

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**DIRECTORS' REPORT (continued)**

**STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS**

(a) Before the Income Statement and Balance Sheet of the Group and of the Company were made out, the Directors took reasonable steps:-

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

(b) At the date of this Report, the Directors are not aware of any circumstances:-

- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate

(c) As at the date of this Report:-

- (i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the year to secure the liability of any other person; and
- (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the year other than those arising in the ordinary course of business

(d) At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in the Report or financial statements which would render any amount stated in the financial statements misleading.

(e) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

**OTHER STATUTORY INFORMATION**

In the opinion of the Directors:-

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



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**DIRECTORS REPORT (continued)**

**AUDITORS**

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

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



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



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

Kuala Lumpur  
28th August 2007

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**PRINCIPAL ACCOUNTING POLICIES**

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

**1 Basis of preparation**

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

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

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

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

**2 New and revised accounting standards**

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

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

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**PRINCIPAL ACCOUNTING POLICIES (continued)****2 New and revised accounting standards (continued)**

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

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

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

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

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

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

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

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

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

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

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

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

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

**(d) FRS 117 - Leases**

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

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

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**PRINCIPAL ACCOUNTING POLICIES (continued)****2 New and revised accounting standards (continued)****(e) FRS 121 - The Effects of Changes in Foreign Exchange Rates**

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

**(f) FRS 140 - Investment Property**

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

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

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

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

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

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**PRINCIPAL ACCOUNTING POLICIES (continued)****3 Judgement in applying accounting policies and key sources of estimation uncertainty**

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

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

**(a) Provisions for warranties**

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

**(b) Inventories write down**

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

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

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

**4 Basis of consolidation****(a) Subsidiaries**

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

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

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

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

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

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**PRINCIPAL ACCOUNTING POLICIES (continued)****4 Basis of consolidation (continued)****(b) Associates**

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

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

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

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

**(c) Jointly controlled entities**

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

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

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

**(d) Goodwill**

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

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

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

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**PRINCIPAL ACCOUNTING POLICIES (continued)****5 Currency translation****(a) Functional and presentation currency**

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

**(b) Transactions and balances**

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

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

For consolidation purposes, entities' income statements prepared in foreign currencies are translated into Ringgit Malaysia at average exchange rates for the year while their balance sheets, including goodwill and fair value adjustments attributable to those entities on consolidation, are translated into Ringgit Malaysia at exchange rates ruling at the balance sheet date. All resulting translation differences are taken to reserves. Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Exchange differences arising therefrom are also taken directly to reserve. On disposal of the foreign entity or return of investment, the related cumulative translation differences are recognised in the income statement as part of the gain or loss on disposal or return of investment.

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

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

**6 Property, plant and equipment**

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

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

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**PRINCIPAL ACCOUNTING POLICIES (continued)****6 Property, plant and equipment (continued)**

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

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

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

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

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

**7 Investment property**

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

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

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

**8 Biological assets**

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

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

**9 Land held for property development**

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

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

**10 Investments**

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

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



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**PRINCIPAL ACCOUNTING POLICIES (continued)****11 Intangible assets**

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

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

The principal annual amortisation rates are:

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

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

**12 Prepaid lease rentals**

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

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

**13 Inventories**

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

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

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

**14 Property development costs**

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

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

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

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

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

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## PRINCIPAL ACCOUNTING POLICIES (continued)

### 16 Construction contracts

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

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

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

### 17 Non-current assets held for sale

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

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

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

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

### 18 Impairment of assets

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

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

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

### 19 Share capital

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

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

### 20 Borrowings

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

### 21 Trade and other payables

Trade and other payables are stated at cost

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**PRINCIPAL ACCOUNTING POLICIES (continued)****22 Provisions**

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

**(a) Maintenance and warranty**

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

**(b) Property development**

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

**23 Cash and cash equivalents**

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

**24 Taxation**

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

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

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

**25 Income recognition**

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

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

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

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**PRINCIPAL ACCOUNTING POLICIES (continued)****26 Employee benefits****(a) Short term employee benefits**

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

**(b) Defined contribution plans**

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

**(c) Termination benefits**

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

**(d) Equity compensation benefits**

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

**27 Operating leases**

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

**28 Financial Instruments**

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

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

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

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

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

Forward foreign exchange contracts

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

Interest rate and currency swap contracts

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

Financial guarantee contracts

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

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**PRINCIPAL ACCOUNTING POLICIES (continued)**

**29 Contingent liabilities**

Contingent liabilities are disclosed in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that cannot be recognised because it cannot be measured reliably.

**30 Segment reporting**

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

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group companies within a single segment.

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**INCOME STATEMENTS**  
For the year ended 30th June 2007

Amounts in RM million unless otherwise stated

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

The accounting policies set out on pages 8 to 19 and the notes on pages 24 to 92 form an integral part of these financial statements

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**BALANCE SHEETS**

As at 30th June 2007

Amounts in RM million unless otherwise stated

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

The accounting policies set out on pages 8 to 19 and the notes on pages 24 to 92 form an integral part of these financial statements

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**STATEMENTS OF CHANGES IN EQUITY**  
**For the year ended 30th June 2007**

Amounts in RM million unless otherwise stated

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

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

The accounting policies set out on pages 8 to 19 and the notes on pages 24 to 92 form an integral part of these financial statements



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**CASH FLOW STATEMENTS**

For the year ended 30th June 2007

Amounts in RM million unless otherwise stated

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

The accounting policies set out on pages 8 to 19 and the notes on pages 24 to 92 form an integral part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2007**

Amounts in RM million unless otherwise stated

**INCOME STATEMENTS**

**1 REVENUE**

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

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

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

**2 OPERATING EXPENSES**

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 2 OPERATING EXPENSES (continued)

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

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

## 3 OTHER OPERATING INCOME

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 4 UNUSUAL ITEMS

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

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

## 5 INVESTMENT AND INTEREST INCOME

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

## 6 TAXATION

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 6 TAXATION (continued)

## Tax reconciliation

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

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 7 EARNINGS AND NET ASSETS PER SHARE - GROUP

## (a) Basic earnings per share

Basic earnings per share is computed as follows:

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

## (b) Diluted earnings per share

The diluted earnings per share is computed as follows:

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

## (c) Net assets per share

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

## 8 DIVIDENDS

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## BALANCE SHEET

## 9 PROPERTY, PLANT AND EQUIPMENT

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 9 PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

## Company

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

## 10 INVESTMENT PROPERTIES - GROUP

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

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



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**NOTES TO THE FINANCIAL STATEMENTS (continued)****10 INVESTMENT PROPERTIES – GROUP (continued)**

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

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

**11 BIOLOGICAL ASSETS - GROUP**

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

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

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

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

The land held for property development is analysed as follows:

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 13 INVESTMENT IN SUBSIDIARIES - COMPANY

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

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

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

## 14 INTERESTS IN JOINTLY CONTROLLED ENTITIES - GROUP

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

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

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

## 15 INVESTMENT IN ASSOCIATES

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 15 INVESTMENT IN ASSOCIATES (continued)

Supplementary information of the equity accounted associates' financials :

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 16 INVESTMENTS

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

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

## 17 GOODWILL ON CONSOLIDATION – GROUP

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 18 INTANGIBLE ASSETS - GROUP

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 19 PREPAID LEASE RENTALS - GROUP

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

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

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

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 20 DEFERRED TAX

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

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

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

## Group

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 20 DEFERRED TAX (continued)

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

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



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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 21 FINANCE LEASE RECEIVABLES - GROUP

The finance lease receivables are subject to following maturity periods:

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

The finance lease receivables are analysed as follows:

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

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

## 22 INVENTORIES

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

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 23 PROPERTY DEVELOPMENT COSTS - GROUP

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

Development costs is analysed as follows:

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

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

## 24 TRADE AND OTHER RECEIVABLES

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

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

The Group has no significant concentrations of credit risk.

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 25 CONSTRUCTION CONTRACTS – GROUP

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

## 26 CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNTS

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

## 27 BANK BALANCES, DEPOSITS AND CASH

	Group		Company	
	2007	2006	2007	2006
Deposits with licensed banks	3,608.8	1,878.8	230.8	277.6
Deposits with finance companies	72.8	41.8	50.5	–
Deposits with other corporations	86.8	241.6	–	–
Cash at bank and in hand	672.1	770.0	8.7	8.1
	<b>4,440.5</b>	<b>2,932.2</b>	<b>290.0</b>	<b>285.7</b>

Effective interest rates were as follows:	2007	2006	2007	2006
	%	%	%	%
Deposits with licensed banks	0.50 – 8.81	0.50 – 7.23	2.91 – 3.55	3.53 – 3.55
Deposits with finance companies	2.65 – 3.48	3.47 – 3.50	3.40 – 3.55	–
Deposits with other corporations	3.30 – 3.49	2.95 – 3.48	–	–
Cash at bank	0.00 – 5.79	0.00 – 5.25	–	–

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

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

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 29 SHARE CAPITAL

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

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

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

The main features of the Scheme are as follows:

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

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 29 SHARE CAPITAL (continued)

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

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

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 29 SHARE CAPITAL (continued)

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 30 RESERVES

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



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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 30 RESERVES (continued)

Company 2007	Non - Distributable		Distributable	Total
	Share premium	Capital reserves	Retained profits	
At 1st July	3,053.3	314.8	1,017.9	4,386.0
Transfers between reserves	-	(0.9)	0.9	-
Net profit for the year	-	-	89.9	89.9
Issue of shares	274.2	-	-	274.2
Dividends	-	-	(579.6)	(579.6)
<b>At 30th June</b>	<b>3,327.5</b>	<b>313.9</b>	<b>529.1</b>	<b>4,170.5</b>
2006				
At 1st July	2,670.9	315.0	994.4	3,980.3
Transfers between reserves	-	(0.2)	0.2	-
Net profit for the year	-	-	509.8	509.8
Issue of shares	382.4	-	-	382.4
Dividends	-	-	(486.5)	(486.5)
<b>At 30th June</b>	<b>3,053.3</b>	<b>314.8</b>	<b>1,017.9</b>	<b>4,386.0</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 RM2,408.7 million (2006 : RM3,129.2 million) and RM646.9 million (2006 : RM761.5 million) of the retained profits of the Group and the Company respectively if paid out as dividends. In addition, the Group and the Company have tax exempt accounts available to frank tax exempt dividends amounting to approximately RM377.8 million (2006 : RM553.4 million) and RM72.2 million (2006 : RM480.5 million) for the Group and the Company respectively.

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 31 LOANS AND FINANCING

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

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

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

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****32 AL MURABAHAH MEDIUM TERM NOTES - UNSECURED**

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

Salient features of the Programme are as follows:

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

**33 TRADE AND OTHER PAYABLES**

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

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

**34 PROVISIONS - GROUP**

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 35 CONTINGENT LIABILITIES AND COMMITMENTS

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

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

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

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

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## CASH FLOW STATEMENTS

## 36 OTHER NON-CASH ITEMS

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

## 39 CASH AND CASH EQUIVALENTS

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 40 ACQUISITION AND INCORPORATION OF SUBSIDIARIES - GROUP

## (a) Acquisition of subsidiaries

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

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

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

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

## (b) Acquisition of additional interest in existing subsidiaries

The additional interests acquired were as follows:

<u>Name of subsidiaries</u>	<u>Purchase consideration</u>	<u>Group's additional effective interest (%)</u>	<u>Effective acquisition date</u>
Hyundai Sime Darby Berhad	3 0	0 4	13th September 2006
Weifang Sime Darby Port Co Ltd	51 8 17 4	15 0 4 0	25th November 2006 18th January 2007
Weifang Sime Darby Water Co Ltd	17 3 6 9	15 0 5 0	25th November 2006 18th January 2007

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

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

## (c) Incorporation of subsidiaries

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

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



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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 41 DISPOSAL OF SUBSIDIARIES - GROUP

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

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 42 SEGMENT INFORMATION - GROUP

## Primary reporting format – business segments

The main business segments of the Group comprise the following :

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

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

2007	Plantations	Property	Heavy equipment	Motor vehicles	Energy and utilities	General trading, services and others	Elimination	Group
<b>Revenue</b>								
External revenue	1,706.1	874.5	6,669.5	7,017.5	2,300.5	2,166.9	–	20,735.0
Intersegment revenue	–	35.5	10.4	3.2	15.1	50.5	(114.7)	–
<b>Total revenue</b>	<b>1,706.1</b>	<b>910.0</b>	<b>6,679.9</b>	<b>7,020.7</b>	<b>2,315.6</b>	<b>2,217.4</b>	<b>(114.7)</b>	<b>20,735.0</b>
<b>Results</b>								
Segment results before unusual items	310.6	204.5	647.9	63.2	221.5	31.1	–	1,478.8
Unusual items	1.5	109.7	(3.5)	45.9	433.3	(19.9)	–	567.0
<b>Segment results</b>	<b>312.1</b>	<b>314.2</b>	<b>644.4</b>	<b>109.1</b>	<b>654.8</b>	<b>11.2</b>	<b>–</b>	<b>2,045.8</b>
Associates and jointly controlled entities	(0.1)	16.0	11.9	(0.1)	28.0	14.3	–	70.0
Profit before interest								2,115.8
Unallocated costs								(61.7)
Investment and interest income								170.3
Finance costs								(138.4)
Profit before taxation								2,086.0
Taxation								(488.6)
<b>Net profit for the year</b>								<b>1,597.4</b>
<b>Balance sheet</b>								
Segment assets	1,504.3	2,605.9	3,760.7	3,287.3	2,052.5	487.2	(109.0)	13,588.9
Associates and jointly controlled Entities	1.9	116.3	46.7	41.3	15.5	50.1	–	271.8
Non-current assets held for sale	–	2.2	–	–	–	198.5	–	200.7
Tax assets								431.1
Other assets								5,063.3
<b>Total assets</b>								<b>19,555.8</b>

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 42 SEGMENT INFORMATION – GROUP (continued)

Primary reporting format - business segments

2007	Plantations	Property	Heavy equipment	Motor vehicles	Energy and utilities	General trading, services and others	Elimination	Group
Segment liabilities	189.0	606.3	1,422.6	1,347.7	1,161.4	296.5	(109.0)	4,914.5
Liabilities directly associated with non-current assets classified as held for sale	-	-	-	-	-	178.7	-	178.7
Tax liabilities								419.1
Other liabilities								2,920.1
Total liabilities								8,432.4
<b>Other information</b>								
Capital expenditure	89.3	39.1	474.4	171.5	166.9	49.3	-	990.5
Depreciation and amortization	40.8	35.7	142.3	95.2	77.7	31.3	-	423.0
Impairment losses	0.2	-	4.2	19.1	-	26.1	-	49.6
Reversal of impairment losses	0.4	24.3	0.5	-	-	-	-	25.2
Non-cash expenses	1.5	18.5	26.8	68.9	9.6	4.3	-	129.6

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 42 SEGMENT INFORMATION – GROUP (continued)

## Primary reporting format - business segments (continued)

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 42 SEGMENT INFORMATION – GROUP (continued)

## Secondary reporting format – geographical segments

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 43 DISCLOSURE OF SIGNIFICANT RELATED PARTY TRANSACTIONS

In accordance with Section 4.15 of Practice Note No. 12/2001 issued by Bursa Malaysia Securities Berhad, the details of recurrent related party transactions conducted during the year ended 30th June 2007 pursuant to the shareholders' mandate and announcements made were as follows:-

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

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

Other significant related party transactions were as follows:

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****43 DISCLOSURE OF SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)**

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

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

All outstanding balances are unsecured and repayable within normal credit periods

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

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

Foreign currency exchange risk

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

Interest rate risk

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

Credit risk

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

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



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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**44 FINANCIAL INSTRUMENTS (continued)**

**(a) Financial risk management objectives and policies (continued)**

Liquidity and cash flow risk

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

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

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

Short term financial instruments

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

Investments

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

Long-term financial instruments

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

Derivative financial instruments

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 44 FINANCIAL INSTRUMENTS (continued)

## (c) Currencies profile of major financial assets and financial liabilities:

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 44 FINANCIAL INSTRUMENTS (continued)

## (d) Off balance sheet financial instruments

## (i) Forward foreign exchange contracts

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

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 44 FINANCIAL INSTRUMENTS (continued)

## (d) Off balance sheet financial instruments (continued)

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 44 FINANCIAL INSTRUMENTS (continued)

## (d) Off balance sheet financial instruments (continued)

## (ii) Interest rate swaps

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

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

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

## (ii) Credit risk

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 44 FINANCIAL INSTRUMENTS (continued)

## (e) Fair value

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

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

n/a – Not applicable

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 44 FINANCIAL INSTRUMENTS (continued)

## (e) Fair value (continued)

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 45 COMPARATIVE FIGURES - GROUP

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

## (a) Income statement reflecting effect of FRS

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



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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 45 COMPARATIVE FIGURES - GROUP (continued)

## (b) Balance sheets reflecting effect of FRS

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 45 COMPARATIVE FIGURES - GROUP (continued)

## (c) Cash flow reflecting effect of FRS

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

Net cash outflow from investing activities reflecting effect of FRS

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

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****46 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE****Corporate proposals completed after 30th June 2007**

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

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

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

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

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Sime Properties (Vietnam) Private Limited	Investment holding and management of serviced residence	Singapore	100.0	100.0	2
Sime Properties International Private Limited	Property investment and management of serviced apartments	Singapore	75.6	75.6	2
Sime Property Holdings Sendirian Berhad	Property investment	Malaysia	100.0	100.0	1
Sime UEP Brunsfield Properties Sdn Bhd	Property development and investment	Malaysia	50.5	50.5	1
Sime UEP Building Management Services Sdn Bhd	Property management	Malaysia	51.2	51.2	1
Sime UEP Centre Sdn Bhd	Property investment and development	Malaysia	75.6	75.6	1
Sime UEP Development Sdn Bhd	Property investment, construction and development	Malaysia	51.2	51.2	1
Sime UEP Executive Suites Sdn Bhd	Property investment and management	Malaysia	65.8	65.8	1
Sime UEP Heights Sdn Bhd	Property investment and development	Malaysia	51.2	51.2	1
Sime UEP Homes Sdn Bhd	Property investment and development	Malaysia	51.2	51.2	1
Sime UEP Industrial Park Sdn Bhd	Property investment and development	Malaysia	51.2	51.2	1
Sime UEP (Johor) Sdn Bhd	Property investment and development	Malaysia	51.2	51.2	1
Sime UEP Lembah Acob Sdn Bhd	Property investment and plantation	Malaysia	51.2	51.2	1
Sime UEP Properties Berhad	Investment holding and management	Malaysia	51.2	51.2	1
Sime Way Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Wood Industries Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Singapore Properties Limited	Property investment and development	Singapore	100.0	100.0	2
Solarvest Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Stableford Development Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sungei Way Development Berhad	Property investment	Malaysia	51.2	51.2	1
Syarikat Malacca Straits Inn Sdn Bhd	Hotel ownership	Malaysia	55.0	55.0	1
UEP Construction Sdn Bhd	Property investment	Malaysia	51.2	51.2	1
Wisma Sime Darby Sdn Berhad	Property management and related services	Malaysia	100.0	100.0	1

## HEAVY EQUIPMENT

Austchrome Pty Ltd	Chroming and hydraulic repairs	Australia	100.0	100.0	2
Caltrac SAS	Sales of equipment and spare parts and service support for Caterpillar business	New Caledonia	100.0	100.0	2
Caterpillar Financial Services Malaysia Sdn Bhd	Hire purchase and leasing finance in support of sales of equipment	Malaysia	^40.0	^40.0	1
CICA Limited	Distribution, sales and maintenance of trucks, drilling equipment and compressors	Channel Islands	70.0	70.0	2

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
CICA Vietnam Limited	Provision of consultancy and services in connection with installation, operation, repair and maintenance of industrial machines, equipment and engine vehicles	Vietnam	70.0	-	2
Columbia Chrome (Malaysia) Sdn Bhd	Manufacturing, re-manufacturing, repair and servicing of engine products, electroplating and chroming activities	Malaysia	100.0	100.0	1
Energy Power Systems Australia Pty Ltd	Sale of Caterpillar engines	Australia	^20.0	^20.0	2
FG Wilson Asia Pte Ltd	Sale and servicing of diesel generator sets	Singapore	^50.0	^50.0	2
Foshan Shunde CEL Machinery Company Limited	Selling of Caterpillar heavy construction equipment, electricity generator sets, engines and spare parts; provision of maintenance service; equipment rental; project co-ordination and engineering for installation of mechanical and electrical equipments	China	100.0	100.0	2
Hastings Deering (Australia) Ltd	Sales of equipment and spare parts and service support for Caterpillar business	Australia	100.0	100.0	2
Hastings Deering (PNG) Limited	Sales of equipment and spare parts and service support for Caterpillar business	Papua New Guinea	100.0	100.0	2
Hastings Deering (Solomon Islands) Limited	Sales of equipment and spare parts and service support for Caterpillar business	Solomon Islands	100.0	100.0	2
Kiong Yu Realty Sdn Bhd	Property holding	Malaysia	100.0	100.0	1
Macau CEL Machinery Company Limited	Sales of engineering machinery, electricity generating sets, engines and related parts, provision of after-sales and rental services of the said products, organising construction projects and provision of installation services for electrical and mechanical equipment	Macau	100.0	-	4
Otofin Sdn Bhd	Sale and marketing of generators, agricultural and industrial machinery	Malaysia	75.0	75.0	1
Otofin Industries Sdn Bhd	Manufacturing and assembly of generators, agricultural and industrial machinery	Malaysia	75.0	75.0	1
Sime Darby Industries, Inc	General trading	Philippines	98.7	98.7	3
Sime Kubota Sdn Bhd	Assembly and distribution of Kubota range of agricultural machinery and other machinery and equipment	Malaysia	90.0	90.0	1
Terberg Tractors Malaysia Sdn Bhd	Marketing, distributing, selling and servicing Terberg terminal tractors	Malaysia	50.0	50.0	1
The China Engineers (BVI) Limited	Investment holding	British Virgin Islands	100.0	100.0	2
The China Engineers, Limited	Selling of Caterpillar heavy construction equipment, electricity generator sets, engines and spare parts; provision of maintenance service; equipment rental; project co-ordination and engineering for installation of mechanical and electrical equipments	Hong Kong	100.0	100.0	2
The China Engineers (South China) Limited	Investment holding	Hong Kong	100.0	100.0	2



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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
TMA-Joy Industries Asia Pacific Sdn Bhd	Designing and manufacturing of heat exchangers, radiators, process equipment modules, filters and separators	Malaysia	55.0	55.0	1
Tractors (B) Sdn Bhd	Assembly, marketing and distribution of agricultural and industrial equipment	Brunei	70.0	70.0	2
Tractors Machinery International Pte Ltd	Sale & service of new and used earth moving construction and related heavy equipment and spare parts	Singapore	100.0	100.0	2
Tractors Malaysia Enterprise Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Tractors Malaysia (1982) Sdn Bhd	Sale of equipment, spare parts and service support for Caterpillar business, distribution of forklifts, other material handling equipment and industrial cleaners, and supply and installation of Kawasaki co-generation systems	Malaysia	100.0	100.0	1
Tractors Malaysia Holdings Berhad	Investment holding and provision of management and ancillary services	Malaysia	100.0	100.0	1
Tractors Malaysia (Hong Kong) Limited	Investment holding	Hong Kong	100.0	100.0	2
Tractors Malaysia Motor Holdings Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Tractors Malaysia Power Systems Sdn Bhd	Packaging of Caterpillar generator sets	Malaysia	100.0	100.0	1
Tractors Malaysia Rebuild Sdn Bhd	Reconditioning of used equipment and machinery	Malaysia	100.0	100.0	1
Tractors Malaysia Training and Development Centre Sdn Bhd	Provision of training	Malaysia	100.0	100.0	1
Tractors Manufacturing & Assembly Sdn Bhd	Manufacturing and assembly of tractor implements and tractor parts and other products	Malaysia	100.0	100.0	1
Tractors Material Handling Sdn Bhd	Sale and distribution of lift trucks and spare parts, and the rental and servicing of other material handling equipment	Malaysia	100.0	100.0	1
Tractors Petroleum Services Sdn Bhd	Supply, repair and maintenance of Caterpillar engines and other equipment for the oil and gas industry	Malaysia	100.0	100.0	1
Tractors Singapore Holdings Pte Ltd	Investment holding	Singapore	100.0	100.0	2
Tractors Singapore Limited	Sale, rental, service & assembly of earthmoving and construction equipment and related heavy equipment and spare parts	Singapore	100.0	100.0	2
Xiamen CEL HeavyEquipment Company Limited	Selling of Caterpillar heavy construction equipment, electricity generator sets, engines and spare parts; provision of maintenance service; equipment rental; project co-ordination and engineering for installation of mechanical and electrical equipment	China	100.0	100.0	2
Xiamen Sime Darby CEL Machinery Co Ltd	Selling of Caterpillar heavy construction equipment, electricity generator sets, engines and spare parts; provision of maintenance service; equipment rental; project co-ordination and engineering for installation of mechanical and electrical equipment	China	100.0	100.0	2
Xinjiang Sime Darby Heavy Equipment Co Ltd	Production, display and sales of heavy equipment; provision of after-sale services	China	100.0	-	4

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Name of Company	Principal activities	Country of incorporation/ Principal of Business	Group's effective interest (%)		Auditors
			2007	2006	
<b>MOTOR VEHICLES</b>					
Associated Motor Industries Malaysia Sdn Bhd	Assembly of motor vehicles	Malaysia	51.0	51.0	1
Auto Bavaria Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Auto Technology Engineering Company Limited	Distribution for Denso Diesel injection pump and provision of after sales services	Hong Kong	100.0	100.0	2
AutoFrance China Limited	Distribution and dealership of Peugeot motor vehicles	Hong Kong	100.0	100.0	2
AutoFrance Hong Kong Limited	Distributor and dealer of Peugeot motor vehicles	Hong Kong	100.0	100.0	2
Bluewater Marine Limited	Investment holding	British Virgin Islands	100.0	100.0	4
BMW Concessionaires (HK) Limited	Distributor and dealer for BMW motor vehicles, provision of after-sale maintenance services and investment holding	Hong Kong	100.0	100.0	2
BMW Concessionaires (Macau) Limited	Agent for sales, service and parts for BMW motor vehicles	Macau	100.0	100.0	2
BMW Malaysia Sdn Bhd	Sale and distribution of motor vehicles and motorcycles; and lease of tooling equipment	Malaysia	®149.0	®149.0	3
Bow Ma Motors (South China) Ltd	Investment holding	Hong Kong	100.0	100.0	2
CEC Finance Limited	Hire purchase and lease financing	Hong Kong	^49.0	^49.0	3
Continental Car Services Limited	Motor dealership	New Zealand	100.0	100.0	2
Ford Malaysia Sdn Bhd	Import and distribution of Ford motor vehicles and spare parts	Malaysia	51.0	51.0	1
Goodwood Motors Limited	Distributor and dealer of Rolls-Royce motor vehicles	Hong Kong	100.0	100.0	2
Guangdong Deda Bow Ma Motor Service Co Ltd	Repair, maintenance and inspection of motor vehicles and motorcycles; purchase of motor vehicle and motorcycle spare parts and accessories; consultancy services for technical inquiries and repair of motor vehicles and motorcycles; repair skills for motor vehicle and motorcycle maintenance and repair; exhibition of new motor vehicles and new motorcycles (which vehicles shall not be directly imported and sold by the company)	China	65.0	65.0	2
Hainan Bao Yue Automobiles Trading Co Ltd	Sales of motor vehicles (including small car), sales of brand sedan, sales of motorcycles and parts, provision of after-sales services and consultancy services	China	100.0	100.0	2
Hainan Dejie Motors Limited	Provision of after-sales services for vehicles; selling spare parts of vehicles; display vehicles and motorcycles at the business premises; provide training for vehicle technicians and relevant consultation, management and other services	China	100.0	100.0	2
Harper Engineering (Macau) Limited	Motor vehicles sales and aftersales services	Macau	100.0	100.0	2
Hino Distributors NZ Limited	Sale of new heavy Hino trucks and used heavy trucks of all makes and models	New Zealand	100.0	100.0	2
Hyundai-Sime Darby Berhad	Investment holding and provision of management services	Malaysia	100.0	99.6	1

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Hyundai-Sime Darby Motors Sdn Bhd	Sales and distribution of passenger and light commercial vehicles, provision of after sales services and selling and distribution of spare parts for its products range	Malaysia	100.0	99.6	1
Hyumai Motor Sdn Bhd	Investment holding, importation and distribution of certain Hyundai vehicles	Malaysia	51.0	51.0	1
Hyumai Trading Sdn Bhd	Sales of certain Hyundai and Inokom vehicles, provision of after sales services and related spare parts	Malaysia	51.0	51.0	1
Infinity Automotive Limited	Retailing of new and used passenger cars and light commercial vehicles, spare parts and accessories and the provision of related services	New Zealand	100.0	100.0	2
Island Motors Limited	Distributor and dealer of Suzuki motor vehicles	Hong Kong	100.0	100.0	2
Inokom Corporation Sdn Bhd	Manufacture and assembly of light commercial and passenger vehicles, and contract assembly of motor vehicles	Malaysia	53.5	53.5	1
Land Rover (Malaysia) Sdn Bhd	Import and distribution of Land Rover motor vehicles and spare parts	Malaysia	60.0	60.0	1
Motor Truck Distributors (NZ) Limited	Sale of new heavy Mack and Renault trucks and used heavy trucks of all makes and models	New Zealand	100.0	100.0	2
Neville Motors Limited	Retailing of new and used passenger cars and light commercial vehicles, spare parts and accessories and the provision of related services	New Zealand	100.0	100.0	2
North Shore Motor Holdings Limited	Motor vehicle dealer	New Zealand	100.0	100.0	2
Oriental-Hyundai Sdn Bhd	Distribution of motor vehicles	Malaysia	20.4	20.4	3
Parts Link Trading Company Limited	Wholesaler of motor vehicles parts and accessories	Hong Kong	100.0	100.0	2
Performance Motors Limited	Motor dealership	Singapore	100.0	100.0	2
Performance Motors (Thailand) Limited	Motor dealership	Thailand	100.0	100.0	3
Performance Premium Selection Limited	Retailer, wholesaler and exporter of used car	Singapore	60.0	60.0	2
Perry's Automotive Group (North Shore) Limited	Wholesaling and retailing of new and used passenger cars and light commercial vehicles, spare parts and accessories and the provision of related services	New Zealand	100.0	100.0	2
SDHK Group Company Limited	Investment holding	Bermuda	100.0	100.0	2
Shanghai SimeWinner Automobile Trading Company Limited	Motor vehicles distributor and dealer	China	60.0	60.0	2
Shanghai Xin Biao Xian Motor Commerce Company Limited	Sales of imported Rolls-Royce Motor Cars, which is the general distributor of Rolls-Royce Motor Cars in China under the authorisation of BMW China Automotive Trading Co Ltd	China	100.0	-	4
Shantou Dehong Bow Ma Motors Company Limited	To provide maintenance repairing, upkeeping and to display vehicles and motorcycles and to provide management and technical consultation services	China	60.0	60.0	2

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Shenzhen Bow Chuang Vehicle Trading Company Limited	Retail of brand automobiles manufactured by BMW Brilliance Automotive Ltd and related spare parts, provision of after-sales services and provision of management consultancy services on automobile sales	China	100.0	100.0	2
Shenzhen Sime Darby Motor Enterprises Co Ltd	Motor vehicles maintenance and repair; inspection and testing of motor vehicles; consultancy services	China	70.0	70.0	2
SimeCredit (Malaysia) Sdn Bhd	Hire purchase financing	Malaysia	-	100.0	1
Sime Darby Auto Imports Sdn Bhd	Importer of BMW and MINI vehicles	Malaysia	100.0	100.0	1
Sime Darby Auto Italia Sdn Bhd	Distribution of Alfa Romeo vehicles and spare parts and provision of after sales service	Malaysia	100.0	100.0	1
Sime Darby Automobiles Malaysia Sdn Bhd (formerly known as Ford Concessionaires Sdn Bhd)	Retail of motor vehicles and spare parts and provision of after sales services	Malaysia	100.0	100.0	1
Sime Darby Automobiles NZ Limited	Motor distribution	New Zealand	100.0	100.0	2
Sime Darby Automobiles Pty Ltd	Import, distribution, wholesale and sale of Peugeot motor vehicles and parts in Australia	Australia	100.0	100.0	2
Sime Darby Management Services Limited	Provision of intra-group management services and property holding	Hong Kong	100.0	100.0	2
Sime Darby Mazda (Thailand) Limited	Motor dealership	Thailand	100.0	100.0	3
Sime Darby Mitsu (Thailand) Limited	Retail sale and service of Mitsubishi motor vehicles	Thailand	100.0	100.0	3
Sime Darby Motor Division Sdn Bhd	Provision of management services and retail of BMW and MINI vehicles	Malaysia	100.0	100.0	1
Sime Darby Motor Group (Australia) Pty Limited	Investment holding	Australia	100.0	100.0	2
Sime Darby Motor Group (HK) Limited	Investment holding	Hong Kong	100.0	100.0	2
Sime Darby Motor Group (NZ) Limited	Investment holding	New Zealand	100.0	100.0	2
Sime Darby Motor Group (PRC) Limited	Investment holding	Hong Kong	100.0	100.0	2
Sime Darby Motor Group (Singapore) Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Motor Holdings Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Motors Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Motor Services Limited	Distribution of Ford motor vehicles and provision of after sales services for motor vehicles	Hong Kong	100.0	100.0	2
Sime Darby Motors (Nissan China) Holdings Limited	Investment holding	Hong Kong	100.0	100.0	2
Sime Darby Regent Motors Limited	Motor dealership	Thailand	100.0	-	3
Sime Darby Rent-A-Car Sdn Bhd	Vehicle Rental	Malaysia	100.0	100.0	1
Sime Darby Services Private Limited	Vehicle Rental	Singapore	100.0	100.0	2
Sime Darby System Integrators Sdn Bhd	Investment holding	Malaysia	100.0	99.6	1

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Sime Darby (Thailand) Limited	Investment holding	Thailand	100.0	100.0	3
SimeLease (Malaysia) Sdn Bhd	Lease financing	Malaysia	-	100.0	1
Sime Singapore Limited	Investment holding and the provision of management and ancillary services	Singapore	100.0	100.0	2
Sime Winner Holdings Limited	Investment holding and motor vehicles distributor and dealer	Hong Kong	60.0	60.0	2
SimeWinner Nissan Autocrafts Limited	Investment holding and motor vehicles distributor and dealer	Hong Kong	60.0	60.0	2
South Perth Investments Pty Ltd	Vehicle rental and related mechanical services	Australia	100.0	100.0	2
Truck Investments Limited	Investment holding and financing of vehicles	New Zealand	100.0	100.0	2
Truck Stops (NZ) Limited	Provision of spare parts and services for medium and heavy trucks and repair and servicing of trucks trailers	New Zealand	100.0	100.0	2
UD Truck Distributors (NZ) Limited	Nissan diesel truck distributor and retailer	New Zealand	100.0	100.0	2
Uniparts Limited	Sale of motor vehicle spare parts	Hong Kong	100.0	100.0	2
Universal Cars (Importers) Limited	Distribution and dealership of Mitsubishi motor vehicles	Hong Kong	100.0	100.0	2
Universal Cars Limited	Distribution and dealership of Mitsubishi motor vehicles	Hong Kong	100.0	100.0	2
Vermont International Limited	Investment holding	Hong Kong	60.0	60.0	2
Vantage Automotive Limited	Motor dealership	Singapore	100.0	100.0	2
Viking Motors Limited	Dealer for Volvo motor vehicles	Thailand	100.0	100.0	3
Wallace Harper & Company, Limited	Investment holding	Hong Kong	100.0	100.0	2
Warwick Motors Limited	Distribution and dealer for Land Rover motor vehicles	Hong Kong	100.0	100.0	2
Yunnan Bow Yue Vehicle Trading Company Limited	Retailing of branded automobiles manufactured by BMW Brilliance Automotives Ltd and related spare parts, and the provision of after-sales services and management consulting services on automobiles sales	China	100.0	-	2
Yunnan Dekai Bow Ma Motors Technology & Service Co Ltd	To provide maintenance repairing, upkeeping; to display vehicles and motorcycles at its business premises and to provide consultation and management services	China	65.0	65.0	2
Yunnan Sime Winner Motor Services Co, Limited	Operation of motor vehicle service centres	China	-	90.0	2

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
<b>ENERGY &amp; UTILITIES</b>					
Airia Jaya Marine (S) Pte Ltd	Shipowning, shipchartering and shipmanagement	Singapore	-	^29.4	3
Batamindo Carriers Pte Ltd	Ship and boat chartering services	Singapore	-	^10.3	3
Chubb Malaysia Sendirian Berhad	Manufacture, marketing, installation and servicing of security products	Malaysia	49.0	49.0	1
Chubb Singapore Private Limited	Marketing of security and fire protection products and services	Singapore	^30.0	^30.0	2
Chubb-Special Fire Hazards Protection Pte Ltd	Provision of fire protection and alarm systems and services	Singapore	^30.0	^30.0	2
DMS Jaya Marine W L L	Shipowning and shipchartering	Qatar	-	^14.4	3
JanaUrus PDP Sdn Bhd	Provision of operating and maintenance services for an independent power producer	Malaysia	100.0	100.0	1
Java Marine Lines Pte Ltd	Shipowning and shipchartering	Singapore	-	^29.4	3
Jaya Century Pte Ltd	Shipowning and shipchartering	Singapore	-	^29.4	3
Jaya Container Lines Pte Ltd	Shipowning and shipchartering	Singapore	-	^26.4	3
Jaya DMS Marine Pte Ltd	Shipowning and shipchartering	Singapore	-	^14.7	3
Jaya Holdings Limited #	Investment holding	Singapore	-	^29.4	3
Jaya International Transport Pte Ltd	Shipowning and shipchartering	Singapore	-	^29.4	3
Jaya Offshore Pte Ltd	Shipchartering and shipmanagement	Singapore	-	^29.4	3
Jaya Shipbuilding and Engineering Private Limited	Ownership of shipyard and the building and repairing of ships	Singapore	-	^29.4	3
Jaya-TDS Shipping Ltd	Shipowning and shipchartering	Mauritius	-	^14.7	3
Laem Chabang Power Co Limited	Independent power producer	Thailand	100.0	100.0	3
Marksworth Limited	Investment holding	Hong Kong	100.0	100.0	2
Malaysia - China Hydro Joint Venture	Engineering, procurement and construction work	Malaysia	25.0	25.0	1
Malaysian Oriental Holdings Berhad	Investment holding	Malaysia	70.0	70.0	1
Mecomb Malaysia Sdn Berhad	Sales and services of industrial, mechanical, electrical and instrumentation products, computer products and systems and design and consultancy of air-conditioning systems	Malaysia	70.0	70.0	1
Mecomb Singapore Limited	Manufacture and installation of industrial equipment and the import and sale of technical and scientific instruments, mechanical, electrical and electric equipment and components	Singapore	70.0	70.0	2
Mecomb (Thailand) Limited	Sale of industrial, mechanical, electrical and electronic products	Thailand	100.0	70.0	2
Pesida Equipment Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Port Dickson Power Berhad	Independent power producer	Malaysia	75.0	75.0	1

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
PT Sime Darby Offshore Engineering	Importation, distribution and leasing of engineering products	Indonesia	70.0	70.0	2
PT Jaya Asiatic Shipyard	Ownership of shipyard and the building and repairing of ships	Indonesia	-	^27.9	3
Sanergy Jaya Marine Pte Ltd	Shipowning, shipchartering and ship management	Singapore	-	^14.7	3
Sime Darby Brunfield Engineering Sdn Bhd	Procurement, design and execution of engineering contracts	Malaysia	60.0	60.0	1
Sime Darby Energy & Utilities Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Engineering Sdn Bhd	Engineering, fabrication and construction relating to the oil and gas industry	Malaysia	79.0	79.0	1
Sime Darby Offshore Engineering Sdn Bhd	Operations and maintenance, products and systems integration, hook-up and commissioning, plant modification and minor fabrication works	Malaysia	70.0	70.0	1
Sime Darby Oil & Gas Sdn Bhd	Investment holding	Malaysia	70.0	70.0	1
Sime Darby Overseas (HK) Limited	Investment holding	Hong Kong	100.0	-	4
Sime Darby Petroleum Sdn Bhd	Oil and gas exploration	Malaysia	100.0	100.0	1
Sime Darby Systems Sdn Bhd	Investment holding	Malaysia	70.0	70.0	1
Sime Darby Water Resources Sdn Bhd (formerly known as MarketLink (M) Sdn Bhd)	Investment holding	Malaysia	100.0	100.0	1
Sime Engineering - SembCorp Malaysia Joint Venture	Engineering, procurement and construction for the Janamanjung Project	Malaysia	+35.0	+35.0	1
Sime Engineering Sdn Bhd	Provision of engineering project and management services to the petroleum industry, power plant and infrastructure works	Malaysia	70.0	70.0	1
Sime Engineering Sdn Bhd - Edwards & Sons Joint Venture	Procurement and construction work	Malaysia	+35.7	+35.7	1
Sime Engineering Services Bhd	Investment holding	Malaysia	70.0	70.0	1
Sime - Lum Chang Joint Venture	Engineering, procurement and construction work	Malaysia	+35.0	+35.0	1
Sime O&M (Thailand) Co Ltd (formerly known as Fortum Energy Solutions (Thailand) Company Ltd)	Provision of operation and maintenance services to power plants in Thailand	Thailand	100.0	-	3
Sime Overseas Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Surveillance Sdn Bhd	Provision of security services	Malaysia	100.0	100.0	1
Sime-SIRIM Technologies Sdn Bhd	Provision of calibration, measurement and related services	Malaysia	35.0	35.0	1
Sime Technologies Holdings Pte Ltd	Investment holding	Labuan	70.0	70.0	4
The China Water Company Limited	Infrastructure project development	Cayman Islands	-	^33.3	2
The China Water Company (Shenyang) Limited	Investment holding	British Virgin Islands	^33.0	-	4

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Weifang Sime Darby Investment and Management Co Ltd	Investment holding and provision of management services	China	51.0	51.0	4
Weifang Sime Darby Port Co Ltd	Ownership and management of port facilities	China	99.0	80.0	4
Weifang Sime Darby Water Co Ltd	Treatment and supply of treated water to industrial customers	China	100.0	80.0	4
Zibo Sime Darby Chemicals Co Ltd	Production and sale of polyaluminium chloride	China	51.0	-	4
<b>GENERAL TRADING, SERVICES &amp; OTHERS</b>					
Asian Composites Manufacturing Sdn Bhd	Manufacture of composite parts of aircraft	Malaysia	^33.3	^25.0	1
Celliose Par Coatings Company Limited	Investment holding, manufacturing and trading of paints and chemical products	Hong Kong	^40.0	^40.0	2
Celliose PAR Coatings (Wuxi) Company Limited	Manufacturing and trading of paints and chemical products	China	^40.0	^40.0	3
Century Automotive Products Sdn Bhd	Sale of automotive products	Malaysia	-	99.6	1
Continental Sime Tyre Sdn Bhd	Investment holding	Malaysia	@230.0	@230.0	3
Dunlopillo Holdings Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Dunlopillo (Hong Kong) Limited	Distribution of mattresses and related bedding products	Hong Kong	100.0	-	2
Dunlopillo (Malaysia) Sdn Bhd	Manufacturing and distribution of mattresses and related bedding products	Malaysia	100.0	100.0	1
Dunlopillo (Middle East) FZE	Distribution of mattresses and related bedding products	United Arab Emirates	100.0	100.0	4
Dunlopillo (Shenzhen) Limited	Manufacturing and distribution of mattresses and related bedding products	China	100.0	100.0	2
Dunlopillo (Singapore) Pte Ltd	Distribution of tyres, mattresses and related bedding products and that of investment holding	Singapore	100.0	100.0	2
Dunlopillo (Vietnam) Limited	Manufacturing and distribution of mattresses and related bedding products	Vietnam	100.0	100.0	2
Hogg Robinson Westminster Hong Kong Limited ( <i>formerly known as Business Travel International Westminster (Hong Kong) Limited</i> )	Provision of corporate travel management services	Hong Kong	^34.3	^34.3	2
Jecking Tours & Travel Limited	Travel and tour agency	Hong Kong	70.0	70.0	2
KN Sime Logistics Sdn Bhd	Provision of transportation, freight forwarding and warehousing and distribution services	Malaysia	^50.0	50.0	3
Marsman - Westminster Travel. Inc	Tour and travel agency	Philippines	^35.0	^35.0	3
Megah Medical Specialists Group Sdn Bhd	Operating a medical daycare feeder centre and provision of medical, health care and other related ancillary services	Malaysia	100.0	100.0	1
Orchard Nominees Private Limited	Holding investments as a nominee	Singapore	100.0	100.0	2



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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
PAR Resources (Holdings) Limited	Investment holding and provision of management service	Hong Kong	100.0	100.0	2
PT Sime Duniopillo Indonesia	Distribution of mattresses and related bedding products	Indonesia	70.0	70.0	2
PT Guru Indonesia	Manufacture of corrugated boxes	Indonesia	-	75.0	3
Robt Bradford & Co Ltd	Investment holding and insurance broking	United Kingdom	100.0	100.0	2
Robt Bradford Hobbs Savill Ltd	Insurance broking	United Kingdom	98.9	100.0	2
SD Far East (1991) Limited	Investment holding	Hong Kong	100.0	100.0	2
SD Holdings Berhad	Investment holding	Malaysia	100.0	100.0	1
Sime Aerogreen Technology Sdn Bhd	Production and marketing of aeroponic vegetables	Malaysia	100.0	100.0	1
Sime Conoco Energy Sdn Bhd	Investment holding	Malaysia	-	51.0	1
Sime Darby Eastern International Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Eastern Investments Private Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Eastern Limited	Investment holding	Singapore	100.0	100.0	2
Sime Darby Financial Services Holdings Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Darby Hong Kong Limited	Investment holding	Hong Kong	100.0	100.0	2
Sime Darby Hongkong Finance Limited	Provision of intra-group financial services and investment holding	Hong Kong	100.0	100.0	2
Sime Darby Hong Kong Nominees Limited	Holding investments as a nominee	Hong Kong	100.0	100.0	2
Sime Darby Insurance Pte Ltd	Offshore captive insurer	Malaysia	100.0	100.0	1
Sime Darby Investments Pty Limited	Investment holding	Australia	100.0	100.0	2
Sime Darby Lockton Insurance Brokers Sdn Bhd <i>(formerly known as Sime Alexander Forbes Insurance Brokers Sdn Bhd)</i>	Insurance and reinsurance brokers and consultants	Malaysia	60.0	60.0	1
Sime Darby Management Services (Singapore) Pte Ltd <i>(formerly known as Sime Darby Information Service Pte Ltd)</i>	Provision of audit, human resources, information technology, legal, corporate secretarial and accounting services	Singapore	100.0	100.0	2
Sime Darby Nominees Limited	Holding investments as a nominee	United Kingdom	100.0	100.0	2
Sime Darby Nominees Sendirian Berhad	Holding investments as a nominee	Malaysia	100.0	100.0	1
Sime Darby Pension Scheme Trustees Ltd	Trustees to Pension Scheme	United Kingdom	100.0	100.0	2
Sime Darby Travel Sdn Bhd	Travel agency	Malaysia	100.0	100.0	1
Sime Healthcare Staff Agency Sdn Bhd	Operation of employment agency	Malaysia	100.0	100.0	1

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
			2007	2006	
Sime Holidays Sdn Bhd	Travel and tour agency	Malaysia	100.0	100.0	1
Sime Inax Sdn Bhd	Manufacture and marketing of sanitary wares	Malaysia	-	80.0	1
Sime Insurance Brokers (HK) Limited	Insurance brokers and consultants	Hong Kong	100.0	100.0	2
Sime Insurance Brokers (Singapore) Pte Ltd	Insurance brokers and consultants	Singapore	100.0	100.0	2
Sime Investments (Mauritius) Limited	Provision of financing	Mauritius	100.0	100.0	3
Sime Kansai Paints Sdn Bhd	Manufacture, sales and marketing of automotive and industrial paints	Malaysia	^40.0	^40.0	3
Sime Link Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
Sime Malaysia Region Berhad	Investment holding	Malaysia	100.0	100.0	1
Sime Managing Agency Limited	To act as an insurance agent	Hong Kong	100.0	100.0	2
Sime NET Technologies Sdn Bhd	Provider of information technology services	Malaysia	100.0	100.0	1
Sime Rengo Packaging (M) Sdn Bhd	Manufacture and sale of corrugated fibre board cartons and boxes	Malaysia	70.0	70.0	1
Sime Rengo Packaging Singapore Limited	Manufacture and marketing of corrugated paper boxes and other paper products	Singapore	66.6	66.6	2
Sime Singapore Investments Limited	Investment holding	Singapore	100.0	100.0	2
Sime Solution Centre Sdn Bhd	Provision of accounting and other backroom processing services	Malaysia	100.0	100.0	1
Sime Travel Holdings Limited	Investment holding	Hong Kong	100.0	100.0	2
Sime Travel (Singapore) Private Limited	Travel agency	Singapore	70.0	70.0	2
SimeWest Holdings Sdn Bhd	Investment holding	Malaysia	100.0	100.0	1
SJMC Training & Educational Services Sdn Bhd	Organising educational programmes and provision of education	Malaysia	100.0	100.0	1
Subang Jaya Medical Centre Sdn Bhd	Management of a hospital and provision of related healthcare facilities	Malaysia	100.0	100.0	1
Tahan Enterprise Sdn Berhad	Investment holding	Malaysia	100.0	100.0	1
The China Engineers (Malaysia) Sdn Bhd	General trading, distribution of building supplies and technical products and installation of long run roofing sheets	Malaysia	100.0	100.0	1
Tesco Stores (Malaysia) Sdn Bhd	Operator of retail outlets	Malaysia	^30.0	^30.0	1
Union Sime Darby (Thailand) Ltd	Insurance and reinsurance brokers and consultants	Thailand	^49.0	^49.0	2
Westminster Travel Limited	Travel agency	Hong Kong	70.0	70.0	2
Westminster Travel Limited (Taiwan)	Travel agency	Taiwan	70.0	70.0	2
Wincastle Travel (HK) Limited	Travel agency	Hong Kong	52.5	52.5	2

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Name of Company	Principal activities	Country of incorporation/ Principal place of Business	Group's effective Interest (%)		Auditors
			2007	2006	
<b>INACTIVE COMPANIES - ALL DIVISIONS</b>					
Agri-Bio Corporation Sdn Bhd		Malaysia	100.0	100.0	1
Asia Power Systems Corporation		British Virgin Islands	-	^14.7	3
Associated Tractors Sdn Bhd		Malaysia	100.0	100.0	1
ATSB (B) Sdn Bhd		Brunei	100.0	100.0	2
Avidat Sdn Bhd		Malaysia	100.0	100.0	1
Bacini Cycles Pty Ltd		Australia	100.0	100.0	2
Balui Hydro Sdn Bhd		Malaysia	70.0	70.0	1
Barat Estates Sendirian Berhad		Malaysia	100.0	100.0	1
Beijing Sime Darby Consulting Services Company Limited		China	100.0	100.0	2
Calm Approach Investment, Ltd		British Virgin Islands	-	^5.9	3
Century Batteries Sales (Malaysia) Sdn Bhd		Malaysia	-	99.6	1
Continental Cars Limited		New Zealand	100.0	100.0	2
Crescent Shipping Pte Ltd		Singapore	-	^29.4	3
East West Insurance Company Limited		United Kingdom	79.2	79.2	3
Edible Products Limited		Singapore	100.0	100.0	2
Epic Products Berhad		Malaysia	100.0	100.0	1
ERF Man and Western Star (NZ) Limited		New Zealand	100.0	100.0	2
Grand Seaway Ferries Inc		Philippines	-	^5.9	3
Guangzhou Sime Darby Motor Enterprises Ltd		China	-	100.0	2
Guangzhou SimeWinner Motor Services Limited		China	-	60.0	2
Guangzhou Wallace Harper Motor Services Limited		China	-	100.0	2
Guardfire (Malaysia) Sdn Bhd		Malaysia	^30.0	30.0	1
Hainan Sime Darby Motor Service Enterprises Company Limited		China	100.0	100.0	2
Hyundai-Sime Darby Engine Manufacturing Sdn Bhd <i>(formerly known as Sime Logistics Sdn Bhd)</i>		Malaysia	100.0	100.0	1
Independent Water Supplier Sdn Bhd		Malaysia	^48.0	-	4
Malaysia-China Hydro Sdn Bhd		Malaysia	70.0	70.0	1
Mortlock Distributors Pty Ltd		Australia	100.0	100.0	2
Motion Smith Machinery (Shanghai) Co Ltd		China	70.0	70.0	2
Palmerston North Motors Wholesale Limited		New Zealand	100.0	100.0	2
Puchong Quarry Sdn Bhd		Malaysia	85.4	85.4	1
PB Packaging Systems (Singapore) Pte Ltd		Singapore	66.6	66.6	2

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Name of Company	Country of incorporation/ Principal of Business	Group's effective interest (%)		Auditors
		2007	2006	
Scandinavian Truck & Bus Sdn Bhd	Malaysia	100.0	100.0	1
Selatan Estates Sendirian Berhad	Malaysia	100.0	100.0	1
Sharikat Hadapan Berhad	Malaysia	100.0	100.0	1
Sime Aerogreen Research Sdn Bhd	Malaysia	100.0	100.0	1
Sime Bow Motors (Guangzhou Free Trade Zone) Limited	China	-	100.0	2
Sime Coatings Sdn Bhd	Malaysia	100.0	100.0	1
Sime Consulting Sdn Bhd	Malaysia	100.0	100.0	1
Sime Cycle Australia Pty Ltd	Australia	100.0	100.0	2
Sime Darby Biofuels Sdn Bhd <i>(formerly known as Servitel Development Sdn Bhd)</i>	Malaysia	100.0	100.0	1
Sime Darby Catering Services Sdn Bhd	Malaysia	100.0	-	1
Sime Darby Corporation (Africa) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby EcoSystems Sdn Bhd <i>(formerly known as Gem Streams Sdn Bhd)</i>	Malaysia	100.0	-	4
Sime Darby Land (Johor) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Marine Sdn Bhd	Malaysia	70.0	70.0	1
Sime Darby Motor Service Centre Limited	Hong Kong	100.0	100.0	2
Sime Darby Nautical Sdn Bhd <i>(formerly known as Macten Engineering Sdn Bhd)</i>	Malaysia	100.0	-	4
Sime Darby Power Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Services Limited	Hong Kong	100.0	100.0	2
Sime Darby Yangon Limited	Myanmar	100.0	100.0	3
Sime Energy Holdings Pte Ltd	Singapore	100.0	100.0	2
Sime Grove Apartments Pte Ltd	Singapore	100.0	100.0	2
Sime Health Limited	United States of America	100.0	100.0	2
Sime Healthcare Sdn Bhd	Malaysia	100.0	100.0	1
Sime Insurance Services Sdn Bhd	Brunei	100.0	100.0	2
Sime Latex Products Sdn Bhd	Malaysia	100.0	100.0	1
Sime LCP Power Company Limited	Thailand	100.0	100.0	3
Sime Power Pte Ltd	Singapore	100.0	100.0	2
Sime Technology (Beijing) Company Limited	China	100.0	100.0	2
Sime Technology Ventures Sdn Bhd	Malaysia	100.0	100.0	1
Special Brand Sdn Bhd	Malaysia	100.0	100.0	1
SRIB (Far East) Pte Ltd	Singapore	100.0	100.0	2

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Name of Company	Country of incorporation/ Principal place of Business	Group's effective interest (%)		Auditors
		2007	2006	
Steelform Industries (Malaysia) Sdn Bhd	Malaysia	100.0	100.0	1
Surfactants (Malaysia) Sendirian Berhad	Malaysia	100.0	100.0	1
Tengah Estates Sendirian Berhad	Malaysia	100.0	100.0	1
Tenhamaram Biomass Sdn Bhd	Malaysia	+70.0	+70.0	1
Tianjin Dong Hui Technical Services Company Limited	China	60.0	60.0	2
Tianjin Sime Winner Motors Trading Co Ltd	China	60.0	60.0	2
TMB Niaga Sdn Bhd	Malaysia	60.0	60.0	1
Tractors All Parts Sdn Bhd	Malaysia	100.0	100.0	1
Tractors Auto Components Sdn Bhd	Malaysia	100.0	100.0	1
Tractors Malaysia Engineering Sdn Bhd	Malaysia	100.0	100.0	1
Trans-Port Shipping Pte Ltd	Singapore	-	^8.2	3
Universal Cars China Limited	Hong Kong	100.0	100.0	2
Universal Cars Holdings Limited	Hong Kong	45.0	45.0	2
Wuxi PAR Resources Coatings and Chemicals Company Limited	China	100.0	100.0	2
Xiamen Xiangyu Sime Darby CEL Machinery Trading Co Ltd	China	100.0	100.0	2
Xinet Pte Ltd	Singapore	-	^29.4	3
Xinjiang Sime Darby Property Co Ltd	China	100.0	-	4
Yaala Pembangunan Sdn Bhd	Malaysia	100.0	100.0	1
Zhuhai Jaya Shipbuilding Co Ltd	China	-	^20.5	3

**Notes:**

· Associates of Sime Darby

<sup>a1</sup> Auto Bavaria Sdn Bhd, which is a subsidiary of Sime Darby, has a 49% equity interest in BMW Malaysia Sdn Bhd. Notwithstanding this, the investment in BMW Malaysia Sdn Bhd has been classified as an investment (and not as an associated company) in view of the fact that Auto Bavaria Sdn Bhd is entitled to receive an aggregate guaranteed dividend for the first 5 years.

<sup>a2</sup> Continental Sime Tyre Sdn Bhd group has been classified as an investment in the financial statements following the dilution of Sime Darby's equity interest in the company from 49% to 30% in view of an arrangement that Sime Darby is entitled to receive guaranteed annual dividend

\* Jointly-controlled entity

# listed on a stock exchange

1. Subsidiaries and associates which are audited by PricewaterhouseCoopers, Malaysia

2. Subsidiaries and associates which are audited by overseas firms associated with PricewaterhouseCoopers, Malaysia

3. Subsidiaries and associates which are audited by firms not associated with PricewaterhouseCoopers, Malaysia

4. Subsidiaries and associates which have not appointed auditors.

SIME DARBY BERHAD

Company No.

41759	M
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**48 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28th August 2007

Company No.

41759	M
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**STATEMENT BY DIRECTORS**

We, Tan Sri Dato' Seri (Dr ) Ahmad Sarji bin Abdul Hamid and Dato' Seri Ahmad Zubair @ Ahmad Zubir bin Haji Murshid, two of the Directors of Sime Darby Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 8 to 92 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30th June 2007 and of the results of the Group and of the Company and the cash flows of the Group and of the Company for the year ended on that date, in accordance with the Malaysian Accounting Standards Board approved accounting standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965

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

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

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

Kuala Lumpur  
28th August 2007

**STATUTORY DECLARATION**

I, Dato' Sekhar Krishnan, the officer primarily responsible for the financial management of Sime Darby Berhad, do solemnly and sincerely declare that the financial statements set out on pages 8 to 92 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960

SUBSCRIBED AND SOLEMNLY DECLARED by the abovenamed Dato' Sekhar Krishnan, at Kuala Lumpur, Malaysia on 28th August 2007

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



Dato' Sekhar Krishnan  
(MIA 2337)  
Group Chief Financial Officer

TINGKAT 3, WISMA YAKIN  
JALAN MASJID INDIA  
50100 KUALA LUMPUR

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 8 to 92. 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 the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 In our opinion:
  - (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB approved accounting standards in Malaysia for Entities Other than Private Entities so as to give a true and fair view of:
    - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
    - (ii) the state of affairs of the Group and of the Company as at 30 June 2007 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;and
  - (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- 4 The names of the subsidiary companies of which we have not acted as auditors are indicated in Note 47 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.



REPORT OF THE AUDITORS TO THE MEMBERS OF  
SIME DARBY BERHAD (CONTINUED)  
(Company No. 41759-M)

- 5 We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- 6 The auditors' report on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection 3 of Section 174 of the Act.



PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants



DATO' AHMAD JOHAN BIN MOHAMMAD RASLAN  
(No. 1867/09/08 (J))  
Partner of the firm

Kuala Lumpur  
28 August 2007