

# ANNUAL REPORT 2014



Developing  
Sustainable Futures

SIME DARBY BERHAD  
(Company No. 752404-U)

# COVER RATIONALE

The impact of the whole is far greater than the sum of its parts. As an organisation grounded in the principles of sustainable development, this is a truth we understand and a responsibility we accept. Our operations span across almost 30 countries, employing more than 100,000 people, but the impact of what we do and how we do it, ripples far beyond. This year, in our maiden effort at integrated reporting, we have tried to capture those ripples as we strive towards continuous improvement in everything we do.

## ABOUT THIS REPORT

This Report represents the Group's first step towards integrated reporting. The Group is adopting this evolving area of best practice as part of our journey and commitment towards sustainability, transparency and effective corporate reporting.

This Report acknowledges the relationship between economic, environmental and social considerations and the impact on the Company while it pursues sustainable value creation. Therefore, the performance metrics for this Report will not only cover financial capital but also other facets based on salience and materiality.

This Report aims to provide:

- a) An insight as to how our strategic objectives create and sustain value for us and our various stakeholders
- b) How we have performed against our targets
- c) An indication of where we aim to be and how we plan to meet and address these targets, expectations and challenges

This Report should be read in conjunction with the Sime Darby Plantation Division Sustainability Report 2014 and the Yayasan Sime Darby Annual Report 2014.

Further information can also be found on our website: [www.simedarby.com](http://www.simedarby.com)

# ABOUT SIME DARBY

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

Sime Darby is committed to building a sustainable future for all its stakeholders. It is one of the largest companies on Bursa Malaysia with a market capitalisation of RM58.6 billion (USD 17.9 billion) as at 30 June 2014.

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

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## MISSION

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

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## VISION

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

### INTEGRITY

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

### RESPECT AND RESPONSIBILITY

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

### EXCELLENCE

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

### ENTERPRISE

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

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# SIME DARBY GROUP OVERVIEW

## SIME DARBY TODAY

A Diversified Multinational with

### 5 CORE BUSINESSES

in Key Growth Areas



Plantation



Industrial



Motors



Property



Energy & Utilities

## EMPLOYEES

Over

**103,507**



## PROFIT CONTRIBUTION OF EACH DIVISION (FY2014)

**45%**

**24%**

**15%**

**14%**

**1%**

**Others 1%**

## COUNTRIES AND TERRITORIES

# 26



Australia



Brunei Darussalam



China



Christmas Island



Germany



Hong Kong



India



Indonesia



Japan



Liberia



Macau



Malaysia



Maldives



New Caledonia



New Zealand



Papua New Guinea



Singapore



Solomon Islands



South Africa



South Korea



Taiwan



Thailand



The Netherlands



United Kingdom



United States of America



Vietnam

## REVENUE FY2014



**RM43.9 BILLION**

## PROFIT BEFORE INTEREST AND TAX FY2014



**RM4.2 BILLION**

## NET EARNINGS FY2014



**RM3.35 BILLION**

## MARKET CAPITALISATION\*



**RM58.6 BILLION**

\* As at 30 June 2014

# CORPORATE INFORMATION

AS AT 29 SEPTEMBER 2014

## BOARD OF DIRECTORS

**Tan Sri Dato' Abdul Ghani Othman**  
Independent Non-Executive Chairman

**Tan Sri Dato' Sri Hamad Kama Piah Che Othman**  
Non-Independent Non-Executive Deputy Chairman

**Tan Sri Samsudin Osman**  
Non-Independent Non-Executive Director

**Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah**  
Non-Independent Non-Executive Director

**Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin**  
Non-Independent Non-Executive Director

**Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo**  
Independent Non-Executive Director

**Tan Sri Datuk Dr Yusof Basiran**  
Non-Independent Non-Executive Director

**Dato' Henry Sackville Barlow**  
Senior Independent Non-Executive Director

**Datuk Zaiton Mohd Hassan**  
Non-Independent Non-Executive Director

**Dato Sri Lim Haw Kuang**  
Independent Non-Executive Director

**Dato' Azmi Mohd Ali**  
Non-Independent Non-Executive Director

**Dato' Rohana Tan Sri Mahmood**  
Independent Non-Executive Director  
(Appointed with effect from 24 June 2014)

**Ir Dr Muhamad Fuad Abdullah**  
Independent Non-Executive Director

**Tan Sri Dato' Seri Mohd Bakke Salleh**  
Executive Director

## PRESIDENT & GROUP CHIEF EXECUTIVE

Tan Sri Dato' Seri Mohd Bakke Salleh

## SECRETARY

Puan Norzilah Megawati Abdul Rahman  
(LS 0009247)

## REGISTERED OFFICE

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

Tel : +(603) 2691 4122  
Fax : +(603) 2719 0044  
Email : enquiries@sime-darby.com  
Website : www.sime-darby.com

## SHARE REGISTRAR

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

Tel : +(603) 2264 3883  
Fax : +(603) 2282 1886  
ePortal Address : http://my-etricor.com/

## AUDITORS

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

Tel : +(603) 2173 1188  
Fax : +(603) 2173 1288

## FORM OF LEGAL ENTITY

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

## STOCK EXCHANGE LISTING


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

Stock Code : 4197  
Stock Name : SIME

## PLACE OF INCORPORATION AND DOMICILE

Malaysia

## GLOBAL BUSINESS PRESENCE

 Countries and territories with Sime Darby operations







## CHAIRMAN'S MESSAGE



TAN SRI  
DATO' ABDUL  
GHANI OTHMAN  
Chairman

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present to you the Sime Darby Annual Report for the financial year ended 30 June 2014 (FY2014).

Over the years, your Company has grown to become synonymous with long-term growth, financial strength and sustainable development. The strength and depth of the Group's diversified portfolio and strong competitive positions in its key businesses is a cornerstone of its success. We are indeed proud of the Company's evolution that started from a mere 500-acre rubber plantation in 1910 to become one of Malaysia's leading companies and one of Southeast Asia's largest diversified multinationals today with a market capitalisation of RM58.6 billion\*.

The Board is ever mindful that we cannot rest on our laurels and thus, we continue to innovate and improve, to seek investments that will ensure a sustainable profit growth trajectory in order to maintain market leadership in all its businesses. Sime Darby has remained competitive in the course of more than a century, supported by its strong professional Management team, highly driven and committed workforce and the ability to proactively respond to the expectations of stakeholders and the increasingly stringent regulatory framework. The Board continues to remain focused on ensuring the need to manage the balance between current and future returns and to deliver value to our shareholders. We hold true to this goal in all of our deliberations and investment evaluations.

### FINANCIAL RESULTS

I took office as your Chairman a little more than a year ago, at a time when Sime Darby was navigating challenging business conditions. Although the fog of the tough market environment continued well into the last financial year, your Company exhibited resilience in weathering the numerous headwinds. Uncertainties in the global economy, volatility in commodity prices, tighter fiscal and monetary policies and geopolitical risks, were among the major challenges faced by your Company in the past year.

Despite operating in a challenging environment, I am pleased to report that Sime Darby has delivered a set of commendable results once again. The Group achieved Net Earnings (profit after tax and non-controlling interests) of RM3.35 billion and a Return on Average Shareholders' Equity (ROE) of 12%, exceeding both the FY2014 Key Performance Indicators (KPIs) Net Earnings target of RM2.80 billion and ROE target of 10% by 20%.

A detailed discussion on the divisional results can be found in the Financial and Operations Review sections.

## DIVIDEND

The Board recommends the payment of a final dividend of 30 sen per share for FY2014. Combined with the earlier interim dividend of 6 sen per share, the full year dividend amounts to 36 sen per share. This brings the total payout for the period under review to RM2.18 billion, or a net dividend payout ratio of 65%.

The Board also recommends that the shareholders of the Company be given an option, pursuant to the Dividend Reinvestment Plan (DRP), to reinvest up to their entire Final Dividend into new ordinary shares of Sime Darby Berhad at an issue price to be determined and announced at a later date. This is subject to the relevant regulatory approvals being obtained and shareholders' approval at the forthcoming Annual General Meeting of the Company for the renewal of the authority to allot and issue new ordinary shares of RM0.50 each in the Company for the purpose of the implementation of the DRP.

## CORPORATE GOVERNANCE

Good governance plays a critical role in ensuring that Sime Darby sustains its position as a successful company. During the year, the Board has focused particularly on further strengthening the effectiveness of governance and undertook various measures to enhance corporate governance processes throughout the Group.

### Board Composition and Gender Diversity

One key element is to reaffirm the right mix of individuals with the experience and expertise to ensure tight oversight of the Group's activities. I am therefore pleased to report that the Board's composition is enhanced with the addition of a new independent, non-executive director, Dato' Rohana Tan Sri Mahmood, who joined the Board on 24 June 2014. With her appointment, the number of women Directors on the Board of Sime Darby has increased to two.

### Corporate Reporting

In line with evolving global best practice in corporate governance and reporting, this year the Group has taken the first step towards embracing the principles of integrated reporting. This reporting framework aims to align the information about the organisation's strategy, governance systems, performance and future prospects to reflect the economic, environmental and social environment within which the Group operates, thus helping investors and shareholders make better informed decisions. The Group remains committed to effective and transparent communication with our stakeholders and we hope that you find this annual report informative and insightful.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has a comprehensive risk management framework which identifies risks and monitors the mitigating measures put in place.

The Group Compliance Office (GCO) continuously reviews to improve and upgrade the whistleblowing policy and mechanisms to clearly highlight the protection afforded to whistleblowers. The database used to monitor and report whistleblowing cases is currently being upgraded to a new platform which will enhance future reporting capability and provide additional data protection.

GCO has also set up a dedicated email channel at Group and at Division levels to enable employees to reach GCO, should they need to seek advice as to the interpretation or application of the Code of Business Conduct and the Group Policies and Authorities.

GCO has also maintained active dialogue with the Malaysian Anti-Corruption Commission (MACC) and Transparency International Malaysia (TI-M) during the year. As a signatory to the Corporate Integrity Pledge, Sime Darby underwent a Monitoring Audit led by the MACC together with a representative from TI-M. The reviewers confirmed that Sime Darby has taken proactive measures in implementing programmes or activities related to the prevention of corruption and unethical practices in its business interactions and environment.

## CORPORATE SUSTAINABILITY

Corporate sustainability underpins our Group's core businesses. The 5-Year Strategy Blueprint that was outlined in 2011 continues to witness a marked progress as we maintain leadership of our sectors by leveraging on sustainability to create value. As the world's largest supplier of fully segregated certified sustainable palm oil and a developer of green property townships, we are responding to the changing expectations of our growing customer base. Our challenging target to reduce carbon emissions in our Plantation Division's Upstream operations by 40% by 2020 from the 2009 level, is a clear indication of our commitment to a substantial change from business-as-usual. The Group delivered a strong performance against many of its sustainability measures this year, including an 11% reduction in Plantation's Upstream carbon emissions for the period, 27% reduction in the Group's safety Lost Time Injury Frequency rate and the delivery of RM123.29 million in actual benefits from Lean Six Sigma projects. Group-wide, this exceeded the FY2014 target of RM50 million.

# CHAIRMAN'S MESSAGE

## HUMAN RESOURCE DEVELOPMENT

Our employees are our most valuable resource and one of the crucial contributors to the Group's success. As part of the focus on succession planning and talent management, the Group introduced the Leadership Coaching Programme in addition to existing structured processes to identify and develop successors for critical positions. This Leadership Coaching Programme provides key talents with the opportunity to grow and perform at their highest potential through guidance given by senior management team members.

The Core Executive Programme, which has been implemented in Malaysia, Indonesia and China, was extended to Executives in Hong Kong and Thailand, as part of our continuing leadership development efforts. In addition, the structured development programmes for Non-Executives were rolled out during the financial year.

The results of the Global Engagement Survey for the Group showed a marked improvement in engagement levels. The results reflect the continuing efforts undertaken throughout the Group to promote employee engagement, which in turn, strongly supports business results.

## PROSPECTS

As we end one difficult year and brace ourselves to face another equally tough year ahead, we are cognisant of the potential challenges. The global economy which is expected to head towards a period of moderate growth but less accommodating monetary policies, rising interest rates and continued debt burdens may form some of the persisting challenges. Weak commodity prices and volatility in the foreign exchange environment will impact the Group's businesses. On the Malaysian front, the economy is expected to remain resilient though slowing domestic demand and rising costs will continue to pose headwinds.

The Plantation Division which has been affected by lower fresh fruit bunch (FFB) production last year, is expected to achieve higher FFB production in the coming year due to favourable weather conditions and more planted areas moving into their prime age profile. The supportive biodiesel mandates from Malaysia and Indonesia should also provide an upside to current low crude palm oil prices and a buffer against downward price volatility in the longer-term.

The contraction of the mining sector in Australia following a decline in coal prices and the relatively strong Australian dollar has adversely impacted the Industrial Division. The continuing consolidation in this sector in Australia is not expected to recover in the near-term. However, the Asian market is expected to see further growth with continuing demand for engines and power systems for the oil & gas and shipyard sectors.

Even though the Motors Division is facing intense competition and strong pressure on margins in its various markets, the Division continues to be focused on its long-term growth with expansion into new territories. The Division is strategically positioned to attain a bigger footprint in the retail business within the developed markets it currently operates in and to explore opportunities in high-potential markets in Indo-China.

The outlook for the property market in Malaysia is expected to be moderate due to weaker demand and tighter liquidity following cooling measures introduced by the government. Nevertheless, the Group's developments which are concentrated in strategic locations within the Klang Valley, in easy reach of Kuala Lumpur continue to garner strong interests. On the international front, the Battersea Power Station project in London has received overwhelming response for its first two phases, setting the stage for the launch of the third phase in October 2014. The Property Division is expected to accelerate its new township developments through strategic partnerships, continuous performance improvements and innovation-led product development. In addition, the Division will also build and strengthen its asset management portfolio both locally and overseas.

The economic slowdown in China has affected the Port operations with lower growth in throughput. However, the Energy & Utilities Division is continuing with on-going expansion programmes to increase capacity for the port business which will be crucial for future growth in the region.

During the year, the Group exited the Power business in tandem with the strategy to focus on its core businesses. Furthermore, growing the power business would entail significant investment with long payback periods which would significantly impact the Group's balance sheet.

## ACKNOWLEDGEMENT

Sime Darby is a remarkable organisation built on years of hard work, innovation and above all, the endeavours and commitment of its people. It has been my utmost privilege to serve as the Company's Chairman and be part of its continued success.

In closing, I would like to express my deepest gratitude to fellow Board members who have contributed greatly to the Group with their invaluable expertise and experience. On behalf of my fellow directors, I would also like to take this opportunity to welcome Dato' Rohana to the Board. I am confident that she will make an enormous contribution, along with the rest of my distinguished colleagues, as we continue to take your Company to greater heights.

My heartfelt appreciation goes to the Management and staff for their commitment and dedication throughout the years and also to all our shareholders for their strong support. As we forge ahead, I am confident that the Group will continue to accomplish its objectives of generating strategic growth and maximising shareholders' value in the coming years.



**Tan Sri Dato' Abdul Ghani Othman**  
Chairman

## PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW



**TAN SRI  
DATO' SERI MOHD  
BAKKE SALLEH**  
President & Group  
Chief Executive

Dear Shareholders,

The past financial year has been challenging against a background of economic uncertainties and volatile commodity prices. However, I am pleased to report that the Group has recorded a creditable performance despite the many headwinds. We have also accomplished several strategic initiatives under the key thrusts of the Five-Year Strategy Blueprint outlined in 2011.

The Company has been focusing on improving its business performance, strengthening its capital allocation process and maintaining a healthy gearing level – all with the end objective of ensuring a greater commitment to deliver real value for shareholders.

In the period under review, we achieved cost reductions and volume growth, resulting in stronger cash flows. We rose to the challenge and navigated through difficult times to emerge a much stronger company. We exceeded both our headline Key Performance Indicators (KPIs) Net Earnings target of RM2.8 billion and Return on Average Shareholders' Equity of 10% by 20%, demonstrating the resilience of the Group.

### KEY STRATEGIC ACHIEVEMENTS

I am indeed pleased to note that the Strategy Blueprint laid out by the Management team three years ago is on-track. Against the backdrop of a rapidly changing business environment and the accelerating rate of change of macroeconomic factors, we continue to make refinements to ensure our strategic initiatives remain dynamic and relevant.

In the last financial year, we have achieved several strategic milestones. Among the significant operational achievements in the Plantation Division is the increase in Oil Extraction Rate (OER) from 21.79% in FY2013 to 21.86% in FY2014, with strong focus on achieving the 5-Year target of 22.8%. In the midst of change in weather pattern and constantly changing supply-demand dynamics, the Division has been undertaking several yield improvement efforts such as high-density planting and enhanced agro-management practices. In Liberia, an additional 2,100 hectares of oil palm were planted in the past year, bringing the total planted area including rubber to 10,142 hectares.

The Downstream segment has turned profitable in the last two years, particularly on the back of the Business Turnaround Plan in the Unimills operations. The Pulau Laut refinery, Sime Darby's first refinery in Indonesia, has commenced operations while the Sime Darby Jomalina refinery was accredited as a fully segregated, certified sustainable refinery, making it the world's largest producer of fully segregated palm oil (FSPO) with a production capacity of 330,000 MT per annum. The Group has also acquired a 30% stake in Verdezyne Inc, a US-based industrial biotechnology company. This is part of an initiative to spearhead the conversion of traditional and non-traditional palm-based commodities into products of higher value.

The Industrial Division continues to grow with Caterpillar by riding on its product range expansion and also expanding the exposure for non-Caterpillar products in other sectors by leveraging on existing distribution and logistics capabilities. During the year, the Division regained its leadership position for Caterpillar products in Malaysia and Singapore and is the largest Caterpillar Marine dealer in China. The Division is also the leader in supplying mining equipment in the territories that we operate in Australia and China.

The Motors Division marked its entry into new geographies through the acquisition of Kia distributorship in Taiwan and the acquisition of the BMW/MINI distributorship in Vietnam. This is in line with the Division's strategy to pursue expansion in new markets, particularly in areas with high growth and low vehicle penetration. The Division also made its maiden foray into the BMW market in Australia by acquiring the BMW/MINI dealership in Brisbane. In Malaysia, the Division formed a joint-venture with SISMA Auto to distribute Land Rover and Jaguar cars. Besides these accomplishments, the Division has also achieved additional profits from other strategic initiatives such as securing distribution of commercial vehicles and the import of high-end/luxury used-cars.

The Property Division successfully launched nine new developments in Malaysia which include both themed and niche developments as part of its growth plans. These developments, namely new projects such as Chemara Hills in Negeri Sembilan and City of Elmina and Melawati Mall in Selangor, are expected to strengthen Sime Darby Property's leadership in distinctive integrated and niche developments. On the international front, Phase Two of the Battersea Power Station project in London that was launched in May 2014 continues to draw overwhelming response with a take-up rate of 95% within the first week of sales following the huge success of Phase One last year.

Despite the divestment of a 10% equity stake in Eastern & Oriental Berhad (E&O) to its Managing Director Datuk Terry Tham, the Group continues to maintain its presence in the company as part of its long-term plans to have access to high growth areas in Penang and Johor. The divestment is also a strategic move to further incentivise the current management team of E&O to align their interests with the Group. As part of a strategic collaboration, Sime Darby Property sold a 135-acre land in Elmina West to E&O for RM240 million, which will enhance the land bank value of the City of Elmina while establishing synergistic benefits between both companies.

As part of the continuous review of its portfolio of businesses, the Group has exited the power business through the divestment of its Malaysian and Thai power assets. This divestment was undertaken to enhance the overall returns of the Group as further investments in the power business would result in long payback periods with high capital expenditure upfront. The Energy & Utilities Division will now focus on its Trading and Engineering &

Technical Services business units under Non-China and Port and Water operations under China Utilities. In China, as part of the Weifang Port expansion plan, the 3x20,000 MT berths was completed and successfully delivered while the approval process of the construction of the 2x50,000 MT and 3x30,000 MT berth have also commenced. The Taiping Port was also completed in June 2013 and commenced full operations in November 2013.

#### **Sustainability and Corporate Responsibility**

Sime Darby continues to move towards 100% Roundtable on Sustainable Palm Oil (RSPO) certification to maintain its position as the world's largest producer of certified sustainable palm products. Currently, 100% of the Malaysian Upstream operations and 92% of the Indonesian Upstream operations have been fully RSPO-certified.

In January 2014, we were one of the first signatories to the new Sustainable Palm Oil Manifesto, signaling our commitment to strive beyond the robust requirements of the RSPO into a new era of sustainable palm oil production.

#### **STRATEGY BLUEPRINT – THE ROAD AHEAD**

We continue to refine the strategic initiatives underpinning our 5-Year blueprint to respond to developments in the key macro trends that impact our businesses. In the Plantation Division, strategic land bank expansion continues to be an important priority as the Group continues to assess and explore potential arable land in more locations. Our new Land Acquisition Reference Manual will guide our efforts to achieve the free, prior and informed consent of local communities, enhancing our social license to operate. We will continue to maximise the potential of existing assets in realising yield potentials while looking at strategic partnership in the downstream segment to be a catalyst in opening up new markets, customers and products.

In line with its expansion plans, on 9 October 2014, Sime Darby Plantation (SDP) launched a takeover offer for the shares of New Britain Palm Oil Limited (NBPOL) at £7.15 per share or a total purchase consideration of £1.07 billion for up to 100% shareholding. The offer is conditional upon SDP receiving acceptance of not less than 51.0% of the voting rights in NBPOL. This offer also serves as a rare opportunity to acquire a unique, high quality brownfield asset and well-managed company which meets global sustainability standards. Besides boosting SDP's current land bank size to almost one million hectares, the Division will also be able to strengthen and expand its Downstream business in Europe. This acquisition, which will be funded through internally generated funds and external borrowings, is targeted for completion by end of December this year.

## PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

In the Industrial Division, aligning growth with the principal remains the main focus and as part of this strategy, the Division is exploring growth in other sectors to diversify income streams beyond coal mining in Australia. The broadening of product range and organic expansion of non-Caterpillar products towards a multi-category distribution play will also be a growth option.

The Motors Division continues to be on the look out for opportunities in the Indochina region and Taiwan to grow existing profit pools. The Division will pursue outlet expansion in the Asia Pacific with increased focus on after-sales and the used-car business.

In the Property Division, new township developments via strategic partnerships and continuous research and innovation will remain a prime focus to improve time-to-market of new product launches. The Division is also looking at strengthening its property investment portfolio and capabilities.

Following the sale of the power assets, the Energy & Utilities Division is now focused on growing its Engineering Services business in its Non-China operations and to continue strengthening its ports and water management business in China.

The progress we are making on these strategic initiatives is highly encouraging as we aspire to successfully achieve the key targets outlined in the Strategy Blueprint. I would like to reaffirm that the Group will remain focused on maintaining operational excellence across all Divisions to increase productivity levels and reduce costs. Our increased earnings and reduced costs are testament to our financial discipline. Sime Darby will also explore growth opportunities to create new profit pools and unlock shareholder value through corporate exercises. The prime objective of the Management team is to deliver sustainable value to all stakeholders.

### MOVING FORWARD

Amidst continued market uncertainty and the impact of austerity programmes that are still affecting the markets around the world, the Management team has been tasked to deliver the successful execution of our strategy while making sure the gains delivered are sustainable. We note that the year ahead might see a moderate improvement in the external environment. However, the macro risks and challenges remain and the potential for continued volatility is significant. Having said that, it is worth highlighting that the markets which the Group operates in have generally shown improvement, leading to a more positive outlook for the overall businesses in the year ahead. The rebalancing of

growth, particularly in Asia, increasing urbanisation and the continued focus on executing the Group's key strategies will be the main drivers for long-term positive growth.

The Group's fundamental principle remains acting in the best long-term interest of our stakeholders and as such, rest assured that we will be taking into consideration the relevant economic and political factors in executing our strategies in the on-going investment for growth in our core businesses. Today, thanks to our meticulously planned transformation initiatives, we are a stronger Company, with a market capitalisation of RM58.6 billion as at 30 June 2014.

### ACKNOWLEDGEMENT

It is indeed a privilege to be part of the Sime Darby family and I am honoured to be able to lead such a dedicated, passionate and committed workforce who have stood through thick and thin with the Company despite challenging times. My heartfelt thanks to all our people for their significant contribution to the Company's success over the years.

On behalf of the Management team, I would also like to express our sincere appreciation to the esteemed members of the Board and our shareholders for your continued confidence and support in the Group. Let me also take this opportunity to welcome our newest Board member, Dato' Rohana Tan Sri Mahmood, who brings with her a breadth of knowledge and expertise.

A special thanks to all our business partners, suppliers and customers who have journeyed with us over the years and are an important reason for our success as we continuously strive to deliver excellence.

Our strategies and priorities are clear. There are great opportunities ahead as we build a long-term sustainable future for our businesses. I am proud of where we stand now, but I am always aware of the challenging journey ahead. Together as a team, we will continue to take every step to reach the goals of the Company.



**Tan Sri Dato' Seri Mohd Bakke Salleh**  
President & Group Chief Executive

## 5-YEAR GROUP STRATEGY BLUEPRINT

In FY2011, the Sime Darby Group developed a 5-Year Group Strategy Blueprint. The objective of this blueprint was to articulate a well-defined strategy framework that would drive the Group's future business direction and financial performance. In the process, the Management aspired to transform the perception of Sime Darby from a large conglomerate with low response rate to market dynamics into one that is world class with superior shareholder value creation.

Despite the challenges in FY2013 and FY2014 from a sluggish economic environment and other uncontrollable factors such as lower CPO prices and a downturn of the

mining industry lasting longer than expected, significant progress in achieving our strategic goals has been made.

Moving into the fourth year of the 5-Year Group Strategy Blueprint in FY2015, the current focus is on driving execution excellence to obtain the desired end outcomes. Our priorities in FY2015 are outlined on page 019.

The 5-Year Group Strategy Blueprint is underpinned by four key strategic thrusts:





# 5-YEAR GROUP STRATEGY BLUEPRINT

## VISION

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

## VALUES

- Integrity
- Respect and responsibility
- Excellence
- Enterprise

## BUSINESS PRINCIPLES

- Health, safety and environment
- Compliance
- Working with local communities
- Fair business practices

## RELEVANT KPIs

- Targeted total shareholder returns (TSR)
- Relative TSR ranking against top conglomerates in the region
- Long term growth of the Group's Net Earnings

## MISSION

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



## KEY STRATEGIC THRUSTS

### Realise full potential of the core businesses

- Achieving operational excellence and capitalise on synergies
- Strengthen relationships with strategic business partners

#### RELEVANT KPIs

- The Group's performance is measured based on the weighted performance of its divisional KPIs
  - Plantation
    - FFB yield per mature hectare, oil extraction rate for mills, utilisation rates of refineries
  - Industrial & Motors
    - inventory and working capital management
  - Property
    - quality control (Qclassic), quick time to market
  - Energy & Utilities (China)
    - PBIT/throughput

### Strive for leadership position

- Secure and strengthen leadership positions
- Leverage on strengths and competitive advantage - technology, partnerships and integration

#### RELEVANT KPIs

- Market leadership of the respective businesses
  - Plantation
    - total green and traceable Certified Sustainable Palm Oil (CSPO) produced
  - Industrial
    - percentage of industry net sales (PINS)
  - Motors
    - total sales
  - Property
    - optimise revenue growth in current and new business
  - Energy & Utilities (China)
    - total capacity

### Pursue strategic portfolio growth

- Expand into related businesses
- Enter new growth markets
- Streamline portfolio to optimise use of capital

#### RELEVANT KPIs

- Measured by the achievement of new initiatives to grow and optimise its existing profit pools
  - Corporate
    - merger and acquisitions, value creation exercises, strategic divestments
  - Division
    - growth initiatives to expand into related businesses and enter growth markets

### Institute performance and value driven culture

- Subscribe to good corporate governance and high ethical values
- Strengthen performance and rewards practice
- Leverage on talent and capabilities

#### RELEVANT KPIs

- Continuous improvement of Global Employee Engagement Survey (GEES)
- Employee productivity (PBIT/employee)
- Succession planning of key positions
- Talent development and retention programme

FY2014  
PROGRESS

- FFB Yield of 20.4 MT/ha;
- OER rate of 21.9%
- Implemented a series of efficiency and productivity initiatives in an effort to streamline its cost base
- Increased in vehicle sales by 3% to 92,112 units
- Awarded Gold 5th year in a Row for Property Category at Putra Brand Awards 2014
- Overall port throughput increased by 9% to 31 million tonnes

FY2015  
PRIORITIES

- Continuous best agronomic practices & productivity, and efficiency improvements
- Implementation of Business Transformation Project to drive overall process efficiency
- Enhance value creation along the value chain
- Strengthen performance and delivery for more efficient strategy execution
- Expansion and diversification of Weifang Port's capacity and capability to handle larger vessels and new cargo types

SUPPORTING  
OUR STRATEGIC THRUSTS**Governance**

Our Corporate Governance Framework has been designed with the following key aims:

- Promotion of transparency, accountability and responsive attitude
- Provision of operating autonomy to the various core business divisions towards the achievement of business objectives while maintaining adequate checks and balances
- Cultivation of ethical business conduct and desired behaviours based on the Group's core values and business principles

*For more information, see pages 032 - 061*

**Sustainability**

Sustainability is embedded in our organisational approach and is led from the top. The Board Sustainability Committee provides oversight of Group and Division-level action plans that support the Corporate Strategy. We aim to leverage on sustainability to create value through new business opportunities

*For more information, see pages 022-031*

**Risk Management**

The Group has a structured approach to managing risk. Key risks that could materially affect the Group's financial performance, strategy, operations and prospects are tabled periodically to the Risk Management Committee (RMC) which provides oversight in mitigating the identified risks

*For more information, see pages 084-191*

**Performance Management**

The Group has institutionalised a performance management culture which aligns behaviour to target achievement via strategic and operational KPIs. Each business lines with its own scorecard is given parameters to ensure their business entities are contributing to the Group's realisation of its vision. The short term and LTIP rewards performance based on their achievements

*For more information, see page 112*

- #1 World Producer of CSPO
- One of the largest Caterpillar dealers in the world
- One of the top BMW dealers in the world
- One of the top Rolls Royce dealers in the world
- Top 3 property developer in Malaysia in terms of revenue
- #1 township developer in terms of land bank
- The first container port operator within Shandong's Yellow River Delta. Handled over 100,000 TEUs of containers in FY2014

- To be the Best-in-Class global producer of CSPO
- To be a world-class Caterpillar dealership and Allied Solutions in the Asia Pacific region
- To be the leading automotive player in the Asia Pacific region
- To be the leader in distinctive themed township development
- To be the leading player in the port & logistic operations and integrated water business in Shandong province, China

- Acquisition of 30% stake in Verdezyne Inc.
- Bucyrus acquisition in 2011 has met targeted returns
- New market entry into Taiwan by securing Kia distributorship; new market into Vietnam via acquisition of BMW/MINI distributorship; acquisition of BMW/Mini dealership in Brisbane, Australia
- New market entry into UK property market through Battersea Power Station development
- Weifang Port's 5-Year expansion plan is on track

- Pursue land bank expansion
- Enhance CAT and Allied products
- Investments in key dealership sites
- Pursue strategic partnerships
- Innovation-led product development
- Strengthen market share by expanding in tandem with demand

- Introduction of the Leadership Coaching Programme
- The Corporate Executive Programme extended to Executives in Hong Kong & Thailand

- Implementation of Long Term Incentive Plan (LTIP) to align long term strategic goals to rewards
- Continuous improvement in our GEES since 2011

## GROUP BUSINESS MODEL

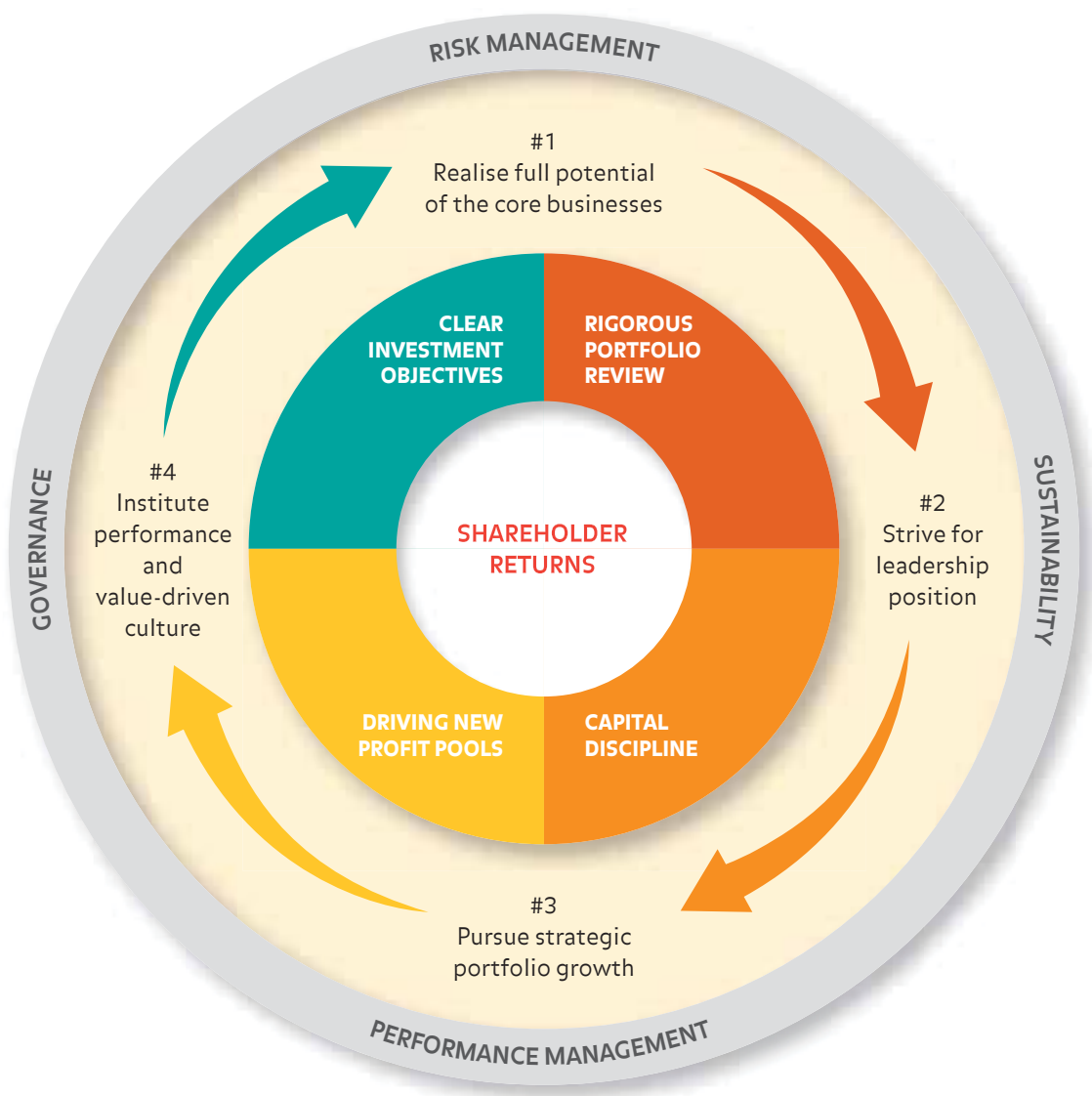
Sime Darby has a diversified conglomerate business model which optimises long-term shareholder returns from:

- Rigorous portfolio review and capital management
- Cross divisional revenue and cost synergies
- Leveraging on Group Head Office (GHO) as a centre of excellence
- Exposure to businesses in different segments which smoothen out earnings and ensure stable dividends payout
- A strong balance sheet and low cost of borrowings

As a conglomerate, Sime Darby adopts a decentralised structure which strikes the right balance between operating autonomy and maintaining adequate checks and balances. Full operating autonomy for day-to-day

operations enables divisional management teams to be close to their markets/customers and be agile in decision-making.

The two-tier board structure was designed to ensure that the senior management of each Division has sufficient board oversight and the benefit of industry expertise. Each Division can focus on executing their 5-Year strategic plans while being supported by GHO on enterprise level issues. Additionally, each Division has its own support functions which have a dual reporting structure to GHO and their respective Managing Directors. The dual reporting structure of supporting functions at the Division enables best practices to be driven and overseen by GHO while catering to the needs of their respective businesses.



## GLOBAL TRENDS IMPACTING OUR BUSINESSES

The Group has taken into consideration the key global trends with the biggest impact on its strategic direction. These considerations will continue to influence the operations of the Group and its Divisions over the medium to long term. Some of these trends provide Sime Darby with the opportunity to grow its existing market share and

profit pools. Others may highlight potential risks that may hinder the Group from achieving its goals. This disclosure is designed to provide context to the Group's strategic choices, key risks and group business model which is explained in greater detail on page 091.

### POPULATION GROWTH AND INCREASING PURCHASING POWER IN EMERGING ASIA

Sime Darby is set to capitalise on the growing population in developing Asia in comparison to developed countries (increased by 130 million from 2008 - 2013). The rising population growth will lead to many opportunities including potential higher purchasing power. As of FY2014, 73% of the earnings of Sime Darby's businesses are from Emerging Asia

#### Focus areas for the Group

- Ethical investments
- Human capital development
- Human rights

### RESOURCE SCARCITY

Shortage of resources such as raw materials and other natural capital could raise the cost of production or dampen growth. Sime Darby continues to innovate by exploring new technologies that can reduce labour intensity and wastage of raw materials

#### Focus areas for the Group

- Maintaining operational excellence
- Research and development

### CLIMATE CHANGE AND GROWING ENVIRONMENTAL AWARENESS

As more consumers make a conscious effort to buy products and services that adhere to environmental-friendly standards, Sime Darby's commitment to drive sustainable practices has made this into a competitive advantage to strengthen and to grow its market share

#### Focus areas for the Group

- Supply chain management and traceability
- Ethical product labelling
- Environmental management

### INCREASING REGULATORY RESTRICTIONS

Increasing regulatory restrictions in recent years can have a negative impact on Sime Darby's businesses. Nonetheless, Sime Darby continues to carefully manage and plan for these risks to mitigate its impact

#### Focus areas for the Group

- Accountability, ethics and governance
- Stakeholder management



# CREATING VALUE THROUGH SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Sime Darby is committed to developing a winning portfolio of sustainable businesses. The Group's endeavour for economic, environmental and social best practices drive the Group Enterprise Strategy and underpins its current and future success.

For Sime Darby, Sustainability and Corporate Responsibility are articulated through a Spectrum of Responsibility. It ranges from the Group's commitment towards operational responsibility and financial growth to environmental management and social responsibilities. The aim is to operate in the best and most responsible way possible. This is achieved through the integration and balance of economic, social and environmental considerations in the way it plans, executes, and monitors its various businesses. Overall, it is critical to the growth and success of the Sime Darby Group.

In light of the global trends impacting the Group (see page 021), Sime Darby continues to manage and address these challenges, introduce leading practices, Sustainability standards and Corporate Responsibility into its value chain. The Group aims to leverage on Sustainability and Corporate Responsibility to create value through new business opportunities. With over 100 years of experience in developing sector-leading practices in oil palm cultivation, and more recent growth in the industrial, motors, property and energy & utilities sectors, Sime Darby is well placed to capitalise on these trends.

The Sime Darby Foundation (Yayasan Sime Darby) was established to create shared value for the society and the environment through catalytic philanthropic efforts. The Foundation strives to achieve these goals through its five pillars; education, environment, community & health, youth & sports, and arts & culture. These initiatives are featured in the Yayasan Sime Darby Annual Report 2014.

Our employees are key to the performance of the Group's Sustainability and Corporate Responsibility journey. A multi-disciplinary team tracks the Group's achievements against the 5-Year Group and Divisional-level Blueprints.

The following pages sets out Sime Darby's Sustainability and Corporate Responsibility principles, strategic goals, key focus areas and progress to date in achieving these goals.

Read more about Sime Darby's Sustainability and Corporate Responsibility initiatives at [www.simedarby.com](http://www.simedarby.com)

# SUSTAINABILITY AND CORPORATE RESPONSIBILITY PRINCIPLES AND MANAGEMENT APPROACH

The diagram sets out Sime Darby's Sustainability and Corporate Responsibility Principles, its strategic goals and objectives.

## PRINCIPLES

Sime Darby's Sustainability and Corporate Responsibility Principles support the Group's Enterprise Strategy:

- Implement and maintain **ethical business practices** and sound systems of corporate governance
- Integrate **sustainable development** considerations within the corporate decision-making process
- Uphold fundamental **human rights and respect cultures**, customs and values in dealings with employees and others who are affected by our activities
- Implement **risk management** strategies based on valid data and sound science
- Seek continuous improvement in our **health and safety** performance
- Seek continuous improvement in our **environmental performance**
- Contribute to **conservation of biodiversity** and integrated approaches to land use planning, where appropriate
- Facilitate and encourage **responsible product design**, use, re-use, recycling and disposal of our products
- Contribute to the social, economic, and institutional development of the **communities** in which we operate
- Implement **effective and transparent engagement**, communication and independently verified reporting arrangements with our stakeholders, where appropriate

## STRATEGIC GOALS AND OBJECTIVES

### Leverage to Create Value

- Develop opportunities for sustainability-led innovation and new business
- Adopt low carbon growth strategies and green technology for operational efficiencies
- Generate shared economic growth in communities where the Group operates

### Effectively Manage Risks

- Embed sustainability risks into our Enterprise Risk Management framework

### Develop Thought Leadership

- Contribute to sectoral 'best practices' and standards
- Progress development of Sustainability and Corporate Responsibility

### Effective Reporting












- Develop effective stakeholder engagement platforms to feed into strategy development, risk management and performance improvement

### Instill a Performance Culture

- Achieve savings via continuous improvement initiatives
- Develop proactive Environmental Management Systems to comply with regulations and address issues beyond compliance
- Continuous reduction in safety and health incident rates and zero fatalities

# SUSTAINABILITY AND CORPORATE RESPONSIBILITY PROGRESS

The table below illustrates the progress in achieving the Sustainability and Corporate Responsibility Strategic Goals.

FOCUS AREAS	FY2014 PROGRESS
 Sustainability Strategies	<ul style="list-style-type: none"> <li>Alignment and standardisation of the Group and Divisional sustainability roadmaps and frameworks</li> <li>Sustainability Advisor (Sir Jonathon Porritt) undertook three projects; stress testing the Plantation Division's business model, horizon scanning for senior managers of Group and Divisions strategy teams and validating Property Division's Sustainability Culture Index (SUSDEX) approach</li> </ul>
 Sustainability-led Innovation and New Business	<ul style="list-style-type: none"> <li>Currently the largest producer of CSPO (93% of annual CPO and 94% of annual PK production certified)</li> <li>Fully segregated, certified sustainable supply volume expanded to 385,000 tonnes per annum</li> <li>Continuing research and development initiatives for palm oil products and green buildings</li> <li>Continue to provide cleaner technologies in the automotive and heavy equipment businesses, in relevant markets</li> </ul>
 Carbon Management and Energy Efficiency	<ul style="list-style-type: none"> <li>11% reduction in Plantation Division's upstream emissions intensity from 2009 levels</li> <li>Land clearing emission, crop sequestration and peat emissions calculation methodology under evaluation</li> <li>Group-wide Sustainability Management System (SMS) for carbon data capture and reporting implemented</li> <li>Energy Efficiency and Green Technology Working Group set-up to develop policy and roadmap programme</li> <li>Green Technology and Lean Six Sigma (LSS) Working Groups used Group Carbon Strategy in their planning</li> <li>Achieved ISO 50001 Energy Management System (EnMS) certification for buildings and business units in Property Division (Wisma Sime Darby, Kuala Lumpur Golf &amp; Country Club and Sime Darby Convention Centre)</li> </ul>
 Water Management	<ul style="list-style-type: none"> <li>Roadmap for water management under review</li> </ul>
 Mutual Growth of Communities	<ul style="list-style-type: none"> <li>Infrastructure and housing developments for communities impacted by business operations</li> <li>Provide access to education and healthcare in communities of operations (key focus for Plantation)</li> <li>Over 3,000 trained under skills, vocational programmes and apprenticeships</li> <li>Over 25,000 beneficiaries engaged through Inclusive Business Practice (Small Enterprise development and Smallholder out-growers scheme)</li> <li>Over 7,000 beneficiaries, 100 civil society organisations and over RM31 million spent by Yayasan Sime Darby and Sime Darby Group on Community, Health and Education programmes for the society</li> </ul>
 Sustainability Risk Identification, Assessment and Control	<ul style="list-style-type: none"> <li>Key sustainability related risks captured and monitored in Enterprise Risk Management system</li> <li>Safety and health performance monitored and reviewed across the Group and programmes developed to address concerns</li> <li>Various initiatives and engagements undertaken to address social issues in Liberia and Indonesia</li> <li>Support of Disaster Relief networks and rehabilitation projects in affected operations</li> <li>Pilot training and risk assessment of the UNICEF Child Rights and Business Principles with key functions within the Group</li> </ul>
 Strategic Participation in Key Sectorial and Thematic Organisations	<ul style="list-style-type: none"> <li>Active participation in key sectorial and thematic organisations around business, sustainability and human rights amongst others. Please refer to page 116 for details</li> <li>Supported the development of the United Nations Global Compact (UNGC) Food and Agriculture Business Principles (FABP) which was launched on 22 September 2014 in New York</li> </ul>
 Stakeholder Engagement	<ul style="list-style-type: none"> <li>Published the 2013 Sime Darby Group Sustainability Report in October 2013</li> <li>Engaged with stakeholder groups across the business. Please refer to pages 026-028 for details</li> </ul>
 Process Improvement	<ul style="list-style-type: none"> <li>LSS projects identified via annual project mining process</li> <li>Sixteen Plantation employees trained as Black Belts. Five Plantation employees accredited with the American Society Quality Certification. The first LSS Champions workshop was held at Property Division</li> <li>RM123.29 million harvested in LSS project benefits. Please refer to pages 109-110 for details</li> </ul>
 Environment, Safety and Health (ESH)	<ul style="list-style-type: none"> <li>The Group recorded 12 fatalities. Please refer to pages 104-105 for details</li> <li>27% decrease in Lost Time Injury Frequency Rate (LTIFR) from FY2013 performance. Please refer to pages 104-105 for details</li> </ul>
 Sustainability Culture	<ul style="list-style-type: none"> <li>Second Group Sustainability Day held at Sime Darby Convention Centre on 20 – 21 October 2013</li> <li>Sime Darby's Sustainability Handbook and Sustainability Management System (SMS) launched on 21 October 2013</li> </ul>

## STATUS AGAINST STRATEGIC GOALS

## MOVING FORWARD

Completed	Broad business engagement, all business functions included in the annual strategic sustainability review
On Track	On-going engagement and updates with relevant parties
On Track	Strive for 100% Roundtable on Sustainable Palm Oil (RSPO) certification for all Plantation Strategic Operating Units
On Track	Continue to increase fully segregated certified sustainable palm oil annual production capacity, establish strong customer base and supply lines and strive to become the "supplier of choice" for certified sustainable palm oil products
On Track	Continue research and development initiatives for palm oil products and green buildings
On Track	Continue to provide cleaner technologies in the automotive and heavy equipment businesses, in relevant markets
On Track	Continue to monitor and implement initiatives to achieve carbon reduction targets. Refer to pages 106-108
On Track	Further study and review of records to identify previous land use, peat land development and finalise calculation approach
Completed	Integrate with existing reporting platforms
On Track	Introduce Energy Performance Contracts with relevant vendors
On Track	Socialisation of the reduction roadmaps with key process owners
Completed	Continue to introduce ISO 50001 EnMS certification for selected buildings and business units in the Property Division
Minor Delays	Continue to monitor water usage at pilot sites
On Track	Continue to create value in surrounding communities
On Track	Improve quality and accessibility
On Track	Continue training of talent through business expertise
On Track	Continue to improve livelihoods and social equity by leveraging on Best Business Practices
On Track	Increase expenditure and growth of partnerships in society development
On Track	Continue to monitor key sustainability risks
Major Delays/Issues	Continue to implement recommendations from the independent review of Group safety and health practices
On Track	Continue to engage with Project Affected Communities and build the capacity of employees and smallholders
On Track	Continue to review business continuity plans to include natural disasters and rehabilitation of surrounding communities
On Track	Identify gaps, guidelines and remedial processes to address children rights in business operations
On Track	Continue to actively progress sustainability practices and standards
Completed	Continue to support the rollout and reporting against the FABP
Completed	Continue to report annually and introduce Divisional-level Sustainability Reports for Plantation and Property
On Track	Continue to engage effectively
Completed	Continue to identify LSS projects through annual project mining
On Track	Roll out the LSS Champion Workshop and Black Belt training across the Group
On Track	Target to achieve RM100 million in benefits from LSS projects in FY2015, and RM775 million in cumulative benefits between FY2013 and FY2017
Major Delays/Issues	Ultimate goal is Zero Harm
On Track	Continuous improvement to reduce LTIFR in line with Zero Harm goal. Target to reduce LTIFR by at least 15% in FY2015 from FY2014 performance
Completed	Continue to drive sustainability awareness throughout the Group via planned engagement and initiatives
Completed	Continue to roll out Sustainability Handbook and SMS across all Divisions



# STAKEHOLDER ENGAGEMENT

Sime Darby's key stakeholder groups have been identified through the Group's century of activities in the plantation sector and its recent leadership in the industrial, motors, property and energy & utilities sectors as presented below. While Sime Darby aims to respond to all reasonable expectations and concerns, the Group's main successes are achieved through strategic engagement and active communication with all key stakeholders.

Proactive engagement is an integral process that helps ensure that Sime Darby remains in touch with the needs and expectations of all stakeholders. It also empowers the Group to be more responsive and effective in addressing relevant issues and assists stakeholders in understanding the Group's strategies and approaches.

The table below outlines key engagements with stakeholder groups during the reporting period.



## STAKEHOLDER GROUPS

### STAKEHOLDER GROUPS AND KEY ENGAGEMENTS CONDUCTED IN FY2014

STAKEHOLDER GROUP	TYPES OF ENGAGEMENT	TOPICS DISCUSSED AND THE GROUP'S RESPONSE
<b>Business Partners</b>	Stakeholder engagement survey Dialogue and relationship investment with Principals	Ethics, values and governance, philanthropy, advocating for and embedding sustainability
<b>Customers (current and potential)</b>	Stakeholder engagement survey Consistent dialogue and engagement	Supply chain/traceability issues, emphasising the importance of understanding risks and improving sustainability performance

STAKEHOLDER GROUP	TYPES OF ENGAGEMENT	TOPICS DISCUSSED AND THE GROUP'S RESPONSE
<b>Employees (current and potential)</b>	<p>Annual employee engagement survey</p> <p>Leadership series and Open Days</p> <p>Group Sustainability Day and launch of the Sustainability Handbook and workplace engagement</p> <p>Sime Darby Volunteers Programme and Corporate Responsibility initiatives</p> <p>Career engagement sessions, career fairs and talks at academic institutions</p>	<p>Employer brand, remuneration, recognition and senior leadership</p> <p>Networking, leadership skills, employment and development opportunities, employee well-being and work-life balance</p> <p>Sime Darby sustainability strategy and opportunities for participation</p> <p>Outline employment opportunities for university graduates</p>
<b>Industry Associations</b>	<p>Regular participation in industry association meetings and submissions to industry policy papers</p>	<p>Sustainability, human rights, food and agriculture, supply chain certification and sectorial development</p> <p>Please refer to the list of memberships on page 116 and our website <a href="http://www.simedarby.com">www.simedarby.com</a></p>
<b>Government and Regulators</b>	<p>Regular engagement and communication</p> <p>Corporate Responsibility initiatives</p>	<p>Sustainability, social issues, land rights and local communities and sectorial development</p> <p>Support of nation-building efforts and national agendas</p>
<b>Civil Society Organisations/ Non-Governmental Organisations (NGOs)</b>	<p>Stakeholder engagement survey</p> <p>Strategic Partnerships to support global and local issues material to identified stakeholders</p> <p>Roundtable discussions and periodical meetings</p> <p>Consistent dialogue and engagement</p> <p>Direct responses to enquiries and allegations</p> <p>Charitable contributions</p>	<p>Support of social and environmental policies and Corporate Responsibility programmes</p> <p>Implementation of responsible business practice, compliance to local and international laws</p> <p>Discussion on changing operating standards</p>
<b>Trade Unions</b>	<p>Roundtable discussions</p> <p>Focus Groups</p>	<p>Collective bargaining and workplace issues</p>
<b>Suppliers</b>	<p>Vendor Development Programme</p> <p>Vendor Letter of Declaration</p>	<p>Tracking and monitoring of suppliers on ethical compliance to established procedures</p> <p>Online management system</p> <p>Supporting transformation and national interest through Vendor Development Programme</p>
<b>Media</b>	<p>Media familiarisation trips</p> <p>Briefings</p> <p>Interview arrangements</p> <p>Consistent dialogue and engagement</p> <p>Press Releases/Regulatory Announcements/Shareholder Circulars/Fact Sheets</p>	<p>Operational development at Group and Division levels</p> <p>Sustainability and Corporate Responsibility developments</p>

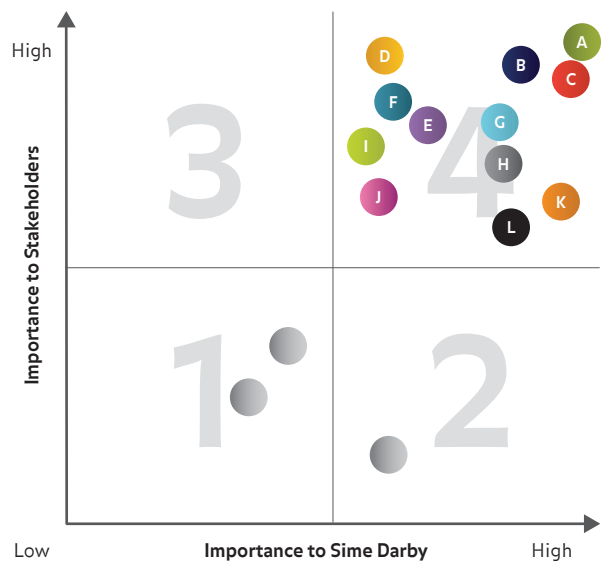
# STAKEHOLDER ENGAGEMENT

STAKEHOLDER GROUP	TYPES OF ENGAGEMENT	TOPICS DISCUSSED AND THE GROUP'S RESPONSE
<b>Investors</b>	<p>Group/One-on-One Meetings</p> <p>Non-Deal Roadshows (including Environment, Social &amp; Governance focus)</p> <p>Regional Investor Conferences, Analyst Briefing Sessions, Operational Site Visits, Annual/Quarterly Reports Webcast of Quarterly Results Briefing</p> <p>Press Releases/Regulatory Announcements/Shareholder Circulars/Fact Sheets</p> <p>Updates on Website (for Investors)</p> <p>Dissemination of information and company updates via emails</p> <p>Active correspondence with the investment community via conference calls on ad-hoc issues</p> <p>Stakeholder engagement survey</p>	<p><b>Conglomerate Issues</b> – Growth opportunities across Divisions, mergers and acquisitions/divestments, capital allocation, dividend payout, corporate governance</p> <p><b>Operational Issues</b> –Volatility in commodity prices and demand-supply dynamics, enhancement of operational efficiency, strengthening leadership positions</p> <p><b>Strategy Issue</b> – Expansion into new geographical markets and across the value chain, growth through strategic partnerships</p> <p><b>Environmental, Social &amp; Governance Issues</b> – Governance structure, labour policies and human rights, grievance mechanisms, sustainability risks and opportunities, RSPO certification and new planting procedures, social issues in Liberia, forest fire allegations in Indonesia, socially-responsible land bank expansion, peat land management, land rights, Smallholder Acceleration and REDD + Programme (SHARP), milling best practices (e.g. effluent treatment and safety measures)</p> <p><b>General Responses</b> –Discussion on the pros and cons of a conglomerate structure, Sime Darby's 5-Year Strategy Blueprint, strategic portfolio growth, institutionalising performance and value-driven culture, operational developments and risks/opportunities across Divisions</p>
<b>Communities</b>	<p>Discussion on infrastructure development (includes facilities and amenities)</p> <p>Discussion on improvements in access to education and healthcare</p> <p>Community outreach and development programmes</p> <p>Disaster relief efforts and rehabilitation programmes</p> <p>Divisions – Regular site meetings with Project Affected Communities and smallholders, annual roundtable meetings, documented responses to smallholder concerns through grievance channels, periodic engagements with residential committees/associations</p>	<p>Livelihood improvements through poverty alleviation, employment coaching, education opportunities and early child care provision</p> <p>Community basic needs such as electricity and clean water supply, public amenities and institutional upgrades</p> <p>Response to communities affected by environmental disasters and disease outbreaks as well as the needs of vulnerable community groups</p> <p>Land rights, land access, Free Prior and Informed Consent (FPIC), fire and haze management</p> <p>Community networking activities, safety and health and cultural events</p> <p>Community safety and health, networking activities and cultural events</p> <p>Read about how we have responded to these topics in FY2014 in the Plantation Operational Review and Plantation Sustainability Report 2014</p>

# MATERIAL SUSTAINABILITY AND CORPORATE RESPONSIBILITY ISSUES

A clear understanding of the Group’s material Sustainability and Corporate Responsibility issues drives Sime Darby’s strategy, activities and disclosures. In FY2014, relevant topics were identified from internal and external sources, prioritised using internally developed criteria and validated in a workshop involving senior Corporate and Divisional representatives. Sime Darby’s material Sustainability and Corporate Responsibility issues for the period are described in the following diagram. For FY2014, the Group will discuss the material issues in the fourth quadrant.

Further details on Sime Darby’s management and performance of these issues are provided below.



MATERIAL ISSUES	OVERVIEW	REFERENCE SECTION
<b>Sustainable Products and Supply Chain</b> <span style="background-color: #92D050; border-radius: 50%; padding: 2px;">A</span>	Sime Darby aims to leverage on sustainability to create value through new business opportunities. Sustainability-led innovation is identified in Group and Divisional business strategies and monitored through quarterly performance reporting to the Board Sustainability Committee.	Divisional Operational Reviews
<b>Governance, Risk and Compliance</b> <span style="background-color: #0056B3; border-radius: 50%; padding: 2px;">B</span>	Sime Darby’s responsibility towards adopting ethical, transparent and good governance is reflected in its business processes and practices through continuous assessments on compliance adherence. This is done through the Group-wide rollout of business strategies, business continuity plans, Code of Business Conducts, Group Policies and Authorities, Group Procurement Policies and Authorities, and undertaking of ethical procurement practices by the procurement fraternity.  Sime Darby’s approach to sustainability governance is described on pages 042, 046 and 047.	Statement on Corporate Governance
<b>Economic Performance (direct and indirect)</b> <span style="background-color: #C00000; border-radius: 50%; padding: 2px;">C</span>	Sime Darby strives to deliver superior financial returns through operational excellence and high performance standards. The Group’s various opportunities to create indirect economic benefit to the Plantation and Property communities where it operates are described in the relevant Divisional Operational Reviews.	Plantation Operational Review  Property Operational Review

# MATERIAL SUSTAINABILITY AND CORPORATE RESPONSIBILITY ISSUES

MATERIAL ISSUES	OVERVIEW	REFERENCE SECTION
<b>Biodiversity</b> <span style="background-color: #f0e68c; border-radius: 50%; padding: 2px;">D</span>	<p>Sime Darby Plantation does not clear primary forests and High Conservation Value areas, applies a zero-burning technique for oil palm planting and new plantings, protects and conserves endangered, rare and threatened (ERT) tree species, has committed to no new planting on peatland, does not allow hunting in its estates and has committed to RSPO certification for all mills and estates. The Division's approach to biodiversity and forestry management is regularly evaluated through the RSPO certifications across its mills and estates.</p> <p>Over 6,658 trees were planted in FY2014 alone as part of the Group's conservation efforts to the environment through sustainability policies and volunteerism initiatives.</p>	Plantation Operational Review UNGC Communication on Progress Yayasan Sime Darby Annual Report 2014
<b>Stakeholder Engagement and Disclosure</b> <span style="background-color: #8e7cc3; border-radius: 50%; padding: 2px;">E</span>	<p>Sime Darby's key stakeholder groups have been identified through the Company's over a century of activity in the palm oil sector and its more recent leadership in the industrial, motors, property and energy &amp; utilities sectors. The Group engages regularly with these groups and endeavours to respond appropriately.</p> <p>Regular engagements are also conducted through employee well-being initiatives, volunteerism, partnerships and community investments activities.</p>	Stakeholder Engagement
<b>Community Impact and Development</b> <span style="background-color: #5dade2; border-radius: 50%; padding: 2px;">F</span>	<p>Sime Darby has a responsibility to deliver social value to communities it impacts through its operations. Initiatives to assist social equality and concerns include support during natural disasters, infrastructure development, education development and welfare contributions.</p> <p>Sime Darby's approach to community engagement varies to reflect the needs of the sectors it operates in. Plantation Division works closely with communities who often depend on them for their livelihoods. A proactive approach to engagement and seeking Free, Prior and Informed Consent (FPIC) to work within these communities is integral to the business. Property Division focuses on the needs of future communities in the design and development of the township developments, and plays an active role in developing community cohesion during the lifespan of its developments. The Industrial, Motors and Energy &amp; Utilities Divisions consider community impact in the planning stages of new developments as required under local regulations.</p> <p>Community engagement is a core part of Plantation estate and Property development planning. The on-going effectiveness of these programmes are regularly monitored at the Divisional level. Legacy issues are also monitored at the Group level and quarterly updates are provided to the Board Sustainability Committee.</p>	Plantation Operational Review Property Operational Review
<b>Safety and Health of Employees and Contractors</b> <span style="background-color: #2ecc71; border-radius: 50%; padding: 2px;">G</span>	<p>The importance of the safety and health of employees, contractors and communities to Sime Darby is reflected in its Business and Sustainability Principles. The Company is working towards its zero harm goal through continuous improvement of its systems, processes and culture.</p>	Group Safety and Health Review Divisional Operational Review

MATERIAL ISSUES	OVERVIEW	REFERENCE SECTION
<b>Carbon Management</b> <span>H</span>	<p>Sime Darby's Carbon Reduction Strategy focuses on opportunities in its Plantation Division, which contributes the majority (around 64%) of the Group's carbon emissions.</p> <p>The Group's Corporate Responsibility also supports carbon management through power savings, water savings, alternative energy use, technology innovation as well as recycling awareness and initiatives.</p>	Group Carbon Management Review
<b>Human Rights</b> <span>I</span>	<p>Sime Darby's respect for human rights is reflected in various Group Policies and Authorities, both in Enterprise and Divisional levels. The standard principles adopted by the Group include RSPO and United Nations Global Compact (UNGC).</p>	Group Social Performance Review
<b>Sustainable Thought Leadership</b> <span>J</span>	<p>Sime Darby is an active participant in industry bodies that debate, challenge and lead sustainability performance across the world. The Company proactively promotes sustainability and assists in the development of sectoral best practices and standards.</p>	Sustainable Thought Leadership
<b>Process Improvement</b> <span>K</span>	<p>Sime Darby's framework for Lean Six Sigma (LSS) culture and governance, projects identification, strategy implementation and capacity building aims to deliver RM775 million of accumulated benefits by FY2017.</p>	Group Process Improvement Review
<b>People Management</b> <span>L</span>	<p>Sime Darby aims to be an employer of choice, attracting and retaining the best people in each of the industries and regions where it operates. This is achieved through the HR Roadmap, employee engagements, volunteerism, employee well-being and talent development initiatives.</p>	Group Social Performance Review

Further details of the Group's performance in addressing these material Sustainability and Corporate Responsibility issues are provided in the Sime Darby Group Performance Review and Divisional Operational Review.

# STATEMENT ON CORPORATE GOVERNANCE

## SIME DARBY BERHAD GROUP'S CORPORATE GOVERNANCE FRAMEWORK

The Statement on Corporate Governance of Sime Darby Berhad (SDB or the Company) aims to give shareholders a meaningful description of the corporate governance practices of the SDB Group to ensure key messages on governance practices which directly affect the SDB Group's strategy, value, performance and prospect are communicated to shareholders in an integrated and concise manner.

Information on the Memorandum & Articles of Association of the Company, Group policies, Board Charter, Terms of Reference (TOR) of the SDB Board Committees and detailed Directors' Training and Continuous Education Programme is available on SDB's website on [www.simedarby.com](http://www.simedarby.com) to add depth to the governance reporting and keep shareholders updated throughout the year, whilst ensuring adherence and compliance to the pertinent stock exchange and regulatory requirements.

The Corporate Governance (CG) Framework of the SDB Group has been designed with the following key aims:

- Promotion of transparency, accountability and a responsive attitude.
- Provision of operating autonomy to the various core business divisions (Divisions) and SDB Group companies towards the achievement of business objectives while maintaining adequate checks and balances.
- Cultivation of ethical business conduct and desired behaviours based on the Group's core values and business principles, which are also set out in the Code of Business Conduct.

In addition to enhancing good governance practices, our CG Framework has also taken into consideration pertinent stock exchange and regulatory requirements and guidelines, such as:

- Bursa Malaysia Securities Berhad's (Bursa Malaysia) Main Market Listing Requirements (Listing Requirements).
- The Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on Government-Linked Companies (GLC) High Performance (Green Book).
- Corporate Governance Guide: Towards Boardroom Excellence (CG Guide) issued by Bursa Malaysia Berhad.
- The Malaysian Code on Corporate Governance 2012 (MCCG 2012).

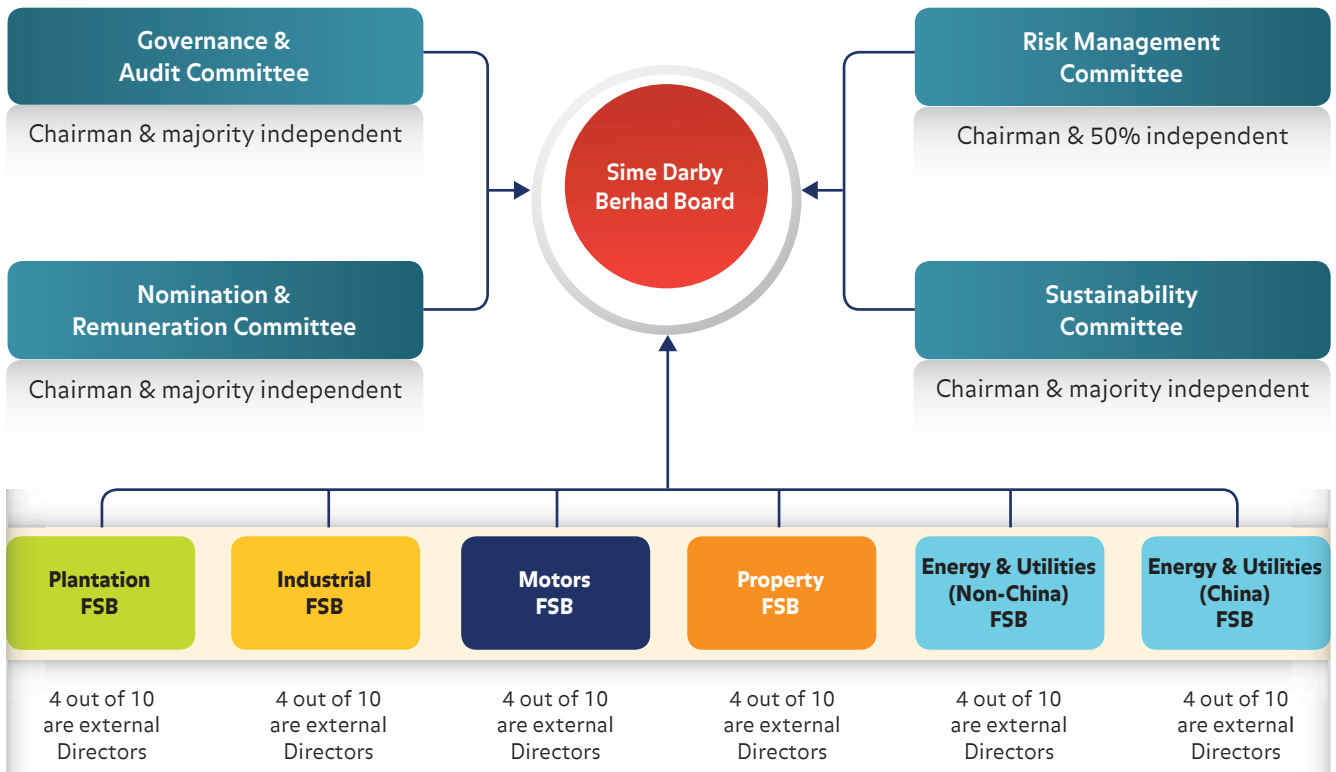
SDB's CG Framework is the means by which the Board of SDB delegates functions and powers to the Flagship Subsidiary Boards (FSB) of the respective Divisions, and facilitates the delegation of day-to-day management to operating personnel.

The hallmark of SDB's Governance Framework is the two-tier board structure, headed by the Board of SDB and supported by Divisional FSBs. Each Divisional FSB is charged with operational oversight of its Division but remains subject to the direction and counsel of the Board, particularly on matters of strategy and policy. In addition, Board Committees have been established to assist the Board in discharging its responsibilities.

The structure is modular and Divisional FSBs can be added or removed as businesses are acquired or disposed of. Clear TOR have been established to ensure the Divisional FSBs remain focused on all aspects of Divisional operations. This allows the Board to take a broader perspective, looking at enterprise issues such as strategy, risk management and governance.

Each Divisional FSB is structured to ensure a balanced composition, with members drawn from the SDB Board and Senior Management, as well as including independent industry experts. All nominations to the Board and Divisional FSBs are reviewed by the Nomination & Remuneration Committee (NRC), of which Independent Directors are the majority. The roles of the Chairman of the Board, and the President & Group Chief Executive (PGCE) are distinct and separate.

**TWO-TIER BOARD STRUCTURE**



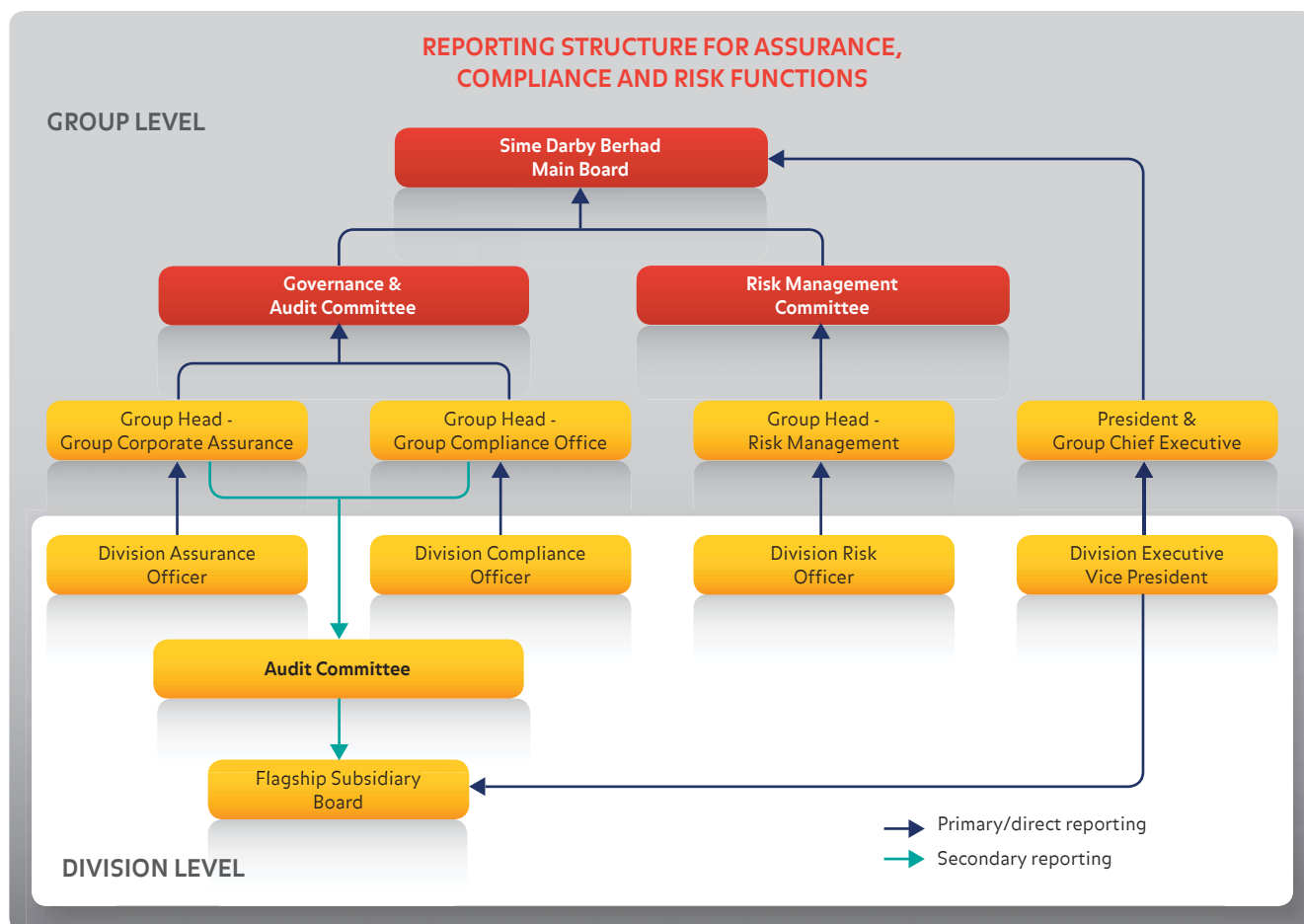
*Note: The Litigation Committee and the Long Term Incentive Plan Committee were dissolved on 28 August 2014*

The Board and Senior Management have established the organisational structure and reporting lines necessary to plan, execute, control and periodically assess the activities of the Group. The operating structure includes defined delegation of responsibilities to the Committees of the Board, management of Group Head Office (GHO), Divisional FSB and operating units.

Within the SDB Group, the three (3) key gatekeepers of good corporate governance are the Assurance, Compliance and Risk Management functions. The direct reporting lines to the Governance & Audit Committee (GAC) and the Risk Management Committee (RMC) enable these functions to operate with a high degree of impartiality and independence from the rest of the organisation, emphasising the Group’s commitment towards a high standard of governance. The Group Secretary serves as a key advisor to the Board on matters of good corporate governance.



# STATEMENT ON CORPORATE GOVERNANCE



Note: Group Head - Group Corporate Assurance, Group Head - Group Compliance Office and Group Head - Risk Management have administrative reporting lines to the PGCE

The Directors' Manual and Directors' Handbook, issued in 2011, to the Directors of SDB and the FSBs, contain the legal position on the roles and responsibilities of Directors to assist the Directors in understanding his/her roles and responsibilities as a Director and the various legislations and regulations affecting their conduct as a Director. A review of the Directors' Manual was undertaken in 2014 to align the Manual with the latest update to the Listing Requirements of Bursa Malaysia, MCGG 2012 as well as the latest legislations under the current Companies Act, 1965, where relevant.

## APPLICATION OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012

The following sections explain how the Board has applied the Principles of MCGG 2012 with due regard to the accompanying Recommendations.

### Principle 1: Establish clear roles and responsibilities

The Board recognises its duty and privilege as the apex governing body of the Group. The Board is cognisant of the need to protect and enhance the long-term interests of the many stakeholders of the Group. Each member of the Board undertakes this governance role by:

- i. Monitoring the effectiveness of the management team to satisfy himself/herself that the Group's affairs are being properly managed.
- ii. Devoting time required on the Group's businesses, including preparing for, and attending Board and Board Committee meetings.
- iii. Interacting on a reasonable level with the executive management team, including visiting operational sites to gain a better understanding of the Group's businesses.
- iv. Equipping himself/herself with a basic level of financial literacy and an understanding of his/her legal and fiduciary duties.

**Recommendation 1.1**

*The Board should establish clear functions reserved for the Board and those delegated to Management*

Every year the Board has a forward programme of key items to consider. The Board reserves full decision-making powers on the following matters;

- i. Group and Divisional strategy, corporate plans and annual budget;
- ii. Acquisitions and disposals of undertakings and properties, and transactions above the amount set out in the Limits of Authority of the FSB. This applies to:
  - a. both capital and revenue items;
  - b. related party transactions; and
  - c. both usual and project related transactions;

- iii. Major investments, divestments, mergers and joint ventures;
- iv. Changes to Management including the appointment and/or removal of those in key pivotal positions and the control structure within the Division; and
- v. Changes to key policies and procedures and delegated limits of authority.

During the financial year ended 30 June 2014, eight (8) Board meetings were held to consider and deliberate various issues including the matters mentioned above. All Directors attended more than 50% of the Board Meetings held during the financial year and have complied with the Listing Requirements in terms of attendance. If unable to attend a meeting, Directors are encouraged to give the Chairman their views and comments on matters to be discussed in advance of the meeting.

The Board's "year at a glance" provides a snapshot of the main areas of focus of the Board during the financial year 2013/2014.

**THE BOARD'S YEAR AT A GLANCE****MAIN AREAS OF BOARD FOCUS DURING THE FINANCIAL YEAR 2013/2014**

<b>MONTH/ YEAR</b>	<b>STRATEGY/BUSINESS</b>	<b>OVERSIGHT AND RISK</b>	<b>GOVERNANCE AND ETHICS</b>
<b>July 2013</b>	Board visit to the Battersea Power Station Project in London		
<b>August 2013</b>	Considered and approved Project Proposals	Reviewed and approved the Quarterly Report for the Fourth Quarter ended 30 June 2013	Considered for shareholders' approval, the re-election of a Director retiring at the 2013 Annual General Meeting (AGM)
	Considered Updates on Project Proposals	Reviewed and approved the Press Statement on the Quarterly Report for the Fourth Quarter ended 30 June 2013	Reviewed the findings of the Board Effectiveness Assessment for the financial year ended 30 June 2013
	Considered the Proposed Financing for Project Proposals	Considered the Payment of a final dividend for the financial year ended 30 June 2013	Reviewed and approved the bonus payout for the financial year 2012/2013
	Considered the Proposed Dividend Reinvestment Plan (DRP)	Considered and approved the Audit fees for PricewaterhouseCoopers (PwC) for the financial year ended 30 June 2013	Approved the updates to the Group Policies and Authorities (GPA) 2013
			Reviewed the Whistleblowing Report and Analysis on Wrongdoing and Non-Wrongdoing for the Period from July 2012 to July 2013

# STATEMENT ON CORPORATE GOVERNANCE

## MAIN AREAS OF BOARD FOCUS DURING THE FINANCIAL YEAR 2013/2014

MONTH/ YEAR	STRATEGY/BUSINESS	OVERSIGHT AND RISK	GOVERNANCE AND ETHICS
<b>September 2013</b>	Considered the Update on a Project Proposal	Considered and approved the Audited Financial Statement for the financial year ended 30 June 2013 and the Letter of Representation to PwC	
	Considered the Update on the DRP	Considered and approved the Annual Report/ Circular to Shareholders	
<b>November 2013</b>	Considered and approved a mandate for the PGCE to determine the Price Fixing Date and DRP Share Price	Reviewed and approved the Quarterly Report for the First Quarter ended 30 September 2013	Discussion on Matters relating to the AGM
	Considered and approved the Proposed Capital Management Structure and Proposed Financing for the Industrial Division	Reviewed and approved the Press Statement on the Quarterly Report for the First Quarter ended 30 September 2013	Reviewed the Key Performance Indicators (KPI) for the PGCE
	Considered Updates on Project Proposals	Approved the Company's financial year 2013/2014 headline KPIs	Approved the Appointments of Additional Directors on the Boards of SDB and Flagship Subsidiary Companies
	Considered the Update on Intellectual Property (IP) Management Review and other IP related matters		
<b>January 2014</b>	Board Retreat in Singapore to discuss the future direction of the Group		
<b>February 2014</b>	Considered and approved Project Proposals	Considered and approved the Quarterly Report for the Second Quarter ended 31 December 2013	Reviewed the Remuneration of members of the Board and FSBs
	Considered Updates on Project Proposals	Considered and approved the Press Statement on the Quarterly Report for the Second Quarter ended 31 December 2013	Considered and approved the Appointment of a Director to an FSB
	Considered the Status of Key Investments as at 31 January 2014	Considered and approved the payment of an interim dividend for the financial year ended 30 June 2014	Considered the Scorecard for the PGCE for the financial year 2013/2014
			Considered and approved the Revised GPA 2014

## MAIN AREAS OF BOARD FOCUS DURING THE FINANCIAL YEAR 2013/2014

MONTH/ YEAR	STRATEGY/BUSINESS	OVERSIGHT AND RISK	GOVERNANCE AND ETHICS
May 2014	Considered and approved a Project Proposal	Considered and approved the Quarterly Report for the Third Quarter ended 31 March 2014	Approved the Appointment of an Independent Director to the Board of SDB and an additional Director to FSBs
	Considered Updates on Project Proposals	Considered and approved the Press Statement on the Quarterly Report for the Third Quarter ended 31 March 2014	Annual assessment of the Independent Directors of the SDB Board
		Approved the Proposed Change of Authorised Persons for Financing Documents	Considered for shareholders' approval, the re-appointment and re-election of Directors retiring at the 2014 AGM
			Considered for shareholders' approval, the remuneration of the Non-Executive Directors of the SDB Group
			Considered and approved the Salary Increment framework for the SDB Group for the financial year 2014/2015
			Considered and approved the Scorecard for the PGCE for the financial years 2013/2014 and 2014/2015
June 2014	Considered and approved the Group Strategy Blueprint and Group Budget		
	Considered and approved a Project Proposal		
	Considered Updates on Project Proposals		
	Board visit to Eastern & Oriental Berhad, Pulau Pinang		

# STATEMENT ON CORPORATE GOVERNANCE

## RECURRING MATTERS

Confirmed the Minutes of previous Board meeting(s)
Noted the Minutes of meetings of Committees of the Board
Noted the Minutes of meetings of the FSBs and Group Management Committee
Briefing to the Board by Board Committees and the Chairmen of the FSBs
Received the Group Operations Report
Received the Group Financial Exposure Report
Received the Report on the Group's Cash and Borrowings Position and Cash Flow Projections
Received the Report on Tender Awards/Revenue Contracts made by Group Head Office and the Divisions
Received the Report on Related Party Transactions
Received the Report on New Companies Established/Acquired for Each Quarter
Received the Report on Equity Ownership of SDB
Received the Update on Investor Relations Activities
Received the Group Head Office Departmental Reports
Received the Directors'/Principal Officers' Disclosures
Considered the Renewal of Fixed Term Contracts of Senior Management

The following table shows the attendance of each Director at Board Meetings during the financial year ended 30 June 2014:

DIRECTOR	NO. OF MEETINGS ATTENDED	%
Tan Sri Dato' Abdul Ghani Othman <sup>1</sup>	8 out of 8	100
Tan Sri Dato' Sri Hamad Kama Piah Che Othman	8 out of 8	100
Tan Sri Samsudin Osman	8 out of 8	100
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah	7 out of 8	88
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	8 out of 8	100
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	7 out of 8	88
Tan Sri Datuk Dr Yusof Basiran	8 out of 8	100
Datuk Zaiton Mohd Hassan	8 out of 8	100
Dato Sri Lim Haw Kuang	8 out of 8	100
Dato' Henry Sackville Barlow	8 out of 8	100
Dato' Azmi Mohd Ali	8 out of 8	100
Ir Dr Muhamad Fuad Abdullah	8 out of 8	100
Dato' Rohana Tan Sri Mahmood <sup>2</sup>	-	-
Tan Sri Dato' Seri Mohd Bakke Salleh	7 out of 8	88

Note:

<sup>1</sup> Appointed as an Independent Non-Executive Director with effect from 1 July 2013

<sup>2</sup> Appointed as an Independent Non-Executive Director with effect from 24 June 2014, subsequent to all Board meetings held in the financial year ended 30 June 2014

In view of the size of the SDB Group, FSBs were established to exercise oversight over each core Division within the Group. Each FSB has up to three (3) representatives from the Board, facilitating a clear and unambiguous line of oversight from the Board to the Divisions.

On 27 February 2014, the Board endorsed the revised composition of the FSBs to three (3) representatives from the Board, three (3) representatives from Management and four (4) external parties. The external Directors who are subject matter experts form a valuable resource for strategic planning providing insight into trends and forecasts, creating a more conducive environment for informed decision making.

The role of the FSB is to oversee the operations of the respective Divisions, subject always to the direction and counsel of the Board and compliance with any policy and delegated authority limits set by the Board.

The salient TOR of the FSB and attendance of the members at the respective FSB meetings can be viewed at the Company's website at [www.simedarby.com](http://www.simedarby.com)

Broadly, the FSB's key roles are to:

- Oversee the operations of the respective Divisions, which include but are not limited to overseeing their business strategy and performance, human capital management, corporate governance and risk management practices.
- Fulfil its statutory and fiduciary responsibilities of monitoring management and financial risk processes; and accounting and financial reporting practices of the Division.
- Review the Division's business efficiency and the quality of the Division's accounting function, financial reporting processes and system of internal controls.
- Enhance the independence of both the external and internal audit functions by providing direction to, and exercising oversight of, these functions.
- Ensure the implementation of an effective ethics programme across the Division and monitor compliance with established policies and procedures.

Each FSB has the discretion to establish its own Board Committee to facilitate the discharge of its duties and responsibilities. The FSB of the Plantation Division has established its own Audit Committee to assist in, inter-alia, monitoring the financial risk processes and accounting and financial reporting practices, considering the reports and recommendations by the internal and external auditors and reviewing the overall results of the companies within the Division.

The role of the Board together with the FSBs, as outlined, is in line with the following roles and responsibilities of the Board as espoused by MCCG 2012:

- Review and adopt a strategic plan for the Company.
- Oversee the conduct of the Company's business to evaluate whether the business is being properly managed.
- Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures to manage these risks.
- Manage the succession planning process, including appointing, training, fixing the compensation of and where appropriate, replacing Senior Management.
- Develop and implement a shareholders' communication policy for the Company.
- Review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

# STATEMENT ON CORPORATE GOVERNANCE

The composition of each FSB during the financial year ended 30 June 2014 are as follows:

	 SIME DARBY PLANTATION SDN BHD	 SIME DARBY INDUSTRIAL HOLDINGS SDN BHD	 SIME DARBY MOTORS SDN BHD	 SIME DARBY PROPERTY BERHAD	 SIME DARBY ENERGY SDN BHD	 SIME DARBY UTILITIES SDN BHD
<b>Board Members of SDB</b>						
Tan Sri Dato' Abdul Ghani Othman	Chairman					
Tan Sri Samsudin Osman		Chairman				
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin			Chairman			
Tan Sri Dato' Sri Hamad Kama Piah Che Othman				Chairman		
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah			✓			
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo				✓		
Tan Sri Datuk Dr Yusof Basiran	✓					
Dato Sri Lim Haw Kuang					Chairman	Chairman
Datuk Zaiton Mohd Hassan			✓			✓
Dato' Henry Sackville Barlow	✓					
Dato' Azmi Mohd Ali		✓				✓
Dato' Rohana Tan Sri Mahmood		✓			✓	
Ir Dr Muhamad Fuad Abdullah				✓		
<b>Management</b>						
Tan Sri Dato' Seri Mohd Bakke Salleh	✓	✓	✓	✓	✓	✓
Dato' Seri Abd Wahab Maskan	✓			✓		
Datuk Tong Poh Keow		✓	✓		✓	✓
Datuk Franki Anthony Dass	✓					
Mr Scott William Cameron		✓				
Dato' Lawrence Lee Cheow Hock			✓			
Dato' Ir Jauhari Hamidi					✓	
Mr Timothy Lee Chi Tim						✓

	 SIME DARBY PLANTATION SDN BHD	 SIME DARBY INDUSTRIAL HOLDINGS SDN BHD	 SIME DARBY MOTORS SDN BHD	 SIME DARBY PROPERTY BERHAD	 SIME DARBY ENERGY SDN BHD	 SIME DARBY UTILITIES SDN BHD
<b>External Directors</b>						
Dato' Che Abdullah @ Rashidi Che Omar	✓					
Dato' Idris Kechot	✓					
Encik Rosely Kusip	✓					
Dato' Sri Abdul Hamidy Abdul Hafiz		✓	✓			
Dato' Ahmad Pardas Senin		✓			✓	
Mr James Chapman Sheed		✓				
Encik Mohamad Hussin		✓				
Datuk Karownakaran @ Karunakaran Ramasamy			✓			
Datuk Syed Abu Bakar Syed Mohsin Almohdzar			✓			
Tengku Datuk Seri Ahmad Shah Al-Haj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Al-Haj				✓		
Dato' Johan Ariffin				✓		
Dato' Jaganath Derek Steven Sabapathy				✓		
Encik Mohamad Idros Mosin				✓		
Tan Sri Rastam Mohd Isa					✓	
Puan Syarifah Kassim					✓	
Datuk Elias Md Kadir Baba						✓
Datin Paduka Kartini Hj Abdul Manaf						✓
Encik Mohamad Abdul Halim Ahmad						✓



# STATEMENT ON CORPORATE GOVERNANCE

In terms of day-to-day management, the Company has established a number of high-level committees. These committees are tasked with managing different aspects of the Group's business. The management committees are:

- a. Group Management Committee
- b. Management Sustainability Committee
- c. Group Transformation Committee
- d. Group Investment Committee
- e. Group Tender Committee

The membership and function of each management committee are briefly outlined below:

## a. Group Management Committee

The Group Management Committee (GMC) is chaired by the PGCE and its members include the Group Chief Operating Officer (GCOO), the Group Chief Financial Officer (GCFO) and Executive Vice Presidents (EVP) of the Divisions and GHO.

The GMC has overall responsibility for management policies, day-to-day operations of the Group, the deployment and implementation of Board resolutions and the achievement of objectives and results.

The Group Head of Group Compliance and Group Corporate Assurance, Group Head of Risk Management, Group General Counsel and Group Head of Group Communications & Corporate Affairs attend the meetings of the GMC as regular invitees.

The GMC meets on a bi-monthly basis and when deemed necessary. During the financial year ended 30 June 2014, the GMC met six (6) times.

## b. Management Sustainability Committee

The Management Sustainability Committee (MSC), which oversees sustainability operations within the Group, is chaired by the GCOO and comprises the Heads of Sustainability & Quality Management from the core business Divisions, and representatives from GHO departments. Group Sustainability and Quality Management (GSQM) holds the post of Secretariat and submits progress reports to the SDB Board, Sustainability Committee of the Board and GMC. The MSC recommends Group sustainability policies and standards and procedures, reviews and monitors business sustainability practices and targets, tracks global sustainability trends and incorporates new developments into the Group sustainability management framework, and addresses sustainability risks, communications and stakeholder management.

The MSC meets on a quarterly basis and when deemed necessary. During the financial year ended 30 June 2014, the MSC met four (4) times.

## c. Group Transformation Committee

The Group Transformation Committee (GTC) is tasked with developing and recommending the strategic and operational transformation plan for the Group; and reviewing the performance of the Group's transformation initiatives against set key performance indicators (KPI) and timelines. These transformation initiatives are focused solely on driving continuous improvement and efficiencies in operations in the quest to realise the full potential of the Group.

The members of the GTC are the EVPs of the Divisions, GCFO and EVPs from GHO. The GTC is chaired by the GCOO as a delegate of the PGCE.

The activities of the GTC were handed back to the Divisions and respective Functions over the year. The empowering of each key Division and Function has allowed transformational ideas to flourish, and in the process, to be successfully operationalised as an inherent part of their normal strategy planning environment and/or part of improving the effectiveness of their key processes. This has allowed innovation culture to have its greatest impact. The GTC was disbanded during the financial year ended 30 June 2014.

## d. Group Investment Committee

The Group Investment Committee (GIC), which is chaired by the GCOO, includes the GCFO, EVP of Group Strategy & Business Development, Group Head of Risk Management and the Group General Counsel as members. The GIC reviews and recommends for approval major investment decisions to the PGCE and the relevant FSBs and/or the SDB Board.

The GIC meets at least eight (8) times in a year and when deemed necessary. During the financial year ended 30 June 2014, the GIC met sixteen (16) times.

#### e. Group Tender Committee

The Group Tender Committee was established with a mandate to review tenders valued at RM100 million and above before deliberation by the relevant FSB or the SDB Board (as the case may be). The Committee has no mandate to approve the tenders that it reviews.

The members of the Group Tender Committee are the PGCE/GCOO (as Chairman), GCFO, EVP of Group Strategy & Business Development, EVP of Group Corporate Services, Group Head of Group Procurement and Divisional EVP.

The Group Tender Committee meets as and when deemed necessary and had met three (3) times during the financial year ended 30 June 2014.

#### Recommendation 1.2

*The Board should establish clear roles and responsibilities in discharging its fiduciary and leadership functions*

The responsibility for governing, guiding and monitoring the performance of the Group rests entirely on the Board. To facilitate the discharge of this responsibility and oversight role, the Board is assisted by a number of Board Committees to which the Board has delegated certain key matters. This greatly enhances the effectiveness of the Board, with the following benefits:

- Allowing Directors to use their time more efficiently.
- Summarising complex issues and recommending courses of action.
- Sending a positive signal to investors that major issues are being addressed.
- Allowing Independent Directors to gain a deeper understanding of the Group's business.

Each Board Committee operates within its respective TOR that clearly defines its roles and responsibilities. These are reviewed regularly and changes are approved by the Board.

The Litigation Committee and the Long Term Incentive Plan Committee were disbanded on 28 August 2014.

The remaining Board Committees are as follows:

- Governance & Audit Committee
- Nomination & Remuneration Committee
- Risk Management Committee
- Sustainability Committee.

#### a. Governance & Audit Committee

The GAC is a critical component of the Group's CG Framework. The GAC's primary role is to assist the SDB Board in the discharge of its responsibilities for corporate governance, internal control and financial reporting, which comprise, among others, the following:

- Reviewing the quality of the Group's accounting function and financial reporting practices;
- Ensuring that the Group's financial statements comply with the applicable financial reporting standards and the provisions of the Companies Act, 1965;
- Ensuring adequate systems of governance, financial risk management and internal control so as to produce accurate management information;
- Enhancing the independence of both the external and internal audit and compliance functions;
- Assisting the Board in ensuring that an effective ethics programme is implemented across the Group; and
- Monitoring compliance with laws, regulations, policies and procedures.

The GAC comprises only Non-Executive Directors, with a minimum membership of four (4) members, a majority of whom are Independent Directors. The Chairman of the GAC is the Senior Independent Director of the Company.

The GAC has full access to the auditors, both internal and external, and compliance officers, who in turn, have access at all times to the Chairman of the GAC.

During the financial year ended 30 June 2014, four (4) sessions were held by the GAC with the external auditors and with the Group Head of Group Compliance and Group Corporate Assurance without the presence of Management except for the Group Secretary.

The GAC plays a key role in ascertaining that the Group establishes and continues to maintain appropriate controls to ensure compliance with the Listing Requirements of Bursa Malaysia that address related party transactions. All significant related party transactions are reviewed by the GAC on a quarterly basis. A shareholders' mandate in respect of existing and new recurrent related party transactions is obtained at the Annual General Meeting (AGM) of the Company on a yearly basis. Details of the recurrent related party transactions entered into by the Group during the financial year ended 30 June 2014 are set out in the Additional Compliance Information on pages 378 and 379 of the Annual Report.

# STATEMENT ON CORPORATE GOVERNANCE

Further information on the scope and activities of the GAC, including attendance of Committee members, can be found in the Report on the GAC from pages 077 to 083 of the Annual Report.

The full TOR of the GAC can be viewed at the Company's website at [www.simedarby.com](http://www.simedarby.com)

## b. Nomination & Remuneration Committee

The NRC was established by the Board to manage the recruitment, performance assessment and remuneration processes for Board members and key management positions within the Group. The NRC also sets the policy and remuneration framework for employees of the Group.

One of the NRC's key roles is to drive the recruitment process for new Directors. The NRC considers and recommends candidates for the Board's approval based on the criteria set out in the TOR of the NRC.

A pre-screening of candidates is also undertaken by a third party on the suitability of any potential Director on the Board of SDB. The Chairman of the NRC will report on the discussion with the third party at the meeting of the NRC, prior to recommendation of the individual to the Board.

Another key aspect of the NRC's work is to assess the Board in the annual assessment of the effectiveness of the Board, the Board Committees and individual Directors. In this regard, the Board, through the NRC, has adopted a structured framework to assess the Board's performance and to provide avenues for improvement.

The remuneration of the Executive Director (PGCE) and Non-Executive Directors is under the purview of the NRC. The NRC recommends to the Board the remuneration package of the PGCE. Remuneration of the Non-Executive Directors is a matter for the Board as a whole and is put to a vote by the shareholders of the Company at the AGM.

The salient TOR of the NRC as revised on 29 September 2014 are as follows:

### 1. Composition and Appointment

- The NRC shall comprise Non-Executive Directors appointed by the Board, with a minimum of four (4) members.
- The majority, and the Chairman, shall be Independent Non-Executive Directors.

### 2. Authority

- The NRC is authorised to secure the resources in order to perform its duties as set out in its TOR.
- The NRC has full access to the Group Human Resources function, including, without limitation, its information, records, properties and personnel.
- The NRC is authorised to obtain independent professional advice and shall be directly responsible for compensation and oversight of such professional or legal advisors. The NRC shall have the sole authority to approve such advisor's fees and other retention terms in the event that the NRC retains any such independent professional advisor. Prior to the selection of such advisor, the NRC shall carry out an independent assessment of such advisor.
- The NRC shall provide its recommendations to the Board for its consideration and approval.

### 3. Functions and Duties

The NRC shall:

- Establish a policy formalising the Group's approach to boardroom diversity (including diversity in gender, nationality, age, culture and socio-economic backgrounds).
- Annually review the Board's size and mix of skills, experience, core competencies and other qualities.
- Manage the recruitment process for new Directors, including on-boarding and training programmes.
- Ensure that a formal letter of appointment setting out clearly the expected time commitment, Board Committee involvement, involvement outside Board meetings and protocol for accepting new Directorships is provided to the Non-Executive Directors upon appointment to the Board.
- Drive the performance assessment for the Board, the Board Committees and individual Directors on an annual basis.
- Ensure that appropriate actions are taken based on the results of the annual assessment to continuously enhance the Board's overall performance.
- Ensure that an appropriate succession planning framework has been put in place for the PGCE and key management positions.
- Review and recommend to the Board the remuneration for the Directors (including the PGCE) of the Group.

- Review and recommend the extension of service, and the compensation and benefits packages for EVPs in the SDB Group, and other key pivotal positions.
- Review the annual salary increment and bonus framework for the Group.
- Oversee the administration of the SDB Performance-Based Employee Share Scheme (SDB Share Scheme) and the shares granted under it, subject to the By-Laws.

#### 4. Annual Performance Assessment

- The NRC shall perform a self-assessment annually to assess its effectiveness in carrying out the duties as set out in the TOR.

The TOR of the NRC was reviewed and endorsed by the Board on 29 September 2014. The full TOR can be viewed at the Company's website at [www.simedarby.com](http://www.simedarby.com)

#### Summary of Main Activities in FY2014

During the financial year ended 30 June 2014, the NRC undertook a number of key activities as listed below:

##### a) Nomination Function

Considered and made recommendations to the Board on the following matters:

- Appointment of Additional Directors on the Boards of SDB and FSBs
- Re-appointment/Re-election of Directors retiring at the 2013 and 2014 AGMs
- Annual Assessment of the Independent Directors of the SDB Board
- Board Effectiveness Assessment
- Key Performance Indicators for the PGCE
- Scorecard for the PGCE for the financial years 2013/2014 and 2014/2015
- Annual Evaluation of the PGCE
- Renewal of the Fixed Term Contracts of Key Pivotal Positions Reporting to the PGCE

##### b) Remuneration Function

Considered and made recommendations to the Board on the following matters:

- Remuneration Review of the Main Board and FSBs
- Remuneration of the Non-Executive Directors of the SDB Group of Companies for the financial year ended 30 June 2014
- Salary Increment Proposals for the SDB Group for the financial year 2014/2015
- Bonus Payout for Financial Year 2012/2013
- Salary Increment and Bonus for the PGCE
- Salary Increment and Bonus for Direct Reports to the PGCE

#### Board Balance and Independence

The evolving needs of the Company due to its size, diversity in operations and geography requires the Board to continuously examine its composition in order to discharge its responsibilities effectively. An optimum size of the Board is also needed to achieve the required composition for Board Committees, which becomes impracticable with small Boards.

The Company continues to have a strong, committed and dynamic Board with the right mix of skills and balance to contribute to the achievement of the Company's goals. The Board consists of qualified individuals with a diverse range of backgrounds and specialisations, collectively bringing considerable knowledge, judgment and experience to the Board. The Board has a good mix of governmental, technical and commercial experience with industry specific knowledge. These include, among others, economics, finance, accounting, engineering and legal with industry knowledge covering plantation, property development, oil & gas, banking and fund management.

The Articles of Association of the Company provides for a maximum of fifteen (15) Directors. Tan Sri Dato' Abdul Ghani Othman was appointed as an Independent Non-Executive Director and the Chairman of SDB on 1 July 2013. Dato' Rohana Tan Sri Mahmood was appointed as an Independent Non-Executive Director of SDB on 24 June 2014. The appointments of the two (2) new Directors have increased the independence element on the Board. The appointment of Dato' Rohana has also enhanced gender diversity on the Board which is important in providing different perspectives and ideas.

The Board currently consists of fourteen (14) members, comprising thirteen (13) Non-Executive Directors including the Chairman and an Executive Director who is the PGCE each of whom must seek re-election/re-appointment, as the case may be, by shareholders at the Company's AGM. The current size and composition of the Board commensurates with the complexity and scale of the Group's operations and is also conducive for efficient deliberations at Board meetings and decision making.

Six (6) of the Non-Independent Non-Executive Directors are nominee Directors of Permodalan Nasional Berhad (PNB) and the Chairman of the Employees Provident Fund Board (EPF) represents EPF on the SDB Board. Both PNB and EPF are major shareholders of the Company.

The profiles of the Directors, who are accomplished professionals and distinguished individuals in their respective fields, are presented on pages 064 to 071 of the Annual Report. The full profiles of the Directors are available at the Company's website at [www.simedarby.com](http://www.simedarby.com)

# STATEMENT ON CORPORATE GOVERNANCE

## c. Risk Management Committee

The Group's risk management framework essentially involves the continuous identification and assessment of risks, development and implementation of risk mitigation plans and the monitoring of the effectiveness of these mitigation plans. The RMC enables the Board and Management to identify, prioritise, communicate and manage risks that may affect the attainment of the Group's targets.

The RMC strives to impose a level of discipline on the Board and Management to be continuously aware of, and consider, risk from the perspectives of likelihood of the risk crystallising and impact to the Group. Its main role is to regularly review and recommend the Group's risk management policies and strategies for the Board's approval.

Cognisant of the adverse effect that an unmitigated risk can bring upon the Group, the Board emphasises effective risk management as a key control lever to manage the Group's exposure to risk.

The RMC is tasked by the Board to:

- Review and recommend the SDB Group risk management policies and strategies for the Board's approval.
- Oversee the risk management activities of the SDB Group.
- Monitor the implementation of post-spend transactions in accordance with established thresholds in the approved Group Limits of Authority, which include capital expenditure, acquisitions and project-based operational costs.

The Group Risk Management (GRM) Department is the primary platform through which the RMC undertakes its work. The GRM Department has a direct reporting line to the RMC with Risk Officers located at each Division to execute the risk management framework.

The salient TOR of the RMC are as follows:

### 1. Composition and Appointment

- The RMC shall comprise at least four (4) Directors appointed by the Board, with the Chairman being an Independent Non-Executive Director.
- Members of the RMC shall possess a mixture of expertise and experience, including sufficient knowledge of the industries in which the Group operates.

### 2. Authority

- The RMC is authorised to have full access to the GRM function, including, without limitation, its information, records, properties and personnel.
- The RMC shall provide its recommendations to the Board for its consideration and approval.

### 3. Functions and Duties

- Provide oversight, guidance and direction to the Group's risk management function and processes.
- Recommend the Group's risk management policies, strategies and risk tolerance levels, and any proposed changes thereto for the Board's consideration and approval.
- Evaluate the effectiveness of the GRM structure, risk management processes and support system to identify, assess, monitor and manage the Group's key risks.
- Review all major investment proposals and project business cases in accordance with established thresholds as outlined in the GPA.

### Summary of Main Activities in FY2014

During the financial year ended 30 June 2014, the RMC fulfilled a number of key activities as listed below:

- Risk management reporting
- Risk evaluation of project proposals
- Monitoring of the Risk Management Framework
- Review of Capital Expenditure Review Reports and Debt/Equity Ratios
- Review of compliance with the TOR of the RMC

The full TOR of the RMC can be viewed at the Company's website at [www.simedarby.com](http://www.simedarby.com)

## d. Sustainability Committee

SDB's core values and principles call upon the Group to respect the environment and address the challenges of operating in a sustainable manner.

The Sustainability Committee (SC) was established on 28 August 2012 to ensure that the SDB Group's objectives, policies and practices incorporate sustainability considerations. The SC's philosophy is that business must include not only Profit, but should consider the People and the Planet aspects as well.

The salient TOR of the SC are as follows:

**1. Composition and Appointment**

- The SC shall comprise at least three (3) Non-Executive Directors appointed by the Board.

**2. Authority**

- The SC is authorised by the Board to have full access to the GSQM Department, including, without limitation, its information, records, properties and personnel.
- The SC shall also have full access to the Strategic Sustainability Advisor and any other consultant(s) as deemed necessary.

**3. Functions and Duties**

The SC shall:

- Review the Group's strategies, policies, procedures and processes relating to sustainability, including whether these strategies, policies and procedures promote the Group's sustainability agenda.
- Regularly review the MSC results and performance.
- Advise on the Group Sustainability Report prior to reporting to the Board.
- Consider issues, risks and compliance matters relating to sustainability that are highlighted by auditors and consultants.

The SC communicates and works extensively with GSQM and the Strategic Sustainability Advisor in reviewing the Group's sustainability strategy. If necessary, the SC engages consultants to provide further advice and guidance.

The SC reviews issues arising from independent audits and assurance reports, and any matter that the consultants may highlight. The SC also focuses on relevant emerging Corporate Social Responsibility (CSR) issues, and seeks to align the Group's CSR activities with the overall Group's strategy on sustainability.

The MSC has been set up to support the SC. The MSC is chaired by the GCOO and comprises Heads of Sustainability & Quality Management from the core business Divisions, and representatives from GHO departments.

The full TOR of the SC can be viewed at the Company's website at [www.simedarby.com](http://www.simedarby.com)

**e. Long Term Incentive Plan Committee**

The Long Term Incentive Plan Committee (LTIPC) was established by the Board on 28 August 2012 to administer the SDB Performance-Based Employee Share Scheme (PBESS or SDB Share Scheme) and other related incentive plans that may be implemented by the Company.

The PBESS was established to serve as an LTIP to drive sustainable long term performance and align the interests of employees with the interests of the shareholders, and is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 8 November 2012.

The broad responsibilities of the LTIPC as outlined in its TOR include:

- Setting the rules and regulations in connection with the administration of the SDB Share Scheme.
- Determining the terms of eligibility of employees, grant level, terms of acceptance of offers and terms of vesting of the shares.
- Determining the relevant performance measures and targets.

Among the matters discussed at the LTIPC meetings held in FY2014 were:

- i. The financial and performance targets/criteria associated with the first Grant;
- ii. Report by Group Corporate Assurance on their verification of the first Grant allocation; and
- iii. Plan design taking into consideration the trends and practices in other global and peer companies.

The LTIPC has met with the Share Scheme Adviser several times during the last financial year to discuss the SDB Share Scheme and market trends.

During the financial year ended 30 June 2014, the Company has granted shares under the SDB Share Scheme to its eligible employees. Further information on the SDB Share Scheme can be found in the Reports & Financial Statements from pages 168 to 170 of this Annual Report.

The LTIPC was disbanded on 28 August 2014 and its function has been assumed by the NRC which is tasked to streamline the reward structure of the Group.

# STATEMENT ON CORPORATE GOVERNANCE

## f. Litigation Committee

The Litigation Committee (LC) was established on 18 March 2011 primarily to monitor the progress of the legal actions in relation to the Maersk Oil Qatar Project, Qatar Petroleum Project and Marine Project (O&G Suit) and the Bakun Hydroelectric Dam Project (together with the O&G Suit, Civil Suits) which were instituted by the SDB Group against some of its former Senior Management in December 2010.

The LC was tasked with making recommendations to give effect to the intentions and instructions of the Board in relation to the Civil Suits. On 13 June 2014, the SDB Group and all the defendants in the Civil Suits agreed to enter into consent judgments pursuant to which the defendants admitted to liability under the Civil Suits with damages to be assessed at a later date. The Board agreed on 28 August 2014 to disband the LC given the main objective for the establishment of the LC has been achieved.

The attendance of Directors at Board Committee Meetings during the financial year ended 30 June 2014 are as follows:

DIRECTOR	GAC		NRC		RMC		SC		LTIPC <sup>4</sup>		LC <sup>5</sup>	
	NO. OF MEETINGS ATTENDED	%	NO. OF MEETINGS ATTENDED	%	NO. OF MEETINGS ATTENDED	%	NO. OF MEETINGS ATTENDED	%	NO. OF MEETINGS ATTENDED	%	NO. OF MEETINGS ATTENDED	%
Tan Sri Dato' Abdul Ghani Othman <sup>1</sup>			4 out of 4 (Chairman)	100								
Tan Sri Dato' Sri Hamad Kama Piah Che Othman			3 out of 4	75								
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah					6 out of 6	100						
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	6 out of 6	100	4 out of 4	100	6 out of 6 (Chairman)	100	4 out of 4	100	5 out of 5	100	4 out of 4	100
Tan Sri Datuk Dr Yusof Basiran							4 out of 4	100			3 out of 4	75
Datuk Zaiton Mohd Hassan <sup>2</sup>	6 out of 6	100	N/A	-					5 out of 5	100	4 out of 4	100
Dato Sri Lim Haw Kuang					6 out of 6	100						
Dato' Henry Sackville Barlow	6 out of 6 (Chairman)	100	4 out of 4	100			4 out of 4 (Chairman)	100	5 out of 5 (Chairman)	100		
Dato' Azmi Mohd Ali					6 out of 6	100					4 out of 4 (Chairman)	100
Ir Dr Muhamad Fuad Abdullah	6 out of 6	100					4 out of 4	100	5 out of 5	100		
Dato' Rohana Tan Sri Mahmood <sup>3</sup>							N/A	-				

Note:

GAC – Governance & Audit Committee  
 NRC – Nomination & Remuneration Committee  
 RMC – Risk Management Committee  
 SC – Sustainability Committee  
 LTIPC – Long Term Incentive Plan Committee  
 LC – Litigation Committee  
 N/A – Not Applicable

<sup>1</sup> Appointed as an Independent Non-Executive Director with effect from 1 July 2013

<sup>2</sup> Appointed as a member of the NRC with effect from 12 September 2014, subsequent to all NRC meetings held in the financial year ended 30 June 2014

<sup>3</sup> Appointed as an Independent Non-Executive Director with effect from 24 June 2014 and a member of SC with effect from 28 August 2014, subsequent to all SC meetings held in the financial year ended 30 June 2014

<sup>4</sup> The LTIPC was disbanded on 28 August 2014

<sup>5</sup> The LC was disbanded on 28 August 2014

**Recommendation 1.3**

*The Board should formalise ethical standards through a code of conduct and ensure its compliance*

The Group launched the Code of Business Conduct (COBC) on 1 December 2011. The COBC is made available in nine (9) different languages, downloadable on both the external website ([www.simedarby.com](http://www.simedarby.com)) and the Group's Employee Portal. The COBC is also distributed to all Business Units in booklet form, especially for areas where access to the Group's Employee Portal is limited. The Group ensures that the COBC in booklet form is made available and accessible to these affected employees. The COBC has also been transcribed into Braille for the use of the Group's visually impaired staff.

The COBC provides guidance on the standards of behaviour expected of all Directors, employees and, where applicable, counterparts and business partners. Our position on zero tolerance to bribery and corruption is expressly set-out in the COBC, including consequences for violations of the COBC, which may include termination of employment and dismissal. Violation of the COBC that is related to criminal acts may result in prosecution after referral to the appropriate authorities.

Since its launch in 2011, other than ensuring that Senior Management (Divisional Management and GMC) and FSBs have gone through the COBC training, the Group continuously ensures that COBC training is provided to employees through various media such as e-learning, class room training and/or briefing at specific training functions such as Induction Programmes and Supervisory Enhancement Programmes. Successful completion of the COBC training programme is recognised and recorded in the employees' learning database and/or records. All new employees are also required to complete the COBC e-learning within two (2) months of joining the Group.

The Group also strives to work with business counterparts who share similar standards of behaviour as encapsulated in the COBC. Our business counterparts, especially our vendors, are made aware of the expected behaviours during the vendor registration stage. Understanding and acceptance of the expected behaviours is also obtained through a signed Vendor's Letter of Declaration.

A secure whistleblowing channel is also available to all employees and members of the public for the escalation of complaints to Management. Oversight of the whistleblowing function is under the purview of the Senior Independent Director of the Board of SDB who ensures that all reported violations are properly

investigated. The Senior Independent Director is also responsible for reviewing the effectiveness of the actions taken in response to all concerns raised. The identity of those reporting via the whistleblowing channel is kept confidential and their consent is sought if there is a need to disclose their identity for investigation purposes.

**Recommendation 1.4**

*The Board should ensure that the Company's strategies promote sustainability*

Sustainability is a cornerstone of SDB's operating philosophy, as evidenced by the Group's tagline, 'Developing Sustainable Futures'.

The SC, which was established on 28 August 2012, has been tasked to fulfil the Board's oversight responsibilities in ascertaining that the SDB Group's objectives, policies and practices incorporate sustainability considerations.

The MSC sits under the SC and comprises Senior Management personnel of the Group. The work of both committees involve the:

- Definition of the Group's sustainability policies, standards and procedures.
- Review and monitoring of business sustainability practices and targets.
- Tracking of global sustainability trends.
- Identification and mitigation of sustainability risks.
- Communications and stakeholder management.

Information on the scope and activities of the SC can be found in the Statement on Corporate Governance on page 047.

Further information on the Group's approach on sustainability can be found on pages 022 to 025 of the Annual Report.

**Recommendation 1.5**

*The Board should have procedures to allow its members access to information and advice*

The Company practises the provision of information (agenda, Board papers, minutes, etc.) in advance of meetings so that Directors are able to digest the information and obtain further information, clarification or explanation, where necessary. Nevertheless, papers deemed urgent may still be submitted to the Group Secretary to be tabled at the Board meeting, subject to the approval of the Chairman and the PGCE.



# STATEMENT ON CORPORATE GOVERNANCE

The Board papers prepared for the quarterly scheduled meetings include, among others, the following:

- Minutes of previous Board meeting(s).
- Minutes of meetings of Committees of the Board.
- Minutes of meetings of the FSBs and GMC.
- Report on matters arising.
- Quarterly financial report and a report on the Group's cash and borrowings.
- Report on operations.
- Shareholding structure of the Company.

In relation to the minutes of previous Board meetings, a Board member may seek clarification of the minutes or request for correction before the minutes are confirmed as correct.

Heads of operations and/or Senior Management personnel are required to make presentations on proposal papers and brief/update the Board on operational issues to further facilitate the Board's decision-making process.

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

From time to time and where necessary, the Board may seek independent professional advice at the Company's/ relevant subsidiary's expense. The services of independent professional advisors or experts are typically sought to confirm or dispel concerns raised by the Directors. The Board nevertheless affirms that reliance on an independent advisor or expert does not abrogate the Board's individual or collective responsibility for the final decision.

The protocol for the Board and Directors to seek independent professional advice is set out in the Directors' Manual.

## **Recommendation 1.6**

*The Board should ensure it is supported by a suitably qualified and competent company secretary*

Directors have unrestricted access to the advice and services of the Group Secretary to facilitate the discharge of their duties. The Group Secretary is responsible and accountable to the Board, through the PGCE, for ensuring that the secretarial function provides adequate support to the SDB Board, FSBs and Board Committees for all Board-related administrative functions. The Group Secretary's position is subject to a fixed tenure and the renewal of the contract of the Group Secretary is tabled to the NRC and the Board of SDB for recommendation and approval respectively.

## **Recommendation 1.7**

*The Board should formalise, periodically review and make public its Board charter*

The SDB Board Charter serves as a constitution for the Board, and in summary addresses the following pertinent matters:

- An emphasis on the role and key objectives of the Board.
- The structure and composition of the Board.
- The roles and responsibilities of the Board and those delegated to Management, including the Board's oversight role, and its relationship with the FSBs and assurance providers.
- Authority, duties and functions of the Board, including the right to obtain advice, to have access to personnel of the Group and to convene meetings as required.
- The conduct of Board meetings.

The Board Charter is published on the Company's website at [www.simedarby.com](http://www.simedarby.com)

## **Principle 2: Strengthen composition**

### **Recommendation 2.1**

*The Board should establish a Nominating Committee which should comprise exclusively of Non-Executive Directors, a majority of whom must be independent*

The NRC was established by the Board to manage the recruitment, performance assessment and remuneration processes for Board members and key management positions within the Group. The NRC also sets the policy and remuneration framework for employees of the Group.

The NRC's membership is purely Non-Executive with a majority of Independent Directors.

Further information on the scope and activities of the NRC can be found in the Statement on Corporate Governance from pages 044 to 045.

### **Recommendation 2.2**

*The Nominating Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors*

The Board, with the assistance of the NRC, periodically examines the effectiveness of its size and composition. The Board also considers whether the current number of Board members is conducive for efficient deliberation at Board meetings and facilitates effective decision making. The Board is of the view that its size and composition is appropriate and commensurate with the complexity and scale of the Group's operations.

The Board endeavours to balance the requirement for professional knowledge, business expertise and varied industry knowledge to maintain the effectiveness of the Board. The NRC shall consider and recommend to the Board the selection criteria for new appointment as a Director of SDB and the Group which, among others, include diversity in age, gender and experience/background of a candidate. The Board affirms that gender diversity is an aspect that the NRC considers when evaluating candidates for the Board.

With regards to gender diversity, the Board recognises the benefits that diversity in gender can bring to the decision-making process. Nevertheless, the Board believes that specific targets for gender diversity are currently not necessary since diversity is inherently considered during the recruitment process for Directors. The criteria for identification of Directors to serve on the Board includes gender and other equally pertinent criteria such as integrity, skills, knowledge, competencies, experience and directorships in other companies, and the perceived ability to work collegially with other members of the Board.

#### *Recruitment Process for Directors*

In considering candidates as potential Directors, the NRC takes into account the following criteria:

- Skills, knowledge, expertise and experience.
- Time commitment, character, professionalism and integrity.
- Perceived ability to work cohesively with other members of the Board.
- Specialist knowledge or technical skills in line with the Group's strategy.
- Diversity in age, gender and experience/background.
- Number of directorships in companies outside the Group.

The Group Secretary ensures that all appointments are properly made, that all necessary information is obtained from the Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements of Bursa Malaysia or other regulatory requirements.

The recruitment process concludes with an orientation and related training programmes to train and equip the Director with the required knowledge and understanding of the Group's businesses and operations. Management, under the direction of the PGCE, is responsible for conducting on-boarding exercises or familiarisation programmes for new Directors of the Board (and FSB if applicable), and this includes visits to the Group's operating sites and meetings with Senior Management.

Following the appointments of Tan Sri Dato' Abdul Ghani and Dato' Rohana to the Board during the financial year ended 30 June 2014, the newly appointed Directors have undergone an orientation/on-boarding briefing programme which includes, among others, briefing by the Divisional EVPs/Heads of Department.

The Board's offsite programme during the financial year ended 30 June 2014, includes, among others:

- i. Battersea Power Station Project in London
- ii. Official opening of ParkCity Medical Centre
- iii. Board and Management Retreat in Singapore and visit to a Motors' showroom in Singapore
- iv. Site visit to Eastern & Oriental Berhad in Pulau Pinang

#### *Re-appointment or Re-election of Directors*

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

The proposed re-appointment and/or re-election of Directors seeking re-appointment and/or re-election at the AGM are recommended by the NRC.

#### *Board Performance Evaluation*

A formal performance evaluation of the Board provides the opportunity to assess the Board's performance, highlighting areas for enhancement and allowing the development of an actionable improvement programme, where relevant. An assessment of the effectiveness of the Board, Board Committees and individual Directors was undertaken by the NRC with the assistance of external facilitators.

# STATEMENT ON CORPORATE GOVERNANCE

The assessment criteria used in the performance evaluations are as follows:

## i. Board of Directors

Board contribution, composition, information/pre-reading materials, agendas and meetings, dynamics, board/management relationship, leadership and processes

## ii. Board Committees

Board Committees structure, appointment process, meetings and communication

## iii. Individual Directors

Individual Directors' strengths, contributions and areas of focus and improvement

### Board Assessment Overview



### Individual Director Evaluation Overview



### Recommendation 2.3

*The Board should establish formal and transparent remuneration policies and procedure to attract and retain Directors*

The objective of the Company's policy on Directors' remuneration is to attract and retain Directors of the calibre needed to direct the Group successfully.

In formulating the Directors' remuneration policy, the Company has taken into account the compensation philosophy advocated by the Green Book which suggests that Boards of GLCs should regularly review the compensation of their Chairman and Directors and align them to at least around the 50th percentile of an appropriate peer group.

The following are salient elements of the Directors' remuneration policy:

#### Non-Executive Directors

All Non-Executive Directors are paid fixed annual director fees as members of the Board and Board Committees.

The level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Director concerned. The Company also reimburses reasonable expenses incurred by these Directors in the course of their duties.

The remuneration package for Non-Executive Directors comprises fees, benefits-in-kind and other emoluments.

#### Executive Director

The NRC considers and recommends to the Board for approval the framework for the Executive Director's remuneration and the final remuneration package for the Executive Director.

Components of the Executive Director's remuneration are structured to link rewards to corporate and individual performance. Performance is measured against profits and other targets set in accordance with the Company's annual budget and plans.

Remuneration for the Non-Executive Directors of the Board and as members of the Board Committees in the form of fees is as follows:

BOARD/BOARD COMMITTEE	CHAIRMAN (RM/YEAR)	DEPUTY CHAIRMAN (RM/YEAR)	MEMBER (RM/YEAR)
Board	600,000	250,000	180,000 <sup>1</sup> 360,000 <sup>2</sup>
Governance & Audit Committee	40,000	N/A <sup>4</sup>	30,000
Nomination & Remuneration Committee	40,000		30,000
Risk Management Committee	40,000		30,000
Sustainability Committee	40,000		30,000
Long Term Incentive Plan Committee <sup>3</sup>	40,000		30,000
Litigation Committee <sup>3</sup>	40,000		30,000

Note:

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

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

<sup>3</sup> The Long Term Incentive Plan Committee and the Litigation Committee were disbanded with effect from 28 August 2014

<sup>4</sup> N/A – Not Applicable

Details of Directors' remuneration (including benefits-in-kind) and the aggregate remuneration of Directors in respective bands of RM50,000 for the financial year ended 30 June 2014 are as follows:

	SALARY & OTHER REMUNERATION* (RM'000)	DIRECTORS' FEES & OTHER REMUNERATION (RM'000)			PBESS (RM'000)	TOTAL (RM'000)	RANGE OF REMUNERATION (RM'000) <sup>†</sup>
		BY SDB	BY THE SUBSIDIARIES	BENEFITS- IN-KIND* (RM'000)			
<b>Executive Director</b>							
Tan Sri Dato' Seri Mohd Bakke Salleh	6,657	-	-	32	399	7,088	7,050 - 7,100
<b>Non-Executive Directors</b>							
Tan Sri Dato' Abdul Ghani Othman <sup>1</sup>	N/A <sup>3</sup>	640	150	32	N/A <sup>3</sup>	822	800 - 850
Dato Sri Lim Haw Kuang		390	300	60		750	700 - 750
Dato' Henry Sackville Barlow		330	230	25		585	550 - 600
Tan Sri Datuk Dr Yusof Basiran		240	254	25		519	500 - 550
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo		370	100	25		495	
Datuk Zaiton Mohd Hassan		270	200	25		495	
Dato' Azmi Mohd Ali		250	200	25		475	450 - 500
Tan Sri Dato' Sri Hamad Kama Piah Che Othman		280	150	25		455	
Ir Dr Muhamad Fuad Abdullah		270	115	25		410	400 - 450
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin		217	150	25		392	
Tan Sri Samsudin Osman		180	150	25		355	350 - 400
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah		210	100	25		335	300 - 350
Dato' Rohana Tan Sri Mahmood <sup>2</sup>		3	4	-		7	<150

Note:

<sup>1</sup> Appointed with effect from 1 July 2013

<sup>2</sup> Appointed with effect from 24 June 2014

<sup>3</sup> N/A – Not Applicable

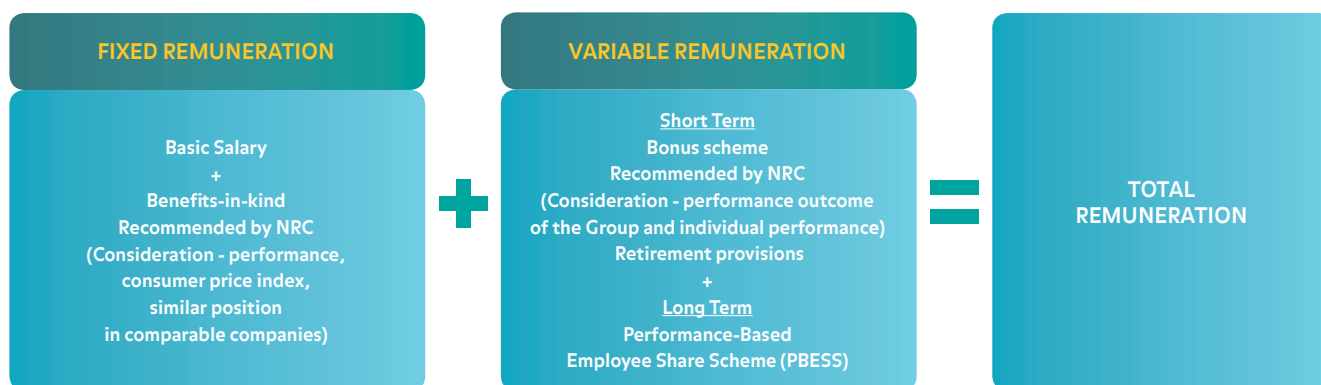
\* Paid by the SDB Group

<sup>†</sup> Comprises Company Car and Driver, where relevant

<sup>†</sup> The following successive range of remuneration bands of RM50,000 is Not Applicable:  
RM150,001 to RM300,000  
RM600,001 to RM700,000  
RM750,001 to RM800,000

# STATEMENT ON CORPORATE GOVERNANCE

A summary of the Executive Director's remuneration package comprises the following:



## Principle 3: Reinforce independence

### Recommendation 3.1

*The Board should undertake an assessment of its Independent Directors annually*

### Recommendation 3.2

*The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, the Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director*

### Recommendation 3.3

*The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years*

Modern thinking on corporate governance places great emphasis on the role of Independent Directors in facilitating a separation of power between Management and the Board. The Independent Directors contribute a dispassionate objectivity that a Director in an entrenched relationship with the Group may not provide.

The Board consists of fourteen (14) members, comprising thirteen (13) Non-Executive Directors including the Chairman, and the Executive Director who is also the PGCE.

Six (6) of the Directors are independent, exceeding the minimum one-third (1/3) requirement as set out in the Listing Requirements of Bursa Malaysia.

The Independent Directors are:

- i. Tan Sri Dato' Abdul Ghani Othman (Chairman)
- ii. Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo
- iii. Dato Sri Lim Haw Kuang
- iv. Dato' Henry Sackville Barlow
- v. Dato' Rohana Tan Sri Mahmood
- vi. Ir Dr Muhamad Fuad Abdullah

Currently, none of the Independent Directors has served on the Board for more than nine (9) years. The Board is also aware that tenure is not the absolute indicator of a Director's independence, with much also dependent on the conduct and actions of the Director. In this regard, the Board, through the NRC, actively seeks to maintain a strong independent element on the Board, by undertaking the following during the financial year ended 30 June 2014:

- Conducted independent assessments on all Independent Directors. The independence assessment criteria are guided by the definition of "independent director" as prescribed by the Listing Requirements of Bursa Malaysia.
- Required Independent Directors to submit an annual declaration of independence.
- Adopted the policy of requiring Independent Directors exceeding a cumulative tenure of nine (9) years to be approved by shareholders in the event the Director wishes to continue to serve as an Independent Director. Alternatively, the Director may continue to serve on the Board subject to re-designation as Non-Independent Director.

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

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

In respect of the Non-Independent Non-Executive Directors, six (6) are nominee Directors of PNB, a major shareholder of SDB, namely Tan Sri Dato' Sri Hamad Kama Piah Che Othman, Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah, Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin, Tan Sri Datuk Dr Yusof Basiran, Datuk Zaiton Mohd Hassan and Dato' Azmi Mohd Ali.

Tan Sri Samsudin Osman, a Non-Independent Non-Executive Director, is a nominee Director of EPF, a major shareholder of SDB.

Profiles of the Directors, who are accomplished professionals and distinguished individuals in their respective fields, are presented on pages 064 to 071 of the Annual Report.

#### **Recommendation 3.4**

*The positions of Chairman and CEO should be held by different individuals, and the Chairman must be a Non-Executive member of the Board*

#### **Recommendation 3.5**

*The Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director*

The Chairman of the Board is an Independent Non-Executive Director. A strong and able non-executive element is a key feature of the Board, and all Board members, with the exception of the PGCE, are Non-Executive Directors.

The Board subscribes to the principle that separate persons for the Chairman and Chief Executive Officer (CEO) positions is beneficial to the effective functioning of the Board and can facilitate a powerful check and balance mechanism. The Chairman is entrusted to build a high performance Board by:

- Promoting principles of good corporate governance.
- Insisting on regular evaluation of the Board's performance (including its Committees and individual Directors) and being open to improvement opportunities.

The CEO (PGCE) is tasked with:

- Ensuring the effective implementation of the policies and procedures approved by the Board.
- Achieving goals and performance targets set in line with the Group's strategy.
- Exercising a high level of business judgment.
- Managing relationships with stakeholders.

#### **Principle 4: Foster commitment**

##### **Recommendation 4.1**

*The Board should set out expectations on time commitment for its members and protocols for accepting new directorships*

The Board's annual meeting calendar is prepared and circulated to all the Directors during the first quarter of each financial year. The calendar includes meetings of Board Committees and those involving shareholders (e.g. AGM). The calendar also provides information on the proposed agenda items for meetings. This practice provides notice well in advance to each Director allowing him/her to prepare adequately for the meetings.

The Board meets on a scheduled basis at least four (4) times a year. When the need arises, additional meetings are also held. Among the items considered during the scheduled meetings are:

- Matters specifically reserved for the Board's decision.
- The financial statements and results of the Company and its subsidiaries.
- Operational activities, and strategic and corporate initiatives.
- Reports by Board Committees and FSBs.

Given the size and complexity of the Group, it is not uncommon for Directors to devote a substantial amount of time prior to and during Board meetings, as evidenced from the commendable attendance of the Non-Executive Directors at the respective meetings of the Board and Board Committees during the financial year under review. The Company has also adopted an additional procedure on the appointment of Directors whereby in their acceptance letters as a Director on the SDB Board, the Directors undertake to devote sufficient time to carry out their responsibilities as a Director of the Company.

The Directors are required to declare their directorships and/or interests in other public and private companies upon appointment as a member of the SDB Board and on an annual basis. The Directors notify the Company of any subsequent change in their directorships and/or interests in public and private companies. The Company notifies the other Directors of the Company of such changes upon receiving the notice.

None of the Directors of the Company hold more than five (5) directorships in public listed companies, in compliance with the Listing Requirements of Bursa Malaysia. This is aligned with the best practices recommendation of the Green Book which limits directorships in listed companies to five (5).

# STATEMENT ON CORPORATE GOVERNANCE

## Recommendation 4.2

*The Board should ensure its members have access to appropriate continuing education programmes*

The Board is aware of the added value that Directors can bring to the table if they are kept aware of industry developments and trends.

All the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) prescribed by Bursa Malaysia. Induction programmes were also arranged for newly appointed Directors to facilitate their understanding of the Group's business and operations.

Training programmes, conferences and seminars deemed beneficial to the Directors are identified on an on-going

basis and the Company allocates a dedicated training budget to support the continuous development of the Directors. The assessment of the effectiveness of the Board, Board Committees and individual Directors undertaken by the Board provides an opportunity for the Board to assess the training needs of its Directors. A brief description of some of the training that Directors attended during the financial year ended 30 June 2014 is set out below. All Directors attended training programmes, conferences, seminars, courses and/or workshops during the financial year.

More detailed information on the Directors' Training and Continuous Education Programme is published at the Company's website at [www.simedarby.com](http://www.simedarby.com)

MONTH/YEAR	TOPICS	PRESENTER/ORGANISER
July 2013	Cyber Fraud and Security	Ernst & Young
August 2013	Board Agenda Series: Boards & Strategy – Where are we?	David Eldon & Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor/ PricewaterhouseCoopers
September 2013	Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers Bursa Malaysia Breakfast Session with Board Chairmen Breakfast Talk with Natasha Kamaluddin, Managing Partner and Director, Ethos & Company - "Best of Corporate Malaysia Transformations" Risk Management Committee - Bank Programme	Bursa Malaysia Berhad (BMB) BMB Natasha Kamaluddin/ Malaysian Directors Academy (MINDA) Youssef Nasr/The Iclif Leadership & Governance Centre (Iclif)
October 2013	Khazanah Megatrends Forum Wealth Creation & Preservation: Turning Possibility into Reality by Suze Orman Directors' Forum (DF2/2013) "The Innovation Zone: Unleashing The Mindset" World Capital Markets Symposium 9 <sup>th</sup> World Islamic Economic Forum (WIEF) Permodalan Nasional Berhad (PNB) Group Quality Initiatives 2013 by Kate Sweetman "The Leadership Code for Asia"	Khazanah Nasional Berhad (Khazanah) Suze Orman/PNB Investment Institute Sdn Berhad (PNBi) and Securities Industry Development Corporation Mark Rozario & Ross Dawson/MINDA Securities Commission Malaysia (SC) WIEF Foundation Kate Sweetman/PNB
November 2013	Perbadanan Nasional Berhad (PNS) Franchise Summit 2013	PNS

MONTH/YEAR	TOPICS	PRESENTER/ORGANISER
<b>December 2013</b>	Leadership Energy Summit Asia	Iclif
<b>January 2014</b>	Megatrends	Frost & Sullivan
<b>February 2014</b>	10 <sup>th</sup> Khazanah Annual Review PNB Nominee Director's Convention 2014: Managing Stakeholders' Expectations in the Fast-Changing Business Trends Towards Value Creation	Khazanah Professor Michael Yaziji/ PNBi
<b>March 2014</b>	6 <sup>th</sup> Annual Corporate Governance Summit – Above and Beyond the Call of Duty Corporate Directors Advanced Programme (CDAP): "Strategy & Risk – Managing Uncertainty" Briefing Session on Corporate Governance Guide: Towards Boardroom Excellence (2 <sup>nd</sup> Edition) – An Update	Asian World Summit MINDA BMB
<b>April 2014</b>	Corporate Directors On-Boarding Programme Annual Directors Duties, Governance and Regulatory Updates Seminar 2014	MINDA Malaysian Institute of Corporate Governance
<b>May 2014</b>	CDAP: Human Capital Putrajaya Premier Lecture Series: Past Achievements and Present Challenges in the Muslim World Anti-Money Laundering and Anti-Terrorism Financing for Directors and Senior Management	MINDA Dr. Farhan Ahmad Nizami/ Media Prima Berhad together with the Prime Minister's Office Dang Phuong Heu Dang & William Aubrey Chapman/ PNBi
<b>June 2014</b>	Breakfast Talk with Bob Vanourek – Triple Crown Leadership: Building Excellent, Ethical and Enduring Organisations Board Chairman Series: The Role of the Board Chairman Roundtable on Malaysian Code for Institutional Investors	Bob Vanourek/MINDA BMB SC and Minority Shareholder Watchdog Group

*Note: Attended on individual basis*



# STATEMENT ON CORPORATE GOVERNANCE

## **Principle 5: Uphold integrity in financial reporting**

### **Recommendation 5.1**

*The Audit Committee should ensure financial statements comply with applicable financial reporting standards*

The GAC is tasked with assisting the Board in maintaining a sound system of internal control across the Group. Accurate and reliable financial statements are a key outcome of a sound system of internal control, and towards this end, the GAC considers the following on a regular basis:

- Changes in accounting policies and practices, and implementation thereof.
- Significant adjustments arising from the external audit process.
- Qualifications to the external auditor's report (if any).
- Going concern assumption.
- Adequacy and appropriateness of disclosure.

The GAC also meets with the external auditors without the presence of Management, and this is a forum at which the external auditors may raise, among other matters, any concern they may have on the compliance aspect of the financial statements.

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

The GCFO updates the GAC regularly on the Group's financial performance and highlights key issues in connection with the preparation of the results, including the adoption of new accounting standards/policies. The GCFO is responsible for ensuring that the Group is aware of impending changes to the accounting standards and also the relevant regulatory requirements, recognises the implication of those changes and complies with the requirements. To achieve this, the Group places great emphasis on two key areas which is the development of a pool of skilled and knowledgeable accounting and finance staff and the development of a robust and efficient financial reporting system.

The Group has a wide range of internal training programmes covering both technical and non-technical areas specially designed to fit the needs of the Group with the objective of enhancing the level of competencies of its accounting and finance staff. Accounting and finance staff are also required to attend external training to enrich their knowledge, keep abreast of the development in the accounting standards and drive for high quality financial reporting. The GCFO and key finance personnel are also actively engaged with the Malaysian Accounting Standards Board (MASB) on accounting matters through participation in MASB's working groups formed to debate on emerging issues of significance to the accounting profession.

### **Recommendation 5.2**

*The Audit Committee should have policies and procedures to assess the suitability and independence of external auditors*

The Board is aware of the potential conflict of interest situation that may arise if the Company's external auditors are engaged to provide other non-audit services to the Group. To mitigate this risk, a paper on "Appointments of Financial Advisors for Non-Audit Assignments" is tabled to the GAC on a quarterly basis for review.

Further, the GAC procures a written confirmation from the external auditors that the auditors are, and have been, independent throughout the conduct of the audit engagement in accordance with relevant professional and regulatory requirements and in accordance with the external auditors' internal policy. The external auditors also provide a written confirmation that they have reviewed the non-audit services provided to the SDB Group during the year, and that to the best of the external auditor's knowledge, the non-audit services did not impair the independence of the external auditors.

The Company's Annual Report also discloses fees received by the external auditors for non-audit work.

## **Principle 6: Recognise and manage risks**

### **Recommendation 6.1**

*The Board should establish a sound framework to manage risks*

The Company has in place an RMC and a Group risk management framework to manage risks within the Group. Further information on the activities of the RMC can be found in the Statement on Corporate Governance on page 046.

### **Recommendation 6.2**

*The Board should establish an internal audit function which reports directly to the Audit Committee*

The Board acknowledges its responsibility for the Group's internal control system covering financial, operational and compliance aspects as well as the risk management process, and in reviewing its adequacy and integrity to safeguard shareholders' investment and the Group's assets.

The Group Corporate Assurance Department (GCAD) is tasked with assisting the Board and the GAC in this regard. It is a vital element in the Group's drive to maintain a sound risk management framework and internal control system.

The GCAD function is an in-house internal audit function that reports directly to the GAC. The GCAD's principal responsibility is to provide independent and objective assurance and consulting services designed to add value and improve the operations in the Group. It assists the Group to achieve its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. However, it should be noted that the Group's internal control system is designed to provide reasonable but not absolute assurance against the risk of material errors, fraud or losses occurring.

GCAD comprises the Corporate Assurance Department in GHO and Divisional Corporate Assurance Departments that conduct audits of key business processes and business units across their respective Divisions. GCAD is also responsible for regular and systematic reviews of environmental, safety and health issues in the Company and across the Group.

The Statement on Risk Management and Internal Control which provides an overview of the state of the risk management and internal control system is set out on pages 084 to 090 of the Annual Report. The internal audit function of the Group which rests with GCAD is described in the Report on the GAC on page 083 of the Annual Report.

## **Principle 7: Ensure timely and high quality disclosure**

### **Recommendation 7.1**

*The Board should ensure the Company has appropriate corporate disclosure policies and procedures*

The Board has developed and adopted, in its GPA, a policy on Investor Relations and Corporate Communications, stipulating the authorised channels and personnel through which/whom certain information of the Group shall be approved and disclosed to internal and external stakeholders.

The Investor Relations and Corporate Communications policy regulates the review and release of information to the stock exchange as well as through the Company's website, facilitating timely and accurate disclosure of the Company's affairs.

### **Recommendation 7.2**

*The Board should encourage the company to leverage on information technology for effective dissemination of information*

The Company's website has become a key communication channel for the Company to reach its shareholders, the Investment Community and the general public. Within the website, a number of sections provide up-to-date information on Group activities, financial results and major strategic developments.

There is also a section focusing on corporate governance and outlined in that section are the Company's business principles, Code of Business Conduct and various corporate governance initiatives.

The financial results, annual reports, announcements to Bursa Malaysia, corporate presentations and other information on the Company can be found on the Company's website at [www.simedarby.com](http://www.simedarby.com)

# STATEMENT ON CORPORATE GOVERNANCE

## **Principle 8: Strengthen relationship between company and shareholders**

### **Recommendation 8.1**

*The Board should take reasonable steps to encourage shareholder participation at general meetings*

The Company's AGM, scheduled in November of each year, is the primary platform for communication with the widest range of shareholders.

Some of the measures to encourage greater shareholder attendance and participation include the following:

- Shareholders who are unable to attend are allowed to appoint a proxy/ies to attend and vote on their behalf. The proxy need not be a shareholder.
- The venue of the AGM is at a central and easily accessible location providing ample parking space for shareholders.
- The Sime Darby website ([www.simedarby.com](http://www.simedarby.com)) contains a number of references to and notices about the AGM, e.g. within the 'Calendar' section of the 'Investor Relations' page.
- Members of the Board, Senior Management as well as the external auditors of the Company are present at the AGM to address any question or concern that shareholders may have.
- The PGCE presents the Strategy Positioning for the Long Term Growth of the SDB Group at AGMs and shareholders queries are answered and their views obtained.

### **Recommendation 8.2**

*The Board should encourage poll voting*

The Chairman, at the commencement of a general meeting, informs shareholders of their right to vote by poll. This is in line with the Company's Articles of Association. Poll voting on Related Party Transactions has now been made mandatory by the Listing Requirements of Bursa Malaysia.

Regardless of the regulatory requirement, the Company prepares polling slips in the event shareholders request for poll voting on any resolution tabled at the general meeting.

### **Recommendation 8.3**

*The Board should promote effective communication and proactive engagements with shareholders*

The Board recognises the importance of an effective communication channel between the Company, its shareholders and the general public. Pertinent matters that may affect stakeholders include strategic developments, financial results and material business matters affecting the Company and Group.

The Company has an Investor Relations Unit that facilitates communication between the Company and the Investment Community. Senior Management of the Company actively engages with the Investment Community and the Board is periodically briefed on these interactions and feedback from the Investment Community.

The Investor Relations Unit has an extensive programme that involves the holding of regular meetings, conference calls and site visits, all intended to keep the Investment Community abreast of the Company's strategic developments and financial performance. In addition, investment road shows and conferences are held to engage with shareholders and potential investors across the globe.

The section on Stakeholder Engagement, particularly on Investors, can be found on page 028 of the Annual Report.

The timely release of financial results on a quarterly basis provides the Investment Community with an up-to-date view of the Group's performance and operations. A press conference and an analysts' briefing are held concurrently with the release of the quarterly financial results to Bursa Malaysia. To widen the reach to stakeholders, summaries of the financial results are advertised in selected daily newspapers while copies of the full announcement can be supplied to shareholders and members of the public upon request.

Shareholders are welcome to raise queries by contacting the Company at any time throughout the year and need not wait for the AGM for such an opportunity.

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

**NORZILAH MEGAWATI ABDUL RAHMAN**

**Group Secretary**

Telephone number : +(603) 2691 4122 extension 2370  
Facsimile number : +(603) 2719 0044  
Email address : norzilah.megawati@simedarby.com

**ALAN HAMZAH SENDUT**

**Executive Vice President**

**Group Strategy & Business Development**

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

The Company's website is [www.simedarby.com](http://www.simedarby.com)

**STATEMENT OF COMPLIANCE**

Pursuant to Paragraph 15.25 of the Listing Requirements of Bursa Malaysia, the Board is satisfied that the Company has applied the Principles of the MCCG 2012 during the financial year under review, with due regard to the Recommendations supporting the Principles.

The Board believes that specific targets on gender diversity is not a necessary requisite. The Board is of the view that diversity not only in gender but also with respect to skills, experience and knowledge are already inherent considerations during the recruitment process for Directors. The Board considers that the appointment of new members on the Board should complement the existing skills and experience of the Board leading to a more robust exchange of ideas and viewpoint.

This statement is made in accordance with a resolution of the Board of Directors dated 29 September 2014.

## BOARD OF DIRECTORS



### SEATED (FROM LEFT)

Tan Sri Samsudin Osman  
Tan Sri Dato' Sri Hamad Kama Piah Che Othman  
Tan Sri Dato' Abdul Ghani Othman  
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin

**STANDING (FROM LEFT)**

Ir Dr Muhamad Fuad Abdullah  
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo  
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah  
Dato Sri Lim Haw Kuang  
Dato' Rohana Tan Sri Mahmood  
Datuk Zaiton Mohd Hassan  
Tan Sri Datuk Dr Yusof Basiran  
Dato' Azmi Mohd Ali  
Tan Sri Dato' Seri Mohd Bakke Salleh  
Dato' Henry Sackville Barlow  
Norzilah Megawati Abdul Rahman (Group Secretary)

## PROFILE OF DIRECTORS



### TAN SRI DATO' ABDUL GHANI OTHMAN

*Chairman, Independent Non-Executive Director*

**Nationality** : Malaysian

**Age** : 67

**Date of Appointment** : 1 July 2013

#### Qualification(s):

- Bachelor's degree in Economics (Hons) from La Trobe University, Australia
- Master's degree in Political Economy from the University of Queensland, Australia

#### Working Experience(s) & Occupation(s):

Present:

- Chairman of Sime Darby Berhad

Previous:

- Lecturer at the Faculty of Economics, University of Malaya
- Dean for the Faculty of Economics and Administration, University of Malaya
- Member of the Senate
- Member of Parliament for Ledang
- Deputy Minister of Energy, Telecommunications and Post
- Deputy Minister of Finance
- Minister of Youth and Sports
- Chief Minister of Johor
- Chairman of the Board of Directors of Johor Corporation

#### Directorship of public companies:

None

#### Membership of Board Committees in Sime Darby Berhad:

- Nomination & Remuneration Committee (Chairman)



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

*Deputy Chairman,*

*Non-Independent Non-Executive Director*

**Nationality** : Malaysian

**Age** : 63

**Date of Appointment** : 16 November 2010

#### Qualification(s):

- Diploma in Statistics from Universiti Teknologi MARA
- Master of Philosophy from Swansea University, United Kingdom
- Honorary Doctorate in Business Administration from Universiti Tenaga Nasional
- Capital Markets Services Representative's Licence
- Senior Fellow of the Financial Services Institute of Australasia
- Certified Financial Planner with the Financial Planning Association of Malaysia
- Registered Financial Planner with the Malaysian Financial Planning Council

#### Working Experience(s) & Occupation(s):

Present:

- President & Group Chief Executive of Permodalan Nasional Berhad (PNB)
- Chairman of Universiti Malaysia Kelantan

Previous:

- Career spans over 30 years in the fields of investment and unit trust management.
- Undertook various responsibilities in various facets of investment management and corporate finance in PNB including as portfolio manager and head of corporate restructuring

#### Directorship of public companies:

- PNB
- Amanah Saham Nasional Berhad
- Pelaburan Hartanah Nasional Berhad
- Amanah Mutual Berhad
- Sime Darby Property Berhad
- Yayasan Karyawan
- Professional Golf of Malaysia
- Securities Industry Dispute Resolution Centre

#### Membership of Board Committees in Sime Darby Berhad:

- Nomination & Remuneration Committee



#### TAN SRI SAMSUDIN OSMAN

*Non-Independent Non-Executive Director*

**Nationality** : Malaysian

**Age** : 67

**Date of Appointment** : 19 December 2008

#### Qualification(s):

- Bachelor of Arts (Hons) degree and Diploma in Public Administration from the University of Malaya
- Master's degree in Public Administration from Pennsylvania State University, United States of America

#### Working Experience(s) & Occupation(s):

Present:

- Chairman of the Employees Provident Fund (EPF) Board
- Chairman of EPF Investment Panel
- Chairman of BIMB Holdings Berhad
- Chairman of Universiti Utara Malaysia
- Pro Chancellor of Universiti Malaysia Terengganu

Previous:

- Secretary General for the Ministry of Domestic Trade and Consumer Affairs
- Secretary General for the Ministry of Home Affairs
- Chief Secretary to the Malaysian Government
- President of Perbadanan Putrajaya
- Acting Chairman of Sime Darby Berhad

#### Directorship of public companies:

- BIMB Holdings Berhad

#### Membership of Board Committees in Sime Darby Berhad:

None



#### TAN SRI DATO' SRI DR WAN ABDUL AZIZ WAN ABDULLAH

*Non-Independent Non-Executive Director*

**Nationality** : Malaysian

**Age** : 62

**Date of Appointment** : 10 December 2012

#### Qualification(s):

- Bachelor of Economics (Hons) degree in Applied Economics from the University of Malaya
- Master's degree in Philosophy in Development Studies from the Institute of Development Studies, University of Sussex, United Kingdom
- PhD in Business Economics from the School of Business and Economic Studies, University of Leeds, United Kingdom
- Attended Advanced Management Program at the Harvard Business School, United States of America (USA)

#### Working Experience(s) & Occupation(s):

Present:

- Chairman of Malaysia Airports Holdings Berhad
- Chairman of Bank Pembangunan Malaysia Berhad
- Chairman of Syarikat Jaminan Kredit Perumahan Berhad
- Chairman of GOM Resources Sdn Bhd
- Chairman of Pembinaan BLT Sdn Bhd

Previous:

- Assistant Director of the Economic Planning Unit (EPU) in the Prime Minister's Department (PMD)
- Senior Assistant Director, Macro-economics of the EPU in the PMD
- Senior Assistant Director, Human Resource Section of the EPU in the PMD
- Director of Energy Section of the EPU in the PMD
- Alternate Executive Director of World Bank Group based in Washington D.C., USA (on secondment by the Government of Malaysia) representing the South East Asia Group
- Executive Director of Islamic Development Bank and Islamic Trade Finance Corporation based in Jeddah, Saudi Arabia
- Deputy Secretary in the Economics and International Division of the Ministry of Finance (MOF)
- Deputy Director General (Macro) of the EPU in the PMD
- Deputy Secretary General of Treasury (Policy), Federal Treasury in the MOF
- Secretary General of Treasury in the MOF

#### Directorship of public companies:

- Malaysia Airports Holdings Berhad
- Felda Global Ventures Holdings Berhad
- Permodalan Nasional Berhad
- Bank Pembangunan Malaysia Berhad
- Syarikat Jaminan Kredit Perumahan Berhad
- RAM Holdings Berhad

#### Membership of Board Committees in Sime Darby Berhad:

- Risk Management Committee



## PROFILE OF DIRECTORS



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

*Non-Independent Non-Executive Director*

**Nationality** : Malaysian  
**Age** : 74  
**Date of Appointment** : 14 September 2007

#### Qualification(s):

- Bachelor of Arts (Hons) degree from the University of Malaya
- Master's degree in Development Education from Stanford University, United States of America
- PhD from the University of California, United States of America
- Underwent a course in business management under the Advanced Management Programme at the Harvard Business School, United States of America

#### Working Experience(s) & Occupation(s):

Present:

- Chairman of Universiti Teknologi MARA
- Chairman of Management and Science University
- Chairman of FEC Cables (M) Sdn Bhd

Previous:

- Held various positions in the Ministry of Education
- Director-General of Education
- Chairman of Berger International Ltd based in Singapore
- Deputy Chairman of International Bank Malaysia Berhad

#### Directorship of public companies:

- SP Setia Berhad
- Amanah Saham Nasional Berhad
- Amanah Mutual Berhad
- Perbadanan Usahawan Nasional Berhad
- Yayasan Sime Darby
- Securities Industry Development Corporation

#### Membership of Board Committees in Sime Darby Berhad:

None



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

*Independent Non-Executive Director*

**Nationality** : Malaysian  
**Age** : 69  
**Date of Appointment** : 26 August 2010

#### Qualification(s):

- Bachelor and Master of Arts degrees in Economics from the University of Canterbury, New Zealand
- Postgraduate Diploma in Teaching from the Christchurch Teachers' College, New Zealand
- Postgraduate Certificate in Business Studies from the Harvard Institute of Development Studies, United States of America
- PhD in Commerce from the Lincoln University, New Zealand

#### Working Experience(s) & Occupation(s):

Present:

- Chairman of Zecon Berhad
- Chairman of Sarawak Consolidated Industries Berhad
- Chairman of Yayasan Kemajuan Insan Sarawak
- Board member of the Institute Integrity Malaysia
- Member of the Advisory Committee of the Malaysian Anti-Corruption Commission
- Member of the National Water Services Commission
- Chairman of the Sarawak State Library Management Board

Previous:

- Administration Manager of Malaysia LNG Sdn Bhd (secondment from the State Planning Unit, Sarawak)
- General Manager of Land Custody and Development Authority, Sarawak
- Permanent Secretary of the Ministry of Resource Planning, Sarawak
- State Secretary of Sarawak
- Represented the State Government of Sarawak on various Boards including Malaysian Airline System Berhad, Employees Provident Fund, Malaysia LNG Sdn Bhd, Amanah Saham Sarawak Berhad and Universiti Putra Malaysia

#### Directorship of public companies:

- Zecon Berhad
- Sarawak Consolidated Industries Berhad
- Sapura Resources Berhad
- SapuraKencana Petroleum Berhad
- Sime Darby Property Berhad
- Yayasan Kemajuan Insan Sarawak

#### Membership of Board Committees in Sime Darby Berhad:

- Risk Management Committee (Chairman)
- Governance & Audit Committee
- Nomination & Remuneration Committee
- Litigation Committee<sup>1</sup>
- Long Term Incentive Plan Committee<sup>2</sup>
- Sustainability Committee<sup>3</sup>



#### TAN SRI DATUK DR YUSOF BASIRAN

*Non-Independent Non-Executive Director*

**Nationality** : Malaysian

**Age** : 66

**Date of Appointment** : 16 November 2010

#### Qualification(s):

- Bachelor in Chemical Engineering degree from the University of Canterbury, New Zealand
- Post-Graduate degree in Rubber Technology from the North London Polytechnic, United Kingdom
- Master's degree in Engineering specialising in Industrial Management from the Catholic University of Leuven, Belgium
- Master's degree in Business Administration from the Catholic University of Leuven, Belgium
- PhD in Applied Economics & Management Science from the University of Stirling, Scotland

#### Working Experience(s) & Occupation(s):

Present:

- Chief Executive Officer of the Malaysian Palm Oil Council
- Chairman of CB Industrial Product Holding Berhad
- Senior Fellow of the Academy of Sciences Malaysia
- Fellow of the Malaysian Oil Scientists' and Technologists' Association
- Fellow of the Incorporated Society of Planters

Previous:

- Rubber Technologist/Techno-Economist, Rubber Research Institute/Malaysian Rubber Research Development Board
- Director-General of Palm Oil Research Institute of Malaysia
- Director-General of the Malaysian Palm Oil Board
- Past President of the Academy of Sciences Malaysia

#### Directorship of public companies:

- CB Industrial Product Holding Berhad

#### Membership of Board Committees in Sime Darby Berhad:

- Sustainability Committee
- Litigation Committee<sup>1</sup>



#### DATUK ZAITON MOHD HASSAN

*Non-Independent Non-Executive Director*

**Nationality** : Malaysian

**Age** : 58

**Date of Appointment** : 16 November 2010

#### Qualification(s):

- Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom
- Member of the Malaysian Institute of Certified Public Accountants

#### Working Experience(s) & Occupation(s):

Present:

- Chairman of the Private Pension Administrator Malaysia
- President of the ACCA Malaysia Advisory Committee
- Managing Director, Capital Intelligence Advisors Sdn Bhd
- Vice President of the Malaysian Institute of Accountants

Previous:

- Audit trainee in PricewaterhouseCoopers
- Project Officer in Bank Pembangunan (M) Bhd
- Fund Manager in Bapema Corporation Sdn Bhd
- Served 12 years with Maybank in various senior positions including that of General Manager, Group Strategic Planning
- President/Executive Director of Malaysian Rating Corporation Berhad

#### Directorship of public companies:

- BIMB Holdings Berhad
- Bank Islam Malaysia Berhad
- Dolphin International Berhad

#### Membership of Board Committees in Sime Darby Berhad:

- Governance & Audit Committee
- Litigation Committee<sup>1</sup>
- Long Term Incentive Plan Committee<sup>2</sup>
- Nomination & Remuneration Committee<sup>5</sup>

# PROFILE OF DIRECTORS



## DATO SRI LIM HAW KUANG

*Independent Non-Executive Director*

**Nationality** : Malaysian  
**Age** : 60  
**Date of Appointment** : 26 August 2010

### Qualification(s):

- Bachelor of Science (Computing Science) degree from Imperial College, University of London, United Kingdom
- Master of Business Administration degree in International Management from IMI Switzerland

### Working Experience(s) & Occupation(s):

Present:

- Director of BG Group
- Director of ENN Energy Holdings Limited
- Director of Ranhill Energy & Resources Berhad
- Executive Chairman of Ranhill WorleyParsons Sdn Bhd
- International Council Member of the China Council for International Cooperation on Environment and Development

Previous:

- Over 34 years of experience in the Shell Group of Companies
- Executive Chairman of Shell Companies in China
- Vice President of Corporate Planning & Strategy, Royal Dutch Shell
- President of Oil Products for Asia Pacific and Middle East
- Chairman of Shell Companies in Malaysia
- Managing Director of Shell Malaysia Exploration & Production
- Head of LNG Business Development for Former Soviet Union and Sakhalin
- Board Director of the China Business Council for Sustainable Development
- Special Adviser to the President and Executive Committee of the World Business Council for Sustainable Development
- President of the Business Council for Sustainable Development Malaysia

### Directorship of public companies:

- Ranhill Energy & Resources Berhad

### Membership of Board Committees in Sime Darby Berhad:

- Risk Management Committee



## DATO' HENRY SACKVILLE BARLOW

*Senior Independent Non-Executive Director*

**Nationality** : British  
**Age** : 70  
**Date of Appointment** : 29 September 2007  
*(Appointed as a Senior Independent Non-Executive Director of Sime Darby Berhad on 16 November 2010)*

### Qualification(s):

- Bachelor and Master of Arts degrees from the University of Cambridge, United Kingdom
- Fellow of the Institute of Chartered Accountants in England and Wales

### Working Experience(s) & Occupation(s):

Present:

- Honorary Treasurer of the Malaysian Branch of the Royal Asiatic Society
- Trustee of the Merdeka Award Trust

Previous:

- Over 35 years of experience in the Plantation Industry
- Finance Director of Barlow Boustead Estates Agency Sdn Berhad
- Joint Managing Director of Highlands & Lowlands Berhad
- Council Member of the Incorporated Society of Planters
- Served as a Board member of HSBC Bank Malaysia Berhad for more than 20 years, including serving on the Board's Audit Committee and chairing the Risk Management Committee

### Directorship of public companies:

- Badan Warisan Malaysia
- The International and Commonwealth University of Malaysia Berhad

### Membership of Board Committees in Sime Darby Berhad:

- Governance & Audit Committee (Chairman)
- Nomination & Remuneration Committee
- Sustainability Committee (Chairman)
- Long Term Incentive Plan Committee (Chairman)<sup>2</sup>

**DATO' AZMI MOHD ALI***Non-Independent Non-Executive Director***Nationality** : Malaysian**Age** : 54**Date of Appointment** : 16 November 2010**Qualification(s):**

- Law degree from the University of Malaya
- Master of Laws in the United States of America & Global Business Law from the University of Suffolk, United States of America

**Working Experience(s) & Occupation(s):**

Present:

- Chairman of Cliq Energy Berhad
- Senior Partner of Azmi & Associates
- Director of the South East Asia Leadership Academy
- Member of the Board of Trustees of Universiti Teknologi Malaysia Endowment
- Adjunct Professor at the Universiti Kebangsaan Malaysia Law School

Previous:

- Head of Gas/New Ventures, Upstream Legal Department, Petroliam Nasional Berhad
- Advocate & Solicitor, T. Tharu & Associates
- Partner in Hisham, Sobri and Kadir
- Adjunct Professor of Law at the International Islamic University of Malaysia's Law Faculty (2 years)
- Corporate and commercial lawyer with 30 years of experience

**Directorship of public companies:**

- Cliq Energy Berhad
- Chemical Company of Malaysia Berhad
- Perbadanan Nasional Berhad
- Pernec Corporation Berhad
- Financial Reporting Foundation

**Membership of Board Committees in Sime Darby Berhad:**

- Risk Management Committee
- Litigation Committee (Chairman)<sup>1</sup>

**DATO' ROHANA TAN SRI MAHMOOD***Independent Non-Executive Director***Nationality** : Malaysian**Age** : 60**Date of Appointment** : 24 June 2014**Qualification(s):**

- Bachelor of Arts (Hons) degree in Politics from the University of Essex, United Kingdom
- Master in International Relations from the University of Sussex, United Kingdom

**Working Experience(s) & Occupation(s):**

Present:

- Chairman and Founder of RM Capital Partners & Associates Sdn Bhd
- Chairman of the Advisory Council and Founding Member of the Kuala Lumpur Business Club
- Distinguished Fellow and Board member of the Institute of Strategic and International Studies Malaysia
- Member of the Global Council of the Asia Society, New York
- Member of the Advisory Board of ACE Limited International, New York
- Board Member of the Pacific Basin Economic Council
- Member of the APEC Business Advisory Council
- Member of the Malaysian Committee of the Council for Security Cooperation in the Asia Pacific
- Trustee of the Malaysian Youth Orchestra Foundation

Previous:

- Chairman and co-founder of Ethos Capital
- Chairman of Tropicana Corporation Berhad
- Assistant Secretary - Planning Division of the Ministry of Foreign Affairs Malaysia

**Directorship of public companies:**

- AMMB Holdings Berhad
- AmlInvestment Bank Berhad
- Paramount Corporation Berhad

**Membership of Board Committees in Sime Darby Berhad:**

- Sustainability Committee<sup>4</sup>

## PROFILE OF DIRECTORS



### IR DR MUHAMAD FUAD ABDULLAH

*Independent Non-Executive Director*

**Nationality** : Malaysian

**Age** : 61

**Date of Appointment** : 4 February 2013

#### Qualification(s):

- Bachelor of Science (Hons) degree in Electrical Engineering from the University of Southampton, United Kingdom
- Master of Philosophy degree in Electrical Engineering from the University of Southampton, United Kingdom
- Bachelor of Arts (Jayyid) in Syariah from Jordan University, Jordan
- PhD in Muslim Civilisation from the University of Aberdeen, United Kingdom
- Fellow of the Institution of Engineers Malaysia
- Registered ASEAN Chartered Professional Engineer
- Registered APEC Engineer
- Registered International Professional Engineer
- Registered Shariah Adviser with the Securities Commission

#### Working Experience(s) & Occupation(s):

Present:

- Sole Proprietor of Muhamad Fuad Consulting
- Chairman of the Shariah Committee for the Malaysian Industrial Development Finance Berhad Group of Companies
- Chairman of the Shariah Advisory Committee for MNRB Retakaful Bhd
- Member of the Shariah Advisory Committee for BIMB Securities Sdn Bhd
- Member of the Religious Council of Wilayah Persekutuan

Previous:

- Electrical Engineer with the Malaysian Public Works Department
- Logistics Manager in Uniphone Sdn Bhd
- Tutor in Universiti Kebangsaan Malaysia
- Vice President of Kolej UNITI
- Chief Executive Officer of Kausar Corporation Sdn Bhd
- Managing Director of Five-H Associates Sdn Bhd

#### Directorship of public companies:

- Institut Kefahaman Islam Malaysia
- Malaysian Industrial Development Finance Berhad
- MIDF Property Berhad
- Mesiniaga Berhad
- Sime Darby Property Berhad

#### Membership of Board Committees in Sime Darby Berhad:

- Governance & Audit Committee
- Sustainability Committee
- Long Term Incentive Plan Committee<sup>2</sup>



### TAN SRI DATO' SERI MOHD BAKKE SALLEH

*President & Group Chief Executive*

**Nationality** : Malaysian

**Age** : 60

**Date of Appointment** : 16 November 2010

#### Qualification(s):

- Bachelor of Science (Economics) degree from the London School of Economics, United Kingdom
- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants

#### Working Experience(s) & Occupation(s):

Present:

- President & Group Chief Executive of Sime Darby Berhad

Previous:

- Group President & Chief Executive Officer of Felda Global Ventures Holdings Berhad
- Group Managing Director of Felda Holdings Berhad
- Group Managing Director and Chief Executive Officer of Lembaga Tabung Haji
- Director, Property Division of Pengurusan Danaharta Nasional Berhad
- Managing Director of Federal Power Sdn Bhd
- Managing Director of Syarikat Perumahan Pegawai Kerajaan Sdn Bhd
- Group General Manager of Island & Peninsular Group

#### Directorship of public companies:

- Eastern & Oriental Berhad
- Sime Darby Property Berhad
- Yayasan Sime Darby

#### Membership of Board Committees in Sime Darby Berhad:

None

**Additional Information**

1 Save as disclosed below, none of the Directors has any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad, nor has any personal interest in any business arrangement involving the Company:

- i. Tan Sri Samsudin Osman is a nominee Director of the Employees Provident Fund Board.
- ii. The nominee Directors of Permodalan Nasional Berhad are as follows:
  - Tan Sri Dato' Sri Hamad Kama Piah Che Othman;
  - Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah;
  - Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin;
  - Tan Sri Datuk Dr Yusof Basiran;
  - Datuk Zaiton Mohd Hassan; and
  - Dato' Azmi Mohd Ali.

2 None of the Directors has any conflict of interest with Sime Darby Berhad or been convicted for offences within the past 10 years other than traffic offences, if any.

3 The details of Directors' attendance at Board Meetings held in the financial year ended 30 June 2014 are set out in the Statement on Corporate Governance on page 038 of this Annual Report.

4 The full profiles of the Directors are accessible on the Company's official website at [www.simedarby.com](http://www.simedarby.com)

**Notes:**

<sup>1</sup> The Litigation Committee was disbanded on 28 August 2014.

<sup>2</sup> The Long Term Incentive Plan Committee was disbanded on 28 August 2014.

<sup>3</sup> Retired with effect from 28 August 2014.

<sup>4</sup> Appointed with effect from 28 August 2014.

<sup>5</sup> Appointed with effect from 12 September 2014.

## MANAGEMENT TEAM PROFILE



### DATO' SERI ABD WAHAB MASKAN

Group Chief Operating Officer (GCOO),  
Sime Darby Berhad (SDB) and  
Managing Director (MD),  
Sime Darby Property Berhad (SDPB)

**Nationality** : Malaysian  
**Age** : 63

**Date of Appointment** :  
24 June 2008 – GCOO, SDB  
1 June 2011 – MD, SDPB

#### Qualification(s):

- Bachelor of Science in Estate Management from the University of Reading, United Kingdom
- Fellow of the Royal Institution of Chartered Surveyors (England and United Kingdom)
- Fellow of the Royal Institution of Surveyors (Malaysia)
- Fellow of the Incorporated Society of Planters
- Fellow of the Malaysian Institute of Management

#### Working Experience(s):

Present:

- GCOO, SDB
- MD, SDPB

Previous:

- Group Chief Executive of Kumpulan Guthrie Berhad and Golden Hope Plantations Berhad, respectively
- Has held various management and Board positions in companies in Malaysia, Europe and Asia, covering plantation, property, construction, manufacturing and services
- Has also held Board positions in government and government-linked companies



### DATUK TONG POH KEOW

Group Chief Financial Officer (GCFO)

**Nationality** : Malaysian  
**Age** : 59  
**Date of Appointment** : 24 June 2008

#### Qualification(s):

- Member of the Malaysian Institute of Accountants
- Member of the Institute of Chartered Secretaries and Administrators, United Kingdom
- Fellow of the Association of Chartered Certified Accountants, United Kingdom

#### Working Experience(s):

Present:

- GCFO, SDB

Previous:

- Accountant-cum-Assistant Company Secretary for Highlands & Lowlands Berhad
- General Manager, Accounting and Financial Reporting, Highlands & Lowlands Berhad
- Group General Manager, Finance (Group Accounting and Financial Reporting) Highlands & Lowlands Berhad
- Head of Group Finance and Administration, Kumpulan Guthrie Berhad
- Chief Finance Officer of Kumpulan Guthrie Berhad
- Chief Financial Officer of the Plantation Division of SDB



### ALAN HAMZAH SENDUT

Executive Vice President – Group Strategy &  
Business Development (GSBD)

**Nationality** : Malaysian  
**Age** : 54

**Date of Appointment** : 16 September 2010

#### Qualification(s):

- Bachelor of Science (Hons) degree in Accountancy and Computer Science from the University of Wales, United Kingdom
- Chartered Accountant (Institute of Chartered Accountants in England and Wales)
- Member of the Malaysian Institute of Accountants

#### Working Experience(s):

Present:

- Executive Vice President – GSBD. Oversees the Corporate Finance, Value Management & Investor Relations, Corporate Strategy, Merger & Acquisition and Special Projects departments

Previous:

- Began his career with Price Waterhouse, London and had worked with several multinational companies in Malaysia
- Joined Kumpulan Sime Darby Berhad (KSDB) in 1996 and has held various senior financial positions within the KSDB Group, amongst them, Finance Director of Tractors Malaysia Holdings Berhad and Finance Director of Consolidated Plantations Berhad
- Global Operations Manager, Payment Services for BHP Billiton Malaysia

**ZULKIFLI ZAINAL ABDIN**

*Executive Vice President –  
Group Human Resources (GHR)*

**Nationality** : Malaysian  
**Age** : 53  
**Date of Appointment** : 1 July 2011

**Qualification(s):**

- Bachelor in Business Administration degree from Ohio University, United States of America
- Master's degree in International Affairs from Ohio University, United States of America

**Working Experience(s):**

Present:

- Executive Vice President – GHR. Executes the Group's strategic level human resource management initiatives and oversees all aspects of the human resource functions within the Group

Previous:

- General Manager, Human Resources, Golden Hope Plantations Berhad
- Head of Human Resource, Plantation & Agri-business Division, SDB
- Group Head, Group Human Resources, SDB

**PHILIP KUNJAPPY**

*Executive Vice President –  
Group Corporate Services (GCS)*

**Nationality** : Malaysian  
**Age** : 57  
**Date of Appointment** : 1 October 2010

**Qualification(s):**

- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Taxation

**Working Experience(s):**

Present:

- Executive Vice President – GCS. Responsible for managing Global Trading & Marketing, Group Procurement and the non-core business operations of the Group

Previous:

- Began his career with Attlee, Edge & Lambert in Birmingham, United Kingdom
- Subsequently joined Price Waterhouse, Kuala Lumpur
- Finance Manager in Kuala Lumpur Kepong Bhd
- Finance Director in Island & Peninsular Bhd
- Senior Executive Director, Oil & Fats Subsidiaries in Felda Holdings Bhd

**DATUK FRANKI ANTHONY DASS**

*Executive Vice President –  
Plantation Division*

**Nationality** : Malaysian  
**Age** : 58  
**Date of Appointment** : 1 December 2010

**Qualification(s):**

- Bachelor of Science degree majoring in Agriculture from Universiti Pertanian Malaysia
- Attended management programmes with the Malaysian Institute of Management
- Attended the Master of Business Administration Short - programme with the Asian Institute of Management

**Working Experience(s):**

Present:

- Executive Vice President – Plantation Division

Previous:

- Has over 30 years of plantation experience
- Started his career as an Assistant Manager, Kumpulan Guthrie Berhad
- General Manager of PT Minamas Gemilang in Indonesia
- Chief Operating Officer of PT Minamas Gemilang
- Chief Executive Officer of PT Minamas Gemilang
- Acting Executive Vice President – Plantation Division



# MANAGEMENT TEAM PROFILE



## SCOTT WILLIAM CAMERON

*Executive Vice President –  
Industrial Division*

**Nationality** : Australian  
**Age** : 56  
**Date of Appointment** : 1 October 2007

### Qualification(s):

- Degree in Commerce from the University of Queensland, Australia
- Fellow of the Institute of Chartered Accountants in Australia
- Fellow of the Australian Institute of Company Directors
- Attended the Harvard Business School's Advanced Management Programme in Boston

### Working Experience(s):

Present:

- Executive Vice President – Industrial Division
- Dealer Principal of the Hastings Deering Group

Previous:

- Began his career with Price Waterhouse in Brisbane, Sydney and New York
- Finance Director, Hastings Deering (Australia) Limited in June 1992



## DATO' LAWRENCE LEE CHEOW HOCK

*Executive Vice President –  
Motors Division*

**Nationality** : Singaporean  
**Age** : 60  
**Date of Appointment** : 1 January 2008

### Qualification(s):

- Fellow of the Institute of Chartered Accountants in England and Wales

### Working Experience(s):

Present:

- Executive Vice President – Motors Division

Previous:

- Divisional Director of Kumpulan Sime Darby Berhad's (KSDB) Motors Division
- Managing Director of the subsidiaries within the Hyundai Group of KSDB's Motors Division
- Previously managed KSDB's Motors Division in Singapore, Australia, New Zealand and the People's Republic of China, including Hong Kong and Macau



## DATO' IR JAUHARI HAMIDI

*Executive Vice President –  
Energy & Utilities Division (Non-China)*

**Nationality** : Malaysian  
**Age** : 55  
**Date of Appointment** : 1 August 2010

### Qualification(s):

- Bachelor of Science (Hons) degree in Civil and Structural Engineering from University College Cardiff, Wales, United Kingdom
- Registered Professional Engineer with the Board of Engineers Malaysia
- Corporate member of the Institute of Engineers Malaysia
- Attended the Harvard Business School's Senior Management Development Programme

### Working Experience(s):

Present:

- Executive Vice President – Energy & Utilities Division (Non-China)

Previous:

- Served in various capacities since joining the SDB Group 30 years ago
- Director of the Special Projects portfolio
- Executive Vice President for the Utilities Division
- Managing Director of Sime UEP Properties Berhad

**TIMOTHY LEE CHI TIM**

*Executive Vice President –  
Energy & Utilities Division (China)*

**Nationality** : Chinese (HKSAR)  
and Canadian  
**Age** : 49

**Date of Appointment** : 15 December 2011

**Qualification(s):**

- Bachelor of Science degree from Simon Fraser University in British Columbia, Canada

**Working Experience(s):**

Present:

- Executive Vice President – Energy & Utilities Division (China). Manages the Ports & Logistics and Water Management business units located in Weifang and Jining within the Shandong province in the People's Republic of China

Previous:

- Over 20 years of operational experience in the ports and container terminal management industry in Hong Kong, one of the world's busiest ports
- Operations Manager – Hong Kong Business Unit for Modern Terminals Limited, the second largest port operator in Hong Kong
- Chairman of the Sea Cargo Customer Liaison Group in 2010, a committee organised by the Hong Kong Customs & Excise Department to gather industry expertise to improve port competitiveness

**NORZILAH MEGAWATI ABDUL RAHMAN**

*Group Secretary*

**Nationality** : Malaysian  
**Age** : 54  
**Date of Appointment** : 29 September 2007

**Qualification(s):**

- Degree in Law from the University of Malaya
- Admitted to the Malaysian Bar
- Licensed Company Secretary

**Working Experience(s):**

Present:

- Group Secretary, SDB

Previous:

- Joined Kumpulan Guthrie Berhad (KGB) in 1994 as Manager, Group Chief Executive's Office
- Subsequently promoted to Controller, Corporate Business Development and Monitoring, KGB
- Director of Corporate Business Development and Human Resource, KGB
- Head, Group Legal & Compliance of KGB
- Also served as an Executive in many areas, amongst them investment analysis, money market trading, corporate secretarial and legal as well as a Manager in the Group Chief Executive's Office in Permodalan Nasional Berhad

**GLENN CHARLES DALY**

*Group Head – Risk Management*

**Nationality** : Australian  
**Age** : 51  
**Date of Appointment** : 1 March 2011

**Qualification(s):**

- Bachelor of Business Studies degree from Monash University in Melbourne
- Member of the Certified Practising Accountants (CPA) Australia

**Working Experience(s):**

Present:

- Group Head – Risk Management

Previous:

- Over 25 years of work experience in the Asia Pacific region whereby he spent several years working in the professional services industry specialising in risk management and internal audit
- Director at Deloitte, Brisbane in Australia
- Partner with Ernst & Young in Singapore
- Principal with Ernst & Young in Sydney, Australia
- Provided services to a range of clients in the mining, manufacturing, engineering, oil & gas, logistics, property, telecommunications, agribusiness and the public sectors
- Worked for the Departments of Defence and Finance, as Financial Controller of an engineering facility at Australian Defence Industries (ADI) and as a Manager of Internal Audit in ADI's corporate headquarters

# MANAGEMENT TEAM PROFILE



## JOHN EDWARD ARKOSI, OBE

Group Head – Group Compliance (GCO) and Group Corporate Assurance (GCAD)

**Nationality** : Australian  
**Age** : 58

**Date of Appointment** :  
1 February 2011 – Group Head - GCO  
1 July 2012 – Group Head - GCAD

### Qualification(s):

- Accounting degree from Curtin University, Perth, Australia
- Fellow of the Certified Practising Accountants (CPA) Australia
- Member of the Institute of Internal Auditors, Malaysia

### Working Experience(s):

- Present:
- Group Head – GCO and GCAD

### Previous:

- Over 32 years of experience in a wide range of industries and government linked entities including over 12 years in Papua New Guinea (PNG), initially with PricewaterhouseCoopers before moving into commerce and industry assuming various senior and general management positions, audit and consultancy roles
- Joined SDB Group in 2004 as the Regional Audit Manager for Australia, New Zealand and the Pacific operations
- Assumed the roles of heading the GCAD function in the Group Head Office and various other Divisions within the SDB Group
- Awarded the Order of the British Empire (OBE) by Her Majesty the Queen for services to business and the community in the 1997 Queen's Birthday Honours



## CHOO SUIT MAE

Group General Counsel

**Nationality** : Malaysian  
**Age** : 53  
**Date of Appointment** : 1 July 2011

### Qualification(s):

- LLB degree from the University of East Anglia
- LLM degree in Corporate and Commercial Law from King's College, University of London
- Admitted to the Malaysian Bar
- Member of the Law Society of Hong Kong
- Solicitors Roll of England and Wales

### Working Experience(s):

- Present:
- Group General Counsel

### Previous:

- Over 25 years of experience as a corporate/commercial lawyer
- Began her career in private practice in Malaysia before moving to Hong Kong where she worked for eight years as a lawyer with Reed Smith Richards Butler, Denton Wilde Sapte and Victor Chu & Co
- One of the founding partners in Zul Rafique & Partners
- Partner in Skrine, one of the largest law firms in Malaysia
- Practice focus includes mergers & acquisitions, capital markets, structured finance/asset securitisations, cross-border joint ventures, corporate finance and corporate/debt restructuring
- Joined SDB Group in August 2006 as Group Head, Legal – Mergers & Acquisitions



## LEELA BARROCK

Group Head, Communications & Corporate Affairs (GCCA)

**Nationality** : Malaysian  
**Age** : 47

**Date of Appointment** : 21 January 2009

### Qualification(s):

- LLB (Hons) degree from the University of London
- Admitted to the Bar of England and Wales in 1992

### Working Experience(s):

- Present:
- Group Head – GCCA. Oversees the functions of Group Corporate Affairs and Group Corporate Responsibility

### Previous:

- Read in chambers at Skrine & Company
- Journalist for 14 years commencing her career with daily financial newspaper, Business Times
- Joined Malaysia's leading financial and investment weekly newspaper, The Edge, covering capital markets and corporate news. Her main areas of coverage were the plantation and commodities sector, the auto sector, media and regulatory developments in the capital markets
- Associate Editor of The Edge
- Joined the SDB Group in April 2008 as the Head of Group Corporate Social Responsibility

#### Note:

The full profiles of the Management Team are accessible on the Company's official website at [www.simedarby.com](http://www.simedarby.com)

# REPORT ON THE GOVERNANCE & AUDIT COMMITTEE

The Board of Directors of Sime Darby Berhad (SDB or the Company) is pleased to present the report on the Governance & Audit Committee (GAC or the Committee) of the Board for the financial year ended 30 June 2014.

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

## COMPOSITION AND ATTENDANCE

The GAC during the financial year comprised three (3) Independent and one (1) Non-Independent Directors. The Chairman of the GAC, Dato' Henry Sackville Barlow, is a Fellow of the Institute of Chartered Accountants in England

and Wales while Datuk Zaiton Mohd Hassan is a Fellow of the Association of Chartered Certified Accountants, the Vice President of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants. The GAC, therefore, meets the requirements of paragraph 15.09(1)(c) of the Listing Requirements which stipulates that at least one (1) member of the GAC must be a qualified accountant.

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

The GAC had six (6) meetings during the financial year ended 30 June 2014.

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

MEMBER	DIRECTORSHIP	DATE OF APPOINTMENT TO THE GAC	TENURE ON THE GAC	NO. OF MEETINGS ATTENDED
Dato' Henry Sackville Barlow	Chairman/Senior Independent Non-Executive Director	29 September 2007	7 years	6 out of 6
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	Member/Independent Non-Executive Director	29 September 2011	3 years	6 out of 6
Datuk Zaiton Mohd Hassan	Member/Non-Independent Non-Executive Director	16 November 2010	3 years 10 months	6 out of 6
Ir Dr Muhamad Fuad Abdullah	Member/Independent Non-Executive Director	4 February 2013	1 year 7 months	6 out of 6

During the financial year ended 30 June 2014, the President & Group Chief Executive (PGCE), Group Chief Operating Officer, Group Chief Financial Officer (GCFO), Group Head of Group Compliance & Group Corporate Assurance and Group Head of Risk Management attended the GAC meetings for the purpose of briefing and/or providing clarification to the Committee on their areas of responsibility. The external auditors also briefed the Committee on matters relating to the external audit at five (5) GAC meetings during the financial year and provided a high level review of the financial position of the Group at the meetings of the GAC.

Time was also set aside for the external auditors to have private discussions with the Committee in the absence of Management, except for the Group Secretary. During the financial year, four (4) private sessions were held between the GAC and the external auditors. The Group Head of Group Compliance & Group Corporate Assurance also met with the Committee on a private basis at each quarterly meeting of the GAC.

# REPORT ON THE GOVERNANCE & AUDIT COMMITTEE

## SUMMARY OF THE TERMS OF REFERENCE OF THE GAC

The Terms of Reference (TOR) of the GAC continues to remain aligned with the Listing Requirements, recommendations of the Malaysian Code on Corporate Governance 2012 (MCCG 2012) and relevant best practices. The TOR is accessible on the Company's official website at [www.simedarby.com](http://www.simedarby.com)

The salient TOR of the GAC are as follows:

### 1. COMPOSITION AND APPOINTMENT

- 1.1 The GAC shall be appointed by the Board from amongst their number and shall consist of not less than four (4) members. All members of the GAC shall be non-executive Directors, a majority of whom shall be independent Directors.
- 1.2 All members of the GAC shall be financially literate and have the ability:
  - 1.2.1 To read and understand financial statements, including a company's balance sheet, income statement and cash flow statement;
  - 1.2.2 To analyse financial statements and ask pertinent questions about the Company's operations against internal controls and risk factors; and
  - 1.2.3 To understand and interpret the application of approved accounting standards.
- 1.3 At least one member of the GAC shall be a member of the Malaysian Institute of Accountants or shall fulfil such other requirements as prescribed in the Listing Requirements.
- 1.4 No alternate Director shall be appointed as a member of the GAC.
- 1.5 The Chairman of the GAC shall be an independent non-executive Director appointed by the Board.
- 1.6 Members of the GAC may relinquish their membership in the GAC with prior written notice to the Group Secretary. If a member of the GAC resigns or for any reason ceases to be a member of the GAC resulting in non-compliance with the Listing Requirements, then the Board shall, within three (3) months of that event, appoint such number of new members as may be required.

### 2. AUTHORITY

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

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

### 3. FUNCTIONS AND DUTIES

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

#### 3.1 Financial Reporting and Performance Oversight

3.1.1 The GAC shall review the quarterly and annual financial statements of SDB and the Group with Management and external auditors focusing on the matters set out below, prior to approval by the Board:

- Any change in accounting policies and practices, and its implementation;
- Significant adjustments arising from the audit;
- The going concern assumption; and
- Compliance with accounting standards and regulatory requirements.

3.1.2 The GAC shall review with the external auditors the audited financial statements for the purpose of approval prior to presentation to the Board for adoption, for the following:

- Whether the auditor's report contained any qualification which must be properly discussed and acted upon;
- Whether there is any significant change and adjustment in the presentation of financial statements;
- Whether it is in compliance with laws and accounting standards;
- Whether there is any material fluctuation in balances;
- Whether there is any significant variation in audit scope and approach; and
- Whether there is any significant commitment or contingent liability.

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

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

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

#### 3.2 Oversight of GCAD and GCO, and Controls Environment

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

- Oversee the internal controls framework to ensure operational effectiveness and adequate protection of SDB's and the Group's assets from misappropriation.
- Review, challenge and approve the GCAD and GCO audit plan, risk assessment and audit methodology and ensure robustness in the audit planning process.
- Review the adequacy of the internal audit scope, audit programmes, functions and resources of GCAD and GCO, and ensure it is able to undertake its activities independently and objectively, and that it has the necessary authority to carry out its work.
- Review the internal audit reports prepared by GCAD and GCO, discuss major findings and Management's response, and ensure appropriate action is taken on the recommendations of GCAD and GCO.

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

# REPORT ON THE GOVERNANCE & AUDIT COMMITTEE

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

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

### 3.3 Governance Oversight

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

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

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

3.3.4 The GAC shall review reports on violations of the COBC and whistleblowing issues, as well as breaches involving pivotal positions.

### 3.4 Dealings with External Auditors

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

3.4.2 The GAC shall discuss the following with the external auditors:

- The nature and scope of audit;
- The audit plan;
- Coordination of audit where more than one audit firm is involved;
- Evaluation of the system of internal controls;
- Effectiveness of the management information system including any suggestion for improvement and Management's response;
- The audit reports; and

- Any assistance given by SDB's and the Group's employees to the auditors.

### 3.5 Related Party Transactions

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

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

### 3.6 Audit Committee Report

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

### 3.7 Share Issuance Scheme

3.7.1 The GAC shall verify the criteria for the allocation of shares to the eligible employees and/or vested in a grantee under the Performance-Based Employee Share Scheme and ensure the same is disclosed to the eligible employees and/or grantee at the end of each financial year as required by the Listing Requirements.

The GAC shall also ensure that a Statement by the GAC verifying the allocation of shares to the eligible employees and/or grantee under the Scheme is included in the Company's Annual Report.

### 3.8 Other Matters

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

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

## SUMMARY OF ACTIVITIES OF THE GAC DURING THE FINANCIAL YEAR

The activities undertaken by the GAC during the financial year ended 30 June 2014 were as follows:

### 1. Financial Reporting

- Review of the quarterly unaudited financial results and the related press statements for recommendation to the Board for approval.
- Review of the consolidated audited financial statements of the Company and the Group for recommendation to the Board for approval.
- Review of the Statement on Corporate Governance, Report on the GAC, and Statement on Risk Management and Internal Control prior to their inclusion in the Company's Annual Report.
- Review of the Group Financial and Foreign Currency Exposures.
- Review of the Group's key investments.
- Review of Economic Profit for SDB for the financial years ended 30 June 2012 and 30 June 2013.

### 2. Internal and External Audit

- Review of the external auditors' and GCAD's scope of work and audit plans.
- Review the adequacy of GCAD's resources and financial budget to meet the planned audit activities.
- Receive the reports prepared by the external auditors and GCAD.
- Consider the major findings and key significant external/internal audit matters raised by the external auditors and GCAD and Management's response and follow-up actions thereto.
- Oversee the internal controls framework.
- Consider the global audit fees of the external auditors for recommendation to the Board for approval.
- Review reports on violations of the COBC and whistleblowing issues.
- Meet quarterly with the external auditors/Group Head-Group Compliance & Group Corporate Assurance without the presence of Management except for the Group Secretary.
- Review of progress updates on major projects and acquisitions.
- Review of the minutes of meetings of the Audit Committees of the Flagship Subsidiary Board/subsidiary companies of the Group.
- Review of the minutes of Board Meetings of selected joint venture companies of the Group.
- Review and recommend enhancements to the Group's governance and audit processes.

### 3. Related Party Transactions

- Review of significant related party transactions entered into/to be entered into by the Company and the Group and the disclosure of such transactions in the Annual Report.
- Review of the Circular to Shareholders with regard to the proposed renewal of shareholders' mandate for existing recurrent related party transactions and proposed new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature for the Board's approval.
- Review of related party transactions which have to be disclosed to Bursa Malaysia Securities Berhad pursuant to the Listing Requirements.
- Review of the processes and procedures on related party transactions/recurrent related party transactions.
- Review of the compliance of related party disclosures to the Malaysian Financial Reporting Standard 124, Companies Act, 1965, Listing Requirements and internal guidelines.

### 4. Performance-Based Employee Share Scheme

- Review of GCAD's validation report on the Performance-Based Employee Share Scheme.
- Verify the first grant allocation of shares to the selected employees of the SDB Group under the Performance-Based Employee Share Scheme which had been verified by GCAD. The first grant had been offered to the selected employees on 7 October 2013.

### 5. Other Activities

- Review of the establishment and implementation of the Dividend Reinvestment Plan that provides shareholders of SDB with an option to reinvest their cash dividend in new ordinary shares of RM0.50 each in SDB.
- Consider the proposed dividend for recommendation to the Board for approval.
- Commissioning of special reviews on specific areas of operations.
- Review of the report on the activities of GCO.
- Review and recommend the revised Group Policies and Authorities (GPA) to the Board for approval.
- Review of the Group Information Technology (IT) Roadmap and Strategy, Risk and Security, and IT Initiatives.
- Review of the Group's Global Trading & Marketing position.
- Review of the appointments of Financial Advisors for Non-audit Assignments.



# REPORT ON THE GOVERNANCE & AUDIT COMMITTEE

- Review of Goods and Services Tax Readiness Project.
- Annual assessment of the performance rating of the Group Head-Group Compliance & Group Corporate Assurance.
- Annual assessment of the audit rating score and targets for the PGCE's performance scorecard.
- The GAC, through its Chairman, updates the Board on the activities undertaken by the GAC at each Board meeting.

## GROUP COMPLIANCE OFFICE

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

The functions of GCO are as follows:

- (i) Coordinating with Management to identify, assess and formulate mitigating measures for the compliance risks associated with the Group's current and proposed future business activities, including new products, new business relationships and any extension of operations or network on an international level.
- (ii) Developing, initiating, maintaining and revising policies and procedures for the general operation of the compliance programme and its related activities.
- (iii) Monitoring, and, when necessary, coordinating compliance activities of other departments to remain abreast of the status of all compliance activities and to identify trends.
- (iv) Identifying potential areas of compliance vulnerability and risk; developing/implementing corrective action plans for resolution of problematic issues; and providing general guidance on how to avoid or deal with similar situations in the future.
- (v) Establishing standards and procedures to minimise and detect criminal conduct.
- (vi) Instituting and maintaining an effective compliance communication programme for the Group by taking reasonable steps to communicate periodically and in a practical manner, the standards and procedures, and other aspects of the compliance and ethics programme.

(vii) Establishing and/or supervising appropriate compliance checks and controls through such initiatives as Control Self-Assessment.

(viii) Collaborating with other departments (e.g. Group Risk Management, GCAD, Group Human Resources) to direct compliance issues to appropriate existing channels for investigation and resolution; and consulting with Group Legal as needed to resolve difficult legal compliance issues.

(ix) Establishing and providing direction and management of the whistleblowing function.

(x) Responding to alleged violations of rules, regulations, policies, procedures, and the COBC by evaluating and/or recommending the initiation of investigative procedures as appropriate, ensuring uniform handling and resolution of such violations.

(xi) Developing and periodically reviewing and updating the GPA and the COBC to ensure continuing relevance in providing guidance to Directors, Management and Employees.

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

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

The activities undertaken by GCO during the financial year ended 30 June 2014 include:

- (i) The annual review of the GPA.
- (ii) Continuous support to Group and Divisions with various COBC training sessions that were delivered through various methods such as e-learning, classroom training and/or briefing at specific training functions such as Induction Programmes and Supervisory Enhancement Programmes.
- (iii) Completion of specific phases of the Regulatory Compliance Identification and Assessment programme at Plantation, Property, Energy & Utilities (E&U) (China) and E&U (Non-China) Divisions.
- (iv) Establishment of a dedicated email channel to encourage employees to seek GCO advice as to the interpretation or application of the COBC.

- (v) Improved and updated the Whistleblowing Policy and mechanism, including the communication of the availability of the whistleblowing mechanism to all employees.
- (vi) Maintained active dialogue with the Malaysian Anti-Corruption Commission and Transparency International Malaysia.
- (vii) Proactively engaged the SDB Group's Joint Venture partners in the development of a new COBC for joint venture companies and/or encouraged the adoption of key principles of SDB's COBC into the current COBC for joint venture companies, where applicable.
- (vi) Carrying out audit work in liaison with the external auditors to achieve effective usage of resources and coverage of key risk areas.
- (vii) Carrying out investigations and special reviews arising from whistleblowing and requests by the GAC/ Management.
- (viii) Carrying out environmental, safety and health audits on the Company and the Group.
- (ix) Identifying opportunities to improve the operations of and processes in the Company and the Group.
- (x) Carrying out analysis to determine the efficiency of businesses carried out by the Group.

### INTERNAL AUDIT FUNCTIONS AND ACTIVITIES

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

GCAD has been organised as a centralised department with divisional Corporate Assurance Departments and has direct control and supervision for the audit across the Group. GCAD is also responsible for the conduct of regular and systematic reviews of environmental, safety and health issues in the Company and the Group.

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

- (i) Reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Company and the Group at reasonable cost.
- (ii) Ascertaining the extent of compliance with established policies, procedures and statutory requirements.
- (iii) Ascertaining the extent to which the Company's and the Group's assets are accounted for and safeguarded from losses of all kinds.
- (iv) Appraising the reliability and usefulness of information developed within the Company and the Group for Management.
- (v) Recommending improvements to the existing systems of controls.

All internal audit functions during the financial year were conducted by GCAD. There were no areas of the internal audit functions which were outsourced. During the financial year ended 30 June 2014, the total cost incurred for the internal audit function was RM44.1 million (2013: RM39.7 million).

This report is made in accordance with a resolution of the Board of Directors dated 29 September 2014.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), the Board of Directors of listed companies is required to include in their annual report, a “statement about the state of internal control of the listed issuer as a group”. In addition, the revised Malaysian Code on Corporate Governance 2012 issued by Securities Commission Malaysia requires the board to establish a sound risk management framework and internal control system.

The Board of Directors is pleased to provide the following statement that is prepared in accordance with the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” endorsed by Bursa Securities which outlines the nature and scope of the risk management and internal control of the Group during the financial year under review.

## RESPONSIBILITY

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

The Board has established an on-going process for identifying, evaluating and managing significant risks faced by the Group. This is embedded in the Group’s Risk Management Framework (RMF) and internal control system. These are reviewed on a periodic basis to ensure its continued effectiveness, adequacy and integrity. Enhancements are made in line with the Board’s commitment to improve the Group’s governance, risk management and control framework, and enhance a strong control culture and environment for the proper control of the Group’s business operations.

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

There are two committees at the Board level that have primary risk management and internal control oversight responsibilities:

- Risk Management Committee (RMC)
- Governance and Audit Committee (GAC)

Management is responsible for implementing the Board’s framework, policies and procedures on risk and internal control.

## RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board acknowledges that the risk management and internal control systems are designed to manage, rather than eliminate risks that hinder the Group from achieving its goals and objectives. The risk management and internal control systems are intertwined with the Group’s operating activities and exist for fundamental business reasons. The key elements of the risk management and internal control systems adopted by the Group are overseen by the Board committees.

### Risk Management Committee

The RMC maintains risk oversight within the Group. Amongst its primary risk responsibilities is to assess, improve and monitor a Group-wide RMF, evaluate risk exposures associated with proposed major investments, provide guidance in the development of appropriate and effective risk response strategies and contingency plans, monitor the overall risk profile and risk tolerance of the Group, and provide oversight of the Group’s Business Continuity Plan (BCP).

### Group Risk Management Department

The Group has established the Group Risk Management (GRM) Department to assist the Board and RMC in discharging their risk management responsibilities. GRM is structured to ensure that sufficient support is provided at both the Group Head Office (GHO) and divisional level.

GRM is mainly responsible for the following:

- Assess, improve and monitor the Group RMF including risk policy and standards;
- Maintain an inventory or register of risks for the Group;
- Provide guidance to the Divisions in the development of appropriate and effective response strategies and contingency plans to manage or mitigate material risks that are in line with the nature of the identifiable risks;
- Evaluate and monitor the overall risk profile and risk tolerance of the Group;
- Issuance of risk reports to the relevant governing authorities;
- Review key corporate activities that are considered significant from a Group risk perspective; and
- Oversee the Group’s BCP.

Each operating and functional business support unit in the divisions and at GHO have appointed Risk Champions to spearhead the coordination of risk management activities. These Risk Champions are responsible for ensuring the timely updating of risks, controls, issues and action plans within their own units. Their updates are then independently validated by GRM.

#### Governance and Audit Committee

The GAC reviews internal control issues identified by Management, the Group Corporate Assurance Department (GCAD) and the Group Compliance Office (GCO) while the external auditors evaluate the adequacy and effectiveness of the internal control system. The GAC also reviews the GCAD functions with particular emphasis on the scope and frequency of audits and the adequacy of resources. The minutes of the GAC meetings are tabled to the Board on a periodic basis. Further details of the activities undertaken by the GAC are set out in the GAC Report.

#### Group Corporate Assurance Department

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

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

The results of the audits are communicated and reported periodically to Management, external auditors, the appropriate Divisional Flagship Subsidiary Boards (FSB) and the GAC.

#### Group Compliance Office

A dedicated Group Compliance Office (GCO) was established in February 2011, which reports directly to the GAC for the purpose of independence and objectivity. GCO's main role is to:

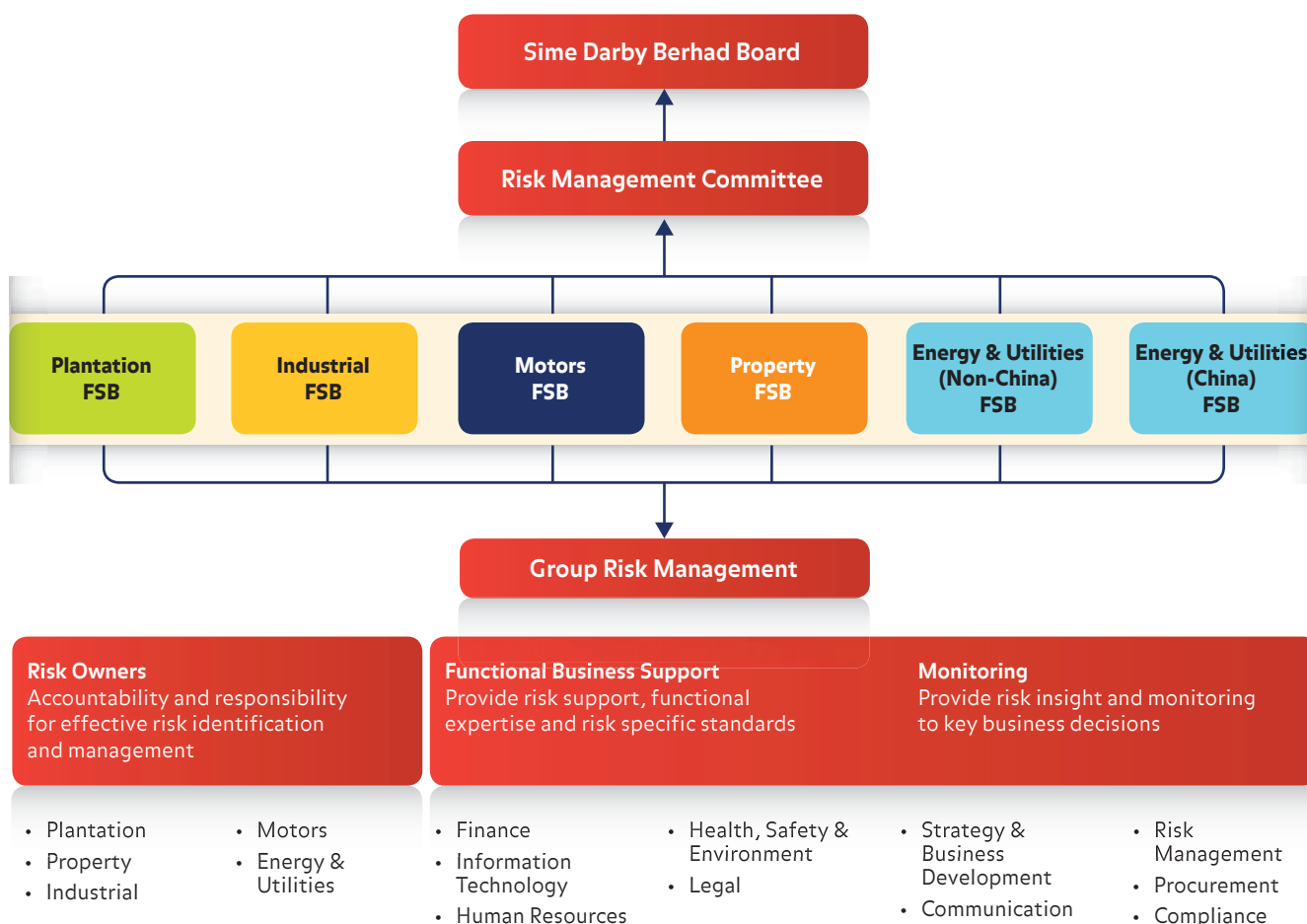
- Assist the Board, GAC and Management in coordinating compliance risk management activities (i.e. programmes or activities to identify, mitigate and educate employees about the risks of non-compliance); and
- Provide reasonable assurance to the Board, GAC and Management that the Group's operations and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

GCO partners with Management to ensure the compliance risks and obligations faced are proactively and effectively managed on a timely basis, with the culture of compliance embedded across all business activities of the Group. GCO ensures its activities are delivered consistently across the Group and tailored to meet the specific needs and requirements of each of the Divisions and/or business units. Each implementation programmes adhered to standards and processes as set out in the Compliance Management Framework. The Compliance Management Framework is driven by specific key processes such as compliance governance structure, compliance risk management, systems tools and policies (related to compliance processes), communication, training and reporting. Each compliance programmes falls within one or more of the key processes as articulated in the Compliance Management Framework.

The activities undertaken by GCO and the results of the activities are communicated and reported periodically to Management, appropriate Divisional FSBs and the GAC.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## ACTIVITIES THAT SUPPORT THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS



### Group Risk Management Framework

The principal aim of the Group's risk management governance structure is to identify, evaluate and manage risks with a view to enhancing the value of shareholders' investments and safeguarding assets. The Board is responsible for ensuring that this process is in place and is effective and adequate.

The Board has delegated the oversight of risk management to the Board Risk Management Committee (RMC), although the Board retains overall accountability for the Group's risk profile.

In addition, divisional risk oversight is under the purview of the Flagship Subsidiary Boards (FSB) who support the Sime Darby Berhad Board in providing direction, oversight and control of their divisional affairs in a responsible and effective manner.

The Group Risk Management Framework encapsulates the governance arrangements described above as well as assigns responsibility to relevant levels of management and operations. The implementation of the framework is the responsibility of the President & Group Chief Executive and members of the Sime Darby Group Management Committee. An overview of the Group's overall risk management framework is provided in the diagram above.

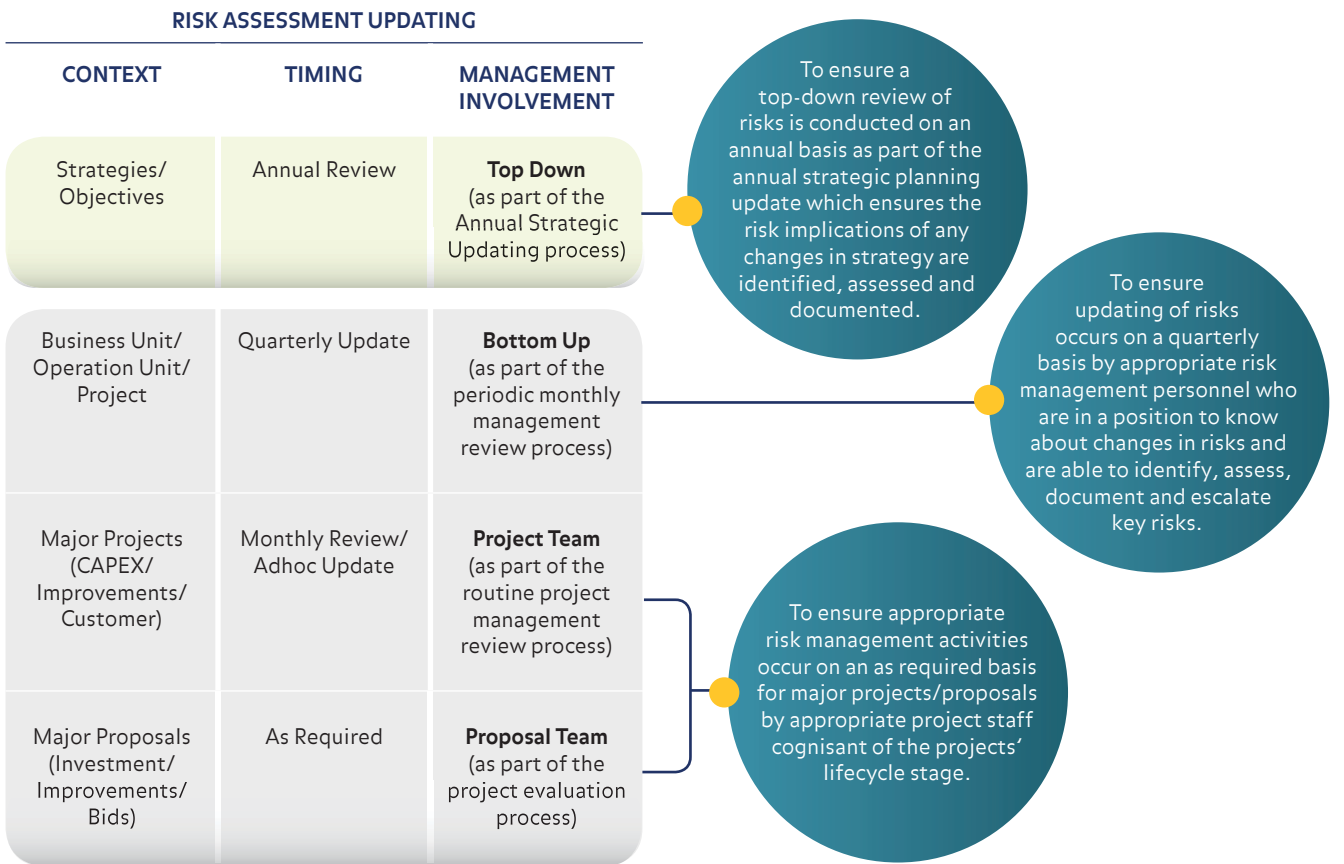
### Risk Policy

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

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

**Risk Management Approach**

The Group has adopted a formal and structured approach to risk management.



In undertaking the above practices, a detailed approach and process has been developed and deployed which is consistent with the ISO 31000 Risk Management Standard. In addition, several policies and guidelines were developed to aid relevant personnel in undertaking their risk management responsibilities. These policies, procedures and guidelines are supplemented by detailed training packs and Quick Reference Guides covering risk management methodology and the use of the risk management software.

**Risk Reporting**

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

**Key Risk Management Activities for FY2014**

Key activities pertaining to risk management that were undertaken for the financial year under review were as follows:

Review of Enterprise Level Risk

A top-down review of enterprise level risks was conducted as part of the annual strategic planning update to ensure that the risk implications of any changes in strategy were identified, assessed and documented. This was particularly important in Divisions such as E&U where the power business was exited and there is an increased emphasis on the port, trading and engineering businesses.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Quarterly Risk Assessment

Quarterly risk assessments were undertaken for each Division and Head Office function to identify and/or update enterprise level and operational level risks. The results of these assessments were incorporated in the quarterly reporting to the RMC and divisional FSB.

## Investment Risk Assessment

Given the Group's growth strategy, a number of major projects are being embarked upon. Risk Assessments have been performed for all major projects currently being implemented. Group Risk in conjunction with Group/Divisional Strategy performed formal risk analysis on a number of key investment proposals during the financial year. This is particularly important as the Group moves further into market segments such as renewables.

## Joint Ventures Risk Review

In response to the Group's strategy of growing the business via partnering, processes have been established to obtain relevant risk data from key Joint Ventures for reporting purposes to the RMC.

## Risk Management KPI Index

The Risk Management Key Performance Indicator (KPI) index continues to be utilised to assess senior management's performance in managing risks within their respective areas of responsibility. The index represented one component of the PGCE and Divisional EVPs scorecards for FY2014. In the coming year, the index will be incorporated into the scorecards of Risk Champions as well.

## Business Continuity Plans

The BCP is to support the Group in being able to respond and recover from significant unexpected events. The BCP has been reviewed to facilitate robust plans being available to protect the interests of all stakeholders.

## Refinement to Risk Management System

Further upgrades and refinements were made to the risk management system during the year. This includes the introduction of a Group Key Incident Management database which enables the centralised capturing of data pertaining to key incidents and the related risks, controls and mitigating actions.

## Independent Audit on Risk

GCAD conducted an independent audit of the risk management process undertaken by the Group as well as each business division. This was to provide the Board and Management an independent assurance that the process was working as intended.

## Safety and Health Practices

During the year a comprehensive review of the Group's safety and health practices was coordinated with the purpose of strengthening them.

## **Key Compliance Activities for FY2014**

Key activities pertaining to compliance that were undertaken for the financial year under review were as follows:

### Group Policies and Authorities

Limits of delegated authority which have been approved by the Board for acquisition and disposal of assets, awarding tenders as well as approving operational expenses are prescribed in the Group Policy and Authorities (GPA). In addition, policies and procedures are in place to ensure compliance with internal control and the prescribed laws and regulations. These policies and procedures are set out in the GPA and divisional/operating units' standard operating procedures. The GPA are reviewed annually. The 2014 review was undertaken in tandem with changes to the business environment and regulatory guidelines. The Board also approved the changes and amendments to the GPA.

### Corporate Culture and Group's Core Values

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

### Code of Business Conduct

The Group continues with its effort to strengthen its corporate governance via various initiatives and programmes which pivot on the expected behaviour as articulated in the Code of Business Conduct (COBC). The COBC supports the Group's Core Values by instilling and upholding the value of uncompromising integrity in the behaviour and conduct of the Board, Management, employees and all stakeholders of the Group. Any breach of the COBC is actionable through disciplinary proceedings.

GCO continues to assist the Group and the Divisions with various COBC training sessions during the financial year under review. Examples of trainings conducted include the Country and Global Induction Programme, Supervisory Enhancement Programme, Corporate On-Boarding. All new employees are also required to complete the COBC e-learning within two months of joining the Group. Employees are also encouraged to seek advice from GCO if they are uncertain as to the interpretation or application of the COBC. A dedicated email channel was set up for this purpose where employees can reach GCO.

The Group continues to emphasise its zero-tolerance policy on corruption where the message is reinforced as part of COBC training sessions.

#### Employee Competency

The Group has established a comprehensive framework that provides a structured competency baseline requirement to assess existing human capital development needs across various levels of employees. Emphasis is placed on the quality and ability of employees with continuing education, training and development being actively encouraged through a wide variety of schemes and programmes.

#### Whistleblowing

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

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

In 2014, the Group continues to improve and update the whistleblowing policy and mechanism, including the communication of the availability of the whistleblowing mechanism to all employees.

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

## **EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS**

The processes adopted to monitor the effectiveness of the risk management and internal control systems are:

- The management information system includes preparation and submission of a 5-Year Strategy Blueprint, which is to be reviewed and updated annually, the annual budgets and other information to the Board.
- Evaluation of performance targets and explanation of variances are incorporated in the monthly management reports. A rolling forecast for the year and cash flow forecasts that are regularly updated are also reviewed and monitored. The Sime Darby Group Management Committee (GMC) reviews the performance and results of divisions/operating units on a regular basis. In addition, the financial performance and key business performance indicators are reported to the Board on a monthly basis.
- The risk reports that are prepared by GRM on a quarterly basis are reviewed by Management and presented to the GMC, Divisional FSBs and RMC for approval.
- During the financial year, the respective Divisions in the Group continue to identify new business functional areas to roll out Control Self-Assessment (CSA) that uses a questionnaire approach. CSA allows employees in the Group to identify the risk within their business environment and evaluate the adequacy and effectiveness of the controls in place. The roll out of CSA is coordinated and monitored by GCO. The results of the CSA process will be validated during GCAD audits and exceptions will be reported in the audit reports and GCO's reporting to the GAC.
- Periodic examination by GCAD of business processes and the state of internal control including controls over quality, environmental, safety and health issues, and compliance with policies, procedures, applicable laws, regulations and contracts. Reports on the audits carried out by GCAD are issued on a regular basis to the Management, Divisional FSBs and the GAC.
- Management's response on audit recommendations and action plans therein, are regularly followed up by GCAD and reported to the GMC, Divisional FSBs and GAC.
- GCAD has conducted an independent audit of the risk management process undertaken by the Group as well as each business division. This was to provide the Board and Management an independent assurance that the process was working as intended.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- GCO has continued with the roll out of Regulatory Compliance programmes at the Plantation, Property and E&U Divisions during the financial year under review. The results of the programme roll out are communicated and reported to Management and the GAC on a periodic basis.

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

## REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

## CONCLUSION

For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control to safeguard shareholders' investments and Group's assets. The Board has received assurance from the President & Group Chief Executive Officer (PGCE) and Group Chief Financial Officer (GCFO) that the Group's risk management and internal control systems, in all material aspects, are operating adequately and effectively. There will be continual focus on measures to protect and enhance shareholder value and business sustainability.

This statement is made in accordance with a resolution of the Board dated 29 September 2014.

## ENTERPRISE LEVEL RISKS

The Group's risk appetite reflects the scale of risk on a broad level, which the Group is prepared to take in pursuit of its strategic objectives. The amount of risk the Group accepts reflects the unique circumstances faced by the Group, including factors such as the external environment, strategy, people, business, systems and policies. The risk appetite of the Group also acknowledges that risk appetites vary across different business units and risk types. Key features of the Group's risk appetite cover strategic, financial and operating parameters. Specifically, investing in specific regions and countries consistent with its strategy blueprint; only approving new investments

which meet or exceed approved returns on investment targets; managing situations that could have a negative impact on its reputation and brands; and the Group not exceeding an approved debt/equity ratio threshold.

The following are the top five risk factors of the Group. These factors are a significant risk to the Group after considering its likelihood and its impact from both a financial and/or non-financial perspective.

RISK FACTORS	KEY MITIGATION MEASURES	DIVISIONS IMPACTED
<p><b>Macroeconomic</b> Global, regional and/or local economic slowdown factors adversely impact commodity prices (e.g. CPO, coal), customer demand and costs</p>	<ul style="list-style-type: none"> <li>• Monitoring of market/economic conditions</li> <li>• Sales, marketing &amp; business strategies/activities based on market conditions</li> <li>• Deferment of non-priority CAPEX, stringent working capital measures, e.g. increased focus on debtor management, inventory reductions, etc</li> </ul>	All
<p><b>Safety &amp; Health</b> Major accident occurs to employees/contractors arising from non-compliance with policies and procedures leading to death or severe injury</p>	<ul style="list-style-type: none"> <li>• Environment, Safety &amp; Health (ESH) and Emergency Response Policies &amp; Procedures established and implemented at Divisional level</li> <li>• ESH performance monitoring &amp; reporting implemented</li> <li>• Regular safety training, dialogues &amp; roadshows and dedicated OSH departments/committees</li> </ul>	All
<p><b>People</b> Failure to recruit and retain key staff, and the inability to deploy staff worldwide where they are most needed could affect the Group's business</p>	<ul style="list-style-type: none"> <li>• Talent Management &amp; Succession Planning Framework, policies &amp; processes including succession planning &amp; talent mobilisation activities</li> <li>• Performance Management Framework including competency based framework</li> <li>• Revised remuneration and rewards programme</li> </ul>	All
<p><b>Capital Constraints</b> The funding requirements of the Group's potential growth plans may result in an excessive gearing level</p>	<ul style="list-style-type: none"> <li>• Access to diverse range of funding sources and maintaining sufficient credit facilities</li> <li>• Regular review of cash projections and funding plans</li> <li>• Dividend reinvestment plan established</li> </ul>	All
<p><b>Business Partner/JV/Principal (selection &amp; management)</b> Inappropriate governance and oversight of partner selection and/or management</p>	<ul style="list-style-type: none"> <li>• Continuous engagement/dialogue &amp; relationship investment with partners</li> <li>• Utilisation of partner selection criteria/guidelines/procedures including appropriate governance arrangements</li> </ul>	Mainly Property and E&U China



# 5-YEAR FINANCIAL SUMMARY

FINANCIAL YEAR ENDED 30 JUNE (RM MILLION)	2010	2011	2012	2013	2014
<b>RESULTS</b>					
Revenue*	31,967.3	41,043.0	46,630.5	46,109.0	<b>43,908.0</b>
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	3,839.8	6,284.2	6,777.2	5,733.2	<b>5,313.8</b>
Depreciation and amortisation*	(882.5)	(992.0)	(1,131.9)	(1,239.8)	<b>(1,195.2)</b>
Operating profit*	2,957.3	5,292.2	5,645.3	4,493.4	<b>4,118.6</b>
Profit before interest and tax*	2,787.9	5,410.6	5,659.9	4,634.5	<b>4,218.8</b>
Profit before tax*	2,631.8	5,258.7	6,451.5	4,314.0	<b>3,964.6</b>
Profit after tax-continuing operations	1,764.4	3,713.8	4,212.4	3,361.1	<b>3,257.1</b>
Profit/(loss) after tax-discontinued operations	(909.6)	134.1	134.0	470.5	<b>263.4</b>
Profit after tax-total	854.8	3,847.9	4,346.4	3,831.6	<b>3,520.5</b>
Non-controlling interests	(128.0)	(183.4)	(196.2)	(131.0)	<b>(167.8)</b>
<b>Profit attributable to owners of the Company (Net Earnings)</b>	<b>726.8</b>	<b>3,664.5</b>	<b>4,150.2</b>	<b>3,700.6</b>	<b>3,352.7</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital	3,004.7	3,004.7	3,004.7	3,004.7	<b>3,032.1</b>
Reserves	17,445.4	21,025.6	23,011.4	24,091.6	<b>25,556.5</b>
Shareholders' equity	20,450.1	24,030.3	26,016.1	27,096.3	<b>28,588.6</b>
Non-controlling interests	680.8	787.2	873.8	884.8	<b>876.7</b>
Total equity	21,130.9	24,817.5	26,889.9	27,981.1	<b>29,465.3</b>
Borrowings	7,628.9	7,105.4	9,832.6	10,139.9	<b>11,174.8</b>
Other non-current liabilities	819.1	850.2	981.8	1,339.4	<b>1,208.2</b>
Other current liabilities	7,998.7	10,070.8	10,446.9	8,907.4	<b>9,003.7</b>
Liabilities associated with assets held for sale	-	22.3	-	90.3	<b>84.2</b>
<b>Total equity and liabilities</b>	<b>37,577.6</b>	<b>42,866.2</b>	<b>48,151.2</b>	<b>48,458.1</b>	<b>50,936.2</b>
<b>ASSETS</b>					
Non-current assets	18,959.3	19,631.2	23,096.3	25,257.3	<b>26,151.2</b>
Current assets excluding cash and HDA	13,574.5	16,921.3	19,907.1	18,416.6	<b>19,496.8</b>
Cash (including HDA)	5,033.3	5,527.7	5,105.6	4,653.8	<b>4,896.0</b>
Non-current assets held for sale	10.5	786.0	42.2	130.4	<b>392.2</b>
<b>Total assets</b>	<b>37,577.6</b>	<b>42,866.2</b>	<b>48,151.2</b>	<b>48,458.1</b>	<b>50,936.2</b>
<b>FINANCIAL RATIOS</b>					
Operating margin (%)	9.3	12.9	12.1	9.7	<b>9.4</b>
Basic earnings per share (sen)	12.1	61.0	69.1	61.6	<b>55.6</b>
Net assets per share attributable to owners of the Company (RM)	3.4	4.0	4.3	4.5	<b>4.7</b>
Return on average shareholders' equity (%)	3.5	16.5	16.6	13.9	<b>12.0</b>
Dividend payout ratio (%)	82.7	49.2	50.7	55.2	<b>65.1</b>
Net dividend per share (sen)	10.0	30.0	35.0	34.0	<b>36.0</b>
Debt/Equity (%)	36.1	28.6	36.6	36.2	<b>37.9</b>
Debt/EBITDA (times)	2.0	1.1	1.5	1.8	<b>2.1</b>

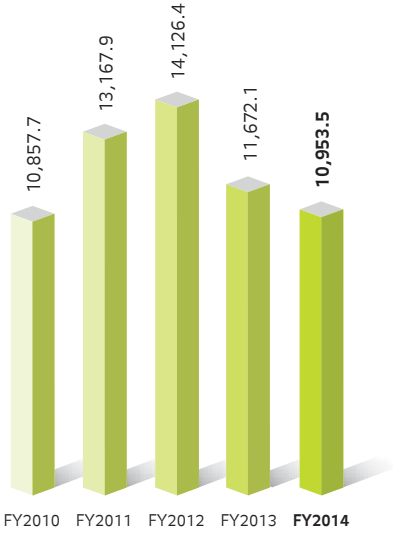
\* Note – These items have been restated to exclude the results from discontinued operations. The discontinued operations are in respect of the oil & gas, healthcare and power businesses that were disposed in FY2011, FY2013 and FY2014 respectively.

HDA – Housing Development Accounts

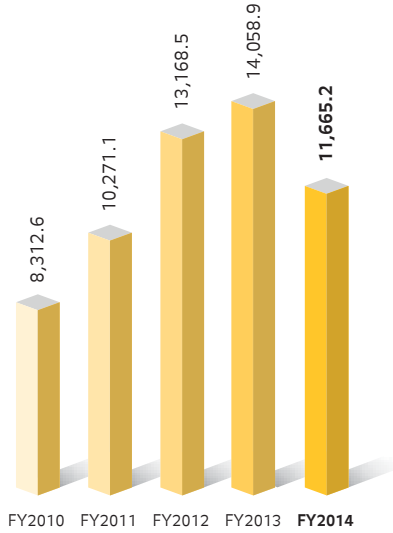
# SEGMENT REVENUE

AMOUNTS IN RM MILLION

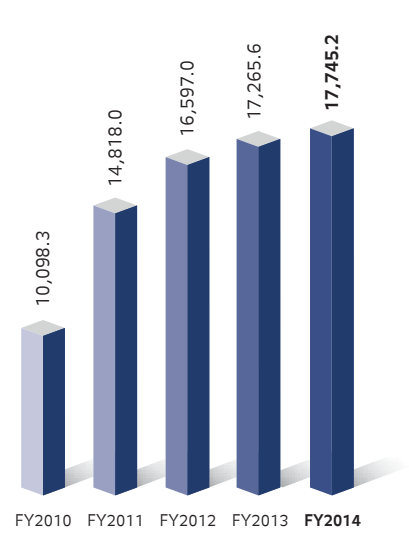
## PLANTATION



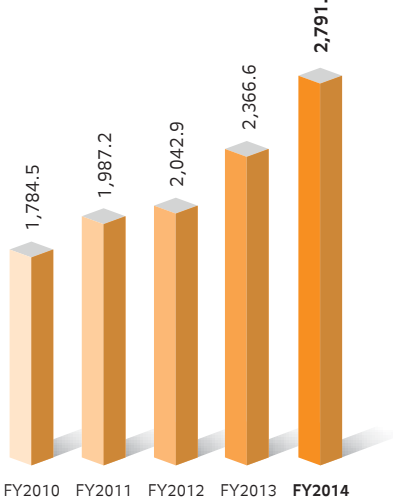
## INDUSTRIAL



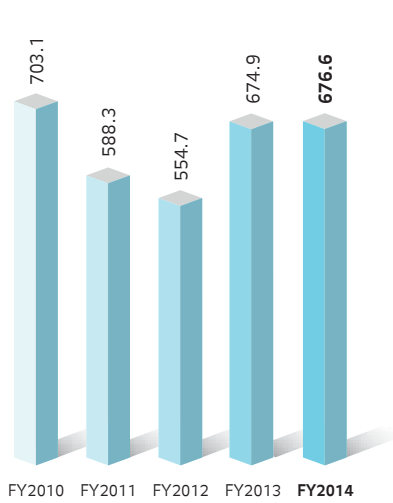
## MOTORS



## PROPERTY

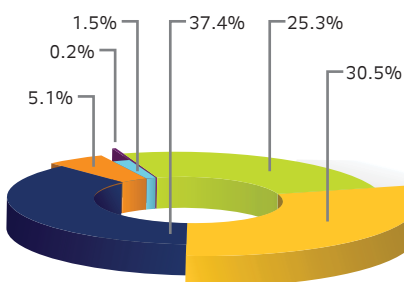


## ENERGY & UTILITIES

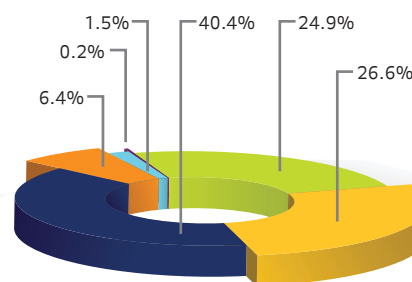


## CONTRIBUTION TO REVENUE BY SEGMENT

**FY2013**  
46,109.0



**FY2014**  
43,908.0

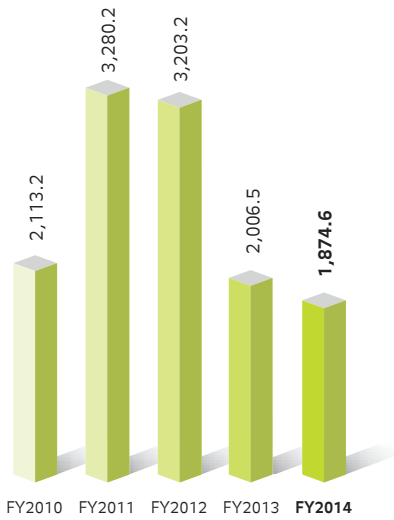


- Plantation
- Industrial
- Motors
- Property
- Energy & Utilities
- Others

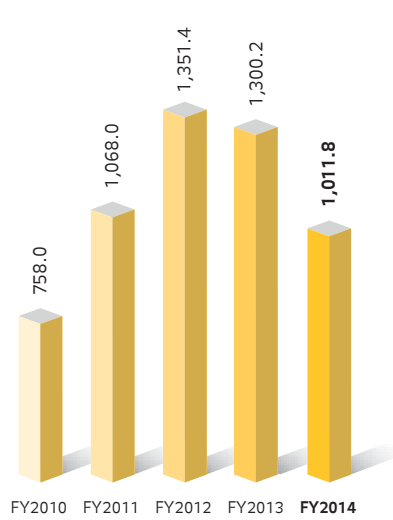
# SEGMENT RESULTS

AMOUNTS IN RM MILLION

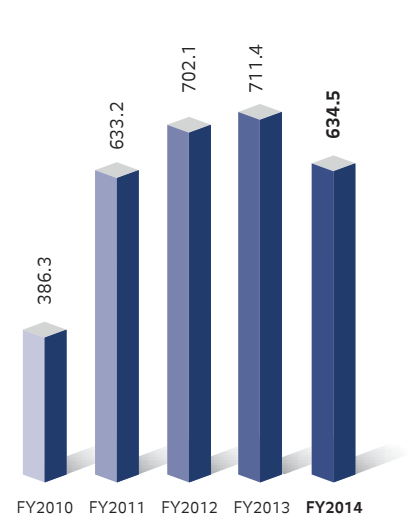
## PLANTATION



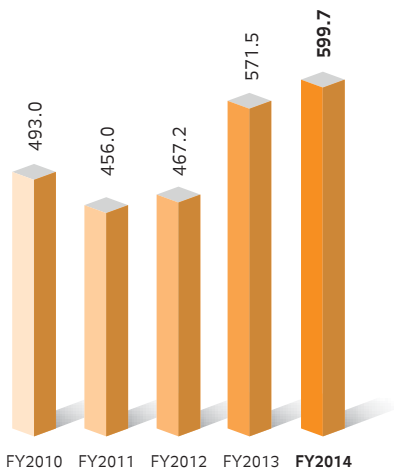
## INDUSTRIAL



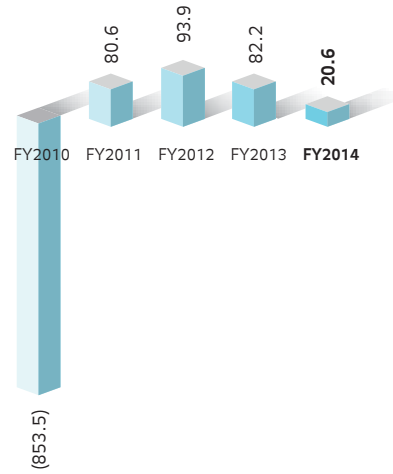
## MOTORS



## PROPERTY



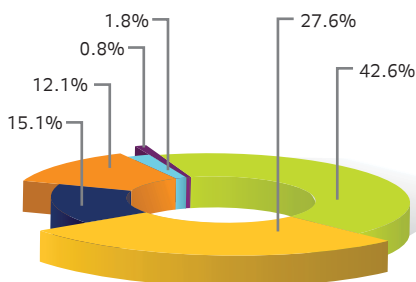
## ENERGY & UTILITIES



## CONTRIBUTION TO SEGMENT RESULTS

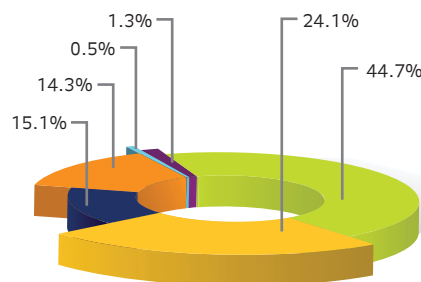
### FY2013

4,710.6



### FY2014

4,193.9



- Plantation
- Industrial
- Motors
- Property
- Energy & Utilities
- Others

# FINANCIAL KEY PERFORMANCE INDICATORS

The Financial Key Performance Indicators (KPI) used to measure the performance of the Group are Net Earnings and Return on Average Shareholders' Equity (ROE) and for the Divisions are Revenue, Profit before Interest and Tax (PBIT) and Return on Average Invested Capital (ROAIC). The Board and senior management regularly review these financial KPIs in managing the business and measuring the Group's performance against targets.

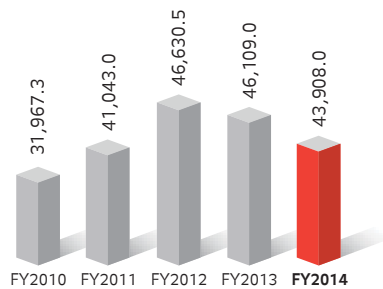
## LINK TO STRATEGY

To support the Group's overarching goal of total shareholder return and, in line with the Group's mission to deliver superior financial returns through operational excellence, the financial KPIs chosen are used as a measure for growth and efficiency.

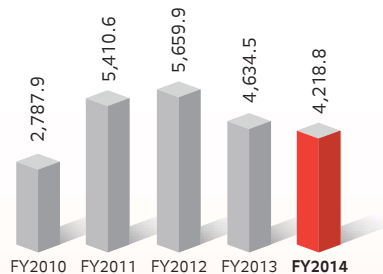
Being a conglomerate, the Group continuously reviews its business portfolio to optimise the return on capital. This is to ensure that the core businesses of the Group, which are industrial-based and consumer-based, with different business models – i.e. high assets and high margins vs low assets, low margins and high velocity, would ensure that the Group achieves sustainable financial returns.

### FINANCIAL KPIs

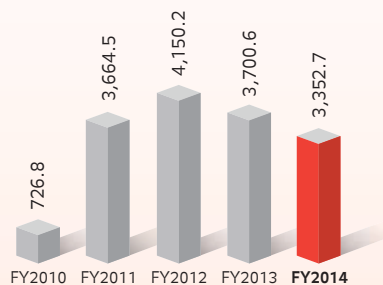
#### Revenue (RM million)



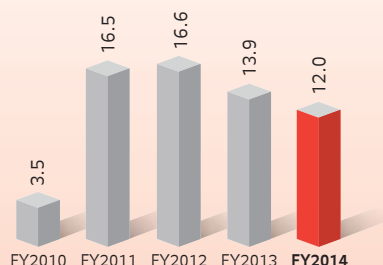
#### PBIT (RM million)



#### Net Earnings (RM million)



#### ROE (%)



### PERFORMANCE

Amidst a challenging economic environment and volatile commodity prices, the Group's revenue declined 4.8% in FY2014. This was mainly due to lower crude palm oil sales volume and lower delivery of mining equipment as a result of the consolidation of the mining industry in Australia.

PBIT declined by 9.0% in FY2014 largely due to the lower Plantation and Industrial revenue and lower margins from Motors due to stiff competition and changes in government legislation.

Property recorded a higher profit (+4.9%), as a result of higher revenue and good take-up rates from the large number of property launches.

Net Earnings declined by 9.4% in FY2014 due to lower PBIT and lower gain on disposal of discontinued operations of RM144 million for the disposal of the power business against RM341 million for the disposal of 50% stake in Sime Darby Healthcare in FY2013.

The decline was mitigated to an extent by the lower effective tax rate at 18% compared to 23% in FY2013 due to deferred tax adjustments.

Consequent to the lower net earnings and higher Average Shareholders' Equity in FY2014, the ROE declined from 13.9% in FY2013 to 12.0% in FY2014.

## GROUP FINANCIAL REVIEW

The Group faced challenging market conditions during the year such as volatile commodity prices, the contraction of the mining industry in Australia, new legislations and stringent lending conditions. Despite this, the Group exceeded its FY2014 Net Earnings KPI of RM2.8 billion by 20%. The Return on Average Shareholders' Equity at 12% for the year was 2 percentage points higher than the KPI target of 10%.

FINANCIAL RESULTS (RM MILLION)	FY2013	FY2014	CHANGE % + / (-)
Revenue	46,109.0	<b>43,908.0</b>	(4.8)
Profit before interest and taxation (PBIT)	4,634.5	<b>4,218.8</b>	(9.0)
Net Earnings	3,700.6	<b>3,352.7</b>	(9.4)
Return on average shareholders' equity (ROE) (%)	13.9	<b>12.0</b>	(13.7)
Dividend per share (sen)	34.0	<b>36.0</b>	+5.8

Group revenue declined by 4.8% largely due to lower revenue from the Plantation and Industrial Divisions by 6.2% and 17.0% respectively. The main contributors to the Group revenue are Plantation, Industrial and Motors at 24.9%, 26.6% and 40.4% respectively. The three Divisions together contributed 91.9% (FY2013:93.2%) to the Group's revenue.

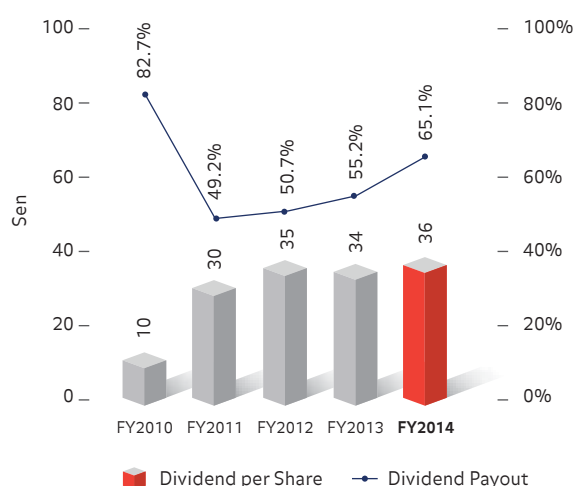
PBIT declined by 9.0% largely attributable to lower profit from Plantation, Industrial and Motors Divisions by 6.6%, 22.2% and 10.8% respectively. The decline was partly offset by the net foreign exchange gain of RM102.8 million against RM5.2 million in FY2013. The net foreign exchange gain for the year arose mainly from the settlement of inter-company loans. The main contributors to the Group's PBIT before corporate expenses and elimination are Plantation, Industrial and Motors at 44.7%, 24.1% and 15.1% respectively. The three Divisions combined contributed 83.9% (FY2013:85.3%) to the Group's PBIT.

During the year, the Group divested the power generation business which resulted in a gain on disposal of RM144.0 million. The gain and the results of this business has been classified as discontinued operations. The disposal is following the decision not to scale up the Group's power generation business in tandem with the Group's strategy of focusing on its core businesses.

Net earnings of the Group for the financial year at RM3.35 billion is 9.4% lower than that recorded in the previous financial year of RM3.70 billion. Consequently, ROE declined from 13.9% to 12.0%. The percentage decline in ROE (13.7%) is larger than the percentage decline in net earnings due to the higher Average Shareholders' Equity of RM27.8 billion in FY2014 compared to FY2013 of RM26.6 billion.

### DIVIDENDS

An interim single-tier dividend for FY2014 of 6 sen per share was paid on 9 May 2014. The proposed final single-tier dividend is 30 sen per share, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. The Board also recommends that shareholders be given the option to reinvest the final dividend in new ordinary shares of the Company under the Dividend Reinvestment Plan (DRP).



The total dividend for the year of 36 sen per share represents a payout of net earnings of 65%, which is higher than the dividend payout for the previous year of 55%. The full-year dividend at 36 sen per share is higher than the previous year of 34 sen per share.

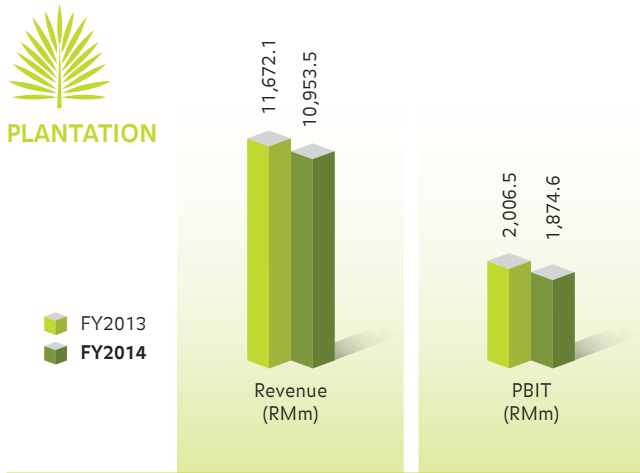
The higher payout is recommended in consideration of the DRP which was first implemented for the final dividend for FY2013. About 39% of the Sime Darby Berhad shareholders representing approximately 30% of the total issued share capital of the Company elected to receive the FY2013 final dividend in shares.

Based on the closing share price on 30 June 2014 of RM9.67 per share, the total dividend for the financial year of 36 sen a share is equivalent to a dividend yield of 3.7%.



# GROUP FINANCIAL REVIEW

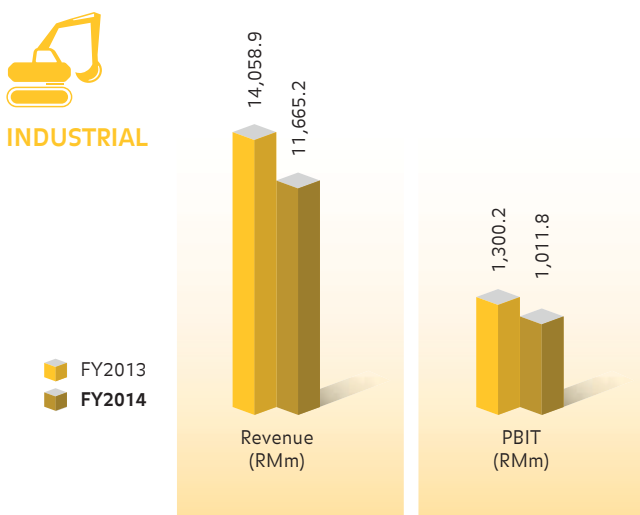
## SEGMENTAL ANALYSIS



	FY2013	FY2014	%
Average CPO price (RM/MT)	2,317	<b>2,451</b>	+5.8
Cost of Production per tonne palm product (RM/MT)	1,048	<b>1,131</b>	+7.9
FFB production (MT'000)	10,133	<b>9,418</b>	(7.0)
ROAIC	14.6%	<b>13.3%</b>	(8.9)

Plantation Division's revenue declined by 6.2% compared to the previous financial year primarily due to lower sales volume by 7.4% as a result of the lower fresh fruit bunch (FFB) production by 7.0%. FFB production in the Indonesian operations declined by 13.2%, largely due to delay in peak cropping and prolonged dry weather. The impact of the lower sales volume was partly offset by the 5.8% increase in crude palm oil (CPO) price realised. The upstream operations will remain focused on cost efficiency and productivity improvements to increase yield and oil extraction rate.

The midstream and downstream operations recorded a higher profit of RM152.4 million against RM108.8 million in FY2013. The higher profit was mainly due to higher margins and increased throughput coupled with an adjustment of RM27.9 million for pension provision in Unimills. Going forward, contribution from the midstream and downstream operations are expected to be higher from the increased utilisation of the new refinery in Pulau Laut, Kalimantan, Indonesia and higher sale of segregated and traceable products. The refineries will also focus on increasing the production of more differentiated products with higher margins.



	FY2013	FY2014	%
Order Book (RM billion)	3.1	<b>2.9</b>	(6.5)
ROAIC	16.8%	<b>13.2%</b>	(21.4)

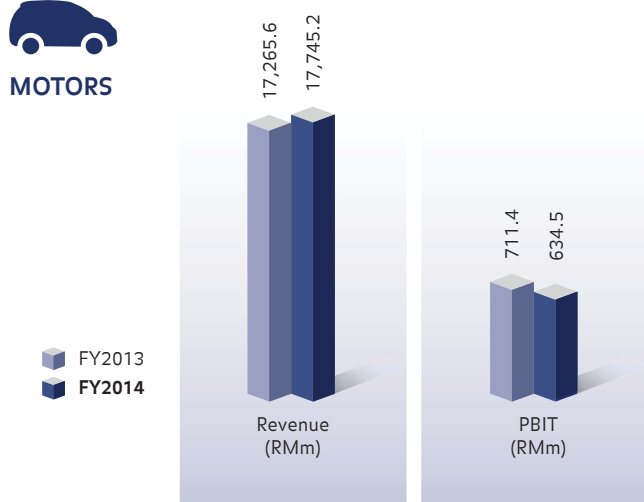
Profit from the Industrial Division declined by 22.2% largely due to the continuing consolidation of the mining sector in Australia which is more protracted than envisaged. The Australasian operations' profit declined by 46.8% due to lower equipment deliveries and product support sales and a staff cost of RM62 million to resize the labour force due to the lower level of operations. Improved market conditions in China resulted in a 81.5% surge in profit while the South East Asian operations (including Malaysia) recorded a 35.8% profit increase mainly due to cost savings on completed projects.

The Australian operations continue to be dragged down by the low coal prices. However, demand for equipment and engines in the Asian region is expected to remain strong.

## SEGMENTAL ANALYSIS



## MOTORS



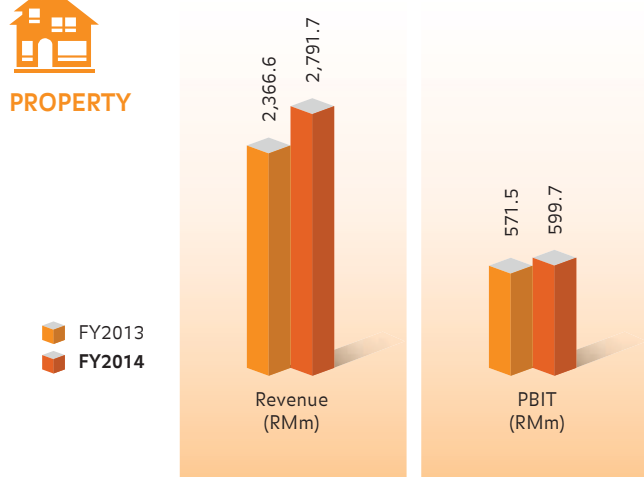
	FY2013	FY2014	%
Number of vehicles sold	89,126	<b>92,112</b>	+3.4
ROAIC	18.3%	<b>12.5%</b>	(31.7)

Motors' profit declined by 10.8% from that of the previous financial year. Profit from the South East Asia (excluding Malaysia) operations declined by 66.2% largely due to changes in government legislation in Singapore, the political uncertainty in Thailand and the generally more stringent lending conditions. The Malaysian operations registered a 9% decline in profit largely due to lower contribution from the overall luxury segment.

The newly acquired BMW distributorship in Vietnam and dealership in Brisbane, Australia contributed a maiden operating profit of RM11.5 million. The expansion of the Division's geographical footprint is part of the Division's strategy to be a leading automotive company in the Asia Pacific region.



## PROPERTY



	FY2013	FY2014	%
Number of units sold	2,103	<b>3,049</b>	+45.0
Sales value contracted (RM million)	2,149	<b>2,750</b>	+28.0
ROAIC	8.1%	<b>8.0%</b>	(1.2)

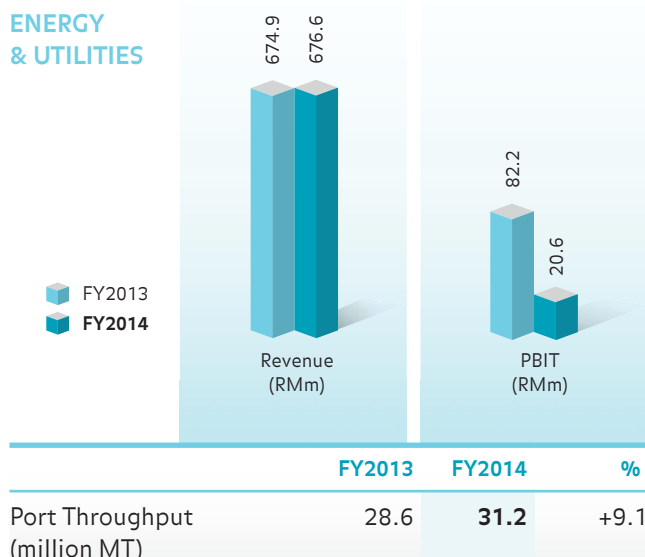
Property Division's profit rose by 4.9%, mainly due to the profit recognition from the commencement of the construction works at the Pagoh Education Hub and higher profit contribution from Taman Pasir Putih and City of Elmina. This was partly offset by the lower development profit from the Denai Alam and Bandar Bukit Raja townships. The Division's recent launches have chalked up strong take-up rates of more than 70% due to their strategic locations and the strong demand for landed properties in the Klang Valley.

# GROUP FINANCIAL REVIEW

## SEGMENTAL ANALYSIS



### ENERGY & UTILITIES



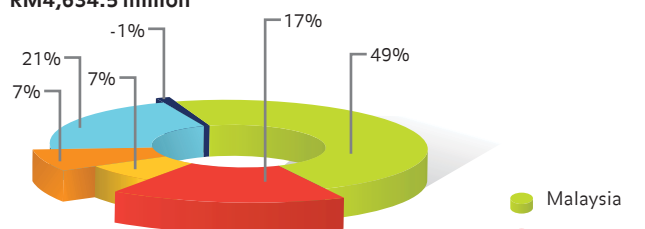
Profit from Energy & Utilities (excluding discontinued operations) declined by 74.9% mainly due to the loss of RM49.3 million from the Non-China operations against a profit of RM29.1 million in FY2013. The loss was mainly due to cost provision for the previous oil & gas projects.

The China operations registered higher profit by 31.6% largely due to higher average handling tariff for general cargo, higher throughput for general cargo and container handling and the compensation for the closure of operations in Guozhuang port in Jining. The closure was to comply with the Local Government's rezoning development plan. The development of the local economy in Weifang and its rich hinterland provides tremendous growth opportunities for the Port operations. The current expansion plan in Weifang Port to extend its quay line and to increase berth capacity would bode well for it to capitalise on any increase in business activities in the region.

## GEOGRAPHICAL SEGMENT PBIT

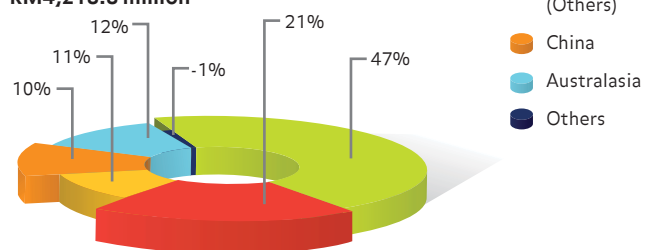
### FY2013

RM4,634.5 million



### FY2014

RM4,218.8 million



The Group's PBIT is derived predominantly from the Asia Pacific region, with about half from Malaysia. Profit in Malaysia declined mainly due to lower Plantation profit as a result of lower CPO sales volume. Profit from Indonesia increased as the higher average CPO price realised and lower rupiah exchange rate more than mitigated the lower CPO sales volume. Profit from Australasia declined due to the consolidation of the mining sector in Australia. PBIT contribution increased for China in FY2014 due to higher volume of sales from the Industrial and Motors Divisions.

## FINANCE COSTS

Finance costs declined by 6.8% to RM415 million partly due to the higher amount of interest capitalised of RM26.6 million (FY2013:RM4.4 million) and the impact of changes in loan profile and interest rates during the year. The interest capitalised includes the interest incurred for the development of the Pagoh Education Hub. The effective rate of borrowings (including hedging cost) for the Group for the financial year is 3.95% as compared to 3.80% in the previous year. The 0.15 percentage point increase in effective borrowing cost is mainly attributable to the AUD300 million loan raised during the financial year. Interest cover, calculated as operating profit plus interest income over interest paid, remains at about 10 times.

## TAXATION

The Group recorded a tax expense of RM707.5 million as compared to the previous financial year of RM952.9 million. The lower tax charge is attributable to lower chargeable income, in addition to adjustments to prior year taxes (including changes in tax rate and tax base). The effective tax rate for the financial year is at 18.3% (FY2013:22.8%).

The adjustments for previous year taxes are mainly due to changes in Real Property Gains Tax rate and the impending change to the Malaysian income tax rate from 25% to 24% amounting to RM122.7 million and the recognition of deferred tax assets amounting to RM167.4 million on the effects of change in tax base applicable to unrealised profit following changes to the land use.

**CASH FLOWS\***

	FY2013 RM MILLION	FY2014 RM MILLION
Operating Cash Flow	3,710.9	<b>2,882.1</b>
Cash outflow for capital expenditure & acquisitions (including NCI)	(2,926.5)	<b>(2,372.4)</b>
Cost incurred on biological assets	(154.1)	<b>(202.1)</b>
Proceeds from disposals	766.2	<b>1,127.1</b>
Interest Paid (net of interest received)	(324.1)	<b>(312.9)</b>
<b>Free Cash Flow</b>	<b>1,072.4</b>	<b>1,121.8</b>

\* Note – Including discontinued operations  
NCI – Non-Controlling Interests

In addition to capital expenditure, the major acquisitions during the year include:

- Acquisition of the BMW dealership in Brisbane (including properties) – RM251 million
- Acquisition of the BMW distributorship in Vietnam – RM119 million
- Equity injection into the Battersea joint venture – RM168 million

Proceeds from disposals include the disposal of the power business for RM575.7 million (net of transaction costs and cash of subsidiaries disposed) and RM187.3 million from the Healthcare business disposed in FY2013.

Despite the lower operating cash flow, free cash flow was slightly higher compared to FY2013 due to more stringent cash flow management, prioritised spending of capital expenditure and higher proceeds from disposals.

**NET DEBT AND FUNDING**

	FY2013 RM MILLION	FY2014 RM MILLION
Borrowings	10,085.6	<b>11,117.6</b>
Interest Payable	54.3	<b>57.2</b>
<b>Total Debt</b>	<b>10,139.9</b>	<b>11,174.8</b>
Cash (including cash in HDA)	4,653.8	<b>4,896.0</b>
<b>Net Debt</b>	<b>5,486.1</b>	<b>6,278.8</b>
<b>Equity</b>	<b>27,981.1</b>	<b>29,465.3</b>
Debt/Equity	36.2%	<b>37.9%</b>
Net Debt/Equity	19.6%	<b>21.3%</b>

\* HDA – Housing Development Accounts

Funding for the Group is usually sourced in the functional currency of the borrower and also takes into consideration the currency of the requirements and sources of repayment for the borrowings. The tenure of financing is another critical consideration which attempts to match the loan repayments with the financed asset's projected cash inflows.

The Group carries both Islamic and conventional borrowings in the proportion of 48% and 52% respectively. Funding under Islamic principles is preferred wherever possible in support of the Government's initiative for Malaysia to become a centre for Islamic finance.

The new borrowings raised by the Group during the year include:

- AUD300 million syndicated long-term loan to refinance existing borrowings and to provide a natural hedge against the AUD assets.
- Borrowings totalling RM267 million for property development projects, including the development of the Pagoh Education Hub.

As at 30 June 2014, of the total debt of the Group of RM11.2 billion, approximately 83% are long-term borrowings and 17% are short-term borrowings. Short-term borrowings are usually retained on floating rates.

As at 30 June 2014, of the long-term borrowings, approximately RM6,190.5 million or 67% are at fixed rates or covered by interest rate hedges and the remaining 33% are at floating rates. As at end September 2014, approximately 76% of the Group's long-term borrowings are at fixed rates or covered by interest rate hedges.

It is the Group's policy to target at least 70% of long-term borrowings to be on fixed rate or swapped to fixed; unless it is with justification that floating rate is retained to manage the Group's overall borrowing cost.

The Group's USD800 million sukuk issued in 2013 was rated A by Standard & Poors Ratings Services and Fitch Ratings and A3 by Moody's Investors Services Limited. The rating agencies had reaffirmed the respective ratings on its annual review in January 2014. In addition, the Ringgit Islamic Medium Term Notes (IMTN) programme also maintained its MARC-1<sub>ID</sub>/AAA<sub>ID</sub> rating by the Malaysian Rating Corporation Berhad. The Group has a strong commitment to preserve its current ratings.

The sukuk has won several awards, including the 2013 Best Islamic Finance Deal (Finance Asia), 2013 Best Corporate Sukuk (The Asset Triple A) and 2013 Deal of the Year, Corporate Finance (Islamic Finance News).

The Group's debt to equity ratio complies with the debt covenants and regulatory requirements in countries where the Group operates. The financial covenant imposed under the Ringgit IMTN/Islamic Commercial Paper Programme is a Debt to Equity ratio of 1.75.

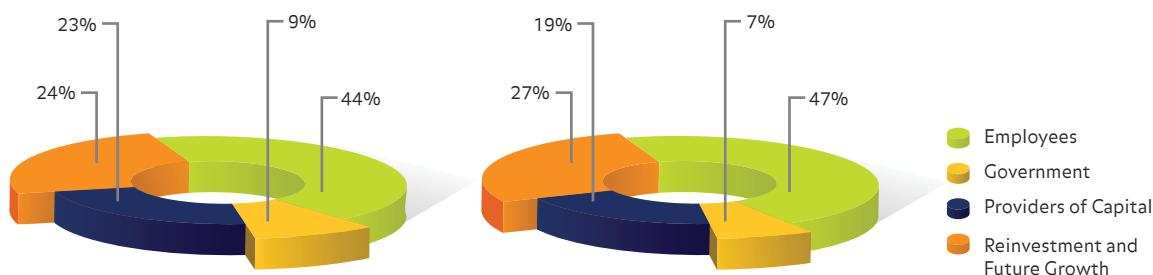
# STATEMENT OF VALUE ADDED

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014  
AMOUNTS IN RM MILLION

## VALUE DISTRIBUTED

FY2013

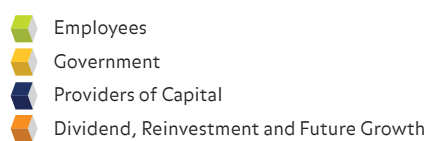
FY2014



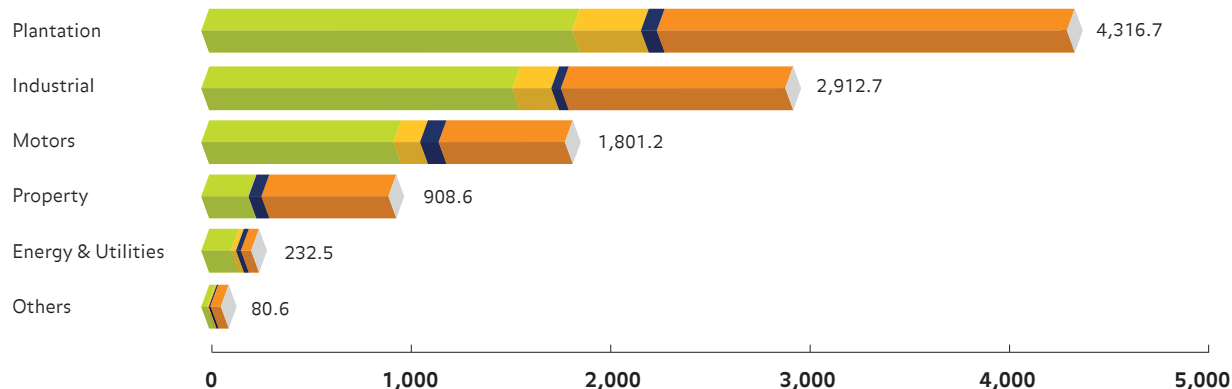
	FY2013	FY2014
<b>VALUE ADDED</b>		
Revenue	46,109.0	<b>43,908.0</b>
Operating expenses	(36,811.6)	<b>(35,001.8)</b>
Other operating income	1,217.6	<b>1,373.7</b>
Share of results of joint ventures and associates	141.1	<b>100.2</b>
Finance income	124.8	<b>160.8</b>
<b>Total Value Added</b>	<b>10,780.9</b>	<b>10,540.9</b>
Reconciliation:		
Profit for the year	3,249.4	<b>3,112.8</b>
Add:		
Depreciation and amortisation	1,239.8	<b>1,195.2</b>
Finance costs	445.3	<b>415.0</b>
Employee costs	4,781.8	<b>4,966.1</b>
Government	952.9	<b>707.5</b>
Non-controlling interests	111.7	<b>144.3</b>
<b>Total Value Added</b>	<b>10,780.9</b>	<b>10,540.9</b>
<b>VALUE DISTRIBUTED</b>		
<b>Employees</b>		
Employee costs	4,781.8	<b>4,966.1</b>
<b>Government</b>		
Corporate tax	952.9	<b>707.5</b>
<b>Providers of Capital</b>		
Dividends	1,923.1	<b>1,503.9</b>
Finance costs	445.3	<b>415.0</b>
Non-controlling interests	111.7	<b>144.3</b>
<b>Reinvestment and Future Growth</b>		
Depreciation and amortisation	1,239.8	<b>1,195.2</b>
Retained earnings	1,326.3	<b>1,608.9</b>
<b>Total Distributed</b>	<b>10,780.9</b>	<b>10,540.9</b>

	FY2013		FY2014	
		%		%
<b>VALUE ADDED BY SEGMENT</b>				
Plantation	4,396.8	40.8	<b>4,316.7</b>	<b>41.0</b>
Industrial	3,267.4	30.3	<b>2,912.7</b>	<b>27.6</b>
Motors	1,785.5	16.6	<b>1,801.2</b>	<b>17.1</b>
Property	826.4	7.7	<b>908.6</b>	<b>8.6</b>
Energy & Utilities	262.7	2.4	<b>232.5</b>	<b>2.2</b>
Others	65.8	0.6	<b>80.6</b>	<b>0.8</b>
Corporate expenses and elimination	176.3	1.6	<b>288.6</b>	<b>2.7</b>
	10,780.9	100.0	<b>10,540.9</b>	<b>100.0</b>

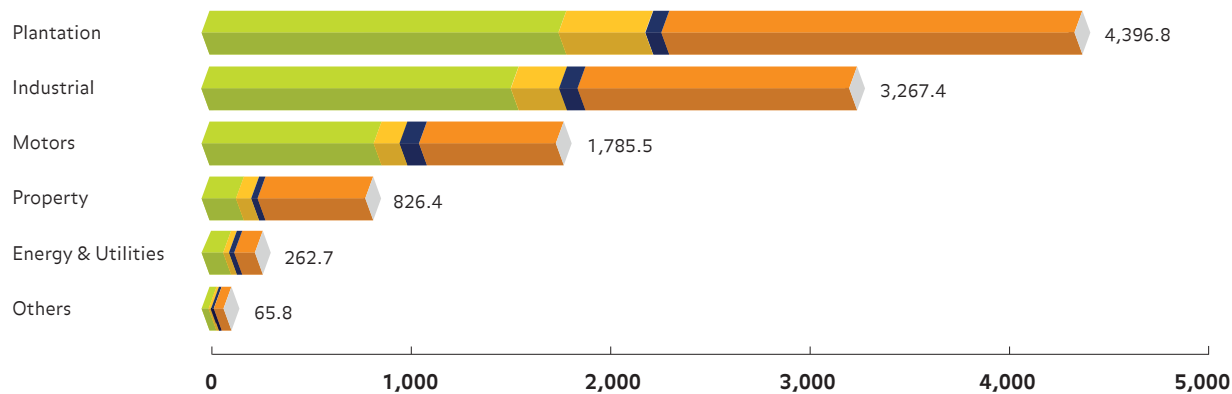
### VALUE DISTRIBUTED



#### FY2014



#### FY2013



## GROUP SAFETY AND HEALTH REVIEW

Sime Darby's commitment to the safety and health of its employees, contractors and communities is reflected in the Company's Business and Sustainability Principles.

Safety and health management systems are in place at the Group and Divisional level, with external certification to the Occupational Health and Safety Assessment Series (OHSAS) 18001 for key facilities. The Group-wide Safety Alert messaging system supports the communication and management of safety incidents and the sharing of lessons learned throughout the business. Sime Darby adopts a risk-based approach to competency and capability building, targeting key safety issues and promoting a safety culture through active engagement with its employees.

There is fair representation from management and workers in formal joint management-worker safety and health committees. The Malaysian operations comply with the Malaysian Occupational Safety and Health Act (OSHA) requirements to establish Safety & Health Committees (SHC) for operating units with more than 40 employees. The establishment of SHC in other regions vary depending on local regulatory requirements. Topics discussed include safety and health performance, legal compliance, risk management, workplace inspections findings, internal audit (safety, health and environment) report and other safety and health related programmes. The SHC meets on a quarterly basis.

### Key Performance Measures

Sime Darby's safety performance in FY2014 provided mixed results. While key safety rate-based measures improved across the Group, the number of major accidents remained unacceptably high.

A total of 12 fatalities and seven permanent disabilities were recorded this year, prompting a request for an independent review of safety and health practices by Sime Darby's President & Group Chief Executive (PGCE). An analysis of the major accident cases showed that transportation and mechanical hazards continue to be the Group's main operational risks.

Near miss reporting continues to be monitored and promoted across the Group.

TOTAL  
RECORDABLE  
FREQUENCY RATE  
REDUCED BY

27%



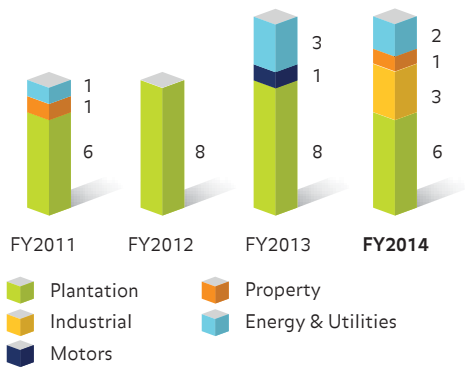
94

TRAINING  
PROGRAMMES  
CONDUCTED

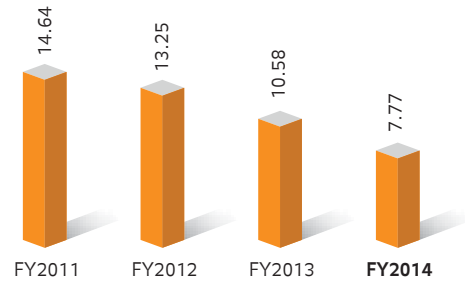
SELF-  
INDEPENDENT  
REVIEW CONDUCTED

OUR ULTIMATE  
GOAL IS  
**ZERO HARM**

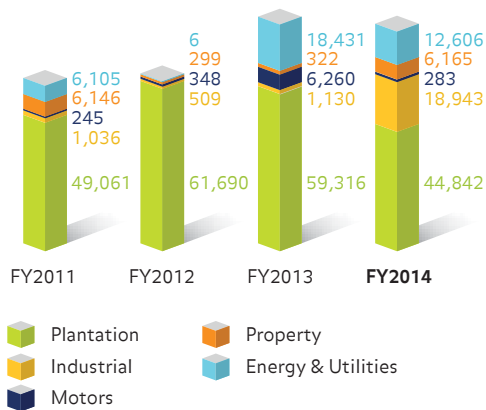
**Sime Darby Group Fatalities Breakdown by Division**



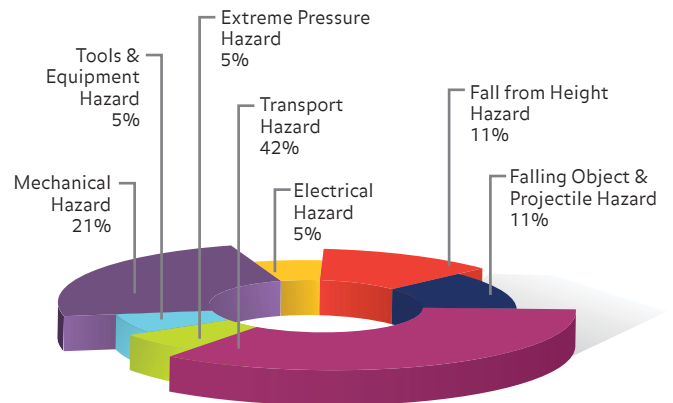
**Sime Darby Group Lost Time Injury - Frequency Rate (LTI FR)**  
(No. of Incidents /million man-hours)



**Sime Darby Group Lost Days Breakdown by Division**  
(No. of Days)



**Sime Darby Group Breakdown of Major Accidents in FY2014**



**Sime Darby Group Key Safety Indicators**

INDICATORS	FY2011 <sup>1</sup>	FY2012 <sup>1</sup>	FY2013 <sup>1</sup>	FY2014 <sup>2</sup>
Incident Rate (No. of incidents/ 1,000 employees)	46.95	45.11	38.05	<b>30.73*</b>
Frequency Rate (No. of incidents/ million man-hours)	19.32	18.90	16.17	<b>12.78*</b>
Severity Rate (No. of lost days/ million man-hours)	246.85	226.98	311.44	<b>317.00*</b>

<sup>1</sup> Previously reported safety data has been restated this year to include additional LTI cases reported in Property Division that were not included in last year's Sustainability Report.

<sup>2</sup> The safety performance of the recently divested Healthcare Division has been excluded from the data set.

\* These Sime Darby safety and health performance data has been independently audited. Read the Independent Assurance Report at pages 404 and 405.

**Training**

Sime Darby provides training to enhance its employees' safety and health competencies. 94 training programmes were implemented this year to address high-risk activities such as transport, manual handling and working at height and confined spaces. Safety leadership training was rolled out to 699 Industrial employees (Visible OneHD Leadership) and 50 Energy & Utilities (China) employees (Visible Felt Leadership).

**Evaluating Sime Darby's Approach**

The Sime Darby Group Management Committee monitors safety and health performance on a quarterly basis. Findings are presented to the Board quarterly for discussion and approval.

Following the independent review of the safety and health practices requested by Sime Darby's PGCE, all Divisions completed the review exercise and findings have been presented to the respective Divisional Management teams.



## GROUP CARBON MANAGEMENT REVIEW

We recognise the increasing global focus on carbon emissions from the sectors Sime Darby participates in, particularly emissions from agriculture. We monitor our carbon emissions and aim to reduce costs, enhance operational effectiveness and meet customer expectations.

Sime Darby's Carbon Reduction Strategy focuses on opportunities in its Plantation Division, which contributes the majority (around 64%) of the Group's carbon emissions. The Division is on the way to meeting its target to reduce Plantation's Upstream (i.e. estates and mills) emissions intensity (tCO<sub>2</sub>-e/MT Crude Palm Oil (CPO) produced) by 40% by 2020, from 2009 levels. Secondary targets have also been established for Sime Darby's other Divisions.

### Group Performance

In 2013<sup>1</sup>, the Group emitted 3.62 million\* tonnes of carbon dioxide equivalent (tCO<sub>2</sub>-e); 3.31 million tCO<sub>2</sub>-e of Scope One emissions and 0.31 million tCO<sub>2</sub>-e of Scope Two emissions<sup>2</sup>. Total energy consumption within the Group was 51.36 million GJ. The Group's carbon emissions have increased by 16% from its 2009 baseline, primarily due to organic growth. Increased demand in the Energy & Utilities Division's power plants was somewhat offset by reduced production in the Plantation Division and decrease overall fuel use across the Group.

Plantation Division's use of renewable biomass (palm fruit shell and fibre) as boiler fuel avoided 55% of the Group's operational<sup>3</sup> emissions in 2013 (it is estimated that an additional 1.98 million tCO<sub>2</sub>-e would be emitted if diesel were used instead of biomass).

Methane emissions from the treatment of palm oil mill effluent (POME) is the largest contributor to the Group's total operational<sup>4</sup> emissions (42% of the Group's total emissions in 2013). Plantation Division is working to reduce these emissions through composting and biogas projects.

**3.62  
MILLION\***

TONNES  
CO<sub>2</sub>-e EMITTED  
IN 2013

ABSOLUTE  
CARBON EMISSIONS  
INCREASED BY

**16%**

FROM 2009 BASELINE,  
DUE TO ORGANIC  
GROWTH

PLANTATION  
UPSTREAM EMISSIONS  
INTENSITY REDUCED BY

**11%**

FROM 2009 LEVELS

**55%**

OF GROUP'S  
OPERATIONAL  
EMISSIONS AVOIDED  
VIA BIOMASS

AIM TO  
REDUCE PLANTATION  
UPSTREAM EMISSIONS  
INTENSITY BY

**40%**

BY 2020, FROM 2009  
LEVELS



**UP TO 10**

BIOGAS PLANTS TO BE  
BUILT IN FY2015

<sup>1</sup> Sime Darby's carbon inventory is prepared on a calendar year basis, so its most current data included in this Report is for the period 1 January – 31 December 2013.

<sup>2</sup> For more details on Scope One and Scope Two definition, please refer to [www.ghgprotocol.org](http://www.ghgprotocol.org)

<sup>3</sup> Operational emissions are Sime Darby's Scope One and Scope Two emissions, excluding Land Use, Land Use Change & Forestry (LULUCF) emissions.

<sup>4</sup> Operational emissions refer to emissions from effluent treatment, fertiliser use, fuel use, and purchased utility (electricity and steam).

\* These carbon inventory data has been independently audited. Read the Independent Assurance Report at pages 404 and 405.

### Carbon Reduction Initiatives

Composting Palm Oil Mill Effluent (POME) and empty fruit bunches reduce carbon emissions and produce an enriched organic fertiliser that is applied at Plantation's estates. Twenty-two composting projects across Plantation Division's Malaysian estates saved around 140,000 tCO<sub>2</sub>-e this year. Four of these projects (Lavang, Pekaka, Kerdu, Merotai) are registered under the Kyoto Protocol's Clean Development Mechanism (CDM), which delivered 183,897 certified emissions reductions (CER) and total net revenue of nearly RM5.9 million since the beginning of the project.

The Division's biogas projects capture methane emissions for electricity generation, compressed natural gas bottling and flaring. This year, Plantation continued to operate two biogas power plants at its West and Tennamaram mills in Peninsular Malaysia. The Division is investigating the feasibility of methane capture projects for all Sime Darby Plantation Mills in Malaysia and Indonesia. Ten biogas projects were initiated in FY2014 and are estimated to reduce the Division's carbon emissions by approximately 290,000 tCO<sub>2</sub>-e. A further seven projects are anticipated to commence in FY2015.

### Evaluating Sime Darby's Approach

Sime Darby monitors its carbon emissions through a Group-wide Sustainability Management System (SMS). The Group's approach to carbon management is reviewed quarterly and a Carbon Inventory Report is prepared annually. The outcomes of both review processes are presented to the Sime Darby Board for discussion and approval.

The Group's carbon baseline was re-stated this year to exclude emissions from the recently divested Healthcare Division and to correct calculation errors in the data capture system used prior to the introduction of the SMS this year.

Plantation Division data on actual POME volume was obtained from the Division's management system this year. Previously, POME volume was estimated based on a fixed multiplier of total fresh fruit bunch weightage.

The carbon emissions calculation currently do not include emissions from land use conversion and carbon sequestration from growth of oil palm trees. The methodology around this area is still under evaluation as it is regarded as highly controversial. However, once they are included, the total emissions of the Group may differ significantly and will require a re-statement of the carbon baseline. Sime Darby plans to include the calculations in its public reporting once evaluations on the appropriate methodology to be adopted has been finalised.

### Sime Darby Group Total Carbon Emissions

	2009 (BASELINE)	2010	2011	2012	2013
<b>Total (tCO<sub>2</sub>-e)</b>	<b>3,136,105.04</b>	<b>2,958,821.96</b>	<b>3,155,433.98</b>	<b>3,736,111.97</b>	<b>3,622,651.07*</b>
Plantation	2,586,992.16	2,303,709.53	2,558,340.31	2,959,979.97	2,328,360.19
Industrial	35,742.67	34,384.71	37,440.88	47,813.99	41,913.39
Motors	26,913.73	37,292.98	54,546.20	58,064.66	66,280.15
Property	37,324.13	45,667.59	51,860.23	47,134.07	76,023.68
Energy & Utilities (China)	6,576.51	15,175.10	20,035.99	21,594.42	23,775.63
Energy & Utilities (Non-China)	442,555.84	522,592.05	433,210.37	601,524.86	1,086,298.03

### Sime Darby Group Carbon Emissions Intensities

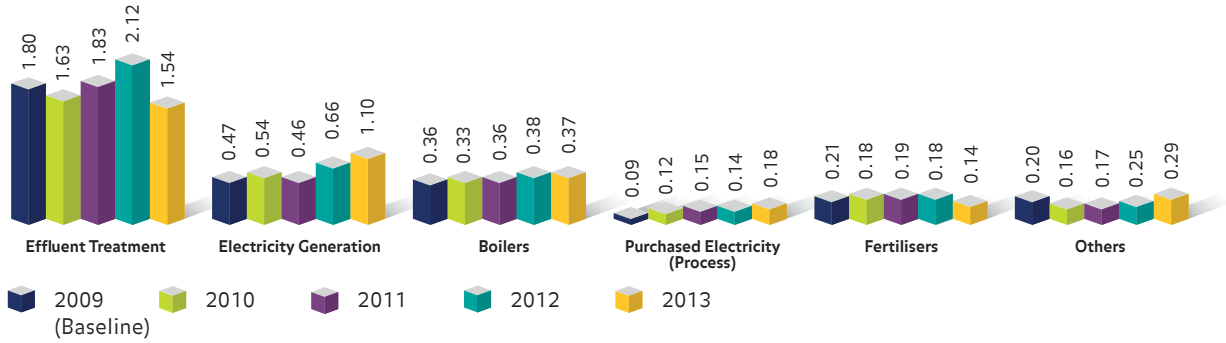
	INTENSITY UNIT	2009 (BASELINE)	2010	2011	2012	2013	2020 (TARGET)
Plantation Upstream	Emission intensity tCO <sub>2</sub> -e/MT Crude Palm Oil	1.06	1.04	1.03	1.01	0.94*	0.64
Plantation Downstream	Emission intensity tCO <sub>2</sub> -e/10 MT refined product	0.85	0.82	0.79	1.01	1.08*	0.77
Industrial	tCO <sub>2</sub> -e/1,000 work hours	2.70	2.45	2.37	2.70	2.16	2.05
Motors	Emission intensity tCO <sub>2</sub> -e/unit vehicles assembled	0.47	0.37	0.51	0.45	0.55	Incremental reduction <sup>1</sup>
Property	Emission intensity tCO <sub>2</sub> -e/100 m <sup>2</sup>	1.37	1.35	1.49	1.32	1.35	1.26
Energy & Utilities	Emission intensity tCO <sub>2</sub> -e/MWh	0.55	0.50	0.52	0.52	0.65	Incremental reduction

<sup>1</sup> Incremental carbon reduction targets set for Motors and Energy & Utilities are due to the nature of their operations and their current intensities, which have been found to have limited opportunities for reduction at this point in time. Sime Darby's carbon reduction strategy currently focuses on its Plantation Division which contributes the majority of the Group's carbon emissions.

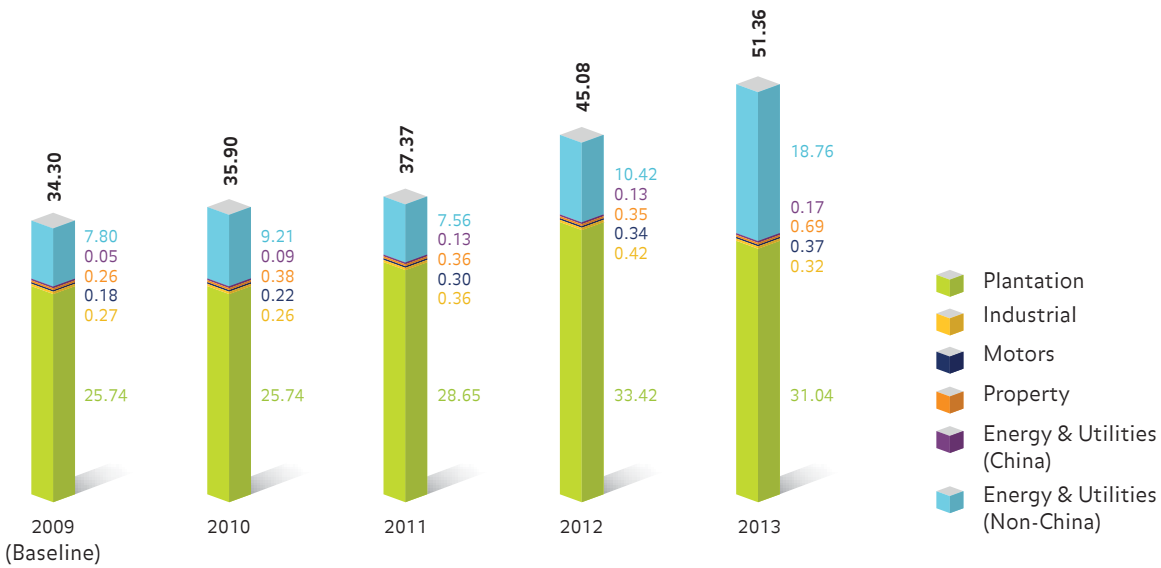
\* These Sime Darby's carbon inventory data has been independently audited. Read the Independent Assurance Report at pages 404 and 405.

# GROUP CARBON MANAGEMENT REVIEW

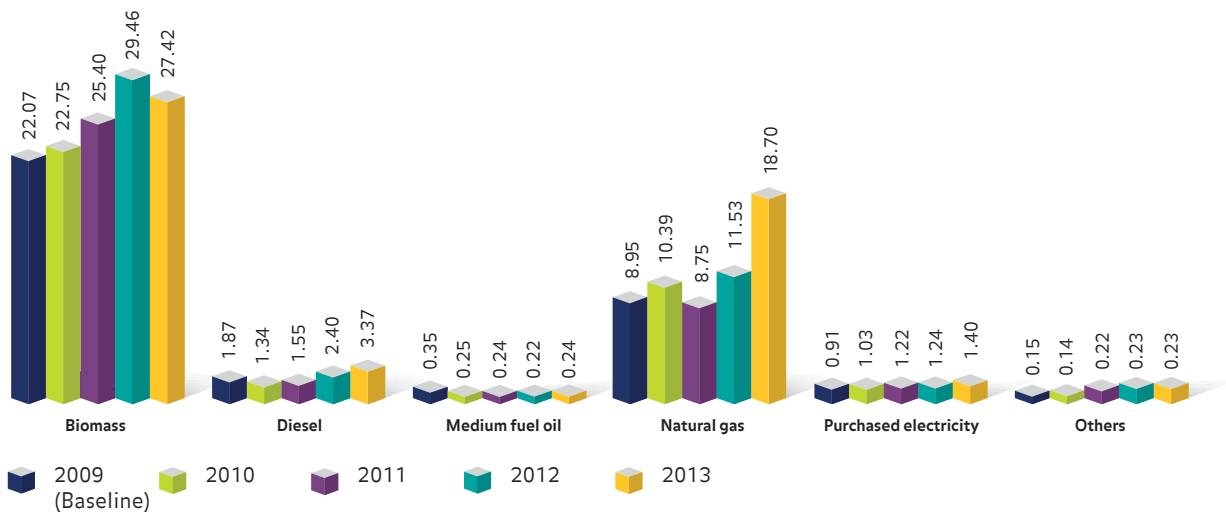
**Sime Darby Group Top 5 Emission Sources**  
(in million tonnes CO<sub>2</sub>-e)



**Sime Darby Group Total Energy Consumption**  
(in million GJ)



**Sime Darby Group Breakdown of Energy Consumption by Fuel Type**  
(in million GJ)



## GROUP PROCESS IMPROVEMENT REVIEW

### LEAN SIX SIGMA

Sime Darby's Lean Six Sigma (LSS) business management strategy outlines the framework for LSS culture and governance, projects identification, strategy implementation and capacity building aims to deliver RM775 million of accumulated benefits by FY2017. LSS delivered RM123.29 million\* in actual benefits in FY2014, exceeding the target of RM50 million for that period. All Divisions contributed to the exceptional result, with Plantation and Property Divisions contributing about a third of the Group's benefits and Industrial Division contributing around a quarter. The Procurement teams were also important contributors to the success of the LSS. Since the introduction of the LSS collaboration at Sime Darby's Procurement Leadership Council last year, LSS benefits from procurement have accounted for around half of the total benefits achieved.

### Training and Development

Sime Darby has invested heavily in the training and development of its senior managers and employees to drive the LSS business management strategy.

Senior managers are trained as LSS Champions to provide leadership and support to employees implementing LSS projects. This Workshop equipped senior managers to support their business through LSS; understand their roles and responsibilities as a Champion; identify, select and prioritise LSS projects as well as support its deployment. This programme will be rolled out to the other Divisions in the coming financial year.

16 Sime Darby employees graduated from the Sime Darby LSS Black Belt Programme in FY2014. After two years of intensive training and practise alongside their work roles, the graduates have harvested benefits of RM8 million. They have also coached 65 other LSS projects, which contributed a further RM21 million to the RM116 million of benefits accumulated since FY2013.

Five of the graduates were also awarded the American Society for Quality (ASQ) Six Sigma Black Belt Certification, which recognises their competency in the application of Six Sigma methodology.

**RM123.29  
MILLION\***

BENEFITS ACHIEVED  
FOR FY2014

LSS PROJECTS  
TARGET BENEFITS

**RM775  
MILLION**

OVER 5 YEARS

**16**

**BLACK BELTS**

TRAINED AND  
INTERNALLY CERTIFIED  
THIS YEAR

**RM100  
MILLION**

BENEFITS TO BE  
ACHIEVED IN FY2015

**5**

**BLACK BELTS**

ASQ CERTIFIED

\* The LSS actual benefits data has been independently audited. Read the Independent Assurance Report at pages 404 and 405.

# GROUP PROCESS IMPROVEMENT REVIEW

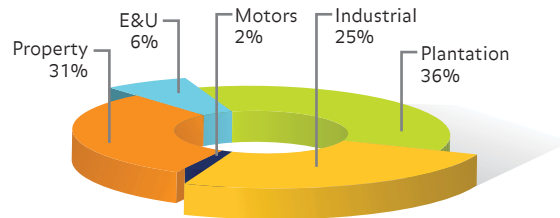
## Sime Darby's LSS Approach

Group and Divisional LSS Blueprints are reviewed annually. An LSS Retreat is held each year to review and update LSS Blueprint targets and planned activities to reflect the dynamic nature of the organisation. Seventy LSS-trained employees from across the business attended the 2014 Retreat to share the progress of LSS deployment in their Divisions and to address any updates made to the Blueprints. A panel of strategy experts contributed to the review process.

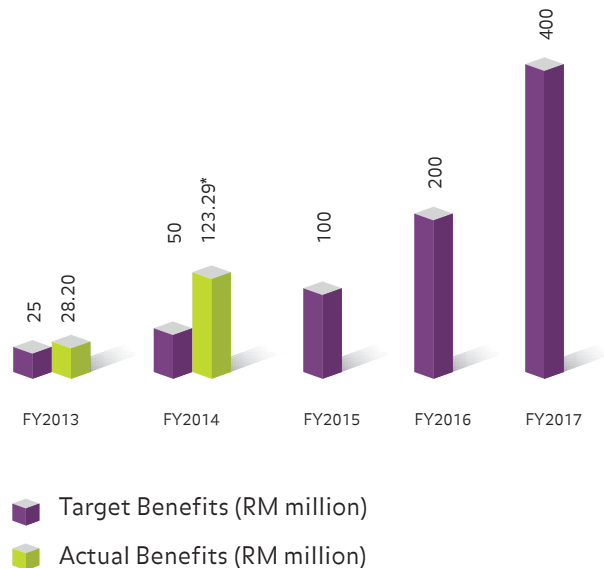
Project mining activities are completed prior to the end of each financial year. The Divisional Executive Vice Presidents and Chief Financial Officers approve an annual LSS project plan by May each year that specifies targeted benefit milestones in the following year.

## Sime Darby Group Breakdown of Lean Six Sigma Benefits in FY2014 by Division

RM123.29 million\*



## Sime Darby Group Lean Six Sigma Actual vs Target Benefits



\* These Sime Darby's LSS actual benefits data has been independently audited. Read the Independent Assurance Report at pages 404 and 405.

## GROUP SOCIAL PERFORMANCE REVIEW

Sime Darby aims to be a responsible corporate citizen, an employer of choice and a contributing member of society. The Group appreciates that a strong sustainable business does not only refer to profits but also means that no one is left behind. It respects and appreciates that human rights are interrelated, interdependent and indivisible, and that the needs and expectations of stakeholders differ from one place to another.

The Group is cognisant of the rule of law where it operates, international and local industry requirements and socio-cultural norms. It strives to continuously improve. Where challenging areas are identified, the Group works closely with necessary stakeholders to address them. It is also constantly on the look out for partners who share the same core values to make a meaningful contribution and positive impact to society.

This section aims to provide a highlight of some of the initiatives undertaken by the Group.

### Sime Darby Group Employees

	FY2011	FY2012	FY2013	FY2014
Total Number of Employees	106,146	108,675	110,645	<b>103,507</b>

### Sime Darby Group Breakdown of Employees by Gender

	FY2011	FY2012	FY2013	FY2014
Male	74%	74%	78%	<b>77%</b>
Female	26%	26%	22%	<b>23%</b>

### FOR EMPLOYEES

#### Group Human Resources Strategy

Human Resources at Sime Darby is a key enabler to operationalise the Group's strategic goals. The Group's Human Resources 5-Year strategy and roadmap was developed to instil and enhance a performance and value-driven culture for the organisation. The focus of the Strategy was on fostering strong individual and organisational performance, intensifying talent and leadership development and putting up effective tools and programmes to identify, attract and retain needed talent.

In addition, to drive sustainable performance, Sime Darby pays special attention to employee engagement, enhancing workforce effectiveness and diversity, transparency and strengthening grievance mechanisms.

### Sime Darby Group Breakdown of Employees by Division for FY2014

	PLANTATION	INDUSTRIAL	MOTORS	PROPERTY	ENERGY & UTILITIES	GHO & OTHER BUSINESSES
Division	79,888	8,834	9,787	1,680	1,882	1,436
Executive	3,049	1,759	1,407	591	508	969
Non-Executive	14,275	7,075	8,380	1,089	1,374	467
General workers	62,564	-	-	-	-	-

# GROUP SOCIAL PERFORMANCE REVIEW

## Performance Management

The global roll-out of the Sime Darby Performance Management System was completed this year. The universal approach aims to ensure that individual key performance indicators are aligned to Divisional and Group strategy, and provides a more structured approach to managing poor performance through the Performance Improvement Programme (PIP). Sime Darby monitors the performance of its employees twice a year through mid-year and year-end reviews. The mid-year review is used to identify and mitigate gaps in individual performance.

## Talent and Leadership Development

The Group continues to strengthen its succession planning by identifying potential successors into all critical positions and closing the readiness gap through implementing suitable intervention plans across the Group. Accelerated Leaders Programme continues to be implemented as one of the vehicles to equip high capability talent with required leadership skills.

Sime Darby continues to focus on training and development as part of its continuous learning programme. The Sime Darby Leadership Development Centre organised a total of 226 learning sessions for more than 4,000 participants in FY2014. The mandatory Core Executive Programme was expanded to Indonesia and China to enhance the leadership skills of employees. Customer Services Excellence Programmes were delivered to more than 400 participants with the aim of inspiring business performance and service levels. The Group also partnered with four Malaysian consulting companies (Accenture, Aon Hewitt, Frost & Sullivan and Towers Watson) to roll out a talent exchange programme.

Sime Darby's Long Term Incentive Plan (LTIP) was rolled out in FY2014. The LTIP is a long-term performance-based share/cash scheme designed to recognise employees' contributions and reward them for their commitment and support in achieving the Company's long-term goals. The LTIP complements the Group's Total Rewards Framework, which also consists of Base Salary, Benefits and Short Term Incentive Plan (STIP) or Annual Bonus, and is considered as one of the most effective retention tools in Talent Management.

## Diversity and Inclusion

Sime Darby believes in the potential and strength of its diversity. The Group's efforts are centred on developing a conducive environment with equal opportunity that fosters mutual respect, operational efficiency and good working relations. Discrimination on grounds of gender, race, colour, ethnicity, religion and national origin, amongst others, is not tolerated.

For FY2014, numerous programmes and initiatives were implemented and enhanced to ensure that the Group continues to embed the respect for diversity and inclusion in its strategy and operations. The Women in Leadership Forum Series (WLFS) for example, was developed to promote the participation of women in the workforce and in leadership roles. Around 120 female employees attended each session to gain insight on networking, leadership skills and work-life balance from senior women leaders.

In the operations, the Group ensures that the availability of child care facilities, nursing rooms and trained community personnel help to support this commitment. The Plantation Division has provided training for over 100 child care workers, 120 hospital and medical assistants, estate managers and foreign workers.

Policies and standard operating procedures are also in place to ensure that discrimination and harassment are eradicated. Efforts to foster mutual respect and the appreciation of cultural diversity continues to be carried out both in Malaysia and abroad. Appreciating the numerous ethnicities that make up the Sime Darby Group, cultural diversity workshops were held in most Divisions and cultural events were celebrated together throughout the year.

## Collective Bargaining Arrangements

Sime Darby respects the rights of its employees to freedom of association and aims to maintain an open and effective relationship with employees. Approximately 74,000 employees (over 70%) were covered by collective bargaining arrangements in FY2014. They were represented by 46 collective bargaining agreements in eight countries, namely, Malaysia, Indonesia, Australia, Singapore, Liberia, Vietnam, South Africa and the Netherlands. This year, the Group ran a series of focus groups for selected employee clusters that are not part of the collective agreements, such as those with administrative roles. The sessions were aimed at ensuring that their workplace issues and concerns continue to be recognised and effectively addressed where possible.

### Foreign Workers Rights

Sime Darby does not employ forced or compulsory labour. The Group works closely with all necessary stakeholders to ensure that its foreign workers are treated with dignity and respect, and their rights upheld. In FY2014, emphasis was given to foreign worker passport retention. To prevent loss or theft, the Group obtains the permission of foreign workers prior to retaining their passports. These workers are provided with a letter of consent in their native language to verify that their consent has been given. Throughout their contract with the Group, team leaders and interpreters are also on-hand to help explain matters and become a conduit to escalate their concerns and grievances to the management.

Periodical reviews are also done to ensure that housing, medical and other amenities are well provided. The quality of housing and facilities for both local and foreign workers at Sime Darby Plantation estates, for example, is improving, with three new centralised housing complexes (CHC) under construction this year. The CHCs will be completed at three Malaysian estates in FY2015 and a further three CHCs are budgeted for development during the period. Existing workers' quarters and amenities continue to be upgraded throughout the Division's operations.

A standard minimum wage was also implemented throughout the Plantation operations this year. In Upstream Indonesia, changes were made in line with the Indonesian government's annual review of provincial minimum wage.

### Grievance Mechanisms

Sime Darby strives to manage and respond to all grievances between the Group and its employee(s) or third parties fairly, effectively and locally. The Sime Darby Grievance Procedure supports its employees and management in the appropriate escalation and management of grievance(s). The Procedure aims to settle each grievance at the lowest level possible. This includes the lowest organisational management level and/or point of origin. Parties can report a whistleblowing complaint if they are aware of any wrongdoing. Sime Darby's whistleblowing channels are available in the corporate website.

### Employee Engagement

Sime Darby believes that employee engagement plays a critical role in business performance. Hence, the Group Employee Engagement Survey (GEES) was continued in FY2014. A total of 41,378 employees representing 13 countries were surveyed. The response rate of 95% signify the importance of this survey to employees and this was reflected in the improvement score result for the Group which was higher than the average engagement score amongst organisations in Malaysia.

The Survey confirmed that the Group's values, its approach to safety, performance management, goal setting and objectives are well accepted internally. From the results, the respective Divisions continue to enhance their employee engagement initiatives through the continuous implementation of the planned Result-to-Action Programmes (R2A).

For the third year in a row, the Human Resources Open Day (HR4U) was held at the Group and Plantation Head Offices. More than 3,600 employees from all Divisions attended the three-day event. HR4U aims to promote Sime Darby's Employment Value Proposition (EVP) and address individual queries about employment and development options within the Group.

### FOR EMPLOYEES AND EXTERNAL STAKEHOLDERS

In all operations, the Group strives to make a positive impact and protect the rights and needs of all employees and stakeholders as highlighted in the earlier section on stakeholder groups. Amongst others, Sime Darby provides employment, raises the standard of living and assists communities with their needs and concerns. This commitment is in line with the Group's larger strategy of being a responsible, contributing corporate citizen.

### Free Prior Informed Consent

In the past financial year, Sime Darby has improved its Free, Prior and Informed Consent (FPIC) processes by working with independent consultants to ensure that its efforts are transparent when interfacing with local communities. Sime Darby is committed to gain the FPIC of local communities and relevant local stakeholders before embarking on any new development in any of its countries of operations. Please refer to the Plantation Operational Review and the Sime Darby Plantation Sustainability Report 2014 for more information.



## GROUP SOCIAL PERFORMANCE REVIEW

### Community Participation

Sime Darby strongly believes in working together with communities in areas in which it operates to jointly resolve issues and concerns. For example, the Sustainable Partnership Initiative (SPI) was launched by Sime Darby Plantation Liberia (SDPL) and Green Advocates, a Liberian non-governmental organisation in 2013. It was designed as a multi-stakeholder platform involving local communities, civil society organisations, government and its agencies, international organisations and academic institutions. These stakeholders collaborate to provide guidance on social and environmental issues and concerns. The SPI's ultimate objective is to develop a new, sustainable model for large scale plantation development in Liberia. For more information, please refer to Sime Darby's website at [www.simedarby.com](http://www.simedarby.com)

### Social Policy

Sime Darby believes that development must also be socially beneficial. The Plantation Division is governed by a Social Policy, which covers areas such as non-discrimination, identification of social benefits that mutually contribute to the Company and local communities, upholding of customary rights of local communities, prevention of sexual harassment and freedom of association, amongst others. It does not condone forced or child labour. More information on the policy and Sime Darby's practices within the Plantation Division can be found in Sime Darby Plantation Sustainability Report 2014 and its website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com)

### Gender Policy

Sime Darby is committed to gender equality in the workplace. For example, Gender committees have been established in the Malaysian and Indonesian estates and mills in the Plantation Division. The committees create opportunities for the development of women leadership, ensure the active participation of female employees in the estates' decision-making and are key requirements of the Roundtable on Sustainable Palm Oil (RSPO) certification. Committee members range from office staff to general workers. Training and support are provided to enhance the leadership capacity of the participating women. For more information, please refer to Sime Darby Plantation Sustainability Report 2014.

### Child Protection Policy and Children's Rights

Developed in 2010, Sime Darby's Child Protection Policy upholds the rights of children, particularly in the areas where it operates. The Policy outlines the need to maintain a child safe environment beyond issues of child labour and the responsibility of its stakeholders in operationalising children's rights in business operations. The Policy is operationalised through various initiatives in an effort to create a well-informed environment. A monitoring and reporting structure has also been established to escalate any concerns in relation to children.

In 2013, the United Nations Children's Fund (UNICEF), the United Nations Global Compact and Save the Children launched the Children's Rights and Business Principles (CRBP) - the first comprehensive set of principles to guide companies to address children's rights in business operations. Sime Darby, together with over 30 other companies, were involved in the development of the implementation tool kit and workbook.

1,356

WORKPLACE  
CHILDCARE FACILITIES  
PROVIDED

1,358

CHILD RIGHTS AND  
CHILD DEVELOPMENT  
INITIATIVES  
CONDUCTED

3,575

BENEFICIARIES  
ENGAGED IN CHILDREN'S  
RIGHTS AND CHILD  
PROTECTION POLICY

During the year, Sime Darby worked closely with UNICEF to conduct various trainings with key business functions within the Group. This has led to an on-going impact assessment that aims to integrate child rights through key areas of, amongst others, vendor management, marketing, communications, human resources and information technology (IT).

The Group's commitment has also extended to include employees' children and members of civil society. A total of 21 School Holiday Camps have been conducted in an effort to engage, empower and educate employees children on child protection issues. Sime Darby collaborated with the Association of Registered Childcare Providers Malaysia (ARCPM) to advocate for children's rights through workshops and trainings for over 1,400 beneficiaries from NGOs, members of the public, child care operators and government agencies.

The Group shall continue to work closely with key stakeholders on identifying challenges and opportunities to integrate children's rights in its business operations. This will include integration of business principles in vendor management, amongst others. More information on its commitment is available on [www.simedarby.com/cr](http://www.simedarby.com/cr)

### Volunteerism

The Sime Darby Volunteers Programme kicked off in 2010 with the aim to increase employees' *esprit de corps*, foster teamwork and enhance the camaraderie and a sense of belonging to the Sime Darby Group. The Programme encourages employees to not only realise that their individual contributions can make a change, but that their efforts can create a positive impact on society and its environment. Initiatives are designed to leverage and match, wherever possible, volunteers' skills and preferences with projects developed based on feedback, interests, stakeholder needs and the Sime Darby Group's areas of expertise.

A wide range of volunteering efforts is conducted in over five countries. This ranges from improving the lives of orphans, old folks and the underprivileged, to promoting the protection and conservation of the environment. In FY2014, a cumulative total of 3,937 volunteers participated in over 45 volunteer initiatives Group-wide. The Sime Darby Volunteers Programme portal (<https://volunteer.simedarby.com/>) recorded 4,497 volunteer hours. A notable initiative during this period is the volunteer response to the disaster relief efforts during the floods that impacted the East Coast of Malaysia in December. Approximately 190 volunteers were mobilised to pack and distribute relief aid to over 20,000 beneficiaries.

### Philanthropy

Sime Darby Foundation (YSD) strength is in the development of the Group's social responsibility to support numerous charitable initiatives in Malaysia and abroad. YSD has grown to become Sime Darby's enabler in creating value and impact to society and the environment beyond business operations. The Community and Health Pillar aims to not only improve the welfare and well-being of disadvantaged groups but also support national policy change to protect basic human rights. Some notable initiatives in FY2014 include Independent Living Skills Programmes for the hearing-impaired and work with the refuge centre for battered women and children.

Through its Education Pillar, YSD supports initiatives that provide and improve access to education for the underprivileged. Underpinning this is the Group's belief that education is an integral component to economic growth in societies. Over 300 students in Malaysia and abroad have benefitted from an investment worth over RM19 million. This includes the International Scholarship and Bursary Programme in Liberia which was established to provide education opportunities for students from Liberia. More details on YSD's Programmes supporting human rights can be found in the Yayasan Sime Darby Annual Report 2014.

### Evaluating Sime Darby's Approach

Social performance at Sime Darby is managed by multiple functions within the Group. Each function will have its own management committee structures that assist to monitor and evaluate, propose improvements and develop action plans to be implemented and operationalised.

The Group Human Resources Management Committee and Group Corporate Responsibility Committee meets bi-monthly whilst the Group Sustainability Management Committee meets quarterly to discuss and review relevant processes and initiatives. In addition to its quarterly Council of Governance meetings, Yayasan Sime Darby also holds periodical special interest group meetings to update the Group and discuss projects of mutual interest.

## SUSTAINABLE THOUGHT LEADERSHIP

Sime Darby plays an active role in the membership that it participates in and is a signatory in key organisations that debate, challenge and lead sustainability performance across the world. The Group proactively promotes sustainability and assists in the development of sectoral best practices and standards.

Sime Darby was one of the first largest palm oil producers in the world to sign the Sustainable Palm Oil Manifesto in FY2014. The Manifesto commits its signatories to no deforestation, creating traceable and transparent supply chains and protecting peat areas, while ensuring economic and social benefits for the local people and communities where oil palm is grown. The standards are higher than, and in addition to, those set by the Roundtable on Sustainable Palm Oil (RSPO), of which Sime Darby is a signatory and founding member.

The Company has been a proud contributor to the development of the United Nations Global Compact's Food and Agriculture Business (FAB) Principles. The Principles are the first set of global voluntary business principles for the food and agriculture industry. Sime Darby Group has served as a member of the Core Advisory and Steering Group since 2012.

Amongst others, Sime Darby is an active member of the following organisations:

ASSOCIATION	MEMBERSHIP STATUS	REACH
Roundtable on Sustainable Palm Oil (RSPO)	<ul style="list-style-type: none"> <li>Executive Board member</li> <li>Member and Secretariat for the taskforce to undertake the Malaysian National Interpretation (MYNI) review of the RSPO Principles and Criteria</li> <li>Steering Committee member for Liberia RSPO National Technical Working Group</li> <li>Member of Human Rights Working Group, Emission Reduction Working Group, Biodiversity and High Conservation Value (HCV) Working Group, the Compensation Task Force and the Certified Sustainable Palm Kernel Oil (CSPKO) Working Group for Etrace</li> </ul>	Global
World Business Council for Sustainable Development (WBCSD)	Attendance at Liaison Delegates meetings. This includes a position on the Executive Committee of the Business Council for Sustainability and Responsibility Malaysia (BCSRM), the Malaysian network partner of the WBCSD	Global
United Nations Global Compact	Core Advisory and Steering Group member for the Food and Agriculture Business Principles	Global
United Nations Children's Fund (UNICEF)	Member of the working group on Children Rights and Business Principles Tool Kit	Global
Global Business Initiative (GBI) on Human Rights	Learning and sharing at GBI member network meetings and outreach programmes	Global
Smallholder Acceleration and REDD+ Programme (SHARP)	Founding member and currently serving on the Executive Board	Global
Malaysian Sustainable Palm Oil (MSPO) Standard	Member of the Technical Working Committee for the development and drafting of the MSPO standards and guidance	Malaysia

For the full list of corporate memberships please refer to [www.simedarby.com](http://www.simedarby.com)

# Plantation



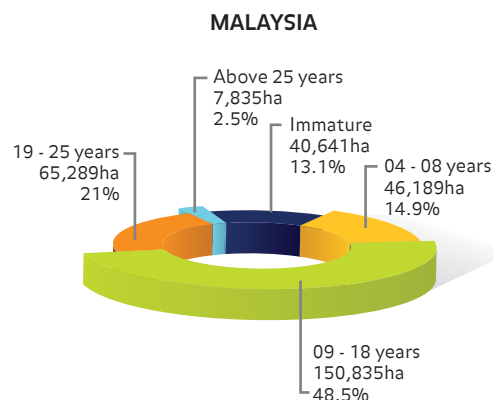
World's Largest Listed  
Oil Palm Plantation  
Company\*



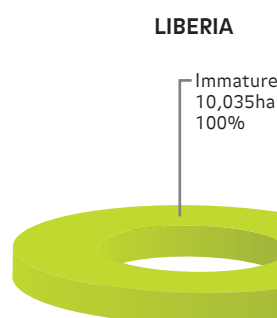
*\*in terms of planted area*

# PLANTATION UPSTREAM - OPERATIONAL STATISTICS

## AGE PROFILE



	FY2012			
	MALAYSIA	INDONESIA	LIBERIA	TOTAL
<b>Oil Palm</b>				
Crop Production - FFB (in MT)	6,264,269	3,498,353	-	9,762,622
<b>FFB Processed - FFB (in MT)</b>				
- Own	6,262,337	3,483,031	-	9,745,368
- Outside	694,330	754,896	-	1,449,226
- Total	6,956,667	4,237,927	-	11,194,594
<b>Hectarage (in Hectares)</b>				
Mature hectares	277,070	195,086	-	472,156
Immature hectares	37,224	9,759	3,350	50,333
Total planted hectares	314,294	204,845	3,350	522,489
FFB yield per mature hectare (MT)	22.48	17.80	-	20.54
<b>Mill production (in MT)</b>				
- Palm Oil (CPO)	1,477,512	964,477	-	2,441,989
- Palm Kernel (PK)	354,872	197,430	-	552,302
CPO Extraction Rate (%)	21.24	22.76	-	21.81
PK Extraction Rate (%)	5.10	4.66	-	4.93
<b>Average selling prices (RM per tonne)</b>				
- Palm Oil (before sales tax)	3,155	2,564	-	2,925
- Palm Kernel (before sales tax)	1,861	1,187	-	1,624
<b>Rubber</b>				
Planted Area (hectares)	7,862	-	-	7,862
Rubber production ('000kg)	11,049	-	-	11,049
Yield per mature hectare (kg)	1,977	-	-	1,977
Average selling price (RM per kg)	12.88	-	-	12.88



FY2013				FY2014			
MALAYSIA	INDONESIA	LIBERIA	TOTAL	MALAYSIA	INDONESIA	LIBERIA	TOTAL
6,186,517	3,946,123	-	10,132,640	5,994,240	3,424,080	-	9,418,320
6,183,741	3,830,171	-	10,013,912	5,992,338	3,384,166	-	9,376,504
448,641	857,160	-	1,305,801	385,497	761,534	-	1,147,031
6,632,382	4,687,331	-	11,319,713	6,377,835	4,145,700	-	10,523,535
274,855	191,994	-	466,849	270,148	185,408	-	455,556
37,940	12,511	8,025	58,476	40,641	19,058	10,035	69,734
312,795	204,505	8,025	525,325	310,789	204,466	10,035	525,290
22.45	20.21	-	21.52	22.00	18.23	-	20.44
1,413,057	1,053,311	-	2,466,368	1,373,007	927,803	-	2,300,810
336,617	220,168	-	556,785	328,563	193,567	-	522,130
21.31	22.47	-	21.79	21.53	22.38	-	21.86
5.08	4.70	-	4.92	5.15	4.67	-	4.96
2,504	2,064	-	2,317	2,509	2,364	-	2,451
1,248	837	-	1,087	1,692	1,302	-	1,553
7,811	-	-	7,811	8,642	-	107	8,749
9,957	-	-	9,957	9,764	-	-	9,764
1,975	-	-	1,975	2,036	-	-	2,036
9.53	-	-	9.53	8.20	-	-	8.20

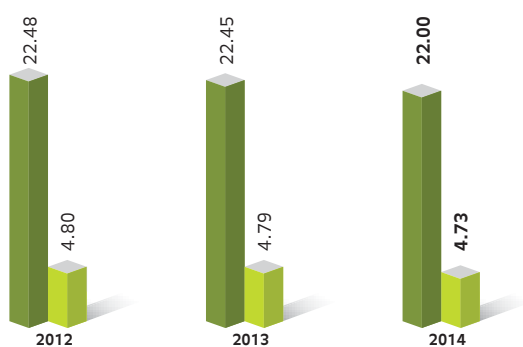
## HECTARAGE

OIL PALM	MALAYSIA				INDONESIA	LIBERIA	TOTAL
	PENINSULAR	SABAH	SARAWAK	TOTAL MALAYSIA			
Immature	29,977	5,868	4,796	40,641	19,058	10,035	69,734
Mature	194,900	41,079	34,169	270,147	185,408	-	455,556
Total Planted - Oil Palm	224,877	46,947	38,965	310,789	204,466	10,035	525,290

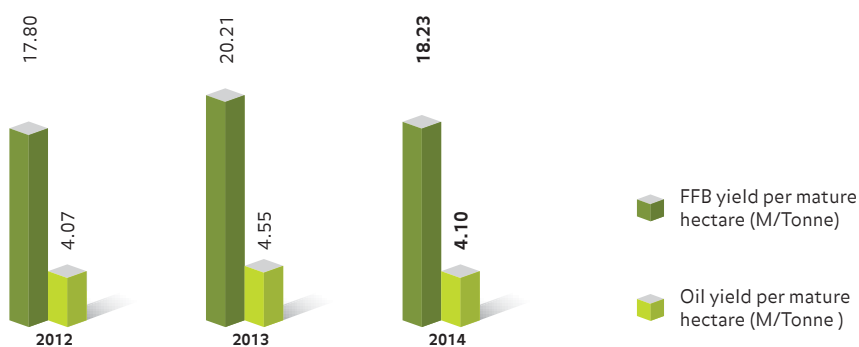
RUBBER	MALAYSIA				INDONESIA	LIBERIA	TOTAL
	PENINSULAR	SABAH	SARAWAK	TOTAL MALAYSIA			
Immature	3,949	-	-	3,949	-	107	4,056
Mature	4,693	-	-	4,693	-	-	4,693
Total Planted - Rubber	8,642	-	-	8,642	-	107	8,749

## FFB YIELD/OIL YIELD

## MALAYSIA



## INDONESIA



Note: FFB yield breakdown by specific zone in both countries are available at [www.simedarbyplantation.com](http://www.simedarbyplantation.com)

## SIME DARBY PLANTATION BOARD MEMBERS



1. Tan Sri Dato' Abdul Ghani Othman (Chairman)
2. Tan Sri Datuk Dr Yusof Basiran
3. Dato' Henry Sackville Barlow
4. Tan Sri Dato' Seri Mohd Bakke Salleh
5. Dato' Seri Abd Wahab Maskan
6. Datuk Franki Anthony Dass
7. Dato' Che Abdullah @ Rashidi Che Omar
8. Encik Rosely Kusip
9. Dato' Idris Kechot



# OPERATIONS REVIEW PLANTATION

## WHO WE ARE

Sime Darby Plantation is the agri-business arm of the Sime Darby Group. As an integrated plantation company, Sime Darby Plantation is involved in the full spectrum of the palm oil value chain. Its current Upstream operations, which consist predominantly of oil palm cultivation, harvesting and milling, are spread across 534,245 hectares of planted areas in Malaysia, Indonesia and Liberia. The Company's land bank currently stands at 860,454 hectares across these three countries. Its Downstream business involves the manufacturing of oils and fats products, oleochemicals, palm oil-based biodiesel and other palm oil derivatives, as well as the sales and marketing activities of these products. Alongside oil palm, the Company is also involved in other agri-business activities, the cultivation of rubber as well as in the consumer goods sector, producing cooking oil and fruit juices, among others.

Sime Darby Plantation is the world's largest producer of Certified Sustainable Palm Oil (CSPO). It is a leader in plantation sustainability, with 93% of its annual crude palm oil and 94% of its annual palm kernel production RSPO certified in FY2014.

As a co-founding member of the RSPO, the Plantation Division is committed to implementing the independent, approved certification schemes in its Upstream (estates and mills) and Downstream (refining) operations worldwide.

Plantation Division employed nearly 80,000 people in FY2014.

## Key Activities

### Upstream

- Oil palm plantations and mills (525,290 hectares planted)
- Rubber plantations and factories (8,749 hectares planted)
- Pink Guava (206 hectares planted)

### Midstream and Downstream

- Palm oil refineries
- Kernel crushing plants
- Production of edible oils and fats products
- Biodiesel production
- Oleochemicals production
- Pink guava juices/purees
- Production of value-added products from renewable palm-based feedstocks
- Phytonutrient Tocotrienol Vitamin E
- Composting plants
- Biogas plants

## Research and Development

- Genome research, plant breeding, planting materials and agronomy
- Engineering technology and development
- Accredited laboratories
- Innovation centres and food nutrition
- Advisory services

## Key Countries and Territories of Operations

- Malaysia
- Indonesia
- Liberia
- Singapore
- Thailand
- Vietnam
- China
- South Africa
- Germany
- Netherlands
- USA
- India

## Financial Summary

- Revenue: RM10,953.5 million
- Profit before Interest and Tax: RM1,874.6 million

## SUMMARY OF STRATEGIES

### Vision

To Be a Leading Integrated Global Plantation Company.

### 5- Year Strategy Blueprint Objectives

- Division : To deliver attractive returns to stakeholders by strengthening Plantation's value chain
- Upstream : To be the Best-in-Class global producer of Green Palm Oil
- Midstream and Downstream : Preferred Global Supplier for Green Palm Products and Competitive and Operationally efficient Downstream business

### Strategic Direction

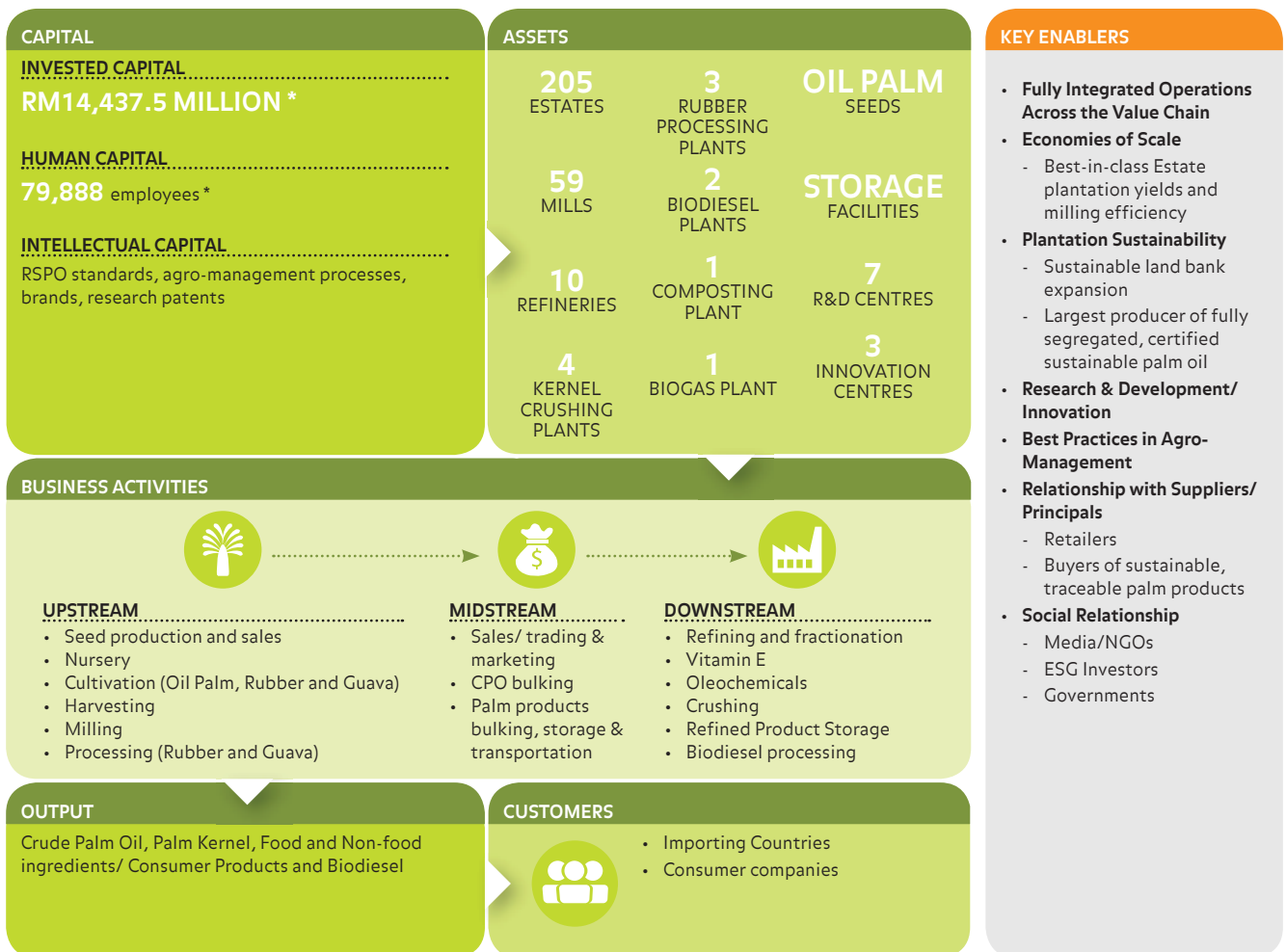
#### Upstream

- Aggressive and proactive land bank expansion while prudent on risks
- Maximise yields, oil extraction rates, operational and cost efficiency
- To be the leading producer of certified and traceable green palm oil
- Drive sustainability practices throughout the palm oil value chain

#### Midstream & Downstream

- Strive for manufacturing and processing excellence
- Focus on high value-added palm products
- Enhance midstream capabilities for greater market positioning
- Organic and inorganic approaches to grow downstream presence

## BUSINESS MODEL



The long-term fundamentals of the Plantation Division remain strong, based on several underlying factors. Global population growth is forecasted to exceed 8.1 billion by 2025 and this will fuel the need for affordable and sustainable food crops, with palm oil being one of the leading and most efficient vegetable oils in the market. Growing consumer awareness about sustainability is driving major consumer corporations to commit towards sourcing sustainable and green feedstock products. Improvement in affluence and living standards also serve as a catalyst in the growing demand for healthier products, increasing global consumption of palm oil.

As the world's largest supplier of certified sustainable palm oil, backed by industry leading research and development and agricultural practices, the Plantation Division is well placed to meet the supply gap generated by growing consumer demand for sustainable and healthy product alternatives. The implementation of biodiesel mandates in Malaysia and Indonesia is also expected

to drive palm oil demand. Indonesia's decision to raise biodiesel usage to B10 and Malaysia's nationwide B5 implementation by July 2014 augur well for palm oil consumption while remaining positive for the longer term CPO price outlook.

The Downstream business is focused on delivering higher value-added products, partnering with Sime Darby Innovation Centres and the Global Trading and Marketing unit to explore new business opportunities and expand market share. The pending application for International Sustainability & Carbon Certification (ISCC) for the Indonesian refineries and kernel crushing plants will enhance Sime Darby's position as the main Global supplier of sustainable products.

The Division's investment in Liberia will benefit the local economy and Sime Darby in the long term. The Group's Oil Palm and Rubber Planting, when matured, will cater to the demand of both local and regional markets.

# OPERATIONS REVIEW PLANTATION

## KEY RISKS AND MITIGATION MEASURES

Apart from the Macroeconomic and Safety and Health risk factors that have been described in the Enterprise Level Risks, the Division's other key risks include:

RISK FACTORS	KEY MITIGATION MEASURES
<b>Resource Scarcity</b> Scarcity of land creates difficulties for operations to exist and expand	<ul style="list-style-type: none"> <li>Sourcing and consideration of strategic partners to expand land bank</li> <li>Develop relationships with governments and relevant authorities to seek and secure large-scale land bank opportunities</li> </ul>
<b>Social/Local community</b> Sustainability challenges arising from environmental and social NGOs related to social and environmental issue	<ul style="list-style-type: none"> <li>Regular proactive engagement/communication with stakeholders (e.g. legislator, local community, NGOs, etc.)</li> <li>Regular Corporate Social Responsibility activities</li> <li>Divisional sustainability function established</li> <li>Partnerships with NGOs to build relationships</li> <li>Establishment of Sustainable Palm Oil Manifesto</li> </ul>
<b>Climate Change</b> Significant change in climate impacts operations (e.g. cropping trend and productivity)	<ul style="list-style-type: none"> <li>Enhance water and soil conservation efforts</li> <li>Better agro-management practices to maximise yields</li> <li>Monitor harvesting operation and quality controls</li> <li>Flood mitigation measures</li> </ul>



## REVIEW OF OPERATIONS

### Oil Palm Upstream

Crop production fell by 7% in FY 2014 due to adverse weather conditions in previous years and a shift in the cropping pattern as well as replanting of 21,357 hectares of old palms. The average yield for its Malaysian operations was 22 MT per hectare, 2% lower than the previous financial year yield of 22.45 MT per hectare. For Upstream Indonesia, the yield achieved was 18.23 MT per hectare, 9.80% lower than the 20.21 MT per hectare achieved in FY 2013 aggravated by the prolonged dry weather, especially in the Kalimantan Selatan region. Our 5 top producing estates in Malaysia have yields between 28.35 – 30.54 MT per hectare while in Indonesia, our top 5 estates achieved yields between 25.38 – 29.24 MT per hectare.



The picturesque vast area of our Elphil Estate and Palm Oil Mill in Perak, clearly depicts young palms alongside more mature palms, grown and managed according to the highest agricultural standards. The hills in the background are left with their natural forest cover intact and the Mill at the centre is the heart of the plantation, located close to its oil palm source.

Overall Oil Extraction Rate (OER) increased to 21.86%, compared to 21.79% in the previous financial year as Upstream Malaysia achieved OER of 21.53% as compared to 21.31% in FY 2013. The highest OER achieved in Malaysia was by Merotai mill in Sabah at 23.16%. For the Indonesia operations, the OER achieved at 22.38% is lower than the previous year at 22.47%, caused by lower extraction rates achieved in Sumatera and Kalimantan Barat mills, due to adverse weather conditions and unexpected major repairs required to certain mills. Teluk Bakau mill achieved the highest OER in Indonesia at 23.55%.

The focus on yield and OER improvements will always remain paramount, as the Division aims to achieve average yield of more than 25 MT per hectare, with an OER of at least 22% by the next three years. The accelerated replanting of the old and low-yielding fields with high-yielding materials is one of the key on-going initiatives the Division has implemented over the last few years. To date, the Division has replanted nearly 70,000 hectares both in Malaysia and Indonesia.

The overall cost of production has increased due to the lower yield and the implementation of standard minimum wage throughout the operations.

## OPERATIONS REVIEW PLANTATION

Upstream Malaysia will introduce mechanisation across 20,000 hectares in Sarawak and Sabah to increase the land-to-man ratio. The quality of replanting is being further improved together with the timing of Legume Cover Crop (LCC) establishment to hasten maturity and yields of the palms. The Division will continue to adopt precision agricultural technology to monitor fertiliser application accuracy and efficiency. Good agricultural management practices will continue to underpin Plantation Upstream's approach, including the use and development of superior planting materials, water conservation and management, integrated pest and disease management, composting to produce organic fertiliser and continuous improvements in milling efficiencies.

Upstream Indonesia has commenced mechanisation feasibility studies at all its estates. The introduction of mechanisation is expected to further improve the harvesters' productivity in Indonesia. To further increase its OER rate, the capacity of the Pematang Mill has been doubled to 60MT/hr, while the replacement of boilers at seven mills will further improve milling efficiency and OER by the end of 2014.

### Development in Liberia

In FY2014, the Plantation Division continued to develop its Liberian concession in accordance with the RSPO New Planting Guidelines. Total planted area at the end of the reporting period was 10,142 hectares, including 10,035 hectares of oil palm and 107 hectares of rubber. An area of 10,000 hectares in Upper Garwula and Grand Cape Mount County will be developed next. Sime Darby Plantation Liberia Inc (SDPL) has completed its Free, Prior and Informed Consent (FPIC) process for a 3,500-hectare gross area at the Gohn and Farlie towns of Zodua. Works on the boundary road to demarcate buffer zone in the new area, as well as land clearing the works, have started. To date, 43km of roads have been constructed and a total of 111 hectares and 84 hectares have been felled and stacked, respectively.

The unfortunate outbreak of the Ebola virus in March 2014 has affected several countries in the West African region and a public emergency crisis has since been declared in Liberia. The Division has taken the necessary steps of evacuating its expatriate team from its Liberian operations. The operations continue to be managed by a team of key local employees and monitored by its expatriate team that has been stationed at a neighbouring country.

SDPL has introduced precautionary measures throughout its operations when the outbreak of the disease first became news. SDPL has since worked closely with international and local health authorities to further raise the awareness of local communities on how to minimise

the risk of contracting the virus. Sime Darby has also donated RM500,000 to the International Federation of Red Cross and Red Crescent Societies, so that community mobilisation and preparedness, as well as awareness and psychosocial support to the Liberian community can continue throughout the crisis. For the year under review, none of the Division's employees or their family members have been infected by the virus.

### Rubber

Despite a record rubber yield of 2,036kg/ha, the highest in the industry, profitability declined in FY2014 due to lower rubber prices caused by oversupply and a reduced mature area. The long-term outlook for rubber is positive, with consumption anticipated to grow by around 3-4% annually. In FY2014, the Division continued its strategy to convert marginal oil palm areas into rubber. To date, 851 hectares in Kedah, Malaysia have been converted and a further 1,000 hectares are planned for conversion in FY2015, including 200 hectares in Johor. New rubber planting is underway in Indonesia and first planting is expected in FY2015.

### Plantation Midstream and Downstream

Plantation Downstream delivered higher-than-targeted profits and enlarged its customer base in FY2014, despite various challenges including the volatility of commodity prices, the weakening of some currencies such as the South African Rand, the slowdown of demand from China, India and Europe, and increased competition from Indonesia. The Midstream and Downstream operations achieved a Profit before Interest and Tax (PBIT) of RM152.4 million.

Lean Six Sigma (LSS) projects delivered RM25.4 million in cost savings in FY2014, with an accumulated benefit of RM41.6 million since the programme commenced in FY2010. The vast majority of Plantation Downstream's executives are Green-Belt trained. Sixteen have been internally certified as LSS Black Belts while two have obtained LSS Black Belt certification from the American Society for Quality (ASQ). Two new Indonesian facilities were commissioned in FY2014, while Sime Darby Jomalina became the first Malaysian facility to be certified with a fully segregated certified supply chain status in October 2013.

Plantation Downstream will continue its focus on achieving manufacturing excellence through its LSS initiatives in FY2015 and targets to have at least one LSS-trained black belt in each refinery. All Indonesian facilities, such as refineries and kernel crushing plants (KCP), including an additional KCP to be commissioned in Central Kalimantan in FY2015, will seek for International Sustainability & Carbon Certification (ISCC). The business will focus on higher value-added products and partner



Ramets, or clonal plants, are raised in a high standard of quality control at the pre-nursery facility in Banting.

with the Division's Innovation Centres and Sime Darby Global Trading and Marketing to explore new business opportunities and expand market share.

### Research & Development

Recognising the unique challenges faced by the oil palm sector, Sime Darby Plantation invests heavily in Research and Development (R&D), making breakthroughs in biotechnology and plantation innovation. In early 2009, the Division achieved a world's first in decoding the oil palm genome, opening up various possibilities in improving the yield and output of this major food crop.

For the year under review, the Plantation Research Advisory (PRA) and Minamas Research Centre (MRC) continued to provide agronomic advisory and fertiliser recommendation services to the Division's estates. PRA also continued its compost and fertiliser sampling and monitoring services to ensure acceptable quality in these products. It was also actively involved in agro-technical feasibility studies evaluating potential new areas for agricultural development globally and conducting training sessions on best agro-management practices.

In maximising oil palm yield to support the competitiveness of the Division, the genome project conducted by the Biotechnology and Breeding team is progressing well towards developing and deploying the next generation of planting materials with superior oil yield by the end of the decade.

For Downstream applications, Oils & Fats focused its research on operational improvements such as reducing the use of bleaching earth and phosphoric acid, as well as value creation projects which generated new developments in methyl ester sulfonate (MES), polyol, and aminopropyl betaine production. Innovation Centres worldwide have continued to develop new products to the specifications

required by customers. For example, high quality palm oil for use in infant nutrition products can command 10% or greater margins in a fast growing market.

The processing & engineering unit has worked to enhance the productivity, product quality and operations of palm oil mills and rubber factories via new technologies. Key projects include development of a natural gas-like fuel converted from biomethane which will be ready for use in estate vehicles in the next financial year. A commercial scale skim latex filtration plant utilising patented technology was also commissioned and is currently operational. Projects addressing the levels of free fatty acids (FFA) in CPO are on-going, and have demonstrated the ability to reduce FFA at a laboratory scale.

R&D Lab Services (LS) carried out a total of 425,073 analyses valued at RM8.9 million as compared to 372,503 analyses valued at RM7.8 million in FY2013. MRC provided lab services in Indonesia, completing 20,814 sample analyses for soil, plant, effluent and CPO. LS has also undertaken key projects relating to rapid test methods to eliminate the use of chemicals and reduce testing time.

Sime Darby Seeds and Agricultural Services (SDSAS) sales of oil palm seeds and seedlings to internal estates and external clients was RM14.1 million this year, down from RM17.4 million in FY2013. SDSAS has continued to be one of the global leaders in planting material production, with its Calix 600 line making up the majority of the sales. The Planting Materials Unit (PMU) in MRC has sold 2.54 million seeds, the majority of which were to external estates. Development of new production facilities will enable MRC to process and produce up to 15 million oil palm seeds annually.

R&D continued to develop world class research as demonstrated by its filing of 5 new patent families, 19 publications submitted, and 31 presentations at scientific conferences (7 international, 24 local).

In FY2015, R&D looks towards achieving its three key strategies of yield/productivity improvements, increasing revenue streams and developing sustainable practices via key enablers such as human resources development, protection of key intellectual property (IP), and leveraging on new IT infrastructure to enable data storage, retrieval and analytics.

### Plantation Sustainability

Sime Darby Plantation takes pride in its leadership role in plantation sustainability. Nonetheless, the Division faces a range of challenges shared by the sector. Effective community engagement, land access, biodiversity protection and labour practices are some of the issues led by the Division as part of their on-going commitment to the RSPO framework. Today, Sime Darby Plantation is the largest producer of CSPO at 2.14 million MT and 0.49 million MT of palm kernel.

# OPERATIONS REVIEW

## PLANTATION

Sime Darby Plantation also launched its inaugural Sustainability Report this year, providing in-depth commentary on the Division's sustainability risks and opportunities. Read more at [www.simedarbyplantation.com](http://www.simedarbyplantation.com)

### Sustainable Products and Supply Chain

As the world's largest producer of CSPO, Sime Darby Plantation recognises that the traceability of its product is synonymous with the sustainability of its supply chain. Through the Company's vertically integrated business model, i.e. estates, mills and refineries, Sime Darby Plantation mitigates supply chain impacts on local communities, employee rights and the environment through RSPO certification and the development of sector-leading agricultural practices. Building on over 100 years of experience in the palm oil industry, the Company's certification efforts are supported by best agricultural practices, management systems, leading research and development technology to track the movement of RSPO-certified products through its supply chain. Fully segregated CSPO supply lines have been established between selected Sime Darby Plantation mills in Malaysia and the Division's refineries in the Netherlands and Sabah, Malaysia. This year, the Division increased its total capacity for the production of fully segregated CSPO products and derivatives to over 385,000 MT per annum. Sime Darby Plantation's framework for community engagement and participation in RSPO grievance mechanisms support its aim to work collaboratively with local communities (read more on pages 129 and 130).

A total of 97% of the Company's Upstream operations (estates and mills) and 75% of Downstream operations (refineries and crushing plants) are RSPO-certified. Sime Darby Plantation aims to be 100% certified in FY2015. The Division is supporting smallholders<sup>1</sup> in Indonesia and Malaysia to prepare for RSPO certification, with 16,000 hectares of its KKPA/Plasma in South Kalimantan, Indonesia achieving RSPO certification this year.



An evening panoramic view of Sime Darby Unimills' facility in the Netherlands - Europe's leading supplier of tailor-made CSPO-based vegetable oils and fats products.

The Indonesian Sustainable Palm Oil (ISPO) Certification is a mandatory certification scheme adopted by the Indonesian government to improve sustainable practices and reduce greenhouse gas emissions in the Indonesian palm oil industry. The scheme is based on existing Indonesian laws and regulations and aims to facilitate compliance by producers.

In 2013/2014, PT Paripurna Swakarsa (Pondok Labu Mill) achieved certification under the ISPO. In addition to PT Laguna Mandiri (Rantau Mill) and PT Swadaya Andika (Selabak Mill), three Strategic Operating Units (SOU) have now been certified.

The Division's Liberian plantations continue to be established in accordance with the RSPO's New Planting Procedure. Around 45,000 hectares of the 220,000-hectare concession area has been assessed and Environmental Protection Agency permits granted.

There were no incidents of non-compliance with regulations and voluntary codes concerning marketing communications of Sime Darby Plantation's CSPO products in FY2014.

### Biodiversity and Forestry

With over 100 years of experience in developing and managing oil palm plantations, Sime Darby Plantation has developed industry-leading practices for biodiversity and forestry management. The key mandates are:

- No clearing of primary/natural forests and High Conservation Value (HCV) areas
- Zero burning for oil palm re-plantings and new developments
- Protect and conserve endangered, rare and threatened (ERT) tree species
- No new planting on peatland
- No hunting in the estates
- RSPO certification for all strategic operating units
- Respect native customary rights and obtain free, prior and informed consent for new developments (read more in Community Engagement on pages 129 and 130)
- Reduce Upstream carbon emissions intensity by 40% by 2020 from 2009 levels (read more in Group Carbon Management Review on pages 106 to 108).
- Enhance water conservation measures

Sime Darby Plantation's existing commitment to protecting primary forests, HCV areas and peatland is further reinforced by becoming a signatory to the Sustainable Palm Oil Manifesto (SPOM) this year. Read more about the SPOM in Sustainable Thought Leadership.

<sup>1</sup> The RSPO defines smallholders as oil palm growers with less than 50 hectares of cultivated land and are mostly family-run, with some sustenance farming to support basic needs.



Sustaining the environment and biodiversity is a prime consideration in all aspects and stages of Plantation's operations. This is in line with the Group's commitment to avoid deforestation of primary and virgin forest as well as areas of high conservation value and high carbon stock.

#### HCV Assessments

Areas of High Conservation Value (HCV) are identified and protected within the Division's estates. Management plans are developed for each HCV site and appropriate buffer zones are enforced.

HCV assessments have been conducted internally or by external consultants for all plantations, including plantations that have yet to be certified in Indonesia and Liberia. All HCV reports and management plans are disclosed to the RSPO for review and approval in accordance with the certification to Principles and Criteria 5.2 and 7.3. Where loss of HCV biodiversity has been identified, the Division agrees to develop Biodiversity Conservation Compensation Projects (BCCP) with Project-Affected Communities (PAC). Priority is given to in-situ remediation through the new planting of endangered, rare and threatened (ERT) species in conservation areas within Sime Darby Plantation operations. To date, the Plantation Division has planted and is now maintaining over 329,000 ERT trees. The Division's target is to plant one million ERT trees in the next three years.

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Around 60,000 samplings  
from 57 endangered,  
rare and threatened species  
will be planted at  
Sime Darby's Jentar Estate  
over the next five years.

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Sime Darby Plantation also conducts high value, long-term biodiversity research and conservation projects through the Group's independent, philanthropic foundation Yayasan Sime Darby.

#### High Carbon Stock

High Carbon Stock (HCS) is an emerging land use planning approach that aims to limit deforestation and support carbon and biodiversity protection. Sime Darby Plantation is partnering with other signatories to the SPOM to fund research on defining what constitutes a HCS forest and to establish HCS thresholds that take into account environmental, socio-economic and political factors in developing and emerging economies.

Unlike HCV areas, which are areas of critical importance in terms of ecological, social or cultural value, HCS needs further study to establish appropriate thresholds that will not stifle the economic development of nations while ensuring that environmental concerns are addressed. The research will establish these and determine suitable assessment methods to identify HCS forests, which will be excluded from future oil palm plantation development.

#### Food and Agriculture Business Principles

Sime Darby Plantation has been an active contributor to the development of the United Nations (UN) Global Compact's Food and Agriculture Business (FAB) Principles. The Principles are the first set of global voluntary business principles for the food and agriculture sector. Sime Darby Group has served as a member of the Core Advisory and Steering Group since 2012.

The FAB Principles was launched during a High-Level Meeting on UN Collaboration with the Private Sector to achieve Global Food Security for Post-2015 Development in New York, USA on the 22 September 2014.

#### **Community Engagement**

The plantation Division works closely with communities who often depend on jobs or business opportunities from the Division's operations for their livelihood. A proactive approach to engagement and seeking Free, Prior and Informed Consent (FPIC) to work within these communities is integral to the business. Sime Darby Plantation's framework of Social Impact Assessments, regular stakeholder consultations and engagements during RSPO certification and surveillance audits is embedded in the operating approach for all estates. The Group's FPIC processes are periodically reviewed by independent assessors to ensure they reflect current best practices and are effective. Sime Darby Plantation is committed to on-going engagements with affected communities to understand and resolve concerns and grievances raised throughout the lifespan of its plantation



## OPERATIONS REVIEW PLANTATION

projects. Sime Darby Plantation also provides assistance to the local communities through various Corporate Social Responsibility and Community Building programmes.

### Update on Legacy Issues in Liberia and Indonesia

There were no incidents of violations involving the rights of indigenous peoples reported through the Company's Whistleblowing system or through the RSPO grievance mechanisms in FY2014. Nonetheless, Sime Darby Plantation has continued to respond to legacy issues raised at its estates in Liberia and Indonesia in recent years.

Following certain complaints received about Sime Darby Liberia's approach to FPIC in 2009, the Company has undertaken a range of remediation activities with the Matambo Project-Affected Communities (PAC) and have strengthened its FPIC processes and procedures.

Read more about how Sime Darby Plantation engages with local communities at its Plantation estates in the Sime Darby Plantation Sustainability Report 2014.

### **Indirect Economic Benefits to Communities**

Sime Darby Plantation has supported the livelihoods of employees, smallholders and local communities across Malaysia, Indonesia and Liberia for many years. The joint progress has not been without challenges and the Division has worked hard in recent years to improve its approach to community engagement and negotiating land access. Local communities benefit from a relationship with Sime Darby Plantation through the payment of fair wages to local employees, opportunities for smallholder development, employee and smallholder training and community investment projects. Read more about the Plantation Division's progress in Community Engagement.

Smallholder schemes provide local communities with the means to make a living and raise their quality of life. Sime Darby Plantation has developed close to 43,000 hectares for smallholders in Indonesia, improving livelihoods for more than 25,000 families. The PT Sajang Heulang KKPA<sup>2</sup> Project, covering a total of 16,639 hectares in the Sebamban area, South Kalimantan, is recognised by local authorities as one of the best developed and well-managed KKPA programmes in Indonesia. This scheme currently supports approximately 8,000 families, and has been one of the most frequently visited KKPA schemes by visitors and other organisations to learn and potentially adopt what has been practised there.

In recent years, the Plantation Division's efforts to achieve RSPO certification for its estates, and support for its smallholders to do the same, helps to secure their collective future as market demand for sustainable palm oil grows. Sime Darby Plantation aims to support the RSPO certification of all land developed under the outgrower schemes in Indonesia by 2020. To date, it has certified 16,000 hectares of its smallholder KKPA plantation scheme. The balance 32,000 hectares is expected to be certified in FY2016.

Sime Darby Plantation's entry into Liberia in 2009 marked a significant opportunity for local socio-economic development and poverty reduction through direct foreign investment. The Company's investment in Liberia over 15 years, will benefit the local economy over a number of decades to come. When fully operational, Sime Darby Plantation's activities in Liberia are planned to cover 220,000 hectares, include nine palm oil mills and a refinery for value-added processing. The Division will employ around 35,000 Liberians, equivalent to 15% of formal employment in Liberia in 2010<sup>3</sup>. The Company is committed to growing its Liberian business responsibly, supporting the development of the Liberian economy and raising the standard of living of local communities by providing new opportunities and developing skills.

Community infrastructure development is a core element of estate planning. Services and facilities are introduced to support the local workforce and communities surrounding Sime Darby Plantation estates. These include housing, crèches, medical clinics and religious houses. Roads and bridges are developed to improve access in and around concession areas for the mutual benefit of Sime Darby Plantation and local communities. Read more in the Plantation Overview and the Sime Darby Plantation 2014 Sustainability Report.

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### **Supporting Livelihoods through Education Indonesia**

- 30 tertiary scholarships for plantation management

### **Liberia**

- 32 tertiary scholarships for engineering and agriculture
- 12-classroom school for 500 students opened in Senii town, Western Liberia
- USD500,000 worth of scholarship granted to Liberian students

All recipients are from local communities around Sime Darby Plantation estates.

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<sup>2</sup> Kredit Koperasi Primer Anggota (Members' Primary Credit Co-operative)

<sup>3</sup> Source: Making FDI work for Sub-Saharan Africa: lessons from Liberia. Oxford Economics, Final Report, June 2014.

# Industrial



One of the  
Leading Caterpillar  
Dealers in the World



## SIME DARBY INDUSTRIAL BOARD MEMBERS



1. Tan Sri Samsudin Osman (Chairman)
2. Dato' Azmi Mohd Ali
3. Dato' Rohana Tan Sri Mahmood
4. Tan Sri Dato' Seri Mohd Bakke Salleh
5. Datuk Tong Poh Keow
6. Mr Scott William Cameron
7. Mr James Chapman Sheed
8. Dato' Ahmad Pardas Senin
9. Dato' Sri Abdul Hamidy Abdul Hafiz
10. Encik Mohamad Hussin

# OPERATIONS REVIEW INDUSTRIAL

## WHO WE ARE

Sime Darby Industrial is one of the world’s largest Caterpillar dealers with more than 120 branches in 10 countries. The Sime Darby/Caterpillar partnership started in 1929 and the Division is proud of its heritage as the oldest Caterpillar dealership in Asia. The Division also carries a range of allied brands and is able to offer its customers a complete value chain of heavy equipment products and services.

Sime Darby Industrial is involved in the sale of new machines, engines and used equipment. The Division also rents out machines and provides a full range of after-sales, product support and financing services. Sectors served include mining, construction, infrastructure, power, marine, forestry and agriculture.


































### Key Activities

- Caterpillar Dealerships
- Allied Brands Group (36 brands)
- Product Support
- Used and rental/leasing

## CAT DEALER OPERATIONS

<b>Hastings Deering</b>  <ul style="list-style-type: none"> <li>• Australia (Queensland and Northern Territory)</li> <li>• Solomon Islands</li> <li>• Papua New Guinea</li> </ul>	<b>CALTRAC</b>  <ul style="list-style-type: none"> <li>• New Caledonia</li> </ul>
<b>Tractors Malaysia</b>  <ul style="list-style-type: none"> <li>• Malaysia</li> <li>• Brunei</li> </ul>	<b>Tractors Singapore</b>  <ul style="list-style-type: none"> <li>• Singapore</li> <li>• Christmas Island (Indian Ocean)</li> <li>• Maldives</li> </ul>
<b>信昌 Sime Darby</b>  <ul style="list-style-type: none"> <li>• China (Guandong, Guangxi, Hainan, Fujian, Hunan, Jiangxi and Xinjiang)</li> </ul>	<b>信昌 China Engineers</b>  <ul style="list-style-type: none"> <li>• Hong Kong</li> <li>• Macau</li> </ul>

## ALLIED BRANDS GROUP

 Malaysia, Christmas Island (Indian Ocean), Singapore	 Malaysia	 Malaysia	 Asia Pacific Region	 Malaysia	 Malaysia, Christmas Island (Indian Ocean), Singapore	 Malaysia
 Malaysia	 Malaysia	 Malaysia	 Malaysia	 Malaysia, Hong kong, Macau, China	 Malaysia	 Malaysia
 Asia Pacific Region	 Vietnam	 Singapore	 Hong Kong	 Hong Kong	 Malaysia	 Hong Kong
 China	 Hong Kong, Macau, China	 Hong Kong, Macau, China	 Malaysia, China, Australia	 Australia	 Australia	 Australia
 Australia	 Australia	 Australia	 Malaysia	 Australia		

# OPERATIONS REVIEW

## INDUSTRIAL

### Key Countries and Territories of Operations

- Australia
- Brunei
- China
- Christmas Island (Indian Ocean)
- Hong Kong
- Malaysia
- Macau
- New Caledonia
- Papua New Guinea
- Singapore
- Maldives
- Solomon Islands
- Vietnam

### Financial Summary

- Revenue: RM11,665.2 million
- Profit before Interest and Tax: RM1,011.8 million

### SUMMARY OF STRATEGIES

#### **Vision**

To be a High Performance Distributor of Caterpillar Products and Allied Solutions that Deliver Sustainable Shareholder Value through Enterprise and Initiative.

### 5-year Strategy Blueprint Objectives

CORE THEME	STRATEGIC OBJECTIVES	STRATEGIC DIRECTION	PROGRESS HIGHLIGHTS
Profitable Growth	Achieve agreed growth targets in all markets and products for 5 years to 2018	<ul style="list-style-type: none"> <li>• Maintain and achieve sustainable growth in market Percent of Industry Net Sales (PINS) for respective regions</li> <li>• Percentage of Parts Sales (POPS-C) growth in operating regions as per 5-year plan</li> <li>• Penetrate new markets or develop existing markets to reflect growth</li> </ul>	<ul style="list-style-type: none"> <li>• Bucyrus integration into Extended Mining Products (EMP)</li> <li>• Growth in Malaysia, Singapore and China markets</li> </ul>
People	Build a highly engaged workforce capable of delivering superior customer outcomes and create value through strategic innovation and continuous improvement	<ul style="list-style-type: none"> <li>• Drive employee engagement</li> <li>• People development and training at all levels of the organisation</li> <li>• Succession planning aligned with strategic growth priorities</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous engagement initiatives for employees</li> <li>• Global Employee Engagement Surveys undertaken annually</li> <li>• Continuous training initiatives available for employees</li> </ul>
Financial Returns	Achieve top quartile performance against similar businesses	<ul style="list-style-type: none"> <li>• Targeted profit returns set for all dealerships</li> <li>• Disposal of underperforming assets</li> <li>• Adjust cost base to reflect industry changes</li> </ul>	<ul style="list-style-type: none"> <li>• Caterpillar and Dealer driven Across The Table (ATT) initiatives organised annually to rationalise goals</li> <li>• Constant business reviews to determine needs-based corporate right-sizing</li> <li>• Positive turnaround in existing allied businesses</li> </ul>
Business Expansion	Achieve growth through mergers and acquisitions	<ul style="list-style-type: none"> <li>• Acquire businesses that are synergistic to existing business lines</li> </ul>	<ul style="list-style-type: none"> <li>• Acquired Pakka Jacks</li> <li>• Increased equity in ApacEnergy and Novapower</li> </ul>

CORE THEME	STRATEGIC OBJECTIVES	STRATEGIC DIRECTION	PROGRESS HIGHLIGHTS
Business Transformation	Redesign existing business platforms and systems for the future	<ul style="list-style-type: none"> <li>Significant investment into scalable IT infrastructure and inventory management systems</li> <li>Division-wide training and employee engagement to bridge transition</li> <li>Streamlining of more than 5,000 business processes into a seamless system across all dealerships</li> </ul>	<ul style="list-style-type: none"> <li>Singapore dealerships to go live by end 2014</li> <li>Consistent and far-reaching training and engagement undertaken at all levels of the organisation</li> </ul>
Sustainability	Develop products and services to capitalise on emerging sustainable business opportunities, realise cost savings through energy efficiency and enhance the parent brand through sustainable business practices	<ul style="list-style-type: none"> <li>Cumulative cost savings through sustainability initiatives</li> <li>Significant reductions in carbon footprints across various operations</li> <li>Nurturing a zero-harm work environment and promoting safety as a top work priority</li> </ul>	<ul style="list-style-type: none"> <li>Related savings in operations</li> <li>A number of environmentally sustainable commercial initiatives being pursued</li> <li>Safety training and consistent employee engagement to ensure a strengthened sense of vigilance and awareness</li> </ul>

**BUSINESS MODEL**



\*As at 30 June 2014

# OPERATIONS REVIEW INDUSTRIAL

The Industrial Division has solid customer relationships and the understanding and capacity to meet their needs when activity in the mining sector increases. It is well placed to respond to customer investment in Extended Mining Products in the coming years.

The Division is exploring diversification opportunities, using its cost base to grow market share in a more competitive environment. The Business Transformation Project is streamlining business processes to improve efficiency, productivity and increasing the efficacy of existing best practices.

## KEY RISKS AND MITIGATION MEASURES

Apart from the Macroeconomic, Safety and Health and People risk factors that have been described in the Enterprise Level Risks, the Division's other key risks include:

KEY RISKS	KEY MITIGATION MEASURES
<p><b>Principals (Distributorship)</b> Loss of and/or inability to establish key distributorships due to poor management of relationship and/or other factors (e.g. performance)</p>	<ul style="list-style-type: none"> <li>Continual engagement/ dialogue &amp; relationship investment with Principals</li> <li>Successful alignment and deployment of Principal's Strategies</li> </ul>
<p><b>Competitors</b> Increasing competition reduces market share or limits growth</p>	<ul style="list-style-type: none"> <li>Work with Principals to enhance competitiveness of products</li> <li>Communicate product recommendations to Principals regularly to ensure product suitability in the competitive environment. Products are locally manufactured for best costing to keep prices competitive</li> <li>Monitor competitor's practices</li> </ul>



Caterpillar products cater to a wide range of heavy equipment needs, including specialised solutions for the mining and aggregates sector.

## REVIEW OF OPERATIONS

Sime Darby Industrial supports the productivity, safety and sustainability of heavy industries in the Asia Pacific region. The Division supplies equipment with sector-leading technology and trains customers to operate the machinery safely. Remanufactured parts made up a third of total engine parts sold this year, extending the life of machine systems, reducing raw material, energy use and carbon emissions.

No major industrial accidents were recorded and the Division continued to improve its reporting of near-miss safety incidents. The Industrial Division actively promotes a safe workplace culture and many employees participated in safety leadership training during the reporting period.



### Australia

Australia is adjusting from a period of mining boom into market contraction on the back of cyclical low coal prices.

The market's main focus has been on maximising the productive operation of equipment fleets whilst minimising both capital expenditure and operating expenses. As an example, the Industrial Division responded to these requirements with the successful implementation of Minestar technology at the Daunia, Peak Downs and Caval Ridge mines. The Australian operation's recent acquisition of the Pakka Jack<sup>1</sup> lift and large jacking technology provides further opportunities for maintenance, cost reduction and improved safety performance at customers' sites.

The Division has stayed close to its customers during the challenging period, seeking to understand and ensuring it has the capability to meet their needs as and when the market turns. It is well placed to respond to customer investment in Extended Mining Products in the coming years. The CAT Longwall Miner is proving popular with clients shifting to a higher percentage of underground coal mining with an emphasis on automation.

Five Hastings Deering operators became Certified Dealer Instructors (CDI) in FY2014, expanding the Australian business' capacity to provide customer training in the safe and effective use of Caterpillar heavy machinery. The business plans to offer Operator Certification to customers in the future.

Hastings Deering was recognised as Employer of the Year and School-based Apprentice of the Year at the Northern Territory (NT) Training Awards.

<sup>1</sup> On 13 March 2014, the Australian operations acquired a 70% equity interest in TFP Engineering Pty Ltd (Pakka Jack).



## OPERATIONS REVIEW INDUSTRIAL

### Papua New Guinea, Solomon Islands & New Caledonia

Mining and pipeline construction projects continue to provide opportunities for growth in Papua New Guinea's operations. Product support for these sectors contributed the largest portion of the business in the Pacific Islands dealership.

The Division continued to deploy mining fleet to Ok Tedi and was successful in the mining fleet tender for Morobe Mining Joint Ventures (MMJV) in the Hidden Valley. Caltrac is currently bidding for the Koniambo fleet expansion tender, one part of a three-year project. The parts and service sector remains relatively strong in New Caledonia, primarily driven by the mining sector.

### China

China's mining and construction industry has seen a significant contraction as a result of global economic conditions and the Chinese Government's policy to moderate infrastructural spend. Despite tough market conditions, the China operations performed well on the back of increased market share in the extremely competitive hydraulic excavator segment.

The relatively robust oil prices have seen continued investment by oil & gas companies in exploration and production activity with China emerging as the world's largest builder of marine support vessel for the oil & gas industry. The engines operations also benefitted from record sales to Chinese shipyard customers.

### Malaysia

The Division's Malaysian operations achieved strong results backed by higher equipment deliveries to the construction sector in West Malaysia and the logging sector in East Malaysia.

Despite challenging market conditions, the Division continued to receive orders from customers mining iron ore.

In addition, Terberg Tractors Malaysia (TTM) has acquired Sime Darby TMA for the manufacturing of its Terberg terminal tractors.

Malaysian infrastructure projects, coupled with steady ore and aggregate prices, are driving the momentum for the heavy equipment market. Challenges included a fall in iron ore prices in the third quarter of FY2014 and dampening of the agricultural sector by moderate crude palm oil prices. The Oil & Gas sector remains buoyant.



The Division provides high level of support to customers across a diverse spectrum of industries.

### Singapore

The Division's results took positive strides on the back of marine projects, including cost savings from completed projects. The Singapore business secured orders for 10 rig sets despite China's emergence as the world's largest rig-builder.

Tractors Singapore Limited's (TSL) Training Centre has received their 'Excellence in Service Training' accreditation from Caterpillar in FY2014. TSL's Training Centre has provided more than 30 technical training courses to external customers and trained more than 180 people in the 2013 calendar year.

# Motors

A Leading Automotive  
Player in the  
Asia Pacific Region



## SIME DARBY MOTORS BOARD MEMBERS



1. Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin (Chairman)
2. Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah
3. Datuk Zaiton Mohd Hassan
4. Tan Sri Dato' Seri Mohd Bakke Salleh
5. Datuk Tong Poh Keow
6. Dato' Lawrence Lee Cheow Hock
7. Datuk Karownikaran @ Karunikaran Ramasamy
8. Dato' Sri Abdul Hamidy Abdul Hafiz
9. Datuk Syed Abu Bakar Syed Mohsin Almohdzar

# OPERATIONS REVIEW MOTORS

## WHO WE ARE

Sime Darby Motors is a leading automotive player in the Asia Pacific region.

Sime Darby Motors represents several automotive manufacturers, from luxury brands such as BMW, Jaguar Land Rover and Porsche, to broad appeal market brands including Ford and Hyundai.

### Key Activities

- Importation
- Assembly
- Distribution
- Retail

### Key Countries and Territories of Operations

- Malaysia
- Singapore
- Australia
- New Zealand
- Thailand
- China
- Hong Kong
- Macau
- Taiwan
- Vietnam

### Financial Summary

- Revenue: RM17,745.2 million
- Profit before Interest and Tax: RM634.5 million

## SUMMARY OF STRATEGIES

### Vision

Sime Darby Motors aspires to be a leading automotive player in the Asia Pacific Region.

### 5 Year Strategy Blueprint Objectives

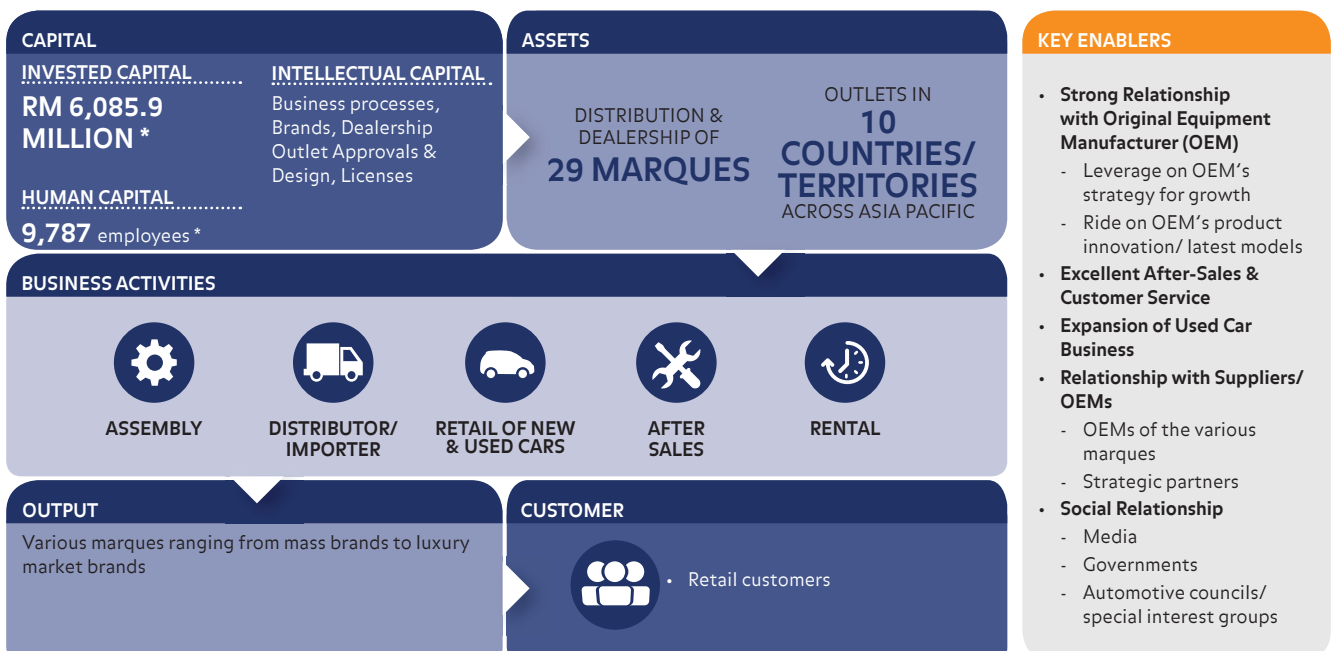
- Improve profit contribution
- Maintain an industry comparable return on average invested capital (ROAIC)

### Strategic Direction

- Harness growing demand for automobiles in key emerging markets in the Asia Pacific region
- Enhance value creation along the value chain
- Investments in key dealership sites
- Maintain a diversified portfolio of fast-growing brands with products that target middle-to-high income groups
- Maintain long-term relationships with the manufacturers and secure opportunities to expand the network across the region

During the year under review, the Division gained a foothold in two new markets; Vietnam and Taiwan, bringing the Division's presence to a total of 10 countries and territories. In conjunction with the new market entry in Taiwan, the Division also added KIA to its brand portfolio.

## BUSINESS MODEL



\*As at 30 June 2014

## OPERATIONS REVIEW MOTORS



Sime Darby Motors expanded the BMW marque to Vietnam and Australia during the financial year.

The Motors Division values its partnership and rapport with its people, customers, dealers and manufacturers.

It is committed to growing the brands it represents in line with the manufacturers' strategy. The Division has secured opportunities to expand its footprint across the region through these relationships. The Division is well-positioned to capture growing demand in markets it operates in.

The Division has a diversified portfolio of fast-growing brands and products that target middle-to-high income groups. This approach allows the Division to minimise its risks and weather challenging economic conditions.

Retail dealerships are located at strategic sites within prime market catchment areas. The Division aims to establish strategic business locations, complemented with excellent customer service during and after sales. Motors plans to acquire strategic property assets where practicable.

Motors' new Vietnam operation aims to serve as a springboard for the Division to expand further in the country and capture the increasing demand with the upcoming tariff revision under the Asean Free Trade Agreement.

The Division's operations are backed by a strong management team, with an average experience of more than 20 years in the industry. The Division supports the development of its employees' capabilities through leadership and certification training, job rotations and the sharing of best practices across the business.



## KEY RISKS AND MITIGATION MEASURES

Apart from the Macroeconomic and People risk factors that have been described in the Enterprise Level Risks, the Division's other key risks include:

RISK FACTORS	KEY MITIGATION MEASURES
<b>Government/Regulators</b> Changes in government policy undermining investment	<ul style="list-style-type: none"> <li>• Continual monitoring of changes in requirements and ensuring adherence</li> <li>• Continuous lobbying through industry associations/ bodies</li> <li>• Appropriate measures to counter the impact of new regulations</li> </ul>

RISK FACTORS	KEY MITIGATION MEASURES
<b>OEMs (Distributorship)</b> Loss of and/or inability to establish key distributorships due to poor management of relationship and/or other factors (e.g. performance)	<ul style="list-style-type: none"> <li>• Continual engagement/ dialogue &amp; relationship investment with OEMs</li> <li>• Exploration of new franchise opportunities</li> </ul>
<b>Competitors</b> Increasing competition reduces market share or limits growth	<ul style="list-style-type: none"> <li>• Close monitoring of competitors' strategies/ activities/practices</li> <li>• Constantly improving customer sales and after-sales experience</li> <li>• Premium positioning through branding and continuous customer loyalty programmes</li> <li>• Through diversification of the brands represented, the impact of the cyclical nature of individual brand performance is partially mitigated</li> </ul>
<b>Product &amp; Service Delivery</b> OEMs do not supply the required product quantity and/or quality	<ul style="list-style-type: none"> <li>• Continual engagement/ dialogue with OEMs vis-à-vis demand planning &amp; forecasting</li> </ul>

## REVIEW OF OPERATIONS

### Overview

The Motors Division achieved good trading results for the year under review despite a challenging year. The Division registered a profit before interest and tax (PBIT) of RM634.5 million, lower than the previous financial year, mainly due to market conditions in Australia, China, Singapore and Thailand. However, this was eased by the commendable results from Malaysia, Hong Kong, Macau and New Zealand. Measures have been taken to meet the challenging environment through reorganisation as well as downsizing.

# OPERATIONS REVIEW

## MOTORS

### Country-Level Performance

The Malaysian retail business achieved record sales with its rental and leasing business recording their best financial performance to date. The assembly business, Inokom, further expanded its portfolio of products assembled.

The Australian operation acquired a new BMW retail dealership in Brisbane in April 2014 and downsized the Corefleet rental business due to continued downturn in the mining sector. New Zealand produced another record profit contributed by the upside in truck and vehicle sales.

With the economic downturn in Thailand due to political unrest, the Division's Thailand business focused on cost management in anticipation of a market upturn after the installation of a new government.

The China operations maintained steady sales and a growth in after-sales business, despite intense price competition and Government restrictions on luxury spending.

BMW maintained its sales leadership position in Hong Kong and Macau. The region's commercial vehicle segment performed well with new products introduced.

New regulations governing the Singapore automotive industry, such as measures to cap car loans, have dampened retail sales, thus, affecting its business significantly.

Motors entered the Taiwan market this year, with an emphasis on the complete knock down (CKD) segment for KIA products.

The Division also entered the Vietnamese market in November 2013, acquiring a majority stake in Europe Automobiles Corp (EAC) that operates five BMW retail outlets in Hanoi and Ho Chi Minh City.

### Sustainable Products

The Division continued to facilitate consumers' environmental concerns by offering environmental-friendly products upon release by the manufacturers. Motors' green car sales increased with the introduction of the BMW Active Hybrid and Ford models with EcoBoost<sup>1</sup> technology, which was sold in Malaysia this year. The Hyundai-Inokom Santa Fe was awarded 'Best Large SUV/Crossover' at the Autoworld Car of the Year Awards, Malaysia. Judging criteria included environmental and safety features.

Motors' sales teams are trained to understand the comparable benefits of available and emerging automotive technology and to educate customers and respond to their interest in environmental-friendly choices. The Division's employees completed the Customer Service Excellence



Porsche – one of the luxury brands under Sime Darby Motors.

training this year and their efforts were rewarded with an improved score against an internally-developed Customer Service Index and by receiving multiple external awards for customer satisfaction.

### Safety and Health

No major safety and health accidents were recorded in the Motors Division this year. A total of 958 Motors employees received occupational health and safety training during the reporting period, with 53 employees also completing additional training on the use of the Group-wide Sustainability Management System (SMS) on Safety and Health for incident reporting. The Motors Division received a Gold Award and the 'Most Creative Smoke-free Policy Award' in the Hong Kong Smoke-free Leading Company Awards. The awards recognised the Hong Kong operation's efforts to create a smoke-free culture in the workplace, including our 'Quiz on Smoke-free Messages', 'Smoke-free Tutorial Class' and our 'Quit to Win Award'.

### Business Continuity

Motors has also implemented various Business Process Improvements and human resources initiatives to enhance efficiency and improve overall productivity. Business Continuity Planning (BCP) is a key element of Motors' strategy for long-term resilience. The Division's BCP Plan has been developed based on the international standard ISO22301: 2012-Societal Security-Business Continuity Management Systems – Requirements.

<sup>1</sup> EcoBoost improves fuel economy by as much as 20%, reduces greenhouse gas emissions by around 15% and generally cost less than comparable hybrid or diesel options.

# Property

The Leader in  
Building Sustainable  
Communities



Artist's Impression of Battersea Power Station project



## SIME DARBY PROPERTY BOARD MEMBERS



1. Tan Sri Dato' Sri Hamad Kama Piah Che Othman (Chairman)
2. Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo
3. Tan Sri Dato' Seri Mohd Bakke Salleh
4. Dato' Seri Abd Wahab Maskan
5. Tengku Datuk Seri Ahmad Shah Al-Haj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Al-Haj
6. Dato' Johan Ariffin
7. Ir Dr Muhamad Fuad Abdullah
8. Encik Mohamad Idros Mosin
9. Dato' Jaganath Derek Steven Sabapathy

# OPERATIONS REVIEW PROPERTY

## WHO WE ARE

Sime Darby Property is the leading integrated township developer in Malaysia with presence in the Asia Pacific region and the United Kingdom. The Division is involved in property development, property investment, asset management, hospitality and leisure.

The Property Division has built 21 townships during its 40-year history and has a potential land bank of 25,600 acres.

The business is committed to meeting the ever-evolving property needs of a developing Malaysia. Building on its experience in developing townships and commercial centres, the Division is expanding its reach to include themed-township developments, integrated and niche developments, transit-oriented developments, business industrial parks and retail malls. In addition to property development, the Division also operates several of Malaysia's commercial and hospitality assets for recurring income.

The Property Division employed 1,680 people in FY2014.

### Key Activities

- Property Development
- Property Investment & Asset Management

### Key Countries and Territories of Operations

- Malaysia
- United Kingdom
- Singapore
- Vietnam
- Australia

### Financial Summary

- Revenue: RM2,791.7 million
- Profit before Interest and Tax: RM599.7 million

## SUMMARY OF STRATEGIES

### Vision

The Leader in Building Sustainable Communities.

### 5-Year Strategy Blueprint Objectives

- Enhance value creation via Real Estate Investment (REI), strategic partnerships and collaboration with real estate players and institutional investors
- Strengthen performance and delivery in more efficient strategy execution through organic/inorganic growth
- Promote diversity and inclusiveness through Human Resource initiatives and policies
- Continue to enhance the Sime Darby Property brand position, improve customer service excellence through a "Customer First" culture and develop the Division's reputation as a credible and trusted developer within the industry

### Strategic Direction

Property Division aims to meet its objectives through on-going business innovation, continuous improvement and differentiation. Value creation will be accelerated through the following activities:

### Property Development

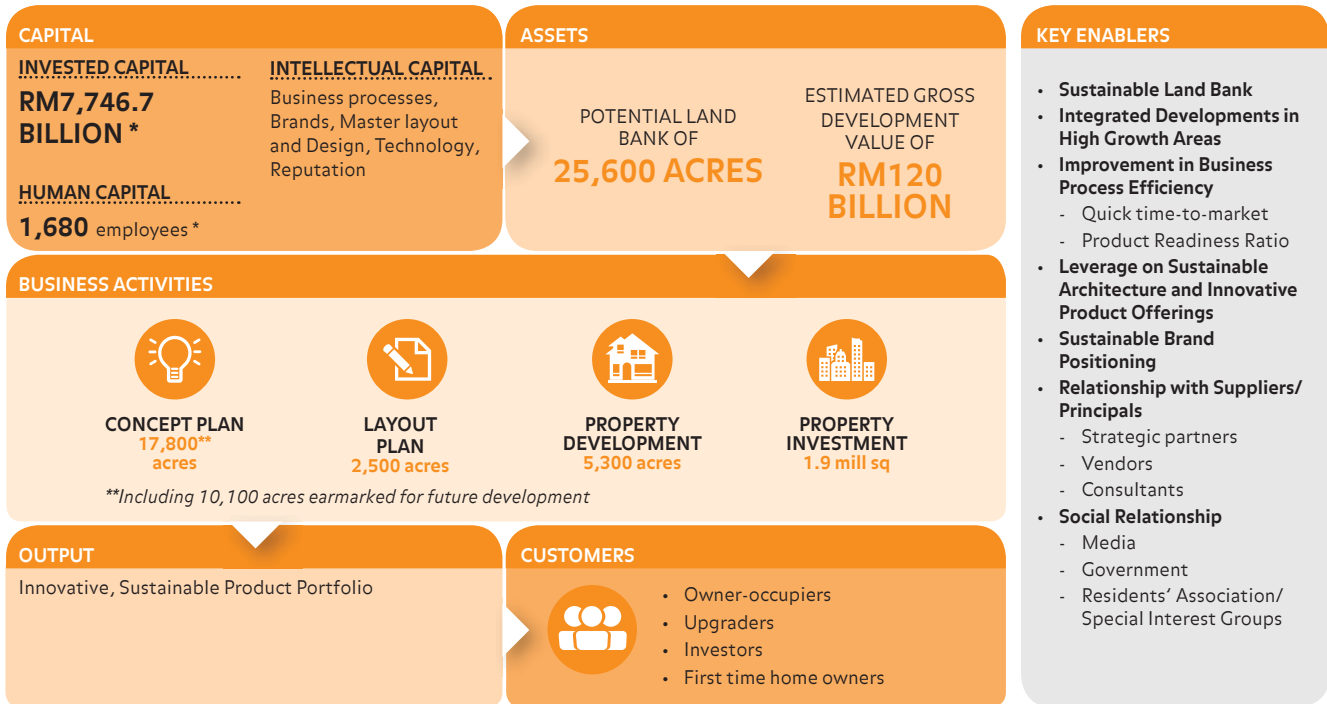
- Strengthen capacity and capability in Property Development
- Accelerate new township developments (Themed, Niche and Integrated) and offer new products, including Managed Industrial/Business Park products through sustainable partnerships and monetisation strategy
- Continue to boost market-driven products through innovation-led product development and a sustainable product portfolio
- Collaborate with international players and institutional investors
- Continue to develop Master Development Plan for strategic growth

### Property Investment

- Strengthen capacity and capability of local and overseas asset management
- Develop new income sources from higher value-adding activities in a Real Estate Investment platform
- Optimise capital management through monetisation of assets; and
- Rationalise and rebalance the portfolio through disposal and acquisition of assets

# OPERATIONS REVIEW PROPERTY

## BUSINESS MODEL



\*As at 30 June 2014

## INNOVATION

Sime Darby Property is well regarded in the marketplace for innovation, sustainability and customer service. The Division innovates by improving process efficiency and product quality. This includes reducing the design and construction timeframe and implementing sustainable and efficiency features. Benefits include improved time-to-market and revenue recognition.

*“Innovation, Service and Sustainability will be at the core of our differentiation strategy, apart from Quality” – Dato’ Seri Abd Wahab Maskan, Managing Director.*

## VALUE ENHANCEMENT

Sime Darby Property continuously seeks ways to enhance the value of its existing townships and land banks. By developing around transport hubs, its Transit-Oriented Developments (TODs) and Transit-Adjacent Developments (TADs) serve to revitalise city centres and renew suburban townships. The approach creates mature yet vibrant developments with high foot traffic to jumpstart local economies, increasing the value of residential properties for new and existing residents. The Property Division approaches TODs and TADs with the younger generation of homeowners in mind, providing accommodation that is affordable, convenient and accessible such as Subang Jaya City Centre (SJCC) and SJ Seven.

Sime Darby Property’s locations and product mix cater to every market segment. The business is predominantly supported by first time home buyers and upgraders among others. Sales of residential properties continue to remain strong in sought-after locations like Denai Alam and Elmina West, 400-acre Bandar Bukit Raja, 2,000-acre Nilai Impian and 560-acre Bandar Ainsdale.

	PRICE BAND	CATEGORY	DEFINITION
R1	<RM120K	Statutory Low Cost/ Low Medium Cost	Statutory housing within controlled price band
R2	RM120K-300K	Affordable/ Medium Low	Non-statutory affordable housing within price band (RM150-300K)
R3	RM300K-600K	Medium	Medium cost housing on the lower price band of this housing category
R4	RM600K-1m	Medium High	Medium cost housing on the higher price band of this housing category
R5	RM1m-2.5m	High-end	High-end housing
R6	>RM2.5m	Super High-end	Luxury housing

### Customer First: Enhancing the Experience – A Strategy for Excellence

Over the years, Sime Darby Property has initiated various customer excellence programmes and initiatives. Aimed both internally and externally, these efforts have achieved the objective of getting closer to the customers to truly comprehend their needs and desires and achieve delivery excellence.

Sime Darby Property continues to improve and is pleased to have earned the customers' confidence. Today, they are no longer just buyers, but have become Sime Darby Property's brand ambassadors, sharing their positive experiences with others. It is also a privilege to have repeated and even generational buyers where both parents and their children have opted for Sime Darby Property products.

### KEY RISKS AND MITIGATION MEASURES

Apart from the business partner/JV (selection & management) and people risk factors that have been described in the Enterprise Level Risks, the Division's other key risks include:

RISK FACTORS	KEY MITIGATION MEASURES
<b>Government/Regulators</b> Changes in government policy affecting investments	<ul style="list-style-type: none"> <li>Regular engagement / communication with government/regulators/ authorities</li> <li>Continual monitoring of changes in requirements and ensuring adherence</li> <li>Continuous engagement through industry associations/bodies</li> </ul>
<b>Project Management</b> Inadequate project management of major initiatives undermines project completion within the stipulated time and budget, and to the required quality standard	<ul style="list-style-type: none"> <li>Competent project management teams established to monitor and deliver projects</li> <li>Partnership with reputable/established branded entities</li> <li>Reputable consultants appointed to provide expertise in development and asset management</li> <li>Strengthen monitoring and support capabilities</li> </ul>

# OPERATIONS REVIEW PROPERTY

## REVIEW OF OPERATIONS

In FY2014, the Property Division strengthened its leadership position, developing themed-townships and an innovative, differentiated portfolio of sustainable living products. PBIT increased on the back of accelerated gross contribution from locked-in sales, product sales from new township phases, accelerated completion of units sold and cost management measures.

The Division improved its planning and project execution using integrated IT platforms. Strong branding continued to enhance perceived value, supported by a strong focus on customer service and a robust Quality, Environment, Safety and Health (QESH) framework.

The Division launched a range of new developments in FY2014:

- Themed-township developments - Chemara Hills in Negeri Sembilan, Bandar Bukit Raja City and Elmina West in Selangor
- Niche, Integrated, TODs and TADs - Melawati Mall, Melawati Corporate Centre (MCC), Subang Jaya City Centre (SJCC), KL East and Phase Two of the Battersea Power Station in the United Kingdom
- Themed or Catalytic/ Edu-townships - Pagoh Education Hub (PEH), Bandar Universiti Pagoh (BUP), Serenia City and Xiamen University Hub

In Malaysia, the market is adjusting to the cautiously optimistic sentiment from global economic uncertainties in addition to the tightening of financing approvals.

The general slowdown in sales started with the implementation of loan application based on net income and the second wave of the Real Property Gains Tax (RPGT) hike after the January 2010 RPGT re-implementation. The Federal government announced cooling measures in November last year to curb speculation. The market is expected to further soften after the recent increase in Overnight Policy Rate to 3.25% by Bank Negara Malaysia (BNM).

This broad-based measure mainly aims to curb the speculative element in the market. The Division expects demand for properties to remain robust, especially among genuine buyers or those looking for long-term rental income.

Leveraging on its prime locations and positive brand appeal, the Division is optimistic of weathering these challenges and aspires to deliver results through its innovative products and effective marketing strategies.



Artist's impression of the Subang Jaya City Centre Transit-Oriented Development.

### Sustainability

Sustainability is a key component of the Property Division's design and management approach. For the fourth year in a row, Sime Darby Property was named as one of the Top Ten Developers in the Building and Construction Information (BCI) Asia Awards 2014. The Division's success was measured on the sustainability of its projects and green certification.

The Property Division also received and sustained brand recognition and positioning through The Edge Property Awards, SEA Property Awards and Putra Brand Awards during the financial year, further sustaining the Company's brand name.



### Research & Innovation

The Sime Darby Property Housing-Income Index was launched this year, improving the Division's understanding of homeowners' profiles and determining the affordability of Sime Darby properties across the Klang Valley and Nilai. The Index findings will be used to develop innovative, high quality products that are accessible and able to meet market needs.

In FY2014, the Property Division launched its Guidelines for urban design, built form and standard design and specifications. The Guidelines will support consistency in the design development process and ensure the Division's sustainability standards are adopted in all new projects. Innovations piloted in the carbon-neutral Sime Darby Idea House continue to be commercialised in some of the Division's product launches in FY2014.

The skills, capability and engagement of the Division's 1,680 employees were a continued focus for FY2014. Specialist and general capabilities are being defined and embedded. The Division's new Skill Attachment Programme will give participants international experience and global recruitment strategies in attracting quality talent to grow the business.

The Property Division's Customer First programme continues to enhance the culture and effectiveness of its employees. Regular talks, focus groups and activities on deliverables were held throughout FY2014. Proactive customer engagements held include 'Appreciation Events' for new homeowners and existing residents as well as pre-delivery inspection for all units.

# OPERATIONS REVIEW

## PROPERTY



Artist's impression of Serenia City, an international centre of excellence for knowledge and destination commercial township.

Quality, Environment Safety and Health culture and practices have been a key enhanced focus for the Division in FY2014. In ensuring that the Division delivers its Quality Products the following inspections are carried out:

- 25%-75% Structural Stage Inspection
- Product Quality Assessment System (PQAS) for Mock-Up Unit
- 100% Pre-Certificate of Practical Completion (Pre-CPC) Inspection

The Construction Industry Development Board (CIDB) provides external assessment of the Property Division's projects against the Quality Assessment System in Construction (QLASSIC) inspection requirements. In FY2014, the Division's project management team, contractors and consultants received briefings and training in PQAS and QLASSIC requirements.

The Division will continue to collaborate with CIDB on Safety and Health Assessment System in Construction (SHASSIC). The annual programme of internal and external audit continues to maintain the Division's integrated QESH Management System Certification (ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 & MS 1722:2011).

The Division's strong performance is also the outcome of the enhanced Sime Darby Property culture which lies in the dedication, passion and drive of the employees towards three sustainability dimensions of people, planet and profit. The division will continue to engage regularly to improve its annual SUSDEX rating. The Sustainability Index (SUSDEX) was rolled out to nine townships and 9 business units this year with positive results. The SUSDEX was also evaluated by the Group Sustainability Advisor, Sir Jonathan Porritt from January to April 2014.

In appraising and to develop a more extensive health and safety culture and initiatives, a Health and Safety external consultant has been appointed. This is in addition to the Health and Safety knowledge sharing training and workshops for senior management conducted through the year.

Around 150 employees' children have pledged their support to the Division's Green Heart Young Sustainability Ambassador Programme and participated in 11 activities this year.

# Energy & Utilities



The First Container Port  
Operator within Shandong's  
Yellow River Delta





## SIME DARBY ENERGY & UTILITIES BOARD MEMBERS (NON-CHINA)



1. Dato Sri Lim Haw Kuang (Chairman)
2. Dato' Rohana Tan Sri Mahmood
3. Tan Sri Dato' Seri Mohd Bakke Salleh
4. Datuk Tong Poh Keow
5. Dato' Ir Jauhari Hamidi
6. Tan Sri Rastam Mohd Isa
7. Dato' Ahmad Pardas Senin
8. Puan Syarifah Kassim

# OPERATIONS REVIEW ENERGY & UTILITIES (NON-CHINA)

## WHO WE ARE

Sime Darby Energy & Utilities' Non-China operations has core businesses in Trading and Engineering & Technical Services. The business provides state-of-the-art systems integration solutions for a wide spectrum of engineering and scientific applications.

The Non-China operations employed 793 people in FY2014.

### Key Activities

- Trading
- Engineering & Technical Services

### Key Countries and Territories of Operations

- Malaysia
- Singapore
- Thailand

### Financial Summary\*

- Revenue: RM426.9 million
- Loss before Interest and Tax: RM49.3 million

\* Excluding discontinued operations

## SUMMARY OF STRATEGIES

### Vision

To be the preferred integrated engineering solutions provider in the region.

### 5-Year Strategy Blueprint Objectives:

- To be the provider and partner of choice for integrated engineering solutions in Malaysia, Singapore and Thailand
- To be a centre for technical excellence by bringing together professional, talented and highly skilled engineers
- Achieve operational excellence in integrated solutions while continuously pursuing new investment opportunities

### Strategic Directions

- Actively pursue expansion of engineering solutions and premium products through acquisition and addition of agency lines to increase market share
- Strengthen organic growth through operational excellence



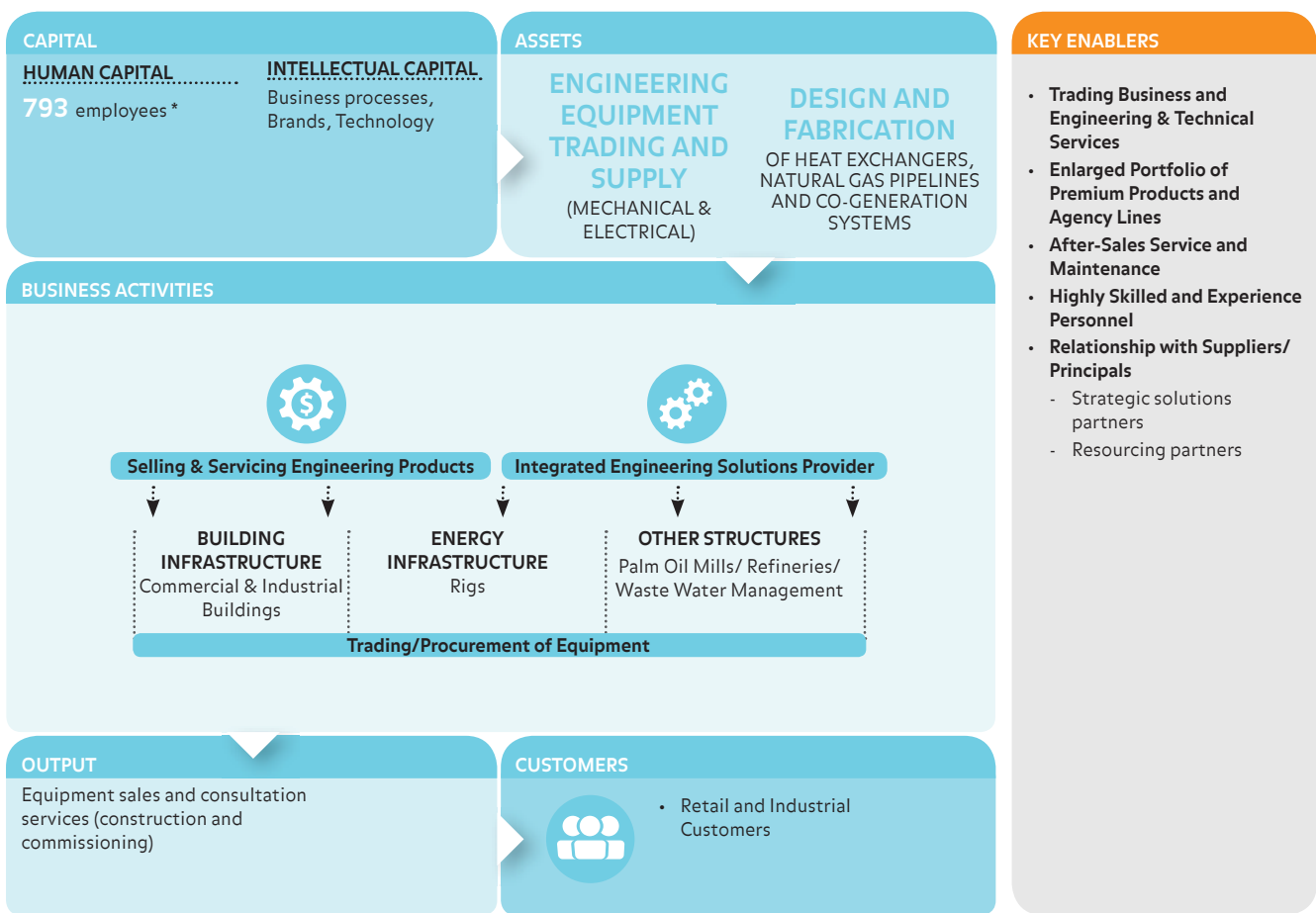
Backed by decades of experience, Mecomb is supported by an extensive range of reputable products, providing value-added engineering solutions and services.

# OPERATIONS REVIEW ENERGY & UTILITIES (NON-CHINA)

## BUSINESS MODEL

The Non-China operations primary focus for its engineering products and solutions lies within the trading and procurement stage of the facilities and infrastructure value chain. With the exception of its Mechanical & Electrical (M&E) and Heat Exchanger (HEX) product competencies, the Division’s engineering solutions are primarily catered

towards the infrastructure sectors such as commercial and industrial buildings, rigs, palm oil mills and waste water management/sewage treatment plants. Moving forward, the Division aims to further expand and establish its role as a consultant at the construction, commissioning, facilities management and maintenance stages of the value chain.



\*As at 30 June 2014

The Division continuously strengthens its brand through new distribution partnerships. It actively manages external threats such as global, regional and/or local economic slowdown by building resilience through value creation and expanding key accounts, retaining and growing its

talent pool, enhancing its sales network and operational efficiency. Competition for distributorship rights means that the business must constantly remain vigilant to the needs and expectations of its Principals.

## KEY RISKS AND MITIGATION MEASURES

Apart from the Macroeconomic and People risk factors that have been described in the Enterprise Level Risks, the Division's other key risks include:

RISK FACTORS	KEY MITIGATION MEASURES
<b>Principals (Distributorship)</b> Loss of and /or inability to establish key distributorships due to poor management of relationship and /or other factors (e.g. performance)	<ul style="list-style-type: none"> <li>Continual engagement/ dialogue &amp; relationship investment with Principals</li> <li>Exploration of opportunities, new product, service area and franchise</li> </ul>
<b>Country/ Socio-Political</b> Political instability and/ or changes in political environment impact business operations	<ul style="list-style-type: none"> <li>Close monitoring of political climate/situation</li> <li>Develop new product and market as a continuous process</li> </ul>

## REVIEW OF OPERATIONS

### Overview

As of 30 June 2014, the Division marked its exit from the Power industry through the disposal of its Malaysian and Thailand power companies, a strategic decision that was made in line with the Group's long-term business strategy to consolidate and focus on its core businesses. Following the exit, the Division underwent a strategic rationalisation of portfolios. The remaining companies were grouped into two business units:

- Engineering & Technical Services - includes Sime Darby Offshore Engineering (SDOE) and Sime Darby Joy Industries
- Trading - includes the Mecomb group of companies

### Trading

Trading's country-based operations focused on retaining existing clients and sought new businesses under challenging conditions this year.

Mecomb Malaysia secured the heating, ventilation and air-conditioning (HVAC) and fire protection package for the Mass Rapid Transit (MRT) project. The operation's revenue was affected by delays in site handover and cost variations on existing projects.

Mecomb Thailand's performance was affected by the civil unrest in Thailand. The slowdown in business is expected to persist until the political situation stabilises.

Mecomb Singapore recorded improved results and maintained strong relationships with major customers during the year.

### Engineering & Technical Services

A significant milestone was achieved in FY2014 as SDOE and Gas Malaysia Berhad (GMB) entered the final stages of their collaboration for the co-generation market. SDOE also secured the Bio-CNG plant in Hulu Selangor which was awarded by Felda. The projects are expected to have a positive impact on the Division's bottom line within the next two financial years.

### Sustainability

The Division's sustainability efforts focused on improving its performance culture through environment, safety and health (ESH) and Lean Six Sigma (LSS) initiatives this year.

The Division exceeded its sustainability target, achieving RM8.0 million in cost savings through LSS projects, an increase of over 120% compared to FY2013. The projects were undertaken by the Power business units.

Sadly, one fatality was recorded during the year. The incident was mainly attributed to lack of competency in safety and health conduct and poor contractor management. The Division is committed to intensify its efforts to drive occupational safety and health awareness in FY2015.

Port Dickson Power (PDP) received the 'Power Producer Excellence Award - Open Cycle Power Plant Category' at the KeTTHA Industry Awards (KIA) 2013. Led by the Malaysian Ministry for Energy, Green Technology and Water (KeTTHA), the award recognises outstanding contributions and achievements in the energy, green technology and water industries.

## SIME DARBY ENERGY & UTILITIES BOARD MEMBERS (CHINA)



1. Dato Sri Lim Haw Kuang (Chairman)
2. Dato' Azmi Mohd Ali
3. Datuk Zaiton Mohd Hassan
4. Tan Sri Dato' Seri Mohd Bakke Salleh
5. Datuk Tong Poh Keow
6. Mr Timothy Lee Chi Tim
7. Encik Mohamad Abdul Halim Ahmad
8. Datuk Elias Md Kadir Baba
9. Datin Paduka Kartini Hj Abdul Manaf

# OPERATIONS REVIEW ENERGY & UTILITIES (CHINA)

## WHO WE ARE

Sime Darby Energy & Utilities' China operations is involved in ports & logistics and water management. Based in Weifang and Jining in the Shandong province, the operation's four ports have a collective annual throughput capacity of over 50 million tonnes per annum.

The water management unit, represented by Weifang Water, currently has a daily treatment capacity of 140,000 cubic metres.

The China operations employed 1,089 people in FY2014.

### Key Activities

- Ports and Logistics
- Water Management

### Key Country and Territory of Operation

- China

### Financial Summary

- Revenue: RM249.7 million
- Profit before Interest and Tax: RM69.9 million

## SUMMARY OF STRATEGIES

### Vision

To be a leading player in ports & logistics operations and integrated water business in the Shandong province.

### 5-Year Strategy Blueprint Objective

- To operate sustainable and profitable ports and water management businesses

### Strategic Direction

- Expand and diversify the annual capacity and capability of Weifang Port to handle larger vessels and new cargo types
- Diversify cargo and develop logistics support at the Jining Ports
- Strengthen market share by expanding in tandem with demand and/or the Government's development plans



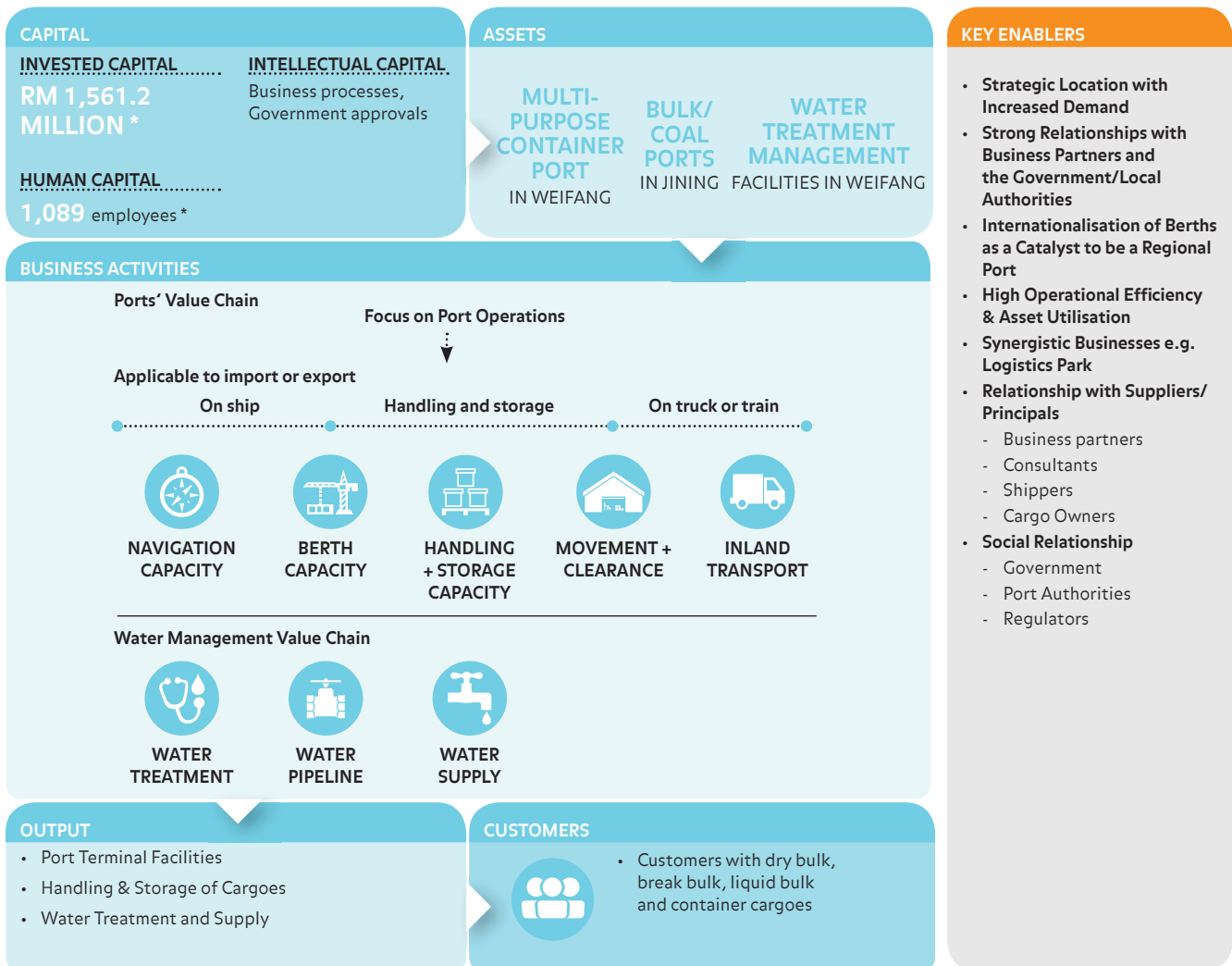
With the commencement of its container handling operations, Weifang Sime Darby Port offers convenient and cost-efficient shipping to hinterlands in central Shandong province.

# OPERATIONS REVIEW ENERGY & UTILITIES (CHINA)

## BUSINESS MODEL

The Ports and Logistics business is focused on the construction and operation of port terminal facilities. The Division's seaport in Weifang handles a diversified range of cargo types including dry bulk, break bulk, liquid bulk as well as container cargo. Its Jining network of three ports mainly handle dry and break bulk cargoes.

Based in the Weifang Binhai Economic-Technological Development Area (BEDA), the Water Management business operates two water treatment plants with a cumulative capacity of 140,000 cubic metres daily.



\*As at 30 June 2014

The operation's performance is subject to the overall economic and market dynamics of Shandong province. The reliance on local conditions is mitigated by the international nature of the ports and logistics industry.

including containers and specialised liquid bulk. The business is actively exploring opportunities to expand its business activities into other segments in the value chain such as port ancillary services and inland logistics services.

Located on the southern Bohai Rim of the Shandong peninsula, Weifang Port is pursuing additional hinterland demand. The capability and capacity of the Port is being expanded to handle larger vessels and new cargo types

The operation is addressing intensified competition in Weifang and Jining through the implementation of initiatives in line with the Division's identified strategic themes.

## KEY RISKS AND MITIGATION MEASURES

Apart from the Macroeconomic, Safety and Health, Business partner/JV/principal (selection & management) and People risk factors that have been described in the Enterprise Level Risks, the Division's other key risks include:

RISK FACTORS	KEY MITIGATION MEASURES
<b>Competitors</b> Increasing competition reduces market share or limits growth	<ul style="list-style-type: none"> <li>• Customer relationship building activities</li> <li>• Enhanced marketing efforts</li> <li>• Regular engagement/communication with local government/regulators/authorities</li> </ul>
<b>Project management</b> Inadequate project management of major initiatives undermines project completion within the stipulated time and budget, and to the required quality standard	<ul style="list-style-type: none"> <li>• Competent project management teams established to monitor projects</li> <li>• Partnership with reputable/established entities</li> <li>• Reputable consultants appointed to provide expertise in development and asset management</li> </ul>

## REVIEW OF OPERATIONS

### Port & Logistics

Overall Port throughput increased by 9% to 31.2 million tonnes this year, primarily due to an increase of coal stockpiling through the Jining Ports.

Bulk throughput at Weifang Port increased marginally to 17.9 million tonnes on the back of a moderating Chinese economy. The Port completed construction of a 3 x 20,000 dead weight tonne (DWT) multi-purpose terminal, utilised mainly for container cargo. Weifang Port handled over 100,000 twenty foot equivalents units (TEU) of containers during the year under review, a significant milestone given the infancy of the container market at the Port.

In FY2014, the Jining Ports registered an increase of 22% in throughput from 10.8 million tonnes to 13.2 million tonnes. The increase was predominantly due to the rise in trade of lower priced coal.

Jining Sime Darby Guozhuang Port ceased operations in June 2014 to comply with the Jining Government's plans for the surrounding area. The business received a one-off compensation payment from the Jining Government. In November 2013, Jining Sime Darby Taiping Port officially commenced full operations with a total handling capacity of up to 3.0 million tonnes of throughput.

Sime Darby is optimistic about the long-term prospects of its Ports & Logistics operations in the region. The operation will focus on implementing the development plan for Weifang Port and realising the potential of Jining Port network in FY2015.

Weifang Port is on track with its plan to double its throughput capacity within five years. The outlook for the container handling operations in the Port is positive. The expansion and diversification of the Port's cargo handling and throughput capacity are vital for meeting the Division's strategic growth targets.

### Water Management

Weifang Water reported a 7% increase in volume this year. The increase to 32.5 million cubic metres in FY2014 reflects resilient water consumption levels, notwithstanding the moderation in China's economic growth.

Weifang Water aims to further develop its water treatment capacity in tandem with the growing demand from new and existing customers in the medium term.

### Occupational Health & Safety

E&U China recorded one fatality in FY2014. The operations continued to place heavy emphasis on Occupational Health & Safety awareness through the implementation of training and development initiatives during the year. These included the Visible Felt Leadership (behavioural-based safety) training programme, working at height and in confined spaces training, plus specific programmes to address key transport hazards including crane, cargo and container port safety, oil port and liquid chlorine management and track safety. An emergency rescue training programme was held for Regional Headquarters' employees while Weifang Water's employees participated in a fire-drill exercise. The operation's Environment, Safety & Health (ESH) department will implement compliance and management systems in line with the Sime Darby Group's ESH policies over the next five years.



## OTHER BUSINESSES



### RAMSAY SIME DARBY HEALTH CARE

Ramsay Sime Darby Health Care (RSDHC) is a collaboration of two reputable healthcare providers, namely, Ramsay Health Care and Sime Darby. This joint-venture was officially established on 1 July 2013 with the intention of expanding the healthcare businesses in Southeast Asia initially and eventually throughout the whole region. For the financial year under review, RSDHC registered a year-on-year revenue growth of 8% in its first year of operation following the joint-venture.



A subsidiary of the Sime Darby Group

### INSURANCE BROKING AND SERVICES

The Insurance Broking and Services Group reported higher profits for the financial year under review in the markets where the Group is present.



### CONSUMER PRODUCTS

Tesco Stores (Malaysia) Sdn Bhd, a joint-venture with Tesco PLC in which the Group owns a 30% stake, registered higher profits for the financial year under review. Currently, the Company has 49 stores opened throughout Malaysia.



## STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 1965 (Act) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and the cash flows of the Group and the Company for the financial year. As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the provisions of the Act.

The Directors consider that in preparing the financial statements for the financial year ended 30 June 2014 set out on pages 176 to 365, the Group has used the appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors have responsibility for ensuring that the Group and the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and enable them to secure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 29 September 2014.



# **Reports and Financial Statements**

For the financial year  
ended 30 June 2014



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# DIRECTORS' REPORT

For the financial year ended 30 June 2014

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2014.

## Principal Activities

The Company is principally an investment holding company. The principal activities of the subsidiaries, joint ventures and associates are set out in Note 56 to the financial statements.

The principal activities of the Group are divided into five segments namely, Plantation, Industrial, Motors, Property and Energy & Utilities. During the financial year, the Group exited the power generation business, one of the major business units of Energy & Utilities. Details of the divestment are disclosed in Note 13 to the financial statements.

Other than the above, there was no significant change in the principal activities of the Group and of the Company during the financial year.

## Financial Results

The results of the Group and of the Company for the financial year ended 30 June 2014 were as follows:

	<b>Group RM million</b>	<b>Company RM million</b>
Profit before tax	3,964.6	1,951.0
Tax expense	(707.5)	0.6
Profit from continuing operations	3,257.1	1,951.6
Profit from discontinued operations (net of tax)	263.4	-
Profit for the year	<u>3,520.5</u>	<u>1,951.6</u>
Profit attributable to owners of:		
- the Company		
- from continuing operations	3,112.8	1,951.6
- from discontinued operations	239.9	-
	<u>3,352.7</u>	<u>1,951.6</u>
- non-controlling interests	167.8	-
Profit for the year	<u>3,520.5</u>	<u>1,951.6</u>

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements.

## Dividends

Since the end of the previous financial year, the Company had paid the following dividends:

	<b>RM million</b>
a. In respect of the financial year ended 30 June 2013, a final single tier dividend of 27.0 sen per share, paid on 24 January 2014; and	1,622.6
b. In respect of the financial year ended 30 June 2014, an interim single tier dividend of 6.0 sen per share, paid on 9 May 2014	363.8
	<u>1,986.4</u>

# DIRECTORS' REPORT

For the financial year ended 30 June 2014 (continued)

## Dividends (continued)

In respect of the final dividend for the financial year ended 30 June 2013, shareholders of the Company were given the option, pursuant to the Dividend Reinvestment Plan (DRP), to elect to have their dividend reinvested into new ordinary shares of RM0.50 each in the Company (new Sime Darby Shares) at the issue price of RM8.83 per share or being paid by way of cash. Of the total final dividend of RM1,622.6 million, RM482.5 million was satisfied by issuance of 54,642,978 new Sime Darby Shares while the remaining portion of RM1,140.1 million was paid in cash.

At the forthcoming Annual General Meeting (AGM), a final single tier dividend of 30.0 sen per ordinary share of RM0.50 each amounting to RM1,819.2 million (Final Dividend) in respect of the financial year ended 30 June 2014, will be proposed for shareholders approval. Subject to the relevant regulatory approvals being obtained and shareholders' approval at the forthcoming AGM for the renewal of the authority to allot and issue new Sime Darby Shares for the purpose of the implementation of the DRP, shareholders of the Company will be given an option pursuant to the DRP to reinvest up to their entire Final Dividend into new Sime Darby Shares at an issue price to be determined and announced at a later date.

## Reserves and Provisions

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

## Share Capital and Debentures

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM3,004.7 million to RM3,032.1 million by way of issuance of 54,642,978 new ordinary shares of RM0.50 each at an issue price of RM8.83 per share. The new ordinary shares were issued pursuant to the DRP of the Company and ranked pari passu in all respects with the existing ordinary shares of the Company.

There were no issuances of debentures during the financial year.

## Performance-Based Employee Share Scheme

The Company's Performance-Based Employee Share Scheme (PBESS) is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 8 November 2012. Under the PBESS, ordinary shares of RM0.50 each in the Company are granted to eligible employees and executive directors of the Group. The PBESS was effected on 15 January 2013 (effective date) following the submission of the By-Laws for the PBESS to Bursa Malaysia Securities Berhad, the receipt of all required approvals and the compliance with the requirements pertaining to the PBESS. The PBESS is in force for a maximum period of ten (10) years from the effective date and was administered by the Long-term Incentive Plan Committee (LTIP Committee). The LTIP Committee has been disbanded on 28 August 2014. The administration of the PBESS is taken over by the Nomination & Remuneration Committee (NRC).

The grants under the PBESS comprise the Group Performance Share (GPS), the Division Performance Share (DPS) and the General Employee Share (GES).

During the financial year, the first PBESS granted to eligible employees and executive directors of the Group under the GPS, DPS and GES are as follows:

	Grant date	Number of shares '000	Forfeited during the financial year '000	Outstanding as at 30 June 2014 '000	Vesting conditions
GPS	7 October 2013	4,100	(248)	3,852	Based on 3-year cliff vesting from 1 July 2013 and performance metrics
DPS	7 October 2013	5,538	(343)	5,195	
GES	7 October 2013	5,300	(358)	4,942	

The salient features of the PBESS and the vesting conditions are disclosed in Note 37 to the financial statements.

## Directors

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

Tan Sri Dato' Abdul Ghani Othman (Chairman)  
 Tan Sri Dato' Sri Hamad Kama Piah Che Othman (Deputy Chairman)  
 Tan Sri Samsudin Osman  
 Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah  
 Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin  
 Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo  
 Tan Sri Datuk Dr Yusof Basiran  
 Tan Sri Dato' Seri Mohd Bakke Salleh  
 Datuk Zaiton Mohd Hassan  
 Dato Sri Lim Haw Kuang  
 Dato' Henry Sackville Barlow  
 Dato' Azmi Mohd Ali  
 Dato' Rohana Tan Sri Mahmood (appointed on 24 June 2014)  
 Ir Dr Muhamad Fuad Abdullah

## Directors' Benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than those arising from the PBESS as disclosed in Directors' Interests in Shares.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Directors' remuneration and benefits-in-kind in Note 6(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 52 to the financial statements.

## Directors' Interests in Shares

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares, or debentures of the Company are as follows:

		Number of ordinary shares of RM0.50 each			
		At 1 July 2013	Addition	Disposal	At 30 June 2014
Ir Dr Muhamad Fuad Abdullah		1,060	-	(1,060)	-
		Number of ordinary shares of RM0.50 each granted under PBESS			
Type of grant		At 1 July 2013	Granted	Forfeited	At 30 June 2014
Tan Sri Dato' Seri Mohd Bakke Salleh	GPS	-	82,200	-	82,200
	DPS	-	65,300	-	65,300

The shares granted to Tan Sri Dato' Seri Mohd Bakke Salleh was made in accordance with the resolution passed by shareholders of the Company during the Extraordinary General Meeting held on 8 November 2012, which authorises the Board of Directors to, at any time and from time to time while the PBESS is in force, cause/procure the offering and allocation to him, of up to 3,000,000 shares in the Company and to procure the transfer of such number of shares to him, all in accordance with the By-Laws.



# DIRECTORS' REPORT

For the financial year ended 30 June 2014 (continued)

## Directors' Interests in Shares (continued)

The GPS and DPS will be vested only upon fulfillment of vesting conditions which include achievement of service period and performance targets. Depending on the level of achievement of the performance targets as determined by the NRC, the total number of shares which will be vested may be lower or higher than the total number of shares granted and is subject to a limit of not more than 3,000,000 shares over the duration of the PBESS.

The details of the shares granted under the PBESS and its vesting conditions are disclosed in Note 37 to the financial statements.

Other than as disclosed above, the Directors in office who held participatory interests made available by a subsidiary of the Company are as follows:

### Kuala Lumpur Golf & Country Club Berhad

Participatory interests	Type of membership
Tan Sri Dato' Abdul Ghani Othman	Honorary
Tan Sri Samsudin Osman	Honorary
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	Honorary
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	Honorary
Tan Sri Datuk Dr Yusof Basiran	Honorary
Tan Sri Dato' Seri Mohd Bakke Salleh	Honorary
Dato Sri Lim Haw Kuang	Honorary
Dato' Henry Sackville Barlow	Honorary
Dato' Azmi Mohd Ali	Honorary
Ir Dr Muhamad Fuad Abdullah	Honorary

## Statutory Information on the Financial Statements

- a. Before the statements of profit or loss, comprehensive income and financial position of the Group and of the Company were made out, the Directors took reasonable steps:
  - i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the impairment for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate impairment had been made for doubtful debts; and
  - ii. to ensure that any current assets, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, have been written down to amounts which they might be expected to realise.
- b. At the date of this Report, the Directors are not aware of any circumstances:
  - i. which would render the amount written off for bad debts or the amount of impairment for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - ii. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - iii. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

**Statutory Information on the Financial Statements (continued)**

- c. As at the date of this Report:
- i. there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liability of any other person; and
  - ii. there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year other than those arising in the ordinary course of business.
- d. At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in the Report or financial statements which would render any amount stated in the financial statements misleading.
- e. In the opinion of the Directors:
- i. no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.
  - ii. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this Report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made, except as disclosed in the notes to the financial statements.

**Immediate and Ultimate Holding Companies**

The Directors regard Permodalan Nasional Berhad as its immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

**Significant Subsequent Events**

The significant events subsequent to the end of the financial year are as disclosed in Note 57 to the financial statements.

**Auditors**

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

Signed in accordance with a resolution of the Board of Directors dated 29 September 2014



Tan Sri Dato' Abdul Ghani Othman  
Chairman

Kuala Lumpur  
29 September 2014



Tan Sri Dato' Seri Mohd Bakke Salleh  
President & Group Chief Executive/  
Executive Director

## STATEMENT BY DIRECTORS

Pursuant to Section 169 (15) of the Companies Act, 1965

We, Tan Sri Dato' Abdul Ghani Othman and Tan Sri Dato' Seri Mohd Bakke Salleh, two of the Directors of Sime Darby Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 176 to 365 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date, in accordance with the Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965.

The supplementary information set out in Note 60 on page 366 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the Board of Directors dated 29 September 2014



Tan Sri Dato' Abdul Ghani Othman  
Chairman

Kuala Lumpur  
29 September 2014



Tan Sri Dato' Seri Mohd Bakke Salleh  
President & Group Chief Executive/  
Executive Director

# STATUTORY DECLARATION

Pursuant to Section 169 (16) of the Companies Act, 1965

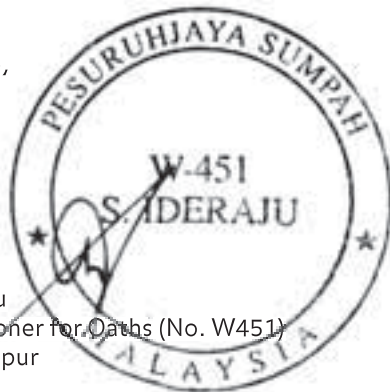
I, Datuk Tong Poh Keow, the officer primarily responsible for the financial management of Sime Darby Berhad, do solemnly and sincerely declare that the financial statements set out on pages 176 to 365 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



Datuk Tong Poh Keow  
(MIA 4625)  
Group Chief Financial Officer

SUBSCRIBED AND SOLEMNLY DECLARED by the abovenamed Datuk Tong Poh Keow, at Kuala Lumpur, Malaysia on 29 September 2014.

Before me,



S. Inderaju  
Commissioner for Oaths (No. W451)  
Kuala Lumpur

Suite 5.1A, 5th Flr., Wisma Sime Darby  
Jalan Raja Laut  
50350 Kuala Lumpur



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF SIME DARBY BERHAD**  
(Incorporated in Malaysia)

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of Sime Darby Berhad on pages 176 to 365, which comprise the statements of financial position as at 30 June 2014 of the Group and of the Company, and the statements of profit or loss, comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 59.

**Directors' Responsibility for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF SIME DARBY BERHAD (CONTINUED)**  
(Incorporated in Malaysia)

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act, 1965 (the Act) in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 56 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 60 on page 366 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad (Bursa Malaysia) and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia. In our opinion, the supplementary information is prepared in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

**OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers' in a cursive, stylized script.

PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants

A handwritten signature in black ink, consisting of a stylized, bold 'D' followed by a '7'.

DATO' MOHAMMAD FAIZ BIN MOHAMMAD AZMI  
(No. 2025/03/16 (J))  
Chartered Accountant

Kuala Lumpur  
29 September 2014

# STATEMENTS OF PROFIT OR LOSS

For the financial year ended 30 June 2014

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2014	2013	2014	2013
<b>Revenue</b>	<b>5</b>	<b>43,908.0</b>	46,109.0	<b>1,955.6</b>	1,685.0
Operating expenses	<b>6</b>	<b>(41,163.1)</b>	(42,833.2)	<b>(42.9)</b>	(88.2)
Other operating income	<b>7</b>	<b>1,373.7</b>	1,217.6	<b>29.0</b>	76.0
<b>Operating profit</b>		<b>4,118.6</b>	4,493.4	<b>1,941.7</b>	1,672.8
Share of results of joint ventures	<b>8</b>	<b>(39.1)</b>	25.9	-	-
Share of results of associates	<b>9</b>	<b>139.3</b>	115.2	-	-
Profit before interest and tax		<b>4,218.8</b>	4,634.5	<b>1,941.7</b>	1,672.8
Finance income	<b>10</b>	<b>160.8</b>	124.8	<b>200.3</b>	197.2
Finance costs	<b>11</b>	<b>(415.0)</b>	(445.3)	<b>(191.0)</b>	(162.0)
<b>Profit before tax</b>		<b>3,964.6</b>	4,314.0	<b>1,951.0</b>	1,708.0
Tax expense	<b>12</b>	<b>(707.5)</b>	(952.9)	<b>0.6</b>	1.8
<b>Profit from continuing operations</b>		<b>3,257.1</b>	3,361.1	<b>1,951.6</b>	1,709.8
Profit from discontinued operations (net of tax)	<b>13</b>	<b>263.4</b>	470.5	-	-
<b>Profit for the year</b>		<b>3,520.5</b>	3,831.6	<b>1,951.6</b>	1,709.8
Profit for the year attributable to owners of:					
- the Company					
from continuing operations		<b>3,112.8</b>	3,249.4	<b>1,951.6</b>	1,709.8
from discontinued operations		<b>239.9</b>	451.2	-	-
		<b>3,352.7</b>	3,700.6	<b>1,951.6</b>	1,709.8
- non-controlling interests		<b>167.8</b>	131.0	-	-
		<b>3,520.5</b>	3,831.6	<b>1,951.6</b>	1,709.8
Earnings per share attributable to owners of the Company:					
		<b>Sen</b>	<b>Sen</b>		
Basic					
- from continuing operations	<b>14</b>	<b>51.60</b>	54.07		
- from discontinued operations		<b>3.98</b>	7.51		
		<b>55.58</b>	61.58		
Diluted					
- from continuing operations		<b>51.59</b>	54.06		
- from discontinued operations		<b>3.98</b>	7.51		
		<b>55.57</b>	61.57		

The notes on pages 187 to 365 form an integral part of these financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2014

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2014	2013	2014	2013
<b>Profit for the year</b>		<b>3,520.5</b>	3,831.6	<b>1,951.6</b>	1,709.8
<b>Other comprehensive income/(loss)</b>					
<u>Items that will be reclassified subsequently to profit or loss</u>					
Currency translation differences - subsidiaries		(437.1)	(643.7)	-	-
Net change in fair value of:					
- available-for-sale investments	23	11.9	17.1	-	-
- cash flow hedges		17.7	57.0	-	-
Share of other comprehensive income of:					
- joint ventures		66.1	2.0	-	-
- associates		(1.2)	(7.1)	-	-
Tax expense		(5.7)	(13.8)	-	-
		<b>(348.3)</b>	(588.5)	-	-
Reclassified to profit or loss:					
- currency translation differences on repayment of net investment		(113.4)	17.7	-	-
- changes in fair value on disposal of available-for-sale investment		(0.1)	(0.2)	-	-
- changes in fair value of cash flow hedges as adjustment to revenue and other expense/income		19.7	(114.0)	-	-
Reclassified changes in fair value of cash flow hedges to inventories		49.5	0.6	-	-
Tax expense		(20.9)	35.2	-	-
		<b>(413.5)</b>	(649.2)	-	-
<u>Items that will not be reclassified subsequently to profit or loss</u>					
Actuarial losses on defined benefit pension plans	44	(19.1)	(19.0)	-	-
Share of other comprehensive income of a joint venture		17.6	(48.0)	-	-
Tax expense		(0.2)	2.8	-	-
		<b>(1.7)</b>	(64.2)	-	-
Total other comprehensive loss from continuing operations	16	<b>(415.2)</b>	(713.4)	-	-
Total other comprehensive income from discontinued operations	13	<b>8.0</b>	4.7	-	-
		<b>(407.2)</b>	(708.7)	-	-
<b>Total comprehensive income for the year</b>		<b>3,113.3</b>	3,122.9	<b>1,951.6</b>	1,709.8
Total comprehensive income for the year attributable to owners of:					
- the Company					
from continuing operations		2,760.0	2,549.1	1,951.6	1,709.8
from discontinued operations		247.9	455.9	-	-
		<b>3,007.9</b>	3,005.0	<b>1,951.6</b>	1,709.8
- non-controlling interests		105.4	117.9	-	-
		<b>3,113.3</b>	3,122.9	<b>1,951.6</b>	1,709.8

The notes on pages 187 to 365 form an integral part of these financial statements.



# STATEMENTS OF FINANCIAL POSITION

As at 30 June 2014

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2014	2013	2014	2013
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	17	14,346.7	14,096.4	-	-
Biological assets	18	2,534.1	2,498.5	-	-
Prepaid lease rentals	19	868.8	1,141.1	-	-
Investment properties	20	656.2	633.4	-	-
Land held for property development	21	927.7	864.2	-	-
Subsidiaries	22	-	-	6,915.0	6,325.4
Joint ventures	8	1,590.3	1,295.8	-	-
Associates	9	1,521.0	1,585.8	-	-
Available-for-sale investments	23	171.6	118.7	-	-
Intangible assets	24	1,233.5	915.0	-	-
Deferred tax assets	25	988.6	924.0	-	-
Tax recoverable	26	396.5	391.0	-	-
Derivatives	27	68.2	136.9	-	-
Receivables	28	587.6	656.5	4,268.8	4,942.2
Amounts due from customers on construction contracts	29	260.4	-	-	-
		<b>26,151.2</b>	<b>25,257.3</b>	<b>11,183.8</b>	<b>11,267.6</b>
<b>CURRENT ASSETS</b>					
Inventories	30	9,510.9	8,714.5	-	-
Property development costs	31	1,917.2	2,068.3	-	-
Receivables	28	6,526.0	6,057.2	7,020.2	6,754.9
Accrued billings and others	32	1,284.3	1,244.2	-	-
Tax recoverable	26	215.4	287.1	-	-
Derivatives	27	43.0	45.3	-	-
Cash held under Housing Development Accounts	33	514.2	560.3	-	-
Bank balances, deposits and cash	34	4,381.8	4,093.5	340.0	317.5
		<b>24,392.8</b>	<b>23,070.4</b>	<b>7,360.2</b>	<b>7,072.4</b>
<b>Non-current assets held for sale</b>	35	<b>392.2</b>	<b>130.4</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>50,936.2</b>	<b>48,458.1</b>	<b>18,544.0</b>	<b>18,340.0</b>

	Note	Group		Company	
		2014	2013	2014	2013
<b>EQUITY</b>					
Share capital	36	3,032.1	3,004.7	3,032.1	3,004.7
Share premium		555.0	100.6	555.0	100.6
Reserves	38	7,053.1	7,228.9	5,764.2	5,725.1
Retained profits		17,948.4	16,762.1	3,929.3	3,964.1
<b>ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>28,588.6</b>	<b>27,096.3</b>	<b>13,280.6</b>	<b>12,794.5</b>
Non-controlling interests	39	876.7	884.8	-	-
<b>TOTAL EQUITY</b>		<b>29,465.3</b>	<b>27,981.1</b>	<b>13,280.6</b>	<b>12,794.5</b>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	40	8,109.2	7,993.4	1,700.0	2,400.0
Finance lease obligation	41	145.9	157.8	-	-
Payables	42	-	-	2,558.1	2,529.5
Provisions	43	49.3	92.0	-	-
Retirement benefits	44	141.5	154.5	-	-
Deferred income	45	375.7	291.0	-	-
Deferred tax liabilities	25	493.4	642.2	2.6	3.2
Derivatives	27	2.4	1.9	-	-
		<b>9,317.4</b>	<b>9,332.8</b>	<b>4,260.7</b>	<b>4,932.7</b>
<b>CURRENT LIABILITIES</b>					
Payables	42	8,105.2	8,181.5	90.9	100.9
Progress billings and others	46	208.7	80.0	-	-
Borrowings	40	3,065.6	2,146.5	911.8	511.9
Finance lease obligation	41	6.6	6.5	-	-
Provisions	43	283.4	233.5	-	-
Deferred income	45	102.2	61.6	-	-
Tax payable		267.9	229.3	-	-
Derivatives	27	29.7	115.0	-	-
		<b>12,069.3</b>	<b>11,053.9</b>	<b>1,002.7</b>	<b>612.8</b>
<b>Liabilities associated with assets held for sale</b>	35	<b>84.2</b>	<b>90.3</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>21,470.9</b>	<b>20,477.0</b>	<b>5,263.4</b>	<b>5,545.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>50,936.2</b>	<b>48,458.1</b>	<b>18,544.0</b>	<b>18,340.0</b>

The notes on pages 187 to 365 form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2014

Amounts in RM million unless otherwise stated

Group 2014	Note	Share capital	Share premium	Reserves	Retained profits	Attributable to owners of the Company	Non- controlling interests	Total equity
At 1 July 2013		3,004.7	100.6	7,228.9	16,762.1	27,096.3	884.8	27,981.1
Profit for the year		-	-	-	3,352.7	3,352.7	167.8	3,520.5
Other comprehensive loss for the year	13, 16	-	-	(343.5)	(1.3)	(344.8)	(62.4)	(407.2)
Total comprehensive (loss)/income		-	-	(343.5)	3,351.4	3,007.9	105.4	3,113.3
Performance-based employee share scheme	37	-	-	39.1	-	39.1	-	39.1
Share of capital reserve of associates	9	-	-	1.9	-	1.9	-	1.9
Transfer between reserves		-	-	126.7	(126.7)	-	-	-
Transactions with owners:								
- acquisition of non- wholly owned subsidiaries	49(a)	-	-	-	-	-	41.7	41.7
- acquisition of non- controlling interest	49(b)	-	-	-	(52.0)	(52.0)	(25.3)	(77.3)
- disposal of subsidiaries	13(b)	-	-	-	-	-	(68.8)	(68.8)
- dividends paid by way of	15							
- issuance of new shares pursuant to the Dividend Reinvestment Plan		27.4	455.1	-	(482.5)	-	-	-
- cash		-	-	-	(1,503.9)	(1,503.9)	(61.1)	(1,565.0)
Share issue expenses	36	-	(0.7)	-	-	(0.7)	-	(0.7)
At 30 June 2014		3,032.1	555.0	7,053.1	17,948.4	28,588.6	876.7	29,465.3

Group 2013	Note	Share capital	Share premium	Reserves	Retained profits	Attributable to owners of the Company	Non- controlling interests	Total equity
At 1 July 2012		3,004.7	100.6	7,855.4	15,055.4	26,016.1	873.8	26,889.9
Profit for the year		-	-	-	3,700.6	3,700.6	131.0	3,831.6
Other comprehensive loss for the year	<b>13, 16</b>	-	-	(631.7)	(63.9)	(695.6)	(13.1)	(708.7)
Total comprehensive (loss)/income		-	-	(631.7)	3,636.7	3,005.0	117.9	3,122.9
Share of capital reserve of associates	<b>9</b>	-	-	2.8	-	2.8	-	2.8
Transfer between reserves		-	-	2.4	(2.4)	-	-	-
Transactions with owners:								
- issue of shares in subsidiaries		-	-	-	-	-	9.5	9.5
- acquisition of a non- wholly owned subsidiary		-	-	-	-	-	11.3	11.3
- acquisition of non- controlling interest		-	-	-	(4.5)	(4.5)	(18.5)	(23.0)
- disposal of subsidiaries		-	-	-	-	-	(4.7)	(4.7)
- liquidation of subsidiaries		-	-	-	-	-	(1.0)	(1.0)
- dividends paid in cash	<b>15</b>	-	-	-	(1,923.1)	(1,923.1)	(103.5)	(2,026.6)
At 30 June 2013		3,004.7	100.6	7,228.9	16,762.1	27,096.3	884.8	27,981.1

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

Company 2014	Note	Share capital	Share premium	Reserves	Retained profits	Total equity
At 1 July 2013		3,004.7	100.6	5,725.1	3,964.1	12,794.5
Profit for the year		-	-	-	1,951.6	1,951.6
Performance-based employee share scheme	37	-	-	39.1	-	39.1
Transactions with owners:						
- dividends paid by way of	15					
- issuance of new shares pursuant to the Dividend Reinvestment Plan		27.4	455.1	-	(482.5)	-
- cash		-	-	-	(1,503.9)	(1,503.9)
Share issue expenses	36	-	(0.7)	-	-	(0.7)
At 30 June 2014		3,032.1	555.0	5,764.2	3,929.3	13,280.6
<b>2013</b>						
At 1 July 2012		3,004.7	100.6	5,725.1	4,177.4	13,007.8
Profit for the year		-	-	-	1,709.8	1,709.8
Transactions with owners:						
- dividends paid in cash	15	-	-	-	(1,923.1)	(1,923.1)
At 30 June 2013		3,004.7	100.6	5,725.1	3,964.1	12,794.5

An analysis of the movements in each category within reserves is set out in Note 38.

# STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2014

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2014	2013	2014	2013
<b>Cash flow from operating activities</b>					
Profit from continuing operations		3,257.1	3,361.1	1,951.6	1,709.8
Adjustments for:					
- dividends from subsidiaries		-	-	(1,955.6)	(1,685.0)
- amortisation of prepaid lease rentals		42.9	48.3	-	-
- depreciation and amortisation		1,152.3	1,191.5	-	-
- share of results of joint ventures and associates		(100.2)	(141.1)	-	-
- finance income		(160.8)	(124.8)	(200.3)	(197.2)
- finance costs		415.0	445.3	191.0	162.0
- tax expense		707.5	952.9	(0.6)	(1.8)
- other non-cash items [note (a)]		(109.4)	(163.6)	0.7	-
		5,204.4	5,569.6	(13.2)	(12.2)
Changes in working capital:					
- inventories and rental assets		(553.2)	5.8	-	-
- property development costs		(82.6)	(273.8)	-	-
- land held for property development		(31.1)	(41.6)	-	-
- receivables and others		(1,247.6)	404.5	(18.7)	17.3
- payables and others		44.3	(914.8)	(0.8)	(1.4)
<b>Cash generated from/(used in) operations</b>		<b>3,334.2</b>	<b>4,749.7</b>	<b>(32.7)</b>	<b>3.7</b>
Tax (paid)/refund		(703.0)	(1,329.5)	(0.6)	5.0
Dividends received from:					
- subsidiaries		-	-	1,955.6	1,685.0
- joint ventures		1.7	1.0	-	-
- associates		35.5	33.9	-	-
Income received from available-for-sale investments		42.8	64.4	-	-
Operating cash flow from continuing operations		2,711.2	3,519.5	1,922.3	1,693.7
Operating cash flow from discontinued operations	13	211.9	181.2	-	-
<b>Net cash from operating activities</b>		<b>2,923.1</b>	<b>3,700.7</b>	<b>1,922.3</b>	<b>1,693.7</b>

# STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2014	2013	2014	2013
<b>Cash flow from investing activities</b>					
Finance income received		129.5	116.4	209.2	172.1
Proceeds from sale of:					
- property, plant and equipment		185.0	775.3	-	-
- investment properties		5.2	26.6	-	-
- a joint venture		-	7.0	-	-
- associates	50(b)	23.0	12.2	-	-
- available-for-sale investments		10.3	40.4	-	-
Net cash inflow from disposal of subsidiaries	50(a)	232.2	14.6	-	-
Proceeds from liquidation of an associate		-	4.7	-	-
Purchase of:					
- property, plant and equipment	17	(1,435.2)	(1,869.0)	-	-
- investment properties		(25.9)	(15.6)	-	-
- available-for-sale investments		(51.3)	(30.2)	-	-
- intangible assets		(166.3)	(73.9)	-	-
Costs incurred on biological assets		(202.1)	(154.1)	-	-
Payment for prepaid lease rentals		(105.6)	(101.0)	-	-
Acquisition of subsidiaries and businesses	49(a)	(195.1)	(7.3)	-	-
Subscription of shares in:					
- subsidiaries		-	-	-	(266.3)
- joint ventures		(267.4)	(457.5)	-	-
Acquisition and subscription of shares in associates		(93.6)	(25.8)	-	-
Advances to subsidiaries		-	-	(262.9)	(4,436.3)
Repayment from subsidiaries		-	-	147.4	2,909.5
Others		106.0	(60.8)	-	-
Investing cash flow (used in)/from continuing operations		(1,851.3)	(1,798.0)	93.7	(1,621.0)
Investing cash flow from/(used in) discontinued operations	13	573.0	(363.4)	-	-
<b>Net cash (used in)/from investing activities</b>		<b>(1,278.3)</b>	<b>(2,161.4)</b>	<b>93.7</b>	<b>(1,621.0)</b>

	Note	Group		Company	
		2014	2013	2014	2013
<b>Cash flow from financing activities</b>					
Capital repayment and distribution by a subsidiary to owners of non-controlling interests		-	(1.0)	-	-
Purchase of additional interest in subsidiaries	49(b)	(77.3)	(23.0)	-	-
Advances from a subsidiary		-	-	2.0	2,453.9
Proceeds from shares issued to owner of non-controlling interest		-	9.5	-	-
Share issue expenses		(0.7)	-	(0.7)	-
Finance costs paid		(443.1)	(440.6)	(190.9)	(151.1)
Long-term borrowings raised		1,536.2	4,757.5	-	700.0
Repayment of long-term borrowings		(360.8)	(2,182.1)	-	(300.0)
Revolving credits, trade facilities and other short-term borrowings (net)		(415.1)	(2,050.9)	(300.0)	(850.0)
Dividends paid		(1,554.9)	(1,998.8)	(1,503.9)	(1,923.1)
Financing cash flow used in continuing operations		(1,315.7)	(1,929.4)	(1,993.5)	(70.3)
Financing cash flow (used in)/from discontinued operations	13	(12.7)	18.9	-	-
<b>Net cash used in financing activities</b>		<b>(1,328.4)</b>	<b>(1,910.5)</b>	<b>(1,993.5)</b>	<b>(70.3)</b>
Net increase/(decrease) in cash and cash equivalents		316.4	(371.2)	22.5	2.4
Foreign exchange differences		(117.8)	(103.0)	-	-
Cash and cash equivalents at beginning of the year		4,603.6	5,077.8	317.5	315.1
Cash and cash equivalents at end of the year [note (b)]		4,802.2	4,603.6	340.0	317.5



# STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2014	2013	2014	2013
<b>a. Other non-cash items:</b>					
Income from available-for-sale investments		<b>(42.8)</b>	(64.4)	-	-
(Gain)/loss on disposal of:					
- property, plant and equipment		<b>(104.8)</b>	(70.7)	-	-
- prepaid lease rental		<b>(1.8)</b>	-	-	-
- investment properties		<b>(3.0)</b>	(10.7)	-	-
- subsidiaries	<b>50(a)</b>	<b>(19.6)</b>	(5.2)	-	-
- a joint venture		-	(7.0)	-	-
- associates		<b>0.8</b>	(4.5)	-	-
- available-for-sale investments		<b>(0.1)</b>	(0.2)	-	-
Write offs of:					
- property, plant and equipment		<b>8.1</b>	18.5	-	-
- biological assets		<b>14.4</b>	9.2	-	-
Write-down of inventories (net)		<b>61.9</b>	60.9	-	-
(Reversal of impairment)/ impairment of:					
- property, plant and equipment		<b>(24.9)</b>	(48.3)	-	-
- biological assets		<b>(3.3)</b>	-	-	-
- investment properties		<b>6.5</b>	5.3	-	-
- intangible assets		<b>11.8</b>	0.5	-	-
- receivables		<b>21.7</b>	(6.4)	-	-
Changes in fair value of derivatives		<b>21.5</b>	(127.9)	-	-
Unrealised foreign currencies exchange loss		<b>5.6</b>	153.8	<b>0.7</b>	-
Realised foreign currencies exchange (gain)/ loss transferred from equity		<b>(113.4)</b>	17.7	-	-
Reversal of provision for performance guarantees and bonds		-	(84.2)	-	-
Performance-based employee share scheme and other expenses		<b>52.0</b>	-	-	-
		<b>(109.4)</b>	(163.6)	<b>0.7</b>	-
<b>b. Cash and cash equivalents at end of the year:</b>					
Cash held under Housing Development Accounts	<b>33</b>	<b>514.2</b>	560.3	-	-
Bank balances, deposits and cash	<b>34</b>	<b>4,381.8</b>	4,093.5	<b>340.0</b>	317.5
Bank overdrafts	<b>40</b>	<b>(93.8)</b>	(50.2)	-	-
		<b>4,802.2</b>	4,603.6	<b>340.0</b>	317.5

The notes on pages 187 to 365 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

Amounts in RM million unless otherwise stated

## 1 General Information

The Company is principally an investment holding company. The principal activities of the subsidiaries, joint ventures and associates are set out in Note 56.

The principal activities of the Group are divided into five segments namely, Plantation, Industrial, Motors, Property and Energy & Utilities. During the financial year, the Group exited the power generation business, one of the major business units of Energy & Utilities. Details of the divestment are disclosed in Note 13.

Other than the above, there was no significant change in the principal activities of the Group and of the Company during the financial year.

## 2 Basis of Preparation

The financial statements of the Group and of the Company are prepared in accordance with the provisions of the Companies Act, 1965 and comply with the Financial Reporting Standards (FRS) issued by the Malaysian Accounting Standards Board (MASB). The financial statements have been prepared under the historical cost convention except as disclosed in the summary of principal accounting policies in Note 3.

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 the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's and to the Company's financial statements are disclosed in Note 4.

### a. Revisions and amendments to financial reporting standards under the existing FRS Framework that are effective and have been adopted in preparing these financial statements

- **FRS 10 – Consolidated Financial Statements**  
FRS 10 replaces IC Interpretation 112 – Consolidation - Special Purpose Entities and the consolidation section in FRS 127 – Consolidated and Separate Financial Statements. It defines and sets out the principle of control to identify whether an investor controls an investee and establishes control as the basis for consolidation.
- **FRS 11 – Joint Arrangements**  
FRS 11 supersedes FRS 131 – Interests in Joint Ventures. It classifies joint arrangements into two types - joint operations and joint ventures by focusing on the rights and obligations of the arrangements.
- **FRS 12 – Disclosure of Interests in Other Entities**  
FRS 12 provides disclosure requirements for all forms of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Disclosures include significant judgements and assumptions made in determining the nature of the entity's interest in another entity and the risks associated with those interests.
- **FRS 13 – Fair Value Measurement**  
FRS 13 defines fair value, sets out the measurement framework and stipulates the disclosure requirements. It explains how to measure fair value and does not change the measurement objective as established in existing FRSs.
- **FRS 119 – Employee Benefits**  
FRS 119 eliminates the limits of the "corridor approach" where only a portion of the actuarial gains and losses is recognised to profit or loss.
- **FRS 127 – Separate Financial Statements**  
The revised FRS 127 only deals with the accounting and disclosure requirements for investments in subsidiaries, associates and joint ventures in the separate financial statements of the parent.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 2 Basis of Preparation (continued)

### a. Revisions and amendments to financial reporting standards under the existing FRS Framework that are effective and have been adopted in preparing these financial statements (continued)

- **FRS 128 – Investment in Associates and Joint Ventures**  
The revised FRS 128 prescribes the accounting for investment in associates as well as joint ventures where the equity method of accounting is required in accordance with FRS 11 – Joint Arrangements.
- **Amendments to FRS 7 – Financial Instruments: Disclosures**  
Amendments to FRS 7 sets out the additional disclosure requirements on the effects or potential effects including any rights of a netting arrangement of a financial asset and a financial liability.
- **Amendments to FRS 101 – Presentation of Financial Statements**  
Amendments to FRS 101 clarifies the difference between the minimum required comparative information and the voluntary additional comparative information.
- **Amendments to FRS 116 – Property, Plant and Equipment**  
Amendments to FRS 116 clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.
- **Amendments to FRS 132 – Financial Instruments: Presentation**  
Amendments to FRS 132 clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with FRS 112 – Income Taxes.
- **Amendments to FRS 134 – Interim Financial Reporting**  
Amendments to FRS 134 clarifies that an entity shall disclose the total assets and liabilities for a particular reportable segment only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

The adoption of the above did not result in any significant changes to the Group's and Company's results and financial position.

### b. Amendments to financial reporting standards and new interpretation under the existing FRS Framework that are not yet effective and have not been early adopted in preparing these financial statements

- i. Effective for annual periods beginning on or after 1 January 2014:
  - **Amendments to FRS 10 – Consolidated Financial Statements**  
Amendments to FRS 10 introduces exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value through profit or loss instead of consolidating those subsidiaries in its consolidated financial statements.
  - **Amendments to FRS 12 – Disclosure of Interests in Other Entities**  
Amendments to FRS 12 offers new disclosure requirements for a parent when it becomes or ceased to be an investment entity and also disclosure requirements for each unconsolidated subsidiary.
  - **Amendments to FRS 127 – Separate Financial Statements**  
Amendments to FRS 127 clarifies that if a parent is required, in accordance with paragraph 31 of FRS 10 – Consolidated Financial Statements, to measure its investment in a subsidiary at fair value through profit or loss, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

## 2 Basis of Preparation (continued)

### b. Amendments to financial reporting standards and new interpretation under the existing FRS Framework that are not yet effective and have not been early adopted in preparing these financial statements (continued)

#### i. Effective for annual periods beginning on or after 1 January 2014: (continued)

- **Amendments to FRS 132 – Financial Instruments: Presentation**

Amendments to FRS 132 offers additional guidance on the criterion and right to offset a financial asset and a financial liability following amendments made to FRS 7 – Financial Instruments: Disclosures.

- **Amendments to FRS 136 – Impairment of Assets**

Amendments to FRS 136 clarifies that a recoverable amount is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

- **Amendments to FRS 139 – Financial Instruments: Recognition and Measurement**

Amendments to FRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

- **IC Interpretation 21 – Levies**

The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy and that the liability to pay a levy is recognised progressively if the obligating event occurs over a period of time. If an obligation to pay a levy is triggered when a minimum threshold is reached, the liability to pay a levy is recognised when that minimum activity threshold is reached.

#### ii. Effective for annual periods beginning on or after 1 July 2014:

- **Amendments to FRS 1 – First-Time Adoption of FRSs**

Amendments to FRS 1 relates to the Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

- **Amendments to FRS 2 – Share-Based Payment**

Amendments to FRS 2 clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

- **Amendments to FRS 3 – Business Combinations**

Amendments to FRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to FRS 132 – Financial Instruments: Presentation. Contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

The Amendment also clarifies that FRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself, but not to the parties to the joint arrangement for their interests in the joint arrangement.

- **Amendments to FRS 8 – Operating Segments**

Amendments to FRS 8 requires the disclosure of judgements made in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The Amendment clarifies that reconciliation of the total reportable segments' assets to the entity's assets is required if that amount is regularly provided to the chief operating decision maker.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 2 Basis of Preparation (continued)

### b. Amendments to financial reporting standards and new interpretation under the existing FRS Framework that are not yet effective and have not been early adopted in preparing these financial statements (continued)

#### ii. Effective for annual periods beginning on or after 1 July 2014: (continued)

- **Amendments to FRS 13 – Fair Value Measurement**

Amendments to FRS 13 relates to the Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when International Accounting Standards Board (IASB) issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendment also clarifies that the scope of the portfolio exception of FRS 13 includes all contracts accounted for within the scope of FRS 139 – Financial Instruments: Recognition and Measurement or FRS 9 – Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in FRS 132 – Financial Instruments: Presentation.

- **Amendments to FRS 116 – Property, Plant and Equipment and Amendments to FRS 138 – Intangible Assets**

Amendments to FRS 116 and Amendments to FRS 138 clarify that when an asset is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

- **Amendments to FRS 119 – Employee Benefits**

Amendments to FRS 119 clarifies that if contributions from employees or third parties to defined benefit plans is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by FRS 119 for the gross benefit.

- **Amendments to FRS 124 – Related Party Disclosures**

Amendments to FRS 124 extends the definition of 'related party' to include an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

- **Amendments to FRS 140 – Investment Property**

Amendments to FRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in FRS 3 – Business Combination and investment property as defined in FRS 140 requires the separate application of both Standards independently of each other.

#### iii. Effective for annual periods beginning on or after 1 January 2015:

- **Amendments to FRS 7 – Financial Instruments: Disclosures**

Amendments to FRS 7 prescribes the disclosure requirements on the classifications and measurements of financial assets and liabilities in accordance with the requirement of FRS 9 – Financial Instruments upon initial application.

## 2 Basis of Preparation (continued)

### c. New financial reporting standard under the existing FRS Framework that has not been adopted in preparing these financial statements

#### i. Issued without the mandatory effective date:

- **FRS 9 – Financial Instruments**

FRS 9 replaces FRS 139 - Financial Instruments: Recognition and Measurement in phases. In the first phase, FRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial instruments: amortised costs and fair value. All instruments are to be measured at fair value except for debt instruments that qualify for amortised cost accounting.

It allows an option to present fair value changes in equity instruments in profit or loss or other comprehensive income and it is an irrevocable election on initial recognition.

Reclassification of financial liability between fair value and amortised cost is prohibited while financial asset can only be reclassified when the entity changes its business model for managing the financial asset. Any difference between the carrying amount and fair value on reclassification is recognised in profit or loss.

The second phase is currently still pending finalisation by the IASB.

In the third phase, the new hedge accounting model together with corresponding disclosures about risk management activity were developed. The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

An entity is now allowed to change the accounting for liabilities that it has elected to measure at fair value, before applying any of the other requirements in FRS 9.

The mandatory effective date of 1 January 2015 was tentatively deferred pending finalisation of the impairment methodology which is in the second phase and limited amendments to the classification and measurement requirements by the IASB.

In November 2011, the MASB issued the Malaysian Financial Reporting Standards Framework (MFRS Framework) to replace the FRS Framework. MFRS Framework is a fully International Financial Reporting Standards (IFRS)-compliant framework which is applicable for all non-private entities for annual periods beginning on or after 1 January 2012, other than the Transitioning Entities (TEs), which may defer adoption in view of imminent changes which may change current accounting treatments for bearer plant and property development activities. TEs are non-private entities within the scope of MFRS 141 – Agriculture and IC Interpretation 15 – Agreements for the Construction of Real Estate, including their parent, significant investor and venturer.

On 2 September 2014, the MASB issued MFRS Agriculture: Bearer Plants (Amendments to MFRS 116 – Property, Plant and Equipment and Amendments to MFRS 141 – Agriculture) and MFRS 15 – Revenue from Contracts with Customers, which shall apply to financial statements of annual periods beginning on or after 1 July 2016 and 1 July 2017 respectively. The MASB further notifies that TEs are required to comply with MFRS Framework for annual period beginning on or after 1 July 2017.

The Group and the Company, being a TE, will continue to comply with FRS until the MFRS Framework is adopted, no later than from the financial period beginning on 1 July 2017.

The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods and services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Extensive disclosures are required to provide greater insight into both revenue that has been recognised, and revenue that is expected to be recognised in the future from existing contracts.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 2 Basis of Preparation (continued)

MFRS Agriculture: Bearer Plants introduces a new category for biological asset, i.e. the bearer plants. A bearer plant is seen as similar to an item of machinery as it is used in the production and supply of agricultural produce, is expected to bear produce for more than one period, and has remote likelihood of being sold as agricultural produce. Therefore, bearer plants are measured either at cost or revalued amounts, less accumulated depreciation and impairment losses, similar to property, plant and equipment. Agricultural produce growing on bearer plants continue to be measured at fair value less costs to sell under MFRS 141, with fair value changes recognised in profit or loss as the produce grows.

The Group is in the process of assessing the full impact of the new standards, revisions and amendments to published standards and, in particular, MFRS Agriculture: Bearer Plants and MFRS 15, on the financial statements of the Group and of the Company in the year of initial application. The Group will also consider the impact of the remaining phases of FRS 9 when completed by IASB.

## 3 Summary of Principal Accounting Policies

The following principal accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial years presented, unless otherwise stated.

### a. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

#### i. Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the entity, has exposure to or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated using the acquisition method of accounting except for those subsidiaries acquired under common control. Under the acquisition method of accounting, the financial statements of subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date when control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange. Contingent consideration is recorded at fair value as component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition related costs are recognised as expenses when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the date of acquisition and any corresponding gain or loss is recognised in the profit or loss.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair values, at the date of acquisition. The excess of the consideration and the fair value of previously held equity interests over the fair value of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. Any gain from bargain purchase is recognised directly in the profit or loss.

Intercompany transactions and balances are eliminated on consolidation, but unrealised losses arising therefrom are eliminated only to the extent of the cost of the asset that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the asset transferred are recognised in the profit or loss.

Non-controlling interests in the results and net assets of non-wholly owned subsidiaries are presented separately in the financial statements.

Transactions with owners of non-controlling interests without a change in control are treated as equity transactions in the statement of changes in equity.

When control ceases, the disposal proceeds, if any, and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the cumulative amount of any exchange differences that relate to the subsidiary is recognised in the profit or loss as gain or loss on disposal of the subsidiary.

### 3 Summary of Principal Accounting Policies (continued)

#### a. Basis of consolidation (continued)

##### ii. Business combinations under common control

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to equity.

##### iii. Joint ventures

Joint ventures are corporations, partnerships or other entities over which there is a contractually agreed sharing of control by the Group with one or more parties where the strategic, financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Group's interests in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting.

Equity accounting involves recognising in the statements of profit or loss and comprehensive income, the Group's share of profits less losses and other comprehensive income of joint ventures based on their latest audited financial statements or management accounts. Where necessary, adjustments are made to the results and net assets of joint ventures to ensure consistency of accounting policies with those of the Group. The Group's investment in joint ventures 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 joint ventures.

Equity accounting is discontinued when the Group's carrying amount of the interest in a joint venture 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 joint venture.

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

When joint control ceases, the disposal proceeds, if any, and the fair value of any retained investment are compared to the carrying amount of the investment as of that date. The difference together with the exchange reserve that relate to the joint venture is recognised in the profit or loss as gain or loss on disposal of the joint venture.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 3 Summary of Principal Accounting Policies (continued)

### a. Basis of consolidation (continued)

#### iv. Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, similar to Note 3(a)(iii) above.

When significant influence ceases, the disposal proceeds, if any, and the fair value of any retained investment are compared to the carrying amount of the investment as of that date. The difference together with the exchange reserve that relate to the associate is recognised in the profit or loss as gain or loss on disposal of the associate.

### b. Foreign currencies

#### i. Presentation and functional currencies

Ringgit Malaysia is the presentation currency of the Group and of the Company.

Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operations have different functional currencies.

#### ii. Transactions and balances

Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising therefrom and on settlement are recognised in the profit or loss.

#### iii. Translation of foreign currency financial statements

For consolidation purposes, foreign operations' results are translated into the Group's presentation currency at average exchange rates for the financial year whilst the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at exchange rates ruling at the end of the reporting period. The resulting translation differences are recognised in other comprehensive income.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income and reclassified to profit or loss upon repayment or disposal of the relevant entity.

The cumulative translation differences recorded in exchange reserves in respect of a foreign operation are recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, the proportionate share of the cumulative translation differences in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

### 3 Summary of Principal Accounting Policies (continued)

#### b. Foreign currencies (continued)

##### iv. Principal exchange rates

	Year end rates		Average rates	
	2014	2013	2014	2013
	RM	RM	RM	RM
Australian dollar (AUD)	<b>3.02</b>	2.94	<b>2.98</b>	3.17
British pound (GBP)	<b>5.47</b>	4.85	<b>5.27</b>	4.84
Chinese renminbi (RMB)	<b>0.52</b>	0.52	<b>0.53</b>	0.49
European Union euro	<b>4.38</b>	4.15	<b>4.40</b>	3.99
Hong Kong dollar	<b>0.41</b>	0.41	<b>0.42</b>	0.40
Indonesian rupiah (1,000)	<b>0.27</b>	0.32	<b>0.29</b>	0.32
New Zealand dollar	<b>2.81</b>	2.48	<b>2.69</b>	2.53
Singapore dollar	<b>2.57</b>	2.51	<b>2.57</b>	2.49
Thailand baht (THB)	<b>0.10</b>	0.10	<b>0.10</b>	0.10
United States dollar (USD)	<b>3.21</b>	3.18	<b>3.18</b>	3.09

#### c. **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of an asset. The carrying amount of the replaced part is derecognised and all repairs and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

Valuation adjustments on certain Malaysian plantation land and buildings were incorporated into the financial statements. In 1998, the Group applied the transitional provision in MASB Approved Accounting Standard IAS 16 – Property, Plant and Equipment, which allows the Group to continue carrying those land and buildings in the financial statements on the basis of their previous revaluation. Surpluses arising on previous revaluation are credited to revaluation reserve. On the disposal, amounts in revaluation reserve relating to those assets are transferred to retained profits. Other than depreciation and impairment adjustments, there has been no subsequent valuation recorded on those land and buildings.

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

Leasehold land	over the lease period ranging from 30 to 999 years
Buildings	2% to 20%, or the lease term if shorter
Plant and machinery	2% to 20%, or the lease term if shorter
Rental assets	10% to 33.3%
Vehicles, equipment and fixtures	5% to 33.3%

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

Rental assets will be transferred to inventories at their carrying amounts when they cease to be rented and become held for sale.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 3 Summary of Principal Accounting Policies (continued)

### d. Biological assets

#### i. Malaysia

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

However, if the land on which the trees are planted is on a lease term, the capitalised costs will be amortised to the profit or loss on a straight-line basis over the last planting cycle before the expiry of the lease.

#### ii. Indonesia and Liberia

New planting expenditure and replanting expenditure are capitalised at cost as biological assets and amortised on a straight-line basis over the economic useful lives of the trees, or the remaining period of the lease, whichever is shorter.

### e. Prepaid lease rentals

Prepaid lease rentals represent payment for rights to use land over a predetermined period that is accounted for as an operating lease and is stated at cost less amount amortised and accumulated impairment losses.

The prepaid lease rentals are amortised on a straight-line basis over the lease period ranging from 10 to 56 years.

### f. Investment properties

Investment properties are land and buildings held for rental income and/or capital appreciation which are not substantially occupied or intended to be occupied for use by, or in the operations of the Group.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land and buildings under construction are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold land	over the lease period ranging from 50 to 99 years
Buildings	2% to 5%, or the lease term if shorter

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

### g. Land held for property development

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

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

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

### h. Investments in subsidiaries

Investments in subsidiaries and intercompany loans which are treated as part of the parent's net investment are recorded at costs less accumulated impairment losses, if any, in the Company's financial statements.

### 3 Summary of Principal Accounting Policies (continued)

#### i. Intangible assets

##### i. Goodwill

Goodwill represents the excess of the consideration and the fair value of previously held interests over the Group's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing.

Goodwill on acquisition of joint ventures and associates is included as part of the cost of investments in joint ventures and associates. Such goodwill is tested for impairment as part of the overall net investment in each joint venture and associate.

##### ii. Research and development costs

Research costs are charged to the profit or loss in the financial year in which the expenditure is incurred.

Development costs which fulfill commercial and technical feasibility criteria are capitalised at cost less accumulated impairment losses. The development costs are amortised from the commencement of commercial production of the product to which they relate on a straight-line basis over the period of the expected benefit, not exceeding a period of 5 years.

##### iii. Other intangible assets

Other intangible assets are capitalised at cost less accumulated amortisation and accumulated impairment losses.

Software development projects in progress are not amortised as the computer software are not yet available for use. Distribution rights with no predetermined service period are also not amortised. Other intangible assets are amortised on a straight-line basis over their contractual periods or estimated useful lives. The principal annual amortisation rates are:

Trademarks	10% to 20%
Assets usage rights	7%
Customer relationships	12.5%
Computer software	10% to 33.3%

#### j. Non-current assets held for sale

Non-current assets or groups of assets are classified as "held for sale" if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Depreciation ceases when an asset is classified as a non-current asset held for sale. Non-current assets held for sale are stated at the lower of carrying amount and fair value less cost to sell.

#### k. Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined on a weighted average basis except for the following:

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

The cost of raw materials, consumable stores, replacement parts and trading inventories represents cost of purchase plus incidental costs, and in the case of other inventories, includes design costs, cost of materials, direct labour, other direct costs and related production overheads based on normal operating capacity.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 3 Summary of Principal Accounting Policies (continued)

### l. Property development costs

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

At end of each reporting period, the cumulative revenue recognised and progress billings made for each development unit sold are compared. Where the revenue recognised exceeds the billings to the purchaser, the net amount is shown as accrued billings. Where the billings to the purchaser exceeds revenue recognised, the net amount is shown as progress billings.

### m. Construction contracts

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

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

At end of each reporting period, the cumulative costs incurred, profits or losses recognised and progress billings made for each contract work are compared. Where costs incurred and profits or losses recognised exceeds progress billings, the net amount is shown as amount due from customers on construction contracts. Where progress billings exceeds costs incurred and profits or losses recognised, the net amount is shown as amount due to customers on construction contracts.

### n. Financial assets

The Group's financial assets are classified into four categories as set out in Note 53(a). The accounting policies for each of these categories, other than derivatives used for hedging as set out in Note 3(o), are as follows:

#### i. Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading. Derivatives are categorised as held for trading unless they are designated and are effective hedging instrument. The Group does not have any financial assets designated as fair value through profit or loss upon initial recognition.

These financial assets are measured at fair value and transaction costs are expensed in profit or loss. Any gain or loss arising from changes in fair value are recognised in profit or loss.

#### ii. Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. These financial assets are recorded at fair value plus transaction costs and thereafter, they are measured at amortised cost using the effective interest method less accumulated impairment losses.

#### iii. Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the two preceding categories. These financial assets are recorded initially at fair value plus transaction costs and thereafter, they are measured at fair value. Except for impairment, foreign exchange differences on translation of monetary available-for-sale financial assets such as debt instruments, interest calculated using the effective interest method and dividends which are recognised in profit or loss, any gain or loss arising from changes in fair value are recognised in other comprehensive income. On derecognition, the cumulative gain or loss is reclassified from available-for-sale reserve to profit or loss.

### 3 Summary of Principal Accounting Policies (continued)

#### n. Financial assets (continued)

Financial assets are classified as current assets for those having maturity dates of less than 12 months after the end of the reporting period, and the balance is classified as non-current. For available-for-sale financial assets, the classification is based on expected date of realisation of the assets.

Regular way purchase or sale of a financial asset is recognised on the settlement date i.e. the date that an asset is delivered to or by the Group. A contract that requires or permits net settlement of the change in the value of the contract is not a regular way contract. Such contract is accounted for as a derivative in the period between the trade date and the settlement date.

#### o. Derivatives and hedging activities

Derivatives are measured at fair value. A derivative that is neither designated nor an effective hedging instrument is categorised under fair value through profit or loss and changes in its fair value are recognised in profit or loss. In the case of a derivative that qualifies for cash flow hedge, the effective portion of changes in its fair value is recognised in other comprehensive income. The gain or loss is removed from equity and included in profit or loss in the same period or periods during which the hedged item affects profit or loss. In the case of a hedge of a forecast transaction which results in the recognition of a non-financial asset or a non-financial liability, the gain or loss is removed from equity and included in the carrying amount of the asset or liability.

The gain or loss is also removed from equity and included in profit or loss when a derivative expires, no longer meets the criteria for hedge accounting, or the forecasted transaction is no longer expected to occur.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivatives are classified as current asset or current liability for those having maturity dates of less than 12 months after the end of the reporting period, and the balance is classified as non-current.

#### p. Impairment

Goodwill and other intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested for impairment. Other non-financial assets are assessed for indication of impairment. If an indication exists, an impairment test is performed. In the case of financial assets, investment in subsidiaries and interest in joint ventures and associates, they are assessed for objective evidence of impairment.

This exercise is performed annually and whenever events or circumstances occur indicating that impairment may exist.

The recognition and measurement of impairment are as follows:

##### i. Non-financial assets

An impairment loss is recognised for the amount by which the carrying amount of the non-financial asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Impairment loss on a revalued asset is treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the same asset. Impairment loss on non-financial assets stated at historical costs is charged to profit or loss.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 3 Summary of Principal Accounting Policies (continued)

### p. Impairment (continued)

The recognition and measurement of impairment are as follows: (continued)

#### ii. Subsidiaries, joint ventures and associates

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

#### iii. Loans and receivables

Loans and receivables are assessed individually and thereafter collectively for objective evidence of impairment. If evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment not been recognised previously.

#### iv. Available-for-sale financial assets

A significant or prolonged decline in the fair value of the available-for-sale financial assets below its cost indicates that the assets are impaired. If such evidence exists, the decline in fair value together with the cumulative loss recognised in other comprehensive income, if any, is taken to profit or loss. An impairment loss recognised for equity instrument is not reversed. Reversal of impairment losses through profit or loss is made only if the financial asset is a debt instrument and the increase in fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

### q. Share capital

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

Dividends to owners of the Company and non-controlling interests are recognised in the statement of changes in equity in the period in which they are declared.

### r. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, where the outflow of resources is probable and can be reliably estimated. Provisions are measured at the present value of the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

#### i. Warranties

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

#### ii. Performance guarantees and bonds

Provisions for performance guarantees and bonds are recognised when crystallisation is probable. When crystallisation is possible, the performance guarantees and bonds are disclosed as contingent liabilities.

#### iii. Risk sharing

The risk sharing arrangement is with a third party leasing company for financing customers' purchases of equipment from the Group whereby the Group guarantees the payment from its customers under the lease agreement up to a pre-determined amount. Provisions are recognised for the obligation that the Group has to pay to the leasing company should the customers default and the amount is estimated based on a percentage of risk sharing ratio over the total outstanding lease portfolio.

### 3 Summary of Principal Accounting Policies (continued)

#### s. Deferred income

Deferred income comprises the following:

- i. Maintenance income – is deferred and recognised by reference to the percentage of the estimated total costs for each of the maintenance contracts with customers to provide service and support for customers' machinery.
- ii. Advance annualised licence fees – are deferred and recognised on a fixed annualised amount on a straight-line basis over the term of the golf club memberships.
- iii. Government grants – are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Grants are treated as deferred income and allocated to profit or loss over the useful lives of the related assets or the period of operating expenditure to which the grants are intended to compensate.

#### t. Employee costs

- i. Short-term employee benefits  
Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the services are rendered by employees.
- ii. Defined contribution pension plans  
A defined contribution pension plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

- iii. Defined benefit pension plans  
A defined benefit pension plan is a pension plan that is not a defined contribution pension plan. Typically defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group has various defined benefit pension plans, some of which are funded by payments from the relevant Group companies in various countries. The Group's defined benefit pension plans are determined based on a periodic actuarial valuation by external consultants where the amount of the benefits that eligible employees have earned in return for their services in the current and prior years are estimated.

The liabilities in respect of the defined benefit pension plans are the present values of the defined benefit obligations at the end of the reporting period, adjusted for actuarial gains and losses and past service costs, and reduced by the fair value of the plan assets. The defined benefit obligations, calculated using the Projected Unit Credit Method, are determined by independent actuaries, considering the estimated future cash outflows.

Actuarial gains or losses arising from market adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

- iv. Termination benefits  
Termination benefits are payable whenever an employee's employment is terminated 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 3 Summary of Principal Accounting Policies (continued)

### t. Employee costs (continued)

#### v. Share-based compensation

The Company operates an equity-settled, share-based compensation plan for the Group's employees.

Employee services received in exchange for the grant of the Company's shares are recognised as an expense in the profit or loss over the vesting period of the grant, with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted.

Non-market vesting conditions are included in the assumptions to arrive at the number of shares that are expected to vest. At the end of the reporting period, the Group and the Company revise its estimates of the number of shares that are expected to vest. The impact of the revision of original estimates, if any, is recognised in the profit or loss, with a corresponding adjustment to equity.

The fair value of shares granted to employees of subsidiaries are recharged by the Company to the subsidiaries.

### u. Financial liabilities

The Group's financial liabilities are classified into four categories as set out in Note 53(a). The accounting policies for each of these categories, other than derivatives used for hedging as set out in Note 3(o), are as follows:

#### i. Financial liabilities at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss if they are held for trading. Derivatives are categorised as held for trading unless they are designated and are effective hedging instruments. The Group does not have any financial liabilities designated as fair value through profit or loss upon initial recognition.

#### ii. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are recognised initially at fair value plus transaction costs and thereafter, at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amounts initially recognised less cumulative amortisation recognised.

#### iii. Other financial liabilities

All other financial liabilities are recognised initially at fair value plus transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Financial liabilities are classified as current liabilities for those having maturity dates of less than 12 months after the end of the reporting period, and the balance is classified as non-current.

### v. Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and cash held under Housing Development Accounts, net of bank overdrafts.

### w. Revenue recognition

Revenue from sale of goods and performance of services are recognised at the fair value of the consideration received or receivable upon delivery of goods or performance of services, net of discounts, allowances, indirect taxes and liquidated ascertained damages.

Revenue from property development is recognised when it is probable that future economic benefits will flow to the Group, and by reference to the stage of completion of the development activity in respect of development units sold. The stage of completion is measured by the completion of a physical proportion of contract work to-date. Revenue from construction contracts is recognised on the percentage of completion method by reference to either the proportion of costs incurred to-date to the total estimated costs or the completion of a physical proportion of contract work to-date.

### 3 Summary of Principal Accounting Policies (continued)

#### w. Revenue recognition (continued)

Other revenue is recognised on the following basis:

- i. Interest income – recognised on an accrual basis, using the effective interest method
- ii. Dividend income – recognised when the right to receive payment is established
- iii. Rental income – recognised on a straight-line basis over the lease term.

#### x. Operating leases

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

#### y. Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. The assets are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments at the inception of the respective leases. The corresponding liabilities are classified as finance lease obligation.

Lease payments are allocated between the finance charges and finance lease obligation. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining finance lease obligation.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

#### z. Tax

The tax expense comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

The current income tax charge is the expected income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 3 Summary of Principal Accounting Policies (continued)

### aa. Commodity future and forward contracts

Commodity contracts are entered into to manage exposure to adverse movements in vegetable oil prices. Certain contracts are entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's expected purchase, sale or usage requirements. Accordingly, such contracts are deemed not to be financial instruments. Gains or losses arising from these contracts are deferred and included in the measurement of the purchase or sale transactions only upon the recognition of the anticipated transactions.

Contracts entered other than for the purpose of the receipt or delivery of physical commodity are treated as derivatives.

### ab. Contingent liabilities

The Group does not recognise contingent liabilities but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events whose crystallisation will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that is not recognised because it cannot be measured reliably.

### ac. Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to management for the allocation of resources and assessment of its performance. These are affected predominantly by differences in the products and services provided. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group companies within a single segment. Intragroup transactions which in substance represent reallocation of non-current assets from a segment to another segment are also eliminated. Inter-segment pricing is based on similar terms as those available to external parties.

### ad. Fair value estimation

Fair values shown in the financial statements are categorised into three different levels to increase consistency and comparability in fair value measurements. The levels of hierarchy are based on the input used to measure the fair value of an asset or a liability. The hierarchy based on highest to the lowest priority is as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities
- Level 2 – valuation inputs (other than Level 1 input) that are observable for the asset or liability, either directly or indirectly
- Level 3 – valuation inputs that are not based on observable market data

#### 4 Critical Accounting Estimates and Judgement in Applying Accounting Policies

The preparation of financial statements in conforming with FRS requires the use of certain critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group's accounting policies. Estimates and assumptions are based on the Directors' best knowledge of current events. Such estimates and judgement could change from period to period and have a material impact on the results, financial position, cash flows and other disclosures.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

**a. Impairment of non-financial assets**

The Group assesses whether there is any indication that non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

The impairment assessment on property, plant and equipment and intangible assets are disclosed in Notes 17 and 24 respectively.

**b. Inventories write-down**

Inventories write-down is provided based on their net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less cost to completion and selling expenses. The amount written down during the financial year is shown in Note 30.

**c. Impairment of receivables**

Impairment is made for receivables that the management considers the recoverability to be doubtful. On a regular basis, the management reviews the receivables' ageing report and repayment history for any objective evidence of impairment.

If the past due debts as shown in Note 28 were to impair by an additional 1%, the profit before tax of the Group will be negatively affected by RM20.4 million (2013: RM19.8 million) for the financial year.

**d. Construction contracts and property development projects**

The Group recognises contract and property development revenue based on percentage of completion method. Significant judgement is required in determining:

- the completeness and accuracy of the bids and/or budgets;
- the extent of the costs incurred;
- the estimation of the variation works that are recoverable from customers;
- the additional overheads due to meeting customers' request, weather and other delays;
- the subcontractors performance issues; and
- the changes in availability and proximity of equipment and material.

The foregoing factors as well as the stage of completion of contracts in progress and the mix of contracts at different margins may cause fluctuations in gross profit between periods. Substantial changes in cost estimates, particularly in complex projects have had, and can in future periods have, a significant effect on the Group's profitability. In making the above judgement, the Group relies on past experience and work of specialists.

**e. Performance-Based Employee Share Scheme**

The Group recognises the cost of Performance-Based Employee Share Scheme (PBESS) by reference to the fair value of the shares granted, and revises the estimated number of shares that are expected to vest at end of the reporting period. Changes to the estimate would have an impact to the cost of unvested shares and the financial results. The cost of unvested shares as at 30 June 2014 is RM39.1 million (2013: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 4 Critical Accounting Estimates and Judgement in Applying Accounting Policies (continued)

### f. Taxation

The Group has recognised certain tax recoverable for which the Group believes that there is a reasonable basis for recognition. Where the final tax outcome of this matter is different from the amount that was initially recorded, such difference may cause a material adjustment to the carrying amount of the tax recoverable balance recorded in the period in which such determination is made. The Group has recognised certain tax recoverable which are non-current as shown in Note 26.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences or unutilised tax losses and tax credits (including investment allowances) can be utilised. This involves judgement regarding future taxable profits of a particular entity in which the deferred tax asset has been recognised.

During the current financial year, the Group has recognised deferred tax assets arising from unutilised tax losses as disclosed in Note 25.

### g. Contingent liabilities

Recognition and measurement for contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business. The Group's contingent liabilities and material litigation are shown in Notes 47 and 48 respectively.

## 5 Revenue

Revenue for the Group represents sale of goods, performance of services, income from property development activities, construction contracts and rental income from investment properties earned outside the Group, net of discounts, allowances and liquidated ascertained damages.

Revenue for the Company represents dividend income from investment in subsidiaries (unquoted).

	Group		Company	
	2014	2013	2014	2013
Sale of goods	<b>37,786.5</b>	40,139.5	-	-
Performance of services	<b>3,289.9</b>	3,513.4	-	-
Property development	<b>2,313.2</b>	2,140.3	-	-
Construction contracts	<b>453.7</b>	261.1	-	-
Rental income from investment properties	<b>64.7</b>	54.7	-	-
Dividend income from investment	-	-	<b>1,955.6</b>	1,685.0
	<b>43,908.0</b>	46,109.0	<b>1,955.6</b>	1,685.0

## 6 Operating Expenses

	Group		Company	
	2014	2013	2014	2013
Changes in inventories of finished goods and work in progress	858.2	916.8	-	-
Finished goods, work in progress and other direct overheads	26,007.6	27,906.9	-	-
Raw materials and consumables used	4,696.9	5,009.6	-	-
Employee costs [note (a)]	4,892.5	4,722.1	0.7	0.7
Amortisation of prepaid lease rentals	42.9	48.3	-	-
Amortisation of intangible assets	33.3	22.0	-	-
Depreciation:				
- property, plant and equipment [note (b)]	1,061.6	1,112.5	-	-
- biological assets	39.7	43.1	-	-
- investment properties	17.7	13.9	-	-
Property development costs	1,411.1	1,113.3	-	-
Construction contract costs	296.5	294.4	-	-
Replanting expenditure	240.0	208.7	-	-
Research expenditure [note (a)]	121.0	114.9	-	-
Provision/(reversal) of warranties and guarantees	121.1	(2.7)	-	-
Auditors' remuneration:				
Fees for statutory audits				
- PricewaterhouseCoopers Malaysia	6.6	6.7	0.7	0.6
- member firms of PricewaterhouseCoopers International Limited	16.7	16.1	-	-
- others	0.4	1.4	-	-
Fees for non-audit services				
- PricewaterhouseCoopers Malaysia	3.8	3.5	-	-
- member firms of PricewaterhouseCoopers International Limited	3.4	4.6	-	-
- others	3.1	2.4	-	-
Directors' remuneration [note (c)]	5.8	5.5	3.7	3.2
Hire of plant and machinery	113.2	106.7	-	-
Operating lease payments for land and buildings	255.3	269.7	-	-
Foreign currency exchange loss:				
- realised	310.5	147.4	2.6	-
- unrealised	78.6	271.6	27.3	76.0
Fair value loss:				
- foreign currency exchange contracts	-	1.4	-	-
- commodity future contracts	1.1	-	-	-
Ineffective portion of cash flow hedges:				
- foreign currency exchange contracts	3.5	2.6	-	-
- cross currency swap	21.8	-	-	-
Loss on disposal of:				
- property, plant and equipment	7.4	5.2	-	-
- an associate	0.8	-	-	-
Write offs of:				
- property, plant and equipment	8.1	18.5	-	-
- biological assets	14.4	9.2	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 6 Operating Expenses (continued)

	Group		Company	
	2014	2013	2014	2013
Impairment of:				
- property, plant and equipment	13.3	19.5	-	-
- investment properties	6.6	5.8	-	-
- intangible assets	11.8	0.5	-	-
- receivables	69.1	62.5	-	-
Other costs	367.7	348.6	7.9	7.7
	<b>41,163.1</b>	<b>42,833.2</b>	<b>42.9</b>	<b>88.2</b>
<b>a. Employee costs</b>				
Employee costs included in profit or loss	4,892.5	4,722.1	0.7	0.7
Employee costs included in research expenditure	73.6	59.7	-	-
Employee costs included in construction contracts [Note 29]	14.1	5.9	-	-
	<b>4,980.2</b>	<b>4,787.7</b>	<b>0.7</b>	<b>0.7</b>
Employee costs include:				
Defined benefit pension plans [Note 44]	0.5	35.7	-	-
Defined contribution pension plans	265.4	268.8	-	-
Performance-based employee share scheme	39.1	-	-	-
Termination benefits	62.5	3.2	-	-
<b>b. Depreciation on property, plant and equipment</b>				
Depreciation included in profit or loss	1,061.6	1,112.5	-	-
Depreciation included in biological assets [Note 18]	11.9	20.2	-	-
Depreciation in relation to discontinued operations [Note 13]	43.2	77.7	-	-
	<b>1,116.7</b>	<b>1,210.4</b>	<b>-</b>	<b>-</b>
<b>c. Directors' remuneration</b>				
Non-executive Directors:				
- fees	5.8	5.5	3.7	3.2
- estimated monetary value of benefits provided	0.3	0.3	0.3	0.3
Executive Director:				
- employee cost (included in note (a) above)	7.1	7.1	-	-
- estimated monetary value of benefits provided	*	*	-	-
	<b>13.2</b>	<b>12.9</b>	<b>4.0</b>	<b>3.5</b>

Included in the remuneration of Executive Director is performance-based employee share scheme expense of RM0.4 million (2013: Nil) for the Group.

\* less than RM0.1 million

## 7 Other Operating Income

	Group		Company	
	2014	2013	2014	2013
Commission, handling fees and incentives	<b>164.9</b>	149.4	-	-
Income from available-for-sale investments (gross):				
- quoted shares in Malaysia	<b>1.6</b>	1.0	-	-
- unquoted shares	<b>40.1</b>	63.0	-	-
- unquoted debentures	<b>0.2</b>	0.3	-	-
- unit trust funds	<b>0.9</b>	0.1	-	-
Foreign currency exchange gain:				
- realised	<b>344.3</b>	168.7	<b>2.4</b>	-
- unrealised	<b>73.0</b>	117.8	<b>26.6</b>	76.0
Fair value gains:				
- commodity future contracts	-	0.7	-	-
Ineffective portion of cash flow hedges:				
- foreign currency exchange contracts	<b>4.9</b>	13.7	-	-
- cross currency swap	-	117.5	-	-
Hire of plant and machinery	<b>5.1</b>	4.1	-	-
Rental income from land and buildings	<b>22.4</b>	21.3	-	-
Gain on disposal of:				
- property, plant and equipment	<b>112.2</b>	75.9	-	-
- prepaid lease rentals	<b>1.8</b>	-	-	-
- investment properties	<b>3.0</b>	10.7	-	-
- subsidiaries	<b>19.6</b>	5.2	-	-
- a joint venture	-	7.0	-	-
- associates	-	4.5	-	-
- available-for-sale investments	<b>0.1</b>	0.2	-	-
Reversal of impairment losses of:				
- property, plant and equipment	<b>38.2</b>	67.8	-	-
- biological assets	<b>3.3</b>	-	-	-
- investment properties	<b>0.1</b>	0.5	-	-
- receivables	<b>47.4</b>	68.9	-	-
Sale of scrap	<b>18.0</b>	17.5	-	-
Forfeitures, recoveries and other miscellaneous income	<b>472.6</b>	301.8	-	-
	<b>1,373.7</b>	1,217.6	<b>29.0</b>	76.0



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 8 Joint Ventures

The Group's interest in joint ventures as at 30 June, their respective principal activities and countries of incorporation are set out in Note 56.

The Group's interest in joint ventures are as follows:

Group 2014	Material joint ventures	Others	Total
Share of results	(47.3)	8.2	(39.1)
Share of other comprehensive income	81.6	2.1	83.7
Share of total comprehensive income	<b>34.3</b>	<b>10.3</b>	<b>44.6</b>
Unquoted shares, at costs	<b>1,433.0</b>	<b>170.1</b>	<b>1,603.1</b>
Share of post-acquisition reserves	<b>199.0</b>	<b>(161.8)</b>	<b>37.2</b>
Unrealised profit on transactions with joint ventures	-	<b>(43.2)</b>	<b>(43.2)</b>
Impairment losses	-	<b>(6.8)</b>	<b>(6.8)</b>
	<b>1,632.0</b>	<b>(41.7)</b>	<b>1,590.3</b>
<b>2013</b>			
Share of results	26.0	(0.1)	25.9
Share of other comprehensive (loss)/income	(46.2)	0.2	(46.0)
Share of total comprehensive (loss)/income	<b>(20.2)</b>	<b>0.1</b>	<b>(20.1)</b>
Unquoted shares, at costs	1,271.6	60.3	1,331.9
Share of post-acquisition reserves	157.9	(152.8)	5.1
Unrealised profit on transactions with joint ventures	-	(32.7)	(32.7)
Impairment losses	-	(8.5)	(8.5)
	<b>1,429.5</b>	<b>(133.7)</b>	<b>1,295.8</b>

The negative interest in joint ventures categorised as Others of RM41.7 million (2013: RM133.7 million) was due to the excess of the Group's share of losses over the cost of investment in Malaysia-China Hydro Joint Venture (MCH JV) of RM141.3 million (2013: RM151.7 million). On 11 August 2014, Sime Engineering Sdn Bhd and the other joint venturers of MCH JV entered into a Supplemental Agreement and a Settlement Agreement to agree on any claims, obligations and liabilities arising from MCH JV and the CW2 Package for the main civil works for the Bakun Hydroelectric Project (see Note 57).

## 8 Joint Ventures (continued)

### a. Material joint ventures

In the opinion of the Directors, the joint ventures which are material to the Group are as follows:

Name of joint venture	Description
Emery Oleochemicals (M) Sdn Bhd group (Emery)	Emery is a joint venture between PTT Global Chemical and Sime Darby Plantation Sdn Bhd. Emery is principally engaged in the production and trading of oleochemicals and derivatives. It has its headquarter in Shah Alam, Malaysia with manufacturing facilities and sales and marketing offices located in Asia Pacific, Europe and North America.
Ramsay Sime Darby Health Care Sdn Bhd group (RSDH)	RSDH which commenced operations on 1 July 2013, was formed in March 2013 following the merger of Sime Darby Healthcare Sdn Bhd and Affinity Health Care Holdings Pty Ltd, a subsidiary of Ramsay Health Care Ltd. The joint venture was part of the Group's strategy to accelerate the growth of its healthcare business to penetrate and capture the rapidly growing opportunities in Asia.
Battersea Project Holding Company Limited group (Battersea)	Battersea is a joint venture between S P Setia Berhad, Kwasa Global (Jersey) Limited and Sime Darby Property (Hong Kong) Limited, a subsidiary of Sime Darby Property Berhad. Battersea was formed to acquire and develop the Battersea Power Station site in London, United Kingdom, and it provides the opportunity for the Group to expand its footprint into a key international market for property development and investment.

#### Summarised financial information

The summarised statements of comprehensive income of the joint ventures are as follows:

Group 2014	Emery	RSDH	Battersea	Total
Revenue	3,234.6	642.9	-	3,877.5
Depreciation and amortisation	(73.0)	(56.3)	(3.9)	(133.2)
Interest income	4.6	1.4	0.1	6.1
Interest expense	(32.7)	(12.3)	-	(45.0)
(Loss)/profit before tax	(97.6)	29.1	(59.5)	(128.0)
Tax expense	54.8	(24.1)	(4.0)	26.7
(Loss)/profit for the year	(42.8)	5.0	(63.5)	(101.3)
Non-controlling interests	(4.8)	(1.2)	-	(6.0)
(Loss)/profit attributable to joint venturers	(47.6)	3.8	(63.5)	(107.3)
Other comprehensive income	60.9	0.6	127.1	188.6
Total comprehensive income attributable to joint venturers	13.3	4.4	63.6	81.3
Share of results of joint ventures	(23.8)	1.9	(25.4)	(47.3)
Share of other comprehensive income of joint ventures	30.5	0.3	50.8	81.6
Share of total comprehensive income of joint ventures	6.7	2.2	25.4	34.3

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 8 Joint Ventures (continued)

### a. Material joint ventures (continued)

Summarised financial information (continued)

The summarised statements of comprehensive income of the joint ventures are as follows: (continued)

Group 2013	Emery	RSDH	Battersea	Total
Revenue	2,723.0	-	-	2,723.0
Depreciation and amortisation	(68.9)	-	-	(68.9)
Interest income	2.1	-	-	2.1
Interest expense	(27.3)	-	-	(27.3)
Profit/(loss) before tax	75.0	-	(12.3)	62.7
Tax expense	(8.4)	-	(0.5)	(8.9)
Profit/(loss) for the year	66.6	-	(12.8)	53.8
Non-controlling interests	(4.4)	-	-	(4.4)
Profit/(loss) attributable to joint venturers	62.2	-	(12.8)	49.4
Other comprehensive loss	(76.2)	-	(20.2)	(96.4)
Total comprehensive loss attributable to joint venturers	(14.0)	-	(33.0)	(47.0)
Share of results of joint ventures	31.1	-	(5.1)	26.0
Share of other comprehensive loss of joint ventures	(38.1)	-	(8.1)	(46.2)
Share of total comprehensive loss of joint ventures	(7.0)	-	(13.2)	(20.2)

## 8 Joint Ventures (continued)

### a. Material joint ventures (continued)

Summarised financial information (continued)

The summarised statements of financial position of the joint ventures are as follows:

Group 2014	Emery	RSDH	Battersea	Total
<b>Non-current assets</b>	<b>1,091.0</b>	<b>1,151.2</b>	<b>849.0</b>	<b>3,091.2</b>
<b>Current assets</b>				
Cash and cash equivalents	155.2	58.7	405.0	618.9
Other current assets	1,048.9	140.7	2,960.9	4,150.5
	<b>1,204.1</b>	<b>199.4</b>	<b>3,365.9</b>	<b>4,769.4</b>
<b>Non-current liabilities</b>				
Financial liabilities	(148.4)	(183.1)	(1,955.6)	(2,287.1)
Other non-current liabilities*	(214.9)	(99.4)	-	(314.3)
	<b>(363.3)</b>	<b>(282.5)</b>	<b>(1,955.6)</b>	<b>(2,601.4)</b>
<b>Current liabilities</b>				
Financial liabilities	(638.8)	-	-	(638.8)
Other current liabilities*	(360.3)	(129.5)	(766.2)	(1,256.0)
	<b>(999.1)</b>	<b>(129.5)</b>	<b>(766.2)</b>	<b>(1,894.8)</b>
<b>Non-controlling interests</b>	<b>(56.8)</b>	<b>(8.2)</b>	<b>-</b>	<b>(65.0)</b>
<b>Net assets</b>	<b>875.9</b>	<b>930.4</b>	<b>1,493.1</b>	<b>3,299.4</b>
<b>2013</b>				
<b>Non-current assets</b>	<b>840.6</b>	<b>1,161.2</b>	<b>1,883.8</b>	<b>3,885.6</b>
<b>Current assets</b>				
Cash and cash equivalents	194.7	55.1	314.2	564.0
Other current assets	945.6	110.6	384.3	1,440.5
	<b>1,140.3</b>	<b>165.7</b>	<b>698.5</b>	<b>2,004.5</b>
<b>Non-current liabilities</b>				
Financial liabilities	-	(196.1)	(1,291.4)	(1,487.5)
Other non-current liabilities*	(26.6)	(62.0)	-	(88.6)
	<b>(26.6)</b>	<b>(258.1)</b>	<b>(1,291.4)</b>	<b>(1,576.1)</b>
<b>Current liabilities</b>				
Financial liabilities	(592.0)	(50.0)	-	(642.0)
Other current liabilities*	(445.4)	(87.0)	(281.8)	(814.2)
	<b>(1,037.4)</b>	<b>(137.0)</b>	<b>(281.8)</b>	<b>(1,456.2)</b>
<b>Non-controlling interests</b>	<b>(54.3)</b>	<b>(5.8)</b>	<b>-</b>	<b>(60.1)</b>
<b>Net assets</b>	<b>862.6</b>	<b>926.0</b>	<b>1,009.1</b>	<b>2,797.7</b>

\* trade and other payables are included in other liabilities

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 8 Joint Ventures (continued)

### a. Material joint ventures (continued)

#### Summarised financial information (continued)

The development of the Battersea project commenced on 10 January 2013 with the launch of Phase 1. However, the revenue and profit from the development will only be recognised upon fulfillment of the revenue recognition criteria based on the terms of the sale contract. The development cost incurred as at 30 June 2014 of RM3,564.1 million (2013: RM2,248.4 million) is recognised as an asset and is measured at the lower of cost and net realisable value. Development cost includes interest expense capitalised during the financial year of RM68.5 million (2013: RM36.0 million).

The information above reflects the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures as well as post-acquisition changes to the fair value adjustment at acquisition date.

The most recent available financial statements of the joint ventures are used in applying equity method of accounting with appropriate adjustments made for significant transactions occurring between that date and 30 June 2014.

Name of joint venture	Statutory reporting date	Period consolidated by Group
Emery	31 December	12 months ended 30 June 2014
RSDH	30 June	12 months ended 30 June 2014
Battersea	31 October	12 months ended 30 June 2014

#### Reconciliation

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint ventures are as follows:

Group 2014	Emery	RSDH	Battersea	Total
<b>Net assets</b>				
At 1 July	862.6	926.0	1,009.1	2,797.7
Total comprehensive income	13.3	4.4	63.6	81.3
Capital contribution	-	-	420.4	420.4
At 30 June	875.9	930.4	1,493.1	3,299.4
Group's interest in the joint ventures (%)	50.0	50.0	40.0	
Interest in joint ventures	438.0	465.2	597.2	1,500.4
Goodwill	-	131.6	-	131.6
Carrying amount at end of the year	438.0	596.8	597.2	1,632.0

## 8 Joint Ventures (continued)

### a. Material joint ventures (continued)

#### Reconciliation (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint ventures are as follows: (continued)

Group 2013	Emery	RSDH	Battersea	Total
<b>Net assets</b>				
At 1 July	846.0	-	-	846.0
Total comprehensive loss	(14.0)	-	(33.0)	(47.0)
Capital contribution	30.6	926.0	1,042.1	1,998.7
At 30 June	862.6	926.0	1,009.1	2,797.7
Group's interest in the joint ventures (%)	50.0	50.0	40.0	
Interest in joint ventures	431.3	463.0	403.6	1,297.9
Goodwill	-	131.6	-	131.6
Carrying amount at end of the year	431.3	594.6	403.6	1,429.5

### b. Commitments and contingent liabilities

The Group has the following commitments in relation to its joint ventures:

- i. Pursuant to a Shareholders' Agreement entered into by Weifang Sime Darby Port Co Ltd, Weifang Port Co Ltd and Shandong Hi-speed Transport & Logistics Investment Co Ltd for the establishment of Weifang Port Services Co Ltd (WPS), the Group has paid RMB74 million (equivalent to RM39.1 million) in cash on 15 March 2014 and is required to contribute the balance of its 37% share of WPS's capital of RMB1 billion as follows:
  - RMB222 million (equivalent to RM114.8 million) by way of the injection of the 10,000 tonne class sea channel and wave breaker which the Group had invested and built previously, by 30 September 2014; and
  - RMB74 million (equivalent to RM38.3 million) in cash by 30 June 2015.
- ii. The Group and the other shareholders of Battersea are committed to provide further funding to Battersea and Battersea Phase 1 Holding Company Limited following the issuance of Letters of Undertaking to both companies on 31 October 2013.

There are no contingent liabilities relating to the Group's interest in the joint ventures, other than as disclosed in Note 42(c).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 9 Associates

The Group's interest in the associates as at 30 June, their respective principal activities and countries of incorporation are set out in Note 56.

The Group's interest in associates are as follows:

Group 2014	Material associates	Others	Total
Share of results	108.4	30.9	139.3
Share of other comprehensive (loss)/income	(2.6)	1.4	(1.2)
Share of total comprehensive income	<u>105.8</u>	<u>32.3</u>	<u>138.1</u>
Share of capital reserve	<u>1.9</u>	<u>-</u>	<u>1.9</u>
Quoted shares in Malaysia, at costs	554.2	-	554.2
Unquoted shares, at costs	525.8	233.0	758.8
Share of post-acquisition reserves	128.5	229.6	358.1
Unrealised profit on transactions with associates	(141.8)	(1.7)	(143.5)
Impairment losses	-	(6.6)	(6.6)
	<u>1,066.7</u>	<u>454.3</u>	<u>1,521.0</u>
<b>2013</b>			
Share of results	69.0	46.2	115.2
Share of other comprehensive income/(loss)	0.7	(7.8)	(7.1)
Share of total comprehensive income	<u>69.7</u>	<u>38.4</u>	<u>108.1</u>
Share of capital reserve	<u>2.8</u>	<u>-</u>	<u>2.8</u>
Quoted shares in Malaysia, at costs	786.7	-	786.7
Unquoted shares, at costs	525.8	150.2	676.0
Share of post-acquisition reserves	56.0	225.4	281.4
Unrealised profit on transactions with associates	(152.1)	(0.8)	(152.9)
Impairment losses	-	(5.4)	(5.4)
	<u>1,216.4</u>	<u>369.4</u>	<u>1,585.8</u>

## 9 Associates (continued)

### a. Material associates

In the opinion of the Directors, the associates which are material to the Group are as follows:

Name of associate	Description
Eastern & Oriental Berhad group (E&O)	E&O is a company listed on the Main Market of Bursa Malaysia Securities Berhad. The stake in E&O enables the Group to extend its presence in the property development and hospitality sectors, beyond the Greater Kuala Lumpur region, specifically in Penang and Johor, and to pursue collaboration and cross fertilisation of ideas and expertise.
Tesco Stores (Malaysia) Sdn Bhd (Tesco)	Tesco owns and operates over forty (40) hypermarkets in Malaysia. Tesco was established on 29 November 2001 as a result of a strategic alliance between Tesco PLC and the Group. The investment enables the Group to establish its footprint into the consumer retail business in Malaysia.
Seriemas Development Sdn Bhd group (Seriemas)	The Group's interest in Seriemas was following the merger with Golden Hope Plantations Bhd (GHPB) in November 2007. The equity interest of 40% arose from a rationalisation exercise by GHPB in November 2004 which involves the acquisition of plantation assets by GHPB and the dilution of GHPB's 100% interest in property development companies. Seriemas currently owns landbanks in Malaysia and is involved in property development and investment.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 9 Associates (continued)

### a. Material associates (continued)

#### Summarised financial information

The summarised statements of comprehensive income of and dividends received from the associates are as follows:

<b>Group 2014</b>	<b>E&amp;O</b>	<b>Tesco</b>	<b>Seriemas</b>	<b>Total</b>
Revenue	497.1	4,646.8	235.3	5,379.2
Depreciation and amortisation	(23.6)	(182.9)	(0.5)	(207.0)
Interest income	9.3	0.6	-	9.9
Interest expense	(34.7)	(145.5)	(1.5)	(181.7)
Profit before tax	131.7	142.9	189.0	463.6
Tax expense	(48.3)	(60.7)	(41.0)	(150.0)
Profit for the year	83.4	82.2	148.0	313.6
Non-controlling interests	(6.5)	-	0.5	(6.0)
Profit attributable to owners of associates	76.9	82.2	148.5	307.6
Other comprehensive (loss)/income	(1.6)	-	0.7	(0.9)
Total comprehensive income attributable to owners of associates	75.3	82.2	149.2	306.7
Share of results of associates	24.4	24.6	59.4	108.4
Share of other comprehensive (loss)/income of associates	(2.9)	-	0.3	(2.6)
Share of total comprehensive income of associates	21.5	24.6	59.7	105.8
Share of capital reserve of associates	2.4	(0.5)	-	1.9
Dividends received from associates	11.9	-	-	11.9

## 9 Associates (continued)

### a. Material associates (continued)

#### Summarised financial information (continued)

The summarised statements of comprehensive income of and dividends received from the associates are as follows: (continued)

<b>Group 2013</b>	<b>E&amp;O</b>	<b>Tesco</b>	<b>Seriemas</b>	<b>Total</b>
Revenue	605.5	4,606.3	58.3	5,270.1
Depreciation and amortisation	(14.9)	(169.8)	(0.5)	(185.2)
Interest income	5.7	0.6	0.5	6.8
Interest expense	(29.8)	(136.6)	-	(166.4)
Profit before tax	178.3	86.9	64.9	330.1
Tax expense	(50.5)	(39.3)	(16.7)	(106.5)
Profit for the year	127.8	47.6	48.2	223.6
Non-controlling interests	(7.2)	-	0.5	(6.7)
Profit attributable to owners of associates	120.6	47.6	48.7	216.9
Other comprehensive income	0.4	-	1.6	2.0
Total comprehensive income attributable to owners of associates	121.0	47.6	50.3	218.9
Share of results of associates	35.2	14.3	19.5	69.0
Share of other comprehensive income of associates	0.1	-	0.6	0.7
Share of total comprehensive income of associates	35.3	14.3	20.1	69.7
Share of capital reserve of associates	1.9	0.9	-	2.8
Dividends received from associates	10.8	-	7.2	18.0

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 9 Associates (continued)

### a. Material associates (continued)

Summarised financial information (continued)

The summarised statements of financial position of the associates are as follows:

Group 2014	E&O	Tesco	Seriemas	Total
<b>Non-current assets</b>	<b>2,750.0</b>	<b>3,797.9</b>	<b>461.1</b>	<b>7,009.0</b>
<b>Current assets</b>				
Cash and cash equivalents	277.1	83.5	90.2	450.8
Other current assets	627.7	601.2	454.0	1,682.9
	<b>904.8</b>	<b>684.7</b>	<b>544.2</b>	<b>2,133.7</b>
<b>Non-current liabilities</b>				
Financial liabilities	(544.0)	(2,736.3)	(4.7)	(3,285.0)
Other non-current liabilities*	(76.3)	(407.5)	-	(483.8)
	<b>(620.3)</b>	<b>(3,143.8)</b>	<b>(4.7)</b>	<b>(3,768.8)</b>
<b>Current liabilities</b>				
Financial liabilities	(184.1)	(95.0)	-	(279.1)
Other current liabilities*	(142.9)	(928.8)	(54.6)	(1,126.3)
	<b>(327.0)</b>	<b>(1,023.8)</b>	<b>(54.6)</b>	<b>(1,405.4)</b>
<b>Non-controlling interests</b>	<b>(42.5)</b>	<b>-</b>	<b>1.6</b>	<b>(40.9)</b>
<b>Net assets</b>	<b>2,665.0</b>	<b>315.0</b>	<b>947.6</b>	<b>3,927.6</b>
<b>2013</b>				
<b>Non-current assets</b>	<b>2,747.1</b>	<b>3,644.1</b>	<b>529.8</b>	<b>6,921.0</b>
<b>Current assets</b>				
Cash and cash equivalents	283.4	100.1	86.4	469.9
Other current assets	673.7	581.1	248.7	1,503.5
	<b>957.1</b>	<b>681.2</b>	<b>335.1</b>	<b>1,973.4</b>
<b>Non-current liabilities</b>				
Financial liabilities	(490.7)	(2,636.3)	(5.2)	(3,132.2)
Other non-current liabilities*	(75.2)	(398.3)	-	(473.5)
	<b>(565.9)</b>	<b>(3,034.6)</b>	<b>(5.2)</b>	<b>(3,605.7)</b>
<b>Current liabilities</b>				
Financial liabilities	(281.4)	(127.0)	(0.5)	(408.9)
Other current liabilities*	(204.8)	(929.4)	(60.8)	(1,195.0)
	<b>(486.2)</b>	<b>(1,056.4)</b>	<b>(61.3)</b>	<b>(1,603.9)</b>
<b>Non-controlling interests</b>	<b>(36.0)</b>	<b>-</b>	<b>-</b>	<b>(36.0)</b>
<b>Net assets</b>	<b>2,616.1</b>	<b>234.3</b>	<b>798.4</b>	<b>3,648.8</b>

\*trade and other payables are included in other liabilities

## 9 Associates (continued)

### a. Material associates (continued)

#### Summarised financial information (continued)

The information above reflects the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates as well as post-acquisition changes to the fair value adjustment at acquisition date.

The most recent available financial statements of the associates are used in applying equity method of accounting with appropriate adjustments made for significant transactions occurring between that date and 30 June 2014.

Name of associate	Statutory reporting date	Period consolidated by Group
E&O	31 March	12 months ended 31 March 2014
Tesco	28 February	12 months ended 31 May 2014
Seriemas	31 December	12 months ended 30 June 2014

#### Reconciliation

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the associates are as follows:

Group 2014	E&O	Tesco	Seriemas	Total
<b>Net assets</b>				
At 1 July	2,616.1	234.3	798.4	3,648.8
Total comprehensive income	75.3	82.2	149.2	306.7
Dividends received	(37.3)	-	-	(37.3)
Share of reserves	10.9	(1.5)	-	9.4
At 30 June	<u>2,665.0</u>	<u>315.0</u>	<u>947.6</u>	<u>3,927.6</u>
Group's interest in the associates (%)	<u>22.1</u>	<u>30.0</u>	<u>40.0</u>	
Interest in associates	587.8	94.4	379.1	1,061.3
Goodwill	5.4	-	-	5.4
Carrying amount at end of the year	<u>593.2</u>	<u>94.4</u>	<u>379.1</u>	<u>1,066.7</u>
Market value at end of the year	<u>670.9</u>	-	-	

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 9 Associates (continued)

### a. Material associates (continued)

#### Reconciliation (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the associates are as follows: (continued)

Group 2013	E&O	Tesco	Seriemas	Total
<b>Net assets</b>				
At 1 July	2,524.3	183.5	766.1	3,473.9
Total comprehensive income	121.0	47.6	50.3	218.9
Dividends received	(35.3)	-	(18.0)	(53.3)
Share of reserves	6.1	3.2	-	9.3
At 30 June	2,616.1	234.3	798.4	3,648.8
Group's interest in the associates (%)	31.2	30.0	40.0	
Interest in associates	816.4	70.3	319.4	1,206.1
Goodwill	10.3	-	-	10.3
Carrying amount at end of the year	826.7	70.3	319.4	1,216.4
Market value at end of the year	690.4	-	-	

On 28 May 2014, Sime Darby Nominees Sdn Bhd entered into a conditional share sale agreement to dispose 110,000,000 ordinary stock units of RM1.00 each, representing approximately 9.9% equity interest (excluding treasury stocks), in E&O for a total cash consideration of RM319.0 million (see Note 57(a)). Accordingly, the carrying amount of the said stocks of RM262.9 million was reclassified to non-current assets held for sale (see Note 35).

### b. Commitments and contingent liabilities

There are no commitment nor contingent liabilities relating to the Group's interest in the associates, other than as disclosed in Notes 42(c) and 49(c).

## 10 Finance Income

	Group		Company	
	2014	2013	2014	2013
Interest income from:				
- subsidiaries	-	-	190.7	171.2
- banks and other financial institutions	91.4	95.8	0.7	1.0
- financial guarantees in respect of credit facilities granted to:				
- certain subsidiaries	-	-	8.9	25.0
- others	0.7	0.1	-	-
- other interest income	34.2	8.8	-	-
	<b>126.3</b>	104.7	<b>200.3</b>	197.2
Accretion of discount [Notes 28(a)]	34.5	20.1	-	-
	<b>160.8</b>	124.8	<b>200.3</b>	197.2

## 11 Finance Costs

	Group		Company	
	2014	2013	2014	2013
Interest expense to:				
- banks and other financial institutions	209.8	263.3	12.7	16.7
- finance lease obligation	5.8	6.0	-	-
- a subsidiary	-	-	70.8	28.9
Net change in fair value of interest rate swap contracts	-	(7.6)	-	-
Cross currency swap interest	44.1	40.1	-	-
	<b>259.7</b>	301.8	<b>83.5</b>	45.6
Islamic financing distribution payment:				
- Sukuk	65.7	28.9	-	-
- Medium Term Notes and Commercial Papers	107.5	116.4	107.5	116.4
- syndicated facilities	5.3	-	-	-
- other facilities	3.4	2.6	-	-
	<b>181.9</b>	147.9	<b>107.5</b>	116.4
Total finance costs	<b>441.6</b>	449.7	<b>191.0</b>	162.0
Interest included in:				
- property, plant and equipment [Note 17]	(7.5)	-	-	-
- construction contracts cost [Note 29]	(4.6)	-	-	-
- property development costs [Note 31]	(14.5)	(4.4)	-	-
Net finance costs	<b>415.0</b>	445.3	<b>191.0</b>	162.0

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 12 Tax Expense

	Group		Company	
	2014	2013	2014	2013
Income tax:				
In respect of current year				
- Malaysian income tax	<b>459.7</b>	406.3	<b>0.4</b>	-
- foreign income tax	<b>499.3</b>	624.8	-	-
In respect of prior years				
- Malaysian income tax	<b>(11.0)</b>	(135.7)	<b>(0.4)</b>	(5.0)
- foreign income tax	<b>(0.5)</b>	23.3	-	-
Total income tax	<b>947.5</b>	918.7	-	(5.0)
Deferred tax:				
- origination and reversal of temporary differences	<b>32.2</b>	123.0	<b>(0.6)</b>	3.2
- effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	<b>(2.6)</b>	(47.3)	-	-
- effects of change in tax base applicable to unrealised profit following changes to the land use	<b>(167.4)</b>	(41.5)	-	-
- effects of change in tax rate	<b>(102.2)</b>	-	-	-
Total deferred tax	<b>(240.0)</b>	34.2	<b>(0.6)</b>	3.2
Total tax expense	<b>707.5</b>	952.9	<b>(0.6)</b>	(1.8)

## 12 Tax Expense (continued)

### Tax reconciliation

Reconciliation from tax at applicable tax rate to tax expense is as follows:

	Group		Company	
	2014	2013	2014	2013
Profit before tax	<b>3,964.6</b>	4,314.0	<b>1,951.0</b>	1,708.0
Less: Share of results of joint ventures	<b>39.1</b>	(25.9)	-	-
Share of results of associates	<b>(139.3)</b>	(115.2)	-	-
	<b>3,864.4</b>	4,172.9	<b>1,951.0</b>	1,708.0
Applicable tax	<b>905.1</b>	999.2	<b>487.7</b>	427.0
Withholding tax on foreign income	<b>29.8</b>	26.9	-	-
Effects of tax incentives and non-taxable income:				
- single tier dividends	<b>(10.2)</b>	(17.4)	<b>(488.9)</b>	(421.3)
- foreign currency exchange gain	<b>(45.6)</b>	-	-	-
- tax incentives and other income	<b>(99.4)</b>	(53.3)	<b>(10.1)</b>	(26.5)
Effects of non-deductible expenses:				
- foreign currency exchange loss	<b>26.2</b>	2.9	-	-
- depreciation and amortisation on non-qualifying assets and other expenses	<b>120.0</b>	129.7	<b>11.1</b>	24.0
Deferred tax assets not recognised in respect of current year's tax losses	<b>65.3</b>	66.1	-	-
Over provision in prior years	<b>(11.5)</b>	(112.4)	<b>(0.4)</b>	(5.0)
Effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	<b>(2.6)</b>	(47.3)	-	-
Effects of change in tax base applicable to unrealised profit following changes to the land use	<b>(167.4)</b>	(41.5)	-	-
Effects of change in tax rate	<b>(102.2)</b>	-	-	-
Tax expense for the year	<b>707.5</b>	952.9	<b>(0.6)</b>	(1.8)
Applicable tax rate (%)	<b>23.4</b>	23.9	<b>25.0</b>	25.0
Effective tax rate (%)	<b>18.3</b>	22.8	<b>(0.0)</b>	(0.1)

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

The applicable tax rate of the Group has decreased from 23.9% to 23.4% mainly due to the changes in the proportion of income contributed by subsidiaries which are subjected to different statutory income tax rate.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 13 Discontinued Operations

The discontinued operations during the financial year are in relation to the disposal of the power generation business under the Energy & Utilities Division.

Name of subsidiary		Disposal consideration	Group's effective interest disposed %	Effective disposal date
Port Dickson Power Berhad	)	RM300.0 million	75.0	30 April 2014
Sime Darby Biofuels Sdn Bhd	)		100.0	30 April 2014
Sime Darby Power Co Limited	)	USD126.7 million (equivalent to RM407.6 million)	100.0	30 June 2014
Sime Darby LCP Power Co Ltd (SDLCP)	)		100.0	30 June 2014
Sime Darby O&M (Thailand) Co Ltd	)		100.0	30 June 2014

Concurrent with the divestment of the power generation business in Thailand, Sime Darby Far East (1991) Limited disposed its receivables due from SDLCP to the purchaser for a cash consideration of USD36.2 million (approximately RM116.2 million).

In financial year 2013, the discontinued operations was in respect of the Healthcare business following the disposal of the Group's interest in Sime Darby Healthcare Sdn Bhd on 30 June 2013 pursuant to a joint venture arrangement.

The results and cash flows of the discontinued operations are as follows:

### a. Results

	2014 Power	2013 Power	2013 Healthcare	2013 Total
Revenue	659.8	703.3	385.5	1,088.8
Operating expenses	(513.3)	(571.6)	(372.0)	(943.6)
Other operating income	9.0	16.0	9.9	25.9
Profit before interest and tax	155.5	147.7	23.4	171.1
Finance income	3.2	2.5	0.9	3.4
Finance costs	(1.9)	(2.0)	(2.0)	(4.0)
Profit before tax	156.8	148.2	22.3	170.5
Tax expense	(37.4)	(30.1)	(10.5)	(40.6)
Profit after tax	119.4	118.1	11.8	129.9
Gain on disposal of discontinued operations	144.0	-	340.6	340.6
Net profit from discontinued operations	263.4	118.1	352.4	470.5
Profit attributable to owners of:				
- the Company	239.9	98.8	352.4	451.2
- non-controlling interest	23.5	19.3	-	19.3
	263.4	118.1	352.4	470.5

### 13 Discontinued Operations (continued)

The results and cash flows of the discontinued operations are as follows: (continued)

#### a. Results (continued)

	2014 Power	2013 Power	2013 Healthcare	2013 Total
<u>Other comprehensive income/(loss)</u>				
Currency translation differences	(4.4)	4.7	-	4.7
Currency translation differences reclassified to profit or loss on disposal of subsidiaries	12.4	-	-	-
Total other comprehensive income from discontinued operations attributable to owners of the Company	8.0	4.7	-	4.7
Included in the results are:				
<u>Operating expenses</u>				
Employee costs	18.7	20.4	138.9	159.3
Amortisation of intangible assets	0.2	0.3	-	0.3
Depreciation on property, plant and equipment	43.2	49.5	28.2	77.7
Auditors' remuneration	0.2	0.2	0.2	0.4
Hire of plant and machinery	-	-	5.6	5.6
Operating lease payable for land and buildings	1.1	1.1	-	1.1
Write off of property, plant and equipment	0.1	-	-	-
Impairment of receivables	-	32.2	0.1	32.3
<u>Other operating income</u>				
Gain on disposal of property, plant and equipment	-	-	0.6	0.6
Reversal of impairment of receivables	-	-	0.5	0.5
Rental income from land and buildings	-	-	2.1	2.1
<u>Tax expense</u>				
Income tax:				
In respect of current year				
- Malaysian income tax	35.1	40.6	10.7	51.3
- foreign income tax	2.7	3.9	-	3.9
In respect of prior years				
- Malaysian income tax	(5.9)	-	0.4	0.4
Total income tax	31.9	44.5	11.1	55.6
Deferred tax:				
- origination and reversal of temporary differences	5.5	(14.4)	(0.6)	(15.0)
Total tax expense	37.4	30.1	10.5	40.6

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 13 Discontinued Operations (continued)

The results and cash flows of the discontinued operations are as follows: (continued)

### b. Cash flows

	2014 Power	2013 Power	2013 Healthcare	2013 Total
<b>Cash flow from operating activities</b>				
Profit after tax	119.4	118.1	11.8	129.9
Adjustments for:				
- depreciation and amortisation	43.4	49.8	28.2	78.0
- finance income	(3.2)	(2.5)	(0.9)	(3.4)
- finance costs	1.9	2.0	2.0	4.0
- tax expense	37.4	30.1	10.5	40.6
- gain on disposal of property, plant and equipment	-	-	(0.6)	(0.6)
- write off of property, plant and equipment	0.1	-	-	-
- impairment/(reversal of impairment) of receivables	-	32.2	(0.4)	31.8
- other non-cash items	0.2	-	-	-
	199.2	229.7	50.6	280.3
Changes in working capital				
- inventories	6.4	(10.2)	(2.2)	(12.4)
- trade receivables and others	62.1	(12.8)	(10.9)	(23.7)
- trade payables and others	(14.5)	13.3	(8.0)	5.3
Cash generated from operations	253.2	220.0	29.5	249.5
Tax paid	(41.3)	(54.8)	(13.5)	(68.3)
Net cash from operating activities	211.9	165.2	16.0	181.2
<b>Cash flow from investing activities</b>				
Finance income received	3.3	2.5	0.9	3.4
Proceeds from sale of property, plant and equipment	-	-	11.4	11.4
Net cash inflow/(outflow) from disposal of subsidiaries (see note below)	575.7	-	(24.8)	(24.8)
Purchase of property, plant and equipment	(6.0)	(15.4)	(338.0)	(353.4)
Net cash from/(used in) investing activities	573.0	(12.9)	(350.5)	(363.4)
<b>Cash flow from financing activities</b>				
Finance costs paid	(2.6)	(1.3)	(2.0)	(3.3)
Short-term borrowing	-	-	50.0	50.0
Dividend paid to non-controlling interest	(10.1)	(27.8)	-	(27.8)
Net cash (used in)/from financing activities	(12.7)	(29.1)	48.0	18.9

### 13 Discontinued Operations (continued)

The results and cash flows of the discontinued operations are as follows: (continued)

#### b. Cash flows (continued)

Details of the assets, liabilities and net cash inflow arising from the disposal of the power generation business are as follows:

Property, plant and equipment [Note 17]	427.5
Intangible assets [Note 24]	5.6
Other non-current assets	42.6
Deferred tax liabilities [Note 25]	(7.5)
Other non-current liabilities	(0.3)
Net current assets	229.0
Net assets disposed	<u>696.9</u>
Non-controlling interest	(68.8)
Gain on disposal of subsidiaries	144.0
Less: Exchange loss included in gain on disposal	12.4
Proceeds from disposal of subsidiaries, net of transaction costs	<u>784.5</u>
Less: Cash and cash equivalent in subsidiaries disposed	<u>(208.8)</u>
Net cash inflow on disposal of subsidiaries	<u>575.7</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 14 Earnings Per Share

Basic and diluted earnings per share attributable to owners of the Company are computed as follows:

	Group	
	2014	2013
<u>Basic</u>		
Profit for the year		
- from continuing operations	3,112.8	3,249.4
- from discontinued operations	239.9	451.2
	3,352.7	3,700.6
Weighted average number of ordinary shares in issue (million)	6,033.1	6,009.5
Earnings per share (sen)		
- from continuing operations	51.60	54.07
- from discontinued operations	3.98	7.51
	55.58	61.58
<u>Diluted</u>		
Profit for the year		
- from continuing operations *	3,112.4	3,248.9
- from discontinued operations	239.9	451.2
	3,352.3	3,700.1
Weighted average number of ordinary shares in issue (million)	6,033.1	6,009.5
Diluted earnings per share (sen)		
- from continuing operations	51.59	54.06
- from discontinued operations	3.98	7.51
	55.57	61.57

\* adjusted for the dilutive effect of long-term stock incentive plan of an associate of RM0.4 million (2013: RM0.5 million) for the financial year ended 30 June 2014.

## 15 Dividends

	Group/Company	
	2014	2013
Final single tier dividend of 27.0 sen per share (2013: 25.0 sen per share) for the financial year ended 30 June 2013 paid on 24 January 2014	<b>1,622.6</b>	1,502.4
Interim single tier dividend of 6.0 sen per share (2013: 7.0 sen per share) for the financial year ended 30 June 2014 paid on 9 May 2014	<b>363.8</b>	420.7
	<b>1,986.4</b>	1,923.1
Dividends paid by way of:		
- issuance of shares pursuant to the Dividend Reinvestment Plan	<b>482.5</b>	-
- cash	<b>1,503.9</b>	1,923.1
	<b>1,986.4</b>	1,923.1

In respect of the final dividend for the financial year ended 30 June 2013, shareholders of the Company were given the option, pursuant to the Dividend Reinvestment Plan (DRP), to elect to have their dividend reinvested into new ordinary shares of RM0.50 each in the Company (new Sime Darby Shares) at the issue price of RM8.83 per share or being paid by way of cash. Of the total final dividend of RM1,622.6 million, RM482.5 million was satisfied by issuance of 54,642,978 new Sime Darby Shares while the remaining portion of RM1,140.1 million was paid in cash (see Note 36).

At the forthcoming Annual General Meeting (AGM), a final single tier dividend of 30.0 sen per ordinary share of RM0.50 each amounting to RM1,819.2 million (Final Dividend) in respect of the financial year ended 30 June 2014, will be proposed for shareholders' approval. Subject to the relevant regulatory approvals being obtained and shareholders' approval at the forthcoming AGM for the renewal of the authority to allot and issue new Sime Darby Shares for the purpose of the implementation of the DRP, shareholders of the Company will be given an option pursuant to the DRP to reinvest their entire Final Dividend into new Sime Darby Shares at an issue price to be determined and announced at a later date.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 16 Other Comprehensive Income/(Loss)

Other comprehensive income/(loss) and the tax effects are analysed as follows:

Group 2014	Hedging reserve	Available-for- sale reserve
Currency translation differences - subsidiaries	-	-
Net change in fair value of:		
- available-for-sale investments	-	11.8
- cash flow hedges	17.7	-
Actuarial losses on defined benefit pension plans	-	-
Reclassified to profit or loss:		
- currency translation differences on repayment of net investment in subsidiaries	-	-
- changes in fair value on disposal of available-for-sale investment	-	(0.1)
- changes in fair value of cash flow hedges as adjustment to:		
- revenue	(2.1)	-
- other expense	21.8	-
Reclassified changes in fair value of cash flow hedges to inventories	49.5	-
Share of other comprehensive income of:		
- joint ventures	0.2	-
- associates	-	(1.1)
Other comprehensive income/(loss) before tax	87.1	10.6
Tax expense	(26.6)	-
Continuing operations	60.5	10.6
<b>2013</b>		
Currency translation differences - subsidiaries	-	-
Net change in fair value of:		
- available-for-sale investments	-	17.1
- cash flow hedges	57.0	-
Actuarial losses on defined benefit pension plans	-	-
Reclassified to profit or loss:		
- currency translation differences on repayment of net investment in subsidiaries	-	-
- changes in fair value on disposal of available-for-sale investment	-	(0.2)
- changes in fair value of cash flow hedges as adjustment to:		
- revenue	3.5	-
- other income	(117.5)	-
Reclassified changes in fair value of cash flow hedges to inventories	0.6	-
Share of other comprehensive income of:		
- joint ventures	(0.2)	-
- associates	-	0.7
Other comprehensive (loss)/income before tax	(56.6)	17.6
Tax expense	21.4	-
Continuing operations	(35.2)	17.6

Exchange reserve	Retained profits	Non-controlling interests	Total	Tax effects	Net of tax
(375.0)	-	(62.1)	(437.1)	-	(437.1)
-	-	0.1	11.9	-	11.9
-	-	-	17.7	(5.7)	12.0
-	(18.5)	(0.6)	(19.1)	(0.2)	(19.3)
(113.4)	-	-	(113.4)	-	(113.4)
-	-	-	(0.1)	-	(0.1)
-	-	-	(2.1)	-	(2.1)
-	-	-	21.8	(6.1)	15.7
-	-	-	49.5	(14.8)	34.7
65.9	17.6	-	83.7	-	83.7
(0.1)	-	-	(1.2)	-	(1.2)
(422.6)	(0.9)	(62.6)	(388.4)	(26.8)	(415.2)
-	(0.4)	0.2	(26.8)		
(422.6)	(1.3)	(62.4)	(415.2)		
(630.9)	-	(12.8)	(643.7)	-	(643.7)
-	-	-	17.1	-	17.1
-	-	-	57.0	(13.8)	43.2
-	(18.7)	(0.3)	(19.0)	2.8	(16.2)
17.7	-	-	17.7	-	17.7
-	-	-	(0.2)	-	(0.2)
-	-	-	3.5	-	3.5
-	-	-	(117.5)	35.2	(82.3)
-	-	-	0.6	-	0.6
2.2	(48.0)	-	(46.0)	-	(46.0)
(7.8)	-	-	(7.1)	-	(7.1)
(618.8)	(66.7)	(13.1)	(737.6)	24.2	(713.4)
-	2.8	-	24.2		
(618.8)	(63.9)	(13.1)	(713.4)		



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 17 Property, Plant and Equipment

Group 2014	Freehold land	Long leasehold land	Short leasehold land
At 1 July	2,717.8	862.0	384.5
Acquisition of subsidiaries [Note 49(a)]	-	-	-
Disposal of subsidiaries [Notes 13 and 50(a)]	(14.4)	-	-
Additions	63.3	1.0	3.9
Disposals	(6.8)	(1.0)	(0.4)
Write offs	-	-	-
Impairment losses	(5.5)	-	-
Reversal of impairment losses	1.1	-	-
Transfer from/(to):			
- prepaid lease rentals [Note 19]	-	-	-
- investment properties [Note 20]	(7.3)	-	-
- land held for property development [Note 21]	(6.4)	-	-
- inventories	-	-	-
- property development cost [Note 31]	-	-	-
- non-current assets held for sale [Note 35]	(10.1)	-	-
Reclassification	29.4	-	-
Depreciation	-	(6.8)	(10.5)
Exchange differences	9.5	5.7	1.2
At 30 June	2,770.6	860.9	378.7
Cost/valuation	2,777.2	1,015.1	613.2
Accumulated depreciation	-	(144.0)	(227.3)
Accumulated impairment losses	(6.6)	(10.2)	(7.2)
Carrying amount at end of year	2,770.6	860.9	378.7
<b>2013</b>			
At 1 July	2,821.3	884.3	361.4
Acquisition of subsidiaries and business	-	-	-
Disposal of subsidiaries	(109.7)	-	-
Additions	127.6	19.1	34.7
Disposals	(5.0)	-	-
Write offs	-	-	-
Impairment losses	-	-	-
Reversal of impairment losses	-	-	-
Transfer from/(to):			
- investment properties [Note 20]	(73.1)	(12.0)	(0.2)
- land held for property development [Note 21]	(29.4)	(18.5)	-
- intangible assets [Note 24]	-	-	-
- inventories	-	-	-
- non-current assets held for sale [Note 35]	4.3	(5.2)	-
Reclassification	-	1.5	(1.2)
Depreciation	-	(8.6)	(9.0)
Exchange differences	(18.2)	1.4	(1.2)
At 30 June	2,717.8	862.0	384.5
Cost/valuation	2,724.1	1,011.2	615.7
Accumulated depreciation	-	(137.8)	(222.9)
Accumulated impairment losses	(6.3)	(11.4)	(8.3)
Carrying amount at end of year	2,717.8	862.0	384.5

Buildings	Plant and machinery	Rental assets	Vehicles, equipment and fixtures	Capital work in progress	Total
4,310.5	2,316.4	1,336.0	1,050.9	1,118.3	14,096.4
11.6	7.0	-	18.2	-	36.8
(10.0)	(394.2)	-	(13.3)	(2.2)	(434.1)
364.7	151.3	453.0	183.3	832.0	2,052.5
(30.7)	(21.0)	-	(17.1)	(0.4)	(77.4)
(2.3)	(4.3)	-	(1.6)	-	(8.2)
(0.6)	(3.7)	(3.5)	-	-	(13.3)
19.4	16.2	0.9	0.6	-	38.2
215.2	-	-	-	-	215.2
(22.0)	-	-	-	-	(29.3)
-	-	-	-	-	(6.4)
11.3	-	(280.8)	1.8	(0.8)	(268.5)
4.6	-	-	-	-	4.6
(2.8)	-	-	(2.8)	-	(15.7)
771.4	130.5	(0.5)	41.6	(972.4)	-
(228.7)	(297.8)	(295.8)	(277.1)	-	(1,116.7)
(76.6)	(37.5)	20.0	1.9	(51.6)	(127.4)
5,335.0	1,862.9	1,229.3	986.4	922.9	14,346.7
7,007.6	3,942.6	1,847.8	2,689.0	932.0	20,824.5
(1,625.7)	(1,960.2)	(611.1)	(1,697.3)	-	(6,265.6)
(46.9)	(119.5)	(7.4)	(5.3)	(9.1)	(212.2)
5,335.0	1,862.9	1,229.3	986.4	922.9	14,346.7
4,301.9	2,123.9	1,479.3	1,024.9	1,006.7	14,003.7
-	11.0	-	0.5	63.5	75.0
(448.7)	(92.7)	-	(45.3)	(16.9)	(713.3)
350.6	252.8	667.7	324.5	1,112.4	2,889.4
(21.7)	(25.2)	-	(13.2)	(0.3)	(65.4)
(5.4)	-	-	(12.8)	(0.3)	(18.5)
(14.5)	(2.5)	(0.4)	(2.1)	-	(19.5)
32.8	25.4	0.7	8.9	-	67.8
(34.6)	-	-	-	-	(119.9)
-	-	-	-	-	(47.9)
-	-	-	(62.3)	(1.6)	(63.9)
-	-	(393.7)	1.6	(10.3)	(402.4)
(84.3)	(3.4)	-	(3.0)	-	(91.6)
479.5	337.0	12.1	151.3	(980.2)	-
(207.8)	(309.2)	(366.7)	(309.1)	-	(1,210.4)
(37.3)	(0.7)	(63.0)	(13.0)	(54.7)	(186.7)
4,310.5	2,316.4	1,336.0	1,050.9	1,118.3	14,096.4
5,860.9	5,038.5	1,923.9	2,628.9	1,234.6	21,037.8
(1,459.3)	(2,585.5)	(583.1)	(1,565.1)	-	(6,553.7)
(91.1)	(136.6)	(4.8)	(12.9)	(116.3)	(387.7)
4,310.5	2,316.4	1,336.0	1,050.9	1,118.3	14,096.4

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 17 Property, Plant and Equipment (continued)

Included in additions to the capital work in progress is interest expense of RM7.5 million (2013: Nil).

Certain plantation land of the Group are used as underlying assets (Sukuk Assets) for the Sukuk issued in January 2013 which is based on the Shariah Principle of Ijarah. The structure does not represent collateralisation and there was no transfer of registered title of the Sukuk Assets. The carrying amount of the Sukuk Assets as at 30 June 2014 amounted to RM530.4 million (2013: RM530.6 million).

Property, plant and equipment with a total carrying amount of RM143.5 million (2013: RM114.8 million) were pledged as security for borrowings (see Note 40). In addition, included in plant and machinery is an amount of RM146.3 million (2013: RM162.3 million) acquired under finance leases (see Note 41).

During the financial year, the Group carried out a review of the recoverable amount of its property, plant and equipment. The review led to the recognition of a net reversal of impairment of RM24.9 million, of which RM33.8 million was due to the reversal of impairment of the Plantation downstream's property, plant and equipment. The reversal was made following the implementation of the business turnaround plan and the improvement in sales.

Reconciliation of the additions to the cash flow for purchase of property, plant and equipment is as follows:

	Group	
	2014	2013
Additions for the year	2,052.5	2,889.4
Add:		
Payment made for previous year's additions	-	0.7
Less:		
Additions to rental assets, included as changes in working capital in the statements of cash flows	(453.0)	(667.7)
Interests expense capitalised in capital work in progress	(7.5)	-
Amounts not yet due for payment	(150.8)	-
Total cash payments during the year	<u>1,441.2</u>	<u>2,222.4</u>
Included in cash flow from investing activities of:		
- continuing operations	1,435.2	1,869.0
- discontinued operations [Note 13]	6.0	353.4
	<u>1,441.2</u>	<u>2,222.4</u>

**18 Biological Assets**

	Group	
	2014	2013
At 1 July	2,498.5	2,417.1
Additions	214.0	174.3
Write offs	(14.4)	(9.2)
Reversal of impairment losses	3.3	-
Depreciation	(39.7)	(43.1)
Exchange differences	(127.6)	(40.6)
At 30 June	<u>2,534.1</u>	<u>2,498.5</u>

Included in additions is depreciation capitalised of RM11.9 million (2013: RM20.2 million).

Biological assets represent plantation development expenditure for oil palm, rubber and other crops which are analysed as follows:

	Group	
	2014	2013
Oil palm	2,485.4	2,465.3
Rubber	48.7	33.1
Others	-	0.1
	<u>2,534.1</u>	<u>2,498.5</u>

The total new planting and replanting expenditure incurred during the financial year are as follows:

	Group	
	2014	2013
New planting	214.0	174.3
Replanting [Note 6]	240.0	208.7
At 30 June	<u>454.0</u>	<u>383.0</u>

Produce which were unsold as at the end of the reporting period are shown as produce stocks under inventories.

Certain biological assets of the Group are used as underlying assets (Sukuk Assets) for the Sukuk issued in January 2013 which is based on the Shariah Principle of Ijarah. The structure does not represent collateralisation and there was no transfer of registered title of the Sukuk Assets. The carrying amount of the Sukuk Assets as at 30 June 2014 amounted to RM289.2 million (2013: RM286.4 million).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 19 Prepaid Lease Rentals

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

Group 2014	Long leasehold land	Short leasehold land	Total
At 1 July	2.8	1,178.7	1,181.5
Disposal of subsidiaries [Note 50(a)]	-	(0.3)	(0.3)
Additions	-	106.5	106.5
Disposals	-	(1.4)	(1.4)
Transfer to property, plant and equipment [Note 17]	-	(215.2)	(215.2)
Amortisation	-	(42.9)	(42.9)
Exchange differences	(0.3)	(122.4)	(122.7)
At 30 June	<u>2.5</u>	<u>903.0</u>	<u>905.5</u>
<b>2013</b>			
At 1 July	13.4	1,146.9	1,160.3
Additions	-	101.0	101.0
Reclassification	(10.7)	10.7	-
Amortisation	(0.4)	(47.9)	(48.3)
Exchange differences	0.5	(32.0)	(31.5)
At 30 June	<u>2.8</u>	<u>1,178.7</u>	<u>1,181.5</u>

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

	Group	
	2014	2013
<b>Non-current</b>		
Due later than one year	868.8	1,141.1
<b>Current</b>		
Due no later than one year, included in accrued billings and others under current assets [Note 32]	<u>36.7</u>	40.4
	<u>905.5</u>	<u>1,181.5</u>

## 20 Investment Properties

Group 2014	Freehold land	Long leasehold land	Short leasehold land	Buildings	Total
At 1 July	121.5	52.4	22.8	436.7	633.4
Additions	-	-	-	17.6	17.6
Disposals	(2.1)	-	-	(0.1)	(2.2)
Impairment losses	-	-	-	(6.6)	(6.6)
Reversal of impairment losses	0.1	-	-	-	0.1
Transfer from/(to):					
- property, plant and equipment [Note 17]	7.3	-	-	22.0	29.3
- land held for property development [Note 21]	(10.7)	-	-	-	(10.7)
- non-current asset held for sale [Note 35]	-	-	-	(2.5)	(2.5)
Depreciation	-	(0.9)	(0.8)	(16.0)	(17.7)
Exchange differences	(1.8)	4.5	0.6	12.2	15.5
At 30 June	114.3	56.0	22.6	463.3	656.2
Cost	114.3	65.3	36.2	661.3	877.1
Accumulated depreciation	-	(9.3)	(13.6)	(173.9)	(196.8)
Accumulated impairment losses	-	-	-	(24.1)	(24.1)
Carrying amount at end of year	114.3	56.0	22.6	463.3	656.2
<b>2013</b>					
At 1 July	51.0	41.3	24.0	258.5	374.8
Additions	7.8	-	-	7.8	15.6
Disposals	(13.2)	-	-	-	(13.2)
Impairment losses	-	-	-	(5.8)	(5.8)
Reversal of impairment losses	0.5	-	-	-	0.5
Transfer from:					
- property, plant and equipment [Note 17]	73.0	12.0	0.2	34.7	119.9
- inventories	2.8	-	-	157.0	159.8
Depreciation	-	(0.9)	(0.8)	(12.2)	(13.9)
Exchange differences	(0.4)	-	(0.6)	(3.3)	(4.3)
At 30 June	121.5	52.4	22.8	436.7	633.4
Cost	122.0	60.7	35.3	617.8	835.8
Accumulated depreciation	-	(8.3)	(12.5)	(163.0)	(183.8)
Accumulated impairment losses	(0.5)	-	-	(18.1)	(18.6)
Carrying amount at end of year	121.5	52.4	22.8	436.7	633.4

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 20 Investment Properties (continued)

The fair value of investment properties as at 30 June 2014 was RM1,491.8 million (2013: RM1,410.0 million). The fair value was arrived at after taking into consideration the valuation performed by external professional firms of surveyors and valuers. The fair value is categorised as Level 2 in the fair value hierarchy as the valuation which was performed using comparable and investment basis was based on observable valuation inputs.

Investment properties with a total carrying amount of RM240.4 million (2013: RM246.4 million) were pledged as security for borrowings (see Note 40).

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

	Group	
	2014	2013
Rental income	64.7	54.7
Direct operating expenses	(11.3)	(9.1)

## 21 Land Held for Property Development

	Group	
	2014	2013
At 1 July	864.2	835.2
Disposals	(0.7)	-
Transfer from/(to):		
- property, plant and equipment [Note 17]	6.4	47.9
- investment properties [Note 20]	10.7	-
- property development costs [Note 31]	15.3	(60.5)
Incidental costs incurred	31.8	41.6
At 30 June	927.7	864.2

Land held for property development of a subsidiary with a carrying amount of RM24.7 million (2013: Nil) was pledged as security for borrowings (see Note 40).

## 22 Subsidiaries

The Group's equity interest in the subsidiaries, their respective principal activities and countries of incorporation are set out in Note 56.

	Company	
	2014	2013
Unquoted shares at cost	<b>3,423.5</b>	2,753.9
Contributions to subsidiaries	<b>3,491.5</b>	3,571.5
	<b>6,915.0</b>	6,325.4

During the financial year, the Company increased its investment in a wholly owned subsidiary, Sime Darby Property Berhad (SDPB), by subscribing to new ordinary and preference shares of SDPB for a total consideration of RM669.6 million. The consideration was satisfied by capitalising the contributions to and amounts due from SDPB.

Contributions to subsidiaries are interest-free and any repayment is subject to the discretion of the subsidiaries.

## 23 Available-for-sale Investments

Group 2014	Quoted shares	Unquoted shares	Unquoted debenture	Unit trust	Others	Total
At 1 July	33.1	81.5	4.1	-	-	118.7
Additions	-	-	-	51.3	-	51.3
Disposals	-	-	-	(10.3)	-	(10.3)
Net change in fair value	9.5	2.1	-	0.1	0.2	11.9
At 30 June	<b>42.6</b>	<b>83.6</b>	<b>4.1</b>	<b>41.1</b>	<b>0.2</b>	<b>171.6</b>
<b>2013</b>						
At 1 July	27.0	70.7	4.0	10.1	-	111.8
Additions	-	-	-	30.2	-	30.2
Disposals	-	-	-	(40.4)	-	(40.4)
Net change in fair value	6.1	10.8	0.1	0.1	-	17.1
At 30 June	33.1	81.5	4.1	-	-	118.7

The unquoted debenture carries a coupon rate of 3.75% and matures on 30 June 2020 at its nominal value of RM4.2 million.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 24 Intangible Assets

Group 2014	Acquired			
	Goodwill	Trademarks	Assets usage rights	Customer relationships
At 1 July	59.2	13.5	3.1	5.2
Acquisition of subsidiaries [Note 49(a)]	44.9	0.1	-	-
Disposal of subsidiaries [Notes 13 and 50(a)]	(4.2)	-	(1.4)	-
Additions	-	-	-	-
Impairment losses	(0.1)	(3.3)	-	-
Disposals	-	-	-	-
Amortisation	-	(1.7)	(0.3)	(0.9)
Exchange differences	2.5	(0.8)	-	0.2
At 30 June	102.3	7.8	1.4	4.5
Cost	103.1	58.8	1.9	7.1
Accumulated amortisation	-	(41.7)	(0.5)	(2.6)
Accumulated impairment losses	(0.8)	(9.3)	-	-
Carrying amount at end of year	102.3	7.8	1.4	4.5
<b>2013</b>				
At 1 July	52.7	16.6	3.4	6.6
Acquisition of subsidiaries and business	6.4	-	-	-
Additions	-	1.5	-	-
Adjustment to purchase consideration	4.6	-	-	-
Impairment losses	(0.5)	-	-	-
Transfer from property, plant and equipment [Note 17]	-	-	-	-
Amortisation	-	(2.9)	(0.3)	(0.9)
Exchange differences	(4.0)	(1.7)	-	(0.5)
At 30 June	59.2	13.5	3.1	5.2
Cost	59.9	59.6	5.6	6.9
Accumulated amortisation	-	(40.0)	(2.5)	(1.7)
Accumulated impairment losses	(0.7)	(6.1)	-	-
Carrying amount at end of year	59.2	13.5	3.1	5.2

Distribution/ dealership rights	Computer software	Total	Internally generated		Total intangible assets
			Development costs	Computer software	
710.2	60.0	851.2	2.7	61.1	915.0
142.2	-	187.2	-	-	187.2
-	-	(5.6)	(0.6)	-	(6.2)
-	35.5	35.5	27.8	103.0	166.3
-	(8.4)	(11.8)	-	-	(11.8)
-	(0.1)	(0.1)	(0.1)	-	(0.2)
-	(28.5)	(31.4)	(1.6)	(0.5)	(33.5)
17.7	(1.2)	18.4	-	(1.7)	16.7
870.1	57.3	1,043.4	28.2	161.9	1,233.5
870.1	194.1	1,235.1	45.1	162.5	1,442.7
-	(128.1)	(172.9)	(10.9)	(0.6)	(184.4)
-	(8.7)	(18.8)	(6.0)	-	(24.8)
870.1	57.3	1,043.4	28.2	161.9	1,233.5
781.2	-	860.5	4.0	-	864.5
-	-	6.4	-	-	6.4
-	14.0	15.5	-	58.4	73.9
-	-	4.6	-	-	4.6
-	-	(0.5)	-	-	(0.5)
-	62.3	62.3	-	1.6	63.9
-	(16.8)	(20.9)	(1.3)	(0.1)	(22.3)
(71.0)	0.5	(76.7)	-	1.2	(75.5)
710.2	60.0	851.2	2.7	61.1	915.0
710.2	159.4	1,001.6	18.4	61.2	1,081.2
-	(98.3)	(142.5)	(9.7)	(0.1)	(152.3)
-	(1.1)	(7.9)	(6.0)	-	(13.9)
710.2	60.0	851.2	2.7	61.1	915.0

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 24 Intangible Assets (continued)

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to business segment and the country of operations. The amount of goodwill initially recognised is dependent upon the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

Trademarks with carrying amount of RM0.4 million (2013: RM0.4 million) were acquired for an indefinite period. These trademarks are not amortised as they are expected to contribute to net cash inflows indefinitely.

Distribution rights with carrying amount of RM727.0 million (2013: RM710.2 million) was in respect of the acquisition of the Bucyrus distribution rights and business assets for a consideration of approximately RM1.2 billion in December 2011.

During the financial year, the Group acquired the BMW and MINI distribution rights in Vietnam and BMW, MINI and Lamborghini dealership rights in Brisbane following the acquisition of Europe Automobiles Corporation and Brisbane BMW Unit Trust, respectively (see Note 49(a)). The carrying amounts of the distribution rights and dealership rights as at 30 June 2014 were RM50.8 million and RM92.3 million, respectively.

Computer software under development of RM160.5 million (2013: RM59.6 million) are not depreciated.

The Group tests intangible assets for impairment by assessing the underlying cash-generating units. Based on this, an impairment loss of RM11.8 million (2013: RM0.5 million) was recorded in profit or loss.

A reporting segment level summary of intangible assets with indefinite useful life and intangible assets not available for use are as follows:

Group 2014	Plantation	Industrial	Motors	Energy & Utilities	Total
Goodwill	0.6	34.5	67.2	-	102.3
Trademarks	-	-	-	0.4	0.4
Distribution rights	-	727.0	143.1	-	870.1
Computer software under development	-	160.5	-	-	160.5
	<b>0.6</b>	<b>922.0</b>	<b>210.3</b>	<b>0.4</b>	<b>1,133.3</b>
<b>2013</b>					
Goodwill	0.7	28.2	26.0	4.3	59.2
Trademarks	-	0.4	-	-	0.4
Distribution rights	-	710.2	-	-	710.2
Computer software under development	-	59.6	-	-	59.6
	<b>0.7</b>	<b>798.4</b>	<b>26.0</b>	<b>4.3</b>	<b>829.4</b>

## 24 Intangible Assets (continued)

The recoverable amount of the CGU was based on its value in use calculations using cash flow projections from financial budgets covering a five-year period. The discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate the cash flows beyond the five-year period are as follows:

	Plantation		Industrial		Motors		Energy & Utilities	
	2014	2013	2014	2013	2014	2013	2014	2013
	%	%	%	%	%	%	%	%
Discount rates	<b>10</b>	10	<b>9-13</b>	9-13	<b>9-13</b>	9-12	<b>9</b>	9
Forecasted terminal growth rates	<b>6</b>	6	<b>3</b>	3	<b>3</b>	3	-	-

The discount rates applied to the cash flow projections for the distribution rights in Industrial range from 9.3% to 13.3% (2013: 9.3% to 13.0%) per annum which is derived from the cash generating unit's pre-tax weighted average cost of capital plus a reasonable risk premium at 30 June 2014. The growth rates applied in the value-in-use calculations from the first to fifth year is 0% to 46.0% (2013: 0% to 26.0%) while the terminal value is calculated based on the cash flows at the end of the fifth year with a growth rate of 2.5%.

The management believes that there are no reasonably possible changes in any of the key assumptions used that would cause the carrying amount of the CGUs to materially exceed the recoverable amounts.

## 25 Deferred Tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2014	2013	2014	2013
Deferred tax assets	<b>988.6</b>	924.0	-	-
Deferred tax liabilities	<b>(493.4)</b>	(642.2)	<b>(2.6)</b>	(3.2)
	<b>495.2</b>	281.8	<b>(2.6)</b>	(3.2)
Tax losses for which the tax effects have not been recognised in the financial statements	<b>1,056.6</b>	1,170.9	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 25 Deferred Tax (continued)

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

Group 2014	Property, plant and equipment
At 1 July	(339.2)
Acquisition of subsidiaries [Note 49(a)]	(0.4)
Disposal of subsidiaries [Notes 13 and 50(a)]	20.1
Credited/(charged) to profit or loss	
- origination and reversal of temporary differences	(12.3)
- effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	9.1
- effects of change in tax base applicable to unrealised profit following changes to the land use	-
- effects of change in tax rate	115.9
Charged to other comprehensive income [Note 16]	(2.9)
Transfer to non-current assets held for sale [Note 35]	-
Exchange differences	9.5
At 30 June	<u>(200.2)</u>
<b>2013</b>	
At 1 July	(353.0)
Disposal of subsidiaries	0.6
Credited/(charged) to profit or loss	
- origination and reversal of temporary differences	(25.8)
- effects of recognition of previously unrecognised tax losses, unabsorbed capital allowances and temporary differences	36.3
- effects of change in tax base applicable to unrealised profit following changes to the land use	-
Credited to other comprehensive income [Note 16]	-
Transfer to non-current assets held for sale [Note 35]	-
Exchange differences	2.7
At 30 June	<u>(339.2)</u>

Deferred tax is not recognised on the unremitted earnings of overseas subsidiaries and joint ventures where the Group is able to control the timing of the remittance and it is probable that there will be no remittance in the foreseeable future. If these earnings were remitted, tax of RM449.0 million (2013: RM468.2 million) would be payable.

Prepaid lease rentals	Property development	Impairment and provisions	Tax losses and unabsorbed capital allowances	Others	Total
(206.1)	187.9	372.3	153.5	113.4	281.8
-	-	2.4	2.8	(34.2)	(29.4)
-	-	(12.7)	(2.8)	2.7	7.3
8.2	(37.6)	23.9	(22.5)	2.6	(37.7)
-	9.2	(0.1)	(22.5)	6.9	2.6
-	167.4	-	-	-	167.4
-	(2.9)	(7.2)	(5.7)	2.1	102.2
-	-	(9.6)	-	(14.3)	(26.8)
-	-	-	-	(1.1)	(1.1)
-	-	0.1	4.0	15.3	28.9
(197.9)	324.0	369.1	106.8	93.4	495.2

(216.3)	217.6	338.7	165.5	130.0	282.5
-	-	9.5	(0.1)	(0.9)	9.1
0.1	(24.4)	3.6	(39.0)	(22.5)	(108.0)
-	(46.6)	37.1	28.6	(8.1)	47.3
-	41.5	-	-	-	41.5
-	-	-	-	24.2	24.2
-	-	-	(6.0)	-	(6.0)
10.1	(0.2)	(16.6)	4.5	(9.3)	(8.8)
(206.1)	187.9	372.3	153.5	113.4	281.8

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 25 Deferred Tax (continued)

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

	Company	
	2014	2013
At 1 July	(3.2)	-
Credited/(charged) to profit or loss		
- origination and reversal of temporary differences	0.6	(3.2)
At 30 June	<u>(2.6)</u>	<u>(3.2)</u>

The deferred tax arose from temporary differences in payables.

## 26 Tax Recoverable

	Group	
	2014	2013
Non-current	396.5	391.0
Current	215.4	287.1
	<u>611.9</u>	<u>678.1</u>

The non-current tax recoverable includes additional tax assessments paid and withholding taxes, which would normally take more than a year to resolve with the relevant tax authorities. These taxes are recognised as recoverable as the Group has reasonable grounds to believe that the additional tax assessments were wrongly issued and the withholding taxes will be refunded once the Group complies with the claim procedure and documentation requirements.

## 27 Derivatives

The Group's derivatives are as follows:

Group 2014	Positive fair value	Negative fair value	Net
<b>Non-current</b>			
Non-hedging derivatives:			
- forward foreign exchange contracts [note (a)]	-	(1.8)	(1.8)
Cash flow hedges:			
- forward foreign exchange contracts [note (a)]	0.9	(0.6)	0.3
- interest rate swap contracts [note (b)]	10.8	-	10.8
- cross currency swap contract [note (c)]	56.5	-	56.5
	<u>68.2</u>	<u>(2.4)</u>	<u>65.8</u>

## 27 Derivatives (continued)

The Group's derivatives are as follows: (continued)

Group 2014	Positive fair value	Negative fair value	Net
<b>Current</b>			
Non-hedging derivatives:			
- forward foreign exchange contracts [note (a)]	28.6	(3.7)	24.9
- commodity futures contracts [note (d)]	5.2	(5.1)	0.1
Cash flow hedges:			
- forward foreign exchange contracts [note (a)]	9.2	(3.8)	5.4
- interest rate swap contracts [note (b)]	-	(4.3)	(4.3)
- cross currency swap contract [note (c)]	-	(12.8)	(12.8)
	<b>43.0</b>	<b>(29.7)</b>	<b>13.3</b>
Total derivatives	<b>111.2</b>	<b>(32.1)</b>	<b>79.1</b>
<b>2013</b>			
<b>Non-current</b>			
Non-hedging derivatives:			
- forward foreign exchange contracts [note (a)]	12.2	(1.4)	10.8
Cash flow hedges:			
- forward foreign exchange contracts [note (a)]	1.0	(0.5)	0.5
- interest rate swap contracts [note (b)]	13.7	-	13.7
- cross currency swap contract [note (c)]	110.0	-	110.0
	<b>136.9</b>	<b>(1.9)</b>	<b>135.0</b>
<b>Current</b>			
Non-hedging derivatives:			
- forward foreign exchange contracts [note (a)]	18.2	(5.8)	12.4
- commodity futures contracts [note (d)]	2.9	(1.7)	1.2
Cash flow hedges:			
- forward foreign exchange contracts [note (a)]	24.2	(69.4)	(45.2)
- cross currency swap contract [note (c)]	-	(38.1)	(38.1)
	<b>45.3</b>	<b>(115.0)</b>	<b>(69.7)</b>
Total derivatives	<b>182.2</b>	<b>(116.9)</b>	<b>65.3</b>

These derivatives are entered into to hedge foreign currency, interest rate and price risks as described in Note 54. Whilst all derivatives entered provide economic hedges to the Group, non-hedging derivatives are instruments that do not qualify for the application of hedge accounting under the specific rules in FRS 139.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 27 Derivatives (continued)

### a. Forward foreign exchange contracts

As at 30 June, forward foreign exchange contracts have been entered into with the following notional amounts and maturities:

Group 2014	Maturities		Total
	Less than 1 year	1 year to 3 years	
Forward contracts used to hedge anticipated sales denominated in:			
- United States dollar	236.9	22.4	259.3
- European Union euro	30.4	0.5	30.9
- Japanese yen	19.6	-	19.6
	<b>286.9</b>	<b>22.9</b>	<b>309.8</b>
Forward contracts used to hedge receivables denominated in:			
- United States dollar	524.8	-	524.8
- Japanese yen	5.1	-	5.1
- British pound	4.9	-	4.9
	<b>534.8</b>	<b>-</b>	<b>534.8</b>
Forward contracts used to hedge anticipated purchases denominated in:			
- United States dollar	530.9	7.1	538.0
- European Union euro	660.0	57.0	717.0
- Japanese yen	62.3	-	62.3
- British pound	0.5	-	0.5
- Australian dollar	56.7	-	56.7
- Singapore dollar	0.3	-	0.3
	<b>1,310.7</b>	<b>64.1</b>	<b>1,374.8</b>
Forward contracts used to hedge payables denominated in:			
- United States dollar	146.1	-	146.1
- European Union euro	85.3	-	85.3
- Japanese yen	11.9	-	11.9
- British pound	6.6	-	6.6
- Australian dollar	0.8	-	0.8
- Singapore dollar	0.2	-	0.2
- Others	0.3	-	0.3
	<b>251.2</b>	<b>-</b>	<b>251.2</b>
Total notional amount	<b>2,383.6</b>	<b>87.0</b>	<b>2,470.6</b>
Net fair value assets/(liabilities)	<b>30.3</b>	<b>(1.5)</b>	<b>28.8</b>

## 27 Derivatives (continued)

### a. Forward foreign exchange contracts (continued)

As at 30 June, forward foreign exchange contracts have been entered into with the following notional amounts and maturities: (continued)

Group 2013	Maturities		Total
	Less than 1 year	1 year to 3 years	
Forward contracts used to hedge anticipated sales denominated in:			
- United States dollar	891.9	7.0	898.9
- European Union euro	131.4	-	131.4
- British pound	4.3	-	4.3
	<u>1,027.6</u>	<u>7.0</u>	<u>1,034.6</u>
Forward contracts used to hedge receivables denominated in:			
- United States dollar	517.6	-	517.6
- European Union euro	0.8	-	0.8
- Japanese yen	6.6	-	6.6
- British pound	2.5	-	2.5
	<u>527.5</u>	<u>-</u>	<u>527.5</u>
Forward contracts used to hedge anticipated purchases denominated in:			
- United States dollar	540.3	9.7	550.0
- European Union euro	659.7	490.2	1,149.9
- Japanese yen	57.5	-	57.5
- British pound	7.5	-	7.5
- Australian dollar	31.8	-	31.8
- Singapore dollar	7.1	-	7.1
	<u>1,303.9</u>	<u>499.9</u>	<u>1,803.8</u>
Forward contracts used to hedge payables denominated in:			
- United States dollar	329.2	-	329.2
- European Union euro	119.9	-	119.9
- Japanese yen	15.2	-	15.2
- British pound	9.1	-	9.1
- Australian dollar	0.4	-	0.4
- Singapore dollar	0.2	-	0.2
	<u>474.0</u>	<u>-</u>	<u>474.0</u>
Total notional amount	<u>3,333.0</u>	<u>506.9</u>	<u>3,839.9</u>
Net fair value (liabilities)/assets	<u>(32.8)</u>	<u>11.3</u>	<u>(21.5)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 27 Derivatives (continued)

### b. Interest rate swap contracts

The interest rate swap contracts as at 30 June are as follows:

Type of interest rate swap	Effective period	Range of weighted average rate per annum	Notional amount in original currency (USD million)	
			2014	2013
Plain vanilla	12 December 2012 to 12 December 2018	1.822%-1.885%	300.0	300.0

The notional amount, fair value and maturity periods of the interest rate swap contracts are as follows:

	Notional amount		Fair value assets/ (liabilities)	
	2014	2013	2014	2013
Maturity periods:				
- due no later than one year	214.3	-	(4.3)	-
- due later than one year and no later than three years	428.7	424.2	5.1	4.3
- due later than three years and no later than six years	320.3	529.1	5.7	9.4
	<b>963.3</b>	<b>953.3</b>	<b>6.5</b>	<b>13.7</b>

### c. Cross currency swap contract

The Group has entered into a cross currency swap contract to exchange the principal payments of a USD400.0 million (2013: USD400.0 million) loan into AUD, the functional currency of the subsidiary, to reduce the Group's exposure from adverse fluctuations in foreign currency.

	Notional amount		Fair value assets/ (liabilities)	
	2014	2013	2014	2013
Maturity periods:				
- due no later than one year	285.8	-	(12.8)	(38.1)
- due later than one year and no later than three years	571.6	565.6	18.0	18.0
- due later than three years and no later than six year	427.1	705.5	38.5	92.0
	<b>1,284.5</b>	<b>1,271.1</b>	<b>43.7</b>	<b>71.9</b>

## 27 Derivatives (continued)

### d. Commodity futures contracts

The outstanding commodity futures contracts that are not held for the purpose of physical delivery, all maturing in less than 1 year, are as follows:

Group 2014	Quantity (metric tonne)	Notional amount	Fair value assets/ (liabilities)
Purchase contracts denominated in:			
- Ringgit Malaysia	16,550	41.2	(1.2)
- United States dollar	30,470	80.0	(3.6)
	<b>47,020</b>	<b>121.2</b>	<b>(4.8)</b>
Sales contracts denominated in:			
- Ringgit Malaysia	1,797	4.8	0.2
- United States dollar	23,850	64.6	4.7
	<b>25,647</b>	<b>69.4</b>	<b>4.9</b>
<b>2013</b>			
Purchase contracts denominated in:			
- Ringgit Malaysia	5,482	13.1	0.2
- United States dollar	18,120	46.7	(1.1)
	<b>23,602</b>	<b>59.8</b>	<b>(0.9)</b>
Sales contracts denominated in:			
- Ringgit Malaysia	7,140	16.9	(0.4)
- United States dollar	25,780	67.8	2.5
	<b>32,920</b>	<b>84.7</b>	<b>2.1</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 28 Receivables

	Group		Company	
	2014	2013	2014	2013
<b>Non-current</b>				
Trade receivables [note (a)]	73.6	151.4	-	-
Amounts due from a subsidiary [note (b)]	-	-	4,268.8	4,942.2
Amount due from a joint venture	11.5	-	-	-
Advances for plasma plantation projects [note (c)]	91.3	96.6	-	-
Redeemable loan stocks [note (a)]	265.8	248.4	-	-
Other receivables [note (a)]	166.8	214.6	-	-
	<b>609.0</b>	711.0	<b>4,268.8</b>	4,942.2
Accumulated impairment losses:				
- trade receivables	-	(32.2)	-	-
- advances for plasma plantation projects	(21.4)	(22.3)	-	-
	<b>587.6</b>	656.5	<b>4,268.8</b>	4,942.2
<b>Current</b>				
Trade receivables [note (a)]	5,137.2	4,256.6	-	-
Amounts due from subsidiaries [note (b)]	-	-	7,018.2	6,753.2
Amounts due from joint ventures	127.0	279.2	-	-
Amounts due from associates	31.0	22.5	-	-
Other receivables				
- on deferred payment terms [note (a)]	61.9	251.2	-	-
- others	1,249.6	1,410.6	2.0	1.7
Deposits	161.9	121.9	-	-
	<b>6,768.6</b>	6,342.0	<b>7,020.2</b>	6,754.9
Accumulated impairment losses:				
- trade receivables	(137.4)	(136.5)	-	-
- amounts due from joint ventures	-	(24.2)	-	-
- other receivables	(105.2)	(124.1)	-	-
	<b>6,526.0</b>	6,057.2	<b>7,020.2</b>	6,754.9
Total receivables	<b>7,113.6</b>	6,713.7	<b>11,289.0</b>	11,697.1

## 28 Receivables (continued)

### a. Receivables on deferred payment terms

Analysis of receivables on deferred payment terms are as follows:

Group 2014	Trade receivables	Redeemable loan stocks	Other receivables	Total
<b>Nominal value</b>				
At 1 July	162.1	500.0	494.6	1,156.7
Additions	4.7	-	-	4.7
Disposal of subsidiaries	(74.8)	-	-	(74.8)
Received	-	-	(251.4)	(251.4)
Exchange differences	-	-	1.0	1.0
At 30 June	92.0	500.0	244.2	836.2
<b>Discount</b>				
At 1 July	(10.7)	(251.6)	(28.8)	(291.1)
Accretion credited to profit or loss [Note 10]	3.8	17.4	13.3	34.5
At 30 June	(6.9)	(234.2)	(15.5)	(256.6)
Carrying amount at end of year	85.1	265.8	228.7	579.6

The receivables on deferred payment terms are subject to the following maturity periods:

	Trade receivables	Redeemable loan stocks	Other receivables	Total
<b>Non-current</b>				
Due later than one year	73.6	265.8	166.8	506.2
<b>Current</b>				
Due no later than one year	11.5	-	61.9	73.4
	85.1	265.8	228.7	579.6

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 28 Receivables (continued)

### a. Receivables on deferred payment terms (continued)

Analysis of receivables on deferred payment terms are as follows: (continued)

Group 2013	Trade receivables	Redeemable loan stocks	Other receivables	Total
<b>Nominal value</b>				
At 1 July	102.7	500.0	107.9	710.6
Additions	70.1	-	394.1	464.2
Received	(10.7)	-	(10.0)	(20.7)
Exchange differences	-	-	2.6	2.6
At 30 June	162.1	500.0	494.6	1,156.7
<b>Discount</b>				
At 1 July	(14.4)	(267.8)	(1.5)	(283.7)
Additions	-	-	(27.5)	(27.5)
Accretion credited to profit or loss [Note 10]	3.7	16.2	0.2	20.1
At 30 June	(10.7)	(251.6)	(28.8)	(291.1)
Carrying amount at end of year	151.4	248.4	465.8	865.6

The receivables on deferred payment terms are subject to the following maturity periods:

	Trade receivables	Redeemable loan stocks	Other receivables	Total
<b>Non-current</b>				
Due later than one year	151.4	248.4	214.6	614.4
<b>Current</b>				
Due no later than one year	-	-	251.2	251.2
	151.4	248.4	465.8	865.6

### i. Trade receivables

Non-current trade receivables comprise outstanding net present value of land sales made under deferred payment terms. The trade receivables in the previous year include an outstanding debt from a customer. The discount rate used was 5.0% (2013: 5.0%) per annum.

## 28 Receivables (continued)

### a. Receivables on deferred payment terms (continued)

Analysis of receivables on deferred payment terms are as follows: (continued)

#### ii. Redeemable loan stocks (unsecured)

The redeemable loan stocks arose from the disposal of Guthrie Corridor Expressway Sdn Bhd (now known as Prolintas Expressway Sdn Bhd) (GCESB) in 2007 to a subsidiary of Permodalan Nasional Berhad. In accordance with the Sale and Purchase of Shares Agreement, the settlement of the intercompany balance due from GCESB would be partially by cash and the balance through issuance of RM500.0 million non-transferable zero coupon Redeemable Loan Stocks (RLS) of GCESB.

On inception, the RLS was discounted to take into account the time value of money based on the discounted cash flow projections method. The discount rate used was 7.0% per annum which represents GCESB's effective cost of borrowings then.

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

	Redemption date	Amount
1st tranche	1 July 2022	256.0
2nd tranche	1 July 2023	50.0
3rd tranche	1 July 2024	50.0
4th tranche	1 July 2025	50.0
5th tranche	1 July 2026	50.0
6th tranche	1 July 2027	44.0
		500.0

#### iii. Other receivables

Other receivables include the following:

- a. an amount due from a local authority in China under a construction agreement totalling RM41.5 million (2013: RM86.6 million), of which RM16.9 million (2013: RM54.4 million) is expected to be repaid within the next 12 months. The amount bears interest at 3.2% (2013: 3.2%) per annum.
- b. the present value of the deferred payment consideration arising from the disposals of Sime Darby Healthcare Sdn Bhd of RM187.2 million (2013: RM362.5 million) and Dunlopillo Holdings Sdn Bhd of RM16.7 million in 2013. The discount rates used were 3.0% per annum and 6.9% per annum, respectively. The installment received during the financial year amounted to RM205.3 million (2013: RM10.0 million) (see Note 50(a)).



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 28 Receivables (continued)

### b. Amounts due from subsidiaries

#### Non-current

The amounts due from a subsidiary bear interest at rates ranging from 2.05% to 4.75% (2013: 3.01% to 4.75%) per annum, are unsecured and are not expected to be recalled within the next twelve months.

#### Current

The amounts due from subsidiaries are unsecured, repayable on demand and are interest free except for RM900.0 million (2013: RM500.0 million) which bear interest at rates ranging from 3.47% to 4.38% (2013: 3.56% to 3.60%) per annum.

### c. Advances for plasma plantation projects

	Group	
	2014	2013
At 1 July	96.6	106.0
Additions	17.7	14.0
Recovered on handover	(8.5)	(18.4)
Exchange differences	(14.5)	(5.0)
At 30 June	91.3	96.6

In Indonesia, oil palm plantation owners/operators are required to participate in selected programmes to develop plantations for smallholders (herein referred to as plasma farmers). The Group is involved in "Perusahaan Inti Rakyat Transmigrasi" and "Kredit Koperasi Primer untuk Anggotanya" which require the Group to serve as a contractor for developing the plantations, train and develop the skills of the plasma farmers, and purchase the fresh fruit bunches harvested by the plasma farmers at prices determined by the Indonesian Government.

The advances made by the Group in the form of plasma plantation development costs are recoverable from the plasma farmers upon the completion and handover of the plasma plantation projects to plasma farmers. These advances are to be recovered either directly from plasma farmers or through bank loans obtained by plasma farmers. Impairment losses are made when the estimated amount recoverable is less than the outstanding advances.

## 28 Receivables (continued)

### d. Ageing analysis of receivables

Ageing analysis of receivables categorised into impaired and not impaired are as follows:

	Group		Company	
	2014	2013	2014	2013
Not impaired:				
- not past due	<b>5,055.5</b>	4,631.5	<b>11,289.0</b>	11,697.1
- past due by				
1 to 30 days	<b>1,105.2</b>	1,257.6	-	-
31 to 60 days	<b>362.1</b>	297.7	-	-
61 to 90 days	<b>147.1</b>	144.1	-	-
91 to 180 days	<b>141.5</b>	81.6	-	-
more than 181 days	<b>220.9</b>	202.7	-	-
Impaired	<b>345.3</b>	437.8	-	-
Gross receivables	<b>7,377.6</b>	7,053.0	<b>11,289.0</b>	11,697.1

The receivables that are neither past due nor individually impaired are creditworthy debtors with good payment records with the Group. More than 68.5% (2013: 65.7%) of the Group's gross receivables are from this group of customers. Receivables that are past due but not individually impaired relate to a number of independent customers for whom there is no recent history of default.

The receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties, have defaulted on payments and/or have disputes on the billings. Of the total amount due from these debtors, an impairment of RM144.0 million (2013: RM278.2 million) has been made while the balance is expected to be recovered through the debt recovery process.

The Group's credit risk management objectives, policy and the exposure are described in Note 54. Movements of impairment loss accounts are as follows:

	Group	
	2014	2013
At 1 July	<b>339.3</b>	365.7
Disposal of subsidiaries	<b>(32.2)</b>	(2.3)
Write offs	<b>(60.9)</b>	(53.7)
Impairment losses	<b>69.1</b>	94.8
Reversal of impairment losses	<b>(47.4)</b>	(69.4)
Exchange differences	<b>(3.9)</b>	4.2
At 30 June	<b>264.0</b>	339.3
Impairment arising from:		
- individual assessment	<b>209.5</b>	278.2
- collective assessment	<b>54.5</b>	61.1
Carrying amount at end of year	<b>264.0</b>	339.3

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 29 Construction Contracts

	Group	
	2014	2013
Aggregate costs incurred	3,011.7	2,896.5
Recognised profits less losses to-date	(585.5)	(697.5)
	<u>2,426.2</u>	<u>2,199.0</u>
Progress billings	(2,244.5)	(2,078.1)
	<u>181.7</u>	<u>120.9</u>
Represented by:		
<b>Non-current</b>		
Amounts due from customers	260.4	-
<b>Current</b>		
Amounts due from customers [Note 32]	31.1	154.9
Amounts due to customers [Note 46]	(109.8)	(34.0)
	<u>181.7</u>	<u>120.9</u>
Retention sums	<u>5.0</u>	<u>4.9</u>

Included in construction contract costs incurred during the financial year are employee costs and interest expense of RM14.1 million (2013: RM5.9 million) and RM4.6 million (2013: Nil) respectively.

The non-current amounts due from customers with a carrying amount of RM260.4 million (2013: Nil) were pledged as security for borrowings (see Note 40). This amount represents the development costs incurred to design and construct the Pagoh Education Hub (the Project). The Project is undertaken on concession basis under the concept of "Build-Lease-Maintain-Transfer".

Under the Concession Agreements entered on 7 November 2012, the Group will undertake the construction works for Government of Malaysia (GoM), Universiti Tun Hussein Onn Malaysia (UTHM), International Islamic University Malaysia (IIUM) and Universiti Teknologi Malaysia (UTM) over a period of three years, together with the supply of teaching equipment. Upon completion of the construction works, the Campuses will be leased to GoM, UTHM, IIUM and UTM for a period of twenty (20) years. During the lease period, the Group will maintain the facilities and infrastructures of the Campuses.

In consideration for the construction works and the maintenance of the facilities, the Group will receive Availability Charges and Asset Management Services Charges over the lease period. Cost of teaching equipment will be received over the first five years of the lease period.

The consideration is allocated by reference to the relative fair values of the construction works, asset management services and costs of training equipment, taking into account the deferred payment arrangement.

**30 Inventories**

	Group	
	2014	2013
Produce stocks	205.9	170.2
Raw material and consumable stores	396.4	619.6
Work in progress	372.6	449.9
Finished goods	79.8	90.3
Completed development units	300.3	120.7
Trading inventories		
- heavy equipment	2,614.1	3,042.9
- motor vehicles	3,848.4	2,664.6
- spare parts	1,669.4	1,528.8
- commodities and others	24.0	27.5
	<b>9,510.9</b>	<b>8,714.5</b>

Inventories where the net realisable value is expected to be below the carrying amount were written down. During the financial year, the Group wrote down an amount of RM62.5 million (2013: RM61.9 million) and reversed RM0.6 million (2013: RM1.0 million) previously written down. The carrying amount of trading inventories stated at net realisable value was RM996.0 million (2013: RM814.3 million).

Inventories with a total carrying amount of RM58.7 million were pledged as security for borrowings (2013: Nil) (see Note 40).

**31 Property Development Costs**

	Group	
	2014	2013
<b>Land and development costs</b>		
At 1 July	5,940.3	6,413.6
Development costs incurred during the year	1,508.3	1,391.5
Transfer from/(to):		
- property, plant and equipment [Note 17]	(4.6)	-
- land held for property development [Note 21]	(15.3)	60.5
Completed development units transferred to inventories	(230.9)	(26.5)
Completed development units and land sold	(1,375.5)	(1,887.9)
Exchange differences	3.2	(10.9)
At 30 June	<b>5,825.5</b>	<b>5,940.3</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 31 Property Development Costs (continued)

	Group	
	2014	2013
<b>Less: Costs recognised in profit or loss</b>		
At 1 July	<b>(3,872.0)</b>	(4,649.3)
Recognised during the year	<b>(1,411.1)</b>	(1,113.3)
Completed development units and land sold	<b>1,375.5</b>	1,887.9
Exchange differences	<b>(0.7)</b>	2.7
At 30 June	<b>(3,908.3)</b>	(3,872.0)
Total property development costs	<b>1,917.2</b>	2,068.3

Property development costs are analysed as follows:

Land at cost	<b>185.7</b>	285.9
Development costs	<b>5,639.8</b>	5,654.4
Costs recognised in profit or loss	<b>(3,908.3)</b>	(3,872.0)
	<b>1,917.2</b>	2,068.3

Included in development costs incurred during the financial year is interest expense of RM14.5 million (2013: RM4.4 million).

Property development projects with a total carrying amount of RM19.8 million (2013: RM4.4 million) were pledged as security for borrowings (see Note 40).

## 32 Accrued Billings and Others

	Group	
	2014	2013
Accrued billings	<b>573.0</b>	469.3
Amounts due from customers on construction contracts [Note 29]	<b>31.1</b>	154.9
Prepaid to suppliers	<b>454.5</b>	373.3
Prepaid lease rentals [Note 19]	<b>36.7</b>	40.4
Other prepayments	<b>189.0</b>	206.3
	<b>1,284.3</b>	1,244.2

### 33 Cash Held under Housing Development Accounts

The Group's cash held under the Housing Development Accounts represents receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Developers (Control and Licensing) Amendment Act 2002. The amount is held at call with banks and is available only to the subsidiaries involved in the property development activities.

The weighted average effective interest rate of cash held under Housing Development Accounts was 2.0% (2013: 2.0%) per annum.

### 34 Bank Balances, Deposits and Cash

	Group		Company	
	2014	2013	2014	2013
Deposits with licensed banks				
- Islamic	704.9	229.3	257.0	55.0
- conventional	1,390.8	1,621.8	-	202.5
Deposits with licensed financial institution				
- Islamic	193.5	99.5	83.0	60.0
- conventional	85.6	280.1	-	-
	<b>2,374.8</b>	2,230.7	<b>340.0</b>	317.5
Cash at bank and in hand	<b>2,007.0</b>	1,862.8	-	-
Total bank balances, deposits and cash	<b>4,381.8</b>	4,093.5	<b>340.0</b>	317.5
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Effective profit/interest rates of deposits with licensed banks/ financial institution				
- Islamic	<b>3.08</b>	3.07	<b>3.30</b>	3.02
- conventional	<b>3.08</b>	3.15	-	3.04

Included in bank balances, deposits and cash are funds of Yayasan Sime Darby of RM40.7 million (2013: RM59.4 million). These funds are set aside for educational, environmental conservation and sustainability projects and related activities for the benefit of the community.

Deposits with licensed banks of certain subsidiaries with carrying amount of RM68.4 million (2013: RM3.0 million) were pledged as security for borrowings (see Note 40).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

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## 35 Non-Current Assets Held for Sale and Liabilities Associated with Assets Held for Sale

	Group	
	2014	2013
<b>Non-current assets held for sale</b>		
- property, plant and equipment	-	3.0
- prepaid lease rentals	-	0.7
- investment property	2.5	-
- associate	262.9	23.8
- disposal group	126.8	102.9
	<b>392.2</b>	130.4
<b>Liabilities associated with assets held for sale</b>		
- disposal group	(84.2)	(90.3)
Net assets held for sale	<b>308.0</b>	40.1

The movements during the financial year relating to net assets held for sale are as follows:

	Group	
	2014	2013
At 1 July	40.1	42.2
Disposals	(27.5)	(18.2)
Transfer from:		
- associates [Note 9(a)]	262.9	-
- property, plant and equipment [Note 17]	15.7	91.6
- investment properties [Note 20]	2.5	-
- deferred tax assets [Note 25]	1.1	6.0
- other assets and liabilities	12.8	(81.5)
Exchange differences	0.4	-
At 30 June	<b>308.0</b>	40.1

The non-current assets held for sale and liabilities associated with assets held for sale, include the following:

- i. Syarikat Malacca Straits Inn Sdn Bhd and Sime Darby Australia Limited group, classified as disposal group
- ii. Equity interest of 9.9% in Eastern & Oriental Berhad from the Group's total interest of 32% (see Note 57(a))

Disposal group includes property, plant and equipment of RM104.7 million and borrowing of RM74.8 million. The borrowing was secured against the property, plant and equipment.

In 2013, the non-current assets held for sale includes the Group's 30% interest in Brunfield Embassyview Sdn Bhd which was disposed during the financial year.

## 36 Share Capital

	Group/Company			
	Number of shares (million)		Nominal value	
	2014	2013	2014	2013
Authorised:				
At 1 July and 30 June				
Ordinary shares of RM0.50 each	<b>8,000.0</b>	8,000.0	<b>4,000.0</b>	4,000.0
Series A redeemable convertible preference shares of RM0.01 each	<b>7,000.0</b>	7,000.0	<b>70.0</b>	70.0
Series B redeemable convertible preference shares of RM0.10 each	<b>25.0</b>	25.0	<b>2.5</b>	2.5
			<b>4,072.5</b>	4,072.5
Issued and fully paid up:				
Ordinary shares of RM0.50 each				
At 1 July	<b>6,009.5</b>	6,009.5	<b>3,004.7</b>	3,004.7
Issued during the year	<b>54.6</b>	-	<b>27.4</b>	-
At 30 June	<b>6,064.1</b>	6,009.5	<b>3,032.1</b>	3,004.7

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM3,004.7 million to RM3,032.1 million by way of issuance of 54,642,978 new ordinary shares of RM0.50 each at an issue price of RM8.83 per share pursuant to the Dividend Reinvestment Plan of the Company (see Note 15).

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Cost directly attributable to the issuance of the new shares amounted to RM0.7 million (2013: Nil) was offset against share premium.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 37 Performance-Based Employee Share Scheme

The Company's Performance-Based Employee Share Scheme (PBESS) is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 8 November 2012. Under the PBESS, ordinary shares of RM0.50 each in the Company (Sime Darby Shares) are granted to eligible employees and executive directors of the Group. The PBESS was effected on 15 January 2013 following the submission of the By-Laws for the PBESS to Bursa Malaysia Securities Berhad, the receipt of all required approvals and the compliance with the requirements pertaining to the PBESS.

The grants under the PBESS comprise the Group Performance Share (GPS), the Division Performance Share (DPS) and the General Employee Share (GES).

The salient features of the PBESS are as follows:

- a. Eligible employees are those executives (including executive directors) of the Group (other than subsidiaries which are dormant) who have attained the age of 18 years; entered into a full-time or fixed-term contract of employment with and is on the payroll of a company within the Group; have not served notice of resignation or received notice of termination on the date of the offer; whose service/employment have been confirmed in writing; and have fulfilled other eligibility criteria which has been determined by the Long-term Incentive Plan Committee (LTIP Committee) at its sole and absolute discretion from time to time. The LTIP Committee was a committee established by the Board to implement and administer the PBESS in accordance with the PBESS By-Laws. The LTIP Committee has been disbanded on 28 August 2014. The administration of the PBESS is taken over by the Nomination & Remuneration Committee (NRC).
- b. The total number of Sime Darby Shares to be offered to any one of the employees and/or to be vested in any one of the grantees shall not be more than 10% of the Sime Darby Shares made available under the PBESS and shall not either singly or collectively through persons connected with the said employee who holds 20% or more of the Company's issued and paid up share capital.
- c. The maximum number of Sime Darby Shares to be allotted and issued under the PBESS shall not be more than in aggregate 10% of the issued and paid-up ordinary share capital of the Company at any point in time during the duration of the PBESS.
- d. The PBESS shall be in force for a period of 10 years commencing from the effective date of implementation.
- e. The new Sime Darby Shares to be allotted and issued pursuant to the PBESS shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued Sime Darby Shares and shall be entitled to any rights, dividends, allotments and/or distributions attached thereto and/or which may be declared, made or paid to the Company's shareholders, provided that the relevant allotment date of such new shares is before the record date (as defined in the PBESS By-Laws) for any right, allotment or distribution.
- f. If the NRC so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the duration of the PBESS, such corresponding alterations (if any) may be made in the number of unvested Sime Darby Shares and/or the method and/or manner in the vesting of the Sime Darby Shares comprised in a grant.

### 37 Performance-Based Employee Share Scheme (continued)

The shares granted will be vested only upon fulfilment of vesting conditions which include achievement of service period and performance targets as follows:

	GPS	DPS	GES
Performance metrics	Absolute and relative total shareholders' return of Sime Darby Berhad	Division/Group LTIP scorecard (financial and strategic targets)	Division/Group LTIP scorecard (financial and strategic targets)
Vesting period	Over a 3-year period from the commencement date of 1 July 2013, with retest till 30 June 2018 for GPS		

Depending on the level of achievement of the performance targets as determined by the NRC, the total number of shares which will vest may be lower or higher than the total number of shares granted.

The movement in the number of Sime Darby Shares granted under the PBESS to the Group's and to the Company's eligible employees is as follows:

	Fair value at grant date (RM)	Number of ordinary shares of RM0.50 each			
		At 1 July 2013 '000	Granted '000	Forfeited '000	At 30 June 2014 '000
<b>Group</b>					
GPS	7.737	-	4,100	(248)	3,852
DPS	8.583	-	5,538	(343)	5,195
GES	8.583	-	5,300	(358)	4,942
<b>Company</b>					
GES	8.583	-	2	-	2

The fair value of the Sime Darby Shares granted is determined using Monte Carlo Simulation model, taking into account the terms and conditions under which the shares were granted. The significant inputs in the model are as follows:

	GPS	DPS	GES
Closing market price at grant date (RM)	9.54	9.54	9.54
Expected volatility (%)	12.94	12.94	12.94
Expected dividend yield (%)	3.47	3.47	3.47
Risk free rate (%)	3.21 - 3.53	3.28	3.28

The expected dividend yield used was based on historical data and future estimates, which may not necessarily be the actual outcome. Volatility is measured over a 3-year period on a daily basis to increase the credibility of assumption. No other features of the share award were incorporated into the measurement of fair value.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 38 Reserves

The nature of each of the Group's reserves is as follows:

Nature	Description
Share grant reserve	Relates to the Performance-Based Employee Share Scheme of the Company, as disclosed in Note 37
Revaluation reserve	Surplus from revaluation of certain Malaysian plantation land and buildings
Capital reserve	Arising from business combinations under common control totalling RM6,231.2 million (2013: RM6,231.2 million) and other credits
Legal reserve	Reserves set aside in accordance with statutory requirements of countries where the Group operates
Hedging reserve	Arising from changes in fair value of derivatives under cash flow hedge
Available-for-sale reserve	Arising from changes in fair value of available-for-sale investments
Exchange reserve	Exchange differences arising on retranslation of the net investments in foreign operations

Group 2014	Share grant reserve	Re-valuation reserve	Capital reserve	Legal reserve	Hedging Reserve	Available-for-sale reserve	Exchange reserve	Total
At 1 July	-	67.9	6,753.5	75.4	(100.0)	62.7	369.4	7,228.9
Other comprehensive income [Notes 13(a) and 16]	-	-	-	-	60.5	10.6	(414.6)	(343.5)
Performance-based employee share scheme	39.1	-	-	-	-	-	-	39.1
Share of capital reserve of associates	-	-	1.9	-	-	-	-	1.9
Transfer (to)/from retained profits	-	(0.9)	132.9	(5.3)	-	-	-	126.7
At 30 June	39.1	67.0	6,888.3	70.1	(39.5)	73.3	(45.2)	7,053.1

## 2013

At 1 July	-	67.9	6,748.9	74.8	(64.8)	45.1	983.5	7,855.4
Other comprehensive income [Notes 13(a) and 16]	-	-	-	-	(35.2)	17.6	(614.1)	(631.7)
Share of capital reserve of associates	-	-	2.8	-	-	-	-	2.8
Transfer from retained profits	-	-	1.8	0.6	-	-	-	2.4
At 30 June	-	67.9	6,753.5	75.4	(100.0)	62.7	369.4	7,228.9

**38 Reserves (continued)**

<b>Company 2014</b>	<b>Share grant reserve</b>	<b>Capital reserve</b>	<b>Total</b>
At 1 July	–	5,725.1	5,725.1
Performance-based employee share scheme	39.1	–	39.1
At 30 June	39.1	5,725.1	5,764.2
<b>2013</b>			
At 1 July/30 June	–	5,725.1	5,725.1

The Company's capital reserve arose from business combinations under common control.

**39 Non-Controlling Interests**

In the opinion of the Directors, the subsidiaries of the Group that have non-controlling interests which are material to the Group as at 30 June 2014 are as follows:

<b>Name of subsidiary</b>	<b>Place of business</b>
PT Indotruba Tengah (Indotruba)	Indonesia
PT Kartika Inti Perkasa group (KIP)	Indonesia
Sime Darby Property Selatan Sdn Bhd group (SDPS)	Malaysia
Sime Darby Brunfield Holding Sdn Bhd group (SDBH)	Malaysia
Wangsa Mujur Sdn Bhd group (Wangsa)	Malaysia

The profit, comprehensive income and net assets attributable to owners of non-controlling interests are as follows:

<b>Group 2014</b>	<b>Material non- controlling interests</b>	<b>Others</b>	<b>Total</b>
Profit for the year	95.6	72.2	167.8
Other comprehensive loss	(49.2)	(13.2)	(62.4)
Total comprehensive income	46.4	59.0	105.4
Net assets	407.7	469.0	876.7
<b>2013</b>			
Profit for the year	54.2	76.8	131.0
Other comprehensive (loss)/income	(18.3)	5.2	(13.1)
Total comprehensive income	35.9	82.0	117.9
Net assets	371.9	512.9	884.8

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 39 Non-Controlling Interests (continued)

### Summarised financial information

The summarised statements of comprehensive income of and dividends paid by each subsidiary that has non-controlling interests that are material to the Group are as follows:

Group						
2014	Indotruba	KIP	SDPS	SDBH	Wangsa	Total
Revenue	121.8	255.1	247.4	309.1	103.1	1,036.5
Profit for the year	69.6	58.6	82.2	4.9	7.4	222.7
Other comprehensive (loss)/income	(59.5)	(51.4)	-	2.5	(0.1)	(108.5)
Total comprehensive income	10.1	7.2	82.2	7.4	7.3	114.2
Attributable to owners of non-controlling interests:						
- profit for the year	34.8	23.4	32.9	2.0	2.5*	95.6
- other comprehensive (loss)/income	(29.7)	(20.5)	-	1.0	-	(49.2)
- total comprehensive income	5.1	2.9	32.9	3.0	2.5	46.4
Dividends paid to owners of non-controlling interests	-	0.1	-	-	-	0.1
<b>2013</b>						
Revenue	127.3	146.4	-	334.1	98.3	706.1
Profit/(loss) for the year	63.6	53.7	-	(11.3)	17.8	123.8
Other comprehensive loss	(16.3)	(16.6)	-	(8.7)	-	(41.6)
Total comprehensive income/(loss)	47.3	37.1	-	(20.0)	17.8	82.2
Attributable to owners of non-controlling interests:						
- profit/(loss) for the year	31.8	21.5	-	(4.5)	5.4*	54.2
- other comprehensive loss	(8.1)	(6.7)	-	(3.5)	-	(18.3)
- total comprehensive income/(loss)	23.7	14.8	-	(8.0)	5.4	35.9
Dividends paid to owners of non-controlling interests	-	0.1	-	-	16.1	16.2

\* including the non-controlling interests in Chartquest Sdn Bhd, a 84.3% owned subsidiary of Wangsa Mujur Sdn Bhd

**39 Non-Controlling Interests (continued)**Summarised financial information (continued)

The summarised statements of financial position of each subsidiary that has non-controlling interests that are material to the Group are as follows:

<b>Group</b>						
<b>2014</b>	<b>Indotruba</b>	<b>KIP</b>	<b>SDPS</b>	<b>SDBH</b>	<b>Wangsa</b>	<b>Total</b>
Non-current assets	46.9	73.6	258.2	421.2	182.0	981.9
Current assets	334.6	263.6	101.0	547.3	97.6	1,344.1
Non-current liabilities	(3.3)	(4.7)	(206.4)	(512.1)	(13.0)	(739.5)
Current liabilities	(15.2)	(43.7)	(48.6)	(531.8)	(12.5)	(651.8)
Net assets/(liabilities)	<b>363.0</b>	<b>288.8</b>	<b>104.2</b>	<b>(75.4)</b>	<b>254.1</b>	<b>934.7</b>
Proportion of equity held by owners of non-controlling interests (%)	<b>50.0</b>	<b>40.0</b>	<b>40.0</b>	<b>40.0</b>	<b>27.5</b>	
Non-controlling interests	<b>181.5</b>	<b>115.5</b>	<b>41.7</b>	<b>(30.2)</b>	<b>99.2*</b>	<b>407.7</b>
<b>2013</b>						
Non-current assets	54.1	85.0	14.1	141.0	186.4	480.6
Current assets	316.3	255.0	14.7	826.6	84.5	1,497.1
Non-current liabilities	(3.3)	(5.4)	-	(220.3)	(13.8)	(242.8)
Current liabilities	(14.1)	(27.1)	(6.9)	(830.1)	(10.2)	(888.4)
Net assets/(liabilities)	<b>353.0</b>	<b>307.5</b>	<b>21.9</b>	<b>(82.8)</b>	<b>246.9</b>	<b>846.5</b>
Proportion of equity held by owners of non-controlling interests (%)	<b>50.0</b>	<b>40.0</b>	<b>40.0</b>	<b>40.0</b>	<b>27.5</b>	
Non-controlling interests	<b>176.5</b>	<b>123.0</b>	<b>8.8</b>	<b>(33.1)</b>	<b>96.7*</b>	<b>371.9</b>

\* including the non-controlling interests in Chartquest Sdn Bhd, a 84.3% owned subsidiary of Wangsa Mujur Sdn Bhd

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 39 Non-Controlling Interests (continued)

### Summarised financial information (continued)

The summarised statements of cash flows of each subsidiary that has non-controlling interests that are material to the Group are as follows:

Group						
2014	Indotruba	KIP	SDPS	SDBH	Wangsa	Total
Cash generated from/(used in operations)	65.1	84.7	(105.9)	369.5	8.9	422.3
Tax (paid)/refund	(10.0)	(4.1)	(6.6)	(8.6)	2.5	(26.8)
Net cash from/(used in operating activities)	55.1	80.6	(112.5)	360.9	11.4	395.5
Net cash from/(used in investing activities)	9.7	(37.9)	0.9	(263.6)	(1.8)	(292.7)
Net cash (used in)/ from financing activities	-	(27.1)	182.5	(76.5)	(0.6)	78.3
Net increase in cash and cash equivalents	64.8	15.6	70.9	20.8	9.0	181.1
Cash and cash equivalents at beginning of the year	306.9	47.8	14.3	48.5	76.0	493.5
Foreign exchange differences	(52.1)	(8.5)	-	2.5	-	(58.1)
Cash and cash equivalents at end of the year	319.6	54.9	85.2	71.8	85.0	616.5
<b>2013</b>						
Cash generated from/(used in operations)	70.3	86.5	(7.6)	10.2	25.1	184.5
Tax paid	(16.6)	(23.1)	-	(21.5)	(13.0)	(74.2)
Net cash from/(used in operating activities)	53.7	63.4	(7.6)	(11.3)	12.1	110.3
Net cash from/(used in investing activities)	6.0	(177.8)	(0.1)	(8.0)	(6.5)	(186.4)
Net cash (used in)/ from financing activities	-	(25.5)	22.0	27.9	(54.1)	(29.7)
Net increase/(decrease) in cash and cash equivalents	59.7	(139.9)	14.3	8.6	(48.5)	(105.8)
Cash and cash equivalents at beginning of the year	260.7	198.0	-	48.6	124.5	631.8
Foreign exchange differences	(13.5)	(10.3)	-	(8.7)	-	(32.5)
Cash and cash equivalents at end of the year	306.9	47.8	14.3	48.5	76.0	493.5

There are no significant restrictions on the ability of these subsidiaries to transfer funds to the Group in the form of cash dividends.

The amounts presented in the summarised financial statements are before inter-company eliminations.

## 40 Borrowings

	Group		Company	
	2014	2013	2014	2013
<b>Non-current</b>				
<u>Secured</u>				
Term loans [note (a)(i)]	585.8	244.9	-	-
Syndicated Islamic financing [note (b)]	186.8	-	-	-
Islamic financing	78.4	-	-	-
<u>Unsecured</u>				
Term loans [notes (a)(ii), (iii) and (iv)]	3,000.1	2,819.0	-	-
Islamic Medium Term Notes [note (c)]	1,700.0	2,400.0	1,700.0	2,400.0
Sukuk [note (d)]	2,558.1	2,529.5	-	-
	<b>8,109.2</b>	<b>7,993.4</b>	<b>1,700.0</b>	<b>2,400.0</b>
<b>Current</b>				
<u>Secured</u>				
Term loans due within one year [note (a)(i)]	23.9	0.6	-	-
Revolving credits and others	68.6	270.0	-	-
<u>Unsecured</u>				
Bank overdrafts	93.8	50.2	-	-
Term loans due within one year [notes (a)(ii), (iii) and (iv)]	395.0	27.0	-	-
Islamic Medium Term Notes due within one year [note (c)]	711.5	11.5	711.5	11.5
Sukuk due within one year [note (d)]	29.0	28.9	-	-
Islamic revolving financing	60.0	60.0	-	-
Revolving credits, trade facilities and others	1,683.8	1,698.3	200.3	500.4
	<b>3,065.6</b>	<b>2,146.5</b>	<b>911.8</b>	<b>511.9</b>
Total borrowings	<b>11,174.8</b>	<b>10,139.9</b>	<b>2,611.8</b>	<b>2,911.9</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 40 Borrowings (continued)

### a. Term loans

The term loans include the following:

- i. RM533.3 million secured term loans repayable over periods ranging from 5 to 15 years from their respective first drawdown dates. The loans are to part finance certain property development projects and are secured over certain properties of the Group.
- ii. USD400.0 million unsecured long-term loans repayable over nine semi-annual installments (eight equal installments of USD44.5 million each and a final installment of USD44.0 million) commencing at the end of the 36th month from the drawdown date on 12 December 2011. The outstanding balance as at 30 June 2014 was USD400.0 million (2013: USD400.0 million).
- iii. RM1,150.0 million unsecured long-term loans repayable over nine semi-annual installments commencing at the end of the 36th month from their respective first drawdown dates. All these loans are fully repayable by January 2020.
- iv. AUD300.0 million unsecured long-term loans with bullet repayments in March 2018 and March 2019.

### b. Syndicated Islamic financing

The syndicated Islamic financing consist of 4 facilities with facility limit of RM896.0 million. The facilities are repayable over 24 semi-annual installments commencing no later than 36 months from their respective first drawdown dates.

### c. Islamic Medium Term Notes and Islamic Commercial Papers

On 24 September 2009, the Company had obtained the approval of the Securities Commission for the establishment of an Islamic Medium Term Note (IMTN) Programme of RM4,500.0 million and an Islamic Commercial Paper (ICP)/IMTN Programme of RM500.0 million with a combined limit of RM4,500.0 million. The IMTN Programme and ICP/IMTN Programme are for tenures of 20 years and 7 years, respectively.

The IMTN Programme and the ICP/IMTN Programme are structured under the Shariah Principle of Musyarakah. The IMTNs are rated AAA<sub>ID</sub> by Malaysian Rating Corporation Berhad and are listed on the Main Market of Bursa Malaysia Securities Berhad under an Exempt Regime.

Details of the IMTNs issued and outstanding as at 30 June 2014 are as follows:

Date of issuance	Tenure (months)	Nominal value	Periodic distribution rate (per annum)	Maturity date
16 November 2009	60	700.0	4.38%	14 November 2014
16 November 2009	84	1,000.0	4.75%	16 November 2016
11 December 2012	120	300.0	3.98%	9 December 2022
11 December 2012	180	400.0	4.35%	10 December 2027
		2,400.0		

On 27 February 2013, Standard & Poor's Ratings Services assigned its axAAA ASEAN regional scale rating to the Group's issuances on 11 December 2012 of RM300.0 million and RM400.0 million. The axAAA ASEAN rating scale provides an independent opinion on the creditworthiness of the issuer relative to other ASEAN issuers.

#### 40 Borrowings (continued)

##### d. Sukuk

On 11 January 2013, the Group received the approval of the Securities Commission for the establishment of a Multi-Currency Sukuk Programme (Sukuk Programme) with a programme limit of USD1,500.0 million (or its equivalent in other currencies).

The Sukuk Programme is structured under the Shariah Principle of Ijarah, which is a sale and leaseback arrangement. Sime Darby Global Berhad, a wholly owned subsidiary of the Group, is the issuer under this financing.

Details of the sukuk issued and outstanding as at 30 June 2014 are as follows:

Date of issuance	Tenure (months)	Nominal value (USD million)	Periodic distribution rate (per annum)	Maturity date
29 January 2013	60	400.0	2.053%	29 January 2018
29 January 2013	120	400.0	3.290%	29 January 2023
		800.0		

The Sukuk Programme has been accorded ratings of A by Standard & Poor's Ratings Services, A by Fitch Ratings and A3 by Moody's Investors Service.

The sukuk issued is listed on the Singapore Exchange Securities Trading Limited and on Bursa Malaysia Securities Berhad pursuant to Bursa Malaysia's Exempt Regime on 30 January 2013.

##### e. Other information on borrowings

###### i. Islamic financing

The average effective distribution rate per annum on Islamic financing are as follows:

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Islamic Medium Term Notes	4.48	4.48	4.48	4.48
Sukuk	2.75	2.75	-	-
Syndicated Islamic financing	7.00	-	-	-
Islamic financing	3.68	-	-	-
Islamic revolving financing	3.98	3.95	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 40 Borrowings (continued)

### e. Other information on borrowings (continued)

#### ii. Conventional financing

The average effective interest rates per annum on conventional financing are as follows:

	Group		Company	
	2014	2013	2014	2013
	%	%	%	%
Term loans:				
- before interest rate swaps	3.60	3.06	-	-
- after interest rate swaps	3.62	3.08	-	-
Bank overdrafts	5.02	5.61	-	-
Other short-term borrowings	3.80	3.49	3.52	3.58

The Group's term loans that are subject to contractual interest rates repricing within 1 year amounted to RM3,963.0 million (2013: RM3,084.5 million).

#### iii. Secured financing

Borrowings amounting to RM943.5 million (2013: RM515.5 million) are secured by fixed and floating charges over the assets of the Group. The carrying amounts of assets that the Group has pledged as collateral for the borrowings are as follows:

	Group	
	2014	2013
Property, plant and equipment [Note 17]	143.5	114.8
Investment properties [Note 20]	240.4	246.4
Land held for property development [Note 21]	24.7	-
Amounts due from customers on construction contracts [Note 29]	260.4	-
Inventories, receivables and other assets	147.0	7.4
	<b>816.0</b>	<b>368.6</b>

## 40 Borrowings (continued)

## e. Other information on borrowings (continued)

iv. Currencies and maturity profile

The currencies and maturity profile of the Group's borrowings are as follows:

Group 2014	Maturities				Total
	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	
Term loans:					
- Ringgit Malaysia	124.1	245.9	951.7	395.2	1,716.9
- Australian dollar	-	-	907.2	-	907.2
- Chinese renminbi	5.4	5.2	8.3	-	18.9
- Pacific franc	2.8	2.9	9.2	27.1	42.0
- Thailand baht	-	13.8	13.9	6.9	34.6
- United States dollar	286.6	285.8	712.8	-	1,285.2
Islamic Medium Term Notes:					
- Ringgit Malaysia	711.5	-	1,000.0	700.0	2,411.5
Sukuk:					
- United States dollar	29.0	-	1,273.7	1,284.4	2,587.1
Syndicated Islamic financing:					
- Ringgit Malaysia	-	-	129.8	57.0	186.8
Islamic financing:					
- Ringgit Malaysia	-	-	32.0	46.4	78.4
Bank overdraft:					
- Chinese renminbi	64.6	-	-	-	64.6
- New Zealand dollar	29.2	-	-	-	29.2
Islamic revolving financing:					
- Ringgit Malaysia	60.0	-	-	-	60.0
Revolving credits, trade facilities and other short-term borrowings:					
- Ringgit Malaysia	327.0	-	-	-	327.0
- Australian dollar	133.6	-	-	-	133.6
- Chinese renminbi	777.1	-	-	-	777.1
- Indonesian rupiah	38.7	-	-	-	38.7
- New Zealand dollar	121.0	-	-	-	121.0
- Thailand baht	45.5	-	-	-	45.5
- Singapore dollar	23.4	-	-	-	23.4
- United States dollar	246.0	-	-	-	246.0
- Vietnamese dong	40.1	-	-	-	40.1
	<b>3,065.6</b>	<b>553.6</b>	<b>5,038.6</b>	<b>2,517.0</b>	<b>11,174.8</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 40 Borrowings (continued)

### e. Other information on borrowings (continued)

#### iv. Currencies and maturity profile (continued)

The currencies and maturity profile of the Group's borrowings are as follows: (continued)

Group 2013	Maturities				Total
	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	
Term loans:					
- Ringgit Malaysia	23.7	63.7	799.2	896.8	1,783.4
- Chinese renminbi	2.3	5.2	10.4	3.0	20.9
- Pacific franc	0.5	0.5	1.5	12.5	15.0
- United States dollar	1.1	282.8	848.5	139.8	1,272.2
Islamic Medium Term Notes:					
- Ringgit Malaysia	11.5	700.0	1,000.0	700.0	2,411.5
Sukuk:					
- United States dollar	28.9	-	1,264.7	1,264.8	2,558.4
Bank overdraft:					
- Chinese renminbi	22.3	-	-	-	22.3
- New Zealand dollar	27.9	-	-	-	27.9
Islamic revolving financing:					
- Ringgit Malaysia	60.0	-	-	-	60.0
Revolving credits, trade facilities and other short-term borrowings:					
- Ringgit Malaysia	1,025.4	-	-	-	1,025.4
- Australian dollar	105.1	-	-	-	105.1
- Chinese renminbi	267.1	-	-	-	267.1
- New Zealand dollar	27.5	-	-	-	27.5
- Thailand baht	33.2	-	-	-	33.2
- Singapore dollar	19.0	-	-	-	19.0
- United States dollar	491.0	-	-	-	491.0
	2,146.5	1,052.2	3,924.3	3,016.9	10,139.9

The Company's borrowings are denominated in Ringgit Malaysia and the maturity dates of its Islamic Medium Term Notes are shown in note (c) above.

#### 41 Finance Lease Obligation

The Group leased certain plant and machinery under finance leases. The average lease term is 20 years (2013: 20 years). The Group has options to purchase the plant and machinery for nominal amount at the end of the lease term.

	Group	
	2014	2013
Gross finance lease liabilities – minimum lease payments		
- due no later than one year	11.2	12.2
- due later than one year and no later than five years	45.5	49.0
- due later than five years	139.1	161.3
	<b>195.8</b>	222.5
Future finance charges	<b>(43.3)</b>	(58.2)
Present value of finance lease liabilities	<b>152.5</b>	164.3

The present value of finance lease liabilities is analysed as follows:

##### Non-current

Due later than one year and no later than five years	29.2	28.3
Due later than five years	116.7	129.5
	<b>145.9</b>	157.8

##### Current

Due no later than one year	6.6	6.5
	<b>152.5</b>	164.3

The finance lease obligations are denominated in Ringgit Malaysia, are subject to fixed interest rates of 3.7% and 4.5% per annum and are secured on plant and machinery with a total net book value of RM146.3 million (2013: RM162.3 million) (see Note 17).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 42 Payables

	Group		Company	
	2014	2013	2014	2013
<b>Non-current</b>				
Amounts due to a subsidiary [note (a)]	-	-	2,558.1	2,529.5
<b>Current</b>				
Trade payables	3,813.0	4,289.9	-	-
Accruals [note (b)]	3,016.9	2,852.9	22.7	24.7
Customers' deposits	1,271.2	1,036.4	-	-
Amounts due to a subsidiary [note (a)]	-	-	29.1	28.7
Amounts due to joint ventures	3.7	0.7	-	-
Amounts due to associates	0.1	0.4	-	-
Financial guarantees [note (c)]	0.3	1.2	39.1	47.5
	<b>8,105.2</b>	<b>8,181.5</b>	<b>90.9</b>	<b>100.9</b>
Total payables	<b>8,105.2</b>	<b>8,181.5</b>	<b>2,649.0</b>	<b>2,630.4</b>

### a. Amounts due to a subsidiary

#### Non-current

The amounts due to a subsidiary bear interest at rates ranging between 2.05% to 3.29% (2013: 2.05% to 3.29%) per annum, are unsecured and are not to be recalled within the next twelve months.

#### Current

The amount due to a subsidiary is unsecured, repayable on demand and is interest free.

### b. Accruals

Included in accruals is an amount of RM151.7 million (2013: RM0.7 million) for the construction of 3 x 20,000 tonnes berth, liquid berth, piping projects and other capital items.

### c. Financial guarantees

The financial guarantees are recognised in respect of the following contracts:

	Group		Company	
	2014	2013	2014	2013
Guarantees in respect of credit facilities granted to:				
- certain subsidiaries	-	-	1,584.4	1,569.6
- a joint venture	14.9	14.9	-	-
- certain associates	29.9	15.2	-	-
- plasma stakeholders	61.5	81.1	-	-
	<b>106.3</b>	<b>111.2</b>	<b>1,584.4</b>	<b>1,569.6</b>

The fair value is determined as the estimated amount that would be payable to a third party for assuming the obligations based on current market rate available for similar instruments.

## 43 Provisions

Group 2014	Warranties	Performance guarantees and bonds	Risk sharing	Total
At 1 July	303.4	-	22.1	325.5
Additions	158.0	-	31.7	189.7
Amounts unutilised	(53.6)	-	(15.0)	(68.6)
Charged to profit or loss	104.4	-	16.7	121.1
Utilised	(114.4)	-	(7.8)	(122.2)
Exchange differences	8.5	-	(0.2)	8.3
At 30 June	301.9	-	30.8	332.7
<b>2013</b>				
At 1 July	359.4	84.2	23.6	467.2
Additions	146.3	-	14.3	160.6
Amounts unutilised	(70.9)	(84.2)	(8.2)	(163.3)
Charged/(credited) to profit or loss	75.4	(84.2)	6.1	(2.7)
Utilised	(118.7)	-	(8.6)	(127.3)
Exchange differences	(12.7)	-	1.0	(11.7)
At 30 June	303.4	-	22.1	325.5

The provisions are subject to the following maturity periods:

	Group	
	2014	2013
<b>Non-current</b>		
Due later than one year	49.3	92.0
<b>Current</b>		
Due no later than one year	283.4	233.5
	<b>332.7</b>	<b>325.5</b>

**a. Warranties**

Provision is recognised on warranties provided for the sales of machinery, vehicles and other products that are not covered by manufacturers' warranties. The provision was estimated based on historical claims experience, as well as recent trends which are indicative of future claims.

**b. Performance guarantees and bonds**

Provisions for performance guarantees and bonds are recognised when crystallisation is probable.

**c. Risk sharing**

Provision is recognised on guarantees provided up to a predetermined amount to a third party leasing company (Caterpillar (China) Financial Leasing Co Ltd) for financing customers' purchases of equipment from the Group. The provision for the obligation that the Group has to pay to the leasing company should the customers default, was estimated based on a percentage of risk sharing ratio over the total outstanding lease portfolio.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 44 Retirement Benefits

	Group	
	2014	2013
At 1 July	154.5	124.8
Disposal of subsidiaries	(0.3)	-
Charge for the year [Note 6(a)]	0.5	35.7
Contributions paid	(18.9)	(11.1)
Benefits paid – unfunded obligations	(3.3)	(6.3)
Actuarial losses	19.1	19.0
Exchange differences	(10.1)	(7.6)
At 30 June	<u>141.5</u>	<u>154.5</u>

The retirement benefits are subject to the following maturity period:

### Non-current

Due later than one year	<u>141.5</u>	<u>154.5</u>
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The amounts recognised on the statements of financial position are determined as follows:

Present value of funded obligations [note (a)]	399.8	393.3
Fair value of plan assets [note (b)]	(304.6)	(281.9)
	<u>95.2</u>	<u>111.4</u>
Present value of unfunded obligations [note (a)]	46.3	43.1
Net liabilities	<u>141.5</u>	<u>154.5</u>

The amounts recognised in the profit or loss are as follows:

Current service cost	19.3	31.1
Past service cost	(27.7)	-
Interest cost	8.5	16.4
Expected return on plan assets	0.4	(11.8)
	<u>0.5</u>	<u>35.7</u>

Total return on plan assets are as follows:

Expected return on plan assets	(0.4)	11.8
Actuarial gains on plan assets	15.2	12.1
	<u>14.8</u>	<u>23.9</u>

**44 Retirement Benefits (continued)****a. Changes in the present value of defined benefit obligations**

	Group	
	2014	2013
Wholly or partly funded obligations	399.8	393.3
Unfunded obligations	46.3	43.1
	446.1	436.4

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

At 1 July	436.4	385.2
Disposal of subsidiaries	(0.3)	-
Current service cost	19.3	31.1
Past service cost	(27.7)	-
Interest cost	8.5	16.4
Benefits paid – funded obligations	(19.7)	(21.7)
Benefits paid – unfunded obligations	(3.3)	(6.3)
Actuarial losses	34.3	31.1
Exchange differences	(1.4)	0.6
At 30 June	446.1	436.4

**b. Changes in the fair value of plan assets**

	Group	
	2014	2013
At 1 July	281.9	260.4
Expected return on plan assets	(0.4)	11.8
Contributions by employers	18.9	11.1
Benefits paid	(19.7)	(21.7)
Actuarial gains	15.2	12.1
Exchange differences	8.7	8.2
At 30 June	304.6	281.9

**c. Principal actuarial assumptions**

Principal actuarial assumptions used at 30 June in respect of the Group's defined benefit pension plans are as follows:

	Group	
	2014	2013
	%	%
Discount rate	1.3 – 8.5	1.0 – 7.8
Expected return on plan assets	3.2 – 8.0	3.9 – 9.5
Expected rate of salary increases	1.5 – 8.0	1.5 – 7.5

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 45 Deferred Income

	Group	
	2014	2013
Maintenance income	155.2	105.6
Advance annualised licence fees	149.3	149.3
Government grant	173.4	97.7
	<b>477.9</b>	352.6

The deferred income are subject to the following maturity periods:

### Non-current

Due later than one year	375.7	291.0
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### Current

Due no later than one year	102.2	61.6
	<b>477.9</b>	352.6

The government grants are received in relation to the purchase of property, plant and equipment and prepaid lease rentals of certain subsidiaries.

## 46 Progress Billings and Others

	Group	
	2014	2013
Amounts due to customers on construction contracts [Note 29]	109.8	34.0
Progress billings	75.4	29.0
Others	23.5	17.0
	<b>208.7</b>	80.0

## 47 Contingent Liabilities and Commitments

Contingent liabilities and commitments are as follows:

### a. Guarantees

In the ordinary course of business, the Group may obtain surety bonds and letters of credit, which the Group provides to customers to secure advance payment, performance under contracts or in lieu of retention being withheld on contracts. A liability would only arise in the event the Group fails to fulfill its contractual obligations.

The Company has also provided performance guarantees to customers of certain subsidiaries to secure performance under contracts or in lieu of retention withheld on contracts.

#### 47 Contingent Liabilities and Commitments (continued)

Contingent liabilities and commitments are as follows: (continued)

##### a. Guarantees (continued)

The outstanding guarantees as at 30 June are as follows:

	Group		Company	
	2014	2013	2014	2013
Performance and advance payment guarantees to customers of:				
- subsidiaries	-	-	2,223.9	2,223.9
- the Group	2,848.2	2,938.1	-	-
	<b>2,848.2</b>	<b>2,938.1</b>	<b>2,223.9</b>	<b>2,223.9</b>

In cases where the Group is required to issue surety bonds or letters of credit for the entire contract despite holding partial interest in a venture, the Group will seek counter-indemnity from the other venture partners. As at 30 June, the counter-indemnities received by the Group and by the Company amounted to RM212.1 million (2013: RM212.1 million).

In addition, the Group guarantees the payment from its customers under a risk sharing arrangement with a third party leasing company in connection with the sale of its equipment up to a pre-determined amount. As at 30 June 2014, the total outstanding risk sharing amount on which the group has an obligation to pay the leasing company should the customers default, amounted to RM254.0 million (2013: RM155.7 million) (see Note 54(a) (iii)).

##### b. Claims

As at 30 June 2014, claims against the Group not taken up in the statements of financial position amounted to RM19.4 million (2013: RM1.3 million). These claims include disputed amounts for the supply of goods and services.

There were no claims against the Company as at 30 June 2014 (2013: Nil).

##### c. Capital commitments

	Group	
	2014	2013
Authorised capital expenditure not provided for in the financial statements:		
Property, plant and equipment		
- contracted	788.2	556.8
- not contracted	2,790.8	2,213.5
	<b>3,579.0</b>	<b>2,770.3</b>
Other capital expenditure		
- contracted	551.0	453.5
- not contracted	697.1	2,246.9
	<b>4,827.1</b>	<b>5,470.7</b>

The Company does not have any capital commitment as at 30 June 2014 (2013: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 47 Contingent Liabilities and Commitments (continued)

Contingent liabilities and commitments are as follows: (continued)

### d. Leases

	Group	
	2014	2013
Commitments under non-cancellable operating leases:		
- expiring not later than one year	187.8	205.7
- expiring later than one year but not later than five years	298.5	330.8
- expiring later than five years	312.5	345.4
	798.8	881.9

The Company does not have any non-cancellable operating lease as at 30 June 2014 (2013: Nil).

### e. Plasma Plantation

The Group is committed to develop a total of 58,158 (2013: 55,051) hectares of oil palm plantation for plasma farmers in Indonesia. A total of 42,714 (2013: 41,415) hectares have been developed of which about 35,560 (2013: 35,151) hectares have been handed over to plasma farmers.

## 48 Material Litigation

The material litigations closed during the financial year/outstanding are as follows:

### a. PT Adhiyasa Saranamas (PTAS)

PT Adhiyasa Saranamas (PTAS) commenced a legal suit on 17 September 2003 against Kumpulan Guthrie Berhad (KGB) and 6 of its Indonesian subsidiaries for an alleged breach of contract with regards to the provision of consultancy services in connection with the acquisition of subsidiaries in Indonesia. In 2008, the Supreme Court partially approved PTAS's claim and ordered KGB to pay the amount of USD25.76 million together with interest at the rate of 6% per year thereon (Indonesian Judgement). The parties have amicably settled the Indonesian Judgement and all legal actions instituted by PTAS in Indonesia on 6 December 2011.

In Malaysia, PTAS had on 11 March 2008 commenced legal proceedings against KGB to enforce the Indonesian Judgement. The trial was concluded on 10 May 2012 and on 14 June 2012, the High Court dismissed PTAS's claim with costs (High Court Decision).

On 15 June 2012, PTAS appealed to the Court of Appeal against the High Court Decision (Appeal) and on 7 November 2013, the Court of Appeal dismissed the Appeal with costs of RM20,000.

On 5 December 2013, PTAS filed a notice of motion for leave to appeal to the Federal Court against the Court of Appeal decision (Leave Application). At the hearing of the Leave Application on 22 May 2014, PTAS's counsel failed to attend court and had by a letter of the same date, requested for a postponement of the hearing. The Federal Court rejected the said application and proceeded with the hearing. KGB's counsel submitted that the parties had already entered into a binding settlement of the Indonesian Judgement, which is a matter determined under Indonesian law. The Federal Court held that the cause of action had been extinguished and dismissed the Leave Application with costs of RM10,000. The Federal Court also ordered a deposit of RM1,000 to be paid to KGB as part of the costs. Consequently, the Malaysian legal proceedings have now come to an end.

#### 48 Material Litigation (continued)

The material litigations closed during the financial year/outstanding are as follows: (continued)

**b. Qatar Petroleum Project (QP Project), Maersk Oil Qatar Project (MOQ Project) and the Marine Project Civil Suits (O&G Suit)**

On 23 December 2010, Sime Darby Berhad (SDB), Sime Darby Engineering Sdn Bhd, Sime Darby Energy Sdn Bhd, Sime Darby Marine Sdn Bhd and Sime Darby Marine (Hong Kong) Pte Ltd (collectively, the Plaintiffs) filed a civil suit in the High Court against Dato' Seri Ahmad Zubair @ Ahmad Zubir Hj Murshid (DSAZ), Dato' Mohamad Shukri Baharom (DMS), Abdul Rahim Ismail, Abdul Kadir Alias and Mohd Zaki Othman (collectively, the Defendants) claiming, inter alia, damages arising from the Defendants' negligence and breaches of duty in relation to the Qatar Petroleum Project (QP Project), the Maersk Oil Qatar Project (MOQ Project) and the project relating to the construction of marine vessels known as the Marine Project. The aggregate amount claimed was RM329,744,755 together with general and aggravated damages to be assessed and other relief.

DSAZ and DMS filed third party notices dated 8 March 2011 and 20 April 2011 respectively against certain individuals and Sime Darby Holdings Berhad, of whom comprise former management and current and former members of the board of SDB, its subsidiaries and Kumpulan Sime Darby Berhad and former members of the audit and supervisory committee of SDB's Energy & Utilities Division, seeking an indemnity and/or contribution from the third parties in the event DSAZ and DMS are found liable to the Plaintiffs. The third parties applied to strike out third party proceedings instituted against them by DSAZ and DMS.

The third party proceedings were dismissed by the High Court and the subsequent appeals filed by DSAZ and DMS were also dismissed by the Court of Appeal and by the Federal Court on 18 September 2013. Following the Federal Court's decision, third party proceedings instituted against the third parties in this suit have for all intents and purposes come to an end.

In respect of the civil suit, the Defendants have filed their respective Statements of Defence.

Following the Federal Court's dismissal of DSAZ's third party proceedings, the High Court fixed tentative trial dates as follows: July 2014 – 7th to 10th, 21st to 24th, August 2014 – 4th to 7th, 18th to 21st and September 2014 – 8th to 12th.

On 13 June 2014, all the Defendants consented to judgement being recorded on the following terms (Consent Judgement):

- i. Judgement be entered for the Plaintiffs in respect of the claims as set out in Prayers (1), (2), (3), (4), (5), (6), (7), (8) and (9) of the Statement of Claim dated 23 December 2010;
- ii. The amount of damages in respect of these claims is to be assessed by the Court except for the matters pleaded with respect to Incobliss Consulting Sdn Bhd, and thereupon final Judgement be entered for the Plaintiffs for the assessed amount with costs; and
- iii. The Plaintiffs shall be permitted to levy execution upon any such final judgement or otherwise enforce the same against any of the Defendants only upon the Plaintiffs recovering all claims from the respective employers for the Qatar Petroleum Project and the Maersk Oil Qatar Project and the proceeds of sale of the derrick lay barge in regards to the Marine Project or after the expiry of 3 years from the date when final judgement for the assessed amount is entered, whichever is the earlier.

With the filing of the Consent Judgement, the issue of the Defendants' liability has now come to an end. The amount of damages will be assessed by the Court. The Plaintiffs filed a Notice of Appointment for assessment of damages. At the hearing of the Application on 9 September 2014, the Plaintiffs' counsel explained to the Court that assessment of damages at this juncture is still premature and requested that assessment be deferred until the Plaintiffs are in a position to assess damages. The Court directed that the Plaintiffs be at liberty to file the Notice of Appointment for assessment of damages within 1 year of the date of the Consent Judgement or such further time as may be granted by the Court upon application by the Plaintiffs.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 48 Material Litigation (continued)

The material litigations closed during the financial year/outstanding are as follows: (continued)

### c. Bakun Hydroelectric Project (Bakun Project) and the Indemnity Agreement Civil Suits (Bakun Suit)

On 24 December 2010, Sime Darby Berhad (SDB), Sime Engineering Sdn Bhd, Sime Darby Holdings Berhad (SDHB) and Sime Darby Energy Sdn Bhd (collectively, the Plaintiffs) filed a civil suit in the High Court against Dato' Seri Ahmad Zubair @ Ahmad Zubir Hj Murshid (DSAZ), Dato' Mohamad Shukri Baharom (DMS) and Abdul Rahim Ismail (collectively, the Defendants) claiming, inter alia, damages in connection with the Defendants' negligence and breaches of duty in relation to the Package CW2-Main Civil Works for the Bakun Hydroelectric Project (Bakun Project) and in respect of the Receipt, Discharge and Indemnity Agreement dated 12 January 2010 (Indemnity Agreement) given to DMS. The aggregate amount claimed was RM91,351,313.49 together with general and aggravated damages to be assessed and other relief.

DSAZ and DMS filed third party notices dated 8 March 2011 and 20 April 2011 respectively against certain individuals and SDHB, of whom comprise former management and current and former members of the board of SDB, its subsidiaries and Kumpulan Sime Darby Berhad and former members of the audit and supervisory committee of SDB's Energy & Utilities Division, seeking an indemnity and/or contribution from the third parties in the event DSAZ and DMS are found liable to the Plaintiffs. The third parties have applied to strike out third party proceedings instituted against them by DSAZ and DMS.

The third party proceedings have been dismissed by the High Court and the subsequent appeals filed by DSAZ and DMS have been dismissed by the Court of Appeal and by the Federal Court on 18 September 2013. Following the Federal Court's decision, third party proceedings instituted against the third parties in this suit have for all intents and purposes come to an end.

In respect of the civil suit, the Defendants have filed their respective Statements of Defence.

Following the Federal Court's dismissal of DSAZ's third party proceedings, the High Court fixed tentative trial dates as follows: July 2014 – 7th to 10th, 21st to 24th, August 2014 – 4th to 7th, 18th to 21st and September 2014 – 8th to 12th.

On 13 June 2014, all the Defendants consented to judgement being recorded on the following terms (Consent Judgement):

- i. Judgement be entered for the Plaintiffs in respect of the claims as set out in Prayers (1), (2), (3), (4), (7), (8) and (9) of the Statement of Claim dated 24 December 2010;
- ii. The amount of damages in respect of these claims are to be assessed by the Court and thereupon final Judgement be entered for the Plaintiffs for the assessed amount with costs; and
- iii. The Plaintiffs shall be permitted to levy execution upon any such final judgement or otherwise enforce the same against any of the Defendants only upon the Malaysia-China Hydro Joint Venture receiving all that is due and payable as full settlement from Sarawak Hidro Sdn Bhd or the Ministry of Finance and/or an assignee or successor in title thereof in relation to the Bakun Project or after the expiry of 3 years from the date when final judgement for the assessed amount is entered, whichever is the earlier.

With the filing of the Consent Judgement, the issue of the Defendants' liability has now come to an end. The amount of damages will be assessed by the Court. The Plaintiffs filed a Notice of Appointment for assessment of damages. At the hearing of the Application on 9 September 2014, the Plaintiffs' counsel explained to the Court that assessment of damages at this juncture was premature as the final accounts with Sarawak Hidro Sdn Bhd have not been closed and requested that assessment be deferred until the Plaintiffs are in a position to assess damages. The Court directed that the Plaintiffs be at liberty to file the Notice of Appointment for assessment of damages within 1 year of the date of the Consent Judgement or such further time as may be granted by the Court upon application by the Plaintiffs.

#### 48 Material Litigation (continued)

The material litigations closed during the financial year/outstanding are as follows: (continued)

##### d. Emirates International Energy Services (EMAS)

Emirates International Energy Services (EMAS) had on 13 January 2011, filed a civil suit in the Plenary Commercial Court in Abu Dhabi against Sime Darby Engineering Sdn Bhd (SDE) (First Suit) claiming payment of USD178.2 million comprising (a) a payment of USD128.2 million for commissions; and (b) a payment of USD50.0 million as "morale compensation".

SDE filed its Statement of Defence and Counter Claim for the sum of AED100 million on 14 August 2011. SDE's Statement of Defence contained a request for the matter to be referred to arbitration and on 22 August 2011, the Court dismissed EMAS's claim. EMAS did not appeal against the Court's decision.

##### i. Proceedings at ADCCAC

On 11 December 2011, EMAS submitted a request for arbitration to the Abu Dhabi Commercial Conciliation & Arbitration Centre (ADCCAC).

On 14 February 2012, SDE's counsel filed and submitted the response to EMAS's notice of arbitration to ADCCAC. The arbitration has been stayed pending the disposal of a second suit filed by EMAS at the Judicial Department of Abu Dhabi.

##### ii. Proceedings at the Judicial Department of Abu Dhabi

On 31 March 2012, EMAS filed another suit against SDE at the Judicial Department of Abu Dhabi (Judicial Department) (Second Suit). The claim of USD178.2 million by EMAS was based on the same facts and grounds as the First Suit.

After several Court hearings on procedural matters, the Court on 11 June 2013 appointed a court expert specialising in commercial agencies. On 30 July 2013, the court expert released his report recommending SDE to pay EMAS compensation of approximately USD11,240,000.

SDE and EMAS challenged the findings of the court expert. At the hearing on 8 October 2013, the Court directed the court expert to submit his supplemental report and to address each of the objections raised by SDE and EMAS.

On 5 March 2014, the court expert submitted his supplemental report (which maintained his earlier findings). Despite the objection of both parties to the court expert's supplemental report, the Court on 18 May 2014 issued a judgement for the sum of AED41,046,086 (approximately USD11,174,864) against SDE.

Both SDE and EMAS appealed to the Court of Appeal against the Court's decision.

On 2 July 2014, the Court of Appeal reversed the finding of the Court. The Court of Appeal, in its judgement, held that the Court is barred from making its ruling on the case due to res judicata (i.e a party cannot bring the same issue before the court once it has been decided) of the First Suit.

On 1 September 2014, EMAS filed an appeal to the Supreme Court against the Court of Appeal's decision.

##### e. Michael Chow Keat Thye (the Applicant)

On 18 November 2011, Michael Chow Keat Thye (the Applicant) filed an application for a Judicial Review against the Securities Commission of Malaysia (SC)'s decision made on 11 October 2011 (Judicial Review) in ruling that the acquisition of the equity interest in Eastern & Oriental Berhad (E&O) by Sime Darby Nominees Sendirian Berhad (SD Nominees) has not given rise to a mandatory take-over offer obligation and seek for an Order of the High Court to compel SD Nominees to make a mandatory take-over offer at the price of RM2.30 per E&O share.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 48 Material Litigation (continued)

The material litigations closed during the financial year/outstanding are as follows: (continued)

### e. Michael Chow Keat Thye (the Applicant) (continued)

The High Court granted leave for the application for Judicial Review on 8 December 2011.

SD Nominees filed an application to be added as a party in the Judicial Review proceedings and obtained leave to be added as 2nd Respondent on 11 January 2012.

At the hearing of the Judicial Review on 1 November 2013, counsel for the SC raised a jurisdictional issue as a preliminary objection. This jurisdictional issue was premised on the Applicant's failure to exhaust the statutory remedies available under the Securities Commission Act 1993 (SCA) and/or the Capital Markets and Services Act 2007 (CMSA) prior to filing the application for Judicial Review.

On 14 November 2013, the judge allowed the preliminary objection taken by the SC and struck out the application for Judicial Review (High Court Decision).

On 9 December 2013, the Applicant filed notice of appeal to the Court of Appeal against the High Court Decision (Appeal).

On 21 April 2014, the Applicant's solicitors sought SD Nominees' consent to withdraw the Appeal on the grounds that given the price per share had now exceeded RM2.30, the continuance of the Judicial Review proceedings would be an academic exercise. On 29 April 2014, the Applicant's solicitors filed a Notice of Discontinuance of the Appeal in which the parties agreed that the Appeal be withdrawn without liberty to file afresh and with no order as to costs. Following the filing of the Notice of Discontinuance, the Appeal was therefore disposed of and this matter has now been concluded.

### f. Qatar Petroleum (QP) Statement of Claim

On 15 August 2012, Sime Darby Engineering Sdn Bhd (SDE) filed a Statement of Claim at the Qatar Court against Qatar Petroleum (QP) for the sum of QAR1,005,359,061. The claim seeks the repayment of a liquidated performance bond, payment of outstanding invoices, compensation and additional costs incurred in relation to an offshore engineering project in Qatar undertaken by SDE pursuant to a contract dated 27 September 2006. However, the contract came into effect much earlier on 15 April 2006 and SDE had commenced work since then.

On 28 November 2012, QP filed its Statement of Defence. On 28 February 2013, in its reply to QP's Statement of Defence, SDE made an upward revision to the amount claimed in respect of the performance bond. The total claim currently stands at QAR1,008,115,825 (approximately USD276,862,952).

On 30 April 2013, the Court ordered the case to be transferred to the Administrative Court and on 18 June 2013, a panel of 3 experts (comprising an accountant and two engineering technicians) were appointed to assist the court.

Between October 2013 and April 2014, there were several court hearings to resolve the appointment of the court experts and finally on 15 May 2014, a new panel of experts were appointed. The Court adjourned the matter to 23 October 2014 for the new experts to meet with the parties and to prepare their report.

### g. Tenaga Nasional Berhad (TNB) Notice of Arbitration

On 26 March 2013, Port Dickson Power Berhad (PDP) filed a Notice of Arbitration against Tenaga Nasional Berhad claiming:

- i. adjustments to a claim for Fixed Operating Rate and Variable Operating Rate amounting to RM56,642,029.42 from February 1999 to November 2011 with interest thereon; or
- ii. alternatively, a claim of RM76,133,552.75 from February 1999 to October 2012 with interest thereon.

On 30 April 2014, Sime Darby Energy Sdn Bhd completed the disposal of its entire 75% equity interest in PDP to Hypergantic Sdn Bhd (Hypergantic), a wholly owned subsidiary of Malakoff Corporation Berhad. Consequently, this matter will be managed by Hypergantic and will be removed from future reports.

#### 48 Material Litigation (continued)

The material litigations closed during the financial year/outstanding are as follows: (continued)

##### **h. Swiber Offshore Construction Pte Ltd (SOC) Notice of Arbitration**

Swiber Offshore Construction Pte Ltd (SOC) and Sime Darby Engineering Sdn Bhd (SDE) entered into Consortium Agreement dated 3 July 2010 (CA) to govern their relationship as a consortium for the Process Platform for B-193 Project (Project) awarded by Oil and Natural Gas Corporation Ltd (ONGC) via a Notification of Award dated 19 May 2010 for a total contract price of USD618,376,022.

Disputes and differences relating to the Project have since arisen between SOC and SDE.

On 29 August 2013, SDE received a Notice of Arbitration dated 28 August 2013 (Notice) from SOC to refer, pursuant to the provisions of the CA, the disputes and differences in relation to its claim against SDE to arbitration before the Singapore International Arbitration Centre (SIAC) in accordance with the UNCITRAL Rules. The claim from SOC as stated in the Notice is USD47,217,857.

SDE submitted its response to the Notice on 27 September 2013 and informed SOC of SDE's intention to file a counterclaim. SOC served its Statement of Claim on 4 October 2013.

The parties submitted on the jurisdictional issue on 10 January 2014. On 29 January 2014, the tribunal confirmed that it had the jurisdiction to hear the arbitration. Hearing of the arbitration has been fixed for 5 January 2015.

In the meantime, SOC has also submitted an application for security for the claim amount of USD47,217,857 by way of a bank guarantee or parental guarantee (SOC's Application). On 9 April 2014, the tribunal dismissed SOC's Application. SDE then filed its Defence and Counterclaim on 18 April 2014 and SOC filed its Reply on 13 June 2014.

The parties have now agreed to amicably settle the claim and the terms of a settlement agreement are being finalised.

##### **i. Oil and Natural Gas Corporation Ltd (ONGC)**

Sime Darby Engineering Sdn Bhd (SDE) and Swiber Offshore Construction Pte Ltd (SOC) entered into a Consortium Agreement dated 23 February 2010 (CA) to govern their relationship as a Consortium in relation to the execution and performance of the 05 Well Head Platform Project (05WHP Project) awarded by Oil and Natural Gas Corporation Ltd (ONGC). A contract dated 26 February 2010 (Contract) was executed for a total contract price of USD188,884,887.

Disputes and differences relating to the 05WHP Project have since arisen between the Consortium and ONGC. The Consortium has invoked the referral of the dispute to arbitration pursuant to Clause 1.3.2 of the Contract. SDE's portion of the Consortium's claim is circa USD32.5 million.

The Consortium and ONGC have now agreed to refer the dispute to an Outside Expert Committee (OEC) as prescribed in the Contract. The OEC proceedings will be conducted in accordance with Part III of the Arbitration and Conciliation Act 1996 of the laws of India and will be held in New Delhi, India.

By a letter dated 28 August 2013 received by SDE on 5 September 2013, ONGC notified the Consortium of the constitution of the OEC panel and the proposed timeline for the OEC proceedings.

The Consortium filed its Statement of Claim on 23 October 2013 and ONGC submitted its Statement of Defence on 9 January 2014. The 1st OEC meeting was held in New Delhi from 19 to 21 March 2014 during which time the Consortium submitted its reply to ONGC's Statement of Defence. The 2nd OEC meeting was held from 28 to 30 April 2014 during which time the Consortium made a presentation to the OEC on the Consortium's claims.

During the 3rd OEC meeting held on 21 to 23 August 2014, the OEC proposed a settlement to the Consortium. The next (and final) OEC meeting is scheduled on 14-15 October 2014 at which meeting the parties will discuss the terms of the proposed settlement in greater detail.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 49 Acquisitions

### a. Acquisition of subsidiaries

- i. Subsidiaries acquired by the Group during the financial year ended 30 June 2014 are as follows:

Name of subsidiary	Purchase consideration	Group's effective interest acquired %	Effective acquisition date
<u>Industrial</u>			
TFP Engineering Pty Ltd	AUD2.9 million (equivalent to RM8.7 million)	70.0	13 March 2014
<u>Motors</u>			
Europe Automobiles Corporation Holdings Pte Ltd (EACH)	USD29.6 million (equivalent to RM98.0 million)	89.2	15 November 2013
Europe Automobiles Corporation (EAC)	VND134.8 billion (equivalent to RM21.0 million)	16.0	15 November 2013
LMM Holdings Pty Ltd	) AUD22.7 million	70.0	4 April 2014
Brisbane BMW Unit Trust	) (equivalent to RM67.8 million)	70.0	4 April 2014

The Group's effective interest in EAC, including the 82.98% held through EACH is 90%.

If the acquisitions were effective on 1 July 2013, the Group's revenue and profit attributable to owners of the Company for the financial year ended 30 June 2014 would have been RM44,549.1 million and RM3,380.0 million respectively, an increase of RM641.1 million and RM27.3 million respectively.

- ii. Details of the assets, liabilities and net cash outflow arising from the acquisition of subsidiaries by the Group during the financial year ended 30 June 2014 are as follows:

	Book value	Fair value
Property, plant and equipment [Note 17]	36.8	36.8
Intangible assets [Note 24]	0.2	142.3
Deferred tax assets/(liabilities) [Note 25]	2.6	(29.4)
Net current assets	42.6	42.6
Net assets acquired	82.2	192.3
Non-controlling interests		(41.7)
Goodwill [Note 24]		44.9
Purchase consideration		195.5
Less: Cash and cash equivalents of subsidiaries acquired		(26.5)
Net cash outflow on acquisition		169.0
Payment for subsidiaries acquired in current year		169.0
Payment for subsidiaries acquired in previous year		26.1
Net cash outflow on acquisition of subsidiaries		195.1

## 49 Acquisitions

### b. Acquisition of additional interests in existing subsidiaries

The additional interests acquired by the Group during the financial year ended 30 June 2014 are as follows:

Name of subsidiary	Purchase consideration	Group's effective interest acquired %	Effective acquisition date
<u>Plantation</u>			
PT Paripurna Swakarsa (PS)	USD16.4 million (equivalent to RM48.6 million)	6.5	23 August 2013
PT Padang Palma Permai (PPP)	USD9.1 million (equivalent to RM28.7 million)	24.5	3 October 2013
Sime Darby Alif Retort Pack Products Sdn Bhd (SDAR)	RM2	40.0	17 December 2013

Following the acquisition of the additional interests in PS and PPP, both the companies became wholly owned subsidiaries of the Group.

The Group acquired the remaining 40% equity in SDAR, not already held by the Group and subsequently in June 2014, disposed its entire 100% equity in SDAR as disclosed in Note 50(a).

### c. Acquisition of associates

Associates acquired by the Group during the financial year ended 30 June 2014 are as follows:

Name of associate	Purchase consideration	Group's effective interest acquired %	Effective acquisition date
<u>Plantation</u>			
Thai Eastern Trat Co Ltd	THB100 million (equivalent to RM10.1 million)	40.0	4 June 2014
Verdezyne Inc	USD30.0 million (equivalent to RM96.3 million)	30.0	16 June 2014

On 12 June 2014, Sime Darby Plantation Sdn Bhd entered into a Series 4 Preferred Stock Purchase Agreement to acquire 30% equity interest in Verdezyne Inc, a company incorporated in the State of Delaware, United States of America. As at 30 June 2014, the first injection of USD12.0 million (equivalent to RM38.7 million) has been paid. The remaining balance will be paid upon achievement of performance milestone as set out in the agreement.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 50 Disposals

### a. Disposal of subsidiaries

- i. Subsidiaries disposed by the Group during the financial year ended 30 June 2014 are as follows:

Name of subsidiary	Disposal consideration	Group's effective interest disposed %	Effective disposal date
<u>Plantation</u>			
Sime Darby Alif Retort Pack Products Sdn Bhd group	RM6.8 million (gain on disposal RM7.5 million)	100.0	27 June 2014
<u>Industrial</u>			
Sime Darby TMA Sdn Bhd	RM25.0 million (gain on disposal RM12.1 million)	100.0	25 October 2013

Sime Darby TMA Sdn Bhd was disposed to Terberg Tractors Malaysia Sdn Bhd, a joint venture company between Sime Darby Industrial Sdn Bhd and Terberg Group BV.

- ii. Details of the assets, liabilities and net cash inflow arising from the disposal of subsidiaries by the Group during the financial year ended 30 June 2014 are as follows:

Property, plant and equipment [Note 17]	6.6
Prepaid lease rentals [Note 19]	0.3
Intangible assets [Note 24]	0.6
Deferred tax assets [Note 25]	0.2
Net current assets	(0.4)
Net assets disposed	7.3
Gain on disposal of subsidiaries	19.6
Proceeds from disposal of subsidiaries, net of transaction costs	26.9
Proceeds from disposal of subsidiaries in current year	26.9
Proceeds from disposal of subsidiaries in previous years [Note 28(a)(ii)]	205.3
Net cash inflow on disposal of subsidiaries, net of transaction costs	232.2

### b. Disposal of associate

Associate disposed by the Group during the financial year ended 30 June 2014 is as follows:

Name of associate	Disposal consideration	Group's effective interest disposed %	Effective disposal date
Brunsfeld Embassyview Sdn Bhd	RM23.0 million (loss on disposal RM0.8 million)	30.0	23 December 2013

## 51 Segment Information - Group

The Group has five reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units, the President and Group Chief Executive reviews the management reports on a monthly basis and conducts performance dialogues with the business units on a regular basis.

Segments comprise:

<b>Segment</b>	<b>Products and services</b>
Plantation	Production and marketing of fresh fruit bunch, crude palm oil, palm kernel, rubber and refining and marketing of palm oil related products.
Industrial	Sales, rental and servicing of heavy equipment.
Motors	Assembly and distribution of vehicles and the provision of after-sale services.
Property	Developing and marketing residential, commercial and industrial properties and development land and management and provision of golf and other recreational facilities and services.
Energy & Utilities	Engineering, ownership and management of port facilities and treatment and distribution of treated water.

Healthcare, insurance broking and other general investments are classified under Others.

The power generation business is presented as discontinued operations following the disposal of the subsidiaries under the power generation business, namely Port Dickson Power Berhad, Sime Darby Biofuels Sdn Bhd, Sime Darby Power Co Limited, Sime Darby LCP Power Co Ltd and Sime Darby O&M (Thailand) Co Ltd (see Note 13).

Transactions between segments are carried out on agreed terms between both parties. The effects of such intersegment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 51 Segment Information – Group (continued)

### a. Segment results

2014	Plantation	Industrial	Motors
<b>Segment revenue:</b>			
External	10,953.5	11,665.2	17,745.2
Inter-segment	0.4	51.3	29.2
	<b>10,953.9</b>	<b>11,716.5</b>	<b>17,774.4</b>
<b>Segment results:</b>			
Operating profit	1,904.5	997.7	630.5
Share of results of joint ventures and associates	(29.9)	14.1	4.0
Profit before interest and tax	<b>1,874.6</b>	<b>1,011.8</b>	<b>634.5</b>
Included in operating profit/(loss) are:			
Amortisation of prepaid lease rentals	(36.1)	(0.3)	(1.2)
Depreciation and amortisation	(476.7)	(338.4)	(203.7)
Impairment losses:			
- property, plant and equipment	(0.4)	(3.6)	(1.5)
- receivables	(0.4)	(35.5)	(5.3)
- others	(8.5)	-	-
Reversal of impairment losses:			
- property, plant and equipment	35.4	1.1	0.4
- receivables	1.3	27.4	2.0
- others	3.4	-	-
Gain on disposal of:			
- subsidiaries	7.5	12.1	-
- discontinued operations	-	-	-
Other non-cash items	(21.8)	80.1	(59.0)
Included in the share of results of joint ventures and associates are:			
Reversal of impairment of joint ventures	-	1.7	-
Impairment of associates	-	(1.0)	-

## Continuing operations

Property	Energy & Utilities	Others	Corporate and elimination	Total	Discontinued operations	Total
2,791.7	676.6	75.8	-	43,908.0	659.8	44,567.8
27.9	25.8	10.3	(144.9)	-	-	-
2,819.6	702.4	86.1	(144.9)	43,908.0	659.8	44,567.8
528.7	6.5	25.8	24.9	4,118.6	299.5	4,418.1
71.0	14.1	26.9	-	100.2	-	100.2
599.7	20.6	52.7	24.9	4,218.8	299.5	4,518.3
(0.3)	(5.0)	-	-	(42.9)	-	(42.9)
(59.9)	(60.5)	(0.7)	(12.4)	(1,152.3)	(43.4)	(1,195.7)
(7.8)	-	-	-	(13.3)	-	(13.3)
(24.1)	(2.2)	(0.3)	(1.3)	(69.1)	-	(69.1)
(6.6)	-	-	(3.3)	(18.4)	-	(18.4)
1.3	-	-	-	38.2	-	38.2
16.1	0.2	0.1	0.3	47.4	-	47.4
-	-	-	-	3.4	-	3.4
-	-	-	-	19.6	-	19.6
-	-	-	-	-	144.0	144.0
(4.1)	(6.6)	0.3	112.7	101.6	(0.3)	101.3
-	-	-	-	1.7	-	1.7
-	-	-	-	(1.0)	-	(1.0)



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 51 Segment Information – Group (continued)

### a. Segment results (continued)

2013	Plantation	Industrial	Motors
<b>Segment revenue:</b>			
External	11,672.1	14,058.9	17,265.6
Inter-segment	0.5	55.8	39.3
	11,672.6	14,114.7	17,304.9
<b>Segment results:</b>			
Operating profit/(loss)	1,978.0	1,283.5	699.1
Share of results of joint ventures and associates	28.5	16.7	12.3
Profit/(loss) before interest and tax	2,006.5	1,300.2	711.4
Included in operating profit/(loss) are:			
Amortisation of prepaid lease rentals	(39.5)	(0.2)	(1.2)
Depreciation and amortisation	(483.6)	(391.2)	(197.3)
Impairment losses:			
- property, plant and equipment	(16.6)	(0.6)	(1.5)
- receivables	(5.1)	(35.9)	(2.9)
- others	(0.5)	(2.3)	(1.0)
Reversal of impairment losses:			
- property, plant and equipment	54.5	0.7	12.6
- receivables	9.1	38.4	0.7
- others	0.5	-	-
Gain on disposal of:			
- a subsidiary	-	-	-
- discontinued operations	-	-	-
Other non-cash items	37.5	31.4	(13.2)

There was no impairment/reversal of impairment of joint ventures and associates during the previous financial year ended 30 June 2013.

## Continuing operations

Property	Energy & Utilities	Others	Corporate and elimination	Total	Discontinued operations	Total
2,366.6	674.9	70.9	-	46,109.0	1,076.6	47,185.6
33.7	2.8	10.1	(154.4)	(12.2)	12.2	-
2,400.3	677.7	81.0	(154.4)	46,096.8	1,088.8	47,185.6
522.6	62.2	24.1	(76.1)	4,493.4	511.7	5,005.1
48.9	20.0	14.7	-	141.1	-	141.1
571.5	82.2	38.8	(76.1)	4,634.5	511.7	5,146.2
(0.4)	(7.0)	-	-	(48.3)	-	(48.3)
(60.5)	(42.0)	(0.6)	(16.3)	(1,191.5)	(78.0)	(1,269.5)
-	(0.8)	-	-	(19.5)	-	(19.5)
(15.7)	(1.1)	-	(1.8)	(62.5)	(32.3)	(94.8)
(2.5)	-	-	-	(6.3)	-	(6.3)
-	-	-	-	67.8	-	67.8
18.4	0.5	0.1	1.7	68.9	0.5	69.4
-	-	-	-	0.5	-	0.5
-	5.2	-	-	5.2	-	5.2
-	-	-	-	-	340.6	340.6
22.3	57.8	-	(26.3)	109.5	0.6	110.1

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 51 Segment Information – Group (continued)

### b. Segment assets and liabilities and additions to non-current assets

2014	Plantation	Industrial	Motors
<b>Segment assets</b>			
Operating assets	15,195.1	10,059.5	8,672.4
Joint ventures and associates	562.5	164.8	77.3
Non-current assets held for sale	-	-	-
	<b>15,757.6</b>	<b>10,224.3</b>	<b>8,749.7</b>
<b>Segment liabilities</b>			
Liabilities	1,320.1	2,625.7	2,663.8
Liabilities associated with assets held for sale	-	-	-
	<b>1,320.1</b>	<b>2,625.7</b>	<b>2,663.8</b>
Additions to non-current assets, other than financial instruments and deferred tax assets, are as follows:			
Capital expenditure	885.3	753.9	517.1
Additions to interest in joint ventures and associates	85.6	30.6	-
	<b>970.9</b>	<b>784.5</b>	<b>517.1</b>
<b>2013</b>			
<b>Segment assets</b>			
Operating assets	14,952.1	10,598.8	6,348.9
Joint ventures and associates	475.6	128.9	76.8
Non-current assets held for sale	-	-	-
	<b>15,427.7</b>	<b>10,727.7</b>	<b>6,425.7</b>
<b>Segment liabilities</b>			
Liabilities	1,696.0	2,981.3	2,389.8
Liabilities associated with assets held for sale	-	-	-
	<b>1,696.0</b>	<b>2,981.3</b>	<b>2,389.8</b>
Additions to non-current assets, other than financial instruments and deferred tax assets, are as follows:			
Capital expenditure	1,224.8	1,111.4	297.3
Additions to interest in joint ventures and associates	25.3	14.8	-
	<b>1,250.1</b>	<b>1,126.2</b>	<b>297.3</b>

## Continuing operations

Property	Energy & Utilities	Others	Corporate and elimination	Total	Discontinued operations	Total
7,181.5	2,310.1	158.2	2,255.4	45,832.2	-	45,832.2
1,677.6	(64.7)	693.8	-	3,111.3	-	3,111.3
392.2	-	-	-	392.2	-	392.2
9,251.3	2,245.4	852.0	2,255.4	49,335.7	-	49,335.7
1,420.4	928.5	151.2	188.4	9,298.1	-	9,298.1
84.2	-	-	-	84.2	-	84.2
1,504.6	928.5	151.2	188.4	9,382.3	-	9,382.3
73.7	336.3	1.5	14.9	2,582.7	6.0	2,588.7
205.7	39.1	-	-	361.0	-	361.0
279.4	375.4	1.5	14.9	2,943.7	6.0	2,949.7
6,753.8	2,998.5	135.1	2,056.8	43,844.0	-	43,844.0
1,644.4	(111.5)	667.4	-	2,881.6	-	2,881.6
126.8	-	3.6	-	130.4	-	130.4
8,525.0	2,887.0	806.1	2,056.8	46,856.0	-	46,856.0
1,131.5	889.2	105.8	17.4	9,211.0	-	9,211.0
90.3	-	-	-	90.3	-	90.3
1,221.8	889.2	105.8	17.4	9,301.3	-	9,301.3
57.1	243.5	0.1	8.2	2,942.4	353.4	3,295.8
441.1	-	2.1	-	483.3	-	483.3
498.2	243.5	2.2	8.2	3,425.7	353.4	3,779.1

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 51 Segment Information – Group (continued)

### b. Segment assets and liabilities and additions to non-current assets (continued)

Capital expenditure consists of the following:

	2014	2013
Property, plant and equipment	2,052.5	2,889.4
Biological assets	214.0	174.3
Prepaid lease rentals	106.5	101.0
Investment properties	17.6	15.6
Land held for property development	31.8	41.6
Intangible assets other than goodwill	166.3	73.9
	<b>2,588.7</b>	<b>3,295.8</b>

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

	Assets		Liabilities	
	2014	2013	2014	2013
Segment total	49,335.7	46,856.0	9,382.3	9,301.3
Tax assets/liabilities	1,600.5	1,602.1	761.3	871.5
Borrowings	-	-	11,174.8	10,139.9
Finance lease obligation	-	-	152.5	164.3
	<b>50,936.2</b>	<b>48,458.1</b>	<b>21,470.9</b>	<b>20,477.0</b>

### c. Segment by location

Revenue by location of customers are analysed as follows:

	2014	2013
Malaysia	11,167.6	10,756.5
Indonesia	2,473.7	2,446.2
Singapore	3,958.9	4,622.9
Other countries in South East Asia	2,039.3	2,029.9
China	10,616.4	9,637.8
Australasia *	9,572.1	12,113.0
Europe	1,569.4	1,591.2
Other countries	2,510.6	2,911.5
	<b>43,908.0</b>	<b>46,109.0</b>

## 51 Segment Information – Group (continued)

### c. Segment by location (continued)

Revenue, profit/(loss) before interest and tax and non-current assets, other than financial instruments and tax assets, by location of the Group's operations are analysed as follows:

	Revenue		Profit/(loss) before interest and tax		Non-current assets	
	2014	2013	2014	2013	2014	2013
Malaysia	<b>13,835.0</b>	13,515.9	<b>1,958.0</b>	2,285.4	<b>12,947.6</b>	12,614.0
Indonesia	<b>2,470.1</b>	2,436.2	<b>867.3</b>	761.6	<b>2,573.6</b>	2,941.2
Singapore	<b>3,939.4</b>	4,528.6	<b>428.6</b>	280.9	<b>830.0</b>	760.6
Other countries in South East Asia	<b>1,968.9</b>	1,899.7	<b>40.8</b>	57.7	<b>280.5</b>	531.7
China	<b>10,104.7</b>	9,525.0	<b>438.1</b>	336.1	<b>2,410.4</b>	2,146.6
Australasia *	<b>9,539.3</b>	12,093.0	<b>520.6</b>	986.2	<b>3,553.2</b>	3,017.4
Europe	<b>1,416.0</b>	1,454.8	<b>(13.4)</b>	(55.6)	<b>1,017.9</b>	806.6
Other countries	<b>634.6</b>	655.8	<b>(21.2)</b>	(17.8)	<b>325.5</b>	212.1
	<b>43,908.0</b>	46,109.0	<b>4,218.8</b>	4,634.5	<b>23,938.7</b>	23,030.2

\* Australasia consists of Australia, New Caledonia, New Zealand, Papua New Guinea and Solomon Islands

Reconciliation of non-current assets, other than financial instruments and tax assets to the total non-current assets are as follows:

	2014	2013
Non-current assets other than financial instruments and tax assets	<b>23,938.7</b>	23,030.2
Available-for-sale investments	<b>171.6</b>	118.7
Deferred tax assets	<b>988.6</b>	924.0
Tax recoverable	<b>396.5</b>	391.0
Derivatives	<b>68.2</b>	136.9
Receivables	<b>587.6</b>	656.5
	<b>26,151.2</b>	25,257.3

The Group's operations are diverse in terms of the range of products and services it offers and the geographical coverage. There is no single customer that contributed 10% or more to the Group's revenue.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 52 Related Parties

Significant related party transactions and balances other than as disclosed in Notes 22, 28 and 42 are as follows:

	Group		Company	
	2014	2013	2014	2013
<b>a. Transactions with joint ventures</b>				
Tolling fees and sales to Emery Oleochemicals (M) Sdn Bhd group	68.0	78.6	-	-
Sale of terminal trucks to Terberg Tractors Malaysia Sdn Bhd (TTM)	12.5	53.2	-	-
Sale of land to Sime Darby Capitamalls Asia (Melawati Mall) Sdn Bhd	-	64.8	-	-
Purchase of properties from Battersea Project Holding Company Limited group	40.9	32.4	-	-
Disposal of a subsidiary, Sime Darby TMA Sdn Bhd, to TTM	25.0	-	-	-
<b>b. Transactions with associates</b>				
Provision of services by Sitech Construction Systems Pty Ltd	5.8	9.0	-	-
Sale of products and services to Tesco Stores (Malaysia) Sdn Bhd	19.8	10.5	-	-
<b>c. Transactions between subsidiaries and their significant owners of non-controlling interests</b>				
Transactions between companies in which Tan Sri Dato' Ir Gan Thian Leong and Encik Mohamad Hassan Zakaria are substantial shareholders:				
- Turnkey works rendered by Brunfield Engineering Sdn Bhd to Sime Darby Brunfield Holding Sdn Bhd (SDBH) group	184.3	146.6	-	-
- Sale of properties by SDBH to Brunfield OASIS Square Sdn Bhd	-	207.0	-	-
- Sale of residential properties by SDBH group to Brunfield Properties Sdn Bhd	59.4	-	-	-
Purchase of agricultural tractors, engines and parts by Sime Kubota Sdn Bhd from Kubota Corporation	31.3	48.9	-	-
Royalty payment to and procurement of cars and ancillary services by Inokom Corporation Sdn Bhd (ICSB) from Hyundai Motor Company and its related companies	245.1	226.5	-	-
Contract assembly service provided by ICSB to Berjaya Corporation Berhad group	41.2	10.5	-	-
Project management services rendered to Sime Darby Property Selatan Sdn Bhd (SDPS) by Tunas Selatan Construction Sdn Bhd, the holding company of Tunas Selatan Pagoh Sdn Bhd	17.0	-	-	-

## 52 Related Parties (continued)

Significant related party transactions and balances other than as disclosed in Notes 22, 28 and 42 are as follows:  
(continued)

	Group		Company	
	2014	2013	2014	2013
<b>d. Transactions between subsidiary and company in which the subsidiary's director has equity interest</b>				
Architectural services rendered to SDPS by Akitek Jururancang (M) Sdn Bhd, a company in which Tan Sri Dato' Sri Hj Esa, a director of SDPS has an equity interest	12.2	-	-	-
<b>e. Transactions with firms in which a Director of the Company is a partner</b>				
Provision of legal services by Azmi & Associates, a firm in which Dato' Azmi Mohd Ali is a partner	0.4	0.7	-	-
<b>f. Transactions with Directors and their close family members</b>				
Sales of properties and cars	14.6	15.3	-	-
<b>g. Transactions with key management personnel and their close family members</b>				
Sales of properties and cars	4.7	25.1	-	-
<b>h. Remuneration of Directors and key management personnel</b>				
Salaries, fees and other emoluments	37.2	38.3	3.7	3.2
Defined contribution pension plan	3.7	3.8	-	-
Performance-based employee share scheme (PBESS)	2.2	-	-	-
Estimated monetary value of benefits by way of usage of the Group's and Company's assets	0.6	0.7	0.3	0.3

The movement in the number of ordinary shares of RM0.50 each of the Company granted under the PBESS to the Executive Director and key management personnel of the Group is as follows:

	Fair value at grant date (RM)	Number of ordinary shares of RM0.50 each			At 30 June 2014 '000
		At 1 July 2013 '000	Granted '000	Forfeited '000	
GPS	7.737	-	428	-	428
DPS	8.583	-	391	-	391



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 52 Related Parties (continued)

Significant related party transactions and balances other than as disclosed in Notes 22, 28 and 42 are as follows: (continued)

### i. Transactions with shareholders and Government

Permodalan Nasional Berhad (PNB) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad, together owns 51.4% as at 30 June 2014 of the issued share capital of the Company (as at 28 June 2013: 51.8%). PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra (YPB). The Group considers that, for the purpose of FRS 124 – Related Party Disclosures, YPB and the Malaysian Government are in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government's controlled bodies (collectively referred to as government-related entities) are related parties of the Group and of the Company.

Transactions entered into during the financial year with government-related entities include the sales and purchases of goods and services. These related party transactions were entered into in the ordinary course of business and do not require the approval of shareholders except for the purchase of chemicals and fertilisers from Chemical Company of Malaysia Berhad and its subsidiaries, companies in which YPB has substantial indirect interest, amounting to RM92.2 million (2013: RM138.1 million). Shareholders' mandate was obtained for this recurrent related party transaction during the last annual general meeting.

In addition to the above, the Group has on 30 April 2014 disposed its entire 75% equity interest in Port Dickson Power Berhad and 100% equity interest in Sime Darby Biofuels Sdn Bhd to Hypergantic Sdn Bhd (Hypergantic) and Malakoff Power Berhad (Malakoff), respectively for a total cash consideration of RM300.0 million. Both Hypergantic and Malakoff are subsidiaries of MMC Corporation Berhad. The Group considers this as a related party transaction by virtue of YPB's interests in MMC Corporation Berhad through funds managed by its subsidiary.

### j. Outstanding balances with related parties

The significant outstanding balances between the Group and related parties as at 30 June are as follows:

	Group	
	2014	2013
i. <u>Amounts due from joint ventures and associates</u>		
Malaysia - China Hydro Joint Venture	87.3	49.2
Seriemas Development Sdn Bhd	21.8	21.1
Ramsay Sime Darby Health Care Sdn Bhd	–	100.0
Sime Darby Capitamalls Asia (Melawati Mall) Sdn Bhd	15.9	72.5
Sime Darby Marine Puteri Offshore I (L) Inc	–	24.1
Sime Darby Sunrise Development Sdn Bhd	92.0	92.0
	<hr/>	<hr/>
ii. <u>Amounts due to owner of non-controlling interests of Sime Darby Brunfield Holding Sdn Bhd</u>		
Brunfield Metropolitan Sdn Bhd	142.9	175.5
Brunfield Engineering Sdn Bhd	37.3	18.7
	<hr/>	<hr/>
iii. <u>Amounts due from YPB group</u>		
Prolintas Expressway Sdn Bhd [Note 28(a)(ii)]	265.8	248.4
	<hr/>	<hr/>

All outstanding balances are unsecured and repayable in accordance with agreed terms.

## 52 Related Parties (continued)

Significant related party transactions and balances other than as disclosed in Notes 22, 28 and 42 are as follows: (continued)

### k. Commitment

On 6 August 2013, the Group entered into a Sale and Purchase Agreement with Sime Darby Sunsuria Development Sdn Bhd, a joint venture, for the disposal of five parcels of freehold development land at the total purchase consideration of RM235.2 million. The sale has yet to be recognised in the financial statements as certain conditions have yet to be fulfilled

Other than as disclosed above, there were no material contracts subsisting as at 30 June 2014 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors or substantial shareholders.

## 53 Financial Instruments

### a. Financial instruments by category

Financial assets and financial liabilities are categorised as follows:

Group 2014	Derivatives used for hedging	Fair value through profit or loss – held for trading	Loans and receivables	Available- for-sale financial assets	Total
<b>Non-current assets</b>					
Available-for-sale investments	-	-	-	171.6	171.6
Derivatives	68.2	-	-	-	68.2
Receivables	-	-	587.6	-	587.6
<b>Current assets</b>					
Receivables	-	-	6,526.0	-	6,526.0
Derivatives	9.2	33.8	-	-	43.0
Cash held under Housing Development Accounts	-	-	514.2	-	514.2
Bank balances, deposits and cash	-	-	4,381.8	-	4,381.8
Total financial assets	77.4	33.8	12,009.6	171.6	12,292.4

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 53 Financial Instruments

### a. Financial instruments by category

Financial assets and financial liabilities are categorised as follows:

Group 2014	Derivatives used for hedging	Fair value through profit or loss – held for trading	Financial guarantee contracts	Financial liabilities at amortised cost	Total
<b>Non-current liabilities</b>					
Borrowings	-	-	-	8,109.2	8,109.2
Finance lease obligation	-	-	-	145.9	145.9
Derivatives	0.6	1.8	-	-	2.4
<b>Current liabilities</b>					
Payables	-	-	0.3	8,104.9	8,105.2
Borrowings	-	-	-	3,065.6	3,065.6
Finance lease obligation	-	-	-	6.6	6.6
Derivatives	20.9	8.8	-	-	29.7
Total financial liabilities	21.5	10.6	0.3	19,432.2	19,464.6

2013	Derivatives used for hedging	Fair value through profit or loss – held for trading	Loans and receivables	Available- for-sale financial assets	Total
<b>Non-current assets</b>					
Available-for-sale investments	-	-	-	118.7	118.7
Derivatives	124.7	12.2	-	-	136.9
Receivables	-	-	656.5	-	656.5
<b>Current assets</b>					
Receivables	-	-	6,057.2	-	6,057.2
Derivatives	24.2	21.1	-	-	45.3
Cash held under Housing Development Accounts	-	-	560.3	-	560.3
Bank balances, deposits and cash	-	-	4,093.5	-	4,093.5
Total financial assets	148.9	33.3	11,367.5	118.7	11,668.4

### 53 Financial Instruments (continued)

#### a. Financial instruments by category (continued)

Financial assets and financial liabilities are categorised as follows: (continued)

Group 2013	Derivatives used for hedging	Fair value through profit or loss – held for trading	Financial guarantee contracts	Financial liabilities at amortised cost	Total
<b>Non-current liabilities</b>					
Borrowings	–	–	–	7,993.4	7,993.4
Finance lease obligation	–	–	–	157.8	157.8
Derivatives	0.5	1.4	–	–	1.9
<b>Current liabilities</b>					
Payables	–	–	1.2	8,180.3	8,181.5
Borrowings	–	–	–	2,146.5	2,146.5
Finance lease obligation	–	–	–	6.5	6.5
Derivatives	107.5	7.5	–	–	115.0
Total financial liabilities	108.0	8.9	1.2	18,484.5	18,602.6

In respect of the Company, receivables and bank balances, deposits and cash totaling RM11,629.0 million (2013: RM12,014.6 million) are categorised under loans and receivables.

Borrowings of the Company amounting to RM2,611.8 million (2013: RM2,911.9 million) are categorised as financial liabilities at amortised cost whilst payables amounting to RM39.1 million (2013: RM47.5 million) and RM2,609.9 million (2013: RM2,582.9 million) are categorised under financial guarantee contracts and financial liabilities at amortised costs respectively.

The recognition and measurement basis are described in Notes 3(n) and 3(u).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 53 Financial Instruments (continued)

### b. Income, expense, gains and losses on financial instruments

Income, expense, gains and losses on financial instruments recognised in the statements of profit or loss and comprehensive income are as follows:

Group 2014	Derivatives used for hedging		
	Forward foreign exchange contract	Interest rate swap contract	Cross currency swap contract
Revenue	-	-	-
Operating expenses			
- impairment	-	-	-
- fair value/ineffective hedge	(3.5)	-	-
- realised foreign exchange losses	-	-	-
Other operating income			
- income	-	-	-
- gain on disposal	-	-	-
- reversal of impairment	-	-	-
- fair value/ineffective hedge	4.9	-	-
- realised foreign exchange gains	-	-	-
Finance income	-	-	-
Finance costs	-	-	(44.1)
Other comprehensive income			
- net change in fair value	23.5	7.5	(13.3)
- transfer to profit or loss	-	-	-
	<b>24.9</b>	<b>7.5</b>	<b>(57.4)</b>

## Fair value through profit or loss – held for trading

Forward foreign exchange contract	Interest rate swap contract	Commodity futures contract	Loans and receivables	Available-for-sale financial assets	Financial guarantee contracts	Financial liabilities at amortised cost	Reclassification	Total
-	-	-	-	-	-	-	2.1	2.1
-	-	-	(69.1)	-	-	-	-	(69.1)
-	-	(1.1)	-	-	-	-	(21.8)	(26.4)
-	-	-	-	-	-	-	(154.6)	(154.6)
-	-	-	-	42.8	-	-	-	42.8
-	-	-	-	-	-	-	0.1	0.1
-	-	-	47.4	-	-	-	-	47.4
-	-	-	-	-	-	-	-	4.9
-	-	-	-	-	-	-	268.0	268.0
-	-	-	160.1	-	0.7	-	-	160.8
-	-	-	-	-	-	(370.9)	-	(415.0)
-	-	-	-	11.9	-	-	-	29.6
-	-	-	-	-	-	-	(93.8)	(93.8)
-	-	(1.1)	138.4	54.7	0.7	(370.9)	-	(203.2)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 53 Financial Instruments (continued)

### b. Income, expense, gains and losses on financial instruments (continued)

Income, expense, gains and losses on financial instruments recognised in the statements of profit or loss and comprehensive income are as follows: (continued)

Group 2013	Derivatives used for hedging		
	Forward foreign exchange contract	Interest rate swap contract	Cross currency swap contract
Revenue	-	-	-
Operating expenses			
- impairment	-	-	-
- fair value/ineffective hedge	(2.6)	-	-
- realised foreign exchange losses	-	-	-
Other operating income			
- income	-	-	-
- gain on disposal	-	-	-
- reversal of impairment	-	-	-
- fair value/ineffective hedge	13.7	-	-
- realised foreign exchange gains	-	-	-
Finance income	-	-	-
Finance costs	-	-	(40.1)
Other comprehensive income			
- net change in fair value	(73.3)	13.6	116.7
- transfer to profit or loss	-	-	-
	(62.2)	13.6	76.6

Fair value through profit or loss – held  
for trading

Forward foreign exchange contract	Interest rate swap contract	Commo- dity futures contract	Loans and receivables	Available- for-sale financial assets	Financial guarantee contracts	Financial liabilities at amortised cost	Reclassi- fication	Total
-	-	-	-	-	-	-	(3.5)	(3.5)
-	-	-	(62.5)	-	-	-	-	(62.5)
(1.4)	-	-	-	-	-	-	-	(4.0)
-	-	-	-	-	-	-	(121.4)	(121.4)
-	-	-	-	64.4	-	-	-	64.4
-	-	-	-	-	-	-	0.2	0.2
-	-	-	68.9	-	-	-	-	68.9
-	-	0.7	-	-	-	-	117.5	131.9
-	-	-	-	-	-	-	103.7	103.7
-	-	-	124.7	-	0.1	-	-	124.8
-	7.6	-	-	-	-	(412.8)	-	(445.3)
-	-	-	-	17.1	-	-	-	74.1
-	-	-	-	-	-	-	(96.5)	(96.5)
(1.4)	7.6	0.7	131.1	81.5	0.1	(412.8)	-	(165.2)



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 53 Financial Instruments (continued)

### b. Income, expense, gains and losses on financial instruments (continued)

Income, expense, gains and losses on financial instruments recognised in the statements of profit or loss and comprehensive income are as follows: (continued)

Company 2014	Loans and receivables	Financial guarantee contracts	Financial liabilities at amortised cost	Total
Finance income	191.4	8.9	-	200.3
Finance costs	-	-	(191.0)	(191.0)
	191.4	8.9	(191.0)	9.3
<b>2013</b>				
Finance income	172.2	25.0	-	197.2
Finance costs	-	-	(162.0)	(162.0)
	172.2	25.0	(162.0)	35.2

### c. Measurement of financial instruments

#### i. Financial instruments measured at fair value

The measurement and categorisation of the financial instruments carried at fair value are as follows:

##### Available-for-sale investments

If there are quoted market prices in active markets, these are considered Level 1. If such quoted market prices are not available, fair value are determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category. It is classified into the Level 3 category if significant unobservable inputs are used.

##### Derivatives

The fair values of derivative are determined using quoted price of identical instruments from an active market, if available (Level 1). If quoted prices are not available, price quoted for similar instruments, appropriately adjusted, or present value techniques, based on available market observable inputs are used, including foreign exchange spot and forward rates, interest rate curves and prices of the underlying commodities. The fair values obtained using price quotes for similar instruments or valuation techniques represent a Level 2 input unless significant unobservable inputs are used, which would result in Level 3 valuation methods.

## 53 Financial Instruments (continued)

## c. Measurement of financial instruments (continued)

## i. Financial instruments measured at fair value (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June into three different levels as defined above:

Group 2014	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Available-for-sale investments	83.7	33.2	54.7	171.6
Derivatives				
- forward foreign exchange contracts	-	38.7	-	38.7
- interest rate swap contracts	-	10.8	-	10.8
- cross currency swap contract	-	56.5	-	56.5
- commodity futures contracts	-	5.2	-	5.2
	<b>83.7</b>	<b>144.4</b>	<b>54.7</b>	<b>282.8</b>
<b>Financial liabilities</b>				
Derivatives				
- forward foreign exchange contracts	-	(9.9)	-	(9.9)
- interest rate swap contracts	-	(4.3)	-	(4.3)
- cross currency swap contract	-	(12.8)	-	(12.8)
- commodity futures contracts	-	(5.1)	-	(5.1)
	<b>-</b>	<b>(32.1)</b>	<b>-</b>	<b>(32.1)</b>
<b>2013</b>				
<b>Financial assets</b>				
Available-for-sale investments	33.1	30.9	54.7	118.7
Derivatives				
- forward foreign exchange contracts	-	55.6	-	55.6
- interest rate swap contracts	-	13.7	-	13.7
- cross currency swap contract	-	110.0	-	110.0
- commodity futures contracts	-	2.9	-	2.9
	<b>33.1</b>	<b>213.1</b>	<b>54.7</b>	<b>300.9</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 53 Financial Instruments (continued)

### c. Measurement of financial instruments (continued)

#### i. Financial instruments measured at fair value (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June into three different levels as defined above: (continued)

Group 2013	Level 1	Level 2	Level 3	Total
<b>Financial liabilities</b>				
Derivatives				
- forward foreign exchange contracts	-	(77.1)	-	(77.1)
- cross currency swap contract	-	(38.1)	-	(38.1)
- commodity futures contracts	-	(1.7)	-	(1.7)
	-	(116.9)	-	(116.9)

The Company does not have any financial assets and liabilities measured at fair value as at 30 June 2014 (2013: Nil).

The available-for-sale investments categorised as Level 3 in the fair value hierarchy are non-traded equity investments which are valued at their recoverable amounts.

There is no movement during the financial year for financial instruments measured using Level 3 valuation methods. There is no transfer between levels of the fair value hierarchy during the financial year.

#### ii. Financial instruments measured at amortised cost

The carrying amounts and fair values of non-current financial assets and liabilities measured at amortised cost at 30 June are as follows:

2014	Group Carrying amount	Fair value	Company Carrying amount	Fair value
<b>Financial assets</b>				
Receivables				
- trade and other receivables	240.4	240.4	-	-
- amounts due from a subsidiary	-	-	4,268.8	4,268.8
- amount due from a joint venture	11.5	11.5		
- advances for plasma plantation projects	69.9	69.9	-	-
- redeemable loan stocks	265.8	227.2	-	-

## 53 Financial Instruments (continued)

## c. Measurement of financial instruments (continued)

## ii. Financial instruments measured at amortised cost (continued)

The carrying amounts and fair values of non-current financial assets and liabilities measured at amortised cost at 30 June are as follows: (continued)

2014	Group		Company	
	Carrying amount	Fair value	Carrying Amount	Fair Value
<b>Financial liabilities</b>				
Borrowings				
- Islamic Medium Term Notes	1,700.0	1,681.8	1,700.0	1,681.8
- Sukuk	2,558.1	2,534.4	-	-
- term loans and others	3,851.1	3,851.1	-	-
Payables				
- amounts due to a subsidiary	-	-	2,558.1	2,558.1
<hr/>				
<b>2013</b>				
<b>Financial assets</b>				
Receivables				
- trade and other receivables	333.8	333.8	-	-
- amounts due from a subsidiary	-	-	4,942.2	4,942.2
- advances for plasma plantation projects	74.3	74.3	-	-
- redeemable loan stocks	248.4	202.6	-	-
<hr/>				
<b>Financial liabilities</b>				
Borrowings				
- Islamic Medium Term Notes	2,400.0	2,440.8	2,400.0	2,440.8
- Sukuk	2,529.5	2,385.4	-	-
- term loans and others	3,063.9	3,063.9	-	-
Payables				
- amounts due to a subsidiary	-	-	2,529.5	2,529.5
<hr/>				

The fair values of the Group's long-term financial instruments are categorised as Level 2 in the fair value hierarchy as they are estimated by discounting the future contractual cash flows at the current market rate available for similar instruments.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 54 Financial Risk and Capital Management

### a. Financial Risk Management

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity and cash flow risk and price risk. The Group's financial risk management policies are designed to manage and minimise the Group's financial risk and to ensure that the Group creates value for its shareholders.

Financial risk management is carried out through risk reviews, internal control systems, insurance/takaful programs and adherence to Group Policies and Authorities. The Board regularly reviews these risks and approves the policies covering the management of these risks.

The Group's financial risk management policies are implemented on a group-wide basis. The Group uses derivative financial instruments, principally interest rate swaps, cross currency swaps, forward foreign exchange contracts, commodity futures contracts and foreign currency options as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies.

Whilst all derivatives entered provide economic hedges to the Group, certain derivatives do not qualify for the application of hedge accounting under the specific rules in FRS 139. Changes in the fair value of these derivatives are recognised in profit or loss, while changes in the fair value of those derivatives that qualify for cash flow hedge accounting are recognised in other comprehensive income. It is the Group's policy not to enter into derivative transactions for speculative purposes. The notional amounts and fair values of derivative financial instruments at 30 June are disclosed in Note 27.

## 54 Financial Risk and Capital Management (continued)

### a. Financial Risk Management (continued)

Details of each financial risk are as follows:

#### i. Foreign currency risk

The Group is exposed to foreign exchange risk as a result of the foreign currency transactions entered into by subsidiaries. During the financial year, the Group's revenue was transacted in the following currencies:

	2014			2013		
	Functional currency	Other than functional currency	Total revenue	Functional currency	Other than functional currency	Total revenue
<b>Transacted currency</b>						
Ringgit Malaysia	10,737.9	-	10,737.9	10,366.7	-	10,366.7
United States dollar	174.7	4,531.0	4,705.7	10.8	5,012.1	5,022.9
Indonesian rupiah	2,470.1	-	2,470.1	2,434.0	-	2,434.0
Singapore dollar	3,387.0	51.6	3,438.6	4,080.2	0.1	4,080.3
Chinese renminbi	7,366.3	-	7,366.3	6,936.7	-	6,936.7
Hong Kong dollar	2,725.7	-	2,725.7	2,581.0	0.1	2,581.1
Australian dollar	6,004.4	-	6,004.4	8,357.7	4.8	8,362.5
Other currencies	6,145.0	314.3	6,459.3	6,208.8	116.0	6,324.8
	<b>39,011.1</b>	<b>4,896.9</b>	<b>43,908.0</b>	40,975.9	5,133.1	46,109.0

Where the transacted currencies differ from the subsidiaries' functional currency, the Group is exposed to foreign exchange risk. The risk also extends to purchases denominated in currency other than the subsidiaries' functional currency.

Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. Otherwise, the Group enters into forward foreign exchange contracts to limit its exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies. Centralised treasury practised by the Group provide the benefits of foreign currency netting within the Group and manage the cost of hedging effectively.

The Group also entered into a cross currency swap contract to exchange the principal payments of a USD400.0 million (2013: USD400.0 million) loan into AUD, the functional currency of the subsidiary, to reduce the Group's exposure from adverse fluctuations in foreign currency.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 54 Financial Risk and Capital Management (continued)

### a. Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

#### i. Foreign currency risk (continued)

Currency profile of monetary financial assets and financial liabilities are as follows:

Group 2014	United States dollar	Australian dollar	Chinese renminbi
Available-for-sale investments (debt instruments)	-	-	-
Receivables (net)	988.4	-	0.7
Cash held under Housing Development Accounts	-	-	-
Bank balances, deposits and cash	697.6	20.3	210.9
Borrowings	(1,531.3)	-	-
Finance lease obligation	-	-	-
Payables	(271.3)	(2.1)	-
	<b>(116.6)</b>	<b>18.2</b>	<b>211.6</b>
<b>2013</b>			
Available-for-sale investments (debt instruments)	-	-	-
Receivables (net)	572.1	0.2	0.2
Cash held under Housing Development Accounts	-	-	-
Bank balances, deposits and cash	193.7	104.3	175.4
Borrowings	(1,762.9)	-	-
Finance lease obligation	-	-	-
Payables	(444.5)	(0.9)	(29.2)
	<b>(1,441.6)</b>	<b>103.6</b>	<b>146.4</b>

## Denominated in other than functional currencies

European Union euro	India rupee	Singapore dollar	Others	Denominated in functional currencies	Total
-	-	-	-	4.1	4.1
4.7	0.7	10.8	21.6	6,086.7	7,113.6
-	-	-	-	514.2	514.2
12.1	-	19.2	161.9	3,259.8	4,381.8
-	-	-	-	(9,643.5)	(11,174.8)
-	-	-	-	(152.5)	(152.5)
(94.2)	-	(19.3)	(62.4)	(7,655.9)	(8,105.2)
(77.4)	0.7	10.7	121.1	(7,587.1)	(7,418.8)
-	-	-	-	4.1	4.1
2.6	172.7	17.2	9.1	5,939.6	6,713.7
-	-	-	-	560.3	560.3
1.6	-	19.8	5.8	3,592.9	4,093.5
-	-	-	-	(8,377.0)	(10,139.9)
-	-	-	-	(164.3)	(164.3)
(129.3)	-	(15.8)	(43.0)	(7,518.8)	(8,181.5)
(125.1)	172.7	21.2	(28.1)	(5,963.2)	(7,114.1)



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 54 Financial Risk and Capital Management (continued)

### a. Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

#### i. Foreign currency risk (continued)

Currency profile of monetary financial assets and financial liabilities are as follows: (continued)

Company 2014	Denominated in United States dollar	Denominated in functional currency	Total
Receivables (net)	2,597.8	8,691.2	11,289.0
Bank balances, deposits and cash	-	340.0	340.0
Borrowings	-	(2,611.8)	(2,611.8)
Payables	(2,632.1)	(16.9)	(2,649.0)
	<u>(34.3)</u>	<u>6,402.5</u>	<u>6,368.2</u>
 <b>2013</b>			
Receivables (net)	2,581.4	9,115.7	11,697.1
Bank balances, deposits and cash	-	317.5	317.5
Borrowings	-	(2,911.9)	(2,911.9)
Payables	(2,612.4)	(18.0)	(2,630.4)
	<u>(31.0)</u>	<u>6,503.3</u>	<u>6,472.3</u>

## 54 Financial Risk and Capital Management (continued)

### a. Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

#### i. Foreign currency risk (continued)

The percentages of receivables and payables denominated in currency other than functional currency covered by forward foreign exchange contracts as at 30 June are as follows:

	Group		Company	
	2014	2013	2014	2013
Monetary items denominated in currency other than functional currency				
- receivables	1,026.9	774.1	2,597.8	2,581.4
- payables	449.3	662.7	2,632.1	2,570.8
Forward foreign exchange contracts				
- receivables	534.8	527.5	-	-
- payables	251.2	474.0	-	-
Percentage covered (%)				
- receivables	52.1	68.1	-	-
- payables	55.9	71.5	-	-

The Company's receivables and payables above are denominated in USD. There is minimal foreign currency risk due to the natural hedge between the receivables and payables, therefore there is no forward foreign exchange contract entered into.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 54 Financial Risk and Capital Management (continued)

### a. Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

#### i. Foreign currency risk (continued)

The following table illustrates the effect of changes in exchange rate on the translation of foreign currency monetary items against the functional currency at 30 June, both before and after taking into account the hedge instruments. If the major currencies strengthened by the following percentage at 30 June, the Group's profit before tax will improve/(decline) by:

2014	Strengthened by	Net monetary items	Hedged	Open position	Impact on profit before tax	
					Before hedge	After hedge
<b>Major currency</b>						
United States dollar	5%	(116.6)	905.8	789.2	(5.8)	39.5
Chinese renminbi	5%	211.6	-	211.6	10.6	10.6
European Union euro	5%	(77.4)	85.3	7.9	(3.9)	0.4

#### 2013

##### Major currency

United States dollar	5%	(1,441.6)	1,082.7	(358.9)	(72.1)	(17.9)
Chinese renminbi	5%	146.4	-	146.4	7.3	7.3
European Union euro	5%	(125.1)	119.1	(6.0)	(6.3)	(0.3)

A similar percentage decrease in the exchange rate would have an equal but opposite effect. Changes in exchange rate will also result in changes to the fair value of forward foreign exchange contracts used to hedge forecast transactions. No sensitivity is performed as the Group's exposure in those contracts is limited.

Included in the net monetary items are foreign currency denominated bank balances, deposits and cash and borrowings. The Group does not hedge these items except for term loans amounting to USD400.0 million (2013: USD400.0 million).

## 54 Financial Risk and Capital Management (continued)

### a. Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

#### ii. Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing financial assets and financial liabilities. Interest rate exposure which arises from the Group's long-term borrowings is managed through the use of fixed rate debt and derivatives. Derivatives are used, where appropriate, to generate the desired interest rate profile.

The percentages of fixed rate borrowings, both before and after taking into account the interest rate swap (IRS) contracts, to the total borrowings as at 30 June are as follows:

	Group		Company	
	2014	2013	2014	2013
Total borrowings	<b>11,174.8</b>	10,139.9	<b>2,611.8</b>	2,911.9
Fixed rate borrowings	<b>5,392.9</b>	5,075.6	<b>2,411.5</b>	2,411.5
Floating rate borrowings (swapped to fixed)	<b>963.3</b>	953.3	-	-
Total fixed rate borrowings after swap	<b>6,356.2</b>	6,028.9	<b>2,411.5</b>	2,411.5
Percentage of fixed rate borrowings over total borrowings:				
- before swap (%)	<b>48.3</b>	50.1	<b>92.3</b>	82.8
- after swap (%)	<b>56.9</b>	59.5	<b>92.3</b>	82.8

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 54 Financial Risk and Capital Management (continued)

### a. Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

#### ii. Interest rate risk (continued)

As at 30 June 2014, the Group's and the Company's floating rate borrowings stood at RM5,781.9 million (2013: RM5,064.3 million) and RM200.3 million (2013: RM500.4 million) respectively. The following table demonstrates the effect of changes in interest rate of floating rate borrowings, both before and after taking into account the IRS contracts mentioned in the preceding paragraph. If the interest rate increased by 1% in the following currencies of borrowings, the Group's and Company's profit before tax and other comprehensive income will be higher/(lower) by:

2014	Group		Company	
	Before IRS	After IRS	Before IRS	After IRS
<b>Profit before tax</b>				
- Ringgit Malaysia	(21.3)	(21.3)	(2.0)	(2.0)
- Australian dollar	(9.7)	(9.7)	-	-
- United States dollar	(15.3)	(5.7)	-	-
<b>Other comprehensive income</b>				
- United States dollar	-	4.9	-	-
<b>2013</b>				
<b>Profit before tax</b>				
- Ringgit Malaysia	(27.8)	(27.8)	(5.0)	(5.0)
- Australian dollar	(1.1)	(1.1)	-	-
- United States dollar	(17.6)	(8.1)	-	-
<b>Other comprehensive income</b>				
- United States dollar	-	18.2	-	-

A 1% decrease in interest rate would have an equal but opposite effect.

#### iii. Credit risk

Credit risk arises on sales made on credit terms, derivatives with positive fair value, deposits with banks, guarantees and performance guarantees given on behalf of others and risk sharing arrangement.

The Group seeks to control credit risk by dealing with counterparties with appropriate credit histories and deposit with banks and financial institutions with good credit ratings. Third party agencies' ratings are considered, if available. In addition, customers' most recent financial statements, payment history and other relevant information are considered in the determination of credit risk. Counterparties are assessed at least annually and more frequently when information on significant changes in their financial position becomes known. Credit terms and limits are set based on this assessment. Where appropriate, guarantees or securities are obtained to limit credit risk. Sales to trade customers are usually suspended when earlier amounts are overdue exceeding 180 days.

## 54 Financial Risk and Capital Management (continued)

### a. Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

#### iii. Credit risk (continued)

The maximum exposure and collateral and credit enhancements as at 30 June are as follows:

2014	Group		Company	
	Maximum exposure	Collateral and credit enhancement	Maximum exposure	Collateral and credit enhancement
Receivables	7,377.6	1,610.8	11,289.0	-
Derivatives	111.2	-	-	-
Cash held under Housing Development Accounts	514.2	-	-	-
Bank balances, deposits and cash	4,381.8	-	340.0	-
Guarantees in respect of credit facilities granted to:				
- certain subsidiaries	-	-	1,584.4	-
- a joint venture, associates and others	106.3	-	-	-
Risk sharing arrangement	254.0	-	-	-
	<b>12,745.1</b>	<b>1,610.8</b>	<b>13,213.4</b>	<b>-</b>
<b>2013</b>				
Receivables	7,053.0	1,043.1	11,697.1	-
Derivatives	182.2	-	-	-
Cash held under Housing Development Accounts	560.3	-	-	-
Bank balances, deposits and cash	4,093.5	-	317.5	-
Guarantees in respect of credit facilities granted to:				
- certain subsidiaries	-	-	1,569.6	-
- a joint venture, associates and others	111.2	-	-	-
Risk sharing arrangement	155.7	-	-	-
	<b>12,155.9</b>	<b>1,043.1</b>	<b>13,584.2</b>	<b>-</b>

The Group has a risk sharing arrangement with a third party leasing company which is a member of our principal vendor, in connection with the sale of its equipment. Under this arrangement, the Group guarantees the payment from its customers under the lease agreement up to a pre-determined amount. As at 30 June 2014, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM254.0 million (2013: RM155.7 million), of which RM30.8 million (2013: RM22.1 million) has been provided for based on a percentage of risk sharing ratio over the total outstanding lease portfolio.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 54 Financial Risk and Capital Management (continued)

### a. Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

#### iii. Credit risk (continued)

The credit risks concentration profile of the Group's net trade receivables analysed by country where the Group operates and by reportable segment at 30 June are as follows:

<b>Group 2014</b>	<b>Plantation</b>	<b>Industrial</b>	<b>Motors</b>
Malaysia	840.4	198.2	552.5
Indonesia	75.6	-	-
Singapore	29.5	215.0	106.2
Other countries in South East Asia	116.5	3.8	23.7
China	-	267.5	81.7
Australasia	-	855.0	246.5
Europe	278.4	-	-
Other countries	94.4	-	-
	<b>1,434.8</b>	<b>1,539.5</b>	<b>1,010.6</b>
<b>In percentage</b>			
Malaysia	16.6	3.9	10.9
Indonesia	1.5	-	-
Singapore	0.6	4.2	2.1
Other countries in South East Asia	2.3	0.1	0.5
China	-	5.3	1.6
Australasia	-	16.8	4.9
Europe	5.5	-	-
Other countries	1.8	-	-
	<b>28.3</b>	<b>30.3</b>	<b>20.0</b>
<b>2013</b>			
Malaysia	486.9	275.5	273.1
Indonesia	17.1	-	-
Singapore	23.5	189.9	41.5
Other countries in South East Asia	104.1	3.3	24.0
China	-	239.7	79.5
Australasia	-	888.9	178.4
Europe	196.0	-	-
Other countries	71.1	-	-
	<b>898.7</b>	<b>1,597.3</b>	<b>596.5</b>
<b>In percentage</b>			
Malaysia	11.5	6.5	6.4
Indonesia	0.4	-	-
Singapore	0.5	4.5	1.0
Other countries in South East Asia	2.5	-	0.6
China	-	5.7	1.9
Australasia	-	21.0	4.2
Europe	4.6	-	-
Other countries	1.7	-	-
	<b>21.2</b>	<b>37.7</b>	<b>14.1</b>

Property	Energy & Utilities	Others	Total
827.4	81.9	40.9	2,541.3
-	-	-	75.6
1.2	35.1	41.4	428.4
0.3	14.4	-	158.7
-	32.2	13.1	394.5
0.1	-	-	1,101.6
0.5	-	-	278.9
-	-	-	94.4
<b>829.5</b>	<b>163.6</b>	<b>95.4</b>	<b>5,073.4</b>
16.3	1.6	0.8	50.1
-	-	-	1.5
-	0.7	0.8	8.4
-	0.3	-	3.2
-	0.6	0.3	7.8
-	-	-	21.7
-	-	-	5.5
-	-	-	1.8
<b>16.3</b>	<b>3.2</b>	<b>1.9</b>	<b>100.0</b>
758.0	197.2	31.8	2,022.5
-	-	-	17.1
1.5	40.6	4.2	301.2
0.4	81.9	-	213.7
-	19.9	10.5	349.6
0.6	-	-	1,067.9
0.2	-	-	196.2
-	-	-	71.1
<b>760.7</b>	<b>339.6</b>	<b>46.5</b>	<b>4,239.3</b>
17.9	4.6	0.8	47.7
-	-	-	0.4
-	1.0	0.1	7.1
-	1.9	-	5.0
-	0.5	0.2	8.3
-	-	-	25.2
-	-	-	4.6
-	-	-	1.7
<b>17.9</b>	<b>8.0</b>	<b>1.1</b>	<b>100.0</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 54 Financial Risk and Capital Management (continued)

### a. Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

#### iii. Credit risk (continued)

The highest percentage of concentration of the Group's net trade receivables as at 30 June 2014 was 16.8% (2013: 21.0%) in the Industrial segment in Australasia. The customer base in this sector comprised a few large customers involved in the mining sector.

The Company has no significant concentration of credit risks except for loans to its subsidiaries where risk of default has been assessed to be low.

#### iv. Liquidity and cash flow risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting financial obligations when it falls due. The Group maintains a prudent borrowing policy which is aimed towards maintaining sufficient cash for all cash flow requirements, managing debt and investment portfolio within the relevant time buckets to maturity, obtaining a diverse range of funding sources, and keeping an adequate amount of credit facilities to provide an ample liquidity cushion.

The Group maintains centralised treasury functions where all strategic funding requirements are managed. The main source of financing for the Group is internally generated cash flows from operations under the respective group companies. The centralised treasury also manages cash for the Group at corporate level and invests surplus cash in highly liquid investment instruments such as interest bearing current account, time deposits, money market deposits and unit trust funds with money market base.

The Group assesses various funding options when there is a need for financing, including monitoring funding options available in the capital markets, and will tap the market at the appropriate time under its existing RM4.5 billion Islamic Medium Term Notes and Islamic Commercial Papers Programme and its USD1.5 billion Multi-Currency Sukuk Programme.

Cash projections is another key element for effective management of liquidity risk to ensure requirements are identified as early as possible and net liability exposures are appropriately managed. Group companies performed quarterly twelve month rolling cash flow projections which are aggregated at centralised treasury to ensure the Group has sufficient cash to meet operational needs. Such projections take into consideration the Group's financing plans and is also used for monitoring of covenant compliance and credit metrics.

As at 30 June 2014, the Group has total cash and cash equivalents of RM4,802.2 million (2013: RM4,603.6 million) which include cash in hand, deposits held at call with banks and cash held under Housing Development Accounts, net of bank overdrafts.

## 54 Financial Risk and Capital Management (continued)

### a. Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

#### iv. Liquidity and cash flow risk (continued)

The undiscounted contractual cash flows of the Group's and of the Company's financial liabilities at 30 June are as follows:

Group 2014	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total contractual cash flows	Total carrying amount
Borrowings						
- principal	3,008.4	553.6	5,038.6	2,517.0	11,117.6	11,117.6
- interest	479.0	327.3	607.3	398.1	1,811.7	57.2
Finance lease obligation	11.2	11.1	34.4	139.1	195.8	152.5
Payables	8,104.9	-	-	-	8,104.9	8,104.9
Financial guarantee contracts	44.5	25.6	33.0	3.2	106.3	0.3
Derivatives						
- net settled	12.8	-	-	-	12.8	12.8
- gross settled	16.9	2.4	-	-	19.3	19.3
	<b>11,677.7</b>	<b>920.0</b>	<b>5,713.3</b>	<b>3,057.4</b>	<b>21,368.4</b>	<b>19,464.6</b>
<b>2013</b>						
Borrowings						
- principal	2,092.2	1,052.2	3,924.3	3,016.9	10,085.6	10,085.6
- interest	368.3	249.8	575.9	684.9	1,878.9	54.3
Finance lease obligation	12.2	12.3	36.7	161.3	222.5	164.3
Payables	8,180.3	-	-	-	8,180.3	8,180.3
Financial guarantee contracts	40.9	22.4	43.5	4.4	111.2	1.2
Derivatives						
- net settled	38.1	-	-	-	38.1	38.1
- gross settled	76.9	1.9	-	-	78.8	78.8
	<b>10,808.9</b>	<b>1,338.6</b>	<b>4,580.4</b>	<b>3,867.5</b>	<b>20,595.4</b>	<b>18,602.6</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 54 Financial Risk and Capital Management (continued)

### a. Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

#### iv. Liquidity and cash flow risk (continued)

The undiscounted contractual cash flows of the Group's and of the Company's financial liabilities at 30 June are as follows: (continued)

Company 2014	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total contractual cash flows	Total carrying amount
Borrowings						
- principal	900.0	-	1,000.0	700.0	2,600.0	2,600.0
- interest	93.3	77.0	111.7	181.0	463.0	11.8
Payables	120.4	68.6	1,463.9	1,453.4	3,106.3	2,609.9
Financial guarantee contracts	333.8	345.8	904.8	-	1,584.4	39.1
	<b>1,447.5</b>	<b>491.4</b>	<b>3,480.4</b>	<b>2,334.4</b>	<b>7,753.7</b>	<b>5,260.8</b>

### 2013

Borrowings						
- principal	500.0	700.0	1,000.0	700.0	2,900.0	2,900.0
- interest	109.1	92.0	159.4	210.3	570.8	11.9
Payables	121.3	67.9	1,457.5	1,456.3	3,103.0	2,582.9
Financial guarantee contracts	282.8	282.8	565.6	438.4	1,569.6	47.5
	<b>1,013.2</b>	<b>1,142.7</b>	<b>3,182.5</b>	<b>2,805.0</b>	<b>8,143.4</b>	<b>5,542.3</b>

#### v. Price risk

The Group through its subsidiaries is exposed to securities price risk on its available-for-sale investments and commodity price risk due to fluctuations in crude palm oil futures prices.

The performance of available-for-sale investments are monitored regularly taking into account their relevance to the Group's long term strategic plans. If the price of available-for-sale investments increased by 10%, the available-for-sale reserves would have been higher by RM17.2 million (2013: RM11.9 million) and correspondingly, a 10% decrease would result in an equal but opposite effect.

The Group enters into commodity futures contracts to minimise exposure to adverse movements in crude palm oil prices. Certain contracts are entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's expected purchase, sale or usage requirements.

Other contracts that are not held for the purpose of physical delivery are shown in Note 27. If the price of the commodity increased by 10%, the Group's profit before tax will be higher by RM5.2 million (2013: lower by RM2.5 million) due to changes in fair value of those contracts not held for purpose of physical delivery. A 10% decrease in the price of the commodity would have an equal but opposite effect.

## 54 Financial Risk and Capital Management (continued)

### b. Capital management

The Group's capital management policy and objectives are as follows:

#### i. Policy and objectives

Capital management refers to implementing measures to maintain sufficient capital to support its businesses. The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and maximise shareholders' value. The Group is committed towards optimising its capital structure, to ensure competitive cost of capital. Implementation of optimal capital structure includes balancing between debt and equity by putting in place appropriate dividend and financing policies which influence the level of debt and equity.

One of the key considerations in this regard is to maintain ready access to capital markets and to preserve the Group's ability to repay and service debt obligations over time.

#### ii. Rating by External Rating Agency

The Company is rated A/A/A3 by Standard & Poor's Ratings Services, Fitch Ratings and Moody's Investors Service respectively. The USD1.5 billion Multi-Currency Sukuk Programme has also been accorded ratings of A/A/A3 by Standard & Poor's Ratings Services, Fitch Ratings and Moody's Investors Service respectively.

The Company is currently rated MARC-1<sub>ID</sub> /AAA<sub>ID</sub> by the Malaysian Rating Corporation Berhad (MARC). The RM4.5 billion Islamic Medium Term Notes Programme has also been rated MARC-1<sub>ID</sub> /AAA<sub>ID</sub> by the MARC.

#### iii. Gearing ratios

The Group uses the gearing ratio to assess the appropriateness of its debt level, hence determining its capital structure. The ratio is calculated as Total Debt divided by Total Equity. The Group's gearing ratio as at 30 June are as follows:

	Group	
	2014	2013
Borrowings	11,117.6	10,085.6
Interest payable	57.2	54.3
	11,174.8	10,139.9
Debt/Equity ratio	0.38	0.36

Given the relatively low gearing level, the Group still has the capacity to borrow for expansion, provided an acceptable level of gearing ratio is maintained in order to retain its strong credit ratings. The appropriate capital structure of the Group is an important factor towards maximising shareholders' value.

#### iv. Externally imposed financial covenants and capital structure

The Group maintains a debt to equity ratio that complies with debt covenants and regulatory requirements in countries where the Group operates. This includes minimum capital requirements and the requirement to maintain legal reserves which are non-distributable.

## 55 Holding Companies

The Directors regard Permodalan Nasional Berhad as its immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 56 List of Subsidiaries, Joint Ventures and Associates

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows:

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Plantation – Subsidiaries</b>					
Chartquest Sdn Bhd	Malaysia	61.1	61.1	1	Cultivation of oil palm
Chermang Development (Malaya) Sdn Bhd	Malaysia	83.9	83.9	1 )	)
Consolidated Plantations Berhad	Malaysia	100.0	100.0	1 )	)
Eminent Platform Sdn Bhd	Malaysia	100.0	100.0	1 )	)
Golden Hope Overseas Sdn Bhd	Malaysia	100.0	100.0	1 )	)
Guthrie Industries Malaysia Sendirian Berhad	Malaysia	100.0	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Guthrie International Investments (L) Limited	Malaysia	100.0	100.0	1 )	)
Kumpulan Jelei Sendirian Berhad	Malaysia	100.0	100.0	1 )	)
Mostyn Palm Processing Sdn Bhd	Malaysia	100.0	100.0	1 )	)
Sanguine (Malaysia) Sdn Bhd	Malaysia	100.0	100.0	1	Cultivation of oil palm
Sime Darby Agri-Bio Sdn Bhd	Malaysia	100.0	100.0	1	Manufacturing of rat baits and trading of cover crop seeds, fertilisers, agrochemicals and agricultural equipment
Sime Darby Alif Food Industries Sdn Bhd	Malaysia	–	48.0	1	Manufacturing of food products
Sime Darby Alif Retort Pack Products Sdn Bhd	Malaysia	–	60.0	1	Retail and distribution of pre-packed products
Sime Darby Austral Holdings Berhad	Malaysia	100.0	100.0	1	Investment holding
Sime Darby Austral Sdn Bhd	Malaysia	60.0	60.0	1	Processing of palm oil products
Sime Darby Beverages Sdn Bhd	Malaysia	100.0	100.0	1	Fruit cultivation, processing and sales of pink guava puree and juices
Sime Darby Biodiesel Sdn Bhd	Malaysia	100.0	100.0	1	Production of biodiesel and its related products
Sime Darby Biotech Laboratories Sdn Bhd	Malaysia	100.0	100.0	1	Provision of research and cloning of oil palm tissue culture services
Sime Darby Bukit Talang Sdn Bhd	Malaysia	100.0	100.0	1	Processing and sale of palm oil and palm kernel

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Plantation – Subsidiaries (continued)</b>					
Sime Darby Consulting Sdn Bhd	Malaysia	100.0	100.0	1	Investment holding
Sime Darby Foods & Beverages Marketing Sdn Bhd	Malaysia	100.0	100.0	1	Distribution and marketing of Halal food products for both retail and food service
Sime Darby Futures Trading Sdn Bhd	Malaysia	100.0	100.0	1	Trading of crude palm oil and palm oil products
Sime Darby Jomalina Sdn Bhd	Malaysia	100.0	100.0	1	Palm oil refining, trading and tolling services
Sime Darby Kempas Sdn Bhd	Malaysia	100.0	100.0	1	Palm oil and palm kernel oil refining and fractionation; and manufacturing and marketing of specialty and end user fats
Sime Darby Latex Sdn Bhd	Malaysia	100.0	100.0	1	Processing and sale of latex and other rubber related products
Sime Darby Oils & Fats Sdn Bhd	Malaysia	100.0	100.0	1	Distribution and marketing of palm oil related products
Sime Darby Plantation (Sabah) Sdn Bhd	Malaysia	100.0	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Sime Darby Plantation (Sarawak) Sdn Bhd	Malaysia	100.0	100.0	1	
Sime Darby Plantation Investment (Cameroon) Sdn Bhd	Malaysia	100.0	100.0	1	Investment holding
Sime Darby Plantation Sdn Bhd	Malaysia	100.0	100.0	1	Production, processing and sale of palm oil, palm kernel, rubber and other palm oil and rubber related products and investment holding
Sime Darby Plantation Thailand Sdn Bhd	Malaysia	100.0	100.0	1	Investment holding
Sime Darby Research Sdn Bhd	Malaysia	100.0	100.0	1	Provision of research and development services in relation to tropical agriculture

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Plantation – Subsidiaries (continued)</b>					
Sime Darby Seeds & Agricultural Services Sdn Bhd	Malaysia	100.0	100.0	1	Provision of agricultural research and advisory services, production and sale of oil palm seeds and polybag seedlings
Sime Darby Technology Centre Sdn Bhd	Malaysia	100.0	100.0	1	Provision of research and development services in biotechnology and agriculture
The China Engineers (Malaysia) Sdn Bhd	Malaysia	100.0	100.0	1	Cultivation of oil palm and processing of palm oil and palm kernel
Vertical Drive Sdn Bhd	Malaysia	100.0	100.0	1	Investment holding
Wangsa Mujur Sdn Bhd	Malaysia	72.5	72.5	1	) Cultivation of oil palm and processing of palm oil and palm kernel
PT Aneka Intipersada	Indonesia	100.0	100.0	2	
PT Aneka Sawit Lestari	Indonesia	100.0	100.0	2	
PT Anugerah Sumbermakmur	Indonesia	100.0	100.0	2	) Investment holding
PT Asricipta Indah	Indonesia	90.0	90.0	2	)
PT Bahari Gembira Ria	Indonesia	99.0	99.0	2	)
PT Bersama Sejahtera Sakti	Indonesia	91.1	91.1	2	) Cultivation of oil palm and processing of palm oil and palm kernel
PT Bhumireksa Nusasejati	Indonesia	100.0	100.0	2	)
PT Bina Sains Cemerlang	Indonesia	100.0	100.0	2	)
PT Budidaya Agro Lestari	Indonesia	100.0	100.0	2	Cultivation of oil palm
PT Golden Hope Nusantara	Indonesia	100.0	100.0	2	Palm oil refinery
PT Guthrie Pecconina Indonesia	Indonesia	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Indo Sukses Lestari Makmur	Indonesia	95.0	95.0	2	Forestry business and development of industrial plant forest and rubber tapping
PT Indotruba Tengah	Indonesia	50.0	50.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Kartika Inti Perkasa	Indonesia	60.0	60.0	2	Investment holding

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Plantation – Subsidiaries (continued)</b>					
PT Kridatama Lancar	Indonesia	100.0	100.0	2 )	
PT Ladangrumpun Suburabadi	Indonesia	100.0	100.0	2 )	
PT Laguna Mandiri	Indonesia	88.6	88.6	2 )	Cultivation of oil palm and processing of palm oil and palm kernel
PT Lahan Tani Sakti	Indonesia	100.0	100.0	2 )	
PT Langgeng Muaramakmur	Indonesia	100.0	100.0	2 )	
PT Minamas Gemilang	Indonesia	100.0	100.0	2	Investment holding
PT Mitra Austral Sejahtera	Indonesia	65.0	65.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Muda Perkasa Sakti	Indonesia	100.0	100.0	2	Investment holding
PT Padang Palma Permai	Indonesia	100.0	75.5	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Paripurna Swakarsa	Indonesia	100.0	93.5	2	Cultivation of oil palm
PT Perkasa Subur Sakti	Indonesia	100.0	100.0	2	Processing of palm oil and palm kernel
PT Perusahaan Perkebunan Industri dan Niaga Sri Kuala	Indonesia	100.0	75.5	2	Cultivation of oil palm
PT Sajang Heulang	Indonesia	100.0	100.0	2 )	Cultivation of oil palm and processing of palm oil and palm kernel
PT Sandika Natapalma	Indonesia	100.0	100.0	2 )	
PT Sime Agri Bio	Indonesia	100.0	100.0	2	Wholesale trading of agricultural equipment and other agricultural products
PT Sime Indo Agro	Indonesia	100.0	100.0	2	Cultivation of oil palm and processing of palm oil and palm kernel
PT Sritijaya Abaditama	Indonesia	60.0	60.0	2	Investment holding
PT Swadaya Andika	Indonesia	100.0	100.0	2 )	
PT Tamaco Graha Krida	Indonesia	90.0	90.0	2 )	Cultivation of oil palm and processing of palm oil and palm kernel
PT Teguh Sempurna	Indonesia	100.0	100.0	2 )	
PT Tunggal Mitra Plantations	Indonesia	60.0	60.0	2 )	
Kwang Joo Seng (Malaysia) Private Limited	Singapore	100.0	100.0	2	Royalty and rental income



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Plantation – Subsidiaries (continued)</b>					
Sime Darby Edible Products Limited	Singapore	100.0	100.0	2	Refining, manufacturing and marketing of edible oils and palm oil related products and surfactant
Sime Darby Plantation Europe Ltd	Singapore	100.0	100.0	2 )	)
Sime Darby Plantation Investment (Liberia) Private Limited	Singapore	100.0	100.0	2 )	Investment holding )
Rizhao Sime Darby Oils & Fats Co Ltd	China	100.0	100.0	2	Refining, storage and marketing of palm oil related products
Sime Darby China Oils & Fats Company Limited	Hong Kong	100.0	100.0	2	Investment holding
Sime Darby Hong Kong Nominees Limited	Hong Kong	100.0	100.0	2	Holding investments as a nominee
Sime Darby International Investments Limited	Cayman Islands	100.0	100.0	5 )	)
Sime Darby Plantation Holdings (Asia Pacific)	Cayman Islands	100.0	100.0	5 )	Investment holding )
Sime Darby Plantation Holdings (Cayman Islands)	Cayman Islands	100.0	100.0	5 )	)
Sime Darby Edible Products India Private Limited	India	100.0	100.0	3	Manufacturing and trading in edible oil and fats and other by-products
Sime Darby Plantation (Liberia) Inc	Liberia	100.0	100.0	3	Cultivation of oil palm and rubber and processing of rubber
Golden Hope Overseas Capital	Mauritius	100.0	100.0	2 )	)
Mulligan International BV	Netherlands	100.0	100.0	2 )	Investment holding )
Sime Darby Netherlands BV	Netherlands	100.0	100.0	2 )	)
Sime Darby Unimills BV	Netherlands	100.0	100.0	2	Refining and modification of vegetable oils
Sime Darby Hudson And Knight (Proprietary) Limited	South Africa	100.0	100.0	2	Refining and marketing of edible oils and fats
Morakot Industries Public Company Limited	Thailand	99.9	99.9	2	Manufacturing and distribution of vegetable oils

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Plantation – Subsidiaries (continued)</b>					
Sime-Morakot Holdings (Thailand) Limited	Thailand	100.0	100.0	2	Investment holding
The China Engineers (Thailand) Limited	Thailand	99.9	99.9	2	
Golden Hope-Nha Be Edible Oils Co Ltd	Vietnam	51.0	51.0	2	
<b>Plantation – Joint ventures</b>					
Emery Oleochemicals (M) Sdn Bhd group	Malaysia	50.0	50.0	3	Production of oleochemicals and derivatives
Emery Specialty Chemicals Sdn Bhd group	Malaysia	50.0	50.0	3	Develop, manufacture and marketing of green technology based specialty chemicals
Mybiomass Sdn Bhd	Malaysia	30.0	–	3	Develop and pioneer high value green chemicals biorefinery
Guangzhou Keylink Chemicals Co Ltd	China	43.5	43.5	3	Manufacture and distribution of surface active agents
<b>Plantation – Associates</b>					
Barlow Bulking Sdn Bhd	Malaysia	32.0	32.0	3	Provision of bulking and marketing facilities for edible oil producers and millers
Nescaya Maluri Sdn Bhd	Malaysia	40.0	40.0	3	Investment holding and licensing
Muang Mai Guthrie Public Co Ltd	Thailand	49.0	49.0	3	Processing and distribution of rubber
Thai Eastern Trat Co Ltd	Thailand	40.0	–	4	Operation of palm oil mill
Verdezyne Inc	United States of America	30.0	–	3	Produce drop-in alternatives to petroleum-derived chemicals from sustainable materials, including palm-based products and by-products

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Industrial – Subsidiaries</b>					
Shandong Equipment Malaysia Sdn Bhd	Malaysia	100.0	100.0	1	Sales and service support for Shandong Engineering machinery
Sime Darby Electropack Sdn Bhd	Malaysia	100.0	100.0	1	Manufacturing and assembly of generators, agricultural and industrial machinery
Sime Darby Industrial Academy Sdn Bhd	Malaysia	100.0	100.0	1	Training services
Sime Darby Industrial Holdings Sdn Bhd	Malaysia	100.0	100.0	1	Investment holding
Sime Darby Industrial Power Sdn Bhd	Malaysia	91.2	91.2	1	Sale of generators, agricultural and industrial machinery
Sime Darby Industrial Power Systems Sdn Bhd	Malaysia	100.0	100.0	1	Assembly and packaging of generators
Sime Darby Industrial Sdn Bhd	Malaysia	100.0	100.0	1	Sale of Caterpillar equipment and spare parts and service support, other material handling equipment and industrial cleaners, and supply and installation of co-generation systems
Sime Darby TMR Sdn Bhd	Malaysia	100.0	100.0	1	Reconditioning of used equipment and machinery
Sime Kubota Sdn Bhd	Malaysia	90.0	90.0	1	Assembly and distribution of Kubota range of agricultural machinery and other machinery and equipment
Site Technology Asia Pacific Sdn Bhd	Malaysia	100.0	100.0	1	Supplying Global Positioning System (GPS)/digital work site positioning and machine control for heavy and highway construction applications under SITECH brand
Tractors Material Handling Sdn Bhd	Malaysia	100.0	100.0	1	Sale and distribution of lift trucks and spare parts, and the rental and servicing of other material handling equipment
Tractors Petroleum Services Sdn Bhd	Malaysia	100.0	100.0	1	Supply, repair and maintenance of Caterpillar engines and other equipment for the oil and gas industry, refurbishment of gas turbines and the sale and installation of pressure vessels

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Industrial – Subsidiaries (continued)</b>					
Sime Darby Eastern Investments Private Limited	Singapore	100.0	100.0	2 )	
Sime Darby Eastern Limited	Singapore	100.0	100.0	2 )	Investment holding
Sime Darby Industrial Singapore Pte Ltd	Singapore	100.0	100.0	2 )	
Tractors Machinery International Pte Ltd	Singapore	100.0	100.0	2	Sale, installation and service of data centre modular systems, software and spare parts
Tractors Singapore Limited	Singapore	100.0	100.0	2	Sale, rental, service and assembly of earthmoving and construction equipment and related heavy equipment and spare parts
Foshan Shunde CEL Machinery Company Limited	China	100.0	100.0	2	Sale of Caterpillar equipment and spare parts and service support
Foshan Sime Darby Elco Power Equipment Limited	China	100.0	100.0	2	Wholesale of diesel generators and spare parts
Guangzhou Sime Darby SITECH Dealers Company Limited	China	100.0	100.0	3	Sale, hire and servicing of survey equipment
Sime Darby CEL Machinery (Hunan) Company Limited	China	100.0	100.0	2 )	
Sime Darby CEL Machinery (Jiangxi) Company Limited	China	100.0	100.0	2 )	Sale of Caterpillar equipment and spare parts and service support
Sime Darby CEL Machinery (Xinjiang) Company Limited	China	100.0	100.0	2 )	
Sime Darby SEM Dealer (Fujian) Limited	China	100.0	100.0	2	Sale of equipment and spare parts and service support for SEM products
Xiamen Sime Darby CEL Machinery Co Ltd	China	100.0	100.0	2	Sale of Caterpillar equipment and spare parts and service support
Sime Darby CEL (South China) Limited	Hong Kong	100.0	100.0	2	Investment holding

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Industrial – Subsidiaries (continued)</b>					
Sime Darby Elco Power Systems Limited	Hong Kong	100.0	100.0	2	Distribution of Perkins engine products and spare parts and provision of after-sales services
The China Engineers Limited	Hong Kong	100.0	100.0	2	Sale of Caterpillar equipment and spare parts and service support
AC Haynes Investments Pty Ltd	Australia	100.0	100.0	2	Crane hire
Austchrome Pty Ltd	Australia	100.0	100.0	2	Chroming and hydraulic repairs
DG Nominees Pty Ltd	Australia	100.0	100.0	2	Auto glass supplier / installer
Hastings Deering (Australia) Limited	Australia	100.0	100.0	2	Sale, rental and servicing for Caterpillar products, hardchroming and hydraulic repair
Haynes Mechanical Pty Ltd	Australia	100.0	100.0	2	Labour hire/contracting, sale of mining machinery parts, service and repair as well as crane hire
Sime Darby Industrial Australia Pty Ltd	Australia	100.0	100.0	2	Investment holding
TFP Engineering Pty Ltd	Australia	70.0	–	2	Sale of mining machinery service and labour hire
Sime Darby Industrial (B) Sdn Bhd	Brunei	70.0	70.0	3	Assembly, marketing and distribution of agricultural and industrial equipment
CICA Limited	Channel Islands	100.0	100.0	3	Supply of industrial equipment and machinery and after-sales services
Caltrac SAS	New Caledonia	100.0	100.0	2	Sale of Caterpillar equipment and spare parts and service support
SCI Sime Darby Invest NC	New Caledonia	100.0	100.0	2	Property investment
Hastings Deering (PNG) Limited	Papua New Guinea	100.0	100.0	2	Sale of Caterpillar equipment and spare parts and service support
Hastings Deering (Solomon Islands) Limited	Solomon Islands	100.0	100.0	3	

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Industrial – Subsidiaries (continued)</b>					
CICA Vietnam Company Limited	Vietnam	100.0	100.0	2	Provision of consultancy and services for installation, operation, repair and maintenance of industrial machines, equipment and vehicles
<b>Industrial – Joint ventures</b>					
Terberg Tractors Malaysia Sdn Bhd group	Malaysia	50.0	50.0	1	Marketing, distributing and servicing Terberg terminal tractors
Wilpena Pty Ltd	Australia	50.0	50.0	4	Sale of Caterpillar equipment and spare parts and service support for projects
<b>Industrial – Associates</b>					
APac Energy Rental Pte Ltd	Singapore	30.0	20.0	3	Rental of industrial machines and equipment
FG Wilson Asia Pte Ltd	Singapore	50.0	50.0	2	Sale and servicing of diesel generator sets
Energy Power Systems Australia Pty Ltd	Australia	20.0	20.0	2	Distribution and rental of Caterpillar engine and associated products
Nova Power Pty Ltd	Australia	38.7	33.7	2	Provision of low emission power to support electricity distribution networks
Sitech Construction Systems Pty Ltd	Australia	30.6	30.6	2	Sale and servicing of Trimble Technology construction products
Ultimate Positioning Group Pty Ltd	Australia	29.4	29.4	2	Sale, hire and servicing of Trimble surveying equipment
<b>Motors – Subsidiaries</b>					
Auto Bavaria Sdn Bhd	Malaysia	100.0	100.0	1	)
Ford Malaysia Sdn Bhd	Malaysia	51.0	51.0	1	) Investment holding
Hyundai-Sime Darby Berhad	Malaysia	99.9	99.9	1	)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Motors – Subsidiaries (continued)</b>					
Hyundai-Sime Darby Motors Sdn Bhd	Malaysia	100.0	100.0	1	Sales and distribution of passenger and light commercial vehicles and spare parts
Inokom Corporation Sdn Bhd	Malaysia	53.5	53.5	1	Manufacture and assembly of light commercial and passenger vehicles, and contract assembly of motor vehicles
Jaguar Land Rover (Malaysia) Sdn Bhd (formerly known as Land Rover (Malaysia) Sdn Bhd)	Malaysia	60.0	60.0	1	Importation and distribution of motor vehicles and spare parts
Sime Darby Auto Bavaria Sdn Bhd	Malaysia	100.0	100.0	1	Provision of management services and retail of motor vehicles, spare parts, accessories and provision of after-sales services and assembler of motor vehicles
Sime Darby Auto Britannia Sdn Bhd	Malaysia	75.0	75.0	1	Motor vehicles dealership
Sime Darby Auto ConneXion Sdn Bhd	Malaysia	100.0	100.0	1	Distribution and retail of motor vehicles and spare parts and provision of after-sales services
Sime Darby Auto Hyundai Sdn Bhd	Malaysia	51.0	51.0	1	Sale of motor vehicles, related spare parts and provision of after-sales services
Sime Darby Auto Imports Sdn Bhd	Malaysia	100.0	100.0	1	Importation of motor vehicles and spare parts
Sime Darby Auto Performance Sdn Bhd	Malaysia	70.0	70.0	1	Distribution and retail of motor vehicles, spare parts, accessories and provision of after-sales services
Sime Darby Auto Selection Sdn Bhd (formerly known as Sime Darby Auto Italia Sdn Bhd)	Malaysia	100.0	100.0	1	Importation and distribution of motor vehicles and spare parts
Sime Darby Hyundai Integrated Sdn Bhd	Malaysia	51.0	51.0	1	Distribution of motor vehicles

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Motors – Subsidiaries (continued)</b>					
Sime Darby Hyundai Sdn Bhd	Malaysia	51.0	51.0	1	Investment holding and importation of motor vehicles
Sime Darby Motor Group (Taiwan) Sdn Bhd	Malaysia	100.0	100.0	1	)
Sime Darby Motors Sdn Bhd	Malaysia	100.0	100.0	1	) Investment holding
Sime Darby Rent-A-Car Sdn Bhd	Malaysia	100.0	100.0	1	) Vehicle rental
Europe Automobiles Corporation Holdings Pte Ltd	Singapore	89.2	–	2	Investment holding
Performance Motors Limited	Singapore	100.0	100.0	2	Motor vehicles dealership
Performance Premium Selection Limited	Singapore	60.0	60.0	2	Retailer, wholesaler and exporter of used cars
Sime Darby Motor Holdings Limited	Singapore	100.0	100.0	2	Investment holding and provision of management and auxiliary services
Sime Darby Services Private Limited	Singapore	100.0	100.0	2	Vehicle rental
Sime Singapore Limited	Singapore	100.0	100.0	2	Investment holding
Vantage Automotive Limited	Singapore	100.0	100.0	2	Motor vehicle dealership
Changsha Bow Yue Vehicle Services Co Limited	China	100.0	100.0	2	Retail of motor vehicles and related spare parts and provision of after-sales services
Chengdu Bow Yue Used Cars Centre Company Limited	China	100.0	100.0	2	Retail of used cars and provision of related services
Chengdu Bow Yue Vehicle Company Limited	China	100.0	100.0	2	Retail of motor vehicles and related spare parts, provision of after-sales services and investment holding
Chongqing Bow Chuang Motor Sales & Services Co Ltd	China	100.0	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Guangdong Deda Bow Ma Motor Service Co Ltd	China	65.0	65.0	2	Retail of related spare parts and provision of after-sales services for motor vehicles



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Motors – Subsidiaries (continued)</b>					
Guangzhou Bow Yue Vehicle Trading Co Ltd	China	100.0	100.0	2	) ) Retail of motor vehicles and related spare parts
Hainan Bow Yue Vehicle Trading Co Ltd	China	100.0	100.0	2	) )
Hainan Bow Yue Vehicles Trading and Services Limited	China	100.0	100.0	2	Provision of after-sales services for motor vehicles
Hangzhou Sime Darby Motors Sales and Services Company Limited	China	60.0	60.0	2	Retail of motor vehicles and related spare parts and provision of after-sales services
Hangzhou Sime Darby Trading Company Limited	China	60.0	60.0	2	Wholesale, retail, import and export of vehicle parts and accessories, vehicles technology consultancy services and management and investment consultancy services
Nanjing Sime Darby Motors Sales & Services Company Limited	China	60.0	60.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Shanghai Sime Darby Motor Commerce Co Ltd	China	60.0	60.0	2	Retail of motor vehicles and related spare parts, provision of after-sales services and investment holding
Shanghai Sime Darby Motor Sales and Services Company Limited	China	60.0	60.0	2	Retail of motor vehicles and related spare parts and provision of after-sales services
Shantou Bow Yue Vehicle Trading Co Ltd	China	100.0	100.0	2	Retail of motor vehicles and related spare parts
Shantou Dehong Bow Ma Motors Co Ltd	China	60.0	60.0	2	Provision of after-sales services for motor vehicles and retail of related spare parts
Shenzhen Bow Chuang Vehicle Trading Co Ltd	China	100.0	100.0	2	Retail of motor vehicles and related spare parts
Shenzhen Sime Darby Motor Enterprises Co Ltd	China	100.0	100.0	2	Retail of spare parts and provision of after-sales services for motor vehicles

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Motors – Subsidiaries (continued)</b>					
Yunnan Bow Yue Vehicle Trading Co Ltd	China	65.0	65.0	2	) Retail of motor vehicles and related spare parts and provision of after-sales services
Yunnan Dekai Bow Ma Motors Technology & Service Co Ltd	China	65.0	65.0	3	
AutoFrance Hong Kong Limited	Hong Kong	100.0	100.0	2	) Distribution and retail of motor vehicles
BMW Concessionaires (HK) Limited	Hong Kong	100.0	100.0	2	) Distribution and retail of motor vehicles, provision of after-sales services and investment holding
Bow Ma Motors (South China) Limited	Hong Kong	100.0	100.0	2	) Investment holding
Goodwood Motors Limited	Hong Kong	100.0	100.0	2	) Distribution and retail of motor vehicles
Island Motors Limited	Hong Kong	100.0	100.0	2	
Marksworth Limited	Hong Kong	100.0	100.0	2	) Investment holding
Sime Darby Management Services Limited	Hong Kong	100.0	100.0	2	) Provision of management services and property holding
Sime Darby Motor Group (HK) Limited	Hong Kong	100.0	100.0	2	) Investment holding
Sime Darby Motor Group (PRC) Limited	Hong Kong	100.0	100.0	2	) Investment holding
Sime Darby Motor Service Centre Limited	Hong Kong	100.0	100.0	2	) Holder of Car Testing Centre License
Sime Darby Motor Services Limited	Hong Kong	100.0	100.0	2	) Distribution and retail of motor vehicles and provision of after-sales services
Universal Cars (Importers) Limited	Hong Kong	100.0	100.0	2	) Distribution and retail of motor vehicles
Universal Cars Limited	Hong Kong	100.0	100.0	2	
Warwick Motors Limited	Hong Kong	100.0	100.0	2	) Investment holding
BMW Concessionaires (Macau) Limited	Macau	100.0	100.0	2	) Retail of motor vehicles and provision of after-sales services
Harper Engineering (Macau) Limited	Macau	100.0	100.0	2	
Brisbane BMW Unit Trust	Australia	70.0	–	2	) Owner of motor vehicle dealerships

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Motors – Subsidiaries (continued)</b>					
Brisbane Bodyshop Pty Ltd	Australia	70.0	–	2	Operates the business of spare parts, panels and accessories
LMM Holdings Pty Ltd	Australia	70.0	–	2	Motor vehicle dealerships
Sime Darby Automobiles Pty Ltd	Australia	100.0	100.0	2	Distribution of motor vehicles
Sime Darby Fleet Services Pty Ltd	Australia	100.0	100.0	2	Vehicle rental and related mechanical services
Sime Darby Motors Group (Australia) Pty Limited	Australia	100.0	100.0	2	Provision of management services and investment holding
Sime Darby Motors Retail Australia Pty Limited	Australia	100.0	100.0	2	Retail of motor vehicles and provision of after-sales services
Sime Darby Motors Wholesale Australia Pty Limited	Australia	100.0	100.0	2	Distribution of motor vehicles
Continental Car Services Limited	New Zealand	100.0	100.0	2	Retail of new and used passenger cars and light commercial vehicles, spare parts and accessories and the provision of related services
Hino Distributors NZ Limited	New Zealand	100.0	100.0	2	Distribution and retail of trucks
Infinity Automotive Limited	New Zealand	100.0	100.0	2	Retail of new and used passenger cars and light commercial vehicles, spare parts and accessories and the provision of related services
Motor Truck Distributors (NZ) Limited	New Zealand	100.0	100.0	2	Distribution and retail of trucks and buses
North Shore Motor Holdings Limited	New Zealand	100.0	100.0	2	Retail of new and used passenger cars, spare parts and accessories and the provision of related services
Sime Darby Automobiles NZ Limited	New Zealand	100.0	100.0	2	Distribution of motor vehicles and spare parts
Sime Darby Commercial (NZ) Limited	New Zealand	100.0	100.0	2	Investment holding
Sime Darby Motor Group (NZ) Limited	New Zealand	100.0	100.0	2	

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Motors – Subsidiaries (continued)</b>					
Truck Stops (NZ) Limited	New Zealand	100.0	100.0	2	Provision of spare parts and services for medium and heavy trucks, and repair and servicing of truck trailers
UD Truck Distributors (NZ) Limited	New Zealand	100.0	100.0	2	Distribution and retail of diesel trucks, spare parts and accessories and the provision of related services
Performance Motors (Thailand) Limited	Thailand	100.0	100.0	2	Motor dealership
Sime Darby (Thailand) Limited	Thailand	100.0	100.0	2	Investment holding and provision of management and auxiliary services
Sime Darby Mazda (Thailand) Limited	Thailand	100.0	100.0	2	) ) ) Motor dealership
Sime Darby Vantage (Thailand) Limited	Thailand	100.0	100.0	2	
Viking Motors Limited	Thailand	100.0	100.0	2	
Sime Darby Auto Kia Co Ltd	Taiwan	100.0	–	2	Leasing of properties Retail of vehicles and provision of after-sales services
Sime Darby Kia Taiwan Co Ltd	Taiwan	100.0	–	2	Distribution and retail of motor vehicles and provision of after-sales services
Europe Automobiles Corporation	Vietnam	90.0	–	2	Sale of motor vehicles , provision of after-sales services, vehicle and office rental, sale of sea vessels and insurance agent
<b>Motors – Associates</b>					
BMW Malaysia Sdn Bhd	Malaysia	49.0*	49.0*	3	Sale and distribution of motor vehicles and motorcycles
Sime Kansai Paints Sdn Bhd	Malaysia	40.0	40.0	3	Manufacturing, selling and marketing of automotive and industrial paints
Munich Automobiles Pte Ltd	Singapore	40.0	40.0	3	Sale and distribution of motor vehicles and after-sales service
BMW Financial Services Hong Kong Limited	Hong Kong	49.0	49.0	3	Provision of financing and hire purchase facilities

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Property – Subsidiaries</b>					
Genting View Resort Development Sdn Bhd	Malaysia	30.4	30.4	1	Property development and provision of management services
Golfhome Development Sdn Bhd	Malaysia	100.0	100.0	1	) Property investment and development
Golftek Development Sdn Bhd	Malaysia	100.0	100.0	1	
Harvard Golf Resort (Jerai) Berhad	Malaysia	99.0	99.0	1	Operation of a golf course
Harvard Hotel (Jerai) Sdn Bhd	Malaysia	100.0	100.0	1	Operation of a hotel
Harvard Jerai Development Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and development
Impian Golf Resort Berhad	Malaysia	100.0	100.0	1	Provision of golfing and sporting services
Ironwood Development Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and development
Kuala Lumpur Golf & Country Club Berhad	Malaysia	100.0	100.0	1	Provision of golfing and sporting services and property development
Malaysia Land Development Company Berhad	Malaysia	50.7	50.7	1	Property investment, management and investment holding
Sime Darby Ainsdale Development Sdn Bhd	Malaysia	100.0	100.0	1	Property development
Sime Darby Ampar Tenang Sdn Bhd	Malaysia	100.0	100.0	1	Property investment
Sime Darby Ara Damansara Development Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and development
Sime Darby Augsburg (M) Sdn Bhd	Malaysia	100.0	100.0	1	) Property development
Sime Darby Brunfield Damansara Sdn Bhd	Malaysia	60.0	60.0	1	
Sime Darby Brunfield Holding Sdn Bhd	Malaysia	60.0	60.0	1	Investment holding and property development
Sime Darby Brunfield Kenny Hills Sdn Bhd	Malaysia	60.0	60.0	1	Property development
Sime Darby Brunfield Motorworld Sdn Bhd	Malaysia	60.0	60.0	1	Property development and investment holding
Sime Darby Brunfield Properties Holding Sdn Bhd	Malaysia	60.0	60.0	1	Property investment
Sime Darby Builders Sdn Bhd	Malaysia	100.0	100.0	1	Property development and construction

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Property – Subsidiaries (continued)</b>					
Sime Darby Building Management Services Sdn Bhd	Malaysia	100.0	100.0	1	Provision of property management services
Sime Darby Chemara Sdn Berhad	Malaysia	100.0	100.0	1	) Property development
Sime Darby Constant Skyline Sdn Bhd	Malaysia	100.0	100.0	1	
Sime Darby Elmina Development Sdn Bhd	Malaysia	100.0	100.0	1	
Sime Darby GVR Management Sdn Bhd	Malaysia	50.7	50.7	1	Resort management
Sime Darby Homes Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and development
Sime Darby Johor Development Sdn Bhd	Malaysia	100.0	100.0	1	Property development, property investment and investment holding
Sime Darby KLGCC Development Sdn Bhd	Malaysia	100.0	100.0	1	Property development
Sime Darby Landscaping Sdn Bhd	Malaysia	100.0	100.0	1	Horticultural supplies, landscaping and design consultancy and civil works
Sime Darby Lukut Development Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and development
Sime Darby Melawati Development Sdn Bhd	Malaysia	100.0	100.0	1	Property investment, development and management
Sime Darby Nilai Utama Sdn Bhd	Malaysia	70.0	70.0	1	Property development
Sime Darby Nominees Sendirian Berhad	Malaysia	100.0	100.0	1	Investment holding
Sime Darby Pagoh Development Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and development
Sime Darby Paralimni Sdn Bhd	Malaysia	100.0	100.0	1	Property development
Sime Darby Properties (Sabah) Sdn Bhd	Malaysia	100.0	100.0	1	Property development and investment holding
Sime Darby Properties (Selangor) Sdn Bhd	Malaysia	100.0	100.0	1	Property development
Sime Darby Properties Builders Sdn Bhd	Malaysia	100.0	100.0	1	General construction
Sime Darby Properties Realty Sdn Bhd	Malaysia	100.0	100.0	1	Property development and management

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Property – Subsidiaries (continued)</b>					
Sime Darby Property (Bukit Selarong) Sdn Bhd	Malaysia	100.0	100.0	1 )	)
Sime Darby Property (Bukit Tunku) Sdn Bhd	Malaysia	100.0	100.0	1 )	) Property development
Sime Darby Property (Klang) Sdn Bhd	Malaysia	100.0	100.0	1 )	)
Sime Darby Property (Lembah Acob) Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and development
Sime Darby Property (Nilai) Sdn Bhd	Malaysia	100.0	100.0	1	Property development, investment and provision of property management services
Sime Darby Property (Subang) Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and development
Sime Darby Property (Sungai Kapar) Sdn Bhd	Malaysia	100.0	100.0	1	Investment holding, property investment and development
Sime Darby Property Berhad	Malaysia	100.0	100.0	1	Investment holding, property development and provision of management services
Sime Darby Property Holdings Sdn Bhd	Malaysia	100.0	100.0	1 )	) Property investment and provision of property management services
Sime Darby Property Management Sdn Bhd	Malaysia	100.0	100.0	1 )	)
Sime Darby Property Selatan Dua Sdn Bhd	Malaysia	60.0	60.0	1 )	) Construction and asset management services under concession arrangement
Sime Darby Property Selatan Empat Sdn Bhd	Malaysia	60.0	60.0	1 )	)
Sime Darby Property Selatan Satu Sdn Bhd	Malaysia	60.0	60.0	1 )	)
Sime Darby Property Selatan Sdn Bhd	Malaysia	60.0	60.0	1	Investment holding and construction
Sime Darby Property Selatan Tiga Sdn Bhd	Malaysia	60.0	60.0	1	Construction and asset management services under concession arrangement
Sime Darby Serenia Development Sdn Bhd (formerly known as Sime Darby Ampar Tenang Development Sdn Bhd)	Malaysia	100.0	100.0	1	Property investment and development

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Property – Subsidiaries (continued)</b>					
Sime Darby Sungai Kantan Development Sdn Bhd	Malaysia	100.0	100.0	1	Property development and management
Sime Darby Urus Harta Sdn Bhd	Malaysia	100.0	100.0	1	Property management services
Sime Darby USJ Development Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and development
Sime Healthcare Sdn Bhd	Malaysia	100.0	100.0	1	Property investment
Sime Wood Industries Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and property management
Stableford Development Sdn Bhd	Malaysia	100.0	100.0	1	Property investment and operation of a convention centre
Syarikat Malacca Straits Inn Sdn Bhd	Malaysia	55.0	55.0	1	Ownership and operation of a hotel
Syarikat Perumahan Guthrie Sdn Bhd	Malaysia	100.0	100.0	1	Property development
The Glengowrie Rubber Company Sdn Berhad	Malaysia	93.4	93.4	1	Property investment and development
Wisma Sime Darby Sdn Berhad	Malaysia	100.0	100.0	1	Property management
Darby Park (Management) Pte Ltd	Singapore	100.0	100.0	2	Property investment, management of serviced apartments and investment holding
Darby Park (Singapore) Pte Ltd	Singapore	100.0	100.0	2	Property investment and management of serviced residences
Sime Darby Property (Alexandra) Limited	Singapore	100.0	100.0	2	Property investment and management
Sime Darby Property (Amston) Pte Ltd	Singapore	100.0	100.0	2	Investment holding and property investment
Sime Darby Property (Dunearn) Limited	Singapore	100.0	100.0	2	) ) ) Property investment and management
Sime Darby Property (Kilang) Limited	Singapore	100.0	100.0	2	
Sime Darby Property (Vietnam) Pte Ltd	Singapore	100.0	100.0	2	
Sime Darby Property Singapore Limited	Singapore	100.0	100.0	2	Investment holding and property management
Sime Darby Property (Hong Kong) Limited	Hong Kong	100.0	100.0	2	Investment holding



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Property – Subsidiaries (continued)</b>					
OCI Management Pty Ltd	Australia	60.0	60.0	2	Security and landcare services
Sime Darby Australia Limited	Australia	100.0	100.0	2	Investment holding and operation of serviced apartments
Sime Darby Hotels Pty Ltd	Australia	100.0	100.0	2	Operation of serviced apartments
Sime Darby Investments Pty Limited	Australia	100.0	100.0	2	Investment holding
Sime Darby Resorts Pty Ltd	Australia	100.0	100.0	2	Management of a resort
Sime Darby Serenity Cove Pty Ltd	Australia	60.0	60.0	2	Property development
Key Access Holdings Limited	British Virgin Islands	100.0	100.0	5 )	Investment holding
Sime Darby Brunfield Australia Pte Ltd	British Virgin Islands	60.0	60.0	5 )	
Vibernum Limited	Guernsey	100.0	100.0	2 )	Property investment
Sime Darby London Limited	United Kingdom	100.0	100.0	2 )	
Sime Darby Management Services Limited	United Kingdom	100.0	100.0	2	Property management
Darby Park (Vietnam) Limited	Vietnam	65.0	65.0	2	Development and operation of serviced residences
<b>Property – Joint ventures</b>					
PJ Midtown Development Sdn Bhd	Malaysia	30.0	30.0	1	Property development
Sime Darby Capitamalls Asia (Melawati Mall) Sdn Bhd	Malaysia	50.0	50.0	3	Property investment
Sime Darby Sunrise Development Sdn Bhd	Malaysia	50.0	50.0	1 )	Property development
Sime Darby Sunsuria Development Sdn Bhd (formerly known as Cypress Promotion Sdn Bhd)	Malaysia	50.0	–	3 )	
Sime Darby Brunfield Properties Australia Pty Ltd	Australia	50.0	50.0	3 )	
Sime Darby Brunfield International Limited	British Virgin Islands	50.0	50.0	5 )	
Battersea Project Holding Company Limited group	Jersey	40.0	40.0	2	Investment holding, property investment and development

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Property – Joint ventures (continued)</b>					
Battersea Power Station Development Company Limited	United Kingdom	40.0	40.0	2	Property development management services
<b>Property – Associates</b>					
Bitaria Sdn Bhd	Malaysia	24.0	24.0	3	Property development
Brunsfild Embassyview Sdn Bhd	Malaysia	–	30.0	3	Property development and project management
Eastern & Oriental Berhad group	Malaysia	32.0	31.2	3	Investment holding, hotel ownership and management, property investment and development and café and restaurant operations
Mostyn Development Sdn Bhd	Malaysia	30.0	30.0	3	Property development
Seriemas Development Sdn Bhd group	Malaysia	40.0	40.0	3	Investment holding, property investment and development and consultancy services
Shaw Brothers (M) Sdn Bhd	Malaysia	36.0	36.0	3	Property investment
China Property Development (Holdings) Limited	Cayman Islands	30.4	30.4	3	Investment holding
<b>Energy &amp; Utilities – Subsidiaries</b>					
Chubb Malaysia Sendirian Berhad	Malaysia	100.0	100.0	1	Manufacturing, marketing, installation, rental and servicing of security products
Malaysian Oriental Holdings Berhad	Malaysia	100.0	100.0	1	Investment holding
Mecomb Malaysia Sdn Berhad	Malaysia	100.0	100.0	1	System integration, marketing and installation of advanced electronic and electro-mechanical equipment, instruments and systems
Port Dickson Power Berhad	Malaysia	–	75.0	1	Independent power producer

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Energy &amp; Utilities – Subsidiaries (continued)</b>					
Sime Darby Biofuels Sdn Bhd	Malaysia	–	100.0	1	Provision of operating and maintenance services to an independent power producer
Sime Darby Energy Sdn Bhd	Malaysia	100.0	100.0	1	Investment holding
Sime Darby Engineering Sdn Bhd	Malaysia	100.0	100.0	1	Engineering, procurement, fabrication, construction, installation, hook-up and commissioning works relating to oil and gas industry
Sime Darby Joy Industries Sdn Bhd	Malaysia	55.0	55.0	1	Designing and manufacturing of heat exchangers, radiators, process equipment modules, filters and separators
Sime Darby Offshore Engineering Sdn Bhd	Malaysia	100.0	100.0	1	Systems integration and marketing of products and services in oil and gas/petrochemical industry
Sime Darby Utilities Sdn Bhd	Malaysia	100.0	100.0	1	) Investment holding
Sime Darby Water Resources Sdn Bhd	Malaysia	100.0	100.0	1	
Sime Engineering Sdn Bhd	Malaysia	100.0	100.0	1	
Sime Surveillance Sdn Bhd	Malaysia	100.0	100.0	1	Provision of security services
Mecomb Singapore Limited	Singapore	100.0	100.0	2	Manufacture and installation of industrial equipment and the import and sale of technical, nautical and scientific instruments and mechanical, electrical and electronic equipment
Sime Darby Energy Pte Ltd	Singapore	100.0	100.0	2	Investment holding
Jining Sime Darby Longgong Port Co Ltd	China	70.0	70.0	2	) Operation of port
Jining Sime Darby Port Co Ltd	China	70.0	70.0	2	

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Energy &amp; Utilities – Subsidiaries (continued)</b>					
Jining Sime Darby Taiping Port Co Ltd	China	70.0	70.0	2	Operation of port and warehousing
Sime Darby Joy (Shanghai) Company Limited	China	55.0	55.0	2	Supply of process equipment and heat exchangers
Weifang Binhai Haiwei Dredging Project Co Ltd	China	50.8	50.8	3	Dredging of ports and channels, fencing and filling of foundation, leasing of vessels and related facilities
Weifang Sime Darby General Terminal Co Ltd	China	99.9	99.9	3	Port construction, management and operation
Weifang Sime Darby Liquid Terminal Co Ltd	China	99.9	99.9	3	Construction, management and operation of liquid terminal
Weifang Sime Darby Port Co Ltd	China	99.0	99.0	2	Operation of port
Weifang Sime Darby Water Management Co Ltd	China	100.0	100.0	2	Treatment and supply of water
Weifang Sime Darby West Port Co Ltd	China	99.9	99.9	3	Port construction, management and operation
Weifang Wei Gang Dredging Project Co Ltd	China	99.5	99.5	3	Provision of dredging and marine services, land reclamation works and related services
Weifang Wei Gang Tugboat Services Co Ltd	China	99.5	99.5	3	Provision of tugboat pilot services and related services
Sime Darby Marine (Hong Kong) Private Limited	Hong Kong	100.0	100.0	2	) ) Investment holding
Sime Darby Overseas (HK) Limited	Hong Kong	100.0	100.0	2	
Mecomb (Thailand) Limited	Thailand	100.0	100.0	2	) ) Sale of electrical and mechanical equipment components and instruments
Sime Darby LCP Power Co Limited	Thailand	–	100.0	2	
Sime Darby O&M (Thailand) Co Ltd	Thailand	–	100.0	2	Independent power producer
Sime Darby Power Co Ltd	Thailand	–	100.0	2	Operation and maintenance services to power plants
					Independent power producer

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Energy &amp; Utilities – Joint ventures</b>					
Malaysia – China Hydro Joint Venture	Malaysia	35.7	35.7	1	Engineering, procurement and construction work
Weifang Port Services Co Ltd	China	36.6	–	4	Construction, management and maintenance of sea channel, anchorage and other port infrastructure within the Weifang Central Port Region
Weifang Wei Gang Shipyard Co Ltd	China	48.5	48.5	3	Provision of ship repair, ship building and related services
<b>Energy &amp; Utilities – Associate</b>					
Chubb Singapore Private Limited group	Singapore	30.0	30.0	2	Marketing of security and fire protection products and services
<b>Others – Subsidiaries</b>					
Kumpulan Sime Darby Berhad	Malaysia	100.0	100.0	1	Provision of management and support services
Sime Darby Allied Products Berhad	Malaysia	100.0	100.0	1	Investment holding
Sime Darby Global Berhad	Malaysia	100.0	100.0	1	Special purpose vehicle for the issue of multi-currency Islamic securities programme
Sime Darby Global Services Centre Sdn Bhd	Malaysia	100.0	100.0	1	Provision of support services to group companies
Sime Darby Holdings Berhad	Malaysia	100.0	100.0	1	Investment holding, marketing of and agents for commodities and provision of management services to group companies
Sime Darby Holiday Homes Sdn Bhd (formerly known as Sime Darby Specialist Centre Megah Sdn Bhd)	Malaysia	100.0	100.0	1	Property management services
Sime Darby Insurance Pte Ltd	Malaysia	100.0	100.0	1	Onshore and offshore captive insurer

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Others – Subsidiaries (continued)</b>					
Sime Darby Lockton Insurance Brokers Sdn Bhd	Malaysia	60.0	60.0	1	Insurance and reinsurance brokers, insurance advisory and consultancy services
Sime Darby Malaysia Berhad	Malaysia	100.0	100.0	1	Holding of trademarks
Sime Darby Technologies Holdings Pte Ltd	Malaysia	100.0	100.0	1 )	)
Sime Darby Ventures Sdn Bhd	Malaysia	100.0	100.0	1 )	) Investment holding
Tractors Malaysia Holdings Berhad	Malaysia	100.0	100.0	1 )	)
Yayasan Sime Darby	Malaysia	@	@	1	Administration of scholarship awards and loans for educational purposes, undertake sports, environmental conservation and sustainability projects; and other related activities for the benefit of the community
Sime Darby Eastern International Limited	Singapore	100.0	100.0	2	Investment holding
Sime Darby Insurance Brokers (Singapore) Pte Ltd	Singapore	100.0	100.0	2	Insurance brokers
Sime Darby Investments Pte Ltd	Singapore	100.0	100.0	2 )	)
Sime Darby Management Services (Singapore) Private Limited	Singapore	100.0	100.0	2 )	) Investment holding
Sime Darby Singapore Limited	Singapore	100.0	100.0	2 )	)
Sime Darby (China) Enterprise Management Company Limited	China	100.0	100.0	2	Provision of services to group companies established in China
Sime Darby Far East (1991) Limited	Hong Kong	100.0	100.0	2	Investment holding
Sime Darby Hongkong Finance Limited	Hong Kong	100.0	100.0	2	Investment holding and provision of intra-group financial services

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2014	2013		
<b>Others – Subsidiaries (continued)</b>					
Sime Darby Hong Kong Limited	Hong Kong	100.0	100.0	2	Investment holding
Sime Darby Insurance Brokers (Hong Kong) Limited	Hong Kong	100.0	100.0	2	Insurance brokers
Sime Darby Managing Agency (Hong Kong) Limited	Hong Kong	100.0	100.0	2	Insurance agency
Sime Darby Investments (BVI) Limited	British Virgin Islands	100.0	100.0	5	Investment holding
<b>Others – Joint venture</b>					
Ramsay Sime Darby Health Care Sdn Bhd group	Malaysia	50.0	50.0	1	Operation of healthcare facilities and provision of related healthcare services
<b>Others – Associates</b>					
Tesco Stores (Malaysia) Sdn Bhd	Malaysia	30.0	30.0	1	Operation of hypermarkets
Union Sime Darby (Thailand) Ltd	Thailand	49.0	49.0	2	Insurance brokers

Subsidiaries, joint venture and associates which are dormant/inactive as at 30 June 2014 are as follows:

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		2014	2013	
<b>Plantation – Subsidiaries</b>				
Derawan Sdn Bhd	Malaysia	100.0	100.0	1
Kumpulan Jerai Sendirian Berhad	Malaysia	100.0	100.0	1
Kumpulan Kamuning Sendirian Berhad	Malaysia	100.0	100.0	1
Kumpulan Linggi Sendirian Berhad	Malaysia	100.0	100.0	1
Kumpulan Sua Betong Sendirian Berhad	Malaysia	100.0	100.0	1
Kumpulan Tebong Sendirian Berhad	Malaysia	100.0	100.0	1
Kumpulan Temiang Sendirian Berhad	Malaysia	100.0	100.0	1
Nature Ambience Sdn Bhd	Malaysia	100.0	100.0	1
Sahua Enterprise Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Biogonic Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Genomics Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Julau Plantation Sdn Bhd (formerly known as Sime Darby Pelita Julau Sdn Bhd)	Malaysia	100.0	100.0	1

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint venture and associates which are dormant/inactive as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		2014	2013	
<b>Plantation – Subsidiaries (continued)</b>				
Sime Darby Plantation Indonesia Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Plantation (Peninsular) Sdn Bhd	Malaysia	100.0	100.0	1
Sincere Outlook Sdn Bhd	Malaysia	100.0	100.0	1
PT Guthrie Abdinusa Industri	Indonesia	70.0	70.0	2
PT Sime Darby Commodities Trading	Indonesia	100.0	100.0	2
Golden Hope–Nhabe (Cambodia) Import & Export Co Ltd	Cambodia	51.0	51.0	5
Sime Darby Plantation Cameroon Ltd	Cameroon	100.0	100.0	5
Sime Darby CleanerG BV	Netherlands	100.0	100.0	2
Trolak Estates Limited	Scotland	100.0	100.0	3
Sime Darby Edible Products Tanzania Limited	Tanzania	100.0	100.0	5
Castlefield (Klang) Rubber Estates Plc	United Kingdom	100.0	100.0	3
Dusun Durian Plantations Limited	United Kingdom	100.0	100.0	3
Holyrood Rubber Plc	United Kingdom	100.0	100.0	3
Hoscote Rubber Estate Limited	United Kingdom	100.0	100.0	3
Kinta Kellas Rubber Estates Plc	United Kingdom	100.0	100.0	3
Malaysian Estates Plc	United Kingdom	100.0	100.0	3
Nalek Rubber Estate Limited	United Kingdom	100.0	100.0	3
Sabah Plantations Limited	United Kingdom	100.0	100.0	3
The Kuala Selangor Rubber Plc	United Kingdom	100.0	100.0	3
The London Asiatic Rubber and Produce Company Limited	United Kingdom	100.0	100.0	3
The Pataling Rubber Estates Limited	United Kingdom	100.0	100.0	3
The Straits Plantations Limited	United Kingdom	100.0	100.0	3
The Sungei Bahru Rubber Estates Plc	United Kingdom	100.0	100.0	3
<b>Industrial – Subsidiaries</b>				
Associated Tractors Sendirian Berhad	Malaysia	100.0	100.0	1
Tractors Malaysia Motor Holdings Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Yangon Limited	Myanmar	100.0	100.0	3
<b>Motors – Subsidiaries</b>				
Associated Motor Industries Malaysia Sdn Bhd	Malaysia	51.0	51.0	1
Sime Darby System Integrators Sdn Bhd	Malaysia	99.9	99.9	1
Tianjin Sime Winner Motors Trading Co Ltd	China	60.0	60.0	2
Auto Technology Engineering Company Limited	Hong Kong	100.0	100.0	2
AutoFrance China Limited	Hong Kong	100.0	100.0	2
Sime Darby Motors (Nissan China) Holdings Limited	Hong Kong	100.0	100.0	2
Sime Darby Prestige Motors Company Limited	Hong Kong	100.0	100.0	2
Sime Winner Holdings Limited	Hong Kong	60.0	60.0	2
SimeWinner Nissan Autocrafts Limited	Hong Kong	60.0	60.0	2
Vermont International Limited	Hong Kong	60.0	60.0	2
Wallace Harper & Company Limited	Hong Kong	100.0	100.0	2
Sime Darby Hong Kong Group Company Limited	Bermuda	100.0	100.0	5
Continental Cars Limited	New Zealand	100.0	100.0	2
ERF Man and Western Star (NZ) Limited	New Zealand	100.0	100.0	2



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

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## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint venture and associates which are dormant/inactive as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		2014	2013	
<b>Motors – Subsidiaries (continued)</b>				
Palmerston North Motors Wholesale Limited	New Zealand	100.0	100.0	2
Sime Darby Auto Services Limited	Thailand	100.0	100.0	2
<b>Property – Subsidiaries</b>				
Sime Darby Brunsfield Project Management Sdn Bhd	Malaysia	60.0	60.0	1
Sime Darby Brunsfield Property Management Sdn Bhd	Malaysia	60.0	60.0	1
Sime Darby Brunsfield Property Sdn Bhd	Malaysia	70.0	70.0	1
Sime Darby Brunsfield Resort Sdn Bhd	Malaysia	60.0	60.0	1
Sime Darby Brunsfield Taipan City Sdn Bhd	Malaysia	60.0	60.0	1
Sime Darby Properties Harta Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Property (Bestari Jaya) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Property (USJ) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Putra Heights Development Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby SJCC Development Sdn Bhd	Malaysia	100.0	100.0	1
Xinjiang Sime Darby Property Co Ltd	China	100.0	100.0	2
Green East Prime Ventures Inc	Philippines	63.2	63.2	3
<b>Energy &amp; Utilities – Subsidiaries</b>				
Balui Hydro Sdn Bhd	Malaysia	100.0	100.0	1
Malaysia-China Hydro Sdn Bhd	Malaysia	100.0	100.0	1
Pesida Equipment Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Marine Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Power Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby T&I Sdn Bhd	Malaysia	51.0	51.0	1
Sime Darby Water Resources (Perak) Sdn Bhd	Malaysia	75.0	75.0	1
Jining Sime Darby Guozhuang Port Co Ltd	China	70.0	70.0	2
<b>Energy &amp; Utilities – Joint venture</b>				
Sime Engineering Sdn Bhd – Edwards & Sons Joint Venture	Malaysia	51.0	51.0	1
<b>Energy &amp; Utilities – Associates</b>				
Sime Darby Almaná WLL	Qatar	49.0	49.0	4
Weifang Ocean Shipping Tally Co Ltd	China	39.6	–	4
<b>Others – Subsidiaries</b>				
Golden Hope Plantations Berhad	Malaysia	100.0	100.0	1
Guthrie Ropel Berhad	Malaysia	100.0	100.0	1
Highlands & Lowlands Berhad	Malaysia	100.0	100.0	1
Kumpulan Guthrie Berhad	Malaysia	100.0	100.0	1
Sime Darby Packaging Sdn Bhd	Malaysia	100.0	100.0	1
Sime UEP Properties Berhad	Malaysia	100.0	100.0	1
Xinjiang Sime Darby Heavy Equipment Co Ltd	China	100.0	100.0	2

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint venture and associates which are dormant/inactive as at 30 June 2014 are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		2014	2013	
<b>Others – Subsidiaries (continued)</b>				
Sime Travel Holdings Limited	Hong Kong	100.0	100.0	2
East West Insurance Company Limited	United Kingdom	81.0	81.0	3
Robt Bradford & Co Ltd	United Kingdom	100.0	100.0	2
Robt Bradford Hobbs Savill Ltd	United Kingdom	98.6	98.6	2

Subsidiaries, joint venture and associate placed under members' voluntary liquidation/deregistered during the financial year are as follows:

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		2014	2013	
<b>Plantation – Subsidiaries</b>				
Sime Darby Fresh Sdn Bhd	Malaysia	–	100.0	1
Sime Darby Green Sdn Bhd	Malaysia	–	100.0	1
Sime Darby Livestock Sdn Bhd	Malaysia	–	100.0	1
Sime Darby Pecconina Sdn Bhd	Malaysia	–	100.0	1
Sime Darby Turf Sdn Bhd	Malaysia	–	100.0	1
Sime Darby Plantations (Deutschland) GmbH	Germany	–	100.0	3
Sime Darby Investment (Europe) S.à.r.l	Luxembourg	–	100.0	3
<b>Industrial – Subsidiary</b>				
Sime Darby Elco Power Equipment (Shenzhen) Limited	China	–	100.0	2
<b>Property – Subsidiaries</b>				
Puchong Quarry Sdn Bhd	Malaysia	–	100.0	1
R & W Management Sdn Bhd	Malaysia	–	100.0	1
Sime Darby Land (Johor) Sdn Bhd	Malaysia	–	100.0	1
Sime Darby Property (Orange Grove) Pte Ltd	Singapore	–	100.0	2
<b>Property – Associate</b>				
Siltown Realty Philippines Inc	Philippines	–	39.5	3
<b>Energy &amp; Utilities – Subsidiaries</b>				
Sime Darby Drilling Services Sdn Bhd	Malaysia	–	100.0	1
Sime Darby Petroleum Sdn Bhd	Malaysia	–	100.0	1
Sime Darby Water Resources (Selangor) Sdn Bhd	Malaysia	–	100.0	1

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014 (continued)

Amounts in RM million unless otherwise stated

## 56 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint venture and associate placed under members' voluntary liquidation/deregistered during the financial year are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		2014	2013	
<b>Energy &amp; Utilities – Joint venture</b>				
Sime Darby Marine Puteri Offshore I (L) Inc	Malaysia	–	50.0	1
<b>Others – Subsidiaries</b>				
Mentakab Rubber Company (Malaya) Berhad	Malaysia	–	100.0	1
Sime Darby NET Sdn Bhd	Malaysia	–	100.0	1
Sime Engineering Services Berhad	Malaysia	–	100.0	1
SRIB (Far East) Pte Ltd	Singapore	–	100.0	2

### Notes:

- 1 - audited by PricewaterhouseCoopers, Malaysia
- 2 - audited by member firms of PricewaterhouseCoopers International Limited, which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia
- 3 - audited by firms other than member firms of PricewaterhouseCoopers International Limited
- 4 - Auditors not appointed yet
- 5 - no legal requirement to appoint auditors
- \* - notwithstanding the Group holds more than 20% equity interest, the cost of investment in BMW Malaysia Sdn Bhd has been classified as available-for-sale investment (and not associate) due to the Group's restricted influence pursuant to the shareholders' agreement
- @ - Yayasan Sime Darby is a company without share capital, limited by guarantee

## 57 Events After the Reporting Period

Material events after the reporting period are as follows:

- a. On 28 May 2014, Sime Darby Nominees Sendirian Berhad entered into a conditional share sale agreement to dispose 110,000,000 ordinary stock units of RM1.00 each, representing approximately 9.9% equity interest (excluding treasury stocks), in Eastern & Oriental Berhad (E&O) to Morning Crest Sdn Bhd for a total cash consideration of RM319 million or approximately RM2.90 per E&O stock. The disposal was completed on 23 July 2014. Following the completion of the disposal, the Group's interest in E&O has reduced from 32.0% to 22.1%.
- b. Following the completion of the CW2 Package for the main civil works for the Bakun Hydroelectric Project (CW2 Contract) by the Malaysia-China Hydro Joint Venture (MCH JV), Sime Engineering Sdn Bhd (SESB) has on 11 August 2014, entered into:
  - i. a Supplemental Agreement to the Joint Venture Agreement in respect of the MCH JV dated 12 June 2002 with all the other parties to the MCH JV, namely Sinohydro Corporation (Sinohydro), WCT Berhad (formerly known as WCT Engineering Berhad) (WCT), MTD Capital Berhad (MTD), Edward & Sons Sdn Bhd, Ahmad Zaki Resources Berhad and Syarikat Ismail Ibrahim Sdn Bhd (Supplemental Agreement); and
  - ii. a Settlement Agreement in respect of the CW2 Contract with Sinohydro, WCT and MTD (Settlement Agreement).

Pursuant to the Supplemental Agreement, each of the parties to the MCH JV has agreed to release, waive, relinquish, withdraw and discharge any and all claims, actions, causes of actions, obligations, liabilities, judgements, orders and demands whatsoever nature whether known or unknown, related to and/or arising out of the MCH JV and/or the CW2 Contract which it had instituted or may now have or may hereafter have against each other in accordance with and subject to the terms under the Supplemental Agreement.

Pursuant to the Settlement Agreement, SESB, Sinohydro, WCT and MTD have collectively agreed to assume, bear and settle all costs in relation to MCH JV's pre-existing and future rights, obligations and liabilities in relation to the CW2 Contract in accordance with the agreed proportions and on terms and conditions as set out in the Settlement Agreement.

The Group, through Sime Darby Energy Sdn Bhd and SESB, has an effective interest of 35.7% in the MCH JV.

- c. On 20 June 2014, Sime-Morakot Holdings (Thailand) Limited and Sime Darby Plantation Europe Ltd entered into a conditional Sale and Purchase Agreement (SPA) with Sub Sri Thai Public Company Limited to acquire 199,999,000 ordinary shares of THB1.00 each representing 99.9995% equity interest in Industrial Enterprises Co Ltd (IEC) for a total purchase consideration of THB815 million (equivalent to RM80.4 million).

IEC is incorporated in Thailand and is principally involved in the business of crushing, refining and distribution of edible oil. The acquisition was completed on 11 September 2014.

- d. On 31 July 2014, Sime Darby Berhad (SDB) announced that Kulim (Malaysia) Berhad (Kulim) has selected SDB as the preferred party to negotiate a sale of all of Kulim's 48.97% equity interest in New Britain Palm Oil Limited (NBPOL). Kulim and SDB have entered into exclusive discussions to finalise the terms of the transaction. NBPOL is listed on the Port Moresby Stock Exchange and the London Stock Exchange with a market capitalisation of approximately GBP778.7 million (equivalent to RM4.2 billion) as at 31 July 2014.

## 58 Comparatives

The comparatives of the Group's results and cash flows for the financial year ended 30 June 2013 have been restated following the re-presentation of the power generation business under discontinued operations (see Note 13).

## 59 Approval of Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 September 2014.

# SUPPLEMENTARY INFORMATION

## 60 Supplementary Information

The breakdowns of realised and unrealised retained profits of the Group and of the Company as at 30 June 2014 as set out below have been prepared pursuant to the directive issued by Bursa Malaysia Securities Berhad and have been prepared in accordance with the Guidance on Special Matter No. 1 (GSM1), Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2014	2013	2014	2013
Total retained profits of the Company and its subsidiaries				
- realised	<b>23,724.6</b>	22,470.6	<b>3,970.6</b>	4,014.3
- unrealised	<b>5,627.9</b>	5,597.8	<b>(41.3)</b>	(50.2)
	<b>29,352.5</b>	28,068.4	<b>3,929.3</b>	3,964.1
Total share of retained profits from joint ventures				
- realised	<b>22.1</b>	34.5	-	-
- unrealised	<b>17.9</b>	(10.1)	-	-
	<b>40.0</b>	24.4	-	-
Total share of retained profits from associates				
- realised	<b>334.1</b>	311.4	-	-
- unrealised	<b>(0.4)</b>	(3.8)	-	-
	<b>333.7</b>	307.6	-	-
Less: consolidation adjustments	<b>(11,777.8)</b>	(11,638.3)	-	-
Total retained profits	<b>17,948.4</b>	16,762.1	<b>3,929.3</b>	3,964.1

In arriving at the unrealised profits, the following which are deemed in the GSM1 as unrealised, are included:

- credits or charges relating to the recognition of deferred tax;
- cumulative net gains (but not net losses) from the remeasurement of assets or liabilities at fair value through profit or loss;
- provision of liabilities in respect of present obligations where resources are only consumed upon settlement of the obligation; and
- translation gains or losses of monetary items denominated in a currency other than the functional currency.



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Eighth Annual General Meeting of Sime Darby Berhad (SDB or the Company) will be held at Dewan Tun Hussein Onn, Level 2, Putra World Trade Centre, 41, Jalan Tun Ismail, 50480 Kuala Lumpur, Malaysia on Thursday, 13 November 2014 at 10.00 a.m. for the following businesses:

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2014 together with the Reports of the Directors and the Auditors thereon.  
*Please refer to Explanatory Note 1*
2. To declare a final single tier dividend of 30 sen per ordinary share for the financial year ended 30 June 2014. (Resolution 1)  
*Please refer to Explanatory Note 2*
3. To approve the payment of Directors' remuneration as disclosed in the Audited Financial Statements for the financial year ended 30 June 2014. (Resolution 2)  
*Please refer to Explanatory Note 3*
4. To re-appoint Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin as Director of the Company and to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965. (Resolution 3)  
*Please refer to Explanatory Note 4*
5. To re-appoint Dato' Henry Sackville Barlow as Director of the Company and to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965. (Resolution 4)  
*Please refer to Explanatory Note 4*
6. To re-elect Dato' Rohana Tan Sri Mahmood who retires pursuant to Article 104 of the Articles of Association of the Company and who has offered herself for re-election. (Resolution 5)  
*Please refer to Explanatory Note 5*
7. To re-elect the following Directors who retire pursuant to Article 99 of the Articles of Association of the Company and who have offered themselves for re-election:
  - i. Tan Sri Samsudin Osman (Resolution 6)
  - ii. Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo (Resolution 7)
  - iii. Tan Sri Dato' Seri Mohd Bakke Salleh (Resolution 8)
  - iv. Dato' Azmi Mohd Ali (Resolution 9)*Please refer to Explanatory Note 6*
8. To re-appoint PricewaterhouseCoopers as Auditors of the Company for the financial year ending 30 June 2015, and to authorise the Directors to fix their remuneration. (Resolution 10)  
*Please refer to Explanatory Note 7*

**AS SPECIAL BUSINESS**

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

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

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

(Resolution 11)

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

“THAT, subject always to the Companies Act, 1965 (Act), the Articles of Association of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental/regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of the Related Parties as specified in Section 2.4 of the Circular to Shareholders dated 21 October 2014, provided that such arrangements and/or transactions are:

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

(the Mandate);

AND THAT the Mandate, shall continue in force until:

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

whichever is the earliest;

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

(Resolution 12)



# NOTICE OF ANNUAL GENERAL MEETING

**iii. Proposed Renewal of Authority for Directors to Allot and Issue New Ordinary Shares of RM0.50 Each in the Company (SDB Shares) in relation to the Dividend Reinvestment Plan that Provides Shareholders of the Company with an Option to Reinvest Their Cash Dividend in New SDB Shares (Dividend Reinvestment Plan)**

“THAT pursuant to the Dividend Reinvestment Plan (DRP) as approved by the Shareholders at the Extraordinary General Meeting held on 21 November 2013, approval be and is hereby given to the Directors to allot and issue such number of new SDB Shares, from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors may, in their sole and absolute discretion, deem fit and in the best interest of the Company PROVIDED THAT the issue price of the said new SDB Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-day volume weighted average market price (VWAMP) of SDB Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price and not less than the par value of SDB Shares at the material time;

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to give full effect to the DRP, with full powers to assent to any conditions, modifications, variations and/or amendments (if any) including amendments, modifications, suspension and termination of the DRP as the Directors may, in their absolute discretion, deem fit and in the best interest of the Company and/or as may be imposed or agreed to by any relevant authorities.”

(Resolution 13)

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

Kuala Lumpur, Malaysia  
21 October 2014

By Order of the Board

Norzilah Megawati Abdul Rahman  
(LS 0009247)  
Group Secretary

**Notes:**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may, but need not, be a Member. A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person and the provisions of Sections 149(1)(a) and 149(1)(b) of the Companies Act, 1965 (Act) shall not apply to the Company.
2. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Where a Member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.
4. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
5. The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised.
6. The Form of Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time fixed for the Meeting or any adjournment thereof.
7. Only members registered in the Record of Depositors as at 4 November 2014 shall be eligible to attend, speak and vote at the Annual General Meeting (AGM) or appoint proxy(ies) to attend, speak and/or vote on their behalf.

*Explanatory Note 1***Audited Financial Statements for the Financial Year Ended 30 June 2014**

This Agenda item is meant for discussion only as Section 169(1) of the Act does not require the Audited Financial Statements to be formally approved by the shareholders. As such, this item is not put forward for voting.

*Explanatory Note 2***Declaration of a Final Single Tier Dividend**

In accordance with Article 126 of the Company's Articles of Association, the Board is recommending that the shareholders approve the payment of the final single tier dividend. Pursuant to paragraph 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR), the final single tier dividend, if approved, will be paid no later than three (3) months from the date of shareholders' approval.

*Explanatory Note 3***Payment of Directors' Remuneration for Non-Executive Directors for the Financial Year Ended 30 June 2014**

Article 79(1) of the Company's Articles of Association provides that the remuneration for Non-Executive Directors (NED) shall be determined by the Company by an ordinary resolution at a general meeting.

The Board has engaged a consultant to conduct a review on the NEDs' remuneration. Based on the findings of the consultant, the Board believes that the annual remuneration as disclosed in the Audited Financial Statements for the financial year ended 30 June 2014 reflects the experience and level of responsibilities of the NEDs.

# NOTICE OF ANNUAL GENERAL MEETING

## *Explanatory Note 4*

### **Re-appointment of Directors pursuant to Section 129(6) of the Companies Act, 1965**

The re-appointment of Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin and Dato' Henry Sackville Barlow who have attained the age of 74 years and 70 years, respectively, as Directors of the Company to hold office until the conclusion of the next AGM shall take effect if the proposed Ordinary Resolutions 3 and 4 are passed by a majority of not less than three-fourths (3/4) of such members as being entitled to vote in person or by proxy at the Eighth AGM of the Company.

## *Explanatory Note 5*

### **Re-election of Director**

Article 104 stipulates that a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall be eligible for re-election.

The Board has conducted an independence assessment on its independent Directors guided by the definition of "Independent Director" as prescribed by the MMLR. The Board agreed that the independent Directors of the Company had maintained their independence during the financial year. An assessment of the independence of Dato' Rohana Tan Sri Mahmood, an Independent Director of the Company, who was appointed during the financial year, was accordingly undertaken.

## *Explanatory Note 6*

### **Re-election of Directors**

Articles 99 and 100 expressly state that at every AGM, at least one-third (1/3) of the Directors for the time being shall retire from office. In addition, all Directors shall retire from office at least once every three (3) years. A retiring Director shall be eligible for re-election.

## *Explanatory Note 7*

### **Re-appointment of Auditors**

Pursuant to Sections 172(2) and 172(16) of the Act, the shareholders are required to approve the re-appointment of Auditors who shall hold office until the conclusion of the next AGM and to authorise the Directors to determine their remuneration thereof. The present Auditors, Messrs PricewaterhouseCoopers (PwC), have indicated their willingness to continue their services for another year. The Governance & Audit Committee and the Board have considered the re-appointment of PwC as Auditors of the Company and have collectively agreed that PwC has met the relevant criteria prescribed by Paragraph 15.21 of the MMLR.

## **EXPLANATORY NOTES ON SPECIAL BUSINESS**

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

The proposed Resolution 11 is to seek a renewal of the general mandate obtained from the shareholders of the Company at the Seventh AGM of the Company held on 21 November 2013 and which will lapse at the conclusion of the forthcoming AGM to be held on 13 November 2014.

The general mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares in the Company for any fund raising activities, including but not limited to the placing of shares, for working capital and/or funding of strategic development of the Group. The renewal of the general mandate is sought to avoid any delay arising from and cost in convening a general meeting to obtain approval of the shareholders for such issuance of shares, up to an amount not exceeding in total ten percent (10%) of the issued and paid-up share capital of the Company, as the Directors consider appropriate in the best interest of the Company. The authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

The Company has not issued any new share pursuant to Section 132D of the Act under the general mandate which was approved at the Seventh AGM of the Company.

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

The proposed Resolution 12, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interests of the Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business on terms not more favourable than those generally available to the public and are not detrimental to the minority shareholders of the Company.

Detailed information on the Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate is set out in Section 2.4 of the Circular to Shareholders relating to the matter dispatched together with the Company's 2014 Annual Report.

**3. Proposed Renewal of Authority for Directors to Allot and Issue New Ordinary Shares of RM0.50 Each in the Company (SDB Shares) in relation to the Dividend Reinvestment Plan that Provides Shareholders of the Company with an Option to Reinvest Their Cash Dividend in New SDB Shares**

The proposed Resolution 13, if passed, will give authority to the Directors to allot and issue new SDB Shares in respect of the dividends declared at this AGM and subsequently until the next AGM.

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

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

1. Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin and Dato' Henry Sackville Barlow are standing for re-appointment under Section 129(6) of the Companies Act, 1965.
2. Dato' Rohana Tan Sri Mahmood is retiring pursuant to Article 104 of the Articles of Association of the Company and seeking re-election.
3. The Directors who are retiring pursuant to Article 99 of the Articles of Association of the Company and seeking re-election are:
  - i. Tan Sri Samsudin Osman
  - ii. Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo
  - iii. Tan Sri Dato' Seri Mohd Bakke Salleh
  - iv. Dato' Azmi Mohd Ali

The profiles of the above Directors are set out in the section entitled "Profile of Directors" on pages 064 to 071 of the Company's 2014 Annual Report. Their shareholdings in the Company are set out in the section entitled "Analysis of Shareholdings" on pages 374 to 376.

# ANALYSIS OF SHAREHOLDINGS

As at 10 September 2014

Authorised Share Capital	:	RM4,072,500,000.00 divided into 8,000,000,000 ordinary shares of RM0.50 each, 7,000,000,000 Series A redeemable convertible preference shares of RM0.01 each and 25,000,000 Series B redeemable convertible preference shares of RM0.10 each
Issued and Paid-up Share Capital	:	RM3,032,053,404.50 comprising 6,064,106,809 ordinary shares of RM0.50 each
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per ordinary share in the case of a poll and one vote per person on a show of hand

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	2,267	7.79	68,571	0.00
100 to 1,000	6,924	23.80	4,492,453	0.08
1,001 to 10,000	14,624	50.26	48,914,697	0.81
10,001 to 100,000	4,233	14.55	117,204,363	1.93
100,001 to less than 5% of issued capital	1,046	3.59	2,218,383,946	36.58
5% and above of issued capital	3	0.01	3,675,042,779	60.60
Total	29,097	100.00	6,064,106,809	100.00

Classification of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Individuals	22,902	78.71	149,584,014	2.47
Banks/Finance Companies	114	0.39	3,599,279,623	59.35
Investment Trusts/Foundations/Charities	14	0.05	1,977,136	0.03
Industrial and Commercial Companies	747	2.57	96,122,535	1.59
Government Agencies/Institutions	8	0.03	99,930,077	1.65
Nominees	5,311	18.25	2,117,111,568	34.91
Others	1	0.00	101,856	0.00
Total	29,097	100.00	6,064,106,809	100.00

Directors' Interests as per the Register of Directors' Shareholdings

Name of Director	No. of Shares Held		% of Issued Capital
	Direct Interest	Deemed Interest	
<b>In the Company</b> <u>Ordinary shares of RM0.50 each</u>	Nil	Nil	Nil
<b>Kuala Lumpur Golf &amp; Country Club Berhad</b> <u>Participatory interest</u>	<u>Type of membership</u>		
Tan Sri Dato' Abdul Ghani Othman	Honorary		
Tan Sri Samsudin Osman	Honorary		
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	Honorary		
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	Honorary		
Tan Sri Datuk Dr Yusof Basiran	Honorary		
Tan Sri Dato' Seri Mohd Bakke Salleh	Honorary		
Dato Sri Lim Haw Kuang	Honorary		
Dato' Henry Sackville Barlow	Honorary		
Dato' Azmi Mohd Ali	Honorary		
Ir Dr Muhamad Fuad Abdullah	Honorary		

Save as disclosed above, none of the Directors of the Company has any interest, direct or indirect, in shares in the Company or in shares, debentures or participatory interest made available by a related corporation.

## 30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

	Name of Shareholder	No. of Shares Held	% of Issued Capital
1.	AmanahRaya Trustees Berhad Qualifier: Skim Amanah Saham Bumiputera	2,227,436,004	36.73
2.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board	837,648,066	13.81
3.	Permodalan Nasional Berhad	609,958,709	10.06
4.	Kumpulan Wang Persaraan (DIPERBADANKAN)	184,474,561	3.04
5.	Lembaga Tabung Haji	116,011,800	1.91
6.	AmanahRaya Trustees Berhad Qualifier: Amanah Saham Wawasan 2020	99,894,786	1.65
7.	AmanahRaya Trustees Berhad Qualifier: Amanah Saham Malaysia	98,000,000	1.62
8.	Cartaban Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for State Street Bank & Trust Company (West CLT OD67)	87,528,495	1.44
9.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	58,949,426	0.97
10.	HSBC Nominees (Asing) Sdn Bhd Qualifier: BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	58,150,413	0.96
11.	AmanahRaya Trustees Berhad Qualifier: AS 1Malaysia	55,000,000	0.91
12.	Cartaban Nominees (Tempatan) Sdn Bhd Qualifier: Exempt AN for Eastspring Investments Berhad	50,922,176	0.84
13.	Cartaban Nominees (Asing) Sdn Bhd Qualifier: GIC Private Limited for Government of Singapore (C)	44,271,958	0.73
14.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)	41,174,962	0.68
15.	Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	38,309,630	0.63
16.	AmanahRaya Trustees Berhad Qualifier: Amanah Saham Didik	37,797,194	0.62
17.	Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	33,000,000	0.54
18.	Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	32,804,206	0.54
19.	AmanahRaya Trustees Berhad Qualifier: Public Islamic Dividend Fund	29,050,358	0.48
20.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for JPMorgan Chase Bank, National Association (U.S.A)	26,477,836	0.44
21.	AmanahRaya Trustees Berhad Qualifier: Public Islamic Select Enterprises Fund	23,820,770	0.39
22.	Citigroup Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	23,447,096	0.39

# ANALYSIS OF SHAREHOLDINGS

As at 10 September 2014

	Name of Shareholder	No. of Shares Held	% of Issued Capital
23.	AMSEC Nominees (Tempatan) Sdn Bhd Qualifier: AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	22,556,503	0.37
24.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Exempt AN for AIA Bhd	21,835,238	0.36
25.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for the Bank of New York Mellon (Mellon ACCT)	20,275,307	0.34
26.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board (NOMURA)	18,093,339	0.30
27.	Citigroup Nominees (Asing) Sdn Bhd Qualifier: Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)	15,979,090	0.26
28.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for JPMorgan Chase Bank, National Association (BVI)	14,522,274	0.24
29.	Lembaga Tabung Angkatan Tentera	14,436,505	0.24
30.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt AN for J.P. Morgan Bank (Ireland) Public Limited Company	13,353,184	0.22
	Total	4,955,179,886	81.71

## Substantial Shareholders as per the Register of Substantial Shareholders

	Name of Substantial Shareholder	No. of Shares Held (Direct Interest)	% of Issued Capital	No. of Shares Held (Indirect/Deemed Interest)	% of Issued Capital
1.	AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	2,227,436,004	36.73	-	-
2.	Employees Provident Fund Board	836,857,266	13.80	42,700,125	0.70
3.	Permodalan Nasional Berhad	609,958,709	10.06	-	-
4.	Yayasan Pelaburan Bumiputra	-	-	609,958,709 <sup>1</sup>	10.06

<sup>1</sup> Deemed interest by virtue of its interest in Permodalan Nasional Berhad pursuant to Section 6A of the Companies Act, 1965

## ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following information is provided:

### UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year ended 30 June 2014.

### SHARE BUY-BACK

The Company did not propose any share buy-back during the financial year ended 30 June 2014.

### OPTIONS OR CONVERTIBLE SECURITIES

There were no options or convertible securities issued by the Company during the financial year ended 30 June 2014.

### DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 30 June 2014.

### MATERIAL SANCTIONS AND/OR PENALTIES

There were no material sanctions and/or penalties imposed on the Company, its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 30 June 2014.

### NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Group and Company by its external auditors, Messrs PricewaterhouseCoopers, and their affiliated firms for the financial year ended 30 June 2014 amounted to RM7.2 million and RM0.05 million respectively.

### VARIATION IN RESULTS

There were no profit estimation, forecasts or projections made or released by the Company during the financial year ended 30 June 2014.

### PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year ended 30 June 2014.

### MATERIAL CONTRACTS INVOLVING INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

1. Disposal by Sime Darby Energy Sdn Bhd of its Entire 75% Equity Interest in Port Dickson Power Berhad and 100% Equity Interest in Sime Darby Biofuels Sdn Bhd

Sime Darby Energy Sdn Bhd (SD Energy), a wholly-owned subsidiary of SDB had, on 7 April 2014, entered into Share Purchase Agreements for the following:

- (i) the disposal of its entire 75% equity interest in Port Dickson Power Berhad (PDP), comprising 112,500 ordinary shares of RM1.00 each and 112,500 redeemable preference shares of RM1.00 each to Hypergantic Sdn Bhd (HSB); and
- (ii) the disposal of its entire equity interest in Sime Darby Biofuels Sdn Bhd (SD Biofuels), comprising 2 ordinary shares of RM1.00 each to Malakoff Power Berhad

for a total cash consideration of RM300 million (Disposal).

PDP is a licensed independent power producer under the Electricity Supply Act, 1990 and operates the 440 megawatt gas-fired open cycle power plant (Plant) located at Tanjung Gemok, Port Dickson, Negeri Sembilan, under a 'build, own and operate' basis. The Plant commenced commercial operations in 1995 and is SDB's sole power generation asset in Malaysia. The Plant supplies electricity to Tenaga Nasional Berhad under a 21-year Power Purchase Agreement.

SD Biofuels is a dormant wholly-owned subsidiary of SD Energy. As part of the Disposal, the Plant's operation and maintenance business which is conducted by a department within SD Energy have been transferred to SD Biofuels.

HSB is an indirect subsidiary of MMC Corporation Bhd (MMC) through Malakoff Corporation Bhd (MCB) and a wholly-owned subsidiary of MCB. The principal activity of HSB is investment holding.

Save as disclosed below, none of the Directors, Major Shareholders of SDB and/or persons connected to them has any interest, direct or indirect, in the Disposal:

AmanahRaya Trustees Berhad – Skim Amanah Saham Bumiputera (SASB) is a major shareholder and also the largest shareholder of SDB with 36.11% direct shareholding as at 31 March 2014. SASB is also a major shareholder of MMC. Accordingly, SASB is deemed interested in the Disposal.

The Disposal has been completed on 30 April 2014. Following the completion of the Disposal, PDP and SD Biofuels have ceased to be indirect subsidiaries of SDB.



## ADDITIONAL COMPLIANCE INFORMATION

### 2. Disposal of a Parcel of Freehold Land Measuring Approximately 135 Acres to Eastern & Oriental Express Sdn Bhd

Sime Darby Elmina Development Sdn Bhd (SDED) had, on 4 July 2014, entered into a Sale and Purchase Agreement with Eastern & Oriental Express Sdn Bhd (E&OE) and Eastern & Oriental Berhad (E&O), for the disposal of freehold land with an aggregate gross area of approximately 135 acres (Land) by SDED to E&OE, for a total cash consideration of RM239,800,000.00 (Disposal Consideration) (Disposal).

The Disposal Consideration was arrived at between the parties after taking into consideration the market value of the Land of RM239,800,000.00 as appraised by Henry Butcher Malaysia Sdn Bhd, an independent registered valuer, as set out in their valuation certificate dated 20 June 2014, using the residual and comparison method of valuation.

The proceeds from the Disposal will be used to fund the main infrastructure costs of the City of Elmina.

SDED is a wholly-owned subsidiary of Sime Darby Property Berhad (SD Property), which in turn is a wholly-owned subsidiary of SDB. The principal activities of SDED are property development and property investment.

E&OE is a wholly-owned subsidiary of E&O Property Development Berhad, which in turn is a wholly-owned subsidiary of E&O. The principal activity of E&OE is property development.

E&O is a company listed on the Main Market of Bursa Malaysia Securities Berhad since 16 August 1973. The principal activities of E&O are investment holding and the provision of management services to its subsidiaries.

SDB is an indirect major stockholder of E&O through its 100% shareholding in Sime Darby Holdings Berhad, which in turn holds 100% of the equity interest in Sime Darby Nominees Sendirian Berhad (SD Nominees). SD Nominees is a major stockholder of E&O holding 353,978,000 units of E&O stock, representing a 32% equity interest in E&O as at 3 July 2014.

Save as disclosed below, none of the Directors, Major Shareholders of SDB or SD Property and/or persons connected to them has any interest, direct or indirect, in the Disposal:

- (i) Tan Sri Dato' Seri Mohd Bakke Salleh is an Executive Director of SDB and a Director of SD Property. He is also a Non-Independent Non-Executive Director of E&O.
- (ii) Dato' Seri Abd Wahab Maskan is a Director of SD Property and a Non-Independent Non-Executive Director of E&O.

Tan Sri Dato' Seri Mohd Bakke Salleh and Dato' Seri Abd Wahab Maskan have abstained from deliberating and voting in respect of the Disposal at the Board of Directors' meetings of SDB and SD Property.

### CONTRACTS RELATING TO LOANS

There were no contracts relating to loans by the Company involving Directors' and Major Shareholders' interests during the financial year ended 30 June 2014.

### RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Seventh Annual General Meeting (AGM) held on 21 November 2013, SDB had obtained a general mandate from its shareholders for recurrent related party transactions of a revenue or trading nature, to be entered into by the Company and/or its subsidiaries (RRPT Mandate).

The RRPT Mandate is valid until the conclusion of the forthcoming Eighth AGM of the Company to be held on 13 November 2014.

The Company proposes to seek a renewal of the existing RRPT Mandate and a new RRPT Mandate at its forthcoming Eighth AGM. The renewal of the existing RRPT Mandate and the new RRPT Mandate, if approved by the shareholders, will be valid until the conclusion of the Company's next AGM. Details of the RRPT Mandate being sought is provided in the Circular to Shareholders dated 21 October 2014 sent together with the Annual Report.

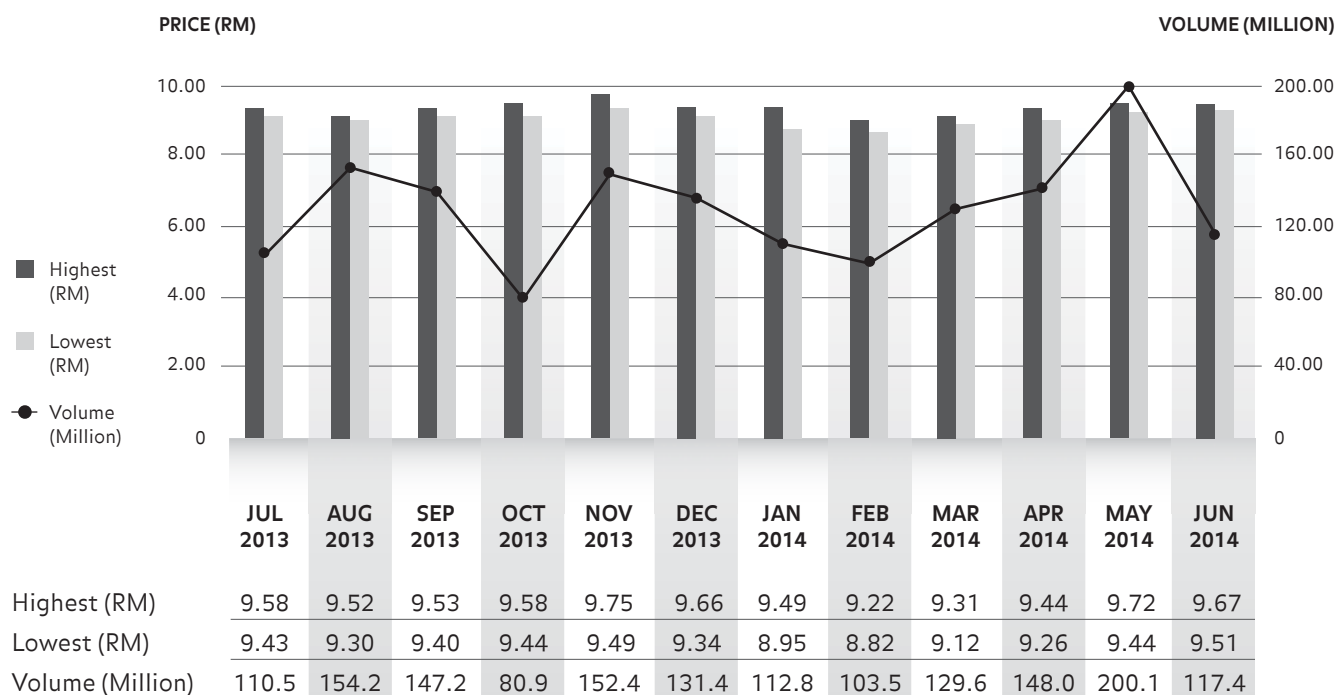
Pursuant to paragraph 10.09(2)(b) and paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the recurrent related party transactions of a revenue or trading nature entered into during the financial year ended 30 June 2014 by the subsidiaries of SDB are as follows:

Company	Transacting Party	Nature of Transaction	Related Party	Value of Transaction RM' million
Sime Darby Plantation Sdn Bhd and its subsidiary, namely PT Minamas Gemilang  (Sime Darby Plantation and Group)	Chemical Company of Malaysia Berhad and its following subsidiaries: <ul style="list-style-type: none"> <li>• CCM Agri-Max Sdn Bhd</li> <li>• CCM Fertilizers Sdn Bhd</li> <li>• CCM Chemicals Sdn Bhd</li> <li>• PT CCM Agripharma</li> </ul> (CCM and Group)	Purchase of chemicals and fertilisers by Sime Darby Plantation and Group from CCM and Group	<u>Interested Director</u>  Dato' Azmi Mohd Ali <sup>1</sup>  <u>Interested Major Shareholder</u>  Permodalan Nasional Berhad <sup>2</sup>	57.0
Subsidiaries of Sime Darby Brunfield Holding Sdn Bhd (SDBH), namely Sime Darby Brunfield Damansara Sdn Bhd and Sime Darby Brunfield Resort Sdn Bhd	Brunfield Engineering Sdn Bhd	Building Contract for the design and build as well as certain service provider components of SDBH's property development projects (Oasis Corporate Park, Oasis Autocity, Oasis Rio (Homeplex), KLGCC – Parcel G2 (Kiara Haven) and Oasis Central)	<u>Interested Directors and Major Shareholders</u>  Tan Sri Dato' Dr Ir Gan Thian Leong <sup>3</sup>  Encik Mohamad Hassan Zakaria <sup>4</sup>	129.1
<b>TOTAL</b>				<b>186.1</b>

Notes:

- <sup>1</sup> Dato' Azmi Mohd Ali is a Director of Chemical Company of Malaysia Berhad (CCM) and SDB.
- <sup>2</sup> Permodalan Nasional Berhad, a Major Shareholder of SDB, is also a Major Shareholder of CCM by holding 71.35% direct interest in CCM as at 30 June 2014.
- <sup>3</sup> Tan Sri Dato' Dr Ir Gan Thian Leong is a Director and an indirect Major Shareholder of SDBH, holding an effective interest of 19.2% in SDBH by virtue of his effective interest of 48% shareholding in Brunfield Metropolitan Sdn Bhd (BMSB), a Major Shareholder of SDBH pursuant to Section 6A of the Companies Act, 1965. He also holds an effective interest of 43.2% in Brunfield Engineering Sdn Bhd (BESB).
- <sup>4</sup> Encik Mohamad Hassan Zakaria is a Director and an indirect Major Shareholder of SDBH, holding an effective interest of 20.8% in SDBH by virtue of his effective interest of 52% shareholding in BMSB, a Major Shareholder of SDBH pursuant to Section 6A of the Companies Act, 1965. He also holds an effective interest of 41.6% in BESB.

# SHARE PRICE MOVEMENT & FINANCIAL CALENDAR



Stock Exchange Listing : Bursa Malaysia Securities Berhad  
 Trading Name : SIME  
 Stock Code : 4197

## DIVIDENDS

	NOTICE DATE	ENTITLEMENT DATE	PAYMENT DATE
Interim	28 February 2014	24 April 2014	9 May 2014
Final	29 August 2014	TBA*	TBA*

## FINANCIAL CALENDAR

### Announcement of Unaudited Consolidated Results

First quarter : 29 November 2013  
 Second quarter : 28 February 2014  
 Third quarter : 29 May 2014  
 Fourth quarter : 29 August 2014

### ANNUAL GENERAL MEETING

Notice Date : 21 October 2014  
 Meeting Date : 13 November 2014

\* TBA - To Be Advised.

# PROPERTIES OF THE GROUP

As at 30 June 2014

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years) <sup>†</sup>	Description	Net book value (RM million)
<b>PLANTATION PROPERTIES UPSTREAM</b>						
<b>Malaysia</b>						
<b><u>Kedah Darul Aman</u></b>						
Anak Kulim, Bukit Hijau, Bukit Selarong, Jentayu, Padang Buluh, Somme, Sungai Dingin	Freehold	18,908	1978-2006	10	Oil palm estates, a palm oil mill and seeds centre facility	345.7
<b><u>Perak Darul Ridzuan</u></b>						
Bagan Datoh, Bagan Serai, Bikam, Chersonese, Cluny, Elphil, Flemington, Holyrood, Kalumpong, Kamuning, Kinta Kellas, Sabrang, Selaba, Seri Intan, Sogomana, Sungei Samak, Sungei Wangi, Tali Ayer	Freehold	37,633	1978-2001	6-18	Oil palm estates, 5 palm oil mills and a research centre	768.9
Chersonese, Cluny, Kalumpong, Kamuning, Kinta Kellas, Sogomana, Sungai Samak, Sungei Wangi, Tali Ayer	Leasehold expiring 2014 -2897	5,223	1978-1990	-	Oil palm estates and a pink guava farm	32.0
<b><u>Pahang Darul Makmur</u></b>						
Bukit Puteri, Chenor, Jabor, Kerbau, Mentakab, Sungai Mai	Freehold	9,338	1985-1990	19	Oil palm estates and a palm oil mill	103.0
Bukit Puteri, Chenor, Jentar, Kerbau, Sungai Mai	Leasehold expiring 2016 -2086	10,621	1985-1990	2-20	Oil palm estates and 2 palm oil mills	199.4
<b><u>Selangor Darul Ehsan</u></b>						
Banting, Bukit Cheraka, Bukit Kerayong, Bukit Lagong, Bukit Rajah, Bukit Rotan, Bukit Talang, Dusun Durian, East Carey Island, Elmina, Sabak Bernam, Sepang, Sungai Buloh, Tennamaram, West Carey Island	Freehold	37,955	1978-2005	2-22	Oil palm estates, 4 palm oil mills, rat bait factory, laboratories, research centres, warehouse and a training centre	788.6
East Carey Island, Port Klang, Sungai Buloh, Tennamaram	Leasehold expiring 2018-2109	294	1978-1990	2-39	Oil palm estates and a bulking plant	38.5

## PROPERTIES OF THE GROUP

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
<b>PLANTATION PROPERTIES (continued)</b>						
<b>UPSTREAM (continued)</b>						
<b>Malaysia (continued)</b>						
<b><u>Negeri Sembilan Darul Khusus</u></b>						
Ampar Tenang, Bradwall, Bukit Pelandok, Bukit Pilah, Kok Foh, Labu, Muar River, New Labu, P.D. Lukut, Pertang, Rantau, Salak, Sengkang, Siliau, Sungai Gemas, Sungai Sabaling, St Helier, Sua Betong, Sungai Baru, Sungai Senarut, Tampin Linggi, Tanah Merah	Freehold	40,985	1978-1991	3-22	Oil palm and rubber estates, 4 palm oil mills and a research laboratory	594.2
Kok Foh, Muar River, Sungai Baru, Sungai Senarut	Leasehold expiring 2072- 2912	3,203	1982-1993	-	Oil palm estates	43.5
<b><u>Melaka</u></b>						
Bukit Asahan, Diamond Jubilee, Kempas, Kemuning, Pagoh, Serkam	Freehold	17,332	1978-1992	8-19	Oil palm and rubber estates and 2 palm oil mills	218.9
Bukit Asahan, Diamond Jubilee, Kempas, Kemuning, Serkam	Leasehold expiring 2025-2071	470	1982-1992	-	Oil palm estates	4.8
<b><u>Johor Darul Takzim</u></b>						
Batu Anam, Bukit Badak, Bukit Benut, Bukit Paloh, Cenas, CEP Nyior, CEP Renggam, Cha'ah, Gunung Mas, Hadapan, Kempas Klebang, Kulai, Lambak, Lanadron, Layang, New Pagoh, Nordanal, North Labis, Pekan, Pengkalan Bukit, Sembrong, Seri Pulai, Sungai Simpang Kiri, Tangkah, Tun Dr. Ismail, Ulu Remis, Welch, Yong Peng	Freehold	50,884	1978-2008	1-23	Oil palm and rubber estates, 6 palm oil mills, research centre and 2 rubber factories	979.7
Cenas, CEP Nyior, Cha'ah, Lanadron, Layang, Pekan, Sembrong, Sungai Simpang Kiri, Ulu Remis	Leasehold expiring 2020-2918	15,566	1978-1991	-	Oil palm and rubber estates	159.4

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
<b>PLANTATION PROPERTIES (continued)</b>						
<b>UPSTREAM (continued)</b>						
<b>Malaysia (continued)</b>						
<b>Sabah</b>						
Binuang, Giram, Imam, Jeleta Bumi, Kunak, Melalap, Merotai, Mostyn, Sandakan Bay, Sapong, Segaliud, Sentosa, Sungang, Table, Tiger, Tigowis, Tingkayu, Tun Tan Siew Sin, Tunku	Leasehold expiring 2038-2940	53,845	1978-1990	1-29	Oil palm estates, 5 palm oil mills, a bulking plant, a research centre and staff quarters	950.2
<b>Sarawak</b>						
Bayu, Belian, Chartquest, Damai, Derawan, Dulang, Kelida, Lavang, Paroh, Pekaka, Rajawali, Rasan, Ruai, Saha, Samudera, Semarak, Takau	Leasehold expiring 2025-2060	47,331	1990-2005	2-20	Oil palm estates, 4 palm oil mills and staff quarters	820.4
<b>Plantation Properties - Upstream Malaysia</b>		<b>349,588</b>				<b>6,047.2</b>
<b>Indonesia</b>						
<b>Kalimantan - West</b>						
Awatan, Beturus, East, Kelampai, Lembiru, Pelanjau, Mas 1 – 4, Sei Mawang, Sungai Putih, West	Leasehold expiring 2030	59,721	1996-2013	2-17	Oil palm estates, 3 palm oil mills and a bulking plant	249.1
<b>Kalimantan - Central</b>						
Baras Danum, Batang Garing, Hatan Tiring, Kawan Batu, Kuala Kuayan, Pemantang, Sapiri, Sekunyir, Seruyan, Sukamandang	Leasehold expiring 2033-2034	39,117	2001-2008	2-16	Oil palm estates, 3 palm oil mills and a bulking plant	268.8
<b>Kalimantan - South</b>						
Angsana, Bakau, Bebunga, Betung, Binturung, Gunung Aru, Gunung Kemas, Gunung Sari, Lanting, Laut Timur, Matalok, Mustika, Pantai Bonati, Pantai Timur, Pondok Labu, Rampa, Randi, Rantau, Sangkoh, Sekayu, Selabak, Sesulung, Sungai Cengal	Leasehold expiring 2022-2039	86,921	2001-2012	2-18	Oil palm estates, 8 palm oil mills, 2 bulking plants and a refinery	725.6
<b>Sulawesi - Central</b>						
Ungkaya	Leasehold expiring 2024	8,303	2001-2011	2-20	Oil palm estate, a palm oil mill and a bulking plant	38.7

# PROPERTIES OF THE GROUP

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
<b>PLANTATION PROPERTIES (continued)</b>						
<b>UPSTREAM (continued)</b>						
<b>Indonesia (continued)</b>						
<b>Sumatera - Jambi</b>						
Panjang	Leasehold expiring 2038	4,000	2001-2005	9	Oil palm estate and a palm oil mill	26.0
<b>Sumatera - South</b>						
Bumi Ayu, Bukit Pinang, Karang Ringin, Mangun Jaya, Napal, Rantau Panjang, Sungai Jernih, Sungai Pinang	Leasehold expiring 2033-2034	23,182	1995-2013	2-15	Oil palm estates and 2 palm oil mills	178.3
Bangka Belitung	Leasehold expiring 2035	10,000	2012	-	Rubber land	16.0
<b>Sumatera - East Aceh</b>						
Batang Ara, Blang Simpo 1 & 2, Tamiang	Leasehold expiring 2022-2037	8,813	2001-2008	4-32	Oil palm estates and 2 palm oil mills	61.7
<b>Sumatera - Riau</b>						
Alur Damai, Aneka Persada, Mandah, Menggala 1 - 3, Nusa Lestari, Nusa Persada, Pinang Sebatang, Rotan Semelur, Teluk Bakau, Teluk Siak	Leasehold expiring 2031-2036	54,888	2001	2-18	Oil palm estates, 5 palm oil mills and a research centre	378.4
<b>Plantation Properties - Upstream Indonesia</b>		<b>294,945</b>				<b>1,942.6</b>
<b>Liberia</b>						
Bomi, Bong 1 & 2, Grand Cape Mount, Gbarpolu, Lofa	Leasehold expiring 2072	220,000	2010-2013	-	Oil palm and rubber estates	275.6
<b>Plantation Properties - Upstream</b>		<b>864,533</b>				<b>8,265.4</b>
<b>DOWNSTREAM AND OTHERS</b>						
<b>Malaysia</b>						
<b>Selangor Darul Ehsan</b>						
North Port Edible Oil Refinery Complex, Teluk Panglima Garang	Leasehold expiring 2100-2106	13	2005-2008	6	Refinery and biodiesel plant	123.3

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)*	Description	Net book value (RM million)
<b>PLANTATION PROPERTIES (continued)</b>						
<b>DOWNSTREAM AND OTHERS (continued)</b>						
<b>Malaysia (continued)</b>						
<b>Johor Darul Takzim</b>						
Pasir Gudang	Leasehold expiring 2035-2043	6	1974-1980	39	Refinery	9.1
<b>Sarawak</b>						
Kawasan Perindustrian Kidurong, Bintulu	Leasehold expiring 2072	14	2002	2-8	Refinery	29.6
<b>Plantation Properties - Downstream and Others Malaysia</b>		<b>33</b>				<b>162.0</b>
<b>Overseas</b>						
<b>Singapore</b>						
Boon Lay Road	Leasehold expiring 2014-2029	3	1970	43	Refinery and office building	6.0
<b>Thailand</b>						
Sukhumvit Road, Bangkok	Freehold	3	1991-2011	8-26	Refinery and office building	54.9
<b>Vietnam</b>						
Ho Chi Minh City	Freehold	3	1992	22	Refinery	1.7
<b>China</b>						
Rizhao Province	Leasehold expiring 2059	13	2011	3	Bulking facilities	59.9
<b>Netherlands</b>						
Lindsedijk, Zwijndrecht	Freehold	6	2002	2-84	Refinery, biodiesel plant and a research centre	181.2
<b>South Africa</b>						
Boksburg	Leasehold expiring 2015	2	2004	4	Refinery	0.2
<b>Plantation Properties - Downstream and Others Overseas</b>		<b>30</b>				<b>303.9</b>
<b>Plantation Properties - Downstream and Others</b>		<b>63</b>				<b>465.9</b>

+ The age of building is in respect of the office building, mills, and bulking plant



# PROPERTIES OF THE GROUP

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
<b>PLANTATION PROPERTIES (continued)</b>						
<b>GENERAL</b>						
<b>Malaysia</b>						
<b>Selangor Darul Ehsan</b>						
Plantation Tower, Oasis, Ara Damansara	Freehold	2	2012	2	Office complex	231.8
Telok Panglima Garang	Freehold	1	2009	-	Industrial land	3.5
<b>Indonesia</b>						
The Plaza Office Tower Lt 36, Jakarta	Leasehold expiring 2033	-	2004-2008	2-9	3 floors of a 45-storey office building	3.9
<b>Plantation Properties - General</b>		<b>3</b>				<b>239.2</b>
<b>Total Plantation Properties</b>		<b>864,599</b>				<b>8,970.5</b>
<b>INDUSTRIAL PROPERTIES</b>						
<b>Malaysia</b>						
<b>Perak Darul Ridzuan</b>						
Jalan Lahat, Bukit Merah, Ipoh	Leasehold expiring 2036-2056	3	1982-1996	34	2-storey office building, factory, workshop and warehouse	1.4
<b>Pulau Pinang</b>						
Reef Apartment, Batu Ferringhi	Freehold	-	1989	25	2 units of apartment	0.1
<b>Pahang Darul Makmur</b>						
Semambu Industrial Estate, Kuantan	Leasehold expiring 2041	3	1982	34	2 blocks of single-storey office building with detached factory, workshop and warehouse	3.1
<b>Selangor Darul Ehsan</b>						
Kompleks Kejuruteraan, Jalan Puchong, Taman Perindustrian Puchong Utama, Puchong	Freehold	14	1993	16	5-storey commercial office, training centre, workshop and warehouse	64.8
<b>Johor Darul Takzim</b>						
Jalan Skudai, Johor Bahru	Freehold	*	2014	1	2-storey office building, warehouse and workshop	0.3

\* Less than one hectare

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
<b>INDUSTRIAL PROPERTIES (continued)</b>						
<b>Malaysia (continued)</b>						
<b>Sabah</b>						
Marina Court, Kota Kinabalu	Freehold	–	2006	8	Apartment	0.3
Jalan Apas, Tawau, Jalan Labuk, Sandakan, Tuaran Road, Kota Kinabalu	Leasehold expiring 2025-2925	4	1982	34	2-storey office building, training centres, workshop and warehouse	2.1
<b>Sarawak</b>						
Jalan Piasau, Miri, Kidurong Light Industrial Estate, Bintulu, Lorong Then Kung Suk, Sibul	Leasehold expiring 2028-2060	4	1982-1986	14-34	Office buildings detached with factory, workshop and warehouse	7.5
<b>Industrial Properties – Malaysia</b>		<b>28</b>				<b>79.6</b>
<b>Overseas</b>						
<b>Singapore</b>						
Benoi Sector	Leasehold expiring 2032	7	2004	43	3-storey office building, warehouse and workshop	20.3
<b>Brunei</b>						
Beribi Industrial Estate, Bandar Seri Begawan	Leasehold expiring 2019	–	2003	11	Office, service centre and warehouse	0.1
<b>China</b>						
Nanchang Town, Jiang Xi	Leasehold expiring 2059	1	2008-2009	3	3-storey office building, warehouse and workshop	6.7
Shunde, Foshan, Guangdong	Leasehold expiring 2045	2	1996-2011	3-17	2 blocks of 4-storey and 2-storey office buildings, warehouse and workshop	12.0
Urumqi, Xinjiang	Leasehold expiring 2060	4	2010-2012	2	Office building, warehouse and workshop	27.8
Ji Mei District, Xiamen, Fujian	Leasehold expiring 2062	1	2012	–	Industrial land	2.0
Changsha Economic Technological Development Area, Changsha	Leasehold expiring 2063	2	2013	–	Industrial land	7.3
Yifu Garden, Dongguan	Leasehold expiring 2072	–	2014	1	Staff quarters	0.4

# PROPERTIES OF THE GROUP

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
<b>INDUSTRIAL PROPERTIES (continued)</b>						
<b>Overseas (continued)</b>						
<b>Hong Kong</b>						
Yuen Long Industrial Estate	Leasehold expiring 2047	2	1993-1995	20	2-storey office building, warehouse and workshop	7.6
<b>Australia</b>						
<b><u>Northern Territory</u></b>						
Alice Springs and Darwin Facility	Freehold	8	1992-2003	10-47	Single-storey office buildings, warehouse and workshops	27.0
Gove Facility, Traeger Close	Leasehold expiring 2053	6	2006	8	Single-storey commercial offices, workshop and warehouse	0.3
<b><u>Queensland</u></b>						
Archer Drive, Alstonia Drive, Buckland Street, Emerald Facility	Freehold	13	1992-2013	17-40	Single-storey commercial offices and staff hostels	9.7
Archerfield Facility, Kerry Road, Archerfield, Bellrick Street, Beaudesert Road, Acacia Ridge	Freehold	20	1992-2012	5-68	Single-storey and 2-storey commercial offices, warehouses and workshops	242.1
Boundary Road, Richlands, Brisbane	Freehold	1	2010	4	2 blocks of 2-storey and single-storey office buildings, warehouse and workshop	18.2
Bowhill Road, Willawong	Freehold	21	2012-2014	-	Industrial land	119.6
Cairns Facility, Kenny Street, Comport St, Portsmith, Cairns	Freehold Perpetual lease	1 -	1992-2008	34	Single-storey commercial office, workshop and warehouse	17.0
Fairfield Road, Brisbane	Leasehold expiring 2015	2	2011	28-33	8-storey commercial office and warehouse	1.8
Fienta Place, Darra	Leasehold expiring 2015	*	2012	18	Warehouse	0.5
Gladstone Facility, Callemondah	Leasehold expiring 2014	*	2006	8	Single-storey and 2-storey commercial offices, warehouses and workshops	0.3

\* Less than one hectare

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
<b>INDUSTRIAL PROPERTIES (continued)</b>						
<b>Overseas (continued)</b>						
<b>Australia (continued)</b>						
<b>Queensland (continued)</b>						
Mackay Facility, Farrellys Lane, Connors Road, Broadsound Road, Commercial Avenue, Mackay	Freehold Leasehold expiring 2015-2018	43 4	1992-2013	4-17	2-storey commercial offices, training facilities, workshops and warehouses	410.5
Mt Isa Facility, Kolongo Crescent Kalkadoon, Mt Isa	Freehold	5	1992-2011	36	Single-storey commercial office, workshop and warehouse	27.4
Nolan Drive, Morayfield	Leasehold expiring 2015	23	2013	10	Training Facility	5.0
Rockhampton Facility, Port Curtis Road, Richardson Road, Rockhampton	Freehold Leasehold expiring 2015	35 2	1992-2012	32-40	13 blocks of single-storey commercial office, workshop, warehouse and training facility	126.4
Toowoomba Facility, Carrington Road, Torrington	Freehold Leasehold expiring 2015	5 *	1992-2012	14-42	Single-storey commercial offices, workshop and warehouse	55.8
Townsville Facility, Corner Woolcock St Blakey & St Garbutt, Townsville	Freehold	2	1992	40	2-storey commercial offices, workshop and warehouse	27.9
<b>New Caledonia</b>						
Canala, Kouaoua	Freehold	2	2000-2004	20	Commercial office, workshop and warehouse and residential dwelling	0.1
Lot 1 & 2 Lotissement ZICO II, Paita	Freehold	2	2010	-	Vacant land	15.4
Paagoumene, Koumac	Freehold	*	2012	3	Workshop and warehouse	0.1
Rue Gervolino, Nepoui	Leasehold expiring 2017-2019	*	2005-2007	7-9	Commercial office, workshop and warehouse	0.4
<b>Papua New Guinea</b>						
Port Moresby Facility, Spring Garden Road, Moresby, Lae Facility, Cnr Milford & Malaita St, Lae, Batch St, Tabubil	Perpetual lease Leasehold expiring 2057-2094	* 5	1992-2010	22-62	2-storey and single-storey office buildings, sales service and parts facility, and staff hostels	31.6

\* Less than one hectare

# PROPERTIES OF THE GROUP

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
<b>INDUSTRIAL PROPERTIES (continued)</b>						
<b>Overseas (continued)</b>						
<b>Solomon Islands</b>						
Honiara Facility, Guadalcanal Island, Panatina Village, Honiara	Leasehold expiring 2030-2049	3	1992	30	Office, industrial building, warehouse and 2-storey staff hostels	0.1
<b>Industrial Properties Overseas</b>		<b>222</b>				<b>1,221.4</b>
<b>Total Industrial Properties</b>		<b>250</b>				<b>1,301.0</b>
<b>MOTORS PROPERTIES</b>						
<b>Malaysia</b>						
<b><u>Kedah Darul Aman</u></b>						
Padang Meha, Kulim	Freehold	78	2004	17	Assembly plant	73.2
<b><u>Selangor Darul Ehsan</u></b>						
Temasya Industrial Park, Shah Alam	Freehold	*	2004-2006	11-13	3-storey office building and showroom, 3-storey semi detached light industrial office building and showroom	15.0
<b><u>Kuala Lumpur</u></b>						
362, Jalan Tun Razak	Freehold	*	2010	7	4-storey 4S service centre and workshop	49.6
<b><u>Sabah</u></b>						
Sedco Industrial Estate, Jalan Limau Manis, Off Jalan Lintas, Kota Kinabalu	Leasehold expiring 2034	2	2003	10	Single-storey showroom and service centre	3.2
<b>Motors Properties - Malaysia</b>		<b>80</b>				<b>141.0</b>
<b>Overseas</b>						
<b>Singapore</b>						
303 & 305 Alexandra Road	Leasehold expiring 2047-2057	9	2002-2005	6-8	6-storey 4S showroom, service centre and workshop	215.9
Benoi Sector	Leasehold expiring 2032	1	1983	30	Pre-delivery inspection centre, workshop and office	-
Kampung Arang Road	Leasehold expiring 2034	*	1982	45	2-storey service centre and workshop	11.4

\* Less than one hectare

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
<b>MOTORS PROPERTIES (continued)</b>						
<b>Overseas (continued)</b>						
<b>Singapore (continued)</b>						
Ubi Road 4	Leasehold expiring 2020	*	1997	22	4-storey 3S showrooms, offices, pre-delivery inspection centre, workshop and rent to external tenants	14.4
<b>Thailand</b>						
Anusawaree, Charan Sanit Wong Road, Charoen Nakhon Road, Ladkrabang Road, Minburi, Paknam, Paradise Road, Phetkasem Road, Saphansoong, Srinakarin Road, Suksawat Road	Freehold Leasehold expiring 2015-2025	* 7	2002-2007	7-14	3S showroom, workshops and offices	49.6
<b>China</b>						
Yingbin Road, Panyu, Daguang Nan Road, Tianhe, Guangzhou	Leasehold expiring 2015-2032	3	1999-2010	4-16	2-storey and single-storey 4S centre	4.7
Hai Yu Zhong Xian Road, Nanhai Road, Haikou District, Hainan	Leasehold expiring 2059-2070	2	2000-2014	8-19	2-storey 4S centre	11.5
Tianshan Road, Shantou	Leasehold expiring 2022	*	2002	10	2-storey 4S centre	3.3
Shen Nan Road, Yue Liang Wan Road, Nanshan District, Shenzhen	Leasehold expiring 2014 - 2042	1	1994-2004	10-19	2-storey and 8-storey 4S centre	13.9
Hongqiao land, East 3rd Ring, Yunnan	Leasehold expiring 2027	2	2010	4	3-storey 4S centre	13.6
Jinke Nan Road, Jin Niu District, Chengdu, Sichuan	Leasehold expiring 2052	1	2008	3-6	7-storey 4S showrooms, service centres and workshops	71.4
West of Houzishi Bridge, Yue Lu District, Changsha	Leasehold expiring 2028	1	2011	3	2-storey 4S centre	14.5
<b>Hong Kong and Macau</b>						
2 - 4 Floor, Kailey Industrial Centre, Fung Yip Street, Chai Wan	Leasehold expiring 2047	-	1989	23	3 floors of a 20-storey office building and service centre	11.0
3 & 4 Floor, Topsail Plaza, 11 on Sum Street, Shatin	Leasehold expiring 2047	-	1992	19	2 floors of a 16-storey office building and service centre	49.4

\* Less than one hectare

# PROPERTIES OF THE GROUP

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
<b>MOTORS PROPERTIES (continued)</b>						
<b>Overseas (continued)</b>						
<b>Hong Kong and Macau (continued)</b>						
Castle Peak Road, Tsuen Wan, New Territory	Leasehold expiring 2047	*	1972	42	6-storey 4S service centre	5.9
Matauwei Road, Tokwawan, Kowloon	Leasehold expiring 2035	*	1978	51	11-storey service centre, showroom and petrol filling station	16.7
Oriental Centre 67 - 71 Chatnam Road, Kowloon	Leasehold expiring 2038	-	1993	38	2-floors of an 18-storey building with showroom and service centre	5.2
3719D, 3719E, 3719F6, 3719I & 3723F, Yuen Long	Leasehold expiring 2047	4	1984	108	4 separate plots of land for pre-delivery inspection/commercial repair/storage	2.2
120-158 Rua dos Pescadores, Macau	Leasehold expiring 2016	*	1977	38	5 storey building with showroom and service centre	0.1
<b>Australia</b>						
Littlefield St, Fortitude Valley, Monier Road, Queensland	Freehold	2	2008-2014	6-34	Single-storey and two-storey offices, showrooms and workshops	188.5
	Leasehold expiring 2016	*				
Orkney Road, Karratha	Freehold	*	2007	30	Single-storey office and workshop	1.5
<b>New Zealand</b>						
Malden Street, Palmerston North	Freehold	3	2005	11-45	Workshops, office and central parts warehouse	19.8
Great South Road, Maranui Avenue, Silverfield Street, Auckland	Freehold	3	1998-2014	2-53	Workshop, central parts warehouse and warranty processing centre	27.6
	Leasehold expiring 2015-2026	13				
<b>Vietnam</b>						
Tan Phu Ward, District 7	Leasehold expiring 2021	*	2013	6	3-storey offices, showroom and workshop	12.8
<b>Motors Properties Overseas</b>		<b>52</b>				<b>764.9</b>
<b>Total Motors Properties</b>		<b>132</b>				<b>905.9</b>

\* Less than one hectare

Location	Tenure	Remaining land area (Hectares)	Year of acquisition	Description	Net book value (RM million)
<b>DEVELOPMENT PROPERTIES</b>					
<b>Malaysia</b>					
<b><u>Kedah Darul Aman</u></b>					
Jerai, Bukit Selarong, Taman Sg. Dingin	Freehold	439	2007	Land held for property development	38.4
<b><u>Selangor Darul Ehsan</u></b>					
Bandar Bukit Raja, Kapar, Klang	Freehold	1,140	2008	Township development	65.6
Bukit Lagong and Lagong Mas, Rawang	Freehold	629	2009	Land held for property development	37.2
Bukit Subang 1, Shah Alam	Freehold	*	2008	Residential development	2.6
Elmina Estate, Sungai Buloh	Freehold	635	2007	Land held for property development	39.4
Glengowrie, Jalan Acob, New Lunderston and Semenyih	Freehold	661	2008	Land held for property development	18.5
Melawati Development, Hulu Kelang	Freehold	76	1978	Township development	29.8
Sungai Kapar Indah, Klang	Freehold	4	1990	Commercial land	2.5
Subang Jaya City Centre, Subang Jaya	Freehold	10	1995	Mixed development	47.1
Taman Subang Ria	Leasehold expiring 2087	29	2007	Development land	3.4
Jalan Kewajipan, Subang Jaya	Freehold	14	1992	Mixed development	26.1
Putra Heights, Subang Jaya	Freehold	46	2008	Residential development	20.1
Serenia City, Sepang	Freehold	222	2008	Mixed development	3.1
USJ Heights, Subang Jaya	Freehold	23	2007	Mixed development	8.2
<b><u>Kuala Lumpur</u></b>					
KLGCC, Bukit Kiara	Leasehold expiring 2111	19	1991	Land held for property development	471.7
<b><u>Negeri Sembilan Darul Khusus</u></b>					
Hamilton, New Labu, and Sungai Sekah, Nilai	Freehold	224	2008	Property development	17.5
Labu, Rasah, Sua Betong, Taman Sengkang	Freehold	393	1995-2012	Land held for property development	33.7
Rasah, Seremban	Leasehold expiring 2066	3	1995	Land held for property development	0.3
Nilai Impian / Utama, Nilai	Freehold	189	1992-1996	Residential and commercial development	9.1
<b><u>Johor Darul Takzim</u></b>					
Taman Pasir Putih, Pasir Gudang	Freehold	9	2008	Property development	1.6
Lanadron Estate, Muar	Leasehold expiring 2111	1,212	1994	Land held for property development	31.7
<b><u>Sabah</u></b>					
Imam and Mostyn Estate, Tawau	Leasehold expiring 2050-2058	16	2006	Land held for property development	0.3
<b>Total Development Properties</b>		<b>5,993</b>			<b>907.9</b>

\* Less than one hectare



# PROPERTIES OF THE GROUP

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
<b>INVESTMENT AND HOSPITALITY PROPERTIES</b>						
<b>Malaysia</b>						
<b><u>Kedah Darul Aman</u></b>						
Harvard Golf & Country Club and Hotel, Bedong	Freehold	1,559	2008-2012	16-18	Golf course, club house and hotel	19.4
<b><u>Pulau Pinang</u></b>						
Penang House	Freehold	*	2007	93	Holiday bungalow	1.6
<b><u>Pahang Darul Makmur</u></b>						
Genting View Resort, Genting Highlands	Freehold	22	1999-2007	19-23	Hotel resort and apartments	18.0
Frasers' Hill / Cameron Highlands	Leasehold expiring 2026-2082	2	2007	27-85	Holiday bungalows	1.1
<b><u>Selangor Darul Ehsan</u></b>						
Block F and G Oasis, Ara Damansara, Petaling Jaya	Freehold	1	2012	3	10-storey office building and 2-storey carpark	238.7
Bayuemas Oval and Akademi Tunku Jaafar, Kota Bayuemas	Freehold	18	2007	7-10	Cricket club and lawn bowl stadium	31.1
Impian Golf & Country Club, Kajang	Freehold	60	2007-2009	19	18-hole golf course and resort	57.0
Sime Darby Pavillion, Shah Alam	Freehold	*	2007	7	3-storey office building	14.2
Jalan Astaka, Shah Alam	Freehold	*	2005	9	6 units of shoplot	3.8
Subang Avenue, Subang Jaya	Freehold	1	2009	4	Shopping complex	85.1
Tropika Paradise, Subang Jaya	Freehold	-	2012	14	Apartments	0.9
Wisma Zuellig, Jalan Bersatu, Petaling Jaya	Leasehold expiring 2059	1	2000	21	Office building	6.8
Wisma LJT, Pusat Bandar Melawati	Freehold Leasehold expiring 2016	* -	2007	7	Carpark and township site office	6.8
Oasis Gallery, Ara Damansara	Freehold	2	2007	7	Sales gallery	8.4

\* Less than one hectare

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
<b>INVESTMENT AND HOSPITALITY PROPERTIES (continued)</b>						
<b>Malaysia (continued)</b>						
<b><u>Kuala Lumpur</u></b>						
Kuala Lumpur Golf & Country Club, Bukit Kiara	Leasehold expiring 2111	114	1991	2-21	Two 18-hole golf courses and clubhouse	275.0
Mahsuri and Puteri Apartment, Setiawangsa	Freehold	3	2008	28	Apartments	0.1
Sime Darby Convention Centre, Bukit Kiara	Leasehold expiring 2090-2111	4	2006	9	Convention centre	150.1
Wisma Guthrie, Jalan Gelenggang, Damansara Heights	Freehold	*	2007	28	4-storey office building	10.9
<b><u>Negeri Sembilan Darul Khusus</u></b>						
KLIA Staff Quarters and Commercial Complex, Port Dickson	Freehold	3	2008	15	Commercial complex	2.5
Planters' Haven clubhouse	Freehold	*	2014	1	Club house	13.0
Port Dickson	Freehold	3	2007	20-56	Holiday bungalows	2.1
	Leasehold expiring 2072	*				
<b><u>Melaka</u></b>						
Hotel Equatorial, Bandar Hilir	Leasehold expiring 2072-2075	*	1998	16	5-star 22-storey international business hotel	83.3
<b><u>Johor</u></b>						
Taman Pasir Putih Sales Gallery	Freehold	*	2014	1	Sales gallery	3.2
<b>Investment and Hospitality Properties – Malaysia</b>		<b>1,793</b>				<b>1,033.1</b>
<b>Overseas</b>						
<b><u>Singapore</u></b>						
Sime Darby Centre, Dunearn Road	Leasehold expiring 2878	1	1984	29	5-storey commercial building	134.2
Darby Park Executive Suites, Orange Grove Road	Leasehold expiring 2092	*	1992-1993	21	75-units of luxury apartment	67.5
Orion, Orange Grove Road	Freehold	–	2008	6	2 units of apartment	9.7

\* Less than one hectare

# PROPERTIES OF THE GROUP

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
<b>INVESTMENT AND HOSPITALITY PROPERTIES (continued)</b>						
<b>Overseas (continued)</b>						
<b>Singapore (continued)</b>						
Sime Darby Business Centre, Alexandra Road	Leasehold expiring 2055	*	1991	21	5-storey light industrial building	55.8
Sime Darby Enterprise Centre, Jalan Kilang	Leasehold expiring 2061	*	2002	8	8-storey light industrial building	18.7
<b>Vietnam</b>						
Rangdong Orange Court, Le Quy Don, Vung Tau	Leasehold expiring 2030	*	1995	17	69 units of luxury serviced apartment	7.8
<b>United Kingdom</b>						
Dundee Street, Edinburgh	Freehold	-	2010	19	4-storey office building	47.2
St Johns Wood Court, Wynnstay Gardens	Leasehold expiring 2109-2966	-	1996-2009	95-106	2 units of apartment	3.9
<b>Australia</b>						
Serenity Shores, Queensland	Freehold	*	2009	4	Residential properties	1.9
<b>Investment and Hospitality Properties - Overseas</b>		<b>1</b>				<b>346.7</b>
<b>Total Investment and Hospitality Properties</b>		<b>1,794</b>				<b>1,379.8</b>

Note:

Year of acquisition for development and investment and hospitality properties refers to the year the properties were transferred to the entities in Property Division.

\* Less than one hectare

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
<b>ENERGY &amp; UTILITIES PROPERTIES</b>						
<b>Malaysia</b>						
<b>Selangor Darul Ehsan</b>						
Jalan Kenyalang, Kuala Kubu Baru	Freehold	*	2005	-	Vacant homestead land	0.1
Jalan 225, Petaling Jaya	Leasehold expiring 2074	*	1983	32	Industrial land and building	1.6
Jalan Tandang, Petaling Jaya	Leasehold expiring 2065-2066	15	1994	21-51	Industrial land and building	59.3
<b>Energy &amp; Utilities Properties - Malaysia</b>		<b>15</b>				<b>61.0</b>
<b>Overseas</b>						
<b>Singapore</b>						
Jurong Pier	Leasehold expiring 2025	2	1978	6	Workshop and office	2.9
<b>China</b>						
Jining City, Shandong Province	Leasehold expiring 2022-2063	83	2009-2014	1-5	Jining Ports wharf, warehouse and office	254.3
1 Binhai Economic Development Zone, Shandong Province	Leasehold expiring 2035-2060	32	2005-2011	3-12	Reservoir, water treatment plant and office building	69.5
Weifang City, Shandong Province	Leasehold expiring 2055	-	2005-2008	10	6 units of apartment	1.6
Yanzi Town, Weifang Port, Shandong Province	Leasehold expiring 2055	324	2005-2014	1-9	Port, warehouse and office	853.5
<b>Energy &amp; Utilities Properties Overseas</b>		<b>441</b>				<b>1,181.8</b>
<b>Total Energy &amp; Utilities Properties</b>		<b>456</b>				<b>1,242.8</b>
<b>TOTAL GROUP PROPERTIES</b>		<b>873,224</b>				<b>14,707.9</b>

\* Less than one hectare

# NOTICE TO SHAREHOLDERS UNDER THE PERSONAL DATA PROTECTION ACT 2010

Sime Darby Berhad (“SDB” or “we” or “us” or “our”) strives to protect your personal data in accordance with the Personal Data Protection Act 2010 (“the Act”). The Act was passed by the Malaysian Government to regulate the processing of personal data. To comply with the Act, we are required to manage the personal data that we collect from you relating to your shareholding in SDB.

The purposes for which your personal data may be used are, but not limited to:

- Internal record keeping including but not limited to the registration and management of your shareholding in SDB
- To provide services to you
- To communicate with you as a shareholder of SDB
- To better understand your needs as our shareholder
- For security and fraud prevention purposes
- For the purposes of statistical analysis of data
- For marketing activities
- For the purposes of our corporate governance
- To send you event invitations based on selective events
- To comply with any legal, statutory and/or regulatory requirements
- For the purposes of inclusion in media engagements and/or any relevant or related events
- For the purposes of us preparing guest invitations, registration and/or sign-ups for our events
- For the purposes of printed and on-line publications

(collectively, “the Purposes”)

Your personal data is or will be collected from information provided by you, including but not limited to, postal, fax, telephone, and e-mail communications with or from you, and information provided by third parties, including but not limited to, Bursa Malaysia Berhad and any other stock exchange, and your stockbrokers and remisiers.

You may be required to supply us with your name, correspondence address, telephone number, fax number, and email address.

If you fail to supply us with such personal data, we may not be able to process and/or disclose your personal data for any of the Purposes.

Please be informed that your personal data may be disclosed, disseminated and/or transferred to companies within the Sime Darby Group (including the holding company, subsidiaries, related and affiliated companies, both local and international), whether present or future (collectively, “the Group”) or to any third party organisations or persons for the purpose of fulfilling our obligations to you in respect of the Purposes and all such other purposes that are related to the Purposes and also in providing integrated services, maintaining and storing records including but not limited to the share registrar(s) appointed by us to manage the registration of shareholders.

The processing, disclosure, dissemination and/or transfer of your personal data by us and/or the Group and/or third party organisations or persons may result in your personal data being transferred outside of Malaysia.

To this end, we are committed in ensuring the confidentiality, protection, security and accuracy of your personal data made available to us. It is your obligation to ensure that all personal data submitted to us and retained by us are accurate, not misleading, updated and complete in all aspects. For the avoidance of doubt, we and/or the Group and/or our or their employees or authorised officers or agents will not be responsible for any personal data submitted by you to us that is inaccurate, misleading, not up to date and incomplete.

Further, we may request your assistance to procure the consent of third parties whose personal data is made available by you to us and you hereby agree to use your best endeavours to do so.

You may at any time after the submission of your personal data to us, request for information relating to your personal data by contacting our share registrar Tricor Investor Services Sdn Bhd if you wish to enquire about any aspects of share registration matters:

Tricor Investor Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

Attention : Ms Lim Lay Kiow, Manager  
Tel : 03-2264 3883  
e-mail : lay.kiow.lim@my.tricorglobal.com

In addition, you may request for access to your personal data by contacting your broker or alternatively Tricor Investor Services Sdn Bhd as per the above if:

- you require access to and/or wish to make corrections to your personal data subject to compliance of such request for access or correction not being refused under the provisions of the Act and/or existing laws; or
- you wish to enquire about your personal data.

Any personal data retained by us shall be destroyed and/or deleted from our records and system in accordance with our retention policy in the event such data is no longer required for the said Purposes.

We trust that you will consent to the processing of your personal data and that you declare that you have read, understood and accepted the statements and terms herein.

# NOTIS KEPADA PEMEGANG SAHAM DI BAWAH AKTA PERLINDUNGAN DATA PERIBADI 2010

Sime Darby Berhad ("SDB" atau "kami") bermatlamat untuk melindungi data peribadi anda selaras dengan Akta Perlindungan Data Peribadi 2010 ("Akta"). Akta tersebut telah diluluskan oleh Kerajaan Malaysia untuk mengawal selia pemrosesan data peribadi. Bagi mematuhi Akta tersebut, kami dikehendaki untuk menguruskan data peribadi yang kami kumpulkan daripada anda berkenaan dengan pegangan saham anda di SDB.

Maksud penggunaan data peribadi anda adalah untuk, tetapi tidak terhad kepada:

- Penyimpanan rekod dalaman termasuk tetapi tidak terhad kepada pendaftaran dan pengurusan pegangan saham anda di SDB
- Untuk memberikan perkhidmatan kepada anda
- Untuk berkomunikasi dengan anda sebagai pemegang saham SDB
- Untuk lebih memahami keperluan anda sebagai pemegang saham kami
- Bagi maksud-maksud keselamatan dan pencegahan penipuan
- Bagi maksud analisis statistik data
- Untuk aktiviti pemasaran
- Bagi maksud tadbir urus korporat kami
- Untuk menghantar jemputan acara berdasarkan acara-acara terpilih
- Untuk mematuhi apa-apa kehendak-kehendak di sisi undang-undang, statutori, dan peraturan
- Bagi maksud penyertaan dalam penglibatan media dan/atau apa-apa acara-acara relevan atau berkaitan
- Bagi maksud kami menyediakan jemputan tetamu, pendaftaran dan/atau kemasukan untuk acara-acara kami
- Bagi maksud penerbitan bercetak dan penerbitan dalam talian kami

(secara kolektif, "Tujuan-Tujuan tersebut")

Data peribadi anda sedang atau akan dikumpul daripada maklumat yang diberikan oleh anda, termasuk tetapi tidak terhad kepada, komunikasi-komunikasi pos, faks, telefon, dan e-mel dengan atau daripada anda, dan maklumat yang diberikan oleh pihak ketiga, termasuk tetapi tidak terhad kepada, Bursa Malaysia Berhad dan apa-apa bursa saham lain, dan broker saham dan remisier anda.

Anda mungkin diperlukan untuk memberikan kepada kami nama, alamat surat-menyurat, nombor telefon, nombor faks, dan alamat emel anda.

Jika anda gagal untuk memberikan kami data peribadi tersebut, kami mungkin tidak dapat memproses dan/atau menzahirkan data peribadi anda bagi mana-mana Tujuan-Tujuan tersebut.

Sila maklum bahawa data peribadi anda boleh dizahirkan, disebarikan dan/atau dipindahkan kepada syarikat-syarikat di dalam Kumpulan Sime Darby (termasuk syarikat induk, anak-anak syarikat, syarikat-syarikat berkaitan dan bersekutu tempatan dan antarabangsa), samada pada masa kini atau masa hadapan (secara kolektif, "Kumpulan"), atau kepada mana-mana organisasi atau individu pihak ketiga bagi maksud memenuhi tanggungjawab kami kepada anda berkenaan dengan Tujuan-Tujuan tersebut dan bagi semua maksud lain yang berkaitan dengan Tujuan-Tujuan tersebut dan juga untuk memberikan perkhidmatan-perkhidmatan bersepadu, menyelenggara dan menyimpan rekod-rekod termasuk tetapi tidak terhad kepada pendaftar saham atau pendaftar-

pendaftar saham yang dilantik oleh kami untuk menguruskan pendaftaran pemegang saham.

Pemrosesan, penzahiran, penyebaran dan/atau pemindahan data peribadi anda oleh kami dan/atau Kumpulan dan/atau organisasi atau individu pihak ketiga mungkin mengakibatkan data peribadi anda dipindah ke luar Malaysia.

Untuk tujuan ini, kami komited dalam memastikan penyulitan, perlindungan, keselamatan dan ketepatan data peribadi anda yang diberikan kepada kami. Adalah tanggungjawab anda untuk memastikan bahawa semua data peribadi yang diberikan kepada kami dan disimpan oleh kami adalah tepat, tidak mengelirukan, terkini dan lengkap dalam semua aspek. Bagi mengelakkan keraguan, kami dan/atau Kumpulan dan/atau pekerja atau pegawai yang diberi kuasa atau ejen kami atau Kumpulan tidak akan bertanggungjawab untuk apa-apa data peribadi yang diberikan oleh anda kepada kami yang tidak tepat, mengelirukan, bukan terkini dan tidak lengkap.

Selanjutnya, kami boleh meminta bantuan anda untuk memperolehi persetujuan pihak ketiga yang data peribadinya telah diberikan oleh anda kepada kami dan anda dengan ini bersetuju untuk menggunakan usaha terbaik anda untuk berbuat demikian.

Anda boleh pada bila-bila masa selepas penyerahan data peribadi anda kepada kami, meminta untuk mengakses data peribadi anda dengan menghubungi pendaftar saham kami Tricor Investor Services Sdn Bhd jika anda ingin membuat sebarang pertanyaan berkenaan dengan aspek-aspek pendaftaran saham:

Tricor Investor Services Sdn Bhd  
Tingkat 17, The Gardens North Tower  
Mid Valley City  
Lingkar Syed Putra  
59200 Kuala Lumpur

Untuk perhatian : Cik Lim Lay Kiow, Pengurus  
No.Tel : 03-2264 3883  
e-mel : lay.kiow.lim@my.tricorglobal.com

Anda juga boleh membuat permintaan untuk mengakses data peribadi anda dengan menghubungi broker anda atau secara alternatif Tricor Investor Services Sdn Bhd seperti yang tersebut di atas jika:

- anda memerlukan akses kepada dan/atau ingin membuat pembedahan kepada data peribadi anda, tertakluk kepada pematuan permintaan untuk akses atau pembedahan itu tidak ditolak di bawah peruntukan Akta tersebut dan/atau undang-undang yang sedia ada; atau
- anda ingin membuat pertanyaan mengenai data peribadi anda;

Apa-apa data peribadi yang dikekalkan oleh kami akan dimusnahkan dan/atau dipadamkan daripada rekod dan sistem kami megikut polisi penyimpanan kami sekiranya data tersebut tidak lagi diperlukan bagi Tujuan-Tujuan tersebut.

Kami percaya bahawa anda akan bersetuju kepada pemrosesan data peribadi anda dan anda mengakui bahawa anda telah membaca, memahami dan menerima pernyataan-pernyataan dan terma-terma dalam sini.

# UNITED NATIONS GLOBAL COMPACT (UNGC) COMMUNICATION ON PROGRESS

Financial year 1 July 2013 – 30 June 2014

Sime Darby Berhad Annual Report 2014 describes the Group's performance against the UNGC's Ten Principles. The following table details the relevant Report sections and page references to support each Principle.

Core Value	Principle	Relevant Sections	Page References
Human rights	Principle 1: Businesses should respect the protection of internationally proclaimed human rights; and	<ul style="list-style-type: none"> <li>Sustainability and Corporate Responsibility Management and Approach</li> </ul>	023
	Principle 2: Make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> <li>Material Sustainability and Corporate Responsibility Issues</li> </ul>	029
		<ul style="list-style-type: none"> <li>Group Social Performance Review</li> </ul>	111
		<ul style="list-style-type: none"> <li>Plantation Operational Review</li> </ul>	117
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> <li>Sustainability and Corporate Responsibility Management and Approach</li> </ul>	023
	Principle 4: the elimination of all forms of forced and compulsory labour;	<ul style="list-style-type: none"> <li>Material Sustainability and Corporate Responsibility Issues</li> </ul>	029
		<ul style="list-style-type: none"> <li>Group Social Performance Review</li> </ul>	111
		Principle 5: the effective abolition of child labour; and	
	Principle 6: the elimination of discrimination in respect of employment and occupation.		
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	<ul style="list-style-type: none"> <li>Sustainability and Corporate Responsibility Management and Approach</li> </ul>	023
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	<ul style="list-style-type: none"> <li>Material Sustainability and Corporate Responsibility Issues</li> </ul>	029
		<ul style="list-style-type: none"> <li>Group Carbon Management Review</li> </ul>	106
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> <li>Divisional Operational Review</li> </ul>	117
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> <li>Statement on Corporate Governance</li> </ul>	032

# GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

Sime Darby Berhad Annual Report 2014 has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (Version 4) at a Core level.

The following summary table details the location of specific disclosures throughout the Report. It also includes additional supporting commentary and reasons for the omission of data where relevant. View the full GRI Content Index at [www.simedarby.com](http://www.simedarby.com)

General Standard Disclosures	Location of Disclosure	External Assurance
<b>STRATEGY AND ANALYSIS</b>		
G4-1	Chairman's Message and President & Group Chief Executive's Review	
G4-2	Chairman's Message and President & Group Chief Executive's Review	
	Creating Value and Ensuring Sustainable Value Creation	
<b>ORGANISATIONAL PROFILE</b>		
G4-3	Sime Darby Group Overview	
G4-4		
G4-5	Corporate Information	
G4-6	Sime Darby Group Overview	
G4-7	Corporate Information	
G4-8	Divisional Operational Review	
G4-9	Sime Darby Group Overview	
	Divisional Operational Review	
G4-10	Group Social Performance Review	
G4-11		
G4-12	Divisional Operational Review	
G4-13	Sime Darby Healthcare Sdn Bhd was divested effective 30 June 2013, and is not included in the 2014 Sime Darby Annual Report. Energy and Utilities Division's Power Business Unit was divested late in the reporting period. Sustainability performance data from the Power Business Unit is included in this Report but will not be included in future Reports.	
G4-14	Statement on Risk Management and Internal Control	
G4-15	Sustainable Thought Leadership	
G4-16		
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>		
G4-17	Group Financial Review	
G4-18	Material Sustainability and Corporate Responsibility Issues	
G4-19		
G4-20	Material Sustainability and Corporate Responsibility Issues. Material issues are generally relevant across the Group. Biodiversity, Community Impact and Development, and Sustainable Products and Supply Chain are particularly relevant to the Plantation Division.	
G4-21	Material Sustainability and Corporate Responsibility Issues. Detailed description of external boundaries for each material aspect is provided in Stakeholder Engagement (Table: Key Stakeholder Groups and the types of engagements conducted in FY2014).	
G4-22	Group Safety and Health Review	Yes. Please refer to page 404 and 405
	Group Carbon Management Review	



# GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

General Standard Disclosures	Location of Disclosure	External Assurance
G4-23	About this Report	
<b>STAKEHOLDER ENGAGEMENT</b>		
G4-24 G4-25 G4-26 G4-27	Stakeholder Engagement	
<b>REPORT PROFILE</b>		
G4-28	Fiscal year (1 July 2013 - 30 June 2014)	
G4-29	Sime Darby Group's most recent report on sustainability performance was its Sime Darby Sustainability Report 2013, launched in November 2013.	
G4-30	Annual	
G4-31	Corporate Information	
G4-32	Sime Darby has reported in accordance with the GRI Version 4 at a Core level. The Group's 'In Accordance' rating is demonstrated by this GRI Content Index. Read the Independent Assurance Report on page 405 and 406.	
G4-33	Auditors' Report	Please refer to page 174, 175, 404 and 405
<b>GOVERNANCE</b>		
G4-34	Statement on Corporate Governance	
<b>ETHICS AND INTEGRITY</b>		
G4-56	Statement on Risk Management and Internal Control	
<b>ECONOMIC</b>		
G4-DMA	Group Financial Review (Page 102 and 103)	
G4-EC1 G4-EC3	Financial Reports and Financial Statements (Page 282 and 283)	Yes. Please refer to page 174 and 175
G4-DMA G4-EC8	Group Social Performance Review Plantation Operational Review	
<b>ENVIRONMENTAL</b>		
G4-DMA G4-EN3	Group Carbon Management Review Total energy consumption in FY 2014 was 51,361,041 GJ (22,542,217 GJ non renewable, 27,416,357 GJ renewable and 1,402,467 GJ purchased electricity).	Yes. Please refer to page 404 and 405
G4-DMA G4-EN12	Plantation Operational Review Sime Darby Plantation Sustainability Report 2014 Yayasan Sime Darby Annual Report 2014	
G4-DMA G4-EN15 G4-EN16	Group Carbon Management Review	Yes. Please refer to page 404 and 405

General Standard Disclosures	Location of Disclosure	External Assurance
G4-DMA G4-EN31	Yayasan Sime Darby Annual Report 2014	
G4-DMA G4-EN33	Plantation Operational Review Note: In Plantation Division's vertically integrated business model, all of its strategic operating units (SOUs) are subject to environmental impact assessment through RSPO certification. The approach is also being progressively rolled out to the Division's smallholders. Management plans are in place to address actual and potential negative environmental impacts at SOUs.	
<b>LABOUR PRACTICES AND DECENT WORK</b>		
G4-DMA G4-LA5 G4-LA6	Group Safety and Health Review	Yes. Please refer to age 404 and 405
G4-DMA G4-LA9 G4-LA11 G4-DMA G4-LA13	Group Social Performance Review	
G4-DMA G4-LA15	Plantation Operational Review	
<b>HUMAN RIGHTS</b>		
G4-DMA G4-HR4 G4-DMA G4-HR5 G4-DMA G4-HR6	Group Social Performance Review	
G4-DMA G4-HR8 G4-DMA G4-HR11	Plantation Operational Review	
<b>SOCIETY</b>		
G4-DMA G4-SO1	All (100%) of Sime Darby Plantation estates have community plans in place. The Property Division provides ongoing engagement opportunities at all (100%) of its existing townships and developments.	
G4-SO2 G4-DMA G4-SO10 G4-DMA G4-SO11	Plantation Operational Review	
<b>PRODUCT RESPONSIBILITY</b>		
G4-DMA G4-PR7	Plantation Operational Review	



## INDEPENDENT ASSURANCE REPORT

### To Management of Sime Darby Berhad

We have been engaged by Sime Darby Holdings Berhad to perform an independent limited assurance engagement on selected Corporate Responsibility Information ("Selected Information") as reported by Sime Darby Berhad ("Sime Darby") in their 2014 Annual Report ("Sime Darby Berhad Annual Report 2014").

### Management's Responsibility

Management of Sime Darby is responsible for the preparation of the Sime Darby Berhad Annual Report 2014 in accordance with Sime Darby's internal reporting guidelines, Global Reporting Initiative's ("GRI") G4 Sustainability Reporting Guidelines and the WRI GHG Protocol (for carbon emissions).

This responsibility includes the selection and application of appropriate methods to prepare the Sime Darby Berhad Annual Report 2014 as well as the design, implementation and maintenance of systems and processes relevant for the preparation. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Sime Darby which are reasonable in the circumstances.

### Our Responsibility

Our responsibility is to provide a conclusion on the subject matter based on our evidence-gathering procedures performed in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements, and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

The accuracy and completeness of the sustainability report indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data.

Our assurance report should therefore be read in connection with Sime Darby's procedures on the reporting of its sustainability report performance.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

### Subject Matter

The following information collectively known as Selected Information (hereon after referred to as "Selected Information") on which we provide limited assurance consists of:

- The management and reporting processes with respect to the preparation of the six (6) Selected Information reported and marked in the Sime Darby Berhad Annual Report 2014 as follows:
  - Carbon & Energy – Total Carbon Emissions in tonnes of Carbon Dioxide (CO<sub>2</sub>) Equivalent (tCO<sub>2</sub>-e) for the calendar year 2013;
  - Carbon & Energy – Carbon Emissions Intensities for the calendar year 2013;
  - Lean Six Sigma – Total Monetary Savings for the financial year ended 30 June 2014;
  - Health & Safety – Incident Rate (IR) for the financial year ended 30 June 2014;
  - Health & Safety – Frequency Rate (FR) for the financial year ended 30 June 2014; and
  - Health & Safety – Severity Rate (SR) for the financial year ended 30 June 2014

### Criteria

- Sime Darby's internal sustainability reporting guidelines and procedures by which the Selected Information is gathered, collated and aggregated internally;
- The "GRI's G4 Sustainability Reporting Guidelines"; and
- WRI GHG Protocol (for carbon emissions)



## INDEPENDENT ASSURANCE REPORT

### Main Assurance Procedures

Our work, which involved no independent examination of any of the underlying financial information, included the following procedures:

- Inquiries of personnel responsible for internal reporting, and data collection at the corporate level for the Selected Information;
- Inspection on a sample basis of internal documents, contracts and invoices/reports from Sime Darby and external service providers supporting the Selected Information for completeness and accuracy; and
- Reviewing the appropriateness of the management and reporting processes for the Selected Information and assessing the collation and reporting of data at the corporate level.

### Conclusion

Based on our limited assurance engagement, in all material respects, nothing has come to our attention that causes us to believe that, for the financial year ended 30 June 2014, the Selected Information has not been fairly stated in accordance with Sime Darby's internal sustainability reporting guidelines.

### Other matters

This report is issued for the sole purpose for inclusion in the Sime Darby Berhad Annual Report 2014 and should not be used or relied upon for any other purpose. We do not assume responsibility to any other person for the content of the report.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', is written in a cursive style.

PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants  
Kuala Lumpur  
30 September 2014

# FORM OF PROXY

Number of ordinary shares held	CDS Account No.										

I/We .....  
(FULL NAME OF SHAREHOLDER AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Passport/Company No. ....) of .....  
(ADDRESS)

.....  
(ADDRESS)

Tel. No. .... being a member/members of SIME DARBY BERHAD hereby appoint

..... (NRIC/Passport No. ....)  
(FULL NAME OF PROXY AS PER NRIC IN CAPITAL LETTERS)

of .....  
(ADDRESS)

\*and/or ..... (NRIC/Passport No. ....)  
(FULL NAME OF PROXY AS PER NRIC IN CAPITAL LETTERS)

of .....  
(ADDRESS)

\*\*or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Eighth Annual General Meeting of Sime Darby Berhad (SDB or the Company) to be held at Dewan Tun Hussein Onn, Level 2, Putra World Trade Centre, 41, Jalan Tun Ismail, 50480 Kuala Lumpur, Malaysia, on Thursday, 13 November 2014 at 10.00 a.m. and at any adjournment thereof.

No.	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 30 June 2014 together with the Reports of the Directors and the Auditors thereon			
2.	To declare a final single tier dividend for the financial year ended 30 June 2014	1		
3.	To approve the payment of Directors' remuneration for the financial year ended 30 June 2014	2		
4.	To re-appoint Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin as Director pursuant to Section 129(6) of the Companies Act, 1965 (Act)	3		
5.	To re-appoint Dato' Henry Sackville Barlow as Director pursuant to Section 129(6) of the Act	4		
6.	To re-elect Dato' Rohana Tan Sri Mahmood who retires in accordance with Article 104 of the Articles of Association of the Company	5		
7 i.	To re-elect Tan Sri Samsudin Osman who retires in accordance with Article 99 of the Articles of Association of the Company	6		
7 ii.	To re-elect Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo who retires in accordance with Article 99 of the Articles of Association of the Company	7		
7 iii.	To re-elect Tan Sri Dato' Seri Mohd Bakke Salleh who retires in accordance with Article 99 of the Articles of Association of the Company	8		
7 iv.	To re-elect Dato' Azmi Mohd Ali who retires in accordance with Article 99 of the Articles of Association of the Company	9		
8.	To re-appoint PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration	10		
9 i.	To approve the Renewal of Authority for Directors to Allot and Issue Shares pursuant to Section 132D of the Act	11		
9 ii.	To approve the Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and the New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature	12		
9 iii.	To approve the Renewal of Authority for Directors to Allot and Issue New Ordinary Shares of RM0.50 Each in the Company in relation to the Dividend Reinvestment Plan	13		

My/Our proxy is to vote on the resolutions as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain from voting as he/she thinks fit.

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies must be indicated below:	
	Percentage (%)
First proxy	
Second proxy	

**IMPORTANT: Disclosure of Shareholder's and Proxy's Personal Data**

Please refer to the Notice to Shareholders under the Personal Data Protection Act 2010 (PDPA Notice) in the Annual Report concerning the Company's collection of your personal data for the purpose of the Company's General Meeting(s).

You hereby declare that you have read, understood and accepted the statements and terms contained in the PDPA Notice.

In disclosing the proxy's personal data, you as a shareholder, warrant that the proxy(ies) has/have given his/her/their explicit consent for his/her/their personal data being disclosed and processed in accordance with the Notice to Proxies under the Personal Data Protection Act 2010 attached.

Dated this ..... day of ..... 2014

.....  
Signature/Common Seal of Member(s)

\* Please delete as applicable.

\*\* If you do not wish to appoint the Chairman of the Meeting as your proxy/one of your proxies, please strike out the words "or failing him/her, the Chairman of the Meeting" and insert the name(s) of the proxy(ies) you wish to appoint in the blank space(s) provided.

**Notes:**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may, but need not, be a Member. A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person and the provisions of Sections 149(1)(a) and 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Where a Member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.
4. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
5. The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised.
6. The Form of Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time fixed for the Meeting or any adjournment thereof.
7. Only members registered in the Record of Depositors as at 4 November 2014 shall be eligible to attend, speak and vote at the Annual General Meeting or appoint proxy(ies) to attend, speak and/or vote on their behalf.

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THE SHARE REGISTRAR

SIME DARBY BERHAD (752404-U)  
c/o Tricor Investor Services Sdn Bhd (118401-V)  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia

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# NOTICE TO PROXIES UNDER THE PERSONAL DATA PROTECTION ACT 2010

Sime Darby Berhad (“SDB” or “we” or “us” or “our”) strives to protect your personal data in accordance with the Personal Data Protection Act 2010 (“the Act”). The Act was passed by the Malaysian Government to regulate the processing of personal data. To comply with the Act, we are required to manage the personal data that we collect from you relating to your acting as a proxy for a shareholder in SDB.

The purposes for which your personal data may be used are, but not limited to:

- Internal record keeping including but not limited to the registration of attendance at the general meeting(s)
- To communicate with you as a proxy for a shareholder of SDB
- For security and fraud prevention purposes
- For the purposes of statistical analysis of data
- For the purposes of our corporate governance
- To comply with any legal, statutory and/or regulatory requirements

(collectively, “the Purposes”)

Your personal data is or will be collected from information provided by you, including but not limited to, postal, fax, telephone, and e-mail communications with or from you, and information provided by third parties, including but not limited to, Bursa Malaysia Berhad and any other stock exchange, and your stockbrokers and remisiers.

You may be required to supply us with your name, NRIC No. and correspondence address.

If you fail to supply us with such personal data, we may not be able to process and/or disclose your personal data for any of the Purposes.

Please be informed that your personal data may be disclosed, disseminated and/or transferred to companies within the Sime Darby Group (including the holding company, subsidiaries, related and affiliated companies, both local and international), whether present or future (collectively, “the Group”) or to any third party organisations or persons for the purpose of fulfilling our obligations to you in respect of the Purposes and all such other purposes that are related to the Purposes and also in providing integrated services, maintaining and storing records including but not limited to the share registrar(s) appointed by us to manage the registration of shareholders.

The processing, disclosure, dissemination and/or transfer of your personal data by us and/or the Group and/or third party organisations or persons may result in your personal data being transferred outside of Malaysia.

To this end, we are committed in ensuring the confidentiality, protection, security and accuracy of your personal data made available to us. It is your obligation to ensure that all personal data submitted to us and retained by us are accurate, not misleading, updated and complete in all aspects. For the avoidance of doubt, we and/or the Group and/or our or their employees or authorised officers or agents will not be responsible for any personal data submitted by you to us that is inaccurate, misleading, not up to date and incomplete.

Further, we may request your assistance to procure the consent of third parties whose personal data is made available by you to us and you hereby agree to use your best endeavours to do so.

You may at any time after the submission of your personal data to us, request for access to your personal data from Tricor Investor Services Sdn Bhd if:

- you require access to and/or wish to make corrections to your personal data subject to compliance of such request for access or correction not being refused under the provisions of the Act and/or existing laws; or
- you wish to enquire about your personal data.

Tricor Investor Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

Attention : Ms Lim Lay Kiow, Manager  
Tel : 03-2264 3883  
e-mail : lay.kiow.lim@my.tricorglobal.com

Any personal data retained by us shall be destroyed and/or deleted from our records and system in accordance with our retention policy in the event such data is no longer required for the said Purposes.

We trust that you will consent to the processing of your personal data and that you declare that you have read, understood and accepted the statements and terms herein.



# NOTIS KEPADA PROKSI DI BAWAH AKTA PERLINDUNGAN DATA PERIBADI 2010

Sime Darby Berhad (“SDB” atau “kami”) bermatlamat untuk melindungi data peribadi anda selaras dengan Akta Perlindungan Data Peribadi 2010 (“Akta”). Akta tersebut telah diluluskan oleh Kerajaan Malaysia untuk mengawal selia pemrosesan data peribadi. Bagi mematuhi Akta tersebut, kami dikehendaki untuk menguruskan data peribadi yang kami kumpulkan daripada anda berkenaan dengan perwakilan anda sebagai proksi untuk pemegang saham di SDB.

Maksud penggunaan data peribadi anda adalah untuk, tetapi tidak terhad kepada:

- Penyimpanan rekod dalaman termasuk tetapi tidak terhad kepada pendaftaran kehadiran di mesyuarat (-mesyuarat) agung
- Untuk berkomunikasi dengan anda sebagai proksi untuk pemegang saham SDB
- Bagi maksud-maksud keselamatan dan pencegahan penipuan
- Bagi maksud analisis statistik data
- Bagi maksud tadbir urus korporat kami
- Untuk mematuhi apa-apa kehendak-kehendak di sisi undang-undang, statutori, dan/atau peraturan

(secara kolektif, “Tujuan-Tujuan tersebut”)

Data peribadi anda sedang atau akan dikumpul daripada maklumat yang diberikan oleh anda, termasuk tetapi tidak terhad kepada, komunikasi-komunikasi pos, faks, telefon, dan e-mel dengan atau daripada anda, dan maklumat yang diberikan oleh pihak ketiga, termasuk tetapi tidak terhad kepada, Bursa Malaysia Berhad dan apa-apa bursa saham lain, dan broker saham dan remisier anda.

Anda mungkin diperlukan untuk memberikan kepada kami nama, No. KP Baru dan alamat surat-menyurat.

Jika anda gagal untuk memberikan kami data peribadi tersebut, kami mungkin tidak dapat memproses dan/atau menzahirkan data peribadi anda bagi mana-mana Tujuan-Tujuan tersebut.

Sila maklum bahawa data peribadi anda boleh dizahirkan, disebarkan dan/atau dipindahkan kepada syarikat-syarikat di dalam Kumpulan Sime Darby (termasuk syarikat induk, anak-anak syarikat, syarikat-syarikat berkaitan dan bersekutu tempatan dan antarabangsa), samada pada masa kini atau masa hadapan (secara kolektif, “Kumpulan”), atau kepada mana-mana organisasi atau individu pihak ketiga bagi maksud memenuhi tanggungjawab kami kepada anda berkenaan dengan Tujuan-Tujuan tersebut dan bagi semua maksud lain yang berkaitan dengan Tujuan-Tujuan tersebut dan juga untuk memberikan perkhidmatan-perkhidmatan bersepadu, menyelenggara dan menyimpan rekod-rekod termasuk tetapi tidak terhad kepada pendaftar saham atau pendaftar-pendaftar saham yang dilantik oleh kami untuk menguruskan pendaftaran pemegang saham.

Pemrosesan, penzahiran, penyebaran dan/atau pemindahan data peribadi anda oleh kami dan/atau Kumpulan dan/atau organisasi atau individu pihak ketiga mungkin mengakibatkan data peribadi anda dipindah ke luar Malaysia.

Untuk tujuan ini, kami komited dalam memastikan penyulitan, perlindungan, keselamatan dan ketepatan data peribadi anda yang diberikan kepada kami. Adalah tanggungjawab anda untuk memastikan bahawa semua data peribadi yang diberikan kepada kami dan disimpan oleh kami adalah tepat, tidak mengelirukan, terkini dan lengkap dalam semua aspek. Bagi mengelakkan keraguan, kami dan/atau Kumpulan dan/atau pekerja atau pegawai yang diberi kuasa atau ejen kami atau Kumpulan tidak akan bertanggungjawab untuk apa-apa data peribadi yang diberikan oleh anda kepada kami yang tidak tepat, mengelirukan, bukan terkini dan tidak lengkap.

Selanjutnya, kami boleh meminta bantuan anda untuk memperolehi persetujuan pihak ketiga yang data peribadinya telah diberikan oleh anda kepada kami dan anda dengan ini bersetuju untuk menggunakan usaha terbaik anda untuk berbuat demikian.

Anda boleh pada bila-bila masa selepas penyerahan data peribadi anda kepada kami, meminta untuk mengakses data peribadi anda daripada Tricor Investor Services Sdn Bhd jika:

- anda memerlukan akses kepada dan/atau ingin membuat pembetulan kepada data peribadi anda, tertakluk kepada pematuhan permintaan untuk akses atau pembetulan itu tidak ditolak di bawah peruntukan Akta tersebut dan/atau undang-undang yang sedia ada; atau
- anda ingin membuat pertanyaan mengenai data peribadi anda.

Tricor Investor Services Sdn Bhd  
Tingkat 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

Untuk perhatian : Cik Lim Lay Kiow, Pengurus

No.Tel : 03-2264 3883

e-mel : lay.kiow.lim@my.tricorglobal.com

Apa-apa data peribadi yang dikekalkan oleh kami akan dimusnahkan dan/atau dipadamkan daripada rekod dan sistem kami mengikut polisi penyimpanan kami sekiranya data tersebut tidak lagi diperlukan bagi Tujuan-Tujuan tersebut.

Kami percaya bahawa anda akan bersetuju kepada pemrosesan data peribadi anda dan anda mengakui bahawa anda telah membaca, memahami dan menerima pernyataan-pernyataan dan terma-terma dalam sini.

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

**Sime Darby Berhad**  
(Company No. 752404-U)

19<sup>th</sup> Floor, Wisma Sime Darby  
Jalan Raja Laut  
50350 Kuala Lumpur  
Malaysia

T (603) 2691 4122  
F (603) 2719 0044

[enquiries@simeadarby.com](mailto:enquiries@simeadarby.com)