



Annual Report 2008



Sime Darby Berhad

(Company No. 752404-U)

(Formerly known as Synergy Drive Bhd)

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

Cover Rationale

Constant growth.

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



The Sime Darby Group

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

Our Mission

Making a sustainable future real for everyone.

Our Values

Respect and Responsibility

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

Excellence

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

Enterprising

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

Integrity

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

Sime Darby Berhad

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

Tel: 603-2691 4122 Fax: 603-2382 1075

Email: enquiries@simedarby.com

Website: www.simedarby.com



Contents

Merger Story	4
Notice of Annual General Meeting	5 - 10
Group Performance Highlights	13
Group Structure	14
Corporate Information	15 - 21
Management Team	22 - 25
Report on the Audit Committee	26 - 29
Statement on Corporate Governance	30 - 41
Statement on Internal Control	42 - 44
Chairman's Message	47 - 49
President & Group Chief Executive's Review	50 - 52
Operations Review	55 - 84
Corporate Social Responsibility Report	87 - 90
Corporate Diary	93 - 96
Reports and Financial Statements	99 - 218
Global Business Presence	221
Analysis of Shareholdings	222 - 224
Financial Calendar & Share Price Movement	225
Particulars of Properties	226 - 230
Form of Proxy	

Merger Story



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

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

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

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

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

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

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

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

Notice of Annual General Meeting

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

As Ordinary Business

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

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



Notice of Annual General Meeting

As Special Business

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

Proposed Amendment to the Articles of Association of the Company

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

By substituting Article 78 with the following new provision:-

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

(Resolution 12)

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

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

"THAT, subject always to the Companies Act, 1965 (Act), the Articles of Association of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Act, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the issued share capital of the Company for the time being."

(Resolution 13)

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

Proposed Share Buy-Back

"THAT, subject always to the Companies Act, 1965 (Act), the Articles of Association of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental/regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.50 each in the Company (Proposed Share Buy-Back) as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company provided that:-

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

Notice of Annual General Meeting

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

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

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

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

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

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

(Resolution 14)

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

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

“THAT, all the recurrent related party transactions of a revenue or trading nature as set out in Section 3.2 of the Circular to Shareholders dated 20 October 2008 (Circular) which were entered into by the Company and/or its subsidiary companies which involved the interests of Directors, major shareholders or persons connected with the Directors and/or major shareholders of the Company and/or its subsidiary companies (Related Parties) from 30 November 2007, the date of listing of the Company's shares on the Main Board of Bursa Malaysia Securities Berhad until the date of this Annual General Meeting, which were necessary for the Group's day-to-day operations and were carried out in the ordinary course of business, on terms not more favourable than those generally available to the public and are not detrimental to the minority shareholders of the Company, be and are hereby approved, confirmed and ratified.

Notice of Annual General Meeting

AND THAT, subject always to the Companies Act, 1965 (Act), the Articles of Association of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental/regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of the Related Parties as specified in Section 3.2 of the Circular, provided that such arrangements and/or transactions are:-

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

AND THAT, the Mandate, unless revoked or varied by the Company in a general meeting, shall continue in force until:-

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

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

(Resolution 15)

DATE OF ENTITLEMENT AND PAYMENT OF FINAL DIVIDEND AND SPECIAL DIVIDENDS

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

Notice of Annual General Meeting

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

- i. shares deposited into the depositor's securities account before 12.30 p.m. on 24 November 2008 in respect of shares which are exempted from mandatory deposit;
- ii. shares transferred into the depositor's securities account before 4.00 p.m. on 26 November 2008 in respect of transfers; and
- iii. shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board



Norzilah Megawati Abdul Rahman
Group Secretary

Kuala Lumpur
20 October 2008

Note

A member of the Company entitled to attend and vote at this meeting is also entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. A Form Of Proxy is enclosed and should be completed and deposited at the office of the Share Registrar of the Company, Epsilon Registration Services Sdn Bhd, at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time fixed for the meeting.

Explanatory Notes on Special Business

1. Proposed Amendment to the Articles of Association

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

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

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

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

3. Proposed Share Buy-Back

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

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

Notice of Annual General Meeting

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

The proposed Resolution 15, if passed,

- i. will ratify the recurrent related party transactions entered into by the Company and/or its subsidiary companies from 30 November 2007, the date of listing of the Company's shares on the Main Board of Bursa Malaysia Securities Berhad until the date of this Annual General Meeting; and
- ii. will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interests of the Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business on terms not more favourable than those generally available to the public and are not detrimental to the minority shareholders of the Company.

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

Statement Accompanying the Notice of Annual General Meeting

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

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

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

The Directors standing for re-election are:-

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

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

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

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

- Date : Wednesday, 12 November 2008
Time : 3.00 p.m.
Place : Mahkota II & III, Lower Lobby, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia



Making a sustainable future real for everyone

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

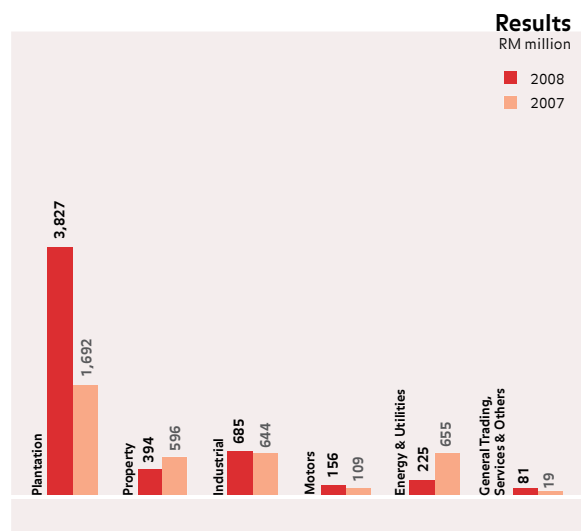
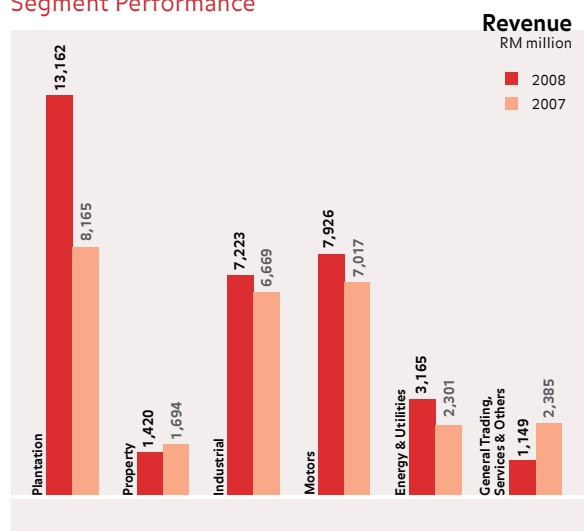
Group Performance Highlights

Quarterly Results

Amounts in RM million unless otherwise stated

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

Segment Performance



Financial Statistics

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

n/a - not applicable

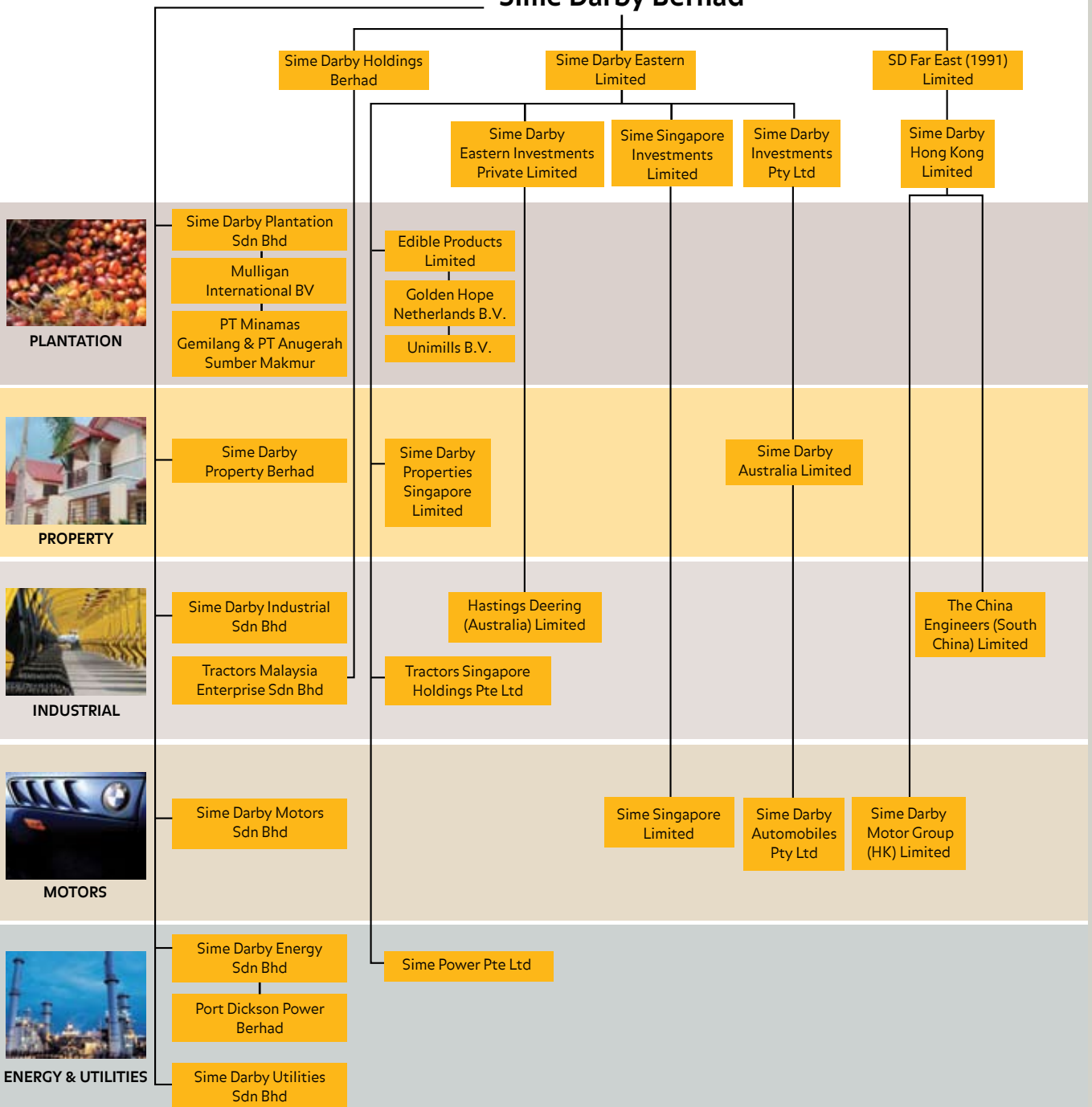


Group Structure

As at 30 June 2008



Sime Darby Berhad



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



Corporate Information

Board of Directors

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

Secretary

Norzilah Megawati Abdul Rahman

Auditors

PricewaterhouseCoopers (AF: 1146)
Chartered Accountants

Registered Office

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

Share Registrar

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

Incorporation

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

Stock Exchange Listing

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

Place of Incorporation and Domicile

Malaysia

Board of Directors



Seated from left:

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

Standing from left:

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

Tun Musa Hitam

Tun Musa Hitam, 74, a Malaysian, is an Independent Non-Executive Director and the Chairman of the Board of Sime Darby Berhad. He was appointed to the Board on 29 September 2007. He is also currently the Chairman of United Malayan Land Berhad and Lion Industries Corporation Berhad, both of which are listed on the Main Board of Bursa Malaysia Securities Berhad.

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

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

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

Tun Musa chairs the Nomination Committee of the Board. He does not have any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad, nor has any personal interest in any business arrangement involving the Company. He attended all of the six Board Meetings held from the date of his appointment on 29 September 2007 to 30 June 2008.

Tun Dato' Seri Ahmad Sarji Abdul Hamid

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

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

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



Profile of Directors

Dr. Arifin Mohamad Siregar

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

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

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

Dr. Arifin is a member of the Nomination Committee of the Board. He does not have any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad, nor has any personal interest in any business arrangement involving the Company. He attended all of the six Board Meetings held from the date of his appointment on 29 September 2007 to 30 June 2008.

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

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

Tan Sri Dato' Dr. Wan Mohd. Zahid holds a B.A. Honours Degree from University of Malaya, Masters from Stanford University and PhD from University of California, Berkeley. He underwent a course in business management under the Advanced Management Program at Harvard Business School. He started his career as a teacher, moving up to principal level and eventually held various positions in the Ministry of Education. His last post prior to retirement was as Director General of Education.

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



Tan Sri Datuk Dr. Ahmad Tajuddin Ali

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

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

Tan Sri Datuk Dr. Ahmad Tajuddin chairs the Risk Management Committee of the Board and is a member of the Audit Committee, the Nomination Committee and the Strategy Task Force of the Board. He does not have any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad, nor has any personal interest in any business arrangement involving the Company. He attended all of the eight Board Meetings held from the date of his appointment on 14 September 2007 to 30 June 2008.

Datuk Seri Panglima Sheng Len Tao

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

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

Datuk Seri Panglima Sheng is a member of the Audit Committee, the Remuneration Committee, the Risk Management Committee and the Strategy Task Force of the Board. He does not have any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad, nor has any personal interest in any business arrangement involving the Company. He attended seven out of the eight Board Meetings held from the date of his appointment on 14 September 2007 to 30 June 2008.

Raja Dato' Seri Arshad Raja Tun Uda

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

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

Profile of Directors

Raja Dato' Seri Arshad chairs the Audit Committee of the Board and is a member of the Remuneration Committee and the Risk Management Committee of the Board. He does not have any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad, nor has any personal interest in any business arrangement involving the Company. He attended seven out of the eight Board Meetings held from the date of his appointment on 14 September 2007 to 30 June 2008.

Dato' Henry Sackville Barlow

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

He has over 35 years of experience in the plantation industry and was formerly the finance director of Barlow Boustead Estates Agency Sdn Berhad and Joint Managing Director of Highlands & Lowlands Berhad. Dato' Barlow obtained his Bachelors and Master of Arts degrees from University of Cambridge, United Kingdom. He is also a Fellow of the Institute of Chartered Accountants in England and Wales.

Dato' Barlow is a member of the Audit Committee, the Remuneration Committee and the Strategy Task Force of the Board. He does not have any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad, nor has any personal interest in any business arrangement involving the Company. He attended all of the six Board Meetings held from the date of his appointment on 29 September 2007 to 30 June 2008.

Dato' Mohamed Sulaiman

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

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

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

Dato' Dr. Abdul Halim Ismail

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

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

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

Datin Paduka Zaitoon Dato' Othman

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

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

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

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

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

Dato' Seri Ahmad Zubair @ Ahmad Zubir Haji Murshid

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

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

He does not have any family relationship with and is not related to any director and/or major shareholder of Sime Darby Berhad, nor has any personal interest in any business arrangement involving the Company except by virtue of being the President & Group Chief Executive of Sime Darby Berhad. He attended all of the eight Board Meetings held from the date of his appointment on 14 September 2007 to 30 June 2008.



Management Team



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

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

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



Management Team

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

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

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

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

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

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

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

Mr Lee was the Divisional Director of KSDB's Motors Division before he assumed his present position. He was also the Managing Director of the subsidiaries within the Hyundai Group of KSDB's Motors Division and had previously managed KSDB's Motor Division in Singapore, Australia, New Zealand and the People's Republic of China, including Hong Kong and Macau. He is an Accountant by profession and a Fellow of the Institute of Chartered Accountants in England and Wales.

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

Mr Cameron began his career with Pricewaterhouse in Brisbane, Sydney and New York before joining Hastings Deering as the Finance Director. He was formerly the Managing Director of the Hastings Deering Group of Caterpillar Dealerships which covers Queensland, Northern Territory, Papua New Guinea and Solomon Islands prior to his present appointment. He holds a degree in Commerce from University of Queensland, Australia and is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors. He has also attended the Harvard Business School's Advanced Management Programme in Boston.

Management Team

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

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

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

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

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

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

Tong Poh Keow, Malaysian, Group Chief Financial Officer.

Madam Tong was the Chief Financial Officer of the Plantation Division of Sime Darby Berhad prior to her present appointment. She was formerly Head of Group Finance and Administration, and Chief Finance Officer of KGB. She joined the KGB Group in 1983 as an Accountant-cum-Assistant Company Secretary for Highlands & Lowlands Berhad before becoming General Manager, Accounting and Financial Reporting and thence Group General Manager, Finance (Group Accounting and Financial Reporting). She is a member of the Malaysian Institute of Accountants, a member of the Institute of Chartered Secretaries and Administrators United Kingdom and a Fellow of the Association of Chartered Certified Accountants, United Kingdom.

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

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

Management Team

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

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

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

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

Norzilah Megawati Abdul Rahman, Malaysian, Group Secretary.

Puan Norzilah was the Head, Group Legal & Compliance of KGB prior to her present appointment. She joined KGB in 1994 as Manager, Group Chief Executive's Office and was subsequently promoted to Controller, Corporate Business Development and Monitoring, and thereafter appointed as Director of Corporate Business Development and Human Resource. She has also served as an Executive in many areas, amongst them investment analysis, money market trading, corporate secretarial and legal as well as a Manager in the Group Chief Executive's Office in Permodalan Nasional Berhad. She holds a degree in Law from the University of Malaya, Kuala Lumpur and is a licensed Company Secretary.

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

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



Report on the Audit Committee

Report on the Audit Committee

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

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

Composition and Attendance

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

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

Terms of Reference

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

Duties

The duties of the Audit Committee are:-

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

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

Authority

The Committee is authorised by the Board:-

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

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

Responsibility

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

Membership

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

Report on the Audit Committee

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

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

Review of the Composition of the Committee

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

Meetings and Minutes

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

Summary of Activities of the Committee during the Year

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

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

Internal Audit Functions and Activities

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

Report on the Audit Committee

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

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

Statement on Corporate Governance

The Code

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

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

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

The Board of Directors

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

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

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

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



Statement on Corporate Governance

Board Balance

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

The independent Directors are:-

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

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

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

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

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

Supply of Information

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

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

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

Statement on Corporate Governance

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

Board Committees

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

a. Audit Committee

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

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

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

b. Remuneration Committee

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

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

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

Terms of Reference

Duties

The duties of the Remuneration Committee are:-

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

Authority

The Committee is authorised by the Board:

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

Membership

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

Meetings and Minutes

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

c. Nomination Committee

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

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

Statement on Corporate Governance

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

Terms of Reference

Duties

The duties and responsibilities of the Nomination Committee are:-

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

Authority

The Committee is authorised by the Board:-

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

Membership

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

Statement on Corporate Governance

Meetings and Minutes

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

d. Risk Management Committee

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

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

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

Terms of Reference

Duties

The duties of the Risk Management Committee are:-

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

Membership

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

Meetings and Minutes

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

Statement on Corporate Governance

e. Strategy Task Force

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

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

Terms of Reference

Duties

The duties of the Strategy Task Force are to:-

Group Strategy

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

Group Business

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

Group Organisational and Management Structure

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

Authority

The Task Force is authorised by the Board:-

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

Membership

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

Meetings and Minutes

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

f. Management of Operations

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

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

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

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

Appointments to the Board and Re-election of Directors

There is in place a formal and transparent procedure for the appointment of Directors to the Board. The proposed appointment of member(s) of the Board as well as the proposed re-appointment or re-election of Directors seeking re-appointment or re-election at the Annual General Meeting are recommended by the Nomination Committee to the Board for its approval. The Board makes the final decision on appointments.

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

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

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

Directors' Remuneration

The objective of the Company's policy on Directors' remuneration is to attract and retain Directors of the calibre needed to direct the Group successfully. In the case of the Executive Director, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. Performance is measured against profits and other targets set from the Company's annual budget and plans, and from returns provided to shareholders. In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the non-executive Director concerned.

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

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

The remuneration package comprises the following elements:-

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

Statement on Corporate Governance

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

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

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

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

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

Directors' Training

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

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

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

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

Investor Relations and Shareholders' Communication

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

Statement on Corporate Governance

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

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

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

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

Financial Reporting

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

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

Internal Control

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

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

Relationship with the Auditors

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

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

Statement on Corporate Governance

Conclusion

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

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



Statement on Internal Control

Responsibility

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

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

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

Risk management

Risk policy

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

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

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

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

Risk reporting

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

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

Control structure and environment

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

Structural

Audit Committee

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

Board Risk Management Committee

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

Supervisory Committee (SC) and Audit Committee of the SC

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

Group Corporate Assurance Department

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

Organisation and Values

Operating structure with clearly defined lines of responsibility and delegated authority

The operating structure includes defined delegation of responsibilities to the committees of the Board, and the management of Group Head Office, Divisions and operating units.

Written policies and procedures on the limits of delegated authority

The limits of delegated authority are clearly defined and set out in the Group Policies and Authorities (GPA) and the Divisional/Operating Unit Standard Operating Procedures. These policies and procedures are reviewed regularly and updated when necessary.

Corporate values

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

Comprehensive information system

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

Statement on Internal Control

Organisation and Values (continued)

Employee competency

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

Whistleblowing

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

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

The whistleblowing procedures include provisions to safeguard the confidentiality of the complainant, ensure no victimisation of the complainant if he or she has acted in good faith, and measures to avoid abuse of the policy and procedures for purposes of making false or malicious allegations.


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

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

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

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

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

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

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

GROWTH

Chairman's Message



Tun Musa Hitam

Dear Shareholders,

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

Analysis of Group Net Profit

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

Financial Year 2007-2008 Results

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

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

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

Major Corporate Activities

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

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

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

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

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

Corporate Social Responsibility: Sustainable Development

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

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

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

Governance

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

Outlook and Prospects

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

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

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

Acknowledgements

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

"Developing Sustainable Futures"



Tun Musa Hitam
Chairman

President & Group Chief Executive's Review



Dato' Seri Ahmad Zubir Murshid

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

President & Group Chief Executive's Review

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

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

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

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

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

Our People

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

Roundtable on Sustainable Palm Oil (RSPO)

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

Strategic Outlook

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

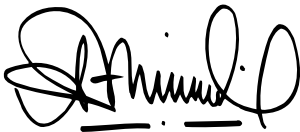
President & Group Chief Executive's Review

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

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

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

Thank you.



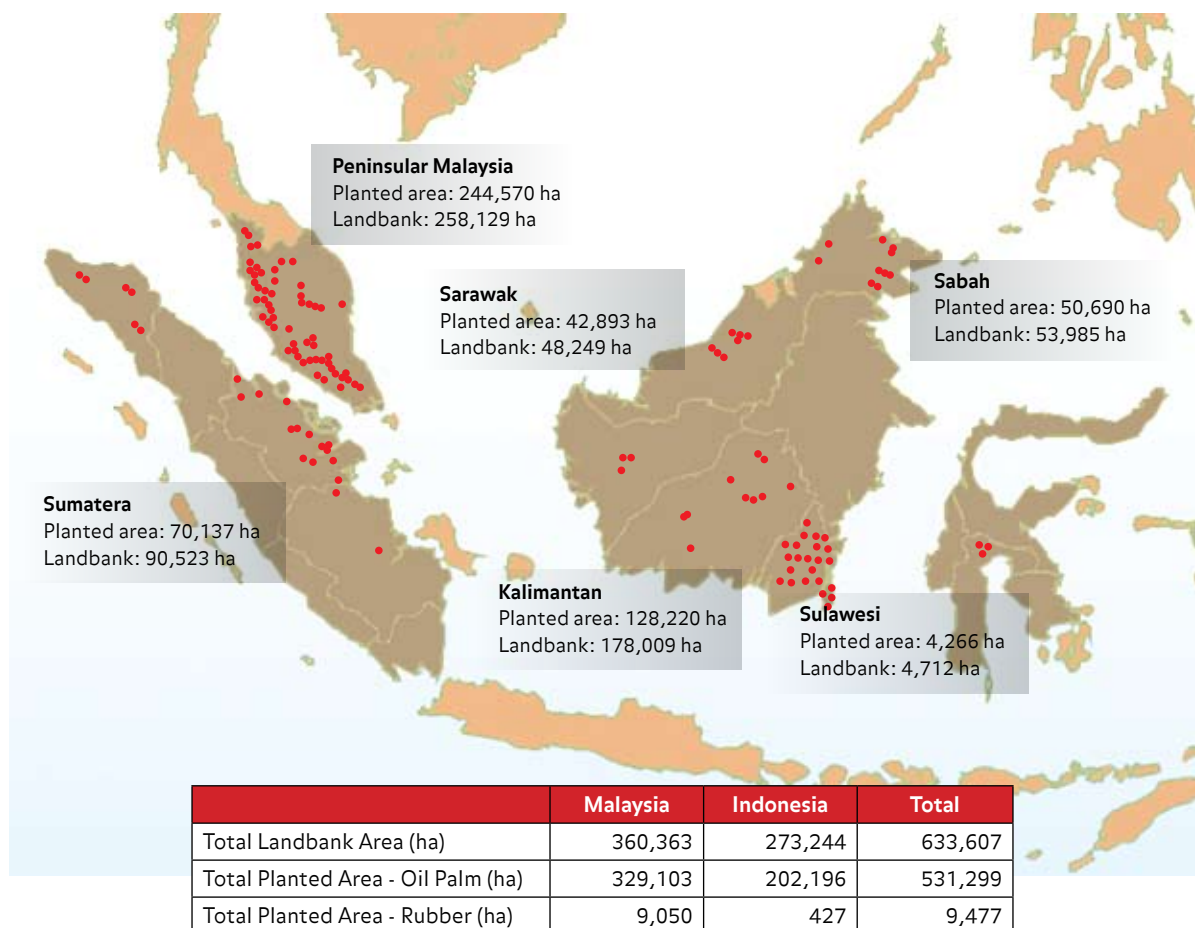
Dato' Seri Ahmad Zubir Murshid
President & Group Chief Executive

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

YSTEMISE

Operations Review - Plantation

Malaysia & Indonesia Hectarage Map



Operations Review - Plantation

Plantation Statistics

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

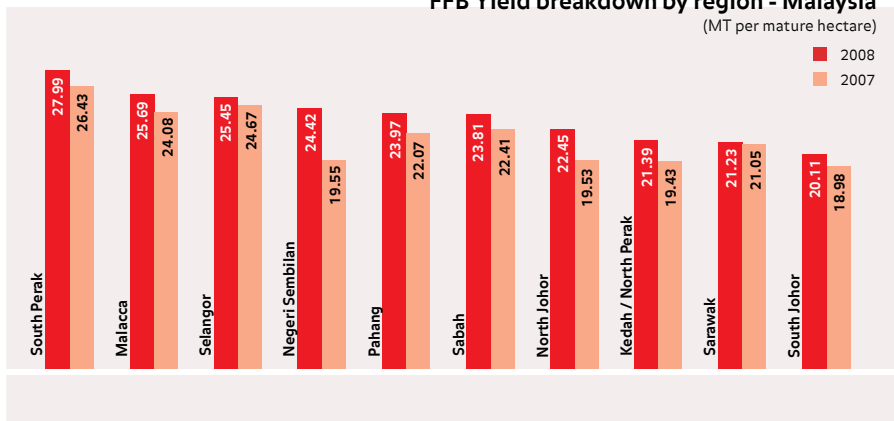
Rubber	FY 2007/08			FY 2006/07		
	Malaysia	Indonesia	Total	Malaysia	Indonesia	Total
Planted area	9,050	427	9,477	8,440	700	9,140
Rubber production (000kg)	12,600	294	12,894	12,129	604	12,733
Yield per mature hectare (kg)	1,631	690	1,582	1,604	862	1,541
Average selling price (RM / kg)	8.10	5.17	8.02	8.07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



FFB Yield Achievement by zone for Malaysia and Indonesia

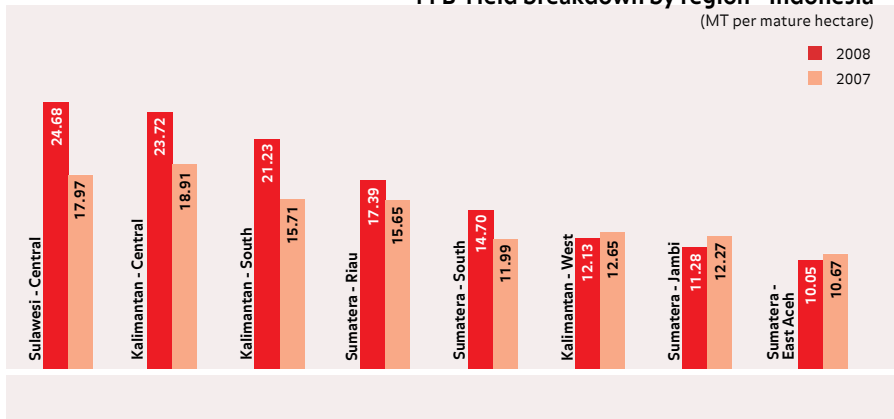
FFB Yield breakdown by region - Malaysia

(MT per mature hectare)



FFB Yield breakdown by region - Indonesia

(MT per mature hectare)



Operations Review - Plantation

Plantation Upstream

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

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

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

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



Plantation Malaysia

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

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

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

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

Plantation Indonesia

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

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



Operations Review - Plantation

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

Plantation Downstream

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

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

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



Operations Review - Plantation

Agribusiness & Food

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

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

Research & Development

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

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

Among the highlights of the R&D unit are:

Gedung Model Paddy Farm and Seed R&D Centre

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



Operations Review - Plantation

Clonal Oil Palm Planting Materials

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

Biocontrol Remedies in Plant Protection

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

Oil Palm Yield Prediction through Remote Sensing

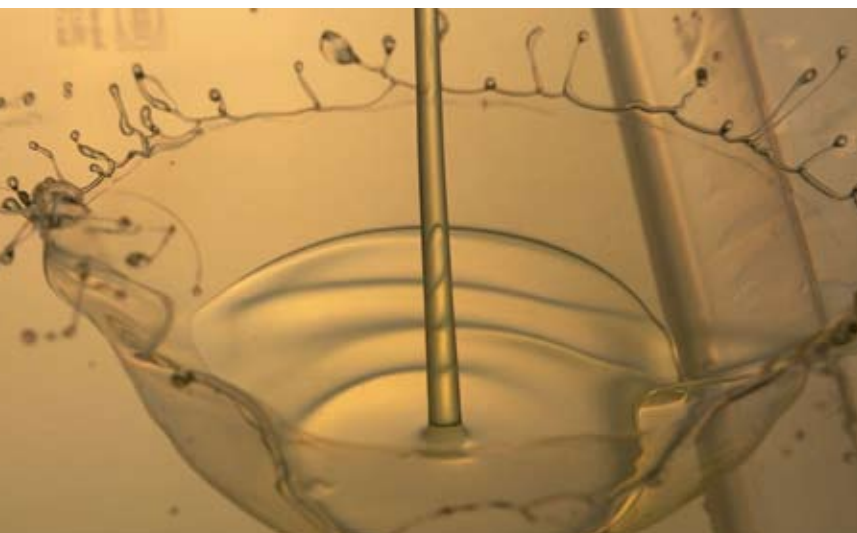
In 2005, a collaborative project was initiated with the Malaysian Remote Sensing Agency on Oil Palm Yield Prediction through Remote Sensing. Using a series of satellite imageries and ancillary data, a one year prediction of 95 percent accuracy was achieved through a method called data modeling in East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

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

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

DAG Oil and MLCT Oil

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



Synergy Initiatives

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

The identified ten initiatives are as follows:

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



Operations Review - Plantation

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

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

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



RSPO Certification in Sime Darby Plantation

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

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

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

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

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



Operations Review - Property

Merger Synergies

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

Overview

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

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

Property Development

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

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



Asset Management and Hospitality & Leisure

- Asset Management

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

- Hospitality & Leisure

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

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

Operations

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

Property Development

- Parade of Homes

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



Operations Review - Property

- Ara Damansara

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

- Bandar Bukit Raja

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

- Bukit Jelutong

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

- Denai Alam

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



Operations Review - Property

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

- Melawati

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

- Putra Heights

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

- Bandar Gemilang

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



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

Asset Management and Hospitality & Leisure

- Asset Management

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

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

- Hospitality & Leisure

Malaysia

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

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

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



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

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

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

Singapore

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

Australia

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

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

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

Vietnam

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



Operations Review - Industrial

Malaysia

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

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

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

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

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



Operations Review - Industrial

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

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

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

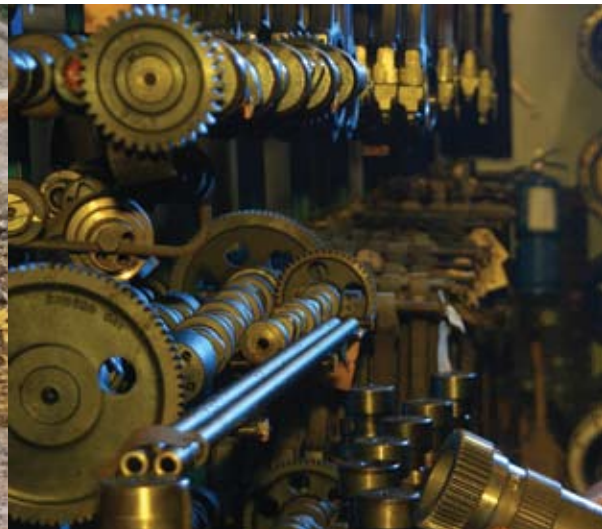
During the year, the Group began its investment in customer engagement. A pilot implementation of a Customer Relationship Management (CRM) software by Microsoft was successfully launched in Fujian province in April. CRM is now being replicated within the operations of other provinces; scheduled to complete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

Singapore

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

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

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



Operations Review - Industrial

Australia

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

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

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

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

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



Operations Review - Industrial

Papua New Guinea

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

Solomon Islands

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

New Caledonia

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



Operations Review - Motors

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

Malaysia

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

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

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

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

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

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

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



Singapore

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

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

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

Australia

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



Operations Review - Motors

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

Thailand

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

New Zealand

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

Hong Kong / Macau

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



Operations Review - Motors

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

China

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

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



Operations Review - Energy & Utilities

Energy

Oil & Gas

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

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

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



Operations Review - Energy & Utilities

Power Generation

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

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

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

Engineering Services

Mecomb Group

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

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



Operations Review - Energy & Utilities

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

Chubb Malaysia Sdn Bhd

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

Sime-Sirim Technologies Sdn Bhd

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



Utilities

China Operations

Weifang Sime Darby Port Co Ltd

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

Weifang Sime Darby Water Management Co Ltd

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

Jining Sime Darby Port Co Ltd

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



Operations Review - General Trading, Services & Others

Healthcare

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

Aerospace

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

Bedding

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

Consumer Products

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

Industrial Products

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

Insurance Broking

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

Logistics

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

Packaging

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

Travel and Tourism

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



PIONEER



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

Corporate Social Responsibility Report

A Responsible Corporate Citizen

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

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

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

We Care for the Environment

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

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

