

# Notes On The Financial Statements

## For The Year Ended 30th June 2006

Amounts in RM million unless otherwise stated

### INCOME STATEMENTS

#### 1 REVENUE

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

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

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

#### 2 OPERATING EXPENSES

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

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



## 2 OPERATING EXPENSES (continued)

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

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

### Group

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

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

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

No of Directors	RM50,000 and below	> RM50,000 to RM100,000	> RM100,000 to RM150,000	> RM150,000 to RM200,000	> RM200,000 to RM250,000	> RM1,350,000 to RM1,400,000
Executive Director	-	-	-	-	-	1
Non-Executive Directors	1	1	2	3	2	-



### 3 OTHER OPERATING INCOME

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

### 4 UNUSUAL ITEMS

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

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

### 5 INVESTMENT AND INTEREST INCOME

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



## 6 TAXATION

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

### Tax reconciliation

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

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



## 7 EARNINGS AND NET ASSETS PER SHARE - GROUP

### (a) Basic earnings per share

Basic earnings per share is computed as follows :

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

### (b) Diluted earnings per share

The diluted earnings per share is computed as follows :

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

### (c) Net assets per share

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

## 8 DIVIDENDS

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

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



## BALANCE SHEETS

### 9 SHARE CAPITAL

#### (a) Share capital

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

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

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

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

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

The main features of the Scheme are as follows:

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

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



## 9 SHARE CAPITAL (continued)

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

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

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

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



## 9 SHARE CAPITAL (continued)

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

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



## 10 RESERVES

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



## 10 RESERVES (continued)

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

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

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



## 11 LOANS AND FINANCING

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

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

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

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

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

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

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



## 12 AL MURABAHAH MEDIUM TERM NOTES - UNSECURED

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

Salient features of the Programme are as follows:

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

## 13 DEFERRED TAX

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

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

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

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



### 13 DEFERRED TAX (continued)

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

#### Group

#### Deferred tax liabilities

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

#### Deferred tax assets

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



## 13 DEFERRED TAX (continued)

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

## 14 INVENTORIES

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

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

## 15 PROPERTY DEVELOPMENT COSTS - GROUP

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

Development costs is analysed as follows:

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

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



## 16 TRADE AND OTHER RECEIVABLES

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

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

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

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

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



## 17 CONSTRUCTION CONTRACTS – GROUP

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

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

## 18 CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNTS

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

## 19 BANK BALANCES, DEPOSITS AND CASH

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

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

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

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

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



## 20 TRADE AND OTHER PAYABLES

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

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

## 21 PROVISIONS - GROUP

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



**22 INVESTMENTS**

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

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

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

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



## 23 ASSOCIATES

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

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

## 24 JOINTLY CONTROLLED ENTITIES - GROUP

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

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

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

## 25 SUBSIDIARIES - COMPANY

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

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

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



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

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

The land held for property development is analysed as follows:

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

**27 PROPERTY, PLANT AND EQUIPMENT**

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

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


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

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

**28 GOODWILL – GROUP**

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

**29 INTANGIBLE ASSETS - GROUP**

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

**30 CONTINGENT LIABILITIES AND COMMITMENTS**

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

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

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

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

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

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

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

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

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

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

**32 NET CASH OUTFLOW FROM INVESTING ACTIVITIES**

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

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

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



## 34 ACQUISITION AND INCORPORATION OF SUBSIDIARIES - GROUP

### (a) Acquisition of subsidiaries

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

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

\* Represents RM1,700, RM2 and RM60 respectively

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

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

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



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

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

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

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

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

(b) Acquisition of additional interest in existing subsidiaries

The additional interests acquired were as follows:

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

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

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



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

(c) Incorporation of subsidiaries

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

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

## 35 DISPOSAL OF SUBSIDIARIES - GROUP

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

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

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

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

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

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



### 36 SEGMENT INFORMATION - GROUP

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

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

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

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

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

#### Year ended 30th June 2005

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

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



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

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

**Balance sheet**

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

At 30th June 2005

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

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

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



### 36 SEGMENT INFORMATION – GROUP (continued)

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

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

#### Segment results

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



## 37 DISCLOSURE OF SIGNIFICANT RELATED PARTY TRANSACTIONS

At the last Annual General Meeting held on 25th October 2005, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of revenue or trading nature.

In accordance with Section 4.1.5 of Practice Note No. 12/2001 issued by Bursa Malaysia Securities Berhad, the details of recurrent related party transactions conducted during the year ended 30th June 2006 pursuant to the shareholders' mandate and announcements made were as follows:-

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


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

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

Other significant related party transactions were as follows:

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

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



## 38 FINANCIAL INSTRUMENTS

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

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

#### Foreign currency exchange risk

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

#### Interest rate risk

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

#### Credit risk

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

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

#### Liquidity and cash flow risk

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

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

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

#### Short term financial instruments

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

#### Investments

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

#### Long-term financial instruments

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



### 38 FINANCIAL INSTRUMENTS (continued)

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

#### Derivative financial instruments

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

- (c) Off balance sheet financial instruments

- (i) Forward foreign exchange contracts

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

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

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

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



## 38 FINANCIAL INSTRUMENTS (continued)

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

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

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

#### (ii) Interest rate swaps

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

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

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

#### (iii) Credit risk

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



### 38 FINANCIAL INSTRUMENTS (continued)

(d) Fair value

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

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

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

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

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

**38 FINANCIAL INSTRUMENTS (continued)**

(d) Fair value (continued)

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

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

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

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

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

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

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

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

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

**40 ADOPTION OF NEW ACCOUNTING STANDARDS**

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

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

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



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

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



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

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



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

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



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

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



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

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



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

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



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

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



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

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

**Notes:-**

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

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

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

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

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

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

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

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

# Statement By Directors And Statutory Declaration

## STATEMENT BY DIRECTORS

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

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

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


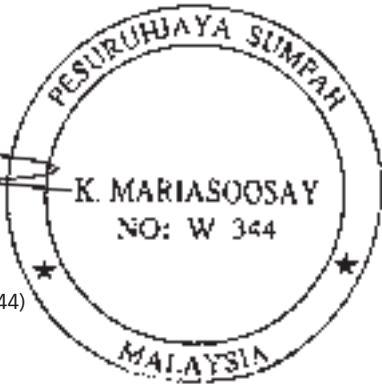
Dato' Ahmad Zubair @ Ahmad Zubir bin Haji Murshid  
Group Chief Executive

Kuala Lumpur  
29th August 2006

## STATUTORY DECLARATION

I, Sekhar Krishnan, the officer primarily responsible for the financial management of Sime Darby Berhad, do solemnly and sincerely declare that the financial statements set out on pages 58 to 112 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

SUBSCRIBED AND SOLEMNLY DECLARED by the abovenamed Sekhar Krishnan, at Kuala Lumpur, Malaysia on 29th August 2006.

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

Sekhar Krishnan  
(MIA 2337)  
Group Chief Financial Officer

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



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(AF 1146)  
Chartered Accountants  
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Telephone +60 (3) 2693 1077  
Facsimile +60 (3) 2693 0997

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

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

PricewaterhouseCoopers  
(No. AF-1146)  
Chartered Accountants

Kuala Lumpur  
29th August 2006

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

# List Of Properties Held As At 30th June 2006

LOCATION	TENURE	AREA	AGE OF BUILDING	DESCRIPTION	YEAR OF EXPIRY	NET BOOK VALUE RM '000
<b>MALAYSIA</b>						
Alor Gajah Industrial Estate, Northern District, Melaka	Leasehold	29,300 sq metres	26 years	Industrial Land & Building	2073	1,168
Atherton Estate (Salak), Siliau, Negeri Sembilan	Freehold	2,278 hectares		Rubber & Oil Palm Estate		28,665
Badenoch Estate, Kuala Ketil, Kedah	Freehold	1,525 hectares		Rubber & Oil Palm Estate		12,591
Bakar Arang Industrial Estates, Kedah	Leasehold	19,693 sq metres	29 years	Industrial Land & Factory Building	2075	1,678
Batu Ferringhi, Pulau Pinang	Freehold	190 sq metres	18 years	Residential Apartment		130
Bukit Cloh Estate, Jeram, Selangor	Freehold	2,035 hectares		Oil Palm Estate		39,798
Bukit Kiara, Kuala Lumpur	Leasehold	29 hectares		Land Held for Development	2051	340,849
Bukit Kiara, Kuala Lumpur	Leasehold	227 hectares	14 years	Golf & Country Club	2051	132,516
Bukit Paloh Estate, Paloh, Johor	Freehold	1,468 hectares		Oil Palm Estate		13,115
Bukit Paloh Scheme, Paloh, Johor	Freehold	556 hectares		Oil Palm Estate		10,600
Bukit Rajah Estate, Klang, Selangor	Freehold	2,089 hectares		Land Held For Township Development		188,312
Bukit Rajah Industrial Estate, Klang, Selangor	Leasehold	16,389 sq metres		Industrial Land	2088	1,570
CEP Niyor Estate, Kluang, Johor	Freehold/ Leasehold	1,554 hectares		Oil Palm Estate	2011	11,570
CEP Rengam Estate, Rengam, Johor	Freehold	3,089 hectares		Oil Palm Estate		26,711
Chan Wing Estate, Kluang, Johor	Freehold	2,603 hectares		Rubber & Oil Palm Estate		46,478
Craigielea Estate, Bukit Pasir, Johor	Freehold	2,337 hectares		Oil Palm Estate		18,089
Devon Estate (Kempas), Merlimau, Melaka	Freehold	1,750 hectares		Oil Palm Estate		41,208
Ellar Estate, Kluang, Johor	Freehold	937 hectares		Rubber & Oil Palm Estate		8,250
Fraser's Hill, Pahang	Leasehold	7,100 sq metres	20 years	Holiday Bungalow	2043	404
Gedong Estate, Bagan Serai, Perak	Freehold	1,344 hectares		Oil Palm Estate		11,486
Gunung Mas Estate, Bekok, Johor	Freehold	870 hectares		Oil Palm Estate		16,860
Hadapan Estate, Layang-Layang, Johor	Freehold	1,133 hectares	24 years	Oil Palm Estate & Buildings		16,817
Jalan 205, Petaling Jaya, Selangor	Leasehold	16,770 sq metres	26 years	Office, Workshop & Warehouse Complex	2055	2,319
Jalan 225, Petaling Jaya, Selangor	Leasehold	4,147 sq metres	24 years	Industrial Land & Building	2074	2,057
Jalan Acob Estate, Kapar, Selangor	Freehold	1,402 hectares		Land Held For Township Development		40,429
Jalan Apas, Tawau, Sabah	Leasehold	14,746 sq metres	26 years	Office, Workshop & Warehouse Complex	2925	679
Jalan Bersatu, Petaling Jaya, Selangor	Leasehold	10,062 sq metres	14 years	Office & Factory	2059	18,385
Jalan Gangsa, Pasir Gudang, Johor	Leasehold	42,700 sq metres	26 years	Office, Workshop, Warehouse Complex & Vacant Land	2038	1,184
Jalan Haji Salleh, Jalan Meru, Klang, Selangor	Freehold	2 hectares	11 years	Industrial Land & Building		6,667
Jalan Kemajuan, Petaling Jaya, Selangor	Leasehold	8,830 sq metres	44 years	Factory Land & Building	2059	2,490
Jalan Kemajuan, Petaling Jaya, Selangor	Leasehold	7,251 sq metres	42 years	Factory Land & Building	2059	3,207
Jalan Kenyalang, Kuala Kubu Bahru	Freehold	4,101 sq metres		Vacant homestead land		133
Jalan Kewajipan, Subang Jaya, Selangor	Leasehold	5,490 sq metres	14 years	Factory Building & Factory Office	2022	2,085
Jalan Labuk, Sandakan, Sabah	Leasehold	35,900 sq metres	26 years	Residential Land, Building & Commercial Office	2888	1,638
Jalan Lahat, Bukit Merah, Ipoh, Perak	Leasehold	17,376 sq metres	26 years	Office, Workshop & Warehouse Complex	2036	1,131
Jalan Lahat, Ipoh, Perak	Freehold	7,183 sq metres		Showroom		40
Jalan Mutiara, Taman Mutiara, Pontian, Johor	Freehold	143 sq metres	12 years	Single Storey Terrace House		83
Jalan Paku, Shah Alam, Selangor	Leasehold	1,774 sq metres	32 years	Industrial Land & Building	2068	232
Jalan Piasau, Miri, Sarawak	Leasehold	20,275 sq metres	26 years	Office, Workshop & Warehouse Complex	2028	1,098
Jalan Rasah, Seremban, Negeri Sembilan	Freehold	3.19 hectares	32 years	Vacant Land		2,822
Jalan Sesiku 15/2, Shah Alam, Selangor	Leasehold	66,331 sq metres	25 years	Industrial Land With Factory Building	2065	13,688
79, Jalan SS23/15, Taman Sea (Lot 3467), Selangor	Freehold	440 sq metres	9 years	Shophouse		7,818
Jalan Tampoi, Johor Bahru, Johor	Leasehold	39,893 sq metres	40 years	Factory Building	2025	457
Jalan Tandang, Petaling Jaya, Selangor	Leasehold	1.04 hectares	13 years	Industrial Land With Building	2066	19,733
Jalan Tandang, Petaling Jaya, Selangor	Leasehold	14 hectares	43 years	Land & Building	2065	68,647
Jalan Tuan Haji Said, Seremban, Negeri Sembilan	Freehold	7,103 sq metres		Land		208
Jalan Tuanku Abdul Rahman, Kuala Lumpur	Freehold	186 sq metres		Land & Building		1,372
Jalan Tuanku Abdul Rahman, Kuala Lumpur	Freehold	240 sq metres		Land & Building		627



# List Of Properties Held

LOCATION	TENURE	AREA	AGE OF BUILDING	DESCRIPTION	YEAR OF EXPIRY	NET BOOK VALUE RM '000
Jalan Tun Ismail, Bukit Tunku, Kuala Lumpur	Freehold	19,223 sq metres		Land & Building		35,113
Jasin/Pegoh Estate, Jasin, Melaka	Freehold	1,323 hectares		Rubber & Oil Palm Estate		7,488
Kali Malaya Estate, Paloh, Johor	Freehold	1,061 hectares		Oil Palm Estate		8,862
Kempas, Klebang Estate, Paloh, Johor	Freehold	2,473 hectares		Rubber & Oil Palm Estate		45,235
Kidurong Light Industrial Estate, Bintulu, Sarawak	Leasehold	10,704 sq metres	22 years	Workshop	2042	3,297
Kirby Estate, Labu, Negeri Sembilan	Freehold	1,572 hectares		Oil Palm Estate		6,630
Kompleks Kejuruteraan, Puchong, Selangor	Freehold	136,461 sq metres	8 years	Office, Workshop & Warehouse		85,689
Kulai Estate, Paloh, Johor	Freehold	2,051 hectares		Oil Palm Estate		31,516
9th Mile, Labuk Road, Sandakan Sabah	Leasehold	29 hectares		Vacant Land	2892	212
Layang Estate, Johor	Freehold	1,962 hectares		Oil Palm Estate		18,179
Lorong Then Kung Suk 4, Sibu, Sarawak	Leasehold	7,249 sq metres	17 years	Office, Workshop & Warehouse Complex	2046	3,586
Lot 24, Jalan U1/49, Seksyen U1, 40150 Shah Alam, Selangor	Freehold	2,081 sq metres	7 years	Land & Building		3,159
Lot 33, Jalan U1/46, Seksyen U1, 40150 Shah Alam, Selangor	Freehold	4,990 sq metres	3 years	Land & Building		12,862
Lot 65 & 66, Kawasan Perusahaan Senawang, Seremban, Negeri Sembilan	Leasehold	3.7 hectares	18 years	Factory, Warehouse & Office Complex	2073	1,825
Lot 73 & 74, Kawasan Perindustrian Senawang, Seremban, Negeri Sembilan	Leasehold	2,634 sq metres	23 years	Land & Building	2074	3,033
Lot 159 & 160, Jalan Parameswara, Melaka	Leasehold	8,000 sq metres	8 years	Commercial Land & Building	2080	73,767
Lot 305, Taman Pasir Putih, Mukim Plentong, Daerah Johor Bahru	Freehold	10.3 hectares		Land Held for Township Development		70,689
Lot 552, Batang Berjuntai, Selangor	Freehold	45,334 hectares		Industrial Land & Building		11,153
Lot 552, Batang Berjuntai, Selangor	Leasehold	45 sq metres	20 years	Land & Factory Building	2016	5,740
Lot 2026, Jalan Kewajipan, Subang Jaya, Selangor	Freehold	43,628 sq metres	14 years	Industrial Land & Factory Building		3,585
Lot 4243, Subang Jaya, Selangor	Freehold	1,600 sq metres		Hotel Site		347
Lot 6508, 6509 & 6510 Kapar, Klang, Selangor	Freehold	65,312 sq metres		Land		8,987
Lot 6508, 6509 & 6510 Kapar, Klang, Selangor	Freehold	45,155 sq metres		Industrial Land		6,213
Lot 8129, Wisma Subang Jaya, Subang Jaya, Selangor	Freehold	2,100 sq metres	9 years	Land & Building		17,455
Lot 41343, 41344 & 41345, Senai Land, Johor Bahru, Johor	Freehold	14,750 sq metres		Vacant Land		2,470
Lot PT 115 & 116, Mukim Cheras	Leasehold	2 hectares	23 years	Land & Building	2036	2,364
Lot PT 11101, Jalan Kewajipan, PSD Industrial Park, Subang Jaya	Freehold	101,099 sq metres	12 years	Industrial Land & Office Building		4,244
Lot PT 11101, Jalan Kewajipan, USJ 7, Selangor	Freehold	2,296 sq metres	8 years	Office Building		14,582
Lot PT 11101, Jalan Kewajipan, PSD Industrial Park, Subang Jaya	Freehold	4,897 sq metres	14 years	Factory Building		1,245
Lot PTB 20126, Township & District of Johor Bahru, Johor	Freehold	49,240 sq metres		Industrial Land		13,243
Mengaris Estate, Sandakan, Sabah	Leasehold	1,616 hectares		Oil Palm Estate	2887	30,168
Merlimau Estate, Merlimau, Melaka	Freehold	1,886 hectares		Oil Palm Estate		15,396
Midlands Estate (Seri Pulai), Kulai, Johor	Freehold	2,101 hectares		Oil Palm Estate		37,577
New Labu Estate, Nilai, Negeri Sembilan	Freehold	635 hectares		Rubber & Oil Palm Estate		4,557
Nova Scotia Estate (Seri Intan), Teluk Intan, Perak	Freehold	3,104 hectares		Oil Palm Estate		34,783
Parkland, Subang Jaya, Selangor	Leasehold	29 hectares		Parkland	2087	3,738
Pasir Gudang Industrial Estate, Johor	Leasehold	14 hectares	16 years	Industrial Land & Building	2045	22,231
Pasir Gudang Industrial Estate, Johor	Leasehold	2 hectares		Land & Building	2053	2,300
Pasir Gudang Industrial Estate, Johor	Leasehold	2 hectares		Land & Workshop	2053	863
Pasir Gudang Industrial Estate, Johor	Leasehold	4.05 hectares		Land & Building	2035	11,453
Pasir Gudang Industrial Estate, Johor	Leasehold	11 hectares		Land & Building	2023	22,570



LOCATION	TENURE	AREA	AGE OF BUILDING	DESCRIPTION	YEAR OF EXPIRY	NET BOOK VALUE RM '000
Pasir Gudang Industrial Estate, Johor	Leasehold	2.23 hectares		Land	2043	1,081
Pasir Gudang Industrial Estate, Johor	Leasehold	5,500 sq metres		Land & Building	2022	1,617
Pasir Gudang Industrial Estate, Johor	Leasehold	11 hectares	3 years	Land & Building	2023	35,410
Patani Para Estate, Kedah	Freehold	784 hectares		Rubber & Oil Palm Estate		7,175
Pilmoor Estate, Batu Tiga, Selangor	Freehold	405 hectares		Land Held for Township Development		80,162
Port Dickson Power Berhad, Jalan Seremban, Negeri Sembilan	Freehold	22 hectares	11 years	Industrial Building & Land		16,021
PT 5, Subang Jaya, Selangor	Freehold	4,700 sq metres		Vacant Land		1,523
PT 6, Subang Jaya, Selangor	Freehold	6,900 sq metres		Land Held For Township Development		2,221
PT 439 & 440 Mukim Padang Meha, Kulim, Kedah	Freehold	809,370 sq metres	10 years	Industrial Land & Building		55,929
Raja Musa Estate, Selangor	Freehold	1,207 hectares		Oil Palm Estate		23,558
Rawang Integrated Industrial Park, Rawang, Selangor	Freehold	9,290 sq metres	12 years	Factory/Industrial Land		2,556
Rubana Estate, Teluk Intan, Perak	Freehold	1,906 hectares		Oil Palm Estate		19,714
Sabrang Estate, Teluk Intan, Perak	Freehold	2,080 hectares		Oil Palm Estate		22,157
Section 16, Shah Alam, Selangor	Leasehold	3,995 sq metres	33 years	Office & Factory	2068	2,474
SEDCO Industrial Estate, Kota Kinabalu, Sabah	Leasehold	15,721 sq metres	2 years	Motor Vehicle Showroom & Service Centre	2034	4,717
Seduan Land District, Sibiu, Sarawak	Leasehold	7,249 sq metres	17 years	Industrial Land & Building	2046	700
Segaliud Estate, Sandakan, Sabah	Leasehold	2,401 hectares		Oil Palm Estate	2886	36,745
Selangor River Estate, Bukit Rotan, Selangor	Freehold	1,735 hectares		Oil Palm Estate		33,885
Selatan Bahru Estate, Merlimau, Melaka	Freehold	1,062 hectares		Rubber & Oil Palm Estate		14,805
Semambu Industrial Estate, Kuantan, Pahang	Leasehold	26,305 sq metres	26 years	Office, Workshop & Warehouse Complex	2041	625
Sime UEP Centre, Subang Jaya, Selangor	Freehold	8,900 sq metres		Land		2,908
SJMC, Subang Jaya, Selangor	Freehold	25,119 sq metres	21 years	SJMC South Tower		34,888
SJMC, Subang Jaya, Selangor	Freehold	49,880 sq metres	13 years	Outpatient Centre & SJMC North Tower		48,414
Subang Jaya and Seafield Estate	Freehold	67 hectares		Land Held For Township Development		244,503
Sungei Buloh Estate, Bukit Rotan, Selangor	Freehold	2,587 hectares		Oil Palm Estate		18,455
Sungei Sekah, Hamilton & New Labu Estate, Negeri Sembilan	Freehold	700 hectares		Land Held For Township Development		55,683
Sungei Way Development Berhad, Lot 14198, Subang Jaya, Selangor	Freehold	3 hectares		Land Held For Township Development		16,094
Sungei Way Development Berhad, Lot 9609, Subang Jaya, Selangor	Freehold	1 hectare		Land Held For Township Development		1,580
Sungei Way Development Berhad, PT 12587 & 12590, Subang Jaya, Selangor	Freehold	5 hectares		Land Held For Township Development		23,820
Tali Ayer Estate, Bagan Serai, Perak	Freehold	2,260 hectares		Oil Palm Estate		23,155
Tali Ayer Estate, Bagan Serai, Perak	Freehold	186 hectares		Land Held For Township Development		7,151
Taman Perindustrian UEP, Subang Jaya, Selangor	Freehold	40.49 hectares		Land Held For Township Development		7,009
Tennamaram Estate, Batang Berjuntai, Selangor	Freehold	1,704 hectares		Oil Palm Estate		19,156
Tuaran Road, Likas, Kota Kinabalu, Sabah	Leasehold	11,007 sq metres	26 years	Office, Workshop & Warehouse Complex	2026	792
Tun Tan Siew Sin/ Sentosa Estate, Sandakan, Sabah	Leasehold	6,689 hectares		Oil Palm Estate	2888	84,358
Tunku/ Tigowis Estate, Sandakan, Sabah	Leasehold	5,277 hectares		Oil Palm Estate	2887	65,001
UEP Construction Sdn. Bhd. PT Lot 2533, Subang Jaya, Selangor	Freehold	7,170 sq metres	8 years	Carpark Building		4,832
UEP Construction Sdn. Bhd. PT Lot 2631, Subang Jaya, Selangor	Freehold	3,600 sq metres	8 years	Carpark Building		3,409
Wisma Consplant 1, Subang Jaya, Selangor	Freehold	677 sq metres	13 years	Twin Tower Office & Commercial Complex		44,940
Wisma Consplant 2, Subang Jaya, Selangor	Freehold	677 sq metres	20 years	Twin Tower Office & Commercial Complex		48,689



# List Of Properties Held

LOCATION	TENURE	AREA	AGE OF BUILDING	DESCRIPTION	YEAR OF EXPIRY	NET BOOK VALUE RM '000
<b>SINGAPORE</b>						
303 Alexandra Road	Leasehold	7,760 sq metres		Motor workshop & showroom	2047	31,769
305 Alexandra Road	Leasehold	6,931 sq metres		Motor workshop, showroom, office & storage	2057	93,666
315 Alexandra Road	Leasehold	7,720 sq metres	13 years	5 Storey Factory Building	2056	59,757
Benoil Sector, Singapore	Leasehold	67,347 sq metres	22 years	Workshop, Warehouse, Storage & Utility	2032	471
6, Chin Bee Avenue	Leasehold	11,729 sq metres	31 years	Single Storey Warehouse With Offices	2043	8,316
Chin Bee Crescent	Leasehold	4,900 sq metres	27 years	Single Storey Factory	2039	3,617
Chin Bee Drive	Leasehold	6,873 sq metres	26 years	Factory & Office Building	2034	3,245
3rd Chin Bee Road	Leasehold	4,950 sq metres	25 years	Factory & Office Building	2040	2,851
4th Chin Bee Road	Leasehold	15,355 sq metres	25 years	Factory & Office Building	2034	7,133
Jalan Boon Lay	Leasehold	30,865 sq metres	37 years	Industrial Land & Building	2029	1,539
Jurong Pier Road	Leasehold	16,456 sq metres	41 years	Workshop & Office Building	2026	5,373
Kampong Arang Road	Leasehold	8,357 sq metres	40 years	Motor Workshop, Showroom & Office Building	2034	5,643
Lot 676, Orange Grove Road	Leasehold	3,373 sq metres	13 years	Service Apartment Building	2092	68,854
6C, Orange Grove Road	Freehold	2,550 sq metres		Residential apartment for sale		70,616
Sime Darby Centre, Dunearn Road	Leasehold	13,089 sq metres	23 years	Commercial, Warehouse & Industrial Building	2008	140,169
Ubi Road 4	Leasehold	4,993 sq metres	16 years	Motor Workshop, Showroom & Office	2020	14,344
<b>AUSTRALIA</b>						
Alstonia Drive, Waipa, Queensland	Freehold	1,225 sq metres	10 years	Residential Building		648
Archer Drive, Moranbah, Queensland	Freehold	805 sq metres	24 years	Residential Building		266
Brown Street, Alice Springs, Northern Territory	Freehold	5 hectares	40 years	Industrial Building		760
Buckland Street, Biloela, Queensland	Freehold	698 sq metres	33 years	Residential Building		139
Carrington Road, Torrington, Queensland	Freehold	4 hectares	35 years	Industrial Building		2,981
Cnr Bussel Hway and Tunbridge, St Margaret River, Western Australia	Freehold	1 hectare	21 years	Motel Complex		4,417
Cnr Connors Road and Commercial Avenue, Paget, Mackay, Queensland	Freehold	3 hectares	21 years	Industrial Building		7,788
Cnr Kenny Street and Fearnley Street, Portsmith, Cairns, Queensland	Freehold	1 hectare	27 years	Industrial Building & Workshop		3,128
Cnr Woolcock Street and Blakey Street, Garbutt, Townsville, Queensland	Freehold	2 hectares	33 years	Industrial Building		1,603
37-41, Commercial Avenue, Mackay, Queensland	Freehold	4,506 sq metres	12 years	Industrial Land		7,190
Gladstone Facility	Leasehold		1 year	Industrial buildings	2008	100
Gregory Highway, Emerald, Queensland	Freehold	13 hectares	17 years	Industrial Building		1,151
Hay Street, Subiaco, Western Australia	Leasehold		15 years	Land & Building, Service Apartment	2021	1,792
Hay Street, Subiaco, Western Australia	Freehold	84 sq metres	15 years	Land & Building, Service Apartment		541
Hill Road, Homebush Bay	Leasehold	1,085 sq metres	8 years	Office Building & Warehouse	2007	97
Kerry Road, Archerfield, Queensland	Freehold	13 hectares	61 years	Industrial Building		25,231
Kolongo Crescent, Kalkadoon, Mt Isa, Queensland	Freehold	3 hectares	29 years	Miner's Homestead		2,841
Port Curtis Road, Rockhampton, Queensland	Freehold	35 hectares	33 years	Office Building		9,956
Vasse Highway, Pemberton, Western Australia	Freehold	116.2 hectares	21 years	Resort Complex		10,819
Wishart Road, Berrimah, Darwin, Northern Territory	Freehold	1 hectare	3 years	Industrial Building		8,267



LOCATION	TENURE	AREA	AGE OF BUILDING	DESCRIPTION	YEAR OF EXPIRY	NET BOOK VALUE RM '000
<b>CHINA</b>						
Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	Leasehold	14,586 sq metres	33 years	6 Storey Motor Service Centre With Vehicular Lifts	2047	16,083
District No.18 Shunde Beijiao, Economic Industrial Area	Leasehold	2,723 sq metres	10 years	Single Storey Heavy Equipment Service Centre	2045	3,920
8 Fuk Wang Street, Yuen Long Industrial Estate, Yuen Long, New Territories Hong Kong	Leasehold	13,039 sq metres	11 years	Industrial Building & Service Centre For Heavy Equipment	2047	23,413
Hai Yu Zhong Xian Road, Xinying District, Haikou, Hainan	Leasehold	4,251 sq metres	11 years	Single Storey Motor Service Centre	2070	963
Hanting, Shandong Province	Leasehold			Water reservoir & water treatment plant	2056	1,425
Kailey Industrial Centre, Fung Yip Street, Chai Wan, Hong Kong	Leasehold	9,456 sq metres	15 years	Industrial Building For Motor Service Centre	2047	24,168
Ma Que Ling Industrial Zone, Shennan Road, Nan Shan District, Shenzhen	Leasehold	23,379 sq metres	11 years	8-Storey Industrial Building For Motor Service Centre	2022	19,332
Matauwei Road, Tokwawan, Kowloon, Hong Kong	Leasehold	14,852 sq metres	43 years	11 Storey Motor Service Centre With Showroom & Petrol Filling Station	2035	23,560
Naihui Roa, Haikou Province	Leasehold	10,631 sq metres		Workshop & showroom	2059	9,949
North Side, Chongkou Cun, Guongzhou	Leasehold	3,647 sq metres	8 years	Motor Service Centre & Showroom	2032	3,871
Oriental Centre, Chatham Road, Kowloon, Hong Kong	Leasehold	702 sq metres	33 years	Commercial Building For Office Usage	2038	7,580
Rua Dos Pescadores, Macau	Leasehold	4,807 sq metres	40 years	5 Storey Motor Service Centre With Vehicular Lifts	2015	1,163
South Side, West Railway Station, Shenzhen City, Shenzhen	Leasehold	6,850 sq metres	2 years	Workshop	2015	572
74, Tianshan Road, Shantou City, Guangdong	Leasehold	3,176 sq metres	2 years	Motor vehicle service centre	2022	4,722
3/F & 4/F, Topsail Plaza II, On Sum Street, Shatiu New Territories, Hong Kong	Leasehold	6,866 sq metres	11 years	Industrial Building For Motor Service Centre	2047	61,311
Yangzi Town, Hanting District	Leasehold	14,528 sq metres		Warehouse, hostel, office and factory	2051	10,490
Yangzi Town, Hanting District	Leasehold	276,111 sq metres	5 years	Port	2051	47,750
26-28, (Yanjadi) Southern Section of Xiyuan Road Kunming	Leasehold	5,258 sq metres	3 years	Workshop	2023	2,632
Yuen Long, New Territories, Hong Kong	Leasehold	38,809 sq metres	13 years	Agricultural Lots	2047	7,761
<b>THAILAND</b>						
Charan Sanit Wong	Leasehold	1,604 sq metres	2 years	Land & Building	2013	1,254
Charan Sanit Wong	Leasehold	163 sq metres	15 years	Rent Land	2019	3,983
Charoen Nakhon	Leasehold	5,649 sq metres	2 years	Land & Building	2024	7,414
Laem Chabang Power Co, Ltd, Sukhumvit Road, Chonburi	Leasehold	50,601 sq metres	6 years	Land & Building	2027	16,743
Lardkrabang 1 & 2, Bangkok	Leasehold	4,168 sq metres		Land	2019	1,145
Minburi, Bangkok	Leasehold	4,108 sq metres		Land	2019	1,029
Pak Nam, Samutprakarn	Freehold	3,200 sq metres		Land		3,318
Phetkasem Road, Bangkok	Leasehold	4,412 sq metres		Land	2023	3,081
Phuket	Leasehold	1,602 sq metres	5 years	Showroom, Workshop & Office	2010	31
Poochaosamingprai Road, Phrapradaeng, Samutprakarn	Freehold	13,112 sq metres	20 years	Land & Building		31,818
Ramintra, Bkkt	Leasehold	800 sq metres	5 years	Showroom, Workshop & Office	2017	2,275
Samutprakarn Province	Freehold	39,140 sq metres	2 years	Land & Building		11,010
Sapansoong 1, Bangkok	Leasehold	6,632 sq metres		Land	2020	274
Sapansoong 2, Bangkok	Leasehold	8,056 sq metres		Land	2020	1,153
Soi Sukhumvit 26, Bangkok	Freehold	488 sq metres	21 years	Land & Building		1,672
Srinakarim Road, Bangkok	Leasehold	8,897 sq metres	10 years	Land & Building	2025	1,601
211 Sukhumvit Rd, Bangkok	Leasehold	2,500 sq metres		Workshop	2018	286
420 Sukhumvit 71 Rd, Bangkok	Leasehold	770 sq metres		Workshop	2007	9
Suksawat	Leasehold	732 sq metres	3 years	Land & Building	2009	55
T.Bangtorud A.Muang, Samutsakorn	Freehold	65,583 sq metres		Land		2,880



# List Of Properties Held

LOCATION	TENURE	AREA	AGE OF BUILDING	DESCRIPTION	YEAR OF EXPIRY	NET BOOK VALUE RM '000
<b>PAPUA NEW GUINEA</b>						
Allotment 46, Karimata Street, Lae	Leasehold	1,040 sq metres	38 years	Duplex Property	2068	52
Allotment 77, Hibiscus Avenue, Lae	Leasehold	1,391 sq metres	43 years	Residential Building	2057	47
Cnr Milford Haven Road and Malaita Street, Lae	Leasehold	2 hectares	55 years	Sales, Service & Parts Facility	2050	7
Spring Gardens Road, Hohola, Port Moresby	Leasehold	3 hectares	35 years	Office Building	2070	1,726
<b>SOLOMON ISLAND</b>						
Allotment 21, Panatina Village, Honiara	Leasehold	2,828 sq metres	23 years	Residential Building	2050	27
Allotment 22, Panatina Village, Honiara	Leasehold	1,812 sq metres	23 years	Residential Building	2050	27
Allotment 23, Panatina Village, Honiara	Leasehold	1,320 sq metres	23 years	Residential Building	2050	29
Honiara Facility, Guadalcanal Island	Leasehold	2 hectares	23 years	Industrial Property	2031	147
<b>NEW ZEALAND</b>						
21 Great South Road, New Market, Auckland	Leasehold	1,485 sq metres	9 years	Showroom & Workshop	2014	1,735
30 Great South Road, New Market, Auckland	Leasehold	1,012 sq metres		Land	2013	178
38 Great South Road, New Market, Auckland	Freehold	1,518 sq metres	7 years	Showroom & Workshop		7,071
40-46 Great South Road, New Market, Auckland	Leasehold	2,880 sq metres	5 years	Showroom & Admin Block	2022	8,190
82, Great South Road, New Market, Auckland	Leasehold	1,763 sq metres	6 years	Showroom	2028	330
229-233, Great South Road, New Market, Auckland	Leasehold	2,740 sq metres		Showroom & Workshop	2025	5,678
233-237, Great South Road, New Market, Auckland	Leasehold	4,205 sq metres	25 years	Showroom	2015	3,375
327, Lake Road, New Market, Auckland	Leasehold	2,045 sq metres		Showroom & Workshop	2012	839
445, Lake Road, Takapuna	Leasehold	6,770 sq metres	51 years	Showroom & Workshop	2020	1,927
Malden Street, Palmerston North	Freehold	3.1 hectares		Land & Building		17,374
3 Mauranui Ave, New Market, Auckland	Leasehold	1,478 sq metres	9 years	Office & Warehouse	2026	2,372
7 Mauranui Ave, Epsom, Auckland	Leasehold	1,277 sq metres	20 years	Workshop & Parts Department	2026	745
9-11 Mauranui Ave, Epsom, Auckland	Leasehold	602 sq metres	19 years	Workshop & Parts	2008	2,848
7-9, Silverfield, Glenfield	Freehold	1,724 sq metres	41 years	Vehicle Trade Parts and Service Centre		1,850
32 Vestey Drive, Mt Wellington	Leasehold	3,767 sq metres		Office & Warehouse	2014	2,252
187, Wairau Road	Leasehold	1,143 sq metres	31 years	Used Vehicle Sales Showroom	2014	118
<b>OTHERS</b>						
Binh Duong, Vietnam	Leasehold	7,500 sq metres	2 years	Building	2054	2,589
Bognor Regis, UK	Freehold	48,562 sq metres	13 years	Investment Land and Building		19,271
Bognor Regis, UK	Freehold	218,530 sq metres		Investment Land		34,811
5 Duy Tan Street, Vung Tau, Vietnam	Leasehold	6,123 sq metres	11 years	Service Apartment	2030	12,175
Jalan Raya Jakarta-Bogor Km 26, Jakarta, Indonesia	Leasehold	60,000 sq metres	35 years	Factory & Office	2022	3,398
Kecamatan Parindu Sanggau, Kalimantan, Indonesia	Leasehold	10,715 hectares		Planted Land	2030	40,100
Kouaoua, New Caledonia	Freehold	2 hectares	13 years	Residential Building		8
Lot 69, Beribi Industrial Estate, Bandar Seri Begawan, Brunei	Leasehold	1,638 hectares	7 years	Office, Service Centre & Warehouse	2009	636
Makati, Metro Manila	Leasehold	10,000 sq metres	47 years	Office Complex & Warehouse	2026	-
50 Wynnstay Gardens, Kensington, England	Leasehold	171 sq metres		4 Bedroom Residential Flat	2985	1,130

# The Sime Darby Management Team

## As At October 2006

Sime Darby's size, business diversity and geographical spread make it necessary to strike a balance between independent corporate autonomy and Group direction and control. This vital balance is achieved by the application of basic management principles coupled with hard work, sound planning and a management structure developed to suit the Group's immediate and long-term objectives.

While the management team forms the operational base of each division within the Group, the divisional directors form the nucleus of the Group management team, which in effect manages the operations of the Group. The continuity of operational management control and information flows up from the subsidiary company operations to the Group Management Committee and back down again to the subsidiary companies.

### **Members of the Sime Darby Management Team**

- **Dato' Ahmad Zubir bin Haji Murshid**  
Group Chief Executive of Sime Darby Berhad
- **Sekhar Krishnan**  
Group Chief Financial Officer of Sime Darby Berhad
- **Nancy Yeoh Poh Yew**  
Group Secretary and Group Tax Controller of Sime Darby Berhad
- **Martin Giles Manen**  
Director of Business Development of Sime Darby Berhad and Divisional Director of the Group's Allied Products & Services division
- **Azhar bin Abdul Hamid**  
Managing Director of Sime Plantations Sdn. Bhd. and Divisional Director of the Group's Plantations division
- **Jauhari bin Hamidi**  
Managing Director of Sime UEP Properties Berhad and Divisional Director of the Group's Property division
- **Yip Jon Khiam**  
Divisional Director of the Group's Motor Vehicle division
- **Mohamad Shukri bin Baharom**  
Managing Director of Sime Engineering Services Berhad and Divisional Director of the Group's Energy & Utilities division
- **Scott Cameron**  
Managing Director of Hastings Deering (Australia) Limited and Divisional Director of the Group's Heavy Equipment Distribution operations in Australia, Papua New Guinea, Solomon Islands and New Caledonia

# Analysis Of Shareholdings

## As At 5th September 2006

**Class of Shares** : Ordinary shares of RM0.50 each

**Voting Rights** : One vote per ordinary share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	740	2.71	22,817	0.00
100 to 1,000	7,516	27.50	5,927,524	0.24
1,001 to 10,000	14,173	51.86	56,848,577	2.31
10,001 to 100,000	4,180	15.30	117,221,883	4.75
100,001 to less than 5% of issued capital	717	2.62	945,154,486	38.33
5% and above of issued capital	3	0.01	1,340,634,387	54.37
<b>Total</b>	<b>27,329</b>	<b>100.00</b>	<b>2,465,809,674</b>	<b>100.00</b>

Classification of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Individuals	18,105	66.25	111,897,972	4.54
Banks/Finance Companies	62	0.22	630,755,244	25.58
Investment Trusts/Foundation/Charities	11	0.04	482,497	0.02
Other Types of Companies	836	3.06	66,875,080	2.71
Government Agencies/Institutions	13	0.05	20,108,226	0.82
Nominees Companies	8,302	30.38	1,635,690,655	66.33
<b>Total</b>	<b>27,329</b>	<b>100.00</b>	<b>2,465,809,674</b>	<b>100.00</b>

### Directors' Interests as per the Register of Directors' Shareholdings

Name of Director	No. of Shares Held	% of Issued Capital
<b>In the Company</b>		
<u>Ordinary shares of RM0.50 each</u>		
Datuk Khatijah binti Ahmad	10,000	*
Michael Wong Pakshong	65,000	*
<u>Options over shares</u>		
Dato' Ahmad Zubair @ Ahmad Zubir bin Haji Murshid	302,000	
<b>In Subsidiary Companies</b>		
<b>Sime Engineering Services Berhad</b>		
<u>Ordinary shares of RM0.50 each</u>		
Michael Wong Pakshong	10,000	*
<b>Kuala Lumpur Golf &amp; Country Club Berhad</b>		
<u>Participatory interest</u>		
Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid		Honorary
Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya		Honorary
Tan Sri Abu Talib bin Othman		Honorary
Tan Sri Datuk Dr. Ahmad Tajuddin bin Ali		Honorary
Datuk Khatijah binti Ahmad		Honorary
Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali		Honorary
* less than 0.01%		

Save as disclosed above, none of the other Directors of the Company has any interest, direct or indirect, in shares in the Company or in shares in, debentures of or participatory interest made available by, a related corporation.


**30 Largest Shareholders as per the Register of Members and the Record of Depositors**

	<b>Name of Shareholder</b>	<b>No. of Shares Held</b>	<b>% of Issued Capital</b>
1	Amanah Raya Nominees (Tempatan) Sdn Bhd for Skim Amanah Saham Bumiputera	843,233,732	34.20
2	Employees Provident Fund Board	367,262,755	14.89
3	Permodalan Nasional Berhad	130,137,900	5.28
4	Lembaga Tabung Haji	50,572,420	2.05
5	Valuecap Sdn Bhd	48,136,900	1.95
6	Malaysia Nominees (Tempatan) Sendirian Berhad for Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	46,001,093	1.87
7	HSBC Nominees (Asing) Sdn Bhd for EXEMPT AN for JPMorgan Chase Bank, National Association (U.S.A.)	40,951,922	1.66
8	Cartaban Nominees (Asing) Sdn Bhd for SSBT Fund GB01 for Harbor International Fund	38,500,000	1.56
9	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd for Pledged Securities Account for Anglo-Oriental (Annuities) Sdn Bhd (201 JTRK)	38,230,000	1.55
10	Kumpulan Wang Amanah Pencen	20,897,900	0.85
11	Amanah Raya Nominees (Tempatan) Sdn Bhd for Amanah Saham Malaysia	19,322,500	0.78
12	Amanah Raya Nominees (Tempatan) Sdn Bhd for Amanah Saham Didik	17,953,500	0.73
13	HSBC Nominees (Asing) Sdn Bhd for EXEMPT AN for J.P. Morgan Bank Luxembourg S.A.	14,884,600	0.60
14	Cartaban Nominees (Tempatan) Sdn Bhd for Amanah SSCM Nominees (Tempatan) Sdn Bhd for Employees Provident Fund Board (JF404)	12,000,000	0.49
15	Citigroup Nominees (Asing) Sdn Bhd for Mellon Bank, N.A. for Commonwealth of Pennsylvania Public School Employees Retirement System	11,777,900	0.48
16	HSBC Nominees (Asing) Sdn Bhd for EXEMPT AN for JPMorgan Chase Bank, National Association (U.A.E.)	11,001,027	0.45
17	Citigroup Nominees (Asing) Sdn Bhd for Mellon Bank, N.A. for the Boston Company Pooled Employees Fund	10,747,600	0.44
18	Citigroup Nominees (Tempatan) Sdn Bhd for EXEMPT AN for Prudential Assurance Malaysia Berhad	10,409,600	0.42
19	Amanah Raya Nominees (Tempatan) Sdn Bhd for Amanah Saham Wawasan 2020	10,394,700	0.42
20	Cartaban Nominees (Asing) Sdn Bhd for Investors Bank and Trust Company for Ishares, Inc.	10,368,400	0.42
21	HSBC Nominees (Asing) Sdn Bhd for EXEMPT AN for JPMorgan Chase Bank, National Association (U.K.)	10,302,986	0.42
22	Citigroup Nominees (Asing) Sdn Bhd for Mellon Bank, N.A. for MPAM Emerging Markets Fund	10,253,800	0.42
23	HSBC Nominees (Asing) Sdn Bhd for BNY Brussels for Dreyfus Premier Emerging Markets Fund	9,860,300	0.40
24	HSBC Nominees (Tempatan) Sdn Bhd for Nomura Asset Management SG for Employees Provident Fund	9,705,100	0.39
25	HSBC Nominees (Asing) Sdn Bhd for TNTC for United Nations Joint Staff Pension Fund	8,000,000	0.32
26	Menteri Kewangan Malaysia for Section 29 (SICDA)	7,986,413	0.32
27	Cartaban Nominees (Asing) Sdn Bhd for Investors Bank and Trust Company for Lloyd George Emerging Markets Fund LLC	7,475,800	0.30
28	HSBC Nominees (Asing) Sdn Bhd for TNTC for LG Emerging Markets Fund	7,358,100	0.30
29	Malaysia Nominees (Tempatan) Sendirian Berhad for Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)	7,350,000	0.30
30	HSBC Nominees (Asing) Sdn Bhd for BBH and Co. Boston for Vanguard Emerging Markets Stock Indexfund	7,147,300	0.29
	<b>Total</b>	<b>1,838,224,248</b>	<b>74.55</b>

**Substantial Shareholders as per the Register of Substantial Shareholders**

<b>Name of Substantial Shareholder</b>	<b>No. of Shares Held or Beneficially Interested in</b>	<b>% of Issued Capital</b>
Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	840,983,732	34.11
Employees Provident Fund Board	408,824,005	16.58
Permodalan Nasional Berhad	130,137,900	5.28
Yayasan Pelaburan Bumiputra, indirect interest held through Permodalan Nasional Berhad	130,137,900	5.28

# Financial Calendar & Share Price Movement

## Financial Calendar

### Results

First quarter	-	announced	29th November 2005
Second quarter	-	announced	28th February 2006
Third quarter	-	announced	30th May 2006
Fourth quarter	-	announced	29th August 2006

### Dividends

Interim	-	record date	21st April 2006
	-	paid	19th May 2006
Final (proposed)	-	record date	17th November 2006
	-	payable	15th December 2006

Annual General Meeting 7th November 2006

## Stock Exchange Listing

Bursa Malaysia Securities Berhad

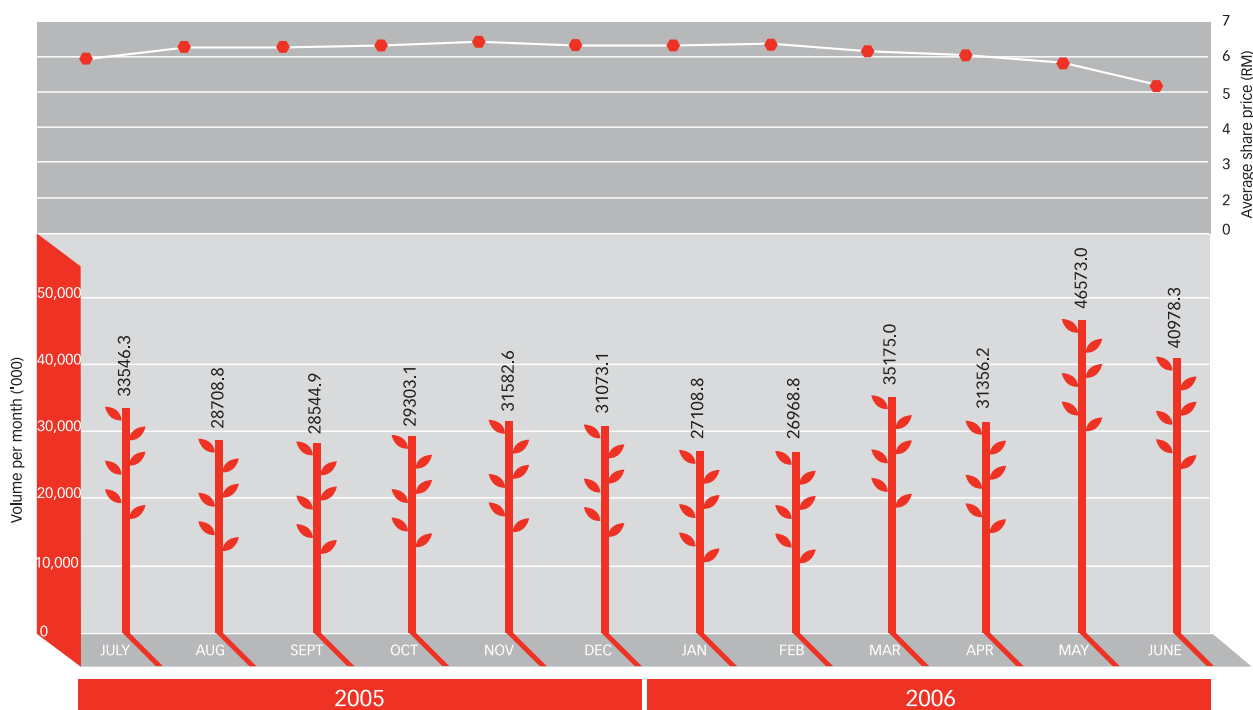
Trading Name : SIME

Stock Code : 4197

## Share Prices On Bursa Malaysia Securities Berhad

	Calendar Year					Six Months to 30th June
	2001	2002	2003	2004	2005	2006
Highest – RM	5.20	5.60	5.45	6.20	6.65	6.30
Lowest – RM	3.60	4.72	4.78	4.98	5.30	5.30

## Share Prices And Trading Volumes On Bursa Malaysia Securities Berhad





## Sime Darby Berhad

(Company No. 41759-M)  
(Incorporated in Malaysia)

### FORM OF PROXY

I/We.....  
(FULL NAME IN BLOCK LETTERS)

of ..... Telephone No. ....  
being a member/members of Sime Darby Berhad hereby appoint \*the Chairman of the Meeting, or

..... \*\*and/or.....  
as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at Ballroom 3, First Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Tuesday, 7th November 2006 and at any adjournment thereof.

Resolution		For	Against
No. 1	Receipt of Annual Report and Financial Statements		
No. 2	Declaration of Final Dividend		
No. 3	Increase of Non-Executive Directors' Remuneration		
No. 4	Re-appointment of Directors Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya		
No. 5	Michael Wong Pakshong		
No. 6	Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali		
No. 7	Election of Directors Dato' Mohamed bin Sulaiman		
No. 8	Datuk Seri Panglima Andrew Sheng Len Tao		
No. 9	Re-election of Directors Datuk Khatijah binti Ahmad		
No. 10	Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid		
No. 11	Re-appointment of Auditors		
No. 12	Authorisation for Directors to Allot and Issue Shares		
No. 13	Proposed Share Buy-back		
No. 14	Proposed Shareholders' Mandate for Recurrent Related Party Transactions		

The proportion of my/our holding to be represented by my/our proxies are as follows:-

	Number of shares
First proxy	
Second proxy	
Total	

Date.....2006      Signature.....

\* If you do not wish to appoint the Chairman of the Meeting as your proxy/one of your proxies, please strike out the words "the Chairman of the Meeting" and insert the name(s) of the proxy/proxies you wish to appoint in the blank space provided.

\*\* Please delete as applicable.

#### Notes

- This proxy form, duly signed, must be deposited at the office of the Share Registrar of the Company listed on the reverse side of this form not less than 48 hours before the time fixed for the meeting.
- A corporation must complete this proxy form under its common seal or under the hand of a duly authorised officer or attorney. A proxy need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- The signature of any joint holder is sufficient.
- Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.

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**THE SHARE REGISTRAR**

Epsilon Registration Services Sdn Bhd  
312, 3rd Floor, Block C Kelana Square,  
17, Jalan SS 7/26,  
47301 Petaling Jaya,  
Selangor Darul Ehsan,  
Malaysia.

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