

The value of the sime darby brand



Founded in 1910, now Sime Darby (Holding Company-Divers) is ranked at 9 in 50 most valuable brands in Malaysia. Sime Darby Berhad Malaysia is leading Oil and Gas Services is fully innovative and productive company leading in Malaysia. Sime Darby Berhad consists of several components of business units such as plantation, property, industrial, motors, energy and utilities and healthcare as well. The main vision of the company is “ we are building our tomorrows, today” (www. simedarby. com).

The ‘ Sime Darby’ in 1910 got the name from two European business partners by name; William Sime and Henry Darby. William Sime, a traveler and adventurer from Scotland, ventured to Malaysia when he was in his late 30s. Sime Darby Berhad is the largest conglomerate in Malaysia and one of the largest in Southeast Asia . Within its territory are more than 270 operating companies in 23 countries, while foreign operations in Hong Kong of which account for 25% of revenues, Singapore (14 %), and Australia (11%). The company generates 38 percent of its revenues domestically. Its broadly diversified activities include a wide range of industries, with the core businesses being plantations including oil palm and the company’s original business, rubber, tire manufacturing, heavy equipment and motor vehicle distribution, property development, power generation, and engineering services.

Natural rubber synthetic rubber was still being developed and had just been introduced to the country from Brazil. Sime and other entrepreneurs at the time recognized that the climate of Malaysia’s jungle region was similar to that of Brazil’s. Therefore, rubber could just as easily be grown in that

country and sold not only in Malaysia but throughout Southeast Asia and the world.

However, Sime Darby encountered opposition to its venture from locals, who were wary of outsiders coming in to operate a plantation in Malacca, in order to overcome this, Sime and Darby forged friendships with several members of the Chinese business community.

The company expanded, becoming a manager for owners of other plantations and then moving into the trading end of the industry. Sime set up a branch office in Singapore in 1915 and shortly thereafter established a marketing office in London. Demand for rubber eventually outstripped Sime Darby's production capacity, and by the late 1920s the company found it necessary to clear more jungle. To do so, Sime Darby purchased Sarawak Trading Company in 1929. Sarawak (later renamed Tractors Malaysia) held the franchise for Caterpillar heavy earthmoving equipment. That important purchase signaled Sime Darby's expansion into the heavy equipment business, which would eventually become a major component of its expansive network. In 1936 the company's head office was relocated from Malacca to Singapore.

Sime Darby made a fortune in the global rubber industry during the 1920s and 1930s. Growth in the industry began to fade, however, as natural rubber was gradually supplanted by synthetic rubber. Sales of natural rubber boomed during World War II as warring nations purchased all available supplies. The war, however, also led to significant advancements in synthetic rubber technology. A good deal of it was used to acquire other companies,

thereby expanding Sime Darby's reach into several other industries. Much of Sime Darby's success during that period was attributable to its acquisition of the giant Seafield Estate in 1971 and the establishment of Consolidated Plantations Berhad that same year. Through Consolidated Plantations, which became the company's main plantation subsidiary, Sime Darby became a leading force in the region's thriving agricultural sector. In addition to growing the oil palms and cocoa, the company began processing the crops into finished products for sale throughout the world.

As its sales and profits spiraled upward during the early and mid-1970s, Sime Darby became a shiny feather in Britain's cap. To the surprise and chagrin of the British stockholders, however, the company was wrested from their control by the Malaysian government late in 1976. The intriguing events leading up to the takeover began in the early 1970s. During that time, Sime Darby's chief executive, Denis Pinder, began investing the company's cash in new subsidiaries throughout the world. The company's stock price soared as Sime Darby's sales spiraled upward. At the same time, some observers charged that Sime Darby was engaged in corrupt business practices (with critics coining the phrase 'Slime Darby').

Allegations of corruption were confirmed in the eyes of some detractors when, in 1973, Darby's outside auditor was found stabbed to death in his bathtub. The Singapore police ruled the death a suicide, but Pinder still ended up in prison on misdemeanor charges. Pinder's successor took up where he left off, investing in numerous ventures, most of which were located in Europe. Unfortunately, many of those investments quickly soured. Some Malaysians felt that Sime Darby was taking profits from its successful

domestic operations and investing them unwisely overseas. So, in 1976 the Malaysian government trading office bought up Sime Darby shares on the London stock exchange. It effectively gained control of the company and installed a board made up mostly of Asians.

Also in 1976, Asian and British board members were able to agree that Tun Tan Chen Lock's son, Tun Tan Siew Sin, would be an acceptable replacement as chairman of Sime Darby's board. In 1978 Sime Darby was reincorporated in Malaysia as Sime Darby Berhad. Its headquarters was moved to Kuala Lumpur the following year.

Staggering in the Early 1980s; Rebounding in the Late 1980s and Early 1990s

Sime Darby jettisoned some of its poorly performing assets during the late 1970s and early 1980s under Lock's leadership. But it also continued investing in new ventures. It purchased the tire-making operations of B. F. Goodrich Philippines in 1981, for example, and secured the franchise rights to sell Apple Computers in southeast Asia in 1982. The addition of B. F. Goodrich Philippines marked the company's entrance into the tire manufacturing sector; also in 1981 came the establishment of Sime Darby International Tire Company, which in 1988 was renamed Sime Darby Pilipinas, Inc. In 1984 the company purchased a large stake in a Malaysian real estate development company, United Estates Berhad, and used it to begin developing plantation lands. This company later was renamed Sime UEP Properties Berhad. In Malaysia, Sime Darby acquired the franchises for BMW, Ford, and Land Rover vehicles.

By the early 1980s Sime Darby's push to diversify had given it a place in almost every industry, from agricultural and manufacturing to finance and real estate. Although it did diversify into heavy equipment, real estate, and insurance businesses, new management also plowed significant amounts of cash into the company's traditional commodity and plantation operations. Sime Darby became a favorite of investors looking for a safe bet. Indeed, the mammoth enterprise tended to minimize risks after the investment mistakes of the early 1970s and seemed content to operate as a slow-growth multinational behemoth that could withstand any market downturns. Even if something did go wrong, the company had a war chest of nearly a half billion U. S. dollars from which it could draw.

Unfortunately, Sime Darby's staid strategy negatively impacted its bottom line. Sales dipped to M \$2. 78 billion in 1992 before plunging to M\$2. 17 billion in 1983. Sime Darby lumbered through the mid-1980s with annual sales of less than M\$2. 5 billion, and net income skidded from about M\$100 million in the early 1980s to a low M\$59 million in 1987. To turn things around, Sime Darby's board promoted Tunku Ahmad Yahaya to chief executive. Ahmad was a veteran of the company's executive ranks and was a favorite nephew of Malaysia's first prime minister, Tunku Abdul Rahman. Under Ahmad's direction, the giant corporation began a slow turnaround. Significantly, Ahmad was instrumental in luring Tun Ismail to Sime Darby's board. Ismail was a highly influential central bank governor and the chairman of Sime Darby's biggest shareholder. Ismail became nonexecutive chairman of the company following the death of Tun Tan Siew Sin in 1988.

During the late 1980s and early 1990s Ahmad invested much of Sime Darby's cash hoard into a bevy of new companies and ventures. Sime became a relatively big player in the global reinsurance business, for example, and tried to boost its activities related to heavy equipment and vehicle manufacturing. Most notably, Sime began pouring millions of dollars into property and tourism in key growth areas of Malaysia in an effort to get in on the development and tourism boom that began in that nation in the late 1980s. The success of that division prompted the company to invest as well in tourism overseas. Through its UEP subsidiary, for instance, Sime Darby bought a full-service resort with condominiums in Florida (Sandestin Resorts) and a hotel in Australia, among other enterprises. As the company dumped its cash into expansion and diversification, sales and profits bolted. Revenues climbed from M\$2.53 billion in 1987 to M\$4.98 billion in 1990 to M\$6.20 billion in 1992. During the same period, net income soared from M\$85 million to M\$353 million.

Sime Darby realized a stunning 65 percent average annual growth in earnings during the late 1980s and early 1990s. Despite its gains, though, critics charged that the company had concentrated too heavily on traditional commodity industries and had failed to move into the 1990s with the rest of Malaysia. In fact, Sime Darby continued to garner about 43 percent of its sales from commodity trading activities in 1993 and only 18 percent from manufacturing. The rest came from heavy equipment distribution, insurance, and its property/tourism holdings. Although building strength in those businesses had added to the company's sales and profits during the late 1980s and early 1990s, the strategy had caused Sime Darby to fall behind

more progressive holding companies in the region that were participating in booming high-tech, gaming, brokering, and manufacturing sectors. Many company insiders believed that Sime Darby would have to eliminate its heavy reliance on commodity industries if it wanted to sustain long-term growth.

The Crisis

The company's stock price began to fall in 1993 and its rapid revenue and profit growth began to subside in comparison with late 1980s levels. In 1993 Ahmad stepped back from control of the company when he named Nik Mohamed Nik Yaacob to serve under him as chief executive. Among Mohamed's first moves was to initiate the merger of the company's plantation assets, organized as Consolidated Plantations, and the parent company. The company also bolstered its regional insurance business in 1993 by joining forces with AXA of France for its insurance operations in Malaysia and Singapore. These efforts signaled an end to the company's historical emphasis on commodities and reflected Mohamed's desires to increase activity in manufacturing, high-tech, financial services, and other fast-growth businesses and reduce Sime Darby's bureaucracy.

The turn around after the crisis

The company began increasing investments in businesses such as power generation, oil and gas, and heavy equipment exporting. In heavy equipment, Sime Darby bought the Australian distributor of Caterpillar equipment, Hastings Deering (Australia) Ltd., in 1993. In power generation, a key move came in 1994 when Sime Darby took a 40 percent interest in Port Dickson Power Sdn. Bhd., an independent power producer in Malaysia. That

same year, the company acquired U. K.-based Lec Refrigeration plc, which was involved in the manufacturing, marketing, and servicing of refrigeration equipment and related products. At the same time, Mohamed worked to absorb the flurry of acquisitions conducted during the previous several years and streamline the company into some sort of cohesive whole. Despite restructuring activities, Sime Darby managed to boost sales to US\$3. 15 billion in 1994, about US\$186 million of which was netted as income.

In 1995 Sime Darby stepped up its acquisition drive through the purchase of a controlling 60. 4 percent interest in United Malayan Banking Corporation from Datuk Keramat Holdings Berhad. The US\$520 million purchase deepened the company's involvement in the country's fast-growing financial services sector. United Malayan, which was the fourth largest bank in Malaysia in terms of assets, soon was reorganized as Sime Bank Berhad, with the company's brokerage arm becoming a subsidiary of Sime Bank under the name Sime Securities Sdn. Bhd.

For the fiscal year ending in June 1997 Sime Darby posted record net income of M\$835. 8 million (US\$322. 9 million) on record revenues of M\$13. 24 billion (US\$4. 35 billion). Sime Bank and SimeSecurities played a key role in these stellar results (accounting for 30 percent of pretax earnings), but the eruption of the Asian financial crisis in July 1997 quickly proved that the acquisition of United Malayan had been ill-timed, if not also ill-advised. The severity of the crisis in Malaysia, which included a steep decline in the Malaysian stock market and a sharp depreciation of the ringgit (the nation's currency), led Sime Bank to post the largest loss in Malaysian banking history—M\$1. 6 billion (US\$431 million) for the six months to December 1997.

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In turn, Sime Darby posted its first loss in decades for the same six-month period, a loss of M\$676. 2 million (\$172. 7 million). With other Sime Darby units being hit hard by the crisis as well, the company posted the first full-year loss in its close to 90-year history in the 1998 fiscal year, a net loss of M\$540. 9 million (US\$131 million).

Subsequently , it beat a hasty retreat from its aggressive expansion, determining that the prudent course would be a return to the company's core areas: plantations, property development, tire manufacturing, heavy equipment and motor vehicle distribution, and power generation. In June 1999 Sime Darby sold Sime Bank and its SimeSecurities subsidiary to Rashid Hussain, who merged it with RHB Bank to form the second largest commercial bank in Malaysia. During the 1999 fiscal year, the company also sold Sandestin Resorts for US\$131 million. In 1999, it returned to the black with net earnings of M\$821. 8 million (US\$216. 3 million) on revenues of M\$9. 91 billion (US\$2. 61 billion). A further pull-back from the financial services sector came in March 2000 when Sime Darby sold its interest in Sime AXA, its insurance joint venture with AXA of France.

Meantime, an area of growing interest was emerging at the turn of the millennium as Sime Darby increased its interest in Port Dickson Power to 60 percent, giving it majority control and turning Port Dickson into a company subsidiary. Flush with cash from the sale of its financial services units, Sime Darby appeared poised to make additional forays into the power generation sector. Given the near disaster of its aggressive moves into financial services, however, the company was likely to proceed with much caution in

all of its future expansionary endeavors in a return to its traditional style of conservative management.

Business activities:

Plantation: Plantation is Sime Darby largest revenue generator with about 70% of the conglomerate profits come from this segment. The company operates palm oil and rubber plantations in Malaysia and Indonesian islands of Sumatera, Kalimantan and Sulawesi. With a land bank of over 633, 000 hectares, including 300, 000 hectares in Indonesia, it is one of the largest plantation company in the world.

Property: The company is involved in the property development business in eight countries, namely Malaysia, Singapore, Indonesia, Philippines, Vietnam, People's Republic of China, Australia and United Kingdom.

Industrial and Monitoring : The company is involved in the purchasing, leasing and selling of industrial equipment such as Caterpillar Inc. heavy duty trucks and tractors.. it has partnership with Ford, it sells Ford's cars and trucks together with the Land Rover brand. It is also a major BMW dealer in Singapore, Australia and Thailand. In Southern China, the company sells BMW and Rolls-Royce. In addition, Sime Darby co-owns Inokom Corp Bhd, a joint-venture with Hyundai Motor Company which assembles and sells Hyundai vehicles in Malaysia.

Energy & Utilities: The company is an Oil and Gas services company which provides equipment for exploring oil and gas assets in the South East Asia region. The company is also an independent power provider in Malaysia and Thailand. The company also provides engineering services in the system integration and sales sectors, security and oil & gas sectors.

Healthcare: The company owns hospital named Sime Darby Medical Centre Subang Jaya Sdn. Bhd , SDMC – Formerly known as Subang Jaya Medical Centre, and college formerly known as SJMC Academy of Nursing and Health Sciences which was established in 1995 and now is known as Sime Darby Nursing and Health Sciences College.

Other businesses: The company has a port utility company named Weifang Sime Darby Port Co Ltd. Other businesses that the company is involved in include healthcare, aerospace (divested from Asian Composites Manufacturing (ACM) in 2009), bedding, consumer and industrial products, logistics and packing. The company also owns the 30% of the Malaysian arm of Tesco stores.

Sustainable Practices: Sime Darby plantations implemented Zero Burning Planting Techniques Techniques (ZBPT), a practical and environmentally sound technique of replanting, in 1989.

The Board of director and audit committee profile:

Company Profile

Bhg Dato Mohd Bakke, was chosen on 13th May 2010 as the new president and group chief executive (PGCE) and formerly group president/CEO of Felda Global ventures Holdings SDN Bhd, he has necessary experience in corporate restructuring exercises as well as in management expertise in the plantation.

Dato' Azhar Abdul Hamid, Chairman, board of Directors and Managing Director of Sime Darby Plantation Sdn Bhd. He is head of the Sime Darby Group's Plantation and Agri-business Division

Aditheb Bisalbutr Chairman of Executive Committee (EXCOM)

Member of Board of Directors Chairman of PTT Chemical International Pte. Ltd. (since October, 2008)

Dr. Kongkrapan PhD. He is the group Chief Executive Officer and a member of the Board and the Executive Committee of Emery Oleochemicals Group. chemical

Haris Fadzilah Hassan

Executive Committee & Board of Directors , Senior Vice President of Downstream Operations, Sime Darby Plantations Sdn Bhd

Puntip Oungpasuk is the member of board of directors oversees PTT Chemical's business strategy, business development, corporate planning, corporate strategy & portfolio management, innovation & technology, and international businesses.

Veerasak Kositpaisal : The President and CEO of PTT Chemical Public Company Limited. Also the Chairman the Plastic Industry Club of the Federation of Thai Industries

Tn Hj. Khairudin Hashim : The Head, R&D Centre for Sime Darby Plantation. He is also a Board Member of several of Sime Darby Plantation's subsidiaries. Now, Panel Member of the Advisory Panel for RISDA College.

Mustamir Mohamad (Alternative Director) Head, Strategy and Business Development

Sime Darby expanded their operations in more than 20 countries throughout the Asia, Europe, Africa, the Middle and Unites States. Sime Darby Berhad is one of the largest listed oil plantation groups. It has been estimated approximately near 6% of the total palm oil production in the world.

The financial accounting standards of Sime Darby

In Malaysia, a Sime Darby Berhad financial accounting standard is accordance to Malaysian Accounting Standard Board (The Sime Darby Group, 2005). The financial statements have been arranged in accordance with the Malaysian Accounting Standards Board approved accounting standards in Malaysia; comply with the Financial Reporting Standards (FRS) and the provisions of Companies the Act, 1965.

The functions and powers of the Malaysian Accounting Standard Board (MASB) as provided under the Act are to (MASB, 2010):

issue new accounting standards as approved accounting standards and to review, revise or adopt existing accounting standards as approved accounting standards;

issue statements of principles for financial reporting;

sponsor or undertake development of possible accounting standards;

conduct public consultation as necessary;

develop a conceptual framework for the purpose of evaluating proposed accounting standards;

make such changes to proposed accounting standards as considered necessary;

seek the view of the FRF in relation to new and existing standards, statement of principles, and changes to proposed standards;

determine scope and application of accounting standards; and

to perform such other function as the Minister of Finance may prescribe

Harmonization must begin with a standardization of the reporting requirements. In Sime Darby, (Sime Darby Berhad Annual Report, 2009), the accounting standards have been issued with regards to segment reporting.

The accounting standards are based on;

The Directors are required by the Companies Act, 1965 (Act) to prepare financial statements for each financial year which give a true and fair view of

the state of affairs of the Group and the Company at the end of the year and the results of the Group and the Company for the year.

The Directors plays role in responsible in safeguard the assets of the Group and to prevent and detect fraud and other misdeed

Malaysian necessities the Companies Act 1965 and on the standards of the Malaysian Accounting Standards Board.

The Malaysian Accounting Standards Board (MASB) uses IAS 16-Property, Plant and Equipment, as the foundation for rising accounting standards.

Convergence of accounting standards will be not achieved without significant cooperation between government and business community.

The financial statements are presented in Ringgit Malaysia (RM) which is the company's functional and presentation currency.

How can this company combine of financial accounting standards between in its branches (Singapore and other countries) according to the existence accounting system

In Singapore, Sime Darby Singapore Limited Is under US GAAP, Statement of Financial Accounting Standards.

In United States, Sime Darby Plantation USA financial accounting standard was registered with the Securities and Exchange Commission (SEC) of the United States of America. The Securities and Exchange Commission The Securities and Exchange Commission is a U. S. regulatory agency that has the authority to establish accounting standards for publicly traded companies. The Securities Act of 1933 and the Securities Exchange Act of <https://assignbuster.com/the-value-of-the-sime-darby-brand/>

1934 require certain reports to be filed with the SEC. For example, Forms 10-Q and 10-K must be filed quarterly and annually, respectively. The head of the SEC is appointed by the President of the United States. When the SEC was formed there was no standards-issuing body. However, rather than set standards, the SEC encouraged the private sector to set them. The SEC has stated that FASB standards are considered to have authoritative support.

The adoption of International Accounting Standards as Philippine generally accepted accounting principles (GAAP). In Philippines, Sime Darby Pilipinas Inc, the standards financial accounting was based on Generally Accepted Accounting Principles (GAAP) in the Philippines as set forward in Philippine Financial Reporting Standards (PFRS). PFRS includes statements named PFRS and Philippine Accounting Standards (PAS), including interpretations by the Philippine Accounting Standards Council. These are the Company's first consolidated financial statements prepared in conformity with PFRS.

Generally Accepted Accounting Principles (GAAP) are “generally accepted” because an authoritative body has set them or the accounting profession widely accepts them as appropriate. Prior to this, Philippine generally accepted accounting principles were based mainly on US-based accounting standards.

According to Parker, (2010) Generally Accepted Accounting Principles (GAAP) has four basic principles.

The historical cost principle requires companies to account and report based on acquisition costs rather than fair market value for most assets and liabilities.

The revenue recognition principle requires to record when revenue is realized or realizable and earned, not when cash is received. The way of accounting is called accrual basis accounting.

The matching principle-Expenses have to be matched with revenues as long as it is reasonable doing so.

The full disclosure principle-Amount and kinds of information disclosed should be decided based on trade-off analysis as larger amount of information costs more to prepare and use it. Information disclosed should be enough to make judgment while keeping costs reasonable.

In Malaysia, refer to Nathan et al, (2000) Malaysia Standard Auditing is issued by Malaysian Institute of Accountants (MIA) and the Malaysian Association of Certified Public Accountants (MACPA) to harmonize the auditing practice. The authors mentioned that in order to harmonize the accounting standard practices, Malaysia has been implementing good standards by strengthening actual accounting and auditing practices.

Nathan et al, (2000) also emphasized that to maintain the relationship between national standards and international standards and as well as maintain and improved the standards; the professional accounting bodies review the published accounting statements annually and Malaysian Accounting Standard Board (MASB) were set up to ensure that;

the issuance of new standards as approved accounting standards

the assessment, revision or implementation as accepted accounting standards existing accounting standards

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go aboard on a programme to review all extant accounting standards for consistency the latest developments in International Accounting Standards (IAS), legal and regulatory reporting requirements

evaluate the practical practice of International Accounting Standards (IAS) relate to application of the accounting standards

According to Carlin et al, (2009) MASB to adopt global harmonization of standards (IFRSs) is a reflection of Malaysia's obligation to support with global accounting standards in order to achieve harmonization with international practice.

Based on the financial accounting standards between its branches, from my point of view, the process for harmonizing accounting standards seems based on a harmonious relationship among national and international standards setters. Sime Darby Berhad neither replaces nor eliminates the need for standard setters. The monitoring of reporting and agreement with approved standard and as well as regulatory body has been done by financial institutions i. e. Bank Negara.

Does it succeed to achieve that or not if not what are the obstacles that face this company to achieve that

According to Pasceri, (2005), a Chief Internal Auditor and Finance Director of Sime Darby Malaysia, Francis Anthony stated that;

“ Nothing has changed except for disclosure requirements, which have become quite onerous today, with no doubt. As far as the statutory reporting

and financial community, especially the auditors, there are more requirements to be met.”

“ Unfortunately, with the rush of regulatory changes in the US and their impact on international accounting standards, we have erred in moving too much towards a rule-based environment.”

“ As far as the basic accounting system goes – management reporting and management accounting – that’s not changed. The basic principles are the same except for today you must ensure stricter compliance with cross-border and transfer pricing rules and be more familiar with management decision-making techniques for risk management.”

Francis Anthony also pointed out that;

“ There is overload now – even for wellrun companies – and I think it is maximised, and the challenge now is balancing.”

The challenges of Sime Darby faces today is just that the audit management need to maintain and balance the role and keep side by side of all regulatory changes on finance. “ Having worked in multiple jurisdictions in the region Anthony finds that for companies in Hong Kong and the other local exchanges like Malaysia and Singapore, there are varying degrees of reporting requirements that will be getting more and more stringent with SarOx” (Pasceri, 2005).

Internal and External Audit Duties and comments

To say that the group had processes in place it's just that they had not been implemented properly certainly laughable because it is all too familiar. If one was to seriously respond to this 'excuse', it would be that is why you have internal and external auditors. And when the internal auditors raised the red flag in August 2008, it was conveniently swept under the carpet!

If the excuse was that, the non-executive independent directors were obliged to give the benefit of the doubt to management, the external auditors, Price Waterhouse Coopers (PWC) certainly had no such obligation or professional reason to do so! This was their red flag to delve into the issue of cost over-runs including its recovery of such costs. This is no more an ordinary run of the mill statutory audit. PWC had been put on enquiry and were obliged to look into the concern meticulously.

The question to be answered is that, what did PWC do? They signed off the accounts of Sime Darby for 2008 and 2009 with a clean audit report! Not even an emphasis of matter especially on the possible cost over-runs and its recoverability! The fact that official media had highlighted these matters, besides the media report prior to the finalization of the 2008 and 2009 accounts speak volumes about the role (or lack of it) of PWC

The official media currently has been quite polite about this latest incident. Yes, they have been polite relatively speaking, but if you read in between the lines, the insinuation is the total collapse in the ‘check and balance’ roles of the other parties involved with Sime Darby notably the auditors and members of the Audit Committee headed by the ex-chairman of PWC. Andrew Sheng, a proponent of strong corporate governance is unfortunately embroiled in this mess as director and he cannot easily extricate himself out of this especially when he was appointed in 2007. He has to regain credibility by insisting massive and fundamental changes to the way things are done in the Malaysian corporate world in general and Sime Darby in particular.

The audit committee

In April 2008, for example, there were news reports that Sime Darby Engineering Sdn Bhd had incurred cost overruns of between RM120mil and RM150mil in its offshore engineering, procurement, construction, installation and commissioning project for Maersk Oil Qatar (MOQ).

In February 2009, a report also alleged that there had been costs overruns in the same project, but this time, the figure mentioned was far bigger. At a media briefing on Feb 4, Zubir dismissed this: There’s no such thing as the RM800mil losses. The Minority Watchdog Group (MSWG) wrote to Sime Darby chairman Tun Musa Hitam in March 2009 on issues in the energy and utilities division. At the company’s AGM last November, the MSWG also raised questions about the division’s shrinking bottom-line