

**Sime Darby biggest loser on Bursa Malaysia**  
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Sime Darby Bhd's shares dropped 40 sen or almost five per cent to RM8.25 today on Bursa Malaysia and was also the top loser on the local bourse.

This followed revelations yesterday that delays and cost overruns in several projects would have a significant negative impact of RM964 million from projects in Qatar and the Bakun hydro-electric dam project.

The counter opened the day at RM8.23 compared with its pre-suspension price of RM8.65 and ended the day at RM8.25 with 40.97 million shares changing hands.

It was also the most active counter with stock market analysts saying that the counter also dragged down the overall market which closed 7.62 points to 1,339.3.

Sime Darby yesterday announced it will incur a negative impact of RM964 million on its results for the second half of the 2010 financial year due to delays and cost overruns from the projects it had undertaken management changes.

This include asking its president and group chief executive Ahmad Zubir Murshid to take leave of absence prior to the expiry of his contract on Nov 26, 2010.

However, OSK Research Sdn Bhd said the source of Sime Darby's problems was that it was too big and too diverse to be managed and controlled properly.

Therefore, it is unfair to put the blame squarely on the conglomerate's cost overruns to the tune of RM964 million on Ahmad Zubir.

Lack of internal controls in the conglomerate is nothing new as in an earlier incident, trading losses at Sime Darby's plantation resulted in its financial controller being replaced, it said in a research note today.

"While we do not disagree that a CEO needs to be held responsible for a company's massive losses, we believe that in Sime Darby's case, it is all too easy to put the blame on the CEO," it said.

If Sime Darby continues to be hit by losses from one segment to another, the only solution will be to break up the group into more manageable strategic units, OSK said.

Assuming the RM964 million losses is at net level, the FY10 forecast will be cut by 35 per cent to RM1.743 billion from an earlier forecast of RM2.707 billion made before the above losses surfaced, said OSK.

Meanwhile, MIDF Research said it was revising downwards Sime Darby's FY2010 earnings forecast by 33 per cent to RM1.56 billion.

As a result of what it describes as the aggressive "kitchen-sinking" exercise, there was no need to adjust Sime Darby's FY11 earnings forecast.

"We are sanguine that all skeletons will be out of the Energy & Utilities closet by end of the FY2010," said MIDF.

It is worth noting that the RM964 million losses is equivalent to only 1.9 per cent of Sime Barby's market capitalisation of about RM52 billion, MIDF added.

- Bernama

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