Jardine Strategic Annual Report 2009

Jardine Strategic

Jardine Strategic

Jardine Strategic is a holding company with its principal interests in Jardine Matheson, Hongkong Land, Dairy Farm, Mandarin Oriental, Jardine Cycle & Carriage and Astra International. These companies are leaders in the fields of engineering and construction, transport services, insurance broking, property investment and development, retailing, restaurants, luxury hotels, motor vehicles and related activities, financial services, heavy equipment, mining and agribusiness. The Company also has a minority investment in Rothschilds Continuation, the merchant banking house.

Jardine Strategic's policy is to take strategic stakes in multinational businesses, particularly those with an Asian focus, and to support their expansion. It also complements these interests with smaller positions in quality businesses with existing or potential links with the Group.

Jardine Strategic is incorporated in Bermuda and has its primary share listing in London. The Company's shares are also listed in Bermuda and Singapore. Jardine Matheson Limited, which operates from Hong Kong, acts as General Manager to the Company and provides management services to the Group companies. It makes available senior management and provides financial, legal, human resources and treasury support services to the Group's subsidiary undertakings and associates.

Jardine Strategic Holdings Limited
Jardine House
Hamilton
Bermuda

Contents

Highlights

- Underlying earnings per share up 25 %
- Most markets improved in second half
- Record results from Hongkong Land, Astra and Dairy Farm
- Hongkong Land property portfolio value increases 6 %

Results

	2009 US$m	2008 US$m	Change %
Gross revenue*	35,957	36,156	(1)
Revenue	18,905	18,455	2
Profit after tax	3,847	1,552	148
Underlying profit attributable to shareholders†	1,082	859	26
Profit attributable to shareholders	1,844	692	166
Total equity	23,024	13,337	73
Shareholders' funds	11,743	9,705	21
	US$	US$	%
Underlying earnings per share†	1.74	1.39	25
Earnings per share	2.97	1.12	165
Dividends per share	0.20	0.19	5
Net asset value per share#	32.64	18.15	80

*Includes 100% of revenue from Jardine Matheson, associates and joint ventures.

†The Group uses 'underlying business performance' in its internal financial reporting to distinguish between the underlying profits and non-trading items, as more fully described in note 1 to the financial statements. Management considers this to be a key measure and has provided this analysis as additional information in order to provide greater understanding of the Group's underlying business performance.

#Net asset value per share is calculated on a market value basis, details of which are set out on page 5.

Overview

The Company reported an outstanding result in 2009 despite the economic downturn, helped by improving market conditions for a number of its businesses in the second half of the year.

Performance

Jardine Strategic registered a record underlying profit in 2009 of US$1,082 million, an increase of 26%. Underlying earnings per share were 25% higher at US$1.74. The turnover of the Group in 2009, including 100% of Jardine Matheson, associates and joint ventures, was US$36.0 billion, compared with US$36.2 billion in 2008.

Within Jardine Matheson, Jardine Pacific benefited from good performances from its engineering and construction activities to register an increase in earnings; Jardine Motors responded effectively to a challenging UK market and saw continued sales and profit growth in mainland China; and Jardine Lloyd Thompson traded well, though the weakness of sterling affected its US dollar contribution.

Both Hongkong Land and Dairy Farm produced record earnings, but Mandarin Oriental's modest profit reflected poor markets, leading to falls in occupancy and rates. Jardine Cycle & Carriage's earnings reflected the outstanding results achieved by Astra in an expanding Indonesian economy.

Reversing a decline in the first half of the year, the Company's share of the increase in the valuation of investment properties in 2009 included US$439 million from Hongkong Land and US$10 million from Jardine Matheson. This compared with a US$257 million downward revaluation in 2008. These revaluations are taken through the profit and loss account in accordance with international accounting standards. Other non-trading items totaling US$312 million included gains on investment and property disposals by the Company, Jardine Matheson and Mandarin Oriental, and gains arising from the accounting treatment for the acquisition of additional shares in Hongkong Land and the recapitalization of Rothschild. As a consequence, profit attributable to shareholders for the year was US$1,844 million, compared with US$692 million in 2008.

The Group continues to benefit from strong operating cash flows, high liquidity and ample committed facilities, as well as ready access to capital markets. Consequently, Group companies have been able to continue their development programmes uninterrupted, notwithstanding the economic challenges and a general tightening of bank finance. The net debt of the Group at the end of 2009, excluding financial services companies and now consolidating Hongkong Land as a subsidiary, was US$2.3 billion representing gearing of 10%. This compares to gearing of 16% at the end of 2008, assuming the pro-forma consolidation of Hongkong Land at that date.

The Board is recommending a final dividend of US¢14.00 per share, which represents an overall increase of 5% for the full year.

Business Developments

After a multi-year programme of steady open market purchases Hongkong Land became a 50% held subsidiary of the Company for the first time. Hongkong Land enjoyed an excellent year in 2009. Occupancy levels remained high in its commercial developments in both Hong Kong and Singapore, while sales of residential developments in Hong Kong, Macau, mainland China and Singapore recovered in the second half as demand rose in response to government stimulus packages and low interest rates. Commercial property rents have, however, retreated from their highs.

Dairy Farm concentrated on maintaining margins as the effects of the economic downturn continued to be felt, and it did well to report record earnings. Good cash generation supported the strategy of building the group's retail businesses across Asia, and opportunities were taken to add new stores in all the existing formats. The group ended the year with over 5,000 outlets, including 94 hypermarkets.

The Indonesian economy remained resilient during 2009. While Astra's businesses experienced some areas of weakness, these were more than offset by improvements elsewhere, particularly in its contract mining operations. Jardine Cycle & Carriage's earnings benefited from a record result from Astra and an improved contribution from its other motor interests.

Within Jardine Matheson, Jardine Pacific's businesses were affected in varying ways by the downturn. Those involved in consumer facing operations or transport services saw their level of activity decline, while those in the engineering and construction sector enjoyed an increase in demand, reflecting a rise in spending on infrastructure projects. All Jardine Pacific's businesses continue to seek expansion opportunities, with Jardine Restaurants recently acquiring the KFC franchise for Taiwan. Both Jardine Motors and Jardine Lloyd Thompson benefited in 2009 from the expansion of their areas of activity through organic growth or acquisition, while at the same time using effective cost management and business streamlining to improve the profitability of their existing operations.

In response to difficult trading conditions in the hotel sector, Mandarin Oriental focused on maintaining its competitive position in each of its markets and reducing costs. This enabled it to maintain profitability. The group also benefited from a significant gain on the sale of its interest in its Macau hotel. Mandarin Oriental opened three new hotels in 2009, bringing to 25 its total hotels in operation, and two more are due in 2010.

During the year the Company acquired further shares in Jardine Cycle & Carriage and Mandarin Oriental. In July 2009, a subsidiary sold its 20% interest in Tata Industries producing a gain of US$108 million. The sale proceeds were re-invested in a 3% stake in publicly-listed Tata Power Company, India's largest private power utility company. The Company has also recently agreed to purchase a 12% shareholding in ACLEDA Bank, Cambodia's second largest bank.

Outlook

While the global economic recovery remains fragile, the Group is financially strong and continues to trade well. Our exposure to the growth markets of East Asia gives grounds for optimism in the year ahead.

Sir Henry Keswick
Chairman

5th March 2010

Jardine Strategic

Jardine Strategic

Hongkong Land

A listed property group with some 5 million sq. ft of prime commercial property in central Hong Kong and further high quality commercial and residential developments in Asia. (50%)

Dairy Farm

A listed pan-Asian retail group operating over 5,000 outlets, including supermarkets, hypermarkets, health and beauty stores, convenience stores, home furnishings stores and restaurants. (78%)

Mandarin Oriental The Hotel Group

A listed international hotel investment and management group with a portfolio of 41 deluxe and first class hotels and resorts worldwide, including 16 under development. (74%)

Rothschilds Continuation

An unlisted holding company within the Rothschild group with various financial services interests, including the investment bank N M Rothschild & Sons. (21%)

Jardine Cycle & Carriage

A Singapore-listed company with an interest of just over 50% in Astra, a major listed Indonesian conglomerate, and other motor interests in Southeast Asia. (69%)

Astra international

The largest Indonesian motor group, manufacturing, assembling and distributing motor vehicles and components in partnership with industry leaders such as Toyota and Honda.

Astra's financial services businesses consist of consumer finance (principally automobile and motorcycle), insurance and a 45% interest in Bank Permata.

Astra's other interests include oil palm plantations, heavy equipment and mining, information technology and infrastructure.

(Figures in brackets show effective ownership by Jardine Strategic as at 12th March 2010.)

Jardine Matheson

Jardine Matheson

An Asian-based conglomerate with a portfolio of interests in leading businesses, held in part through its 81% stake in Jardine Strategic. (54%)

Jardine Pacific

A holding company with a select portfolio representing many of the Group's non-listed Asian businesses, principally in engineering and construction, transport services, restaurants and IT services. (100%)

Jardine Motors Group

A group engaged in the sales and service of motor vehicles in Hong Kong, Macau and the United Kingdom, and with a growing presence in mainland China. (100%)

JLT

A leading listed insurance and reinsurance broker, risk management adviser and employee benefits consultant, combining specialist skills in the London insurance market with an international network. (32%)

(Figures in brackets show effective ownership by Jardine Matheson as at 12th March 2010.)

Profit and Net Assets Analysis

Underlying Profit and Shareholders' Funds

	Underlying profit attributable to shareholders				Shareholders' funds			
	2009		2008		2009		2008	
	US$m	%	US$m	%	US$m	%	US$m	%
Jardine Matheson*	124	11	119	13	967	8	801	8
Hongkong Land	387	33	179	19	6,378	55	5,578	56
Dairy Farm	283	24	250	27	636	5	471	5
Mandarin Oriental	7	1	52	5	838	7	811	8
Jardine Cycle & Carriage	39	3	29	3	211	2	177	2
Astra	323	28	293	31	1,989	17	1,478	15
Other holdings	(1)	–	17	2	662	6	605	6
	1,162	100	939	100	11,681	100	9,921	100
Corporate	(80)		(80)		62		(216)	
	1,082		859		11,743		9,705	

*Excluding Jardine Strategic and its subsidiary undertakings and associates.

Market Value Basis Net Assets

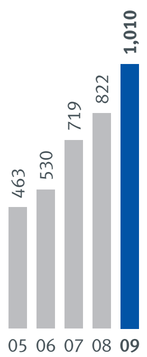
	2009		2008	
	US$m	%	US$m	%
Jardine Matheson	1,830	9	1,236	11
Hongkong Land	5,567	28	2,738	24
Dairy Farm	6,287	31	4,482	39
Mandarin Oriental	1,095	5	710	6
Jardine Cycle & Carriage	4,743	24	1,604	14
Other holdings	690	3	691	6
	20,212	100	11,461	100
Jardine Strategic Corporate	84		(201)	
	20,296		11,260	
Net asset value per share (US$)	32.64		18.15	

'Market value basis net assets' are calculated based on the market price of the Company's holdings for listed companies, with the exception of the holding in Jardine Matheson which has been calculated by reference to the market value of US$10,371 million *(2008: US$6,151 million)* less the Company's share of the market value of Jardine Matheson's interest in the Company. For unlisted companies a Directors' valuation has been used.

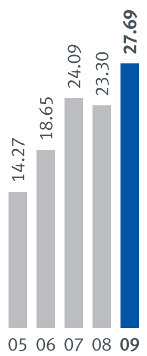
Net asset value per share is calculated on 'market value basis net assets' of US$20,296 million *(2008: US$11,260 million)* and on 622 million *(2008: 620 million)* shares outstanding at the year end which excludes the Company's share of the shares held by Jardine Matheson of 485 million *(2008: 473 million)* shares.

Jardine Matheson is a holding company with extensive operations in trading and services through Jardine Pacific; sales and service of motor vehicles through Jardine Motors; and insurance and reinsurance broking, risk management and employee benefit services through Jardine Lloyd Thompson. Through its holding in Jardine Strategic it has interests in the other Group companies.

	2009	2008	Change (%)
Revenue (US$ billion)	22.5	22.4	1
Underlying profit attributable to shareholders (US$ million)	1,010	822	23
Underlying earnings per share (US$)	2.84	2.33	22
Net asset value per share (US$)	27.69	23.30	19



Jardine Matheson
Underlying Profit Attributable to Shareholders
(US$ million)



Jardine Matheson
Net Asset Value per Share (US$)

Jardine Matheson achieved a record underlying profit of US$1,010 million in 2009, an increase of 23%. Underlying earnings per share rose 22% to US$2.84. Jardine Matheson's profit attributable to shareholders of US$1,604 million reflected the increased investment property values in Hongkong Land and Jardine Pacific and additional non-trading items. Shareholders' funds increased by 20% to US$9.9 billion.

Jardine Pacific

Jardine Pacific recorded an underlying profit of US$119 million in 2009, an increase of 2%, as trading conditions improved in the final quarter of the year. A gain of US$19 million arising on the revaluation of investment properties, together with gains from the disposal of investments, produced a profit attributable to shareholders of US$152 million, up from US$113 million in 2008. Shareholders' funds were US$413 million at the end of 2009, and the underlying return on average shareholders' funds was 31%.

Gammon's contribution to underlying profit was slightly up, while its order book rose 22% to US$2.3 billion. Jardine Schindler achieved a good increase in earnings from new installations and benefited from the reversal of a provision made in 2008. JEC produced a substantial increase in profit, which was further augmented by the release of provisions. Hong Kong Air Cargo Terminals' cargo throughput declined by 8% despite some recovery in recent months. Jardine Aviation Services and Jardine Shipping Services also experienced poor trading conditions. Tight cost management enabled both Jardine Restaurants and JOS to maintain their profits at similar levels to 2008 despite weaker consumer demand.

Jardine Motors

Jardine Motors' underlying profit in 2009 increased 17% to US$51 million as its three businesses enjoyed a much improved second half. Profit attributable to shareholders was US$63 million, with the benefit of a provision write-back in respect of a prior year disposal.

Zung Fu's lower contribution from Hong Kong and Macau was due to reduced deliveries of Mercedes-Benz passenger cars and tighter margins. The launch of new products, however, went some way to reviving sentiment. Its profitable growth continued in Southern China as new car deliveries increased by 72% to over 9,200 units and results from aftersales improved on higher volumes. The dealership network now extends to 16 outlets, with a further one under development and several more in the planning stage.

Jardine Motors' dealerships in the United Kingdom faced a difficult market, but benefited from better conditions in the second half. Despite lower turnover, the business recorded higher underlying earnings due to cost savings and an increase in used car margins.

Jardine Lloyd Thompson

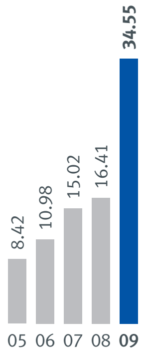
Organic growth and further acquisitions enabled Jardine Lloyd Thompson to achieve a turnover in 2009 equivalent to US$961 million, a 14% increase in its reporting currency. Underlying trading profit grew by 28% as the company benefited from the higher turnover and continued cost reduction. Underlying profit after tax and minorities was equivalent to US$113 million, an increase of 11% in its reporting currency, notwithstanding sharply reduced investment income due to low interest rates.

Jardine Lloyd Thompson's Risk & Insurance group, which comprises its worldwide retail operations and specialist insurance and reinsurance broking based largely in London, produced growth of 16% in revenues and 22% in underlying trading profit, with the trading margin improving from 18% to 19%. The Employee Benefits business in the United Kingdom was affected by the recession and reduced discretionary spending, and while underlying revenues were maintained, the trading margin fell from 17% to 16%. Strategic acquisitions were, however, made during the year to complete the product range and position the business for renewed growth.

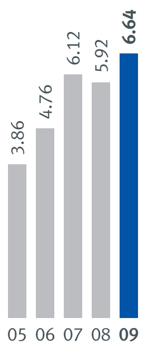
Hongkong Land is a major listed group with some 5 million sq. ft of prime commercial property in the heart of Hong Kong. The group also develops high quality commercial and residential projects in other cities in the Region.

	2009	2008	Change (%)
Underlying profit attributable to shareholders (US$ million)	777	375	107
Adjusted net asset value per share* (US$)	6.64	5.92	12

*Based on shareholders' funds excluding deferred tax on revaluation surpluses of investment properties where no tax would be payable on the sale of the properties.



Underlying Earnings per Share (US¢)



Adjusted Net Asset Value per Share* (US$)

Hongkong Land's underlying profit rose 107% to US$777 million in 2009. The group experienced 19% growth in net rental income and the contribution from residential development projects was US$386 million, compared with breakeven in 2008. The year-end valuation of its commercial investment properties, including its share of investment properties in joint ventures and associates, was up 6% at US$15.5 billion. After taking account of revaluations, the profit attributable to shareholders was US$1,641 million, compared with a loss of US$109 million in 2008.

Occupancy in the group's Hong Kong commercial property portfolio remained high as demand for quality office space continued to be strong in the Central district despite the recession. Market rentals did, however, fall sharply in the first half before stabilizing as the year progressed. In Singapore, market rents also declined with sentiment only improving in the final quarter. The group's two commercial investment property interests remained fully let, and its joint venture development project, Marina Bay Financial Centre, is progressing well with over 68% of the commercial office space pre-committed prior to its phased completion in 2010 and 2012.

Residential completions in Macau and Singapore during the year released good contributions to profit. In Singapore, the second residential tower at Marina Bay Financial Centre was well received when the first units were launched for sale. In Macau, following the cancellation of an en-bloc sale of one tower in 2009, the apartments were re-launched in December 2009 and have been substantially sold. The group also remains active in the residential sector in mainland China where it has a number of projects in various stages of development.

Dairy Farm is a leading pan-Asian retailer. The listed group, together with its associates and joint ventures, operates over 5,000 outlets – including supermarkets, hypermarkets, health and beauty stores, convenience stores, home furnishings stores and restaurants.

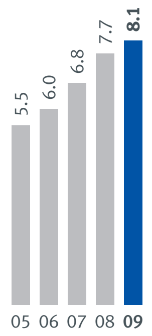
	2009	2008	Change (%)
Gross revenue* (US$ billion)	8.1	7.7	4
Underlying profit attributable to shareholders (US$ million)	364	320	14

*Includes 100% of revenue from associates and joint ventures.

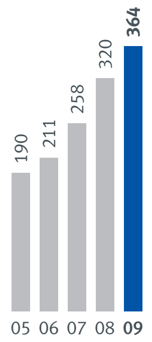
Dairy Farm produced a record result in 2009. Sales, including 100% of associates, increased by 4% to US$8.1 billion, while underlying profit rose by 14% to US$364 million. The adverse effects that foreign currency movements had on its results in the first half were largely reversed by the year end.

In Hong Kong, the group's health and beauty business had a good year and supermarkets were steady, but convenience stores struggled. Its IKEA outlets also performed well in Hong Kong, given the relocation of a key store, and continued to improve in Taiwan. Supermarkets in Taiwan achieved better results. Sales and profit were lower for 7-Eleven in Southern China, while Mannings health and beauty chain continued to expand with 120 outlets operating across the Mainland by the year end. After a slow start, restaurant associate Maxim's produced better than expected earnings growth for the year as consumer sentiment improved.

The results from Singapore were particularly encouraging as both hypermarkets and supermarkets made good progress and government programmes to support the economy proved effective. The strength of the Malaysian business was again demonstrated by growth in all formats, the opening of 28 new stores and the completion of a dry goods distribution centre. In Indonesia, profits continued to improve and 51 new stores were added across the four retail banners. The supermarket and health and beauty joint ventures in India showed improvement despite market conditions remaining challenging, while in Vietnam avenues to expand are being explored.



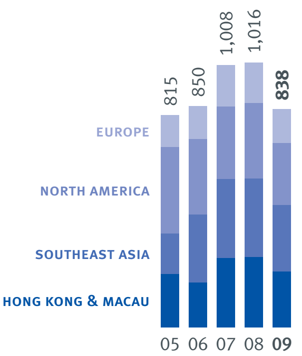
Gross Revenue*
(US$ billion)



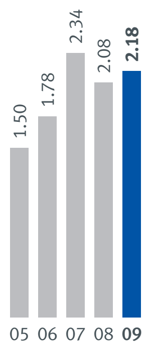
Underlying Profit Attributable to Shareholders
(US$ million)

Mandarin Oriental is an international hotel investment and management group with a portfolio of 41 deluxe and first class hotels and resorts worldwide, including 16 under development. The listed company holds equity in a number of its hotels.

	2009 US$m	2008 US$m	Change %
Combined total revenue of hotels under management	838	1,016	(18)
Underlying profit attributable to shareholders	12	67	(82)



Combined Total Revenue by Geographical Area (US$ million)



Net Asset Value per Share* (US$)

*With leasehold properties at valuation

Mandarin Oriental suffered from poor economic conditions which led to significant reductions in both occupancy levels and room rates. Profits fell at all the group's hotels. Its properties in Asia and The Americas were the most severely affected, including its two wholly-owned hotels in Hong Kong. The underlying profit for 2009 was US$12 million, compared with US$67 million in 2008. Including non-trading items, principally the US$81 million gain on the sale of the 50% interest in its Macau hotel partially offset by provisions against asset impairments, profit attributable to shareholders was US$83 million. This compares with US$67 million in 2008 when there were no non-trading items.

Three new hotels were opened in 2009, in Sanya, Barcelona and Las Vegas, bringing the total number of hotels in operation to 25. The group's Jakarta hotel reopened in October following extensive renovations. It is anticipated that a further two properties will open in 2010, in Macau and Marrakech, which will be operated under long-term management contracts. A number of development projects are, however, facing delays. A new hotel project in Abu Dhabi has been announced, bringing the total number of hotels under development to 16.

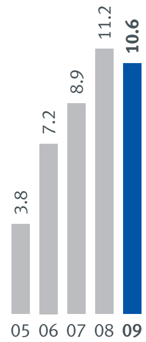
Jardine Cycle & Carriage is a Singapore-listed company with an interest of just over 50% in Astra, a major listed Indonesian conglomerate, and other motor interests in Southeast Asia.

	2009	2008	Change (%)
Revenue (US$ billion)	10.6	11.2	(5)
Underlying profit attributable to shareholders (US$ million)	515	477	8
Shareholders' funds (US$ million)	2,971	2,263	31

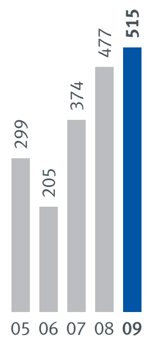
Jardine Cycle & Carriage produced a good result for 2009 with its underlying profit up 8% at US$515 million. Profit attributable to shareholders increased by 12% to US$503 million after accounting for a net non-trading loss of US$12 million, mainly due to fair value losses on Astra's oil palm plantations partly offset by a gain on a disposal by Tunas Ridean.

Astra enjoyed an excellent year as the Indonesian economy was largely insulated from the global recession. Its contribution to Jardine Cycle & Carriage's underlying profit increased by 5% to US$485 million.

Jardine Cycle & Carriage's contribution from its other motor interests increased by 32% to US$58 million. Its operations in Singapore did well in a challenging year, while in Malaysia, Cycle & Carriage Bintang reported an improvement in earnings. Tunas Ridean's sales in Indonesia declined, although it produced a non-recurring gain on the sale of a 51% interest in its finance business to Bank Mandiri. In Vietnam, Truong Hai Auto Corporation delivered a strong set of results, benefiting from a recovery in the economy, and Jardine Cycle & Carriage increased its interest to 29% for a further investment of US$44 million.



Revenue
(US$ billion)

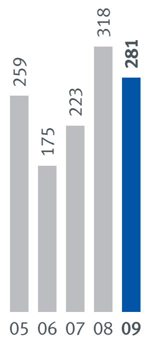


Underlying Profit Attributable to Shareholders (US$ million)

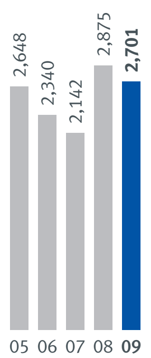
Astra is a listed diversified Indonesian group with interests in the automotive sector, financial services, oil palm plantations, heavy equipment and mining, information technology and infrastructure.

	2009	2008	Change* (%)
Gross revenue† (US$ billion)	15.3	16.0	2
Profit attributable to shareholders# (US$ million)	969	942	9
Shareholders' funds# (US$ million)	4,244	3,021	21

*Based on the change in Indonesian rupiah, being the reporting currency of Astra.
†Includes 100% of revenue from associates and joint ventures.
#Reported under Indonesian GAAP.



Motor Vehicle Sales including Associates and Joint Ventures (thousand units)



Motorcycle Sales including Associates and Joint Ventures (thousand units)

Following a slow first half, Astra achieved a record net profit for the year under Indonesian accounting standards of Rp10 trillion, up some 9%, equivalent to US$969 million. Earnings from its motor car, auto component, financial services and contract mining activities improved, more than compensating for weaker results from agribusiness and motorcycles.

The Indonesian wholesale motor car market contracted by 20% in 2009. Astra's motor car sales decreased by only 12% to 281,000 units, raising its market share from 52% to 58%. Astra Honda Motor's sales declined by 6% in line with the wholesale motorcycle market to 2.7 million units, maintaining its market share at 46%. Automotive component manufacturer Astra Otoparts reported a 36% increase in net profit, with improvements across most of its activities.

Astra's consumer finance operations produced higher profits following growth in their loan book. The company's 45% owned associate, Bank Permata, also reported a 6% improvement in net profit.

In agribusiness, 80% owned Astra Agro Lestari reported a 37% decline in net profit. While palm oil production rose 10% to 1.1 million tonnes, crude prices achieved were some 13% lower than in the previous year.

United Tractors, which is 60% owned, recorded an excellent result with a 43% rise in net profit. Sales of Komatsu heavy equipment were down 28% at 3,100 units, although the impact was offset by higher revenues from parts and services. Mining subsidiary Pamapersada Nusantara produced a significant improvement in earnings as it benefited from continued expansion of coal production in Indonesia. Coal extracted increased by 15% to 68 million tonnes and overburden removed rose by 35% to 598 million cubic metres.

In information technology, 77% owned Astra Graphia reported a 7% improvement in net profit, while Astra's infrastructure investments also performed satisfactorily.

Further Interests

Rothschilds Continuation
Rothschilds Continuation, in which Jardine Strategic holds a 21% interest, is the holding company of an independent financial services group which has some 50 offices in more than 37 countries worldwide. In another difficult year globally for the banking sector, Rothschild maintained its position as a leading M&A adviser and experienced good demand for its debt and equity advisory services. Rothschild's private wealth management activities benefited from solid investment performance to register growth in assets under management.

Others
Tata Power is India's largest private-sector power utility, in which Jardine Strategic has acquired a 3% interest. Indian electricity demand is forecast to grow strongly over the next five years and Tata Power is well positioned to benefit from that growth as its operations span the electricity value chain. It has a pipeline of committed and potential generation projects, the largest of which, the 4,000MW Mundra and 1,050MW Maithon plants, are progressing well.

Asia Commercial Bank in Vietnam continued to experience a difficult trading environment in 2009. Government action to counter the global downturn saw a rapid relaxation in both monetary and fiscal policy. Despite falling interest margins and strong competition, the bank grew its deposit and credit market share and reported pre-tax profit growth of 10% for the year.

Anthony Nightingale
Managing Director

5th March 2010

Accounting Policies

The Group has decided to early adopt IFRS 3 (revised 2008) 'Business Combinations' and the related amendment to IAS 27 'Consolidated and Separate Financial Statements' in anticipation of Hongkong Land becoming a subsidiary during the year following many years of open market share purchases. As a result, the Group changed its accounting policies for the acquisition of subsidiaries and for changes in the level of ownership interest in subsidiaries. Details of the revised policies are set out under Principal Accounting Policies in the financial statements. The financial impact of the revised policy on the acquisition of Hongkong Land is set out in note 10 to the financial statements.

Presentation of Financial Statements

As a result of adoption of IAS 1 (revised 2007), two new primary statements, the 'Consolidated Statement of Comprehensive Income' and the 'Consolidated Statement of Changes in Equity', have been presented in this year's financial statements. The former replaces the 'Consolidated Statement of Recognized Income and Expense' presented in the 2008 financial statements.

Results

Following the increase in the Group's interest in Hongkong Land to over 50% in June 2009, Hongkong Land's results have been consolidated as those of a subsidiary.

Summarized Cash Flow

	2009 US$m	2008 US$m
Operating cash flow of subsidiary undertakings	**2,172**	1,587
Dividends from Jardine Matheson	**–**	152
Dividends from associates and joint ventures	**301**	386
Operating activities	**2,473**	2,125
Capital expenditure and investments	**(127)**	(1,361)
Cash flow before financing	**2,346**	764

Revenue increased by 2% to US$18.9 billion. Total revenue, including 100% of revenue from associates and joint ventures, decreased marginally to US$36.0 billion.

Underlying operating profit was US$2,236 million, an increase of 33%. This reflected the consolidation of the results of Hongkong Land in the second half of the year, an increase in the contribution from most businesses in Astra as well as from Dairy Farm, partially offset by lower Mandarin Oriental results due to weaker occupancy caused by the economic downturn. The overall operating profit of US$4,185 million included a number of non-trading items, among which were increases in the fair value of investment properties in Hongkong Land in the second half of the year and a profit on the disposal of the Group's interest in Tata Industries, partially offset by a decrease in the fair value of Astra's plantations. The equivalent figure for 2008 included a decrease in the fair value of Astra's plantations, partially offset by a gain on the disposal of a small parcel of Astra's plantations.

Net financing charges increased over 2008 primarily due to the consolidation of Hongkong Land. Interest cover, however, remained strong at 46 times compared with 63 times in 2008, based on the underlying operating profit, including the share of results of Jardine Matheson and associates and joint ventures, divided by net financing charges.

The underlying profit contribution from Jardine Matheson increased by 4% to US$124 million following a higher contribution from Jardine Motors due to strong car deliveries in mainland China and cost savings in the United Kingdom, partially offset by a lower contribution from Jardine Lloyd Thompson due to the strength of the US dollar. The overall contribution was increased due to an increase in the fair value of Jardine Pacific's investment properties, while the 2008 results included a decrease in the fair value of those properties.

The Group's share of underlying results of associates and joint ventures increased by 17% to US$583 million. The impact of equity accounting Hongkong Land's results for only six months instead of for a full year as in 2008 was more than offset by the inclusion of 100% of Hongkong Land's share of the profit from its joint ventures from July 2009 and a higher contribution from Jardine Cycle & Carriage's associate in Vietnam. The overall contribution from the Group's associates and joint ventures was impacted by a number of non-trading items, among which were decreases in the fair value of Hongkong Land's investment properties in the first six months of the year, partially offset by a gain on derecognition of perpetual liabilities in Rothschilds Continuation.

The net discount on acquisition of Hongkong Land represents the discount on shares acquired during the year before the Group obtained legal control and the net effect of accounting for the step acquisition of Hongkong Land in accordance with the revised IFRS 3.

Sale of associates and joint ventures comprised Mandarin Oriental's sale of its interest in Mandarin Oriental, Macau. The comparative figure in 2008 related to Dairy Farm's sale of its 50% interest in a joint venture in Korea.

The underlying effective tax rate for the year was 26%, compared with 29% in 2008.

Underlying basic earnings per share increased 25% to US$1.74. The growth in underlying earnings was due to increased contributions from all businesses except Mandarin Oriental. The overall profit attributable to shareholders for the year of US$1,844 million included the surplus on the revaluation of investment properties in Hongkong Land, the net discount on acquisition of Hongkong Land, gains on the disposal of Mandarin Oriental's 50% interest in its Macau property and the Group's interest in Tata Industries, and share of Rothschilds Continuation's profit on derecognition of its perpetual liabilities. Overall basic earnings per share were US$2.97.

Dividends

The Board is recommending a final dividend of US$0.14 per share, giving a total dividend of US$0.20 per share for the year, payable on 12th May 2010 to those persons registered as shareholders on 19th March 2010. The dividends are payable in cash with a scrip alternative.

Cash Flow and Funding

The cash inflow from operating activities for the year was up US$348 million at US$2,473 million. The increase was principally due to higher operating profit following the inclusion of Hongkong Land for the first time. Capital expenditure for the year before disposals and excluding the acquisition of Hongkong Land amounted to US$1,608 million. This included US$721 million for the purchase of tangible assets, mainly in Dairy Farm, Mandarin Oriental and Astra, US$288 million of advances to associates and joint ventures, mainly in Hongkong Land, US$77 million for the purchase of plantations in Astra, and US$157 million for the acquisition of shares in Tata Power. The Group also invested US$114 million in increasing its interests in Group companies. The sale of Mandarin Oriental's 50% interest in its Macau property and the Company's holding in Tata Industries contributed US$90 million and US$157 million, respectively, to Group cash flow.

At the year end, undrawn committed facilities exceeded US$2.7 billion. In addition, the Group had available liquid funds of over US$3.6 billion. Overall net borrowings, excluding those relating to Astra's financial services companies, were US$2.3 billion, representing 10% of total equity. Included within this are the US$2.4 billion of net borrowings in Hongkong Land. In 2008, the Group's net borrowings were US$3.1 billion, including US$2.6 billion of borrowings in Hongkong Land, which was then accounted for as an associate. Astra's financial services companies had net borrowings of US$1.5 billion, US$302 million up from 2008 as their overall loan book grew. The substantial increase in total equity was mainly attributable to the consolidation of Hongkong Land. Surpluses on the revaluation of investment properties in Hongkong Land and the Group's available-for-sale investments, and exchange translation gains on the Group's net investments in foreign operations due to the weakness of the US dollar relative to Asian currencies, also contributed to the increase in total equity.

The average tenor of the Group's debt at 31st December 2009 was 3.2 years compared with 3.1 years in 2008. US dollar denominated borrowings comprised 17% of the Group's total borrowings. Non-US dollar denominated borrowings are directly related to the Group's businesses in the countries of the currencies concerned. As at 31st December 2009 approximately 46% of the Group's borrowings, exclusive of financial services companies, were at floating rates and the remaining 54% were covered by interest rate hedges with major creditworthy financial institutions.

Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt, both short and long term, to give flexibility to develop the business.

Asset Valuation

The Group's share of the surplus arising from the revaluation of investment properties amounted to US$450 million, which has been credited to the consolidated profit and loss account.

The fair value of the Group's available-for-sale investments was remeasured at the year end resulting in an attributable net surplus of US$105 million, which was recognized in other comprehensive income.

The Group shareholders' funds increased by 21% to US$11.7 billion. If accounting standards did not require the Group to provide deferred tax on the revaluation surplus on leasehold investment properties in Hong Kong (where there is no capital gains tax), the Group's shareholders' funds would be increased by 10% to US$12.9 billion.

Treasury Policy

The Group manages its exposure to financial risk using a variety of techniques and instruments. The main objectives are to limit exchange and interest rate risks and to provide a degree of certainty about costs. The investment of the Group's cash resources is managed so as to minimize risk while seeking to enhance yield.

Principal Risks and Uncertainties

A review of the principal risks and uncertainties facing the Group is set out on page 95.

James Riley
Chief Financial Officer

5th March 2010

Net Debt* and Total Equity
(US$ billion)

*Excluding net debt of financial services companies

Directors' Profiles

Sir Henry Keswick*

Chairman

Sir Henry joined the Board in 1988 and became Chairman in 1989. He is chairman of Jardine Matheson, having first joined the group in 1961, and is a director of Dairy Farm, Hongkong Land, Mandarin Oriental and Rothschilds Continuation. He is also vice chairman of the Hong Kong Association.

A.J.L. Nightingale*

Managing Director

Mr. Nightingale was appointed as Managing Director in 2006. He has served in a number of executive positions since joining the Jardine Matheson group in 1969. He is chairman of Jardine Cycle & Carriage, Jardine Matheson Limited, Jardine Motors and Jardine Pacific; and a commissioner of Astra. He is also managing director of Dairy Farm, Hongkong Land, Jardine Matheson and Mandarin Oriental. Mr. Nightingale is chairman of the Business Facilitation Advisory Committee established by the Financial Secretary in Hong Kong, a vice president of The Real Estate Developers Association of Hong Kong, a member of the Commission on Strategic Development, a council member of the Employers' Federation of Hong Kong and a Hong Kong representative to the APEC Business Advisory Council. He is also chairman of The Sailors Home and Missions to Seamen.

Charles Allen-Jones

Mr. Allen-Jones joined the Board in 2008. He was formerly senior partner of Linklaters, where he had been a partner for 33 years until 2001. Mr. Allen-Jones is a non-executive director of Hongkong Land and Caledonia Investments, a member of the Financial Reporting Review Panel and vice chairman of the Council of the Royal College of Art.

Jenkin Hui

Mr. Hui was appointed a Director in 1999. He is a director of Hongkong Land, Jardine Matheson, Central Development and a number of property and investment companies.

Simon Keswick*

Mr. Simon Keswick joined the Board in 1986. He joined the Jardine Matheson group in 1962 and is chairman of Dairy Farm, Hongkong Land and Mandarin Oriental, and a director of Jardine Lloyd Thompson and Jardine Matheson.

Dr George C.G. Koo

Dr Koo, a Fellow of the Royal College of Surgeons, joined the Board in 1996. He is the founder and managing director of the Hong Kong Lithotripter Centre and a member of the Political Consultative Committee of Chekiang Province of the People's Republic of China. He is also a director of Dairy Farm.

R.C. Kwok

Mr. Kwok is a Chartered Accountant and joined the Board in 1987. He joined the Jardine Matheson group in 1964 and is a director of Jardine Matheson Limited, Dairy Farm, Hongkong Land, Jardine Matheson and Mandarin Oriental.

Lord Leach of Fairford*

Lord Leach joined the Board in 1987. He joined the Jardine Matheson group in 1983 after a career in banking and merchant banking. He is deputy chairman of Jardine Lloyd Thompson, and a director of Dairy Farm, Hongkong Land, Jardine Matheson, Mandarin Oriental and Rothschilds Continuation.

Percy Weatherall

Mr. Weatherall was Managing Director of the Company from 2000 to 2006. He held a number of senior positions since first joining the Jardine Matheson group in 1976 until his retirement from executive office in 2006. He is also a director of Dairy Farm, Hongkong Land, Jardine Matheson and Mandarin Oriental. He is chairman of Corney and Barrow.

*Executive Director

Registered Office

Jardine House, 33-35 Reid Street
Hamilton
Bermuda

Consolidated Profit and Loss Account

for the year ended 31st December 2009

	Note	2009 Underlying business performance US$m	2009 Non-trading items US$m	2009 Total US$m	2008 Underlying business performance US$m	2008 Non-trading items US$m	2008 Total US$m
Revenue	*5*	**18,905**	**–**	**18,905**	18,455	–	18,455
Net operating costs	*6*	**(16,669)**	**61**	**(16,608)**	(16,775)	(123)	(16,898)
Change in fair value of investment properties		**–**	**1,888**	**1,888**	–	2	2
Operating profit		**2,236**	**1,949**	**4,185**	1,680	(121)	1,559
Net financing charges	*7*						
– financing charges		**(157)**	**–**	**(157)**	(123)	–	(123)
– financing income		**93**	**–**	**93**	87	–	87
		(64)	**–**	**(64)**	(36)	–	(36)
Share of results of Jardine Matheson	*8*	**124**	**24**	**148**	119	(3)	116
Share of results of associates and joint ventures	*9*						
– before change in fair value of investment properties		**583**	**53**	**636**	497	7	504
– change in fair value of investment properties		**–**	**(356)**	**(356)**	–	(253)	(253)
		583	**(303)**	**280**	497	(246)	251
Net discount on acquisition of Hongkong Land	*10*	**–**	**96**	**96**	–	97	97
Sale of associates and joint ventures	*11*	**–**	**79**	**79**	–	15	15
Profit before tax		**2,879**	**1,845**	**4,724**	2,260	(258)	2,002
Tax	*12*	**(557)**	**(320)**	**(877)**	(481)	31	(450)
Profit after tax		**2,322**	**1,525**	**3,847**	1,779	(227)	1,552
Attributable to:							
Shareholders of the Company	*13 & 14*	**1,082**	**762**	**1,844**	859	(167)	692
Minority interests		**1,240**	**763**	**2,003**	920	(60)	860
		2,322	**1,525**	**3,847**	1,779	(227)	1,552
				US$			US$
Earnings per share	*13*						
– basic				**2.97**			1.12
– diluted				**2.93**			1.12

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2009

	Note	2009 US$m	2008 US$m
Profit for the year		3,847	1,552
Revaluation of intangible assets		–	13
Revaluation of tangible assets		(12)	15
Revaluation of other investments			
– gains/(losses) arising during the year		160	(248)
– transfer to profit and loss		(131)	7
		29	(241)
Actuarial gains/(losses) on employee benefit plans		23	(117)
Net exchange translation differences			
– gains/(losses) arising during the year		648	(594)
– transfer to profit and loss		(59)	(1)
		589	(595)
Cash flow hedges			
– losses arising during the year		(15)	(14)
– transfer to profit and loss		(5)	–
		(20)	(14)
Share of other comprehensive income of Jardine Matheson		30	(123)
Share of other comprehensive income of associates and joint ventures		217	(226)
Tax relating to components of other comprehensive income	12	6	87
Other comprehensive income for the year		862	(1,201)
Total comprehensive income for the year		4,709	351
Attributable to:			
Shareholders of the Company		2,085	(45)
Minority interests		2,624	396
		4,709	351

Consolidated Balance Sheet

at 31st December 2009

	Note	2009 US$m	2008 US$m
Assets			
Intangible assets	*15*	**2,067**	1,865
Tangible assets	*16*	**3,735**	3,097
Investment properties	*17*	**14,841**	17
Plantations	*18*	**425**	353
Investment in Jardine Matheson	*19*	**962**	793
Associates and joint ventures	*20*	**4,499**	7,440
Other investments	*21*	**817**	562
Non-current debtors	*22*	**1,370**	1,032
Deferred tax assets	*23*	**108**	92
Pension assets	*24*	**51**	15
Non-current assets		**28,875**	15,266
Properties for sale	*25*	**787**	–
Stocks and work in progress	*26*	**1,611**	1,574
Current debtors	*22*	**2,732**	1,872
Current investments	*21*	**3**	4
Current tax assets		**80**	76
Bank balances and other liquid funds	*27*		
– non-financial services companies		**3,521**	1,709
– financial services companies		**156**	183
		3,677	1,892
		8,890	5,418
Non-current assets classified as held for sale	*28*	**105**	65
Current assets		**8,995**	5,483
Total assets		**37,870**	20,749

Approved by the Board of Directors

A.J.L. Nightingale
Lord Leach of Fairford
Directors

5th March 2010

	Note	2009 US$m	2008 US$m
Equity			
Share capital	*29*	**56**	55
Share premium and capital reserves	*30*	**1,345**	1,338
Revenue and other reserves		**11,756**	9,620
Own shares held	*32*	**(1,414)**	(1,308)
Shareholders' funds		**11,743**	9,705
Minority interests	*33*	**11,281**	3,632
Total equity		**23,024**	13,337
Liabilities			
Long-term borrowings	*34*		
– non-financial services companies		**5,023**	1,754
– financial services companies		**718**	563
		5,741	2,317
Deferred tax liabilities	*23*	**2,602**	389
Pension liabilities	*24*	**133**	94
Non-current creditors	*35*	**154**	133
Non-current provisions	*36*	**60**	48
Non-current liabilities		**8,690**	2,981
Current creditors	*35*	**4,064**	2,903
Current borrowings	*34*		
– non-financial services companies		**825**	483
– financial services companies		**918**	798
		1,743	1,281
Current tax liabilities		**312**	220
Current provisions	*36*	**37**	27
Current liabilities		**6,156**	4,431
Total liabilities		**14,846**	7,412
Total equity and liabilities		**37,870**	20,749

Consolidated Statement of Changes in Equity

for the year ended 31st December 2009

	Share capital US$m	Share premium US$m	Capital reserves US$m	Revenue reserves US$m	Contributed surplus US$m	Asset revaluation reserves US$m	Hedging reserves US$m	Exchange reserves US$m	Own shares held US$m	Attributable to shareholders of the Company US$m	Attributable to minority interests US$m	Total equity US$m
2009												
At 1st January	55	1,209	129	9,227	304	402	(38)	(275)	(1,308)	9,705	3,632	**13,337**
Total comprehensive income	–	–	–	1,816	–	15	7	247	–	2,085	2,624	**4,709**
Dividends paid by the Company	–	–	–	(118)	–	–	–	–	–	(118)	–	**(118)**
Dividends paid to minority shareholders	–	–	–	–	–	–	–	–	–	–	(443)	**(443)**
Employee share option schemes	–	–	8	–	–	–	–	–	–	8	2	**10**
Scrip issued in lieu of dividends	1	(1)	–	176	–	–	–	–	–	176	–	**176**
Increase in own shares held	–	–	–	–	–	–	–	–	(106)	(106)	–	**(106)**
New subsidiary undertakings	–	–	–	–	–	–	–	–	–	–	5,508	**5,508**
Subsidiary undertakings disposed of	–	–	–	–	–	–	–	–	–	–	(3)	**(3)**
Equity component of convertible bonds in a subsidiary undertaking	–	–	–	4	–	–	–	–	–	4	–	**4**
Capital contribution from minority shareholders	–	–	–	–	–	–	–	–	–	–	15	**15**
Change in interests in subsidiary undertakings	–	–	–	(11)	–	–	–	–	–	(11)	(54)	**(65)**
Transfer	–	–	–	39	–	(39)	–	–	–	–	–	**–**
At 31st December	**56**	**1,208**	**137**	**11,133**	**304**	**378**	**(31)**	**(28)**	**(1,414)**	**11,743**	**11,281**	**23,024**
2008												
At 1st January	54	1,210	121	8,909	304	384	(8)	22	(1,209)	9,787	3,531	13,318
Total comprehensive income	–	–	–	263	–	19	(30)	(297)	–	(45)	396	351
Dividends paid by the Company	–	–	–	(112)	–	–	–	–	–	(112)	–	(112)
Dividends paid to minority shareholders	–	–	–	–	–	–	–	–	–	–	(363)	(363)
Employee share option schemes	–	–	8	–	–	–	–	–	–	8	2	10
Scrip issued in lieu of dividends	1	(1)	–	166	–	–	–	–	–	166	–	166
Increase in own shares held	–	–	–	–	–	–	–	–	(99)	(99)	–	(99)
New subsidiary undertakings	–	–	–	–	–	–	–	–	–	–	28	28
Subsidiary undertakings disposed of	–	–	–	–	–	–	–	–	–	–	(24)	(24)
Capital contribution from minority shareholders	–	–	–	–	–	–	–	–	–	–	156	156
Change in interests in subsidiary undertakings	–	–	–	–	–	–	–	–	–	–	(94)	(94)
Transfer	–	–	–	1	–	(1)	–	–	–	–	–	–
At 31st December	55	1,209	129	9,227	304	402	(38)	(275)	(1,308)	9,705	3,632	13,337

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US$1,844 million *(2008: US$692 million)*, net fair value loss on other investments of US$17 million *(2008: US$277 million)* and net actuarial loss on employee benefit plans of US$11 million *(2008: US$152 million)*.

Contributed surplus represents the excess in value of shares acquired in consideration for the issue of the Company's shares, over the nominal value of those shares issued. Under the Bye-Laws of the Company, the contributed surplus is distributable.

Consolidated Cash Flow Statement

for the year ended 31st December 2009

	Note	2009 US$m	2008 US$m
Operating activities			
Operating profit		**4,185**	1,559
Depreciation and amortization	*37 (a)*	**569**	490
Other non-cash items	*37 (b)*	**(1,843)**	329
Increase in working capital	*37 (c)*	**(145)**	(344)
Interest received		**101**	89
Interest and other financing charges paid		**(147)**	(129)
Tax paid		**(548)**	(407)
		2,172	1,587
Dividends from Jardine Matheson		**–**	152
Dividends from associates and joint ventures		**301**	386
Cash flows from operating activities		**2,473**	2,125
Investing activities			
Purchase of Hongkong Land	*37 (d)*	**1,082**	(97)
Purchase of other subsidiary undertakings	*37 (d)*	**(42)**	(191)
Purchase of associates and joint ventures	*37 (e)*	**(53)**	(108)
Purchase of other investments	*37 (f)*	**(311)**	(204)
Purchase of intangible assets		**(102)**	(92)
Purchase of tangible assets		**(721)**	(784)
Purchase of investment properties		**(14)**	–
Purchase of plantations		**(77)**	(71)
Advance to associates, joint ventures and others	*37 (g)*	**(288)**	(1)
Repayment from associates and joint ventures	*37 (h)*	**31**	23
Sale of subsidiary undertakings	*37 (i)*	**(2)**	(33)
Sale of associates and joint ventures	*37 (j)*	**90**	25
Sale of other investments	*37 (k)*	**213**	82
Sale of intangible assets		**2**	9
Sale of tangible assets		**64**	58
Sale of investment properties		**1**	9
Sale of plantations		**–**	14
Cash flows from investing activities		**(127)**	(1,361)
Financing activities			
Capital contribution from minority shareholders		**15**	156
Change in interests in subsidiary undertakings	*37 (l)*	**(65)**	(222)
Sale of convertible bonds in a subsidiary undertaking		**33**	–
Drawdown of borrowings		**3,323**	3,555
Repayment of borrowings		**(3,503)**	(3,421)
Dividends paid by the Company		**(34)**	(32)
Dividends paid to minority shareholders		**(443)**	(363)
Cash flows from financing activities		**(674)**	(327)
Effect of exchange rate changes		**110**	(109)
Net increase in cash and cash equivalents		**1,782**	328
Cash and cash equivalents at 1st January		**1,882**	1,554
Cash and cash equivalents at 31st December	*37 (m)*	**3,664**	1,882

1 Principal Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

Standards, and amendments and interpretations effective in 2009 which are relevant to the Group's operations

IFRS 8	Operating Segments
IAS 1 (revised 2007)	Presentation of Financial Statements
IAS 23 (revised 2007)	Borrowing Costs
Amendments to IFRS 1 and IAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to IFRS 2	Vesting Conditions and Cancellations
Amendments to IFRS 7	Improving Disclosures about Financial Instruments
Improvements to IFRSs (2008)	
IFRIC 13	Customer Loyalty Programmes
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation

IFRS 8 'Operating Segments' supersedes IAS 14 'Segment Reporting' and requires the reporting of financial and descriptive information about an entity's reportable segments on the basis of internal reports that are regularly reviewed by its management. There is no change in the Group's reportable segments from 2008 as they remain consistent with the internal reporting provided to management. No operating segments have been aggregated to form the reportable segments. The Group has also early adopted an amendment to IFRS 8 (effective from 1st January 2010) included in the 2009 improvement project. The amendment clarifies that a measure of total assets should be disclosed in the financial statements only if that amount is regularly provided to management.

IAS 1 (revised 2007) 'Presentation of Financial Statements' replaces IAS 1 (as revised in 2003 and amended in 2005) and sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirement for their content. Two new primary statements, the 'Consolidated Statement of Comprehensive Income' and the 'Consolidated Statement of Changes in Equity' have been presented in these financial statements. The former replaces the 'Consolidated Statement of Recognized Income and Expense' presented in the 2008 financial statements. This change in presentation has no effect on reported profit or loss, total income and expense or net assets.

Amendments to IFRS 1 and IAS 27 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate' remove the definition of the cost method from IAS 27 and allow an entity to recognize a dividend from subsidiary, jointly controlled entity or associate in profit and loss in its separate financial statements when its right to receive the dividend is established. There is no impact on the consolidated financial statements as the changes only affect the separate financial statements of the investing entity.

Amendments to IFRS 7 'Improving Disclosures about Financial Instruments' require the disclosure of any change in valuation technique and the reason for that change, introduce a three-level hierarchy for fair value measurement disclosures, and require the disclosure of liquidity risk between non-derivative financial liabilities and derivative financial liabilities.

IAS 16 (amendment) 'Property, Plant and Equipment' and the consequential amendment to IAS 7 'Statement of Cash Flows' is part of the 2008 improvement project. It specifies that entities whose ordinary activities include renting and subsequently selling the same items of property, plant and equipment should transfer such assets to stocks at their carrying amounts when they cease to be rented and become held for sale. The cash flows arising from the purchase, rental and subsequent sale of those assets should be classified as cash flows from operating activities. There is no significant impact on the results of the Group on adoption of these amendments. The comparative figures in the Consolidated Cash Flow Statement have been reclassified to conform with the current year presentation.

IAS 36 (amendment) 'Impairment of Assets' is part of the 2008 improvement project. It provides that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made.

IAS 40 (amendment) 'Investment Property' is part of the 2008 improvement project. It requires that property that is being constructed or developed for future use as investment property should be classified as investment property. It also requires that such property to be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property with any gain or loss recognized in profit and loss. This is a change in accounting policy as previously such property was carried at cost until the construction was completed.

IAS 41 (amendment) 'Agriculture' is part of the 2008 improvement project. It requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition against taking into account biological transformation when calculating fair value. There is no significant impact on the results of the Group on adoption of this amendment.

IFRIC 13 'Customer Loyalty Programmes' addresses the accounting by entities that grant loyalty award credits to customers who buy goods or services. It requires the allocation of consideration receivable from the customer between the separately identifiable components of the sale transaction using fair values. There is no significant impact on the results of the Group on adoption of this interpretation.

The adoption of the following standards, amendments and interpretations does not have a material impact on the Group's accounting policies.

IAS 23 (revised 2007) 'Borrowing Costs' supersedes IAS 23 (as revised in 1993) and requires the capitalization of borrowing costs relating to qualifying assets.

Amendment to IFRS 2 'Vesting Conditions and Cancellations' restrict vesting conditions to service conditions and performance conditions, and specify that a failure to meet a non-vesting condition, whether by the entity or by the counterparty, should be treated as a cancellation.

IAS 19 (amendment) 'Employee Benefits' is part of the 2008 improvement project. It clarifies the distinction between curtailments and negative past service costs under a defined benefit plan.

IAS 23 (amendment) 'Borrowing Costs' is part of the 2008 improvement project. It amends the definition of borrowing costs such that interest expense is calculated using the effective interest method as defined in IAS 39 'Financial Instruments: Recognition and Measurement'.

IAS 28 (amendment) 'Investments in Associates' and consequential amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7 'Financial Instruments: Disclosures' is part of the 2008 improvement project. It specifies that for the purposes of impairment testing, an investment in associate is treated as a single asset and any impairment loss is not allocated to specific assets included within the investment.

IAS 38 (amendment) 'Intangible Assets' is part of the 2008 improvement project. It clarifies that expenditure on advertising and other promotional activities must be recognized in the period in which the entity obtains the right to access the advertising or promotional material.

IAS 39 (amendment) 'Financial Instruments: Recognition and Measurement' is part of the 2008 improvement project. It clarifies that a revised effective interest rate is used when the carrying amount of a debt instrument is remeasured on cessation of fair value hedge accounting.

IFRIC 15 'Agreements for the Construction of Real Estate' provides guidance in determining whether an agreement for the construction of real estate is within the scope of IAS 11 'Construction Contracts' or IAS 18 'Revenue'.

IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' addresses the nature of the hedged risk and amount of the hedged item for which a hedging relationship may be designated in the consolidated financial statements of a parent entity.

Standards and amendments early adopted by the Group

IFRS 3 (revised 2008)	Business Combinations
IAS 27 (amended 2008)	Consolidated and Separate Financial Statements

IFRS 3 (revised 2008) 'Business Combinations' and the related amendment to IAS 27 'Consolidated and Separate Financial Statements' (both effective prospectively from 1st July 2009) provide guidance for applying the acquisition method for business combinations. The major changes from the existing standards include: the immediate expensing of all acquisition-related costs, the inclusion in the cost of acquisition of the fair value at acquisition date of any contingent purchase consideration, the remeasurement of previously held equity interest in the acquiree at fair value in a business combination achieved in stages, and accounting for changes in a parent's ownership interest in a subsidiary undertaking that do not result in the loss of control as equity transactions. The early adoption of IFRS 3 (revised 2008) and the related amendment to IAS 27 has resulted in changes in the accounting policies for goodwill and change in attributable interests in subsidiary undertakings. Until 31st December 2008, acquisition-related costs were included in the cost of a business combination; contingent purchase consideration was recognized in goodwill as incurred; the cost of each exchange transaction in a business combination achieved in stages was compared with the fair values of the acquiree's identifiable net assets to determine the amount of goodwill associated with that transaction; the difference between the cost of acquisition and the carrying amount of the proportion of minority interest acquired in respect of an increase in attributable interest in a subsidiary undertaking was recognized as goodwill or credited to profit and loss as discount on acquisition, where appropriate; and the difference between the proceeds and the carrying amount of the proportion sold in respect of a decrease in attributable interest in a subsidiary undertaking was recognized as profit or loss on disposal. The Group continues to measure minority interest in an acquiree in a business combination at the minority interest's proportionate share of the acquiree's identifiable net assets.

Standards, amendments and interpretations effective after 2009 which are relevant to the Group's operations and yet to be adopted
IFRS 9 'Financial Instruments' (effective from 1st January 2013) is the first part of a project to replace IAS 39. It addresses the classification and measurement of financial assets. The Group will apply IFRS 9 from 1st January 2013.

IAS 24 'Related Party Disclosures' (effective from 1st January 2011) supersedes IAS 24 (as revised in 2003). It simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The Group will apply IAS 24 and provide the required disclosure from 1st January 2011.

Amendment to IAS 32 'Classification of Rights Issues' (effective from 1st February 2010) clarifies that rights issues are equity instruments when they are denominated in a currency other than the issuer's functional currency and are issued pro-rata to an entity's existing shareholders for a fixed amount of currency. The Group will apply amendment to IAS 32 from 1st January 2011.

Amendment to IAS 39 'Eligible Hedged Items' (effective from 1st July 2009) gives additional guidance on the designation of a hedged item and how hedged accounting should be applied in particular situations. The Group will apply amendment to IAS 39 from 1st January 2010, but it is not expected to have any significant impact on the results of the Group.

The Improvements to IFRSs (2009) comprise a number of non-urgent but necessary amendments to IFRSs. With the exception of IAS 17 (amendment) 'Leases', adoption of the other amendments is not expected to have any significant impact on the results of the Group.

IAS 17 (amendment) 'Leases' (effective from 1st January 2010) is part of the 2009 improvement project. It specifies that a land lease may be classified as a finance lease when significant risks and rewards associated with the land are transferred to the lessee despite there being no transfer of title at the end of the lease term. The Group will apply this amendment retrospectively from 1st January 2010.

Amendments to IFRIC 14 'Prepayments of a Minimum Funding Requirement' (effective from 1st January 2011) require an entity to recognize an asset for a prepayment that will reduce future minimum funding contributions required by the entity. The Group will apply amendments to IFRIC 14 from 1st January 2011.

IFRIC 17 'Distributions of Non-cash Assets to Owners' (effective from 1st July 2009) requires that a non-cash dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity. The dividend should be measured at the fair value of the net assets to be distributed. Any difference between the dividend paid and the carrying amount of the net assets distributed should be included in profit or loss. The Group will apply IFRIC 17 from 1st January 2010.

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (effective from 1st April 2010) provides guidance on the application of IAS 39 and IAS 32 when an entity issues its own equity instruments to extinguish all or part of a financial liability. The Group will apply IFRIC 19 from 1st January 2011.

The principal operating subsidiary undertakings, associates and joint ventures have different functional currencies in line with the economic environments of the locations in which they operate. The functional currency of the Company is United States dollars. The consolidated financial statements are presented in United States dollars.

The Group's reportable segments are set out in note 4 and are described on page 4 and pages 6 to 13.

Basis of consolidation

(i) The consolidated financial statements include the financial statements of the Company, its subsidiary undertakings, its associates and joint ventures and its investment in Jardine Matheson.

(ii) Subsidiary undertakings are entities over which the Group has the power to govern the financial and operating policies. The purchase method of accounting is used to account for the acquisition of subsidiary undertakings by the Group. The cost of an acquisition include the fair value at the acquisition date of any contingent consideration. In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognized the resulting gain or loss in profit and loss. Changes in a parent's ownership interest in a subsidiary undertaking that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary undertaking is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognized in profit and loss.

All material intercompany transactions, balances and unrealized surpluses and deficits on transactions between Group companies have been eliminated.

(iii) Associates are entities, not being subsidiary undertakings or joint ventures, over which the Group exercises significant influence. Joint ventures are entities which the Group jointly controls with one or more other venturers. Associates and joint ventures are included on the equity basis of accounting.

Rothschilds Continuation has a financial year end of 31st March. The company publishes audited financial statements annually and prepares half-year unaudited financial statements. The results of Rothschilds Continuation are included in these financial statements by reference to its latest half-year and annual financial statements adjusted for the effects of significant transactions or events that occur up to the balance sheet date.

(iv) The Company has a 54% interest in its ultimate holding company, Jardine Matheson Holdings Ltd. The results of Jardine Matheson are included on the equity basis of accounting. The cost of and related income arising from shares held in the Company by Jardine Matheson are eliminated from shareholders' funds and profit respectively.

(v) Minority interests represent the proportion of the results and net assets of subsidiary undertakings and their associates and joint ventures not attributable to the Group.

(vi) The results of subsidiary undertakings, associates and joint ventures, and Jardine Matheson are included or excluded from their effective dates of acquisition or disposal respectively. The results of entities other than subsidiary undertakings, associates and joint ventures, and Jardine Matheson are included to the extent of dividends received when the right to receive such dividend is established.

Foreign currencies

Transactions in foreign currencies are accounted for at the exchange rates ruling at the transaction dates.

Assets and liabilities of subsidiary undertakings, associates and joint ventures, together with all other monetary assets and liabilities expressed in foreign currencies, are translated into United States dollars at the rates of exchange ruling at the year end. Results expressed in foreign currencies are translated into United States dollars at the average rates of exchange ruling during the year, which approximate the exchange rates at the dates of the transactions.

Exchange differences arising from the retranslation of the net investment in foreign subsidiary undertakings, associates and joint ventures, and of financial instruments which are designated as hedges of such investments, are recognized in other comprehensive income and accumulated in equity under exchange reserves. On the disposal of these investments which results in the loss of control, such exchange differences are recognized in profit and loss. Exchange differences on available-for-sale investments are recognized in other comprehensive income as part of the gains and losses arising from changes in their fair value. Exchange differences relating to changes in the amortized cost of monetary securities classified as available-for-sale and all other exchange differences are recognized in profit and loss.

Goodwill and fair value adjustments arising on acquisition of a foreign entity after 1st January 2003 are treated as assets and liabilities of the foreign entity and translated into United States dollars at the rate of exchange ruling at the year end.

Impairment
Assets that have indefinite useful lives are not subject to amortization and are tested for impairment annually and whenever there is an indication that the assets may be impaired. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the units may be impaired. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use.

Intangible assets
(i) Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking, associate or joint venture at the effective date of acquisition. Minority interests are measured at their proportionate share of the net identifiable assets at the acquisition date. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognized directly in profit and loss. Goodwill on acquisitions of subsidiary undertakings is included in intangible assets. Goodwill on acquisitions of associates and joint ventures is included in investment in associates and joint ventures. Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing and is carried at cost less accumulated impairment loss.

The profit or loss on disposal of subsidiary undertakings, associates and joint ventures includes the carrying amount of goodwill relating to the entity sold.

(ii) Franchise rights, which are rights under franchise agreements, are separately identified intangible assets acquired as part of a business combination. These franchise agreements are deemed to have indefinite lives because either they do not have any term of expiry or their renewal by the Group would be probable and would not involve significant costs, taking into account the history of renewal and the relationships between the franchisee and the contracting parties. The useful lives are reviewed at each balance sheet date. Franchise rights are carried at cost less accumulated impairment loss.

(iii) Leasehold land represents payments to third parties to acquire long-term interests in owner-occupied property. These payments are stated at cost and are amortized over the useful life of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

(iv) Concession rights are operating rights under service concession arrangements. The fair value of the construction services provided under the arrangements is amortized over the period of the concession.

(v) Other intangible assets are stated at cost less accumulated amortization. Amortization is calculated on the straight line basis to allocate the cost of intangible assets over their estimated useful lives.

Tangible fixed assets and depreciation
Freehold land and buildings, and the building component of owner-occupied leasehold properties are stated at valuation. Independent valuations are performed every three years on an open market basis and, in the case of the building component of leasehold properties, on the basis of depreciated replacement cost. Depreciated replacement cost is used as the most reliable basis of allocating open market value to the building component. In the intervening years the Directors review the carrying values and adjustment is made where there has been a material change. Revaluation surpluses and deficits are recognized in other comprehensive income and accumulated in equity under asset revaluation reserves except for movements on individual properties below depreciated cost which are recognized in profit and loss. Grants related to tangible fixed assets are deducted in arriving at the carrying amount of the assets. Mining properties, which are contractual rights to mine and own coal reserves in specified concession areas, and other tangible fixed assets are stated at cost less amounts provided for depreciation. Cost of mining properties includes expenditure to restore and rehabilitate coal mining areas following the completion of production.

Depreciation of tangible fixed assets other than mining properties is calculated on the straight line basis to allocate the cost or valuation of each asset to its residual value over its estimated useful life. The residual values and useful lives are reviewed at each balance sheet date. The estimated useful lives are as follows:

Buildings	20 – 150 years
Surface, finishes and services of hotel properties	20 – 30 years
Leasehold improvements	period of the lease
Plant and machinery	2 – 20 years
Furniture, equipment and motor vehicles	2 – 15 years

No depreciation is provided on freehold land as it is deemed to have an indefinite life. Mining properties are depreciated using the unit of production method.

Where the carrying amount of a tangible fixed asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The profit or loss on disposal of tangible fixed assets is recognized by reference to their carrying amount.

Investment properties
Investment properties are held for long-term rental yields. Properties under operating leases which are held for long-term rental yields are classified and accounted for as investment properties. Investment properties are carried at fair value, representing estimated open market value determined annually by independent qualified valuers who have recent experience in the location and category of the investment property being valued. The market value of each property is calculated on the discounted net rental income allowing for reversionary potential. Changes in fair value are recognized in profit and loss.

Plantations
Plantations principally comprise oil palm plantations and exclude the related land. Immature plantations include costs incurred for field preparation, planting, fertilizing and maintenance, borrowing costs incurred on loans used to finance the development, and an allocation of other attributable costs based on hectares planted. These costs approximate to their fair values. Plantations are considered mature three to four years after planting and once they are generating average annual fresh fruit bunches of four to six tonnes per hectare. Plantations are measured at each balance sheet date at their fair values, representing the present value of expected net cash flows from the assets in their present location and condition determined by management, less estimated point of sale costs. Changes in fair value are recognized in profit and loss.

Investments
(i) Investments are classified by management as available for sale or held to maturity on initial recognition. Available-for-sale investments are shown at fair value. Gains and losses arising from changes in the fair value are recognized in other comprehensive income. On the disposal of an investment or when an investment is determined to be impaired, the cumulative gain or loss previously deferred in equity is recognized in profit and loss. Held-to-maturity investments are shown at amortized cost. Investments are classified under non-current assets unless they are expected to be realized within twelve months after the balance sheet date.

(ii) At each balance sheet date, the Group assesses whether there is objective evidence that an investment is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired.

(iii) All purchases and sales of investments are recognized on the trade date, which is the date that the Group commits to purchase or sell the investment.

Leases
Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) Amount due from lessees under finance leases are recorded as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

(ii) Plant and machinery under finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

(iii) Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight line basis over the period of the lease. When a lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the year in which termination takes place.

Properties for sale
Properties for sale, which comprise land and buildings held for resale, are stated at the lower of cost and net realizable value. The cost of properties for sale comprises land and related development costs.

Stocks and work in progress
Stocks, which principally comprise goods held for resale, are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. The cost of finished goods and work in progress comprises raw materials, labour and an appropriate proportion of overheads.

Debtors
Consumer financing debtors and finance lease receivables are measured at amortized cost using the effective interest method. The gross amount due from customers for contract work is stated at cost plus an appropriate proportion of profit, established by reference to the percentage of completion, and after deducting progress payments and provisions for foreseeable losses. Repossessed assets of finance companies are measured at the lower of the carrying amount of the debtors in default and fair value less costs to sell. All other debtors, excluding derivative financial instruments, are measured at amortized cost except where the effect of discounting would be immaterial. Provision for impairment is established when there is objective evidence that the outstanding amounts will not be collected. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the debtor is impaired. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in arriving at operating profit. When a debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited to profit and loss.

Debtors with maturities greater than twelve months after the balance sheet date are classified under non-current assets.

Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks and financial institutions, bank and cash balances, and liquid investments, net of bank overdrafts. In the balance sheet, restricted bank balances and deposits are included in non-current debtors, and bank overdrafts are included in current borrowings.

Liquid investments, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, are included in bank balances and other liquid funds and are stated at market value. Increases or decreases in market value are recognized in profit and loss.

Provisions
Provisions are recognized when the Group has present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligations can be made.

Borrowings and borrowing costs
Borrowings are initially recognized at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective interest method.

On the issue of bonds which are convertible into a fixed number of ordinary shares of the issuing entity, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is included in long-term borrowings on the amortized cost basis until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option which is recognized and included in shareholders' funds. On the issue of convertible bonds which are not convertible into the issuing entity's own shares or which are not convertible into a fixed number of ordinary shares of the issuing entity, the fair value of the conversion option component is determined and included in current liabilities, and the residual amount is allocated to the carrying amount of the bond. Any conversion option component included in current liabilities is shown at fair value with changes in fair value recognized in profit and loss.

Borrowing costs relating to major development projects are capitalized until the asset is substantially completed. Capitalized borrowing costs are included as part of the cost of the asset. All other borrowing costs are expensed as incurred.

Borrowings are classified under non-current liabilities unless these are due to be settled within twelve months after the balance sheet date.

Deferred tax
Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values.

Provision for deferred tax is made on the revaluation of certain non-current assets and, in relation to acquisitions, on the difference between the fair value of the net assets acquired and their tax base. Deferred tax is provided on temporary differences associated with investments in subsidiary undertakings, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

Employee benefits
Pension obligations
The Group operates a number of defined benefit and defined contribution plans, the assets of which are held in trustee administered funds.

Pension accounting costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the costs of providing pensions are charged to profit and loss spreading the regular cost over the service lives of employees in accordance with the advice of qualified actuaries, who carry out a full valuation of major plans every year. The pension obligations are measured as the present value of the estimated future cash outflows by reference to market yields on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Plan assets are measured at fair value. Actuarial gains and losses are recognized in other comprehensive income in the year in which they occur.

The Group's total contributions relating to the defined contribution plans are charged to profit and loss in the year to which they relate.

Share-based compensation
The Group operates a number of equity settled employee share option schemes. The fair value of the employee services received in exchange for the grant of the options in respect of options granted after 7th November 2002 is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted as determined on the grant date. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. The impact of the revision of original estimates, if any, is recognized in profit and loss.

Non-current assets held for sale
Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

Derivative financial instruments
The Group only enters into derivative financial instruments in order to hedge underlying exposures. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as a hedge of the fair value of a recognized asset or liability ('fair value hedge'), or a hedge of a forecasted transaction or of the foreign currency risk on a firm commitment ('cash flow hedge'), or a hedge of a net investment in a foreign entity.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recognized in profit and loss, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit and loss over the residual period to maturity.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognized in other comprehensive income and accumulated in equity under hedging reserves. Where the forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a non-financial liability, the gains and losses previously deferred in hedging reserves are transferred from hedging reserves and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in hedging reserves are transferred to profit and loss in the same periods during which the hedged firm commitment or forecasted transaction affects profit and loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserves at that time remains in the hedging reserves and is recognized when the committed or forecasted transaction ultimately is recognized in profit and loss. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserves is immediately transferred to profit and loss.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in profit and loss.

Hedges of net investments in foreign entities are accounted for on a similar basis to that used for cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in exchange reserves; the gain or loss relating to the ineffective portion is recognized immediately in profit and loss.

The fair value of derivatives which are designated and qualify as effective hedges are classified as non-current assets or liabilities if the remaining maturities of the hedged assets or liabilities are greater than twelve months after the balance sheet date.

Insurance contracts
Insurance contracts are those contracts that transfer significant insurance risk.

Premiums on insurance contracts are recognized as revenue proportionately over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Claims and loss adjustment expenses are charged to profit and loss as incurred based on the estimated liabilities for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the balance sheet date even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported.

Financial guarantee contracts under which the Group accepts significant risk from a third party by agreeing to compensate that party on the occurrence of a specified uncertain future event are accounted for in a manner similar to insurance contracts. Provisions are recognized when it is probable that the Group has obligations under such guarantees and an outflow of resources embodying economic benefits will be required to settle the obligations.

Non-trading items
Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading items include fair value gains or losses on revaluation of investment properties and plantations; gains and losses arising from the sale of businesses, investments and properties; impairment of non-depreciable intangible assets and other investments; provisions for the closure of businesses; acquisition-related costs in business combinations; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into underlying business performance.

Earnings per share
Basic earnings per share are calculated on profit attributable to shareholders and on the weighted average number of shares in issue during the year. The weighted average number excludes the Company's share of the shares held by Jardine Matheson. For the purpose of calculating diluted earnings per share, profit attributable to shareholders is adjusted for the effects of the conversion of dilutive potential ordinary shares of Jardine Matheson, subsidiary undertakings, associates or joint ventures.

Dividends
Dividends proposed or declared after the balance sheet date are not recognized as a liability at the balance sheet date.

Scrip dividends are accounted for as a bonus issue. The nominal amount of the ordinary shares issued as a result of election for scrip is capitalized out of the share premium account or other reserves, as appropriate.

Revenue recognition
Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

(i) Revenue from the sale of goods, including properties for sale, is recognized on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(ii) Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

(iii) Revenue from consumer financing and financing leases is recognized over the term of the respective contracts based on a constant rate of return on the net investment.

(iv) Dividend income is recognized when the right to receive payment is established.

Pre-operating costs
Pre-operating costs are expensed as they are incurred.

Comparative figures
Certain comparative figures have been reclassified to conform with the current year presentation.

2 Financial Risk Management

Financial risk factors
The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group's treasury function co-ordinates, under the directions of the board of Jardine Matheson Limited, financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and foreign exchange rates and to minimize the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, caps and collars, and forward foreign exchange contracts and foreign currency options as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third party banks and the Group entity that is directly exposed to the risk being hedged. Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in profit and loss. It is the Group's policy not to enter into derivative transactions for speculative purposes. The notional amounts and fair values of derivative financial instruments at 31st December 2009 are disclosed in note 38.

(i) Market risk
Foreign exchange risk
Entities within the Group are exposed to foreign exchange risk from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

Group companies are required to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions, entities in the Group use forward foreign exchange contracts and foreign currency options in a consistent manner to hedge firm and anticipated foreign exchange commitments. The Group does not usually hedge its net investments in foreign operations except in circumstances where there is a material exposure arising from a currency that is anticipated to be volatile and the hedging is cost effective. Foreign currency borrowings are required to be swapped into the entity's functional currency using cross-currency swaps except where the foreign currency borrowings are repaid with cash flows generated in the same foreign currency. The purpose of these hedges is to mitigate the impact of movements in foreign exchange rates on assets and liabilities and the profit and loss account of the Group.

At 31st December 2009 the Group's Indonesian rupiah functional entities had United States dollar denominated net monetary assets of US$65 million *(2008: liabilities of US$165 million)*. At 31st December 2009, if the United States dollar had strengthened/weakened by 10% against the Indonesian rupiah with all other variables unchanged, the Group's profit after tax would have been US$5 million higher/lower *(2008: US$12 million lower/higher)*, arising from foreign exchange gains/losses taken on translation. There would be no significant impact on the Group's attributable profit after minority interests *(2008: US$2 million)*. This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. There are no other significant monetary balances held by Group companies at 31st December 2009 that are denominated in a non-functional currency. Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Interest rate risk
The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through the use of derivative financial instruments such as interest rate swaps, caps and collars. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% to 60% of its gross borrowings, exclusive of the financial services companies, in fixed rate instruments with an average tenor of two to three years. At 31st December 2009 the Group's interest rate hedge exclusive of the financial services companies was 54% *(2008: 41%)*, with an average tenor of three years *(2008: three years)*. The financial services companies borrow predominately at a fixed rate. The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in note 34.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. Borrowings at floating rates therefore expose the Group to cash flow interest rate risk. The Group manages this risk by using forward rate agreements to a maturity of one year, and by entering into interest rate swaps, caps and collars for a maturity of up to five years. Forward rate agreements and interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate, caps provide protection against a rise in floating rates above a pre-determined rate, whilst collars combine the purchase of a cap and the sale of a floor to specify a range in which an interest rate will fluctuate.

Fair value interest rate risk is the risk that the value of a financial asset or liability and derivative financial instruments will fluctuate because of changes in market interest rates. The Group manages its fair value interest rate risk by entering into interest rate swaps which have the economic effect of converting borrowings from fixed rate to floating rate.

At 31st December 2009, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been US$18 million *(2008: US$2 million)* higher/lower, and hedging reserves would have been US$31 million *(2008: US$10 million)* higher/lower as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. There is no significant variation in the sensitivity analysis as a result of interest rate caps and collars. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the United States, Hong Kong and Indonesian rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in the fair value of the hedged item caused by interest rate movements balance out in profit and loss against changes in the fair value of the hedging instrument. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

Price risk
The Group is exposed to securities price risk because of listed and unlisted investments which are available for sale and held by the Group at fair value. Gains and losses arising from changes in the fair value of available-for-sale investments are recognized in other comprehensive income. The performance of the Group's listed and unlisted available-for-sale investments are monitored regularly, together with an assessment of their relevance to the Group's long term strategic plans. Details of the Group's available-for-sale investments are contained in note 21.

Available-for-sale investments are unhedged. At 31st December 2009, if the price of listed and unlisted available-for-sale investments had been 25% higher/lower with all other variables held constant, total equity would have been US$202 million *(2008: US$138 million)* higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

The Group is exposed to financial risks arising from changes in commodity prices, primarily crude palm oil and coal. The Group's policy is generally not to hedge commodity price risk, although limited hedging is undertaken for strategic reasons. In such cases the Group uses forward contracts to hedge the price risk. To mitigate or hedge the price risk, Group companies may enter into a forward contract to buy the commodity at a fixed price at a future date, or a forward contract to sell the commodity at a fixed price at a future date. The Group considers the outlook for crude palm oil and coal prices regularly in considering the need for active financial risk management.

(ii) Credit risk
The Group's credit risk is primarily attributable to deposits with banks, credit exposures to customers and derivative financial instruments with a positive fair value. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks and financial institutions and transactions involving derivative financial instruments by monitoring credit ratings, capital adequacy ratios, and limiting the aggregate risk to any individual counterparty. The utilization of credit limits is regularly monitored. At 31st December 2009, over 77% *(2008: 67%)* of deposits and balances with banks and financial institutions were made to institutions with credit ratings of no less than A- (Fitch). Similarly transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios. In developing countries it may be necessary to deposit money with banks that have a lower credit rating, however the Group only enters into derivative transactions with counterparties which have credit ratings of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

In respect of credit exposures to customers, the Group has policies in place to ensure that sales on credit without collateral are made principally to corporate companies with an appropriate credit history. The Group normally obtains collateral from consumer financing debtors towards settlement of vehicle receivables. Customers give the right to the Group to sell the repossessed collateral or take any other action to settle the outstanding receivable. Sales to other customers are made in cash or by major credit cards.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The Group's exposure to credit risk arising from debtors is set out in note 22 and totals US$4,102 million *(2008: US$2,904 million)*. The Group's exposure to credit risk arising from exposure to derivative financial instruments with a positive fair value is disclosed in note 22 as a component of other debtors and totals US$68 million *(2008: US$105 million)*. The Group's exposure to credit risk arising from deposits and balances with banks and financial institutions is set out in note 27 and totals US$3,603 million *(2008: US$1,821 million)*.

(iii) Liquidity risk
Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group's ability to fund its existing and prospective debt requirements is managed by maintaining diversified funding sources with adequate committed funding lines from high quality lenders, and by monitoring rolling short-term forecasts of the Group's cash and gross debt on the basis of expected cash flows. In addition long-term cash flows are projected to assist with the Group's long-term debt financing plans.

At 31st December 2009, total available borrowing facilities amounted to US$11.5 billion *(2008: US$5.7 billion)* of which US$8.6 billion *(2008: US$3.6 billion)* was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, totaled US$2.7 billion *(2008: US$1.2 billion)*. The increase compared to 2008 is mainly attributable to the inclusion of the facilities of Hongkong Land.

An ageing analysis of the Group's financial liabilities based on the remaining period at the balance sheet to the contractual maturity dates is included in notes 34, 35 and 38.

Capital management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst seeking to maximize benefits to shareholders and other stakeholders. Capital is equity as shown in the consolidated balance sheet plus net debt.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, purchase Group shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's consolidated gearing ratio and consolidated interest cover. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less bank balances and other liquid funds. Interest cover is calculated as underlying business performance divided by net financing charges. The ratios are monitored both inclusive and exclusive of the Group's financial services companies, which by their nature are generally more highly leveraged than the Group's other businesses. The Group does not have a defined gearing or interest cover benchmark or range.

The ratios at 31st December 2008 and 2009 are as follows:

	2009	2008
Gearing ratio exclusive of financial services companies (%)	10	4
Gearing ratio inclusive of financial services companies (%)	17	13
Interest cover exclusive of financial services companies (times)	36	44
Interest cover inclusive of financial services companies (times)	46	63

The increase in gearing ratio at 31st December 2009 and the decrease in interest cover for the year then ended as compared to 2008 are primarily due to the consolidation of Hongkong Land.

Fair value estimation
(i) Financial instruments that are measured at fair value
For financial instruments that are measured at fair value in the balance sheet, the corresponding fair value measurements are disclosed by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities ('quoted prices in active markets')
The fair value of listed securities, which are classified as available-for-sale, is based on quoted prices in active markets at the balance sheet date. The quoted market price used for listed investments held by the Group is the current bid price.

(b) Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')
The fair value of interest rate swaps and caps is calculated by reference to the present value of the estimated future cash flows, taking into account current interest rates as observed from the market. The fair value of forward foreign exchange contracts is determined using forward exchange market rates of the same remaining tenor at the balance sheet date.

(c) Inputs for the asset or liability that are not based on observable market data ('unobservable inputs')
The fair value of unlisted securities, which are classified as available-for-sale, is determined using valuation techniques by reference to observable current market transactions or the market prices of the underlying investments with certain degree of entity specific estimates.

(ii) Financial instruments that are not measured at fair value
The fair values of current debtors, bank balances and other liquid funds, current creditors and current borrowings are assumed to approximate their carrying amount due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings are based on market prices or are estimated using the expected future payments discounted at market interest rates.

3 Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Acquisition of subsidiary undertakings, associates and joint ventures

The initial accounting on the acquisition of subsidiary undertakings, associates and joint ventures involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities. The fair values of franchise rights, leasehold land, concession rights, tangible assets, investment properties and plantations are determined by independent valuers by reference to market prices or present value of expected net cash flows from the assets. Any changes in the assumptions used and estimates made in determining the fair values, and management's ability to measure reliably the contingent liabilities of the acquired entity will impact the carrying amount of these assets and liabilities.

Tangible fixed assets and depreciation

Freehold land and buildings, and the building component of owner-occupied leasehold properties are valued every three years by independent valuers. In the intervening years the Group reviews the carrying values and adjustment is made where there has been a material change. In arriving at the valuation of land and buildings, assumptions and economic estimates have to be made.

Management determines the estimated useful lives and related depreciation charges for the Group's tangible fixed assets. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing-use basis calculated on the discounted net income allowing for reversionary potential.

In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalization rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

Plantations

The fair values of plantations are determined by management based on the expected cash flows from the plantations.

Management determines the assumptions to be used including the yield per hectare based on industry standards and historical experience, a ten-year moving average crude palm oil price as the basis for deriving the price of fresh fruit bunches, maintenance costs and the appropriate capitalization rates. These assumptions are reviewed by independent professionally qualified valuers.

Impairment of assets

The Group tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is determined based on the higher of its fair value less costs to sell and its value in use, calculated on the basis of management's assumptions and estimates. Changing the key assumptions, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the value-in-use calculations.

The results of the impairment reviews undertaken at 31st December 2009 on the Group's indefinite life franchise rights indicated that no impairment charge was necessary. If there is a significant increase in the discount rate and/or a significant adverse change in the projected performance of the business to which these rights attach, it may be necessary to take an impairment charge to profit and loss in the future.

In determining when an investment is other-than-temporarily impaired, significant judgement is required. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilized. The outcome of their actual utilization may be different.

As required by International Financial Reporting Standards, provision for deferred tax is made on the revaluation of investment properties held under operating leases on the basis that the Group has no intention to sell, and their values would be recovered through use rather than through sale.

Pension obligations
The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the expected long-term rate of return on the relevant plan assets and the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The expected return on plan assets assumption is determined on a uniform basis, taking into consideration long-term historical returns, asset allocation and future estimates of long-term investment returns.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions.

Non-trading items
The Group uses underlying business performance in its internal financial reporting to distinguish between the underlying profits and non-trading items. The identification of non-trading items requires judgement by management.

4 Segmental Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board for the purpose of resource allocation and performance assessment. The Group has six reportable segments as more fully described on page 4. No operating segments have been aggregated to form the reportable segments. Set out below is an analysis of the Group's underlying profit, net debt and total equity by reportable segment.

	Jardine Matheson US$m	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Jardine Cycle & Carriage US$m	Astra US$m	Corporate and other interests US$m	Intersegment transactions US$m	Group US$m
2009									
Revenue	–	801	7,029	438	1,103	9,537	–	(3)	**18,905**
Net operating costs	–	(325)	(6,605)	(418)	(1,047)	(8,279)	63	3	**(16,608)**
Change in fair value of investment properties	–	1,886	–	–	–	2	–	–	**1,888**
Operating profit	–	2,362	424	20	56	1,260	63	–	**4,185**
Net financing charges									
– financing charges	–	(56)	(24)	(19)	(1)	(47)	(10)	–	**(157)**
– financing income	–	30	3	4	1	54	1	–	**93**
	–	(26)	(21)	(15)	–	7	(9)	–	**(64)**
Share of results of Jardine Matheson	148	–	–	–	–	–	–	–	**148**
Share of results of associates and joint ventures									
– before change in fair value of investment properties	–	286	35	–	22	253	40	–	**636**
– change in fair value of investment properties	–	(356)	–	–	–	–	–	–	**(356)**
	–	(70)	35	–	22	253	40	–	**280**
Net discount on acquisition of Hongkong Land	–	96	–	–	–	–	–	–	**96**
Sale of associates and joint ventures	–	–	–	79	–	–	–	–	**79**
Profit before tax	148	2,362	438	84	78	1,520	94	–	**4,724**
Tax	–	(385)	(75)	(1)	(11)	(382)	(23)	–	**(877)**
Profit after tax	148	1,977	363	83	67	1,138	71	–	**3,847**
Minority interests	–	(1,054)	(80)	(22)	(25)	(827)	5	–	**(2,003)**
Profit attributable to shareholders	148	923	283	61	42	311	76	–	**1,844**
Non-trading items	(24)	(536)	–	(54)	(3)	12	(157)	–	**(762)**
Underlying profit attributable to shareholders	**124**	**387**	**283**	**7**	**39**	**323**	**(81)**	**–**	**1,082**
Net (debt)/cash (excluding net debt of financial services companies)*	**–**	**(2,417)**	**34**	**(116)**	**(13)**	**77**	**110**	**(2)**	**(2,327)**
Total equity	**967**	**12,891**	**758**	**1,115**	**322**	**6,242**	**754**	**(25)**	**23,024**
2008									
Revenue	–	–	6,733	530	1,218	9,974	–	–	18,455
Net operating costs	–	–	(6,360)	(448)	(1,164)	(8,867)	(59)	–	(16,898)
Change in fair value of investment properties	–	–	–	–	2	–	–	–	2
Operating profit	–	–	373	82	56	1,107	(59)	–	1,559
Net financing charges									
– financing charges	–	–	(24)	(29)	(1)	(53)	(16)	–	(123)
– financing income	–	–	10	12	1	63	1	–	87
	–	–	(14)	(17)	–	10	(15)	–	(36)
Share of results of Jardine Matheson	116	–	–	–	–	–	–	–	116
Share of results of associates and joint ventures									
– before change in fair value of investment properties	–	181	30	11	6	264	12	–	504
– change in fair value of investment properties	–	(253)	–	–	–	–	–	–	(253)
	–	(72)	30	11	6	264	12	–	251
Net discount on acquisition of Hongkong Land	–	97	–	–	–	–	–	–	97
Sale of associates and joint ventures	–	–	12	–	–	–	3	–	15
Profit before tax	116	25	401	76	62	1,381	(59)	–	2,002
Tax	–	–	(68)	(16)	(9)	(358)	1	–	(450)
Profit after tax	116	25	333	60	53	1,023	(58)	–	1,552
Minority interests	–	–	(73)	(16)	(22)	(752)	3	–	(860)
Profit attributable to shareholders	116	25	260	44	31	271	(55)	–	692
Non-trading items	3	154	(10)	8	(2)	22	(8)	–	167
Underlying profit attributable to shareholders	119	179	250	52	29	293	(63)	–	859
Net (debt)/cash (excluding net debt of financial services companies)*	–	–	(4)	(146)	11	(169)	(220)	–	(528)
Total equity	801	5,578	546	1,094	419	4,517	404	(22)	13,337

*Net (debt)/cash is total borrowings less bank balances and other liquid funds.

4 Segmental Information *(continued)*

Set out below are analyses of the Group's underlying profit attributable to shareholders and non-current assets, by geographical areas:

	2009 US$m	2008 US$m
Underlying profit attributable to shareholders:		
Greater China	**545**	446
Southeast Asia	**600**	427
United Kingdom	**18**	17
Rest of the world	**–**	32
	1,163	922
Corporate and other interests	**(81)**	(63)
	1,082	859
Non-current assets*:		
Greater China	**16,754**	6,223
Southeast Asia	**8,459**	5,797
United Kingdom	**685**	609
Rest of the world	**631**	936
	26,529	13,565

*Excluding financial instruments, deferred tax assets and pension assets.

5 Revenue

	Gross revenue		Revenue	
	2009	2008	**2009**	2008
	US$m	US$m	US$m	US$m
By business:				
Jardine Matheson	**6,586**	7,068	**–**	–
Hongkong Land	**2,297**	1,022	**801**	–
Dairy Farm	**8,053**	7,742	**7,029**	6,733
Mandarin Oriental	**691**	899	**438**	530
Jardine Cycle & Carriage	**1,947**	1,834	**1,103**	1,218
Astra	**15,270**	15,972	**9,537**	9,974
Corporate and other interests	**1,410**	2,106	**–**	–
Intersegment transactions	**(297)**	(487)	**(3)**	–
	35,957	36,156	**18,905**	18,455
By product and service:				
Agribusiness	**717**	836	**717**	836
Engineering, construction and mining	**4,682**	4,862	**2,817**	2,847
Financial services	**3,914**	4,534	**823**	823
Logistics and IT services	**1,384**	1,516	**381**	299
Motor vehicles	**13,875**	14,385	**5,872**	6,382
Property and hotels	**3,106**	2,043	**1,266**	535
Restaurants	**1,194**	1,189	**–**	–
Retail	**7,085**	6,791	**7,029**	6,733
	35,957	36,156	**18,905**	18,455
By geographical location of customers:				
Greater China	**9,918**	8,767	**4,302**	3,712
Southeast Asia	**22,099**	22,221	**14,356**	14,456
United Kingdom	**3,319**	4,488	**60**	80
Rest of the world	**621**	680	**187**	207
	35,957	36,156	**18,905**	18,455

Gross revenue comprises revenue together with 100% of revenue from associates and joint ventures.

6 Net Operating Costs

	2009 US$m	2008 US$m
Cost of sales	**(13,795)**	(13,867)
Other operating income	**392**	253
Selling and distribution costs	**(2,122)**	(2,109)
Administration expenses	**(973)**	(943)
Other operating expenses	**(110)**	(232)
	(16,608)	(16,898)
The following credits/(charges) are included in net operating costs:		
Cost of stocks recognized as expense	**(12,064)**	(12,545)
Cost of properties for sale recognized as expense	**(217)**	–
Amortization of intangible assets	**(43)**	(33)
Depreciation of tangible assets	**(525)**	(457)
Impairment of intangible assets	**(1)**	(9)
Impairment of tangible assets	**(5)**	(3)
Impairment of debtors	**(70)**	(107)
Operating expenses arising from investment properties	**(53)**	(1)
Employee benefit expense		
– salaries and benefits in kind	**(1,399)**	(1,298)
– share options granted	**(6)**	(7)
– defined benefit pension plans *(refer note 24)*	**(40)**	(23)
– defined contribution pension plans	**(38)**	(36)
	(1,483)	(1,364)
Net foreign exchange gains/(losses)	**22**	(31)
Operating leases		
– minimum lease payments	**(586)**	(555)
– contingent rents	**(11)**	(11)
– subleases	**32**	32
	(565)	(534)
Dividend and interest income from available-for-sale investments	**21**	24
Dividend and interest income from held-to-maturity investments	**2**	2
Rental income from owner-occupied properties	**18**	15
Net operating costs included the following gains/(losses) from non-trading items:		
Decrease in fair value of plantations	**(64)**	(162)
Asset impairment	**(13)**	–
Sale and closure of businesses	**(3)**	(1)
Sale of plantations and related assets	**–**	34
Sale of investments	**132**	1
Sale of property interests	**–**	2
Restructuring of businesses	**1**	2
Realization of exchange gains*	**–**	1
Repurchase of convertible bonds in Hongkong Land	**8**	–
	61	(123)

*Arising on repatriation of capital from foreign subsidiary undertakings.

7 Net Financing Charges

	2009 US$m	2008 US$m
Interest expense		
– bank loans and advances	(93)	(88)
– other	(51)	(30)
	(144)	(118)
Fair value (losses)/gains on fair value hedges	(6)	12
Fair value adjustment on hedged items attributable to the hedged risk	6	(12)
	–	–
	(144)	(118)
Interest capitalized	3	–
Commitment and other fees	(16)	(5)
Financing charges	(157)	(123)
Financing income	93	87
	(64)	(36)

8 Share of Results of Jardine Matheson

	2009 US$m	2008 US$m
By business:		
Jardine Pacific	81	60
Jardine Motors	34	21
Jardine Lloyd Thompson	19	20
Corporate and other interests	14	15
	148	116
Share of results of Jardine Matheson included the following gains/(losses) from non-trading items:		
Increase /(decrease) in fair value of investment properties	10	(5)
Revaluation of property interests	–	(2)
Sale and closure of businesses	5	2
Sale of investments	6	–
Sale of property interests	–	2
Restructuring of businesses	(1)	(1)
Restructuring of pension schemes	2	–
Value added tax recovery in Jardine Motors	2	1
	24	(3)

Results are shown after tax and minority interests in Jardine Matheson.

9 Share of Results of Associates and Joint Ventures

	2009 US$m	2008 US$m
By business:		
Hongkong Land	(70)	(72)
Dairy Farm	35	30
Mandarin Oriental	–	11
Jardine Cycle & Carriage	22	6
Astra	253	264
Corporate and other interests	40	12
	280	251
Share of results of associates and joint ventures included the following gains/(losses) from non-trading items:		
Decrease in fair value of investment properties	(356)	(253)
Asset impairment	(3)	(5)
Sale and closure of businesses	4	3
Sale of investments	–	3
Deferred tax on franchise rights*	–	6
Derecognition of perpetual liabilities in Rothschilds Continuation†	49	–
Discount on acquisition of businesses	3	–
	(303)	(246)

Results are shown after tax and minority interests in the associates and joint ventures.

*Arising on change in tax rate on deferred tax relating to the valuation of franchise rights on acquisition of Astra.

†Fair value gain arising on reclassification of perpetual notes to equity following removal of the contractual obligation to repay principal or to pay interest on those notes.

10 Net Discount on Acquisition of Hongkong Land

During the year, the Company acquired an additional 0.9% interest in Hongkong Land increasing its holding to 50.01% by the end of June. For the purpose of these financial statements, 30th June 2009 was taken as the effective date of acquisition.

In accordance with IFRS 3 (revised 2008), the Group remeasured its previously held interest in Hongkong Land at the acquisition date fair value calculated by reference to the quoted share price on that date and recognized the resulting loss, including reclassification adjustments of amounts previously recognized in other comprehensive income, in profit and loss. The Group simultaneously recognized a discount on acquisition in profit and loss, being the excess of the fair value of identifiable net assets over the aggregate of the fair value of previously held interest and the fair value of consideration transferred *(refer note 37(d))*.

	2009 US$m	2008 US$m
Discount on shares acquired prior to the date of acquisition	54	97
Fair value loss on remeasurement of previously held interest at the date of acquisition	(1,658)	–
Reclassification adjustments of other comprehensive income	59	–
Discount on acquisition	1,641	–
	96	97

11 Sale of Associates and Joint Ventures

An analysis of sale of associates and joint ventures is set out below:

	2009 US$m	2008 US$m
50% interest in Mandarin Oriental, Macau	79	–
50% interest in Olive Young	–	12
Other	–	3
	79	15

12 Tax

	2009 US$m	2008 US$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	(562)	(525)
Deferred tax	(315)	75
	(877)	(450)
Greater China	(396)	(41)
Southeast Asia	(463)	(404)
United Kingdom	(3)	(9)
Rest of the world	(15)	4
	(877)	(450)
Reconciliation between tax expense and tax at the applicable tax rate:*		
Tax at applicable tax rate	(837)	(415)
Income not subject to tax	48	31
Expenses not deductible for tax purposes	(58)	(46)
Tax losses and temporary differences not recognized	(14)	(9)
Utilization of previously unrecognized tax losses and temporary differences	4	1
Recognition of previously unrecognized tax losses and temporary differences	–	(3)
Deferred tax assets written off	(1)	(1)
Deferred tax liabilities written back	–	2
Over provision in prior years	5	–
Withholding tax	(22)	(21)
Change in tax rates	(2)	13
Other	–	(2)
	(877)	(450)
Tax relating to components of other comprehensive income is analyzed as follows:		
Revaluation of intangible assets	–	17
Revaluation of tangible assets	6	43
Revaluation of other investments	(1)	1
Actuarial valuation of employee benefit plans	(3)	23
Cash flow hedges	4	3
	6	87

12 Tax *(continued)*

Share of tax charges of Jardine Matheson of US$17 million and US$2 million *(2008: charge of US$12 million and credit of US$21 million)* are included in share of results of Jardine Matheson and share of other comprehensive income of Jardine Matheson respectively. Share of tax charge of associates and joint ventures of US$100 million and credit of US$4 million *(2008: charge of US$55 million and credit of US$26 million)* are included in share of results of associates and joint ventures and share of other comprehensive income of associates and joint ventures respectively.

*The applicable tax rate for the year was 20.3% *(2008: 27.2%)* and represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates. The decrease in the applicable tax rate is caused by a change in the profitability of the Group's subsidiary undertakings in the respective territories.

13 Earnings per Share

Basic earnings per share are calculated on profit attributable to shareholders of US$1,844 million *(2008: US$692 million)* and on the weighted average number of 621 million *(2008: 618 million)* shares in issue during the year *(refer note 1)*.

Diluted earnings per share are calculated on profit attributable to shareholders of US$1,817 million *(2008: US$691 million)*, which is after adjusting for the effects of the conversion of dilutive potential ordinary shares of Jardine Matheson, subsidiary undertakings, associates or joint ventures *(refer note 1)*.

The weighted average number of shares is arrived at as follows:

	Ordinary shares in millions	
	2009	2008
Weighted average number of shares in issue	**1,100**	1,087
Company's share of shares held by Jardine Matheson	**(479)**	(469)
Weighted average number of shares for earnings per share calculation	**621**	618

Additional basic and diluted earnings per share are also calculated based on underlying profit attributable to shareholders. A reconciliation of earnings is set out below:

	2009			2008		
		Basic earnings per share	Diluted earnings per share		Basic earnings per share	Diluted earnings per share
	US$m	US$	US$	US$m	US$	US$
Profit attributable to shareholders	**1,844**	**2.97**	**2.93**	692	1.12	1.12
Non-trading items *(refer note 14)*	**(762)**			167		
Underlying profit attributable to shareholders	**1,082**	**1.74**	**1.73**	859	1.39	1.39

14 Non-trading Items

An analysis of non-trading items after interest, tax and minority interests is set out below:

	2009 US$m	2008 US$m
Increase/(decrease) in fair value of investment properties		
– Hongkong Land	439	(253)
– Jardine Matheson	10	(5)
– other	1	1
	450	(257)
Decrease in fair value of plantations	(13)	(32)
Asset impairment	(11)	(3)
Revaluation of property interests	–	(2)
Sale and closure of businesses		
– 50% interest in Mandarin Oriental, Macau	58	–
– 50% interest in Olive Young	–	9
– other	7	4
	65	13
Sale of plantations and related assets	–	6
Sale of investments	114	4
Sale of property interests	–	2
Change in attributable interests in subsidiary undertakings and associates	–	(1)
Value added tax recovery in Jardine Motors	1	1
Repurchase of convertible bonds in Hongkong Land	8	–
Net discount on acquisition of Hongkong Land	96	97
Restructuring of businesses	–	1
Restructuring of pension schemes	2	–
Realization of exchange gains*	–	1
Deferred tax on franchise rights†	–	3
Derecognition of perpetual liabilities in Rothschilds Continuation#	49	–
Discount on acquisition of businesses	1	–
	762	(167)

*Arising on repatriation of capital from foreign subsidiary undertakings.

†Arising on change in tax rate on deferred tax relating to the valuation of franchise rights on acquisition of Astra.

#Fair value gain arising on reclassification of perpetual notes to equity following removal of the contractual obligation to repay principal or to pay interest on those notes.

15 Intangible Assets

	Goodwill US$m	Franchise rights US$m	Leasehold land US$m	Concession rights US$m	Other US$m	Total US$m
2009						
Cost	744	193	834	108	79	**1,958**
Amortization and impairment	(1)	–	(71)	(1)	(20)	**(93)**
Net book value at 1st January	743	193	763	107	59	**1,865**
Exchange differences	64	32	59	18	6	**179**
Additions	–	–	55	14	35	**104**
Disposals	(2)	–	(3)	–	–	**(5)**
Amortization	–	–	(17)	(4)	(22)	**(43)**
Impairment charge	(1)	–	5	–	(5)	**(1)**
Classified as non-current assets held for sale	–	–	(32)	–	–	**(32)**
Net book value at 31st December	**804**	**225**	**830**	**135**	**73**	**2,067**
Cost	806	225	920	140	126	**2,217**
Amortization and impairment	(2)	–	(90)	(5)	(53)	**(150)**
	804	**225**	**830**	**135**	**73**	**2,067**
2008						
Cost	700	224	860	–	44	1,828
Amortization and impairment	(1)	–	(55)	–	(6)	(62)
Net book value at 1st January	699	224	805	–	38	1,766
Exchange differences	(46)	(31)	(55)	(13)	(6)	(151)
New subsidiary undertakings	11	–	–	119	5	135
Additions	81	–	53	2	39	175
Disposals	(1)	–	(3)	–	–	(4)
Transfer from investment properties	–	–	2	–	–	2
Amortization	–	–	(18)	(1)	(14)	(33)
Impairment charge	(1)	–	(5)	–	(3)	(9)
Classified as non-current assets held for sale	–	–	(16)	–	–	(16)
Net book value at 31st December	743	193	763	107	59	1,865
Cost	744	193	834	108	79	1,958
Amortization and impairment	(1)	–	(71)	(1)	(20)	(93)
	743	193	763	107	59	1,865

15 Intangible Assets *(continued)*

	2009 US$m	2008 US$m
Goodwill allocation by business:		
Dairy Farm	**414**	403
Mandarin Oriental	**24**	24
Astra	**366**	316
	804	743

Goodwill relating to Dairy Farm is allocated to groups of cash-generating units identified by geographical segments. Cash flow projections for impairment reviews are based on budgets prepared on the basis of assumptions reflective of the prevailing market conditions, and are discounted appropriately. Key assumptions used for value-in-use calculations include budgeted gross margins of between 23% and 50% and growth rates of up to 6% to extrapolate cash flows, which vary across the group's business segments and geographical locations, over a five-year period, and are based on management expectations for the market development; and pre-tax discount rates of between 7% and 21% applied to the cash flow projections. The discount rates used reflect business specific risks relating to the relevant industry, business life-cycle and geographical location. On the basis of these reviews, management concluded that no impairment is required.

Goodwill relating to Astra has been allocated to the operating segment of Astra. Accordingly, for the purpose of impairment review, the carrying value of Astra is compared with the recoverable amount measured by reference to the quoted market price of the shares held. On the basis of this review and the continued expected level of profitability, management concluded that no impairment has occurred.

Franchise rights are rights under franchise agreements with automobile and heavy equipment manufacturers. These franchise agreements are deemed to have indefinite lives because either they do not have any term of expiry or their renewal would be probable and would not involve significant costs, taking into account the history of renewal and the relationships between the franchisee and the contracting parties. The carrying amounts of franchise rights, which comprised automotive of US$81 million and heavy equipment of US$144 million, are not amortized as such rights will contribute cash flows for an indefinite period. Management has performed an impairment review of the carrying amounts of franchise rights at 31st December 2009 and has concluded that no impairment is required. The impairment review was made by comparing the carrying amounts of the cash-generating units in which the franchise rights reside with the recoverable amounts of the cash-generating units. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on budgets covering a three-year period. Cash flows beyond the three-year period are extrapolated using growth rates of between 3% and 4%. Pre-tax discount rates of between 25% and 31%, reflecting business specific risks, are applied to the cash flow projections.

Other intangible assets comprised trademarks, computer software, hotel development costs, deferred acquisition costs for insurance contracts and customer contracts.

At 31st December 2009, the carrying amount of leasehold land pledged as security for borrowings amounted to US$186 million *(2008: US$188 million) (refer note 34)*.

The amortization charges are all recognized in arriving at operating profit and are included in cost of sales, selling and distribution costs and administration expenses.

16 Tangible Assets

	Freehold properties US$m	Building component of leasehold properties US$m	Leasehold improve-ments US$m	Mining properties US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2009							
Cost or valuation	481	1,010	545	232	1,430	1,111	**4,809**
Depreciation and impairment	(20)	(190)	(316)	(22)	(579)	(585)	**(1,712)**
Net book value at 1st January	461	820	229	210	851	526	**3,097**
Exchange differences	30	78	7	35	132	58	**340**
New subsidiary undertakings	–	–	–	–	–	7	**7**
Additions	25	127	88	–	477	215	**932**
Disposals	–	(2)	(2)	–	(4)	(11)	**(19)**
Transfer to investment properties, and stocks and work in progress	–	(3)	–	–	–	(23)	**(26)**
Depreciation charge	(4)	(56)	(49)	(8)	(254)	(154)	**(525)**
Impairment charge	–	–	–	–	(2)	(3)	**(5)**
Net revaluation surplus	(23)	10	–	–	–	–	**(13)**
Classified as non-current assets held for sale	(17)	(36)	–	–	–	–	**(53)**
Net book value at 31st December	**472**	**938**	**273**	**237**	**1,200**	**615**	**3,735**
Cost or valuation	497	1,202	611	272	2,048	1,337	**5,967**
Depreciation and impairment	(25)	(264)	(338)	(35)	(848)	(722)	**(2,232)**
	472	**938**	**273**	**237**	**1,200**	**615**	**3,735**
2008							
Cost or valuation	621	967	492	47	1,281	1,003	4,411
Depreciation and impairment	(16)	(158)	(289)	(13)	(516)	(507)	(1,499)
Net book value at 1st January	605	809	203	34	765	496	2,912
Exchange differences	(110)	(62)	(3)	(27)	(102)	(49)	(353)
New subsidiary undertakings	–	–	–	216	3	7	226
Additions	16	100	86	–	421	244	867
Disposals	–	(10)	(2)	–	(41)	(6)	(59)
Transfer to stocks and work in progress	–	–	–	–	–	(26)	(26)
Depreciation charge	(4)	(53)	(53)	(13)	(195)	(139)	(457)
Impairment charge	–	–	(2)	–	–	(1)	(3)
Net revaluation surplus	(44)	56	–	–	–	–	12
Classified as non-current assets held for sale	(2)	(20)	–	–	–	–	(22)
Net book value at 31st December	461	820	229	210	851	526	3,097
Cost or valuation	481	1,010	545	232	1,430	1,111	4,809
Depreciation and impairment	(20)	(190)	(316)	(22)	(579)	(585)	(1,712)
	461	820	229	210	851	526	3,097

16 Tangible Assets *(continued)*

The Group's freehold properties and the building component of leasehold properties were revalued at 31st December 2008 by independent professionally qualified valuers. Management has reviewed the carrying value at 31st December 2009 and, as a result, deficits on individual properties below depreciated cost of US$1 million *(2008: US$3 million)* has been charged to profit and loss and a net deficit of US$12 million *(2008: net surplus of US$15 million)* has been recognized in other comprehensive income.

Freehold properties include a hotel property of US$115 million *(2008: US$126 million)*, which is stated net of a grant of US$28 million *(2008: US$29 million)*.

Net book value of plant and machinery acquired under finance leases amounted to US$91 million *(2008: US$75 million)*.

At 31st December 2009, the carrying amount of tangible assets pledged as security for borrowings amounted to US$1,173 million *(2008: US$1,058 million) (refer note 34)*.

If the freehold properties and the building component of leasehold properties had been included in the financial statements at cost less depreciation, the carrying value would have been US$1,198 million *(2008: US$1,060 million)*.

17 Investment Properties

	Freehold properties US$m	Leasehold properties US$m	Total US$m
2009			
At 1st January	–	17	**17**
Exchange differences	–	11	**11**
New subsidiary undertakings	13	12,898	**12,911**
Additions	–	12	**12**
Disposals	–	(1)	**(1)**
Transfer from tangible assets	–	3	**3**
Net increase in fair value	(1)	1,889	**1,888**
At 31st December	**12**	**14,829**	**14,841**
2008			
At 1st January	–	28	28
Exchange differences	–	(4)	(4)
Disposals	–	(7)	(7)
Transfer to leasehold land	–	(2)	(2)
Increase in fair value	–	2	2
At 31st December	–	17	17

The fair value of the Group's investment properties at 31st December 2009, which were principally held by Hongkong Land, has been determined on the basis of valuations carried out by independent valuers not related to the Group. Hongkong Land employed Jones Lang LaSalle to value its commercial investment properties. The valuations, which conform to the International Valuation Standards issued by the International Valuation Standards Committee and the HKIS Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors, were arrived at by reference to the net income allowing for reversionary potential of each property.

Rental income from investment properties amounted to US$337 million *(2008: US$1 million)* including contingent rents of US$4 million *(2008: nil)*.

17 Investment Properties *(continued)*

Future minimum rental payments receivable under non-cancellable leases are as follows:

	2009 US$m	2008 US$m
Within one year	590	1
Between one and two years	400	–
Between two and five years	308	–
Beyond five years	75	–
	1,373	1

The Group's operating leases are for terms of three or more years.

18 Plantations

The Group's plantation assets are primarily for the production of palm oil which, after refining, is sold as crude palm oil.

	2009 US$m	2008 US$m
Movements of plantations for the year:		
At 1st January	353	515
Exchange differences	59	(61)
Additions	77	71
Disposals	–	(10)
Net decrease in fair value	(64)	(162)
At 31st December	425	353
Immature plantations	85	66
Mature plantations	340	287
	425	353

During the year, 3 million *(2008: 3 million)* tonnes of produce were harvested from the plantations with a fair value at the point of harvest less point of sale costs of US$393 million *(2008: US$467 million)*.

The major assumptions used in the valuation of the 203,639 *(2008: 191,698)* hectares of plantation at 31st December are as follows:

	2009	2008
Fresh fruit bunch price per tonne (US$)	81 – 91	81 – 91
Fresh fruit bunch price inflation (%)	3	3
Annual cost inflation (%)	8	8
Discount rate (%)	18	15

19 Investment in Jardine Matheson

	2009 US$m	2008 US$m
Share of attributable net assets including own shares held	**2,025**	1,823
Own shares held *(refer note 32)*	**(1,414)**	(1,308)
	611	515
Unrealized profit on intercompany transactions	**(5)**	(8)
Share of attributable net assets	**606**	507
Goodwill on acquisition	**356**	286
	962	793
Fair value	**10,372**	6,151
Movements for the year:		
At 1st January	**793**	962
Share of results after tax and minority interests	**148**	116
Share of other comprehensive income after tax and minority interests	**30**	(123)
Share of dividends of the Company *(refer note 31)*	**91**	86
Dividends received	**(255)**	(228)
Share of employee share options granted	**4**	3
Change in attributable interests	**255**	76
Change in own shares held	**(106)**	(99)
Other	**2**	–
At 31st December	**962**	793

20 Associates and Joint Ventures

	2009 US$m	2008 US$m
Listed associates		
– Hongkong Land	–	5,523
– OHTL	57	57
– other	41	36
	98	5,616
Unlisted associates	572	539
	670	6,155
Listed joint venture – Bank Permata	282	219
Unlisted joint ventures	3,395	918
	3,677	1,137
Share of attributable net assets	4,347	7,292
Unrealized profit on intercompany transactions	(1)	(5)
Goodwill on acquisition	153	153
	4,499	7,440
By business:		
Hongkong Land	2,308	5,578
Dairy Farm	147	130
Mandarin Oriental	125	154
Jardine Cycle & Carriage	163	108
Astra	1,552	1,245
Corporate and other interests	205	230
Unrealized profit on intercompany transactions	(1)	(5)
	4,499	7,440
Movements of associates and joint ventures for the year:		
At 1st January	7,440	7,514
Share of results after tax and minority interests	280	251
Discount on acquisition of associates and joint ventures	(3)	–
Share of other comprehensive income after tax and minority interests	217	(226)
Dividends received	(301)	(386)
New subsidiary undertakings	1,974	–
Acquisitions and increases in attributable interests	389	336
Disposals and decreases in attributable interests	(41)	(23)
Reclassification of Hongkong Land as a subsidiary undertaking	(5,425)	–
Reclassification of other associates and joint ventures as subsidiary undertakings	(29)	(26)
Other	(2)	–
At 31st December	4,499	7,440
Fair value of listed associates	172	2,845
Fair value of listed joint venture	293	154

20 Associates and Joint Ventures *(continued)*

The Group's share of assets, liabilities, capital commitments, contingent liabilities and results of associates and joint ventures are summarized below:

	2009 US$m	2008 US$m
Associates		
Total assets	**3,078**	12,515
Total liabilities	**(2,275)**	(6,247)
Total equity	**803**	6,268
Attributable to minority interests	**(133)**	(113)
Attributable net assets	**670**	6,155
Revenue	**2,049**	2,411
Loss after tax	**(68)**	–
Capital commitments	**142**	520
Contingent liabilities	**9**	23
Joint ventures		
Non-current assets	**3,213**	1,130
Current assets	**4,634**	2,806
Non-current liabilities	**(804)**	(371)
Current liabilities	**(3,360)**	(2,425)
Total equity	**3,683**	1,140
Attributable to minority interests	**(6)**	(3)
Attributable net assets	**3,677**	1,137
Revenue	**4,117**	3,931
Profit after tax	**367**	252
Capital commitments	**196**	68
Contingent liabilities	**104**	316

21 Other Investments

	2009 US$m	2008 US$m
Available-for-sale financial assets		
Listed securities		
– Asia Commercial Bank	114	74
– Schindler Holdings	96	50
– Tata Power	206	–
– The Bank of N.T. Butterfield & Son	15	39
– other	314	160
	745	323
Unlisted securities	61	229
	806	552
Held-to-maturity financial assets		
Listed securities	14	14
	820	566
Non-current	817	562
Current	3	4
	820	566
Analysis by geographical area of operation:		
Greater China	56	9
Southeast Asia	633	430
Rest of the world	131	127
	820	566
Movements for the year:		
At 1st January	566	718
Exchange differences	32	(24)
Additions	311	204
Disposals and capital repayments	(249)	(84)
Net revaluation surplus/(deficit)	160	(248)
At 31st December	820	566

21 Other Investments *(continued)*

The fair value measurements of available-for-sale financial assets are based on the following data:

	2009 US$m	2008 US$m
Quoted prices in active markets	**745**	323
Observable current market transactions	**5**	20
Unobservable inputs	**56**	209
	806	552

Movements of available-for-sale financial assets which are valued based on unobservable inputs are as follows:

	2009 US$m	2008 US$m
At 1st January	**209**	234
Exchange differences	**3**	(3)
Disposals	**(158)**	–
Reclassification as associates and joint ventures	**(2)**	–
Net revaluation surplus/(deficit)	**4**	(22)
At 31st December	**56**	209

Profit on sale of these financial assets during the year amounted to US$130 million *(2008: nil)* has been credited to profit and loss.

The fair value of held-to-maturity financial assets is US$14 million *(2008: US$14 million)*.

22 Debtors

	2009 US$m	2008 US$m
Consumer financing debtors		
– gross	1,979	1,440
– provision for impairment	(133)	(109)
	1,846	1,331
Financing lease receivables		
– net investment	373	319
– provision for impairment	(13)	(9)
	360	310
Trade debtors		
– third parties	962	658
– associates and joint ventures	36	35
	998	693
– provision for impairment	(20)	(17)
	978	676
Other debtors		
– third parties	730	574
– Jardine Matheson	–	1
– associates and joint ventures	199	14
	929	589
– provision for impairment	(11)	(2)
	918	587
	4,102	2,904
Non-current	1,370	1,032
Current	2,732	1,872
	4,102	2,904
Analysis by geographical area of operation:		
Greater China	334	128
Southeast Asia	3,722	2,701
United Kingdom	10	9
Rest of the world	36	66
	4,102	2,904
Fair value:		
Consumer financing debtors	2,020	1,706
Financing lease receivables	333	290
Trade debtors	978	676
Other debtors	923	558
	4,254	3,230

22 Debtors *(continued)*

Consumer financing debtors

The consumer financing debtors relate primarily to Astra's motor vehicle and motorcycle financing. Before accepting any new customer, the Group assesses the potential customer's credit quality and sets credit limits by customer using internal grading systems. The Group obtains collateral in the form of motor vehicles and motorcycles from consumer financing debtors who give the Group the right to sell the repossessed collateral or take any other action to settle the outstanding debt.

The loan period ranges from 12 to 36 months for both motor vehicles and motorcycles. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that the debtor is impaired. An allowance for impairment is made based on an assessment with reference to historical loss experience and when there is an objective evidence that the outstanding amounts will probably not be collected. Assets are repossessed if monthly instalments are overdue for 30 days for motor vehicles and 60 days for motorcycles. Management has considered the balances against which collective impairment provision is made as impaired.

The maturity analysis of consumer financing debtors, including related finance income, at 31st December is as follows:

	2009 US$m	2008 US$m
Within one year	**1,453**	1,137
Between one and two years	**797**	581
Between two and five years	**434**	239
Beyond five years	**2**	–
	2,686	1,957

Financing lease receivables

An analysis of financing lease receivables is set out below:

	2009 US$m	2008 US$m
Lease receivables	**431**	369
Guaranteed residual value	**136**	93
Security deposits	**(136)**	(93)
Gross investment	**431**	369
Unearned lease income	**(58)**	(50)
Net investment	**373**	319

22 Debtors *(continued)*

The maturity analyses of financing lease receivables at 31st December are as follows:

	2009		2008	
	Gross investment US$m	Net investment US$m	Gross investment US$m	Net investment US$m
Within one year	**243**	**202**	194	161
Between one and two years	**137**	**122**	121	107
Between two and five years	**45**	**43**	51	48
Beyond five years	**6**	**6**	3	3
	431	**373**	369	319

Trade debtors

The average credit period on sale of goods and services varies among Group businesses and is not more than 60 days. Before accepting any new customer, individual Group business assesses the potential customer's credit quality and sets credit limits by customer using internal credit scoring systems. These limits and scoring are reviewed periodically.

An allowance for impairment of trade debtors is made based on the estimated irrecoverable amount. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that the debtor is impaired.

At 31st December 2009, trade debtors of US$28 million *(2008: US$59 million)* were impaired. The amount of the provision was US$20 million *(2008: US$17 million)*. It was assessed that a portion of the debtors is expected to be recovered. The ageing analysis of these trade debtors is as follows:

	2009 US$m	2008 US$m
Below 30 days	**8**	36
Between 31 and 60 days	**1**	3
Between 61 and 90 days	**1**	2
Over 90 days	**18**	18
	28	59

At 31st December 2009, trade debtors of US$232 million *(2008: US$174 million)* were past due but not impaired. The ageing analysis of these trade debtors is as follows:

	2009 US$m	2008 US$m
Below 30 days	**153**	107
Between 31 and 60 days	**44**	25
Between 61 and 90 days	**15**	12
Over 90 days	**20**	30
	232	174

The risk of trade debtors that are neither past due nor impaired at 31st December 2009 becoming impaired is low as most of the balances have been settled subsequent to the year end.

22 Debtors *(continued)*

Other debtors

Other debtors are further analyzed as follows:

	2009 US$m	2008 US$m
Prepayments	**289**	183
Rental and other deposits	**113**	104
Mezzanine loans	**3**	5
Derivative financial instruments	**68**	105
Restricted bank balances and deposits *(refer note 27)*	**1**	8
Loans to employees	**27**	20
Amount due from Jardine Matheson	**–**	1
Other amounts due from associates and joint ventures	**197**	13
Repossessed assets of finance companies	**12**	6
Reinsurers' share of estimated losses on insurance contracts	**36**	16
Other	**172**	126
	918	587

Movements on the provision for impairment are as follows:

	Consumer financing debtors		Financing lease receivables		Trade debtors		Other debtors	
	2009 US$m	2008 US$m	**2009** US$m	2008 US$m	**2009** US$m	2008 US$m	**2009** US$m	2008 US$m
At 1st January	**(109)**	(95)	**(9)**	(4)	**(17)**	(33)	**(2)**	(3)
Exchange differences	**(19)**	17	**(2)**	1	**(2)**	2	**(1)**	1
Subsidiary undertakings disposed of	**–**	–	**–**	–	**–**	1	**–**	–
Additional provisions	**(70)**	(93)	**(2)**	(6)	**(3)**	(8)	**(8)**	–
Unused amounts reversed	**12**	–	**–**	–	**1**	–	**–**	–
Amounts written off	**53**	62	**–**	–	**1**	21	**–**	–
At 31st December	**(133)**	(109)	**(13)**	(9)	**(20)**	(17)	**(11)**	(2)

Restricted bank balances and deposits comprise cash and time deposits which are either restricted for interest payments or placed as margin deposits for letter of credit facilities obtained by certain subsidiary undertakings and guarantee deposits to third parties.

Repossessed assets of finance companies represent collateral obtained from customers towards settlement of automobile and motorcycle receivables which are in default. The fair value of the collateral held amounted to US$12 million *(2008: US$6 million)*. The finance company is given the right by the customers to sell the repossessed collateral. Any excess of proceeds from the sale over the outstanding receivables is refunded to the customer.

Debtors other than derivative financial instruments are stated at amortized cost. The fair value of these debtors are estimated using the expected future receipts discounted at market rates ranging from 7% to 33% *(2008: 10% to 36%)* per annum. Derivative financial instruments are stated at fair value.

At 31st December 2009, the carrying amount of consumer financing debtors, financing lease receivables and trade debtors pledged as security for borrowings amounted to US$859 million, US$189 million and US$1 million *(2008: US$635 million, US$187 million and US$9 million)* respectively *(refer note 34)*.

23 Deferred Tax Assets/(Liabilities)

	Accelerated tax depreciation US$m	Fair value gains/ losses US$m	Losses US$m	Employee benefits US$m	Provisions and other temporary differences US$m	Total US$m
2009						
At 1st January	(80)	(320)	17	23	63	**(297)**
Exchange differences	(4)	(37)	1	4	8	**(28)**
New subsidiary undertakings	(40)	(1,820)	–	(1)	1	**(1,860)**
Charged to profit and loss	(6)	(292)	(2)	5	(20)	**(315)**
Credited to other comprehensive income	–	9	–	(3)	–	**6**
At 31st December	**(130)**	**(2,460)**	**16**	**28**	**52**	**(2,494)**
Deferred tax assets	31	(2)	15	18	46	**108**
Deferred tax liabilities	(161)	(2,458)	1	10	6	**(2,602)**
	(130)	**(2,460)**	**16**	**28**	**52**	**(2,494)**
2008						
At 1st January	(78)	(432)	15	1	88	(406)
Exchange differences	2	53	5	(4)	(16)	40
New subsidiary undertakings	–	(80)	5	–	–	(75)
Subsidiary undertakings disposed of	(4)	–	–	–	–	(4)
Credited to profit and loss	–	75	(8)	3	5	75
Credited to other comprehensive income	–	64	–	23	–	87
Transfer to current tax assets	–	–	–	–	(14)	(14)
At 31st December	(80)	(320)	17	23	63	(297)
Deferred tax assets	4	(4)	14	15	63	92
Deferred tax liabilities	(84)	(316)	3	8	–	(389)
	(80)	(320)	17	23	63	(297)

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are netted when the taxes relate to the same taxation authority and where offsetting is allowed.

Deferred tax assets of US$59 million *(2008: US$49 million)* arising from unused tax losses of US$262 million *(2008: US$217 million)* have not been recognized in the financial statements. Included in the unused tax losses, US$153 million have no expiry date and the balance will expire at various dates up to and including 2024.

Deferred tax liabilities of US$163 million *(2008: US$132 million)* on temporary differences associated with investments in subsidiary undertakings of US$1,633 million *(2008: US$1,323 million)* have not been recognized as there is no current intention of remitting the retained earnings to the holding companies.

24 Pension Plans

The Group has a number of defined benefit pension plans, covering all the main territories in which it operates with the major plans relating to employees in Hong Kong and Southeast Asia. Most of the pension plans are final salary defined benefit plans and are either funded or unfunded. The assets of the funded plans are held independently of the Group's assets in separate trustee administered funds. The Group's major plans are valued by independent actuaries annually using the projected unit credit method.

The principal actuarial assumptions used for accounting purposes at 31st December are as follows:

	2009 Weighted average %	2008 Weighted average %
Discount rate applied to pension obligations	**7.5**	8.6
Expected return on plan assets	**8.0**	8.1
Future salary increases	**6.8**	7.1

The expected return on plan assets is determined on the basis of long-term average returns on global equities of 3.8% to 11.3% per annum and global bonds of 2.8% to 10% per annum, and the long-term benchmark allocation of assets between equities and bonds in each plan.

The amounts recognized in the consolidated balance sheet are as follows:

	2009 US\$m	2008 US\$m
Fair value of plan assets	**330**	221
Present value of funded obligations	**(289)**	(224)
	41	(3)
Present value of unfunded obligations	**(138)**	(89)
Unrecognized past service cost	**15**	13
Net pension liabilities	**(82)**	(79)
Analysis of net pension liabilities:		
Pension assets	**51**	15
Pension liabilities	**(133)**	(94)
	(82)	(79)

24 Pension Plans *(continued)*

	2009 US$m	2008 US$m
Movements in the fair value of plan assets:		
At 1st January	**221**	328
Exchange differences	**10**	(7)
New subsidiary undertakings	**25**	1
Subsidiary undertakings disposed of	**–**	(1)
Expected return on plan assets	**20**	25
Actuarial gains/(losses)	**55**	(113)
Contributions from sponsoring companies	**20**	5
Contributions from plan members	**2**	2
Benefits paid	**(21)**	(18)
Curtailment and settlement	**(3)**	–
Transfer from/(to) other plans	**1**	(1)
At 31st December	**330**	221
Movements in the present value of obligations:		
At 1st January	**(313)**	(306)
Exchange differences	**(29)**	22
New subsidiary undertakings	**(19)**	(1)
Subsidiary undertakings disposed of	**–**	2
Current service cost	**(30)**	(24)
Interest cost	**(28)**	(22)
Past service cost	**–**	(2)
Contributions from plan members	**(2)**	(2)
Actuarial losses	**(32)**	(4)
Benefits paid	**21**	18
Settlement of unfunded obligations	**3**	5
Curtailment and settlement	**3**	–
Transfer (from)/to other plans	**(1)**	1
At 31st December	**(427)**	(313)

The analysis of the fair value of plan assets at 31st December is as follows:

	2009 US$m	2008 US$m
Equity instruments	**161**	104
Debt instruments	**108**	72
Other assets	**61**	45
	330	221

24 Pension Plans *(continued)*

The five year history of experience adjustments is as follows:

	2009 US$m	2008 US$m	2007 US$m	2006 US$m	2005 US$m
Fair value of plan assets	**330**	221	328	285	243
Present value of obligations	**(427)**	(313)	(306)	(281)	(229)
(Deficit)/surplus	**(97)**	(92)	22	4	14
Experience adjustments on plan assets	**57**	(109)	23	23	20
Percentage of plan assets (%)	***17***	*(49)*	*7*	*8*	*8*
Experience adjustments on plan obligations	**(22)**	1	3	–	–
Percentage of plan obligations (%)	***(5)***	–	*1*	–	–

The estimated amount of contributions expected to be paid to the plans in 2010 is US$24 million.

The amounts recognized in profit and loss are as follows:

	2009 US$m	2008 US$m
Current service cost	**30**	24
Interest cost	**28**	22
Expected return on plan assets	**(20)**	(25)
Past service cost	**2**	2
	40	23
Actual return/(loss) on plan assets in the year	**75**	(88)

The above amounts are all recognized in arriving at operating profit and are included in cost of sales, selling and distribution costs and administration expenses.

25 Properties for Sale

	2009 US$m	2008 US$m
Properties in the course of development	**690**	–
Completed properties	**97**	–
	787	–

At 31st December 2009, the carrying amount of properties for sale pledged as security for borrowings amounted to US$290 million *(2008: nil) (refer note 34)*.

26 Stocks and Work in Progress

	2009 US$m	2008 US$m
Finished goods	**1,439**	1,390
Work in progress	**22**	22
Raw materials	**33**	54
Spare parts	**60**	35
Other	**57**	73
	1,611	1,574

At 31st December 2009, the carrying amount of stocks and work in progress pledged as security for borrowings amounted to US$3 million *(2008: US$14 million) (refer note 34)*.

27 Bank Balances and Other Liquid Funds

	2009 US$m	2008 US$m
Deposits with banks and financial institutions	**3,118**	1,348
Bank balances	**486**	481
Cash balances	**74**	71
	3,678	1,900
Less restricted bank balances and deposits *(refer note 22)*	**(1)**	(8)
	3,677	1,892
Analysis by geographical area of operation:		
Greater China	**150**	77
Southeast Asia	**1,265**	894
United Kingdom	**19**	13
Rest of the world	**2,243**	908
	3,677	1,892

The weighted average interest rate on deposits with banks and financial institutions is 1.5% *(2008: 3.7%)* per annum.

28 Non-current Assets Classified as Held for Sale

The major classes of assets classified as held for sale are set out below:

	2009 US$m	2008 US$m
Intangible assets	**48**	15
Tangible assets	**57**	50
Total assets	**105**	65

At 31st December 2008, the non-current assets classified as held for sale included Dairy Farm's interest in two retail properties in Malaysia with a total carrying value of US$65 million of which one was sold during the year. Dairy Farm also classified another retail property and a distribution centre in Malaysia as held for sale during the year. The distribution centre, which remained unsold at 31st December 2009, has a carrying value of US$68 million.

29 Share Capital

	2009 US$m	2008 US$m
Authorized:		
1,500,000,000 shares of US¢5 each	**75**	75
1,000,000 shares of US$800 each	**800**	800
	875	875

	Ordinary shares in millions 2009	2008	2009 US$m	2008 US$m
Issued and fully paid shares of US¢5 each:				
At 1st January	**1,093**	1,083	**55**	54
Scrip issued in lieu of dividends	**14**	10	**1**	1
At 31st December	**1,107**	1,093	**56**	55

30 Share Premium and Capital Reserves

	Share premium US$m	Capital reserves US$m	Total US$m
2009			
At 1st January	1,209	129	**1,338**
Capitalization arising on scrip issued in lieu of dividends	(1)	–	**(1)**
Value of employee services under share option schemes	–	8	**8**
At 31st December	**1,208**	**137**	**1,345**
2008			
At 1st January	1,210	121	1,331
Capitalization arising on scrip issued in lieu of dividends	(1)	–	(1)
Value of employee services under share option schemes	–	8	8
At 31st December	1,209	129	1,338

Capital reserves include US$104 million *(2008: US$104 million)* representing the share capital and share premium of Jardine Securities Limited, the holding company of the Group prior to the reorganization in 1987 when Jardine Strategic Holdings Limited became the new holding company and are non-distributable. The balance represents the value of employee services under the Group's employee share option schemes.

31 Dividends

	2009 US$m	2008 US$m
Final dividend in respect of 2008 of US¢13.10 *(2007: US¢12.40)* per share	**143**	134
Interim dividend in respect of 2009 of US¢6.00 *(2008: US¢5.90)* per share	**66**	64
	209	198
Company's share of dividends paid on the shares held by Jardine Matheson	**(91)**	(86)
	118	112
Shareholders elected to receive scrip in respect of the following:		
Final dividend in respect of previous year	**121**	113
Interim dividend in respect of current year	**55**	53
	176	166

A final dividend in respect of 2009 of US¢14.00 *(2008: US¢13.10)* per share amounting to a total of US$155 million *(2008: US$143 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the Annual General Meeting. The net amount after deducting the Company's share of the dividends payable on the shares held by Jardine Matheson of US$68 million *(2008: US$62 million)* will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2010.

32 Own Shares Held

Own shares held of US$1,414 million *(2008: US$1,308 million)* represent the Company's share of the cost of 900 million *(2008: 886 million)* ordinary shares in the Company held by Jardine Matheson and are deducted in arriving at shareholders' funds.

33 Minority Interests

	2009 US$m	2008 US$m
By business:		
Hongkong Land	**6,513**	–
Dairy Farm	**122**	75
Mandarin Oriental	**277**	283
Jardine Cycle & Carriage	**116**	118
Astra	**4,253**	3,156
	11,281	3,632

34 Borrowings

	2009 Carrying amount US$m	2009 Fair value US$m	2008 Carrying amount US$m	2008 Fair value US$m
Current				
– bank overdrafts	**14**	**14**	18	18
– other bank advances	**348**	**348**	526	526
– other advances	**7**	**7**	9	9
	369	**369**	553	553
Current portion of long-term borrowings				
– bank loans	**748**	**748**	468	468
– bonds and notes	**536**	**536**	149	149
– finance lease liabilities	**23**	**23**	28	28
– other loans	**67**	**67**	83	83
	1,374	**1,374**	728	728
	1,743	**1,743**	1,281	1,281
Long-term borrowings				
– bank loans	**2,866**	**2,856**	1,722	1,699
– bonds and notes	**2,706**	**2,734**	506	496
– finance lease liabilities	**39**	**39**	10	10
– other loans	**130**	**129**	79	76
	5,741	**5,758**	2,317	2,281
	7,484	**7,501**	3,598	3,562

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 0.4% to 15.5% *(2008: 3.3% to 18%)* per annum. The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

	2009 US$m	2008 US$m
Secured	**2,638**	2,099
Unsecured	**4,846**	1,499
	7,484	3,598

Secured borrowings at 31st December 2009 included Hongkong Land's bank borrowings of US$100 million *(2008: nil)* which were secured against its properties for sale, Mandarin Oriental's bank borrowings of US$645 million *(2008: US$629 million)* which were secured against its tangible assets, and Astra's bonds of US$730 million *(2008: US$361 million)* which were secured against its various assets as described below and bank borrowings of US$1,160 million *(2008: US$1,109 million)* which were secured against its various assets.

34 Borrowings *(continued)*

	Fixed rate borrowings				
	Weighted average interest rates	Weighted average period outstanding		Floating rate borrowings	Total
By currency:	%	Years	US$m	US$m	US$m
2009					
Chinese renminbi	5.3	–	–	29	**29**
Euro	5.9	3.8	12	–	**12**
Hong Kong dollar	2.4	2.3	1,112	1,355	**2,467**
Indonesian rupiah	12.0	1.3	1,498	360	**1,858**
Japanese yen	0.8	–	–	24	**24**
Malaysian ringgit	4.3	1.4	161	114	**275**
New Taiwan dollar	2.4	1.7	40	21	**61**
Singapore dollar	2.1	3.9	613	695	**1,308**
Swiss franc	2.0	22.7	2	43	**45**
United Kingdom sterling	2.8	4.7	33	101	**134**
United States dollar	5.1	2.3	1,008	259	**1,267**
Other	2.0	–	–	4	**4**
			4,479	**3,005**	**7,484**
2008					
Chinese renminbi	7.1	–	–	15	15
Euro	5.9	4.8	13	–	13
Hong Kong dollar	2.6	3.6	257	214	471
Indonesian rupiah	12.0	1.6	1,122	469	1,591
Japanese yen	1.9	3.0	17	55	72
Malaysian ringgit	4.7	2.2	130	131	261
New Taiwan dollar	2.9	1.2	39	25	64
Singapore dollar	2.7	2.6	17	28	45
Swiss franc	2.7	23.8	2	40	42
United Kingdom sterling	4.4	5.7	30	91	121
United States dollar	5.1	2.2	210	690	900
Other	4.3	–	–	3	3
			1,837	1,761	3,598

The weighted average interest rates and period of fixed rate borrowings are stated after taking into account hedging transactions.

The remaining contractual maturities of the borrowings, including related interest payments, are analyzed below. The interest payments are computed using contractual rates and, in the case of floating rate borrowings, based on market rates at the balance sheet date before taking into account hedging transactions. Cash flows denominated in currencies other than United States dollars are converted into United States dollars at the rates of exchange ruling at the balance sheet date.

	2009	2008
	US$m	US$m
Within one year	**2,031**	1,484
Between one and two years	**2,089**	596
Between two and three years	**1,305**	783
Between three and four years	**1,087**	351
Between four and five years	**1,153**	184
Beyond five years	**549**	605
	8,214	4,003

34 Borrowings *(continued)*

The finance lease liabilities are as follows:

	Minimum lease payments		Present value of finance lease liabilities	
	2009	2008	**2009**	2008
	US$m	US$m	US$m	US$m
Within one year	**25**	29	**23**	28
Between one and five years	**41**	10	**39**	10
	66	39	**62**	38
Future finance charges on finance leases	**(4)**	(1)		
Present value of finance lease liabilities	**62**	38		
Current			**23**	28
Non-current			**39**	10
			62	38

An analysis of the carrying amount of the bonds and notes at 31st December is as follows:

	2009		2008	
	Current	Non-current	Current	Non-current
	US$m	US$m	US$m	US$m
Jardine Strategic 6.375% guaranteed bonds	**–**	**284**	–	294
Hongkong Land 7% bonds	**–**	**619**	–	–
Hongkong Land 5.5% bonds	**–**	**537**	–	–
Hongkong Land 3.01% notes	**234**	**–**	–	–
Hongkong Land 3.65% notes	**–**	**269**	–	–
Hongkong Land 2.75% convertible bonds	**–**	**370**	–	–
Hongkong Land 4.135% notes	**–**	**25**	–	–
Hongkong Land 4.1875% notes	**–**	**39**	–	–
Hongkong Land 4.25% notes	**–**	**39**	–	–
Hongkong Land 4.28% notes	**–**	**61**	–	–
Hongkong Land 3.86% notes	**–**	**35**	–	–
Astra Sedaya Finance VI bonds	**5**	**–**	7	4
Astra Sedaya Finance VII bonds	**–**	**–**	16	–
Astra Sedaya Finance VIII bonds	**38**	**21**	8	51
Astra Sedaya Finance IX bonds	**21**	**39**	32	52
Astra Sedaya Finance X bonds	**52**	**42**	–	–
Astra Sedaya Finance I notes	**12**	**74**	–	–
Astra Sedaya Finance II notes	**34**	**49**	–	–
Federal International Finance VI bonds	**–**	**–**	26	–
Federal International Finance VII bonds	**29**	**35**	7	55
Federal International Finance VIII bonds	**18**	**38**	53	50
Federal International Finance IX bonds	**39**	**67**	–	–
Federal International Finance I notes	**53**	**–**	–	–
Federal International Finance II notes	**–**	**53**	–	–
Serasi Auto Raya notes	**1**	**10**	–	–
	536	**2,706**	149	506

34 Borrowings *(continued)*

The Jardine Strategic 6.375% guaranteed bonds with nominal value of US$268 million were issued by a wholly-owned subsidiary undertaking of the Company and are guaranteed by the Company. The bonds will mature on 8th November 2011.

The Hongkong Land 7% bonds with nominal value of US$600 million were issued by a wholly-owned subsidiary undertaking of Hongkong Land. The bonds will mature on 3rd May 2011.

The Hongkong Land 5.5% bonds with nominal value of US$500 million were issued by a wholly-owned subsidiary undertaking of Hongkong Land. The bonds will mature on 28th April 2014.

The Hongkong Land 3.01% notes and 3.65% notes with nominal values of S$325 million and S$375 million respectively, were issued by a wholly-owned subsidiary undertaking of Hongkong Land. The notes will mature on 4th October 2010 and 5th October 2015 respectively.

The Hongkong Land 2.75% convertible bonds with nominal value of US$400 million were issued by a wholly-owned subsidiary undertaking of Hongkong Land. The bonds are convertible up to and including 11th December 2012 into fully paid ordinary shares of Hongkong Land at a conversion price of US$3.85 per ordinary share. The bonds will mature on 21st December 2012.

The Hongkong Land 4.135%, 4.1875%, 4.25%, 4.28% and 3.86% notes, with nominal values of HK$200 million, HK$300 million, HK$300 million, HK$500 million and S$50 million respectively, were issued by a wholly-owned subsidiary undertaking of Hongkong Land under its US$3,000 million guaranteed medium term note programme. The notes will mature on 17th September 2019, 23rd October 2019, 25th November 2019, 20th December 2021 and 29th December 2017 respectively.

The Astra Sedaya Finance VI, VIII, IX and X bonds, with nominal values of Rp50 billion, Rp600 billion, Rp567 billion and Rp900 billion, and bearing interest at 11%, 10.1% to 10.35%, 9.63% to 10.3% and 13.5% to 14.9% per annum respectively were issued by a partly-owned subsidiary undertaking of Astra and are collateralized by fiduciary guarantee over consumer financing debtors of the subsidiary undertaking amounting to 60% of the total principal of the bonds *(refer note 22)*. The bonds will mature in 2010, from 2010 to 2011, from 2010 to 2011 and from 2010 to 2012 respectively.

The Astra Sedaya Finance I and II notes, with nominal values of Rp800 billion and Rp780 billion, and bearing interest at 10% to 11.75% and 9.55% to 10.5% per annum respectively were issued by a wholly-owned subsidiary undertaking of Astra and are collateralized by fiduciary guarantee over consumer financing debtors of the subsidiary undertaking amounting to 60% of the total principal of the notes *(refer note 22)*. The notes will mature from 2010 to 2011.

The Federal International Finance VII, VIII and IX bonds, with nominal values of Rp650 billion, Rp550 billion and Rp1,000 billion, and bearing interest at 10.5% to 10.75%, 12.13% to 12.63% and 12.55% to 14.6% per annum respectively were issued by a wholly-owned subsidiary undertaking of Astra and are collateralized by fiduciary guarantee over consumer financing debtors of the subsidiary undertaking amounting to 60% of the total principal of the bonds *(refer note 22)*. The bonds will mature from 2010 to 2011.

The Federal International Finance I and II notes, with nominal values of Rp500 billion and Rp500 billion, and bearing interest at 12.55% and 11.35% per annum were issued by a wholly-owned subsidiary undertaking of Astra and are collateralized by fiduciary guarantee over consumer financing debtors of the subsidiary undertaking amounting to 60% of the total principal of the notes *(refer note 22)*. The notes will mature in 2010 and 2011 respectively.

The Serasi Auto Raya notes, with nominal value of Rp100 billion and bearing interest at 11.5% per annum were issued by a wholly-owned subsidiary undertaking of Astra and are secured by fiduciary guarantee over tangible assets of the subsidiary undertaking amounting to 80% of the total principal of the notes *(refer note 16)*. The notes will mature from 2010 to 2011.

35 Creditors

	2009 US$m	2008 US$m
Trade creditors		
– third parties	**1,879**	1,701
– associates and joint ventures	**187**	92
	2,066	1,793
Accruals	**1,060**	811
Amounts due to Jardine Matheson	**18**	10
Other amounts due to associates and joint ventures	**84**	3
Rental and other refundable deposits	**296**	134
Derivative financial instruments	**58**	37
Other creditors	**123**	52
Financial liabilities	**3,705**	2,840
Gross estimated losses on insurance contracts	**75**	41
Proceeds from property for sale received in advance	**219**	–
Rental income received in advance	**10**	2
Other income received in advance	**24**	8
Unearned premiums on insurance contracts	**185**	145
	4,218	3,036
Non-current	**154**	133
Current	**4,064**	2,903
	4,218	3,036
Analysis by geographical area of operation:		
Greater China	**1,317**	869
Southeast Asia	**2,801**	2,090
United Kingdom	**12**	12
Rest of the world	**88**	65
	4,218	3,036

The remaining contractual maturities of financial liabilities other than derivative financial instruments, and gross estimated losses on insurance contracts included in creditors are analyzed as follows:

	2009 US$m	2008 US$m
Within one year	**3,566**	2,821
Between one and two years	**71**	17
Between two and three years	**37**	–
Beyond three years	**48**	6
	3,722	2,844

Derivative financial instruments are stated at fair value. Other creditors are stated at amortized cost. The fair values of these creditors approximate their carrying amounts.

36 Provisions

	Motor vehicle warranties US$m	Closure cost provisions US$m	Reinstatement and restoration costs US$m	Statutory employee entitlements US$m	Other US$m	Total US$m
2009						
At 1st January	18	3	22	31	1	**75**
Exchange differences	–	–	1	6	–	**7**
Additional provisions	5	1	2	11	1	**20**
Utilized	(4)	–	–	(1)	–	**(5)**
At 31st December	**19**	**4**	**25**	**47**	**2**	**97**
Non-current	–	–	23	37	–	**60**
Current	19	4	2	10	2	**37**
	19	**4**	**25**	**47**	**2**	**97**
2008						
At 1st January	21	8	17	20	1	67
Exchange differences	–	–	(1)	(4)	–	(5)
Additional provisions	2	3	6	16	1	28
Unused amounts reversed	–	(5)	–	–	–	(5)
Utilized	(5)	(3)	–	(1)	(1)	(10)
At 31st December	18	3	22	31	1	75
Non-current	–	–	20	28	–	48
Current	18	3	2	3	1	27
	18	3	22	31	1	75

Motor vehicle warranties are estimated liabilities that fall due under the warranty terms offered on sale of new and used vehicles beyond that which is reimbursed by the manufacturers.

Closure cost provisions are established when legal or constructive obligations arise on closure or disposal of businesses.

Other provisions principally comprise provisions in respect of indemnities on disposal of businesses and legal claims.

37 Notes to Consolidated Cash Flow Statement

(a) Depreciation and amortization	2009 US$m	2008 US$m
By business:		
Dairy Farm	144	137
Mandarin Oriental	41	39
Jardine Cycle & Carriage	8	9
Astra	376	305
	569	490

(b) Other non-cash items	2009 US$m	2008 US$m
By nature:		
Loss/(profit) on sale of subsidiary undertakings	3	(3)
(Profit)/loss on sale of other investments	(138)	2
Loss/(profit) on sale of leasehold land	1	(5)
Profit on sale of tangible assets	(3)	(13)
Loss on sale of repossessed assets	38	51
Profit on sale of plantations and related assets	–	(34)
Increase in fair value of investment properties	(1,888)	(2)
Decrease in fair value of plantations	64	162
Revaluation of property interests	1	3
Impairment of intangible assets	1	9
Impairment of tangible assets	5	3
Impairment of debtors	67	107
Write down of stocks and work in progress	–	15
Reversal of write down of stocks and work in progress	(1)	–
Change in provisions	21	20
Net foreign exchange (gains)/losses	(12)	3
Change in attributable interest in subsidiary undertakings	–	4
Options granted under employee share option schemes	6	7
Repurchase of convertible bonds in Hongkong Land	(8)	–
	(1,843)	329
By business:		
Hongkong Land	(1,892)	–
Dairy Farm	9	12
Mandarin Oriental	14	8
Jardine Cycle & Carriage	(7)	30
Astra	163	280
Corporate and other interests	(130)	(1)
	(1,843)	329

37 Notes to Consolidated Cash Flow Statement *(continued)*

(c) Increase in working capital	2009 US$m	2008 US$m
Decrease in properties for sale	**141**	–
Decrease/(increase) in stocks and work in progress	**126**	(506)
Increase in assets held for rental and subsequent sale	**(114)**	(68)
Increase in debtors	**(549)**	(286)
Increase in creditors	**235**	502
Increase in pension obligations	**16**	14
	(145)	(344)

(d) Purchase of subsidiary undertakings	2009 US$m
Hongkong Land	
Tangible assets	**6**
Investment properties	**12,911**
Joint ventures	**1,974**
Deferred tax assets	**4**
Pension assets	**6**
Non-current debtors	**69**
Current assets	**2,259**
Long-term borrowings	**(3,509)**
Deferred tax liabilities	**(1,864)**
Non-current creditors	**(23)**
Current liabilities	**(915)**
Minority interests	**(102)**
Fair value of net assets	**10,816**
Adjustment for minority interests	**(5,408)**
Net assets acquired	**5,408**
Discount on acquisition	**(1,641)**
Fair values of previously held interest and consideration transferred	**3,767**
Fair value loss on remeasurement of previously held interest	**1,658**
Carrying amount of previously held interest at the date of acquisition	**5,425**
Attributable to interest held at beginning of year	**(5,323)**
Attributable to shares acquired prior to the date of acquisition	**102**
Discount on shares acquired prior to the date of acquisition	**(54)**
Consideration paid	**48**
Cash and cash equivalents of Hongkong Land at the date of acquisition	**(1,130)**
Cash inflow	**(1,082)**

37 Notes to Consolidated Cash Flow Statement *(continued)*

(d) Purchase of subsidiary undertakings *(continued)*	**2009** US$m	2008 US$m
Other subsidiary undertakings		
Intangible assets	**–**	124
Tangible assets	**1**	226
Non-current debtors	**–**	1
Current assets	**87**	23
Long-term borrowings	**–**	(28)
Deferred tax liabilities	**–**	(75)
Non-current creditors	**(10)**	–
Current liabilities	**(4)**	(19)
Minority interests	**2**	–
Fair value of net assets	**76**	252
Adjustment for minority interests	**–**	(28)
Net assets acquired	**76**	224
Goodwill	**–**	11
Total consideration	**76**	235
Adjustment for deferred consideration	**(1)**	–
Carrying value of associates and joint ventures	**(29)**	(26)
Fair value relating to previously held interests	**–**	(10)
Cash and cash equivalents of subsidiary undertakings acquired	**(4)**	(8)
Net cash outflow	**42**	191

Net cash outflow for the purchase of other subsidiary undertakings in 2009 of US$42 million mainly comprised Hongkong Land's increased interest in Maple Place in Beijing from 35% to 90%.

Net cash outflow for the purchase of other subsidary undertakings in 2008 of US$191 million included US$156 million for PT United Tractors' acquisition of a company which holds coal mining rights in Central Kalimantan and US$24 million for increasing Astra's interest in PT Marga Mandalasakti from 34% to 63%.

The fair value of the identifiable assets and liabilities approximates their book value at the dates of acquisition.

Revenue and profit after tax since acquisition in respect of subsidiary undertakings acquired during the year amounted to US$801 million and US$2,076 million respectively. Had the acquisitions occurred on 1st January 2009, consolidated revenue and consolidated profit after tax for the year ended 31st December 2009 would have been US$19,433 million and US$3,450 million respectively.

(e) Purchase of associates and joint ventures in 2009 included US$44 million for Jardine Cycle & Carriage's acquisition of an additional 9% interest in Truong Hai Auto Corporation and US$4 million for the Company's additional investment in Jardine Rothschild Asia Capital. Purchase of associates and joint ventures in 2008 included US$77 million for Jardine Cycle & Carriage's acquisition of a 20% interest in Truong Hai Auto Corporation and US$21 million for the Company's investment in Jardine Rothschild Asia Capital.

(f) Purchase of other investments in 2009 included US$38 million and US$105 million for Hongkong Land's and Astra's purchase of securities respectively, and US$157 million for the Company's purchase of Tata Power. Purchase of other investments in 2008 included US$157 million for Astra's purchase of securities, and US$22 million and US$19 million for the Company's purchase of shares in Paris Orléans and bonds in Hongkong Land respectively.

37 Notes to Consolidated Cash Flow Statement *(continued)*

(g) Advance to associates, joint ventures and others in 2009 included US$222 million for Hongkong Land's loans to its property joint ventures.

(h) Repayment from associates and joint ventures in 2009 were from Hongkong Land's property joint ventures.

(i) Sale of subsidiary undertakings	**2009** US$m	2008 US$m
Intangible assets	**2**	1
Tangible assets	**6**	4
Associates and joint ventures	**–**	2
Non-current debtors	**–**	2
Deferred tax assets	**–**	4
Current assets	**5**	101
Current liabilities	**(2)**	(33)
Net assets	**11**	81
Adjustment for minority interests	**(3)**	(24)
Net assets disposed of	**8**	57
(Loss)/profit on disposal	**(3)**	3
Sale proceeds	**5**	60
Adjustment for deferred consideration	**(1)**	–
Adjustment for carrying value of associates and joint ventures	**(3)**	(34)
Cash and cash equivalents of subsidiary undertakings disposed of	**(3)**	(59)
Net cash outflow	**(2)**	(33)

Sale proceeds in 2008 of US$60 million included US$48 million from Astra's sale of a 15% interest in PT Pantja Motor which reduced its effective interest from 65% to 50%.

The revenue and profit after tax in respect of subsidiary undertakings disposed of during the year amounted to US$7 million and US$1 million respectively.

(j) Sale of associates and joint ventures in 2009 included US$90 million from Mandarin Oriental's sale of its 50% interest in Mandarin Oriental, Macau. Sale of associates and joint ventures in 2008 included US$21 million from Dairy Farm's sale of its 50% interest in Olive Young.

(k) Sale of other investments in 2009 included the Company's sale of its interest in Tata Industries of US$157 million and Astra's sale of securities of US$56 million. Sale of other investments in 2008 mainly comprised Astra's sale of securities.

37 Notes to Consolidated Cash Flow Statement *(continued)*

(l) Change in interests in subsidiary undertakings	2009 US$m	2008 US$m
Increase in attributable interests		
– Mandarin Oriental	16	2
– Jardine Cycle & Carriage	35	137
– other	15	83
Decrease in attributable interests	(1)	–
	65	222

Increase in attributable interests in other subsidiary undertakings in 2009 included US$11 million for Astra's acquisition of an additional interest in PT Marga Mandalasakti. Increase in attributable interests in other subsidiary undertakings in 2008 included US$42 million for Dairy Farm's acquisition of an additional interest in PT Hero Supermarket under a put option, and US$20 million and US$21 million for Astra's increased interests in PT Astra Otoparts and PT United Tractors respectively.

(m) Analysis of balances of cash and cash equivalents	2009 US$m	2008 US$m
Bank balances and other liquid funds including restricted balances *(refer note 27)*	3,678	1,900
Bank overdrafts *(refer note 34)*	(14)	(18)
	3,664	1,882

38 Derivative Financial Instruments

The fair values of derivative financial instruments at 31st December are as follows:

	2009		2008	
	Positive fair value US$m	Negative fair value US$m	Positive fair value US$m	Negative fair value US$m
Designated as cash flow hedges				
– forward foreign exchange contracts	–	1	4	–
– interest rate swaps and caps	5	35	1	34
– cross currency swaps	6	17	58	3
	11	53	63	37
Designated as fair value hedges				
– interest rate swaps and caps	5	4	29	–
– cross currency swaps	52	–	–	–
	57	4	29	–
Not qualifying as hedges				
– forward foreign exchange contracts	–	1	1	–
– cross currency swaps	–	–	12	–
	–	1	13	–

38 Derivative Financial Instruments *(continued)*

The remaining contractual maturities of derivative financial instruments, based on their undiscounted cash outflows, are analyzed as follows:

	Within one year US$m	Between one and two years US$m	Between two and five years US$m	Beyond five years US$m
2009				
Net settled				
– interest rate swaps	31	15	15	–
Gross settled				
– forward foreign exchange contracts	84	–	–	–
– cross currency swaps	229	698	547	91
	344	**713**	**562**	**91**
2008				
Net settled				
– forward foreign exchange contracts	4	–	–	–
– interest rate swaps	11	9	39	2
Gross settled				
– forward foreign exchange contracts	57	–	–	–
– cross currency swaps	184	136	50	–
	256	145	89	2

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2009 were US$91 million *(2008: US$86 million)*.

Interest rate swaps and caps

The notional principal amounts of the outstanding interest rate swap and cap contracts at 31st December 2009 were US$2,318 million *(2008: US$1,080 million)*.

At 31st December 2009, the fixed interest rates relating to interest rate swaps and caps vary from 1.1% to 13.7% *(2008: 1.5% to 13.7%)* per annum.

The fair values of interest rate swaps are based on the estimated cash flows discounted at market rates ranging from 0.1% to 11.4% *(2008: 0.2% to 19%)* per annum.

Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts at 31st December 2009 were US$1,452 million *(2008: US$319 million)*.

39 Commitments

	2009 US$m	2008 US$m
Capital commitments:		
Authorized not contracted	**1,561**	203
Contracted not provided	**236**	266
	1,797	469
Operating lease commitments:		
Total commitments under operating leases		
– due within one year	**524**	459
– due between one and two years	**380**	334
– due between two and three years	**238**	206
– due between three and four years	**157**	129
– due between four and five years	**133**	99
– due beyond five years	**1,092**	954
	2,524	2,181

Total future sublease payments receivable relating to the above operating leases amounted to US$31 million *(2008: US$31 million)*.

In addition, the Group has operating lease commitments with rentals determined in relation to sales. It is not possible to quantify accurately future rentals payable under such leases.

40 Contingent Liabilities

Various Group companies are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made in the financial statements.

41 Related Party Transactions

The ultimate holding company of the Group is Jardine Matheson Holdings Limited, a company incorporated in Bermuda. As at 31st December 2009, the Company held a 54% *(2008: 53%)* interest in Jardine Matheson.

In accordance with the Bye-Laws, Jardine Matheson Limited, a wholly-owned subsidiary undertaking of Jardine Matheson Holdings Limited, has been appointed General Manager of the Company under a General Manager Agreement. With effect from 1st January 2008, Jardine Matheson Limited has sub-delegated certain of its responsibilities under the agreement to a fellow subsidiary undertaking. Total fees payable for services provided to the Company in 2009 amounted to US$61 million *(2008: US$54 million)*.

In the normal course of business the Group undertakes a variety of transactions with certain of its associates and joint ventures, and with Jardine Matheson. The more significant of such transactions are described below.

The Group purchases motor vehicles and spare parts from its associates and joint ventures in Indonesia including PT Toyota-Astra Motor, PT Astra Honda Motor and PT Astra Daihatsu Motor. Total cost of motor vehicles and spare parts purchased in 2009 amounted to US$3,703 million *(2008: US$4,182 million)*. The Group also sells motor vehicles and spare parts to its associates and joint ventures in Indonesia including PT Astra Honda Motor and PT Astra Daihatsu Motor. Total revenue from sale of motor vehicles and spare parts in 2009 amounted to US$392 million *(2008: US$455 million)*.

The Group and Jardine Matheson use Jardine Lloyd Thompson to place certain of its insurance. Brokerage fees and commissions, net of rebates, paid in 2009 to Jardine Lloyd Thompson were US$7 million *(2008: US$7 million)*.

The Group undertakes a variety of transactions with Hongkong Land which became a subsidiary undertaking on 30th June 2009. Transactions with Hongkong Land before that date were as follows:

(a) gross rental paid to Hongkong Land amounted to US$9 million *(2008: US$8 million)*,

(b) property maintenance and other services provided to Hongkong Land amounted to US$10 million *(2008: US$23 million)*, and

(c) construction services provided to Hongkong Land amounted to US$52 million.

The Group manages six associate hotels *(2008: seven associate and joint venture hotels)*. Management fee received by the Group in 2009 from these managed hotels amounted to US$9 million *(2008: US$15 million)*.

Bank Permata provides banking services to the Group. The Group's deposits with Bank Permata at 31st December 2009 amounted to US$205 million *(2008: US$185 million)*.

In March 2008, the Company acquired a 1.9% interest in Paris Orléans from Rothschilds Continuation for US$22 million.

Amounts of outstanding balances with Jardine Matheson, and associates and joint ventures are included in debtors and creditors, as appropriate *(refer notes 22 and 35)*.

Details of Directors' remuneration (being the key management personnel compensation) are shown on page 92 under the heading of Appointments, Retirement, Remuneration and Service Contracts.

42 Summarized Balance Sheet of the Company

Included below is certain summarized balance sheet information of the Company disclosed in accordance with Bermuda law.

	2009 US$m	2008 US$m
Subsidiary undertakings	**4,018**	2,216
Investment in Jardine Matheson	**1,111**	938
Associates	**–**	1,555
Total assets	**5,129**	4,709
Share capital *(refer note 29)*	**56**	55
Share premium and capital reserves *(refer note 30)*	**1,208**	1,209
Revenue and other reserves	**3,843**	3,430
Shareholders' funds	**5,107**	4,694
Current liabilities	**22**	15
Total equity and liabilities	**5,129**	4,709

Subsidiary undertakings, investment in Jardine Matheson and associates are shown at cost less amounts provided.

43 Jardine Strategic Corporate Cash Flow and Net Debt

	2009 US$m	2008 US$m
Dividends receivable		
Subsidiary undertakings	385	287
Jardine Matheson	255	228
Associates	78	164
Other holdings	8	19
	726	698
Less taken in scrip	(255)	(148)
	471	550
Other operating cash flows	(37)	(79)
Cash flows from operating activities	434	471
Investing activities		
Purchase of associates and joint ventures	(52)	(118)
Purchase of other investments	(168)	(47)
Sale of other investments	190	–
Cash flows from investing activities	(30)	(165)
Financing activities		
Change in interests in subsidiary undertakings	(51)	(139)
Dividends paid by the Company	(34)	(32)
Cash flows from financing activities	(85)	(171)
Fair value adjustment on 6.375% Guarantee Bonds	11	(12)
Net decrease in net debt	330	123
Net debt at 1st January	(220)	(343)
Net cash/(debt) at 31st December	110	(220)
Represented by:		
Bank balances and other liquid funds	394	74
6.375% Guaranteed Bonds	(284)	(294)
	110	(220)

Corporate cash flow and net debt comprises the cash flows and net cash or debt of the Company and of its investment holding and financing subsidiary undertakings.

44 Ultimate Holding Company and Principal Subsidiary Undertakings and Associates

The ultimate holding company and the principal subsidiary undertakings and associates of the Group at 31st December 2009 are set out below.

	Country of incorporation	Particulars of issued capital			Attributable interests 2009 %	2008 %	Nature of business
Dairy Farm International Holdings Ltd*	Bermuda	USD	74,872,256	ordinary	**78**	78	Supermarkets, hypermarkets, health & beauty stores, convenience stores, home furnishings stores and restaurants
Hongkong Land Holdings Ltd*	Bermuda	USD	224,932,629	ordinary	**50**	49	Property development & investment, leasing and management
Jardine Cycle & Carriage Ltd*	Singapore	SGD	355,678,660	ordinary	**69**	68	A 50.1% interest in PT Astra International Tbk and motor trading
Jardine Matheson Holdings Ltd†	Bermuda	USD	159,513,067	ordinary	**54**	53	Engineering & construction, transport services, motor trading, property, retailing, restaurants, hotels, financial services, and insurance broking
Mandarin Oriental International Ltd*	Bermuda	USD	49,572,437	ordinary	**74**	73	Hotel management & ownership
PT Astra International Tbk*	Indonesia	IDRm	2,024,178	ordinary	**35**	34	Automotive, financial services, agribusiness, heavy equipment and mining
Rothschilds Continuation Holdings AG#	Switzerland	CHF	60,975,765	ordinary	**21**	20	Financial services including investment banking

Attributable interests represent the proportional holdings of the Company, held directly or through its subsidiary undertakings, in the issue share capitals of the respective companies, after the deduction of any shares held by the trustees of the employee share option schemes of any such company and any shares in any such company owned by its wholly-owned subsidiary undertakings.

*Subsidiary undertakings.

†Ultimate holding company *(refer note 41)*.

#Associate.

Independent Auditor's Report

To the members of Jardine Strategic Holdings Limited

We have audited the accompanying consolidated financial statements of Jardine Strategic Holdings Limited and its subsidiaries (the 'Group') which comprise the consolidated balance sheet as of 31st December 2009 and the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and with the requirements of Section 90 of the Bermuda Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31st December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Bermuda Companies Act.

Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
United Kingdom

5th March 2010

Five Year Summary

Profit and Loss

	2009 US$m	2008 US$m	2007 US$m	2006 US$m	2005 US$m
Revenue	**18,905**	18,455	15,328	12,845	8,825
Profit attributable to shareholders	**1,844**	692	2,024	1,412	1,398
Underlying profit attributable to shareholders	**1,082**	859	723	522	475
Earnings per share (US$)	**2.97**	1.12	3.28	2.30	2.29
Underlying earnings per share (US$)	**1.74**	1.39	1.17	0.85	0.78
Dividends per share (US¢)	**20.00**	19.00	18.00	17.00	16.00

Balance Sheet

	2009 US$m	2008 US$m	2007 US$m	2006 US$m	2005 US$m
Total assets	**37,870**	20,749	20,586	18,389	16,488
Total liabilities	**(14,846)**	(7,412)	(7,268)	(7,579)	(7,771)
Total equity	**23,024**	13,337	13,318	10,810	8,717
Shareholders' funds	**11,743**	9,705	9,787	7,627	5,859
Net debt (excluding net debt of financial services companies)	**2,327**	528	851	1,769	1,766
Net asset value per share* (US$)	**32.64**	18.15	28.22	19.38	15.50

Cash Flow

	2009 US$m	2008 US$m	2007 US$m	2006 US$m	2005 US$m
Cash flows from operating activities	**2,473**	2,125	2,044	1,813	445
Cash flows from investing activities	**(127)**	(1,361)	(545)	(891)	(67)
Net cash flow before financing	**2,346**	764	1,499	922	378
Cash flow per share from operating activities (US$)	**3.98**	3.43	3.32	2.94	0.73

*Net asset value per share is calculated on a market value basis.

Responsibility Statement

The Directors of the Company confirm to the best of their knowledge that:

(a) the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board; and

(b) the sections of this Report, including the Chairman's Statement, Operating Review and Principal Risks and Uncertainties, which constitute the management report include a fair review of all information required to be disclosed by the Disclosure and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Services Authority of the United Kingdom.

For and on behalf of the Board

A.J.L. Nightingale
Lord Leach of Fairford
Directors

5th March 2010

Corporate Governance

The Group's corporate governance relies on a combination of shareholder, board and management supervision and strict compliance, internal audit and risk control procedures, within the context of the various international regulatory regimes to which Group companies are subject.

Jardine Strategic Holdings Limited is incorporated in Bermuda. The majority of the Group's business interests are in Asia. The Company has its primary share listing on the London Stock Exchange and secondary listings in Bermuda and Singapore. With effect from 6th April 2010, the Company's share listing in London will be included within the new Premium listing segment. The primary corporate governance regime applicable to the Company arises under the laws of Bermuda, including under certain specific statutory provisions that apply to the Company alone. The Company has fully complied with that governance regime. This Report outlines the significant ways in which the Company's corporate governance practices differ from those set out in the Combined Code ('Code'), which was originally introduced in relation to United Kingdom incorporated companies listed on the London Stock Exchange.

The Management of the Group

The Company is a holding company within the Jardine Matheson Group. The Company's share capital is 81%-owned by Jardine Matheson Holdings Limited, in which the Company itself has a 54% interest. Similar to the Company, Jardine Matheson is Bermuda incorporated and listed in London, Bermuda and Singapore. The Memorandum of Association of the Company provides for the chairman of Jardine Matheson to be, or to appoint, the Managing Director of the Company. The managing director of Jardine Matheson has been so appointed. In addition, the Bye-laws of the Company provide for Jardine Matheson, or such wholly-owned subsidiary as it shall appoint, to be the General Manager of the Company. Jardine Matheson Limited, a Hong Kong-based management company, has been so appointed, and has sub-delegated certain of its responsibilities to a fellow wholly-owned subsidiary. The General Manager provides management services to the Company and other members of the Group. The Company itself has no employees.

The Company is concerned primarily with the oversight and co-ordination of its interests in the other listed companies within the wider Group. Operational management is delegated to the appropriate level, with the boards of the management companies of the Group's listed subsidiaries and certain associated companies being co-ordinated by the board of the General Manager. This board, which meets regularly in Hong Kong, is chaired by the Managing Director and consists of seven other members, including the group finance director, the group strategy director and the group general counsel of Jardine Matheson. In addition, as part of the Company's tiered approach to oversight and management, certain Directors of the Company based outside Asia make regular visits to Asia and Bermuda, where they participate in five annual strategic reviews, four of which precede the full Board meetings. These Directors are not directly involved in the operational management of the Group's business activities, but their knowledge and close oversight of the Group's affairs reinforces the process by which business is reviewed before consideration by the Board.

The Board

The Company currently has a Board of nine Directors: four are executive directors of Jardine Matheson and five are non-executive Directors. Their names and brief biographies appear on page 17 of this Report. The Chairman has been appointed in accordance with the provisions of the Bye-laws of the Company, which provide that the chairman of Jardine Matheson, or any Director nominated by him, shall be the Chairman of the Company. The composition and operation of the Board reflect the Group's commitment to its long-term strategy, the Company's shareholding structure and the Group's tiered approach to oversight and management as described above. The Board regards Asian business experience and relationships as more valuable attributes of its non-executive Directors than formal independence criteria. The Company has not designated a 'senior independent director' as set out in the Code, nor does it have nomination or remuneration committees or a formal Board evaluation process. Decisions on nomination result from consultations between the Chairman and the Managing Director and other Directors as they consider appropriate. There are no decisions required to be made by the Company on remuneration. The members of the Audit Committee are Simon Keswick, Lord Leach of Fairford, R.C. Kwok and Percy Weatherall.

Among the matters which the Board decides are the Company's investment strategy, its annual budget, dividends and major corporate activities. The Board is scheduled to hold four meetings in 2010 and ad hoc procedures are adopted to deal with urgent matters. Two meetings each year are held in Bermuda and two in Asia. The Board receives high quality, up to date information for each of its meetings. This information is approved by the General Manager before circulation, and is then the subject of a strategy review in a cycle of meetings (in Bermuda or Asia, as appropriate) prior to consideration by the Board itself. Responsibility for implementing the Group's strategy within designated financial parameters is delegated to the General Manager.

Appointments, Retirement, Remuneration and Service Contracts

Each new Director is appointed by the Board and, in accordance with Bye-law 92 of the Company's Bye-laws, each new Director is subject to retirement at the first Annual General Meeting after appointment. Thereafter, the Director will be subject to retirement by rotation pursuant to Bye-law 85 whereby one-third of the Directors retire at the Annual General Meeting each year. These provisions apply to both executive and non-executive Directors, but the requirement to retire by rotation pursuant to Bye-law 85 does not extend to the Chairman or Managing Director.

In accordance with Bye-law 85, Simon Keswick and Percy Weatherall retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election. Simon Keswick has a service contract with a subsidiary of Jardine Matheson that has a notice period of six months. Percy Weatherall does not have a service contract with the Company or its subsidiaries.

Directors' fees are decided upon by shareholders in general meeting as provided for by the Company's Bye-laws. For the year ended 31st December 2009, Directors' fees payable by the Company amounted to US$400,000 *(2008: US$400,000)*.

The Company purchases insurance to cover its Directors against their costs in defending themselves in civil proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings. To the extent permitted by law, the Company also indemnifies its Directors. Neither the insurance nor the indemnity provides cover where the Director has acted fraudulently or dishonestly.

The Secretary of the Company, Charles Harry Wilken, sadly passed away unexpectedly on 24th January 2010. Dianne Edmunds, Assistant Secretary of the Company, is acting Secretary until a successor to the position of Company Secretary takes office.

Directors' Responsibilities in respect of the Financial Statements

The Directors are required under the Bermuda Companies Act 1981 to prepare financial statements for each financial year and to present them annually to the Company's shareholders at the Annual General Meeting. The financial statements should present fairly in accordance with International Financial Reporting Standards ('IFRS') the financial position of the Group at the end of the year and the results of its operations and its cash flows for the year then ended. The Directors consider that applicable accounting policies under IFRS, applied on a consistent basis and supported by prudent and reasonable judgments and estimates, have been followed in preparing the financial statements.

Code of Conduct

The Group conducts business in a professional, ethical and even-handed manner. Its ethical standards are clearly set out in the Jardine Matheson Code of Conduct, a set of guidelines to which every Group employee must adhere. The code requires that all Group companies comply with all laws of general application, all rules and regulations that are industry specific and proper standards of business conduct. The code prohibits the giving or receiving of illicit payments, and requires all employees to be treated fairly, impartially and with respect. It also requires that all managers must be fully aware of their obligations under the Code of Conduct and establish procedures to ensure compliance at all levels within their organizations. The Group has in place procedures by which employees can raise, in confidence, matters of serious concern in areas such as financial reporting or compliance.

Internal Control

The Board has overall responsibility for the Company's system of internal control. The system of internal control is designed to manage, rather than eliminate, business risk; to help safeguard its assets against fraud and other irregularities; and to give reasonable, but not absolute, assurance against material financial misstatement or loss.

The principal risks and uncertainties facing the Company are set out on page 95.

The Board has delegated to the Audit Committee responsibility for reviewing the operation and effectiveness of the Company's system of internal control and the procedures by which this is monitored. The Audit Committee considers the system and procedures on a regular basis, and reports to the Board semi-annually. The Company's Managing Director, together with representatives of the General Manager and the internal and external auditors, attend the Audit Committee meetings by invitation.

The General Manager oversees the implementation of the systems of internal control throughout the Group. The implementation of the systems of internal control within the Group's operating companies is the responsibility of each company's board and its executive management. The effectiveness of these systems is monitored by the internal audit function, which is outside the operating companies, and by a series of audit committees that operate in each major business unit across the Group. The findings of the internal audit function and recommendations for any corrective action required are reported to the relevant audit committee and, if appropriate, to the Audit Committee of the Company.

The Group has in place an organizational structure with defined lines of responsibility and delegation of authority. Across the Group there are established policies and procedures for financial planning and budgeting; for information and reporting systems; for the assessment of risk; and for monitoring the Group's operations and performance. The information systems in place are designed to ensure that the financial information reported is reliable and up to date.

The Group's policy on commercial conduct underpins the internal control process, particularly in the area of compliance. The policy, as set out in the Code of Conduct, is reinforced and monitored by an annual compliance certification process.

The Audit Committee has also been given the responsibility to oversee the effectiveness of the formal procedures for employees to raise any matters of serious concern. The Audit Committee is required to review any reports made under those procedures that are referred to it by the internal audit function.

Prior to completion and announcement of the half-year and year-end results, a review of the Company's financial information and any issues raised in connection with the preparation of the results is undertaken by the Audit Committee with the Managing Director and representatives of the General Manager and a report is received from the external auditors. The external auditors also have access to the Board and to the boards of the Group's operating companies.

The Audit Committee keeps under review the nature, scope and results of the external audit, the audits conducted by the internal audit department and the findings of the various Group audit committees. The Audit Committee also keeps under review the independence and objectivity of the external auditors.

Directors' Share Interests

The Directors of the Company in office on 12th March 2010 had interests (within the meaning of the Disclosure and Transparency Rules ('DTRs') of the Financial Services Authority (the 'FSA') of the United Kingdom) as set out below in the ordinary share capital of the Company. These interests included those notified to the Company in respect of the Directors' connected persons (as that term is used in the DTRs in relation to companies incorporated outside the United Kingdom).

A.J.L. Nightingale	17,394
Charles Allen-Jones	5,097
Simon Keswick	7,685
Dr George C.G. Koo	139,862
R.C. Kwok	1,221
Lord Leach of Fairford	59,727

Substantial Shareholders

As a non-UK issuer, the Company is subject to the DTRs pursuant to which a person must in certain circumstances notify the Company of the percentage of voting rights attaching to the share capital of the Company that he holds. The obligation to notify arises if that person acquires or disposes of shares in the Company which results in the percentage of voting rights which he holds reaching, exceeding or falling below 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.

The Company has been informed that Jardine Matheson is interested indirectly in 904,412,257 ordinary shares carrying 81.69% of the voting rights attaching to the Company's issued ordinary share capital. Apart from this shareholding, the Company is not aware of any holders of voting rights of 5% or more attaching to the issued ordinary share capital of the Company as at 12th March 2010.

There were no contracts of significance with corporate substantial shareholders during the year under review.

Relations with Shareholders

The Company holds meetings following the announcement of the annual and half-year results with institutional shareholders. A corporate website is maintained containing a wide range of information of interest to investors at www.jardines.com.

The 2010 Annual General Meeting will be held on 6th May 2010. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of Meeting which accompanies this Report.

Securities Purchase Arrangements

At the Annual General Meeting held on 7th May 2009, shareholders renewed the approval of a general mandate authorizing the Directors to effect purchases by the Company or its subsidiaries of the Company's own ordinary shares of less than 15% in aggregate of its issued share capital.

On 5th March 2010, the Company announced its intention to repurchase up to 13,888,888 ordinary shares (representing approximately 1.3% of its issued ordinary share capital) at a cost of up to US$250 million by way of a tender offer. Under the tender offer, tenders are invited in the range of US$18.00 to US$19.00 per share. The tender offer will close on 7th April 2010.

Related Party Transactions

Details of transactions with related parties entered into by the Company during the course of the year are included in note 41 to the financial statements on page 84. There were no transactions entered into by the Company during the course of the year to which the related party transaction rules of the FSA in the United Kingdom apply.

Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. The process by which the Group identifies and manages risk is set out in more detail on pages 92 and 93 of the Corporate Governance section of this Report. The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure and Transparency Rules issued by the Financial Services Authority of the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and Operating Review.

Economic Risk

Most of the Group's businesses are exposed to the risk of negative developments in global and regional economies and financial markets, either directly or through the impact on the Group's joint venture partners, franchisors, bankers, suppliers or customers. These developments can result in recession, inflation, deflation, currency fluctuations, restrictions in the availability of credit, business failures, or increases in financing costs, oil prices and in the cost of raw materials. Such developments might increase operating costs, reduce revenues, lower asset values or result in the Group's businesses being unable to meet in full their strategic objectives.

Commercial Risk and Financial Risk

Risks are an integral part of normal commercial practices, and where practicable steps are taken to mitigate such risks. These risks are further pronounced when operating in volatile markets.

A number of the Group's businesses make significant investment decisions in respect of developments or projects that take time to come to fruition and achieve the desired returns and are, therefore, subject to market risks.

The Group's businesses operate in areas that are highly competitive, and failure to compete effectively in terms of price, product specification or levels of service can have an adverse effect on earnings. Significant pressure from such competition may lead to reduced margins. The quality and safety of the products and services provided by the Group's businesses are also important and there is an associated risk if they are below standard.

The steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on page 16 and note 2 to the financial statements on pages 34 to 37.

Concessions, Franchises and Key Contracts

A number of the Group's businesses and projects are reliant on concessions, franchises, management or other key contracts. Cancellation, expiry or termination, or the renegotiation of any such concession, franchise, management or other key contracts, could have an adverse effect on the financial condition and results of operations of certain subsidiaries, associates and joint ventures of the Group.

Regulatory and Political Risk

The Group's businesses are subject to a number of regulatory environments in the territories in which they operate. Changes in the regulatory approach to such matters as foreign ownership of assets and businesses, exchange controls, planning controls, emission regulations, tax rules and employment legislation have the potential to impact the operations and profitability of the Group's businesses. Changes in the political environment in such territories can also affect the Group's businesses.

Terrorism, Pandemic and Natural Disasters

A number of the Group's operations are vulnerable to the effects of terrorism, either directly through the impact of an act of terrorism or indirectly through the impact of generally reduced economic activity in response to the threat of or an actual act of terrorism.

All Group businesses would be impacted by a global or regional pandemic which could be expected to seriously affect economic activity and the ability of our businesses to operate smoothly. In addition, many of the territories in which the Group operates can experience from time to time natural disasters such as earthquakes and typhoons.

Shareholder Information

Financial Calendar

2009 full-year results announced	5th March 2010
Share registers closed	22nd to 26th March 2010
2009 final dividend scrip election period closes	23rd April 2010
Annual General Meeting to be held	6th May 2010
2009 final dividend payable	12th May 2010
2010 half-year results to be announced	30th July 2010*
Share registers to be closed	23rd to 27th August 2010*
2010 interim dividend scrip election period closes	24th September 2010*
2010 interim dividend payable	13th October 2010*

**Subject to change*

Dividends

Shareholders will receive their dividends in United States dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2009 final dividend by notifying the United Kingdom transfer agent in writing by 23rd April 2010. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 28th April 2010. Shareholders holding their shares through The Central Depository (Pte) Ltd ('CDP') in Singapore will receive United States dollars unless they elect, through CDP, to receive Singapore dollars. Shareholders, including those who hold their shares through CDP, may also elect to receive a scrip alternative to their dividends.

Registrars and Transfer Agent

Shareholders should address all correspondence with regard to their shareholdings or dividends to the appropriate registrar or transfer agent.

Principal Registrar
Jardine Matheson International Services Ltd
P.O. Box HM 1068
Hamilton HM EX
Bermuda

Jersey Branch Registrar
Capita Registrars (Jersey) Ltd
12 Castle Street
St Helier, Jersey JE2 3RT
Channel Islands

United Kingdom Transfer Agent
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU, England

Singapore Branch Registrar
M & C Services Private Ltd
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

Press releases and other financial information can be accessed through the Internet at www.jardines.com.

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Jardine Motors Group Ltd	25th Floor, Devon House Taikoo Place 979 King's Road Quarry Bay Hong Kong	Telephone Facsimile Email	(852) 2579 2888 (852) 2856 9674 jmg@jardines.com Adam Keswick
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