Jardines

Jardine Matheson
Annual Report **2016**

Jardines

www.jardines.com
for more information

Jardine Matheson Holdings Limited is incorporated in Bermuda and has a standard listing on the London Stock Exchange, with secondary listings in Bermuda and Singapore. Jardine Matheson Limited operates from Hong Kong and provides management services to Group companies.

Jardine Matheson Holdings Limited
Jardine House
Hamilton
Bermuda

Contents

Jardine Matheson is a diversified Asian-based group with unsurpassed experience in the region, having been founded in China in 1832. We comprise a broad portfolio of market-leading businesses, which represent a combination of cash generating activities and long-term property assets and are closely aligned to the increasingly prosperous consumers of the region.

Where we operate

We operate principally in Greater China and Southeast Asia, where our subsidiaries and affiliates benefit from the support of Jardine Matheson's extensive knowledge of the region and its long-standing relationships. We are always prepared to take a long-term view when supporting their development and to ensure that they have the financial resources to achieve their goals.

Our operations

In our operations, which employ 430,000 people, we are active in the fields of motor vehicles and related operations, property investment and development, food retailing, home furnishings, engineering and construction, transport services, insurance broking, restaurants, luxury hotels, financial services, heavy equipment, mining and agribusiness.

Our philosophy

Our businesses aim to produce sustainable returns by providing their customers with high quality products and services. They provide good working conditions for their people, and offer fair remuneration and equal opportunities. They recognize their place in the communities in which they operate and participate fully.

Highlights

- Underlying profit up 2%
- Full-year dividend up 3%
- Sound trading performances from across Group operations
- Regional economies remain resilient
- Material increase in value of the Hongkong Land property portfolio

Analysis of Underlying Profit of US$1,386m

By Business*

US$135m
1. Jardine Pacific

US$110m
2. Jardine Motors

US$56m
3. Jardine Lloyd Thompson

US$353m
4. Hongkong Land

US$297m
5. Dairy Farm

US$36m
6. Mandarin Oriental

US$125m
7. Jardine Cycle & Carriage

US$312m
8. Astra

By Sector*

25%
US$354m
Property

28%
US$392m
Motor vehicles

23%
US$323m
Retail & restaurants

5%
US$74m
Insurance broking & financial services

12%
US$174m
Engineering, construction & mining contracting

2%
US$36m
Hotels

5%
US$71m
Others

By Geographical Area*

52%
Greater China

43%
Southeast Asia

5%
UK & rest of the world

2016 Financial Highlights

US$72,437m
Gross revenue

US$3,729m
Underlying profit before tax

US$71,523m
Total assets

430,000
People employed

US$21,800m
Shareholders' funds

US$1,386m
Underlying profit attributable to shareholders

US$2,087m
Net debt#

US$5,692m
Total capital investment†

Results

	2016 US$m	2015 US$m restated^Ω	Change %
Gross revenue including 100% of associates and joint ventures	**72,437**	65,271	11
Revenue	**37,051**	37,007	–
Underlying profit before tax+	**3,729**	3,507	6
Underlying profit attributable to shareholders+	**1,386**	1,360	2
Profit attributable to shareholders	**2,503**	1,799	39
Shareholders' funds	**21,800**	19,886	10
	US$	US$	%
Underlying earnings per share+	**3.71**	3.64	2
Earnings per share	**6.69**	4.82	39
Dividends per share	**1.50**	1.45	3
Net asset value per share	**58.15**	53.30	9

Underlying Earnings per Share (US$)

Net Asset Value per Share (US$)

* Based on underlying profit attributable to shareholders before corporate and other interests.

Excluding net debt of financial services companies.

† Including expenditure on properties for sale and associates and joint ventures.

Ω Restated due to a change in accounting policy as set out in note 1 to the financial statements.

+ The Group uses 'underlying profit' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 1 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.

Jardine Matheson Group Businesses at a Glance

Jardine Matheson

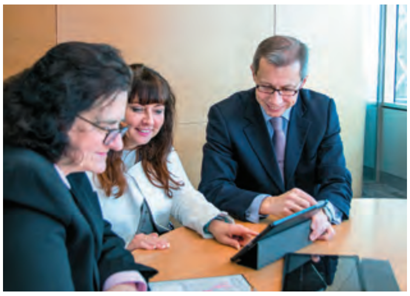
The listed holding company of the Group which oversees a portfolio of market-leading businesses and supports their long-term development. It holds an 84% interest in Jardine Strategic, a listed company holding most of the Group's major listed interests, including 57% of Jardine Matheson.

Jardine Pacific

Jardine Pacific's diverse portfolio comprises industry leaders in the areas of engineering and construction, airport and transport services, restaurants and IT. Its companies seek to deliver excellent performances and services to their customers and to create value for their business partners and shareholders. (100%)*

Jardine Motors

Jardine Motors is engaged in the sales and service of motor vehicles and related activities. It has operations in Hong Kong, Macau and the United Kingdom, and a large and growing presence in Southern China. It combines a customer-oriented approach with first class products and services. (100%)*



Jardine Lloyd Thompson

JLT is one of the world's leading providers of insurance, reinsurance and employee benefits related advice, brokerage and associated services. A UK-listed group, its deep expertise and entrepreneurial culture give it the insights, creative freedom and tenacity necessary to go beyond the routine and deliver better results for its clients. (42%)*

Hongkong Land

Hongkong Land is a major listed property investment, management and development group that operates under the principles of excellence, integrity and partnership. Its almost 800,000 sq. m. prime office and retail space in Hong Kong, Singapore and other major Asian cities attracts the world's foremost companies and luxury brands. The group also has a number of high quality residential and mixed-use projects under development in cities across Greater China and Southeast Asia. (50%)†

* Figures in brackets show effective ownership by Jardine Matheson as at 2nd March 2017.
† Figures in brackets show effective ownership by Jardine Strategic as at 2nd March 2017.

Dairy Farm

Dairy Farm is a leading listed Asian retailer that is active across four divisions, being Food (including supermarkets, hypermarkets and convenience stores), Health and Beauty, Home Furnishings and Restaurants. The group aims to meet the changing needs of Asian consumers by offering leading brands, a compelling retail experience and great value, all provided through responsible operations supported by reliable and trusted supply chains. (78%)[†]

Mandarin Oriental

Mandarin Oriental is an international hotel investment and management group with deluxe and first class hotels, resorts and residences in sought-after destinations. The group operates 29 hotels and eight residences in 19 countries and territories, and has a strong pipeline of properties under development. As an innovative industry leader, the group is committed to exceeding its guests' expectations through exceptional levels of hospitality. (77%)[†]

Jardine Cycle & Carriage

Jardine Cycle & Carriage is a leading Singapore-listed company. In addition to holding just over 50% in Astra International, it is growing its portfolio of motor and other interests in Southeast Asia, including in Indonesia, Vietnam, Singapore, Thailand, Malaysia and Myanmar. The businesses include motor dealerships and financing, engineering, cement production and property. (75%)[†]

Astra International

Astra is a major listed Indonesian group working through its seven business lines – Automotive; Financial Services; Heavy Equipment and Mining; Agribusiness; Infrastructure and Logistics; Information Technology; and Property. Astra's philosophy is to be an asset to the nation with an emphasis on sustainable growth, through providing the best services to its customers, a first class working environment and socially responsible outlook. Jardine Cycle & Carriage has a shareholding of just over 50%.

Chairman's Statement

Sir Henry Keswick
Chairman

After a steady result for the Jardine Matheson Group in 2016, the current year will see our businesses concentrating on improving their underlying performances and investing in key areas for future growth.

Overview

The Jardine Matheson Group produced a satisfactory result for the year as most of its businesses traded well. Good performances were seen in Jardine Motors and most of Jardine Pacific's activities. Dairy Farm made further progress in highly competitive retail markets and steady performances were seen in Hongkong Land's operations. Astra produced some very good trading results, although its profit growth was held back by provisions in its banking affiliate, while Jardine Cycle & Carriage saw good contributions from its non-Astra interests. The results of both Mandarin Oriental and Jardine Lloyd Thompson suffered from challenges in their respective markets. The Group's balance sheet benefited from enhanced asset values in Hongkong Land.

Performance

The Group's revenue for 2016, including 100% of revenue from associates and joint ventures, was US$72.4 billion, compared with US$65.3 billion in 2015. Jardine Matheson achieved an underlying profit before tax for the year of US$3,729 million, an increase of 6%. The underlying profit attributable to shareholders was up 2% at US$1,386 million, while underlying earnings per share were 2% higher at US$3.71.

The profit attributable to shareholders for the year was US$2,503 million, which included the Group's US$1.1 billion share of an increase in the value of Hongkong Land's investment property portfolio. This compares with US$1,799 million in 2015, that included a more modest increase in property valuations.

The Group's financial position remains strong with shareholders' funds up 10% at US$21.8 billion. At the end of 2016, the consolidated net debt excluding financial services companies was US$2.1 billion, representing gearing of 4%, compared with US$3.0 billion at the end of 2015 with gearing of 6%.

The Board is recommending a final dividend of US$1.12 per share, which increases the dividend by 3% for the full year to US$1.50 per share.

Business Developments

With most of the Group's businesses concentrated in Greater China and Southeast Asia, they benefit from the ongoing economic development of the Region and the demands for products and services from a growing middle class. Despite China's ongoing economic challenges, its economy saw relatively stable growth during 2016, with retail sales in particular showing promise at the year end. During the year, the Group continued the development of its business networks and operating activities in key commercial centres across the Mainland, and produced good performances in the retail, property and motor sectors. In Southeast Asia, Astra in Indonesia was able to capture market share in the automotive segment with new model launches, while increases in raw material prices should bring further benefits.

Jardine Pacific saw steady trading in most of its businesses during 2016, although Gammon's result was affected by a problem civils contract. The group is seeking expansion opportunities, both in the development of its existing operations and by identifying new interests where it can apply its specialist knowledge and expertise.

Jardine Motors enjoyed a very good year as Zung Fu's mainland China operations achieved increased sales and higher margins. In Hong Kong, Zung Fu is repositioning its sales and service facilities, where proceeds from the disposal of existing properties are being reinvested in new facilities designed to meet the evolving requirements of its customers. Jardine Strategic's motor dealership affiliate, Zhongsheng, also benefited from the strengthening of the Mainland market and reported much improved profitability.

Jardine Lloyd Thompson reported a good result set against the continued challenging economic and trading environment. The weakness of sterling in the second half was a positive factor in JLT's reported results, although the benefit was largely reversed on consolidation in the Group's US dollar results.

Hongkong Land had another good year as its commercial markets remained relatively firm and there was another steady contribution from residential property developments. The value of the group's commercial portfolio in Hong Kong increased by 12% due to office capitalization rates falling further with strong investment demand and rental growth. The group is currently developing a range of commercial and residential projects in mainland China and Southeast Asia, while its strong financial position with ample liquidity and low gearing is allowing it to pursue further opportunities in its chosen markets.

Dairy Farm produced sound profit growth in retail markets that remained highly competitive. Its Hong Kong operations continued to trade well, but challenges persisted for a number of its Southeast Asian banners, particularly in Malaysia. In mainland China, Yonghui saw a strong profit improvement, and its contribution was enhanced by the inclusion of its results for a full twelve months. Dairy Farm is making progress in its transformation to compete effectively in an evolving retail landscape, which it is supporting with investment in its supply chain, IT infrastructure and systems, and in the skills and expertise of its people.

Mandarin Oriental's hotels remained focused on maintaining or enhancing their market leadership positions, but weaker demand in the group's key cities of Hong Kong, London and Paris meant that its earnings were lower. Mandarin Oriental continues to pursue expansion opportunities around the world and has a number of hotel management contracts at various stages of development. It recently announced a management contract for a new hotel and residences in Honolulu, Hawaii to open in 2020.

Jardine Cycle & Carriage produced a satisfactory performance in 2016 as Astra's results improved, the Indonesian rupiah exchange rate was stable, and there were increased contributions from its other interests. The group is pursuing expansion in Southeast Asia, through supporting the growth of Astra in Indonesia, strengthening its other motor interests, and investing in market-leading companies that provide exposure to new business sectors.

Astra had a better year in 2016. Strong performances from its automotive businesses led to increased market shares of 56% for cars and 74% for motorcycles. Most of the group's financial services businesses performed well, with the principal exception of Permata Bank where a material increase in its loan-loss provisions led to a significant loss. Prospects for Astra's heavy equipment and mining activities improved in the final quarter as coal prices started to recover. Its agribusiness also benefited from rising crude palm oil prices, although its 2016 performance was hampered by lower production due to the effects of poor weather. Astra continues to seek investment opportunities in Indonesia to expand its existing activities and move into new sectors, and during the year took additional stakes in toll roads and progressed its property development interests.

People

The strong trading performances achieved by our businesses in the face of uncertain and disruptive markets are a reflection of the hard work, dedication and professionalism of the Group's 430,000 employees, for which we are most grateful.

Jeremy Parr joined the Board in February 2016. James Riley stepped down as Group Finance Director at the end of March 2016 and was succeeded by John Witt. David Hsu joined the Board in May 2016. In August 2016, Adam Keswick moved from Hong Kong to become chairman of Matheson & Co. in London and relinquished his position as Deputy Managing Director in favour of Y.K. Pang. Adam remains on the Board.

We were saddened by the death of Lord Leach in June 2016. He made a significant contribution to the Group over 33 years and his intellect and wise counsel will be greatly missed.

Outlook

After a steady result for the Jardine Matheson Group in 2016, the current year will see our businesses concentrating on improving their underlying performances and investing in key areas for future growth.

Managing Director's Review

Ben Keswick
Managing Director

Each business has access to the Group's financial resources, expertise, people and customers necessary to enable it to compete effectively in rapidly evolving business environments.

Jardine Matheson is a diversified group of market-leading operations focused principally on two of the regions that are driving global growth, Greater China and Southeast Asia, although some of its businesses have a more global reach. In 2016, 52% of underlying profit came from Greater China, compared with 43% from Southeast Asia. The main contributors to underlying profit by activity were motor related interests at 28%, property at 25%, and retailing and restaurants at 23%.

To support their development, each business has access to the Group's financial resources, expertise, people and customers necessary to enable it to compete effectively in rapidly evolving business environments. This includes the ability to take advantage of the developments in technology necessary to keep pace with consumer demands.

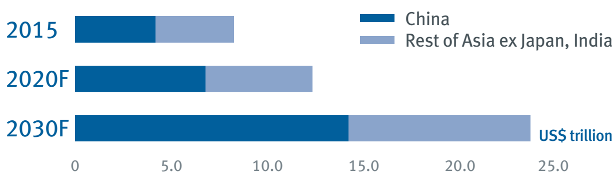
The Group's operations produced creditable performances in 2016, enabling Jardine Matheson to achieve an underlying profit before tax of US$3,729 million, up 6%. The underlying profit attributable to shareholders rose 2% to US$1,386 million, while underlying earnings per share were 2% higher at US$3.71. The profit attributable to shareholders of US$2,503 million included a US$1,043 million share of Hongkong Land's increase in the valuation of investment properties and gains on property and business disposals of US$163 million. Partially offsetting these was US$101 million in charges in respect of the impairment in goodwill within Jardine Pacific, which were taken through profit and loss account in line with accounting requirements.

The Group's profit generation, cash flows and retained earnings have supported continued investment enabling high levels of capital expenditure to be combined with low levels of debt. The Group's capital investment, including expenditure on properties for sale, exceeded US$3.3 billion in 2016, in addition to which its associates and joint ventures had capital investment of US$2.3 billion. Three of Astra's operations, Permata Bank, Astra Agro Lestari and Acset Indonusa, raised equity through rights issues during the year to enhance their balance sheets and fund growth. The Group's consolidated net debt at the end of the year, excluding financial services companies, was US$2.1 billion, which compares to US$3.0 billion at the end of 2015, with gearing reducing from 6% to 4%.

Total Capital Investment of US$5.7 billion (US$ million)

430,000 Employees by Business Units

Forecast middle class consumption in Asia*



* Calculated at purchasing power parity in 2011 pricing in US dollars, published in 2017 by Kharas, Brookings Institution.

Jardine Pacific

- Underlying profit 5% lower
- Most businesses reported steady growth
- Gammon's contribution affected by difficult contract

	2016	2015	Change (%)
Gross revenue (including 100% of associates and joint ventures) (US$billion)	**6.3**	6.2	2
Underlying profit attributable to shareholders (US$million)	**135**	142	(5)

Gross revenue (US$ billion)

Underlying Profit Attributable to Shareholders (US$ million)

Underlying Profit by Business (excluding Corporate & Other Interests) (US$ million)

Jardine Pacific produced an underlying net profit of US$135 million in 2016, a reduction of 5% largely as a result of the sale of its shipping business in 2015. Most ongoing businesses reported steady growth, although Gammon's contribution was affected by a difficult contract. The profit attributable to shareholders was US$57 million after taking into account property valuations and goodwill impairments principally against the IT operations. This compares with US$145 million in 2015.

Jardine Schindler continued its good performance as it generated stable profits and margins, and further growth in its maintenance portfolio was achieved. JEC also did well to generate improved earnings. Gammon's contribution was lower following the underperformance of a contract in its civils division. Its order book has remained steady at US$3.8 billion.

Jardine Restaurants produced good profit growth in Taiwan, in part deriving from tax benefits, but saw more difficult trading for its Pizza Hut operations in Hong Kong. Jardine Pacific's continuing Transport Services businesses reported stable contributions, with a slight increase in cargo throughput seen at Hactl. There was a better result from JTH Group despite continuing weak markets, however, following a review of the trading performance of its IT distribution business, a US$73 million goodwill impairment was recorded.

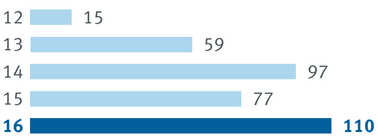
Jardine Motors

- Underlying profit up 43%
- Excellent result in mainland China
- Softer markets in Hong Kong and Macau
- Improved UK sales contribution offset by weaker currency
- Significant profit improvement at Zhongsheng

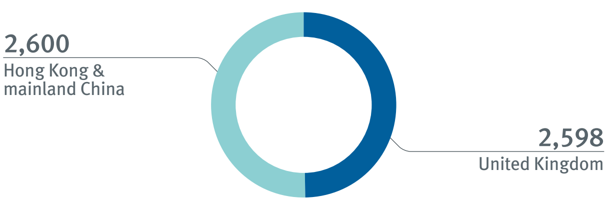
	2016	2015	Change (%)
Revenue (US$ billion)	**5.2**	5.2	–
Underlying profit attributable to shareholders (US$ million)	**110**	77	43

Revenue (US$ billion)

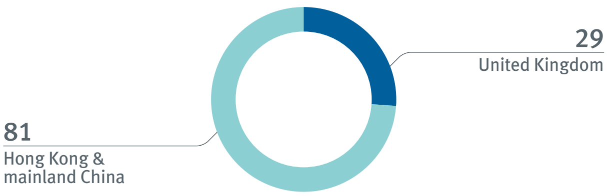
Underlying Profit Attributable to Shareholders (US$ million)



Revenue by Geographical Location (US$ million)



Profit by Geographical Location (US$ million)



Jardine Motors produced a much improved underlying profit of US$110 million in 2016, 43% higher than the prior year.

Zung Fu in mainland China achieved higher sales of Mercedes-Benz passenger cars at enhanced margins and better performances from its after-sales operations. However, it faced declining sales and margins in softer markets in Hong Kong and Macau. Zung Fu is developing a new flagship property on Hong Kong Island, primarily financed by proceeds from the disposal of existing properties, that will combine most of its Mercedes-Benz sales, service and administration activities onto a single site. In the United Kingdom, the dealerships achieved higher vehicle sales and stable margins, but a weaker sterling exchange rate led to a lower earnings contribution.

Zhongsheng, one of mainland China's leading motor dealership groups in which Jardine Strategic now holds a 15.5% interest, announced a significant improvement in profitability in 2016 as a result of increased sales and better margins.

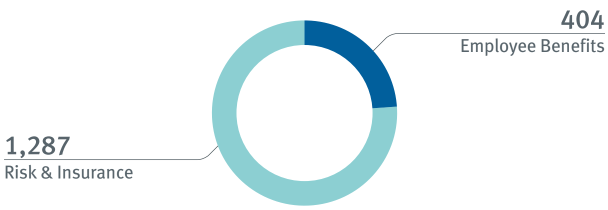
- Underlying trading profit 9% lower at constant rates of exchange
- Good performance in Risk and Insurance businesses
- Further investment in US Specialty business
- Restructuring costs in UK Employee Benefits

	2016	2015	Change† (%)
Revenue (US$ billion)	**1.7**	1.8	9
Underlying profit attributable to shareholders (US$ million)	**149**	172	(1)

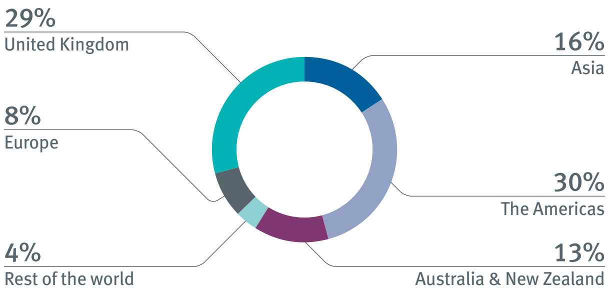
Revenue (US$ billion)

Underlying Profit Attributable to Shareholders (US$ million)

Revenue* by Division (US$ million)



Revenue* by Location of Client



† Based on the change in UK sterling, being the reporting currency of Jardine Lloyd Thompson.
* Excluding investment income.

JLT's total revenue for 2016 was US$1,698 million, an increase of 9% in its reporting currency. While underlying trading profit was up 3% in its reporting currency at US$260 million, it was 9% lower at constant rates of exchange. This reflects a weaker first-half performance in its UK Employee Benefits business and the development cost of its US Specialty business. On conversion into US dollars and after adjusting for restructuring costs, JLT's contribution to the Group's underlying profit was 20% lower than the prior year.

JLT's Risk & Insurance businesses produced a 4% increase in revenues at constant rates of exchange. Good performances were seen in its Specialty and Reinsurance businesses as well as its Asian and Latin American operations, with progress continuing to be made in its new US Specialty business.

The revenues of its Employee Benefits operations were down 1% at constant rates of exchange following the impact on the UK Employee Benefits business of structural changes in the industry. The profits of the business started to recover, however, in the second half of the year. The International Employee Benefits operations delivered 5% revenue growth at constant rates of exchange.

Hongkong Land

- Underlying profit down 6%
- Continued strong contribution from commercial portfolio
- Steady residential contribution from mainland China and Singapore
- Net assets per share up 9% on higher capital values

	2016	2015	Change (%)
Underlying profit attributable to shareholders (US$ million)	**848**	905	(6)
Gross assets (US$ billion)	**33.3**	31.1	7
Net asset value per share (US$)	**13.30**	12.19	9

Underlying profit attributable to shareholders (US$ million)

Net Asset Value per Share (US$)

1.1 million sq. m.

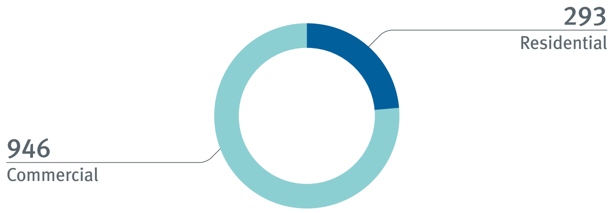
Area of commercial investment portfolio under management
(including 100% of joint ventures)

Hongkong Land's underlying profit in 2016 was 6% lower at US$848 million. Good results were seen in its commercial portfolio and its residential sector profits were marginally lower, but its overall earnings declined in the absence of a gain recorded in 2015 on a redeveloped property in Hong Kong. The profit attributable to shareholders was US$3,346 million after accounting for net non-trading gains of US$2,498 million recorded on the revaluation of the group's investment properties. This compares to US$2,012 million in 2015, which included net valuation gains of US$1,107 million. Hongkong Land remains well-financed with net debt of US$2.0 billion at the year end and net gearing of 6%.

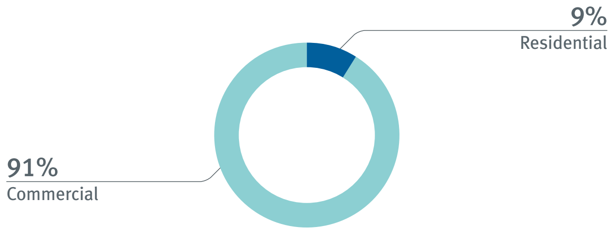
In commercial property, limited competitive supply in the Hong Kong office leasing market benefited the group's Central portfolio, with year-end vacancy of 2.2% and rental reversions remaining positive. The retail portion of the portfolio was fully occupied and base rental reversions were largely positive, although the impact of turnover rent led to reduced rental income. The group's Singapore office portfolio was almost fully let, but the average rent decreased slightly. In mainland China, construction of the group's luxury retail and hotel complex in Beijing is on target, with the retail component opening later in 2017 and the Mandarin Oriental Hotel due to open in 2018. In Jakarta, the fifth tower at Jakarta Land, the group's 50%-owned joint venture, is due to complete in 2018.

● Commercial Office
● Commercial Retail
● Residential Trading

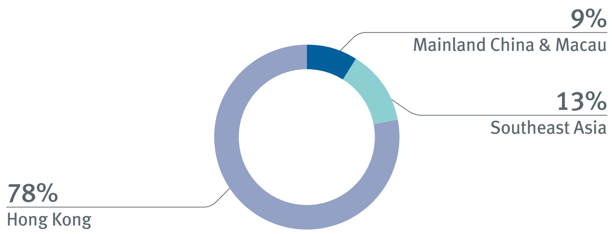
Underlying Operating Profit by Activity (before corporate cost) (US$ million)



Gross Assets by Activity



Gross Assets by Location



In Hongkong Land's residential developments, revenue recognized in mainland China during the year, including attributable interests in joint ventures, increased by 34%, but the profit contribution was flat due to the product mix and a weaker Chinese currency. The group's attributable interest in contracted sales was 38% higher in 2016 at US$1,105 million. The construction of the 50%-owned New Bamboo Grove in Chongqing began in mid-2016 and is progressing well. Results from the Singapore residential business declined marginally due to lower provision write-backs on completed developments. Of Hongkong Land's other residential interests, the developments in Indonesia and the Philippines are progressing well.

- Modest sales growth achieved in challenging markets
- Underlying profit up 7% at US$460 million
- Food, Home Furnishings and Restaurants deliver higher profits
- Additional contribution from Yonghui Superstores

	2016	2015	Change (%)
Sales including 100% of associates & joint ventures (US$ billion)	**20.4**	17.9	14
Sales (US$ billion)	**11.2**	11.1	1
Underlying profit attributable to shareholders (US$ million)	**460**	428	7

Underlying Profit Attributable to Shareholders (US$ million)

Sales Mix by Format*

Profit Mix by Format#

* Including share of associates and joint ventures.

Based on operating profit and share of results of associates and joint ventures, and excluding support office costs.

Dairy Farm produced sound profit growth despite soft consumer spending and pressure on pricing in most of its markets. Sales by subsidiaries in 2016 were up 1% at US$11.2 billion. Total sales, including 100% of associates and joint ventures, were 14% higher at US$20.4 billion as Yonghui produced stronger growth and an additional three months' contribution. Dairy Farm's underlying profit was up 7% at US$460 million, with the increase being largely attributable to improved operating margins in its Food and Home Furnishings divisions and strong contributions from both Yonghui and Maxim's. The group's operations continue to generate good net cash flows, although somewhat reduced from 2015 due to timing differences on working capital movements. A further US$190 million was invested in Yonghui in August to maintain Dairy Farm's shareholding at 19.99%.

11

Asian countries and territories

6.6 million

Customer transactions per day

Over 6,500

Outlets

5.5 million sq. m.

Gross trading area

Further progress was made by Dairy Farm in pursuit of its strategic objectives in 2016 as it took measures to compete effectively in an evolving retail landscape and grow its market share. Its e-commerce offerings were improved, with initiatives in its Home Furnishings, Food and Health and Beauty operations. Range enhancements were introduced in all of its formats in areas such as fresh produce, ready-to-eat and corporate brands. Dairy Farm is using its scale to provide an increasingly extensive international product range at more attractive prices, while its customers are benefiting from improved store networks and further investment in quality assurance.

Dairy Farm's continuing operations, including associates and joint ventures, added a net 114 stores during the year after the rationalization of some underperforming stores. At 31st December 2016, the group had 6,548 stores in operation in eleven countries and territories, including its interest in 487 Yonghui stores in mainland China.

Retail Outlet Numbers by Format†

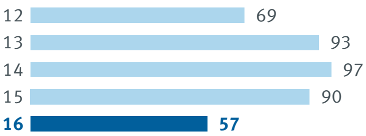
† Including 100% of associates and joint ventures.

MANDARIN ORIENTAL
THE HOTEL GROUP

- Weak demand persists in key cities
- Underlying earnings 37% lower
- Phased renovation of London hotel commenced
- New management contract in Hawaii

	2016 US$m	2015 US$m	Change %
Combined total revenue of hotels under management	**1,324**	1,335	(1)
Underlying profit attributable to shareholders	**57**	90	(37)

Underlying Profit Attributable to Shareholders (US$ million)

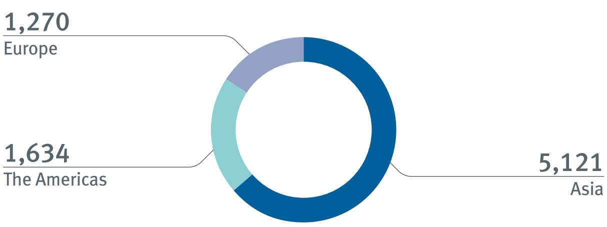


Net Asset Value per Share* (US$)

*With freehold and leasehold properties at valuation.

Combined Total Revenue of US$1,324 million by Geographical Area (US$ million)

Portfolio of 8,025 Hotel Rooms by Geographical Area



Mandarin Oriental faced softer demand in many of its key markets throughout 2016 resulting in its underlying profit reducing to US$57 million, compared with the US$90 million in the prior year. Profit attributable to shareholders was US$55 million, compared to US$89 million in 2015.

The group's hotels in Hong Kong, London and Paris were particularly affected by reduced demand, while its London property was also impacted by an 18-month renovation programme which began in September. The group saw a positive trading environment in Tokyo, a return to normal operations in Munich following a public area renovation, and a contribution from the newly acquired equity interest in Mandarin Oriental, Boston. There were, however, weaker performances in Washington D.C. and Jakarta.

Mandarin Oriental completed the US$140 million acquisition of its Boston hotel in April 2016. In July, it announced 30 branded residences adjacent to Mandarin Oriental, Bali, both of which are due to open in mid-2018, and in February 2017 it announced a management contract for a new hotel and residences in Honolulu, Hawaii to open in 2020. The group has eleven hotels under development, which are expected to open in the next five years, with the next hotel opening in Doha expected later this year. Mandarin Oriental currently operates 29 hotels and eight residences in 19 countries and territories.

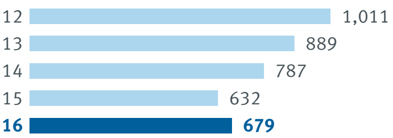
Jardine Cycle & Carriage

- Underlying earnings per share up 3%
- Improved contribution from Astra
- Strong performance across Direct Motor Interests
- Higher contribution from Other Interests

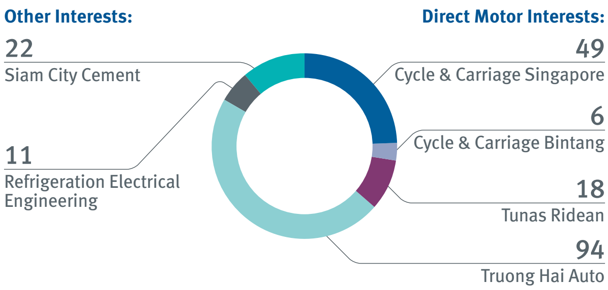
	2016	2015	Change (%)
Revenue (US$ billion)	**15.8**	15.7	–
Underlying profit attributable to shareholders (US$ million)	**679**	632	7

Revenue (US$ billion)

Underlying Profit Attributable to Shareholders (US$ million)



Underlying Profit (excluding Astra) of US$200 million by Business (US$ million)



Jardine Cycle & Carriage's underlying profit was 7% higher at US$679 million. Profit attributable to shareholders was US$702 million after accounting for a net non-trading profit of US$23 million, compared with US$691 million in 2015 after a net non-trading gain of US$59 million. Astra's contribution of US$500 million was up 6%. The group's Direct Motor Interests contributed US$167 million, up 18%, while the contribution from its Other Interests was 11% higher at US$33 million.

Within the Direct Motor Interests, the 25%-owned Truong Hai Auto Corporation in Vietnam had a good year with its contribution up 10% at US$94 million following a good performance from its automotive operations and initial profits from a new real estate business. Earnings from the wholly-owned Singapore motor operations rose 26% to US$49 million following an increase in the number of certificates of entitlement. In Malaysia, the results of 59%-owned Cycle & Carriage Bintang declined despite increased unit sales as changes in the sales mix led to lower margins. In Indonesia, 44%-owned Tunas Ridean increased its contribution by 94% to US$18 million with higher income from motor car sales and financing.

Of the group's Other Interests, the first full-year's contribution from 25%-held Siam City Cement Public Company Limited ('SCCC') in Thailand of US$22 million was modestly higher as the effect of reduced domestic cement prices was partly offset by contributions from new acquisitions. SCCC is investing some US$1 billion to expand its business with acquisitions in Vietnam, Bangladesh and Sri Lanka, which it will finance in part by a US$480 million rights issue. Jardine Cycle & Carriage's 23%-owned Refrigeration Electrical Engineering Corporation in Vietnam, contributed US$11 million, an increase of 25% with progress being made in its property development activities.

ASTRA international

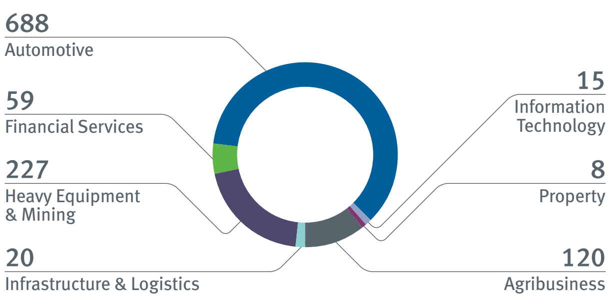
- Net earnings per share up 5%
- Increased market shares for cars and motorcycles
- Heavy equipment and mining result up due to non-recurrence of impairment charge
- Agribusiness benefited from improved prices
- Significant increase in loan-loss provisions by Permata Bank

	2016	2015	Change* (%)
Net Revenue# (US$ billion)	**13.6**	13.7	(2)
Profit attributable to shareholders# (US$ million)	**1,137**	1,075	5

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

Motorcycle Sales including Associates and Joint Ventures (thousand units)

Profit Attributable to Shareholders of US$1,137 million by Business (US$ million)



* Based on the change in Indonesian rupiah, being the reporting currency of Astra.
# Reported under Indonesian GAAP.

Astra's underlying profit for 2016 under Indonesian accounting standards was up 4% at Rp14.6 trillion, equivalent to US$1,096 million. Its net profit was up 5% at Rp15.2 trillion, some US$1,137 million. Strong working capital inflows were maintained with net cash, excluding its financial services subsidiaries, of Rp6.2 trillion or US$461 million at 31st December 2016, compared to net cash of Rp1.0 trillion or US$75 million at the end of 2015.

Net income from Astra's automotive businesses in Indonesia rose 23% to US$688 million, largely due to successful new model launches. Astra's car sales were up 16% at 591,000 units, outperforming the wholesale market increase of 5%, resulting in its market share rising from 50% to 56%. Astra Honda Motor's domestic motorcycle sales were 2% lower at 4.4 million units, while the wholesale market declined 8%, increasing its market share from 69% to 74%. Net income from Astra Otoparts rose 31% to US$31 million.

Net income in financial services was 78% lower at US$59 million, mainly due to a loss in Permata Bank following a significant increase in loan-loss provisions in its commercial loan book, excluding this loss the net income would have risen 7% to US$282 million. To strengthen its capital base, Permata Bank undertook a US$420 million rights issue in June 2016 and plans for a further US$220 million rights issue in the first half of 2017, in respect of which US$110 million has already been advanced by its two major shareholders, Astra and Standard Chartered Bank. Astra's consumer financing rose 21% in 2016 to US$5.5 billion, while its heavy equipment financing rose 20% to US$352 million. Modest improvement was seen in Astra's general insurance company, and by the end of the year its life insurance joint venture, Astra Aviva Life, had reached 228,000 individual life customers and 596,000 participants for its corporate employee benefits programmes.

United Tractors' net income of US$375 million was up 30% over 2015, when an impairment charge was incurred, excluding which the net income in 2016 would have been down 22%. Mining contracting revenue was lower due to the relatively weak coal prices for much of the year. Earnings were also impacted by foreign exchange translation losses. Komatsu heavy equipment sales rose 3%, but parts and service revenue declined. Pamapersada Nusantara's mining contracting operations saw coal production little changed, while overburden removal was 8% lower. Coal sales at United Tractors' mining subsidiaries were 48% higher at 6.8 million tonnes. General contractor, Acset Indonusa, reported net income up 63% at US$5 million, and in June 2016 raised US$45 million in a rights issue to support its continued growth.

Astra Agro Lestari's net income increased from US$46 million to US$150 million. Its revenue improved as higher crude palm oil prices offset reduced production due to the impact of poor weather, while the stronger rupiah at the year end benefited the translation of its US dollar monetary liabilities. It completed a US$300 million rights issue in June 2016.

Net income from Astra's infrastructure and logistics activities increased by 35% to US$20 million. Progress continues in the expansion of the group's toll road interests, which including greenfield developments now extend to 343 kilometres. PAM Lyonnaise Jaya, which operates the western Jakarta water utility system, saw a modest rise in sales volumes. Astra's contract car hire business produced a better result, while its information technology interests saw a modest decline in net income.

Astra's new property division produced net income of US$8 million, down from US$16 million in 2015 primarily due to lower revaluation gains. Construction is ongoing at the 93%-sold luxury residential development Anandamaya Residences, a 60%-owned joint venture with Hongkong Land in Jakarta's Central Business District, and at Menara Astra, the adjacent Grade A office tower development. Both are on schedule to complete in 2018.

56%
2016 New motor car market share

74%
2016 New motorcycle market share

US$5.5bn +21%
2016 New consumer financing

US$352m +20%
2016 New heavy equipment financing

People and the Community

Jardine Matheson Group companies remain committed to making a positive change in the communities where they operate through charitable initiatives.

In Hong Kong and Singapore, Group companies focus their philanthropic activities on the area of mental health through MINDSET, the Group's in-house charitable programme. Led by the Jardine Ambassadors, young executives drawn from across the Group, the MINDSET programme aims to raise awareness and understanding of mental health issues and to change attitudes, while at the same time providing practical support for charitable initiatives in the sector.

In Hong Kong, MINDSET (www.mindset.org.hk) continued to support people in recovery to engage in art projects to foster mental wellness and positive psychology through MINDSET Expression. Its school-based 'Health in Mind' programme, operated jointly with the Hong Kong Hospital Authority, aims to raise awareness of mental health issues among young people. MINDSET College, a pilot programme in Hong Kong, established to provide supported education for people in recovery from mental illness and help them develop their potential, is expected to commence its courses in summer 2017.

The signature event in Hong Kong, CENTRAL Rat Race, attracted over 460 entrants and raised a record US$423,000 for MINDSET.

MINDSET in Singapore (www.mindset.com.sg) officially launched the flagship project 'MINDSET Learning Hub' in October 2016 to offer support and job training for recovering individuals. The setup of the Hub is supported by a US$1.5 million pledge from the Group. The MINDSET Challenge 2016 raised over US$267,000, and the first MINDSET Carnival was held on the same day to celebrate MINDSET's fifth anniversary with the participation of 1,700 staff and service users. MINDSET also won the inaugural Charity Transparency Award at the Singapore Charity Transparency Awards and Charity Governance Awards 2016. In addition, the Group was named a top three finalist in the category of 'Sustainability Initiatives' for its contributions to the mental health sector at the British Chamber of Commerce Singapore Annual Business Awards 2016.

In Indonesia, Astra continued to offer support to the community in the areas of health, education, environment and entrepreneurship. Astra launched its first Green Energy Summit and implemented energy conservation and efficiency initiatives in its companies in support of Indonesia's commitment to tackle climate change. The company also initiated the 'Astra Start-Up Challenge', a platform that encourages young people to be innovative entrepreneurs. Under its 'Astra Berseri Village' programme, Astra helped in the development of rural villages by building facilities such as playgrounds and water treatment plants in order to improve the quality of life. The concept of this programme came from a winner of the SATU Indonesia (Astra's Unified Spirit of Indonesia) Awards, which aims at recognizing young people's efforts in contributing to the communities for building a better Indonesia.

Jardine Lloyd Thompson's charitable activities, which were founded on three themes – Knowledge, Wellbeing and Resilience, reflected the company's business capabilities through the partnership with three charitable organizations, the Udaan Foundation for disadvantaged children in Mumbai, and in the UK the Alzheimer's Society and the disaster relief specialist, RedR.

Two of the 18 Jardine Scholars who participated in the annual Cambridge University Chinese New Year Trust Charity Run, which the Jardine Foundation has supported since 2001. The funds raised will help to improve access to education for children in rural China.

Encouraging Higher Education

In January 2017, 14 students from mainland China, Hong Kong, Malaysia, Singapore and Thailand were awarded scholarships by the Jardine Foundation to pursue their undergraduate studies in the United Kingdom. Meanwhile, the Foundation's postgraduate scholarship scheme supported 11 scholars from mainland China, Malaysia, Myanmar, Hong Kong and Indonesia for their master's or doctoral studies commencing in October 2016. Scholarships are available for selected colleges at Oxford and Cambridge Universities, and scholars are chosen for their academic ability, leadership qualities and community participation. Since its establishment, 250 scholarships have been awarded to students from the regions in which the Group operates. (www.jardine-foundation.org)

In Indonesia, Astra distributed scholarships through a number of foundations to support students from underdeveloped areas. Over 229,190 scholarship grants were given to recipients in elementary schools up to university level. Some 15,350 schools were funded to improve their educational activities.

Meanwhile, in Singapore, Jardine Cycle & Carriage scholarships awarded scholarships to three outstanding business management undergraduates.

Providing Expertise

Group executives are active on external management boards and professional and advisory bodies where they provide expertise and knowledge. These activities are encouraged as they contribute to the development of the communities and the business sectors in which the Group operates.

Supporting our People

The Group supports its people with various management training and development programmes. A good example is the central recruitment of graduates who in addition to pursuing a modular, three-year leadership development programme, also attain a Chartered Institute of Management Accountants qualification. This approach brings a rare balance of management breadth and financial depth, and readies them for leadership positions. Another example is the Director Development Initiative, which provides senior executives with the opportunity to meet chief executives from some of the world's most admired companies.

The Group also conducts a series of development centres every year to identify talent and support the Group's human resources planning process. In 2016, around 40 executives were transferred between businesses in the Group.

Financial Review

John Witt
Group Finance Director

Accounting Policies

The Directors continue to review the appropriateness of the accounting policies adopted by the Group having regard to developments in International Financial Reporting Standards ('IFRS'). In 2016, a number of amendments to the Standards became effective and the Group adopted those which are relevant to the Group's operations. As mentioned in note 1 of the financial statements, the only amendments adopted that impact the consolidated profit and loss account and balance sheet are the amendments to IAS 16 and IAS 41 on Agriculture: Bearer Plants. The adoption of these amendments does not have a material effect on the financial statements, but the comparative financial statements have been restated in accordance with the requirements under IFRS.

Results

Underlying Profit

Underlying Business Performance

	2016 US$m	2015 US$m
Revenue	**37,051**	37,007
Operating profit	**3,146**	2,804
Net financing charges	**(151)**	(135)
Share of results of associates and joint ventures	**734**	838
Profit before tax	**3,729**	3,507
Tax	**(654)**	(624)
Profit after tax	**3,075**	2,883
Non-controlling interests	**(1,689)**	(1,523)
Underlying profit attributable to shareholders	**1,386**	1,360
Non-trading items	**1,117**	439
Net profit	**2,503**	1,799
	US$	US$
Underlying earnings per share	**3.71**	3.64

In 2016, revenue was broadly in line with 2015. Gross revenue, including 100% of revenue from associates and joint ventures, which is a measure of the full extent of the Group's operations, increased by 11% to US$72.4 billion. This increase was largely from Dairy Farm's associate, Yonghui Superstores in mainland China, Astra's automotive associates and joint ventures, and Jardine Cycle & Carriage's associates, Truong Hai Auto Corporation ('THACO') in Vietnam and Siam City Cement in Thailand.

Operating profit from the Group's subsidiaries, excluding non-trading items, was US$3,146 million, and increase of US$342 million or 12%. Whilst this represents good overall growth, there was a mixed performance from the Group's businesses.

Astra's underlying operating profit increased by US$339 million or 31% from 2015, which had included an impairment charge of US$349 million in relation to its coal mining properties. Excluding the effect of this impairment charge, Astra's 2016 operating profit would have been marginally lower compared with 2015. Lower earnings from United Tractors as a result of relatively weak coal prices were mitigated by higher earnings from Astra's other major businesses, namely automotive, financial services and agribusiness, which benefited from rising crude palm oil prices and the stronger Rupiah on the translation of its US dollar monetary liabilities.

The underlying operating profit for Jardine Motors increased by US$52 million as Zung Fu in mainland China achieved strong sales at higher margins and a better performance from its after-sales operations. This was partly offset by lower earnings in Hong Kong due to lower sales and margins. Jardine Motors' United Kingdom operations achieved higher vehicle sales and stable margins, but a weaker sterling exchange rate led to a lower contribution in US dollar terms.

Dairy Farm's contribution was US$17 million above 2015 as a result of improved operating margins from its Food business and higher sales in its Home Furnishings business, while its Health and Beauty business reported lower earnings.

Jardine Cycle & Carriage's contribution increased by US$8 million mainly resulting from higher earnings in its motor operations in Singapore. Jardine Pacific's results were US$4 million higher due to better performances in its Restaurant businesses, JEC and JTH, partly offset by the absence of profit from its shipping business which was sold in 2015.

Hongkong Land's contribution decreased by US$23 million due primarily to the absence of the gain recorded in 2015 on a redeveloped property in Hong Kong. Excluding the effect of this, the contribution from its principal commercial and residential development activities showed a modest increase. Mandarin Oriental's contribution decreased by US$38 million compared with 2015 primarily due to lower demand affecting its Hong Kong, London and Paris hotels. London was also impacted by its major renovation programme which commenced in September 2016.

Net financing charges increased by US$16 million compared to 2015 principally due to the higher levels of average net debt in Astra's holding company and Dairy Farm during the year. Interest cover exclusive of financial services companies remained strong at 22 times, calculated as the sum of underlying operating profit and share of results of associates and joint ventures divided by net financing charges.

The Group's share of underlying results of associates and joint ventures decreased by US$104 million or 12% to US$734 million. Contributions from Astra's associates and joint ventures reduced by US$101 million as a result of a significant increase in loan-loss provisions made against Permata Bank's commercial loan book, partly offset by strong sales performances in Astra's automotive businesses. The contribution from Hongkong Land's associates and joint ventures decreased by US$23 million mainly due to the timing of sales in its residential joint venture projects in mainland China. Jardine Pacific's joint venture contributions fell by US$15 million, with lower earnings in Gammon resulting from the underperformance of a major contract, mitigated by higher contributions from Jardine Schindler and Hactl. The contribution from Jardine Lloyd Thompson decreased by US$14 million mainly due to lower revenue and the restructuring costs in its Employee Benefits business in the United Kingdom and the development costs of its United States Specialty business. The positive impact of the weakness of sterling on Jardine Lloyd Thompson's results was largely offset upon conversion into US dollars at the Group level.

In Dairy Farm, the contributions from its associates increased by US$30 million primarily as a result of the strong performance and a full-year contribution from Yonghui Superstores. In addition, Maxim's results were higher. In Jardine Cycle & Carriage, its contribution from associates and joint ventures was US$22 million higher mainly from THACO, its motor vehicle associate in Vietnam, and Tunas Ridean in Indonesia.

The underlying effective tax rate for the year was 24%, which was broadly in line with that of 2015.

The Group's underlying profit attributable to shareholders in 2016 was US$1,386 million (or US$3.71 on an earnings per share basis), 2% higher than in the prior year.

Non-trading Items

In 2016, the Group had net non-trading gains of US$1,117 million, which included a net increase of US$1,061 million in the fair value of investment properties primarily in Hongkong Land and gains on property disposals of US$158 million, partly offset by impairment charges of US$101 million against goodwill on certain businesses, within Jardine Pacific.

Dividends

The Board is recommending a final dividend of US$1.12 per share for 2016, providing a total annual dividend of US$1.50 per share, an increase of 3% over 2015. The final dividend will be payable on 11th May 2017, subject to approval at the Annual General Meeting to be held on 4th May 2017, to those persons registered as shareholders on 17th March 2017. The dividends are payable in cash with a scrip alternative.

Cash Flow

Summarized Cash Flow

	2016 US$m	2015 US$m
Operating cash flow	**3,353**	3,455
Dividends from associates and joint ventures	**597**	634
Operating activities	**3,950**	4,089
Capital expenditure and investments, net of disposals	**(2,063)**	(3,200)
Cash flow before financing	**1,887**	889

The cash inflow from operating activities for the year was US$3,950 million compared with US$4,089 million in 2015. The decrease of US$139 million from 2015 was principally due to an increase in working capital in Astra's financial services, heavy equipment and mining businesses, and in Dairy Farm mainly from timing differences on working capital movements. This increase was partly offset by reduced working capital in Jardine Motors and lower net investment by Hongkong Land in residential projects.

Capital expenditure and investments for the year before disposals amounted to US$2,594 million and was broadly spread throughout the Group. This included the following:

- US$60 million for the purchase of businesses, principally Jardine Motors' acquisition of various motor dealerships in the United Kingdom for US$46 million;
- US$652 million for investments in various associates and joint ventures, the main ones being Dairy Farm's further investment of US$190 million in Yonghui Superstores to maintain its shareholding at 19.99%; Astra's subscription to a Permata Bank rights issue and a subsequent equity loan for a combined total of US$240 million; Hongkong Land's investment of US$70 million in a residential project in Chengdu; Astra's purchase of and capital injections into certain associates and joint ventures in Indonesia of US$74 million, and Hongkong Land and Astra's joint investment for a 50% share in a joint venture residential project in Indonesia for US$57 million;
- US$294 million for the purchase of other investments, mainly by Astra's general insurance business;
- US$142 million for the purchase of intangible assets, which included US$60 million for the acquisition of contracts in Astra's general insurance business and US$30 million for leasehold land for use by Astra;
- US$996 million for the purchase of tangible assets, which included US$456 million in Astra, (US$175 million of which was for the acquisition of heavy equipment and machinery, predominantly by Pamapersada, US$133 million was for outlet development and additional operational machinery and equipment in Astra's automotive business, and US$113 million to develop plantation infrastructure in Astra's agribusiness); US$217 million in Mandarin Oriental (of which US$140 million was for the acquisition of the hotel property in Boston); US$212 million in Dairy Farm and US$55 million in Jardine Motors; and
- US$313 million for additions to investment properties in Hongkong Land and Astra, and US$56 million for additions to bearer plants in Astra.

In 2015, the Group's principal capital expenditure and investments consisted of:

- US$147 million for Dairy Farm's acquisition of a 100% interest in a supermarket chain in Macau;
- US$912 million for Dairy Farm's acquisition of a 19.99% interest in Yonghui Superstores;
- US$615 million for Jardine Cycle & Carriage's acquisition of a 25% interest in Siam City Cement in Thailand;
- US$315 million for Hongkong Land's investment in property joint ventures, mainly including the 50% interests in the residential projects in Chongqing and in the Pudong district of Shanghai for US$104 million and US$132 million, respectively;
- US$1,093 million for the purchase of tangible assets by Group companies; and
- US$233 million for additions to investment properties in Hongkong Land and Astra.

The contribution to the Group's cash flow from disposals for the year amounted to US$531 million *(2015: US$730 million)*, which principally included US$175 million from the repayment of advances from associates and joint ventures in Hongkong Land, US$204 million from the sale of tangible assets mainly properties in Hong Kong and in the United Kingdom by Jardine Motors, and US$122 million from the sale of other investments by Astra's general insurance business.

The Group also purchased additional shares in Group companies for a total cost of US$362 million *(2015: US$275 million)*, which, according to accounting standards, is presented as financing activities in the Consolidated Cash Flow Statement.

The Group's management also monitors total capital investment across the Group. This exceeded US$5.6 billion in 2016, compared with US$6.5 billion in 2015. These figures include the capital expenditure of associates and joint ventures and expenditure on properties for sale in addition to the capital expenditure outlined above.

Treasury Policy

The Group manages its exposure to financial risk using a variety of techniques and instruments. The main objectives are to limit foreign exchange and interest rate risks 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. Appropriate credit guidelines are in place to manage counterparty risk.

When economically sensible to do so, borrowings are taken in local currency to hedge foreign exposures on investments. A portion of borrowings is denominated in fixed rates. Adequate headroom in committed facilities is maintained to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties. Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt from banks and capital markets, both short and long term, to give flexibility to develop the business.

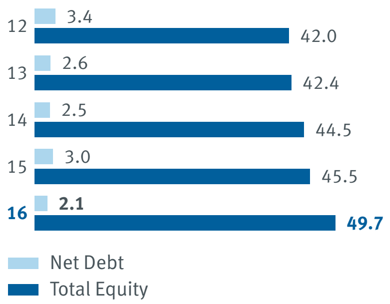
The Group's Treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures.

Note 2 of the financial statements summarizes the Group's financial risk factors.

Funding

The Group is well financed with strong liquidity. Net gearing, excluding net borrowings relating to Astra's financial services companies, was 4% at 31st December 2016, down from 6% at the end of 2015. Net borrowings, on the same basis, were US$2.1 billion at 31st December 2016 compared with US$3.0 billion at the end of 2015. Astra's financial services companies had net borrowings of US$3.6 billion at the end of the year compared with US$3.2 billion at the end of 2015.

Net Debt* and Total Equity (US$ billion)



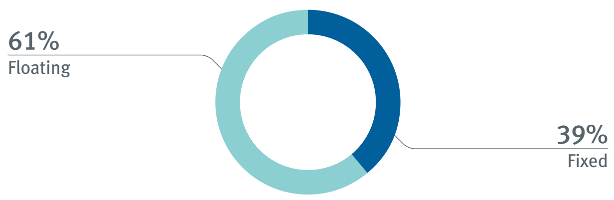
* Excluding net debt of Astra's financial services companies.

At the year end, undrawn committed facilities totalled US$5.4 billion. In addition, the Group had liquid funds of US$5.5 billion. During the year, the Group's total equity increased by US$4.2 billion to US$49.7 billion.

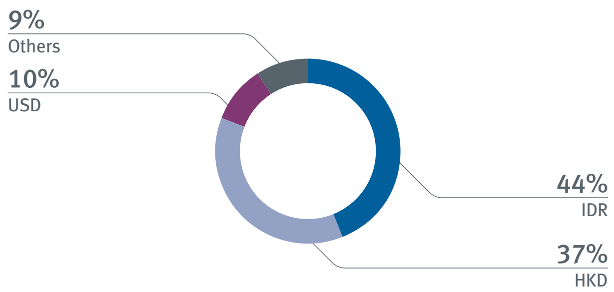
The average tenor of the Group's debt at 31st December 2016 was 4.2 years, broadly unchanged from the end of 2015. 90% of borrowings were non-US dollar denominated and directly related to the Group's businesses in the countries of the currencies concerned. As at 31st December 2016, approximately 61% of the Group's borrowings, exclusive of Astra's financial services companies, were at floating rates and the remaining 39% were at fixed rates including those hedged with derivative instruments with major creditworthy financial institutions. For Astra's financial services companies, 88% of their borrowings were also at fixed rates.

Debt profile as at 31st December 2016

Interest rate*



Currency



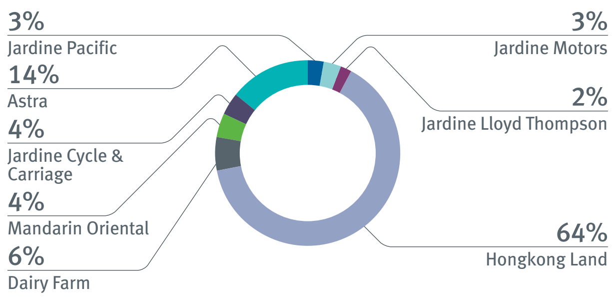
Maturity

* Excluding Astra's financial services companies.

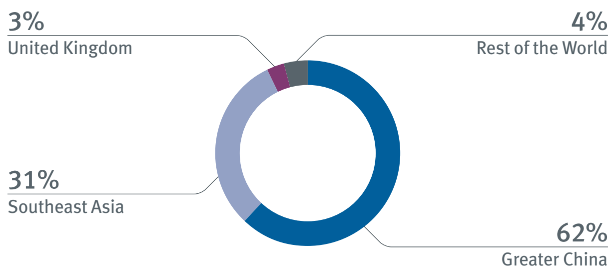
Shareholders' Funds

Shareholders' funds as at 31st December 2016 are analyzed below, by business and by geographical area. There were no significant changes from the prior year.

By Business



By Geographical Area



Principal Risks and Uncertainties

A review of the principal risks and uncertainties facing the Group is set out on page 122.

Directors' Profiles

Sir Henry Keswick*
Chairman
Sir Henry joined the Group in 1961 and has been a Director of its holding company since 1967. He is chairman of Jardine Strategic, and a director of Matheson & Co., Dairy Farm, Hongkong Land and Mandarin Oriental. He is also vice chairman of the Hong Kong Association.

Ben Keswick*
Managing Director
Mr Ben Keswick joined the Board in 2007 and was appointed as Managing Director in 2012. He has held a number of executive positions since joining the Group in 1998, including finance director and then chief executive officer of Jardine Pacific between 2003 and 2007 and, thereafter, group managing director of Jardine Cycle & Carriage until 2012. He has an MBA from INSEAD. Mr Keswick is chairman of Jardine Matheson Limited and Jardine Cycle & Carriage and a commissioner of Astra. He is also chairman and managing director of Dairy Farm, Hongkong Land and Mandarin Oriental, managing director of Jardine Strategic and a director of Jardine Pacific and Jardine Motors.

Y.K. Pang*
Deputy Managing Director
Mr Pang joined the Board in 2011 and was appointed Deputy Managing Director in August 2016. He has held a number of senior executive positions in the Group, which he joined in 1984, including chief executive of Hongkong Land between 2007 and 2016. He is chairman of Jardine Pacific and chairman and chief executive of Jardine Motors. Mr Pang is also deputy chairman of Jardine Matheson Limited, and a director of Dairy Farm, Hongkong Land, Jardine Matheson (China), Jardine Strategic, Mandarin Oriental, Yonghui Superstores and Zhongsheng. He is chairman of the Employers' Federation of Hong Kong and a past chairman of the Hong Kong General Chamber of Commerce.

Mark Greenberg*
Mr Greenberg joined the Board as Group Strategy Director in 2008 having first joined the Group in 2006. He had previously spent 16 years in investment banking with Dresdner Kleinwort Wasserstein in London. He is a director of Jardine Matheson Limited, Dairy Farm, Hongkong Land, Jardine Cycle & Carriage and Mandarin Oriental, and a commissioner of Astra and Bank Permata.

David Hsu*
Mr Hsu joined the Board in May 2016, having first joined the Group in 2011. He is chairman of Jardine Matheson (China) with responsibility for supporting the group's business developments in mainland China, Taiwan and Macau. He was previously chief executive of J.P. Morgan Asset Management in the Asia Pacific Region. Mr Hsu is also a director of Jardine Matheson Limited and Jardine Strategic.

Adam Keswick*
Mr Adam Keswick first joined the Group in 2001 before being appointed to the Board in 2007. He was Deputy Managing Director from 2012 to 2016, and became chairman of Matheson & Co. in August 2016. Mr Keswick is also deputy chairman of Jardine Lloyd Thompson and a director of Dairy Farm, Hongkong Land, Jardine Strategic and Mandarin Oriental. He is also a director of Ferrari, and a supervisory board member of Rothschild & Co.

Simon Keswick*
Mr Simon Keswick joined the Group in 1962 and has been a Director of its holding company since 1972. He is a director of Matheson & Co., Dairy Farm, Hongkong Land, Jardine Strategic and Mandarin Oriental.

Dr Richard Lee
Dr Lee joined the Board in 1999. Dr Lee's principal business interests are in the manufacturing of textiles and apparel in Southeast Asia, and he is the honorary chairman of TAL Apparel. He is also a director of Hongkong Land and Mandarin Oriental.

Anthony Nightingale
Mr Nightingale joined the Group in 1969 and was appointed as a Director in 1994. He was Managing Director from 2006 until he retired from executive office in 2012. He is also a director of Dairy Farm, Hongkong Land, Jardine Cycle & Carriage, Jardine Strategic, Mandarin Oriental, Prudential, Schindler, Shui On Land and Vitasoy and a commissioner of Astra. Mr Nightingale also holds a number of senior public appointments, including acting as a non-official member of the Commission on Strategic Development, a Hong Kong representative to the Asia Pacific Economic Cooperation (APEC) Business Advisory Council and a director of the UK-ASEAN Business Council. He is chairman of The Sailors Home and Missions to Seamen in Hong Kong.

Jeremy Parr*
Mr Parr was appointed to the Board in February 2016, having first joined the Group as Group General Counsel in 2015. He was previously a senior corporate partner with Linklaters, where he was the global head of the firm's corporate division, based in London. Mr Parr is also a director of Jardine Matheson Limited, Dairy Farm and Mandarin Oriental.

Lord Sassoon, Kt*
Lord Sassoon joined the Board in 2013. He began his career at KPMG, before joining SG Warburg (later UBS Warburg) in 1985. From 2002 to 2006 he was in the United Kingdom Treasury as a civil servant, where he had responsibility for financial services and enterprise policy. Following this, he chaired the Financial Action Task Force; and conducted a review of the UK's system of financial regulation. From 2010 to 2013 Lord Sassoon was the first Commercial Secretary to the Treasury and acted as the Government's Front Bench Treasury spokesman in the House of Lords. He is a director of Matheson & Co., Dairy Farm, Hongkong Land, Mandarin Oriental and Jardine Lloyd Thompson. He is also chairman of the China-Britain Business Council.

Percy Weatherall
Mr Weatherall first joined the Company in 1976 and was appointed to the Board in 1999 before being made Managing Director in 2000. He retired from executive office in 2006. He is also a director of Matheson & Co., Dairy Farm, Hongkong Land, Jardine Strategic and Mandarin Oriental. He is chairman of Corney & Barrow and the Nith District Salmon Fishery Board.

John Witt*
Mr Witt joined the Board as Group Finance Director in April 2016. He is a Chartered Accountant and has an MBA from INSEAD. He has been with the Jardine Matheson Group since 1993 during which time he has held a number of senior finance positions. Most recently, he was the chief financial officer of Hongkong Land. He is also a director of Jardine Matheson Limited and Dairy Farm.

Michael Wei Kuo Wu
Mr Wu joined the Board in 2015. He is chairman and managing director of Maxim's Caterers in Hong Kong. He is also a non-executive director of Hang Seng Bank and Hongkong Land, a council member of the Hong Kong University of Science and Technology and a member of the court of the University of Hong Kong.

*Executive Director

Company Secretary
Neil McNamara

Registered Office
Jardine House, 33-35 Reid Street
Hamilton
Bermuda

Consolidated Profit and Loss Account

for the year ended 31st December 2016

		2016			2015		
		Underlying business performance	Non-trading items	Total	Underlying business performance	Non-trading items	Total
		US$m	US$m	US$m	US$m	US$m	US$m
	Note				restated	restated	restated
Revenue	5	**37,051**	**–**	**37,051**	37,007	–	37,007
Net operating costs	6	**(33,905)**	**93**	**(33,812)**	(34,203)	(59)	(34,262)
Change in fair value of investment properties		**–**	**2,573**	**2,573**	–	1,043	1,043
Operating profit		**3,146**	**2,666**	**5,812**	2,804	984	3,788
Net financing charges	7						
– financing charges		**(297)**	**–**	**(297)**	(269)	–	(269)
– financing income		**146**	**–**	**146**	134	–	134
		(151)	**–**	**(151)**	(135)	–	(135)
Share of results of associates and joint ventures	8						
– before change in fair value of investment properties		**734**	**7**	**741**	838	37	875
– change in fair value of investment properties		**–**	**(56)**	**(56)**	–	72	72
		734	**(49)**	**685**	838	109	947
Profit before tax		**3,729**	**2,617**	**6,346**	3,507	1,093	4,600
Tax	9	**(654)**	**(5)**	**(659)**	(624)	13	(611)
Profit after tax		**3,075**	**2,612**	**5,687**	2,883	1,106	3,989
Attributable to:							
Shareholders of the Company	10 & 11	**1,386**	**1,117**	**2,503**	1,360	439	1,799
Non-controlling interests		**1,689**	**1,495**	**3,184**	1,523	667	2,190
		3,075	**2,612**	**5,687**	2,883	1,106	3,989
		US$		US$	US$		US$
Earnings per share	10						
– basic		**3.71**		**6.69**	3.64		4.82
– diluted		**3.70**		**6.68**	3.64		4.81

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2016

	Note	2016 US$m	2015 US$m restated
Profit for the year		**5,687**	3,989
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	*20*	**23**	(79)
Net revaluation surplus before transfer to investment properties			
– intangible assets	*12*	**105**	–
– tangible assets	*13*	**2**	–
Tax on items that will not be reclassified		**(10)**	13
		120	(66)
Share of other comprehensive expense of associates and joint ventures		**(25)**	(2)
		95	(68)
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net loss arising during the year		**(139)**	(1,112)
– transfer to profit and loss		**(3)**	3
		(142)	(1,109)
Revaluation of other investments			
– net gain/(loss) arising during the year	*17*	**113**	(1)
– transfer to profit and loss		**–**	(132)
		113	(133)
Impairment of other investments transfer to profit and loss		**–**	188
Cash flow hedges			
– net (loss)/gain arising during the year		**(173)**	109
– transfer to profit and loss		**186**	(101)
		13	8
Tax relating to items that may be reclassified		**1**	(5)
Share of other comprehensive expense of associates and joint ventures		**(213)**	(654)
		(228)	(1,705)
Other comprehensive expense for the year, net of tax		**(133)**	(1,773)
Total comprehensive income for the year		**5,554**	2,216
Attributable to:			
Shareholders of the Company		**2,310**	1,121
Non-controlling interests		**3,244**	1,095
		5,554	2,216

Consolidated Balance Sheet

at 31st December 2016

	Note	At 31st December 2016 US$m	2015 US$m restated	At 1st January 2015 US$m restated
Assets				
Intangible assets	*12*	**2,825**	2,753	2,679
Tangible assets	*13*	**6,239**	6,086	6,690
Investment properties	*14*	**28,609**	25,630	24,309
Bearer plants	*15*	**497**	485	483
Associates and joint ventures	*16*	**10,595**	10,190	8,881
Other investments	*17*	**1,369**	1,105	1,354
Non-current debtors	*18*	**2,936**	3,263	3,540
Deferred tax assets	*19*	**375**	315	305
Pension assets	*20*	**5**	5	23
Non-current assets		**53,450**	49,832	48,264
Properties for sale	*21*	**2,315**	2,763	2,953
Stocks and work in progress	*22*	**3,281**	3,331	3,280
Current debtors	*18*	**6,697**	5,661	6,068
Current investments	*17*	**65**	32	18
Current tax assets		**169**	180	133
Bank balances and other liquid funds	*23*			
– non-financial services companies		**5,314**	4,535	4,933
– financial services companies		**229**	247	382
		5,543	4,782	5,315
		18,070	16,749	17,767
Non-current assets classified as held for sale		**3**	–	1
Current assets		**18,073**	16,749	17,768
Total assets		**71,523**	66,581	66,032

Approved by the Board of Directors

Ben Keswick
John Witt
Directors

2nd March 2017

	Note	At 31st December 2016 US$m	2015 US$m restated	At 1st January 2015 US$m restated
Equity				
Share capital	*24*	**178**	175	173
Share premium and capital reserves	*26*	**175**	158	138
Revenue and other reserves		**25,547**	23,149	21,990
Own shares held	*28*	**(4,100)**	(3,596)	(3,105)
Shareholders' funds		**21,800**	19,886	19,196
Non-controlling interests	*29*	**27,937**	25,614	25,289
Total equity		**49,737**	45,500	44,485
Liabilities				
Long-term borrowings	*30*			
– non-financial services companies		**5,343**	5,199	5,240
– financial services companies		**1,518**	1,796	2,176
		6,861	6,995	7,416
Deferred tax liabilities	*19*	**500**	493	590
Pension liabilities	*20*	**419**	416	350
Non-current creditors	*31*	**440**	430	364
Non-current provisions	*32*	**151**	145	138
Non-current liabilities		**8,371**	8,479	8,858
Current creditors	*31*	**8,714**	8,261	8,244
Current borrowings	*30*			
– non-financial services companies		**2,058**	2,308	2,176
– financial services companies		**2,265**	1,683	1,892
		4,323	3,991	4,068
Current tax liabilities		**266**	266	300
Current provisions	*32*	**112**	84	77
Current liabilities		**13,415**	12,602	12,689
Total liabilities		**21,786**	21,081	21,547
Total equity and liabilities		**71,523**	66,581	66,032

Consolidated Statement of Changes in Equity

for the year ended 31st December 2016

	Share capital US$m	Share premium US$m	Capital reserves US$m	Revenue reserves US$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$m	Attributable to non-controlling interests US$m	Total equity US$m
2016											
At 1st January											
– as previously reported	175	21	137	24,674	176	(14)	(1,625)	(3,596)	19,948	25,833	**45,781**
– change in accounting policy for bearer plants	–	–	–	(96)	–	–	34	–	(62)	(219)	**(281)**
– as restated	175	21	137	24,578	176	(14)	(1,591)	(3,596)	19,886	25,614	**45,500**
Total comprehensive income	–	–	–	2,558	34	(18)	(264)	–	2,310	3,244	**5,554**
Dividends paid by the Company	–	–	–	(541)	–	–	–	–	(541)	97	**(444)**
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(778)	**(778)**
Unclaimed dividends forfeited	–	–	–	1	–	–	–	–	1	–	**1**
Issue of shares	–	1	–	–	–	–	–	–	1	–	**1**
Employee share option schemes	–	–	22	–	–	–	–	–	22	1	**23**
Scrip issued in lieu of dividends	3	(3)	–	700	–	–	–	–	700	–	**700**
Increase in own shares held	–	–	–	–	–	–	–	(504)	(504)	(73)	**(577)**
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	83	**83**
Change in interests in subsidiaries	–	–	–	(74)	–	–	1	–	(73)	(251)	**(324)**
Change in interests in associates and joint ventures	–	–	–	(2)	–	–	–	–	(2)	–	**(2)**
Transfer	–	1	(4)	3	–	–	–	–	–	–	**–**
At 31st December	**178**	**20**	**155**	**27,223**	**210**	**(32)**	**(1,854)**	**(4,100)**	**21,800**	**27,937**	**49,737**
2015											
At 1st January											
– as previously reported	173	20	118	22,824	176	(10)	(929)	(3,105)	19,267	25,538	44,805
– change in accounting policy for bearer plants	–	–	–	(97)	–	–	26	–	(71)	(249)	(320)
– as restated	173	20	118	22,727	176	(10)	(903)	(3,105)	19,196	25,289	44,485
Total comprehensive income	–	–	–	1,813	–	(4)	(688)	–	1,121	1,095	2,216
Dividends paid by the Company	–	–	–	(540)	–	–	–	–	(540)	98	(442)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(897)	(897)
Unclaimed dividends forfeited	–	–	–	1	–	–	–	–	1	–	1
Issue of shares	–	2	–	–	–	–	–	–	2	–	2
Employee share option schemes	–	–	22	–	–	–	–	–	22	2	24
Scrip issued in lieu of dividends	2	(2)	–	653	–	–	–	–	653	–	653
Increase in own shares held	–	–	–	–	–	–	–	(491)	(491)	(72)	(563)
Subsidiaries acquired	–	–	–	–	–	–	–	–	–	28	28
Subsidiaries disposed of	–	–	–	–	–	–	–	–	–	(5)	(5)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	262	262
Change in interests in subsidiaries	–	–	–	(51)	–	–	–	–	(51)	(190)	(241)
Change in interests in associates and joint ventures	–	–	–	(27)	–	–	–	–	(27)	4	(23)
Transfer	–	1	(3)	2	–	–	–	–	–	–	–
At 31st December	175	21	137	24,578	176	(14)	(1,591)	(3,596)	19,886	25,614	45,500

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US$2,503 million *(2015: US$1,799 million)* and net fair value gain on other investments (net of impairment and transfer to profit and loss) of US$94 million *(2015: US$64 million)*. Cumulative net fair value gain on other investments amounted to US$347 million *(2015: US$253 million)*.

Consolidated Cash Flow Statement

for the year ended 31st December 2016

	Note	2016 US$m	2015 US$m restated
Operating activities			
Operating profit		**5,812**	3,788
Change in fair value of investment properties		**(2,573)**	(1,043)
Depreciation and amortization	*33 (a)*	**945**	963
Other non-cash items	*33 (b)*	**120**	620
(Increase)/decrease in working capital	*33 (c)*	**(94)**	76
Interest received		**136**	136
Interest and other financing charges paid		**(289)**	(267)
Tax paid		**(704)**	(818)
		3,353	3,455
Dividends from associates and joint ventures		**597**	634
Cash flows from operating activities		**3,950**	4,089
Investing activities			
Purchase of subsidiaries	*33 (d)*	**(60)**	(215)
Purchase of associates and joint ventures	*33 (e)*	**(652)**	(1,762)
Purchase of other investments	*33 (f)*	**(294)**	(124)
Purchase of intangible assets		**(142)**	(147)
Purchase of tangible assets		**(996)**	(1,093)
Additions to investment properties		**(313)**	(233)
Additions to bearer plants		**(56)**	(72)
Advance to associates and joint ventures	*33 (g)*	**(81)**	(284)
Advance and repayment from associates and joint ventures	*33 (h)*	**175**	386
Sale of subsidiaries		**16**	4
Sale of associates and joint ventures		**5**	8
Sale of other investments	*33 (i)*	**122**	269
Sale of intangible assets		**8**	2
Sale of tangible assets		**204**	60
Sale of investment properties		**1**	1
Cash flows from investing activities		**(2,063)**	(3,200)
Financing activities			
Issue of shares		**1**	2
Capital contribution from non-controlling interests		**77**	262
Change in interests in subsidiaries	*33 (j)*	**(339)**	(241)
Drawdown of borrowings		**23,629**	20,353
Repayment of borrowings		**(23,314)**	(20,337)
Dividends paid by the Company		**(322)**	(352)
Dividends paid to non-controlling interests		**(783)**	(906)
Cash flows from financing activities		**(1,051)**	(1,219)
Net increase/(decrease) in cash and cash equivalents		**836**	(330)
Cash and cash equivalents at 1st January		**4,773**	5,288
Effect of exchange rate changes		**(78)**	(185)
Cash and cash equivalents at 31st December	*33 (k)*	**5,531**	4,773

Notes to the Financial Statements

1 Principal Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and Interpretations adopted by the International Accounting Standards Board ('IASB'). The financial statements have been prepared on a going concern basis and under the historical cost convention except as disclosed in the accounting policies below.

(i) Amendments effective in 2016 which are relevant to the Group's operations:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative: Presentation of Financial Statements
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Annual Improvements to IFRSs	2012 – 2014 Cycle

The adoption of the above amendments does not have a significant effect on the Group's accounting policies and disclosures except for the amendments to IAS 16 and IAS 41, which has resulted in a change in accounting policy for bearer plants. Previously, plantations were measured at each balance sheet date at their fair values. In accordance with the amendments, bearer plants in the plantations are stated at cost less any accumulated depreciation and impairment. The accounting for produce growing on the bearer plants will remain unchanged and is shown at fair value. The amendments have been applied retrospectively and the comparative financial statements have been restated.

The effects of adopting amendments to IAS 16 and IAS 41 were as follows:

(a) On the consolidated profit and loss for the year ended 31st December 2015

	Increase/(decrease) in profit US$m
Net operating costs	9
Tax	(2)
Profit after tax	7
Attributable to:	
Shareholders of the Company	2
Non-controlling interests	5

There were no changes in basic and diluted earnings per share.

(b) On the consolidated statement of comprehensive income for the year ended 31st December 2015

	Increase in total comprehensive income US$m
Profit after tax	7
Net exchange translation differences	32
Total comprehensive income for the year	39
Attributable to:	
Shareholders of the Company	10
Non-controlling interests	29
	39

(c) On the consolidated balance sheet

	Increase/(decrease) 31st December 2015 US$m	1st January 2015 US$m
Plantations	(859)	(908)
Bearer plants	485	483
Total assets	(374)	(425)
Revenue and other reserves	(62)	(71)
Non-controlling interests	(219)	(249)
Deferred tax liabilities	(93)	(105)
Total equity and liabilities	(374)	(425)

(ii) New standards and amendments effective after 2016 which are relevant to the Group's operations and yet to be adopted:

Certain new standards and amendments, which are effective after 2016, have been published and will be adopted by the Group from their effective dates. The Group is currently assessing the potential impact of these standards and amendments but expects their adoption will not have a significant effect on the Group's consolidated financial statements except as set out below.

IFRS 9 'Financial Instruments' (effective for accounting periods beginning on or after 1st January 2018), which replaces IAS 39 'Financial Instruments: Recognition and Measurement', addresses the classification and measurement of financial assets and liabilities and includes a new expected credit losses model for financial assets that replaces the incurred loss impairment model used today. A substantially-reformed approach to hedging accounting is introduced. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets and financial liabilities. While the Group is still assessing the impact of how its impairment provisions would be affected by the new impairment model, it may result in an earlier recognition of credit losses. The new hedge accounting rules will align the accounting for hedging instruments closely with the Group's risk management practices. Nevertheless, the Group does not expect a significant impact on the accounting for its hedging relationships.

IFRS 15 'Revenue from Contracts with Customers' (effective for accounting periods beginning on or after 1st January 2018), establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. lFRS 15 replaces IAS 11 'Construction Contracts' and IAS 18 'Revenue' which covers contracts for goods and services. The core principle in that framework is that revenue is recognized when control of a good or service transfers to a customer. The new standard will also result in new disclosure requirements on revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The new standard may change the Group's revenue recognition on certain property sales from completion method to percentage of completion method. The Group is still assessing the impact of the new rules on the Group's financial statements.

IFRS 16 'Leases' (effective for accounting periods beginning on or after 1st January 2019) replaces IAS 17 'Leases' and related interpretations. It will result in lessees bringing almost all their leases onto the balance sheet as the distinction between operating leases and finance leases is removed. The model requires a lessee to recognize a right-of-use asset (the right to use the underlying leased asset) and a lease liability (the obligation to make lease payments) except for leases with a term of less than 12 months or with low-value. The accounting for lessors will not change significantly. IFRS 16 will affect primarily the accounting for the Group's operating leases. The Group is yet to undertake a detailed assessment on how the new lease model will affect the Group's profit, classification of cash flows and balance sheet position.

The principal operating subsidiaries, 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 pages 4 and 5, and pages 9 to 19.

Basis of consolidation
(i) The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the Group's interests in associates and joint ventures.

(ii) A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition includes the fair value at the acquisition date of any contingent consideration. The Group recognizes the non-controlling interest's proportionate share of the recognized identifiable net assets of the acquired subsidiary. 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 that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary 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. The cost of and related income arising from shares held in the Company by subsidiaries are eliminated from shareholders' funds and non-controlling interests, and profit, respectively.

(iii) An associate is an entity, not being a subsidiary or joint venture, over which the Group exercises significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associates and joint ventures are included on the equity basis of accounting.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognized in the consolidated financial statements only to the extent of unrelated investor's interests in the associates and joint ventures.

(iv) Non-controlling interests represent the proportion of the results and net assets of subsidiaries and their associates and joint ventures not attributable to the Group.

(v) The results of subsidiaries, associates and joint ventures are included or excluded from their effective dates of acquisition or disposal, respectively. The results of entities other than subsidiaries, associates and joint ventures 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 subsidiaries, 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 subsidiaries, 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, 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 of non-financial assets
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. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment annually.

Intangible assets
(i) Goodwill represents the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of any previously held equity interest in the acquiree over the acquisition-date fair value of the Group's share of the net identifiable assets acquired. Non-controlling 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 subsidiaries 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 subsidiaries, associates and joint ventures is stated after deducting 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 short-term interests in 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 for toll roads under service concession arrangements. The cost of the construction services is amortized based on traffic volume projections.

(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 cost less any accumulated depreciation and impairment. Long-term interests in leasehold land are classified as finance leases and grouped under tangible assets if substantially all risks and rewards relating to the land have been transferred to the Group, and are amortized over the useful life of the lease. Grants related to tangible 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	14 – 150 years
Surface, finishes and services of hotel properties	20 – 30 years
Leasehold improvements	shorter of the lease term or useful life
Leasehold land	period of the lease
Plant and machinery	2 – 20 years
Furniture, equipment and motor vehicles	2 – 25 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
Properties including those under operating leases which are held for long-term rental yields or capital gains are classified and accounted for as investment properties, but the business model does not necessarily envisage that the properties will be held for their entire useful life. 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 commercial properties are calculated on the discounted net rental income allowing for reversionary potential. The market value of residential properties are arrived at by reference to market evidence of transaction prices for similar properties. Changes in fair value are recognized in profit and loss.

Bearer plants
Bearer plants are stated at cost less any accumulated depreciation and impairment loss. The cost of bearer plants includes costs incurred for field preparation, planting, fertilizing and maintenance, capitalization of borrowing costs incurred on loans used to finance the development of immature bearer plants and an allocation of other indirect costs based on planted hectares. Bearer plants are considered mature three to four years after planting and once they are generating fresh fruit bunches which average four to six tonnes per hectare per year. Depreciation of mature bearer plants commences in the year when the bearer plants are mature using the straight-line method over the estimated useful life of 20 years. Agricultural produce growing on bearer plants comprise oil palm fruits which are measured at fair value and are included under current debtors as they are not significant. Changes in fair value are recorded in the profit and loss account.

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 fair value are recognized in other comprehensive income and accumulated in equity. 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 12 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 and are recognized in profit and loss.

(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 costs, and construction and other 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 financing 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 12 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, 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 as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Current and deferred tax
The tax expense for the year comprises current and deferred tax. Tax is recognized in profit and loss, except to the extent that it relates to items recognized in other comprehensive income or direct in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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 subsidiaries, 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
(i) 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 arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the year in which they occur.

Past service costs are recognized immediately in profit and loss.

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

(ii) Share-based compensation
The Company and its subsidiaries and associates operate 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.

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. Changes in the fair value relating to the ineffective portion is recognized immediately in profit and loss. 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 other comprehensive income and accumulated 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 12 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 analyzes 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.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

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; 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 subsidiaries and the shares held by the Trustee under the Senior Executive Share Incentive Schemes. 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 subsidiaries, associates or joint ventures, and the weighted average number of shares is adjusted for the number of shares which are deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes based on the average share price during the year.

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

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.

(ii) Receipts under operating leases are accounted for on an accrual basis over the lease terms.

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

(iv) 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.

(v) Interest income is recognized on a time proportion basis taking into account the principal amounts outstanding and the interest rates applicable.

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

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

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, cross-currency swaps, 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 the profit and loss account. 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 2016 are disclosed in note 34.

(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.

Entities in the Group use cross-currency swaps, forward foreign exchange contracts and foreign currency options in a consistent manner to hedge firm and anticipated foreign exchange commitments and manage their foreign exchange risk arising from future commercial transactions. 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. Group entities are required to manage their foreign exchange risk against their functional currency. Foreign currency borrowings are 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.

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. At 31st December 2016 the Group's Indonesian rupiah functional entities had United States dollar denominated net monetary assets of US$371 million *(2015: US$274 million)*. At 31st December 2016, 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$28 million higher/lower *(2015: US$21 million higher/lower)*, arising from foreign exchange gains/losses taken on translation. The impact on amounts attributable to the shareholders of the Company would be US$4 million higher/lower *(2015: US$3 million higher/lower)*. 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 2016 that are denominated in a non-functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Since the Group manages the interdependencies between foreign exchange risk and interest rate risk of foreign currency borrowings using cross-currency swaps, the sensitivity analysis on financial impacts arising from cross-currency swaps is included in the sensitivity assessment on interest rates under the interest rate risk section.

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 fixed rate borrowings and 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. At 31st December 2016 the Group's interest rate hedge exclusive of the financial services companies was 39% *(2015: 39%)*, with an average tenor of seven years *(2015: eight 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 30.

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, to maintain the Group's fixed rate instruments within the Group's guideline.

At 31st December 2016, 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$16 million *(2015: US$7 million)* higher/lower, and hedging reserves would have been US$82 million *(2015: US$97 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 sensitivity resulting from 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 items caused by interest rate movements balance out in the profit and loss account against changes in the fair value of the hedging instruments. 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 17.

Available-for-sale investments are unhedged. At 31st December 2016, 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$357 million *(2015: US$283 million)* higher/lower unless impaired. 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 coal, steel rebar and copper. The Group considers the outlook for coal, steel rebar and copper prices regularly in considering the need for active financial risk management. The Group's policy is generally not to hedge commodity price risk, although limited hedging may be 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 entities 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.

(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 and capital adequacy ratios of counterparties, and limiting the aggregate risk to any individual counterparty. The utilization of credit limits is regularly monitored. At 31st December 2016, over 57% *(2015: 51%)* 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 and credit insurance is purchased for businesses where it is economically effective. The Group normally obtains collateral over vehicles 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.

(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 2016, total available borrowing facilities amounted to US$19.4 billion *(2015: US$19.5 billion)* of which US$11.2 billion *(2015: US$11.0 billion)* was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, and undrawn uncommitted facilities totalled US$5.4 billion *(2015: US$5.5 billion)* and US$2.8 billion *(2015: US$3.0 billion)*, respectively.

The following table analyzes the Group's non-derivative financial liabilities, net-settled derivative financial liabilities and gross-settled derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within one year US$m	Between one and two years US$m	Between two and three years US$m	Between three and four years US$m	Between four and five years US$m	Beyond five years US$m	Total undiscounted cash flows US$m
At 31st December 2016							
Borrowings	4,797	1,805	2,064	715	550	2,793	**12,724**
Creditors	6,881	85	65	37	13	33	**7,114**
Net settled derivative financial instruments	1	–	–	–	–	–	**1**
Gross settled derivative financial instruments							
– inflow	1,695	667	299	133	68	1,655	**4,517**
– outflow	1,684	659	278	122	59	1,644	**4,446**
Estimated losses on insurance contracts	161	–	–	–	–	–	**161**
At 31st December 2015							
Borrowings	4,477	1,932	1,606	1,056	711	2,925	12,707
Creditors	6,469	84	65	24	33	87	6,762
Net settled derivative financial instruments	2	1	–	–	–	–	3
Gross settled derivative financial instruments							
– inflow	1,459	717	518	218	133	1,724	4,769
– outflow	1,444	700	498	203	120	1,692	4,657
Estimated losses on insurance contracts	154	–	–	–	–	–	154

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 operating profit and share of results of associates and joint ventures 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 2016 and 2015 are as follows:

	2016	2015
Gearing ratio exclusive of financial services companies (%)	**4**	6
Gearing ratio inclusive of financial services companies (%)	**11**	14
Interest cover exclusive of financial services companies (times)	**22**	21
Interest cover inclusive of financial services companies (times)	**26**	27

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 values of listed securities, which are classified as available-for-sale, are 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 values of derivative financial instruments are determined using rates quoted by the Group's bankers at the balance sheet date. The rates for interest rate swaps and caps, cross-currency swaps, forward foreign exchange contracts and credit default swaps are calculated by reference to market interest rates and foreign exchange rates.

The fair values of unlisted investments, which are classified as available-for-sale and mainly include club and school debentures, are determined using prices quoted by brokers at the balance sheet date.

(c) Inputs for assets or liabilities that are not based on observable market data ('unobservable inputs')
The fair values of other unlisted securities, which are classified as available-for-sale, are determined using valuation techniques by reference to observable current market transactions (including price-to earnings and price-to book ratios of listed securities of entities engaged in similar industries) or the market prices of the underlying investments with certain degree of entity specific estimates. The fair value of convertible component of convertible bonds held is made reference to the quoted price of the underlying shares and estimation on volatility.

There were no changes in valuation techniques during the year.

The table below analyzes financial instruments carried at fair value, by the levels in the fair value measurement hierarchy.

	Quoted prices in active markets US$m	Observable current market transactions US$m	Unobservable inputs US$m	Total US$m
2016				
Assets				
Available-for-sale financial assets				
– listed securities	1,327	–	–	**1,327**
– unlisted investments	–	44	56	**100**
	1,327	44	56	**1,427**
Derivative designated at fair value				
– through other comprehensive income	–	102	–	**102**
– through profit and loss	–	17	–	**17**
	1,327	**163**	**56**	**1,546**
Liabilities				
Contingent consideration payable	–	–	(10)	**(10)**
Derivative designated at fair value				
– through other comprehensive income	–	(21)	–	**(21)**
– through profit and loss	–	(8)	–	**(8)**
	–	**(29)**	**(10)**	**(39)**
2015				
Assets				
Available-for-sale financial assets				
– listed securities	1,032	–	–	1,032
– unlisted investments	–	43	55	98
	1,032	43	55	1,130
Derivative designated at fair value				
– through other comprehensive income	–	273	–	273
– through profit and loss	–	23	–	23
	1,032	339	55	1,426
Liabilities				
Contingent consideration payable	–	–	(27)	(27)
Derivative designated at fair value				
– through other comprehensive income	–	(69)	–	(69)
– through profit and loss	–	(7)	–	(7)
	–	(76)	(27)	(103)

There were no transfers among the three categories during the year ended 31st December 2016 and 2015.

Movements of financial instruments which are valued based on unobservable inputs during the year ended 31st December are as follows:

	2016		2015	
	Available-for-sale financial assets US$m	Contingent consideration payable US$m	Available-for-sale financial assets US$m	Contingent consideration payable US$m
At 1st January	**55**	**(27)**	189	(67)
Exchange differences	**(1)**	**–**	(6)	(1)
Additions	**1**	**(1)**	5	(2)
Disposal	**–**	**–**	(164)	–
Payment of contingent consideration	**–**	**–**	–	1
Net change in fair value during the year				
– included in other comprehensive income	**1**	**–**	31	–
– included in profit and loss	**–**	**15**	–	42
Adjustment of contingent consideration	**–**	**3**	–	–
At 31st December	**56**	**(10)**	55	(27)

The contingent consideration payable mainly arose from Astra's acquisition of a 60% interest in PT Duta Nurcahya in 2012 and represents the fair value of service fee payable for mining services to be provided by the vendor.

(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 amounts 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.

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 31st December 2016 and 2015 are as follows:

	Loans and receivables US$m	Derivatives used for hedging US$m	Available-for-sale US$m	Other financial instruments at amortized cost US$m	Other financial instruments fair value through profit and loss US$m	Total carrying amount US$m	Fair value US$m
2016							
Assets							
Other investments	–	–	1,427	–	–	**1,427**	**1,427**
Debtors	8,271	119	–	–	12	**8,402**	**8,323**
Bank balances and other liquid funds	5,543	–	–	–	–	**5,543**	**5,543**
	13,814	**119**	**1,427**	**–**	**12**	**15,372**	**15,293**
Liabilities							
Borrowings (excluding finance lease liabilities)	–	–	–	(11,129)	–	**(11,129)**	**(11,214)**
Finance lease liabilities	–	–	–	(55)	–	**(55)**	**(55)**
Trade and other payables excluding non-financial liabilities	–	(29)	–	(7,104)	(10)	**(7,143)**	**(7,143)**
	–	**(29)**	**–**	**(18,288)**	**(10)**	**(18,327)**	**(18,412)**
2015							
Assets							
Other investments	–	–	1,130	–	–	1,130	1,130
Debtors	7,417	296	–	–	11	7,724	7,644
Bank balances and other liquid funds	4,782	–	–	–	–	4,782	4,782
	12,199	296	1,130	–	11	13,636	13,556
Liabilities							
Borrowings (excluding finance lease liabilities)	–	–	–	(10,890)	–	(10,890)	(11,002)
Finance lease liabilities	–	–	–	(96)	–	(96)	(96)
Trade and other payables excluding non-financial liabilities	–	(76)	–	(6,735)	(27)	(6,838)	(6,838)
	–	(76)	–	(17,721)	(27)	(17,824)	(17,936)

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 subsidiaries, associates and joint ventures

The initial accounting on the acquisition of subsidiaries, 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.

On initial acquisition or acquisition of further interests in an entity, an assessment of the level of control or influence exercised by the Group is required. For entities where the Group has a shareholding of less than 50%, an assessment of the Group's level of voting rights, board representation and other indicators of influence is performed to consider whether the Group has de facto control, requiring consolidation of that entity, or significant influence, requiring classification as an associate.

Tangible fixed assets and depreciation

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.

Investment properties

The fair values of investment properties, which are principally held by Hongkong Land, are determined by independent valuers on an open market for existing-use basis calculated on the discounted net income allowing for reversionary potential. For investment properties in Hong Kong and Singapore, capitalization rates in the range of 3.20% to 3.85% for office *(2015: 3.50% to 4.20%)* and 4.50% to 5.50% for retail *(2015: 4.50% to 5.50%)* are used by Hongkong Land in the fair value determination.

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.

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 amount of estimated coal reserves, 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 2016 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 available-for-sale equity investment is 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.

Provision for deferred tax follows the way management expects to recover or settle the carrying amount of the related assets or liabilities, which the management may expect to recover through use, sale or combination of both. Accordingly, deferred tax will be calculated at income tax rate, capital gains tax rate or combination of both. There is a rebuttable presumption in International Financial Reporting Standards that investment properties measured at fair value are recovered through sale. Thus, deferred tax on revaluation of investment properties held by the Group are calculated at the capital gains tax rate.

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.

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 discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

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 obligation.

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, but follows the consistent methodology as set out in the Group's accounting policies.

4 Segmental Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company for the purpose of resource allocation and performance assessment. The Group has eight operating segments as more fully described on page 4 and 5. 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 Pacific US$m	Jardine Motors US$m	Jardine Lloyd Thompson 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	Underlying businesses performance US$m	Non-trading items US$m	Group US$m
2016													
Revenue *(refer note 5)*	2,356	5,197	–	1,994	11,201	597	2,154	13,610	–	(58)	37,051	–	**37,051**
Net operating costs	(2,294)	(5,037)	–	(1,023)	(10,749)	(527)	(2,075)	(12,194)	(64)	58	(33,905)	93	**(33,812)**
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	2,573	**2,573**
Operating profit	62	160	–	971	452	70	79	1,416	(64)	–	3,146	2,666	**5,812**
Net financing charges													
– financing charges	(6)	(11)	–	(111)	(23)	(12)	(1)	(131)	(2)	–	(297)	–	**(297)**
– financing income	–	1	–	42	1	1	1	92	8	–	146	–	**146**
	(6)	(10)	–	(69)	(22)	(11)	–	(39)	6	–	(151)	–	**(151)**
Share of results of associates and joint ventures													
– before change in fair value of investment properties	89	–	56	117	115	11	148	199	(1)	–	734	7	**741**
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	(56)	**(56)**
	89	–	56	117	115	11	148	199	(1)	–	734	(49)	**685**
Profit before tax	145	150	56	1,019	545	70	227	1,576	(59)	–	3,729	2,617	**6,346**
Tax	(9)	(37)	–	(168)	(85)	(14)	(18)	(320)	(3)	–	(654)	(5)	**(659)**
Profit after tax	136	113	56	851	460	56	209	1,256	(62)	–	3,075	2,612	**5,687**
Non-controlling interests	(1)	(3)	–	(498)	(163)	(20)	(84)	(944)	24	–	(1,689)	(1,495)	**(3,184)**
Profit attributable to shareholders	**135**	**110**	**56**	**353**	**297**	**36**	**125**	**312**	**(38)**	**–**	**1,386**	**1,117**	**2,503**
Net (debt)/cash (excluding net debt of financial services companies)*	**(165)**	**(110)**	**–**	**(2,008)**	**(641)**	**(297)**	**91**	**461**	**582**	**–**			**(2,087)**
Total equity	**651**	**709**	**448**	**31,314**	**1,765**	**1,276**	**1,223**	**10,805**	**1,637**	**(91)**			**49,737**
2015													
Revenue *(refer note 5)*	2,463	5,207	–	1,932	11,137	607	2,016	13,702	–	(57)	37,007	–	37,007
Net operating costs	(2,405)	(5,099)	–	(938)	(10,702)	(499)	(1,945)	(12,625)	(47)	57	(34,203)	(59)	(34,262)
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	1,043	1,043
Operating profit	58	108	–	994	435	108	71	1,077	(47)	–	2,804	984	3,788
Net financing charges													
– financing charges	(7)	(12)	–	(115)	(15)	(14)	–	(102)	(4)	–	(269)	–	(269)
– financing income	–	–	–	41	1	2	–	84	6	–	134	–	134
	(7)	(12)	–	(74)	(14)	(12)	–	(18)	2	–	(135)	–	(135)
Share of results of associates and joint ventures													
– before change in fair value of investment properties	104	–	70	140	85	11	126	300	2	–	838	37	875
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	72	72
	104	–	70	140	85	11	126	300	2	–	838	109	947
Profit before tax	155	96	70	1,060	506	107	197	1,359	(43)	–	3,507	1,093	4,600
Tax	(13)	(19)	–	(151)	(84)	(16)	(16)	(322)	(3)	–	(624)	13	(611)
Profit after tax	142	77	70	909	422	91	181	1,037	(46)	–	2,883	1,106	3,989
Non-controlling interests	–	–	–	(535)	(148)	(36)	(76)	(747)	19	–	(1,523)	(667)	(2,190)
Profit attributable to shareholders	142	77	70	374	274	55	105	290	(27)	–	1,360	439	1,799
Net (debt)/cash (excluding net debt of financial services companies)*	(221)	(419)	–	(2,341)	(482)	(132)	42	75	506	–			(2,972)
Total equity	669	578	519	28,720	1,642	1,335	1,106	9,584	1,407	(60)			45,500

*Net (debt)/cash is total borrowings less bank balances and other liquid funds. Net debt of financial services companies amounted to US$3,554 million at 31st December 2016 *(2015: US$3,232 million)* and relates to Astra.

4 Segment Information *(continued)*

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

	2016 US$m	2015 US$m
Underlying profit attributable to shareholders:		
Greater China	**748**	734
Southeast Asia	**612**	557
United Kingdom	**52**	78
Rest of the world	**12**	18
	1,424	1,387
Corporate and other interests	**(38)**	(27)
	1,386	1,360
Non-current assets*:		
Greater China	**32,659**	29,869
Southeast Asia	**14,373**	13,622
United Kingdom	**673**	772
Rest of the world	**1,060**	881
	48,765	45,144

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

5 Revenue

	Gross revenue 2016 US$m	Gross revenue 2015 US$m	Revenue 2016 US$m	Revenue 2015 US$m
By business:				
Jardine Pacific	**6,285**	6,173	**2,356**	2,463
Jardine Motors	**5,197**	5,207	**5,197**	5,207
Jardine Lloyd Thompson	**1,698**	1,763	**–**	–
Hongkong Land	**3,201**	3,114	**1,994**	1,932
Dairy Farm	**20,424**	17,907	**11,201**	11,137
Mandarin Oriental	**965**	959	**597**	607
Jardine Cycle & Carriage	**6,785**	5,443	**2,154**	2,016
Astra	**28,156**	25,252	**13,610**	13,702
Intersegment transactions	**(274)**	(547)	**(58)**	(57)
	72,437	65,271	**37,051**	37,007
By product and service:				
Property	**3,184**	3,102	**1,989**	1,930
Motor vehicles	**28,686**	24,659	**14,437**	14,315
Retail and restaurants	**21,096**	18,546	**11,820**	11,726
Insurance broking and financial services	**4,730**	4,677	**1,357**	1,284
Engineering, construction and mining contracting	**8,663**	8,323	**3,839**	4,058
Hotels	**964**	958	**596**	606
Other	**5,114**	5,006	**3,013**	3,088
	72,437	65,271	**37,051**	37,007
By geographical location of customers:				
Greater China	**25,352**	22,434	**12,495**	12,218
Southeast Asia	**42,471**	38,231	**21,612**	21,903
United Kingdom	**3,468**	3,536	**2,665**	2,638
Rest of the world	**1,146**	1,070	**279**	248
	72,437	65,271	**37,051**	37,007

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

6 Net Operating Costs

	2016 US$m	2015 US$m
Cost of sales	**(28,232)**	(28,394)
Other operating income	**659**	763
Selling and distribution costs	**(4,157)**	(4,190)
Administration expenses	**(1,873)**	(1,751)
Other operating expenses	**(209)**	(690)
	(33,812)	(34,262)
The following credits/(charges) are included in net operating costs:		
Cost of stocks recognized as expense	**(25,429)**	(25,679)
Cost of properties for sale recognized as expense	**(756)**	(762)
Amortization of intangible assets	**(118)**	(113)
Depreciation of tangible assets	**(805)**	(831)
Depreciation of bearer plants	**(22)**	(19)
Impairment of intangible assets	**(87)**	(19)
Impairment of tangible assets	**(1)**	(373)
Impairment of other investments	**–**	(188)
Write down of stocks and work in progress	**(51)**	(59)
Reversal of write down of stocks and work in progress	**36**	20
Reversal of write down of properties for sale	**3**	21
Impairment of debtors	**(93)**	(114)
Operating expenses arising from investment properties	**(147)**	(134)
Employee benefit expense		
– salaries and benefits in kind	**(3,256)**	(3,117)
– share options granted	**(9)**	(10)
– defined benefit pension plans *(refer note 20)*	**(93)**	(88)
– defined contribution pension plans	**(90)**	(87)
	(3,448)	(3,302)
Net foreign exchange losses	**(10)**	(3)
Operating lease expenses		
– minimum lease payments	**(1,121)**	(1,105)
– contingent rents	**(37)**	(23)
– subleases	**48**	43
	(1,110)	(1,085)
Auditors' remuneration		
– audit	**(19)**	(19)
– non-audit services	**(4)**	(4)
	(23)	(23)
Dividend and interest income from available-for-sale investments	**54**	53
Rental income from properties	**38**	33
Net operating costs included the following gains/(losses) from non-trading items:		
Change in fair value of agricultural produce	**22**	–
Asset impairment	**(82)**	(176)
Sale and closure of businesses	**5**	(8)
Sale of other investments	**–**	126
Sale of property interests	**151**	1
Restructuring of businesses	**3**	–
Loss on dilution of interest in an associate	**(4)**	(2)
Acquisition-related costs	**(2)**	(2)
Fair value loss on convertible component of Zhongsheng bonds	**–**	(1)
Value added tax recovery in Jardine Motors	**–**	3
	93	(59)

7 Net Financing Charges

	2016 US$m	2015 US$m
Interest expense		
– bank loans and advances	**(135)**	(123)
– other	**(120)**	(125)
	(255)	(248)
Fair value losses on fair value hedges	**(10)**	(1)
Fair value adjustment on hedged items attributable to the hedged risk	**10**	1
	–	–
	(255)	(248)
Interest capitalized	**47**	46
Commitment and other fees	**(89)**	(67)
Financing charges	**(297)**	(269)
Financing income	**146**	134
	(151)	(135)

8 Share of Results of Associates and Joint Ventures

	2016 US$m	2015 US$m
By business:		
Jardine Pacific	**71**	103
Jardine Lloyd Thompson	**46**	66
Hongkong Land	**59**	210
Dairy Farm	**119**	85
Mandarin Oriental	**11**	11
Jardine Cycle & Carriage	**148**	168
Astra	**232**	302
Corporate and other interests	**(1)**	2
	685	947
Share of results of associates and joint ventures included the following gains/(losses) from non-trading items:		
Change in fair value of investment properties	**(56)**	72
Asset impairment	**(18)**	42
Sale and closure of businesses	**3**	11
Sale of property interests	**32**	–
Litigation costs	**(10)**	–
Restructuring of businesses	**–**	(16)
	(49)	109

Results are shown after tax and non-controlling interests in the associates and joint ventures.

9 Tax

	2016 US$m	2015 US$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	**(718)**	(733)
Deferred tax	**59**	122
	(659)	(611)
Greater China	**(259)**	(219)
Southeast Asia	**(389)**	(381)
United Kingdom	**(6)**	(8)
Rest of the world	**(5)**	(3)
	(659)	(611)
Reconciliation between tax expense and tax at the applicable tax rate*:		
Tax at applicable tax rate	**(1,077)**	(710)
Income not subject to tax		
– change in fair value of investment properties	**433**	202
– other items	**113**	93
Expenses not deductible for tax purposes		
– change in fair value of investment properties	**(10)**	(26)
– other items	**(98)**	(67)
Tax losses and temporary differences not recognized	**(34)**	(59)
Utilization of previously unrecognized tax losses and temporary differences	**16**	10
Recognition of previously unrecognized tax losses and temporary differences	**5**	–
Deferred tax assets written off	**(2)**	(1)
(Underprovision)/overprovision in prior years	**(8)**	4
Withholding tax	**(54)**	(51)
Fiscal assets revaluation in Indonesia	**69**	–
Land appreciation tax in mainland China	**(14)**	(5)
Change in tax rate	**1**	–
Other	**1**	(1)
	(659)	(611)
Tax relating to components of other comprehensive income is analyzed as follows:		
Remeasurements of defined benefit plans	**(10)**	13
Cash flow hedges	**1**	(5)
	(9)	8

Share of tax charge of associates and joint ventures of US$221 million and credit of US$13 million *(2015: charge of US$257 million and US$4 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 19.0% *(2015: 19.4%)* and represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates.

10 Earnings per Share

Basic earnings per share are calculated on profit attributable to shareholders of US$2,503 million *(2015: US$1,799 million)* and on the weighted average number of 374 million *(2015: 373 million)* shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US$2,502 million *(2015: US$1,798 million)*, which is after adjusting for the effects of the conversion of dilutive potential ordinary shares of subsidiaries, associates or joint ventures, and on the weighted average number of 375 million *(2015: 374 million)* shares in issue during the year.

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

	Ordinary shares in millions	
	2016	2015
Weighted average number of shares in issue	**708**	696
Company's share of shares held by subsidiaries	**(334)**	(323)
Weighted average number of shares for basic earnings per share calculation	**374**	373
Adjustment for shares deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes	**1**	1
Weighted average number of shares for diluted earnings per share calculation	**375**	374

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:

		2016			2015	
		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	**2,503**	**6.69**	**6.68**	1,799	4.82	4.81
Non-trading items *(refer note 11)*	**(1,117)**			(439)		
Underlying profit attributable to shareholders	**1,386**	**3.71**	**3.70**	1,360	3.64	3.64

11 Non-trading Items

	2016 US$m	2015 US$m
By business:		
Jardine Pacific	**(78)**	3
Jardine Motors	**143**	1
Jardine Lloyd Thompson	**(10)**	(4)
Hongkong Land	**1,043**	459
Dairy Farm	**6**	(2)
Mandarin Oriental	**(1)**	(1)
Jardine Cycle & Carriage	**(3)**	25
Astra	**17**	11
Corporate and other interests	**–**	(53)
	1,117	439
An analysis of non-trading items after interest, tax and non-controlling interests is set out below:		
Change in fair value of investment properties		
– Hongkong Land	**1,043**	454
– other	**18**	20
	1,061	474
Change in fair value of agricultural produce	**4**	–
Asset impairment	**(101)**	(126)
Sale and closure of businesses	**5**	4
Sale of other investments	**–**	104
Sale of property interests	**158**	–
Restructuring of businesses	**3**	(16)
Loss on dilution of interest in an associate	**(3)**	(1)
Acquisition-related costs	**(1)**	(2)
Litigation costs	**(9)**	–
Fair value loss on convertible component of Zhongsheng bonds	**–**	(1)
Value added tax recovery in Jardine Motors	**–**	3
	1,117	439

12 Intangible Assets

	Goodwill US$m	Franchise rights US$m	Leasehold land US$m	Concession rights US$m	Other US$m	Total US$m
2016						
Cost	1,277	155	859	419	434	**3,144**
Amortization and impairment	(4)	–	(179)	(25)	(183)	**(391)**
Net book value at 1st January	1,273	155	680	394	251	**2,753**
Exchange differences	(12)	4	16	10	2	**20**
New subsidiaries	14	–	4	–	–	**18**
Additions	–	–	50	54	124	**228**
Disposal	–	–	(8)	–	(2)	**(10)**
Revaluation surplus before transfer to investment properties	–	–	105	–	–	**105**
Transfer from/(to) investment properties	–	–	(84)	–	–	**(84)**
Amortization	–	–	(36)	(2)	(80)	**(118)**
Impairment charge	(83)	–	–	–	(4)	**(87)**
Net book value at 31st December	**1,192**	**159**	**727**	**456**	**291**	**2,825**
Cost	1,278	159	938	484	507	**3,366**
Amortization and impairment	(86)	–	(211)	(28)	(216)	**(541)**
	1,192	**159**	**727**	**456**	**291**	**2,825**
2015						
Cost	1,130	172	898	431	385	3,016
Amortization and impairment	(4)	–	(163)	(23)	(147)	(337)
Net book value at 1st January	1,126	172	735	408	238	2,679
Exchange differences	(73)	(17)	(70)	(41)	(14)	(215)
New subsidiaries	223	–	4	–	6	233
Additions	–	–	44	30	115	189
Disposal	(1)	–	–	–	–	(1)
Amortization	–	–	(33)	(3)	(77)	(113)
Impairment charge	(2)	–	–	–	(17)	(19)
Net book value at 31st December	1,273	155	680	394	251	2,753
Cost	1,277	155	859	419	434	3,144
Amortization and impairment	(4)	–	(179)	(25)	(183)	(391)
	1,273	155	680	394	251	2,753

	2016 US$m	2015 US$m
Goodwill allocation by business:		
Jardine Pacific	**71**	153
Jardine Motors	**54**	51
Dairy Farm	**708**	718
Mandarin Oriental	**39**	40
Astra	**320**	311
	1,192	1,273

12 Intangible Assets *(continued)*

Goodwill relating to Dairy Farm is allocated to groups of cash-generating units identified by banners or group of stores acquired in each geographical segment. 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 between 21% and 28% and average growth rate between 2% to 5% to extrapolate cash flows, which vary across the group's business segments and geographical locations, over a five-year period and thereafter, and are based on management expectations for the market development; and pre-tax discount rates between 6% and 16% 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 has occurred.

Goodwill relating to Astra represents primarily goodwill arising from acquisition of shares in Astra which is regarded as an operating segment. 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 included automotive of US$57 million and heavy equipment of US$101 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 2016 and has concluded that no impairment has occurred. 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 between 3% and 4%. Pre-tax discount rates between 14% and 16%, reflecting business specific risks, are applied to the cash flow projections.

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

At 31st December 2016, the carrying amount of leasehold land pledged as security for borrowings amounted to US$4 million *(2015: US$7 million) (refer note 30)*.

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.

The remaining amortization periods for intangible assets are as follows:

Leasehold land	up to 83 years
Concession rights	by traffic volume over 29 to 31 years
Computer software	up to 9 years
Other	various

13 Tangible Assets

	Freehold properties US$m	Leasehold properties US$m	Leasehold improve-ments US$m	Mining properties US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2016							
Cost	901	2,843	1,178	1,040	3,490	2,119	**11,571**
Depreciation and impairment	(98)	(549)	(701)	(688)	(2,232)	(1,217)	**(5,485)**
Net book value at 1st January	803	2,294	477	352	1,258	902	**6,086**
Exchange differences	(59)	–	(23)	1	18	12	**(51)**
New subsidiaries	22	2	–	–	2	1	**27**
Additions	154	213	197	–	338	224	**1,126**
Disposals	(22)	(10)	(6)	–	(8)	(18)	**(64)**
Revaluation surplus before transfer to investment properties	–	2	–	–	–	–	**2**
Transfer from/(to) investment properties, and stocks and work in progress	–	(12)	–	–	–	(67)	**(79)**
Depreciation charge	(11)	(98)	(109)	(10)	(332)	(245)	**(805)**
Impairment charge	–	–	–	–	(1)	–	**(1)**
Reclassified to non-current assets held for sale	(2)	–	–	–	–	–	**(2)**
Net book value at 31st December	**885**	**2,391**	**536**	**343**	**1,275**	**809**	**6,239**
Cost	988	3,030	1,377	1,058	3,769	1,951	**12,173**
Depreciation and impairment	(103)	(639)	(841)	(715)	(2,494)	(1,142)	**(5,934)**
	885	**2,391**	**536**	**343**	**1,275**	**809**	**6,239**
2015							
Cost	983	2,580	1,167	1,076	3,612	2,234	11,652
Depreciation and impairment	(94)	(520)	(671)	(340)	(2,121)	(1,216)	(4,962)
Net book value at 1st January	889	2,060	496	736	1,491	1,018	6,690
Exchange differences	(76)	(147)	(21)	(18)	(130)	(85)	(477)
New subsidiaries	–	5	2	6	21	1	35
Additions	18	465	110	–	251	304	1,148
Disposals	(16)	(1)	(6)	–	(4)	(29)	(56)
Transfer to stocks and work in progress	–	–	–	–	(3)	(47)	(50)
Depreciation charge	(10)	(85)	(103)	(20)	(353)	(260)	(831)
Impairment charge	(2)	(3)	(1)	(352)	(15)	–	(373)
Net book value at 31st December	803	2,294	477	352	1,258	902	6,086
Cost	901	2,843	1,178	1,040	3,490	2,119	11,571
Depreciation and impairment	(98)	(549)	(701)	(688)	(2,232)	(1,217)	(5,485)
	803	2,294	477	352	1,258	902	6,086

13 Tangible Assets *(continued)*

In 2015, as a result of the decline in coal prices as well as the subdued outlook, management had performed an impairment review of the carrying amount of the mining properties and other tangible assets, and concluded that an impairment had occurred. An impairment charge of US$370 million had been included in the 2015 profit and loss in the line 'Other operating expenses'. In 2016, no further impairment was recognized in view of the increase in coal price over the year, while management assumptions about the long-term price trend remain largely unchanged.

The impairment review relating to mining properties is performed by comparing the carrying amount of the cash-generating units of the mining properties with the recoverable amount. The cash-generating unit is determined based on the location of the mining properties and the extent that they share infrastructure. The periods used in the cash flow forecast are based on the depletion of reserves or the expiration of the concession period, whichever is earlier. The recoverable amount of US$337 million at 31st December 2015, net of deferred tax, was determined based on the fair value less costs of disposal, using a discounted cash flow method with unobservable inputs. Major assumptions used in the valuation were coal price per tonne of US$52 to US$72 and post-tax discount rate of 12.8%.

Freehold properties include a hotel property of US$112 million *(2015: US$105 million)*, which is stated net of a grant of US$22 million *(2015: US$23 million)*.

Net book value of leasehold properties, plant and machinery and motor vehicles acquired under finance leases amounted to US$266 million, US$14 million and US$44 million *(2015: US$276 million, US$41 million and US$45 million)*, respectively.

Rental income from properties and other tangible assets amounted to US$281 million *(2015: US$304 million)* including contingent rents of US$3 million *(2015: US$3 million)*.

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

	2016 US$m	2015 US$m
Within one year	**122**	118
Between one and two years	**67**	64
Between two and five years	**69**	48
Beyond five years	**6**	10
	264	240

At 31st December 2016, the carrying amount of tangible assets pledged as security for borrowings amounted to US$466 million *(2015: US$555 million) (refer note 30)*.

14 Investment Properties

	Completed commercial properties US$m	Under development commercial properties US$m	Completed residential properties US$m	Total US$m
2016				
At 1st January	24,128	851	651	**25,630**
Exchange differences	(22)	(43)	(1)	**(66)**
Additions	133	242	2	**377**
Disposal	(1)	–	–	**(1)**
Transfer from/(to) intangible assets and tangible assets	96	–	–	**96**
Change in fair value	2,577	(31)	27	**2,573**
At 31st December	**26,911**	**1,019**	**679**	**28,609**
Freehold properties				**159**
Leasehold properties				**28,450**
				28,609
2015				
At 1st January	22,922	834	553	24,309
Exchange differences	(33)	(45)	(2)	(80)
Additions	95	185	1	281
Disposal	(1)	–	–	(1)
Transfer from properties for sale	–	–	78	78
Change in fair value	1,145	(123)	21	1,043
At 31st December	24,128	851	651	25,630
Freehold properties				135
Leasehold properties				25,495
				25,630

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2016 and 2015, which were principally held by Hongkong Land, have been determined on the basis of valuations carried out by independent valuers who hold a recognized relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. Hongkong Land employed Jones Lang LaSalle to value its commercial investment properties in Hong Kong, mainland China, Singapore, Vietnam and Cambodia which are either freehold or held under leases with unexpired lease terms of more than 20 years. The valuations, which conform to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors, were arrived at by reference to the net income, allowing for reversionary potential, of each property. The valuations are comprehensively reviewed by Hongkong Land.

Fair value measurements of residential properties using no significant non-observable inputs
Fair values of completed residential properties are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value measurements of commercial properties using significant unobservable inputs
Fair values of completed commercial properties in Hong Kong and Singapore are generally derived using the income capitalization method. This valuation method is based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' view of recent lettings, within the subject properties and other comparable properties.

Fair values of completed commercial properties in Vietnam and Cambodia are generally derived using the discounted cash flow method. The net present value of the income stream is estimated by applying an appropriate discount rate which reflects the risk profile.

14 Investment Properties *(continued)*

Fair values of under development commercial properties are generally derived using the residual method. This valuation method is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completion as at the date of valuation.

The Group's policy is to recognize transfers between fair value measurements as of the date of the event or change in circumstances that caused the transfer.

Information about fair value measurements of Hongkong Land's investment properties using significant unobservable inputs at 31st December 2016:

				Range of significant unobservable inputs	
		Fair value	Valuation method	Prevailing market rent per month	Capitalization/ discount rates
Commercial properties		US$m		US$	%
Completed	Hong Kong	26,096	Income capitalization	4.8 to 39.1 per square foot	3.20 to 5.50
	Singapore	518	Income capitalization	5.4 to 7.9 per square foot	3.50 to 5.50
	Vietnam and Cambodia	51	Discounted cash flow	21.0 to 50.9 per square metre	13.00 to 15.00
	Total	26,665			
Under development	Mainland China	676	Residual	104.7 per square metre	6.00
	Cambodia	128	Residual	30.0 to 59.0 per square metre	10.50
	Total	804			

Prevailing market rents are estimated based on independent valuers' view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

Capitalization and discount rates are estimated by independent valuers based on the risk profile of the properties being valued. The lower the rates, the higher the fair value.

Rental income from investment properties amounted to US$860 million *(2015: US$850 million)* including contingent rents of US$10 million *(2015: US$11 million)*.

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

	2016	2015
	US$m	US$m
Within one year	**770**	768
Between one and two years	**527**	545
Between two and five years	**580**	502
Beyond five years	**341**	362
	2,218	2,177

Generally the Group's operating leases in respect of investment properties are for terms of three or more years.

At 31st December 2016, the carrying amount of investment properties pledged as security for borrowings amounted to US$676 million *(2015: US$638 million) (refer note 30)*.

15 Bearer Plants

The Group's bearer plants are primarily for the production of palm oil.

	2016 US$m	2015 US$m
Movements during the year:		
Cost		
– as previously reported	**859**	908
– change in accounting policy *(refer note 1(c))*	**(263)**	(321)
– as restated	**596**	587
Depreciation		
– as previously reported	**–**	–
– change in accounting policy *(refer note 1(c))*	**(111)**	(104)
– as restated	**(111)**	(104)
Net book value at 1st January	**485**	483
Exchange differences	**13**	(48)
New subsidiaries	**9**	–
Additions	**61**	76
Disposals	**(49)**	(7)
Depreciation charge	**(22)**	(19)
Net book value at 31st December	**497**	485
Immature bearer plants	**151**	188
Mature bearer plants	**346**	297
	497	485
Cost	**629**	596
Accumulated depreciation	**(132)**	(111)
	497	485

The Group's bearer plants had not been pledged as security for borrowings at 31st December 2016 and 2015.

16 Associates and Joint Ventures

	2016 US$m	2015 US$m
Listed associates		
– Jardine Lloyd Thompson	**254**	296
– Yonghui	**635**	464
– Siam City Cement	**221**	152
– other	**89**	79
	1,199	991
Unlisted associates	**1,207**	1,055
Share of attributable net assets	**2,406**	2,046
Goodwill on acquisition	**998**	1,115
	3,404	3,161
Listed joint ventures		
– Bank Permata	**618**	580
– PT Tunas Ridean	**93**	75
	711	655
Unlisted joint ventures	**6,350**	6,228
Share of attributable net assets	**7,061**	6,883
Goodwill on acquisition	**130**	146
	7,191	7,029
	10,595	10,190
By business:		
Jardine Pacific	**357**	344
Jardine Lloyd Thompson	**448**	519
Hongkong Land	**4,413**	4,601
Dairy Farm	**1,464**	1,295
Mandarin Oriental	**168**	168
Jardine Cycle & Carriage	**1,037**	926
Astra	**2,675**	2,310
Corporate and other interests	**33**	27
	10,595	10,190

16 Associates and Joint Ventures *(continued)*

	Associates		Joint ventures	
	2016	2015	**2016**	2015
	US$m	US$m	US$m	US$m
Movements of associates and joint ventures during the year:				
At 1st January	**3,161**	1,496	**7,029**	7,385
Share of results after tax and non-controlling interests	**402**	417	**283**	530
Share of other comprehensive expense after tax and non-controlling interests	**(156)**	(185)	**(82)**	(471)
Dividends received	**(232)**	(233)	**(365)**	(401)
Acquisitions, increases in attributable interests and advances	**222**	1,676	**424**	351
Disposals, decreases in attributable interests and repayment of advances	**(5)**	(21)	**(103)**	(388)
Employee share options schemes	**14**	14	**–**	–
Other	**(2)**	(3)	**5**	23
At 31st December	**3,404**	3,161	**7,191**	7,029
Fair value of listed associates/joint ventures	**3,122**	3,240	**651**	469

(a) Investment in associates
The material associates of the Group are listed below. These associates have share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investments in material associates in 2016 and 2015:

Name of entity	Nature of business	Country of incorporation/ principal place of business/ place of listing	% of ownership interest 2016	2015
Jardine Lloyd Thompson Group plc ('Jardine Lloyd Thompson')	Insurance and reinsurance broking, risk management and employee benefit services	United Kingdom/ Worldwide/ London	**42**	42
Yonghui Superstores Co., Limited ('Yonghui')	Supermarkets and hypermarkets	Mainland China/ Mainland China/ Shanghai	**20**	20
Siam City Cement Public Company Limited ('Siam City Cement')	Cement manufacturer	Thailand/ Thailand/ Thailand	**25**	25
PT Astra Daihatsu Motor	Automotive	Indonesia/ Indonesia/ Unlisted	**32**	32

16 Associates and Joint Ventures *(continued)*

Summarized financial information for material associates

Summarized balance sheets at 31st December (unless otherwise indicated):

	Jardine Lloyd Thompson US$m	Yonghui† US$m	Siam City Cement US$m	PT Astra Daihatsu Motor US$m	Total US$m
2016					
Non-current assets	1,194	1,969	1,643	620	**5,426**
Current assets					
Cash and cash equivalents	1,155	1,705	99	672	**3,631**
Other current assets	876	1,153	250	317	**2,596**
Total current assets	2,031	2,858	349	989	**6,227**
Non-current liabilities					
Financial liabilities*	(864)	–	(179)	–	**(1,043)**
Other non-current liabilities*	(260)	(21)	(132)	(54)	**(467)**
Total non-current liabilities	(1,124)	(21)	(311)	(54)	**(1,510)**
Current liabilities					
Financial liabilities*	(108)	(68)	(585)	–	**(761)**
Other current liabilities*	(1,562)	(1,487)	(210)	(562)	**(3,821)**
Total current liabilities	(1,670)	(1,555)	(795)	(562)	**(4,582)**
Non-controlling interests	(28)	(9)	–	–	**(37)**
Net assets	**403**	**3,242**	**886**	**993**	**5,524**
2015					
Non-current assets	1,193	1,991	1,068	571	4,823
Current assets					
Cash and cash equivalents	1,335	1,022	65	483	2,905
Other current assets	786	910	182	301	2,179
Total current assets	2,121	1,932	247	784	5,084
Non-current liabilities					
Financial liabilities*	(911)	–	(29)	–	(940)
Other non-current liabilities*	(221)	(13)	(203)	(43)	(480)
Total non-current liabilities	(1,132)	(13)	(232)	(43)	(1,420)
Current liabilities					
Financial liabilities*	(42)	(54)	(35)	–	(131)
Other current liabilities*	(1,650)	(1,491)	(160)	(375)	(3,676)
Total current liabilities	(1,692)	(1,545)	(195)	(375)	(3,807)
Non-controlling interests	(27)	(8)	–	–	(35)
Net assets	463	2,357	888	937	4,645

*Financial liabilities exclude trade and other payables and provisions, which are presented under other current and non-current liabilities.

†Based on summarized balance sheets at 30th September 2016 and 2015.

16 Associates and Joint Ventures *(continued)*

Summarized statements of comprehensive income for the year ended 31st December (unless otherwise indicated):

	Jardine Lloyd Thompson US$m	Yonghui† US$m	Siam City Cement US$m	PT Astra Daihatsu Motor US$m	Total US$m
2016					
Revenue	1,698	7,292	969	3,807	**13,766**
Depreciation and amortization	(67)	(197)	(54)	(110)	**(428)**
Interest income	3	20	1	25	**49**
Interest expense	(33)	(12)	(21)	–	**(66)**
Profit from underlying business performance	232	168	129	356	**885**
Income tax expense	(70)	(45)	(28)	(92)	**(235)**
Profit after tax from underlying business performance	162	123	101	264	**650**
Loss after tax from non-trading items	(40)	–	–	–	**(40)**
Profit after tax	122	123	101	264	**610**
Other comprehensive income/(expense)	17	1	(12)	2	**8**
Total comprehensive income	**139**	**124**	**89**	**266**	**618**
Dividends received from associates	**38**	**18**	**24**	**75**	**155**
2015					
Revenue	1,763	3,218	660	3,337	8,978
Depreciation and amortization	(65)	(64)	(32)	(95)	(256)
Interest income	2	9	1	30	42
Interest expense	(37)	(5)	(10)	–	(52)
Profit from underlying business performance	259	49	114	329	751
Income tax expense	(72)	(8)	(21)	(79)	(180)
Profit after tax from underlying business performance	187	41	93	250	571
Loss after tax from non-trading items	(14)	–	–	–	(14)
Profit after tax	173	41	93	250	557
Other comprehensive income/(expense)	13	(4)	–	(1)	8
Total comprehensive income	186	37	93	249	565
Dividends received from associates	40	16	25	59	140

†Based on summarized statements of comprehensive income for the twelve months ended 30th September 2016 in 2016 and based on six months ended 30th September 2015 in 2015.

The information contained in the summarized balance sheets and statements of comprehensive income reflect the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates, and fair value of the associates at the time of acquisition. For associates acquired during 2016, the fair value of the identifiable assets and liabilities at the acquisition date is provisional and will be finalized within one year after the acquisition date.

16 Associates and Joint Ventures *(continued)*

Reconciliation of the summarized financial information

Reconciliation of the summarized financial information presented to the carrying amount of the Group's interests in its material associates for the year ended 31st December:

	Jardine Lloyd Thompson US$m	Yonghui US$m	Siam City Cement US$m	PT Astra Daihatsu Motor US$m	Total US$m
2016					
Net assets	403	3,242	886	993	**5,524**
Adjustment for shares purchased for employee benefit plans	208	–	–	–	**208**
Adjusted net assets	611	3,242	886	993	**5,732**
Interest in associates (%)	*42*	*20*	*25*	*32*	
Group's share of net assets in associates	255	648	221	317	**1,441**
Goodwill	193	388	345	–	**926**
Other	–	(13)	–	–	**(13)**
Carrying value	**448**	**1,023**	**566**	**317**	**2,354**
Fair value	**1,064**	**1,352**	**435**	**N/A**	**2,851**
2015					
Net assets	463	2,357	888	937	4,645
Adjustment for shares purchased for employee benefit plans	243	–	–	–	243
Adjusted net assets	706	2,357	888	937	4,888
Interest in associates (%)	*42*	*20*	*25*	*32*	
Group's share of net assets in associates	296	471	221	299	1,287
Goodwill	223	417	343	–	983
Other	–	(7)	–	–	(7)
Carrying value	519	881	564	299	2,263
Fair value	1,206	1,265	514	N/A	2,985

16 Associates and Joint Ventures *(continued)*

The Group has interests in a number of individually immaterial associates. The following table analyzes, in aggregate, the share of profit and other comprehensive expense and carrying amount of these associates.

	2016 US$m	2015 US$m
Share of profit	**209**	240
Share of other comprehensive expense	**(9)**	(21)
Share of total comprehensive income	**200**	219
Carrying amount of interests in these associates	**1,050**	898

Contingent liabilities relating to the Group's interest in associates

	2016 US$m	2015 US$m
Financial guarantee in respect of facilities made available to an associate	**21**	21

(b) Investment in joint ventures

The material joint ventures of the Group are listed below. These joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investments in material joint ventures in 2016 and 2015:

	Nature of business	Country of incorporation and principal place of business	% of ownership interest **2016**	2015
Hongkong Land				
– Properties Sub F, Ltd	Property investment	Macau	**49**	49
– BFC Development LLP	Property investment	Singapore	**33**	33
– Central Boulevard Development Pte Ltd	Property investment	Singapore	**33**	33
– One Raffles Quay Pte Ltd	Property investment	Singapore	**33**	33
Astra				
– PT Astra Honda Motor	Automotive	Indonesia	**50**	50
– PT Bank Permata Tbk	Commercial and retail bank	Indonesia	**45**	45

As at 31st December 2016, the fair value of the Group's interest in PT Bank Permata Tbk, which is listed on the Indonesian Stock Exchange, was US$411 million *(2015: US$363 million)* and the carrying amount of the Group's interest was US$654 million *(2015: US$616 million)*.

16 Associates and Joint Ventures *(continued)*

Summarized financial information for material joint ventures

Set out below are the summarized financial information for the Group's material joint ventures.

Summarized balance sheets at 31st December:

	Properties Sub F, Ltd US$m	BFC Development LLP US$m	Central Boulevard Development Pte Ltd US$m	One Raffles Quay Pte Ltd US$m	PT Astra Honda Motor US$m	PT Bank Permata Tbk US$m	Total US$m
2016							
Non-current assets	1,374	3,301	2,547	2,526	1,479	3,502	**14,729**
Current assets							
Cash and cash equivalents	44	11	32	15	432	1,677	**2,211**
Other current assets	32	3	9	1	388	7,086	**7,519**
Total current assets	76	14	41	16	820	8,763	**9,730**
Non-current liabilities							
Financial liabilities*	(16)	(1,175)	(1,118)	(717)	–	(486)	**(3,512)**
Other non-current liabilities*	(144)	–	(20)	(184)	(229)	(47)	**(624)**
Total non-current liabilities	(160)	(1,175)	(1,138)	(901)	(229)	(533)	**(4,136)**
Current liabilities							
Financial liabilities*	–	–	(6)	(4)	–	–	**(10)**
Other current liabilities*	(42)	(64)	(31)	(47)	(664)	(10,350)	**(11,198)**
Total current liabilities	(42)	(64)	(37)	(51)	(664)	(10,350)	**(11,208)**
Net assets	**1,248**	**2,076**	**1,413**	**1,590**	**1,406**	**1,382**	**9,115**
2015							
Non-current assets	1,574	3,373	2,605	2,580	1,395	5,199	16,726
Current assets							
Cash and cash equivalents	20	8	41	11	213	1,750	2,043
Other current assets	48	5	14	1	376	6,236	6,680
Total current assets	68	13	55	12	589	7,986	8,723
Non-current liabilities							
Financial liabilities*	(35)	(1,196)	(1,135)	(727)	–	(473)	(3,566)
Other non-current liabilities*	(166)	–	(19)	(188)	(221)	(80)	(674)
Total non-current liabilities	(201)	(1,196)	(1,154)	(915)	(221)	(553)	(4,240)
Current liabilities							
Financial liabilities*	(1)	(1)	(6)	(3)	–	(149)	(160)
Other current liabilities*	(38)	(65)	(38)	(44)	(583)	(11,180)	(11,948)
Total current liabilities	(39)	(66)	(44)	(47)	(583)	(11,329)	(12,108)
Net assets	1,402	2,124	1,462	1,630	1,180	1,303	9,101

*Financial liabilities exclude trade and other payables and provisions, which are presented under other current and non-current liabilities.

16 Associates and Joint Ventures *(continued)*

Summarized statements of comprehensive income for the year ended 31st December:

	Properties Sub F, Ltd US$m	BFC Development LLP US$m	Central Boulevard Development Pte Ltd US$m	One Raffles Quay Pte Ltd US$m	PT Astra Honda Motor US$m	PT Bank Permata Tbk US$m	Total US$m
2016							
Revenue	86	168	106	121	4,560	1,226	**6,267**
Depreciation and amortization	(8)	–	–	–	(134)	(19)	**(161)**
Interest income	–	–	–	–	24	–	**24**
Interest expense	(1)	(46)	(29)	(22)	–	–	**(98)**
Profit/(loss) from underlying business performance	45	85	51	71	580	(661)	**171**
Income tax expense	(5)	(14)	(8)	(12)	(125)	162	**(2)**
Profit/(loss) after tax from underlying business performance	40	71	43	59	455	(499)	**169**
Loss after tax from non-trading items	(169)	(4)	(4)	(3)	–	–	**(180)**
Profit/(loss) after tax	(129)	67	39	56	455	(499)	**(11)**
Other comprehensive income/(expense)	(1)	(33)	(37)	(36)	3	(7)	**(111)**
Total comprehensive income/(expense)	**(130)**	**34**	**2**	**20**	**458**	**(506)**	**(122)**
Dividends received from joint ventures	**12**	**27**	**17**	**20**	**131**	**–**	**207**
2015							
Revenue	94	161	192	120	4,257	1,332	6,156
Depreciation and amortization	(7)	–	–	–	(106)	(19)	(132)
Interest income	–	–	–	–	20	–	20
Interest expense	(2)	(52)	(24)	(22)	–	–	(100)
Profit/(loss) from underlying business performance	47	70	90	64	425	(15)	681
Income tax expense	(6)	(12)	(15)	(11)	(104)	(3)	(151)
Profit/(loss) after tax from underlying business performance	41	58	75	53	321	(18)	530
Profit after tax from non-trading items	2	43	113	30	–	–	188
Profit/(loss) after tax	43	101	188	83	321	(18)	718
Other comprehensive income/(expense)	1	(148)	(96)	(110)	(2)	(4)	(359)
Total comprehensive income/(expense)	44	(47)	92	(27)	319	(22)	359
Dividends received from joint ventures	26	20	42	18	123	6	235

The information contained in the summarized balance sheets and statements of comprehensive income reflect the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures, and fair value of the joint ventures at the time of acquisition.

16 Associates and Joint Ventures *(continued)*

Reconciliation of the summarized financial information

Reconciliation of the summarized financial information presented to the carrying amount of the Group's interests in its material joint ventures for the year ended 31st December:

	Properties Sub F, Ltd US$m	BFC Development LLP US$m	Central Boulevard Development Pte Ltd US$m	One Raffles Quay Pte Ltd US$m	PT Astra Honda Motor US$m	PT Bank Permata Tbk US$m	Total US$m
2016							
Net assets	1,248	2,076	1,413	1,590	1,406	1,382	**9,115**
Shareholders' loans	16	1,175	–	93	–	–	**1,284**
Adjusted net assets	1,264	3,251	1,413	1,683	1,406	1,382	**10,399**
Interest in joint ventures (%)	*49*	*33*	*33*	*33*	*50*	*45*	
Group's share of net assets in joint ventures	619	1,084	471	561	703	617	**4,055**
Goodwill	–	–	–	–	–	37	**37**
Carrying value	**619**	**1,084**	**471**	**561**	**703**	**654**	**4,092**
2015							
Net assets	1,402	2,124	1,462	1,630	1,180	1,303	9,101
Shareholders' loans	35	1,196	–	95	–	–	1,326
Adjusted net assets	1,437	3,320	1,462	1,725	1,180	1,303	10,427
Interest in joint ventures (%)	*49*	*33*	*33*	*33*	*50*	*45*	
Group's share of net assets in joint ventures	704	1,107	487	575	590	580	4,043
Goodwill	–	–	–	–	–	36	36
Carrying value	704	1,107	487	575	590	616	4,079

The Group has interests in a number of individually immaterial joint ventures. The following table analyzes, in aggregate, the share of profit and other comprehensive income and carrying amount of these joint ventures.

	2016 US$m	2015 US$m
Share of profit	**304**	233
Share of other comprehensive expense	**(116)**	(104)
Share of total comprehensive income	**188**	129
Carrying amount of interests in these joint ventures	**3,099**	2,950

Commitments and contingent liabilities in respect of joint ventures

The Group has the following commitments relating to its joint ventures as at 31st December:

	2016 US$m	2015 US$m
Commitment to provide funding if called	**453**	492

There were no contingent liabilities relating to the Group's interest in the joint ventures at 31st December 2016 and 2015.

17 Other Investments

	2016 US$m	2015 US$m
Available-for-sale financial assets		
Listed securities		
– Asia Commercial Bank	**58**	60
– Rothschild & Co	**114**	108
– Schindler Holdings	**222**	217
– The Bank of N.T. Butterfield & Son	**75**	47
– Zhongsheng	**297**	147
– other	**561**	453
	1,327	1,032
Unlisted securities	**100**	98
	1,427	1,130
Held-to-maturity financial assets		
Listed securities	**7**	7
	1,434	1,137
Non-current	**1,369**	1,105
Current	**65**	32
	1,434	1,137
Analysis by geographical area of operation:		
Greater China	**402**	259
Southeast Asia	**613**	498
Rest of the world	**419**	380
	1,434	1,137
Movements during the year:		
At 1st January	**1,137**	1,372
Exchange differences	**8**	(48)
Additions	**292**	123
Disposals and capital repayments	**(115)**	(307)
Unwinding of discount	**(1)**	(2)
Change in fair value	**113**	(1)
At 31st December	**1,434**	1,137

In 2014, a wholly-owned subsidiary of Jardine Strategic purchased new shares in Zhongsheng Group Holdings Limited ('Zhongsheng') which represents an initial 11% equity interest. Together with the convertible bonds held *(refer note 18)*, this investment would enable the subsidiary to further increase its interest upon exercising the bonds. An impairment charge of US$188 million was made against the investment in Zhongsheng through profit and loss during 2015 as a result of a prolonged decline in its market value. The market value of Zhongsheng had increased in 2016 and the fair value gain was recognized in other comprehensive income.

Movements of available-for-sale financial assets which were valued based on unobservable inputs during the year are disclosed in note 2. There was no sale of these assets in 2016. Profit on sale of these assets in 2015 amounted to US$126 million and was credited to profit and loss.

The fair value of held-to-maturity financial assets was US$7 million *(2015: US$7 million)*.

18 Debtors

	2016 US$m	2015 US$m
Consumer financing debtors		
– gross	**4,660**	4,079
– provision for impairment	**(182)**	(183)
	4,478	3,896
Financing lease receivables		
– gross investment	**398**	542
– unearned finance income	**(51)**	(67)
– net investment	**347**	475
– provision for impairment	**(14)**	(14)
	333	461
Financing debtors	**4,811**	4,357
Trade debtors		
– third parties	**2,423**	2,191
– associates	**26**	21
– joint ventures	**96**	52
	2,545	2,264
– provision for impairment	**(48)**	(59)
	2,497	2,205
Other debtors		
– third parties	**2,237**	2,229
– associates	**7**	3
– joint ventures	**91**	140
	2,335	2,372
– provision for impairment	**(10)**	(10)
	2,325	2,362
	9,633	8,924
Non-current	**2,936**	3,263
Current	**6,697**	5,661
	9,633	8,924
Analysis by geographical area of operation:		
Greater China	**1,457**	1,357
Southeast Asia	**7,962**	7,399
United Kingdom	**105**	93
Rest of the world	**109**	75
	9,633	8,924
Fair value:		
Consumer financing debtors	**4,444**	3,834
Financing lease receivables	**335**	469
Financing debtors	**4,779**	4,303
Trade debtors	**2,497**	2,205
Other debtors*	**1,047**	1,136
	8,323	7,644

*Excluding prepayments, rental and other deposits, and other non-financial debtors.

18 Debtors *(continued)*

Trade and other debtors excluding derivative financial instruments are stated at amortized cost. The fair value of these debtors other than convertible bonds in Zhongsheng and short-term debtors is estimated using the expected future receipts discounted at market rates ranging from 4% to 14% *(2015: 4% to 15%)* per annum. The fair value of convertible bonds in Zhongsheng is estimated by reference to market interest rate and the quoted price of the underlying shares. The fair value of short-term debtors approximates their carrying amounts. Derivative financial instruments are stated at fair value.

Financing debtors

Financing debtors comprise consumer financing debtors and financing lease receivables. They 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 scoring systems. These limits and scoring are reviewed periodically. 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 6 to 60 months for 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 the estimated irrecoverable amount by reference to past default experience. The Group has the right to repossess the assets whenever its customers default on their instalment obligations. It usually exercises its right 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 at 31st December is as follows:

	2016	2015
	US$m	US$m
Including related finance income		
Within one year	**3,188**	2,856
Between one and two years	**1,672**	1,489
Between two and five years	**1,135**	855
Beyond five years	**–**	6
	5,995	5,206
Excluding related finance income		
Within one year	**2,357**	2,132
Between one and two years	**1,324**	1,193
Between two and five years	**979**	749
Beyond five years	**–**	5
	4,660	4,079

Financing lease receivables

An analysis of financing lease receivables is set out below:

	2016	2015
	US$m	US$m
Lease receivables	**398**	542
Guaranteed residual value	**201**	228
Security deposits	**(201)**	(228)
Gross investment	**398**	542
Unearned lease income	**(51)**	(67)
Net investment	**347**	475

18 Debtors *(continued)*

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

	2016 Gross investment US$m	2016 Net investment US$m	2015 Gross investment US$m	2015 Net investment US$m
Within one year	**251**	**213**	320	272
Between one and two years	**105**	**95**	174	158
Between two and five years	**42**	**39**	48	45
	398	**347**	542	475

The fair value of the financing debtors is US$4,779 million *(2015: US$4,303 million)*. The fair value of financing debtors is determined based on a discounted cash flow method using unobservable inputs, which are mainly rates of 6% to 34% per annum *(2015: 6% to 33% per annum)*. The higher the rates, the lower the fair value.

Financing debtors are due within five years *(2015: five years)* from the balance sheet date and the interest rates range from 6% to 34% per annum *(2015: 6% to 33% per annum)*.

Trade and other debtors

The average credit period on sale of goods and services varies among Group businesses and is generally not more than 60 days. Before accepting any new customer, the 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.

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 of trade and other debtors is made based on the estimated irrecoverable amount.

At 31st December 2016, consumer financing debtors of US$44 million *(2015: US$32 million)*, financing lease receivables of US$16 million *(2015: US$18 million)*, trade debtors of US$78 million *(2015: US$103 million)* and other debtors of US$11 million *(2015: US$15 million)* were impaired. The impaired consumer financing debtors and financing lease receivables were covered by provisions for impairment of these debtors which are assessed collectively.

At 31st December 2016, consumer financing debtors of US$385 million *(2015: US$350 million)*, financing lease receivable of US$90 million *(2015: US$135 million)*, trade debtors of US$626 million *(2015: US$663 million)* and other debtors of US$50 million *(2015: US$18 million)*, respectively, were past due but not impaired. The ageing analysis of these debtors is as follows:

	Consumer financing debtors 2016 US$m	Consumer financing debtors 2015 US$m	Financing lease receivables 2016 US$m	Financing lease receivables 2015 US$m	Trade debtors 2016 US$m	Trade debtors 2015 US$m	Other debtors 2016 US$m	Other debtors 2015 US$m
Below 30 days	**311**	283	**61**	86	**266**	318	**9**	8
Between 31 and 60 days	**62**	56	**21**	37	**119**	137	**8**	2
Between 61 and 90 days	**12**	11	**8**	7	**65**	72	**1**	3
Over 90 days	**–**	–	**–**	5	**176**	136	**32**	5
	385	350	**90**	135	**626**	663	**50**	18

18 Debtors *(continued)*

The risk of trade and other debtors that are neither past due nor impaired at 31st December 2016 becoming impaired is low as they have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Other debtors

Other debtors are further analyzed as follows:

	2016 US$m	2015 US$m
Convertible bonds in Zhongsheng	**397**	391
Derivative financial instruments	**119**	296
Restricted bank balances and deposits	**68**	48
Loans to employees	**37**	34
Other amounts due from associates	**7**	3
Other amounts due from joint ventures	**91**	140
Repossessed assets of finance companies	**25**	26
Other receivables	**350**	224
Financial assets	**1,094**	1,162
Prepayments	**796**	836
Reinsurers' share of estimated losses on insurance contracts	**76**	79
Rental and other deposits	**207**	210
Other	**152**	75
	2,325	2,362

The convertible bonds in Zhongsheng with a nominal value of HK$3,092 million (US$399 million), held by a wholly-owned subsidiary, carry interest at 2.85% per annum and are unsecured. The bonds are convertible, at the option of the holders, into ordinary shares of Zhongsheng at a conversion price of HK$12.96 per share on or after the date falling 180 days after the issue date of 25th April 2014 up to the close of business on the date falling 10 days prior to the maturity. The bonds will mature on 25th April 2017.

Movements in the provisions for impairment are as follows:

	Consumer financing debtors		Financing lease receivables		Trade debtors		Other debtors	
	2016 US$m	2015 US$m	**2016** US$m	2015 US$m	**2016** US$m	2015 US$m	**2016** US$m	2015 US$m
At 1st January	**(183)**	(202)	**(14)**	(29)	**(59)**	(44)	**(10)**	(11)
Exchange differences	**(4)**	20	**1**	2	**(1)**	4	**–**	1
Additional provisions	**(95)**	(94)	**(8)**	–	**(13)**	(35)	**(1)**	(1)
Unused amounts reversed	**–**	–	**1**	3	**22**	13	**1**	–
Amounts written off	**100**	93	**6**	10	**3**	3	**–**	1
At 31st December	**(182)**	(183)	**(14)**	(14)	**(48)**	(59)	**(10)**	(10)

At 31st December 2016, the carrying amount of consumer financing debtors, financing lease receivables, trade debtors and other debtors pledged as security for borrowings amounted to US$1,783 million, US$86 million, nil and US$9 million *(2015: US$1,703 million, US$134 million, US$1 million and US$6 million)*, respectively *(refer note 30)*.

19 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
2016						
At 1st January						
– as previously reported	(155)	(338)	36	99	87	**(271)**
– change in accounting policy for bearer plants	8	88	–	–	(3)	**93**
– as restated	(147)	(250)	36	99	84	**(178)**
Exchange differences	3	(4)	–	1	4	**4**
Credited/(charged) to profit and loss	79	–	(6)	6	(20)	**59**
Credited/(charged) to other comprehensive income	–	1	–	(10)	–	**(9)**
Other	–	–	–	–	(1)	**(1)**
At 31st December	**(65)**	**(253)**	**30**	**96**	**67**	**(125)**
Deferred tax assets	159	(50)	30	90	146	**375**
Deferred tax liabilities	(224)	(203)	–	6	(79)	**(500)**
	(65)	**(253)**	**30**	**96**	**67**	**(125)**
2015						
At 1st January						
– as previously reported	(155)	(440)	33	84	88	(390)
– change in accounting policy for bearer plants	9	99	–	–	(3)	105
– as restated	(146)	(341)	33	84	85	(285)
Exchange differences	(1)	15	(2)	(7)	(10)	(5)
New subsidiaries	–	(4)	–	–	–	(4)
Credited to profit and loss	–	85	5	9	23	122
Credited/(charged) to other comprehensive income	–	(5)	–	13	–	8
Other	–	–	–	–	(14)	(14)
At 31st December	(147)	(250)	36	99	84	(178)
Deferred tax assets	98	(44)	28	83	150	315
Deferred tax liabilities	(245)	(206)	8	16	(66)	(493)
	(147)	(250)	36	99	84	(178)

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$157 million *(2015: US$156 million)* arising from unused tax losses of US$648 million *(2015: US$650 million)* have not been recognized in the financial statements. Included in the unused tax losses, US$246 million have no expiry date and the balance will expire at various dates up to and including 2036.

Deferred tax liabilities of US$480 million *(2015: US$462 million)* arising on temporary differences associated with investments in subsidiaries of US$4,800 million *(2015: US$4,623 million)* have not been recognized as there is no current intention of remitting the retained earnings of these subsidiaries to the holding companies in the foreseeable future.

20 Pension Plans

The Group operates defined benefit pension plans in the main territories in which it operates, with the major plans in Hong Kong and the United Kingdom. Most of the pension plans are final salary defined benefits, calculated based on members' length of service and their salaries in the final years leading up to retirement. In Hong Kong, the pension benefits are usually paid in one lump sum. With the exception of certain plans in Hong Kong, all the defined benefit plans are closed to new members. In addition, although all plans are impacted by the discount rate, liabilities in Hong Kong are driven by salary growth, whilst the United Kingdom plans are driven by inflationary rates.

The Group's defined benefit plans are either funded or unfunded, with the assets of the funded plans held independently of the Group's assets in separate trustee administered funds. Plan assets held in trusts are governed by local regulations and practices in each country. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the company and the boards of trustees. The Group's major plans are valued by independent actuaries annually using the projected unit credit method.

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

	2016 US$m	2015 US$m
Fair value of plan assets	**901**	926
Present value of funded obligations	**(1,104)**	(1,127)
	(203)	(201)
Present value of unfunded obligations	**(211)**	(210)
Net pension liabilities	**(414)**	(411)
Analysis of net pension liabilities:		
Pension assets	**5**	5
Pension liabilities	**(419)**	(416)
	(414)	(411)

20 Pension Plans *(continued)*

The movement in the net pension liabilities is as follows:

	Fair value of plan assets US$m	Present value of obligations US$m	Total US$m
2016			
At 1st January	926	(1,337)	**(411)**
Current service cost	–	(67)	**(67)**
Interest income/(expense)	34	(59)	**(25)**
Past service cost and gains on settlements	–	2	**2**
Administration expenses	(3)	–	**(3)**
	31	(124)	**(93)**
	957	(1,461)	**(504)**
Exchange differences	(56)	59	**3**
Remeasurements			
– return on plan assets, excluding amounts included in interest income	41	–	**41**
– change in financial assumptions	–	(37)	**(37)**
– experience gains	–	19	**19**
	41	(18)	**23**
Contributions from employers	50	–	**50**
Contributions from plan participants	4	(4)	**–**
Benefit payments	(86)	100	**14**
Settlements	(9)	9	**–**
At 31st December	**901**	**(1,315)**	**(414)**
2015			
At 1st January	1,006	(1,333)	(327)
Current service cost	–	(66)	(66)
Interest income/(expense)	38	(56)	(18)
Past service cost and gains on settlements	–	(1)	(1)
Administration expenses	(3)	–	(3)
	35	(123)	(88)
	1,041	(1,456)	(415)
Exchange differences	(28)	54	26
Disposal	(3)	3	–
Remeasurements			
– return on plan assets, excluding amounts included in interest income	(56)	–	(56)
– change in financial assumptions	–	4	4
– experience losses	–	(27)	(27)
	(56)	(23)	(79)
Contributions from employers	43	–	43
Contributions from plan participants	4	(4)	–
Benefit payments	(70)	84	14
Settlements	(6)	6	–
Transfer from other plans	1	(1)	–
At 31st December	926	(1,337)	(411)

20 Pension Plans *(continued)*

The weighted average duration of the defined benefit obligations at 31st December 2016 is 12 years *(2015: 12 years)*.

Expected maturity analysis of undiscounted pension benefits at 31st December is as follows:

	2016 US$m	2015 US$m
Less than a year	**89**	112
Between one and two years	**93**	85
Between two and five years	**304**	314
Beyond five years	**5,683**	6,724
	6,169	7,235

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

	Hong Kong		United Kingdom		Others	
	2016 %	2015 %	**2016** %	2015 %	**2016** %	2015 %
Discount rate	**3.3**	3.0	**2.6**	3.7	**7.3**	8.4
Salary growth rate	**4.8**	5.0	**–**	–	**6.2**	7.6
Inflation rate	**N/A**	N/A	**3.4**	2.9	**N/A**	N/A

Life expectancy for pensioners in the United Kingdom plans at the age of 65 for male and female are 22 years and 24 years, respectively *(2015: 22 years and 24 years)*. As participants of the plans relating to Hong Kong usually take lump sum amounts upon retirement, mortality rate is not a principal assumption for these plans.

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

		(Increase)/decrease on defined benefit obligations	
	Change in assumption %	Increase in assumption US$m	Decrease in assumption US$m
Discount rate	1	**136**	**(165)**
Salary growth rate	1	**(92)**	**77**
Inflation rate	1	**(21)**	**17**

The above sensitivity analyzes are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the balance sheet.

20 Pension Plans *(continued)*

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

	Asia Pacific US$m	Europe US$m	North America US$m	Global US$m	Total US$m
2016					
Quoted investments					
Equity instruments	87	46	10	10	**153**
Debt instruments					
– government	49	–	–	2	**51**
– corporate bonds					
– investment grade	20	88	4	–	**112**
	69	88	4	2	**163**
Investment funds	73	124	110	46	**353**
	229	258	124	58	**669**
Unquoted investments					
Investment funds	8	4	2	172	**186**
Total investments	237	262	126	230	**855**
Cash and cash equivalents					**48**
Benefits payable and other					**(2)**
					901

20 Pension Plans *(continued)*

	Asia Pacific US$m	Europe US$m	North America US$m	Global US$m	Total US$m
2015					
Quoted investments					
Equity instruments	106	51	11	10	178
Debt instruments					
– government	34	–	1	–	35
– corporate bonds					
– investment grade	18	105	–	–	123
	52	105	1	–	158
Investment funds	50	122	117	16	305
	208	278	129	26	641
Unquoted investments					
Debt instruments					
– government	7	16	7	2	32
– corporate bonds					
– investment grade	2	8	13	–	23
– non-investment grade	–	1	3	–	4
	2	9	16	–	27
	9	25	23	2	59
Investment funds	7	3	2	175	187
	16	28	25	177	246
Total investments	224	306	154	203	887
Cash and cash equivalents					41
Benefits payable and other					(2)
					926

The defined benefit plans in Hong Kong have two strategic asset allocations for its open and closed plans. The open plans have an equity/debt allocation of 70/30 whilst the closed plans have a 55/45 split.

The strategic asset allocation is derived from the asset-liability modeling ('ALM') review, done triennially to ensure the plans can meet future funding and solvency requirements. The last ALM review was completed in 2015, with modified strategic asset allocations adopted in 2015. The next ALM review is scheduled for 2018.

As at 31st December 2016, the Hong Kong plans had assets of US$471 million *(2015: US$481 million)*. These assets were invested 27% in Asia Pacific, 10% in Europe and 21% in North America *(2015: 25%, 14% and 27%, respectively)*. Within Asia Pacific, 49% *(2015: 58%)* was invested in Hong Kong equities. 66% *(2015: 55%)* and 34% *(2015: 45%)* of the investments were in quoted and unquoted instruments, respectively. The high percentage of quoted instruments provides liquidity to fund drawdowns and benefit payments. Within the quoted equity allocation, the plan is well diversified in terms of sectors, with the top three being financials, technology and industrials, with a combined fair value of US$38 million *(2015: US$ 46 million)*.

20 Pension Plans *(continued)*

In the United Kingdom, the defined benefit plans have strategic asset allocations for equities, fixed income and diversified growth funds of 40/30/30 for Matheson & Co. and 40/40/20 for Jardine Motors. The majority of the equity investments are in passive funds with a significant percentage in developed economies. Matheson & Co. has 87% *(2015: 89%)* of their investments in developed and 13% *(2015: 11%)* in emerging economies. The regional splits are 10% *(2015: 9%)* in Asia Pacific, 45% *(2015: 44%)* in Europe, 14% *(2015: 14%)* in North America and 31% *(2015: 33%)* globally. All of their investments were in quoted instruments, unchanged from 2015. Jardine Motors had 95% of the investments in developed economies and all of their investments were in quoted instruments, similar to 2015. Their regional splits are 5% in Asia Pacific, 85% in Europe, 5% in North America and 5% globally, also similar to 2015. The top three sectors of the quoted equity instruments at the end of both 2016 and 2015 were financials, consumer goods and industrials, with combined fair values of US$39 million and US$46 million, respectively.

Through its defined benefit pension plans, the Group is expected to be exposed to a number of risks such as asset volatility, changes in bond yields, inflation risk and life expectancy, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Group's defined benefit plans hold a percentage of equities, which are expected to outperform corporate bonds in the long-term, whilst generating volatility and risk in the short-term.

In Hong Kong, where the Group has open and closed plans, the assets and liabilities mix are distinct to reduce the level of investment risk to each plan. In 2016, the plans rebalanced from their overweight allocations in hedge funds to their underweight allocations in equities, bonds and cash. The plans also restructured their fixed income portfolios by reducing the allocation to global bonds and increasing the allocation to cash and Asian bonds to reduce risks. The open plans retained a higher exposure to equities to generate higher returns to meet pension obligations. Management believes that the long-term nature of the plan liabilities and the strength of the Group supports a level of equity investment as part of the Group's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Only the Group's United Kingdom plans' benefit obligations are linked to inflation, specifically CPI, where a higher CPI leads to higher liabilities. Although CPI has remained benign in 2016, the long-term outlook is for a higher inflation assumption. The rest of the Group's plan assets are unaffected by inflation.

Life expectancy

Life expectancy risk is only applicable to the United Kingdom plans, where increase in longevity assumptions results in an increase in the plan's liabilities. The Hong Kong plans mainly provide for a lump-sum benefit payment at retirement.

The Group ensures that the investment positions are managed within an ALM framework that is developed to achieve long-term returns that are in line with the obligations under the pension schemes. Within the ALM framework, the Group's objective is to match assets to the pension obligations by investing in a well-diversified portfolio that generates sufficient risk-adjusted returns that match the benefit payments. The Group also actively monitors the duration and the expected yield of the investments to ensure it matches the expected cash outflows arising from the pension obligations.

Investments across the plans are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2016 were US$50 million and the estimated amount of contributions expected to be paid to all its plans in 2017 is US$50 million.

21 Properties for Sale

	2016 US$m	2015 US$m
Properties in the course of development	**2,052**	2,661
Completed properties	**263**	102
	2,315	2,763

As at 31st December 2016, properties in the course of development amounting to US$1,484 million *(2015: US$2,067 million)* were not scheduled for completion within the next twelve months.

At 31st December 2016, the Group's properties for sale had not been pledged as security for borrowings *(2015: US$796 million) (refer note 30)*.

22 Stocks and Work in Progress

	2016 US$m	2015 US$m
Finished goods	**3,013**	3,052
Work in progress	**41**	41
Raw materials	**65**	63
Spare parts	**80**	89
Other	**82**	86
	3,281	3,331

At 31st December 2016, the Group's stocks and work in progress had not been pledged as security for borrowings *(2015: US$1 million) (refer note 30)*.

23 Bank Balances and Other Liquid Funds

	2016 US$m	2015 US$m
Deposits with banks and financial institutions	**2,532**	3,026
Bank balances	**2,893**	1,654
Cash balances	**118**	102
	5,543	4,782
Analysis by currency:		
Chinese renminbi	**1,188**	934
Euro	**19**	49
Hong Kong dollar	**193**	167
Indonesian rupiah	**1,771**	920
Japanese yen	**20**	37
Macau patacas	**29**	26
Malaysian ringgit	**74**	25
New Taiwan dollar	**58**	52
Philippine peso	**26**	20
Singapore dollar	**501**	473
United Kingdom sterling	**38**	38
United States dollar	**1,598**	2,006
Other	**28**	35
	5,543	4,782

The weighted average interest rate on deposits with banks and financial institutions is 1.8% *(2015: 2.7%)* per annum.

24 Share Capital

	2016 US$m	2015 US$m
Authorized:		
1,000,000,000 shares of US¢25 each	**250**	250

	Ordinary shares in millions 2016	2015	2016 US$m	2015 US$m
Issued and fully paid:				
At 1st January	**702**	691	**175**	173
Scrip issued in lieu of dividends	**12**	11	**3**	2
At 31st December	**714**	702	**178**	175

25 Share-based Long-term Incentive Plans

Share-based long-term incentive plans ('LTIP') have been put in place to provide incentives for selected executives. Awards take the form of share options to purchase ordinary shares in the Company with exercise prices based on the then prevailing market prices, however, share awards which will vest free of payment may also be made. Awards normally vest on or after the third anniversary of the date of grant and may be subject to the achievement of performance conditions.

The 2015 LTIP was adopted by the Company on 5th March 2015. During 2016, awards were granted in the form of options with exercise prices based on the then prevailing market prices, and no free shares were granted. Prior to the adoption of the 2015 LTIP, The Jardine Matheson International Share Option Plan 2005 and The Jardine Matheson Holdings Limited Approved Share Option Plan 2005 provided selected executives with options to purchase ordinary shares in the Company.

The exercise prices of the options granted during 2016, and in prior years, were based on the average market prices for the five trading days immediately preceding the dates of grant of the options. Options normally vest in tranches over a period of three to five years, and are exercisable for up to ten years following the date of grant.

Movements during the year:

	2016		2015	
	Weighted average exercise price US$	Options in millions	Weighted average exercise price US$	Options in millions
At 1st January	**48.0**	**2.2**	44.3	2.3
Granted	**54.0**	**0.7**	61.1	0.2
Exercised	**26.0**	**(0.2)**	23.5	(0.3)
At 31st December	**51.3**	**2.7**	48.0	2.2

The average share price during the year was US$57.4 *(2015: US$56.4)* per share.

Outstanding at 31st December:

Expiry date	Exercise price US$	Options in millions **2016**	2015
2016	18.2	**–**	0.1
2017	21.7	**0.1**	0.1
2018	27.3	**0.1**	0.2
2020	32.2	**0.2**	0.2
2021	45.7 – 46.8	**0.3**	0.3
2022	51.2	**0.5**	0.5
2023	64.9	**0.4**	0.4
2024	59.6	**0.2**	0.2
2025	52.8 – 63.4	**0.2**	0.2
2026	53.9 – 56.6	**0.7**	–
Total outstanding		**2.7**	2.2
of which exercisable		**1.2**	1.0

The fair value of options granted during the year, determined using the Trinomial valuation model, was US$8 million *(2015: US$3 million)*. The significant inputs into the model, based on the weighted average number of options issued, were share price of US$54.4 *(2015: US$61.0)* at the grant dates, exercise price shown above, expected volatility based on the last seven years of 23.9% *(2015: 28.6%)*, dividend yield of 2.7% *(2015: 2.4%)*, option life disclosed above, and annual risk-free interest rate of 1.7% *(2015: 1.8%)*. Options are assumed to be exercised at the end of the seventh year following the date of grant.

26 Share Premium and Capital Reserves

	Share premium US$m	Capital reserves US$m	Total US$m
2016			
At 1st January	21	137	**158**
Capitalization arising on scrip issued in lieu of dividends	(3)	–	**(3)**
Employee share option schemes			
– exercise of share options	1	–	**1**
– value of employee services	–	22	**22**
Transfer	1	(4)	**(3)**
At 31st December	**20**	**155**	**175**
2015			
At 1st January	20	118	138
Capitalization arising on scrip issued in lieu of dividends	(2)	–	(2)
Employee share option schemes			
– exercise of share options	2	–	2
– value of employee services	–	22	22
Transfer	1	(3)	(2)
At 31st December	21	137	158

Capital reserves represent the value of employee services under the Group's employee share option schemes. At 31st December 2016, US$26 million *(2015: US$22 million)* related to the Company's Senior Executive Share Incentive Schemes.

27 Dividends

	2016 US$m	2015 US$m
Final dividend in respect of 2015 of US¢107.00 *(2014: US¢107.00)* per share	**752**	739
Interim dividend in respect of 2016 of US¢38.00 *(2015: US¢38.00)* per share	**270**	266
	1,022	1,005
Company's share of dividends paid on the shares held by subsidiaries	**(481)**	(465)
	541	540
Shareholders elected to receive scrip in respect of the following:		
Final dividend in respect of previous year	**515**	480
Interim dividend in respect of current year	**185**	173
	700	653

A final dividend in respect of 2016 of US¢112.00 *(2015: US¢107.00)* per share amounting to a total of US$800 million *(2015: US$752 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2017 Annual General Meeting. The net amount after deducting the Company's share of the dividends payable on the shares held by subsidiaries of US$382 million *(2015: US$352 million)* will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2017.

28 Own Shares Held

Own shares held of US$4,100 million *(2015: US$3,596 million)* represent the Company's share of the cost of 406 million *(2015: 396 million)* ordinary shares in the Company held by subsidiaries and are deducted in arriving at shareholders' funds.

29 Non-controlling Interests

	2016 US$m	2015 US$m
By business:		
Hongkong Land	**18,224**	16,808
Dairy Farm	**631**	597
Mandarin Oriental	**417**	481
Jardine Cycle & Carriage	**534**	491
Astra	**7,893**	7,016
Jardine Strategic	**1,019**	932
Other	**25**	22
	28,743	26,347
Less own shares held attributable to non-controlling interests	**(806)**	(733)
	27,937	25,614

Summarized financial information on subsidiaries with material non-controlling interests

Set out below are the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarized balance sheets at 31st December:

	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Astra US$m	Jardine Strategic US$m
2016					
Current					
Assets	4,616	1,628	288	8,267	16,124
Liabilities	(1,791)	(2,782)	(151)	(6,616)	(11,758)
Total current net assets/(liabilities)	2,825	(1,154)	137	1,651	4,366
Non-current					
Assets	32,339	3,512	1,573	11,462	53,784
Liabilities	(3,850)	(779)	(537)	(2,501)	(7,944)
Total non-current net assets	28,489	2,733	1,036	8,961	45,840
Net assets	**31,314**	**1,579**	**1,173**	**10,612**	**50,206**
Non-controlling interests	**20**	**74**	**4**	**2,094**	**24,064**
2015					
Current					
Assets	4,647	1,440	406	7,616	14,959
Liabilities	(1,722)	(3,150)	(152)	(5,513)	(10,892)
Total current net assets/(liabilities)	2,925	(1,710)	254	2,103	4,067
Non-current					
Assets	29,725	3,380	1,477	10,445	49,790
Liabilities	(3,930)	(215)	(499)	(3,152)	(7,995)
Total non-current net assets	25,795	3,165	978	7,293	41,795
Net assets	28,720	1,455	1,232	9,396	45,862
Non-controlling interests	35	79	5	1,788	21,943

29 Non-controlling Interests *(continued)*

Summarized profit and loss for the year ended 31st December:

	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Astra US$m	Jardine Strategic US$m
2016					
Revenue	**1,994**	**11,201**	**597**	**13,610**	**29,552**
Profit after tax from underlying business performance	851	460	56	1,283	2,917
Profit/(loss) after tax from non-trading items	2,494	10	(2)	57	2,586
Profit after tax	3,345	470	54	1,340	5,503
Other comprehensive (expense)/income	(295)	(68)	(58)	125	(56)
Total comprehensive income	**3,050**	**402**	**(4)**	**1,465**	**5,447**
Total comprehensive (expense)/income allocated to non-controlling interests	**(5)**	**4**	**(1)**	**243**	**2,824**
Dividends paid to non-controlling interests	**(4)**	**(4)**	**–**	**(101)**	**(726)**
2015					
Revenue	1,932	11,137	607	13,702	29,391
Profit after tax from underlying business performance	909	422	90	1,049	2,733
Profit/(loss) after tax from non-trading items	1,097	(4)	(1)	38	1,106
Profit after tax	2,006	418	89	1,087	3,839
Other comprehensive (expense)/income	(432)	(192)	(60)	14	(1,728)
Total comprehensive income	1,574	226	29	1,101	2,111
Total comprehensive (expense)/income allocated to non-controlling interests	(9)	(17)	–	73	913
Dividends paid to non-controlling interests	(6)	–	–	(137)	(851)

29 Non-controlling Interests *(continued)*

Summarized cash flows at 31st December:

	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Astra US$m	Jardine Strategic US$m
2016					
Cash flows from operating activities					
Cash generated from operations	3,522	459	68	1,731	5,447
Interest received	36	1	1	88	135
Interest and other financing charges paid	(111)	(22)	(10)	(126)	(272)
Tax paid	(141)	(85)	(19)	(365)	(660)
Other operating cash flows	(2,210)	190	68	287	(1,235)
Cash flows from operating activities	1,096	543	108	1,615	3,415
Cash flows from investing activities	(245)	(428)	(223)	(1,138)	(2,110)
Cash flows from financing activities	(442)	(43)	(7)	(273)	(707)
Net increase/(decrease) in cash and cash equivalents	409	72	(122)	204	598
Cash and cash equivalents at 1st January	1,566	257	309	1,963	4,568
Effect of exchange rate changes	(77)	(6)	(4)	18	(75)
Cash and cash equivalents at 31st December	**1,898**	**323**	**183**	**2,185**	**5,091**
2015					
Cash flows from operating activities					
Cash generated from operations	2,008	431	107	1,113	3,562
Interest received	41	2	2	83	136
Interest and other financing charges paid	(119)	(15)	(12)	(98)	(248)
Tax paid	(175)	(90)	(19)	(449)	(784)
Other operating cash flows	(859)	372	62	1,480	1,306
Cash flows from operating activities	896	700	140	2,129	3,972
Cash flows from investing activities	(146)	(1,365)	(124)	(812)	(2,927)
Cash flows from financing activities	(795)	277	(23)	(920)	(1,341)
Net (decrease)/increase in cash and cash equivalents	(45)	(388)	(7)	397	(296)
Cash and cash equivalents at 1st January	1,658	657	324	1,666	5,050
Effect of exchange rate changes	(47)	(12)	(8)	(100)	(186)
Cash and cash equivalents at 31st December	1,566	257	309	1,963	4,568

The information above is the amount before inter-company eliminations.

30 Borrowings

	2016 Carrying amount US$m	2016 Fair value US$m	2015 Carrying amount US$m	2015 Fair value US$m
Current				
– bank overdrafts	**12**	**12**	9	9
– other bank advances	**2,028**	**2,028**	1,917	1,917
– other advances	**34**	**34**	14	14
	2,074	**2,074**	1,940	1,940
Current portion of long-term borrowings				
– bank loans	**1,313**	**1,313**	1,481	1,481
– bonds and notes	**874**	**874**	533	533
– finance lease liabilities	**51**	**51**	31	31
– other loans	**11**	**11**	6	6
	2,249	**2,249**	2,051	2,051
	4,323	**4,323**	3,991	3,991
Long-term borrowings				
– bank loans	**2,876**	**2,882**	2,916	2,922
– bonds and notes	**3,962**	**4,041**	4,009	4,115
– finance lease liabilities	**4**	**4**	65	65
– other loans	**19**	**19**	5	5
	6,861	**6,946**	6,995	7,107
	11,184	**11,269**	10,986	11,098

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 0.1% to 12.0% *(2015: 0.1% to 11.3%)* per annum. This is in line with the definition of 'observable current market transactions' under the fair value measurement hierarchy. The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

	2016 US$m	2015 US$m
Secured	**3,942**	3,760
Unsecured	**7,242**	7,226
	11,184	10,986

Secured borrowings at 31st December 2016 included Hongkong Land's bank borrowings of US$265 million which were secured against its investment properties *(2015: US$195 million, against investment properties and properties for sale)*, Mandarin Oriental's bank borrowings of US$476 million *(2015: US$436 million)* which were secured against its tangible assets, and Astra's bonds and notes of US$1,617 million *(2015: US$1,328 million)* which were secured against its various assets as summarized on the next page and bank borrowings of US$1,584 million *(2015: US$1,801 million)* which were secured against its various assets.

30 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
2016					
Chinese renminbi	5.0	–	–	278	**278**
Hong Kong dollar	3.2	8.2	2,128	2,016	**4,144**
Indonesian rupiah	8.6	1.2	3,589	1,292	**4,881**
Malaysian ringgit	4.1	–	–	194	**194**
Philippine peso	3.1	–	–	91	**91**
Singapore dollar	2.7	3.2	181	204	**385**
United Kingdom sterling	1.3	–	–	108	**108**
United States dollar	2.1	1.7	341	753	**1,094**
Other	2.4	10.6	3	6	**9**
			6,242	**4,942**	**11,184**
2015					
Chinese renminbi	5.6	–	–	249	249
Hong Kong dollar	3.1	9.1	2,142	1,860	4,002
Indonesian rupiah	8.6	1.3	3,500	867	4,367
Malaysian ringgit	3.9	–	–	85	85
Philippine peso	3.6	0.9	74	20	94
Singapore dollar	3.0	4.2	183	415	598
United Kingdom sterling	1.6	–	–	86	86
United States dollar	1.5	1.4	235	1,256	1,491
Other	3.3	4.5	8	6	14
			6,142	4,844	10,986

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

30 Borrowings *(continued)*

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at 31st December after taking into account hedging transactions are as follows:

	2016 US$m	2015 US$m
Within one year	**7,008**	6,518
Between one and two years	**1,040**	1,285
Between two and three years	**1,045**	869
Between three and four years	**247**	234
Between four and five years	**–**	235
Beyond five years	**1,844**	1,845
	11,184	10,986

The finance lease liabilities are as follows:

	Minimum lease payments		Present value of finance lease liabilities	
	2016 US$m	2015 US$m	**2016** US$m	2015 US$m
Within one year	**53**	33	**51**	31
Between one and five years	**4**	71	**4**	65
	57	104	**55**	96
Future finance charges on finance leases	**(2)**	(8)		
Present value of finance lease liabilities	**55**	96		
Current			**51**	31
Non-current			**4**	65
			55	96

30 Borrowings *(continued)*

Details of the bonds and notes outstanding at 31st December 2016 are as follows:

	Maturity	Interest rates %	Nominal values	2016 Current US$m	2016 Non-current US$m	2015 Current US$m	2015 Non-current US$m
Hongkong Land							
3.86% 8-year notes	2017	3.86	S$50 million	**35**	**–**	–	36
4.135% 10-year notes	2019	4.135	HK$200 million	**–**	**25**	–	25
4.1875% 10-year notes	2019	4.1875	HK$300 million	**–**	**39**	–	39
4.25% 10-year notes	2019	4.25	HK$300 million	**–**	**39**	–	39
4.22% 10-year notes	2020	4.22	HK$500 million	**–**	**67**	–	69
4.24% 10-year notes	2020	4.24	HK$500 million	**–**	**64**	–	64
3.43% 10-year notes	2020	3.43	S$150 million	**–**	**104**	–	106
3.95% 10-year notes	2020	3.95	HK$500 million	**–**	**64**	–	64
4.28% 12-year notes	2021	4.28	HK$500 million	**–**	**67**	–	70
3.86% 10-year notes	2022	3.86	HK$410 million	**–**	**52**	–	52
4.50% 10-year notes	2022	4.50	US$500 million	**–**	**488**	–	488
3.00% 10-year notes	2022	3.00	HK$305 million	**–**	**39**	–	39
2.90% 10-year notes	2022	2.90	HK$200 million	**–**	**26**	–	26
3.95% 10-year notes	2023	3.95	HK$1,100 million	**–**	**141**	–	141
3.95% 10-year notes	2023	3.95	HK$300 million	**–**	**39**	–	39
4.625% 10-year notes	2024	4.625	US$400 million	**–**	**406**	–	408
4.10% 15-year notes	2025	4.10	HK$300 million	**–**	**38**	–	38
4.50% 15-year notes	2025	4.50	US$600 million	**–**	**614**	–	615
3.75% 15-year notes	2026	3.75	HK$302 million	**–**	**39**	–	39
4.00% 15-year notes	2027	4.00	HK$785 million	**–**	**99**	–	99
4.04% 15-year notes	2027	4.04	HK$473 million	**–**	**61**	–	61
3.95% 15-year notes	2027	3.95	HK$200 million	**–**	**26**	–	26
3.15% 15-year notes	2028	3.15	HK$300 million	**–**	**38**	–	38
4.22% 15-year notes	2028	4.22	HK$325 million	**–**	**42**	–	42
4.40% 15-year notes	2029	4.40	HK$400 million	**–**	**51**	–	51
4.11% 20-year notes	2030	4.11	HK$800 million	**–**	**103**	–	103
4.125% 20-year notes	2031	4.125	HK$200 million	**–**	**25**	–	25
4.00% 20-year notes	2032	4.00	HK$240 million	**–**	**30**	–	30
5.25% 30-year notes	2040	5.25	HK$250 million	**–**	**32**	–	32
Astra Sedaya Finance							
Berkelanjutan I Tahap I bonds	2017	8.6	Rp2,250 billion	**167**	**–**	–	163
Berkelanjutan I Tahap III bonds	2016	7.75	Rp1,120 billion	**–**	**–**	81	–
Berkelanjutan II Tahap I bonds	2016	7.75	Rp950 billion	**–**	**–**	62	–
Berkelanjutan II Tahap II bonds	2017	9.75	Rp370 billion	**28**	**–**	63	24
Berkelanjutan II Tahap III bonds	2018	10.5 – 10.6	Rp778 billion	**52**	**6**	–	56
Berkelanjutan II Tahap IV bonds	2017	10.5	Rp1,430 billion	**106**	**–**	–	103
Berkelanjutan II Tahap V bonds	2018	9.25	Rp775 billion	**–**	**58**	54	56
Berkelanjutan III Tahap I bonds	2019	7.95 – 8.5	Rp2,000 billion	**57**	**91**	–	–
Berkelanjutan III Tahap II bonds	2019	7.25 – 7.95	Rp1,640 billion	**63**	**59**	–	–
Singapore Dollars Guaranteed bonds	2017	2.12	Rp930 billion	**69**	**–**	–	70
Euro Medium Term Note	2018	2.88	Rp4,031 billion	**–**	**300**	–	300

30 Borrowings *(continued)*

Details of the bonds and notes outstanding at 31st December 2016 are as follows *(continued)*:

	Maturity	Interest rates %	Nominal values	2016 Current US$m	2016 Non-current US$m	2015 Current US$m	2015 Non-current US$m
Federal International Finance							
Berkelanjutan I Tahap II bonds	2016	7.75	Rp1,690 billion	**–**	**–**	122	–
Berkelanjutan I Tahap III bonds	2017	10.5	Rp745 billion	**55**	**–**	–	54
Berkelanjutan II Tahap I bonds	2018	9.25	Rp1,971 billion	**–**	**146**	68	142
Berkelanjutan II Tahap II bonds	2018	9.25	Rp587 billion	**–**	**43**	49	43
Berkelanjutan II Tahap III bonds	2019	8.5 – 9.15	Rp3,300 billion	**65**	**180**	–	–
Berkelanjutan II Tahap IV bonds	2019	7.25 – 7.95	Rp2,025 billion	**65**	**86**	–	–
SAN Finance							
Berkelanjutan I Tahap I bonds	2016	9.75	Rp391 billion	**–**	**–**	24	–
Berkelanjutan I Tahap II bonds	2017	10.5	Rp1,000 billion	**74**	**–**	–	65
Berkelanjutan I Tahap III bonds	2018	9.4	Rp443 billion	**–**	**33**	–	29
Berkelanjutan II Tahap I bonds	2019	8.25 – 9.0	Rp1,530 billion	**38**	**76**	–	–
Serasi Auto Raya							
III bonds	2016	8.75	Rp148 billion	**–**	**–**	10	–
Astra Otoparts ('AOP') Medium Term Notes							
AOP Medium Term Note Seri B	2019	9.0	Rp350 billion	**–**	**26**	–	–
				874	**3,962**	533	4,009

The Astra Sedaya Finance bonds were issued by a partly-owned subsidiary of Astra and are collateralized by fiduciary guarantee over financing debtors of the subsidiary amounting to 60% of the total outstanding principal of the bonds. The ASF Euro Medium Term Note were unsecured.

The Federal International Finance bonds were issued by a wholly-owned subsidiary of Astra and are collateralized by fiduciary guarantee over financing debtors of the subsidiary amounting to 60% of the total outstanding principal of the bonds.

The SAN Finance bonds were issued by a partly-owned subsidiary of Astra and are collateralized by fiduciary guarantee over financing debtors of the subsidiary amounting to 60% of the total outstanding principal of the bonds.

The AOP Medium Term Notes were unsecured and issued by a wholly-owned subsidiary of Astra.

31 Creditors

	2016 US$m	2015 US$m
Trade creditors		
– third parties	**4,123**	3,939
– associates	**81**	60
– joint ventures	**194**	178
	4,398	4,177
Accruals	**1,677**	1,586
Other amounts due to joint ventures	**175**	154
Rental and other refundable deposits	**421**	392
Contingent consideration payable	**10**	27
Derivative financial instruments	**29**	76
Other creditors	**433**	426
Financial liabilities	**7,143**	6,838
Gross estimated losses on insurance contracts	**161**	154
Net amount due to customers for contract work	**42**	39
Proceeds from properties for sale received in advance	**943**	892
Rental income received in advance	**29**	20
Other income received in advance	**221**	204
Deferred warranty income	**12**	12
Unearned premiums on insurance contracts	**352**	313
Other	**251**	219
	9,154	8,691
Non-current	**440**	430
Current	**8,714**	8,261
	9,154	8,691
Analysis by geographical area of operation:		
Greater China	**3,385**	3,287
Southeast Asia	**5,292**	4,916
United Kingdom	**282**	299
Rest of the world	**195**	189
	9,154	8,691

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.

32 Provisions

	Motor vehicle warranties US$m	Closure cost provisions US$m	Obligations under onerous leases US$m	Reinstatement and restoration costs US$m	Statutory employee entitlements US$m	Others US$m	Total US$m
2016							
At 1st January	39	8	16	45	101	20	**229**
Exchange differences	(1)	–	(1)	(1)	3	–	**–**
Additional provisions	12	7	2	10	7	15	**53**
Unused amounts reversed	–	(3)	–	–	(1)	(1)	**(5)**
Utilized	(4)	(4)	–	(2)	(2)	(2)	**(14)**
At 31st December	**46**	**8**	**17**	**52**	**108**	**32**	**263**
Non-current	–	1	11	45	84	10	**151**
Current	46	7	6	7	24	22	**112**
	46	**8**	**17**	**52**	**108**	**32**	**263**
2015							
At 1st January	35	5	12	46	101	16	215
Exchange differences	(3)	–	(3)	(4)	(9)	(1)	(20)
Additional provisions	11	7	7	4	10	10	49
Unused amounts reversed	(1)	(2)	–	–	–	–	(3)
Utilized	(3)	(2)	–	(1)	(1)	(5)	(12)
At 31st December	39	8	16	45	101	20	229
Non-current	–	1	13	40	74	17	145
Current	39	7	3	5	27	3	84
	39	8	16	45	101	20	229

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.

Provisions are made for obligations under onerous operating leases when the properties are not used by the Group and the net costs of exiting from the leases exceed the economic benefits expected to be received.

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

33 Notes to Consolidated Cash Flow Statement

(a) Depreciation and amortization

	2016 US$m	2015 US$m
By business:		
Jardine Pacific	**31**	30
Jardine Motors	**30**	30
Hongkong Land	**3**	3
Dairy Farm	**213**	212
Mandarin Oriental	**60**	53
Jardine Cycle & Carriage	**10**	10
Astra	**598**	625
	945	963

(b) Other non-cash items

	2016 US$m	2015 US$m
By nature:		
(Profit)/loss on sale of subsidiaries	**(16)**	6
Profit on sale of other investments	**(7)**	(133)
Profit on sale of tangible assets	**(143)**	(8)
Loss on sale of repossessed assets	**60**	67
Loss on sale of bearer plants and related assets	**38**	3
Fair value gain on reclassification of properties	**–**	(63)
Fair value gain on contingent consideration	**(15)**	(42)
Fair value gain on agricultural produce	**(22)**	–
Impairment of intangible assets	**87**	19
Impairment of tangible assets	**1**	373
Impairment of other investments	**–**	188
Impairment of debtors	**93**	114
Write down of stocks and work in progress	**51**	59
Reversal of write down of stocks and work in progress	**(36)**	(20)
Reversal of impairment of joint ventures	**–**	(14)
Reversal of write down of properties for sale	**(3)**	(21)
Change in provisions	**36**	31
Net foreign exchange (gains)/losses	**(15)**	50
Options granted under employee share option schemes	**9**	10
Other	**2**	1
	120	620
By business:		
Jardine Pacific	**75**	21
Jardine Motors	**(145)**	(2)
Hongkong Land	**(5)**	(98)
Dairy Farm	**8**	25
Mandarin Oriental	**3**	2
Jardine Cycle & Carriage	**18**	16
Astra	**161**	589
Corporate and other interests	**5**	67
	120	620

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

(c) (Increase)/decrease in working capital

	2016 US$m	2015 US$m
Increase in concession rights	**(61)**	(29)
Decrease in properties for sale	**350**	14
Increase in stocks and work in progress	**(75)**	(404)
(Increase)/decrease in debtors	**(917)**	39
Increase in creditors	**580**	425
Increase in pension obligations	**29**	31
	(94)	76

(d) Purchase of subsidiaries

	2016 Fair value US$m	2015 Fair value US$m
Intangible assets	**4**	10
Tangible assets	**27**	35
Bearer plants	**9**	–
Non-current debtors	**–**	2
Current assets	**11**	116
Deferred tax liabilities	**–**	(4)
Current liabilities	**(17)**	(91)
Long-term borrowings	**–**	(3)
Fair value of identifiable net assets acquired	**34**	65
Adjustment for non-controlling interests	**–**	(28)
Goodwill	**14**	223
Total consideration	**48**	260
Deposit paid	**12**	–
Adjustment for contingent consideration	**(1)**	–
Payment for contingent consideration	**1**	1
Adjustment for deferred consideration	–	(26)
Cash and cash equivalents of subsidiaries acquired	–	(20)
Net cash outflow	**60**	215

For the subsidiaries acquired during 2016, the fair values of the identifiable assets and liabilities at the acquisition dates are provisional and will be finalized within one year after the acquisition dates.

The fair values of the identifiable assets and liabilities at the acquisition dates of certain subsidiaries acquired during 2015 as included in the comparative figures were provisional. The fair values were finalized in 2016. As the difference between the provisional and the finalized fair values were not material, the comparative figures have not been adjusted.

Net cash outflow for purchase of subsidiaries in 2016 included US$46 million for Jardine Motors' acquisition of various motor dealership businesses in the United Kingdom during the second quarter of 2016, and US$12 million deposit paid for Astra's acquisition of an 80% interest in PT Suprabari Mapanindo Mineral, a coal mining company, to be completed in 2017.

Goodwill arising from the acquisition of motor dealership businesses was attributable to the expected synergies with its existing retail network. None of the goodwill is expected to be deductible for tax purposes.

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

(d) Purchase of subsidiaries *(continued)*

Revenue since acquisition in respect of subsidiaries acquired during the year amounted to US$116 million with insignificant contribution to profit after tax. Had the acquisitions occurred on 1st January 2016, consolidated revenue for the year ended 31st December 2016 would have been US$37,138 million. There was no impact on the consolidated profit after tax for the year ended 31st December 2016.

Net cash outflow in 2015 included US$147 million for Dairy Farm's acquisition of a 100% interest in San Miu Supermarket Limited ('San Miu'), which operates a supermarket chain in Macau, in March 2015, and US$57 million for Astra's acquisition of a 50.1% interest in PT Acset Indonusa, a construction company in Indonesia, in January 2015.

The goodwill arising from the acquisition of San Miu amounted to US$182 million and was attributable to its leading market position and retail network in Macau. The goodwill arising from the acquisition of PT Acset Indonusa of US$33 million was attributable to the expected synergies from combining its operations with Astra's existing businesses. None of the goodwill is expected to be deductible for tax purposes.

(e) Purchase of associates and joint ventures in 2016 included US$190 million for Dairy Farm's further investment in Yonghui, US$240 million for Astra's subscription to rights issue and capital advance to PT Bank Permata, US$70 million for Hongkong Land's investment in mainland China, US$74 million for Astra's investment in Indonesia, and US$57 million for Hongkong Land's and Astra's 50% joint investment in an Indonesian residential project.

Purchase in 2015 included US$100 million for Hongkong Land's investment in mainland China, US$912 million for Dairy Farm's acquisition of a 19.99% interest in Yonghui, US$615 million for Jardine Cycle & Carriage's acquisition of a 24.9% interest in Siam City Cement Public Company Limited, a cement manufacturer in Thailand, and US$65 million for Astra's acquisition of 25% interest in PT Trans Marga Jateng, a toll road operator in Indonesia.

(f) Purchase of other investments in 2016 mainly included US$208 million for Astra's acquisition of securities and US$84 million for Jardine Strategic's acquisition of an additional 4% interest in Zhongsheng.

Purchase in 2015 mainly included acquisition of securities by Astra.

(g) Advance to associates and joint ventures in 2016 mainly included Hongkong Land's advance to its property joint ventures.

Advance in 2015 comprised US$215 million for Hongkong Land's advance to its property joint ventures and US$69 million for Mandarin Oriental's loan to its hotel joint venture.

(h) Advance and repayment from associates and joint ventures in 2016 and 2015 mainly included advance and repayment from Hongkong Land's property joint ventures.

(i) Sale of other investments in 2016 comprised Astra's sale of securities.

Sale in 2015 mainly included US$102 million for Astra's sale of securities and US$166 million for Jardine Strategic's sale of ACLEDA Bank.

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

(j) Change in interests in subsidiaries

	2016	2015
	US$m	US$m
Increase in attributable interests		
– Jardine Strategic	**(235)**	(215)
– Mandarin Oriental	**(67)**	–
– Jardine Cycle & Carriage	**(23)**	(41)
– other	**(37)**	(19)
Decrease in attributable interests	**23**	34
	(339)	(241)

Increase in attributable interests in other subsidiaries in 2016 included US$35 million for Hongkong Land's acquisition of an additional 5% interest in Hongkong Land Macau Property Company Limited, increasing its controlling interest to 100%.

Increase in 2015 included US$18 million for Dairy Farm's acquisition of an additional 2.86% interest in PT Hero Supermarket.

Decrease in attributable interests in other subsidiaries in 2016 comprised US$15 million for Hongkong Land's sale of a 6% interest in Wangfu Central Real Estate Development Company Limited, reducing its controlling interest to 84%, and US$8 million for Astra's sale of a 20% interest in PT Balai Lelang Serasi, reducing its controlling interest to 70%.

Decrease in 2015 comprised Dairy Farm's sale of a 15% economic interest in GCH Retail (Malaysia) Sdn Bhd, reducing its controlling interest to 85%.

(k) Analysis of balances of cash and cash equivalents

	2016	2015
	US$m	US$m
Bank balances and other liquid funds *(refer note 23)*	**5,543**	4,782
Bank overdrafts *(refer note 30)*	**(12)**	(9)
	5,531	4,773

34 Derivative Financial Instruments

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

	2016		2015	
	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	**–**	**2**	1	1
– interest rate swaps and caps	**2**	**–**	–	3
– cross currency swaps	**100**	**19**	272	65
	102	**21**	273	69
Designated as fair value hedges				
– interest rate swaps and caps	**3**	**–**	6	–
– cross currency swaps	**14**	**8**	17	7
	17	**8**	23	7
Non-qualifying as hedges				
– forward foreign exchange contracts	**–**	**1**	–	–

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2016 were US$658 million *(2015: US$111 million)*.

Interest rate swaps and caps

The notional principal amounts of the outstanding interest rate swap and cap contracts at 31st December 2016 were US$604 million *(2015: US$562 million)*.

At 31st December 2016, the fixed interest rates relating to interest rate swaps and caps vary from 0.9% to 3.5% *(2015: 0.6% to 3.3%)* per annum.

The fair values of interest rate swaps are based on the estimated cash flows discounted at market rates ranging from 0.7% to 2.3% *(2015: 0.2% to 2.1%)* per annum.

Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts at 31st December 2016 totalled US$3,241 million *(2015: US$3,814 million)*.

35 Commitments

	2016 US$m	2015 US$m
Capital commitments:		
Authorized not contracted		
– joint ventures	**–**	1
– other	**1,065**	1,220
	1,065	1,221
Contracted not provided		
– joint ventures	**453**	491
– other	**600**	649
	1,053	1,140
	2,118	2,361

At 31st December 2015, Dairy Farm had an investment commitment of RMB1.3 billion (approximately US$199 million) to further invest in Yonghui. The transaction was completed in August 2016 at a consideration of US$190 million with Dairy Farm's interest in Yonghui remains at 19.99%.

	2016 US$m	2015 US$m
Operating lease commitments:		
Total commitments under operating leases		
– due within one year	**916**	862
– due between one and two years	**649**	611
– due between two and three years	**337**	376
– due between three and four years	**195**	202
– due between four and five years	**150**	147
– due beyond five years	**522**	610
	2,769	2,808

Total future sublease payments receivable relating to the above operating leases amounted to US$42 million *(2015: US$42 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.

36 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.

37 Related Party Transactions

In the normal course of business the Group undertakes a variety of transactions with certain of its associates and joint ventures. 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 2016 amounted to US$5,325 million *(2015: US$5,471 million)*. The Group also sells motor vehicles and spare parts to its associates and joint ventures in Indonesia including PT Astra Honda Motor, PT Astra Daihatsu Motor and PT Tunas Ridean. Total revenue from sale of motor vehicles and spare parts in 2016 amounted to US$601 million *(2015: US$841 million)*.

The Group uses Jardine Lloyd Thompson to place certain of its insurance. Brokerage fees and commissions, net of rebates, paid by the Group in 2016 to Jardine Lloyd Thompson were US$5 million *(2015: US$5 million)*.

The Group manages six *(2015: six)* associate and joint venture hotels. Management fees received by the Group in 2016 from these managed hotels amounted to US$13 million *(2015: US$13 million)*.

PT Bank Permata provides banking services to the Group. The Group's deposits with PT Bank Permata at 31st December 2016 amounted to US$328 million *(2015: US$417 million)*.

Amounts of outstanding balances with associates and joint ventures are included in debtors and creditors, as appropriate *(refer notes 18 and 31)*.

Details of Directors' remuneration (being the key management personnel compensation) are shown on page 117 under the heading of Directors' Appointment, Retirement, Remuneration and Service Contracts.

38 Summarized Balance Sheet of the Company

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

	2016 US$m	2015 US$m
Subsidiaries	**741**	1,061
Share capital *(refer note 24)*	**178**	175
Share premium and capital reserves *(refer note 26)*	**46**	43
Revenue and other reserves	**499**	826
Shareholders' funds	**723**	1,044
Current liabilities	**18**	17
Total equity and liabilities	**741**	1,061

Subsidiaries are shown at cost less amounts provided.

39 Principal Subsidiaries

The Group's principal subsidiaries at 31st December 2016 are set out below:

	Country of incorporation/ principal place of business	Nature of business	Attributable interests 2016 %	Attributable interests 2015 %	Proportion of ordinary shares and voting powers at 31st December 2016 held by the Group %	Proportion of ordinary shares and voting powers at 31st December 2016 held by non-controlling interests %
Dairy Farm International Holdings Ltd	Bermuda/ Greater China and Southeast Asia	Supermarkets, hypermarkets, convenience stores, health and beauty stores, home furnishings stores and restaurants	**65**	64	**78**	**22**
Hongkong Land Holdings Ltd	Bermuda/ Greater China and Southeast Asia	Property development & investment, leasing & management	**42**	42	**50**	**50**
Jardine Cycle & Carriage Ltd	Singapore/ Southeast Asia	A 50.1% interest in PT Astra International Tbk, motor trading and construction	**63**	62	**75**	**25**
Jardine Matheson Ltd	Bermuda/ Hong Kong	Group management	**100**	100	**100**	**–**
Jardine Motors Group Holdings Ltd	Bermuda/ Greater China and United Kingdom	Motor trading	**100**	100	**100***	**–**
Jardine Pacific Holdings Ltd	Bermuda/ Greater China and Southeast Asia	Engineering & construction, transport services, restaurants, property and IT services	**100**	100	**100**	**–**
Jardine Strategic Holdings Ltd†	Bermuda/ Greater China and Southeast Asia	Holding	**84**	83	**84**	**16**
Mandarin Oriental International Ltd	Bermuda/ Worldwide	Hotel management & ownership	**65**	61	**77**	**23**
Matheson & Co., Ltd	England/ United Kingdom	Holding and management	**100**	100	**100**	**–**
PT Astra International Tbk	Indonesia/ Indonesia	Automotive, financial services, agribusiness, heavy equipment and mining, infrastructure and logistics, information technology, and property	**31**	31	**50**	**50**

All subsidiaries are included in the consolidation.

Attributable interests represent the proportional holdings of the Company, held directly or through its subsidiaries, in the issued 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 subsidiaries.

*Jardine Motors is directly held by the Company. All other subsidiaries are held through subsidiaries.

†Jardine Strategic held 57% *(2015: 56%)* of the share capital of the Company.

Independent Auditors' Report

To the members of Jardine Matheson Holdings Limited

Report on the Consolidated Financial Statements

Our opinion

In our opinion, Jardine Matheson Holdings Limited's consolidated financial statements (the 'financial statements'):

- present fairly, in all material respects, the financial position of the Group as at 31st December 2016 and of its financial performance and its cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') and The Companies Act 1981 (Bermuda).

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Consolidated Balance Sheet as at 31st December 2016;
- the Consolidated Profit and Loss Account and the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law in Bermuda and IFRSs as issued by the International Accounting Standards Board ('IASB').

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Responsibilities for the Financial Statements and the Audit

Our responsibilities and those of the Directors

As explained more fully in the Responsibilities Statement set out on page 115, the Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and The Companies Act 1981 (Bermuda).

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Company's members as a body for in accordance with Section 90 of the Companies Act 1981 (Bermuda) 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, including without limitation under any contractual obligations of the Company, save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements. We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP
Chartered Accountants
London
United Kingdom

2nd March 2017

(a) The maintenance and integrity of the Jardine Matheson Holdings Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Five Year Summary

Profit and Loss*

	2016 US$m	2015 US$m	2014 US$m	2013 US$m	2012 US$m
Revenue	**37,051**	37,007	39,921	39,465	39,593
Profit attributable to shareholders	**2,503**	1,799	1,712	1,565	1,678
Underlying profit attributable to shareholders	**1,386**	1,360	1,531	1,499	1,459
Earnings per share (US$)	**6.69**	4.82	4.62	4.26	4.60
Underlying earnings per share (US$)	**3.71**	3.64	4.13	4.08	4.00
Dividends per share (US$)	**1.50**	1.45	1.45	1.40	1.35

Balance Sheet*

	2016 US$m	2015 US$m	2014 US$m	2013 US$m	2012 US$m
Total assets	**71,523**	66,581	66,032	63,387	62,898
Total liabilities	**(21,786)**	(21,081)	(21,547)	(20,942)	(20,948)
Total equity	**49,737**	45,500	44,485	42,445	41,950
Shareholders' funds	**21,800**	19,886	19,196	18,313	17,711
Net debt (excluding net debt of financial services companies)	**2,087**	2,972	2,483	2,601	3,413
Net asset value per share (US$)	**58.15**	53.30	51.60	49.64	48.28

Cash Flow

	2016 US$m	2015 US$m	2014 US$m	2013 US$m	2012 US$m
Cash flows from operating activities	**3,950**	4,089	3,285	4,133	2,674
Cash flows from investing activities	**(2,063)**	(3,200)	(2,234)	(2,305)	(2,729)
Net cash flow before financing	**1,887**	889	1,051	1,828	(55)
Cash flow per share from operating activities (US$)	**10.56**	10.96	8.87	11.24	7.33

*Figures prior to 2016 have been restated due to a change in accounting policy upon adoption of the amendments to IAS 16 and IAS 41 'Agriculture: Bearer Plants'. Figures for 2012 have been restated due to a change in accounting policy upon adoption of IAS 19 (amended 2011) 'Employee Benefits'.

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, Managing Director's 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 Guidance and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Conduct Authority of the United Kingdom.

For and on behalf of the Board

Ben Keswick
John Witt
Directors

2nd March 2017

Corporate Governance

Jardine Matheson Holdings Limited is incorporated in Bermuda. The majority of the Group's business interests are in Greater China and Southeast Asia. The Company's equity shares have a standard listing on the Main Market of the London Stock Exchange, and secondary listings in Bermuda and Singapore. The Company's share capital is 57%-owned by Jardine Strategic Holdings Limited ('Jardine Strategic'), a Bermuda incorporated 84%-owned subsidiary of the Company similarly listed in London, Bermuda and Singapore. The Disclosure Guidance and Transparency Rules (the 'DTRs') issued by the Financial Conduct Authority of the United Kingdom (the 'FCA') require that this Report address all relevant information about the corporate governance practices applied beyond the requirements under Bermuda law.

The Company attaches importance to the corporate stability that is fundamental to the Group's ability to pursue a long-term strategy in its Asian markets. It is committed to high standards of governance based on its approach developed over many years.

The Management of the Group

The Company is the parent company of the Jardine Matheson Group. Its management is therefore concerned both with the direct management of Jardine Matheson's own activities, and with the oversight of the operations of other listed companies within the wider Group.

The structural relationship between the Group companies is considered to be a key element to the Group's success. By coordinating objectives, establishing common values and standards and sharing experience, contacts and business relationships, the Group aims to optimize opportunities across the Asian countries in which it operates. The Company's system of governance is based on a well-tried approach to oversight and management, in which the individual subsidiaries and affiliates benefit from the Group's strategic guidance and professional expertise, while at the same time, the independence of their boards is respected and clear operational accountability rests with their executive management teams.

The Directors have the full power to manage the business affairs of the Company, with the exception of matters reserved to be exercised by the Company in general meeting under Bermuda legislation or the Company's Bye-laws. Among the matters on which the Board decides are the Group's business strategy, its annual budget, dividends and major corporate activities.

Operational management is delegated to the appropriate level, and coordination with the Group's listed subsidiaries is undertaken by the board of the Group management company, Jardine Matheson Limited ('JML'). The JML board meets regularly in Hong Kong and is chaired by the Managing Director. It currently has five other members, whose names appear on page 124 of this Report, which include the Deputy Managing Director, the Group Finance Director, the Group Strategy Director and the Group General Counsel.

The Board

The Company currently has a Board of 14 Directors. Their names and brief biographies appear on page 27 of this Report. The Board composition and operation provide stability, allowing the Company to take a long-term view as it seeks to grow its business and pursue investment opportunities.

The Chairman's role is to lead the Board as it oversees the Group's strategic and financial direction. The role of Managing Director, with the support of the Deputy Managing Director, is to implement the strategy set by the Board and to manage the Group's operations. An important part of this is undertaken by the Managing Director in his capacity as chairman of the board of JML to which responsibility for implementing the Group's strategy within designated financial parameters has been delegated.

The Board is scheduled to hold four meetings in 2017 and ad hoc procedures are adopted to deal with urgent matters. In 2016 one meeting was held in Bermuda and three were held in Asia. The Board receives high quality, up to date information for each of its meetings. In addition, certain Directors who are not members of the board of JML and who are based outside Asia regularly visit Asia and Bermuda to discuss the Group's business, as well as to participate in four annual Group strategic reviews that precede the regular 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 at Board meetings.

Directors’ Appointment, Retirement, Remuneration and Service Contracts

Candidates for appointment as executive Directors of the Company or as executive directors of JML may be sourced internally or externally, including by using the services of specialist executive search firms. The aim is to appoint individuals who combine international best practice with familiarity of or adaptability to Asian markets. When appointing non-executive Directors, the Board pays particular attention to the Asian business experience and relationships that they can bring.

Each new Director is appointed by the Board and, in accordance with the Company’s Bye-laws, each new Director so appointed is subject to retirement at the first annual general meeting after appointment. Thereafter, Directors are subject to retirement by rotation under the Bye-laws 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 does not extend to the Chairman or Managing Director.

Jeremy Parr was appointed as a Director of the Company with effect from 1st February 2016. James Riley stepped down as Group Finance Director on 31st March 2016 and John Witt joined the Board in his place on 1st April 2016. David Hsu was appointed as a Director of the Company with effect from 5th May 2016. On 1st August 2016, Y.K. Pang succeeded Adam Keswick as Deputy Managing Director (the latter remaining as a Director of the Company).

In accordance with Bye-law 84, Adam Keswick, Simon Keswick and Dr Richard Lee retire by rotation at this year’s Annual General Meeting and, being eligible, offer themselves for re-election. In accordance with Bye-law 91, David Hsu will also retire, and, being eligible, offers himself for re-election. David Hsu, Adam Keswick and Simon Keswick each has a service contract with a subsidiary of the Company that has a notice period of six months. Dr Richard Lee does not have a service contract with the Company or its subsidiaries.

Lord Leach of Fairford, who had been a Director of the Company since 1984, passed away on 12th June 2016.

The Company’s policy is to offer competitive remuneration packages to its senior executives. It is recognized that, due to the nature of the Group and its diverse geographic base, a number of its senior executives are required to be offered international terms and the nature of the remuneration packages is designed to reflect this. Executive Directors joining from outside the Group may be offered an initial fixed-term service contract to reflect any requirement for them to relocate.

Recommendations and decisions on remuneration and other benefits payable or made available to executive Directors result from consultations between the Chairman and the Managing Director as well as with other Directors as may be considered appropriate. Directors’ fees which are payable to the Chairman and all other Directors (other than full-time salaried Directors) are decided upon by shareholders in general meeting as provided for by the Company’s Bye-laws. A motion to increase the fees payable to Directors (other than full-time salaried Directors) to US$60,000 each per annum and the fee for the Chairman to US$85,000 per annum with effect from 1st January 2017 will be proposed at the forthcoming Annual General Meeting.

Certain Directors are discretionary objects under a trust created in 1947 (the ‘1947 Trust’) which holds 35,915,991 ordinary shares in the Company representing 5.03% of the Company’s issued share capital. Under the terms of the 1947 Trust, its income is to be distributed to senior executive officers and employees of the Company and its wholly-owned subsidiaries.

For the year ended 31st December 2016, the Directors received US$68.9 million *(2015: US$67.0 million)* in aggregate being distributions from the 1947 Trust of US$52.1 million *(2015: US$50.4 million)* and Directors’ fees and employee benefits from the Group of US$16.8 million *(2015: US$16.6 million)*. Directors’ fees and employee benefits included US$0.4 million *(2015: US$0.4 million)* in Directors’ fees, US$13.4 million *(2015: US$13.4 million)* in short-term employee benefits including salary, bonuses, accommodation and deemed benefits in kind, US$1.5 million *(2015: US$1.6 million)* in post-employment benefits and US$1.5 million *(2015: US$1.2 million)* in share-based payments. The information set out in this paragraph forms part of the audited financial statements.

Share-based long-term incentive plans have also been established to provide incentives for executive Directors and senior managers. Share options are granted at the then prevailing market prices and they normally vest on or after the third anniversary of the date of grant. Grants may be made in a number of instalments. Share options are not granted to non-executive Directors.

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.

Audit Committee

The Board has established an Audit Committee, the current members of which are Anthony Nightingale, Adam Keswick and Lord Sassoon; they have extensive knowledge of the Group but are not directly involved in operational management. The Company's Managing Director, Deputy Managing Director, Group Finance Director, Group Strategy Director and Group General Counsel, together with representatives of the internal and external auditors, also attend the Audit Committee meetings by invitation. The Audit Committee meets and reports to the Board semi-annually.

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, including the adoption of any new accounting policies, is undertaken by the Audit Committee with the executive management and a report is received from the external auditors. The external auditors also have access to the full Board and other senior executives, and to the boards of the Group's operating companies.

The Audit Committee also keeps under review the nature, scope and results of the audits conducted by the internal audit function and the findings of the various Group audit committees. The Audit Committee's responsibilities extend to reviewing the effectiveness of both the internal and the external audit functions; considering the independence and objectivity of the external auditors; and reviewing and approving the level and nature of non-audit work performed by the external auditors.

The terms of reference of the Audit Committee can be found on the Company's website at www.jardines.com.

Risk Management and Internal Control

The Board has overall responsibility for the Group's systems of risk management and internal control. The Board has delegated to the Audit Committee responsibility for providing oversight in respect of risk management activities. The Audit Committee considers the Group's principal risks and uncertainties and potential changes to the risk profile, and reviews the operation and effectiveness of the Group's systems of internal control and the procedures by which these risks are monitored and mitigated. The Audit Committee considers the systems and procedures on a regular basis, and reports to the Board semi-annually. The systems of internal control are designed to manage, rather than eliminate, business risk; to help safeguard the Group's assets against fraud and other irregularities; and to give reasonable, but not absolute, assurance against material financial misstatement or loss.

Executive management oversees the implementation of the systems of internal control within the Group's operating companies, the responsibility for which rests with each company's board and its own executive management. The effectiveness of these systems is monitored by the internal audit function, which is independent of the operating companies, and by a series of audit committees that operate in each major business unit across the Group. The internal audit function also monitors the approach taken by the business units to risk. 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 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 Company's policy on commercial conduct underpins the Group's internal control process, particularly in the area of compliance. The policy is set out in the Group's Code of Conduct, which is a set of guidelines to which every employee must adhere, and 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 and is required to review any reports made under those procedures that are referred to it by the internal audit function.

The principal risks and uncertainties facing the Company are set out on page 122.

Directors' Responsibilities in respect of the Financial Statements

The Directors are required under the Bermuda Companies Act 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 are required to 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. The financial statements have been prepared on a going concern basis.

Code of Conduct

The Group conducts business in a professional, ethical and even-handed manner. Its ethical standards are clearly set out in its Code of Conduct. 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 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.

Directors' Share Interests

The Directors of the Company in office on 2nd March 2017 had interests (within the meaning of the EU Market Abuse Regulation ('MAR'), which applies to the Company as it is listed on the London Stock Exchange) 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' closely associated persons (as that term is used under MAR).

Sir Henry Keswick	11,578,123
Ben Keswick	43,309,613[(a) (b) (c)]
Y.K. Pang	315,000
Mark Greenberg	43,678
David Hsu	35,237
Adam Keswick	36,162,168[(a) (b)]
Simon Keswick	2,778,046[(a) (c)]
Dr Richard Lee	117,987
Anthony Nightingale	1,186,780
Percy Weatherall	36,551,841[(a) (b)]

Notes:

(a) Includes 1,950,004 ordinary shares held by a family trust, the trustees of which are closely associated persons of Ben Keswick, Adam Keswick, Simon Keswick and Percy Weatherall.

(b) Includes 31,318,946 ordinary shares held by family trusts, the trustee of which is a closely associated person of Ben Keswick, Adam Keswick and Percy Weatherall.

(c) Includes 473,571 ordinary shares held by a family trust, the trustee of which is a closely associated person of Ben Keswick and Simon Keswick.

In addition, Ben Keswick, Y.K. Pang, Mark Greenberg, David Hsu, Adam Keswick, Jeremy Parr, Lord Sassoon and John Witt held options in respect of 240,000, 180,000, 190,000, 96,667, 130,000, 50,000, 75,000 and 190,000 ordinary shares, respectively, issued pursuant to the Company's share-based long-term incentive plans.

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 of the following holdings of voting rights of 5% or more attaching to the Company's issued ordinary share capital: (i) Jardine Strategic and its subsidiary undertakings are directly and indirectly interested in 406,027,584 ordinary shares carrying 56.84% of the voting rights; and (ii) the 1947 Trust is interested in 35,915,991 ordinary shares carrying 5.03% of the voting rights. Apart from these shareholdings, 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 2nd March 2017.

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

Governance Principles

The Company's primary listing on the London Stock Exchange is a standard listing on the Main Market. Under a standard listing, the Company is subject to the UK Listing Rules (other than those which apply only to companies with a premium listing), the DTRs, the UK Prospectus Rules and MAR. The Company, therefore, is bound by the rules in relation to continuous disclosure, periodic financial reporting, disclosure of interests in shares and market abuse, including the rules governing insider dealing, market manipulation and the disclosure of inside information. The Company is also subject to regulatory oversight from the FCA, as the Company's principal securities regulator, and is required to comply with the Admission and Disclosure Standards of the Main Market of the London Stock Exchange.

When shareholders approved the Company's move to a standard listing from a premium listing in 2014, the Company stated that it intended to maintain certain governance principles on the same basis as was then applicable to the Company's premium listing, as follows:

1. When assessing a significant transaction, being a larger transaction which would be classified as a class 1 transaction under the provisions of the UK Listing Rules, the Company will engage an independent financial adviser to provide a fairness opinion on the terms of the transaction.

2. In the event of a related party transaction, being a transaction with a related party which would require a sponsor to provide a fair and reasonable opinion under the provisions of the UK Listing Rules, the Company will engage an independent financial adviser to confirm that the terms of the transaction are fair and reasonable as far as the shareholders of the Company are concerned.

3. Further, as soon as the terms of a significant transaction or a related party transaction are agreed, an announcement will be issued by the Company providing such details of the transaction as are necessary for investors to evaluate the effect of the transaction on the Company.

4. At each annual general meeting, the Company will seek shareholder approval to issue new shares on a non-pre-emptive basis for up to 33% of the Company's issued share capital, of which up to 5% can be issued for cash consideration.

5. The Company will continue to adhere to its Securities Dealing Rules. These rules, which were based on the UK Model Code, have since been revised to follow the provisions of MAR with respect to market abuse and disclosure of interests in shares.

6. The Company will continue its policies and practices in respect of risk management and internal controls.

Related Party Transactions

Details of transactions with related parties entered into by the Company during the course of the year are included in note 37 to the financial statements on page 111.

Securities Purchase Arrangements

The Directors have the power under the Bermuda Companies Act and the Company's Memorandum of Association to purchase the Company's shares. Any shares so purchased shall be treated as cancelled and, therefore, reduce the issued share capital of the Company. The Board considers on a regular basis the possibility for share repurchases or the acquisition of further shares in Group companies, including shares in Jardine Strategic. When doing so, it considers the potential for the enhancement of earnings or asset values per share. When purchasing such shares, the Company is subject to the provisions of MAR.

Takeover Code

The Company is subject to a Takeover Code, based on London's City Code on Takeovers and Mergers. The Takeover Code provides an orderly framework within which takeovers can be conducted and the interests of shareholders protected. The Takeover Code has statutory backing, being established under the Acts of incorporation of the Company in Bermuda.

Annual General Meeting

The 2017 Annual General Meeting will be held at Rosewood Tucker's Point, Bermuda on 4th May 2017. 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. A corporate website is maintained containing a wide range of information of interest to investors at www.jardines.com.

Power to amend Bye-laws

The Bye-laws of the Company can be amended by the shareholders by way of a special resolution at a general meeting of the Company.

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 page 118 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 Guidance and Transparency Rules issued by the Financial Conduct Authority of the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and Managing Director's 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 evolving rapidly, and failure to compete effectively in terms of price, tender terms, product specification, application of new technologies or levels of service can have an adverse effect on earnings or market share. Significant pressure from such competition may also lead to reduced margins. The quality and safety of the products and services provided by the Group's businesses are important and there is an associated risk if they are below standard, while the potential impact on a number of the Group's businesses of the disruption to IT systems or infrastructure, whether by cyber-crime or other reasons, may be significant.

The steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on pages 25 to 26 and note 2 to the financial statements on pages 44 to 51.

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

2016 full-year results announced	2nd March 2017
Shares quoted ex-dividend on the Singapore Exchange	15th March 2017
Shares quoted ex-dividend on the London Stock Exchange	16th March 2017
Share registers closed	20th to 24th March 2017
2016 final dividend scrip election period closes	21st April 2017
Annual General Meeting to be held	4th May 2017
2016 final dividend payable	11th May 2017
2017 half-year results to be announced	4th August 2017*
Shares quoted ex-dividend on the Singapore Exchange	23rd August 2017*
Shares quoted ex-dividend on the London Stock Exchange	24th August 2017*
Share registers to be closed	28th August to 1st September 2017*
2017 interim dividend scrip election period closes	29th September 2017*
2017 interim dividend payable	19th October 2017*

**Subject to change*

Dividends

The dividends will be available in cash with a scrip alternative. Shareholders will receive their cash 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 2016 final dividend by notifying the United Kingdom transfer agent in writing by 21st April 2017. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 26th April 2017. Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in sterling only. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive their cash dividends in United States dollars unless they elect, through CDP, to receive Singapore dollars.

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 Limited
P.O. Box HM 1068
Hamilton HM EX
Bermuda

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

United Kingdom Transfer Agent
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU, United Kingdom

Singapore Branch Registrar
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

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

Group Offices

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