Jardines

Jardine Matheson Annual Report 2010

Jardines

Founded as a trading company in China in 1832, Jardine Matheson is today a diversified business group focused principally on Asia. Its businesses comprise a combination of cash generating activities and long-term property assets.

The Group's interests include Jardine Pacific, Jardine Motors, Jardine Lloyd Thompson, Hongkong Land, Dairy Farm, Mandarin Oriental, Jardine Cycle & Carriage and Astra International. These companies are leaders in the fields of engineering and construction, transport services, insurance broking, property investment and development, retailing, restaurants, luxury hotels, motor vehicles and related activities, financial services, heavy equipment, mining and agribusiness. The Group also has a minority investment in Rothschilds Continuation, the global financial advisory group.

Jardine Matheson Holdings Limited is incorporated in Bermuda and has a Premium 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

Thistle
The hardy Scottish Thistle, long used by Jardine Matheson as its symbol, thrives around the world. (front cover)

Highlights

- Underlying earnings per share up 33%
- Full-year dividend up 28%
- Excellent results from across the Group's operations
- Good economic growth in Greater China and Southeast Asia
- Significant increase in value of Hongkong Land's property portfolio

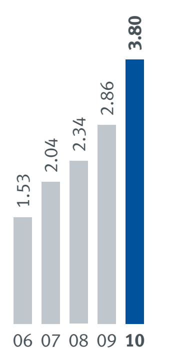
Results

	2010 US$m	2009 US$m (restated*)	Change %
Gross revenue†	**46,963**	35,957	31
Revenue	**30,053**	22,501	34
Profit after tax	**7,784**	4,255	83
Underlying profit attributable to shareholders#	**1,364**	1,016	34
Profit attributable to shareholders	**3,084**	1,731	78
Total equity	**31,960**	25,140	27
Shareholders' funds	**13,710**	10,694	28
	US$	US$	%
Underlying earnings per share#	**3.80**	2.86	33
Earnings per share	**8.58**	4.87	76
Dividends per share	**1.15**	0.90	28
Net asset value per share	**37.99**	29.87	27

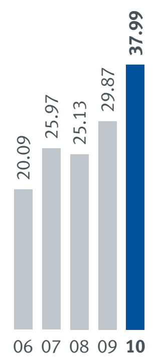
Analysis of Underlying Profit

By Business	2010 US$m	2010 %	2009 US$m	2009 %
Jardine Pacific	**156**	**11**	119	11
Jardine Motors	**87**	**6**	52	5
Jardine Lloyd Thompson	**48**	**4**	36	3
Hongkong Land	**332**	**24**	315	30
Dairy Farm	**259**	**19**	230	22
Mandarin Oriental	**27**	**2**	5	1
Jardine Cycle & Carriage	**32**	**2**	33	3
Astra	**437**	**32**	267	25
	1,378	**100**	1,057	100
Corporate and other interests	**(14)**		(41)	
Underlying profit	**1,364**		1,016	

By Geographical Area	2010 US$m	2010 %	2009 US$m	2009 %
Greater China	**561**	**41**	521	49
Southeast Asia	**761**	**56**	508	48
United Kingdom	**48**	**3**	29	3
Rest of the world	**8**	**–**	(1)	–
	1,378	**100**	1,057	100
Corporate and other interests	**(14)**		(41)	
Underlying profit	**1,364**		1,016	



Underlying Earnings per Share# (US$)



Net Asset Value per Share (US$)

*The accounts have been restated due to changes in accounting policies as set out in note 1 to the financial statements.

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

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

The Group remains financially strong, focused on leadership in its various markets and well placed to pursue development both in Greater China and in Southeast Asia.

Overview

The positive economic environment seen in Asia throughout 2010 underpinned strong performances from most of the Group's businesses, enabling Jardine Matheson to produce a record result for the year. The contribution from Southeast Asia represented 56% of Jardine Matheson's underlying profit for the year, compared with 41% from Greater China, largely due to outstanding results from Astra in Indonesia.

Performance

Jardine Matheson achieved an underlying profit in 2010 of US$1,364 million, an increase of 34%. Underlying earnings per share were 33% higher at US$3.80. The Group's revenue for the year, including 100% of revenue from associates and joint ventures, was US$47 billion, compared with US$36 billion in 2009.

Cash flows also remained strong notwithstanding continued investment in the Group's businesses. Net debt excluding financial services companies at the year end was US$2.3 billion, representing 7% of consolidated total equity.

The profit attributable to shareholders for the year was higher at US$3,084 million, with the main non-trading item being the significant increase in the value of Hongkong Land's investment property portfolio. Shareholders' funds were 28% higher at US$13.7 billion.

The Board is recommending a final dividend of US¢85.00 per share, an overall increase of 28% for the full year.

Business Developments

Interests held directly by Jardine Matheson

Jardine Pacific's earnings reflected both organic growth and expansion within its existing business portfolio. Developments during the year included an increased shareholding in air cargo terminal operator HACTL, significant new infrastructure contracts won by Gammon, the growth of its Restaurants group in Taiwan and Vietnam through acquisitions, and the year-end announcement by JOS of the purchase of an IT distribution business to enhance its market positions in Hong Kong, Singapore and Malaysia.

Jardine Motors continued to grow profitably in Southern China, where its new car deliveries in 2010 rose by 70%. Further investment is being made to expand its dealership network on the Mainland, which now extends to 17 outlets in operation, five under development and a number of others in the planning stage.

Jardine Lloyd Thompson's earnings benefited from the investment made in its traditional and emerging markets businesses through acquisitions, the recruitment of professionals and system upgrades, including the contribution from the business transformation and cost reduction programme undertaken in recent years.

Interests held through Jardine Strategic

Hongkong Land's commercial property activities in Hong Kong and Singapore performed well in 2010 and the company continued to build its residential development portfolio with the emphasis on Singapore and mainland China. In February 2011, it completed the privatization of its subsidiary, MCL Land, a Singapore residential property developer. The reduced number of residential development completions scheduled for 2011 will result in a lower contribution to Hongkong Land's earnings from this sector than in recent years.

Dairy Farm produced a satisfactory increase in earnings, ending the year with strong finances and leading positions for its main formats in their respective market segments. Expansion continued in 2010 with the total number of outlets increasing by 6% to 5,386. The group plans to invest further in the development of hypermarkets and supermarkets, particularly in Indonesia and Malaysia, and in the refurbishment of its existing store networks.

Despite the recent challenging market conditions, Mandarin Oriental's growth strategy remains on track. Last year the group announced three additional hotel development projects; new properties in Abu Dhabi and Doha will mark the group's entry into the Middle East when they open in 2014, while a new hotel in Shanghai, opening in 2013, will be its fourth hotel in mainland China. This year Mandarin Oriental will also add a hotel in Paris.

Astra benefited from the 6% growth of the Indonesian economy in 2010 and robust market conditions. Good performances from its automotive, financial services and heavy equipment activities enabled the group to achieve a record profit for the year. Its rate of growth, however, is expected to moderate in 2011.

People

The impressive performances that we have again seen from our businesses is a testament to the hard work, dedication and professionalism of the 300,000 employees that we have across the Group. I would like to thank them all for their magnificent contribution to the Group's results.

Outlook

After Jardine Matheson's outstanding performance in 2010, growth will be harder to achieve in the current year. In particular, there will be a lower contribution from residential developments in Hongkong Land due to the reduced number of project completions planned for 2011. The Group, however, remains financially strong, focused on leadership in its various markets and well placed to pursue development both in Greater China and in Southeast Asia.

Sir Henry Keswick
Chairman

4th March 2011

Jardine Matheson Group

Jardine Matheson

Jardine Pacific

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

Jardine Motors Group

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

JLT

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

Jardine Strategic

A listed company holding most of the Group's major listed interests, including 54% of Jardine Matheson. (81%)

(Figures in brackets show effective ownership by Jardine Matheson as at 4th March 2011.)

Jardine Strategic

Hongkong Land

A listed property group with some 450,000 sq. m. of prime commercial property in central Hong Kong and further high quality commercial and residential developments in Asia. (50%)

Dairy Farm

A listed pan-Asian retail group operating over 5,300 outlets, including supermarkets, hypermarkets, health and beauty stores, convenience stores, home furnishings stores and restaurants. (78%)

Mandarin Oriental The Hotel Group

A listed hotel investment and management group with a portfolio of 42 deluxe and first class hotels and resorts worldwide, including 16 under development. (74%)

Rothschild

An unlisted holding company, Rothschilds Continuation has various interests, including global financial advisory, wealth management and trusts. (21%)

Jardine Cycle & Carriage

A Singapore-listed company with an interest of just over 50% in Astra, a major listed Indonesian conglomerate, and other motor interests in Southeast Asia. (70%)

Astra international

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

Astra's financial services businesses consist of consumer finance (principally motor vehicle and motorcycle), insurance and Bank Permata.

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

(Figures in brackets show effective ownership by Jardine Strategic as at 4th March 2011.)

Managing Director's Review

A record underlying profit was achieved in 2010 of US$1,364 million, an increase of 34%, with outstanding performances from many of the Group's operations. Underlying earnings per share were 33% higher at US$3.80. The significant improvement benefited from comparison with a relatively weak first half in 2009. Earnings growth in the second half was a more moderate 12%.

Of the Group's businesses, Jardine Pacific saw good performances across its operations, leading to another record profit, while a strong first half enabled Jardine Motors also to produce an excellent result. Jardine Lloyd Thompson made satisfying all round progress. Hongkong Land's impressive result included notable gains on completion of residential development projects, while Dairy Farm achieved higher earnings in most of its banners. Mandarin Oriental saw profits start to recover following improvements in occupancy and room rates. Jardine Cycle & Carriage's earnings reflected the record results achieved by Astra, enhanced on translation by the strength of the rupiah.

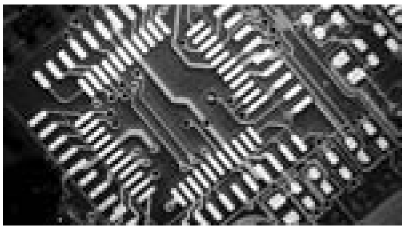
Non-trading items in 2010 primarily consisted of the Group's share of the increase in the valuation of investment properties, including US$1,621 million from Hongkong Land and US$18 million from Jardine Pacific, and a US$71 million share of the increase in the fair value of Astra's plantations recognized within Jardine Cycle & Carriage. Accounting standards require these revaluations to be taken through the profit and loss account. The result was a profit attributable to shareholders for 2010 of US$3,084 million, compared with US$1,731 million in 2009. Following a change in accounting standards, the Group is no longer required to provide for deferred tax on valuation gains on which no such tax liability would arise.

The Group continues to benefit from strong operating cash flows, ample committed facilities and ready access to capital markets. Capital investment by the Group, on a consolidated basis, amounted to US$1.9 billion in 2010. The consolidated net debt at the end of 2010, excluding financial services companies, was up modestly at US$2.3 billion, representing gearing of 7%.

Our businesses are continuing to invest in their strong market positions. The steady earnings growth and low levels of net debt achieved in recent years provide the Group with a sound financial base on which to support this development.

Jardine Pacific

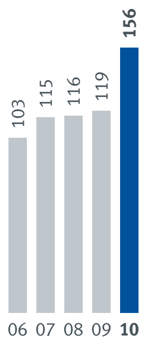
Jardine Pacific includes a significant number of the Group's non-listed interests in Asia. While encompassing a wide range of industry sectors, Jardine Pacific's select portfolio of businesses comprises highly motivated market leaders, well positioned for growth.



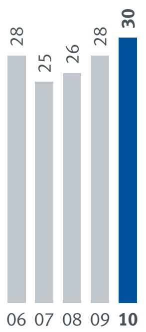
Jardine Pacific's businesses are pursuing clear expansion strategies, such as the recent acquisition by JOS of SiS Distribution.

Burdock
An effective distribution technique with burred seeds ensures the Burdock's continued success.

- Underlying profit US$156 million, up 31%
- Fine performances from most group companies
- Underlying return on average shareholders' funds of 30%



Underlying Profit Attributable to Shareholders (US$ million)



Underlying Return on Average Shareholders' Funds (%)

Jardine Pacific's underlying profit rose 31% to US$156 million in 2010 as most of its businesses enjoyed stronger trading conditions. A gain of US$18 million arising on the revaluation of investment properties, together with gains from disposals, contributed to a profit attributable to shareholders of US$182 million, up from US$156 million in 2009. Shareholders' funds were US$599 million at the end of 2010, and the underlying return on average shareholders' funds was 30%.

Gammon produced a slightly lower contribution to underlying profit at US$21 million, although its order book rose 30% to US$3 billion as it continued to win new large projects. Jardine Schindler achieved an improved profit, excluding the effect of a provision reversal in 2009, with a higher contribution from new installations and additional units under maintenance. With most of its operations performing well, JEC also produced good profit growth when compared to its 2009 result excluding the benefit of released provisions.

Hong Kong Air Cargo Terminals recorded a substantially higher contribution of US$52 million as a 25% improvement in cargo throughput was augmented by an increase in the group's shareholding in the business from 25% to 42% in the first half of the year. Jardine Aviation Services benefited from greater flight frequencies as aviation markets improved, while Jardine Shipping Services saw earnings growth with the recovery of freight rates and volumes.

Jardine Restaurants' results included an encouraging first contribution from the KFC business in Taiwan. JOS produced increased earnings as consumer markets grew, and at the year end announced the US$130 million acquisition of an IT distribution business.

	2010 US$m	2009 US$m	Change %
Underlying profit attributable to shareholders	**156**	119	31
Shareholders' funds	**599**	449	33

Jardine Motors Group

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.

- Underlying profit rose 66% to US$87 million
- Good performances in Hong Kong and Macau
- Record sales in Southern China
- Improvement in UK result

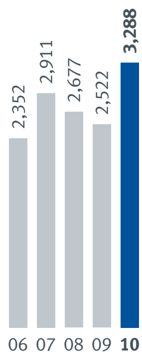
Jardine Motors produced an underlying profit in 2010 of US$87 million, up 66%, as its businesses in Hong Kong and, in particular, mainland China enjoyed much improved trading conditions. Profit attributable to shareholders was also US$87 million, compared with US$64 million in 2009.

A higher contribution from Zung Fu in Hong Kong and Macau resulted from an increase in deliveries of Mercedes-Benz passenger cars. There was also a good contribution from aftersales and commercial vehicle activities. The group continued to grow profitably in Southern China where new car deliveries rose from 9,200 units to over 15,600 and the aftersales activities also progressed with higher volumes.

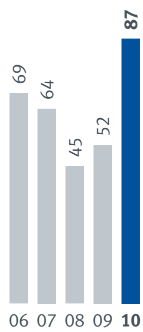
Despite difficult trading conditions for Jardine Motors' dealerships in the United Kingdom, the business recorded an improved underlying profit, which included gains on two property disposals.

Dandelion
Dandelions reach further and grow under more adverse conditions than their competitors.

Jardine Motors now has 17 outlets in Southern China and is continuing to expand.



Revenue
(US$ million)



Underlying Profit Attributable to Shareholders
(US$ million)

	Revenue		Underlying profit attributable to shareholders		Shareholders' funds	
	2010 US$m	2009 US$m	**2010 US$m**	2009 US$m	**2010 US$m**	2009 US$m
Hong Kong, Macau and mainland China	**1,851**	1,244	**69**	44	**187**	117
United Kingdom	**1,437**	1,278	**19**	9	**127**	117
Corporate	**–**	–	**(1)**	(1)	**1**	1
	3,288	2,522	**87**	52	**315**	235

JLT is a leading insurance and reinsurance broker, risk specialist and employee benefits consultant. The UK-listed company combines specialist skills in the London insurance market with an extensive network of offices worldwide.

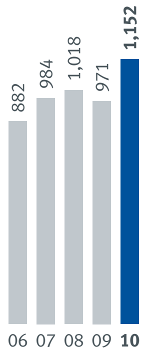
Horse Chestnut
The Horse Chestnut benefits from a protective, spiky fruit.

JLT is one of the world's leading specialist brokers addressing individual risk mitigation needs of its clients.

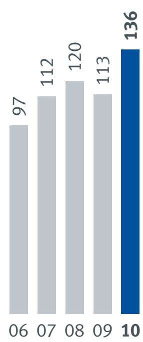
- Underlying profit before tax up 24%
- Trading margin improvements
- Good progress in Asia and Latin America
- Benefits from business transformation project

Jardine Lloyd Thompson produced a very good performance in 2010, notwithstanding the continued soft rating environment and low interest rates. Total revenue rose to US$1,152 million, an increase of 21% in the company's reporting currency, reflecting above market growth and the benefit of acquisitions. Underlying profit before tax was US$201 million, an increase of 24% in its reporting currency. Including a significant tax credit, the company's contribution to the Group's underlying profit rose 34%.

Jardine Lloyd Thompson's Risk & Insurance group, comprising its worldwide retail operations and its specialist, mainly London-based, insurance, wholesale and reinsurance broking, produced growth of 17% in revenue and 31% in underlying trading profit, with an increased trading margin of 22%. The group's Latin American and Asian activities recorded particularly encouraging results. The Employee Benefits business also had a successful year, with revenue increasing by 46% and a trading margin of 17%, up from 16% in the prior year, while the recently formed underwriting and distribution business, Thistle Insurance Services, made a satisfactory start. The company's ongoing business transformation project has exceeded expectations and is delivering notable cost and efficiency improvements.



Turnover
(US$ million)



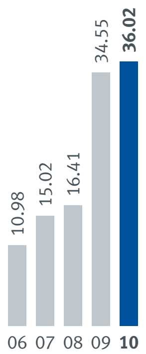
Underlying Profit
Attributable
to Shareholders
(US$ million)

	2010 US$m	2009 US$m	Change* %
Turnover	**1,152**	971	21
Underlying profit attributable to shareholders	**136**	113	22

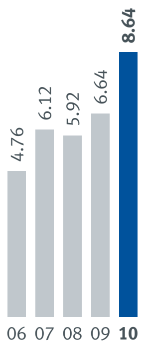
*Based on the change in UK sterling, being the reporting currency of Jardine Lloyd Thompson.

Hongkong Land

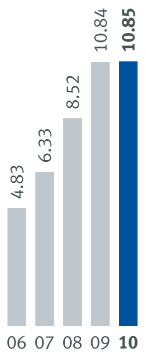
Hongkong Land is a major listed group with some 450,000 sq. m. of prime commercial property in the heart of Hong Kong. The group also develops high quality commercial and residential projects in other cities in the Region.



Underlying Earnings per Share (US¢)



Net Asset Value per Share (US$)



Hong Kong Portfolio Average Monthly Office Rent (US$ per sq. ft)

	2010	2009	Change (%)
Underlying profit attributable to shareholders (US$ million)	**810**	777	4
Net asset value per share (US$)	**8.64**	6.64	30

Market conditions remained favourable for Hongkong Land's commercial property interests in 2010, and its results also benefited from the recognition of profits on residential completions. Underlying profit was up 4% at US$810 million. Taking into account the increase in the value of investment properties, profit attributable to shareholders was US$4,739 million, compared with US$1,813 million in 2009, while net asset value per share rose 30%.

Steady demand in the group's Hong Kong Central district portfolio enabled rental levels achieved on reversions to be maintained. Vacancy at the year end was just 2.9%. In Singapore, market conditions began to improve in the second half of the year. The first two office towers were completed at Marina Bay Financial Centre, in which the group has a one-third interest, while completion of the final tower, which is 66% pre-let, will follow in 2012.

MCL Land recognized profits on two residential projects in Singapore, while the successful launch of The Estuary, completing in 2013, enabled the reversal of a US$39 million write down previously made. The first residential tower at Marina Bay, which had been fully sold, was completed and the group benefited from the profit attributable to its one-third interest. A second tower will complete in 2013.

Profits were also recognized on Hongkong Land's residential developments in Hong Kong and Macau. In mainland China, profits were recorded from residential projects in Beijing and Chongqing. The company recently acquired in joint venture a 190,000 sq. m. development site in the Jinjiang District of Chengdu, as well as a 386,000 sq. m. site in Chongqing (its first wholly-owned project on the Mainland) and increased its interest in a joint venture in Shenyang from 30% to 50%.

In August 2010, the company announced its intention to privatize its 77%-owned Singapore-listed affiliate, MCL Land. An accompanying exit offer was made to the minority shareholders, and the privatization was completed in early 2011.

- Underlying profit of US$810 million, up 4%
- Significant contribution from residential developments
- Net assets per share up 30%
- MCL Land privatized

Sycamore
The aerodynamics of the Sycamore seed provides it with greater reach.

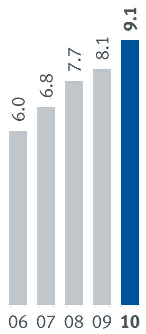
Hongkong Land has continued to expand its residential development projects within mainland China.

Dairy Farm is a leading pan-Asian retailer. The listed group, together with its associates and joint ventures, operates over 5,300 outlets – including supermarkets, hypermarkets, health and beauty stores, convenience stores, home furnishings stores and restaurants.

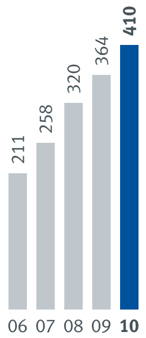
Dairy Farm is expanding its health and beauty operations across major cities in mainland China.

Angelica
The robust and versatile Angelica is used in a host of natural medicines.

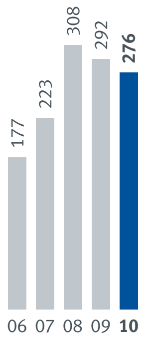
- Underlying profit up 13% to US$410 million
- Profit growth in all regions
- Maxim's achieved excellent results
- Continued business expansion



Gross Revenue*
(US$ billion)



Underlying Profit
Attributable
to Shareholders
(US$ million)



Capital Expenditure
and Investments (gross)
(US$ million)

	2010	2009	Change (%)
Gross revenue* (US$ billion)	9.1	8.1	13
Underlying profit attributable to shareholders (US$ million)	410	364	13

*Includes 100% of revenue from associates.

Dairy Farm produced another good performance in 2010, with sales, including 100% of associates, increasing by 13% to US$9.1 billion and underlying profit rising 13% to US$410 million. Favourable exchange movements enhanced both sales and profit by some 5%. Profit attributable to shareholders for the year was US$411 million, 13% higher.

There were mixed performances from the group's activities in North Asia. In Hong Kong, its health and beauty and IKEA operations achieved excellent results and its supermarket chain traded reasonably, but 7-Eleven had a more difficult year. In Taiwan, IKEA improved its profitability further, but earnings from supermarkets declined. The 7-Eleven stores in Southern China faced further challenges, although the business stabilized in the second half. The expansion of the Mannings health and beauty business on the Mainland continued with the network now standing at 163 outlets.

Restaurant associate, Maxim's, had a fine year with good performances from all its operations in Hong Kong, while its expansion of various formats in mainland China is progressing well.

A buoyant economy in Singapore enabled Dairy Farm to achieve further growth in sales and trading profit. The group's operations in Malaysia performed well, with an excellent contribution from the Guardian health and beauty stores. In Indonesia, sales and profits continue to improve as both hypermarkets and supermarkets made progress. In its joint ventures in India, the health and beauty chain is trading profitably while in the supermarket business operating losses have been reduced.

MANDARIN ORIENTAL
THE HOTEL GROUP

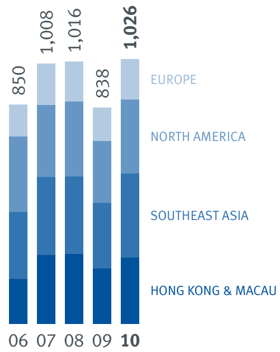
Mandarin Oriental is a hotel investment and management group. It has a portfolio of 42 deluxe and first class hotels and resorts worldwide, including 16 under development, and has 'Residences' connected to a number of its properties. The listed company holds equity in selected hotels.

- Underlying profit rose to US$44 million
- Recovery in demand across key markets, particularly Hong Kong
- Successful opening of new Macau hotel
- New projects announced in Abu Dhabi, Doha and Shanghai

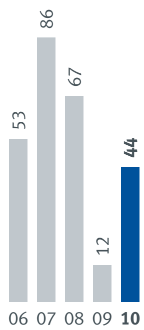
Chinese Lantern
The exotic and perpetual Chinese Lantern thrives in many regions.

Improved economic conditions resulted in increased demand for most of Mandarin Oriental's hotels. Its strongest performances were seen in Asia, particularly Hong Kong and Singapore. Underlying profit rose to US$44 million in 2010, up from US$12 million. There were no non-trading items in 2010, while the profit attributable to shareholders in the prior year of US$83 million included a gain from a property disposal.

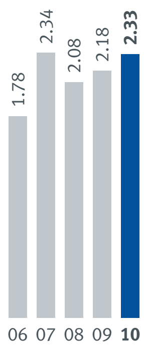
The group has a total of 26 hotels in operation, with a further 16 under development. During 2010, three new projects were announced, comprising two in the Middle East and one in mainland China, while a project in the United States will now not proceed. A new hotel was opened in Macau in June 2010 under a long-term management contract with a Hongkong Land joint venture, and residences at the property have also been launched. There are now a total of 13 'Residences at Mandarin Oriental' projects open or under development from which the group will benefit from branding fees over the next few years.



Combined Total Revenue by Geographical Area (US$ million)



Underlying Profit Attributable to Shareholders (US$ million)



Net Asset Value per Share* (US$)

*With freehold and leasehold properties at valuation

	2010 US$m	2009 US$m	Change %
Combined total revenue of hotels under management	**1,026**	838	22
Underlying profit attributable to shareholders	**44**	12	255

Mandarin Oriental offers a unique sense of oriental charm throughout its worldwide portfolio of hotels.

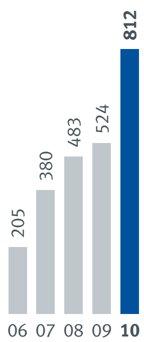
Jardine Cycle & Carriage

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

- Underlying profit up 55% to US$812 million
- Challenging trading conditions in Singapore and Vietnam
- Earnings growth in Indonesia and Malaysia

Jardine Cycle & Carriage produced an excellent result in 2010 with underlying profit up 55% at US$812 million. Its profit attributable to shareholders of US$944 million included a non-trading gain of US$132 million, which arose mainly on the revaluation of Astra's oil palm plantations, compared with a non-trading loss of US$12 million in 2009. Astra enjoyed improved performances from most of its major businesses. Its contribution to the underlying profit of Jardine Cycle & Carriage, up 62% to US$798 million, also reflected a stronger rupiah.

The underlying profit contribution from the group's other motor interests was 5% lower at US$56 million. This was mainly due to reduced earnings in Singapore following restrictions in the government quota for new vehicle sales. Cycle & Carriage Bintang in Malaysia, which reported improved earnings on higher sales, is in the process of acquiring a small Mercedes-Benz dealership in Penang. In Indonesia, Tunas Ridean benefited from the good market. Truong Hai Auto Corporation made a lower contribution, but did well to increase its market share in the face of difficult trading conditions in Vietnam.



Underlying Profit Attributable to Shareholders (US$ million)

	2010	2009	Change (%)
Revenue (US$ billion)	15.7	10.6	47
Underlying profit attributable to shareholders (US$ million)	812	524	55
Shareholders' funds (US$ million)	3,743	2,911	29

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

- Record net profit of Rp14.4 trillion
- Strong performances from automotive, heavy equipment and financial services
- Market share 56% of motor vehicles and 46% of motorcycles

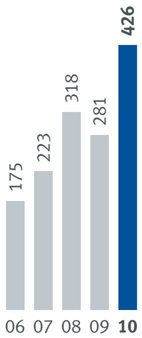
Rafflesia
National flower of Indonesia, the giant Rafflesia overcomes adversity to grow to enormous size.

Astra performed extremely well overall in 2010, achieving a record profit with improved contributions from all its businesses except contract mining. It produced a record net profit under Indonesian accounting standards of Rp14.4 trillion, up 43%, equivalent to US$1.6 billion.

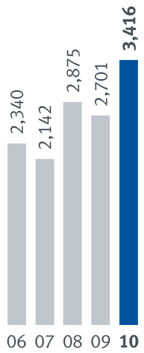
The Indonesian wholesale market for motor vehicles experienced 57% growth, with Astra's sales increasing by 52% to 426,000 units. The group's market share declined slightly to 56%. The wholesale market for motorcycles also grew strongly, up 26%, and Astra Honda Motor did well to maintain its leading position selling 3.4 million units with a market share of 46%. Astra Otoparts reported a 49% increase in profits, supported by the strong demand for its products.

As one of Indonesia's largest conglomerates, Astra maintained its strong record of growth in 2010.

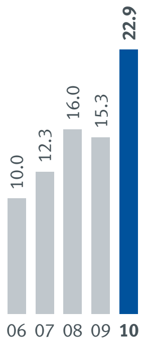
Astra (continued)



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



Motorcycle Sales including Associates and Joint Ventures (thousand units)



Gross Revenue† (US$ billion)

Earnings of Astra's consumer finance operations benefited from growth in their overall loan books, stable interest margins and liquidity in the banking sector. In December 2010, the group completed the acquisition of the 47% of Astra Sedaya Finance it did not already own. Bank Permata's reported profit doubled in the positive economic environment. In the last quarter, the bank enhanced its capital adequacy ratio through a rights issue and also completed the acquisition of a domestic credit card issuer, GE Finance Indonesia.

United Tractors' results were little changed, despite a 74% increase in Komatsu equipment sales, owing to lower income from its contract coal mining subsidiary, Pamapersada Nusantara. Coal production increased by 14% to 78 million tonnes and overburden removal by 9% to 651 million bcm, but the results were adversely impacted by poor weather conditions and the weaker US dollar. Astra Agro Lestari's profit improved by 21% due to higher palm oil prices and production gains.

Elsewhere, there were increased contributions from Astra's infrastructure and logistics businesses as well as Astra Graphia, which is the sole distributor of Fuji Xerox equipment in Indonesia and is active in information technology.

	2010	2009	Change* (%)
Gross revenue† (US$ billion)	**22.9**	15.3	32
Profit attributable to shareholders# (US$ million)	**1,582**	969	43
Shareholders' funds# (US$ million)	**5,484**	4,244	24

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

Further Interests

Rothschilds Continuation

Rothschilds Continuation, in which Jardine Strategic holds a 21% interest, is the holding company of an independent global financial advisory group with 49 offices in 36 countries worldwide. The company's performance has seen improvement over the last year as conditions in financial markets stabilized.

Other

ACLEDA Bank of Cambodia, in which Jardine Strategic purchased a 12% stake early last year, achieved its highest annual profit in 2010 and enters 2011 with expectations of further profit growth. By contrast, Asia Commercial Bank, 7% held, faced headwinds in Vietnam as the country sought to restore balanced growth while containing inflation.

In India, Tata Power continued to focus on the construction and completion of its large generation projects supported by stable Indian utility earnings and improving returns from its Indonesian coal investments. Jardine Strategic has a 3% investment.

Anthony Nightingale
Managing Director

4th March 2011

Further progress was seen amongst the Group's other investments.

Silver Dollar
The elegant Annual Honesty, also known as the Money Plant or Silver Dollars, is easy to propagate.

Jardine Matheson Group companies give back to the communities in which they operate through a wide range of philanthropic activities.

Rice
Rice plays an important cultural role and is fundamental to the well-being of the people of Asia.

In Hong Kong and mainland China, Group companies focus their philanthropic activities on the area of mental health through MINDSET, the Group's in-house charitable organization. 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, while at the same time providing practical support for this sector.

MINDSET recorded a number of achievements in 2010. A residential care home for rehabilitated individuals, MINDSET Place, was established in Hong Kong in October, offering engagement programmes for 38 service users to assist them in reintegrating into society. Group companies also offered job training opportunities for rehabilitated individuals, preparing them for a return to the workforce. The school-based Health in Mind programme's success continued with a peer-led approach that empowers students as 'advocates' to promote mental health to their fellow pupils and to raise the awareness of mental health issues among young people. Undertaken in collaboration with the Hong Kong Hospital Authority for a ninth year, the programme reached 22 schools with the participation of more than 330 students. In addition, MINDSET funded a number of projects in Hong Kong and mainland China that benefited the mentally ill, their carers and families. (www.mindset.org.hk)

Following on from the success of the MINDSET programme in Hong Kong, this social initiative was extended to Singapore in 2010 supported by a local Jardine Ambassadors scheme.

In addition to MINDSET, Group companies in Singapore have actively contributed to the well-being of the local communities. Jardine Cycle & Carriage's Care for the Community Programme alleviated the transportation burden of the less fortunate and non-ambulant by donating specially modified passenger vans to welfare organizations. Dairy Farm focused its efforts on promoting social harmony through celebrating the diversity of Singapore's multi-ethnic population under the theme of 'Heartbeat – Many People, One Community'.

MINDSET Place in Hong Kong assists service users in reintegrating into society.

In Indonesia, Astra continued to offer support in the areas of education, environment and poverty eradication. Astra took part in relief activities following floods in Karawang, West Java, while continuing the post-earthquake reconstruction work in West Sumatra. Astra also introduced income generating activities and provided various forms of assistance to the local communities in North Jakarta to improve the residents' quality of life.

In the United Kingdom, Jardine Lloyd Thompson encouraged its staff to be involved in community projects by providing time off for its employees to participate in charitable activities and matching money raised by employees for charitable causes.

Following the earthquake in West Sumatra in September 2009, Astra is helping to reconstruct community facilities such as schools in the area.

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 attain a Chartered Institute of Management Accountants (CIMA) qualification at the end of their first three years with the Group; an approach that brings rare balance of management breadth and financial depth, and readies them for leadership positions. A similar scheme has now been launched specifically targeting graduates from mainland China, who will subsequently work in the Group's businesses. 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 within the organization. In 2010 these were supplemented by a cross-Group performance coaching process, designed to benefit those identified as having the potential for larger roles.

Encouraging Higher Education

In 2010, nine students from Hong Kong, India, mainland China, Singapore, Thailand and Vietnam were awarded scholarships by the Jardine Foundation to pursue their studies in the United Kingdom. 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, more than 120 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, including 1,001 scholarships to support students in North Jakarta. Astra Education Foundation was also set up this year in memory of the late President Director, Michael D. Ruslim, to help improve the quality of schools in underdeveloped areas in Indonesia. Meanwhile, in Singapore, Jardine Cycle & Carriage scholarships are awarded yearly to three outstanding business management undergraduates.

Financial Review

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 2010, the Group adopted or early adopted a number of amendments to these standards. This has resulted in the Group changing its accounting policies on the provision for deferred tax on revaluation of investment properties and the classification of long-term interests in leasehold land.

The Group has early adopted, with effect from 1st January 2010, the amendments to International Accounting Standard ('IAS') 12 'Deferred Tax: Recovery of Underlying Assets'. The effect of this is that the Group is no longer required to provide for deferred tax on the revaluation in excess of cost of its investment properties in Hong Kong and Singapore where capital gains are not subject to taxes. Previously deferred tax on the revaluation of investment properties was provided at the income tax rates.

Pursuant to IAS 17 (amendment) 'Leases', which became effective in 2010, certain long-term interests in leasehold land have now been classified as finance leases and grouped under tangible assets.

Summarized Cash Flow

	2010 US$m	2009 US$m
Operating cash flow of subsidiary undertakings	**1,474**	2,380
Dividends from associates and joint ventures	**736**	406
Operating activities	**2,210**	2,786
Capital expenditure and investments	**(1,372)**	(122)
Cash flow before financing	**838**	2,664

Previously, all of the Group's leasehold land was included under land use rights in intangible assets and stated at cost less accumulated amortization.

Additionally, to align the policy on measurement of owner-occupied properties with prevailing industry practice, the Group has changed its accounting policy for owner-occupied properties, including hotel properties, to carry these assets at amortized cost. Previously the Group's freehold land and buildings, and the building component of owner-occupied leasehold properties were stated at valuation.

The above changes in accounting policies have been applied retrospectively. Further information on the changes, including the financial effects, is disclosed in note 1 to the financial statements.

Results

In 2010, revenue increased by 34% to US$30.1 billion. Gross revenue, including 100% of revenue from associates and joint ventures which is a better measure of the extent of the Group's operations, increased by 31% to US$47.0 billion.

Underlying operating profit was US$3,390 million, an increase of US$983 million or 41%. This reflected increased contribution from most of the businesses, in particular increases of US$436 million from Astra on strong performances from automotive, heavy equipment and financial services; US$404 million from Hongkong Land due to its results first being consolidated from the second half of 2009; US$52 million from Jardine Motors on higher deliveries in all of its markets; and US$45 million from Dairy Farm with strong sales growth in Malaysia and Indonesia.

The operating profit of US$7,048 million included a number of non-trading items, among which were increases in the fair value of investment properties in Hongkong Land and Jardine Pacific, and an increase in the fair value of Astra's plantations. The equivalent figure for 2009 included an increase in the fair value of investment properties in Hongkong Land in the second half of the year and in Jardine Pacific, and a profit on the disposal of the Group's interest in Tata Industries, partly offset by a decrease in the fair value of Astra's plantations.

Net financing charges increased over 2009 primarily due to the consolidation of Hongkong Land. Interest cover, however, remained strong at 33 times, calculated as the underlying operating profit, including the 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 increased by 37% to US$973 million, despite the equity accounting of Hongkong Land's results for the first six months of 2009. This was due to higher contributions from the associates and joint ventures of Astra, Jardine Pacific and Dairy Farm. The contribution to profit attributable to shareholders from the Group's associates and joint ventures included a number of non-trading items, among which were increases in the fair value of investment properties held by Hongkong Land's associates and joint ventures.

The underlying effective tax rate for the year was 23%, compared with 25% in 2009. The decrease in effective tax rate was caused by a change in the geographic mix of the Group's profitability and a reduction in the income tax rate in Indonesia.

Underlying earnings per share increased by 33% to US$3.80. The growth of US$348 million in underlying earnings was due to increased contributions from most businesses, in particular increases of US$37 million from Jardine Pacific; US$35 million from Jardine Motors; US$29 million from Dairy Farm; US$22 million from Mandarin Oriental; and US$170 million from Astra.

The profit attributable to shareholders for the year of US$3,084 million included the surplus of US$1,639 million on the revaluation of investment properties in Hongkong Land and Jardine Pacific, and an increase of US$71 million in the fair value of Astra's plantations. Earnings per share were US$8.58, an increase of 76%.

Dividends

The Board is recommending a final dividend of US$0.85 per share, giving a total dividend of US$1.15 per share for the year, payable on 18th May 2011 to those persons registered as shareholders on 18th March 2011. The dividends are payable in cash with a scrip alternative.

Cash Flow

The cash inflow from operating activities for the year was US$2,210 million. This represented a decrease of US$576 million on 2009 principally due to higher working capital in Astra. Capital expenditure for the year before disposals amounted to US$1,886 million. This included US$233 million for the purchase of associates, joint ventures and others, which included US$80 million for an additional 20% interest in the Shenyang joint venture in Hongkong Land and US$98 million for the subscription to Bank Permata's rights issue in Astra; US$231 million for the purchase of other investments, mainly in Astra and Jardine Strategic; US$160 million for the purchase of intangible assets, which included US$21 million for project development costs in Mandarin Oriental, US$60 million for the purchase of leasehold land and US$33 million of commissions for securing insurance contracts in Astra; US$868 million for the purchase of tangible assets, which included US$211 million in Dairy Farm and US$537 million in Astra; US$87 million for the additions to plantations in Astra; and US$223 million of advances to associates and joint ventures, mainly in Hongkong Land. The repayment from associates and joint ventures in Hongkong Land and sale of other investments in Astra contributed US$275 million and US$110 million, respectively, to the Group's cash flow.

Funding

At the year end, undrawn committed facilities totaled US$4.3 billion. In addition, the Group had available liquid funds of US$4.3 billion. Net borrowings, excluding those relating to Astra's financial services companies, were US$2.3 billion, representing 7% of total equity. Astra's financial services companies had net borrowings of US$2.4 billion, US$0.9 billion up from 2009 as their overall loan book grew. The Group's total equity increased by US$6.8 billion to US$32.0 billion during the year.

The average tenor of the Group's debt at 31st December 2010 was 4.2 years compared with 3.4 years at the end of 2009. US dollar denominated borrowings comprised 16% of the Group's total borrowings. Non-US dollar denominated borrowings are directly related to the Group's businesses in the countries of the currencies concerned. As at 31st December 2010 approximately 45% of the Group's borrowings, exclusive of financial services companies, were at floating rates and the remaining 55% were covered by interest rate hedges with major creditworthy financial institutions.

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

Treasury Policy

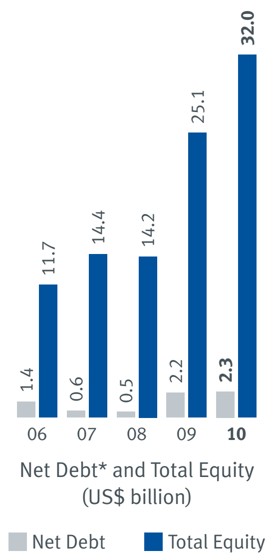
The Group manages its exposure to financial risk using a variety of techniques and instruments. The main objectives are to limit exchange and interest rate risks and to provide a degree of certainty about costs. The investment of the Group's cash resources is managed so as to minimize risk while seeking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

Principal Risks and Uncertainties

A review of the principal risks and uncertainties facing the Group is set out on page 106.

James Riley
Group Finance Director

4th March 2011



Net Debt* and Total Equity
(US$ billion)

*Excluding net debt of financial services companies

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 Matheson & Co. and Jardine Strategic, and a director of Dairy Farm, Hongkong Land, Mandarin Oriental and Rothschilds Continuation. He is also vice chairman of the Hong Kong Association.

A.J.L. Nightingale*
Managing Director
Mr Nightingale joined the Board in 1994 and was appointed as Managing Director in 2006. He has served in a number of executive positions since joining the Group in 1969. He is chairman of Jardine Cycle & Carriage, Jardine Matheson Limited, Jardine Motors and Jardine Pacific, and a commissioner of Astra. He is also managing director of Dairy Farm, Hongkong Land, Jardine Strategic and Mandarin Oriental. Mr Nightingale is chairman of the Business Facilitation Advisory Committee established by the Financial Secretary in Hong Kong, a member of the Commission on Strategic Development, a member of the Committee on Strategic Enhancement of Hong Kong as an International Financial Centre, a vice president of The Real Estate Developers Association of Hong Kong, a council member of the Employers' Federation of Hong Kong, a Hong Kong representative to the APEC Business Advisory Council and a member of Chongqing Mayor's International Economic Advisory Council. He is also chairman of The Sailors Home and Missions to Seamen in Hong Kong.

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.

Jenkin Hui
Mr Hui was appointed a Director in 2003. He is a director of Hongkong Land, Jardine Strategic, Central Development and a number of property and investment companies.

Adam Keswick*
Mr Adam Keswick joined the Board in 2007. He is chief executive of Jardine Pacific and of Jardine Motors. He has held a number of executive positions since joining the Group from N M Rothschild & Sons in 2001, including group strategy director and, thereafter, group managing director of Jardine Cycle & Carriage between 2003 and 2007. He is also a director of Jardine Matheson Limited.

Ben Keswick*
Mr Ben Keswick joined the Board in 2007. He is group managing director of Jardine Cycle & Carriage. He has held a number of executive positions since joining the Group in 1998, including finance director and, thereafter, chief executive officer of Jardine Pacific between 2003 and 2007. He has an MBA from INSEAD. Mr Keswick is also chairman of Cycle & Carriage Bintang, a director of Jardine Matheson Limited and a commissioner of Astra and United Tractors.

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., chairman of Dairy Farm, Hongkong Land and Mandarin Oriental, and a director of Jardine Lloyd Thompson and Jardine Strategic.

R.C. Kwok
Mr Kwok was appointed a Director of the Group's holding company in 1972. He is a Chartered Accountant and joined the Group in 1964. He is a director of Jardine Matheson Limited, Dairy Farm, Hongkong Land, Jardine Strategic and Mandarin Oriental.

Lord Leach of Fairford*
Lord Leach joined the Board in 1984 after a career in banking and merchant banking. He is a director of Matheson & Co., deputy chairman of Jardine Lloyd Thompson, and a director of Dairy Farm, Hongkong Land, Jardine Strategic, Mandarin Oriental and Rothschilds Continuation.

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 chairman of TAL Apparel. He is also a director of Hongkong Land and Mandarin Oriental.

Y.K. Pang*
Mr Pang joined the Board on 1st April 2011. He was appointed chief executive of Hongkong Land in 2007. He previously held a number of senior executive positions in the Group, which he first joined in 1984. He is chairman of Jardine Matheson (China) Limited and a director of Jardine Matheson Limited. He is also vice chairman of the Employers' Federation of Hong Kong and the Hong Kong General Chamber of Commerce.

James Riley*
Mr Riley joined the Board as Group Finance Director in 2007, having been Chief Financial Officer since 2005. A Chartered Accountant, he joined the Group from Kleinwort Benson in 1993. He was appointed chief financial officer of Jardine Cycle & Carriage in 1994, and in 1999 he took over responsibility for the businesses grouped under Jardine Pacific. He is also a director of Jardine Matheson Limited and Dairy Farm.

Percy Weatherall
Mr Weatherall joined the Board in 1999 and was Managing Director of the Company from 2000 to 2006. He held a number of senior positions since first joining the Group in 1976 until his retirement 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 and Barrow.

Giles White*
Mr White was appointed to the Board in January 2010, having first joined the Group as Group General Counsel in 2009. He was previously Asia managing partner of Linklaters based in Hong Kong, prior to which he was the firm's head of global finance and projects in London. Mr White is also director of Jardine Matheson Limited, Dairy Farm and Mandarin Oriental.

*Executive Director

Company Secretary and Registered Office
John C. Lang
Jardine House, 33-35 Reid Street
Hamilton
Bermuda

Consolidated Profit and Loss Account

for the year ended 31st December 2010

	Note	2010 Underlying business performance US$m	2010 Non-trading items US$m	2010 Total US$m	2009 Underlying business performance US$m (restated)	2009 Non-trading items US$m (restated)	2009 Total US$m (restated)
Revenue	5	**30,053**	**–**	**30,053**	22,501	–	22,501
Net operating costs	6	**(26,663)**	**442**	**(26,221)**	(20,094)	85	(20,009)
Change in fair value of investment properties		**–**	**3,216**	**3,216**	–	1,911	1,911
Operating profit		**3,390**	**3,658**	**7,048**	2,407	1,996	4,403
Net financing charges	7						
– financing charges		**(232)**	**–**	**(232)**	(169)	–	(169)
– financing income		**101**	**–**	**101**	96	–	96
		(131)	**–**	**(131)**	(73)	–	(73)
Share of results of associates and joint ventures	8						
– before change in fair value of investment properties		**973**	**7**	**980**	709	54	763
– change in fair value of investment properties		**–**	**731**	**731**	–	(431)	(431)
		973	**738**	**1,711**	709	(377)	332
Net discount on acquisition of Hongkong Land	9	**–**	**–**	**–**	–	110	110
Sale of associates and joint ventures	10	**–**	**3**	**3**	–	78	78
Profit before tax		**4,232**	**4,399**	**8,631**	3,043	1,807	4,850
Tax	11	**(741)**	**(106)**	**(847)**	(589)	(6)	(595)
Profit after tax		**3,491**	**4,293**	**7,784**	2,454	1,801	4,255
Attributable to:							
Shareholders of the Company	12 & 13	**1,364**	**1,720**	**3,084**	1,016	715	1,731
Minority interests		**2,127**	**2,573**	**4,700**	1,438	1,086	2,524
		3,491	**4,293**	**7,784**	2,454	1,801	4,255
		US$		US$	US$		US$
Earnings per share	12						
– basic		**3.80**		**8.58**	2.86		4.87
– diluted		**3.77**		**8.34**	2.83		4.79

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2010

	Note	2010 US$m	2009 US$m (restated)
Profit for the year		**7,784**	4,255
Revaluation of other investments			
– net gain arising during the year	*19*	**70**	165
– transfer to profit and loss		**(14)**	(131)
		56	34
Net actuarial gain on employee benefit plans		**23**	42
Net exchange translation differences			
– gains arising during the year		**223**	645
– transfer to profit and loss		**–**	(65)
		223	580
Cash flow hedges			
– net loss arising during the year		**(6)**	(16)
– transfer to profit and loss		**9**	(2)
		3	(18)
Share of other comprehensive income of associates and joint ventures	*18*	**253**	249
Tax relating to components of other comprehensive income	*11*	**(8)**	(2)
Other comprehensive income for the year		**550**	885
Total comprehensive income for the year		**8,334**	5,140
Attributable to:			
Shareholders of the Company		**3,279**	1,972
Minority interests		**5,055**	3,168
		8,334	5,140

Consolidated Balance Sheet

at 31st December 2010

	Note	At 31st December 2010 US$m	At 31st December 2009 US$m (restated)	At 1st January 2009 US$m (restated)
Assets				
Intangible assets	*14*	**1,958**	1,759	1,530
Tangible assets	*15*	**4,816**	4,116	3,482
Investment properties	*16*	**18,426**	15,201	352
Plantations	*17*	**954**	425	353
Associates and joint ventures	*18*	**6,385**	4,811	8,667
Other investments	*19*	**1,044**	841	583
Non-current debtors	*20*	**1,898**	1,375	1,037
Deferred tax assets	*21*	**133**	126	114
Pension assets	*22*	**102**	92	28
Non-current assets		**35,716**	28,746	16,146
Properties for sale	*23*	**1,184**	787	–
Stocks and work in progress	*24*	**2,680**	1,960	1,960
Current debtors	*20*	**4,085**	3,055	2,188
Current investments	*19*	**6**	3	4
Current tax assets		**130**	84	80
Bank balances and other liquid funds	*25*			
– non-financial services companies		**4,099**	3,937	2,065
– financial services companies		**176**	156	183
		4,275	4,093	2,248
		12,360	9,982	6,480
Non-current assets classified as held for sale	*26*	**–**	107	68
Current assets		**12,360**	10,089	6,548
Total assets		**48,076**	38,835	22,694

Approved by the Board of Directors

A.J.L. Nightingale
James Riley
Directors

4th March 2011

	Note	At 31st December 2010 US$m	2009 US$m (restated)	At 1st January 2009 US$m (restated)
Equity				
Share capital	27	**162**	159	156
Share premium and capital reserves	29	**69**	48	37
Revenue and other reserves		**14,980**	11,717	9,724
Own shares held	31	**(1,501)**	(1,230)	(1,021)
Shareholders' funds		**13,710**	10,694	8,896
Minority interests	32	**18,250**	14,446	5,345
Total equity		**31,960**	25,140	14,241
Liabilities				
Long-term borrowings	33			
– non-financial services companies		**4,294**	5,228	2,039
– financial services companies		**1,128**	718	563
		5,422	5,946	2,602
Deferred tax liabilities	21	**572**	444	359
Pension liabilities	22	**176**	179	142
Non-current creditors	34	**216**	158	140
Non-current provisions	35	**94**	72	57
Non-current liabilities		**6,480**	6,799	3,300
Current creditors	34	**5,848**	4,683	3,493
Current borrowings	33			
– non-financial services companies		**2,057**	909	571
– financial services companies		**1,403**	918	798
		3,460	1,827	1,369
Current tax liabilities		**273**	333	236
Current provisions	35	**55**	53	55
Current liabilities		**9,636**	6,896	5,153
Total liabilities		**16,116**	13,695	8,453
Total equity and liabilities		**48,076**	38,835	22,694

Consolidated Statement of Changes in Equity

for the year ended 31st December 2010

	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$m	Attributable to minority interests US$m	Total equity US$m
2010											
At 1st January											
– as previously reported	159	4	44	10,695	309	(25)	(44)	(1,230)	9,912	13,285	**23,197**
– change in accounting policies for											
– owner-occupied properties	–	–	–	(19)	(150)	–	16	–	(153)	(133)	**(286)**
– adopting amendments to IAS 12	–	–	–	935	–	–	–	–	935	1,294	**2,229**
– as restated	159	4	44	11,611	159	(25)	(28)	(1,230)	10,694	14,446	**25,140**
Total comprehensive income	–	–	–	3,128	–	(9)	160	–	3,279	5,055	**8,334**
Dividends paid by the Company	–	–	–	(341)	–	–	–	–	(341)	61	**(280)**
Dividends paid to minority shareholders	–	–	–	–	–	–	–	–	–	(780)	**(780)**
Issue of shares	–	6	–	–	–	–	–	–	6	–	**6**
Employee share option schemes	–	2	16	–	–	–	–	–	18	2	**20**
Scrip issued in lieu of dividends	3	(3)	–	388	–	–	–	–	388	–	**388**
Increase in own shares held	–	–	–	–	–	–	–	(271)	(271)	(58)	**(329)**
Subsidiary undertakings disposed of	–	–	–	–	–	–	–	–	–	(10)	**(10)**
Conversion of convertible bonds in a subsidiary undertaking	–	–	–	–	–	–	–	–	–	5	**5**
Capital contribution from minority shareholders	–	–	–	–	–	–	–	–	–	16	**16**
Change in interests in subsidiary undertakings	–	–	–	(63)	–	–	–	–	(63)	(487)	**(550)**
Transfer	–	1	(1)	–	–	–	–	–	–	–	**–**
At 31st December	**162**	**10**	**59**	**14,723**	**159**	**(34)**	**132**	**(1,501)**	**13,710**	**18,250**	**31,960**
2009											
At 1st January											
– as previously reported	156	3	34	9,050	331	(45)	(260)	(1,021)	8,248	5,300	13,548
– change in accounting policies for											
– owner-occupied properties	–	–	–	(19)	(170)	–	25	–	(164)	(134)	(298)
– adopting amendments to IAS 12	–	–	–	808	–	–	4	–	812	179	991
– as restated	156	3	34	9,839	161	(45)	(231)	(1,021)	8,896	5,345	14,241
Total comprehensive income	–	–	–	1,716	33	20	203	–	1,972	3,168	5,140
Dividends paid by the Company	–	–	–	(269)	–	–	–	–	(269)	48	(221)
Dividends paid to minority shareholders	–	–	–	–	–	–	–	–	–	(479)	(479)
Issue of shares	–	3	–	–	–	–	–	–	3	–	3
Employee share option schemes	–	–	11	–	–	–	–	–	11	2	13
Scrip issued in lieu of dividends	3	(3)	–	303	–	–	–	–	303	–	303
Increase in own shares held	–	–	–	–	–	–	–	(209)	(209)	(45)	(254)
New subsidiary undertakings	–	–	–	–	–	–	–	–	–	6,445	6,445
Subsidiary undertakings disposed of	–	–	–	–	–	–	–	–	–	(3)	(3)
Equity component of convertible bonds in a subsidiary undertaking	–	–	–	3	–	–	–	–	3	1	4
Capital contribution from minority shareholders	–	–	–	–	–	–	–	–	–	15	15
Change in interests in subsidiary undertakings	–	–	–	(16)	–	–	–	–	(16)	(51)	(67)
Transfer	–	1	(1)	35	(35)	–	–	–	–	–	–
At 31st December	159	4	44	11,611	159	(25)	(28)	(1,230)	10,694	14,446	25,140

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US$3,084 million *(2009: US$1,731 million)*, net fair value gain on other investments of US$34 million *(2009: loss of US$9 million)* and net actuarial gain on employee benefit plans of US$10 million *(2009: loss of US$6 million)*.

Consolidated Cash Flow Statement

for the year ended 31st December 2010

	Note	**2010** US$m	2009 US$m (restated)
Operating activities			
Operating profit		**7,048**	4,403
Depreciation and amortization	*36 (a)*	**762**	581
Other non-cash items	*36 (b)*	**(3,492)**	(1,878)
Increase in working capital	*36 (c)*	**(1,869)**	(103)
Interest received		**104**	103
Interest and other financing charges paid		**(214)**	(159)
Tax paid		**(865)**	(567)
		1,474	2,380
Dividends from associates and joint ventures		**736**	406
Cash flows from operating activities		**2,210**	2,786
Investing activities			
Purchase of Hongkong Land	*36 (d)*	**–**	1,082
Purchase of other subsidiary undertakings	*36 (d)*	**(51)**	(42)
Purchase of associates and joint ventures	*36 (e)*	**(233)**	(57)
Purchase of other investments	*36 (f)*	**(231)**	(301)
Purchase of intangible assets		**(160)**	(91)
Purchase of tangible assets		**(868)**	(762)
Purchase of investment properties		**(33)**	(20)
Additions to plantations		**(87)**	(77)
Advance to associates, joint ventures and others	*36 (g)*	**(223)**	(293)
Repayment from associates and joint ventures	*36 (h)*	**286**	63
Sale of subsidiary undertakings	*36 (i)*	**21**	(2)
Sale of associates and joint ventures	*36 (j)*	**–**	92
Sale of other investments	*36 (k)*	**110**	214
Sale of intangible assets		**2**	2
Sale of tangible assets		**77**	69
Sale of investment properties		**18**	1
Cash flows from investing activities		**(1,372)**	(122)
Financing activities			
Issue of shares		**6**	3
Capital contribution from minority shareholders		**16**	15
Repayment to minority shareholders		**(11)**	–
Change in interests in subsidiary undertakings	*36 (l)*	**(550)**	(65)
Sale of convertible bonds in a subsidiary undertaking		**–**	33
Drawdown of borrowings		**10,874**	7,075
Repayment of borrowings		**(10,040)**	(7,325)
Dividends paid by the Company		**(220)**	(173)
Dividends paid to minority shareholders		**(780)**	(479)
Cash flows from financing activities		**(705)**	(916)
Net increase in cash and cash equivalents		**133**	1,748
Cash and cash equivalents at 1st January		**4,077**	2,218
Effect of exchange rate changes		**68**	111
Cash and cash equivalents at 31st December	*36 (m)*	**4,278**	4,077

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

Previously, the Group's freehold land and buildings, and the building component of owner-occupied leasehold properties were stated at valuation. Independent valuations were performed every three years on an open market basis, and in the case of the building component of leasehold properties, on the basis of depreciated replacement cost. In the intervening years, the Directors reviewed the carrying values and adjustments were made where there were material changes. Revaluation surpluses and deficits were recognized in other comprehensive income and accumulated in equity under asset revaluation reserves, except for movements on individual properties below depreciated cost which were recognized in profit and loss. Leasehold land was carried at amortized cost.

With effect from 1st January 2010, the Group revised its accounting policy in respect of its freehold land and buildings and the building component of owner-occupied leasehold properties to the cost model, under which these assets are carried at cost less any accumulated depreciation and impairment. This change harmonizes the treatment of land and buildings, both freehold and leasehold, and aligns the Group's accounting policy with industry practice, enhancing the comparability of the Group's financial statements with those of its international peers. The Directors believe that the new policy provides reliable and more relevant financial information to the users of the financial statements.

This change in accounting policy has been accounted for retrospectively, and the comparative financial statements have been restated.

Standards, amendments and interpretations effective in 2010 which are relevant to the Group's operations

Amendments to IFRS 2	Group Cash-settled Share-based Payment Transactions
Amendment to IAS 39	Eligible Hedged Items
IFRIC 17	Distributions of Non-cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers
Improvements to IFRSs (2009)	

IAS 17 (amendment) 'Leases' is part of the 2009 improvement project. It specifies that a land lease may be classified as a finance lease when significant risks and rewards associated with the land are transferred to the lessee despite there being no transfer of title at the end of the lease term. Previously, all of the Group's leasehold land was included under land use rights in intangible assets and stated at cost less accumulated amortization. In accordance with the amendment, certain long-term interests in leasehold land have been 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. The amendment has been applied retrospectively to unexpired leases at the date of adoption of the amendment on the basis of information existing at the inception of the leases.

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

The amendments to IFRS 2 'Group Cash-settled Share-based Payment Transactions' incorporate the guidance provided in IFRIC 8 'Scope of IFRS 2' and IFRIC 11 'IFRS 2 – Group and Treasury Share Transactions' and expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.

The amendment to IAS 39 'Eligible Hedged Items' gives additional guidance on the designation of a hedged item and how hedged accounting should be applied in particular situations.

IFRIC 17 'Distribution of Non-cash Assets to Owners' requires that a non-cash dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity. The dividend should be measured at the fair values of the net assets to be distributed. Any difference between the dividend paid and the carrying amount of the net assets distributed should be included in profit and loss.

IFRIC 18 'Transfers of Assets from Customers' addresses the accounting by recipients for transfers of property, plant and equipment from customers and concludes that when an item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognize the asset at its fair value on the date of transfer, with the credit being recognized as revenue in accordance with IAS 18 'Revenue'.

IFRS 5 (amendment) 'Non-current Assets Held for Sale and Discontinued Operations' is part of the 2009 improvement project. It clarifies that the disclosure requirements in IFRSs other than IFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale of discontinued operations unless those IFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of IFRS 5 and the disclosures are not already provided in the consolidated financial statements.

IAS 1 (amendment) 'Presentation of Financial Statements' is part of the 2009 improvement project. It clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

IAS 36 (amendment) 'Impairment of Assets' is part of the 2009 improvement project. It clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8.

IFRIC 16 (amendment) 'Hedges of a Net Investment in a Foreign Operation' is part of the 2009 improvement project. It states that in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied.

Amended standard early adopted by the Group

Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets

The amendments to IAS 12 (effective from 1st January 2012) provides that the measurement of deferred tax liabilities and deferred tax assets arising from investment properties which are measured using the fair value model in IAS 40 should reflect a rebuttable presumption that the carrying amount of the underlying assets will be recovered through sale.

The early adoption of the amendments to IAS 12 has resulted in a change in accounting policy on the provision of deferred tax on revaluation of investment properties. Previously, provision for deferred tax was made at the income tax rates on the revaluation of, and the tax bases of, investment properties held under operating leases on the basis that their values would be recovered through use rather than through sale. In accordance with the amendments, deferred tax is provided at the income tax rates on allowances claimed on these properties and at the capital gains tax rates on the valuation in excess of cost. As the Group's long leasehold investment properties are located in Hong Kong and Singapore where sales of a capital nature in excess of cost are not taxable, deferred tax liabilities relating to investment properties have been reduced significantly. This change in accounting policy has been accounted for retrospectively and the comparative financial statements have been restated.

Effects of change in accounting policies:

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

	Effect of			
	Change to cost model for owner-occupied properties		Adopting amendments to IAS 12	
	2010	2009	**2010**	2009
	US$m	US$m	US$m	US$m
Decrease in net operating costs	**28**	20	**–**	–
Increase/(decrease) in share of results of associates and joint ventures	**6**	4	**110**	(75)
Increase in net discount on acquisition of Hongkong Land	**–**	–	**–**	57
(Increase)/decrease in tax	**(5)**	(4)	**531**	318
Increase in profit after tax	**29**	20	**641**	300
Attributable to:				
Shareholders of the Company	**11**	6	**266**	121
Minority interests	**18**	14	**375**	179
	29	20	**641**	300
Increase in basic earnings per share (US$)	**0.03**	0.02	**0.74**	0.34
Increase in diluted earnings per share (US$)	**0.03**	0.02	**0.74**	0.34

On the adoption of IAS 17 (amendment), there is no impact on the consolidated profit and loss account.

b) On the consolidated balance sheet at 31st December

	Increase/(decrease) in assets				Increase/(decrease) in equity/liabilities		
	Intangible assets	Tangible assets	Associates and joint ventures	Deferred tax assets	Revenue and other reserves	Minority interests	Deferred tax liabilities
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
2010							
Effect of:							
Change to cost model for owner-occupied properties	–	(271)	(88)	14	(165)	(130)	(50)
Adopting IAS 17 (amendment)	(455)	455	–	–	–	–	–
Adopting amendments to IAS 12	–	–	166	–	1,217	1,655	(2,706)
Total	**(455)**	**184**	**78**	**14**	**1,052**	**1,525**	**(2,756)**
2009							
Effect of:							
Change to cost model for owner-occupied properties	–	(270)	(77)	5	(153)	(133)	(56)
Adopting IAS 17 (amendment)	(431)	431	–	–	–	–	–
Adopting amendments to IAS 12	–	–	47	–	935	1,294	(2,182)
Total	(431)	161	(30)	5	782	1,161	(2,238)
2008							
Effect of:							
Change to cost model for owner-occupied properties	–	(277)	(86)	7	(164)	(134)	(58)
Adopting IAS 17 (amendment)	(449)	449	–	–	–	–	–
Adopting amendments to IAS 12	–	–	946	–	812	179	(45)
Total	(449)	172	860	7	648	45	(103)

Standards, amendments and interpretations effective after 2010 which are relevant to the Group's operations and yet to be adopted

IFRS 9	Financial Instruments
Revised IAS 24	Related Party Disclosures
Amendment to IAS 32	Classification of Rights Issues
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to IFRSs (2010)	

IFRS 9 'Financial Instruments' (effective from 1st January 2013) is the first part of a project to replace IAS 39. It addresses the classification and measurement of financial assets. IFRS 9 is likely to affect the Group's accounting for its financial assets. The Group will apply IFRS 9 from 1st January 2013 and is yet to assess IFRS 9's full impact.

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

Amendment to IAS 32 'Classification of Rights Issues' (effective from 1st February 2010) clarifies that rights issues are equity instruments when they are denominated in a currency other than the issuer's functional currency and are issued pro-rata to an entity's existing shareholders for a fixed amount of currency. The Group will apply amendment to IAS 32 from 1st January 2011. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments.

Amendments to IFRIC 14 'Prepayments of a Minimum Funding Requirement' (effective from 1st January 2011) require an entity to recognize an asset for a prepayment that will reduce future minimum funding contributions required by the entity. The Group will apply amendments to IFRIC 14 from 1st January 2011, but it is not expected to have any significant impact on the results of the Group.

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

The Improvements to IFRSs (2010) comprise a number of non-urgent but necessary amendments to IFRSs. The amendments which are relevant to the Group's operations include IFRS 3 (amendments) 'Business Combinations', IFRS 7 (amendments) 'Financial Instruments: Disclosures', IAS 1 (amendments) 'Presentation of Financial Statements', IAS 34 (amendments) 'Interim Financial Reporting' and IFRIC 13 (amendment) 'Customer Loyalty Programmes'. The adoption of these amendments is not expected to have any significant impact on the results of the Group.

IFRS 3 (amendments) 'Business Combinations' (effective from 1st July 2010) clarify the transition requirements for contingent consideration from business combination that occurred before the effective date of the revised IFRS, the measurement of non-controlling interests and un-replaced and voluntarily replaced share-based payment awards. The Group will apply the amendments from 1st January 2011.

IFRS 7 (amendments) 'Financial Instruments: Disclosures' (effective from 1st January 2011) emphasize the interaction between qualitative and quantitative disclosures and the nature and extent of risks associated with financial instruments. The Group will apply the amendments from 1st January 2011.

IAS 1 (amendments) 'Presentation of Financial Statements' (effective from 1st January 2011) clarify that entities may present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group will apply the amendments from 1st January 2011.

IAS 34 (amendments) 'Interim Financial Reporting' (effective from 1st January 2011) provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. The Group will apply the amendments from 1st January 2011.

IFRIC 13 (amendment) 'Customer Loyalty Programmes' (effective from 1st January 2011) clarifies that when the fair value of award credits is measured on the basis of the value of the awards for which they could be redeemed, the fair value of the award credits should take account of expected forfeitures as well as the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. The Group will apply the amendment from 1st January 2011.

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

The Group's reportable segments are set out in note 4 and are described on page 4 and pages 6 to 21.

Basis of consolidation

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

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

All material intercompany transactions, balances and unrealized surpluses and deficits on transactions between Group companies have been eliminated. The cost of and related income arising from shares held in the Company by subsidiary undertakings are eliminated from shareholders' funds and minority interests, and profit, respectively.

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

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

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

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

Foreign currencies

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

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

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

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

Impairment

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

Intangible assets

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

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

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

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

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

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

Tangible fixed assets and depreciation

Freehold land and buildings, and the building component of owner-occupied leasehold properties are stated at 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	21 – 150 years
Surface, finishes and services of hotel properties	20 – 30 years
Leasehold improvements	period of the lease
Leasehold land	period of the lease
Plant and machinery	2 – 20 years
Furniture, equipment and motor vehicles	2 – 16 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 each property is calculated on the discounted net rental income allowing for reversionary potential. Changes in fair value are recognized in profit and loss.

Plantations
Plantations, which principally comprise oil palm plantations and exclude the related land, are measured at each balance sheet date at their fair values, representing the present value of expected net cash flows from the assets in their present location and condition determined internally, less estimated point of sale costs. Changes in fair values are recorded in the profit and loss account. The plantations which have a life of approximately 25 years 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.

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

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

Debtors with maturities greater than 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, restricted bank balances and deposits are included in non-current debtors, and bank overdrafts are included in current borrowings.

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

Provisions

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

Borrowings and borrowing costs

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

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

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

Borrowings are classified under non-current liabilities unless these are due to be settled within 12 months after the balance sheet date.

Deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. 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 subsidiary undertakings, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

Employee benefits

Pension obligations

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

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

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

Share-based compensation

The Company and its subsidiary undertakings 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.

Non-current assets held for sale

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

Derivative financial instruments

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

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

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

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

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

The fair value of derivatives which are designated and qualify as effective hedges are classified as non-current assets or liabilities if the remaining maturities of the hedged assets or liabilities are greater than 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 analyses for the claims incurred but not reported.

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

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

Earnings per share
Basic earnings per share are calculated on profit attributable to shareholders and on the weighted average number of shares in issue during the year. The weighted average number excludes the Company's share of the shares held by subsidiary undertakings 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 subsidiary undertakings, 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.

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

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

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

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

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

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

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

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 2010 are disclosed in note 37.

(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 2010 the Group's Indonesian rupiah functional entities had United States dollar denominated net monetary liabilities of US$159 million *(2009: assets of US$62 million)*. At 31st December 2010, 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$12 million lower/higher *(2009: US$5 million higher/lower)*, arising from foreign exchange losses/gains taken on translation. The amount attributable to the Group after minority interests would be US$6 million *(2009: immaterial)*. 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 2010 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 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 2010 the Group's interest rate hedge exclusive of the financial services companies was 56% *(2009: 53%)*, with an average tenor of five years *(2009: three years)*. The financial services companies borrow predominately at a fixed rate. The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in note 33.

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

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

At 31st December 2010, 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$22 million *(2009: US$20 million)* higher/lower, and hedging reserves would have been US$70 million *(2009: US$32 million)* higher/lower as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. There is no significant variation in the sensitivity analysis as a result of interest rate caps and collars. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the United States, Hong Kong and Indonesian rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in the fair value of the hedged 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 19.

Available-for-sale investments are unhedged. At 31st December 2010, 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$259 million *(2009: US$207 million)* higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

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

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

The Group manages its deposits with banks and financial institutions and transactions involving derivative financial instruments by monitoring credit ratings 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 2010, over 83% *(2009: 78%)* 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 from consumer financing debtors towards settlement of vehicle receivables. Customers give the right to the Group to sell the repossessed collateral or take any other action to settle the outstanding receivable. Sales to other customers are made in cash or by major credit cards.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The Group's exposure to credit risk arising from debtors is set out in note 20 and totals US$5,983 million *(2009: US$4,430 million)*. The Group's exposure to credit risk arising from exposure to derivative financial instruments with a positive fair value is disclosed in note 20 as a component of other debtors and totals US$62 million *(2009: US$68 million)*. The Group's exposure to credit risk arising from deposits and balances with banks and financial institutions is set out in note 25 and totals US$4,180 million *(2009: US$4,018 million)*.

(iii) Liquidity risk

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

At 31st December 2010, total available borrowing facilities amounted to US$14.4 billion *(2009: US$12.2 billion)* of which US$8.9 billion *(2009: US$7.8 billion)* was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, totaled US$4.3 billion *(2009: US$2.9 billion)*.

An ageing analysis of the Group's financial liabilities based on the remaining period at the balance sheet to the contractual maturity dates is included in notes 33, 34 and 37.

Capital management

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

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

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

The ratios at 31st December 2009 and 2010 are as follows:

	2010	2009
Gearing ratio exclusive of financial services companies (%)	**7**	9
Gearing ratio inclusive of financial services companies (%)	**14**	15
Interest cover exclusive of financial services companies (times)	**29**	34
Interest cover inclusive of financial services companies (times)	**33**	43

The decrease in interest cover for the year as compared to 2009 is primarily due to the consolidation of Hongkong Land from 30th June 2009.

Fair value estimation

(i) Financial instruments that are measured at fair value

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

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities ('quoted prices in active markets')

The fair value of listed securities, which are classified as available-for-sale, is based on quoted prices in active markets at the balance sheet date. The quoted market price used for listed investments held by the Group is the current bid price.

(b) Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')

The fair values of interest rate swaps and caps, cross-currency swaps, forward foreign exchange contracts and credit default swaps have been determined using rates quoted by the Group's bankers at the balance sheet date which are calculated by reference to the market interest rates and foreign exchange rates.

(c) Inputs for the asset or liability that are not based on observable market data ('unobservable inputs')

The fair value of unlisted securities, which are classified as available-for-sale, is determined using valuation techniques by reference to observable current market transactions or the market prices of the underlying investments with certain degree of entity specific estimates.

(ii) Financial instruments that are not measured at fair value

The fair values of current debtors, bank balances and other liquid funds, current creditors and current borrowings are assumed to approximate their carrying 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.

3 Critical Accounting Estimates and Judgements

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

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

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

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

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

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

Management applies judgement in determining the assumptions to be used; the significant ones include a historical average crude palm oil price as the basis for deriving the price of fresh fruit bunches, maintenance costs, the yield per hectare based on industry standards and historical experience and the appropriate capitalization rates.

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 2010 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 of 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 expected long-term rate of return on the relevant plan assets and the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

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

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

4 Segmental Information

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

	Jardine 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
2010													
Revenue *(refer note 5)*	1,286	3,288	–	1,341	7,971	513	1,320	14,360	–	(26)	30,053	–	**30,053**
Net operating costs	(1,231)	(3,158)	–	(459)	(7,502)	(448)	(1,272)	(12,583)	(36)	26	(26,663)	442	**(26,221)**
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	3,216	**3,216**
Operating profit	55	130	–	882	469	65	48	1,777	(36)	–	3,390	3,658	**7,048**
Net financing charges													
– financing charges	(4)	(10)	–	(112)	(26)	(15)	(1)	(54)	(10)	–	(232)	–	**(232)**
– financing income	1	–	–	35	3	2	–	56	4	–	101	–	**101**
	(3)	(10)	–	(77)	(23)	(13)	(1)	2	(6)	–	(131)	–	**(131)**
Share of results of associates and joint ventures													
– before change in fair value of investment properties	117	–	48	174	47	4	23	544	16	–	973	7	**980**
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	731	**731**
	117	–	48	174	47	4	23	544	16	–	973	738	**1,711**
Sale of associates and joint ventures	–	–	–	–	–	–	–	–	–	–	–	3	**3**
Profit before tax	169	120	48	979	493	56	70	2,323	(26)	–	4,232	4,399	**8,631**
Tax	(12)	(27)	–	(123)	(85)	(12)	(9)	(467)	(6)	–	(741)	(106)	**(847)**
Profit after tax	157	93	48	856	408	44	61	1,856	(32)	–	3,491	4,293	**7,784**
Minority interests	(1)	(6)	–	(524)	(149)	(17)	(29)	(1,419)	18	–	(2,127)	(2,573)	**(4,700)**
Profit attributable to shareholders	**156**	**87**	**48**	**332**	**259**	**27**	**32**	**437**	**(14)**	**–**	**1,364**	**1,720**	**3,084**
Net (debt)/cash (excluding net debt of financial services companies)*	**(8)**	**(77)**	**–**	**(2,358)**	**223**	**(144)**	**41**	**(396)**	**465**	**2**			**(2,252)**
Total equity	**601**	**349**	**186**	**19,477**	**954**	**1,008**	**567**	**7,660**	**1,177**	**(19)**			**31,960**
2009													
Revenue *(refer note 5)*	1,082	2,522	–	801	7,029	438	1,103	9,537	2	(13)	22,501	–	22,501
Net operating costs	(1,034)	(2,444)	–	(323)	(6,605)	(414)	(1,047)	(8,196)	(44)	13	(20,094)	85	(20,009)
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	1,911	1,911
Operating profit	48	78	–	478	424	24	56	1,341	(42)	–	2,407	1,996	4,403
Net financing charges													
– financing charges	(4)	(7)	–	(56)	(24)	(19)	(1)	(47)	(11)	–	(169)	–	(169)
– financing income	–	–	–	30	3	4	1	54	4	–	96	–	96
	(4)	(7)	–	(26)	(21)	(15)	–	7	(7)	–	(73)	–	(73)
Share of results of associates and joint ventures													
– before change in fair value of investment properties	86	–	36	288	35	1	18	254	(9)	–	709	54	763
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	(431)	(431)
	86	–	36	288	35	1	18	254	(9)	–	709	(377)	332
Net discount on acquisition of Hongkong Land	–	–	–	–	–	–	–	–	–	–	–	110	110
Sale of associates and joint ventures	–	–	–	–	–	–	–	–	–	–	–	78	78
Profit before tax	130	71	36	740	438	10	74	1,602	(58)	–	3,043	1,807	4,850
Tax	(11)	(15)	–	(71)	(75)	(1)	(11)	(403)	(2)	–	(589)	(6)	(595)
Profit after tax	119	56	36	669	363	9	63	1,199	(60)	–	2,454	1,801	4,255
Minority interests	–	(4)	–	(354)	(133)	(4)	(30)	(932)	19	–	(1,438)	(1,086)	(2,524)
Profit attributable to shareholders	119	52	36	315	230	5	33	267	(41)	–	1,016	715	1,731
Net (debt)/cash (excluding net debt of financial services companies)*	(109)	(19)	–	(2,417)	34	(116)	(13)	77	365	(2)			(2,200)
Total equity	451	265	151	15,071	739	1,020	475	6,004	983	(19)			25,140

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

4 Segment Information *(continued)*

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

	2010 US$m	2009 US$m
Underlying profit attributable to shareholders:		
Greater China	**561**	521
Southeast Asia	**761**	508
United Kingdom	**48**	29
Rest of the world	**8**	(1)
	1,378	1,057
Corporate and other interests	**(14)**	(41)
	1,364	1,016
Non-current assets**:		
Greater China	**20,320**	16,935
Southeast Asia	**11,087**	8,311
United Kingdom	**630**	613
Rest of the world	**501**	453
	32,538	26,312

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

5 Revenue

	Gross revenue		Revenue	
	2010	2009	**2010**	2009
	US$m	US$m	US$m	US$m
By business:				
Jardine Pacific	**3,577**	3,104	**1,286**	1,082
Jardine Motors	**3,288**	2,522	**3,288**	2,522
Jardine Lloyd Thompson	**1,152**	961	**–**	–
Hongkong Land	**2,788**	2,297	**1,341**	801
Dairy Farm	**9,113**	8,053	**7,971**	7,029
Mandarin Oriental	**819**	691	**513**	438
Jardine Cycle & Carriage	**2,577**	1,947	**1,320**	1,103
Astra	**22,924**	15,270	**14,360**	9,537
Corporate and other interests	**1,120**	1,412	**–**	2
Intersegment transactions	**(395)**	(300)	**(26)**	(13)
	46,963	35,957	**30,053**	22,501
By product and service:				
Agribusiness	**974**	717	**974**	717
Engineering, construction and mining	**6,245**	4,682	**4,379**	3,090
Financial services	**4,249**	3,914	**1,122**	823
Logistics and IT services	**1,707**	1,384	**1,143**	956
Motor vehicles	**20,559**	13,875	**12,219**	8,394
Property and hotels	**3,760**	3,106	**1,895**	1,270
Restaurants	**1,434**	1,194	**350**	222
Retail	**8,035**	7,085	**7,971**	7,029
	46,963	35,957	**30,053**	22,501
By geographical location of customers:				
Greater China	**11,134**	9,918	**7,907**	6,300
Southeast Asia	**31,798**	22,099	**20,444**	14,675
United Kingdom	**3,297**	3,319	**1,500**	1,339
Rest of the world	**734**	621	**202**	187
	46,963	35,957	**30,053**	22,501

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

6 Net Operating Costs

	2010 US$m	2009 US$m
Cost of sales	**(22,614)**	(16,746)
Other operating income	**809**	423
Selling and distribution costs	**(3,018)**	(2,486)
Administration expenses	**(1,343)**	(1,092)
Other operating expenses	**(55)**	(108)
	(26,221)	(20,009)
The following credits/(charges) are included in net operating costs:		
Cost of stocks recognized as expense	**(20,254)**	(15,003)
Cost of properties for sale recognized as expense	**(296)**	(217)
Amortization of intangible assets	**(57)**	(43)
Depreciation of tangible assets	**(705)**	(538)
Impairment of intangible assets	**(2)**	(1)
Impairment of tangible assets	**–**	(5)
Impairment of debtors	**(104)**	(67)
Operating expenses arising from investment properties	**(86)**	(46)
Employee benefit expense		
– salaries and benefits in kind	**(2200)**	(1,785)
– share options granted	**(8)**	(8)
– defined benefit pension plans *(refer note 22)*	**(45)**	(44)
– defined contribution pension plans	**(48)**	(45)
	(2,301)	(1,882)
Net foreign exchange gains	**–**	23
Operating leases		
– minimum lease payments	**(747)**	(645)
– contingent rents	**(15)**	(11)
– subleases	**43**	33
	(719)	(623)
Dividend and interest income from available-for-sale investments	**45**	22
Dividend and interest income from held-to-maturity investments	**1**	2
Rental income from owner-occupied properties	**20**	21
Net operating costs included the following gains/(losses) from non-trading items:		
Increase/(decrease) in fair value of plantations	**422**	(64)
Asset impairment	**(1)**	(13)
Sale and closure of businesses	**19**	6
Sale of other investments	**–**	141
Sale of property interests	**3**	–
Restructuring of businesses	**–**	1
Restructuring of pension schemes	**–**	3
Value added tax recovery in Jardine Motors	**–**	3
Repurchase of convertible bonds in Hongkong Land	**–**	8
Discount on acquisition of business	**1**	–
Costs on acquisition of businesses	**(2)**	–
	442	85

7 Net Financing Charges

	2010 US$m	2009 US$m
Interest expense		
– bank loans and advances	**(106)**	(100)
– other	**(107)**	(56)
	(213)	(156)
Fair value losses on fair value hedges	**(42)**	(6)
Fair value adjustment on hedged items attributable to the hedged risk	**42**	6
	–	–
	(213)	(156)
Interest capitalized	**3**	3
Commitment and other fees	**(22)**	(16)
Financing charges	**(232)**	(169)
Financing income	**101**	96
	(131)	(73)

8 Share of Results of Associates and Joint Ventures

	2010 US$m	2009 US$m
By business:		
Jardine Pacific	**117**	88
Jardine Lloyd Thompson	**44**	35
Hongkong Land	**906**	(145)
Dairy Farm	**47**	35
Mandarin Oriental	**4**	–
Jardine Cycle & Carriage	**23**	22
Astra	**555**	257
Corporate and other interests	**15**	40
	1,711	332
Share of results of associates and joint ventures included the following gains/(losses) from non-trading items:		
Increase/(decrease) in fair value of investment properties	**731**	(431)
Asset impairment	**–**	(3)
Sale and closure of businesses	**–**	5
Sale of investments	**–**	2
Restructuring of businesses	**(4)**	(2)
Restructuring of pension schemes	**–**	1
Derecognition of perpetual liabilities in Rothschilds Continuation*	**–**	49
Discount on acquisition of businesses	**11**	2
	738	(377)

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

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

9 Net Discount on Acquisition of Hongkong Land

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

In accordance with IFRS 3 (revised 2008), the Group remeasured its previously held interest in Hongkong Land at the acquisition date fair value calculated by reference to the quoted share price on that date and recognized the resulting loss, including reclassification adjustments of amounts previously recognized in other comprehensive income, in profit and loss. The Group simultaneously recognized a discount on acquisition in profit and loss, being the excess of the fair value of identifiable net assets over the aggregate of the fair value of previously held interest and the fair value of consideration transferred *(refer note 36(d))*.

	US$m
Discount on shares acquired prior to the date of acquisition	74
Fair value loss on remeasurement of previously held interest at the date of acquisition	(2,606)
Reclassification adjustments of other comprehensive income	64
Discount on acquisition	2,578
	110

10 Sale of Associates and Joint Ventures

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

	2010 US$m	2009 US$m
50% interest in Mandarin Oriental, Macau	**–**	78
Other	**3**	–
	3	78

11 Tax

	2010 US$m	2009 US$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	**(750)**	(587)
Deferred tax	**(97)**	(8)
	(847)	(595)
Greater China	**(172)**	(103)
Southeast Asia	**(671)**	(472)
United Kingdom	**(7)**	(5)
Rest of the world	**3**	(15)
	(847)	(595)
Reconciliation between tax expense and tax at the applicable tax rate*:		
Tax at applicable tax rate	**(1,304)**	(875)
Income not subject to tax	**574**	374
Expenses not deductible for tax purposes	**(62)**	(60)
Tax losses and temporary differences not recognized	**(21)**	(15)
Utilization of previously unrecognized tax losses and temporary differences	**7**	5
Deferred tax assets written off	**(3)**	(1)
Deferred tax liabilities written back	**3**	–
Over provision in prior years	**2**	6
Withholding tax	**(42)**	(27)
Change in tax rates	**(1)**	(2)
	(847)	(595)
Tax relating to components of other comprehensive income is analyzed as follows:		
Revaluation of other investments	**(1)**	(1)
Actuarial valuation of employee benefit plans	**(5)**	(5)
Cash flow hedges	**(2)**	4
	(8)	(2)

Share of tax charge of associates and joint ventures of US$299 million and US$3 million *(2009: US$205 million and US$1 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 18.9% *(2009: 20.2%)* and represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates. The decrease in applicable tax rate was caused by a change in the geographic mix of the Group's profitability and a reduction in the income tax rate in Indonesia.

12 Earnings per Share

Basic earnings per share are calculated on profit attributable to shareholders of US$3,084 million *(2009: US$1,731 million)* and on the weighted average number of 359 million *(2009: 356 million)* shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US$3,006 million *(2009: US$1,706 million)*, which is after adjusting for the effects of the conversion of dilutive potential ordinary shares of subsidiary undertakings, associates or joint ventures, and on the weighted average number of 360 million *(2009: 357 million)* shares in issue during the year.

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

	Ordinary shares in millions	
	2010	2009
Weighted average number of shares in issue	**643**	631
Shares held by the Trustee under the Senior Executive Share Incentive Schemes	**(1)**	(1)
Company's share of shares held by subsidiary undertakings	**(283)**	(274)
Weighted average number of shares for basic earnings per share calculation	**359**	356
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	**360**	357

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:

	2010			2009		
		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	**3,084**	**8.58**	**8.34**	1,731	4.87	4.79
Non-trading items *(refer note 13)*	**(1,720)**			(715)		
Underlying profit attributable to shareholders	**1,364**	**3.80**	**3.77**	1,016	2.86	2.83

13 Non-trading Items

	2010 US$m	2009 US$m
By business:		
Jardine Pacific	**26**	37
Jardine Motors	**–**	11
Jardine Lloyd Thompson	**(4)**	(1)
Hongkong Land	**1,621**	507
Dairy Farm	**1**	–
Mandarin Oriental	**–**	43
Jardine Cycle & Carriage	**–**	3
Astra	**76**	(10)
Corporate and other interests	**–**	125
	1,720	715
An analysis of non-trading items after interest, tax and minority interests is set out below:		
Increase in fair value of investment properties		
– Hongkong Land	**1,621**	427
– other	**18**	24
	1,639	451
Increase/(decrease) in fair value of plantations	**71**	(11)
Asset impairment	**(1)**	(8)
Sale and closure of businesses		
– 50% interest in Mandarin Oriental, Macau	**–**	46
– other	**9**	10
	9	56
Sale of investments	**–**	96
Sale of property interests	**3**	–
Value added tax recovery in Jardine Motors	**–**	3
Repurchase of convertible bonds in Hongkong Land	**–**	6
Net discount on acquisition of Hongkong Land	**–**	79
Restructuring of businesses	**(4)**	(1)
Restructuring of pension schemes	**–**	3
Derecognition of perpetual liabilities in Rothschilds Continuation*	**–**	40
Discount on acquisition of businesses	**5**	1
Costs on acquisition of businesses	**(2)**	–
	1,720	715

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

14 Intangible Assets

	Goodwill US$m	Franchise rights US$m	Leasehold land US$m	Concession rights US$m	Other US$m	Total US$m
2010						
Cost						
– as previously reported	870	225	979	140	131	**2,345**
– change in accounting policy for adopting IAS 17 (amendment)	–	–	(446)	–	–	**(446)**
– as restated	870	225	533	140	131	**1,899**
Amortization and impairment						
– as previously reported	(3)	–	(91)	(5)	(56)	**(155)**
– change in accounting policy for adopting IAS 17 (amendment)	–	–	15	–	–	**15**
– as restated	(3)	–	(76)	(5)	(56)	**(140)**
Net book value at 1st January	867	225	457	135	75	**1,759**
Exchange differences	38	10	21	6	4	**79**
Additions	45	–	51	22	77	**195**
Disposals	–	–	(16)	–	–	**(16)**
Amortization	–	–	(19)	(4)	(34)	**(57)**
Impairment charge	(1)	–	–	–	(1)	**(2)**
Net book value at 31st December	**949**	**235**	**494**	**159**	**121**	**1,958**
Cost	953	235	592	168	214	**2,162**
Amortization and impairment	(4)	–	(98)	(9)	(93)	**(204)**
	949	**235**	**494**	**159**	**121**	**1,958**
2009						
Cost						
– as previously reported	801	193	889	108	84	2,075
– change in accounting policy for adopting IAS 17 (amendment)	–	–	(463)	–	–	(463)
– as restated	801	193	426	108	84	1,612
Amortization and impairment						
– as previously reported	(2)	–	(71)	(1)	(22)	(96)
– change in accounting policy for adopting IAS 17 (amendment)	–	–	14	–	–	14
– as restated	(2)	–	(57)	(1)	(22)	(82)
Net book value at 1st January	799	193	369	107	62	1,530
Exchange differences	70	32	59	18	6	185
Additions	–	–	43	14	36	93
Disposals	(2)	–	(3)	–	–	(5)
Amortization	–	–	(16)	(4)	(23)	(43)
Impairment charge	–	–	5	–	(6)	(1)
Net book value at 31st December	867	225	457	135	75	1,759
Cost	870	225	533	140	131	1,899
Amortization and impairment	(3)	–	(76)	(5)	(56)	(140)
	867	225	457	135	75	1,759

14 Intangible Assets *(continued)*

	2010 US$m	2009 US$m
Goodwill allocation by business:		
Jardine Pacific	**12**	12
Jardine Motors	**17**	17
Dairy Farm	**468**	403
Mandarin Oriental	**40**	40
Astra	**412**	395
	949	867

Goodwill relating to Dairy Farm is allocated to groups of cash-generating units identified by geographical segments. Cash flow projections for impairment reviews are based on budgets prepared on the basis of assumptions reflective of the prevailing market conditions, and are discounted appropriately. Key assumptions used for value-in-use calculations include budgeted gross margins of between 23% and 51% and growth rates of up to 6% to extrapolate cash flows, which vary across the group's business segments and geographical locations, over a five-year period, and are based on management expectations for the market development; and pre-tax discount rates of between 7% and 19% applied to the cash flow projections. The discount rates used reflect business specific risks relating to the relevant industry, business life-cycle and geographical location. On the basis of these reviews, management concluded that no impairment is required.

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

Franchise rights are rights under franchise agreements with automobile and heavy equipment manufacturers. These franchise agreements are deemed to have indefinite lives because either they do not have any term of expiry or their renewal would be probable and would not involve significant costs, taking into account the history of renewal and the relationships between the franchisee and the contracting parties. The carrying amounts of franchise rights, which comprised automotive of US$85 million and heavy equipment of US$150 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 2010 and has concluded that no impairment is required. The impairment review was made by comparing the carrying amounts of the cash-generating units in which the franchise rights reside with the recoverable amounts of the cash-generating units. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on budgets covering a three-year period. Cash flows beyond the three-year period are extrapolated using growth rates of between 3% and 4%. Pre-tax discount rates of between 18% and 20%, reflecting business specific risks, are applied to the cash flow projections.

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

At 31st December 2010, the carrying amount of leasehold land pledged as security for borrowings amounted to US$5 million *(2009: US$10 million) (refer note 33)*.

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.

15 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
2010							
Cost							
– as previously reported	596	1,244	705	272	2,104	1,476	**6,397**
– change in accounting policies for							
– owner-occupied properties	(97)	(165)	–	–	–	–	**(262)**
– adopting IAS 17 (amendment)	–	446	–	–	–	–	**446**
– as restated	499	1,525	705	272	2,104	1,476	**6,581**
Depreciation and impairment							
– as previously reported	(25)	(266)	(398)	(35)	(886)	(832)	**(2,442)**
– change in accounting policies for							
– owner-occupied properties	(20)	12	–	–	–	–	**(8)**
– adopting IAS 17 (amendment)	–	(15)	–	–	–	–	**(15)**
– as restated	(45)	(269)	(398)	(35)	(886)	(832)	**(2,465)**
Net book value at 1st January	454	1,256	307	237	1,218	644	**4,116**
Exchange differences	(5)	40	13	11	58	33	**150**
New subsidiary undertakings	–	15	18	–	5	2	**40**
Additions	62	139	90	15	514	394	**1,214**
Disposals	(11)	(9)	(3)	–	(5)	(17)	**(45)**
Transfer to investment properties, and stocks and work in progress	–	(1)	–	–	–	(27)	**(28)**
Depreciation charge	(6)	(56)	(67)	(16)	(360)	(200)	**(705)**
Reclassified from non-current assets held for sale	–	74	–	–	–	–	**74**
Net book value at 31st December	**494**	**1,458**	**358**	**247**	**1,430**	**829**	**4,816**
Cost	556	1,788	845	299	2,685	1,738	**7,911**
Depreciation and impairment	(62)	(330)	(487)	(52)	(1,255)	(909)	**(3,095)**
	494	**1,458**	**358**	**247**	**1,430**	**829**	**4,816**

15 Tangible Assets *(continued)*

	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
2009							
Cost							
– as previously reported	571	1,048	637	232	1,480	1,246	5,214
– change in accounting policies for							
– owner-occupied properties	(112)	(138)	–	–	–	–	(250)
– adopting IAS 17 (amendment)	–	463	–	–	–	–	463
– as restated	459	1,373	637	232	1,480	1,246	5,427
Depreciation and impairment							
– as previously reported	(21)	(191)	(371)	(22)	(612)	(687)	(1,904)
– change in accounting policies for							
– owner-occupied properties	(18)	(9)	–	–	–	–	(27)
– adopting IAS 17 (amendment)	–	(14)	–	–	–	–	(14)
– as restated	(39)	(214)	(371)	(22)	(612)	(687)	(1,945)
Net book value at 1st January	420	1,159	266	210	868	559	3,482
Exchange differences	30	65	8	35	132	59	329
New subsidiary undertakings	–	–	–	–	–	7	7
Additions	26	147	93	–	482	225	973
Disposals	–	(1)	(2)	–	(4)	(13)	(20)
Transfer to investment properties, and stocks and work in progress	–	(3)	–	–	–	(23)	(26)
Depreciation charge	(5)	(42)	(58)	(8)	(258)	(167)	(538)
Impairment charge	–	–	–	–	(2)	(3)	(5)
Classified as non-current assets held for sale	(17)	(69)	–	–	–	–	(86)
Net book value at 31st December	454	1,256	307	237	1,218	644	4,116
Cost	499	1,525	705	272	2,104	1,476	6,581
Depreciation and impairment	(45)	(269)	(398)	(35)	(886)	(832)	(2,465)
	454	1,256	307	237	1,218	644	4,116

Freehold properties include a hotel property of US$102 million *(2009: US$102 million)*, which is stated net of a grant of US$27 million *(2009: US$28 million)*.

Net book value of leasehold properties and plant and machinery acquired under finance leases amounted to US$298 million and US$89 million *(2009: US$256 million and US$91 million)*, respectively.

At 31st December 2010, the carrying amount of tangible assets pledged as security for borrowings amounted to US$949 million *(2009: US$1,260 million) (refer note 33)*.

16 Investment Properties

	Freehold properties US$m	Leasehold properties US$m	Total US$m
2010			
At 1st January	12	15,189	**15,201**
Exchange differences	1	(9)	**(8)**
Additions	–	30	**30**
Disposals	–	(14)	**(14)**
Transfer from tangible assets	–	1	**1**
Net increase in fair value	–	3,216	**3,216**
At 31st December	**13**	**18,413**	**18,426**
2009			
At 1st January	–	352	352
Exchange differences	–	11	11
New subsidiary undertakings	13	12,898	12,911
Additions	–	14	14
Disposals	–	(1)	(1)
Transfer from tangible assets	–	3	3
Net increase in fair value	(1)	1,912	1,911
At 31st December	12	15,189	15,201

The fair value of the Group's investment properties at 31st December 2010, which were principally held by Hongkong Land, has been determined on the basis of valuations carried out by independent valuers not related to the Group. Hongkong Land employed Jones Lang LaSalle to value its commercial investment properties. The valuations, which conform to the International Valuation Standards issued by the International Valuation Standards Committee and the HKIS Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors, were arrived at by reference to the net income allowing for reversionary potential of each property.

Rental income from investment properties amounted to US$670 million *(2009: US$337 million)* including contingent rents of US$10 million *(2009: US$4 million)*.

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

	2010 US$m	2009 US$m
Within one year	**604**	592
Between one and two years	**378**	401
Between two and five years	**402**	308
Beyond five years	**76**	76
	1,460	1,377

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

At 31st December 2010, the Group's investment properties had not been pledged as security for borrowings. At 31st December 2009, the carrying amount of investment properties pledged as security for borrowings amounted to US$14 million *(refer note 33)*.

17 Plantations

The Group's plantation assets are primarily for the production of palm oil.

	2010 US$m	2009 US$m
Movements of plantations for the year:		
At 1st January	**425**	353
Exchange differences	**24**	59
Additions	**94**	77
Disposals	**(11)**	–
Net increase/(decrease) in fair value	**422**	(64)
At 31st December	**954**	425
Immature plantations	**261**	85
Mature plantations	**693**	340
	954	425

The plantations were valued internally at their fair values less point of sale costs using the discounted cash flow method. The major assumptions used in the valuation of the 207,095 *(2009: 203,639)* hectares of plantations are as follows:

	2010	2009
Crude palm oil price per tonne (US$)	**745**	515
Annual price inflation (for the first five years) (%)	**10**	3
Annual cost inflation (for the first five years) (%)	**6**	8
Post-tax discount rates (%)	**14**	18

During the year, the Group harvested 3 million *(2009: 3 million)* tonnes of produce from the plantations with a fair value at the point of harvest less point of sale costs of US$509 million *(2009: US$393 million)*.

18 Associates and Joint Ventures

	2010 US$m	2009 US$m
Listed associates		
– Jardine Lloyd Thompson	**182**	147
– OHTL	**17**	16
– other	**60**	41
	259	204
Unlisted associates	**709**	563
	968	767
Listed joint venture – Bank Permata	**441**	282
Unlisted joint ventures	**4,790**	3,601
	5,231	3,883
Share of attributable net assets	**6,199**	4,650
Goodwill on acquisition	**186**	161
	6,385	4,811
By business:		
Jardine Pacific	**340**	182
Jardine Motors	**2**	2
Jardine Lloyd Thompson	**186**	151
Hongkong Land	**3,177**	2,355
Dairy Farm	**163**	148
Mandarin Oriental	**82**	72
Jardine Cycle & Carriage	**187**	163
Astra	**2,025**	1,530
Corporate and other interests	**223**	208
	6,385	4,811
Movements of associates and joint ventures for the year:		
At 1st January		
– as previously reported	**4,841**	7,807
– change in accounting policies for		
– owner-occupied properties	**(77)**	(86)
– adopting amendments to IAS 12	**47**	946
– as restated	**4,811**	8,667
Share of results after tax and minority interests	**1,711**	332
Discount on acquisition of associates and joint ventures	**(11)**	(3)
Share of other comprehensive income after tax and minority interests	**253**	249
Dividends received	**(736)**	(406)
Share of employee share options granted	**10**	5
New subsidiary undertakings	**–**	2,028
Acquisitions and increases in attributable interests	**621**	398
Disposals and decreases in attributable interests	**(276)**	(59)
Reclassification of Hongkong Land as a subsidiary undertaking	**–**	(6,373)
Reclassification of other associates and joint ventures as subsidiary undertakings	**–**	(29)
Other	**2**	2
At 31st December	**6,385**	4,811
Fair value of listed associates	**878**	678
Fair value of listed joint venture	**801**	293

18 Associates and Joint Ventures *(continued)*

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

	2010 US$m	2009 US$m
Associates		
Total assets	**3,843**	3,628
Total liabilities	**(2,738)**	(2,725)
Total equity	**1,105**	903
Attributable to minority interests	**(137)**	(136)
Attributable net assets	**968**	767
Revenue	**2,793**	2,359
Profit/(loss) after tax	**236**	(98)
Capital commitments	**165**	142
Contingent liabilities	**–**	9
Joint ventures		
Non-current assets	**5,064**	3,469
Current assets	**6,466**	5,110
Non-current liabilities	**(1,391)**	(906)
Current liabilities	**(4,896)**	(3,780)
Total equity	**5,243**	3,893
Attributable to minority interests	**(12)**	(10)
Attributable net assets	**5,231**	3,883
Revenue	**7,198**	5,039
Profit after tax	**1,506**	453
Capital commitments	**143**	203
Contingent liabilities	**150**	112

19 Other Investments

	2010 US$m	2009 US$m
Available-for-sale financial assets		
Listed securities		
– Asia Commercial Bank	**91**	114
– Schindler Holdings	**152**	96
– Tata Power	**212**	206
– The Bank of N.T. Butterfield & Son	**30**	15
– other	**426**	314
	911	745
Unlisted securities	**126**	85
	1,037	830
Held-to-maturity financial assets		
Listed securities	**13**	14
	1,050	844
Non-current	**1,044**	841
Current	**6**	3
	1,050	844
Analysis by geographical area of operation:		
Greater China	**94**	79
Southeast Asia	**722**	634
Rest of the world	**234**	131
	1,050	844
Movements for the year:		
At 1st January	**844**	587
Exchange differences	**15**	32
Additions	**231**	311
Disposals and capital repayments	**(110)**	(251)
Net revaluation surplus	**70**	165
At 31st December	**1,050**	844

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

	2010 US$m	2009 US$m
Quoted prices in active markets	**911**	745
Observable current market transactions	**31**	29
Unobservable inputs	**95**	56
	1,037	830

19 Other Investments *(continued)*

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

	2010 US$m	2009 US$m
At 1st January	**56**	211
Exchange differences	**4**	3
Additions	**36**	–
Disposals	**–**	(160)
Reclassification as associates and joint ventures	**–**	(2)
Net revaluation (deficit)/surplus	**(1)**	4
At 31st December	**95**	56

Profit on sale of these financial assets during 2009 amounted to US$139 million was credited to profit and loss.

The fair value of held-to-maturity financial assets is US$13 million *(2009: US$14 million)*.

20 Debtors

	2010 US$m	2009 US$m
Consumer financing debtors		
– gross	**2,971**	1,979
– provision for impairment	**(178)**	(133)
	2,793	1,846
Financing lease receivables		
– net investment	**548**	373
– provision for impairment	**(15)**	(13)
	533	360
Trade debtors		
– third parties	**1,529**	1,231
– associates and joint ventures	**50**	38
	1,579	1,269
– provision for impairment	**(24)**	(29)
	1,555	1,240
Other debtors		
– third parties	**961**	796
– associates and joint ventures	**154**	199
	1,115	995
– provision for impairment	**(13)**	(11)
	1,102	984
	5,983	4,430
Non-current	**1,898**	1,375
Current	**4,085**	3,055
	5,983	4,430
Analysis by geographical area of operation:		
Greater China	**591**	535
Southeast Asia	**5,287**	3,796
United Kingdom	**52**	53
Rest of the world	**53**	46
	5,983	4,430

20 Debtors *(continued)*

	2010 US$m	2009 US$m
Fair value:		
Consumer financing debtors	**2,929**	2,020
Financing lease receivables	**485**	333
Trade debtors	**1,555**	1,240
Other debtors	**1,085**	963
	6,054	4,556

Consumer financing debtors

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

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

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

	2010 US$m	2009 US$m
Within one year	**2,192**	1,453
Between one and two years	**1,032**	797
Between two and five years	**653**	434
Beyond five years	**–**	2
	3,877	2,686

Financing lease receivables

An analysis of financing lease receivables is set out below:

	2010 US$m	2009 US$m
Lease receivables	**630**	431
Guaranteed residual value	**185**	136
Security deposits	**(185)**	(136)
Gross investment	**630**	431
Unearned lease income	**(82)**	(58)
Net investment	**548**	373

20 Debtors *(continued)*

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

	2010		2009	
	Gross investment US$m	Net investment US$m	Gross investment US$m	Net investment US$m
Within one year	**348**	**291**	243	202
Between one and two years	**205**	**184**	137	122
Between two and five years	**77**	**73**	45	43
Beyond five years	**–**	**–**	6	6
	630	**548**	431	373

Trade debtors

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

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

At 31st December 2010, trade debtors of US$31 million *(2009: US$42 million)* were impaired. The amount of the provision was US$24 million *(2009: US$29 million)*. It was assessed that a portion of the debtors is expected to be recovered. The ageing analysis of these trade debtors is as follows:

	2010 US$m	2009 US$m
Below 30 days	**3**	10
Between 31 and 60 days	**4**	6
Between 61 and 90 days	**2**	3
Over 90 days	**22**	23
	31	42

At 31st December 2010, trade debtors of US$387 million *(2009: US$279 million)* were past due but not impaired. The ageing analysis of these trade debtors is as follows:

	2010 US$m	2009 US$m
Below 30 days	**205**	187
Between 31 and 60 days	**98**	51
Between 61 and 90 days	**48**	18
Over 90 days	**36**	23
	387	279

The risk of trade debtors that are neither past due nor impaired at 31st December 2010 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.

20 Debtors *(continued)*

Other debtors

Other debtors are further analyzed as follows:

	2010 US$m	2009 US$m
Prepayments	**381**	319
Rental and other deposits	**147**	125
Mezzanine loans	**5**	3
Derivative financial instruments	**62**	68
Restricted bank balances and deposits *(refer note 25)*	**10**	1
Loans to employees	**32**	27
Other amounts due from associates and joint ventures	**152**	197
Repossessed assets of finance companies	**17**	12
Reinsurers' share of estimated losses on insurance contracts	**44**	39
Other	**252**	193
	1,102	984

Movements on the provision for impairment are as follows:

	Consumer financing debtors		Financing lease receivables		Trade debtors		Other debtors	
	2010 US$m	2009 US$m	**2010** US$m	2009 US$m	**2010** US$m	2009 US$m	**2010** US$m	2009 US$m
At 1st January	**(133)**	(109)	**(13)**	(9)	**(29)**	(28)	**(11)**	(2)
Exchange differences	**(6)**	(19)	**(1)**	(2)	**(1)**	(2)	**–**	(1)
Additional provisions	**(101)**	(70)	**(1)**	(2)	**(4)**	(5)	**(2)**	(8)
Unused amounts reversed	**–**	13	**–**	–	**4**	5	**–**	–
Amounts written off	**62**	52	**–**	–	**6**	1	**–**	–
At 31st December	**(178)**	(133)	**(15)**	(13)	**(24)**	(29)	**(13)**	(11)

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

Repossessed assets of finance companies represent collateral obtained from customers towards settlement of automobile and motorcycle receivables which are in default. The fair value of the collateral held amounted to US$17 million *(2009: US$12 million)*. The finance company is given the right by the customers to sell the repossessed collateral. Any excess of proceeds from the sale over the outstanding receivables is refunded to the customer.

Debtors other than derivative financial instruments are stated at amortized cost. The fair value of these debtors are estimated using the expected future receipts discounted at market rates ranging from 7% to 29% *(2009: 7% to 33%)* per annum. Derivative financial instruments are stated at fair value.

At 31st December 2010, the carrying amount of consumer financing debtors, financing lease receivables and trade debtors pledged as security for borrowings amounted to US$1,376 million, US$332 million and US$1 million *(2009: US$859 million, US$189 million and US$1 million)*, respectively *(refer note 33)*.

21 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
2010						
At 1st January						
– as previously reported	(136)	(2,525)	19	30	51	**(2,561)**
– change in accounting policies for						
– owner-occupied properties	(6)	68	–	–	(1)	**61**
– adopting amendments to IAS 12	–	2,182	–	–	–	**2,182**
– as restated	(142)	(275)	19	30	50	**(318)**
Exchange differences	(3)	(12)	–	1	3	**(11)**
Subsidiary undertakings disposed of	–	(5)	–	–	–	**(5)**
Charged to profit and loss	(24)	(105)	1	1	30	**(97)**
Charged to other comprehensive income	–	(3)	–	(5)	–	**(8)**
At 31st December	**(169)**	**(400)**	**20**	**27**	**83**	**(439)**
Deferred tax assets	50	(57)	18	29	93	**133**
Deferred tax liabilities	(219)	(343)	2	(2)	(10)	**(572)**
	(169)	**(400)**	**20**	**27**	**83**	**(439)**
2009						
At 1st January						
– as previously reported	(86)	(381)	22	28	62	(355)
– change in accounting policies for						
– owner-occupied properties	(2)	68	–	–	(1)	65
– adopting amendments to IAS 12	–	45	–	–	–	45
– as restated	(88)	(268)	22	28	61	(245)
Exchange differences	(5)	(31)	–	5	8	(23)
New subsidiary undertakings	(40)	–	–	(1)	1	(40)
Charged to profit and loss	(9)	21	(3)	3	(20)	(8)
Charged to other comprehensive income	–	3	–	(5)	–	(2)
At 31st December	(142)	(275)	19	30	50	(318)
Deferred tax assets	28	9	15	27	47	126
Deferred tax liabilities	(170)	(284)	4	3	3	(444)
	(142)	(275)	19	30	50	(318)

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$89 million *(2009: US$78 million)* arising from unused tax losses of US$390 million *(2009: US$336 million)* have not been recognized in the financial statements. Included in the unused tax losses, US$198 million have no expiry date and the balance will expire at various dates up to and including 2019.

Deferred tax liabilities of US$228 million *(2009: US$163 million)* on temporary differences associated with investments in subsidiary undertakings of US$2,283 million *(2009: US$1,633 million)* have not been recognized as there is no current intention of remitting the retained earnings to the holding companies.

22 Pension Plans

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

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

	2010 Weighted average %	2009 Weighted average %
Discount rate applied to pension obligations	**5.9**	6.3
Expected return on plan assets	**7.5**	7.5
Future salary increases	**5.1**	5.1

The expected return on plan assets is determined on the basis of long-term average returns on global equities of 4.3% to 11.4% per annum and global bonds of 3.6% to 10% per annum, and the long-term benchmark allocation of assets between equities and bonds in each plan.

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

	2010 US$m	2009 US$m
Fair value of plan assets	**924**	858
Present value of funded obligations	**(846)**	(817)
	78	41
Present value of unfunded obligations	**(169)**	(143)
Unrecognized past service cost	**17**	15
Net pension liabilities	**(74)**	(87)
Analysis of net pension liabilities:		
Pension assets	**102**	92
Pension liabilities	**(176)**	(179)
	(74)	(87)
Movements in the fair value of plan assets:		
At 1st January	**858**	637
Exchange differences	**(8)**	36
New subsidiary undertakings	**4**	25
Expected return on plan assets	**62**	50
Actuarial gains	**35**	116
Contributions from sponsoring companies	**35**	38
Contributions from plan members	**4**	4
Benefits paid	**(56)**	(46)
Curtailment and settlement	**(6)**	(3)
Transfer (to)/from other plans	**(4)**	1
At 31st December	**924**	858

22 Pension Plans *(continued)*

	2010 US$m	2009 US$m
Movements in the present value of obligations:		
At 1st January	**(960)**	(765)
Exchange differences	**(3)**	(58)
New subsidiary undertakings	**(6)**	(19)
Subsidiary undertakings disposed of	**1**	–
Current service cost	**(46)**	(39)
Interest cost	**(59)**	(57)
Gain on curtailment and settlement	**–**	4
Contributions from plan members	**(4)**	(4)
Actuarial losses	**(12)**	(74)
Benefits paid	**56**	46
Settlement of unfunded obligations	**8**	4
Curtailment and settlement	**6**	3
Transfer to/(from) other plans	**4**	(1)
At 31st December	**(1,015)**	(960)

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

	2010 US$m	2009 US$m
Equity instruments	**463**	421
Debt instruments	**342**	316
Other assets	**119**	121
	924	858

The five year history of experience adjustments is as follows:

	2010 US$m	2009 US$m	2008 US$m	2007 US$m	2006 US$m
Fair value of plan assets	**924**	858	637	1,018	913
Present value of obligations	**(1,015)**	(960)	(765)	(949)	(911)
(Deficit)/surplus	**(91)**	(102)	(128)	69	2
Experience adjustments on plan assets	**35**	118	(277)	34	54
Percentage of plan assets (%)	***4***	*14*	*(44)*	*3*	*6*
Experience adjustments on plan obligations	**22**	(46)	34	8	(2)
Percentage of plan obligations (%)	***2***	*(5)*	*4*	*1*	–

The estimated amount of contributions expected to be paid to the plans in 2011 is US$36 million.

22 Pension Plans *(continued)*

The amounts recognized in profit and loss are as follows:

	2010 US$m	2009 US$m
Current service cost	**46**	39
Interest cost	**59**	57
Expected return on plan assets	**(62)**	(50)
Gain on curtailment and settlement	**–**	(4)
Past service cost	**2**	2
	45	44
Actual return on plan assets in the year	**97**	166

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

23 Properties for Sale

	2010 US$m	2009 US$m
Properties in the course of development	**987**	690
Completed properties	**197**	97
	1,184	787

At 31st December 2010, the carrying amount of properties for sale pledged as security for borrowings amounted to US$405 million *(2009: US$290 million) (refer note 33)*.

24 Stocks and Work in Progress

	2010 US$m	2009 US$m
Finished goods	**2,399**	1,771
Work in progress	**28**	29
Raw materials	**76**	42
Spare parts	**97**	60
Other	**80**	58
	2,680	1,960

At 31st December 2010, the Group's stocks and work in progress were not pledged as security for borrowings. At 31st December 2009, the carrying amount of stocks and work in progress pledged as security for borrowings amounted to US$3 million *(refer note 33)*.

25 Bank Balances and Other Liquid Funds

	2010 US$m	2009 US$m
Deposits with banks and financial institutions	**3,380**	3,401
Bank balances	**810**	618
Cash balances	**95**	75
	4,285	4,094
Less restricted bank balances and deposits *(refer note 20)*	**(10)**	(1)
	4,275	4,093
Analysis by currency:		
Chinese renminbi	**118**	49
Euro	**16**	13
Hong Kong dollar	**703**	182
Indonesian rupiah	**624**	596
Japanese yen	**24**	10
Malaysian ringgit	**62**	42
New Taiwan dollar	**33**	14
Singapore dollar	**356**	298
Thailand baht	**14**	14
United Kingdom sterling	**20**	27
United States dollar	**2,290**	2,825
Other	**15**	23
	4,275	4,093

The weighted average interest rate on deposits with banks and financial institutions is 1.2% *(2009: 1.4%)* per annum.

26 Non-current Assets Classified as Held for Sale

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

	2010 US$m	2009 US$m
Intangible assets	**–**	48
Tangible assets	**–**	59
Total assets	**–**	107

At 31st December 2009, the non-current assets classified as held for sale included Dairy Farm's interest in a retail property and a distribution centre in Malaysia. The retail property was sold during the year. The distribution centre with a carrying value of US$74 million remained unsold and was reclassified to tangible assets.

27 Share Capital

	2010 US$m	2009 US$m
Authorized:		
1,000,000,000 shares of US¢25 each	**250**	250

	Ordinary shares in millions **2010**	Ordinary shares in millions 2009	**2010** US$m	2009 US$m
Issued and fully paid:				
At 1st January	**637**	625	**159**	156
Scrip issued in lieu of dividends	**10**	13	**3**	3
Issued under employee share option schemes	**1**	–	**–**	–
At 31st December	**648**	638	**162**	159
Outstanding under employee share option schemes	**–**	(1)	**–**	–
	648	637	**162**	159

28 Senior Executive Share Incentive Schemes

The Senior Executive Share Incentive Schemes were set up in order to provide selected executives with options to purchase ordinary shares in the Company.

The exercise price of the granted options is based on the average market price for the five trading days immediately preceding the date of grant of the options. Options are vested in tranches over a period of up to five years and are exercisable for up to ten years following the date of grant. Prior to the adoption of the 2005 Plan on 5th May 2005, ordinary shares were issued on the date of grant of the options to the Trustee of the Schemes, Clare Investment Overseas (PTC) Limited, a wholly-owned subsidiary undertaking, which holds the ordinary shares until the options are exercised. Under the 2005 Plan, ordinary shares may be issued upon exercise of the options.

The shares issued under the Schemes held on trust by the wholly-owned subsidiary undertaking are, for presentation purposes, netted off the Company's share capital in the consolidated balance sheet *(refer note 27)* and the premium attached to them is netted off the share premium account *(refer note 29)*.

Movements for the year:

	2010 Weighted average exercise price US$	**2010** Options in millions	2009 Weighted average exercise price US$	2009 Options in millions
At 1st January	**18.9**	**2.0**	15.9	2.2
Granted	**32.2**	**0.3**	19.3	0.3
Exercised	**13.0**	**(0.5)**	6.9	(0.5)
At 31st December	**22.8**	**1.8**	18.9	2.0

The average share price during the year was US$38.2 *(2009: US$25.8)* per share.

28 Senior Executive Share Incentive Schemes *(continued)*

Outstanding at 31st December:

	Exercise price US$	Options in millions 2010	2009
Expiry date			
2013	5.8	**–**	0.2
2014	9.8	**0.1**	0.1
2015	18.2-18.4	**0.1**	0.3
2016	18.2	**0.1**	0.1
2017	21.7	**0.6**	0.7
2018	27.3	**0.3**	0.3
2019	16.7-24.5	**0.3**	0.3
2020	32.2	**0.3**	–
Total outstanding		**1.8**	2.0
of which exercisable		**0.5**	0.6

The fair value of options granted during the year, determined using the Trinomial valuation model, was US$4 million *(2009: US$2 million)*. The significant inputs into the model, based on the weighted average number of options issued, were share price of US$34.1 *(2009: US$19.8)* at the grant dates, exercise price shown above, expected volatility based on the last seven years of 33.1% *(2009: 31.7%)*, dividend yield of 2.5% *(2009: 3.3%)*, option life disclosed above, and annual risk-free interest rate of 3.1% *(2009: 2.8%)*. Options are assumed to be exercised at the end of the seventh year following the date of grant.

29 Share Premium and Capital Reserves

	Share premium US$m	Capital reserves US$m	Total US$m
2010			
At 1st January	12	44	**56**
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	–	16	**16**
Transfer	1	(1)	**–**
At 31st December	13	59	**72**
Outstanding under employee share option schemes	(3)	–	**(3)**
	10	**59**	**69**
2009			
At 1st January	14	34	48
Capitalization arising on scrip issued in lieu of dividends	(3)	–	(3)
Employee share option schemes			
– value of employee services	–	11	11
Transfer	1	(1)	–
At 31st December	12	44	56
Outstanding under employee share option schemes	(8)	–	(8)
	4	44	48

Capital reserves represent the value of employee services under the Group's employee share option schemes of which US$7 million *(2009: US$6 million)* relate to the Company's Senior Executive Share Incentive Schemes.

30 Dividends

	2010 US$m	2009 US$m
Final dividend in respect of 2009 of US¢65.00 *(2008: US¢51.00)* per share	**414**	318
Interim dividend in respect of 2010 of US¢30.00 *(2009: US¢25.00)* per share	**194**	158
	608	476
Company's share of dividends paid on the shares held by subsidiary undertakings	**(267)**	(207)
	341	269
Shareholders elected to receive scrip in respect of the following:		
Final dividend in respect of previous year	**258**	202
Interim dividend in respect of current year	**130**	101
	388	303

A final dividend in respect of 2010 of US¢85.00 *(2009: US¢65.00)* per share amounting to a total of US$551 million *(2009: US$414 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the Annual General Meeting. The net amount after deducting the Company's share of the dividends payable on the shares held by subsidiary undertakings of US$244 million *(2009: US$182 million)* will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2011.

31 Own Shares Held

Own shares held of US$1,501 million *(2009: US$1,230 million)* represent the Company's share of the cost of 352 million *(2009: 344 million)* ordinary shares in the Company held by subsidiary undertakings and are deducted in arriving at shareholders' funds.

32 Minority Interests

	2010 US$m	2009 US$m
By business:		
Hongkong Land	**11,438**	9,000
Dairy Farm	**307**	230
Mandarin Oriental	**361**	365
Jardine Cycle & Carriage	**180**	143
Astra	**5,750**	4,549
Jardine Strategic	**531**	424
Other	**26**	20
	18,593	14,731
Less own shares held attributable to minority interests	**(343)**	(285)
	18,250	14,446

33 Borrowings

	2010 Carrying amount US$m	2010 Fair value US$m	2009 Carrying amount US$m	2009 Fair value US$m
Current				
– bank overdrafts	**7**	**7**	17	17
– other bank advances	**762**	**762**	420	420
– other advances	**–**	**–**	7	7
	769	**769**	444	444
Current portion of long-term borrowings				
– bank loans	**1,240**	**1,240**	757	757
– bonds and notes	**1,315**	**1,315**	536	536
– finance lease liabilities	**36**	**36**	23	23
– other loans	**100**	**100**	67	67
	2,691	**2,691**	1,383	1,383
	3,460	**3,460**	1,827	1,827
Long-term borrowings				
– bank loans	**2,468**	**2,479**	3,071	3,061
– bonds and notes	**2,829**	**2,810**	2,706	2,734
– finance lease liabilities	**47**	**47**	39	39
– other loans	**78**	**78**	130	129
	5,422	**5,414**	5,946	5,963
	8,882	**8,874**	7,773	7,790

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 0.4% to 12.8% *(2009: 0.4% to 15.5%)* per annum. The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

	2010 US$m	2009 US$m
Secured	**3,438**	2,642
Unsecured	**5,444**	5,131
	8,882	7,773

Secured borrowings at 31st December 2010 included Hongkong Land's bank borrowings of US$41 million *(2009: US$100 milliion)* which were secured against its properties for sale, Mandarin Oriental's bank borrowings of US$542 million *(2009: US$645 million)* which were secured against its tangible assets, and Astra's bonds of US$808 million *(2009: US$730 million)* which were secured against its various assets as described below and bank borrowings of US$2,046 million *(2009: US$1,160 million)* which were secured against its various assets.

33 Borrowings *(continued)*

	Fixed rate borrowings				
	Weighted average interest rates	Weighted average period outstanding		Floating rate borrowings	Total
	%	Years	US$m	US$m	US$m
By currency:					
2010					
Chinese renminbi	5.5	–	–	184	**184**
Euro	5.9	2.7	10	–	**10**
Hong Kong dollar	2.7	7.2	1,521	1,454	**2,975**
Indonesian rupiah	10.2	1.5	2,197	578	**2,775**
Japanese yen	0.8	–	–	33	**33**
Malaysian ringgit	4.4	1.5	155	134	**289**
New Taiwan dollar	2.5	1.0	34	9	**43**
Singapore dollar	2.7	4.9	711	240	**951**
Swiss franc	1.8	21.3	2	43	**45**
United Kingdom sterling	2.8	3.5	32	96	**128**
United States dollar	4.4	1.6	981	461	**1,442**
Other	2.2	0.2	1	6	**7**
			5,644	**3,238**	**8,882**
2009					
Chinese renminbi	5.2	–	–	53	53
Euro	5.9	3.8	12	–	12
Hong Kong dollar	2.3	2.4	1,195	1,482	2,677
Indonesian rupiah	12.0	1.3	1,498	360	1,858
Japanese yen	0.8	–	–	24	24
Malaysian ringgit	4.3	1.4	161	117	278
New Taiwan dollar	2.4	1.7	40	21	61
Singapore dollar	2.1	3.9	613	695	1,308
Swiss franc	2.0	22.7	2	43	45
United Kingdom sterling	2.9	4.7	33	109	142
United States dollar	4.9	2.3	1,008	303	1,311
Other	2.0	–	–	4	4
			4,562	3,211	7,773

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

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

	2010	2009
	US$m	US$m
Within one year	**3,838**	2,136
Between one and two years	**1,772**	2,134
Between two and three years	**1,297**	1,345
Between three and four years	**1,217**	1,191
Between four and five years	**431**	1,153
Beyond five years	**1,783**	549
	10,338	8,508

33 Borrowings *(continued)*

The finance lease liabilities are as follows:

	Minimum lease payments		Present value of finance lease liabilities	
	2010	2009	**2010**	2009
	US$m	US$m	US$m	US$m
Within one year	**39**	25	**36**	23
Between one and five years	**48**	41	**47**	39
	87	66	**83**	62
Future finance charges on finance leases	**(4)**	(4)		
Present value of finance lease liabilities	**83**	62		
Current			**36**	23
Non-current			**47**	39
			83	62

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

	2010		2009	
	Current	Non-current	Current	Non-current
	US$m	US$m	US$m	US$m
Jardine Strategic 6.375% guaranteed bonds	**276**	**–**	–	284
Hongkong Land 7% bonds	**605**	**–**	–	619
Hongkong Land 5.5% bonds	**–**	**548**	–	537
Hongkong Land 3.01% notes	**–**	**–**	234	–
Hongkong Land 3.65% notes	**–**	**293**	–	269
Hongkong Land 2.75% convertible bonds	**–**	**374**	–	370
Hongkong Land 4.135% notes	**–**	**25**	–	25
Hongkong Land 4.1875% notes	**–**	**39**	–	39
Hongkong Land 4.25% notes	**–**	**39**	–	39
Hongkong Land 4.28% notes	**–**	**63**	–	61
Hongkong Land 3.86% notes	**–**	**39**	–	35
Hongkong Land 4.22% notes	**–**	**64**	–	–
Hongkong Land 5.25% notes	**–**	**32**	–	–
Hongkong Land 4.24% notes	**–**	**64**	–	–
Hongkong Land 3.43% notes	**–**	**116**	–	–
Hongkong Land 3.95% notes	**–**	**64**	–	–
Hongkong Land 4.1% notes	**–**	**38**	–	–
Hongkong Land 4.11% notes	**–**	**103**	–	–
Hongkong Land 4.5% notes	**–**	**554**	–	–
Astra Sedaya Finance VI bonds	**–**	**–**	5	–
Astra Sedaya Finance VIII bonds	**22**	**–**	38	21
Astra Sedaya Finance IX bonds	**36**	**–**	21	39
Astra Sedaya Finance X bonds	**15**	**23**	52	42
Astra Sedaya Finance XI bonds	**48**	**108**	–	–
Astra Sedaya Finance I notes	**75**	**–**	12	74
Astra Sedaya Finance II notes	**51**	**–**	34	49
Federal International Finance VII bonds	**37**	**–**	29	35
Federal International Finance VIII bonds	**36**	**–**	18	38
Federal International Finance IX bonds	**10**	**48**	39	67
Federal International Finance X bonds	**33**	**122**	–	–
Federal International Finance I notes	**–**	**–**	53	–
Federal International Finance II notes	**56**	**–**	–	53
Federal International Finance III notes	**–**	**33**	–	–
Serasi Auto Raya I notes	**11**	**–**	1	10
Serasi Auto Raya II notes	**4**	**7**	–	–
Surya Artha Nusantara Finance I notes	**–**	**33**	–	–
	1,315	**2,829**	536	2,706

33 Borrowings *(continued)*

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

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

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

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

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

The Hongkong Land 4.135%, 4.1875%, 4.25%, 4.28%, 3.86%, 4.22%, 5.25%, 4.24%, 3.43%, 3.95%, 4.1%, 4.11% and 4.5% notes, with nominal values of HK$200 million, HK$300 million, HK$300 million, HK$500 million, S$50 million, HK$500 million, HK$250 million, HK$500 million, S$150 million, HK$500 million, HK$300 million, HK$800 million and US$600 million, respectively, were issued by a wholly-owned subsidiary undertaking of Hongkong Land under its US$3,000 million guaranteed medium term note programme. The notes will mature on 17th September 2019, 23rd October 2019, 25th November 2019, 20th December 2021, 29th December 2017, 26th February 2020, 18th March 2040, 19th March 2020, 14th May 2020, 8th June 2020, 28th July 2025, 13th September 2030 and 7th October 2025, respectively.

The Astra Sedaya Finance VIII, IX, X and XI bonds, with nominal values of Rp200 billion, Rp366 billion, Rp394 billion and Rp1,500 billion, respectively, and bearing interest at 10.35%, 10.13% to 10.3%, 14.56% to 14.9% and 8.47% to 10.9% per annum, respectively, were issued by a wholly-owned subsidiary undertaking of Astra and are collateralized by fiduciary guarantee over consumer financing debtors of the subsidiary undertaking amounting to 60% of the total outstanding principal of the bonds *(refer note 20)*. The bonds will mature in 2011, 2011, from 2011 to 2012 and from 2011 to 2014, respectively.

The Astra Sedaya Finance I and II notes, with nominal values of Rp690 billion and Rp460 billion, respectively, and bearing interest at 11.2% to 11.75% and 10.5% per annum, respectively, were issued by a wholly-owned subsidiary undertaking of Astra and are collateralized by fiduciary guarantee over consumer financing debtors of the subsidiary undertaking amounting to 60% of the total outstanding principal of the notes *(refer note 20)*. The notes will mature in 2011.

The Federal International Finance VII, VIII, IX and X bonds, with nominal values of Rp350 billion, Rp360 billion, Rp635 billion and Rp1,500 billion, respectively, and bearing interest at 10.75%, 12.63%, 13.55% to 14.6% and 8.1% to 10.55% per annum, respectively, were issued by a wholly-owned subsidiary undertaking of Astra and are collateralized by fiduciary guarantee over consumer financing debtors of the subsidiary undertaking amounting to 60% of the total outstanding principal of the bonds *(refer note 20)*. The bonds will mature in 2011, 2011, from 2011 to 2012 and from 2011 to 2014, respectively.

The Federal International Finance II and III notes, with nominal values of Rp500 billion and Rp300 billion, respectively, and bearing interest at 11.35% and 10.5% per annum, respectively, were issued by a wholly-owned subsidiary undertaking of Astra and are collateralized by fiduciary guarantee over consumer financing debtors of the subsidiary undertaking amounting to 60% of the total outstanding principal of the notes *(refer note 20)*. The notes will mature in 2011 and 2012, respectively.

The Serasi Auto Raya I and II notes, with nominal values of Rp100 billion and Rp100 billion, respectively, and bearing interest at 11.5% per annum were issued by a wholly-owned subsidiary undertaking of Astra and are secured by fiduciary guarantee over tangible assets of the subsidiary undertaking amounting to 80% of the total outstanding principal of the notes *(refer note 15)*. The notes will mature in 2011 and from 2011 to 2012, respectively.

The Surya Artha Nusantara Finance I notes, with a nominal value of Rp300 billion and bearing interest at 11.38% per annum were issued by a partly-owned subsidiary undertaking of Astra and are secured by fiduciary guarantee over net investment in finance leases of the subsidiary undertaking amounting to 100% of the total outstanding principal of the notes *(refer note 20)*. The notes will mature in 2012.

34 Creditors

	2010 US$m	2009 US$m
Trade creditors		
– third parties	**2,824**	2,224
– associates and joint ventures	**229**	188
	3,053	2,412
Accruals	**1,414**	1,216
Other amounts due to associates and joint ventures	**143**	85
Rental and other refundable deposits	**432**	352
Derivative financial instruments	**111**	62
Other creditors	**167**	142
Financial liabilities	**5,320**	4,269
Gross estimated losses on insurance contracts	**101**	83
Net amount due to customers for contract work	**25**	18
Proceeds from properties for sale received in advance	**280**	218
Rental income received in advance	**16**	10
Other income received in advance	**49**	41
Deferred warranty income	**15**	7
Unearned premiums on insurance contracts	**258**	195
	6,064	4,841
Non-current	**216**	158
Current	**5,848**	4,683
	6,064	4,841
Analysis by geographical area of operation:		
Greater China	**2,049**	1,672
Southeast Asia	**3,727**	2,896
United Kingdom	**160**	158
Rest of the world	**128**	115
	6,064	4,841

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

	2010 US$m	2009 US$m
Within one year	**5,145**	4,132
Between one and two years	**64**	72
Between two and three years	**41**	37
Beyond three years	**60**	49
	5,310	4,290

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.

35 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
2010							
At 1st January	20	8	4	31	50	12	**125**
Exchange differences	2	–	–	2	2	–	**6**
New subsidiary undertakings	–	–	–	2	–	–	**2**
Additional provisions	3	4	–	4	19	1	**31**
Unused amounts reversed	–	(1)	–	(1)	–	–	**(2)**
Utilized	(4)	(1)	(1)	(1)	(3)	(3)	**(13)**
At 31st December	**21**	**10**	**3**	**37**	**68**	**10**	**149**
Non-current	–	–	2	34	55	3	**94**
Current	21	10	1	3	13	7	**55**
	21	**10**	**3**	**37**	**68**	**10**	**149**
2009							
At 1st January	18	9	4	28	33	20	112
Exchange differences	1	–	–	1	6	3	11
Additional provisions	5	1	1	3	12	3	25
Unused amounts reversed	–	(1)	–	–	–	(9)	(10)
Utilized	(4)	(1)	(1)	(1)	(1)	(5)	(13)
At 31st December	20	8	4	31	50	12	125
Non-current	–	–	3	28	38	3	72
Current	20	8	1	3	12	9	53
	20	8	4	31	50	12	125

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.

36 Notes to Consolidated Cash Flow Statement

(a) Depreciation and amortization

	2010 US$m	2009 US$m
By business:		
Jardine Pacific	**19**	15
Jardine Motors	**13**	13
Hongkong Land	**1**	–
Dairy Farm	**167**	144
Mandarin Oriental	**45**	41
Jardine Cycle & Carriage	**8**	7
Astra	**509**	361
	762	581

(b) Other non-cash items

	2010 US$m	2009 US$m
By nature:		
(Profit)/loss on sale of subsidiary undertakings	**(15)**	3
Profit on sale of other investments	**(13)**	(147)
(Profit)/loss on sale of leasehold land	**(1)**	1
Profit on sale of tangible assets	**(7)**	(5)
Profit on sale of investment properties	**(3)**	–
Loss on sale of repossessed assets	**63**	38
Loss on sale of plantations and related assets	**4**	–
Increase in fair value of investment properties	**(3,216)**	(1,911)
(Increase)/decrease in fair value of plantations	**(422)**	64
Impairment of intangible assets	**2**	1
Impairment of tangible assets	**–**	5
Impairment of debtors	**104**	67
Write down of stocks and work in progress	**27**	3
Reversal of write down of stocks and work in progress	**(9)**	(1)
Change in provisions	**(25)**	16
Net foreign exchange losses/(gains)	**12**	(12)
Discount on acquisition of business	**(1)**	–
Options granted under employee share option schemes	**8**	8
Repurchase of convertible bonds in Hongkong Land	**–**	(8)
	(3,492)	(1,878)
By business:		
Jardine Pacific	**(26)**	(34)
Jardine Motors	**2**	–
Hongkong Land	**(3,249)**	(1,892)
Dairy Farm	**6**	9
Mandarin Oriental	**5**	14
Jardine Cycle & Carriage	**12**	(7)
Astra	**(244)**	160
Corporate and other interests	**2**	(128)
	(3,492)	(1,878)

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

(c) Increase in working capital

	2010 US$m	2009 US$m
(Increase)/decrease in properties for sale	**(296)**	141
(Increase)/decrease in stocks and work in progress	**(836)**	60
Increase in debtors	**(1,465)**	(551)
Increase in creditors	**718**	244
Increase in pension obligations	**10**	3
	(1,869)	(103)

(d) Purchase of subsidiary undertakings

	2009 US$m
Hongkong Land	
Tangible assets	6
Investment properties	12,911
Joint ventures	2,028
Deferred tax assets	4
Pension assets	6
Non-current debtors	69
Current assets	2,259
Long-term borrowings	(3,509)
Deferred tax liabilities	(44)
Non-current creditors	(23)
Current liabilities	(915)
Minority interests	(102)
Fair value of net assets	12,690
Adjustment for minority interests	(6,345)
Net assets acquired	6,345
Discount on acquisition	(2,578)
Fair values of previously held interest and consideration transferred	3,767
Fair value loss on remeasurement of previously held interest	2,606
Carrying amount of previously held interest at the date of acquisition	6,373
Attributable to interest held at beginning of year	(6,251)
Attributable to shares acquired prior to the date of acquisition	122
Discount on shares acquired prior to the date of acquisition	(74)
Consideration paid	48
Cash and cash equivalents of Hongkong Land at the date of acquisition	(1,130)
Cash inflow	(1,082)

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

(d) Purchase of subsidiary undertakings *(continued)*

	2010 Book value US$m	2010 Fair value adjustments US$m	2010 Fair value US$m	2009 Fair value US$m
Other subsidiary undertakings				
Tangible assets	**39**	**1**	**40**	1
Current assets	**80**	**(3)**	**77**	87
Non-current creditors	**(1)**	**–**	**(1)**	(10)
Pension liabilities	**(2)**	**–**	**(2)**	–
Current liabilities	**(57)**	**(1)**	**(58)**	(4)
Minority interests	**–**	**–**	**–**	2
Net assets acquired	**59**	**(3)**	**56**	76
Goodwill			**43**	–
Total consideration			**99**	76
Adjustment for deferred consideration			**–**	(1)
Carrying value of associates and joint ventures			**–**	(29)
Cash and cash equivalents of subsidiary undertakings acquired			**(48)**	(4)
Net cash outflow			**51**	42

Net cash outflow for purchase of other subsidiary undertakings in 2010 of US$51 million mainly comprised Dairy Farm's acquisition of Bintang Retail Industries.

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

Revenue and profit after tax since acquisition in respect of subsidiary undertakings acquired during the year amounted to US$167 million and US$6 million, respectively. Had the acquisitions occurred on 1st January 2010, consolidated revenue and consolidated profit after tax for the year ended 31st December 2010 would have been US$30,141 million and US$7,780 million, respectively.

(e) Purchase of associates and joint ventures in 2010 included US$80 million for Hongkong Land's acquisition of an additional 20% interest in Shenyang joint venture; US$13 million for Jardine Cycle & Carriage's acquisition of an additional 6% interest in PT Tunas Ridean; US$18 million, US$98 million and US$13 million for Astra's acquisition of an additional 19% interest in PT Pam Lyonnaise Jaya, subscription to Bank Permata's rights issue and capital injection to its financial services joint ventures, respectively; and US$5 million for the Company's additional interest in Jardine Lloyd Thompson. In addition, Jardine Pacific acquired an additional 17% interest in HACTL for a non-cash consideration of US$137 million. Purchase of associates and joint ventures in 2009 included US$44 million for Jardine Cycle & Carriage's acquisition of an additional 9% interest in Truong Hai Auto Corporation, US$4 million for Jardine Strategic's additional investment in JRE Asia Capital (formerly Jardine Rothschild Asia Capital) and US$4 million for the Company's additional interest in Jardine Lloyd Thompson.

(f) Purchase of other investments in 2010 included US$163 million for Astra's acquisition of securities, and US$34 million and US$25 million for Jardine Strategic's purchase of shares in ACLEDA Bank and The Bank of N.T. Butterfield & Son, respectively. Purchase of other investments in 2009 included US$38 million and US$105 million for Hongkong Land's and Astra's purchase of securities, respectively, and US$157 million for Jardine Strategic's purchase of Tata Power.

(g) Advance to associates, joint ventures and others in 2010 and 2009 included Hongkong Land's loans to its property joint ventures of US$214 million and US$222 million, respectively.

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

(h) Repayment from associates and joint ventures in 2010 included US$275 million from Hongkong Land's property joint ventures. Repayment from associates and joint ventures in 2009 included US$32 million from HACTL in Jardine Pacific and US$31 million from Hongkong Land's property joint ventures.

(i) Sale of subsidiary undertakings

	2010 US$m	2009 US$m
Intangible assets	**15**	2
Tangible assets	**12**	6
Plantations	**7**	–
Deferred tax assets	**5**	–
Current assets	**33**	5
Pension liabilities	**(1)**	–
Current liabilities	**(20)**	(2)
Net assets	**51**	11
Adjustment for minority interests	**(9)**	(3)
Net assets disposed of	**42**	8
Profit/(loss) on disposal	**15**	(3)
Sale proceeds	**57**	5
Adjustment for deferred consideration	**(11)**	(1)
Adjustment for carrying value of associates and joint ventures	**(22)**	(3)
Cash and cash equivalents of subsidiary undertakings disposed of	**(3)**	(3)
Net cash inflow/(outflow)	**21**	(2)

Sale proceeds in 2010 of US$57 million included US$28 million from Astra's sale of a 2% interest in PT Komatsu Remanufacturing Asia, which became an associate, and US$27 million from Astra's sale of PT Surya Panen Subur.

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

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

(k) Sale of other investments in 2010 comprised Astra's sale of securities. Sale of other investments in 2009 included US$157 million from Jardine Strategic's sale of its interest in Tata Industries and US$56 million from Astra's sale of securities.

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

(l) Change in interests in subsidiary undertakings

	2010 US$m	2009 US$m
Increase in attributable interests		
– Hongkong Land	**100**	–
– Mandarin Oriental	**4**	16
– Jardine Cycle & Carriage	**84**	35
– Jardine Strategic	**9**	–
– other	**353**	15
Decrease in attributable interests	**–**	(1)
	550	65

Increase in attributable interests in other subsidiary undertakings in 2010 included US$160 million for Hongkong Land's acquisition of an additional 23% interest in MCL Land and US$178 million for Astra's acquisition of an additional 47% interest in PT Astra Sedaya Finance. Increase in attributable interests in other subsidiary undertakings in 2009 included US$11 million for Astra's acquisition of an additional interest in PT Marga Mandalasakti.

(m) Analysis of balances of cash and cash equivalents

	2010 US$m	2009 US$m
Bank balances and other liquid funds including restricted balances *(refer note 25)*	**4,285**	4,094
Bank overdrafts *(refer note 33)*	**(7)**	(17)
	4,278	4,077

37 Derivative Financial Instruments

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

	2010		2009	
	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
– interest rate swaps and caps	**1**	**37**	5	39
– cross currency swaps	**7**	**27**	6	17
	8	**66**	11	57
Designated as fair value hedges				
– interest rate swaps	**1**	**2**	5	4
– cross currency swaps	**53**	**42**	52	–
	54	**44**	57	4
Not qualifying as hedges				
– forward foreign exchange contracts	**–**	**1**	–	1

37 Derivative Financial Instruments *(continued)*

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

	Within one year US$m	Between one and two years US$m	Between two and five years US$m	Beyond five years US$m	Total US$m
2010					
Net settled					
– forward foreign exchange contracts	2	–	–	–	**2**
– interest rate swaps	22	14	12	–	**48**
Gross settled					
– forward foreign exchange contracts	172	2	1	–	**175**
– cross currency swaps	902	238	702	935	**2,777**
	1,098	**254**	**715**	**935**	**3,002**
2009					
Net settled					
– interest rate swaps	34	17	15	–	66
Gross settled					
– forward foreign exchange contracts	129	1	–	–	130
– cross currency swaps	229	698	547	91	1,565
	392	716	562	91	1,761

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2010 were US$215 million *(2009: US$137 million)*.

Interest rate swaps and caps

The notional principal amounts of the outstanding interest rate swap and cap contracts at 31st December 2010 were US$1,525 million *(2009: US$2,451 million)*.

At 31st December 2010, the fixed interest rates relating to interest rate swaps and caps vary from 0.7% to 13.7% *(2009: 1.1% to 13.7%)* per annum.

The fair values of interest rate swaps are based on the estimated cash flows discounted at market rates ranging from 0.2% to 9.8% *(2009: 0.1% to 11.4%)* per annum.

Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts at 31st December 2010 were US$2,451 million *(2009: US$1,452 million)*.

Credit default swap

The contract amount of the outstanding credit default swap contract at 31st December 2010 was US$25 million *(2009: US$25 million)*.

38 Commitments

	2010 US$m	2009 US$m
Capital commitments:		
Authorized not contracted	**1,729**	1,567
Contracted not provided	**399**	242
	2,128	1,809
Operating lease commitments:		
Total commitments under operating leases		
– due within one year	**644**	577
– due between one and two years	**475**	422
– due between two and three years	**311**	267
– due between three and four years	**210**	178
– due between four and five years	**162**	152
– due beyond five years	**1,235**	1,212
	3,037	2,808

Total future sublease payments receivable relating to the above operating leases amounted to US$44 million *(2009: US$41 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.

39 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.

40 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 2010 amounted to US$5,929 million *(2009: US$3,703 million)*. The Group also sells motor vehicles and spare parts to its associates and joint ventures in Indonesia including PT Astra Honda Motor and PT Astra Daihatsu Motor. Total revenue from sale of motor vehicles and spare parts in 2010 amounted to US$643 million *(2009: US$392 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 2010 to Jardine Lloyd Thompson were US$8 million *(2009: US$7 million)*.

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

(a) management consultancy services provided to Hongkong Land amounted to US$2 million.

(b) gross rental paid to Hongkong Land amounted to US$9 million.

(c) property maintenance and other services provided to Hongkong Land amounted to US$10 million, and

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

The Group manages six associate hotels *(2009: six associate hotels)*. Management fees received by the Group in 2010 from these managed hotels amounted to US$11 million *(2009: US$9 million)*.

Bank Permata provides banking services to the Group. The Group's deposits with Bank Permata at 31st December 2010 amounted to US$221 million *(2009: US$205 million)*.

Amounts of outstanding balances with associates and joint ventures are included in debtors and creditors, as appropriate *(refer notes 20 and 34)*.

Details of Directors' remuneration (being the key management personnel compensation) are shown on page 102 under the heading of Directors' Appointment, Retirement, Remuneration and Service Contracts.

41 Summarized Balance Sheet of the Company

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

	2010 US$m	2009 US$m
Subsidiary undertakings	**881**	1,089
Share capital *(refer note 27)*	**162**	159
Share premium and capital reserves *(refer note 29)*	**20**	18
Revenue and other reserves	**687**	903
Shareholders' funds	**869**	1,080
Current liabilities	**12**	9
Total equity and liabilities	**881**	1,089

Subsidiary undertakings are shown at cost less amounts provided.

42 Principal Subsidiary Undertakings and Associates

The principal subsidiary undertakings and associates of the Group at 31st December 2010 are set out below.

	Country of incorporation	Particulars of issued capital			Attributable interests 2010 %	Attributable interests 2009 %	Nature of business
Dairy Farm International Holdings Ltd	Bermuda	USD	74,990,966	ordinary	**63**	63	Supermarkets, hypermarkets, health and beauty stores, convenience stores, home furnishings stores and restaurants
Hongkong Land Holdings Ltd	Bermuda	USD	225,075,486	ordinary	**41**	41	Property development & investment, leasing & management
Jardine Cycle & Carriage Ltd	Singapore	SGD	355,679,660	ordinary	**57**	56	A 50.1% interest in PT Astra International Tbk and motor trading
Jardine Lloyd Thompson Group plc*	England	GBP	10,890,982	ordinary	**32**	32	Insurance and reinsurance broking, risk management and employee benefit services
Jardine Matheson Ltd	Bermuda	USD	12,000	ordinary	**100**	100	Group management
Jardine Motors Group Holdings Ltd	Bermuda	USD	8,947,702	ordinary	**100**	100	Motor trading
Jardine Pacific Holdings Ltd	Bermuda	USD	62,500,000	ordinary	**100**	100	Engineering & construction, transport services, restaurants, property and IT services
Jardine Strategic Holdings Ltd†	Bermuda	USD	55,743,773	ordinary	**81**	81	Holding
Mandarin Oriental International Ltd	Bermuda	USD	49,817,437	ordinary	**60**	60	Hotel management & ownership
Matheson & Co., Ltd	England	GBP	20,000,000	ordinary	**100**	100	Holding and management
PT Astra International Tbk	Indonesia	IDRm	2,024,178	ordinary	**29**	28	Automotive, financial services, agribusiness, heavy equipment and mining, infrastructure and logistics, and information technology
Rothschilds Continuation Holdings AG*	Switzerland	CHF	60,975,765	ordinary	**17**	17	Global financial advisory, wealth management and trusts

Attributable interests represent the proportional holdings of the Company, held directly or through its subsidiary undertakings, 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 subsidiary undertakings.

The financial statements of Jardine Lloyd Thompson can be accessed through the internet at its website.

*Associates. All other companies are subsidiary undertakings.

†Jardine Strategic held 54% *(2009: 54%)* of the share capital of the Company.

Independent Auditors' Report

To the members of Jardine Matheson Holdings Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Jardine Matheson Holdings Limited and its subsidiaries (the 'Group') which comprise the Consolidated Balance Sheet as of 31st December 2010 and the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31st December 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Bermuda Companies Act.

Report on Legal and Regulatory Requirements

We have nothing to report in respect of the following matters that under the UK Listing Rules we are required to review:

- Directors' statement in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK June 2008 Combined Code specified for our review.

Other Matters

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

PricewaterhouseCoopers LLP
Chartered Accountants
London
United Kingdom

4th March 2011

Five Year Summary

Profit and Loss*

	2010 US$m	2009 US$m	2008 US$m	2007 US$m	2006 US$m
Revenue	**30,053**	22,501	22,362	19,445	16,281
Profit attributable to shareholders	**3,084**	1,731	619	2,028	1,521
Underlying profit attributable to shareholders	**1,364**	1,016	826	723	537
Earnings per share (US$)	**8.58**	4.87	1.75	5.73	4.32
Underlying earnings per share (US$)	**3.80**	2.86	2.34	2.04	1.53
Dividends per share (US$)	**1.15**	0.90	0.75	0.65	0.50

Balance Sheet*

	2010 US$m	2009 US$m	2008 US$m	2007 US$m	2006 US$m
Total assets	**48,076**	38,835	22,694	22,795	20,845
Total liabilities	**(16,116)**	(13,695)	(8,453)	(8,380)	(9,181)
Total equity	**31,960**	25,140	14,241	14,415	11,664
Shareholders' funds	**13,710**	10,694	8,896	9,154	7,102
Net debt (excluding net debt of financial services companies)	**2,252**	2,200	545	618	1,377
Net asset value per share (US$)	**37.99**	29.87	25.13	25.97	20.09

Cash Flow

	2010 US$m	2009 US$m	2008 US$m	2007 US$m	2006 US$m
Cash flows from operating activities	**2,210**	2,786	2,091	2,198	1,942
Cash flows from investing activities	**(1,372)**	(122)	(1,409)	(573)	(359)
Net cash flow before financing	**838**	2,664	682	1,625	1,583
Cash flow per share from operating activities (US$)	**6.15**	7.83	5.92	6.21	5.52

*Figures prior to 2010 have been restated to reflect changes in accounting policies for owner-occupied properties and deferred tax on the early adoption of amendments to IAS 12 'Deferred Tax: Recovery of Underlying Assets'. On the adoption of IAS 17 (amendment) 'Leases', there is no impact on the five year summary.

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 and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Services Authority of the United Kingdom.

For and on behalf of the Board

A.J.L. Nightingale
James Riley
Directors

4th March 2011

Corporate Governance

Jardine Matheson Holdings Limited is incorporated in Bermuda. The majority of the Group's business interests are in Asia. The Company's equity shares have a Premium Listing on the London Stock Exchange, and secondary listings in Bermuda and Singapore. The Company's share capital is 54%-owned by Jardine Strategic Holdings Limited, a Bermuda incorporated 81%-owned subsidiary of the Company similarly listed in London, Bermuda and Singapore. The Company attaches importance to the corporate stability that is fundamental to the Group's ability to pursue a long-term strategy in Asian markets. It is committed to high standards of governance. Its approach, however, developed over many years, differs from that envisaged by the UK Corporate Governance Code (the 'UK Code'), which was originally introduced as a guide for United Kingdom incorporated companies listed on the London Stock Exchange. Following a change in the Listing Rules issued by the Financial Services Authority in the United Kingdom with effect from 6th April 2010, the Company's Premium Listed status now requires that this Report address how the main principles of the UK Code have been applied by the Company, and explain the reasons for the different approach adopted by the Company as compared to the UK Code's provisions. The Company's governance differs from that contemplated by provisions of the UK Code on board balance and refreshment, director independence, board evaluation procedures, nomination and remuneration committees and the appointment of a senior independent director.

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. Management is delegated to the appropriate level, with the boards of the management companies of the Group's listed subsidiaries and certain associated companies being co-ordinated by the board of the Group management company, Jardine Matheson Limited ('JML'). JML meets regularly in Hong Kong and is chaired by the Managing Director. Its seven other members, whose names appear on page 108 of this Report, include the Group Finance Director, the Group Strategy Director and the Group General Counsel. In addition, as part of the Company's tiered approach to oversight and management, certain Directors who do not serve on the board of JML and who are based outside Asia make regular visits to Asia and Bermuda where they will participate in four annual Group strategic reviews. All of these reviews precede the Board meetings. These Directors are not directly involved in the operational management of the Group's business activities, but their knowledge and close oversight of the Group's affairs reinforces the process by which business is reviewed before consideration by the Board.

The Board

The Company currently has a Board of fourteen Directors; ten are executive and four are non-executive. Their names and brief biographies appear on page 27 of this Report. The composition and operation of the Board reflect the Group's commitment to its long-term strategy, the Company's shareholding structure and the Group's tiered approach to oversight and management as described above. These factors explain the balance on the Board between executive and non-executive Directors, the stability of the Board, the absence of nomination and remuneration committees and the conduct of Board evaluation procedures. The Board regards Asian business experience and relationships as more valuable attributes of its non-executive Directors than formal independence criteria. Accordingly the Board has not designated a 'senior independent director' as set out in the UK Code. Recommendations and decisions on remuneration result from consultations between the Chairman and the Managing Director and other Directors as they consider appropriate.

Among the matters which the Board decides are the Group's business strategy, its annual budget, dividends and major corporate activities. The Board is scheduled to hold four meetings in 2011 and ad hoc procedures are adopted to deal with urgent matters. In 2010 two meetings were held in Bermuda and two in Asia. All Directors holding office in 2010 attended all four Board meetings, save that Jenkin Hui attended two meetings and R.C. Kwok was unable to attend the meetings due to illness. The Board receives high quality, up to date information for each of its meetings. This information is approved by the Company's management before circulation, and is then the subject of a strategy review in a cycle of meetings (in Bermuda or Asia, as appropriate) prior to consideration by the Board itself. Responsibility for implementing the Group's strategy within designated financial parameters is delegated to JML.

The division of responsibilities between the Chairman and the Managing Director is well established. The Chairman's role is to lead the Board as it oversees the Group's strategic and financial direction. The Managing Director's role is to implement the strategy set by the Board and to manage the Group's operations. An important part of this is undertaken in his capacity as chairman of the board of JML.

Directors' Appointment, Retirement, Remuneration and Service Contracts

Candidates for appointment as executive Directors of the Company, as executive directors of JML or as senior executives elsewhere in the Group may be sourced internally or externally using the services of specialist executive search firms. The aim is to appoint individuals who combine international best practice with adaptability to Asian markets.

Each new Director is appointed by the Board and, in accordance with Bye-law 91 of the Company's Bye-laws, each new Director is subject to retirement at the first Annual General Meeting after appointment. Thereafter, the Director will be subject to retirement by rotation pursuant to Bye-law 84 whereby one-third of the Directors retire at the Annual General Meeting each year. These provisions apply to both executive and non-executive Directors, but the requirement to retire by rotation pursuant to Bye-law 84 does not extend to the Chairman or Managing Director.

Y.K. Pang was appointed as a Director of the Company with effect from 1st April 2011. In accordance with Bye-law 84, Mark Greenberg, Simon Keswick and Dr Richard Lee retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election. In accordance with Bye-law 91, Y.K. Pang will also retire and, being eligible, offer himself for re-election. Mark Greenberg, Simon Keswick and Y.K. Pang 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.

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 are normally offered an initial fixed term service contract, reflecting the requirement for them to relocate. These contracts will be expected to reduce to a notice period of not more than one year after the initial term.

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 5.54% 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. Such distribution is made by the trustee after consultation between the Chairman and the Managing Director and such other Directors as they consider appropriate.

Directors' fees which are payable to the Chairman and all non-executive Directors are decided upon by shareholders in general meeting as provided for by the Company's Bye-laws. A motion to increase the Directors' fees to US$45,000 each per annum and the Chairman's fee to US$65,000 per annum with effect from 1st January 2011 will be proposed at the forthcoming Annual General Meeting.

For the year ended 31st December 2010, the Directors received from the Group US$12 million *(2009: US$10.9 million)* in Directors' fees and employee benefits, being US$0.2 million *(2009: US$0.2 million)* in Directors' fees, US$9.9 million *(2009: US$9.0 million)* in short-term employee benefits including salary, bonuses, accommodation and deemed benefits in kind, US$1.1 million *(2009: US$0.9 million)* in post-employment benefits and US$0.8 million *(2009: US$0.8 million)* in share-based payments. The 1947 Trust also made distributions to Directors amounting to US$31.6 million *(2009: US$25.4 million)*. The information set out in this paragraph forms part of the audited financial statements.

Senior executive share incentive schemes have also been established to provide longer-term incentives for executive Directors and senior managers. Share options are granted by the scheme trustee after consultation between the Chairman and the Managing Director and other Directors as they consider appropriate. Share options are granted at the then prevailing market prices and the scheme rules provide that they normally vest 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.

Directors' Responsibilities in respect of the Financial Statements

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

Going Concern

The Directors are required to consider whether it is appropriate to prepare financial statements on the basis that the Company and the Group are going concerns. The Group prepares comprehensive financial forecasts and, based on these forecasts, cash resources and existing credit facilities, the Directors consider that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Code of Conduct

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

Risk Management and Internal Control

The Board has overall responsibility for the Group's system of risk management and internal control. The system of internal control is 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.

The principal risks and uncertainties facing the Company are set out on page 106.

The Board has delegated to the Audit Committee responsibility for reviewing areas of risk and uncertainty, the operation and effectiveness of the Group's system of internal control and the procedures by which these are monitored. The Audit Committee considers the system and procedures on a regular basis, and reports to the Board semi-annually. The members of the Audit Committee are Simon Keswick, Lord Leach of Fairford, R.C. Kwok and Percy Weatherall; they have extensive knowledge of the Group while at the same time not being directly involved in operational management. The Board considers that the members of the Audit Committee have, collectively, the requisite skills, knowledge and experience to enable it to discharge its responsibilities in a proper manner. All members of the Audit Committee attended both its meetings during the year, save that Lord Leach of Fairford attended one meeting and R.C. Kwok was unable to attend the meetings due to illness. The Company's 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.

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 outside 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 Audit Committee also reviews the effectiveness of the internal audit function.

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, as set out in the Code of Conduct, is reinforced and monitored by an annual compliance certification process.

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

Prior to completion and announcement of the half-year and year-end results, a review of the Company's financial information and any issues raised in connection with the preparation of the results, including the adoption of new accounting policies, is undertaken by the Audit Committee with the executive management and a report is received from the external auditors. The Audit Committee also assesses any reports on frauds identified during the period under review. The external auditors also have access to the full Board, in addition to the Managing Director and other senior executives, and to the boards of the Group's operating companies.

The Audit Committee keeps under review the nature, scope and results of the external audit, the audits conducted by the internal audit function and the findings of the various Group audit committees. The Audit Committee also keeps under review the independence and objectivity of the external auditors, and as part of that process considers and approves the level and nature of non-audit work performed. The terms of reference of the Audit Committee can be found on the Company's website at www.jardines.com.

Directors' Share Interests

The Directors of the Company in office on 1st April 2011 had interests (within the meaning of the Disclosure and Transparency Rules ('DTRs') of the Financial Services Authority (the 'FSA') of the United Kingdom) as set out below in the ordinary share capital of the Company. These interests included those notified to the Company in respect of the Directors' connected persons (as that term is used in the DTRs in relation to companies incorporated outside the United Kingdom).

Sir Henry Keswick	10,041,236
A.J.L. Nightingale	1,072,039
Adam Keswick	33,520,056[(a) (b)]
Ben Keswick	39,625,019[(a) (b) (c)]
Simon Keswick	11,472,894[(a) (c)]
R.C. Kwok	31,715
Lord Leach of Fairford	1,060,594
Dr Richard Lee	102,324
Y.K. Pang	248,333
James Riley	183,740
Percy Weatherall	34,997,274[(a) (b)]

Notes:

a) *Includes 2,000,004 ordinary shares held by a family trust, the trustees of which are connected persons of Adam Keswick, Ben Keswick, Simon Keswick and Percy Weatherall.*

b) *Includes 28,801,200 ordinary shares held by family trusts, the trustee of which is a connected person of Adam Keswick, Ben Keswick and Percy Weatherall.*

c) *Includes 6,549,925 ordinary shares held by family trusts, the trustees of which are connected persons of Ben Keswick and Simon Keswick.*

In addition, Mark Greenberg, Adam Keswick, Ben Keswick, Y.K. Pang, James Riley and Giles White held options in respect of 200,000, 110,000, 250,000, 166,667, 100,000 and 100,000 ordinary shares, respectively, issued pursuant to the Company's Senior Executive Share Incentive Schemes.

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 353,680,072 ordinary shares carrying 54.57% of the voting rights; and (ii) the 1947 Trust is interested in 35,915,991 ordinary shares carrying 5.54% 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 22nd March 2011.

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

Relations with Shareholders

The 2011 Annual General Meeting will be held at the The Fairmont Southampton, Bermuda on 12th May 2011. 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. All shareholders are invited to attend the Annual General Meeting and participate in communicating with the Company. The Company holds regular meetings with institutional shareholders. A corporate website is maintained containing a wide range of information of interest to investors at www.jardines.com.

Securities Purchase Arrangements

At the Annual General Meeting held on 6th May 2010, shareholders renewed the approval of a general mandate authorizing the Directors to effect purchases by the Company or its subsidiaries of the Company's own ordinary shares of less than 15% in aggregate of its issued share capital.

During the year, Jardine Matheson International Services Limited, a wholly-owned subsidiary of the Company, acting in its capacity as trustee of The Jardine Foundation which is a non-profit-making educational trust, purchased 1,146,000 ordinary shares of the Company in the market for a total cost of US$45.5 million. The ordinary shares purchased represented some 0.18% of the Company's issued ordinary share capital.

Arrangements under which Shareholders have agreed to Waive Dividends

Clare Investment Overseas (PTC) Limited has waived the interim dividend and has undertaken to waive the recommended final dividend for 2010 in respect of the ordinary shares in which it is interested as the Trustee of the Company's Senior Executive Share Incentive Schemes.

Related Party Transactions

Details of transactions with related parties entered into by the Company during the course of the year are included in note 40 to the financial statements on page 96. There were no transactions entered into by the Company during the course of the year to which the related party transaction rules of the FSA in the United Kingdom apply.

Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. The process by which the Group identifies and manages risk is set out in more detail on pages 103 and 104 of the Corporate Governance section of this Report. The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure and Transparency Rules issued by the Financial Services Authority of the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and 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 failure to compete effectively in terms of price, product specification or levels of service can have an adverse effect on earnings. Significant pressure from such competition may lead to reduced margins. The quality and safety of the products and services provided by the Group's businesses are also important and there is an associated risk if they are below standard.

The steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on page 26 and note 2 to the financial statements on pages 46 to 49.

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

2010 full-year results announced	4th March 2011
Share registers closed	21st to 25th March 2011
2010 final dividend scrip election period closes	21st April 2011
Annual General Meeting to be held	12th May 2011
2010 final dividend payable	18th May 2011
2011 half-year results to be announced	29th July 2011*
Share registers to be closed	22nd to 26th August 2011*
2011 interim dividend scrip election period closes	23rd September 2011*
2011 interim dividend payable	12th October 2011*

**Subject to change*

Dividends

Shareholders will receive their dividends in United States dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2010 final dividend by notifying the United Kingdom transfer agent in writing by 21st April 2011. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 4th May 2011. Shareholders holding their shares through The Central Depository (Pte) Ltd ('CDP') in Singapore will receive United States dollars unless they elect, through CDP, to receive Singapore dollars. Shareholders, including those who hold their shares through CDP, may also elect to receive a scrip alternative to their dividends.

Registrars and Transfer Agent

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

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

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

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

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

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

Group Offices

Jardine Matheson Ltd

48th Floor, Jardine House
G.P.O. Box 70
Hong Kong

Telephone (852) 2843 8288
Facsimile (852) 2845 9005
Email jml@jardines.com
Website www.jardines.com

Directors
A.J.L. Nightingale, Chairman
Mark Greenberg
Adam Keswick
Ben Keswick
R.C. Kwok
Y.K. Pang
James Riley
Giles White

Group Corporate Secretary
N.M. McNamara

Matheson & Co., Ltd

3 Lombard Street
London EC3V 9AQ
United Kingdom

Telephone (44 20) 7816 8100
Facsimile (44 20) 7623 5024
Email enquiries@matheson.co.uk
Website www.matheson.co.uk
Lord Leach of Fairford

Jardine Pacific Ltd

25th Floor, Devon House
Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Telephone (852) 2579 2888
Facsimile (852) 2856 9674
Email jpl@jardines.com
Adam Keswick

Jardine Motors Group Ltd

25th Floor, Devon House
Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Telephone (852) 2579 2888
Facsimile (852) 2856 9674
Email jmg@jardines.com
Adam Keswick

Jardine Lloyd Thompson Group plc

6 Crutched Friars
London EC3N 2PH
United Kingdom

Telephone (44 20) 7528 4444
Facsimile (44 20) 7528 4185
Email info@jltgroup.com
Website www.jltgroup.com
Dominic Burke

Hongkong Land Ltd

8th Floor
One Exchange Square
Central
Hong Kong

Telephone (852) 2842 8428
Facsimile (852) 2845 9226
Email gpobox@hkland.com
Website www.hkland.com
Y.K. Pang

Dairy Farm Management Services Ltd

7th Floor, Devon House
Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Telephone (852) 2299 1888
Facsimile (852) 2299 4888
Email groupcomm@dairy-farm.com.hk
Website www.dairyfarmgroup.com
Michael Kok

Mandarin Oriental Hotel Group International Ltd

7th Floor
281 Gloucester Road
Causeway Bay
Hong Kong

Telephone (852) 2895 9288
Facsimile (852) 2837 3500
Email asia-enquiry@mohg.com
Website www.mandarinoriental.com
Edouard Ettedgui

Jardine Cycle & Carriage Ltd

239 Alexandra Road
Singapore 159930

Telephone (65) 6473 3122
Facsimile (65) 6475 7088
Email corporate.affairs@jcclgroup.com
Website www.jcclgroup.com
Ben Keswick

PT Astra International Tbk

Jl. Gaya Motor Raya No. 8
Sunter II, Jakarta 14330
Indonesia

Telephone (62 21) 652 2555
Facsimile (62 21) 651 2058
Email purel@ai.astra.co.id
Website www.astra.co.id
Prijono Sugiarto

Bermuda Jardine Matheson International Services Ltd	4th Floor, Jardine House 33-35 Reid Street Hamilton HM 12 P.O. Box HM 1068 Hamilton HM EX	Telephone Facsimile	(1 441) 292 0515 (1 441) 292 4072 John C. Lang
Hong Kong SAR Jardine Matheson Ltd	48th Floor, Jardine House G.P.O. Box 70 Hong Kong	Telephone Facsimile	(852) 2843 8288 (852) 2845 9005 A.J.L. Nightingale
Indonesia Jardine Matheson Ltd (Representative Office)	Level 17, World Trade Centre Jalan Jendral Sudirman Kav. 29-31 Jakarta 12920	Telephone Facsimile	(62 21) 522 8981 (62 21) 522 8983 Jonathan Chang
Mainland China Jardine Matheson (China) Ltd (Representative Office)	Rm 528, 5/F, China World Office 1 China World Trade Centre No. 1 Jianguomenwai Avenue Chaoyang District, Beijing 100004	Telephone Facsimile	(8610) 6505 2801 (8610) 6505 2805 Adam C.N. Williams
Malaysia Jardine Matheson (Malaysia) Sdn Bhd	Tingkat 4, Bangunan Setia 1 15 Lorong Dungun Bukit Damansara 50490 Kuala Lumpur	Telephone Facsimile	(603) 2093 5512 (603) 2093 5168 Datuk Syed Tamim Mohamed
Netherlands Jardine Matheson Europe B.V.	Atrium Building Strawinskylaan 3007 1077 ZX Amsterdam	Telephone Facsimile	(31 20) 470 0258 (31 20) 470 0323 Pim Bertels
Philippines Jardine Matheson Ltd (Representative Office)	25/F Philamlife Tower 8767 Paseo de Roxas 1226 Makati City	Telephone Facsimile	(632) 706 8573 (632) 885 7078 A.B. Colayco
Singapore Jardine Matheson (Singapore) Ltd	239 Alexandra Road, 3rd Floor Singapore 159930	Telephone Facsimile	(65) 6220 4254 (65) 6323 0694 Y.C. Boon
Taiwan Jardine, Matheson & Co., Ltd	14th Floor, World Trade Building 50 Hsin Sheng South Road Section 1, Taipei 10059	Telephone Facsimile	(8862) 2395 4605 (8862) 2394 5625 Liang Chang
Thailand Jardine Matheson (Thailand) Ltd	21-03, 21st Floor, Times Square Building 246 Sukhumvit Road, Klong Toey Bangkok 10110	Telephone Facsimile	(662) 254 0674 (662) 254 0677 Dr Pisit Leeahtam
United Kingdom Matheson & Co., Ltd	3 Lombard Street London EC3V 9AQ	Telephone Facsimile	(44 20) 7816 8100 (44 20) 7623 5024 Lord Leach of Fairford
Vietnam Jardine Matheson Ltd	8th Floor, SATRA Dong Khoi Building 58 Dong Khoi Street District 1, Ho Chi Minh City	Telephone Facsimile	(848) 3822 2340 (848) 3823 0030 Alain Cany