2011

Jardine Matheson
Annual Report 2011

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

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Highlights

- Underlying earnings per share up 9%
- Full-year dividend up 9%
- Excellent performances from Astra and Dairy Farm
- Increased shareholding in Jardine Lloyd Thompson
- Hongkong Land's property portfolio value rises; iconic Beijing site acquired

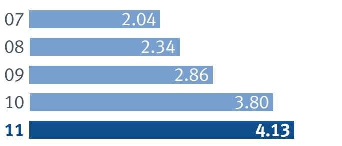
Results

	2011 US$m	2010 US$m	Change %
Gross revenue†	57,306	46,963	22
Revenue	37,967	30,053	26
Underlying profit before tax*	4,784	4,232	13
Underlying profit attributable to shareholders*	1,495	1,364	10
Profit attributable to shareholders	3,449	3,084	12
Shareholders' funds	16,356	13,710	19
	US$	US$	%
Underlying earnings per share*	4.13	3.80	9
Earnings per share	9.53	8.58	11
Dividends per share	1.25	1.15	9
Net asset value per share	45.09	37.99	19

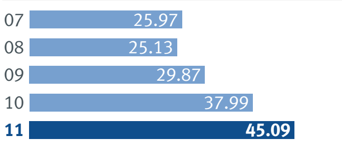
Analysis of Underlying Profit

By Business	2011 US$m	2011 %	2010 US$m	2010 %
Jardine Pacific	179	12	156	11
Jardine Motors	61	4	87	6
Jardine Lloyd Thompson	53	4	48	4
Hongkong Land	289	19	332	24
Dairy Farm	301	20	259	19
Mandarin Oriental	35	2	27	2
Jardine Cycle & Carriage	36	2	32	2
Astra	561	37	437	32
	1,515	100	1,378	100
Corporate and other interests	(20)		(14)	
Underlying profit	1,495		1,364	

By Geographical Area	2011 US$m	2011 %	2010 US$m	2010 %
Greater China	615	40	561	41
Southeast Asia	861	57	761	56
United Kingdom	48	3	48	3
Rest of the world	(9)	–	8	–
	1,515	100	1,378	100
Corporate and other interests	(20)		(14)	
Underlying profit	1,495		1,364	



Underlying Earnings per Share* (US$)



Net Asset Value per Share (US$)

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

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

Chairman's Statement

With its extensive Asian networks and financial strength the Group is well positioned in its chosen markets.

Overview

The Group performed well in 2011 against a background of an increasingly challenging business environment. There were, in particular, excellent results from Astra and Dairy Farm.

Performance

The Group's revenue for 2011, including 100% of revenue from associates and joint ventures, was US$57 billion, compared with US$47 billion in 2010. Jardine Matheson achieved an underlying profit before tax for the year of US$4,784 million, an increase of 13%. Underlying profit attributable to shareholders was 10% higher at US$1,495 million while underlying earnings per share were 9% higher at US$4.13.

The profit attributable to shareholders for the year was higher at US$3,449 million, with the main non-trading item being a significant increase in the value of Hongkong Land's investment property portfolio. Shareholders' funds were 19% higher at US$16.4 billion.

The steady growth in profits, cash flows and retained earnings achieved in recent years has enabled the Group to maintain high levels of capital expenditure while keeping low levels of debt. Net debt excluding financial services companies at the year end was US$2.4 billion, representing 6% of consolidated total equity.

The Board is recommending a final dividend of US¢92.00 per share, which represents an overall increase of 9% for the full year.

Business Developments

Jardine Pacific produced a satisfactory result despite the more difficult trading conditions experienced by a number of its businesses. JOS benefited from the successful acquisition of an IT distribution business early in the year, and the group's restaurant operations were expanded with additional interests acquired in KFC and Pizza Hut in Vietnam. Gammon continued to win major infrastructure contracts thereby maintaining its US$3 billion order book.

Jardine Motors' operation in Hong Kong produced a good result, but there were disappointing performances in Southern China and the United Kingdom. During the year the group completed the acquisition of a 22 dealership motor retailing group in the United Kingdom, further growing its position in that market.

Jardine Lloyd Thompson continued to perform well and its business transformation programme, which is nearing completion, is delivering increased savings. Investment for future growth is continuing with bolt-on acquisitions and the recruitment of leading industry professionals. Jardine Matheson acquired a further 10% shareholding in the company in November 2011 by way of a partial offer which was heavily oversubscribed, increasing the Group's interest to 40.2%.

Hongkong Land's office and retail portfolio in Hong Kong produced strong results and its growing Singapore portfolio made an increased contribution. This improvement was, however, offset by lower profits from its residential business due to the timing of completions, leading to a reduced underlying profit for 2011. Several new development sites were secured during the year, including an iconic commercial site in Wangfujing in the heart of Beijing, residential sites in Chongqing and Singapore, and a small portfolio in Cambodia.

Dairy Farm continued to generate profitable growth during 2011 as good increases in comparable store sales were complemented by organic expansion from new store openings. In the more mature markets of Hong Kong, Singapore and Taiwan, the group is concentrating on improving operational efficiencies and enhancing store attractiveness, while in Indonesia and Malaysia significant funds are being invested in enlarging the network of existing formats. Acquisition opportunities are also being sought in existing and new markets in the Region.

Mandarin Oriental benefited from increased demand throughout 2011 which led to improved profitability across most of the group's portfolio, particularly in Asia and Europe. Its new Paris hotel opened to great acclaim in June, and the group's development activities continue with a new hotel in Guangzhou scheduled to open in late 2012. Mandarin Oriental currently has 27 hotels in operation and 15 under development, all of which are to be management contracts.

Astra's businesses performed excellently in 2011 with good earnings growth from its automotive, financial services, heavy equipment and mining activities, helped in part by the continuing strength of the Indonesian economy, which is transforming the country's global standing. Progress was made in the development of the group's operations with a significant expansion of the manufacturing capacity in both its motor car and motorcycle plants, the addition of a further five coal mining concessions with reserves in excess of 250 million tonnes, and the acquisition of a new toll road project near Surabaya.

People

The fine performances achieved by our businesses are a reflection of the hard work, dedication and professionalism of the 330,000 employees that we have across the Group. I would like to thank them all for their excellent contribution.

Y.K. Pang joined the Board in April 2011. R.C. Kwok retired from the Board in May 2011 and I would like to thank him for his significant contribution during his 47 years of service to the Group.

Anthony Nightingale is stepping down as Managing Director on 31st March 2012 after six highly successful years in the role. Anthony has had a long and very distinguished career with Jardine Matheson and we are delighted that he will remain to give his advice as a non-executive Director. Ben Keswick will take over as Managing Director and Adam Keswick as Deputy Managing Director.

Outlook

There may be increasing fragility in some of the Group's markets in the year ahead as the present uncertain economic conditions show little sign of improvement. Hongkong Land's contribution to the Group's results will also be affected by fewer residential completions. The current year has, however, begun satisfactorily and with its extensive Asian networks and financial strength the Group is well positioned in its chosen markets.

Sir Henry Keswick
Chairman

2nd March 2012

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 and international insurance markets with a worldwide network. (42%)

Jardine Strategic

A listed company holding most of the Group's major listed interests, including 55% of Jardine Matheson. (82%)

(Figures in brackets show effective ownership by Jardine Matheson as at 22nd March 2012.)

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 5,400 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 15 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. (71%)

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 banking.

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

(Figures in brackets show effective ownership by Jardine Strategic as at 22nd March 2012.)

Managing Director's Review

Performance

A record underlying profit before tax was achieved in 2011 of US$4,784 million, an increase of 13%, with fine performances from a number of the Group's operations. Underlying profit attributable to shareholders was 10% higher at US$1,495 million while underlying earnings per share were 9% higher at US$4.13.

Of the Group's businesses, Jardine Pacific saw good performances across its operations, although there were some areas of weakness, while Jardine Motors experienced a decline in its earnings. Jardine Lloyd Thompson continued to make progress and its contribution was enhanced by the Group's increased shareholding. Hongkong Land's commercial property activities did well in 2011, but its results were lower following a reduced contribution from residential developments. Dairy Farm achieved higher earnings across most of its banners. Mandarin Oriental's profits continued to recover following improvements in occupancy and room rates. Astra achieved record results as its businesses performed well in a strong trading environment, enhanced on consolidation by the strengthened Indonesian rupiah.

Non-trading items in 2011 primarily consisted of the Group's US$1,924 million share of the increase in the valuation of investment properties, producing a profit attributable to shareholders of US$3,449 million, compared with US$3,084 million in 2010.

The Group continues to benefit from robust operating cash flows, ample committed facilities and access to the capital markets. This has provided a sound financial base on which to support investment in maintaining and expanding its leading market positions. Total capital investment across the Group in 2011 exceeded US$4.9 billion. The consolidated net debt at the end of 2011, excluding financial services companies, was US$2.4 billion, representing gearing of 6%, which compares to US$2.3 billion at the end of 2010 and gearing of 7%.

Business Model

As a diversified business group, Jardine Matheson is focused principally on Greater China and Southeast Asia, although some of its operations have a more global reach. In 2011 40% of underlying profit came from Greater China while 57% was from Southeast Asia, primarily due to an excellent contribution from Indonesia. The Group companies are leaders in the fields of motor vehicles and related activities, property investment and development, retailing and restaurants, engineering and construction, transport services, luxury hotels, financial services, heavy equipment, mining and agribusiness.

The Group's representation in this broad mix of business sectors and the spread between cash generating activities and long-term property assets enables it to focus its investment in high growth markets while spreading the risk that might otherwise be associated with its geographic concentration. This strategy combined with a strong balance sheet is designed to achieve long-term growth in both earnings and net asset value.

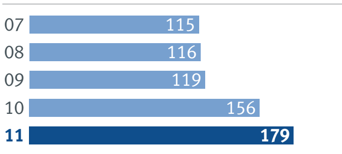
Jardine Pacific

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.

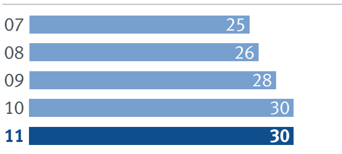
- Underlying profit US$179 million, up 15%
- Good performances from most group companies
- Aviation and shipping faced challenges
- Underlying return on average shareholders' funds of 30%

	2011 US$m	2010 US$m	Change %
Underlying profit attributable to shareholders	**179**	156	15
Shareholders' funds	**595**	599	(1)

JOS' acquisition of SiS contributed to an excellent result for 2011.



Underlying Profit Attributable to Shareholders (US$ million)



Underlying Return on Average Shareholders' Funds (%)

Jardine Pacific's underlying profit rose 15% to US$179 million in 2011. A US$23 million gain arising on the revaluation of investment properties, together with gains from property disposals, contributed to a profit attributable to shareholders of US$216 million, up 19%. Shareholders' funds were US$595 million at the end of 2011, and the underlying return on average shareholders' funds was 30%.

Gammon's earnings were maintained, despite absorbing losses from two difficult projects, and its order book remains high at US$3 billion. Jardine Schindler generated improved profits from new installations across the Region and produced further growth in its maintenance portfolio. JEC also achieved a good increase in profit as its joint ventures and operations in Thailand and the Philippines performed well.

Hong Kong Air Cargo Terminals recorded a decline in earnings because of reduced cargo throughput, but its contribution was broadly maintained due to Jardine Pacific's increased shareholding. Jardine Aviation Services' profit was little changed, but Jardine Shipping Services only recorded a breakeven result following a decline in freight rates and volumes in a very difficult shipping sector.

Jardine Restaurants' Pizza Hut operations in Hong Kong and Taiwan achieved growth in both sales and profits. The KFC franchise in Taiwan acquired in 2010 produced a stable year on year operating performance, although it recorded profit growth due to the recognition of a deferred tax gain of US$5 million. JOS recorded strong revenue and earnings growth, with an excellent first year's contribution from SiS, acquired in January 2011.

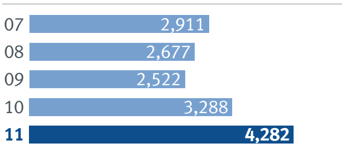
Jardine Motors Group

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.

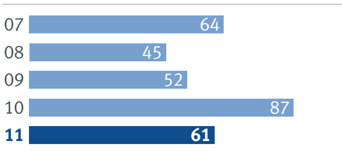
- Underlying profit down 29% to US$61 million
- Record sales in Hong Kong
- Lower margins impact Southern China
- Weak UK market

	Revenue		Underlying profit attributable to shareholders		Shareholders' funds	
	2011 US$m	2010 US$m	**2011** US$m	2010 US$m	**2011** US$m	2010 US$m
Hong Kong, Macau and mainland China	**2,315**	1,851	**59**	69	**242**	187
United Kingdom	**1,967**	1,437	**3**	19	**117**	127
Corporate	**–**	–	**(1)**	(1)	**3**	1
	4,282	3,288	**61**	87	**362**	315

Mercedes-Benz deliveries in Hong Kong and Macau reached record levels.



Revenue (US$ million)



Underlying Profit Attributable to Shareholders (US$ million)

Jardine Motors recorded an underlying profit of US$61 million in 2011, a reduction of 29% due to the poor trading conditions in the United Kingdom and margin erosion in mainland China. The 2010 comparative also included a gain of US$6 million from property disposals. Including non-trading items, the profit attributable to shareholders was US$68 million.

Zung Fu produced a fine performance in Hong Kong and Macau with higher deliveries of Mercedes-Benz passenger cars. Despite good volume growth in mainland China, Zung Fu's results were negatively impacted by lower margins. Zung Fu now has 24 outlets in Southern China with a further five under development. The group's dealerships in the United Kingdom continued to face weak demand with declining new vehicles sales and lower margins.

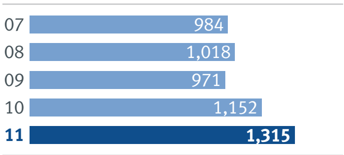
JLT is a leading insurance and reinsurance broker, risk specialist and employee benefits consultant. The UK-listed company combines specialist skills in the London and international insurance markets with an extensive network of offices worldwide.

- Underlying profit before tax up 13%
- Good contributions from Asia and Latin America
- Increased savings from business transformation project
- Group interest increased

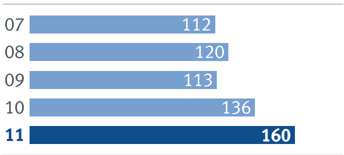
JLT continues to invest for growth.

Jardine Lloyd Thompson performed well in 2011 in a challenging trading environment as it benefited from further organic growth and contributions from acquisitions. Total revenue was US$1,315 million and profit before exceptional items and tax was US$237 million, increases of 10% and 13%, respectively, in the company's reporting currency. Profit attributable to shareholders was US$143 million, compared with US$140 million in 2010.

Jardine Lloyd Thompson's Risk & Insurance group, comprising its worldwide retail operations and its specialist, insurance, wholesale and reinsurance broking businesses, produced increases of 11% in revenue and 8% in underlying trading profit. Its Latin American and Asian activities once again achieved strong growth. The Employee Benefits business also had a successful year, with revenue up 5% and a trading margin rising from 17% to 19%.



Total Revenue (US$ million)



Underlying Profit Attributable to Shareholders (US$ million)

	2011 US$m	2010 US$m	Change* %
Total revenue	**1,315**	1,152	10
Underlying profit attributable to shareholders	**160**	136	13

*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.

- Strong commercial leasing performance
- Lower underlying profit due to fewer Singapore residential completions
- Net assets per share up 22% on higher capital values
- Prime commercial site secured in Beijing

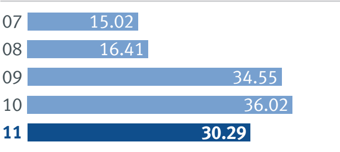
	2011	2010	Change (%)
Underlying profit attributable to shareholders (US$ million)	703	810	(13)
Net asset value per share (US$)	10.58	8.64	22

Full year's contribution from Marina Bay Financial Centre in Singapore.

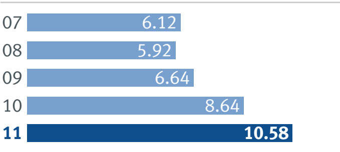
Hongkong Land's commercial property interests achieved good growth in 2011, although profits from its residential development activities were lower due to the timing of completions. As a result, the company reported a 13% decline in underlying profit for the year of US$703 million. Taking into account the increase in the value of its investment properties, profit attributable to shareholders for 2011 was US$5,306 million, compared with US$4,739 million in 2010, while net asset value per share rose 22%.

The Hong Kong commercial property market remained firm in 2011 enabling Hongkong Land to achieve positive rental reversions. At the year end its office vacancy stood at 2% and its luxury retail portfolio was fully let. In Singapore, where conditions were stable, the group benefited from a first full year's rental income from the Marina Bay Financial Centre joint venture. A third tower in the project, which will complete this year, is 65% pre-let. In Beijing, an iconic site has been secured in Wangfujing which will be developed as a premier retail centre including a small luxury hotel. In Cambodia, a property portfolio has been acquired that includes two future development sites in Phnom Penh.

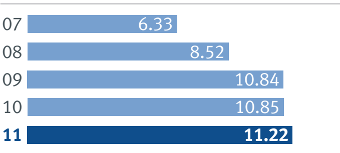
In the residential sector, one project was completed in Singapore, compared with three in 2010, and three new projects were successfully launched for sale enabling a US$44 million reversal of writedowns. There were also contributions from developments in Hong Kong and Macau. In mainland China, development profits were earned in Beijing and Chongqing, where an additional site was secured in December 2011. Mid-year sales launches in Chongqing and Shenyang were well received, but sales volumes in general have decreased significantly in response to government measures.



Underlying Earnings per Share (US¢)



Net Asset Value per Share (US$)



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

Dairy Farm is a leading pan-Asian retailer. The listed group, together with its associates and joint ventures, operates over 5,400 outlets – including supermarkets, hypermarkets, health and beauty stores, convenience stores, home furnishings stores and restaurants.

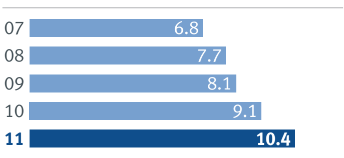
- Underlying profit up 16% to US$474 million
- Earnings growth in all regions
- Maxim's performing well
- Continued investment in business expansion

Dairy Farm's supermarkets performed well across the Region.

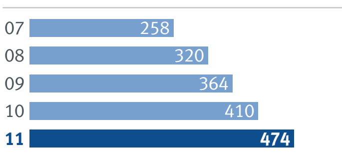
Stable trading environments in Dairy Farm's major markets across Asia led to strong sales and profits growth in 2011. Sales, including 100% of associates, increased by 15% to US$10.4 billion, while underlying profit for the year was up 16% at US$474 million. Favourable exchange movements enhanced both sales and profit by 4%. The profit attributable to shareholders, which rose 18% to US$484 million, included a US$10 million non-trading gain arising from the disposal by Maxim's of its remaining interest in Starbucks in mainland China. The group had net cash of US$466 million at the year end.

There was a strong performance from the group's operations in North Asia with profit growth exceeding that of sales. Mannings health and beauty stores produced another excellent result in Hong Kong, while IKEA traded well in both Hong Kong and Taiwan. A good result from East Asia benefited from another fine contribution from the Guardian health and beauty chain in Malaysia and particularly pleasing performances from hypermarkets and supermarkets in Indonesia. A steady performance was seen in South Asia. Restaurant associate, Maxim's, made an excellent contribution, based on strong improvements in like-for-like sales, despite facing increases in both food and wage costs.

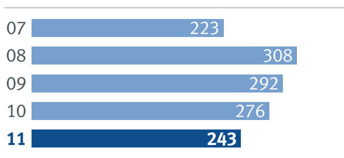
Dairy Farm is seeking to expand its operations through acquisitions, and in February 2012, agreed to acquire a 70% equity interest in a supermarket chain in Cambodia. It is also continuing to invest in the development of its business with the modernization and standardization of its retail processes and systems, the improvement of its supply chain management, and the expansion of its offering of private label products.



Gross Revenue* (US$ billion)



Underlying Profit Attributable to Shareholders (US$ million)



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

	2011	2010	Change (%)
Gross revenue* (US$ billion)	**10.4**	9.1	15
Underlying profit attributable to shareholders (US$ million)	**474**	410	16

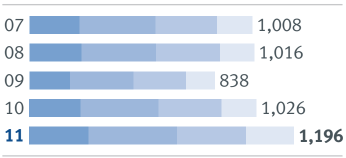
*Includes 100% of revenue from associates.

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 15 under development, and has 'Residences' connected to a number of its properties. The listed company holds equity in selected hotels.

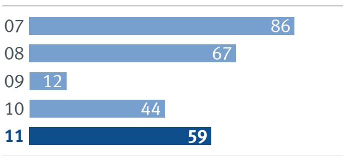
- Underlying profit rose to US$59 million
- Improved performances in most markets, particularly Hong Kong
- Significant contribution from 'The Residences' in London
- Successful opening of Paris hotel

	2011 US$m	2010 US$m	Change %
Combined total revenue of hotels under management	**1,196**	1,026	17
Underlying profit attributable to shareholders	**59**	44	33

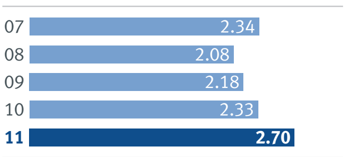


Combined Total Revenue by Geographical Area (US$ million)

- Hong Kong
- Other Asia
- North America
- Europe



Underlying Profit Attributable to Shareholders (US$ million)



Net Asset Value per Share* (US$)

*With freehold and leasehold properties at valuation.

Increased demand led to improved performances for Mandarin Oriental, particularly in Asia and Europe. Underlying profit for 2011 was up 33% at US$59 million. The result included US$16 million in branding fees from *The Residences at Mandarin Oriental, London* which helped to offset the impact on earnings of reduced occupancy in Tokyo and pre-opening costs in Paris. Profit attributable to shareholders of US$67 million included US$8 million of net non-trading profit, being primarily a gain of some US$10 million representing the value of a long-term leasehold interest in part of *The Residences* in London. There were no non-trading items in 2010.

In Asia, the group's hotels in Hong Kong and Singapore traded well, but Bangkok was affected by the floods in Thailand and Tokyo suffered low occupancy for a number of months following the earthquake and tsunami. In Europe, there were particularly strong performances in London and Munich, while Mandarin Oriental, Paris opened in June 2011 to considerable acclaim. In The Americas, business levels improved across the portfolio, although the rate of earnings growth was lower than in the group's other regions. Mandarin Oriental will open in Guangzhou in the second half of 2012, followed in 2013 by hotels in Taipei, Milan and Shanghai. The group now has 27 hotels in operation and a further 15 under development, including a recently announced property in Bodrum, Turkey due to open in 2014.

Mandarin Oriental, Paris opened to great acclaim in June 2011.

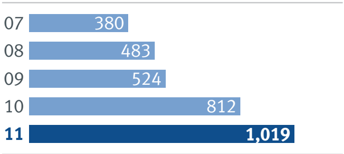
Jardine Cycle & Carriage

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 25% to US$1,019 million
- Good results from Indonesia and Singapore
- Challenging market in Vietnam

Jardine Cycle & Carriage produced another excellent result in 2011 with underlying profit up 25% at US$1,019 million. Its profit attributable to shareholders of US$1,030 million included a non-trading gain of US$11 million due to a fair value gain on revaluation of Astra's oil palm plantations. Astra produced improved results in all its major businesses, and its contribution to the underlying profit of Jardine Cycle & Carriage was up 27% to US$1,011 million, benefiting in part from a stronger rupiah on translation.

The contribution from the group's other motor interests rose 10% to US$62 million. The results from Singapore improved reflecting the strength of the Mercedes-Benz brand at a time when government quotas reduced the size of the market. Tunas Ridean had a good year as it benefited from the strong consumer demand in Indonesia. In Malaysia, however, Cycle & Carriage Bintang's earnings were flat in the face of competition. In Vietnam, while Truong Hai Auto Corporation achieved a 26% increase in unit sales, its profit was lower due to reduced margins as well as higher finance and operating costs.



Underlying Profit Attributable to Shareholders (US$ million)

	2011	2010	Change (%)
Revenue (US$ billion)	20.1	15.7	28
Underlying profit attributable to shareholders (US$ million)	1,019	812	25
Shareholders' funds (US$ million)	4,407	3,743	18

ASTRA international

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

- Record net profit of Rp17.8 trillion
- Strong growth in automotive sector
- Heavy equipment and mining contracting performed well
- Palm oil produced profit growth

Astra enjoyed a record year in 2011 producing a net profit under Indonesian accounting standards of Rp17.8 trillion, up 24%, equivalent to US$2,027 million. Its progress was supported by growth in the Indonesian economy that benefited from increased domestic demand, strong commodity prices and the availability of financing at attractive interest rates, reflecting the country's enhanced global credit standing.

Net income from Astra's automotive businesses grew by 13% in local currency terms. Astra's motor vehicle sales rose by 13% to 483,000 units, representing a market share of 54% compared to 56% in 2010. Astra Honda Motor's motorcycle sales improved by 25% to 4.3 million units, with its market share increasing from 46% to 53%. Increased manufacturing capacity was introduced in both its motor vehicle and motorcycle operations. Astra Otoparts reported a decline in net income of 12% due to increased material costs and higher marketing and branding expenses.

The net income from Astra's financial services businesses rose 26%. Astra's finance operations benefited from loan book growth in line with industry growth, reduced offshore funding costs and a stable customer credit experience.

	2011	2010	Change* (%)
Gross revenue† (US$ billion)	29.2	22.9	23
Profit attributable to shareholders# (US$ million)	2,027	1,582	24
Shareholders' funds# (US$ million)	6,666	5,484	23

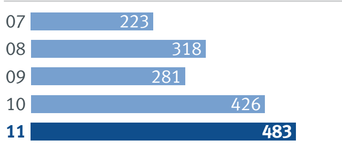
*Based on the change in Indonesian rupiah, being the reporting currency of Astra.
†Includes 100% of revenue from associates and joint ventures.
#Reported under Indonesian GAAP.

Astra (continued)

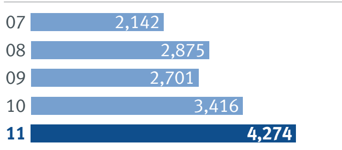
Insurance company, Asuransi Astra Buana, benefited from higher premiums, while Astra's joint venture, Bank Permata, reported net income rising 15%.

United Tractors' net income was up 52% as its Komatsu heavy equipment business sold 8,467 units, a rise of 57%. Its contract mining operations achieved an increase in coal production of 11% to 87 million tonnes and an increase in overburden removal of 22% to 796 million bcm. United Tractors also sold 4.5 million tonnes of coal produced from its own mines and acquired a further five concessions with estimated reserves of between 250 and 370 million tonnes. Astra Agro Lestari reported earnings up 19% as palm oil production rose 14% and average prices achieved were 8% higher.

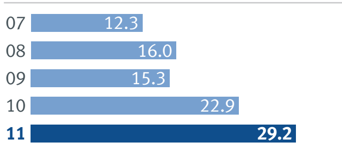
There was some improvement in the contribution from infrastructure and logistics as well as from information technology activities. A 95% stake in a greenfield 40 km toll road near Surabaya was acquired during the year, and the total project cost is expected to be some US$400 million.



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



Motorcycle Sales including Associates and Joint Ventures (thousand units)



Gross Revenue† (US$ billion)

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

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 51 offices in 40 countries worldwide. In common with most financial institutions, the company has continued to face challenging markets during 2011. Despite this, it has maintained its market share and is well positioned in the areas of financial advisory, wealth management, and merchant banking.

Other

ACLEDA Bank of Cambodia, in which Jardine Strategic holds a 12% stake, achieved a record profit in 2011 and is optimistic of further growth in 2012. Similarly, Asia Commercial Bank, which is 7% held, performed creditably as Vietnam faced up to the challenge of restoring balanced growth while containing inflation.

In India, Tata Power's large generation projects are progressing to completion, while its business is benefiting from stable Indian utility earnings and increasing returns from its Indonesian coal investments. Jardine Strategic has a 3% investment.

Anthony Nightingale
Managing Director

2nd March 2012

People and the Community

Jardine Matheson Group companies actively seek opportunities to serve the communities in which they operate through a wide range of philanthropic activities.

In Hong Kong, mainland China and Singapore, 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 in this under-resourced area.

MINDSET remained active in 2011. In Hong Kong, following the opening of MINDSET Place in 2010, a residential care home for 38 rehabilitated individuals, the Jardine Ambassadors conducted a number of activities with the residents, which included joining them in delivering new year gifts to the elderly in the local community. A donation was made to support the setting up of a Child & Adolescent Mental Health Centre in a local hospital.

Its school-based Health in Mind programme, undertaken in collaboration with the Hong Kong Hospital Authority, has entered into its tenth year. Students are empowered as 'advocates' to promote mental health to their fellow pupils and to raise the awareness of mental health issues among young people. The programme reached 22 secondary schools in 2011 with the participation of more than 300 students.

In mainland China, MINDSET concluded its three-year funding support for school children affected by the 2008 earthquake in Sichuan through the provision of integrated services provided by the Hong Kong Polytechnic University.

Group companies in Hong Kong also offered job training opportunities for rehabilitated individuals, preparing them for a return to the workforce. In addition, MINDSET funded a number of projects that benefited the mentally ill, their carers and families. (www.mindset.org.hk)

Student advocates of the Health in Mind programme take service users to a traditional Chinese pastry shop during the City Orienteering programme.

In late 2010, MINDSET Singapore was launched with 15 Jardine Ambassadors participating in the programme. Four Fun Days were hosted for the beneficiaries of three major NGO partners. To promote reintegration, internal forums were arranged for Group companies regarding job placement for rehabilitated individuals, and the first successful candidates have been placed. It also partnered with selected NGOs to help promote and sell products made by the service users in social enterprises.

In Indonesia, Astra provided free medical services for more than 5,000 patients from disadvantaged communities. The company also extended an US$584,000 relief aid package to the reconstruction programme following the Mount Merapi eruption in November 2011.

In the United Kingdom, Jardine Lloyd Thompson has extended its charitable activities to Mumbai, where its employees in its Mumbai office provided transportation for underprivileged children to and from the local Udaan school, and spent time teaching and coaching the children. Globally the group also encouraged its staff to be involved in community projects and matched money raised by employees for charitable causes.

Children from a primary school in Hanwang, Sichuan benefit from the integrated services provided by social workers in a programme financed by MINDSET.

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 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 2011 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 January 2012, 15 students from Hong Kong, Bermuda, Indonesia, mainland China, Singapore and the Philippines 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, some 135 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. Michael D. Ruslim – Astra Education Foundation supported 27 elementary schools, seven junior high schools and one senior high school by providing training for 519 teachers and benefiting some 8,400 students from undeveloped areas.

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. In 2011, a number of amendments to these standards became effective and the Group adopted those which are relevant to the Group's operations. As mentioned in note 1 to the financial statements, their adoption does not have a material impact on the Group's accounting policies.

Summarized Cash Flow

	2011 US$m	2010 US$m
Operating cash flow of subsidiaries	**1,938**	1,474
Dividends from associates and joint ventures	**736**	736
Operating activities	**2,674**	2,210
Capital expenditure and investments	**(2,675)**	(1,372)
Cash flow before financing	**(1)**	838

Results

In 2011, revenue increased by 26% to US$38.0 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 22% to US$57.3 billion.

Underlying operating profit was US$3,909 million, an increase of US$519 million or 15%. This reflected increased contributions from most of the businesses, in particular increases of US$494 million from Astra on strong performances from automotive, heavy equipment and financial services; US$66 million from Dairy Farm with sales growths in all its key markets; US$17 million from Jardine Pacific due mainly to the contribution from the SiS IT distribution business acquired by JOS in January 2011; US$15 million from Mandarin Oriental, offset by a reduction in contributions of US$50 million from Hongkong Land due to the reduced number of residential completions and US$27 million from Jardine Motors due to difficult market conditions in the United Kingdom and margin erosion in mainland China.

The operating profit of US$8,381 million included a number of non-trading items, by far the largest of which was the increase in the fair value of investment properties in Hongkong Land and Jardine Pacific.

Net financing charges decreased slightly over 2010 primarily due to lower interest rates. Interest cover remained strong at 40 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 3% to US$998 million. The impact of less residential property completions in Hongkong Land's joint ventures was more than offset by higher contributions from the associates and joint ventures of Astra, Jardine Pacific and Dairy Farm.

The overall contribution 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 and Dairy Farm's share of the gain on sale by Maxim's of its remaining interest in Starbucks in mainland China, partly offset by an asset impairment in Hongkong Land.

The underlying effective tax rate for the year was 23%, which is in line with that of last year.

Underlying earnings per share increased by 9% to US$4.13. The growth of US$131 million in underlying earnings was due to increased contributions from most businesses, in particular increases of US$23 million from Jardine Pacific; US$42 million from Dairy Farm; US$8 million from Mandarin Oriental and US$124 million from Astra, partly offset by a reduction in contributions of US$26 million from Jardine Motors and US$43 million from Hongkong Land.

The profit attributable to shareholders for the year of US$3,449 million included the surplus of US$1,924 million on the revaluation of investment properties in Hongkong Land and Jardine Pacific, gains from property disposals of US$14 million in Jardine Pacific and an increase of US$6 million in the fair value of Astra's plantations. Earnings per share were US$9.53, an increase of 11%.

Dividends

The Board is recommending a final dividend of US$0.92 per share, giving a total dividend of US$1.25 per share for the year, payable on 16th May 2012 to those persons registered as shareholders on 16th March 2012. The dividends are payable in cash with a scrip alternative.

Cash Flow

The cash inflow from operating activities for the year was US$2,674 million. This represented an increase of US$464 million on 2010 principally due to higher operating profit, partly offset by the increase in the level of working capital due in part to higher financing debtors in Astra's motor finance businesses.

Capital expenditure for the year before disposals amounted to US$2,962 million and was broadly spread throughout the Group. This included US$363 million for the purchase of subsidiaries, the main ones being the acquisition by Astra of a coal mine concession company and a toll road company, the acquisition by Jardine Pacific of an IT distribution group and the acquisition by Jardine Motors of a motor retail group in the United Kingdom; US$276 million for the acquisition of an additional 10% interest in Jardine Lloyd Thompson; US$86 million for the purchase of additional stakes in various associates and joint ventures; US$265 million for the purchase of other investments, mainly in Jardine Cycle & Carriage and Astra; US$255 million for the purchase of intangible assets, which included US$120 million for the purchase of leasehold land mainly for use by new motor dealerships in Astra; US$1,280 million for the purchase of tangible assets, which included US$64 million in Jardine Motors, US$214 million in Dairy Farm, US$62 million in Mandarin Oriental and US$903 million in Astra mainly for the acquisition of some US$600 million heavy equipment and machinery predominately by Pamapersada Nusantara in response to capacity expansion in its mine contracting business and US$270 million in the fleet of motor vehicles held for lease by Serasi Autoraya in response to increased customer demand; US$87 million for additions to investment properties mainly in Hongkong Land; US$91 million for the investment in plantations in Astra; and US$259 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$111 million and US$124 million, respectively, to the Group's cash flow.

In addition to the above capital expenditure, the Group purchased additional interests in group companies for a total cost of US$526 million which is presented as financing activities in the cash flow statement.

Funding

At the year end, undrawn committed facilities totaled US$4.2 billion. In addition, the Group had available liquid funds of US$4.2 billion. Net borrowings, excluding those relating to Astra's financial services companies, were US$2.4 billion, representing 6% of total equity. Astra's financial services companies had net borrowings of US$3.4 billion, US$1.1 billion up from 2010 as their overall loan book grew. The Group's total equity increased by US$7.3 billion to US$39.3 billion during the year.

The average tenor of the Group's debt at 31st December 2011 was 6.2 years compared with 4.2 years at the end of 2010. US dollar denominated borrowings comprised 11% 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 2011 approximately 54% of the Group's borrowings, exclusive of financial services companies, were at floating rates and the remaining 46% were covered by interest rate hedges with major creditworthy financial institutions and fixed rate borrowings.

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

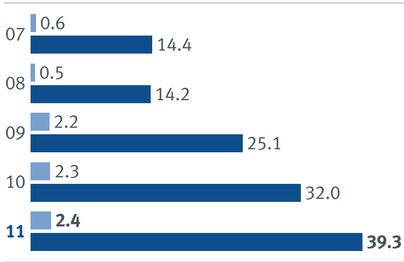
The Group manages its exposure to financial risk using a variety of techniques and instruments. The main objectives are to limit exchange and interest rate risks and to provide a degree of certainty about costs. The investment of the Group's cash resources is managed so as to minimize risk while seeking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

Principal Risks and Uncertainties

A review of the principal risks and uncertainties facing the Group is set out on page 102.

James Riley
Group Finance Director

2nd March 2012



Net Debt* and Total Equity
(US$ billion)

Net Debt Total Equity

*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 and Mandarin Oriental. He is also vice chairman of the Hong Kong Association.

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

Adam Keswick*
Deputy Managing Director
Mr Adam Keswick joined the Board in 2007 and was appointed Deputy Managing Director in April 2012. He is chairman of Jardine Pacific and chairman and chief executive 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. Mr Keswick is also deputy chairman of Jardine Matheson Limited, and a director of Dairy Farm, Hongkong Land, Jardine Strategic, Mandarin Oriental and Rothschilds Continuation.

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.

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.

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.

A.J.L. Nightingale
Mr Nightingale joined the Board in 1994 and was Managing Director of the Company from 2006 to March 2012. He held a number of senior positions since first joining the Group in 1969 until his retirement from executive office in March 2012. He is also a director of Dairy Farm, Hongkong Land, Jardine Cycle & Carriage, Jardine Strategic and Mandarin Oriental and a commissioner of Astra. Mr Nightingale is also 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, a member of Chongqing Mayor's International Economic Advisory Council and a member of the UK ASEAN Business Council Advisory Panel. He is also chairman of The Sailors Home and Missions to Seamen in Hong Kong.

Y.K. Pang*
Mr Pang joined the Board in 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 joined in 1984. He is a director of Jardine Matheson Limited and Jardine Matheson (China) Limited. He is also chairman of the Employers' Federation of Hong Kong and vice chairman of 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, Dairy Farm and The Hongkong and Shanghai Banking Corporation Limited.

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

1st April 2012

Consolidated Profit and Loss Account

for the year ended 31st December 2011

		2011			2010		
		Underlying business performance	Non-trading items	Total	Underlying business performance	Non-trading items	Total
	Note	US$m	US$m	US$m	US$m	US$m	US$m
Revenue	*5*	**37,967**	**–**	**37,967**	30,053	–	30,053
Net operating costs	*6*	**(34,058)**	**65**	**(33,993)**	(26,663)	442	(26,221)
Change in fair value of investment properties		**–**	**4,407**	**4,407**	–	3,216	3,216
Operating profit		**3,909**	**4,472**	**8,381**	3,390	3,658	7,048
Net financing charges	*7*						
– financing charges		**(251)**	**–**	**(251)**	(232)	–	(232)
– financing income		**128**	**–**	**128**	101	–	101
		(123)	**–**	**(123)**	(131)	–	(131)
Share of results of associates and joint ventures	*8*						
– before change in fair value of investment properties		**998**	**(6)**	**992**	973	7	980
– change in fair value of investment properties		**–**	**238**	**238**	–	731	731
		998	**232**	**1,230**	973	738	1,711
Sale of associates and joint ventures		**–**	**–**	**–**	–	3	3
Profit before tax		**4,784**	**4,704**	**9,488**	4,232	4,399	8,631
Tax	*9*	**(862)**	**(11)**	**(873)**	(741)	(106)	(847)
Profit after tax		**3,922**	**4,693**	**8,615**	3,491	4,293	7,784
Attributable to:							
Shareholders of the Company	*10 & 11*	**1,495**	**1,954**	**3,449**	1,364	1,720	3,084
Non-controlling interests		**2,427**	**2,739**	**5,166**	2,127	2,573	4,700
		3,922	**4,693**	**8,615**	3,491	4,293	7,784
		US$		US$	US$		US$
Earnings per share	*10*						
– basic		**4.13**		**9.53**	3.80		8.58
– diluted		**4.11**		**9.46**	3.77		8.34

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2011

	Note	2011 US$m	2010 US$m
Profit for the year		**8,615**	7,784
Revaluation surpluses before transfer to investment properties from			
– intangible assets	*12*	**27**	–
– tangible assets	*13*	**4**	–
		31	–
Revaluation of other investments			
– net (loss)/gain arising during the year	*17*	**(84)**	70
– transfer to profit and loss		**(20)**	(14)
		(104)	56
Net actuarial (loss)/gain on employee benefit plans		**(150)**	23
Net exchange translation differences			
– (losses)/gains arising during the year		**(74)**	223
Cash flow hedges			
– net loss arising during the year		**–**	(6)
– transfer to profit and loss		**7**	9
		7	3
Share of other comprehensive (expense)/income of associates and joint ventures	*16*	**(130)**	253
Tax relating to components of other comprehensive income or expense	*9*	**21**	(8)
Other comprehensive (expense)/income for the year		**(399)**	550
Total comprehensive income for the year		**8,216**	8,334
Attributable to:			
Shareholders of the Company		**3,153**	3,279
Non-controlling interests		**5,063**	5,055
		8,216	8,334

Consolidated Balance Sheet

at 31st December 2011

	Note	At 31st December 2011 US$m	2010 US$m
Assets			
Intangible assets	*12*	**2,310**	1,958
Tangible assets	*13*	**5,924**	4,816
Investment properties	*14*	**22,979**	18,426
Plantations	*15*	**1,058**	954
Associates and joint ventures	*16*	**7,256**	6,385
Other investments	*17*	**1,095**	1,044
Non-current debtors	*18*	**2,512**	1,898
Deferred tax assets	*19*	**181**	133
Pension assets	*20*	**34**	102
Non-current assets		**43,349**	35,716
Properties for sale	*21*	**1,521**	1,184
Stocks and work in progress	*22*	**3,276**	2,680
Current debtors	*18*	**5,845**	4,085
Current investments	*17*	**5**	6
Current tax assets		**69**	130
Bank balances and other liquid funds	*23*		
– non-financial services companies		**3,963**	4,099
– financial services companies		**222**	176
		4,185	4,275
		14,901	12,360
Non-current assets classified as held for sale	*24*	**47**	–
Current assets		**14,948**	12,360
Total assets		**58,297**	48,076

Approved by the Board of Directors

A.J.L. Nightingale
James Riley
Directors

2nd March 2012

	Note	At 31st December 2011 US$m	2010 US$m
Equity			
Share capital	*25*	**165**	162
Share premium and capital reserves	*27*	**82**	69
Revenue and other reserves		**17,964**	14,980
Own shares held	*29*	**(1,855)**	(1,501)
Shareholders' funds		**16,356**	13,710
Non-controlling interests	*30*	**22,906**	18,250
Total equity		**39,262**	31,960
Liabilities			
Long-term borrowings	*31*		
– non-financial services companies		**5,048**	4,294
– financial services companies		**2,002**	1,128
		7,050	5,422
Deferred tax liabilities	*19*	**653**	572
Pension liabilities	*20*	**259**	176
Non-current creditors	*32*	**289**	216
Non-current provisions	*33*	**112**	94
Non-current liabilities		**8,363**	6,480
Current creditors	*32*	**7,275**	5,848
Current borrowings	*31*		
– non-financial services companies		**1,347**	2,057
– financial services companies		**1,670**	1,403
		3,017	3,460
Current tax liabilities		**323**	273
Current provisions	*33*	**57**	55
Current liabilities		**10,672**	9,636
Total liabilities		**19,035**	16,116
Total equity and liabilities		**58,297**	48,076

Consolidated Statement of Changes in Equity

for the year ended 31st December 2011

	Share capital US$m	Share premium US$m	Capital reserves US$m	Revenue reserves US$m	Asset revaluation reserves US$m	Hedging reserves US$m	Exchange reserves US$m	Own shares held US$m	Attributable to shareholders of the Company US$m	Attributable to non-controlling interests US$m	Total equity US$m
2011											
At 1st January	162	10	59	14,723	159	(34)	132	(1,501)	13,710	18,250	**31,960**
Total comprehensive income	–	–	–	3,210	9	(6)	(60)	–	3,153	5,063	**8,216**
Dividends paid by the Company	–	–	–	(427)	–	–	–	–	(427)	77	**(350)**
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(935)	**(935)**
Unclaimed dividends forfeited	–	–	–	3	–	–	–	–	3	–	**3**
Issue of shares	–	1	–	–	–	–	–	–	1	–	**1**
Employee share option schemes	–	–	15	–	–	–	–	–	15	2	**17**
Scrip issued in lieu of dividends	3	(3)	–	523	–	–	–	–	523	–	**523**
Increase in own shares held	–	–	–	–	–	–	–	(354)	(354)	(64)	**(418)**
Subsidiaries acquired	–	–	–	–	–	–	–	–	–	140	**140**
Conversion of convertible bonds in a subsidiary	–	–	–	–	–	–	–	–	–	319	**319**
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	315	**315**
Purchase of additional interests in subsidiaries	–	–	–	(266)	–	–	–	–	(266)	(260)	**(526)**
Change in interests in associates and joint ventures	–	–	–	(2)	–	–	–	–	(2)	(1)	**(3)**
Transfer	–	–	–	(1)	–	–	1	–	–	–	**–**
At 31st December	**165**	**8**	**74**	**17,763**	**168**	**(40)**	**73**	**(1,855)**	**16,356**	**22,906**	**39,262**
2010											
At 1st January	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 non-controlling interests	–	–	–	–	–	–	–	–	–	(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)
Subsidiaries disposed of	–	–	–	–	–	–	–	–	–	(10)	(10)
Conversion of convertible bonds in a subsidiary	–	–	–	–	–	–	–	–	–	5	5
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	16	16
Purchase of additional interests in subsidiaries	–	–	–	(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

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US$3,449 million *(2010: US$3,084 million)*, net fair value loss on other investments of US$79 million *(2010: gain of US$34 million)* and net actuarial loss on employee benefit plans of US$160 million *(2010: gain of US$10 million)*. Cumulative net fair value gain on other investments and net actuarial loss on employee benefit plans amounted to US$126 million (*2010: US$205 million*) and US$387 million *(2010: US$227 million)*, respectively.

Consolidated Cash Flow Statement

for the year ended 31st December 2011

	Note	2011 US$m	2010 US$m
Operating activities			
Operating profit		**8,381**	7,048
Change in fair value of investment properties		**(4,407)**	(3,216)
Depreciation and amortization	*34 (a)*	**914**	762
Other non-cash items	*34 (b)*	**116**	(271)
Increase in working capital	*34 (c)*	**(2,139)**	(1,874)
Interest received		**130**	104
Interest and other financing charges paid		**(249)**	(214)
Tax paid		**(808)**	(865)
		1,938	1,474
Dividends from associates and joint ventures		**736**	736
Cash flows from operating activities		**2,674**	2,210
Investing activities			
Purchase of subsidiaries	*34 (d)*	**(363)**	(51)
Purchase of shares in Jardine Lloyd Thompson	*34 (e)*	**(276)**	(5)
Purchase of other associates and joint ventures	*34 (f)*	**(86)**	(228)
Purchase of other investments	*34 (g)*	**(265)**	(231)
Purchase of intangible assets		**(255)**	(160)
Purchase of tangible assets		**(1,280)**	(868)
Purchase of investment properties		**(87)**	(33)
Additions to plantations		**(91)**	(87)
Advance to associates, joint ventures and others	*34 (h)*	**(259)**	(223)
Repayment from associates, joint ventures and others	*34 (i)*	**115**	286
Sale of subsidiaries	*34 (j)*	**4**	21
Sale of associates and joint ventures		**1**	–
Sale of other investments	*34 (k)*	**124**	110
Sale of intangible assets		**–**	2
Sale of tangible assets		**39**	77
Sale of investment properties		**4**	18
Cash flows from investing activities		**(2,675)**	(1,372)
Financing activities			
Issue of shares		**1**	6
Capital contribution from non-controlling interests		**315**	16
Repayment to non-controlling interests		**(6)**	(11)
Purchase of additional interests in subsidiaries	*34 (l)*	**(526)**	(550)
Drawdown of borrowings		**17,914**	10,874
Repayment of borrowings		**(16,602)**	(10,040)
Dividends paid by the Company		**(244)**	(220)
Dividends paid to non-controlling interests		**(935)**	(780)
Cash flows from financing activities		**(83)**	(705)
Net increase in cash and cash equivalents		**(84)**	133
Cash and cash equivalents at 1st January		**4,278**	4,077
Effect of exchange rate changes		**(26)**	68
Cash and cash equivalents at 31st December	*34 (m)*	**4,168**	4,278

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.

Standards, amendments and interpretations effective in 2011 which are relevant to the Group's operations

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)	

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

Revised IAS 24 'Related Party Disclosures' supersedes IAS 24 (as revised in 2003). It simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party.

Amendment to IAS 32 'Classification of Rights Issues' 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.

Amendments to IFRIC 14 'Prepayments of a Minimum Funding Requirement' require an entity to recognize an asset for a prepayment that will reduce future minimum funding contributions required by the entity.

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' 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 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'.

IFRS 3 (amendments) 'Business Combinations' 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.

IFRS 7 (amendments) 'Financial Instruments: Disclosures' emphasize the interaction between qualitative and quantitative disclosures and the nature and extent of risks associated with financial instruments.

IAS 1 (amendments) 'Presentation of Financial Statements' 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.

IAS 34 (amendments) 'Interim Financial Reporting' 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.

IFRIC 13 (amendment) 'Customer Loyalty Programmes' 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.

Standards and amendments effective after 2011 which are relevant to the Group's operations and yet to be adopted

Amendments to IFRS 7	Financial Instruments: Disclosures on Derecognition
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IAS 19 (amended 2011)	Employee Benefits
IAS 27 (2011)	Separate Financial Statements
IAS 28 (2011)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to IFRS 7 'Financial Instruments: Disclosures on Derecognition' (effective for annual period beginning 1st July 2011) promotes transparency in the reporting of transfer transactions and improves users' understanding of the risk exposures relating to transfer of financial assets and the effect of those risks on an entity's financial position particularly those involving securitization of financial assets.

IFRS 9 'Financial Instruments' (effective 1st January 2015) is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 (2009) retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. IFRS 9 (2010) adds the requirements related to the classification and measurement of financial liabilities, and derecognition of financial assets and liabilities, to the version issued in November 2009. It also includes those paragraphs of IAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of IFRIC 9 'Remeasurement of Embedded Derivatives'. The Group has yet to assess the full impact of IFRS 9 and will apply the standard from 1st January 2015.

IFRS 10 'Consolidated Financial Statements' (effective 1st January 2013) replaces SIC Interpretation 12 'Consolidation – Special Purpose Entities' and most of IAS 27 'Consolidated and Separate Financial Statements'. It contains a new single consolidation model that identifies control as the basis for consolidation for all types of entities. It provides a definition of control that comprises the elements of power over an investee; exposure of rights to variable returns from an investees; and ability to use power to affect the reporting entity's returns. The Group has yet to assess the full impact of IFRS 10 and will apply the standard from 1st January 2013.

IFRS 11 'Joint Arrangements' (effective 1st January 2013) replaces IAS 31 'Interests in Joint Ventures' and classifies joint arrangements as either joint operations (whereby the parties that have joint control have rights to the assets and obligations for the liabilities of the joint arrangements) or joint ventures (whereby the parties that have joint control have rights to the net assets of the joint arrangements). It prescribes the accounting for interests in joint operations as its interest in the assets, liabilities, revenues and expenses. The current option permitted by IAS 28 (amended) to proportionately consolidate for joint ventures is no longer permitted. The Group has yet to assess the full impact of IFRS 11 and will apply the standard from 1st January 2013.

IFRS 12 'Disclosure of Interests in Other Entities' (effective 1st January 2013) requires entities to disclose information that helps financial statements readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Disclosure required includes significant judgements and assumptions made in determining whether an entity controls, jointly controls, significantly influences or has some other interest in other entities. The Group will apply the standard from 1st January 2013.

IFRS 13 'Fair Value Measurement' (effective 1st January 2013) requires entities to disclose information about the valuation techniques and inputs used to measure fair value, as well as information about the uncertainty inherent in fair value measurements. The standard applies to both financial and non-financial items measured at fair value. Fair value is now defined as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date' (i.e. an exit price). The Group will apply the standard from 1st January 2013.

Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income' (effective 1st July 2012) improve the consistency and clarity of the presentation of items of other comprehensive income. The amendments require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled – such as actuarial gains or losses on defined benefit pension plans – will be presented separately from items that may be recycled in the future – such as deferred gains and losses on cash flow hedges. The amounts of tax related to the two groups are required to be allocated on the same basis. The Group will apply the standard from 1st January 2013.

IAS 19 (amended 2011) 'Employee Benefits' (effective 1st January 2013) requires the assumed return on plan assets recognized in the profit and loss to be the same as the rate used to discount the defined benefit obligation. It also requires actuarial gains and losses to be recognized immediately in other comprehensive income and past service costs immediately in profit or loss. Additional disclosures are required to present the characteristics of benefit plans, the amount recognized in the financial statements, and the risks arising from defined benefit plans and multi-employer plans. The Group will apply the standard from 1st January 2013.

IAS 27 (2011) 'Separate Financial Statements' (effective 1st January 2013) supersedes IAS 27 (2008) and prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. There will be no impact on the consolidated financial statements as the changes only affect the separate financial statements of the investing entity.

IAS 28 (2011) 'Investments in Associates and Joint Ventures' (effective 1st January 2013) supersedes IAS 28 (2008) and prescribes the accounting for investments in associates and joint ventures and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The adoption of this standard is not expected to have any significant impact on the results of the Group as the Group is already following the standard.

IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine' (effective 1st January 2013) clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Group has yet to assess the full impact of IFRIC 20 and will apply the Interpretation from 1st January 2013.

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

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

Basis of consolidation

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

(ii) Subsidiaries 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 subsidiaries 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 that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognized in profit and loss.

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

(iii) Associates are entities, not being subsidiaries 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.

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

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

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

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

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

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

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

Impairment
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, associate or joint venture at the effective date of acquisition. Non-controlling interests are measured at their proportionate share of the net identifiable assets at the acquisition date. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognized directly in profit and loss. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and joint ventures is included in investment in associates and joint ventures. Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing and is carried at cost less accumulated impairment loss.

The profit or loss on disposal of subsidiaries, associates and joint ventures 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 property. These payments are stated at cost and are amortized over the useful life of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

(iv) Concession rights are operating rights for toll roads under service concession arrangements. The cost of the construction services 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	14 – 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 subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

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

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 subsidiaries and the shares held by the Trustee under the Senior Executive Share Incentive Schemes. For the purpose of calculating diluted earnings per share, profit attributable to shareholders is adjusted for the effects of the conversion of dilutive potential ordinary shares of subsidiaries, associates or joint ventures, and the weighted average number of shares is adjusted for the number of shares which are deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes based on the average share price during the year.

Dividends

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

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

Revenue recognition

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

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

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

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

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

Pre-operating costs

Pre-operating costs are expensed as they are incurred.

Comparative figures

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

2 Financial Risk Management

Financial risk factors

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

The Group's treasury function co-ordinates, under the directions of the board of Jardine Matheson Limited, financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and foreign exchange rates and to minimize the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, caps and collars, 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 2011 are disclosed in note 35.

(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 2011 the Group's Indonesian rupiah functional entities had United States dollar denominated net monetary assets of US$748 million *(2010: liabilities of US$159 million)*. At 31st December 2011, 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$56 million higher/lower *(2010: US$12 million lower/higher)*, arising from foreign exchange losses/gains taken on translation. The impact on amount attributable to the shareholders of the Company would be US$11 million higher/lower *(2010: US$1 million lower/higher)*. 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 2011 that are denominated in a non-functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

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

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments such as interest rate swaps, caps and collars. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% to 60% of its gross borrowings, exclusive of the financial services companies, in fixed rate instruments. At 31st December 2011 the Group's interest rate hedge exclusive of the financial services companies was 46% *(2010: 56%)*, with an average tenor of six years *(2010: five 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 31.

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

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

At 31st December 2011, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been US$16 million *(2010: US$22 million)* higher/lower, and hedging reserves would have been US$90 million *(2010: US$70 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 17.

Available-for-sale investments are unhedged. At 31st December 2011, 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$273 million *(2010: US$259 million)* higher/lower unless impaired. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

The Group is exposed to financial risks arising from changes in commodity prices, primarily crude palm oil, coal, steel rebar and copper. 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, coal, steel rebar and copper 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 2011, over 64% *(2010: 83%)* of deposits and balances with banks and financial institutions were made to institutions with credit ratings of no less than A- (Fitch). Similarly transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios. In developing countries it may be necessary to deposit money with banks that have a lower credit rating, however the Group only enters into derivative transactions with counterparties which have credit ratings of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

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

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

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

At 31st December 2011, total available borrowing facilities amounted to US$16.4 billion *(2010: US$14.4 billion)* of which US$10.1 billion *(2010: US$8.9 billion)* was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, and undrawn uncommitted facilities totaled US$4.2 billion *(2010: US$4.3 billion)* and US$2.1 billion *(2010: US$1.2 billion)*, respectively.

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

	Within one year US$m	Between one and two years US$m	Between two and three years US$m	Between three and four years US$m	Between four and five years US$m	Beyond five years US$m	Total undiscounted cash flows US$m
At 31st December 2011							
Borrowings	3,303	2,508	2,537	778	482	1,869	11,477
Creditors	6,470	54	52	22	12	29	6,639
Net settled derivative financial instruments	15	12	5	2	–	–	34
Gross settled derivative financial instruments	939	700	881	121	24	936	3,601
At 31st December 2010							
Borrowings	3,838	1,772	1,297	1,217	431	1,783	10,338
Creditors	5,145	64	41	16	20	24	5,310
Net settled derivative financial instruments	24	14	10	2	–	–	50
Gross settled derivative financial instruments	1,074	240	158	524	21	935	2,952

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

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

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

The ratios at 31st December 2010 and 2011 are as follows:

	2011	2010
Gearing ratio exclusive of financial services companies (%)	**6**	7
Gearing ratio inclusive of financial services companies (%)	**15**	14
Interest cover exclusive of financial services companies (times)	**33**	29
Interest cover inclusive of financial services companies (times)	**40**	33

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 all 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 market interest rates and foreign exchange rates.

(c) Inputs for assets or liabilities 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 subsidiaries, associates and joint ventures

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

Tangible fixed assets and depreciation

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

Investment properties

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

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 management's estimate of the 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 2011 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, but follows the consistent methodology as set out in the Group's accounting policies.

4 Segmental Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the 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
2011													
Revenue *(refer note 5)*	2,655	4,282	–	1,224	9,134	614	1,448	18,636	–	(26)	37,967	–	**37,967**
Net operating costs	(2,583)	(4,178)	–	(392)	(8,599)	(534)	(1,392)	(16,365)	(41)	26	(34,058)	65	**(33,993)**
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	4,407	**4,407**
Operating profit	72	104	–	832	535	80	56	2,271	(41)	–	3,909	4,472	**8,381**
Net financing charges													
– financing charges	(4)	(21)	–	(100)	(21)	(15)	(1)	(81)	(8)	–	(251)	–	**(251)**
– financing income	–	–	–	33	4	3	–	82	6	–	128	–	**128**
	(4)	(21)	–	(67)	(17)	(12)	(1)	1	(2)	–	(123)	–	**(123)**
Share of results of associates and joint ventures													
– before change in fair value of investment properties	122	–	53	77	55	10	24	650	7	–	998	(6)	**992**
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	238	**238**
	122	–	53	77	55	10	24	650	7	–	998	232	**1,230**
Profit before tax	190	83	53	842	573	78	79	2,922	(36)	–	4,784	4,704	**9,488**
Tax	(11)	(18)	–	(133)	(99)	(19)	(11)	(563)	(8)	–	(862)	(11)	**(873)**
Profit after tax	179	65	53	709	474	59	68	2,359	(44)	–	3,922	4,693	**8,615**
Non-controlling interests	–	(4)	–	(420)	(173)	(24)	(32)	(1,798)	24	–	(2,427)	(2,739)	**(5,166)**
Profit attributable to shareholders	**179**	**61**	**53**	**289**	**301**	**35**	**36**	**561**	**(20)**	**–**	**1,495**	**1,954**	**3,449**
Net (debt)/cash (excluding net debt of financial services companies)*	**(193)**	**(312)**	**–**	**(2,359)**	**466**	**(113)**	**(45)**	**(66)**	**191**	**(1)**			**(2,432)**
Total equity	**597**	**401**	**453**	**24,764**	**1,148**	**1,019**	**650**	**9,484**	**764**	**(18)**			**39,262**
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
Non-controlling 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

*Net (debt)/cash is total borrowings less bank balances and other liquid funds. Net debt of financial services companies amounted to US$3,450 million at 31st December 2011 *(2010: US$2,355 million)* and relates to Astra.

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:

	2011 US$m	2010 US$m
Underlying profit attributable to shareholders:		
Greater China	**615**	561
Southeast Asia	**861**	761
United Kingdom	**48**	48
Rest of the world	**(9)**	8
	1,515	1,378
Corporate and other interests	**(20)**	(14)
	1,495	1,364
Non-current assets*:		
Greater China	**24,959**	20,320
Southeast Asia	**13,096**	11,088
United Kingdom	**922**	630
Rest of the world	**550**	501
	39,527	32,539

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

5 Revenue

	Gross revenue		Revenue	
	2011	2010	**2011**	2010
	US$m	US$m	US$m	US$m
By business:				
Jardine Pacific	**5,430**	3,577	**2,655**	1,286
Jardine Motors	**4,282**	3,288	**4,282**	3,288
Jardine Lloyd Thompson	**1,315**	1,152	**–**	–
Hongkong Land	**2,077**	2,788	**1,224**	1,341
Dairy Farm	**10,449**	9,113	**9,134**	7,971
Mandarin Oriental	**957**	819	**614**	513
Jardine Cycle & Carriage	**2,957**	2,577	**1,448**	1,320
Astra	**29,182**	22,924	**18,636**	14,360
Corporate and other interests	**1,313**	1,120	**–**	–
Intersegment transactions	**(656)**	(395)	**(26)**	(26)
	57,306	46,963	**37,967**	30,053
By product and service:				
Agribusiness	**1,228**	974	**1,228**	974
Engineering and construction	**5,873**	4,037	**3,438**	2,171
Mining	**3,175**	2,208	**3,175**	2,208
Financial services	**5,102**	4,249	**1,319**	1,122
Logistics and IT services	**3,077**	1,707	**2,539**	1,143
Motor vehicles	**24,746**	20,559	**14,810**	12,219
Property and hotels	**3,251**	3,760	**1,934**	1,895
Restaurants	**1,648**	1,434	**390**	350
Retail	**9,206**	8,035	**9,134**	7,971
	57,306	46,963	**37,967**	30,053
By geographical location of customers:				
Greater China	**13,649**	11,134	**9,676**	7,907
Southeast Asia	**38,701**	31,798	**25,998**	20,444
United Kingdom	**4,142**	3,297	**2,071**	1,500
Rest of the world	**814**	734	**222**	202
	57,306	46,963	**37,967**	30,053

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

6 Net Operating Costs

	2011 US$m	2010 US$m
Cost of sales	**(29,368)**	(22,614)
Other operating income	**488**	809
Selling and distribution costs	**(3,428)**	(3,018)
Administration expenses	**(1,645)**	(1,343)
Other operating expenses	**(40)**	(55)
	(33,993)	(26,221)
The following credits/(charges) are included in net operating costs:		
Cost of stocks recognized as expense	**(26,391)**	(20,254)
Cost of properties for sale recognized as expense	**(229)**	(309)
Amortization of intangible assets	**(75)**	(57)
Depreciation of tangible assets	**(839)**	(705)
Impairment of intangible assets	**(1)**	(2)
Write down of stocks and work in progress	**(35)**	(32)
Reversal of write down of stocks and work in progress	**14**	9
Reversal of write down of properties for sale	**44**	51
Impairment of debtors	**(121)**	(104)
Operating expenses arising from investment properties	**(122)**	(111)
Employee benefit expense		
– salaries and benefits in kind	**(2,665)**	(2,200)
– share options granted	**(8)**	(8)
– defined benefit pension plans *(refer note 20)*	**(39)**	(45)
– defined contribution pension plans	**(58)**	(48)
	(2,770)	(2,301)
Net foreign exchange gains	**18**	–
Operating leases		
– minimum lease payments	**(848)**	(747)
– contingent rents	**(21)**	(15)
– subleases	**48**	43
	(821)	(719)
Auditors' remuneration		
– audit	**(16)**	(15)
– non-audit services	**(4)**	(3)
	(20)	(18)
Dividend and interest income from available-for-sale investments	**43**	45
Dividend and interest income from held-to-maturity investments	**1**	1
Rental income from owner-occupied properties	**28**	20
Net operating costs included the following gains/(losses) from non-trading items:		
Increase in fair value of plantations	**37**	422
Asset impairment	**(1)**	(1)
Sale and closure of businesses	**1**	19
Sale of property interests	**15**	3
Acquisition-related costs	**(2)**	(2)
Value added tax recovery in Jardine Motors	**5**	–
Gain on One Hyde Park lease space	**10**	–
Discount on acquisition of business	**–**	1
	65	442

7 Net Financing Charges

	2011 US$m	2010 US$m
Interest expense		
– bank loans and advances	**(125)**	(106)
– other	**(99)**	(107)
	(224)	(213)
Fair value gains/(losses) on fair value hedges	**58**	(42)
Fair value adjustment on hedged items attributable to the hedged risk	**(58)**	42
	–	–
	(224)	(213)
Interest capitalized	**2**	3
Commitment and other fees	**(29)**	(22)
Financing charges	**(251)**	(232)
Financing income	**128**	101
	(123)	(131)

8 Share of Results of Associates and Joint Ventures

	2011 US$m	2010 US$m
By business:		
Jardine Pacific	**122**	117
Jardine Motors	**2**	–
Jardine Lloyd Thompson	**51**	44
Hongkong Land	**298**	906
Dairy Farm	**66**	47
Mandarin Oriental	**10**	4
Jardine Cycle & Carriage	**24**	23
Astra	**650**	555
Corporate and other interests	**7**	15
	1,230	1,711
Share of results of associates and joint ventures included the following gains/(losses) from non-trading items:		
Increase in fair value of investment properties	**238**	731
Asset impairment	**(17)**	–
Sale and closure of businesses	**16**	–
Restructuring of businesses	**(4)**	(4)
Discount on acquisition of businesses	**–**	11
Other	**(1)**	–
	232	738

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

9 Tax

	2011 US$m	2010 US$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	**(921)**	(750)
Deferred tax	**48**	(97)
	(873)	(847)
Greater China	**(189)**	(172)
Southeast Asia	**(676)**	(671)
United Kingdom	**(5)**	(7)
Rest of the world	**(3)**	3
	(873)	(847)
Reconciliation between tax expense and tax at the applicable tax rate*:		
Tax at applicable tax rate	**(1,499)**	(1,304)
Income not subject to tax		
– change in fair value of investment properties	**726**	532
– other items	**41**	42
Expenses not deductible for tax purposes	**(83)**	(62)
Tax losses and temporary differences not recognized	**(29)**	(21)
Utilization of previously unrecognized tax losses and temporary differences	**12**	7
Recognition of previously unrecognized tax losses and temporary differences	**8**	–
Deferred tax assets written off	**(1)**	(3)
Deferred tax liabilities written back	**12**	3
(Under)/over provision in prior years	**(3)**	2
Withholding tax	**(55)**	(42)
Change in tax rates	**–**	(1)
Other	**(2)**	–
	(873)	(847)
Tax relating to components of other comprehensive income is analyzed as follows:		
Revaluation of other investments	**–**	(1)
Actuarial valuation of employee benefit plans	**22**	(5)
Cash flow hedges	**(1)**	(2)
	21	(8)

Share of tax charge of associates and joint ventures of US$357 million and credit of US$16 million *(2010: charge of US$299 million and US$3 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 18.1% *(2010: 18.9%)* 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.

10 Earnings per Share

Basic earnings per share are calculated on profit attributable to shareholders of US$3,449 million *(2010: US$3,084 million)* and on the weighted average number of 362 million *(2010: 359 million)* shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US$3,435 million *(2010: US$3,006 million)*, which is after adjusting for the effects of the conversion of dilutive potential ordinary shares of subsidiaries, associates or joint ventures, and on the weighted average number of 363 million *(2010: 360 million)* shares in issue during the year.

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

	Ordinary shares in millions 2011	2010
Weighted average number of shares in issue	**653**	643
Shares held by the Trustee under the Senior Executive Share Incentive Schemes	**–**	(1)
Company's share of shares held by subsidiaries	**(291)**	(283)
Weighted average number of shares for basic earnings per share calculation	**362**	359
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	**363**	360

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:

	2011 US$m	Basic earnings per share US$	Diluted earnings per share US$	2010 US$m	Basic earnings per share US$	Diluted earnings per share US$
Profit attributable to shareholders	**3,449**	**9.53**	**9.46**	3,084	8.58	8.34
Non-trading items *(refer note 11)*	**(1,954)**			(1,720)		
Underlying profit attributable to shareholders	**1,495**	**4.13**	**4.11**	1,364	3.80	3.77

11 Non-trading Items

	2011 US$m	2010 US$m
By business:		
Jardine Pacific	**37**	26
Jardine Motors	**6**	–
Jardine Lloyd Thompson	**(2)**	(4)
Hongkong Land	**1,894**	1,621
Dairy Farm	**7**	1
Mandarin Oriental	**5**	–
Astra	**7**	76
	1,954	1,720
An analysis of non-trading items after interest, tax and non-controlling interests is set out below:		
Increase in fair value of investment properties		
– Hongkong Land	**1,901**	1,621
– other	**23**	18
	1,924	1,639
Increase in fair value of plantations	**6**	71
Asset impairment	**(8)**	(1)
Sale and closure of businesses	**13**	9
Sale of property interests	**15**	3
Acquisition-related costs	**(2)**	(2)
Restructuring of businesses	**(4)**	(4)
Value added tax recovery in Jardine Motors	**5**	–
Gain on One Hyde Park lease space	**6**	–
Discount on acquisition of businesses	**–**	5
Other	**(1)**	–
	1,954	1,720

12 Intangible Assets

	Goodwill US$m	Franchise rights US$m	Leasehold land US$m	Concession rights US$m	Other US$m	Total US$m
2011						
Cost	953	235	592	168	214	**2,162**
Amortization and impairment	(4)	–	(98)	(9)	(93)	**(204)**
Net book value at 1st January	949	235	494	159	121	**1,958**
Exchange differences	(9)	(2)	(6)	(7)	(1)	**(25)**
New subsidiaries	113	2	1	138	18	**272**
Additions	–	–	89	50	77	**216**
Disposals	(2)	–	–	–	–	**(2)**
Revaluation surplus before transfer to investment properties	–	–	27	–	–	**27**
Transfer to tangible assets and investment properties	–	–	(31)	–	(29)	**(60)**
Amortization	–	–	(23)	(4)	(48)	**(75)**
Impairment charge	–	–	–	–	(1)	**(1)**
Net book value at 31st December	**1,051**	**235**	**551**	**336**	**137**	**2,310**
Cost	1,055	235	670	349	279	**2,588**
Amortization and impairment	(4)	–	(119)	(13)	(142)	**(278)**
	1,051	**235**	**551**	**336**	**137**	**2,310**
2010						
Cost	870	225	533	140	131	1,899
Amortization and impairment	(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
New subsidiaries	44	–	–	–	–	44
Additions	1	–	51	22	77	151
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

	2011 US$m	2010 US$m
Goodwill allocation by business:		
Jardine Pacific	**90**	12
Jardine Motors	**48**	17
Dairy Farm	**463**	468
Mandarin Oriental	**40**	40
Astra	**410**	412
	1,051	949

12 Intangible Assets *(continued)*

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 24% and 49% and growth rates of up to 5% 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 17% 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$84 million and heavy equipment of US$149 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 2011 and has concluded that no impairment has occurred. The impairment review was made by comparing the carrying amounts of the cash-generating units in which the franchise rights reside with the recoverable amounts of the cash-generating units. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on budgets covering a three-year period. Cash flows beyond the three-year period are extrapolated using growth rates of between 3% and 4%. Pre-tax discount rates of between 17% and 18%, 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 2011, the carrying amount of leasehold land pledged as security for borrowings amounted to US$13 million *(2010: US$5 million) (refer note 31)*.

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

The remaining amortization periods for intangible assets are as follows:

Leasehold land	1 to 88 years
Concession rights	36 years
Computer software	0 to 7 years
Other	1 to 40 years

13 Tangible Assets

	Freehold properties US$m	Leasehold properties US$m	Leasehold improve-ments US$m	Mining properties US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2011							
Cost	556	1,788	845	299	2,685	1,738	**7,911**
Depreciation and impairment	(62)	(330)	(487)	(52)	(1,255)	(909)	**(3,095)**
Net book value at 1st January	494	1,458	358	247	1,430	829	**4,816**
Exchange differences	(7)	(3)	(9)	(15)	(23)	(15)	**(72)**
New subsidiaries	3	1	5	400	6	3	**418**
Additions	54	217	113	22	765	525	**1,696**
Disposals	(3)	(1)	(5)	–	(3)	(13)	**(25)**
Revaluation surplus before transfer to investment properties	–	4	–	–	–	–	**4**
Transfer to investment properties, and stocks and work in progress	–	(6)	–	–	(17)	(31)	**(54)**
Transfer from intangible assets	–	22	–	–	–	7	**29**
Depreciation charge	(5)	(61)	(80)	(22)	(428)	(243)	**(839)**
Classified as non-current assets held for sale	(19)	(30)	–	–	–	–	**(49)**
Net book value at 31st December	**517**	**1,601**	**382**	**632**	**1,730**	**1,062**	**5,924**
Cost	591	1,972	900	705	3,307	2,070	**9,545**
Depreciation and impairment	(74)	(371)	(518)	(73)	(1,577)	(1,008)	**(3,621)**
	517	**1,601**	**382**	**632**	**1,730**	**1,062**	**5,924**
2010							
Cost	499	1,525	705	272	2,104	1,476	6,581
Depreciation and impairment	(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 subsidiaries	–	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

Freehold properties include a hotel property of US$101 million *(2010: US$102 million)*, which is stated net of a grant of US$26 million *(2010: US$27 million)*.

Net book value of leasehold properties and plant and machinery acquired under finance leases amounted to US$282 million and US$107 million *(2010: US$298 million and US$89 million)*, respectively.

At 31st December 2011, the carrying amount of tangible assets pledged as security for borrowings amounted to US$837 million *(2010: US$949 million) (refer note 31)*.

14 Investment Properties

	Freehold properties US$m	Leasehold properties US$m	Total US$m
2011			
At 1st January	13	18,413	**18,426**
Exchange differences	(1)	28	**27**
Additions	34	50	**84**
Disposals	–	(2)	**(2)**
Transfer from intangible and tangible assets	–	37	**37**
Net increase in fair value	5	4,402	**4,407**
At 31st December	**51**	**22,928**	**22,979**
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

The fair value of the Group's investment properties at 31st December 2011, 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$696 million *(2010: US$677 million)* including contingent rents of US$12 million *(2010: US$10 million)*.

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

	2011 US$m	2010 US$m
Within one year	**640**	604
Between one and two years	**483**	378
Between two and five years	**479**	402
Beyond five years	**79**	76
	1,681	1,460

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

The Group's investment properties had not been pledged as security for borrowings at 31st December 2010 and 2011.

15 Plantations

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

	2011 US$m	2010 US$m
Movements for the year:		
At 1st January	**954**	425
Exchange differences	**(12)**	24
Additions	**83**	94
Disposals	**(4)**	(11)
Net increase in fair value	**37**	422
At 31st December	**1,058**	954
Immature plantations	**253**	261
Mature plantations	**805**	693
	1,058	954

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 207,087 *(2010: 206,549)* hectares of plantations are as follows:

	2011	2010
Crude palm oil price per tonne (US$)	**889**	745
Annual price inflation (for the first five years) (%)	**11**	10
Annual cost inflation (for the first five years) (%)	**6**	6
Post-tax discount rates (%)	**14**	14

During the year, the Group harvested 3.6 million *(2010: 3.3 million)* tonnes of produce from the plantations with a fair value at the point of harvest less point of sale costs of US$638 million *(2010: US$509 million)*.

16 Associates and Joint Ventures

	2011 US$m	2010 US$m
Listed associates		
– Jardine Lloyd Thompson	**231**	182
– PT Tunas Ridean	**73**	60
– OHTL	**16**	17
	320	259
Unlisted associates	**872**	709
	1,192	968
Listed joint venture – Bank Permata	**501**	441
Unlisted joint ventures	**5,187**	4,790
	5,688	5,231
Share of attributable net assets	**6,880**	6,199
Goodwill on acquisition	**376**	186
	7,256	6,385
By business:		
Jardine Pacific	**331**	340
Jardine Motors	**1**	2
Jardine Lloyd Thompson	**453**	186
Hongkong Land	**3,551**	3,177
Dairy Farm	**196**	163
Mandarin Oriental	**82**	82
Jardine Cycle & Carriage	**203**	187
Astra	**2,202**	2,025
Corporate and other interests	**237**	223
	7,256	6,385
Movements of associates and joint ventures for the year:		
At 1st January	**6,385**	4,811
Share of results after tax and non-controlling interests	**1,230**	1,711
Discount on acquisition of associates and joint ventures	**–**	(11)
Share of other comprehensive income after tax and non-controlling interests	**(130)**	253
Dividends received	**(736)**	(736)
Share of employee share options granted	**9**	10
Acquisitions and increases in attributable interests	**617**	599
Disposals and decreases in attributable interests	**(119)**	(276)
Reclassification of subsidiaries as associates and joint ventures	**–**	22
Advance of mezzanine loan	**1**	–
Other	**(1)**	2
At 31st December	**7,256**	6,385
Fair value of listed associates	**1,170**	878
Fair value of listed joint venture	**603**	801

16 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:

	2011 US$m	2010 US$m
Associates		
Total assets	**4,343**	3,843
Total liabilities	**(3,013)**	(2,738)
Total equity	**1,330**	1,105
Attributable to non-controlling interests	**(138)**	(137)
Attributable net assets	**1,192**	968
Revenue	**3,565**	2,793
Profit after tax	**280**	236
Capital commitments	**171**	165
Contingent liabilities	**–**	–
Joint ventures		
Non-current assets	**6,894**	5,064
Current assets	**6,988**	6,466
Non-current liabilities	**(1,861)**	(1,391)
Current liabilities	**(6,278)**	(4,896)
Total equity	**5,743**	5,243
Attributable to non-controlling interests	**(55)**	(12)
Attributable net assets	**5,688**	5,231
Revenue	**8,329**	7,198
Profit after tax	**1,014**	1,506
Capital commitments	**81**	143
Contingent liabilities	**196**	150

Financial guarantees issued by the Group to associates and joint ventures and outstanding at 31st December 2011 amounted to US$90 million (*2010: US$22 million*).

17 Other Investments

	2011 US$m	2010 US$m
Available-for-sale financial assets		
Listed securities		
– Asia Commercial Bank	**70**	91
– Schindler Holdings	**147**	152
– Tata Power	**114**	212
– The Bank of N.T. Butterfield & Son	**28**	30
– other	**605**	426
	964	911
Unlisted securities	**129**	126
	1,093	1,037
Held-to-maturity financial assets		
Listed securities	**7**	13
	1,100	1,050
Non-current	**1,095**	1,044
Current	**5**	6
	1,100	1,050
Analysis by geographical area of operation:		
Greater China	**88**	94
Southeast Asia	**822**	722
Rest of the world	**190**	234
	1,100	1,050
Movements for the year:		
At 1st January	**1,050**	844
Exchange differences	**(10)**	15
Additions	**266**	231
Disposals	**(122)**	(110)
Net revaluation (deficit)/surplus	**(84)**	70
At 31st December	**1,100**	1,050

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

	2011 US$m	2010 US$m
Quoted prices in active markets	**964**	911
Observable current market transactions	**36**	31
Unobservable inputs	**93**	95
	1,093	1,037

17 Other Investments *(continued)*

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

	2011 US$m	2010 US$m
At 1st January	**95**	56
Exchange differences	**(1)**	4
Additions	**2**	36
Net revaluation deficit	**(3)**	(1)
At 31st December	**93**	95

The fair value of held-to-maturity financial assets is US$7 million *(2010: US$13 million)*.

18 Debtors

	2011 US$m	2010 US$m
Consumer financing debtors		
– gross	**3,953**	2,971
– provision for impairment	**(206)**	(178)
	3,747	2,793
Financing lease receivables		
– net investment	**798**	548
– provision for impairment	**(19)**	(15)
	779	533
Trade debtors		
– third parties	**2,293**	1,529
– associates and joint ventures	**62**	50
	2,355	1,579
– provision for impairment	**(26)**	(24)
	2,329	1,555
Other debtors		
– third parties	**1,354**	961
– associates and joint ventures	**159**	154
	1,513	1,115
– provision for impairment	**(11)**	(13)
	1,502	1,102
	8,357	5,983
Non-current	**2,512**	1,898
Current	**5,845**	4,085
	8,357	5,983
Analysis by geographical area of operation:		
Greater China	**878**	591
Southeast Asia	**7,346**	5,287
United Kingdom	**78**	52
Rest of the world	**55**	53
	8,357	5,983

18 Debtors *(continued)*

	2011 US$m	2010 US$m
Fair value:		
Consumer financing debtors	**3,840**	2,929
Financing lease receivables	**711**	485
Trade debtors	**2,329**	1,555
Other debtors*	**759**	549
	7,639	5,518

*Excluding prepayments, rental and other deposits.

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 repayment 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:

	2011 US$m	2010 US$m
Within one year	**2,887**	2,192
Between one and two years	**1,394**	1,032
Between two and five years	**749**	653
	5,030	3,877

Financing lease receivables

An analysis of financing lease receivables is set out below:

	2011 US$m	2010 US$m
Lease receivables	**910**	630
Guaranteed residual value	**248**	185
Security deposits	**(248)**	(185)
Gross investment	**910**	630
Unearned lease income	**(112)**	(82)
Net investment	**798**	548

18 Debtors *(continued)*

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

	2011		2010	
	Gross investment US$m	Net investment US$m	Gross investment US$m	Net investment US$m
Within one year	**506**	**428**	348	291
Between one and two years	**304**	**275**	205	184
Between two and five years	**99**	**94**	77	73
Beyond five years	**1**	**1**	–	–
	910	**798**	630	548

Trade and other debtors

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

An allowance for impairment of trade and other 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 2011, trade debtors of US$60 million *(2010: US$31 million)* and other debtors of US$11 million *(2010: US$14 million)* were impaired. The amounts of the provisions were US$26 million *(2010: US$24 million)* and US$11 million *(2010: US$13 million)*, respectively. It was assessed that a portion of the debtors is expected to be recovered. The ageing analysis of these debtors is as follows:

	Trade debtors		Other debtors	
	2011 US$m	2010 US$m	**2011** US$m	2010 US$m
Below 30 days	**1**	3	**1**	9
Between 31 and 60 days	**1**	4	**–**	–
Between 61 and 90 days	**3**	2	**–**	–
Over 90 days	**55**	22	**10**	5
	60	31	**11**	14

At 31st December 2011, trade debtors of US$763 million *(2010: US$387 million)* and other debtors of US$29 million *(2010: US$47 million)*, respectively, were past due but not impaired. The ageing analysis of these debtors is as follows:

	Trade debtors		Other debtors	
	2011 US$m	2010 US$m	**2011** US$m	2010 US$m
Below 30 days	**361**	205	**8**	9
Between 31 and 60 days	**250**	98	**6**	1
Between 61 and 90 days	**111**	48	**1**	13
Over 90 days	**41**	36	**14**	24
	763	387	**29**	47

The risk of trade and other debtors that are neither past due nor impaired at 31st December 2011 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.

18 Debtors *(continued)*

Other debtors

Other debtors are further analyzed as follows:

	2011 US$m	2010 US$m
Prepayments	**546**	381
Rental and other deposits	**161**	147
Mezzanine loans	**–**	5
Derivative financial instruments	**132**	62
Restricted bank balances and deposits *(refer note 23)*	**10**	10
Loans to employees	**39**	32
Other amounts due from associates and joint ventures	**159**	152
Repossessed assets of finance companies	**12**	17
Reinsurers' share of estimated losses on insurance contracts	**73**	44
Other	**370**	252
	1,502	1,102

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 subsidiaries and guarantee deposits to third parties.

Repossessed assets of finance companies represent collateral obtained from customers towards settlement of automobile and motorcycle receivables which are in default. The fair value of the collateral held amounted to US$12 million *(2010: US$17 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 and reinsurers' share of estimated losses on insurance contracts are stated at amortized cost. The fair value of these debtors is estimated using the expected future receipts discounted at market rates ranging from 7% to 19% *(2010: 7% to 29%)* per annum. Derivative financial instruments are stated at fair value.

Movements in the provisions for impairment are as follows:

	Consumer financing debtors		Financing lease receivables		Trade debtors		Other debtors	
	2011 US$m	2010 US$m	**2011** US$m	2010 US$m	**2011** US$m	2010 US$m	**2011** US$m	2010 US$m
At 1st January	**(178)**	(133)	**(15)**	(13)	**(24)**	(29)	**(13)**	(11)
Exchange differences	**3**	(6)	**1**	(1)	**–**	(1)	**–**	–
New subsidiaries	**–**	–	**–**	–	**(2)**	–	**–**	–
Additional provisions	**(112)**	(101)	**(5)**	(1)	**(8)**	(4)	**(3)**	(2)
Unused amounts reversed	**–**	–	**–**	–	**5**	4	**2**	–
Amounts written off	**81**	62	**–**	–	**3**	6	**3**	–
At 31st December	**(206)**	(178)	**(19)**	(15)	**(26)**	(24)	**(11)**	(13)

At 31st December 2011, the carrying amount of consumer financing debtors, financing lease receivables and trade debtors pledged as security for borrowings amounted to US$2,017 million, US$353 million and US$1 million *(2010: US$1,376 million, US$332 million and US$1 million)*, respectively *(refer note 31)*.

19 Deferred Tax Assets/(Liabilities)

	Accelerated tax depreciation US$m	Fair value gains/ losses US$m	Losses US$m	Employee benefits US$m	Provisions and other temporary differences US$m	Total US$m
2011						
At 1st January	(169)	(400)	20	27	83	**(439)**
Exchange differences	–	7	–	–	(3)	**4**
New subsidiaries	1	(107)	–	–	–	**(106)**
Credited to profit and loss	(2)	(14)	3	4	57	**48**
Credited to other comprehensive income	–	(1)	–	22	–	**21**
At 31st December	**(170)**	**(515)**	**23**	**53**	**137**	**(472)**
Deferred tax assets	57	(54)	16	44	118	**181**
Deferred tax liabilities	(227)	(461)	7	9	19	**(653)**
	(170)	**(515)**	**23**	**53**	**137**	**(472)**
2010						
At 1st January	(142)	(275)	19	30	50	(318)
Exchange differences	(3)	(12)	–	1	3	(11)
Subsidiaries 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)

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$97 million *(2010: US$89 million)* arising from unused tax losses of US$417 million *(2010: US$390 million)* have not been recognized in the financial statements. Included in the unused tax losses, US$219 million have no expiry date and the balance will expire at various dates up to and including 2020.

Deferred tax liabilities of US$290 million *(2010: US$228 million)* arising on temporary differences associated with investments in subsidiaries of US$2,899 million *(2010: US$2,283 million)* have not been recognized as there is no current intention of remitting the retained earnings of these subsidiaries to the holding companies in the foreseeable future.

20 Pension Plans

The Group 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:

	2011 Weighted average %	2010 Weighted average %
Discount rate applied to pension obligations	**5.4**	5.9
Expected return on plan assets	**7.0**	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 3.8% to 11.4% per annum and global bonds of 2.8% to 10% per annum, and the long-term benchmark allocation of assets between equities and bonds in each plan.

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

	2011 US$m	2010 US$m
Fair value of plan assets	**898**	924
Present value of funded obligations	**(948)**	(846)
	(50)	78
Present value of unfunded obligations	**(192)**	(169)
Unrecognized past service cost	**17**	17
Net pension liabilities	**(225)**	(74)
Analysis of net pension liabilities:		
Pension assets	**34**	102
Pension liabilities	**(259)**	(176)
	(225)	(74)
Movements in the fair value of plan assets:		
At 1st January	**924**	858
Exchange differences	**(3)**	(8)
New subsidiaries	**1**	4
Expected return on plan assets	**70**	62
Actuarial (losses)/gains	**(81)**	35
Contributions from sponsoring companies	**27**	35
Contributions from plan members	**4**	4
Benefits paid	**(45)**	(56)
Curtailment and settlement	**–**	(6)
Transfer to other plans	**1**	(4)
At 31st December	**898**	924

20 Pension Plans *(continued)*

	2011 US$m	2010 US$m
Movements in the present value of obligations:		
At 1st January	**(1,015)**	(960)
Exchange differences	**5**	(3)
New subsidiaries	**(1)**	(6)
Subsidiaries disposed of	**–**	1
Current service cost	**(50)**	(46)
Interest cost	**(59)**	(59)
Contributions from plan members	**(4)**	(4)
Actuarial losses	**(69)**	(12)
Benefits paid	**52**	56
Settlement of unfunded obligations	**–**	8
Curtailment and settlement	**–**	6
Plan amendment	**2**	–
Transfer to other plans	**(1)**	4
At 31st December	**(1,140)**	(1,015)

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

	2011 US$m	2010 US$m
Equity instruments	**438**	463
Debt instruments	**363**	342
Other assets	**97**	119
	898	924

The five year history of experience adjustments is as follows:

	2011 US$m	2010 US$m	2009 US$m	2008 US$m	2007 US$m
Fair value of plan assets	**898**	924	858	637	1,018
Present value of obligations	**(1,140)**	(1,015)	(960)	(765)	(949)
(Deficit)/surplus	**(242)**	(91)	(102)	(128)	69
Experience adjustments on plan assets	**(81)**	35	118	(277)	34
Percentage of plan assets (%)	***(9)***	*4*	*14*	*(44)*	*3*
Experience adjustments on plan obligations	**(23)**	22	(46)	34	8
Percentage of plan obligations (%)	***(2)***	*2*	*(5)*	*4*	*1*

The estimated amount of contributions expected to be paid to the plans in 2012 is US$47 million.

20 Pension Plans *(continued)*

The amounts recognized in profit and loss are as follows:

	2011 US$m	2010 US$m
Current service cost	**50**	46
Interest cost	**59**	59
Expected return on plan assets	**(70)**	(62)
Past service cost	**–**	2
	39	45
Actual (loss)/return on plan assets in the year	**(11)**	97

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.

21 Properties for Sale

	2011 US$m	2010 US$m
Properties in the course of development	**1,374**	987
Completed properties	**147**	197
	1,521	1,184

At 31st December 2011, the carrying amount of properties for sale pledged as security for borrowings amounted to US$294 million *(2010: US$405 million) (refer note 31)*.

22 Stocks and Work in Progress

	2011 US$m	2010 US$m
Finished goods	**2,980**	2,399
Work in progress	**43**	28
Raw materials	**87**	76
Spare parts	**72**	97
Other	**94**	80
	3,276	2,680

At 31st December 2011, the carrying amount of stocks and work in progress pledged as security for borrowings amounted to US$2 million. At 31st December 2010, the Group's stocks and work in progress were not pledged as security for borrowings *(refer note 31)*.

23 Bank Balances and Other Liquid Funds

	2011 US$m	2010 US$m
Deposits with banks and financial institutions	**2,684**	3,380
Bank balances	**1,406**	810
Cash balances	**105**	95
	4,195	4,285
Less restricted bank balances and deposits *(refer note 18)*	**(10)**	(10)
	4,185	4,275
Analysis by currency:		
Chinese renminbi	**156**	118
Euro	**24**	16
Hong Kong dollar	**537**	703
Indonesian rupiah	**1,065**	624
Japanese yen	**19**	24
Malaysian ringgit	**130**	62
New Taiwan dollar	**53**	33
Singapore dollar	**219**	356
Thailand baht	**17**	14
United Kingdom sterling	**29**	20
United States dollar	**1,909**	2,290
Other	**27**	15
	4,185	4,275

The weighted average interest rate on deposits with banks and financial institutions is 2.3% *(2010: 1.2%)* per annum.

24 Non-current Assets Classified as Held for Sale

The major class of assets classified as held for sale is set out below:

	2011 US$m	2010 US$m
Tangible assets	**47**	–

At 31st December 2011, the non-current assets classified as held for sale included Dairy Farm's interest in two retail properties in Malaysia and one retail property in Singapore.

25 Share Capital

	2011 US$m	2010 US$m
Authorized:		
1,000,000,000 shares of US¢25 each	**250**	250

	Ordinary shares in millions 2011	2010	2011 US$m	2010 US$m
Issued and fully paid:				
At 1st January	**648**	637	**162**	159
Scrip issued in lieu of dividends	**11**	10	**3**	3
Issued under employee share option schemes	**–**	1	**–**	–
At 31st December	**659**	648	**165**	162

26 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, 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 are, for presentation purposes, netted off the Company's share capital in the consolidated balance sheet *(refer note 25)* and the premium attached to them is netted off the share premium account *(refer note 27)*.

Movements for the year:

	2011 Weighted average exercise price US$	2011 Options in millions	2010 Weighted average exercise price US$	2010 Options in millions
At 1st January	**22.8**	**1.8**	18.9	2.0
Granted	**46.6**	**0.5**	32.2	0.3
Exercised	**11.5**	**(0.1)**	13.0	(0.5)
At 31st December	**28.2**	**2.2**	22.8	1.8

The average share price during the year was US$49.8 *(2010: US$38.2)* per share.

26 Senior Executive Share Incentive Schemes *(continued)*

Outstanding at 31st December:

Expiry date	Exercise price US$	Options in millions 2011	2010
2014	9.8	**–**	0.1
2015	18.2 – 18.4	**0.1**	0.1
2016	18.2	**0.1**	0.1
2017	21.7	**0.6**	0.6
2018	27.3	**0.3**	0.3
2019	16.7 – 24.5	**0.3**	0.3
2020	32.2	**0.3**	0.3
2021	45.7 – 46.8	**0.5**	–
Total outstanding		**2.2**	1.8
of which exercisable		**0.8**	0.5

The fair value of options granted during the year, determined using the Trinomial valuation model, was US$6 million *(2010: US$4 million)*. The significant inputs into the model, based on the weighted average number of options issued, were share price of US$45.4 *(2010: US$34.1)* at the grant dates, exercise price shown above, expected volatility based on the last seven years of 32.1% *(2010: 33.1%)*, dividend yield of 2.2% *(2010: 2.5%)*, option life disclosed above, and annual risk-free interest rate of 2.7% *(2010: 3.1%)*. Options are assumed to be exercised at the end of the seventh year following the date of grant.

27 Share Premium and Capital Reserves

	Share premium US$m	Capital reserves US$m	Total US$m
2011			
At 1st January	13	59	**72**
Capitalization arising on scrip issued in lieu of dividends	(3)	–	**(3)**
Employee share option schemes			
– exercise of share options	1	–	**1**
– value of employee services	–	15	**15**
At 31st December	11	74	**85**
Outstanding under employee share option schemes	(3)	–	**(3)**
	8	**74**	**82**
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

Capital reserves represent the value of employee services under the Group's employee share option schemes. At 31st December 2011, US$10 million *(2010: US$7 million)* relate to the Company's Senior Executive Share Incentive Schemes.

28 Dividends

	2011 US$m	2010 US$m
Final dividend in respect of 2010 of US¢85.00 *(2009: US¢65.00)* per share	**551**	414
Interim dividend in respect of 2011 of US¢33.00 *(2010: US¢30.00)* per share	**216**	194
	767	608
Company's share of dividends paid on the shares held by subsidiaries	**(340)**	(267)
	427	341
Shareholders elected to receive scrip in respect of the following:		
Final dividend in respect of previous year	**376**	258
Interim dividend in respect of current year	**147**	130
	523	388

A final dividend in respect of 2011 of US¢92.00 *(2010: US¢85.00)* per share amounting to a total of US$606 million *(2010: US$551 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 subsidiaries of US$273 million *(2010: US$244 million)* will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2012.

29 Own Shares Held

Own shares held of US$1,855 million *(2010: US$1,501 million)* represent the Company's share of the cost of 361 million *(2010: 352 million)* ordinary shares in the Company held by subsidiaries and are deducted in arriving at shareholders' funds.

30 Non-controlling Interests

	2011 US$m	2010 US$m
By business:		
Hongkong Land	**14,547**	11,438
Dairy Farm	**378**	307
Mandarin Oriental	**362**	361
Jardine Cycle & Carriage	**211**	180
Astra	**7,193**	5,750
Jardine Strategic	**590**	531
Other	**31**	26
	23,312	18,593
Less own shares held attributable to non-controlling interests	**(406)**	(343)
	22,906	18,250

31 Borrowings

	2011		2010	
	Carrying amount US$m	Fair value US$m	Carrying amount US$m	Fair value US$m
Current				
– bank overdrafts	**27**	**27**	7	7
– other bank advances	**967**	**967**	762	762
– other advances	**5**	**5**	–	–
	999	**999**	769	769
Current portion of long-term borrowings				
– bank loans	**1,414**	**1,414**	1,240	1,240
– bonds and notes	**494**	**494**	1,315	1,315
– finance lease liabilities	**47**	**47**	36	36
– other loans	**63**	**63**	100	100
	2,018	**2,018**	2,691	2,691
	3,017	**3,017**	3,460	3,460
Long-term borrowings				
– bank loans	**4,002**	**4,024**	2,468	2,479
– bonds and notes	**2,925**	**2,976**	2,829	2,810
– finance lease liabilities	**59**	**59**	47	47
– other loans	**64**	**64**	78	78
	7,050	**7,123**	5,422	5,414
	10,067	**10,140**	8,882	8,874

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 0.6% to 13.0% *(2010: 0.4% to 12.8%)* per annum. The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

	2011 US$m	2010 US$m
Secured	**4,475**	3,437
Unsecured	**5,592**	5,445
	10,067	8,882

Secured borrowings at 31st December 2011 included Hongkong Land's bank borrowings of nil *(2010: US$41 million)* which were secured against its properties for sale, Mandarin Oriental's bank borrowings of US$541 million *(2010: US$542 million)* which were secured against its tangible assets, and Astra's bonds and notes of US$1,155 million *(2010: US$808 million)* which were secured against its various assets as described below and bank borrowings of US$2,779 million *(2010: US$2,046 million)* which were secured against its various assets.

31 Borrowings *(continued)*

	Fixed rate borrowings				
By currency:	Weighted average interest rates %	Weighted average period outstanding Years	US$m	Floating rate borrowings US$m	Total US$m
2011					
Chinese renminbi	7.6	–	–	256	**256**
Euro	5.9	1.7	8	–	**8**
Hong Kong dollar	2.2	9.7	1,260	1,627	**2,887**
Indonesian rupiah	9.2	1.7	3,636	610	**4,246**
Japanese yen	1.2	2.5	2	37	**39**
Malaysian ringgit	4.5	0.8	110	81	**191**
New Taiwan dollar	2.4	0.4	17	6	**23**
Singapore dollar	2.5	4.6	621	497	**1,118**
Swiss franc	1.7	20.3	2	44	**46**
United Kingdom sterling	2.7	2.5	31	140	**171**
United States dollar	2.7	1.5	489	586	**1,075**
Other	2.5	0.2	2	5	**7**
			6,178	**3,889**	**10,067**
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

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

31 Borrowings *(continued)*

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

	2011 US$m	2010 US$m
Within one year	**3,017**	3,460
Between one and two years	**2,234**	1,484
Between two and three years	**2,391**	1,136
Between three and four years	**642**	1,172
Between four and five years	**343**	368
Beyond five years	**1,440**	1,262
	10,067	8,882

The finance lease liabilities are as follows:

	Minimum lease payments		Present value of finance lease liabilities	
	2011 US$m	2010 US$m	**2011** US$m	2010 US$m
Within one year	**50**	39	**47**	36
Between one and five years	**61**	48	**59**	47
	111	87	**106**	83
Future finance charges on finance leases	**(5)**	(4)		
Present value of finance lease liabilities	**106**	83		
Current			**47**	36
Non-current			**59**	47
			106	83

31 Borrowings *(continued)*

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

	2011		2010	
	Current US$m	Non-current US$m	Current US$m	Non-current US$m
Jardine Strategic 6.375% guaranteed bonds	–	–	276	–
Hongkong Land 7% bonds	–	–	605	–
Hongkong Land 2.75% convertible bonds	57	–	–	374
Hongkong Land 5.50% bonds	–	545	–	548
Hongkong Land 3.65% notes	–	290	–	293
Hongkong Land 3.86% notes	–	41	–	39
Hongkong Land 4.135% notes	–	25	–	25
Hongkong Land 4.1875% notes	–	39	–	39
Hongkong Land 4.25% notes	–	39	–	39
Hongkong Land 4.22% notes	–	70	–	64
Hongkong Land 4.24% notes	–	64	–	64
Hongkong Land 3.43% notes	–	115	–	116
Hongkong Land 3.95% notes	–	64	–	64
Hongkong Land 4.28% notes	–	72	–	63
Hongkong Land 4.10% notes	–	38	–	38
Hongkong Land 4.50% notes	–	606	–	554
Hongkong Land 3.75% notes	–	39	–	–
Hongkong Land 4.11% notes	–	103	–	103
Hongkong Land 4.125% notes	–	25	–	–
Hongkong Land 5.25% notes	–	32	–	32
Astra Sedaya Finance VIII bonds	–	–	22	–
Astra Sedaya Finance IX bonds	–	–	36	–
Astra Sedaya Finance X bonds	29	–	15	23
Astra Sedaya Finance XI bonds	58	49	48	108
Astra Sedaya Finance XII bonds	65	160	–	–
Astra Sedaya Finance I notes	–	–	75	–
Astra Sedaya Finance II notes	–	–	51	–
Federal International Finance VII bonds	–	–	37	–
Federal International Finance VIII bonds	–	–	36	–
Federal International Finance IX bonds	60	–	10	48
Federal International Finance X bonds	22	99	33	122
Federal International Finance XI bonds	68	255	–	–
Federal International Finance II notes	–	–	56	–
Federal International Finance III notes	33	–	–	33
San Finance I bonds	11	43	–	–
Serasi Auto Raya II bonds	27	72	–	–
Serasi Auto Raya I notes	–	–	11	–
Serasi Auto Raya II notes	11	–	4	7
Shogun bonds FIF	20	40	–	–
Surya Artha Nusantara Finance I notes	33	–	–	33
	494	2,925	1,315	2,829

31 Borrowings *(continued)*

Details of the bonds and notes outstanding at 31st December 2011 are as follows:

	Maturity	Interest rates %	Nominal values
Hongkong Land			
2.75% convertible bonds	2012	2.75	US$400 million
5.50% bonds	2014	5.50	US$500 million
3.65% 10-year notes	2015	3.65	S$375 million
3.86% 8-year notes	2017	3.86	S$50 million
4.135% 10-year notes	2019	4.135	HK$200 million
4.1875% 10-year notes	2019	4.1875	HK$300 million
4.25% 10-year notes	2019	4.25	HK$300 million
4.22% 10-year notes	2020	4.22	HK$500 million
4.24% 10-year notes	2020	4.24	HK$500 million
3.43% 10-year notes	2020	3.43	S$150 million
3.95% 10-year notes	2020	3.95	HK$500 million
4.28% 12-year notes	2021	4.28	HK$500 million
4.10% 15-year notes	2025	4.10	HK$300 million
4.50% 15-year notes	2025	4.50	US$600 million
3.75% 15-year notes	2026	3.75	HK$302 million
4.11% 20-year notes	2030	4.11	HK$800 million
4.125% 20-year notes	2031	4.125	HK$200 million
5.25% 30-year notes	2040	5.25	HK$250 million
Astra			
Astra Sedaya Finance X bonds	2012	14.9	Rp260 billion
Astra Sedaya Finance XI bonds	2014	9.0 – 10.9	Rp970 billion
Astra Sedaya Finance XII bonds	2015	7.95 – 10.0	Rp2,050 billion
Federal International Finance IX bonds	2012	14.6	Rp542 billion
Federal International Finance X bonds	2014	8.75 – 10.55	Rp1,100 billion
Federal International Finance XI bonds	2014	7.8 – 9.6	Rp2,940 billion
Federal International Finance III notes	2012	10.5	Rp300 billion
San Finance I bonds	2014	7.7 – 9.3	Rp500 billion
Serasi Auto Raya II bonds	2015	7.9	Rp900 billion
Serasi Auto Raya II notes	2012	11.5	Rp96 billion
Shogun bonds FIF	2014	7.9 – 9.25	US$60 million
Surya Artha Nusantara Finance I notes	2012	11.38	Rp300 billion

The Hongkong Land bonds and medium term notes were issued by several wholly-owned subsidiaries of Hongkong Land. The 2.75% convertible 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 Hongkong Land medium term notes were issued under its US$3,000 million guaranteed medium term note programme.

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

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

The San Finance bonds and Surya Artha Nusantara Finance notes were issued by a partly-owned subsidiary of Astra and are collateralized by fiduciary guarantee over net investment in finance leases of the subsidiary amounting to 60% of the total outstanding principal of the bonds and 100% of the total outstanding principal of the notes, respectively.

The Serasi Auto Raya bonds and notes were issued by a wholly-owned subsidiary of Astra. The bonds are unsecured, while the notes are collateralized by fiduciary guarantee over transport equipment of the subsidiary amounting to 80% of the total outstanding principal of the notes.

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

32 Creditors

	2011 US$m	2010 US$m
Trade creditors		
– third parties	**3,800**	2,824
– associates and joint ventures	**310**	229
	4,110	3,053
Accruals	**1,581**	1,414
Other amounts due to associates and joint ventures	**147**	143
Rental and other refundable deposits	**468**	432
Derivative financial instruments	**54**	111
Other creditors	**200**	167
Financial liabilities	**6,560**	5,320
Gross estimated losses on insurance contracts	**133**	101
Net amount due to customers for contract work	**23**	25
Proceeds from properties for sale received in advance	**315**	280
Rental income received in advance	**18**	16
Other income received in advance	**174**	49
Deferred warranty income	**28**	15
Unearned premiums on insurance contracts	**313**	258
	7,564	6,064
Non-current	**289**	216
Current	**7,275**	5,848
	7,564	6,064
Analysis by geographical area of operation:		
Greater China	**2,317**	2,049
Southeast Asia	**4,852**	3,727
United Kingdom	**241**	160
Rest of the world	**154**	128
	7,564	6,064

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.

33 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
2011							
At 1st January	21	10	3	37	68	10	**149**
Exchange differences	–	–	–	(1)	(1)	–	**(2)**
Additional provisions	6	4	1	4	20	3	**38**
Unused amounts reversed	–	(1)	–	(1)	–	(1)	**(3)**
Utilized	(4)	(3)	(1)	–	(3)	(2)	**(13)**
At 31st December	**23**	**10**	**3**	**39**	**84**	**10**	**169**
Non-current	–	–	2	36	70	4	**112**
Current	23	10	1	3	14	6	**57**
	23	**10**	**3**	**39**	**84**	**10**	**169**
2010							
At 1st January	20	8	4	31	50	12	125
Exchange differences	2	–	–	2	2	–	6
New subsidiaries	–	–	–	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

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.

34 Notes to Consolidated Cash Flow Statement

(a) Depreciation and amortization

	2011 US$m	2010 US$m
By business:		
Jardine Pacific	**25**	19
Jardine Motors	**16**	13
Hongkong Land	**1**	1
Dairy Farm	**182**	167
Mandarin Oriental	**50**	45
Jardine Cycle & Carriage	**9**	8
Astra	**631**	509
	914	762

(b) Other non-cash items

	2011 US$m	2010 US$m
By nature:		
Profit on sale of subsidiaries	**(1)**	(15)
Profit on sale of other investments	**(23)**	(13)
Profit on sale of leasehold land	**–**	(1)
Profit on sale of tangible assets	**(17)**	(7)
Profit on sale of investment properties	**(2)**	(3)
Loss on sale of repossessed assets	**81**	63
Loss on sale of plantations and related assets	**4**	4
Increase in fair value of plantations	**(37)**	(422)
Impairment of intangible assets	**1**	2
Impairment of debtors	**121**	104
Write down of stocks and work in progress	**35**	32
Reversal of write down of stocks and work in progress	**(14)**	(9)
Reversal of write down of properties for sale	**(44)**	(51)
Change in provisions	**33**	26
Net foreign exchange (gains)/losses	**(19)**	12
Discount on acquisition of business	**–**	(1)
Options granted under employee share option schemes	**8**	8
Gain on One Hyde Park lease space	**(10)**	–
	116	(271)
By business:		
Jardine Pacific	**(12)**	(8)
Jardine Motors	**7**	2
Hongkong Land	**(44)**	(51)
Dairy Farm	**9**	11
Mandarin Oriental	**–**	5
Jardine Cycle & Carriage	**9**	12
Astra	**144**	(244)
Corporate and other interests	**3**	2
	116	(271)

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

(c) Increase in working capital

	2011 US$m	2010 US$m
Increase in properties for sale	**(299)**	(296)
Increase in stocks and work in progress	**(782)**	(841)
Increase in debtors	**(2,422)**	(1,465)
Increase in creditors	**1,359**	718
Increase in pension obligations	**5**	10
	(2,139)	(1,874)

(d) Purchase of subsidiaries

	2011 Fair value US$m	2010 Fair value US$m
Intangible assets	**159**	–
Tangible assets	**418**	40
Deferred tax assets	**1**	–
Current assets	**364**	77
Long-term borrowings	**(4)**	–
Deferred tax liabilities	**(107)**	–
Non-current provisions	**–**	(1)
Pension liabilities	**–**	(2)
Current liabilities	**(313)**	(58)
Fair value of identifiable net assets acquired	**518**	56
Adjustment for non-controlling interests	**(140)**	–
Goodwill	**113**	43
Total consideration	**491**	99
Adjustment for contingent consideration	**(7)**	–
Adjustment for deferred consideration	**(6)**	–
Consideration paid in previous year	**(42)**	–
Carrying value of associates and joint ventures	**(7)**	–
Cash and cash equivalents of subsidiaries acquired	**(66)**	(48)
Net cash outflow	**363**	51

Net cash outflow for purchase of subsidiaries in 2011 included US$102 million and US$8 million for Jardine Pacific's acquisition of 100% of certain IT distribution businesses of SiS International Holdings ('SiS') in January 2011 and the increase in its interest from 25% to 100% in Pizza Hut Vietnam in January 2011, respectively; US$44 million for Jardine Motors' acquisition of 100% of Wayside Group ('Wayside'), a motor retail group in the United Kingdom, in May 2011; US$5 million for Jardine Cycle & Carriage's acquisition of 100% of Lowe Motor, a motor retail group in Malaysia, in May 2011; and US$147 million and US$67 million for Astra's acquisition of 60% of PT Asmin Bara Bronang, a coal mine concession company, in May 2011, and 95% of Marga Hanurata Intrinsic, a toll road company, in August 2011, respectively; less a net cash inflow of US$10 million for Astra's acquisition of an additional 11% of PT Fuji Technica Indonesia, a dies manufacturer in Indonesia, in June 2011.

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

(d) Purchase of subsidiaries *(continued)*
Jardine Pacific's wholly owned subsidiary, JOS, acquired 100% of the IT distribution businesses of SiS in Hong Kong, Singapore and Malaysia. The goodwill arising from the acquisition amounted to US$69 million and was attributable to the acquired businesses' strong distribution network and partnership with manufacturers, and the synergies expected to be achieved from integrating the acquired businesses with JOS. The contingent consideration arrangement requires JOS to pay the former owners an additional consideration which is equivalent to a pre-agreed percentage of the adjusted profit of the enlarged IT distribution business of JOS for each of the two years ending 31st December 2011 and 2012, and subject to a minimum payment of US$1.5 million and up to a maximum of US$4.5 million in each year. At the date of acquisition of SiS, the contingent consideration was estimated at US$7 million.

The goodwill arising from the acquisition of Wayside amounted to US$33 million and was attributable to the acquired businesses' strong regional dealership network and the synergies expected to be achieved from the geographical and organization integration with the existing businesses.

None of the goodwill is expected to be deductible for tax purposes.

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

Revenue and profit after tax since acquisition in respect of subsidiaries acquired during the year amounted to US$1,552 million and US$11 million, respectively. Had the acquisitions occurred on 1st January 2011, consolidated revenue and consolidated profit after tax for the year ended 31st December 2011 would have been US$38,206 million and US$8,617 million, respectively.

(e) The Group increased its interest in Jardine Lloyd Thompson from 32% to 42% through a partial cash offer, which became wholly unconditional in November 2011, at a total cost of US$273 million and purchase of shares amounting to US$3 million in the open market in 2011.

(f) Purchase of other associates and joint ventures in 2011 included US$17 million for Jardine Pacific's acquisition of a 25% interest in KFC Vietnam; US$5 million for Dairy Farm's additional capital injection in Foodworld India; US$19 million for Jardine Cycle & Carriage's acquisition of an additional 4% interest in Truong Hai Auto Corporation; US$6 million and US$21 million for Astra's acquisition of a 26% interest in PT TD Automotive Compressor Indonesia and a 20% interest in PT Bukit Enim Energi, respectively; and US$6 million for Jardine Strategic's capital injection into JRE Asia Capital.

Purchase of other 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; and 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. In addition, Jardine Pacific acquired an additional 17% interest in HACTL for a non-cash consideration of US$137 million.

(g) Purchase of other investments in 2011 mainly comprised acquisition of securities by Jardine Cycle & Carriage and Astra.

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.

(h) Advance to associates, joint ventures and others in 2011 and 2010 included Hongkong Land's loans to its property joint ventures of US$258 million and US$214 million, respectively.

(i) Repayment from associates, joint ventures and others in 2011 and 2010 mainly comprised repayment from Hongkong Land's property joint ventures of US$111 million and US$275 million, respectively.

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

(j) Sale of subsidiaries

	2011 US$m	2010 US$m
Intangible assets	2	15
Tangible assets	2	12
Plantations	–	7
Deferred tax assets	–	5
Current assets	6	33
Pension liabilities	–	(1)
Current liabilities	(9)	(20)
Net assets	1	51
Adjustment for non-controlling interests	–	(9)
Net assets disposed of	1	42
Profit on disposal	1	15
Sale proceeds	2	57
Adjustment for deferred consideration	2	(11)
Adjustment for carrying value of associates and joint ventures	–	(22)
Cash and cash equivalents of subsidiaries disposed of	–	(3)
Net cash inflow	4	21

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 subsidiaries disposed of during the year amounted to US$25 million and nil, respectively.

(k) Sale of other investments in 2011 and 2010 mainly comprised Astra's sale of securities.

(l) Purchase of additional interests in subsidiaries

	2011 US$m	2010 US$m
Increase in attributable interests		
– Hongkong Land	239	100
– Mandarin Oriental	–	4
– Jardine Cycle & Carriage	97	84
– Jardine Strategic	189	9
– other	1	353
	526	550

Increase in attributable interests in other subsidiaries 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.

(m) Analysis of balances of cash and cash equivalents

	2011 US$m	2010 US$m
Bank balances and other liquid funds including restricted balances *(refer note 23)*	4,195	4,285
Bank overdrafts *(refer note 31)*	(27)	(7)
	4,168	4,278

35 Derivative Financial Instruments

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

	2011 Positive fair value US$m	**2011** Negative fair value US$m	2010 Positive fair value US$m	2010 Negative fair value US$m
Designated as cash flow hedges				
– forward foreign exchange contracts	**2**	**1**	–	2
– interest rate swaps and caps	**–**	**33**	1	37
– cross currency swaps	**59**	**20**	7	27
	61	**54**	8	66
Designated as fair value hedges				
– forward foreign exchange contracts	**1**	**–**	–	–
– interest rate swaps	**10**	**–**	1	2
– cross currency swaps	**60**	**–**	53	42
	71	**–**	54	44
Not qualifying as hedges				
– forward foreign exchange contracts	**–**	**–**	–	1

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2011 were US$318 million *(2010: US$215 million)*.

Interest rate swaps and caps

The notional principal amounts of the outstanding interest rate swap and cap contracts at 31st December 2011 were US$1,291 million *(2010: US$1,525 million)*.

At 31st December 2011 the fixed interest rates relating to interest rate swaps and caps vary from 0.7% to 11.9% *(2010: 0.7% 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 4.9% *(2010: 0.2% to 9.8%)* per annum.

Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts at 31st December 2011 totaled US$2,815 million *(2010: US$2,451 million)*.

Credit default swap

There was no credit default swap outstanding at 31st December 2011. The contract amount of the outstanding credit default swap contract at 31st December 2010 was US$25 million.

36 Commitments

	2011 US$m	2010 US$m
Capital commitments:		
Authorized not contracted	**2,164**	1,729
Contracted not provided	**813**	399
	2,977	2,128
Operating lease commitments:		
Total commitments under operating leases		
– due within one year	**738**	644
– due between one and two years	**547**	475
– due between two and three years	**346**	311
– due between three and four years	**222**	210
– due between four and five years	**182**	162
– due beyond five years	**1,254**	1,235
	3,289	3,037

Total future sublease payments receivable relating to the above operating leases amounted to US$46 million *(2010: US$44 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.

37 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.

38 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 2011 amounted to US$7,115 million *(2010: US$5,929 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 2011 amounted to US$988 million *(2010: US$643 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 2011 to Jardine Lloyd Thompson were US$4 million *(2010: US$4 million)*.

The Group manages five associate hotels *(2010: five associate hotels)*. Management fees received by the Group in 2011 from these managed hotels amounted to US$12 million *(2010: US$11 million)*.

Bank Permata provides banking services to the Group. The Group's deposits with Bank Permata at 31st December 2011 amounted to US$401 million *(2010: US$221 million)*.

Amounts of outstanding balances with associates and joint ventures are included in debtors and creditors, as appropriate *(refer notes 18 and 32)*.

Details of Directors' remuneration (being the key management personnel compensation) are shown on page 98 under the heading of Directors' Appointment, Retirement, Remuneration and Service Contracts.

39 Summarized Balance Sheet of the Company

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

	2011	2010
	US$m	US$m
Subsidiaries	**1,137**	881
Share capital *(refer note 25)*	**165**	162
Share premium and capital reserves *(refer note 27)*	**21**	20
Revenue and other reserves	**940**	687
Shareholders' funds	**1,126**	869
Current liabilities	**11**	12
Total equity and liabilities	**1,137**	881

Subsidiaries are shown at cost less amounts provided.

40 Principal Subsidiaries and Associates

The principal subsidiaries and associates of the Group at 31st December 2011 are set out below.

	Country of incorporation	Particulars of issued capital			Attributable interests 2011 %	Attributable interests 2010 %	Nature of business
Dairy Farm International Holdings Ltd	Bermuda	USD	75,011,125	ordinary	**64**	63	Supermarkets, hypermarkets, health and beauty stores, convenience stores, home furnishings stores and restaurants
Hongkong Land Holdings Ltd	Bermuda	USD	233,813,146	ordinary	**41**	41	Property development & investment, leasing & management
Jardine Cycle & Carriage Ltd	Singapore	SGD	355,699,660	ordinary	**58**	57	A 50.1% interest in PT Astra International Tbk and motor trading
Jardine Lloyd Thompson Group plc*	England	GBP	10,960,625	ordinary	**42**	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	55,998,236	ordinary	**82**	81	Holding
Mandarin Oriental International Ltd	Bermuda	USD	49,864,937	ordinary	**61**	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**	29	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 subsidiaries, in the issued share capitals of the respective companies, after the deduction of any shares held by the trustees of the employee share option schemes of any such company and any shares in any such company owned by its wholly-owned subsidiaries.

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

*Associates. All other companies are subsidiaries.

†Jardine Strategic held 55% *(2010: 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 at 31st December 2011 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 at 31st December 2011, 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 UK Corporate Governance 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

2nd March 2012

Five Year Summary

Profit and Loss

	2011 US$m	2010 US$m	2009 US$m	2008 US$m	2007 US$m
Revenue	**37,967**	30,053	22,501	22,362	19,445
Profit attributable to shareholders	**3,449**	3,084	1,731	619	2,028
Underlying profit attributable to shareholders	**1,495**	1,364	1,016	826	723
Earnings per share (US$)	**9.53**	8.58	4.87	1.75	5.73
Underlying earnings per share (US$)	**4.13**	3.80	2.86	2.34	2.04
Dividends per share (US$)	**1.25**	1.15	0.90	0.75	0.65

Balance Sheet

	2011 US$m	2010 US$m	2009 US$m	2008 US$m	2007 US$m
Total assets	**58,297**	48,076	38,835	22,694	22,795
Total liabilities	**(19,035)**	(16,116)	(13,695)	(8,453)	(8,380)
Total equity	**39,262**	31,960	25,140	14,241	14,415
Shareholders' funds	**16,356**	13,710	10,694	8,896	9,154
Net debt (excluding net debt of financial services companies)	**2,432**	2,252	2,200	545	618
Net asset value per share (US$)	**45.09**	37.99	29.87	25.13	25.97

Cash Flow

	2011 US$m	2010 US$m	2009 US$m	2008 US$m	2007 US$m
Cash flows from operating activities	**2,674**	2,210	2,786	2,091	2,198
Cash flows from investing activities	**(2,675)**	(1,372)	(122)	(1,409)	(573)
Net cash flow before financing	**(1)**	838	2,664	682	1,625
Cash flow per share from operating activities (US$)	**7.38**	6.15	7.83	5.92	6.21

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

2nd March 2012

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 55%-owned by Jardine Strategic Holdings Limited, a Bermuda incorporated 82%-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. As provided in the Listing Rules issued by the Financial Services Authority in the United Kingdom, the Company's premium listed status 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, and co-ordination with the Group's listed subsidiaries is undertaken by the board of Group management company, Jardine Matheson Limited ('JML'). JML meets regularly in Hong Kong and is chaired by the Managing Director. Its six other members, whose names appear on page 104 of this Report, include the Deputy Managing Director, 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 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 13 Directors; nine 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 as well as 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 2012 and ad hoc procedures are adopted to deal with urgent matters. In 2011 one meeting was held in Bermuda and three were held in Asia. All current Directors who held office in 2011 attended all four Board meetings, save that Jenkin Hui attended three meetings and Y.K. Pang, who was appointed in April 2011, attended all three Board meetings following his appointment. 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 role of Managing Director, with the support of the Deputy Managing Director, is to implement the strategy set by the Board and to manage the Group's operations. An important part of this is undertaken 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. On 12th May 2011, R.C. Kwok retired from the Board. On 1st April 2012, Ben Keswick succeeded A.J.L. Nightingale as Managing Director (the latter remaining as a non-executive Director of the Company). Adam Keswick was appointed Deputy Managing Director with effect from 1st April 2012. In accordance with Bye-law 84, A.J.L. Nightingale, James Riley and Percy Weatherall retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election. James Riley has a service contract with a subsidiary of the Company that has a notice period of six months. A.J.L. Nightingale and Percy Weatherall do not have service contracts 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 5.45% 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. For the year ended 31st December 2011, the Directors received from the Group US$15.4 million *(2010: US$12 million)* in Directors' fees and employee benefits, being US$0.2 million *(2010: US$0.2 million)* in Directors' fees, US$13.2 million *(2010: US$9.9 million)* in short-term employee benefits including salary, bonuses, accommodation and deemed benefits in kind, US$1.3 million *(2010: US$1.1 million)* in post-employment benefits and US$0.7 million *(2010: US$0.8 million)* in share-based payments. The 1947 Trust also made distributions to Directors amounting to US$41.3 million *(2010: US$31.6 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 as well as 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 102.

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 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 current members of the Audit Committee attended both its meetings during the year. The Company's Managing Director, Deputy Managing Director, Group Finance Director, Group Strategy Director and Group General Counsel, together with representatives of the internal and external auditors, also attend the Audit Committee meetings by invitation.

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 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 2012 had interests (within the meaning of the Disclosure and Transparency Rules ('DTRs') of the Financial Services Authority (the 'FSA') of the United Kingdom) in the ordinary share capital of the Company at 22nd March 2012 as set out below. 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	10,294,325
Ben Keswick	40,508,786[(a) (b) (c)]
Adam Keswick	34,201,515[(a) (b)]
Simon Keswick	11,525,574[(a) (c)]
Lord Leach of Fairford	1,087,325
Dr Richard Lee	104,904
A.J.L. Nightingale	1,099,060
Y.K. Pang	281,666
James Riley	188,370
Percy Weatherall	35,568,761[(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 29,437,369 ordinary shares held by family trusts, the trustee of which is a connected person of Adam Keswick, Ben Keswick and Percy Weatherall.

(c) Includes 6,694,572 ordinary shares held by family trusts, the trustees of which are connected persons of Ben Keswick and Simon Keswick.

In addition, Ben Keswick, Adam Keswick, Mark Greenberg, Y.K. Pang, James Riley and Giles White held options in respect of 310,000, 190,000, 240,000, 133,334, 140,000 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 363,682,341 ordinary shares carrying 55.16% of the voting rights; and (ii) the 1947 Trust is interested in 35,915,991 ordinary shares carrying 5.45% 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 2012.

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

Relations with Shareholders

The 2012 Annual General Meeting will be held at The Fairmont Southampton, Bermuda on 10th May 2012. 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 12th May 2011, 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 1,206,800 ordinary shares of the Company in the market for a total cost of US$59.3 million as part of the restructuring of its investment portfolio. 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 2011 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 38 to the financial statements on page 92. 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 99 and 100 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 44 to 47.

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

2011 full-year results announced	2nd March 2012
Share registers closed	19th to 23rd March 2012
2011 final dividend scrip election period closes	20th April 2012
Annual General Meeting to be held	10th May 2012
2011 final dividend payable	16th May 2012
2012 half-year results to be announced	27th July 2012*
Share registers to be closed	20th to 24th August 2012*
2012 interim dividend scrip election period closes	21st September 2012*
2012 interim dividend payable	10th October 2012*

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 2011 final dividend by notifying the United Kingdom transfer agent in writing by 20th April 2012. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 2nd May 2012. 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

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